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# Country needs to revisit FDI retail policy, says ICRA

**ENS ECONOMIC BUREAU** @ Bhubaneswar

THERE is a strong case to revisit the "restrictive" retail foreign direct investment (FDI) policy as India has not been able to get sizeable investments despite opportunities, said ratings firm ICRA. Currently, the multi-brand retail sector remains "most restrictive" to FDI with a cap of 51 per cent ownership and guidelines relating to mandatory investments in back-end infrastructure and local sourcing norms, it said.

Data released by the Department of Industrial Policy and Promotion shows that India received $1.4 billion in FDI in the retail sector between 2000 and 2018, which is only 0.36 per cent of the overall FDI inflows. "There is a compelling case for the government to revisit its FDI policy. The investment requirements of the sector are sizeable," its vice-president and co-head for corporate sector ratings Kinjal Shah said.

Pitching for relaxation in inter-segmental restrictions for multi-brand retail, Shah also said India needs to up the caps on foreign ownership in the segment. There is limited domestic capital being invested in the sector and FDI flows can bridge capital deficit and remove the supply chain inefficiencies, he added.

Citing global experience to drive home the point of co-existence between organised and unorganised retail players, the agency said China saw a spike in employment and number of traders since liberalising on foreign ownership in retail in 1992 and Indonesia is witnessing traditional retailers holding on to food selling.

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> Kinjal Shah, vice-president and co-head for corporate sector ratings, ICRA