FDI IN RETAIL

It took 15 years and 3 governments for India to finally see a green light for the entry of foreign retailers in multi-brand retail format. Yet what we are witnessing is one of the biggest political uproars against this decision of the ruling party.We have seen the benefits of the 1991 reforms. The cellphones we carry, TV channels we watch, vehicles we drive, the appliances we use, are all a result of the liberalization that were initiated two decades ago.
But the main fact is that foreign retailers will kill domestic small scale retailers. Traders are going to lose a lot. Unemployment will rise. Prices would be dictated by foreigners and the common man and the farmer may lose in long run.

In other way it will decrease prices leading and bringing in large investment which is very essential for a country with current account deficit and India's bad supply chain management will improve through it. Developed countries US and European union have negative statement that Multi Brand retails cut the jobs and give less returns to the farmers from what they were getting before they enter their market, might hamper Kirana's where they will open store, may in coming years will lead to cane foods in India and at higher prices so will lead to higher inflation.But China, Malaysia, Thailand, Philippines are just a few examples of emerging economies that have allowed multi-brand retail and have had no major upheavals or large scale unemployment.

Should we not have some ground rules when looking at reforms? Can the government, the allies and the opposition have just this one area of consensus - the country must bring in economic reforms if we want to create wealth? Should we accept that reforms do ultimately benefit people?

NOTE: An ambiguous case has been given to you. This case may be guideline for this topic.

For any queries please contact us:

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