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13.01 hrs.

Title: Regarding entry of Foreign Direct Investment (FDI) in retail trade.

**SHRI PRIYA RANJAN DASMUNSI (RAIGANJ):** Sir, through you, I would like to draw the attention of the Government, especially the Ministry of Commerce to a very important matter which is being linked with our retail trade economy of the country.

On 26<sup>th</sup> November, *The Economic Times* published a very sensational story which exposes how the Planning Commission is differing with the decision of the Cabinet or a section of the Planning Commission is differing with the ultimate Tenth Plan document. The Tenth Plan draft document has said that the opening up of this sector, that is, foreign direct investment, in the retail trade is an immediate requirement of the Government whereas the Committee headed by the Planning Commission Member, Shri N.K. Singh has said as follows:-

"The retail sector in India is dispersed, widespread, labour intensive and disorganised. In the light of this, it is not thought desirable at present to lift the ban on FDI in retail trade. "

The Tenth Plan document finally said that it is required. Not only that, but also the Cabinet Sub-Committee had several meetings. There, they opined that this area should not be interfered by foreign direct investment.

Several Chambers of Commerce, several retail trade groups from Maharashtra, Kolkata and many other parts met our Party and many MPs of this House. We are sorry to say that still the clarification has not come out in spite of the fact that the Tenth Plan document has been endorsed by the Prime Minister. Maybe, the Prime Minister was not sufficiently conveyed as to what is going on inside. Therefore, I would like to draw the attention of the Government, through you, as it is alleged, that the multinational retailers through the bureaucratic circles are continuously putting pressure on the Government to take an anti-national decision on allowing foreign direct investment in the retail trade. This will, perhaps, destroy the entire prospect of the retail trade in the country.

Today we are going to discuss the Competition Bill. Before that, if this thing has already been done and the document of the Planning Commission is finally endorsed by the Government, then I do not know how they will be protected.

Sir, so far I know that in the month of July, the Group of Ministers deciding on the limits of FDI, rejected the proposal of allowing the FDI into retail trade. In the month of June, the Task Force of the Planning Commission on Employment headed by Dr. S.P. Gupta, categorically advised not to allow FDI into retail trade on account of its adverse consequences on employment. Therefore, I strongly feel that if at this stage the Government can clearly make its position, these retail trade groups of India can at least be assured that their trade and activities shall not be further interfered by foreign direct investment as this will not only liquidate employment but also it will adversely destroy or affect the entire prospect of these groups....(*Interruptions*)

**MR. SPEAKER:** You are also allowed to associate with this.

**SHRI HANNAN MOLLAH (ULUBERIA):** Sir, I also associate with what he says.

Sir, lakhs and lakhs of retail shops would be closed and multinationals would capture all the shops in the country. ...(*Interruptions*)

**SHRI PRIYA RANJAN DASMUNSI:** Sir, the Commerce Minister is here. I request him, through you, that he may please respond to this. Let him clarify the position and let it go on record.

**MR. SPEAKER:** If the Commerce Minister so desires, he may respond. I have no objection.

**THE MINISTER OF DISINVESTMENT, MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION AND MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN SHOURIE):** Sir, the existing policy since 1997, as you know and as the hon. Member knows, is that foreign direct investment in retail trade is not permitted.

As the hon. Member rightly said, the N.K. Singh Committee also seems to have come to the same conclusion. As to the other question, there is a Group of Ministers on this and I am not aware of any such proposal before it. If it comes up, it would be considered by the Group of Ministers and reported in general. ...(*Interruptions*)

**SHRI PRIYA RANJAN DASMUNSI :** I said that the Tenth Plan document prepared by the Planning Commission has endorsed it while the Group of Ministers has rejected it.

**SHRI ARUN SHOURIE:** In any case, the Tenth Plan document is also coming up before the National Development Council. All the Chief Ministers including Congress Chief Ministers would have an occasion to comment on individual proposals. In that, there are trading activities for exports or for joint ventures, which are permitted in wholesale activities and so on but those are specialised things. If you would like me to read them, I can read them out but as far as retail trade in general is concerned, he is completely right that since 1997 that has been the Government's policy. I understand, there were two companies which were given permission before 1997 in this regard but since then nobody has been given

permission. We have checked that with the Reserve Bank also.

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