

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

UNSTARRED QUESTION NO:3497

ANSWERED ON:16.08.2010

FOREIGN CAPITAL INVESTMENT FOR STORAGE CAPACITY

Mahto Shri Baidyanath Prasad; Rama Devi Smt. ;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) whether the need for enhancement of storage capacity of various foodgrains, fruits and vegetables in the retail market is being considered essential for the foreign capital investment;
- (b) if so, the impact on small traders alongwith the impact on the interests of the producers of such items;
- (c) whether the Government will address the issue of loss of foodgrains before opening up Multi-Brand Retail Trading; and
- (d) if so, the details thereof?

Answer

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

(a) to (d): The existing policy allows for 51 % Foreign Direct Investment (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. The objective will be 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. The impact on farmers and small traders in the unorganized sector, as also capacity building for storage of food grains, fruits and vegetables etc., have been examined in the discussion paper. The discussion paper and comments received thereon are available in the public domain. It is expected that the views/suggestions received in response to this discussion Paper will enable the Government to take an appropriate policy decision at the appropriate time.