

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:960
ANSWERED ON:05.08.2011
`FDI IN RETAIL SECTOR`
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Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government has proposals for allowing Foreign Direct Investment (FDI) in retail sector and if so, the details thereof;
- (b) Whether any assessment or study has been conducted by the Government about its impact on the local small shopkeepers and if so, the details thereof;
- (c) whether the government agree with the view that allowing FDI in retail sector would generate more jobs and reduce food inflation: and
- (d) If so the logic behind such view ?

Answer

Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a) The existing policy allows for 51% Foreign Direct Investment (FDI) only in single brand retail subject to specified conditions. The Government had 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. Comments were received from a number of stakeholders, including trade/industry/retailers' associations; farmers associations; prominent retailers; consumers; small industries etc.

The views received from stakeholders in response to the Discussion Paper on the subject of `Foreign Direct Investment in Multi-Brand Retail Trading` are available in the public domain and can be accessed on the website of the Department of Industrial Policy & Promotion.

(b) The Department of Industrial Policy and Promotion 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 report is also available in the public domain on the website of the Department of Industrial Policy and Promotion.

(c)& (d) The Discussion Paper was released with the aim of generating informed discussion on the subject, and obtaining the views and comments of various stakeholders with the objective 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. 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. Such efforts are aimed at bringing about an enhancement of storage capacity and infrastructure leading to an improved supply chain.