

FDI in single-brand retail: CII for compulsory sourcing from MSEs

New Delhi, Jan 27: CII on Friday supported the government decision of mandatory 30% sourcing from Indian micro and small (MSEs) units by the foreign single-brand retailers, who wish to hold more than 51% stake in their units in this country.

In its survey on impact of foreign direct investment (FDI) in retail on MSEs, CII said 100% FDI in single-

brand will help units achieve higher growth in sales, increased orders, quality improvement and branding of items.

Besides, CII director general Chandrajit Banerjee said, "...51% FDI in multi-brand retail and its early implementation would give a major boost to the all-round growth of organised retail in the country, having substan-

tial positive impact on the growth of MSEs."

India allows 100% FDI in wholesale or cash-and-carry segment but has restricted it to 51% in single-brand retail. It does not allow any foreign investment in the multi-brand, or supermarket retail.

Recently, the government moved to open the multi-brand retail but has put it on hold amid strong opposition

from various quarters. It has also proposed 100% FDI in single-brand stores.

The survey conducted across the sector, said that 66.7% of respondents see FDI as an "opportunity" for the sector while around 21% perceive it as a threat.

Majority of them (98.6%) opined that opening of the FDI in retail will augment growth of sales of their

products.

On the aspect of the possible impact on the size of the industry, business and capacity addition, majority of the respondents (98%) expect the size of the industry to grow.

A negligible two% of the MSEs feel that the decision would have a negative impact on the growth of size of the business, it said. *PTI*