

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2452
ANSWERED ON:10.03.2000
IMPACT OF WTO AGREEMENT ON SSIS
RAMDAS ATHAWALE

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether attention of the Government has been drawn to the news-item appearing in the daily Jansatha, on December 29, 1999 captioned `Arthik Gulami Mein Fansne Ka Fanda Hai WTO`;
- (b) if so, the reaction of the Government thereto;
- (c) whether the Union Government have received any memorandum from the Federation of Association of Maharashtra (FOM) and the Bombay Small Scale Industries Association (BSSIA) in this regard;
- (d) if so the details thereof ; and
- (e) the action taken or proposed to be taken by the Government thereon?

Answer

MINISTER OF COMMERCE & INDUSTRY (SHRI MURASOLI MARAN)

(a) to (b) Yes Sir. The main thrust of the article is that Indian trade and industry, particularly retail trade and the small scale industries sector, are facing hardships due to the free global trade flows resulting from the WTO regime. The article, however, has not taken into account that although the WTO regime warrants removal of Quantitative Restrictions on imports unless imposed under certain specific provisions of the WTO Agreements, appropriate protection to the domestic industry can be provided by way of tariffs. Besides, trade protection measures such as anti-dumping, safeguard and anti-subsidy actions can be taken for the protection of the domestic industry under certain circumstances. Moreover, similar free flow of Indian exports is also possible under the WTO rules through which all WTO Members accord `Most Favoured Nation` and `National Treatment` to each other. The range of WTO Agreements represent a balance of rights and obligations with the objective of encouraging free flow of international trade.

(c) &(d) The representation of Bombay Small Scale Industries Association dated 11th Feb. 2000 and another representation by Federation of Association of Maharashtra dated 7th Feb. 2000 have been received in this Ministry. The thrust of both these representations is that Foreign Direct Investment (FDI) should not be allowed in the retail trade sector.

(e) As per extant policy of the Government, FDI is not being permitted for domestic retailing, including for establishing retail stores, supermarkets etc.