

various press notes into a single document; gradual liberalization and rationalization of FDI Policy; regular meetings with industry associations and stakeholders to fast track implementation of industrial projects etc.

### **Expected quantum of FDI in Organized Retail Market**

2809. SHRI DEVENDER GOUD T: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that country's organized retail market is expected to attract nearly US 20 billion dollar Foreign Direct Investment (FDI) in the coming three years;

(b) if so, the details thereof; and

(c) to what extent this will benefit the farmers and small shopkeepers in the country?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. S. JAGATHRAKSHAKAN): (a) and (b) No targets are fixed for FDI inflows, nor is an assessment of future inflows possible, as FDI is largely a matter of private business decisions.

(c) Opening up of FDI in multi-brand retail trade is expected to bring in much needed investments, technologies and efficiencies to unlock the true potential of the agriculture value chain. The policy mandates minimum investment of \$ 100 million with at least half going towards back end infrastructure, including cold chains, refrigerated transportation and logistics. The condition that this investment will have to be made within 3 years of the first tranche of FDI, has been put in to ensure that this purpose is actually achieved. Thus FDI in multi-brand retail trade is expected to bring in, global best practices and benefit farmers in the long run, in terms of quality, price, greater supply chain efficiencies in the agriculture sector and development of critical backend infrastructure. As per the Indian Council for Research on International Economic Relations (ICRIER) report on "Impact of Organized Retailing on the Unorganized Retail Sector", submitted in 2008, farmers would benefit significantly from the option of direct sales to organized retailers. For example, average price realization for cauliflower farmers selling directly to organized retail was about 25 per cent higher than their proceeds from sale to regulated government mandi. Profit realization for farmers selling directly to organized retailers was about 60 per cent higher than that received from selling in mandi.

In formulating the policy for allowing 51 per cent FDI in multi-brand, the Government was conscious of the livelihood concerns of the millions of small retailers. Informed studies of global experience have revealed that even in developing economies like China, Brazil, Argentina, Singapore, Indonesia and Thailand, where FDI is permitted up to 100%, local retailers have found innovative ways to co-exist along with organized retail and are integral to the organized retail chain. In Indonesia, even after several years of emergence of supermarkets, 99% of the fresh food retail and 70% of all food retail continues to be controlled by traditional retailers. In any case organized retail through Indian corporate entities is already allowed in India. The experience of the last one decade has shown that the small retailers have flourished in harmony with the large retail outlets. As per the ICRIER report referred to above, there was no evidence of a decline in overall employment in the unorganized sector as a result of the entry of organized retailers. Further, there was competitive response from traditional retailers through improved business practices and technology upgradation. A majority of unorganized retailers were keen to stay in the business and compete, while also wanting the next generation to continue likewise and most unorganized retailers were committed to remaining independent.

#### **Bilateral trade between India and EU**

†2810. SHRI RAGHUNANDAN SHARMA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether bilateral trade has increased between India and European countries including Portugal during the last three years;
- (b) if so, the quantity-wise, price-wise country-wise and year-wise details of the export and import made during the said period;
- (c) the percentage of services sector and industrial sector in the total export and import made between both trading partners;
- (d) the different sectors of priority identified by Government for extension of trade and economic cooperation with European Countries; and
- (e) the steps taken/being taken by Government to promote trade with the European Countries including Portugal?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRIMATI D. PURANDESWARI): (a) Yes, Sir.

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†Original notice of the question was received in Hindi.