

# NEWS



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## FOR IMMEDIATE RELEASE

### **Government of India Unleashes Potent Phase II Reforms** *Foreign Investment in Multi-brand and Single-brand Retail Welcomed*

**November 24, 2011 - Washington, DC** – The **U.S.-India Business Council (USIBC)** today hailed India's steady progress in advancing major economic reforms with the Cabinet's approval of opening India's vast multi-brand retail sector to foreign direct investment (FDI) and expanding FDI into single-brand retail. These bold reforms have heartened investors from the United States and elsewhere.

The government's opening of the multi-brand retail sector will benefit Indian consumers by bringing efficiencies and productivity to the farm-to-fork supply chain, while tamping down rising food prices and inflation.

The overall effect of these actions will accelerate India towards becoming the world's third-largest economy, which had earlier been predicted to occur by mid-century. The government's bold resolve to move on these complex reforms serves as an assurance to investors that its economic liberalization agenda begun in the early 1990s is very much on track, even in the face of the global economic downturn.

“The singular act of opening the multi-brand retail sector to foreign direct investment will significantly benefit the Indian consumer by spurring the modernization of India's vast agri-retail marketplace. Investments will now flow into India's farm-to-market supply chain, which will usher in expertise and bring efficiencies to India's supply chain infrastructure. Food price-rise and inflation will now effectively be tamed,” said **Ron Somers, President of USIBC**. “Opening the retail sector will create a larger market opportunity for Indian farmers, increasing quality and choice for India's sophisticated consumers.”

The Commerce Ministry set a maximum investment ceiling of 51%, bringing multi-brand retail investment rules in-line with India's initial opening of single-brand retail. Single-brand retail will now be open to 100% foreign direct investment. While this threshold for FDI in multi-brand

retail serves as an excellent starting point for India's retail sector, continued relaxation of the FDI cap will serve to maximize investments in supply chains, bring foreign expertise to farming and food safety practices, and offer the best prices and choices for consumers and producers alike.

**President and CEO of Walmart International – a leading USIBC member company – Doug McMillon** remarked, “We thank the Government of India for allowing 51% FDI in multi-brand retail, giving us the opportunity to serve Indian customers directly. This change in policy is a good start to a win-win decision for all stakeholders, including the customers, farmers and the Government of India. Through our participation in front-end retail, we look forward to playing a key role in India's success story by contributing to the country's economy and to helping their citizens save money so they can live better. We will create thousands of jobs through inclusive growth, increase farm productivity and income and help small and medium industries prosper and grow with us.”

McMillon further noted “We're confident that the government, after seeing the value we bring to India and its people, will view this opening as a first step in further liberalizing FDI in retail.”

The U.S.-India Business Council (USIBC) was formed in 1975 at the request of the United States and Indian governments to advance two-way trade and deepen commercial ties. Today, USIBC is the premier business advocacy association comprised of nearly 400 of America's and India's top companies dedicated to greater two-way trade and investment. Harold “Terry” McGraw III, Chairman, President, and CEO of The McGraw-Hill Companies serves as Chairman, USIBC.

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