

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

UNSTARRED QUESTION NO:6775
ANSWERED ON:09.05.2003
PERMISSION FOR RETAIL BUSINESS
PUSHPDAN SHAMBHUDAN GADHAVI

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

- (a) whether his Ministry has given permission to another MNC to enter into wholesale cash and carry retail business recently;
- (b) if so, the details thereof;
- (c) if so, the clauses, guidelines, norms followed for this permission;
- (d) whether the Government have received any complaint against manipulation and violation by Shoprite;
- (e) if so, the nature of complaints;
- (f) whether any inquiry/investigation has been made;
- (g) if so, the outcome thereof; and
- (h) the corrective steps taken by the Government to stop such blatant violation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI CH. VIDYASAGAR RAO)

(a)to(c): As per the extant Foreign Direct Investment policy, FDI upto 100% is permitted in cash & carry wholesale trading through Foreign Investment Promotion Board route. However, Government's Policy on retail trading since 1997 is not to permit FDI in retail trading.

(d)to(g): Yes, Sir. A complaint has been received alleging that the company is entering into a manipulative arrangement for undertaking retail trade in the garb of wholesale trade. The case has been referred to the competent authority for taking appropriate action.

(h) : Any violation of the foreign collaboration approval is liable for penal action under FEMA regulations. Such cases are handled by the Administrative Ministries concerned and the Reserve Bank of India.