

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

STARRED QUESTION NO:381
ANSWERED ON:22.04.2013
FDI IN RETAIL
Kumar Shri Shailendra

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

- (a) whether some foreign companies have sought permission for Foreign Direct Investment (FDI) to start food retailing in multi/single brand in the country;
- (b) if so, the details thereof along with its present status;
- (c) whether the Government has taken measures to protect the interests of domestic industries in this regard; and
- (d) if so, the details thereof ?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI ANAND SHARMA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 381 FOR ANSWER ON 22ND APRIL, 2013, REGARDING FDI IN RETAIL

(a) & (b): Some foreign companies had requested for permission to sell some food items as part of their proposal on FDI in single brand retail trading. M/s Marks & Spencer sought approval to sell Marks and Spencer branded long life processed foods such as chocolates, confectionery, etc. The proposal was rejected on 09.01.2009 as retailing of food items is not permitted in the policy on FDI in single brand retail trading.

M/s Ingka Holding Overseas B.V, Netherlands (IKEA Group) in their recent proposal sought permission for single brand retail trading of 'IKEA' products inter-alia including 'establishment of IKEA restaurants and caf  , IKEA Swedish Food Market (to sell only single brand IKEA products) '. The proposal has been recommended by FIPB to the extent that IKEA can have a restaurant/caf   in accordance with their global model but can not engage in retailing of food items. Accordingly , the following condition has been proposed:

'Food and beverages to be sold within IKEA restaurant /caf   located in the IKEA retail store. No food items shall be retailed off the shelf in any other part of the retail store'.

(c) & (d): Government has built in appropriate conditions in the policy on FDI in multi brand retail trading and single brand retail trading to safeguard the interests of domestic industries . These include mandatory sourcing of a minimum of 30% of the value of procurement of manufactured/processed products purchased. This sourcing will be done from Indian small industries. In the policy on single brand retail trading with 100% FDI also, domestic sourcing of 30% of the value of the goods purchased has been mandated. This sourcing shall be done preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors.