

Dipp-MSME meet today on easing norms for FDI in single-brand retail

DILASHA SETH

New Delhi, 11 September

Two key ministries with differing viewpoints on the issue of whether or how much to change the norms on foreign direct investment (FDI) in single-brand retail are to discuss this tomorrow.

It may be recalled that Swedish furniture giant IKEA had made its mammoth ₹10,500-crore investment proposal contingent on some of these changes coming through, such as the 30 per cent mandatory sourcing norm from the micro and small enterprises sector and the related rules in this regard.

Tomorrow, Saurabh Chandra, secretary of the department of industrial policy and promotion (Dipp) and R K Mathur, secretary, ministry of micro, small and medium enterprises (MSME), are to discuss these. Dipp has been reliably reported as keen to meet the Swedish trans-national at least part-way; MSME, as being firmer on the validity of the existing norms.

The meeting between the two secretaries is likely to be followed by interactions between MSME minister Vayalar Ravi and Commerce & Industry Minister Anand Sharma later this week.

Those in the know said the MSME ministry would be open to allowing foreign retailers to continue sourcing from the sector even after these small units become bigger, but is likely to be cool to any change in the current definition of how units in the sectors under its ambit are defined. Since it feels foreign brands will provide a fillip to the MSME sector, incentives in this regard would have a case.

However, it does not wish to change the MSME definition for a foreign firm. The present norms define MSME as companies with investment of ₹25 lakh to ₹10 crore in plant and machinery.

IKEA also wants calculation of the 30 per cent norm for a cumulative period of 10 years of operations. The MSME ministry is open to reaching common ground on this as well.