FDI in India's Retail Sector
More Bad than Good?

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Retailing is the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. A retailer is one who stocks the producer's goods and is involved in the act of selling it to the individual consumer, at a margin of profit. As such, retailing is the last link that connects the individual consumer with the manufacturing and distribution chain.

The retail industry in India is of late often being hailed as one of the sunrise sectors in the economy. 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[1]. (see Table 1)

The Indian Scenario:

Trade or retailing is the single largest component of the services sector in terms of contribution to GDP. Its massive share of 14% is double the figure of the next largest broad economic activity in the sector. (see Table 1)

[1] Singhal, Arvind, Indian Retail: The road ahead, Retail biz, www.etretailbiz.com

Table 1: Components of Service Sector in India		
Components	**Share % in GDP (2002-03)**	**Growth during 2002-03**
Construction	5.3	7.3
Trade	14.0	4.5
Hotels & Restaurants	1.1	4.0
Railways	1.1	5.7
Other Transport	4.3	6.0
Storage	0.1	-7.8
Communications	3.5	22.0
Banking & Insurance	6.9	11.6
Real Estate, Business/Legal Services	6.1	5.9
Defence	5.9	5.3
Other Community & Social Services	7.8	6.2
Total	**56.1**	**7.2**
Source: Presentation to FICCI by MBN Rao (Chairman, Indian Bank): "Strategy for Financing Service Sector" (Sept. 15, 2004)		

The retail industry is divided into organised and unorganised sectors. Organised retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganised retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local *kirana* shops, owner manned general stores, *paan/beedi* shops, convenience stores, hand cart and pavement vendors, etc. (see Table 2)

Table 2: Growth of Retail Outlets in India ('000)						
Outlets	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**
Food Retailers	2769.0	2943.9	3123.4	3300.2	3480.0	3682.9
Non-Food Retailers	5773.6	6040.0	6332.2	6666.3	7055.5	7482.1
Total Retailers	8542.6	8983.6	9455.6	9966.5	10534.4	11165.0
Source: P.G.Chengappa, Lalith Achoth, Arpita Mukherjee, B.M.Ramachandra Reddy and P.C.Ravi, Evolution of Food Retail Chains: The Indian Context, 5-6th Nov. 2003, www.ficci.com						

Unorganized retailing is by far the prevalent form of trade in India – constituting 98% of total trade, while organised trade accounts only for the remaining 2%. Estimates vary widely about the true size of the retail business in India. AT Kearney estimated it to be Rs. 4,00,000 crores and poised to double in 2005.[2] On the other hand, if one used the Government's figures the retail trade in 2002-03 amounted to Rs. 3,82,000 crores. One thing all consultants are agreed upon is that the total size of the corporate owned retail business was Rs. 15,000 crores in 1999 and poised to grow to Rs.35,000 crores by 2005 and keep growing at a rate of 40% per annum.[3] In a recent presentation, FICCI has estimated the total retail business to be Rs. 11,00,000 crores or 44% of GDP[4]. According to this report dated Nov. 2003, sales now account for 44% of the total GDP and food sales account for 63% of the total retail sales, increasing to Rs.100 billion from just Rs. 38.1 billion in 1996. Food retail trade is a very large segment of the total economic activity of our country and due to its vast employment potential, it deserves very special focused attention. Efficiency enhancements and increase in the food retail sales activity would have a cascading effect on employment and economic activity in the rural areas for the marginalized workers. Thus even without FDI driving it, the corporate owned sector is expanding at a furious rate. The question then that arises is that since there is obviously no dearth of indigenous capital, what is the need for FDI? It is not that retailing in India is in the need of any technology special to foreign chains.

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[2] Ganguly, Saby, Retailing Industry in India, www.indiaonestop.com
[3] Singhal, Arvind, Technopak Projections, 1999, Changing Retail Landscape, www.ksa-technopak.com.
[4] Chengappa, P.G, Achoth, Lalith, Mukherjee, Arpita, Ramachandra Reddy B.M. & Ravi, P.C, Evolution of Food Retail Chains: The Indian Context, 5-6th Nov. 2003, www.ficci.com

Employment in Retailing:

A simple glance at the employment numbers is enough to paint a good picture of the relative sizes of these two forms of trade in India – organised trade employs roughly 5 lakh people (see Tables 8 & 9), whereas the unorganized retail trade employs nearly 3.95 crores[5]! According to a GoI study the number of workers in retail trade in 1998 was almost 175 lakhs. Given the recent numbers indicated by other studies, this is only indicative of the magnitude of expansion the retail trade is experiencing, both due to economic expansion as well as the 'jobless growth' that we have seen in the past decade. It must be noted that even within the organised sector, the number of individually-owned retail outlets far outnumber the corporate-backed institutions. Though these numbers translate to approximately 8% of the workforce in the country (half the normal share in developed countries) there are far more retailers in India than other countries in absolute numbers, because of the demographic profile and the preponderance of youth, India's workforce is proportionately much larger. That about 4% of India's population is in the retail trade says a lot about how vital this business is to the socio-economic equilibrium in India.

Table 3: Share of retailing in employment across different countries

Country	Employment (%)
India	8
USA	16
Poland	12
Brazil	15
China	7

Source: Presentation to FICCI by Alan Rosling (Chairman, Jardine Matheson Group): "International Experience on Policy Issues."

[5] Iyengar, Jayanthi, China, India Confront the Wal-Marts, Online Asia Times, www.atimes.com, January, 31,2004.

Organised retail is still in the stages of finding its feet in India even now. Though organised trade makes up over 70-80% of total trade in developed economies, India's figure is low even in comparison with other Asian developing economies like China, Thailand, South Korea and Philippines, all of whom have figures hovering around the 20-25% mark. These figures quite accurately reveal the relative underdevelopment of the retail industry in India. (Here development is used in the narrowest sense of the term, implying lean employment and high automation)

Table 4: Retail Trade in India & South East Asia		
Countries	**Organised**	**Unorganised**
India	2	98
China	20	80
South Korea	15	85
Indonesia	25	75
Philippines	35	65
Thailand	40	60
Malaysia	50	50
Source: CRISIL[6]		

Retail as a 'Forced Employment' Sector:

It is important to understand how retailing works in our economy, and what role it plays in the lives of its citizens, from a social as well as an economic perspective. India still predominantly houses the traditional formats of retailing, that is, the local kirana shop, *paan/beedi* shop, hardware stores, weekly haats, convenience stores, and bazaars, which together form the bulk. Most importantly, Indian retail is highly fragmented, with about 11 million outlets operating in the country and only 4% of them being larger than 500 square feet in size. Compare this with the figure of just 0.9 million in the US, yet catering to more than 13 times of the Indian retail market size.

[6] Figures quoted from Anil Sasi's article "Indian Retail Most Fragmented"(Aug. 18, 2004) The Hindu Business Line.

The Indian retail industry was, and continues to be, highly fragmented. According to the global consultancy firms AC Neilsen and KSA Technopak, India has the highest shop density in the world. In 2001 they estimated there were 11 outlets for every 1,000 people.[7] Further, a report prepared by McKinsey & Company and the Confederation of Indian Industry (CII) predicted that global retail giants such as Tesco, Kingfisher, Carrefour and Ahold were waiting in the wings to enter the retail arena. This report also states that the Indian retail market holds the potential of becoming a $300 billion per year market by 2010, provided the sector is opened up significantly.[8] It does not talk about creating additional jobs however, which should be the prime concern of the policy maker.

One of the principal reasons behind the explosion of retail and its fragmented nature in the country is the fact that retailing is probably the primary form of disguised unemployment/underemployment in the country. Given the already over-crowded agriculture sector, and the stagnating manufacturing sector, and the hard nature and relatively low wages of jobs in both, many million Indians are virtually forced into the services sector. Here, given the lack of opportunities, it is almost a natural decision for an individual to set up a small shop or store, depending on his or her means and capital. And thus, a retailer is born, seemingly out of circumstance rather than choice. This phenomenon quite aptly explains the millions of kirana shops and small stores. The explosion of retail outlets in the more busy streets of Indian villages and towns is a visible testimony of this.

7 Singhal, Arvind, " A Strong Pillar of Indian Economy," www.ksa-technopak.com
[8] Iyengar, Jayanthi China, India Confront the Wal-Marts, Online Asia Times, www.atimes.com, January, 31,2004.

The presence of more than one retailer for every hundred persons is indicative of the lack of economic opportunities that is forcing people into this form of self-employment, even though much of it is marginal. Because of this fragmentation, the Indian retail sector typically suffers from limited access to capital, labour and real estate options. The typical traditional retailer follows the low-cost-and-size format, functioning at a small-scale level, rarely eligible for tax and following a cheap model of operations.

As on January 1st of this year, there were 413.88 lakhs job seekers registered at the Employment Exchange[9]. They register at the exchange, to enjoy the benefits and security that a job in the organised sector provides – lifetime employment, pension, and union membership etc. But over the period 1992-93 to 2001-02, only a total of 30,000 jobs have been added in the organised sector in the whole country[10]

A vast majority is aware of what these figures signify – that they are most unlikely to get such jobs. Therefore, they find jobs in the informal sector, mostly in retail. Retailing is by far the easiest business to enter, with low capital and infrastructure needs, and as such, performs a vital function in the economy as a social security net for the unemployed. India, being a free and democratic country, provides its people with this cushion of being able to make a living for oneself through self-employment, as opposed to an economy like China, where employment is regulated. Yet, even this does not annul the fact that a multitude of these so-called 'self-employed' retailers are simply trying to scrape together a living, in the face of limited opportunities for employment. In this light, one could brand this sector as one of "forced

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[9] As per figures given in www.tn.gov.in

[10] Monthly abstract of Statistics, Volume 57, No.7, July 2004, Central Statistical Organisation, GOI

employment", where the retailer is pushed into it, purely because of the paucity of opportunities in other sectors.

The Waiting Foreign Juggernaut:

The largest retailer in the world 'Wal-Mart' has a turnover of $ 256 bn. and is growing annually at an average of 12-13%. In 2004 its net profit was $ 9,000 mn. It had 4806 stores employing 1.4 mn persons. Of these 1355 were outside the USA. The average size of a Wal-mart is 85,000 sq.ft and the average turnover of a store was about $ 51 mn. The turnover per employee averaged $ 175,000. In 2004 Wal-Mart had a 9% return on assets and 21% return on equity.[11]

By contrast the average Indian retailer had a turnover of Rs. 186,075. Only 4% of the 12 million retail outlets were larger than 500 sq.ft in size. The total turnover of the unorganized retail sector was Rs. 735,000 crores employing 39.5 mn persons.

Let alone the average Indian retailer in the unorganized sector, no Indian retailer in the organised sector will be able to meet the onslaught from a firm such as Wal-Mart – when it comes. With its incredibly deep pockets Wal-Mart will be able to sustain losses for many years till its immediate competition is wiped out. This is a normal predatory strategy used by large players to drive out small and dispersed competition. This entails job losses by the millions.

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[11] Annual Report, 2004, Wal-Mart Corp., www.walmart.com

India has 35 towns each with a population over 1 million. If Wal-Mart were to open an average Wal-Mart store in each of these cities and they reached the average Wal-Mart performance per store – we are looking at a turnover of over Rs. 80,330 mn with only 10195 employees. Extrapolating this with the average trend in India, it would mean displacing about 4,32,000 persons. If large FDI driven retailers were to take 20% of the retail trade, as the now somewhat hard-pressed Hindustan Lever Limited anxiously anticipates, this would mean a turnover of Rs.800 billion on today's basis. This would mean an employment of just 43,540 persons displacing nearly eight million persons employed in the unorganized retail sector.

With possible implications of this magnitude, a great deal of prudence should go into policymaking. Rather we seem to moving towards a policy steamrolled obviously by vested interests acting in concert with the CII & FICCI. We need to take a deep hard look at FDI in the retail sector. In this context we must be concerned about the statement the Finance Minister, Mr. P. Chidambaram, made while making the mid year review for 2004-05. "On retail, the review notes that creating an effective supply chain from the producer to the consumer is critical for development of many sectors, particularly processed and semi-processed agro-products. In this context, it says, the role that could be played by organised retail chains, including international ones merits careful attention."[12]

The Question of Foreign Direct Investment (FDI) in Retail:

Given this backdrop, the recent clamour about opening up the retail sector to Foreign Direct Investment (FDI) becomes a very sensitive issue, with arguments to support both sides of the debate. It is widely acknowledged

[12] Review hints at FDI in retail, pp 1-15, Times of India, 14 Dec.2004

that FDI can have some positive results on the economy, triggering a series of reactions that in the long run can lead to greater efficiency and improvement of living standards, apart from greater integration into the global economy. Supporters of FDI in retail trade talk of how ultimately the consumer is benefited by both price reductions and improved selection, brought about by the technology and know-how of foreign players in the market. This in turn can lead to greater output and domestic consumption.

But the most important factor against FDI driven “modern retailing” is that it is labour displacing to the extent that it can only expand by destroying the traditional retail sector. Till such time we are in a position to create jobs on a large scale in manufacturing, it would make eminent sense that any policy that results in the elimination of jobs in the unorganised retail sector should be kept on hold.

Though most of the high decibel arguments in favour of FDI in the retail sector are not without some merit, it is not fully applicable to the retailing sector in India, or at least, not yet. This is because the primary task of government in India is still to provide livelihoods and not create so called efficiencies of scale by creating redundancies. As per present regulations, no FDI is permitted in retail trade in India. Allowing 49% or 26% FDI (which have been the proposed figures till date) will have immediate and dire consequences. Entry of foreign players now will most definitely disrupt the current balance of the economy, will render millions of small retailers jobless by closing the small slit of opportunity available to them.

Imagine if Wal-Mart, the world’s biggest retailer sets up operations in India at prime locations in the 35 large cities and towns that house more than 1 million people[13]. The supermarket will typically sell everything, from vegetables to the latest electronic gadgets, at extremely low prices that will most likely undercut those in nearby local stores selling similar goods. Wal-Mart would be more likely to source its raw materials from abroad, and procure goods like vegetables and fruits directly from farmers at pre-ordained quantities and specifications. This means a foreign company will buy big from India and abroad and be able to sell low – severely undercutting the small retailers. Once a monopoly situation is created this will then turn into buying low and selling high.

Such re-orientation of sourcing of materials will completely disintegrate the already established supply chain. In time, the neighbouring traditional outlets are also likely to fold and perish, given the 'predatory' pricing power that a foreign player is able to exert. As Nick Robbins wrote in the context of the East India Company, "By controlling both ends of the chain, the company could buy cheap and sell dear"[14]. The producers and traders at the lowest level of operations will never find place in this sector, which would now have demand mostly only for fluent English-speaking helpers. Having been uprooted from their traditional form of business, these persons are unlikely to be suitable for other areas of work either.

It is easy to visualise from the discussion above, how the entry of just one big retailer is capable of destroying a whole local economy and send it hurtling down a spiral. One must also not forget how countries like China, Malaysia and Thailand, who opened their retail sector to FDI in the recent

[13] Census 2001, Registrar of Census, GOI
[14] Robbins, Nick, "The World's First Multinational." The New Statesman, (Dec. 13, 2004)

past, have been forced to enact new laws to check the prolific expansion of the new foreign malls and hypermarkets[15].

Given their economies of scale and huge resources, a big domestic retailer or any new foreign player will be able to provide their merchandise at cheaper rates than a smaller retailer. But stopping an Indian retailer from growing bigger is something current public policy cannot do, whereas the State does have the prerogative in whether foreign entry in the retail sector should be stalled or not.

It is true that it is in the consumer's best interest to obtain his goods and services at the lowest possible price. But this is a privilege for the individual consumer and it cannot, in any circumstance, override the responsibility of any society to provide economic security for its population. Clearly collective well-being must take precedence over individual benefits.

Disturbing the Hornet's Nest:

If you assume 40 mn adults in the retail sector, it would translate into around 160 million dependents using a 1:4 dependency ratio. Opening the retailing sector to FDI means dislocating millions from their occupation, and pushing a lot of families under the poverty line. Plus, one must not forget that the western concept of efficiency is maximizing output while minimizing the number of workers involved – which will only increase social tensions in a poor and yet developing country like India, where tens of millions are still seeking gainful employment.

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[15] Vijay, Tarun, "Debate: Should FDI Be Allowed In Retail Branding?", The Financial Express, (Dec. 6, 2004)

This dislocated and unemployed horde has to be accommodated somewhere else. But if you look at the growth rates of labour in manufacturing and industry, you wonder where this new accommodation can be found? Agriculture already employs nearly 60% of our total workforce, and is in dire need of shedding excess baggage. That leaves us with manufacturing as the only other alternative. With only 17% of our total workforce already employed in industry, which contributes altogether only 21.7% of our GDP, this sector can hardly absorb more without a major expansion. (See Table 5)

Table 5: Sectoral GDP, Employment & Growth Rates (%)

Sectors	Share % in GDP (2004)	Employment	Cumulative average Growth Rate during 1994-2004
Agriculture	22.1	60.5	2.70
Industry	21.7	16.8	6.53
Service	56.2	22.7	7.90

Source: FICCI (2004) & NSS 55th Round Employment Survey (1999-2000)

So far Indian economy has been heavily geared towards the service sector that contributes 56% of our GDP. The service sector's contribution to the increase in GDP over the last 5 years has been 63.9%. Having a high contribution from services is an attribute that is characteristic of developed economies. What is anomalous in the Indian case is the fact that in other fast developing economies, say China, manufacturing accounts for a significant share of GDP, whereas in India, manufacturing contributes a mere 23.1% of the GDP. (see Tables 5, 6 and 7)

Table 6: Indian Economy: Sectoral Sources of Growth (Percentage Contributions to Increase in GDP)		
	1992-93 to 1996-97	**1997-98 to 2003-04**
Agriculture & allied sectors	20.3	13
Manufacturing, construction & quarrying	30.9	23.1
Services	48.8	63.9
Source: Bhanoji Rao – "Industry, Ugly Duckling", (Dec. 1, 2004) The Economic Times		

Table 7: China: Sectoral Sources of Growth (Percentage Contributions to Increase in GDP)		
	1990-96	**1997-2002**
Agriculture	9.3	6.4
Industry	62.2	58.5
Services	28.5	35.1
Source: Bhanoji Rao – "Industry, Ugly Duckling", (Dec.1, 2004) The Economic Times		

It is evident that the manufacturing sector has been the engine for economic growth in China, which has been growing at 10.1% since 1991[16]. In India, the credit for its 5.9% growth over the corresponding period goes mostly to the service sector. Ironically it would seem that the Indian economy is getting a post-industrial profile without having been industrialised!

Retailing is not an activity that can boost GDP by itself. It is only an intermediate value-adding process. If there aren't any goods being manufactured, then there will not be many goods to be retailed! This underlines the importance of manufacturing in a developing economy. One could argue that the alarmingly low contribution of industry is attributable to the structural adjustments going on the sector, getting rid of the flab and getting ready to compete, but that still cannot undermine the seriousness of

[16] Calculated from World Development Indicators 2003.

the issue at hand, in that only 6.215 million out of productive cohort of 600 million is employed in organised manufacturing.

Only until the tardy growth of the manufacturing sector is addressed properly and its productivity chart starts to look prettier, could one begin thinking of dislocating some of the retailing workforce into this space. Until that day, disturbing the hornet's nest would be one very painful experience for the economy.

Recommendations:

1. The retail sector in India is severely constrained **by limited availability of bank finance**. The Government and RBI need to evolve suitable lending policies that will enable retailers in the organised and unorganised sectors to expand and improve efficiencies. Policies that encourage unorganised sector retailers to migrate to the organised sector by investing in space and equipment should be encouraged.
2. A **National Commission** must be established to study the problems of the retail sector and to evolve policies that will enable it to cope with FDI – as and when it comes.
3. The proposed National Commission should evolve a clear set of **conditionalities on giant foreign retailers** on the procurement of farm produce, domestically manufactured merchandise and imported goods. These conditionalities must be aimed at encouraging the purchase of goods in the domestic market, state the minimum space, size and specify details like, construction and storage standards, the ratio of floor space to parking space etc. Giant shopping centres must not add to our existing urban snarl.

4. Entry of foreign players must be **gradual and with social safeguards** so that the effects of the labour dislocation can be analysed & policy fine-tuned. Initially allow them to set up supermarkets only in metros. Make the costs of entry high and according to specific norms and regulations so that the retailer cannot immediately indulge in 'predatory' pricing.
5. In order to address the dislocation issue, it becomes imperative to develop and **improve the manufacturing sector** in India. There has been a substantial fall in employment by the manufacturing sector, to the extent of 4.06 lakhs over the period 1998 to 2001, while its contribution to the GDP has grown at an average rate of only 3.7%[17]. If this sector is given due attention, and allowed to take wings, then it could be a source of great compensation to the displaced workforce from the retail industry.
6. The government must actively encourage setting up of **co-operative stores** to procure and stock their consumer goods and commodities from small producers. This will address the dual problem of limited promotion and marketing ability, as well as market penetration for the retailer. The government can also facilitate the setting up of warehousing units and cold chains, thereby lowering the capital costs for the small retailers.
7. According to IndiaInfoline.com, **agro products and food processing sector in India is responsible for $69.4 billion out of the total $180 billion retail secto**r (these are 2001 figures). This is more than just a sizeable portion of the pie and what makes it even more significant is the fact that in this segment, returns are likely to be much higher for any retailer. Prices for perishable goods like vegetables, fruits, etc. are not fixed (as opposed to, say, branded textiles) and therefore, this is where economies of scale are likely to kick in and benefit the consumer in the

[17] Calculated from Monthly abstract of Statistics, Volume 57, No.7, July 2004, **Central Statistical Organisation**, GOI, GDP figures from **India Observer Statistical Handbook** (2004).

form of lower prices. But due attention must be given to the producer too. Often the producer loses out, for example, when the goods are procured at Rs.2 and ultimately sold to the consumer at about Rs.15 as in the case of tomatoes now. The Government themselves can tap into the opportunities of this segment, rather than letting it be lost to foreign players. And by doing so, they can more directly ensure the welfare of producers and the interest of the consumers.

8. Set up an **Agricultural Perishable Produce Commission (APPC),** to ensure that procurement prices for perishable commodities are fair to farmers and that they are not distorted with relation to market prices.

Recommendations for the Food Retail Sector:

With 3.6 million shops retailing food and employing 4% of total workforce and contributing 10.9% to GDP[18], the food-retailing segment presents a focused opportunity to the Government to catalyze growth & employment.

1. Provision of **training** in handling, storing, transporting, grading, sorting, maintaining hygiene standards, upkeep of refrigeration equipment, packing, etc. is an area where ITI's and SISI's can play a proactive role.
2. Creation of **infrastructure** for retailing at *mandis*, community welfare centers, government and private colonies with a thrust on easier logistics and hygiene will enable greater employment and higher hygiene consciousness, and faster turnaround of transport and higher rollover of produce.

[18] Chengappa, P.G., Achoth, Lalith, Mukherjee, Arpita, Reddy, B.M. Ramachandra, Ravi, P.C. – "Evolution of Food Retail Chains: The Indian Context" (Nov. 2003)

3. **Quality regulation**, certification & price administration bodies can be created at district and lower levels for upgrading the technical and human interface in the rural to urban supply chain.
4. **Credit availability** for retail traders must be encouraged with a view to enhancing employment and higher utilization of fixed assets. This would lead to less wastage (India has currently the highest wastage in the world) of perishables, enhance nutritional status of producers and increase caloric availability.
5. Several successful models **of integrating very long food supply chains** in dairy, vegetable, fish and fruit have been evolved in India. These one off interventions can be replicated in all states, segments and areas. *Cross integrations* of these unique food supply chains will provide new products in new markets increasing consumer choice, economic activity and employment.
6. Government intervention in food retail segment is necessitated by:
   a) The lack of any other body at remote/grassroots level.
   b) Need to provide market for casual and distant self-employed growers and gatherers.
   c) Maintain regulatory standards in hygiene.
   d) Seek markets in India and abroad (provide charter aircrafts, freeze frying, vacuuming, dehydrating, packing facilities for small producers at nodal points).
   e) Provide scope and opportunity for productive self-employment (since Govt. can't provide employment).

At a subsequent stage, these interventions can be integrated into the supply chains of the foreign retailers in India and abroad, creating synergy between national priorities, market realities, globalization, and private-public cooperation.

In this fashion, the Government can try to ensure that the domestic and foreign players are approximately on an equal footing and that the domestic traders are not at an especial disadvantage. The small retailers must be given ample opportunity to be able to provide more personalized service, so that their higher costs are not duly nullified by the presence of big supermarkets and hypermarkets.

Table 8: Employment in Organised Sector, 1992-1997 (Nos. in Lakhs)					
Public/Private Sector	**1992-93**	**1993-94**	**1994-95**	**1995-96**	**1996-97**
Public Sector	**193.26**	**194.45**	**194.67**	**194.3**	**195.6**
Central Govt.(2)	33.83	33.92	33.95	33.66	32.95
State Govt.	72.93	73.37	73.55	74.14	74.85
Quasi Govt.	64.9	65.14	65.2	64.58	65.36
Central	35.92	35.66	35.74	35.38	35.86
State	28.98	29.48	29.46	29.2	29.5
Local Bodies	21.6	22.02	21.97	21.92	22.44
Agriculture, Hunting, etc.(5)	5.62	5.45	5.39	5.4	5.33
Mining & Quarrying	9.97	10.14	10.16	9.93	9.78
Manufacturing	18.51	17.84	17.56	17.37	16.61
Electricity, Gas & Water	9.31	9.38	9.35	9.46	9.57
Construction	11.54	11.67	11.64	11.59	11.34
Wholesale & Retail Trade* (6)	**1.48**	**1.61**	**1.62**	**1.62**	**1.64**
Transport, Storage & Communications (7)	30.55	30.84	31.06	30.92	30.92
Financing, Insurance, Real Estate, etc.	12.52	12.73	12.83	12.8	12.94
Community, Social & Personal Service	93.76	94.78	95.04	95.2	97.46
Private Sector	**78.5**	**79.3**	**80.58**	**85.11**	**86.85**
Large (3)	69.46	69.98	71.18	75.5	77.06
Small (4)	9.04	9.32	9.4	9.61	9.79
Agriculture, Hunting, etc.(5)	9.16	8.83	8.94	9.19	9.12
Mining & quarrying	0.96	1.01	1.03	1.07	0.92
Manufacturing	45.45	46.3	47.06	50.49	52.39
Electricity, Gas & Water	0.38	0.4	0.4	0.42	0.41
Construction	0.73	0.5	0.53	0.53	0.55
Wholesale & Retail Trade (6)	3	3.01	3.08	3.17	3.17
Transport, Storage & Communications (7)	0.55	0.56	0.58	0.6	0.63
Financing, Insurance, Real Estate, etc.	2.77	2.82	2.93	3.06	3.23
Community, Social & Personal Service	15.5	15.85	16.03	16.58	16.44
Total Employment	**271.76**	**273.75**	**275.25**	**279.41**	**282.45**
Source: Monthly Abstract Statistics, Volume 57, No. 7, July 2004, Central Statistical Organisation					

*** This is the figure only for Organised Retail Sector**

Table 9: Employment in Organised Sector, 1997-2002					
(Nos. in Lakhs)					
Public/Private Sector	**1997-98**	**1998-99**	**1999-00**	**2000-01**	**2001-02**
Public Sector	**194.18**	**194.15**	**193.14**	**191.38**	**187.73**
Central Govt.(2)	32.53	33.13	32.73	32.61	31.95
State Govt.	74.58	74.58	74.6	74.25	73.84
Quasi Govt.	64.61	63.85	63.26	61.92	60.19
Central	35.36	34.72	34.13	32.91	31.95
State	29.25	29.14	29.13	29.01	28.24
Local Bodies	22.46	22.59	22.55	22.61	21.75
Agriculture, Hunting, etc.(5)	5.3	5.15	5.14	5.02	4.83
Mining & Quarrying	9.37	9.26	9.24	8.75	8.61
Manufacturing	16.16	15.69	15.31	14.3	13.5
Electricity, Gas & Water	9.54	9.62	9.46	9.35	9.23
Construction	11.09	11.07	10.92	10.81	10.26
Wholesale & Retail Trade* (6)	**1.64**	**1.63**	**1.63**	**1.63**	**1.56**
Transport, Storage & Communications (7)	30.84	30.84	30.77	30.42	30.09
Financing, Insurance, Real Estate, etc.	12.88	12.94	12.96	12.81	12.03
Community, Social & Personal Service	97.37	97.94	97.71	98.3	97.35
Private Sector	**87.48**	**86.98**	**86.46**	**86.52**	**84.32**
Large (3)	78.21	77.7	77.19	77.09	75.08
Small (4)	9.27	9.28	9.27	9.43	9.24
Agriculture, Hunting, etc. (5)	9.04	8.71	9.04	9.33	8.55
Mining & quarrying	0.91	0.87	0.81	0.79	0.68
Manufacturing	52.33	51.78	50.85	50.13	48.67
Electricity, Gas & Water	0.42	0.41	0.41	0.52	0.42
Construction	0.74	0.71	0.57	0.57	0.56
Wholesale & Retail Trade (6)	3.21	3.23	3.3	3.39	3.35
Transport, Storage & Communications (7)	0.65	0.69	0.7	0.76	0.76
Financing, Insurance, Real Estate, etc.	3.41	3.58	3.58	3.7	3.91
Community, Social & Personal Service	16.77	17	17.23	17.34	17.42
Total Employment	**281.66**	**281.13**	**279.6**	**277.89**	**272.06**
Source: Monthly Abstract Statistics, Volume 57, No. 7, July 2004, Central Statistical Organisation					

***This is the figure only for Organised Retail Sector**

Table: 10, State-wise Number of Workers Engaged in Retail Trade by Type of Enterprises in India (1998)								
	Rural				Urban			
States/UT's	**OAE**	**NDE**	**DE**	**ALL**	**OAE**	**NDE**	**DE**	**ALL**
Andhra Pradesh	638358	47320	94699	780377	446500	217763	267496	931759
Arunachal Pradesh	5659	473	3518	9650	2933	706	3174	6813
Assam	218667	20583	57992	297242	82218	16768	68448	167434
Bihar	454703	19512	91591	565806	306323	61316	171381	539020
Goa	11719	2111	3158	16988	13117	5390	10167	28674
Gujarat	222208	17573	46004	285785	365753	73445	196940	636138
Haryana	91073	2951	12441	106465	124590	14999	67512	207101
Himachal Pradesh	51504	2275	10163	63942	17730	3706	10547	31983
Jammu & Kashmir	45465	2414	6945	54824	56870	12082	21327	90279
Karnataka	329875	36915	83415	450205	276345	130703	243345	650393
Kerala	302444	35376	165253	503073	71970	44521	125383	241874
Madhya Pradesh	418997	26141	58572	503710	437151	55169	166730	659050
Maharashtra	493296	30361	109955	633612	635164	210386	519775	1365325
Manipur	15869	61	1098	17028	19372	1046	5604	26022
Meghalaya	9790	834	8204	18828	7333	1840	9156	18329
Mizoram	2877	151	743	3771	7154	898	1900	9952
Nagaland	5528	382	1999	7909	9730	2547	9647	21924
Orissa	420735	15367	59629	495731	136117	24826	70856	231799
Punjab	119219	7207	24517	150943	185621	33274	101943	320838
Rajasthan	224212	16027	39612	279851	256356	33960	113651	403967
Sikkim	3898	399	1434	5731	2142	583	2034	4759
Tamil Nadu	388859	83460	218380	690699	297470	248451	531755	1077676
Tripura	29028	653	6963	36644	14422	1106	8166	23694
Uttar Pradesh	705928	29957	81505	817390	753617	86449	401999	1242065
West Bengal	803718	29541	213391	1046350	416387	171080	556196	1143663
A & N Islands	3111	296	1186	4593	1800	794	1902	4496
Chandigarh	866	142	525	1533	11226	7532	8404	27162
D & N Haveli	865	127	410	1402	260	97	545	902
Daman & Diu	730	289	375	1394	1518	181	762	2461
Delhi	12503	3872	8693	25068	174315	109134	227370	510819
Lakshadwep	257	43	53	353	273	63	138	474
Pondicherry	3505	994	2056	6555	9136	7249	10672	27057
India	6035466	433507	1414479	7883452	5140913	1578064	3934925	10653902
Source: Economic Census 1998, MOSPI, GOI								

OAE: Own Account Enterprises, DE: Directory Establishments. NDE: Non-Directory Establishments.

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