On the face of things, NITI Aayog recommending relaxation in the policy of local sourcing for single-brand retail appears a good thing, a sign of how pro-active the government is in its quest to attract foreign direct investment. Since foreign investors like Apple have said the current 30% local-sourcing norm was too onerous, what NITI is suggesting is that this be brought down to 15%, and that any sourcing the company may be doing even today be counted as part of fulfilling the obligation. What is worrying, however, is that should these proposals be accepted, this will be the third iteration of the FDI policy on single-brand retail in just the last one year. Considering the first change in the UPA policy took place a year and a half after the BJP came to power, this suggests the policy was never thought through during this period, or that vested interests and/or the bureaucracy was able to ensure the government's policy intentions were not reflected in the policy. Either interpretation is worrying.

When the first policy change came last year in November, it said the government 'may' 'relax' sourcing norms for products that had 'state-of-art' and 'cutting-edge' technology and where 'local sourcing (was) not possible'. There was no firm statement on what the relaxation would be, what the definition of 'cutting-edge' or 'state-of-art' was, or who was to decide whether local sourcing was not possible—worse, though the policy reeked of discretion, the government didn't use it and rejected Apple's proposal to set up company-owned single-brand retail stores. The second iteration, in June, was presumably supposed to take care of this, but was equally vague. This time around, it talked of relaxing local-sourcing for 'up to three years and a relaxed sourcing regime for another five years'—once again, the phrases 'cutting-edge' and 'state-of-art' were used, and without any definition of what these might mean or how much the relaxation would be.

Similar lack of clarity can be seen in the FDI policy on airlines. For reasons that are not clear, the policy still insists that, while 100% FDI is to be allowed subject to government approval, foreign airlines are not to be allowed to buy more than 49%. If Singapore Airlines is not to invest 100%, did the government think a Singaporean trader would want to buy a 51% stake in an airline? And if, for the sake of argument, another Singaporean firm wanted to buy a 51% stake in the airline, would the government allow this if the firm was affiliated to Singapore Airlines? If the BJP is at all serious about opening up the economy, it needs to rethink these mindless restrictions and ask itself whom they actually serve to protect. Else, it will soon be forced to look at its fourth iteration of the FDI