

Record caFE ANAND SHARMA
 Union minister for commerce, industry and textiles

'There's an Indian signature to our retail FDI policy'

Union minister for commerce, industry and textiles Anand Sharma has apparently done a good job of communicating the government's position on foreign direct investment in multi-brand retail. In an interview with MK Venu for Rajya Sabha Television, he explains the rationale behind the move, its impact on various stakeholders and the key role of the opposition in taking this reform forward.

You have been the government's chief communicator on its position on FDI in multi-brand retail. What sort of opposition have you encountered so far and how have you countered these arguments?

The opposition is on expected lines. We were anticipating political posturing when it comes to the principal opposition party—the BJP. They have a partisan agenda. It is not a philosophy or ideology or conviction which is making them say what they are saying. I call it pure partisan politics because when they were in government, they had a different philosophy. If you lack conviction when taking a particular position, it can only be termed as a cynical approach or pure opportunism.

The BJP adopts double standards. When they were in government, they were ready with the GoM nod indicating that all the consultations had been completed to begin 100% FDI rollout without any conditionalities, but then suddenly something has changed the BJP's decisions. Maybe, they were inadequately informed or they did not apply their mind when they were taking the big plunge.

There are political parties who may have reservations on other considerations. For example, the Left Front remains rooted or frozen where they were decades ago. Theirs is a blinkered ideology. So we understand when they oppose FDI in multi-brand retail.

So, the Left is more ideologically consistent than the BJP?

I pity the Left's bankruptcy also. They should look at what is happening elsewhere in the world, including in the countries that turned socialist or communist. You cannot remain rooted. You have to move on. Nations progress, economies evolve accordingly, and institutions are built. But we have taken all aspects into consideration, be it India's complexity and diversity or its socio-economic realities. We have talked to all the stakeholders and it has been a long process. This is not a decision that has been made overnight. It has taken us two years to announce the decision, since the process began in March-April 2010.

What delayed the final decision?

The decision was actually made last year, on November 24 to be precise. It got trapped in a very hostile environment in Parliament, which was not allowed to

function. The then finance minister and Leader of the House Pranab Mukherjee informed Parliament that we would defer political implementation until more consensus evolved through more consultations. We carried out the consultations with more sincerity. The entire exercise has been inclusive, democratic and transparent.

You have received letters from Sukhbir Singh Badal, deputy chief minister of Punjab, and other leaders welcoming the move...

When we say the stakeholders' consultations were very wide, this includes states, farmer unions and confederations, consumers' confederations, industries and commerce chambers, and the small and medium industries. These consultations extended across the Parliament Standing Committee, the ministry of food and consumer affairs, and the Department of Industrial Policy and Promotion in my ministry. There were mixed responses. Obviously, you cannot expect everybody to come out with the same viewpoint.

Why did you give the choice to states to implement this policy?

During the consultation process, two BJP-ruled states strongly favoured the policy to allow FDI in multi-brand retail—Himachal Pradesh and Gujarat. Punjab also supported us when we were contemplating taking a decision in the Cabinet last year. I received letters from Badal asking for this policy change as he was convinced that Punjab farmers would benefit from this move, with creation of jobs in rural areas.

Later when I talked to Mamata Banerjee, she said she faced different dynamics in Bengal because she had the Left Front to cope with. As far as elections were concerned, she talked about almost the same things which we were seeking to do—Farm to Fork. I told her the only way to counter the Left Front was to attract foreign investment, plus encourage industry and manufacturing and job creation. I have had three meetings with her. I also wrote to all the other chief ministers. I personally met all but two of them. I had a long telephonic conversation with Nitish Kumar. In fact, the policy that we outlined has an Indian signature to it in the form of conditions that no other country has put.

Parties that have traders and retailers as their vote base are in a different league from those that have farmers as their core constituency. Has this become a farmers-versus-traders debate?

As I said, we have talked to everyone. We have tried to create a consensus among farmers, consumers and the cottage industry, besides the small and medium enterprises. All the major unions like the Bharatiya Kisan Union, the fruits and vegetable growers associations, and SEFMA have



openly come out in support of the policy. Nobody can say that they were not a part of the process of consultations.

Entry of foreign retail giants is going to have implications for our fruits and vegetables' cultivation and trade, besides food grains and other commodities.

We are the world's second-largest producers of fruits and vegetables and our post-harvest losses in these cases are between 35-40%. Even for food grains, there's 14-18% loss after harvesting. For perishable items, the losses are much higher because we do not have refrigerated transportation and integrated chains, so the vegetables which are produced in Assam or Kolkata can't reach the markets in the North. Similarly, what is produced in Kashmir and Uttarakhand or Himachal Pradesh should reach Trivandrum or Chennai. That is the kind of integrated chain we are talking about. The large issue is that we have put another condition here that if a manufacturer has to be in India, then 80% of its sourcing has to be done from MSMEs.

As for textiles, we are the world's best producers of cotton textiles. Already, the global retailers are sourcing out of India.

KEA is sourcing a billion euros worth of products like carpets, linen, fabrics and home appliances, among others. Even the French firm Carrefour, which is the world's second-largest retailer, is sourcing products worth 500 million euros a year from India. Walmart's India sourcing is worth a billion euros at present and Marks and Spencer's worth 600 million pounds. These numbers would indeed multiply thanks to FDI being allowed in multi-brand retail.

How have you addressed the concerns of small retailers and mom-and-pop stores?

Organised retail was introduced in India during the NDA government, and the campaign of "what will happen to the small retailers" began. Then the big Indian corporates like the Biryani, the Tatas and Reliance came in. Even today, more than 90% of the retail trade share is with the unorganised and small retailers. Now we are trying to dispel those negative impressions and also protect small retailers, as we are not insensitive to their concerns.

When compared with the Western markets, the share of organised retail in Asian societies is not much...

India has 8,000 cities and towns. Under the current policy, only 53 cities—if all states come on board—can implement FDI in multi-brand retail. So far, only 10 states have come forward, which means 30-odd cities. Smaller states and border states have been given special dispensation to make their own decisions about opening up this frontier in their largest cities.

What will be the impact of this policy on small, licensed traders?

Small retailers buy from the big retailers at the cash-and-carry point of the wholesale trade. So, nobody is going to displace your neighbourhood stores. These FDI stores need huge space. They are not going to come to your neighbourhood or take over your corner store. Even now, licensed retailers or small traders go and buy from bigger players and then sell products at MRP at their shops. These traders will actually benefit.

The UPA is now carpet-bombing us with reforms across the board—be it in civil aviation, broadcasting, pension funds or insurance. How will this play out politically?

National interest cannot be made secondary to partisan politics. We have taken decisions in the larger interest of the country, and we have been fair and democratic. The instinct has changed for the good. Subverting institutions and undermining the reputation of individuals cannot be the perpetual political discourse. We are a country where there are enough numbers of wise men and women. Our opponents are trying to create an atmosphere where decision-making is difficult and elected governments are prevented from doing what is correct. They have to bear in mind that we are also a significant political force and the largest political party in the country. People voted for us and therefore we will keep taking decisions.

Is this sudden burst of reforms a build-up to the elections in 2014? Will you make the reforms the main election plank?

People have to realise that whenever a big decision has been made, the noise is also very loud. Go back to the 1980s when Rajiv Gandhi talked of the 21st century, of IT and telecommunication revolutions. It was said that his decisions would take away jobs and destroy the future of the youth. Computerisation of banks was criticised but today it has empowered people, and India has now become a global leader in IT services. People are seeing this as they have been the beneficiaries.

So, the Congress is not being defensive on economic reforms, as seen in the past?

We are not defensive any longer. As I said, people will realise what is in the national interest and what is good for them.