

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

STARRED QUESTION NO:8

ANSWERED ON:26.07.2010

FDI IN RETAIL TRADE

Hegde Shri Anant Kumar;Sharma Shri Jagdish

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

- (a) Whether the Government has any proposal to formulate a new policy to increase Foreign Direct Investment (FDI) in retail market/multi brand retailing/wholesale market in the country;
- (b) if so, the details thereof and the amount of foreign capital investment likely to be made in the retail market as a result thereof;
- (c) whether the Government has assessed the impact of it on the small traders who are likely to be affected after increase in the FDI limit;
- (d) if so, the details thereof and the steps taken by the Government to protect the interest of the small traders in the unorganized retail sector in the country; and
- (e) the likely impact on the capacity building of storage of various food grains, fruits and vegetables through FDI in the country?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 8 FOR ANSWER ON MONDAY, THE 26TH JULY, 2010 ON 'FDI IN RETAIL TRADE'

(a) : The existing policy allows for 51 % FDI in only single brand retail subject to specified conditions. Government has received suggestions from associations/trade bodies for allowing FDI in multi brand retail.

(b) to (d): The objective is to enhance the operational efficiency of back-end infrastructure in the retail sector, reduce wastage in the agricultural sector, enhance benefit to producers, integrate the retailer in the value chain, and benefit consumers through greater competition. Towards this end, the Department of Industrial Policy and Promotion has released a Discussion Paper on the subject of 'Foreign Direct Investment in Multi-Brand Retail Trading', with the aim of generating informed discussion on the subject and obtaining the views and comments of various stakeholders, Government will take a final view on this after this consultation process amongst all stakeholders is concluded. The Department had earlier instituted a study on the subject of "Impact of Organized Retailing on the Unorganized Sector", through the Indian Council for Research on International Economic Relations (ICRIER). The impact on small traders, the possible strategy to protect interests of small traders in the unorganized sector and the likely impact on the capacity building of storage of food grains, fruits and vegetables etc. have also been examined in the discussion paper. The discussion paper, as well as the report of ICRIER, are available in the public domain.

(e): Such efforts are aimed at bringing about an enhancement of storage capacity infrastructure leading to an improved supply chain.