

29th September 2015  
Shri Amitabh Kant  
Hon'ble Secretary, DIPP  
Minister for Commerce and Industry,  
Udyog Bhavan, New Delhi

**Subject: Submission of key asks of retail sector in India**

**Dear Sir,**

Greetings from Retailers Association of India (RAI)!

It is my pleasure to write to you on behalf of RAI.

At the outset, we would like to thank you for your address to our members over video-conference on 16<sup>th</sup> September 2015. Further to your discussion with Mr Rakesh Biyani and other RAI members, we are excited about the promise of India's economic growth. As highlighted by you, if India must deliver an economic growth target of 10% for the next two decades, Retail consumption in India must grow by over 15%. We believe that a well-developed retail market will support **accelerated economic growth at sustainable prices**.

As suggested by you, please find below our submission:

**Need to define Retailer:**

RAI, a unified voice of Indian Retailers, believes that there is a strong need to define the term 'Retailer' in India. RAI's Proposed Definition of Retailer:

"Any entity that sells goods or provides service to the consumer. The consumer is one who buys these goods for use or consumption. The retailer therefore is one who deals with the consumers, maintains data of dealing with such consumers and is responsible for the service provided to the consumer. The sale of such goods can happen over various channels including – brick-and-mortar, direct selling, e-commerce, television, mobile phones or tablets, and other channels. Any entity or brand that portrays itself as a store, retailer or seller to the consumer and thereby creates a service expectation in the mind of the consumer would be also be a retailer."

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### **Classification of Retail Trade not required**

Historically, across the globe, retail is a business that has been classified on the basis of category of goods / services provided and/or the size (store footprint). Unfortunately, in India, contrary to the global norm, retail has been classified on the basis of number of brands being sold by a retailer.

In the Era of 2015, with the advent of technology, classification of retail trade by brands, category or channels is irrelevant. Most modern retailers now focus on multi-channel, multi-brand, multi-category retail capabilities. Each retail trade channel offers its own unique opportunities and challenges. The business process of retailers is determined by the target audience. Retailers are expanding ways of engaging with the customers and trade. This goes beyond the store to include online delivery, mobile devices, phone, self-service kiosks, market-place, television and/or mail. Integrated multi-channel retail is about linking some or all of these channels to provide a consistent brand experience, contextual to each channel.

We believe it is time to remove ambiguities, and shortfalls of the current classification in the policy, by defining “Retail / Retailer” as stated by us in the first para.

### **Removal of discrimination of Indian companies**

FDI flow to Indian Brand / Retail companies is prohibited today. Such companies can only qualify for FDI, if they are also ‘manufacturers’. In today's day and age, brand management and marketing are key value creators. Manufacturing is mostly outsourced.

Similar FDI restrictions don't apply to International brands, (they are free to get FDI up to 100% without being a manufacturer (above 51%, they have to **just source 30%** in India), it is unfair to have restrictions on Indian brands or retail. We believe that India has a tremendous opportunity to make brands of global scale, if the policy were to allow 100% FDI in Indian origin brands and retail without any restrictions.

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### **Ease of doing business for FDI funded companies**

Currently FDI-approved Single Brand Retail companies are restricted from doing wholesale business of the same brand in the same entity. FDI approval letters have specifically barred companies from doing wholesale business. Operating two companies, one for retail and another for wholesale, is not the best business practice. Considering that wholesale has 100% FDI via automatic route, there is no logic in restricting such transactions via a Retail approved company. Such restrictions should be removed. Current restrictions lead to significant inefficiency and losses. Removal of such restrictions will ease doing business in India.

### **Clarification on FII norms**

RAI has submitted a detailed letter to DIPP seeking clarification on new FII norms in view of new Press Note no. 8 of 2015. The same is enclosed with this representation. We hope that DIPP shall receive our recommendation positively and issue clarification in this regard.

### **National policy for Retail and Internal Trade.**

We are attaching herewith a presentation on National policy for Retail and Internal Trade. The vision of this policy is to create an efficient and seamless internal trade environment and boost the international competitiveness of Indian retail by promoting and facilitating world-class infrastructure, logistics and warehousing, minimizing wastage and transaction costs. This will enable retail sector to give the best value for money to ultimate consumers while maximizing returns to the producer, particularly the farmers and the SMEs.

RAI is also working with every state government to draft a model retail trade policy for the state. We are attaching herewith draft retail trade policy for the state of Maharashtra for your reference. The same is also available on the state government website. We believe that uniformity in the implementation of the policy across the country will provide the necessary impetus for the growth of the retail sector.

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## Creation of Retail Consumption Index for India

We recommend that DIPP should create a retail index. The Index will serve as an excellent indicator of progress of Retail India. In addition, it will help industry decision-makers and observers to work with more comprehensive information and take more efficient decisions. Such an index reflects the mood of the end consumer. A consistent growth in retail sales, will attract more global investors, manufacturers, brands and retailers, giving a boost to FDI inflow.

We hope that you will receive our representation positively and will appreciate it if you could grant us a meeting so that an industry delegation can share their views with you in person and also benefit from your expert opinion.

Warm Regards,

For and on behalf of National Council of Retailers Association of India,



Kumar Rajagopalan  
CEO, RAI

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14<sup>th</sup> July 2015

Hon'ble Secretary,

Shri Amitabh Kant Ji

Department of Industrial Policy and Promotion

Government of India

**Subject: Request to allow single brand companies, incorporated in India, to sell their products through e-commerce in India**

Dear Shri Amitabh Kant Ji,

*Greetings from the Retailers Association of India (RAI)!*

It gives me great pleasure to write to you.

Retailers Association of India (RAI) the unified voice of Indian retailers, works with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. RAI, is the body that encourages, develops, facilitates and supports retailers to become modern and adopt best practices that will delight customers. RAI is the first independent body of retailers in India. RAI has a three charter aim of Retail Development, Facilitation and Propagation.

E-commerce and OMNI channel retailing is growing across the world. In India with its young population the growth in the amount of connected people has been explosive the last 2 years and there is still room for further growth. 100% owned foreign ownership is allowed in single brand retailing in India today. Single brands bring new ideas, new products to the market that is designed, produced and always sold through the brands own stores. As of today, the FDI policy does not allow single brands to sell in India through e-commerce. While we understand the complexity of e-commerce topic, we also understand that e-commerce for single brand should not be an issue. Single Brand retailing category was created to invite brands to India that contribute to the development of the country and people's lives without head on competition with the Kirana stores (which the Multi brand category is perceived to do).

Further the single brand companies selling through ecommerce will sell through their Indian entities and thus paying all taxes in India. If single brand retailers are allowed to sell in the stores, they should also be allowed to sell in other channels.

So our suggestion is to allow for Single Brand Retailer (non-competition to Kirana stores) with or without FDI to be allowed to sell their products in all available

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channels (brick-and-mortar, direct selling, e-commerce, television, mobile phones or tablets etc) and not to have an restriction creating non-leveled playing field.

**We want to give an advisory about this to the members of RAI and hence urge your offices to allow single brands companies, incorporated in India, to sell their products through e-commerce in India.**

Looking forward to an early reply.

Warm Regards,  
For and on behalf of National Council of Retailers Association of India,



Kumar Rajagopalan  
CEO, RAI

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