

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:1200

ANSWERED ON:26.11.2007

CORPORATE SECTOR IN RETAIL BUSINESS

Jain Shri Pusp;Mandal Shri Sanat Kumar;Shivanna Shri M;Singh Kunwar Rewati Raman

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether big corporate houses and MNCs have entered the retail sector of the country in a big way;
- (b) if so, whether this has led to an adverse impact on the small retailers in the unorganized sector who are on a verge of losing employment; and
- (c) if so, the steps being taken by the Government to tackle this situation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION(DR. AKHILESH PRASAD SINGH)

(a) & (b): There is no restriction on the entry of the big corporate houses and other domestic investors into the retail sector. So far as foreign investment in the retail sector is concerned, as per extant policy, Foreign Direct Investment (FDI) is not permitted in retail trade, except in 'single' brand retail trade. The organized retail sector would reduce the cost of intermediation on account of economies of scale benefiting consumers and producers/ farmers. It also helps in establishment of cost effective supply chains. Besides, the organized retailing sector would create more employment opportunities and improve the quality of employment in the long run. The share of organized retailing in the total retail trade is very small and it would not have any major adverse impact on retail outlets in the unorganized sector.

(c) : No action seems to be necessary at present in view of replies to (a) and (b) above.