

# Govt not to revisit sourcing clause

THE DECISION ON 30% MANDATORY PROCUREMENT FROM LOCAL ENTERPRISES IS WELL THOUGHT-OUT



**NEW DELHI:** The government on Wednesday virtually ruled out revisiting a sourcing condition on 100 per cent FDI in single-brand retail, stating the decision on 30 per cent mandatory procurement from the

domestic small enterprises is well thought-out.

"I think, it is a well-considered policy and surely sourcing from within the country and small and medium units is something which is very healthy. It would only be the

experience which will tell how rewarding it will be for the investors and the small enterprises," said Anand Sharma, commerce and industry minister.

He was talking to reporters on sidelines of a TERI



It would only be the experience which will tell how rewarding it will be for the investors and the small enterprises"

**ANAND SHARMA**  
Commerce & Industry  
Minister

function here.

Sharma made these comments a day after he met CEO of Swedish furniture IKEA Mikael Ohlsson in Paris.

According to a Commerce Ministry statement, Ohlsson had shared his views on the local sourcing clause in the FDI policy with regard to single-brand retail.

IKEA has already stated that the sourcing clause

might be difficult to implement. Earlier, in January, the government had notified opening of 100 per cent FDI in single-brand retail, with a clause that in case foreign ownership increases beyond 51 per cent, 30 per cent local sourcing from the small units would be mandatory.

Apprehensions have been expressed on the rule since in several areas, the domestic small vendors may not have the required skill and capabilities to be suppliers of global scale in terms of capacity and quality.

A unit is considered small if its investment in plant and machinery is not beyond ₹5 crore. The government has been forced to put on hold its Decision of November 24 to open FDI in multi-brand retail, following political opposition and Trinamool Congress, a key ally of the ruling UPA.   
-PTI