

## ***FDI IN RETAIL SECTOR***

The Union Cabinet on Thursday cleared 51 per cent foreign direct investment (FDI) in multi-brand retail and 100 per cent FDI in single brand retail.

On 24<sup>th</sup> November, 2011, the government announced that it would allow 51% Foreign Direct Investment (FDI) in the multi-brand retail segment and raise the cap on foreign investment in single-brand retailing to 100 percent from 51 percent.

Multi-brand retail companies are those that sell a variety of products under different brands, like supermarket and chain store operators. Examples of such companies include Wal-Mart and France's Carrefour. Single-brand retail are those companies that sell products under one brand, such as Nike or Levi's.

As expected, the announcement cheered the organized retail industry; various company officials had been urging the government for a long time to liberalise investment norms in the sector.

India's retail market is worth an estimated \$450 billion, with more than 90 percent accounted for by family sole proprietorship stores. Organised retail makes up about 5-10 percent of the market.

The biggest gainers will, obviously, be local organized retail players as well as multinationals who've been eyeing a foothold in this market for a long while now.