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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

FOREIGN DIRECT INVESTMENT IN INDIAN MULTI BRAND RETAIL TRADE: STAKEHOLDER PERSPECTIVE

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ABSTRACT
The subject matter FDI in Multi brand retail has been interpreted and subjected in distinct ways. The research included statistics, articles, journals and magazines circulating across the nation and substantive use of Internet Facility. The review of literature over the highly debatable issue, discussed in the parliament which is pertinent now days was interpreted and designed in form of 'aspects of Indian retail industry stakeholders'. The issues of both interested and uninterested parties were formulated and have been made into this paper. It was to study and to analyze the current retail scenario in India, investigate the controversial views of the various stakeholders and evaluate the likely challenges and threats of FDI in Multi-Brand Retailing.

KEYWORDS
Foreign Direct Investment, Stakeholders, Retailing, Multi brand.

INTRODUCTION
The Indian retail industry is the fifth largest in the world. Comprising of organized and unorganized sectors, retail industry is one of the fastest growing industries in India, especially over the last few years. With growing market demand, the industry is expected to grow at a pace of 25-30% annually. The Indian retail industry is expected to grow from Rs. 35,000 crore in 2004-05 to Rs. 1,09,000 crore by the year 2010 and hence is the most promising emerging market for investment (Baskaran, K., 2012) In 2007, the retail trade in India had a share of 8-10% in the GDP (Gross Domestic Product) of the country, while it rose to 12% in 2009 and reached 22% by 2010. Unorganized retailing is by far the prevalent form of trade in India – constituting 98% of total trade, while organized trade accounts only for the remaining 2% – and this is projected to increase to 15-20 per cent by 2010.3 Nonetheless the organized sector is expected to grow faster than GDP growth in next few years driven by favorable demographic patterns, changing lifestyles, and strong income growth. In this context the present paper attempts to review the issues and implications of FDI inflows in to the Indian retail sector (Gupta R., 2012).
Retail in India is essentially "unorganized." 98% of the retail industry is made up of counter-stores, street markets, hole-in-the-wall shops and roadside peddlers. The term "unorganized retail" is better understood when comparing this form of retail to the organized retail that one is familiar with in developed countries. Unorganized retail is characterized by Family-run stores, lack of best practices when it comes to inventory control and supply-chain management, lack of standardization and essentially a sector populated by anyone who has something to sell (Baskaran, K., 2012).
Unorganized Retail is essentially the next-step above agriculture for those seeking to climb the ladder of affluence in search of a higher income. Recognizing the short-term and long-term growth of retail in India, a number of domestic business giants have entered the retail industry or are planning to do so in the near future. Some like Pantaloon Retail, Shopper's Stop and Pyramid Retail have been in the industry for a decade. Others like Reliance Retail Ltd. (RRL) (RRL is part of the Mukesh Ambani run Reliance Industries Ltd., one of India's largest industrial houses) have entered and Birla (Also known as the Aditya Birla Group, another large industrial house with various business interests) and Bharti (India's largest cellular service provider) opened up a number of stores across the country (Baskaran, K., 2012).

OBJECTIVES
- To assess the market situations for the same changes in other countries.
- To review the challenges to be faced by FDI's while investing in India.
- To evaluate the change in the customer's requirements after introduction of FDI in retail.
- Analysis and highlights on farmer's issues towards FDI in multi brand retailing.
- Overview the two faces of retail sector – Limitations and Challenges.
- Review the impact of Organized Retailing on the Unorganized Sector.

MULTI BRAND RETAIL IN INDIA
The government has also not defined the term Multi Brand. FDI in Multi Brand retail implies that a retail store with a foreign investment can sell multiple brands under one roof. In July 2010, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce circulated a discussion paper on allowing FDI in multi-brand retail (Discussion Paper on FDI in Multi Brand Retail Trading, http://dipp.nic.in/DiscussionPapers/DP_FDI_Multi-BrandRetailTrading_06July2010.pdf). The paper doesn't suggest any upper limit on FDI in multi-brand retail. If implemented, it would open the doors for global retail giants to enter and establish their footprints on the retail landscape of India. 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.
In India the retailing industry has a long way to go and to become a truly flourishing industry, retailing needs to cross various hurdles. The first challenge facing the organized retail sector is the competition from unorganized sector. Needless to say, the Indian retail sector is overwhelmingly swarmed by the unorganized retailing with the dominance of small and medium enterprises in contradiction to the presence of few giant corporate retailing outlets (Baskaran, K., 2012).
The trading sector is also highly fragmented, with a large number of intermediaries who operate at a strictly local level and there is no barrier to entry', given the structure and scale of these operations (Singhal 1999).The tax structure in India favors small retail business. Organized retail sector has to pay huge taxes, which is negligible for small retail business. Thus, the cost of business operations is very high in India. Developed supply chain and integrated IT management is absent in retail sector. This lack of adequate infrastructure facilities, lack of trained work force and low skill level for retailing management further makes the sector quite complex. Also, the intrinsic complexity of retailing- rapid price changes, threat of product obsolescence, low margins, high cost of real estate and dissimilarity in consumer groups are the other challenges that the retail sector in India is facing. The status of the retail industry will depend mostly on external factors like Government regulations and policies and real estate prices, besides the activities of retailers and demands of the customers also show impact on retail industry. Even though economy across the globe is slowly emerging from recession, tough times lie ahead for the retail industry as consumer spending still has not seen a consistent increase. In fact, consumer spending could contract further as banks have been overcautious in lending. Thus, retailers are witnessing

an uphill task in terms of wooing consumers, despite offering big discounts. Additionally, organised retailers have been facing a difficult time in attracting customers from traditional kirana stores, especially in the food and grocery segment (Gupta R., 2012).

While in some sectors the restrictions imposed by the government are comprehensible; the restrictions imposed in few others, including the retail sector, are utterly baseless and are acting as shackles in the progressive development of that particular sector and eventually the overall development of the Indian Inc. The scenario is kind of depressing and unappealing, since despite the on-going wave of incessant liberalization and globalization, the Indian retail sector is still aloof from progressive and ostentatious development. This dismal situation of the retail sector undoubtedly stems from the absence of an FDI encouraging policy in the Indian retail sector.

Also FDI encouraging policy can remove the present limitations in Indian system such as

Infrastructure: There has been a lack of investment in the logistics of the retail chain, leading to an inefficient market mechanism. Though India is the second largest producer of fruits and vegetables (about 180 million MT), it has a very limited integrated cold-chain infrastructure, with only 5386 stand-alone cold storages, having a total capacity of 23.6 million MT. , 80% of this is used only for potatoes. The chain is highly fragmented and hence, perishable horticultural commodities find it difficult to link to distant markets, including overseas markets, round the year. Storage infrastructure is necessary for carrying over the agricultural produce from production periods to the rest of the year and to prevent distress sales. Lack of adequate storage facilities cause heavy losses to farmers in terms of wastage in quality and quantity of produce in general. Though FDI is permitted in cold-chain to the extent of 100%, through the automatic route, in the absence of FDI in retailing; FDI flow to the sector has not been significant.

Intermediaries dominate the value chain: Intermediaries often flout *mandi* norms and their pricing lacks transparency. Wholesale regulated markets, governed by State APMC Acts, have developed a monopolistic and non-transparent character. According to some reports, Indian farmers realize only 1/3rd of the total price paid by the final consumer, as against 2/3rd by farmers in nations with a higher share of organized retail (Gupta R., 2012).

Improper Public Distributon System ("PDS"): There is a big question mark on the efficacy of the public procurement and PDS setup and the bill on food subsidies is rising. In spite of such heavy subsidies, overall food based inflation has been a matter of great concern. The absence of a *'farm-tofork'* retail supply system has led to the ultimate customers paying a premium for shortages and a charge for wastages.

No Global Reach: The Micro Small & Medium Enterprises (MSME) sector has also suffered due to lack of branding and lack of avenues to reach out to the vast world markets. While India has continued to provide emphasis on the development of MSME sector, the share of unorganised sector in overall manufacturing has declined from34.5% in 1999-2000 to 30.3% in 2007-08. This has largely been due to the inability of this sector to access latest technology and improve its marketing interface (Gupta R., 2012).

Thus the **rationale behind allowing FDI** in Indian retail sector comes from the fact, that it will act as a powerful catalyst to spur competition in retail industry, due to current scenario of above listed limitations, low completion and poor productivity. Permitting foreign investment in food-based retailing is likely to ensure adequate flow of capital into the country & its productive use, in a manner likely to promote the welfare of all sections of society, particularly farmers and consumers. It would also help bring about improvements in farmer income & agricultural growth and assist in lowering consumer prices inflation (Nabael Mancheri, 2010).

Apart from this, by allowing FDI in retail trade, India will significantly flourish in terms of quality standards and consumer expectations, since the inflow of FDI in retail sector is bound to pull up the quality standards and cost-competitiveness of Indian producers in all the segments. It is therefore obvious that we should not only permit but encourage FDI in retail trade. Lastly, it is to be noted that the Indian Council of Research in International Economic Relations (ICRIER), a premier economic think tank of the country, which was appointed to look into the impact of BIG capital in the retail sector, has projected the worth of Indian retail sector to reach $496 billion by 2011-12 and ICRIER has also come to conclusion that investment of big' money (large corporate and FDI) in the retail sector would in the long run not harm interests of small, traditional, retailers(Sarthak Sarin, (Nov 23, 2010)). In light of the above, it can be safely concluded that allowing healthy FDI in the retail sector would not only lead to a substantial surge in the country's GDP and overall economic development, but would *inter alia* also help in integrating the Indian retail market with that of the global retail market in addition to providing not just employment but a better paying employment, which the unorganized sector (kirana and other small time retailing shops) have undoubtedly failed to provide to the masses employed in them. With the implementation of this policy all stakeholders will benefit whether it is consumer through quality products at low price, farmers through more transparency in trading or Indian corporates with 49% profit share remaining with Indian companies only.

It may be imagined that, if the entry of trans-nationals in retail trade leads to harmful consequences, the government can restrict and regulate their activities, or even remove them altogether (Pareek, S., Prakash, K., 2011). However, TNCs in services are striving to bring in changes in the General Agreement on Trade in Services (GATS) to ensure that their entry is irreversible and ever-expanding. A number of concerns have been raised with regard to opening up of the Multi-brand retail sector in India. In this research paper we have analyzed the threats posed to the three stakeholders which are as follows:

(1) Current Retailer who are the natives of India
(2) The foreign Investors
(3) The Indian Economy

THREATS TO CURRENT RETAILERS

Retail in India has tremendous growth potential, Retail is already the *second largest employer* in India and any changes by bringing major foreign retailers who will be directly procuring from the main supplier will not only *create unemployment* on the front end retail but also the middleman who have been working in this industry and the chain will impact the governments growth and employment problems in a long term.

It would lead to unfair competition and ultimately *result in large-scale exit of domestic retailers*, especially the small family managed outlets, leading to large scale displacement of employed in retail sector. Further, as the manufacturing sector has not been growing fast enough, the persons displaced from the retail sector would not be absorbed there (Pareek, S., Prakash, K., 2011).

The Indian retail sector, particularly *organized retail*, is still *under-developed* and in a *nascent* stage and that, therefore the companies may not be able to survive in the ex-parte competition and may give up in front of global giants (Pareek, S., Prakash, K., 2011).

If the existing firms collaborate with the global biggies they might have to give up at the global front by losing their *self competitive strength.*

Earlier this year, the Prime Minister had sought a debate on opening up the sector. There has been an overwhelming apprehension among political parties of different hues that the entry of foreign direct investment in retail business would signal the end of the conventional small ***"mom and pop"*** (kirana) stores as they would be swamped by the multi-national corporations.

THREATS TO THE FOREIGN INVESTORS

Before investment approval is given, the application of foreign investors has to pass through various transfer channels which are dominated by the Bureaucrat. This is referred to as *Red Tapism*. This results into delay in decision making regarding investment beginning. *Delay in approvals leads to disinterested corporate giants.*

Corruption is another major concern. India has a number of anti-corruption cells and anti-corruption acts, but some foreign firms have identified corruption as one of the major obstacles to FDI in India.

India has requirement for the number of permits and significantly longer median number of days to start a firm than almost all countries, which are included in the **Global Competitiveness Report's Database**. According to the report by **World Bank**, starting a business in *India requires 11 procedures and median time is 71 days as compared to china, which has 14 procedures with a median time of 48 days* (Pareek, S., Prakash, K., 2011).

THREATS TO THE ECONOMY

The country might easily come in threats by Global business cycles. In the year 2008-2010 the Indian economy remained little affected due to inflation which caused severe financial harm to the investors worldwide because of limited opening of the economy. The opening of the sector would *lead to recurrent threats due to change in business cycles of the Global partners.*

Today India already has foreign debt {US$ 79 Billion} + trade deficit {US $ 100 billion}+ current account deficit + FDI {US$ 40 billion} + FII {US$ 100 billion} = approx **350 US$ billion** and more. This means almost all resources and transactions in India are owned or financed by Foreign Nations especially Indian Economy is completely weakened to Foreign Currency influence that kills Indian Rupee. When Rupee value is killed globally that kills natives which is visible as, Rising Commodity Prices, Rising Fuel Prices and Rising Debts. FDI in retail may bring in investment which will have an impact on Indian small and medium Manufacturing sector. It is already dented by China Products which will further hurt due to allowance of FDI into retail (Pareek, S., Prakash, K., 2011).

More of an opportunity, less of a threat!!! THE CRAWLING ADVANTAGES

Analysis of FDI flows in trade indicates that, over the 1990s, developed countries faced market saturation and became relatively less attractive to foreign investors. Instead, developing countries and Central and East European countries became increasingly attractive to foreign investors (Pareek, S., Prakash, K., 2011).

Adoption of liberalized policy for the Multi-brand retail sector would be more of a positive step as it would bring added advantage of the following:

Foreign Direct Investment (FDI) is one of the major sources of investments for a developing country like India wherein it expects investments from Multinational companies to improve the countries growth rate, create jobs, share their expertise, and research and development in the host country

With the growth of organized retailing, the average size of shops is increasing; both in terms of turnover and employment, and the density of retail outlet is declining. Moreover many retailers have entered into joint ventures, strategic alliances and co-operation agreements. This in turn result into growth of economy and adding to it will give opportunities to young Human Resource of the nation to exploit the resources in the prevalent competitive environment.

FDI can be a powerful catalyst to spur competition in industries characterized by low competition and poor productivity. Examples include the cases of consumer electronics in Brazil and India, food retail in Mexico, and auto in China, India, and Brazil (Pareek, S., Prakash, K., 2011).

FDI can be a powerful catalyst to spur competition in the retail industry, due to the current scenario of low competition and poor productivity. It can bring about: Supply Chain Improvement, Investment in Technology, Manpower and Skill development, Tourism Development, Greater Sourcing From India, Progression in Agriculture, Benefits to government: through greater GDP, tax income and employment generation (Pareek, S., Prakash, K., 2011).

The retail sector is severely constrained by limited availability of bank finance. The Government and the RBI need to evolve suitable policies to enable retailers in the organized and unorganized sector to expand and improve efficiencies.

Impact of FDI in multi brand retail on various stake holders of retail industry:

1. IMPACT ON FARMING COMMUNITIES

A supermarket revolution has been underway in developing countries since the early 1990s. Supermarkets (here referring to all modern retail, which includes hain stores of various formats such as supermarkets, hypermarkets, and convenience and neighbourhood stores) have now gone well beyond the initial upper- and middle-class clientele in many countries to reach the mass market. Within the food system, the effects of this trend touch not only traditional retailers, but also the wholesale, processing, and farm sectors (Gupta R., 2012). When supermarkets modernize their procurement systems, they require more from suppliers with respect to volume, consistency, quality, costs, and commercial practices. Supermarkets' impact on suppliers is biggest and earliest for food processing and food-manufacturing enterprises, given that some 80% of what supermarkets sell consists of processed, staple, or semi-processed products. But by affecting processors, supermarkets indirectly affect farmers, because processors tend to pass on the demands placed on them by their retail clients. Supermarket chains prefer, if they are able, to source from medium and large processing enterprises, which are usually better positioned than small enterprises to meet supermarkets' requirements. The rise of supermarkets thus poses an early challenge to processed food microenterprises in urban areas. By contrast, as supermarkets modernize the procurement of fresh produce (some 10–15% of supermarkets' food sales in developing countries), they increasingly source from farmers through —specialized and dedicated wholesalers (specialized in product lines and dedicated to modern segments) and occasionally through their own collection centers. Where supermarkets source from small farmers, they tend to buy from farmers who have the most non-land assets (like equipment and irrigation), the greatest access to infrastructure (like roads and cold chain facilities), and the upper size treacle of land (among small farmers). Where supermarkets cannot source from medium- or large-scale farmers, and small farmers lack the needed assets, supermarket chains (or their agents such as the specialized and dedicated wholesalers) sometimes help farmers with training, credit, equipment, and other needs. Such assistance is not likely to become generalized, however, and so overtime asset-poor small farmers will face increasing challenges surviving in the market as it modernizes. When farmers enter supermarket channels, they tend to earn from 20 to 50% more in net terms. Among tomato farmers in Indonesia, for example, net profit (including the value of own labour as imputed cost) is 33–39% higher among supermarket channel participants than among participants in traditional markets. Farm labour also gains. But supplying supermarket chains requires farmers to make more up-front investments and meet greater demands for quality, consistency, and volume compared with marketing to traditional markets (Gupta R., 2012).

Support for retail reforms: In a pan-Indian survey conducted over the weekend of 3 December 2011, overwhelming majority of consumers and farmers in and around ten major cities across the country support the retail reforms. Over 90 per cent of consumers said FDI in retail will bring down prices and offer a wider choice of goods. Nearly 78 per cent of farmers said they will get better prices for their produce from multi format stores. Over 75 per cent of the traders claimed their marketing resources will continue to be needed to push sales through multiple channels, but they may have to accept lower margins for greater volumes (Reuters, 4th Dec. 2011).

Farmer groups: Various farmer associations in India have announced their support for the retail reforms.

For example: Shriram Gadhve of All India Vegetable Growers Association (AIVGA) claims his organization supports retail reform. He claimed that currently, it is the middlemen commission agents who benefit at the cost of farmers. He urged that the retail reform must focus on rural areas and that farmers receive benefits. Gadhve claimed, "A better cold storage would help since this could help prevent the existing loss of 34% of fruits and vegetables due to inefficient systems in place." AIVGA operates in nine states including Maharashtra, Andhra Pradesh, West Bengal, Bihar, Chattisgarh, Punjab and Haryana with 2,200 farmer outfits as its members (The financial express, 2nd Dec. 2011).

Bharat Krishak Samaj, a farmer association with more than 75,000 members says it supports retail reform. Ajay Vir Jakhar, the chairman of Bharat Krishak Samaj, claimed a monopoly exists between the private guilds of middlemen, commission agents at the sabzi mandis (India's wholesale markets for vegetables and farm produce) and the small shopkeepers in the unorganized retail market. Given the perishable nature of food like fruit and vegetables, without the option of safe and reliable cold storage, the farmer is compelled to sell his crop at whatever price he can get. He cannot wait for a better price and is thus exploited by the current monopoly of middlemen. Jakhar asked that the government make it mandatory for organized retailers to buy 75% of their produce directly from farmers, bypassing the middlemen monopoly and India's sabzi mandi auction system (The financial express, 2nd Dec. 2011).

Consortium of Indian Farmers Associations (CIFA) announced its support for retail reform. Chengal Reddy, secretary general of CIFA claimed retail reform could do lots for Indian farmers. Reddy commented, —India has 600 million farmers, 1,200 million consumers and 5 million traders. I fail to understand why political parties are taking an anti-farmer stand and worried about half a million brokers and small shopkeepers (Suryamurthi, R., 2011). CIFA mainly operates in Andhra Pradesh, Karnataka and Tamil Nadu; but has a growing member from rest of India, including Shetkari Sanghatana in Maharashtra, Rajasthan Kisan Union and Himachal Farmer Organisations.

Prakash Thakur, the chairman of the People for Environment Horticulture & Livelihood of Himachal Pradesh, announcing his support for retail reforms claimed FDI is expected to roll out produce storage centers that will increase market access, reduce the number of middlemen and enhance returns to farmers (Suryamurthi, R., 2011). Highly perishable fruits like cherry, apricot, peaches and plums have a huge demand but are unable to tap the market fully because of lack of cold storage and transport infrastructure. Sales will boost with the opening up of retail. Even though India is the second-largest producer of fruits and vegetables in the world, its storage infrastructure is grossly inadequate, claimed Thakur (Suryamurthi, R., 2011).

CASE 1.**PepsiCo India HELPING FARMERS IMPROVE YIELD AND INCOME**

- The company's vision is to create a cost-effective, localized agro-supply chain for its business by:
- Building PepsiCo's stature as a development partner by helping farmers grow more and earn more.
- Introducing new high-yielding varieties of potato and other edibles.
- Introducing sustainable farming methods and practising contact farming.
- Making world-class agricultural practices available to farmers and helping them raise farm productivity.
- Working closely with farmers and state governments to improve agro sustainability and crop diversification.
- Providing customized solutions to suit specific geographies and locations.

(Source: http://pepsicoindia.co.in/purpose/environmental-sustainability/partnership-with-farmers.html)

This and many other cases suggest that opening of Indian retail sector to FDI is a win-win situation for farmers. Farmers would benefit significantly from the option of direct sales to organized retailers. For instance, the profit realization for farmers selling directly to the organized retailers is expected to be much higher than that received from selling in the mandis.

2. IMPACT ON CONSUMERS AND EXISTING SUPERMARKETS

Supermarkets tend to charge **consumers** lower prices and offer more diverse products and higher quality than traditional retailers—these competitive advantages allow them to spread quickly, winning consumer market share. In most countries supermarkets offer lower prices first in the processed and semiprocessed food segments (Gupta R., 2012).

Only recently, mainly in the first- and second-wave countries have supermarket prices for fresh fruits and vegetables been lower than traditional retailers' (except in India). The food price savings accrue first to the middle class, but as supermarkets spread into the food markets of the urban poor and into rural towns, they have positive food security impacts on poor consumers. For example, in Delhi, India, the basic foods of the urban poor are cheaper in supermarkets than in traditional retail shops: rice and wheat are 15% cheaper and vegetables are 33% cheaper (Gupta R., 2012). **Existing Indian retail firms** such as Spencer's, Foodworld Supermarkets Ltd, Nilgiri's and ShopRite support retail reform and consider nternational competition as a blessing in disguise. They expect a flurry of joint ventures with global majors for expansion capital and opportunity to gain expertise in supply chain management. Spencer's Retail with 200 stores in India, and with retail of fresh vegetables and fruits accounting for 55% of its business claims retail reform to be a win-win situation, as they already procure the farm products directly from the growers without the involvement of middlemen or traders. Spencer's claims that there is scope for it to expand its footprint in terms of store location as well as procuring farm products. Foodworld, which operates over 60 stores, plans to ramp up its presence to more than 200 locations. It has already tied up with Hong Kong-based Dairy Farm International. With the relaxation in international investments in Indian retail, India's Foodworld expects its global relationship will only get stronger (Gupta R., 2012).

3. IMPACT ON SMALL SHOPS AND LOCAL VENDORS

The main question being raised is whether the traditional mom and pop stores will survive and co-exist or leave the field for major organized retail players? The answer could be a co-existence. The major advantage for the smaller players is the size, complexity and diversity of our Indian Markets. If we look at the organized retail players, most of them have opened shop in the Metros, Tier 1 and Tier 2 towns. Very rarely do we find organized players in the rural areas and we have more than 70% of the population living in the rural areas (Gupta R., 2012). There are a multitude of reasons being floated around to prevent the liberalization of the FDI norms for Indian retail:

- Primary among these is the concern regarding the kirana stores as well other locally operated Mom and Pop stores being adversely affected by the entry of global retail giants such as Walmart, Carrefour and Tesco. As these brands would come with advanced capabilities of scale and infrastructure in addition to having deep pockets, it is argued that this would result in the loss of jobs for lakhs of people absorbed in the unorganised sector.
- Fears have also been raised over the lowering of prices of products owing to better operational efficiencies of the organised players that would affect the profit margins of the unorganised players.
- Instability surrounding the political arena with a number of scams of varying magnitudes doing the rounds has also led to a sense of uncertainty among foreign investors.

Many Industry experts though, feel that the reservations against the introduction of Multi-Brand retail are mostly misplaced. The successful deployment of 100%FDI in China is a case in point. Partial FDI in retail was introduced in 1992 in China. Subsequently, in December 2004, the Chinese retail market was fully opened up to utilise the enormous manpower and wide customer base available that has led to a rapid growth of the sector. Today, its retail sector is the second largest (in value) in the world with global retailers such as Walmart, 7-Eleven and Carrefour comprising 10% of the total merchandise. Thus the above discussion and case of China suggest that it is too early to predict the erosion of mom and pop stores in India with opening of multi-brand retail sector in India to foreign investors (Gupta R., 2012).

FDI in multi-brand retail is therefore a necessary step that needs to be taken to propel further growth in the sector. This would not only prove to be fruitful for the economy as a whole but will also integrate the Indian retail sector with the global retail market. It is not a question of how'it will be done but when'.

CONCLUSION

The discussion above highlights:

- Small retailers will not be crowded out, but would strengthen market positions by turning innovative/contemporary.
- Growing economy and increasing purchasing power would more than compensate for the loss of market share of the unorganised sector retailers.
- There will be an initial and desirable displacement of middlemen involved in the supply chain of farm produce, but they are likely to be absorbed by increase in the food processing sector induced by organised retailing.
- Innovative government measures could further mitigate adverse effects on small retailers and traders.
- Farmers will get another window of direct marketing and hence get better remuneration, but this would require affirmative action and creation of adequate safety nets.
- Consumers would certainly gain from enhanced competition, better quality, assured weights and cash memos.
- The government revenues will rise on account of larger business as well as recorded sales.

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