

IMPACT OF INVITING FDI IN MULTI BRAND RETAIL MARKETING ON INDIAN ECONOMY

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Retail Marketing in India is raising industry and one of the pillars of its economy. Shopping in India has witnessed a revolution with the the change in the consumer buying behavior and the whole format of shopping also altering. Industry of retail in India which has become modern that can be seen from the fact that there are multi-storied malls, huge shopping centers and sprawling complexes which offer food, shopping and entertainment all under the same roof. In India retail industry is expanding itself most aggressively; as a result a great demand for real estate is being created. It is expected that by 2015, India may have 1250 new shopping malls.

Indian retail industry is the largest industry in India. With the increasing number of nuclear families, working women, greater work pressure and convenience has become a priority for Indian customers. They want everything under one roof for easy access and multiplicity of choice. Indian Retail Marketing employs about 44 million Indians which is about 3.5% of Indian population. Indian total retail marketing handles \$450 billion per year and expected to reach \$ 660 billion in 2015 which contributes 15% Indian GDP. Retail industry in India is expected to rise 25% yearly being driven by strong income growth, changing lifestyles and favorable demographic patterns.

Evolution of Retailing:

While barter would be considered to be the oldest form of retail trade, since independence. Retail in India has evolved like

Haats :

Haats are periodic markets that form a major part of rural market system in India. This is a location which witnesses a public gathering of buyers and sellers at fixed times and at fixed location some and villages covered by a haat is 25-30.

Melas:

melas are fair and they can range from commodity fair to religious fair more than 25000 melas held annually in India and the average outlets in every mela is more

than 1000 and the average sales per mela is 150 lakh.

Mandis :

Mandis are markets set up by the state governments for sale of agricultural products directly by the farmers. Close to 7000 mandis exists in India and believed to cater to a population of 1.5 lakh each mandi.

Inviting Foreign Direct Investment in Multi Brand Retail Marketing is very prosperous and positive sign to developing country like India. Peoples` Republic Of China, Russia, Brazil , USA, UK, France, Germany , Thailand, Vietnam and so many other countries in the world allowed cent percentage FDI in Multi Brand Retail Marketing and enjoying fruitful results. This ensures better prices to farmers, development of Medium and Small scale industries, new job opportunities and consumer satisfaction. Considering all the advantages Government of India has taken a decision to allow upto 51% FDI in Multi Brand Retail Marketing and cent percentage in Single Brand Retail Marketing on 14th September, 2012 subject to approvals by individual states. But the opposition parties BJP, CPI, CPIM and some of UPA alliance parties like Trinamul Congress strongly opposed this decision.

At the time of implementation of Liberalization, Privatization and Globalization in 1991, the opposition parties BJP, CPI & CPM strongly opposed. But Honorable Prime Minister Mr.P.V.Narasimha Rao had taken a bold decision to implement LPG.

If not happened today Sony TV 21” would be Rs.1 lakh, Honda Motorcycle would be Rs.2 lakhs and Cell Phone would be Rs.20000. For implementing any Major Multipurpose project 20% damage will be there, but we have to account for huge benefits.

If FDI in Multi Brand Retail Marketing is allowed Walmart(USA), Tesco(UK), Carefour(France), Metro(Germany) will open their Modern Retail Malls all over India.

Indian Retail Marketing is divided into 2 types.

- 1). Organized Retail Marketing and
- 2). Unorganized Retail Marketing.

rate backed Hyper Markets and Modern Malls.

Unorganized Retail Marketing :

This refers to traditional form of low cost retailing consists of kirana shops, Owner Manned small shops, general stores, pan shops and pavement vendors who are not having Sales Tax Registration. In India about 95% retail marketing is confined to unorganized retailing.

Regulations:

- 1). Foreign company should invest minimum Rs. 550 cores in Multi Brand Retail Marketing.
- 2). 50% of the investment should be invested in Rural area development ie cold storages, processing units and infrastructure development.
- 3). Should open Hyper Retail Markets in cities more than 10 lakh population.
- 4). Must purchase 30% of total purchase from indigenous Medium and Small scale industries.

Benefits:

1.Farmers

- a) Modern Hyper Malls purchase agricultural products directly from farmers, no involvement of middlemen, so farmers will get better price.
- b) Modern Malls establishes Cold Storage Chains and Processing Units in rural areas so wastage of agriproducts will be very less.
- c) Modern Retail Malls provide farmers with high yield varieties of seeds and better technologies that will bring down costs and more yield. So modernization of agriculture sector will take place.

2.Youth

- a) 1 cr. New jobs will be created.
- b) FDI enables transfer of skilled and technology from overseas and train and develop youth.
- c) Greater Management talent inflow from other countries is made available and local employees learn skills and technology from them.

3. Rural Area

- a) cold storage chains and processing units will be established in rural areas.
- b) Roads and Logistics will develop.
- c) Employment for rural people.

4. Medium and Small Scale Industries

- a) Up to 30% of total sales should be procured from

local MSSI, so MSSI will be flourished.

- b) FMCG companies establish own manufacturing facility or outsource from existing industries, so local MSSI will be developed.
- c) Handicrafts and cottage industries will be developed.
- d) FDI backed Modern Malls also export local products to their other country Modern Malls. Ex. Jems & Jewels.

a) 5. Consumers

- Farm Fresh Products available to consumers, because farm products will reach stores directly.
- b) FDI backed Retail Malls provide discounts and rebates to regular and membership customers. Due to heavy competition also Retail Malls provide discounts and special offers.
- c) Uniform Price: FDI backed Retail Super Malls have collection centers throughout the country. So uniform price will exist. For example in A.P. onions will be Rs.20/- per Kg Where as in Maharastra only Rs.10/-. But FDI backed Retail Malls provide uniform price throughout the country.
- d) Availability throughout the year: Seasonal fruits like Mangoes, Pineapple, Oranges, Grapes, Pomogranites, Apples and Custerdapples are available in FDI backed Retail Malls throughout the year. They can import from their branches from other countries.
- e) Time Saving: All products are available under one umbrella, so time is saved.
- f) Domestic consumer will get international varieties and quality products at a cheaper price.

6. Nation

- a) If FDI is allowed in Retail Marketing huge amount of Foreign Exchange through investments and funds will be flown to our Indian Economy. Our imports are \$488 billins every year. To repay this we need huge Foreign Exchange. The Ministry of Commerce and Industry, Government of India is the nodal agency for monitoring and reviewing the FDI policy on continued basis and changes in sectoral policy/ sectoral equity cap. The FDI policy is notified through Press Notes by the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP).
- b) About 95% of Retail Marketing in our country is Unorganized Retail Marketing and tax collection (sales tax, VAT tax) is very less, because these small retailers not having sales tax registration. They can't issue money receipts on each purchase. to the customer, where as Retail Malls provide Money Receipts on every purchas

7. Cheaper Production Facility

FDI will ensure better operations in production cycle and distribution. Due to economies of operation, production facilities will be available at a cheaper rate thereby resulting in availability of variety products to the ultimate consumers at a reasonable and lesser price.

8. Development of Real Estate:

For construction huge super markets, hyper multi storied malls a lot of manpower, steel, cement, machinery and transport.

Availability Of New Technology:

FDI enables transfer of skills and technology from overseas and develops the infrastructure of the domestic country. Greater managerial talent inflow from other

countries is made possible. Domestic consumers will benefit getting great variety and quality products at all price points.

Disadvantages: (Myths)

1. Kiranas, Small Retailers and pavement vendors will lose their business and employment.
2. The retail marketing will be controlled by Foreign Hyper Malls.
3. FDI backed Modern Malls will create artificial demand and rise the prices.
4. FDI backed Modern Malls introduce and promote their food items so food habits will be changed.
5. Farmers will be exploited and lose their fields and crops to foreign investors.

Conclusion:

For implementing any Major Multipurpose Project some loss will be there, but benefits are more. FDI in Retail Marketing ensures overall development of the nation