FDI IN MULTI-BRAND RETAIL SECTOR – A STUDY REGARDING INDIAN CONTEXT

Mr. Vikram\textsuperscript{1} and Ms. Parul Mittal\textsuperscript{2}

ABSTRACT

Allowing FDI in multi brand retailing has recently generated tremendous euphoria for some and fear for others. It is based on the notion that it will open floodgates for foreign retailers to invest and will change the retail landscape forever in India. When India is the only country in the world where the top five business houses with market caps running into trillions are into retail business, this issue becomes much more interesting. Most retailers in other countries do not feature even in the top 10 large firms. Also the evidence of last 20 years of globalization by retailers shows that there is no such case of domination of foreign retailers wherever markets for global retailers have opened up. The Govt. of India was forced to put on hold FDI in multi-brand retail by several political parties. The problem arises whether opening up of FDI in multi-brand retail will create problems or provide opportunities for local retailers. Foreign direct investment in multi-brand retail will start a better integration of Indian economy into the global markets.

This study examines the prospects of FDI in multi-brand retail in India. This paper firstly speaks about the concept of multi-brand retail in India. The second part shows the current status of FDI in multi brand retailing in India. The third part shoes the benefits received by various parties from FDI in multi brand retailing. The last part overviews the two faces of retail sector – Challenges and opportunities.

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Key words: Retail, Multi-brand, FDI, MNCs, Retailers etc.

INTRODUCTION

Foreign Investment in India is governed by the FDI policy announced by the Government of India and the provision of the Foreign Exchange Management Act (FEMA) 1999. The FDI policy is notified through Press Notes by the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP). The foreign investors are free to invest in India, except few sectors/activities, where prior approval from the RBI or Foreign Investment Promotion Board (‘FIPB’) would be required. The historical background of FDI in India can be traced back with the establishment of East India Company of Britain. British capital came to India during the colonial era of Britain in India. After Second World War, Japanese companies entered Indian market and enhanced their trade with India, yet U.K. remained the most dominant investor in India. Therefore, the government adopted a liberal attitude by allowing more frequent equity participation to foreign enterprises, and to accept equity capital in technical collaborations. It is during this period the government encouraged FDI, allowed MNCs to operate in India. Thus, resulting in the partial liberalization of Indian Economy. Indian retail industry is one of the sunrise sectors with huge growth potential. According to the Investment Commission of India, the retail sector is expected to grow almost three times its current levels to $660 billion by 2015.

Retailing is one of the most active and attractive sector of the decade. In the recent past it has witnessed a large number of big players like Reliance, Tata, Pantaloon, Birla etc leaping into it. Emergence of organized retail sector in India has more to do with increasing purchasing power of buyers and modern supply and logistics management techniques. Retail has played a major role in improving the productivity of the whole economy at large. The positive impact of organized retailing could be seen in USA, UK, and Mexico and also in China. Retail is the second largest industry in US. It is also one of the largest employment generators. It is also important to understand that Argentina, China, Brazil, Chile, Indonesia, Malaysia, Russia, Singapore and Thailand have allowed 100% FDI in multi brand retail. These countries benefited immensely from it. Also small retailers co-exist. The quality of the services has increased. China permitted FDI in retail in 1992 and has seen huge investment flowing into the sector. It has not affected the small or domestic retail chains on the contrary small retailers have increased since 2004 from 1.9 million to over 2.5 million. Take for example Indonesia where still 90% of the business still remains in the hand of small traders.
In India, Single brand retail having received 51% FDI investment sanction would improve investment scenario of the country. This in turn will lead tough competition in Indian retail sector and hence the need for innovative marketing strategies. Retailing is the interface between the producer and the individual consumer buying for personal consumption. As such, retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. Currently, 51% FDI in multi brand Retail and 100% in single brand is put hold till the time consensus is reached between the political parties. There is stiff opposition being seen within the UPA allies in context of FDI in retail. Also opposition party is seeing this as an opportunity to get the political mileage. As on Sep 20, 2012, the government notified its decision to allow global retail giants like Walmart to open stores in India. With this notification, multinational retailers can invest up to 51 per cent to open stores in 10 states and UTs which, till date, have agreed to implement the decision. Opening up FDI in multi-brand retail will mean that global retailers including Wal-Mart, Carrefour and Tesco can open stores offering a range of household items and grocery directly to consumers in the same way as the ubiquitous 'kirana’ store.

India’s retail industry is estimated to be worth approximately US$411.28 billion and is still growing, expected to reach US$804.06 billion in 2015. As part of the economic liberalization process set in place by the Industrial Policy of 1991, the Indian government has opened the retail sector to FDI slowly through a series of steps:

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
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<tbody>
<tr>
<td>1995</td>
<td>World Trade Organization’s General Agreement on Trade in Services, which includes both wholesale and retailing services, came into effect</td>
</tr>
<tr>
<td>1997</td>
<td>FDI in cash and carry (wholesale) with 100 percent rights allowed under the government approval route</td>
</tr>
<tr>
<td>2006</td>
<td>FDI in cash and carry (wholesale) brought under the automatic route</td>
</tr>
<tr>
<td></td>
<td>Up to 51 percent investment in a single-brand retail outlet permitted, subject to Press Note 3 (2006 Series)</td>
</tr>
<tr>
<td>2011</td>
<td>100 percent FDI in single-brand retail permitted</td>
</tr>
</tbody>
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**REVIEW OF LITERATURE**

Kulwinder Singh (2005) explores the uneven beginnings of FDI, in India and examines the
developments (economic and political) relating to the trends in two sectors: industry and infrastructure. The study concludes that the impact of the reforms in India on the policy environment for FDI presents a mixed picture.

Nayak & Archana (2007) intend to study the qualitative shift in the FDI inflows in India in – depth the last fourteen odd years as the bold new policy on economic front makes the country progress in both quantity and the way country attracted FDI. The study also reveals strong negative influence of corporate tax on FDI inflow.

Ravi Subramanian (2010) discusses the trends in India's outward FDI over the last decade and then attempts to identify the driving factors for the same and provide policy makers with insights regarding levers which would help in encouraging FDI outflows and to stimulate further research in foreign investment from emerging economies.

Patil (2012) examines the prospects of FDI in multi-brand retail in India. He concludes that direct investment in multi-brand retail will start a better integration of Indian economy into the global markets and, as such, it is important for the Govt. of India to develop retail sector for the total economic development of country and welfare of society in the country.

Chandu. K. L (2012) attempts at outlining the government's policy on FDI in retailing and tries to examine it pros and cons while examining the perceptions of small retailers on the government's decision. He concludes that though the small retailers are not so apprehensive about the big stores, they oppose allowing FDI in retailing in India. This may be because they are not well informed about the pros and cons of the proposed policy change. Thus, a country-wide discussion through the mass-media is highly pertinent regarding this issue.

Baskaran (2012) speaks about the global giants’ entry to India and their myths and realities and shows the status of organized food retailing in India with SWOT Analysis and highlights on farmer’s issues towards FDI in multi brand retailing. He also overviews the two faces of retail sector – Challenges and key success factors and reviews the impact of Organized Retailing on the Unorganized Sector. Lastly, reveals the recommendations before allowing FDI in Multi brand Retailing.

**STATEMENT OF PROBLEM**

Now a day, too much discussion is going on FDI in retail sector in Indian economy. FDI in retail is
also a matter of discussion in the parliament of India. This paper focuses on current status of FDI in retails. What may be the benefits of FDI in the Indian multi brand retail sector? What are various opportunities and challenges to FDI in retail sector?

**Significance of the study:**
The article will help to know the benefits that can be secured from the FDI in multi brandretails. Present study tells how the small retailers will be affected by the heat of multinational retail giants. Here, in this research article, the attempt has been made to focus the importance of FDI in retail sector in present scenario. The article also points out the prospects and problems for FDI in multi-brand retail sector.

**Research Methodology:**
The kind Research being conducted here is ANALYTICAL RESEARCH, as it most suits the purpose of the Research Project. In this Research the facts & the information as so gained from various secondary sources have been used to make an analysis of the current multi brand retail Sector & FDI with the driving forces behind these situations. That is analyzing the data & extracting the relevant important data to complete the project & make it relevant to the present scenario of FDI in multi brand retailing. The data for the present study is collected from the secondary sources. Various news in the news papers, videos of parliament while discussion on FDI are seen for collection of the data. As well as the reference books, magazines, Newspaper, Internet & Books also used for the purpose.

**Objectives of the study**
1. To study the current scenario of FDI in multi-brand retail.
2. To know benefits from FDI in multi-brand retail.
3. To know opportunities and challenges to FDI in multi-brand retail.

**WHAT IS MULTI BRAND RETAILING**
Multi Brand retailing refers to the marketing of the different unrelated competitive products under the same firm though being under the same firm, the various brands tend to bite into each other’s sales, for example ‘Pantaloons’ & ‘Central’ of Future Group. The multi brand retailing has certain advantages which are as follows:

- Obtaining greater shelf space and leaving little for competitor’s product.
- Saturating a market by filling all price and quality gaps.
- Catering to brand-switching users who like to experiment with different brands.
• Keeping the firm’s managers on their toes by generating internal competition.

FDI IN MULTI-BRAND RETAILING

In 2008, the Government contemplated opening up the retail sector and allowing 100 per cent FDI in single-brand retail trading and 51 per cent FDI in multi-brand retailing. However, it did not succeed due to fierce opposition from its allies and the Left parties as well as the local trade associations. AT Kearney, the well-known international management consultancy, recently identified India as the ‘second most attractive retail destination’ globally from among thirty emergent markets. It has made India the cause of a good deal of excitement and the cynosure of many foreign eyes. With a contribution of 14% to the national GDP and employing 7% of the total workforce (only agriculture employs more) in the country, the retail industry is definitely one of the pillars of the Indian economy. India is largest among the Asian economies to liberalize its retail sector. Presently, global players are entering in India indirectly and allowing FDI is a great sign of buoyancy to the retail sector. All the major Indian cities have commercial projects under construction for retail purpose. India remains one of last frontiers of modern retailing.

A study conducted by ICRIER on Indian retail industry estimates that the total retail business in India will grow at 13 per cent annually from US$ 322 billion in 2006-07 to US$ 590 billion in 2011-12. The unorganized retail sector is expected to grow at approximately 10 per cent per annum with sales rising from US$ 309 billion in 2006-07 to US$ 496 billion. Organized retail, which constituted a low four per cent of total retail in 2006-07, is estimated to grow at 45-50 per cent per annum and attain a 16 per cent share of total retail by 2011-12.

Current scenario

Virtually leaving no scope for a rollback, a determined United Progressive Alliance government issued the final notification for allowing foreign direct investment (FDI) in multi-brand retail even as the Opposition took to the streets to protest against the recently announced reforms. The way is now clear for global retail giants such Walmart, Carrefour and Tesco, to set up shop with a local partner and sell directly to Indian consumers for the first time. The government has also issued the press note for the new FDI norms in single-brand retail to relax the norm for 30-per cent outsourcing from local small and medium industries. This will pave the way for the entry of Swedish retail giant IKEA, which has lined up a Rs.10, 500-crore investment plan for India. However, the government has stated that retail trading in any form by means of e-commerce would not be permitted for companies with
FDI engaged in the activity of single brand retail trading. The minimum amount to be brought in by a foreign investor would be $100 million in multi-brand retail, and outlets may be set up only in cities with a population of more than 10 lakh. Only 10 states and Union Territories have so far conveyed to the Centre their agreement to open FDI in the multi brand retail. These are Andhra Pradesh, Assam, Delhi, Haryana, Jammu & Kashmir, Maharashtra, Manipur, Rajasthan, Uttarakhand, Daman & Diu and Dadra and Nagar Haveli. The major domestic retailers welcomed the decision. The decisions to allow 49 per cent FDI by foreign airlines in domestic carriers, 49 per cent FDI in power exchanges and increase in the foreign equity cap from 49 per cent to 74 per cent in service providers like direct-to-home in the broadcasting sector have also been notified.

The Indian Government has decided not to allow companies with foreign direct investment (FDI) to sell their products through the Internet in India. The Indian Government which allowed Foreign Direct Investment up to 51% in multi brand retail trading last week has decided not to allow companies with foreign direct investment (FDI) to sell their products through the Internet in India.

The Funding Scenario that now comes in:

With the new FDI ruling, experts argue that there will be even more investor interest now, as financial investors can now invest and take stake unto 51%, which gives them a lot of rights and ownership and the companies get a lot of capital. Moreover, startups, which might not have the deep-pocket to own or build a warehouse, will find it less complex to approach a VC for the frontend of the business, rather than the backend.

Share of organized retail in selected countries:
According to the Ministry of Commerce & Industry, "FDI is freely allowed in all sectors including the services sector, except a few sectors where the existing and notified sectoral policy does not permit FDI beyond a ceiling. FDI for virtually all items/activities can be brought in through the Automatic Route under powers delegated to the Reserve Bank of India (RBI), and for the remaining items/activities through Government approval. Government approvals are accorded on the recommendation of the Foreign Investment Promotion Board (FIPB).” Ministry of Commerce and Industry has fixed limits for other sectors are as follows:

**FDI limit in various sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage %</th>
</tr>
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<tbody>
<tr>
<td>Telecom</td>
<td>74</td>
</tr>
<tr>
<td>Banking</td>
<td>74</td>
</tr>
<tr>
<td>NBFC</td>
<td>100</td>
</tr>
<tr>
<td>Insurance sector</td>
<td>26</td>
</tr>
<tr>
<td>Private petrol refining</td>
<td>100</td>
</tr>
</tbody>
</table>
FDI in Multi-Brand retailing is prohibited in India. FDI in Single-Brand Retailing was, however, permitted in 2006, to the extent of 51%. Since then, a total of 94 proposals have been received till May, 2010. Of this, 57 proposals were approved. An FDI inflow of US $ 194.69 million (Rs. 901.64 Crore) was received between April, 2006 and March, 2010, comprising 0.21% of the total FDI inflows during the period, under the category of single brand retailing. The proposals received and approved related to retail trading of sportswear, luxury goods, apparel, fashion clothing, jewellery, hand bags, lifestyle products etc., covering high-end items. Single brand retail outlets with FDI generally pertain to high-end products and cater to the needs of a brand conscious segment of the population, mainly attracting a brand loyal clientele, which often has a pre-set positive disposition towards the specific brand. This segment of customers is distinctly different from one that is catered by the small retailers/kirana shops.

FDI in cash and carry wholesale trading was first permitted, to the extent of 100%, under the Government approval route, in 1997. It was brought under the automatic route in 2006. Between
April, 2000 to March, 2010, FDI inflows of US $ 1.779 billion (Rs.7, 799 Crore) were received in the sector. This comprised 1.54 % of the total FDI inflows received during the period. While analyzing the total FDI flow into the country as per Department of Industrial Policy & Promotion Ministry of Commerce and Industry, FDI in single brand retailing was 909.77 Crore rupees which is 0.16% of the total FDI in India. India having a total of 5, 42,773 Crore rupees FDI inflow during the last year had only 909.77 Crore rupees from retail single brand sector. Why the Government is reluctant to allow more FDI flow in retail sector?

FINE POINTS OF PROPOSED FDI IN RETAIL

Government allowed 51% FDI in multi brand retail and increased FDI limit in single brand retail from 49% to 100%. This is right now put on the back burner due to opposition from the political parties. Following are some of the points are the fine points of the FDI in retail. FDI is not likely under the automatic route implying that FIPB approval on case by case basis. Minimum Investment to be done is $100 million. 50% of the investment should be done in improving the back end infrastructure. 30% of all raw materials have to be procured from the small and medium enterprises. Permission to set retail stores only in cities with a minimum population of 10 lakhs. Government has the first right to procure material from the farmers.

BENEFITS OF FDI IN MULTI BRAND RETAILING

Soaring inflation is one of the driving motives behind this move towards multi-brand retail. Allowing international retailers such as Wal-Mart and Carrefour, which have already set up wholesale operations in the country, to set up multi-brand retail stores will assist in keeping food and commodity prices under control. Moreover, industry experts feel allowing FDI will cut waste, as big players will build backend infrastructure. FDI in multi-brand retail would also help narrow the current account deficit.

Additional benefits include moving away from an industry focus on intermediaries and job creation.

Moving away from intermediary-only benefits: There is broad agreement on the need to improve efficiencies in the household trade of consumer goods. Competent management practices and economies of scale, joined with the acceptance of global best practices and modern technology, could immensely recover systemic competence. Like their foreign counterparts, Indian customers are entitled to receive quality products, produced, processed and handled under a hygienic environment through professionally-managed outlets. Speculative apprehensions that small retailers will be
adversely affected are not reason enough to deny millions of consumers access to products that meet global standards.

**Job creation:** Despite predictions from some analysts that millions of jobs would be lost due to FDI in retail, it may in fact be the other way around. With the entry of branded retailers, the market will increase, creating additional employment in retail and other tertiary sectors. Given their professional approach, organized retailers will allot some quantity of resources towards the training and development of the resources they employ.

This effect of branded retailing can already be seen with the Bharti-Wal-Mart collaboration, which has joined forces with state governments to open training and development centers in Amritsar, Delhi and Bangalore, preparing local youth for jobs in retail. Training is entirely free and more than 5,600 local youth have already been trained. Retail jobs don’t require higher education or highly specialized abilities.

**No threat to kiranas (mom-and-pop stores):** The Indian retail industry is generally divided into organized and unorganized retailing:

Organized retailing: Organized retailing refers to trading activities undertaken by licensed retailers, those who have registered for sales tax, income tax, etc. These include corporate-backed hypermarkets and retail chains, and also privately-owned large retail businesses.

Unorganized retailing: Unorganized retailing refers to the traditional forms of low-cost retailing, for example, local kirana shops, owner-operated general stores, paan/beedi shops, convenience stores, hand cart and street vendors, etc.

The question of whether or not organized and unorganized retailing can peacefully co-exist is a primary concern. While the Indian retail sector is still heavily weighted towards unorganized retailers, which occupy 97 percent of the market, organized retail is growing quickly. But with a mere 7 percent of the market, organized retailers are unlikely to drive kiranas (local grocery stores) out of business. Indian retailers simply lack the deep pockets and in-depth field expertise required to be on a par with global models. However, the presence of foreign retailers through joint ventures and other means could speed up the process of transforming India’s retail trade. Considering that small stores offer customers quick doorstep delivery and even credit extensions – conveniences that no organized retailer in India has so far matched – local, unorganized retailers will likely retain a sizeable market share. Moreover, in the fierce battle between the advocates and opponents of unrestrained FDI flows
in the Indian retail sector, the impact of the consumer on the outcome of these policy changes has been largely disregarded. Consumers will ultimately respond to the incentives of convenience, price, variety and service. Thus, the interests of those in the unorganized retail sector will not be gravely undermined; rather, the choice to visit a mega shopping complex or a small retailer/sabjimandi is purely left to the consumer, whose tastes are complex and constantly changing.

**HOW FARMERS TO GET BENEFITED:** Farmers in India get only 10%-12% of the price the consumer pays for the agri-products. Coming of organized retailing will benefit farmers in big way. Big retailers sell their product at very competitive prices. So, they source it directly from the farmers. Middle man does not have any place in this format of retailing. This will not only benefit farmers but also help in checking the food inflation. Also India has very inadequate facilities to store the food grains and vegetables. As the investment will flow into back end infrastructure, supply chain will get strengthened. Storage is a major problem area and 20%-25% of the agri products get wasted due to improper storage.

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>WASTAGE</th>
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<tbody>
<tr>
<td>TOMATOES</td>
<td>35%</td>
</tr>
<tr>
<td>MANGOES</td>
<td>30%</td>
</tr>
<tr>
<td>POTATOES</td>
<td>25%</td>
</tr>
</tbody>
</table>

Another area which is also the cause of concern is movement of vegetable and other perishable agri item from one place to another. Lack of proper transportation forces the farmer to sell their produce in local market. This results in the lower realization on the produce.

**IMMENSE GROWTH OPPORTUNITY FOR RETAILERS:** India is Asia’s third largest retail market after China and Japan. Organized retailing is very virgin space in India. It provides immense growth opportunity. Only 5% of the total sales are being done by organized retailer. Currently Indian Retail sector have sales of around $500 billion. Retail sector is expected to have sales of $900 billion by 2014. It still far behind China, whose retail sales by 2014 is expected to cross $4500 billion mark. Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even Jewellery, are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer.
GROWTH DRIVERS OF INDIAN RETAIL SECTOR: Rising Income and increase in convergence of consumer taste and preferences. Dual family Income. Knowledge about different product through different medium like Internet, Television etc. Also knowledge about the latest trend and fashion. 47% of the India’s population is under the age of 30. This category is driving the consumption story. Emergence of new retailing format. Availability of Credit Facilities. FDI in multi brand will stimulate investment in the sector. There are companies in the retail sector that are reeling under debt. These companies could get fresh lease of life.

<table>
<thead>
<tr>
<th>Company</th>
<th>Debt (Rs Crore)</th>
<th>Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pantaloon</td>
<td>4,200</td>
<td>3,867</td>
</tr>
<tr>
<td>Vishal Retail</td>
<td>700</td>
<td>42</td>
</tr>
<tr>
<td>Provogue</td>
<td>400</td>
<td>275</td>
</tr>
</tbody>
</table>

**Beneficiary of FDI in Multi – Brand Retail**

Multi Brand Retail Stores: 51% in multi brand retail. Pantaloon Retail  
Vishal Retail  
Shoppers Stop  
Koutons  
Trent  

As per our research, we tried to find out that why FDI in Multi- Brand retailing in India should be encouraged. Some of the benefits, are as follows:

- Economic Benefits, leading to the increase in the imports and exports.
- Competition will improve the competitors know how and technology, further increasing the standards.
- India will become a global shopping destination, leading to increase in economic benefits.
- The Domestic Retailers will be able to develop their technology by joint venture with MNCs.
- The Domestic retailers will get the Knowhow and understand various key strategies to compete globally.
- The Consumers will be able to reap the benefits of the global industries.
- The consumer will get wide assortment/ range of quality products.
CHALLENGES

Some of the constraints of FDI in Multi brand retailing are as follows:

- Political scenario in the country: the opposition party due to some self interest restricts the policy of multi brand retailing.
- The competition from the Indian Multi-brand retailers. Distribution Channel: The foreign company will have to struggle a lot to enlarge their channel as most of them are involved in the Indian market.
- As time passes, big retailers may become dominant and start having more bargaining power.

So the profits gained by the farmers initially would close.

OPPORTUNITIES

Accelerated urbanization in India has ushered in drastic changes in the consumption pattern. Emergence of new social classes and expansion of middle and upper middle classes, substantial rise in the income of the people and growth of the nuclear family system have brought in a great deal of change in the attitude of consumers. India’s population predominantly consists of youth who are more brand-conscious and are ready to pay a premium for quality, environment and brands. People, now a day, are keen to spend on lifestyle. Today, the typical Indian consumer expects everything to be available under a single roof. All this makes India a very attractive destination for foreign investment in retail sector.

FDI in Multi-Brand Retail can create market for cash crops and may move the farmers to grow commercial products like fruits, vegetables depending on the suitability to the soil and climatic conditions of that area. Bharti-Wal-Mart, a joint venture between India’s Bharti Enterprises and US-based Wal-Mart Stores, has plans to buy farm produce directly from over 35,000 small and medium farmers in India by 2015. Bharti Wal-Mart envisages to usher in modern farm management practices and to train farmers to become more productive with less water usage and minimal use of fertilizers and pesticides. Wal-Mart is confident that this initiative will result in an increase of 20 percent in the income of farmers and will have a multiplier effect benefiting one million farmers and agricultural labor. Development of back-end infrastructure can cut the wastage of farm output, time and can improve quality. Improved facilities will enable farmers increase their income. FDI in MBR will intensify the competition paving path to improvement in the standard of quality of the merchandise and widening the consumer choice. On the contrary, it is argued that opening up of the MBR to MNCs would badly affect the small retailers and may lead to huge unemployment. For a
mammoth-size economy like India this might not be the case as there is room for accommodating both big as well as small retail outlets to grow. Another point worth-noting is that when large modern domestic Multi Brand Retail outlets start operating in the economy, some consumers from small retail outlets may shift to the big modern outlets. FDI in retail will eventually lead to increased income to farmers because of increased sourcing by the companies from them. Farmers are likely to get benefited through investments in infrastructure such as cold storage and other machinery so that they can mitigate their post harvest loss and thereby get assured and enhanced income. Micro, Small and Medium Enterprises are expected to be benefited since the foreign companies will approach them for the know-how local tastes and merchandise preferences. Investments in back-end infrastructure will lead to more efficient retail trade and thus it can be felt that FDI in Multi-Brand Retailing will definitely aid in developing world-class supply chain for the retail sector in India. The move to allow FDI in India may increase the chances of achieving a double digit economic growth as it can attract global retail stalwarts such as Wal-Mart, Tesco, Home Depot, Carrefour etc. Experts opine that India's agrarian infrastructure would massively develop as the foreign companies must invest in infrastructural facilities such as cold storage and logistics to support their operations. At present around 35 percent of the post-harvest produce is going waste in India while about half of the people are malnourished. Consumers will be entitled to experience variety, high-quality merchandise, and superior customer service at reasonable price.

CRITISISM
Not only does the UPA have to contend with strident political criticism, some industry representatives have also questioned the move to open up the domestic civil aviation sector to foreign airlines. “It is bad that a national policy is being changed for a badly-managed single company, and will result in selling airline stakes in one of the most important aviation markets cheap,” said an airline consultant, requesting anonymity and referring to Kingfisher Airlines. “It works to the advantage of the dominant Middle East carriers, who have exhausted their bilateral capacity.”

But more worrying is the criticism from within the UPA, especially the belligerence exhibited by the TMC. TMC supremo Mamata Banerjee raised the prospect of “hard decisions” if the government did not roll back the fuel price hike and Friday’s decision to liberalize FDI in retail. “We are very much serious about these developments and ready to take hard decisions if these issues are not
reconsidered,” the West Bengal chief minister said on her Facebook page. “We cannot support price hike of diesel and reduction in subsidized LPG cylinders. Today, a decision has been taken allowing FDI in retail sector. It is a big jolt. We are really sorry. We cannot support anything that is against the interest of the poor and common people. Loot cholchhe loot (Loot is going on).”

TMC general secretary and railway minister Mukul Roy told PTI: “We are giving a 72-hour deadline to roll back the decisions. We will discuss and take a tough stand at the TMC parliamentary party meeting on Tuesday, if the government does not listen to us,”

Meanwhile, the Bharatiya Janata Party (BJP) and the Left parties also stepped up their rhetoric.

“The BJP strongly opposes the government decisions as it brings our financial autonomy to risk. We will protest against this anti-farmer, anti-trader decision on the streets of the country. The situation has reached a point where enough is enough,” BJP leader Rajnath Singh said.

CONCLUSION

For the developing country like India, foreign direct investment in multi-brand retail sector should be consciously considered by the Govt. of India. In broader way, India's local retail business will definitely get a chance for up gradation of the import of improved technological and transportation management knowledge from the multinational retail players. Foreign direct investment in multi-brand retail will start a better integration of Indian economy into the global markets and, as such, it is important for the Govt. of India to develop retail sector for the total economic development of country and welfare of society in the country. People wish row over FDI in retail gets over soon and India should embrace new era of retailing and Government makes right kind of body to vigil these giants.

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