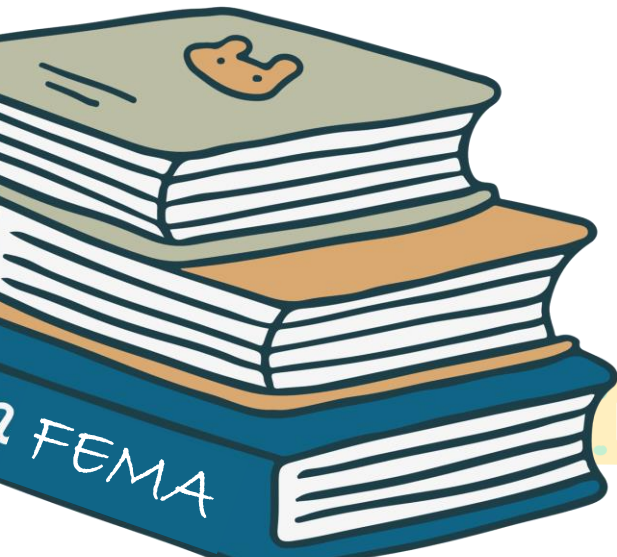


FEMA Ke Fundae

#FamiliarwithFEMA



Date: 05/03/2025

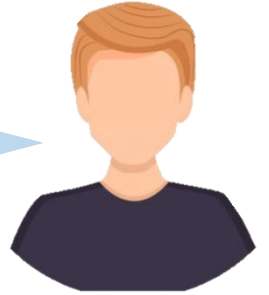
Issue no: 143





Rachel

Hello, Mr. FEMA Gyani! I am Rachel, a business owner from USA. I am looking to expand my brand into the Indian market by investing in India's retail sector. I am unaware of the process for the same. Could you please guide me?



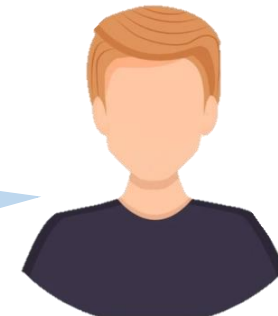
The FEMA Gyani

Hello Rachel! Sure! In simple terms, as a foreign investor, you can expand your brand in India by way of **Single Brand Product Retail Trading (SBRT)**.



Rachel

Okay. From the name, I can understand that this is applicable for products being sold under a single brand right?



The FEMA Gyani

Yes, this is applicable to products being sold under one brand name only. SBRT means where the goods are sold under a **single brand name, domestically and internationally**, in one or more countries other than India.

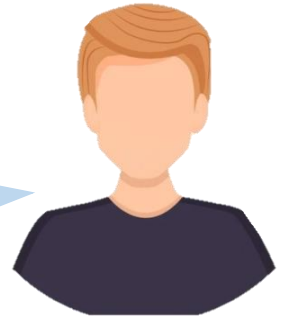




Rachel

Okay. So, if I am getting it right, if a company sells clothing under a single brand, it can open retail stores in India, but it **cannot** sell products from other unrelated brands, right?

Exactly! As long as the business deals with **only one brand** and doesn't mix multiple brands in the same store, it qualifies for SBRT. It covers the products which are **branded during manufacturing**.



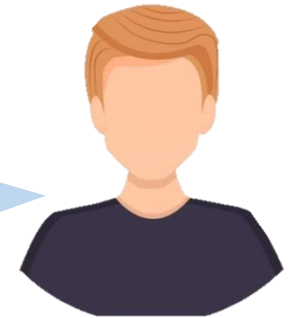
The FEMA Gyani



Rachel

Okay, sounds interesting. What about foreign investment? Can I fully own my business in India?

Yes, **100% foreign investment is allowed under SBRT**. However, if you invest more than **51%**, you need to meet a sourcing requirement.



The FEMA Gyani





Rachel

Sourcing Requirement?! What kind of sourcing requirement?



The FEMA Gyani

In cases where FI is **beyond 51%**, **sourcing of 30% of the value of goods procured shall be done from India**. The conditions under this case are-

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.

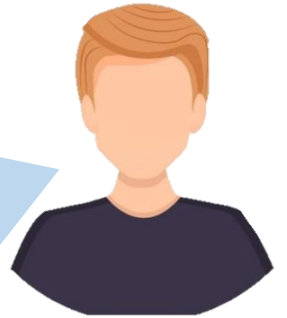


Rachel

Okay. What about the products which are manufactured using locally sourced raw material? Can they only be sold in India?

No, for meeting the local sourcing requirement, **all procurements made from India by the SBRT entity for that single brand shall be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported.** You can set off sourcing of goods from India for global operations against the mandatory sourcing requirement of 30%.

Also, for the entities undertaking SBRT of products having **'cutting-edge' and 'state-of-art'** technology & where local sourcing is not possible, this is **not applicable up to 3 years** from the commencement of business. **After 3 years** from the commencement of business, the sourcing norms as stated in the **conditions mentioned above will be applicable.**



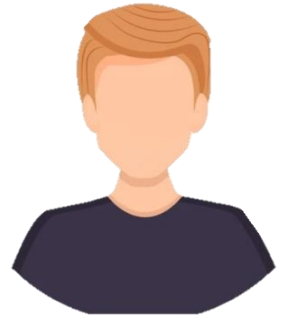
The FEMA Gyani





Rachel

Oh, that's why! I plan on selling my products online. Can I run an e-commerce store under SBRT?



The FEMA Gyani

An SBRT entity that operates through **brick and mortar stores** (i.e. retail location where business owners showcase their products), can undertake retail trading through e-commerce. However, retail trading through **e-commerce** can also be done before opening the brick and mortar stores, subject to the condition that the entity opens brick and mortar stores **within two years of starting the online retail business.**



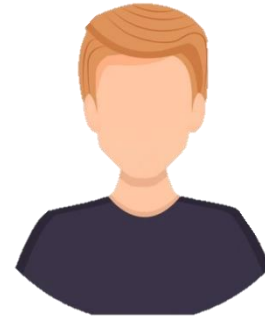
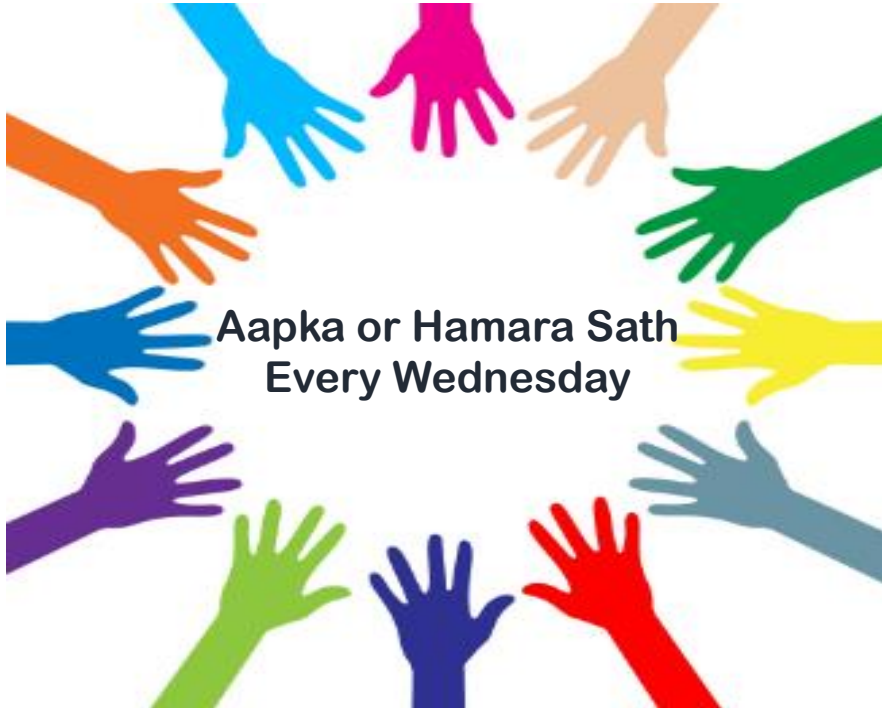


In the next part, we will discuss about MBRT.

To be continued next
WEDNESDAY...



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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

WEBSITE

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