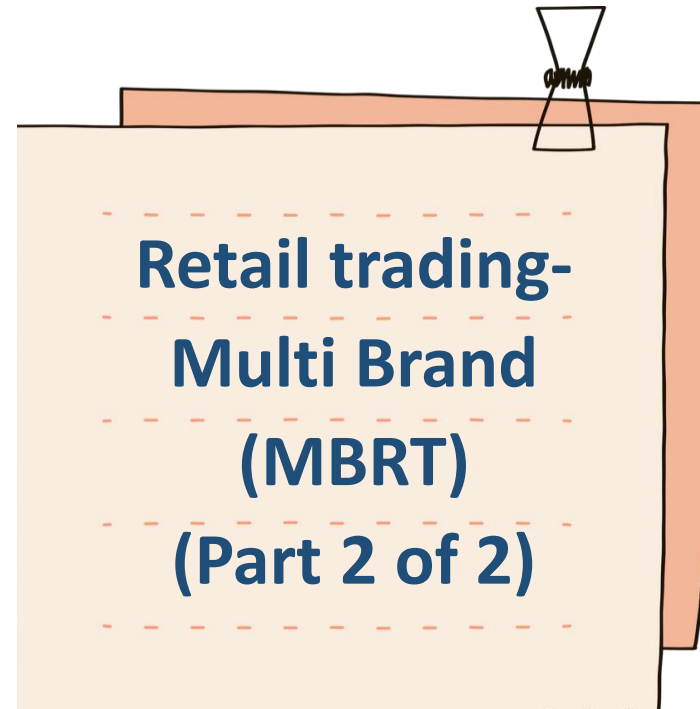
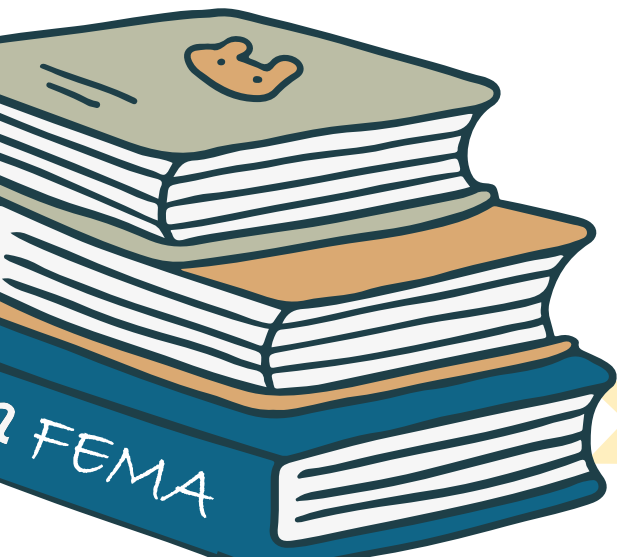


FEMA Ke Fundae

#FamiliarwithFEMA



Date: 12/03/2025

Issue no. 144





**Already covered SBRT in
Part 1**

For Part 1, refer the below link:-

Linkdin:- <https://www.linkedin.com/feed/update/urn:li:ugcPost:7302936075965005824/?actorCompanyId=31225427>

Website:- <https://jainshrimal.com/retail-trading-single-brand-sbrt-part-1-of-2/>

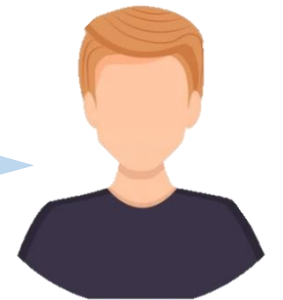




Rachel

Hey! Mr. FEMA Gyani. Now that I understand single-brand retail trading, what if I want to start a retail chain that sells multiple brands? A store where people can buy everything from chips and perfumes to electronics—basically, a one-stop shop for snacks and gadgets!

Hii Rachel, Big dreams, huh? Basically, That comes under **Multi-Brand Retail Trading (MBRT)**, which has much stricter rules.



FEMA Gyani

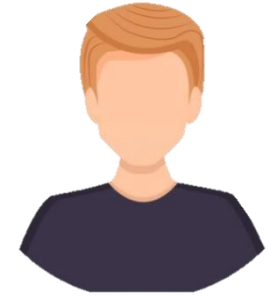
What kind of regulations?



Rachel



Unlike SBRT, **FDI in MBRT is capped at 51%**. That means A foreign investor **must have an Indian partner** who owns at least **49% of the business**.



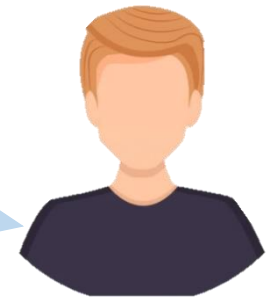
FEMA Gyani

That's a big difference! What other conditions apply?



Rachel

Yes, For a start, foreign investors must bring in at least **\$100 million**. **Half of that** (at least \$50 million) must go into Back-end infrastructures—not just opening stores.



FEMA Gyani





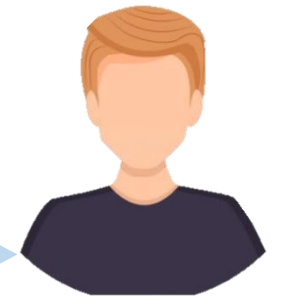
Rachel

That's a big investment! What all things are covered under Back-end infrastructure?



Back-end Infrastructure includes:

- ✓ capital expenditure on all activities
- ✓ Investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, warehouse, agriculture market produce infrastructure etc.
- ✓ include expenditure on land cost and rentals.
- ✓ does not include front-end units.



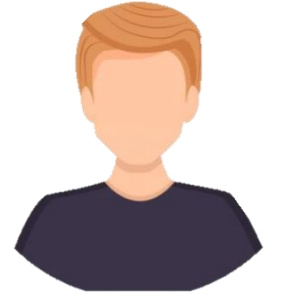
FEMA Gyani





Rachel

Got it! Are there any other requirements as well?



FEMA Gyani

Yes, of course there are many **sourcing requirements** as well which includes:

a) The sourcing of goods shall be preferably from **MSMEs, village and cottage industries, artisans and craftsmen** in all sectors.

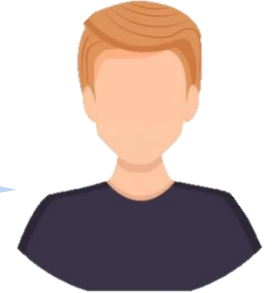
b) The procurement requirement is to be met as an **average of five years the total value of goods procured** beginning from 1st April of the commencement of SBRT business (either opening of first store or start of online retail, whichever is earlier). Thereafter, the entity can meet the 30% local sourcing norms on an annual basis.

c) The quantum of domestic sourcing shall be **self-certified** by the company, to be subsequently checked, **by statutory auditors**, from the duly certified accounts which the company shall be required to maintain.



Rachel

Okay! So, Can I open the store anywhere and use E-commerce for my primary sales?



FEMA Gyani

No not exactly, you must comply with some **locational requirements** as well which are:

a) Retail sales outlets may be set up **only in cities with a population of over 10 lakh** (2011 Census) or as decided by the State Govt., covering up to 10 km around municipal or urban agglomeration limits.

b) The policy is only enabling, allowing State Govts./UTs to decide on its implementation. Retail sales outlets may be set up in States/UTs **that have agreed or may agree in the future to allow FDI in MBRT** under this policy.

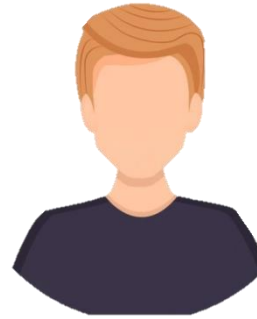
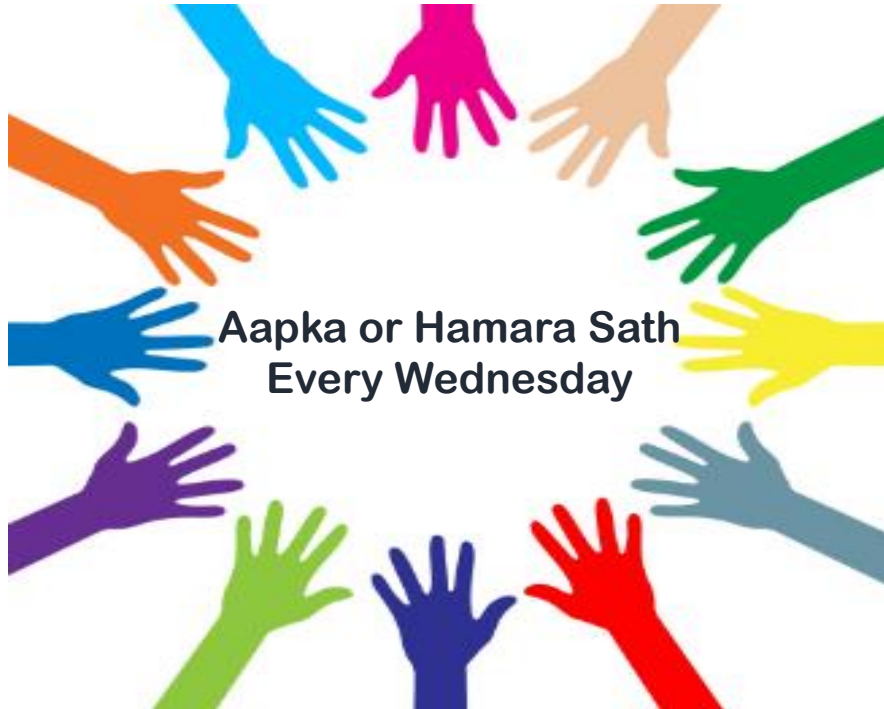
c) Unlike SBRT, MBRT are **not allowed to trade by means of e-commerce.**



Rachel

Okay! Mr FEMA Gyaani, Thank you so much. Now I have understood the rules related to MBRT as well.

Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jscoca>

WEBSITE

<https://jainshrimal.com/>



International Tax Gyan   
WhatsApp group



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