

# NEWS



1615 H Street, NW  
Washington, DC 20062  
Tel: 202-463-5679  
Fax: 202-463-3173  
usibc@uschamber.com

Contact:  
Kathryn Van Dyken  
1-202-463-5768  
[kvandyken@uschamber.com](mailto:kvandyken@uschamber.com)

**FOR IMMEDIATE RELEASE**

## **India's Single-Brand Liberalization will Promote Investment, Create Jobs**

**January 11, 2012 - Washington, DC - U.S.-India Business Council (USIBC)** today welcomed the Government of India Press Note finalizing the 100% opening of foreign direct investment (FDI) in single-brand retail. This policy will be a win-win for Indian consumers and companies, as well as global retailers. India's growing population of consumers, including 300 million individuals identified as 'middle-class' with a purchasing parity equivalent of \$30,000/year, are seeking access to world-class products offered by foreign single-brand retailers, the arrival of which will encourage a competitive environment to stimulate Indian manufacturers and retailers.

"The opening of India's single-brand retail sector sends a crystal clear signal that India is open for business at a time when economic opportunity is certainly welcome amidst global uncertainty," said Ron Somers, President of USIBC.

India's single-brand retail market is valued at roughly \$7 billion, and is expected to reach \$20-25 billion in value over the next five years. Prominent American brands, including Nike, Reebok, Calvin Klein, Estée Lauder and others have already established a presence in India under various operating models. The lifting of FDI restrictions in single-brand retail now presents an attractive option that will broaden brand awareness, and incentivize many other companies to enter the Indian market.

After an initial opening to 51% in 2006 for single-brand retail, the Ministry of Commerce and Industry has now fully liberalized investment to 100% under the Government Approval route, allowing foreign investors complete ownership of their Indian operations. Sourcing requirements attached to the Press Note mandate that a minimum 30% of the value of products sold is to be sourced from Indian small industry.

“While USIBC is encouraged by this lifting of FDI caps in single-brand retail, there is still much work to be done. USIBC will focus on helping companies navigate the conditions required by the Press Note, particularly concerning local sourcing, recognizing India’s goal to spur local manufacturing and create employment. USIBC will simultaneously continue to seek an opening for the multi-brand retail sector, as well,” Somers said.

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 investment and a more robust trading relationship. Harold McGraw III, Chairman, President, and CEO of The McGraw Hill Companies serves as chairman of USIBC.

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