

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

UNSTARRED QUESTION NO:3974

ANSWERED ON:23.08.2005

PRIVATE INVESTMENT IN RETAIL SECTOR

Chinta Mohan Dr. ;Reddy Shri Magunta Sreenivasulu;Suman Shri Ramji Lal

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

- (a) whether a large amount has been invested by Private Sector in the retail market;
- (b) if so, the facts in this regard;
- (c) whether the Government has assessed the impact of this capital investment by the private sector in the retail market;
- (d) if so, the details thereof;
- (e) whether the Government proposes to encourage private sector to set up retail chains in town and metros also; and
- (f) if so, the details thereof alongwith changes proposed in laws relating to rents, land use, property acquisition and back finance policies etc.?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

(a)& (b): About 98% of the Indian retail market is in the un-organised sector and 2% is in the organised sector. Except for investment in land and building, there is little investment required for conducting retail business, in the unorganised sector, as goods are bought on credit and sold on cash basis.

(c) & (d): As per Indian Council for Research on International Economic Relations (ICRIER) study report on ` FDI in retail sector in India` commissioned by the Department of Consumer Affairs, the size of Indian retail market has been estimated at Rs.7,40,000 crores in 2002. On an average, this sector has grown at 7% per annum during 1999-2002. Retail sector is the largest industry in India and second largest employer after agriculture. With the growth of organised retailing, retailers are investing in supply chain management, technology, sourcing directly from the manufacturer and reducing the cost.

(e)&(f): For the growth of the retail sector, Planning Commission (in the 10th Five Year Plan) and ICRIER report have recommended measures which include: simplification of taxation laws; according Industry status to retailing; review of laws (including APMC Act) and appropriate zoning laws.