

## IN THE NEWS

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### 1. Foreign Direct Investments in Multi-Brand Retail Sector

The Department of Industrial Policy and Promotion (“DIPP”) under the Ministry of Commerce has released a discussion paper on opening up of Foreign Direct Investment (“FDI”) in multi-brand retail trading. The discussion paper talks of earmarking 50% of FDI inflows for building up of back-end infrastructure, logistics and agricultural processing. At present India does not allow foreign investment in multi-brand retail. However, investment up to 51% is allowed in single-brand retail and 100% in wholesale cash-and-carry trade.

The Indian retail industry, being the fifth largest in the world, accounts for less than five% of the total retail market, but is expected to grow at a compounded annual rate of 40% to US\$75 billion by 2015, from less than US\$20 billion now.

The discussion paper is expected to make it mandatory for multi-brand retailers to sell products at wholesale prices to small shopkeepers, giving them the benefit of scale on sourcing. As per the discussion paper, companies will also have to procure products domestically and help improve returns for farmers.

A final decision on the proposal will be taken after discussions with the consumer affairs ministry.

### 2. Mergers & Acquisitions to get clearance within 180 days

The Ministry of Corporate Affairs has initiated a proposal which makes it mandatory for the Competition Commission of India to clear M&A proposals in just 180 days, as against 210 days, at present. The amendments have been circulated to other ministries including finance, commerce and industry and law, for comments. The turnover and assets threshold of the target enterprise are also proposed to be fixed at US\$ 162,525,000 and US\$ 54,175,000, respectively.