

Feedback to Discussion Paper on Multi Brand Retail

Liberalization of External Commercial Borrowings Policy

Multi Number Portability

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Feedback to Discussion Paper on Multi Brand Retail

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry (“DIPP”) has received extensive feedbacks in response to the discussion paper on permitting foreign direct investment in Multi Brand Retail Trading.

Permissibility of foreign investment in trading sector, including multi brand retail trading, is a sensitive topic in India, with a great divide in opinions of different camps. While the merchants, traders and unorganized retailers oppose liberalization; the farmers, consumers, organized retailers support it.

The DIPP had accordingly floated the discussion paper to aid intelligible debate and informed decision on the subject. The Government is now expected to take policy decision on the subject, weighing the public opinion and merits thereof.

The feedbacks received by the DIPP are available on its website –

<http://www.dipp.nic.in>.

LexCounsel, Law Offices has also participated in the process by submitting its feedback, which can be viewed at:

http://dipp.nic.in/DiscussionPapers/FeedBack_LexCounsel_30July2010.pdf.

Liberalization of External Commercial Borrowings Policy

The Reserve Bank of India has further liberalized the External Commercial Borrowings (“ECB”) Policy.

Prior to the revision, entities in the services sector, such as hotels, hospitals and entities in the software sector could avail of ECB up to USD 100 million per financial year under the automatic route for foreign currency and/or rupee capital expenditure for permissible end uses.

The revised policy permits hotels, hospitals and entities in the software sector to avail ECB beyond USD 100 million with prior approval of the Reserve Bank of India. The proceeds however cannot be used for acquisition of land. All other norms of the ECB Policy relating to eligible borrower, recognized lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements applicable to the aforesaid sectors continue to apply.

Multi Number Portability

The Telecom Regulatory Authority of India has recently directed the mobile telephone service operators in the country to implement multi number portability (“MNP”) with effect from October 31, 2010.

MNP, enabling the mobile phone subscribers to retain their numbers while migrating from one service provider to another, has been in consideration in India for the last few years amidst extended deadlines. Mobile telecom service operators have reportedly been dilly dallying over it, and consequently the last deadline of June 30, 2010 was also missed.

From the consumer standpoint, implementation of MNP is expected to increase competition amongst the mobile operators to provide better network services.

The Department of Telecommunications has also directed the operators to conduct and complete all infrastructure and number porting tests by September 1, 2010. Failure to do so can bar the service providers from launching new commercial services in any area after September 1, 2010.

Given the directions passed, this time the Government seems determined to implement MNP in accordance with the timelines announced.