

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

UNSTARRED QUESTION NO:2239

ANSWERED ON:23.11.2010

DEVELOPMENT OF RETAIL SECTOR

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

- (a) whether a large number of people in the country are dependent on unorganized retail sector for their livelihood;
- (b) if so, whether the Government has evolved any special scheme for development of this sector;
- (c) if so, the details thereof;
- (d) whether the unorganised retailers have protested against the entry of corporates and Foreign Direct Investment in retail;
- (e) if so, the details thereof and the reaction of the Government thereto;and
- (f) the other steps taken by the Government for development of retail sector?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF THE STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K. V. THOMAS)

- (a): Yes Madam. Retail is labour intensive sector and is the second largest employer after agriculture.
- (b): Retail trade is a state subject and states have their own policy in this matter. There is no such scheme of the Central Government.
- (c): Does not arise in view of the reply to part (b) above.
- (d) & (e): There is no restriction on the entry of domestic investors into the retail sector. Government has received a number of representations against permitting Foreign Direct Investment (FDI) in retail trade from various industry associations, including small scale industry and retail traders. The Government had instituted a study on the subject 'Impact of Organized Retailing on the unorganized sector' through the Indian Council for Research on International Economic Relations (ICRIER). The study shows:
 - # The unorganized retail sector is expected to grow at about 10 percent per annum with sales rising from US\$ 309 billion in 2006-07 to US\$496 billion in 2011-12.
 - # Given the relatively weak financial state of unorganized retailers, and the physical space constraints on their expansion prospects, this sector alone will not be able to meet the growing demand for retail.
 - # Hence, organized retail which now constitutes a small four per cent of total retail sector is likely to grow at a much faster pace of 45-50 per cent per annum and quadruple its share in total retail trade to 16 percent by 2011-12.
 - # This represents a positive sum game in which both unorganized and organized retail not only coexist but also grow substantially in size.
 - # The majority of unorganized retailers surveyed in this study indicated their preference to continue in the business and compete rather than exit.
- (f): The Department of Industrial Policy & Promotion has released a discussion paper on permitting Foreign Direct Investment (FDI) in Multi Brand Retail Trading, inviting comments from the public and stakeholders. The comments received thereon are presently being examined by an Inter-Ministerial Committee set up by them.