

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

UNSTARRED QUESTION NO:4870

ANSWERED ON:26.04.2010

IMPACT OF FDI

Choudhary Shri Harish;Pakirappa Shri S.

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

- (a) whether the Government has conducted any study to know the impact of Foreign Direct Investment (FDI) policy on works of Rural Development;
- (b) if so, the details thereof and the outcome of the study conducted and the action taken by the Government in this regard;
- (c) whether Government is proposing to allow FDI in retailing of the sports goods and electronics sector; and
- (d) if so, the details thereof along with the negative impact, if any, on employment in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) & (b): No, Madam. However, Government had instituted a study on the subject "FDI in India and its Growth Linkages" through National Council of Applied Economic Research (NCAER). Main findings of the NCAER study are at Annex.

(c) & (d): Foreign Direct Investment (FDI) policy is reviewed on an ongoing basis through inter-Ministerial consultations. As per the extant policy, Foreign Direct Investment (FDI) is not permitted in retail trade, except in Single Brand product retailing, where FDI up to 51% is permitted, with prior Government approval and subject to the following conditions:

- (i) Products to be sold should be of "Single Brand" only;
- (ii) Products should be sold under the same brand internationally; and
- (iii) "Single Brand" product-retailing would cover only products which are branded during manufacturing.

Retail is a labour intensive sector and is the second largest employer after agriculture. Government is fully committed to securing the legitimate interests of all stakeholders engaged in the retail business. Government also fully recognises the need to ensure that employment is not adversely affected by the growing organised retail.