



Government of Maharashtra

INDUSTRIES DEPARTMENT

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# RETAIL TRADE POLICY

2016

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## VISION

To create an efficient and seamless internal trade opportunity and to boost the economic competitiveness of the State's economy by promoting and facilitating world-class logistics and warehouse chain, minimizing wastage and transaction cost within the retail enterprise, giving the best value for money to the ultimate consumer while at the same time maximizing returns to the producers, particularly farmers and SMEs.

## MISSION

To prepare strategies to provide a globally competitive and sustainable investment environment, thereby making Maharashtra one of the most favoured economic magnets and centers of unlimited opportunities within the country and across the globe.

## POLICY OBJECTIVES

The objectives of the Retail Trade Policy, 2016 are as follows:

- **To uphold Maharashtra's leadership position in the Retail Trade within the country.**
- **To further accelerate investment flow to underdeveloped regions of the state.**
- **To create more employment opportunities, to educate the youth of all sections of the society across the region, especially in rural areas to take part in Retail Trade.**
- **Leverage Retail Trade as a tool for socio-economic development of the State.**
- **To strengthen existing unorganized small retailers to face globalization.**

#### 5. Policy Initiatives

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Modern retail provides employment opportunities to the educated, unemployed youth as well as those who are not very literate and / or are economically backward. It also helps the growth or consumption and demand by creating a conducive environment for the consumers.

Retailing supports considerable investment by the public and private sectors in urban renewal by providing shopping facilities to the residents. Development of retail clusters also fosters cultural, civic and economic development of remote areas of the State.

This is also important in the context of tourism. These smaller towns and villages then serve to develop surrounding rural areas by providing a range of facilities and services.

The nature and scale of retailing in Maharashtra has also undergone major changes, mainly driven by economic development and also by changes within the industry itself. Specific retail planning requirements are to be met by regional authorities and planning authorities in the state of Maharashtra to carry out their regional planning and development functions respectively.

A variety of initiatives need to be introduced to provide a conducive environment for the growth of the retail enterprise. To allow the retail enterprise in the State to achieve its true potential, some exceptions and relaxations in the current regulatory framework need to be provided.



The following key initiatives are proposed in the Retail Trade Policy:

- A. Appointment of nodal officer in Government of Maharashtra to facilitate single window clearance
- B. Simplification of labour laws - Relaxation of rules under the Shops and Establishment Act with regard to working hours, work shifts and employment of part-time workers and maintenance of records
- C. Only perishable goods / items from Food and Grocery business to be included in Essential Services Maintenance Act (ESMA)
- D. Relaxation of stocking limits under Essential Commodities Act (ESSCOM)
- E. Human Resource Development and Skill Development in the retail enterprise
- F. Pragmatic implementation of Packaged Commodities Regulations
- G. Creation of REZ (Retail Entertainment Zones)
  - G1. Zones for Retail in Regional / Development Plan
  - G2. Simplification: Development Control Regulation
- H. Treating Distribution Centers at par with Industries
- I. Exemption from Agricultural Produce Market Committee regulations
- J. Formulation of clear operational guidelines for use of Mathadi workers
- K. Exclusion of Retail Trade from prior permission and charges / fees with regards to store sign boards displaying trade name of the company on the business place of the company
- L. Allowing Open Access for power
- M. Formation of an Empowered Committee at the state level to monitor the implementation of this policy and develop procedures and make amendments whenever and wherever required

#### **A. Appointment of a Nodal Officer:**

Industries Department will appoint a Nodal officer from MAITRI (Maharashtra Industry, Trade & Investment Facilitation Cell). The Nodal Officer shall coordinate with all the departments and Ministries of Maharashtra vis-a-vis Central Government and members of industry to facilitate licensing, development and growth of retail enterprises. MAITRI will provide an interface to resolve issues posed by the small and organized retail industry of the state. The nodal officer will liaison with the relevant licensing authorities in the state, on behalf of the retailer, so that these licenses may be procured faster and more efficiently. The Nodal Officer will also look at Laws and Rules which have outlived their utility and suggest changes. An effort would be made to grant and renew various clearances, permissions, licenses, registrations for establishment and running of a retail enterprise online with no or minimal human interface.



## B. Relaxations under the Shops and Establishment Act :

- (I) Self-employed establishment or establishments where less than 9 employees are in working condition, for such type of Small and Medium Retail, Traders following facilitation will be provided.
- Under Shops and Establishment Act, 1948, online registration facility will be provided. For that 'Inspection' or 'approval' under other labour laws will not be required.
  - Registration for Value Added Tax (VAT) will be given online. For that 'Inspection' will not be required.
  - If in any case complaint of the specific nature is received, without prior permission of a District Officer, general inspection of shops will not be carried out by Labour Department, Sales Department, etc.
- (II) With regard to working hours, work shifts and employment of part-time workers and maintenance of records.
- i. Retail enterprise shall be allowed to stay open every day of the year to cater to the needs of the working class and other class of customers, provided that the employees are given compulsory weekly offs on a preferential basis.
  - ii. Retail enterprise dealing in all goods and commodities shall be allowed to conduct retail operations between 5 am and 11 pm. The enterprises can remain open between 11 pm and 5 am only for logistics and supply purposes.
  - iii. Women employees shall be permitted to work up to 10 pm, provided precautions are taken for ensuring their safety during such time and provisions made for dropping them to their respective homes safely in the event they work till late in the night by concerned Management. The decision shall remain with the respective female employee as to whether she chooses to work such shifts or not.
  - iv. Retail enterprise shall be exempted from maintaining physical records for attendance and salary. Provision for Retail Enterprise to maintain employee-related records required under various labour laws in electronic form, and to accept returns in electronic form will be made in line with the progress of computerization in the Labour Department.
  - v. Retail Enterprise shall have an option for self-certification and filing of consolidated annual returns under 13 Acts administered by the Labour Department as below:
    - The Maharashtra Shops and Establishment Act, 1948
    - The Minimum Wages Act, 1948
    - The Payment of Wages Act, 1936
    - The Apprentices Act, 1961
    - The Contract Labour (Regulation and Abolition) Act, 1970
    - The Child Labour (Prohibition and Regulation) Act, 1986
    - The Payment of Gratuity Act, 1972
    - The Equal Remuneration Act, 1976
    - The Payment of Bonus Act, 1964
    - The Employment Exchanges (Compulsory Notification of Vacancies Act), 1959
    - The Workman's Compensation Act, 1923
    - Inter State Migrant Workman (Regulation of Employment & Conditions of Services) Act, 1979
    - The Factories Act, 1948
  - vi. Option to employ housewives and students on part-time basis. Retail enterprise can offer part-time employment to such individuals, provided the worker is not ready to work full time. For this purpose, the consent of the worker shall be taken before hand. Minimum per hour wage rate shall be proportionately determined in accordance with minimum monthly / daily wage rate specified under Minimum Wages Act. These part-timers shall be exempted from other laws. The retail unit cannot engage more than 25% of its employees as part-time employees.







- i. Skill Development Programme for the Tribal and Rural Youth: This scheme is proposed to develop various skills and knowledge for economic growth and social development of tribal and rural youth. The tribal and rural youth will be trained in various fields of the retail enterprise, retail marketing, human resource development and health conservation under their on-going schemes. Lack of employability in other sectors is one of the major reasons of unemployment in India. Thus retail enterprise is the most suitable to create employment for these youths. It is targeted to train one lakh youths over a period of 5 years. An initial provision of INR 10 crores will be made available from the sanctioned outlay received by the Skill Development Department. Consequently targets and allocation of funds will be done on a year-to-year basis.
- ii. Setting up of Centre of Excellence: Centre of excellence would be set up on public private partnership (PPP) mode by Maharashtra Industrial Development Corporation. The center will have a finishing academy-cum-incubation center.

#### F. Pragmatic Implementation Of Packaged Commodity Regulations

- i. Label declarations of pre-packaged commodities: Most of the SKUs (stock keeping units) / commodities stocked and sold by retailers are in pre-packaged form, which need to be compliant with the label declarations, provisions of the Legal Metrology Act, 2009 and the Legal Metrology (Packaged Commodities) Rules, 2011. Thus all pre-packaged commodities should have certain declarations as specified by the Act & Rules.
- ii. Retailers in general, and organized retailers in particular, deal with number of products bought from hundreds of vendors. Sometimes, a few items may not carry all the requisite declarations as mandated or there could be a mis-print. This happens from the side of the manufacturers, importers, or packers.
- iii. Not having mandatory declarations on the labels is detrimental to consumer interest. Logically in such cases, liability for offences should be against manufacturers, importers, or packers. Because, the former have full control in the printing of labels on products, and the associated declarations mandated by Law.
- iv. Under S.53 (1) of Legal Metrology Act 2009, State Governments are empowered to make rules, after consultation with the Central Government, to carry out the provisions of this Act.
- v. The State Government shall come out with a notification rationalizing the onus / actions / fines for non-compliance under S. 36 of provisions of the Legal Metrology Act 2009, and the rules made thereunder to be taken against the manufacturer / packer / importer as per the provisions of the Act and its rules, and / or against the wholesaler / retailer for the first and subsequent offences, if any. The wholesale / retail dealer from whom goods have been found or seized will be made a party or witness so as to establish the case against the manufacturer / packer / importer.

Single-Brand Retailers own the complete supply-chain and are often also the manufacturer, packer, importer and wholesaler of the goods sold. Therefore, it is important not to penalize different parts (outlets) of the Single-Brand Retail organization for the same offence. In single brand environment, the store should be held liable for non-compliance.



#### G. Retail Entertainment Zones ( REZ )

In terms of sheer space, the organized retail built-up space supply in 2013 in the country was about 0.47 million square meter. This showed a 78 per cent increase over the total mall built-up space supply of just 0.25 million sq. m. in 2012. The demand for space for organized retail is ever increasing.

Retail shall be considered as an 'essential amenity'. The Regional Plan / Development Plan shall reserve spaces for retail and entertainment on the same lines as reservations for essential services and restaurants in order to make retail more affordable.



The urban town planning policy currently does not clearly reserve spaces for shopping and recreational need of citizens. Therefore shops are set up in a haphazard manner and more importantly, shops compete for spaces in commercial locations which are extremely expensive and untenable for the retail industry.

The state government shall recognize the need for shopping and recreational areas to create much needed balance in urban places between residential, commercial, industrial, shopping and recreational areas. Efforts will be made for providing retail areas with direct access to mass public transport systems; secure a traffic plan designed for the long term; secure all year round electricity, water, gas, sewage and IT connections.

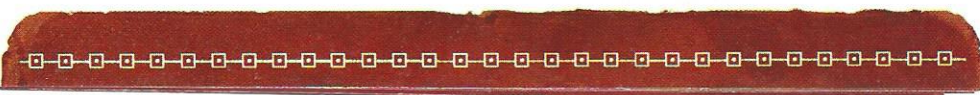
Creating a zone for retail and recreation would ensure that there is an increase in consumption and more importantly, would raise the standard of well-being of citizens.

A retail park is a larger retail development, where many big box retailers and other retailers create an outlet for a day out for the entire family. Retail park concept in Maharashtra will be considered by the Government under City Development Plan for the city and retail policy. This gives the advantage of choice to the consumer, increases competition which reduces prices for the consumers and reduces vehicular usage by eliminating the need to travel to different parts of the city to compare retailers. The retail park should preferably be adjacent to a highway and with an integrated public transport system. This will support connectivity for the customer, will ease traffic in and around the city, provide customer convenience and result in cleaner/environmental-friendly city.

### G (1). Zones for Retail in Regional / Development Plans :

The City Development Plans shall reserve land for retail development on the lines of Delhi, wherein they have been able to create specific centers in South and West Delhi for retail. The pre-requisite in Municipal Council will be minimum 12-meter road width & in Municipal Corporations it will be minimum 15-meter road width. This will help the industry in the following manner:

- i) The large international standard malls require larger land parcels, with earmarked spaces in master plans; this will help in raising the standard of development.
- ii) The earmarked spaces for retail / entertainment developments would also rationalize the land prices to support retail development.
- iii) The infrastructure on the road, public transportation, power and other fronts can be planned in advance accordingly.

























## M. Management Framework for Policy Implementation

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### (1) Constitution of Empowered Committee:

An empowered committee will be constituted at the state level to monitor the implementation of this Policy, and develop procedures and modalities where required. The composition of the empowered committee will be as follows:

- i. **Chief Secretary – Chairperson**

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- ii. **Principal Secretary – (Industries) – Member**

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- iii. **Principal Secretary – (Urban Development -I) – Member**

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- iv. **Principal Secretary – (Skill Development) – Member**

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- v. **Principal Secretary – (Labour) – Member**

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- vi. **Principal Secretary – (Food & Civil Supplies) – Member**

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- vii. **Principal Secretary – (Revenue) – Member**

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- viii. **Secretary – (Urban Development - II) – Member**

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- ix. **Three Nominees of the active retailer's associations in the state – Member**

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- x. **Development Commissioner – (Industries) – Member Secretary**

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### (2) Charter of the Empowered Committee:

The Empowered Committee will constitute a Task Force for coordinating and implementing the instruments in respect of the following key areas of the policy:

- i. **Promotion of Retail Zones**

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- ii. **Promotion of Green Retail**

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- iii. **Initiatives related to laws and regulations for ease of doing business**

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- iv. **Human Resource Development**

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- v. **Administrative Measures**

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### 6. Policy Applicability and Validity:

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The policy will be applicable to new retail business after this policy comes into force. The policy will be valid for five years.





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