

# Resist Corporate Hijack of Retail Trade

## Vyapar Rojgar Bachao Aandolan - A Movement for Retail Democracy

**Black flag welcome to Wal-Mart Vice-Chairman**

**Our Bureau**

*New Delhi, Feb. 22*

Even as black flag bearers thronged the outer walls of the IGI Airport here, the Wal-Mart Vice-Chairman, Mr

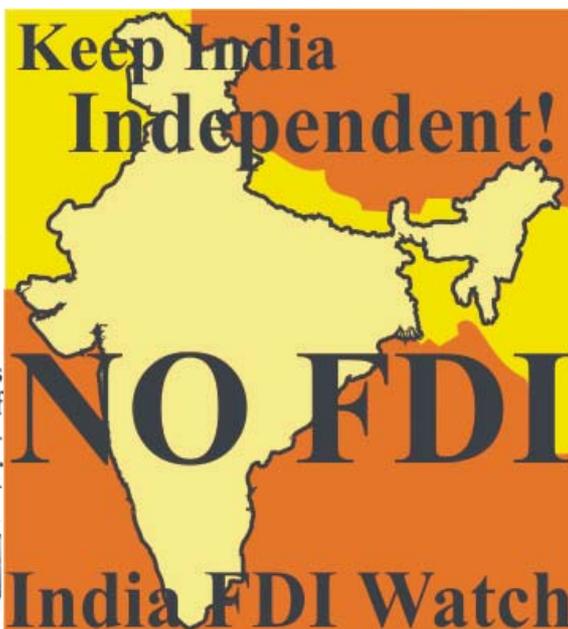
**Wal-Mart officials face protests**

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By our correspondents

New Delhi/Mumbai, Feb. 22: Protests marked Thursday's visit by senior officials of Wal-Mart to India

Voice his concern against Wal-Mart, Dharmendra Kumar, who is the campaign organiser of India FDI Watch, said that FDI in retail was different from other profitable investments in the country.



**Wal-Mart warms up Vice chairman on recce amid protests**

Venkatesh Ganesh  
Mumbai, February 22

A TEAM of executives from the

The Wal-Mart team visited the 'In Orbit' mall in the city spending more than 30 minutes at the RPG Group's Sarovar's state-of-the-

business studies to find out the feasibility of investing in establishing backward linkages with farmers and suppliers," said a Wal-Mart

**Protests against Wal-Mart bid for partnership with Bharti**

The chain of stores will drive out hawkers and small traders

Special Correspondent

NEW DELHI: The visit of senior Wal-Mart officials to the country coincided with protests in several cities, including the national capital, against the U.S. retail giant's bid for a partnership with the Bharti Group. Protests were also staged in Mumbai and Bangalore, according to campaign organiser of India FDI (Foreign Direct Investment) Watch, Dharmendra Kumar.

FDI rules

Protesters belonging to the Left parties and several mass organisations were taken into preventive custody as they marched to the Commerce Ministry here seeking to block any move to change rules. "According to the current FDI rules, foreign investment is allowed in lottery and gaming, atomic energy (except mineral exploration) and re-



# India FDI Watch

([www.indiafdiwatch.org](http://www.indiafdiwatch.org))

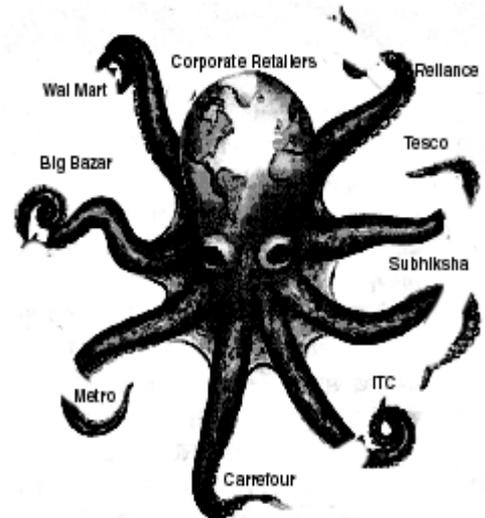
## OVERVIEW

Retail is one of the world's largest industries and is controlled by a handful of powerful corporations, mainly from the US and Western Europe. Large multinational retailers like Wal-Mart, TESCO, Carrefour, and Metro have saturated home country markets and are now looking to expand into India. Subsequently, many Indian business houses like Reliance, Tatas, Birlas have also announced plans to expand into retail.

With around 12 million outlets, India has the largest density of small shops in the world. The unorganized retail sector is around 97% of all retail sales. Corporate retailers plan to grow the share of organized retail from the current 3% to approximately 15-20% in four years by investing more than \$25 billion, of this 60-65% of all investments will go towards food and grocery retail in setting up the supply chain, which means direct corporate investment in agricultural. Analysts are saying that "India is attempting to do in 10 years what took 25-30 years in other global major markets."

However, there is little understanding of what the impact of corporate retail will be on the existing retail and agricultural sector, India's two largest sources of employment.

Indian trade is highly organized and has existed for centuries on the basis of low cost and high efficiency. India needs the self organized skills of our traders, shopkeeper, hawkers and vendors both to provide employment to millions and affordable friendly community service for basic needs to society.



### Our Retail Democracy is Characterized By:

1. *High levels of livelihoods in retail with nearly 40 million employed which accounts for 8% of the employment and 4% of the entire population.*
2. *High levels of self organisation.*
3. *Low capital input*
4. *High levels of decentralization*

India has the highest shop density in the world, with 11 outlets per 1000 people. This number is very high compared to international average. It is the high level of decentralization in Indian market that keeps all these businesses running and can serve as a model for the future markets of the world.

The entry of the giant corporate retail in India's food market will have direct impact on India's 650 million farmers and 40 million people employed in retail. If we take examples of other countries, we can see that nowhere has these corporations ever thought about the people, society and the ecology. Entry of corporations in our food market will have disastrous outcomes in time to come. It is high time we assemble together and agitate against the hijack of Indian retail market.

### HIJACK PLANS OF CORPORATE RETAILERS

**Reliance** : Rs. 30,000 cr (\$ 6.67 bn) investment to set up multiple retail formats with expected sales of Rs. 90,000+ cr (\$ 20 bn) by 2009-10. The company plans thousands of stores across 784 cities and towns.

***Enact strict law to ban all corporations in retail***

**Bharati Group** : Plans Rs. 31,500 cr (US\$ 7 bn) investment in creating retail network in the country including 100 hypermalls and several hundred small stores.

**Pantaloon** : Expansion into all possible formats of retail across categories and segments. 30 mn sq.ft by FY 2010, foray in insurance, real estate and consumer finance the turnover is expected to touch Rs. 30,000 cr (\$ 6.67 bn) in FY 2010-11 .

**RPG** : Planning IPO, 450+ MusicWorld, 50+ Spencer's Hyper covering 4 mn sq ft by 2010

**Lifestyle** : Rs. 450+ cr (\$ 90 mn) investment in next 5 years to expand on Max Hypermarkets & value retail stores, Home & Lifestyle Centres.

**Rahejas** : Shoppers' Stop, Crossword, Inorbit Mall, 'Home Stop' and recently launched hypermarket named 'Hypercity'. 55 hypermarkets across India, by 2015.

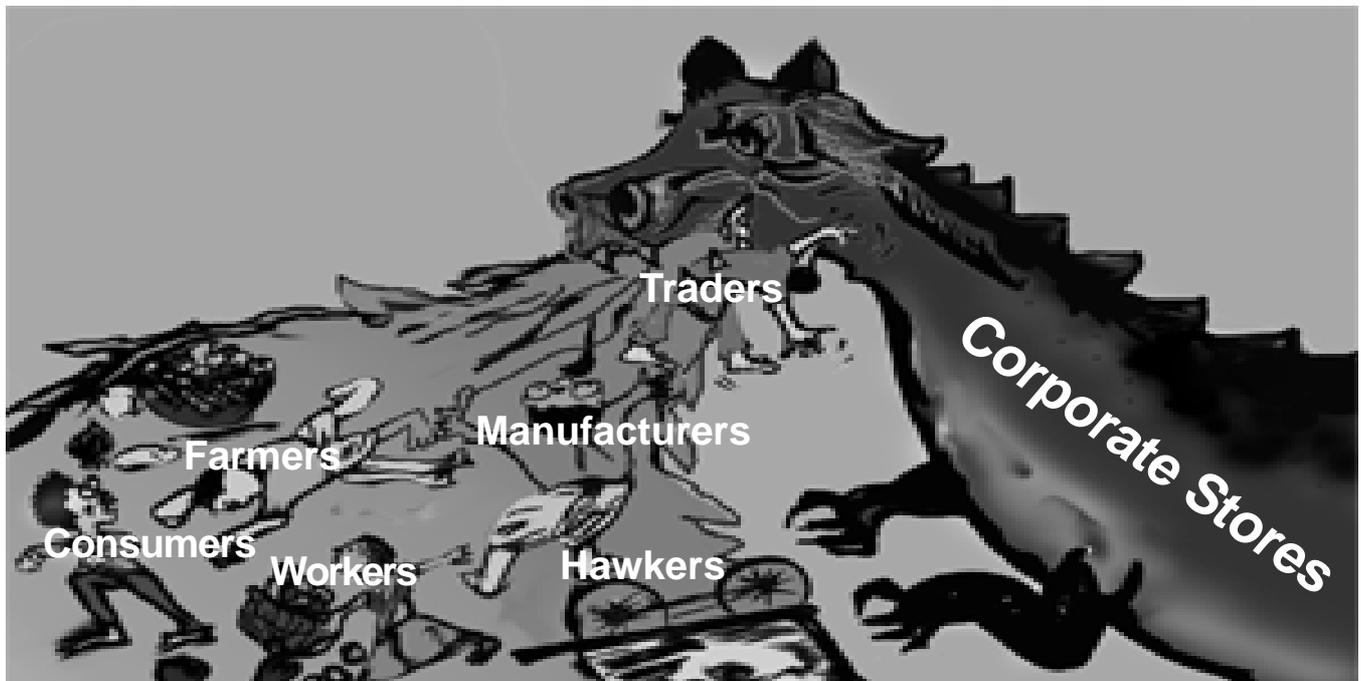
**Subhiksha** : 750 stores and Rs. 650+ cr (\$ 145 mn) sales by March 2007.

**Piramyd** : 1.75 mn sq ft of retail space and 150 stores in next 5 years.

**Trent** : Trent to open 27 more stores across its retail formats adding 1 mn sq ft of space in the next 12 DLF malls.

**Trinethra** : Recently acquired by the AV Birla group, Trinethra (currently with two formats - Trinethra and Fabmall) plans 220 stores with a turnover of over Rs. 300 cr (\$667 mn) in the fiscal year 2007-8.

**Vishal Group** : Plans include an IPO and investment close to Rs. 1250 cr (\$ 278 mn) by 2010, targeting 220 outlets, taking its cumulative retail space to 5 mn sq ft and sales turnover of Rs. 5000 cr (\$ 1 bn+). With 50+ new stores getting ready in the fiscal year 2007-8 the chain is investing Rs. 300 cr (66.67 mn) with sales target of over Rs. 700 cr (\$155.6 mn). Vishal Retail is a retailer focused on the lower-to-middle income group, with presence mainly in tier III locations.



***Cancel all Wholesale Cash-N-Carry permission granted to foreign corporations & immediately stop the backdoor entry of Wal-Mart***

## MYTHS & REALITIES

MYTH	REALITY
There is a consumer demand for large corporate retail chains.	The Indian consumer mentality is to “save and buy”, the opposite of “buy and repay”, which exists in the West. In fact, as stated at a conference organized by the Confederation of Indian Industries, corporate retailers will have to spend crores of rupees on advertising in order to “create” demand and consumer spending.
India is so vast that there will be room for everyone, corporate retail chains as well as small shops.	Thousands of family run shops have gone out of business in the developed world as they were not able to compete with companies like Wal-Mart & Tesco. The retail market is not infinite, therefore the growth of corporate retail will mean the loss of local shops. This can be witnessed by Reliance Fresh’s strategy of opening 15 or more stores in one city at one time, the purpose being to quickly establish their presence and take over the market.
Consumers will benefit	Consumers will have to pay for the high input of corporate retail such as real estate, air conditioning, educated salesmen and women, wasteful consumption of electricity and many more. In the long run, consumers will be the ultimate loser, as once corporate retail drive out their competitors and their monopoly is established over market they will have no choice but to pay more.
Corporate retail is eliminating middlemen.	Corporate retail intent to hijack the whole supply chain from ‘Farm to Folk’ and establish monopoly by becoming producer, wholesaler, distributor and retailer and in this process targets to become the <b>Giant middlemen</b> themselves and dictate the market to fulfill their greed. Corporates dealing with procurement, running ware houses etc will be the new middlemen.
Corporate retailers will create more jobs.	Corporations project they will create 2 million jobs. But this does not compare to the likely unemployment or underemployment of 200 million people depending on the retail sector.
Farmers will get better prices	In the West corporate retailers control the entire supply chain of food and farmers have no place to sell other than to select corporations. This has created monopoly conditions where there is just one or few buyers and farmers have no option but to sell their produce at the price offered. In order to maximize the gain, corporations will contract with farmers and push them for single crop cultivation, using genetically modified seeds with extensive use of pesticides and chemicals which will kill the fertility of land. This is already happening in India and will only intensify as retailers seek to enter directly in the agriculture sector. Even though agriculture is the largest source of employment and livelihoods there has been no study on what the long-term impact will be.
Corporate retail sells fresh vegetables.	Hawkers sell much fresher than any of these shops. Long distance supply chain and refrigeration means stale fruits and vegetables. In order to give a fresh look and of high quality corporates extensively use pesticides and chemicals.
Corporate retail is promoting local economies.	Corporate retail will displace millions of street vendors, hawkers, workers and shopkeepers. Wal-Mart entered into Mexico and took over 20% of the retail market in ten years and Mexican government is only now looking at ways to protect local businesses. Thousands of local businesses have closed in the US because of Wal-Mart’s market saturation. In Thailand when FDI in Retail was open 60,000 small shops closed. They have destructed local economy wherever it has gone, and is doing the same in India. Foreign retailers will only take profits outside of the country and not reinvest in local economies and neighborhoods as the local shopkeeper does.

## **IMPACTS OF CORPORATE ENTRY INTO RETAIL: CASE STUDIES**

### **Impact on Shopkeepers, Traders and Hawkers**

After farming, retailing is India's major occupation. Census 2001 provides us the most authentic data on people involved in retail. According to it, there were 269 lakh 'main' and 24 lakh marginal workers in wholesale and retail trade. That is, nearly three crore people depend on trade, 1.1 crore in the urban and 1.9 crore in the rural areas. Of the total, nearly 1.7 crore are not even matriculates. Thus, the livelihood of more than 30 million is involved and if we count the dependents, in the form of children and others, at least 120 million will be impacted by the retail revolution created by the large corporations. The growth of corporate retail will take place by destroying the self-organized small retail in India.

In past researches have shown us that a growth in unemployment leads to a series of social problems, like rise in poverty, alcoholism, domestic violence, indebtedness, suicides, crime and have major implications by even making the political situation unstable. If we are following the American model of Walmart where the store employee gets a salary which is below the poverty line and the top management gets millions of dollars every year. We are following a trend that increases the divide between rich and the poor and history has shown us that these divide have always led to social unrest and political turmoil of a nation.

### **Corporate Retail's Impact on Family-Based Retail & Hawkers in Mumbai**

Professor Anuradha Kalhan of Jai Hind College, Mumbai conducted a research to understand the impact of corporate retail on the so called unorganized retail sector among a randomly chosen sample of 82 small shops (defined in terms of size, inventory and employment) and 29 hawkers within one kilometer radius of a mall in Greater Mumbai. In all 112 responses were obtained. Four Malls, one each in Lower Parel and Bombay Central, and two in the Mulund were chosen on the basis of their age, in terms of years of existence. The Phoenix Mall in Lower Parel is the oldest in existence and is at least 6 years old, the Mulund Malls are at least 4 years old, and the Bombay Central one is a few months old. Shops in both Mulund and Bhandup have been surveyed in assessing the impact of the two Malls in Mulund.

### **Key Findings**

- 71% of small businesses sampled reported falling sales.
- Sales decline is evenly distributed by value of inventory up to 25 lakhs. It has most frequently impacted larger shops in the size range of 400-500sq ft and 300-400sq ft and those less than 100 sq. ft.
- Highest concentration in declining sales by business type was experienced in grocery stores who, of those sampled, 87% reported a decline in sales.
- 63 % of the sample said that they felt threatened by the Malls. 50% of the sample was expecting serious trouble. 92% said that their children would not continue with the business.
- Hawkers are facing increasing eviction drives and harassment around the Malls. 41% reported an increase in eviction drives, 24% in harassment by agents of the Malls, 17% increase in bribes and hafta.
- 72% of hawkers experienced a fall in sales and all reported falling profits, which means falling income for them.

***Formulate a National Policy on Retail Trade and Small Manufacturing Industries***

## **Reliance Fresh's Impact on neighbourhood Retailers & Hawkers in Delhi**

To study the impact of corporate retail outlets on the existing shopkeepers and vendors, Navdanya in association with India FDI Watch carried out a research in Delhi. In this research we interviewed 75 shopkeepers and vendors, whose shops were within the radius of 1 KM from reliance retail shops.

### **Key findings of the research**

- 88% of the existing retailers have experienced a decline in their sale, since reliance stores have come up in their area.
- 45% have seen a decline of more than 50% in their sale since the reliance shops have come up.
- 66% of the respondents have been doing this business for more than 10 years; some of them have been in the business for more than 30 years. It is very difficult for them to shift to some other business now and succeed there.
- 59% of the respondents have seen such decline in business that they think they will have to leave their business in near future. 27% see a major decline in future.
- 96% of the existing sellers get their supplies from the mandis, only 4% get it from reliance.
- The impact of the reliance is so that nobody among the 75 respondents was unaware about reliance.
- 58.6% of the retailers keep their shops open for more than 12 hours. Some of them keep it open for more than 14 hours. This is much more than what corporate retail stores remain open for.
- Many of the small retailers of vegetable in Laxminagar and Paharganj have already left the business, as they could not compete with reliance even for a month

### **Impact on Farmers**

Reliance and Walmart are presenting themselves as friends and liberators of farmers and they refer to small traders as middleman, as if they are not giant middleman. Atleast in the case of small traders, farmers have a choice in terms of whom to sell. The APMC Acts also ensures that farmers would get a fair price and there would be no single buyer. In contrast, Reliance and Walmart are monopolistic (a situation when there is one buyer and too many sellers) buyers who in due course of time will drive down procurement prices of agricultural and manufactured products. They claim that they are paying more to the farmers, but the truth is that they are at present procuring from the existing mandis all across the nation, and not straight from the farmers, so there is no question of paying better returns to the farmers.

We have seen the dismantling of mandis in last couple of years in various parts of the country. The primary force behind this was the corporate entry into the supply chain management of food. It is true that this year they have paid better prices to the farmers than the mandis, what is threatening is the reduction in the number of options the farmer is left with to sell his/her crop. Similarly for the manufactured goods, the prices paid by the retails giants might be more competitive than others, but after other retails are wiped out, how many options will the producer have to sell his/her products. Farmers will be bound to produce as per the will of these corporations and have to sell at cheaper prices as decided by them. The experience of farmers of west has been the like this. If we also keep moving in the same fashion and there is no doubt that our farmers will also have to face such situation.

## **Impact on Workers, Suppliers & Existing Industries**

Another threat that we will be facing is the opening of a giant pipeline of cheaply sourced goods from China, Thailand, ASEAN, etc., which could lead to unfair competition and livelihood losses on a massive scale in India. Currently if Wal-Mart were a country they would rank as China's 6th largest trading partner. As they and others seek to enter India, there are no regulations insisting that products are Indian made. However, on the other hand, as corporate retail—both domestic and foreign—grows in India they have more power over local manufacturers. Because large corporations like Wal-Mart and Reliance are able to buy in such bulk they contract with only a selected list of manufacturers, and are then able to exert pressure on them over time to cut costs. This directly translates to workers working longer hours for less pay and the closing of factories that cannot keep up with the competition.



### **Study: Impact of Corporate Retail on Suppliers and Workers**

A study conducted by Professor Anuradha Kalhan of supplier factories and workers in and around Bangalore found that retail corporations, with their emphasis on flexibility, cost, quality, speed, information and transportation technology systems for supply chain management have gradually replaced manufacturing as a core economic activity. Specific to Wal-mart (WMT) the study also finds that:

- Factories reported that profit margins with WMT tend to remain same (67%) or falling (33%) over time, no factory reported rising profit margins with WMT.
- Given rising inflation and rising production costs in India maintaining profit margins in business with WMT was increasingly difficult.
- Although principal supplying factories feel the pressure of shrinking profit margins with WMT they are able to pass on that pressure to a) the unorganized labour in the factories who earn a very low wage and can be made to do unpaid overtime work. b) To other higher end garment procurers in the global and Indian market.

## **ENVIRONMENTAL AND HEALTH IMPACT**

### **Climate change**

Climate change due to air pollution is already becoming a threat to human life. Temperatures are rising, sea level is rising and glaciers are melting. The imperative in the context of climate change is to prevent increase of use of fossil fuel. Our hawker, redi wala and kirana store is the solution to climate change. The Reliance, Bharti-Walmart model will increase fossil fuel use and carbon emissions. Further destabilizing the climate the super market Lorries will consume huge amount of fuel and lead to enormous pollution. Even if we go by conservative estimates the super market Lorries in India will generate more than 7 million tonnes of carbon dioxide per year, adding more problems to the

***Enact a law against predatory pricing and anti-competitive conduct of corporations***

already fragile environment of the country. When petroleum is becoming more and scarcer, the Lorries of these supermarkets will consume more than 1 billion litre of petroleum per year. For refrigeration of the vegetables and fruits, and for air-conditioning the retail outlets atleast 20,000 megawatt of additional electricity will be needed. We need to burn millions of tonnes of coal everyday to get this energy; the carbon-di-oxide released from burning this coal will substantially affect the climate patterns of the country. We are already in a stage where the present levels of pollution, and carbon-di-oxide emissions is going to wipe out the human existence out of world in a few years, at this point creating any model that increases carbon-di-oxide in the environment will be disastrous to all of us, even the propagators of this model.



### **Excessive Pesticides**

The giant retail chains have their own standards of buying farm produce, without using excessive pesticides it's very difficult for a farmer to produce fruits and vegetable which fits into the standards, so they are forced to use excessive insecticides and pesticides. Once these farm produce come to the retail giants, they sell it throughout the year, by preserving them in cold storage, but in the process a lot of preservatives are also added to the food. So at the end when a consumer gets a "preserved" vegetable from these giant stores, it is full of toxic material harmful for consumption.

### **Packaging**

of food creates a huge amount of waste in the already polluted cities. At a time when every city in the country is struggling to solve the problem of solid waste, increase in the packaging waste due to the mall culture will add to their woes. The existing land fills are getting filled and then more land of the poor farmers will be acquired to make landfills for reliance's and Walmart's packaging waste.

### **Research Findings on Wal-Mart**

Wal-Mart is the largest corporation in the world. Their annual revenue of over 350 billion is larger than the entire Indian retail market. They are currently banned from entering into India, but are trying to come in through the back-door by signing a Joint Venture with Bharti Enterprises (AirTel). They have not yet signed the deal. They must be stopped

- ◆ A study by Kenneth Stone of Iowa State University found that some rural towns in the USA lost 47% of their retail trade after the opening up of a Wal-Mart.
- ◆ A study by Stephan J. Goetz of the Pennsylvania State University and Hema Swaminathan of the International Center for Research on Women found that counties in the USA where Wal-Mart's located experienced increases in family poverty as compared to similar counties where there was no Wal-Mart.
- ◆ The Congressional Research Department of the Representative George Miller in the USA put together a compendium of Wal-Mart's labor abuses in that country.
- ◆ Another study by David Neumark, Junfu Zhang, and Stephen Ciccarella found that Wal-Mart decreased employment by 2-4%, and reduced wages by 5%.
- ◆ An article in Workforce Management describes how Wal-Mart has turnover of 600,000 associates per year, accusations of wholesale discrimination against women, and violations of overtime laws.
- ◆ An article in Main Street News describes how the addition of retail space overwhelms police, costing more in calls and improvements than is generated in extra tax revenue.

***Implement the National Policy on Urban Street Vendors***

## Fact Sheet on Wal-Mart

- Wal-Mart recently had to close down its business in Germany and Korea as it was found indulged in 'Predatory Pricing' (selling at lower price than its cost price) which is not allowed in these countries.
- Wal-Mart is facing a class lawsuit for pay discrimination against 1.5 million female US employees after a court approved the action. A federal appeals court upheld a 2004 ruling giving the lawsuit class action status, sanctioning claims from up to 1.5 million current and former staff. The original lawsuit was filed in 2001 by six women who either worked for Wal-Mart or had done so in the past. The San Francisco court ruled that the country's largest class action lawsuit against a private employer could proceed. Judge Martin Jenkins said sufficient evidence existed of discriminatory practices dating back to 1998 to support the case going to trial. "Factual evidence, statistical evidence and anecdotal evidence present significant proof of a corporate policy of discrimination and support plaintiff's contention that female employees nationwide were subjected to a common pattern and practice of discrimination," he said.
- **Wal-Mart ordered to pay millions as compensation to workers**  
The world's largest retailer, Wal-Mart, was ordered to pay at least \$78m (£42m) in compensation to workers who were forced to work during breaks. A jury in a **Pennsylvania court** decided that Wal-Mart broke a state law by refusing to pay staff for the extra work they did. The class action was brought by about **187,000 staff** who worked for Wal-Mart between March 1997 and May 2006.
- **Notorious for anti labor practices**  
Wal-Mart is notorious for its anti union practices and does not allow union right to workers all over the world. Only recently, they have been forced by the Chinese Government to allow union in China where workers are sweating day in and out to produce goods for Wal-Mart at low cost. Ernest Duran, of the United Food and Commercial Workers Union, says efforts at collective bargaining have met opposition from Wal-Mart.
- **Human Rights Watch report against Wal-Mart**  
International organization Human Rights Watch on May 1, International Worker's Day, 2007 which documents the U.S.-based retail giant Wal-Mart's anti-union practices in the United States. In the report entitled, "Discounting Rights: Wal-Mart's Violation of US Workers' Right to Freedom of Association," Human Rights Watch found "that while many American companies use weak US laws to stop workers from organizing, the retail giant aggressiveness of its anti-union apparatus "stands out for the sheer magnitude and power. The Human Rights Watch investigation reveals that Wal-Mart begins to indoctrinate workers and managers to oppose unions from the moment they are hired. Managers receive explicit instructions on keeping out unions, many of which are found in the company's 'Manager's Toolbox,' a self-described guide to managers on 'how to remain union free in the event union organizers choose your facility as their next target.'
- **Impact on Suppliers** Main supplying factories feel the pressure of shrinking profit margins with Wal-Mart and pass on that pressure to the unorganized labour in the factories who earn a very low wage and can be made to do unpaid overtime work. Average wages of workers in Bangalore supplier factories supplying to Wal-Mart, are lower than in factories not supplying to Wal-Mart. (Based on research conducted by Professor Anuradha Kalhan)

## CASE STUDIES

### Thailand

Multinational Retail Chains entered in 1997 and within a few years took over 10% of the retail market causing widespread closure of small and traditional retail outlets. The Multi-national retail chains employed 'predatory pricing' where they cut prices so low to

drive out their competitors. Subsequently 60,000 small retailers have been adversely impacted. Traditional provincial wholesalers were gradually squeezed out as well as the Multi-national retail chains created new logistic and distribution chains. Additionally, many manufacturers had to close down as their margins were reduced due to aggressive bargaining by the Multi-national retailers. (Mukherjee, FDI in Retail Sector India)

The Thai Prime Minister agreed that the impact of foreign retailers on the domestic retail industry was negative. Eventually, the Thai Government, which welcomed Multinational retailers with open arms, created a separate fund to provide assistance to the local retailers and has set up zoning restrictions for mega-retail shops. (Financial Times, Vikas Adhyayan Kendra)

### **Indonesia**

In 1997-98 riots erupted against Multinational mega-retailers. Small local retailers and suppliers were given assurances that they would benefit from the entrance of large retailers by linking themselves to global markets. However, only a handful of such traders, that were handpicked by the Multinationals themselves, derived any benefit.

A majority of local suppliers were rejected because they could not adjust quick enough to the strict quality standards and specifications laid down by these multinational retailers. An FAO study showed that foreign mega retailers were unsympathetic to the transitional problems that small domestic retailers and suppliers face when large multinational enter the country. This is experienced through rejection of supplies, delayed payments and denial of loans or credit facilities. (Sarma, EPW)

### **China**

Though much has been cited about the positive effect of Foreign Direct Investment in China it must be noted that small retailers are facing enormous challenges to survive. An Asian Development Bank (pro-FDI in retail) document expressed concern that competition in retail trade will lead to the decline of small private ventures that operate in food and trade services. The Chinese media is full of stories of small traditional retailers being edged out of the market by foreign chains.

It must also be noted that when China opened up the retail sector in 1992, it was highly regulated. Joint ventures with only 49% foreign ownership were allowed in just six cities, and the number of stores was restricted to 2-4 per city. Retail companies were restricted to Chinese-owned businesses and Chinese-controlled joint venture retail outlets selling only Chinese made goods. (Mukherjee, FDI in Retail Sector India).

### **United States**

The growth of Wal-Mart and organized retail in the US has led to widespread opposition and has had many negative affects on local communities. A 2004 study found that counties in the US with a relatively greater number of Wal-Mart stores in the 1987 and with an addition of stores between 1997-98 experienced either a greater increases or smaller decreases in family poverty rates during the 1990s economic boom. The study concludes that Wal-Mart stores drove out local entrepreneurs and community leaders. (Goetz, Wal-Mart and Rural Poverty)

Another study found that the entry of Wal-Mart reduced the number of small retail establishments and had a negative impact on wholesale employment in the US. (Basker, Working Paper). The document states, "Consumers increasingly turned away from conventional grocery stores for their food purchases, choosing instead superstores and hypermarkets." (Basker). In 1988 purchases at conventional grocery stores (not hypermarkets) accounted for 42.8 percent of all consumer food expenditure by 1998 the proportion had fallen to 13.4 percent.

In fact, because of the impact to local economies and small businesses, Wal-Mart has faced much resistance from entering into major US cities, such as Chicago, Philadelphia, Los Angeles and New York. They are currently not allowed in New York City.

***Repeal the Changes made in APMC Act through APMC Model Act***

“Case studies of other countries have highlighted the need for development programs and government support to assist small farmers/suppliers” (Mukherjee, FDI in Retail Sector India).

### **RESTRICTIONS ON MNCs**

- China had initially restricted FDI in retailing to only Joint Ventures at 49% foreign holding and only at specified locations subject to a ceiling on the number of stores.
- Malaysia, Indonesia, Thailand and Japan have enforced zoning restrictions for mega-retailers.
- There are minimal capital requirements for foreign retailers in Sri Lanka.
- The Philippines has imposed “sourcing” and reciprocity requirements on foreign retailers.
- In Japan, mega-retailers must seek the views and permission of small local stores before opening a new store
- In the US major cities such as Los Angeles, California, Chicago and New York City have restricted the opening of Wal-Mart stores within city limits.
- France enacted the Raffairin Act that regulates the growth of hypermarkets larger than 300 square feet.
- In Thailand the government set up an assistance fund for local retailers due to the impact of mega retailers.

### **WORLDWIDE RESISTANCE**

- September 2005 citizens of Rotterdam, Holland protested against Wal-Mart entering into the city.
- In China, 10,000 young women went on strike at a Wal-Mart factory demanding better working conditions and the right to organize.
- In Canada Wal-Mart employees voted to unionize, subsequently Wal-Mart closed down the store. Hundred of Canadians demonstrated against the mega-retailer.
- In the US over 300 communities have successfully fought the entry of a Wal-Mart store into their communities. National campaigns targeted Wal-Mart were launched in 2005.

### **CALL ON CORPORATIONS TO QUIT RETAIL**

Time has come when every section of the society understands the implication of entry of corporations in the retail, and come together to fight this evil out. It is dangerous for all sections of the society, the hawker, traders, farmers, consumers, transporters workers etc, so don't get deceived by the corporations; they have never helped any society. They are only concerned about their profits, at any cost. Let our nation not pay the cost of the destruction caused by these corporations, as in the west.

Retail giants like Walmart, Reliance and Tesco have become agents of destruction of employment, community and the environment. Across the world movements are going on to create local farmers markets and street markets to resist the monoculture and monopolies of supermarkets. India has the diversity and the decentralization that the people of the west are seeking. Let us not allow the destruction of our rich and robust small scale retail. Let us not vote for monopolies through our shopping. Let us protect our diversified, decentralized retail democracy. Come join the movement against the hijack of our traditional retail and extend your support to the crores of people whose life is dependent on it. Save our livelihood, save our citizens. Keep India Independent.

### **Charter of Demands of the Vyapar Rozgar Bachao Aandolan**

- Enact strict law to ban all corporations in retail
- Cancel all Wholesale Cash-N-Carry permission granted to foreign corporations & immediately stop the backdoor entry of Wal-Mart
- Formulate a National Policy on Retail Trade and Small Manufacturing Industries
- Implement the National Policy on Urban Street Vendors
- Institute Independent Special Task Force comprising representatives of stakeholders to Study on the Socio-Economic-Environmental and Cultural Impact of Corporate Retail
- Enact a law against predatory pricing and anti-competitive conduct of corporations
- Repeal the Changes made in APMC Act through APMC Model Act

## About India FDI Watch

India FDI Watch is building awareness and facilitating grassroots action to prevent the take-over of India's retail sector by corporations. We are building Joint Action Committees (JAC) led by those who will be most affected, mainly; trade associations, unions, hawkers organizations, farmers groups and small scale industries.

A National Steering Committee has formed in Delhi, of which India FDI Watch is a facilitator and member. The National Steering Committee has come under the banner Vyapaar Rozgaar Bachao Andolan. Similarly in Mumbai, India FDI Watch is a chair and member of the Vyapaar Rozgaar Suraksha Kriti Samiti. In Bangalore, India FDI Watch is a key member and coordinator of the Karnataka Joint Action Committee Against Corporate Retail.

The National Steering Committee is working with partners across the country and the Joint Action Committees, based in Mumbai and Bangalore to facilitate broad-based action at the local and national level and to develop policy demands that will ensure the protection or enhancement of those people who stand to be most impacted. Over the next year India FDI Watch will work with the National Steering Committee to expand the grassroots base of the campaign by partnering with mass-based groups across the country.

India FDI Watch has been key in coordinating and organizing national actions; mainly the February 22nd actions against the Wal-Mart Vice Chairman's arrival in India to sign the Joint Venture with Bharti. To date the deal has not been signed and the PMO along with Sonia Gandhi have cautioned the Commerce Ministry to fully study the impact of corporate retail on existing retailers, farmers and manufactures throughout the supply chain. Studies are currently underway.

On August 9th, 2007, India FDI Watch will again join with national, state and local partners for a National Day of Action, calling on "Corporations to Quit Retail". As groups mobilize across the country we will put forth demands on the Center and State governments. Through a process of consensus we have been key in facilitating the following campaign demands:

### Organizations supporting the movement

ACORN, Navdanya-Research Foundation for Science, Technology and Ecology, Bhartiya Udyog Vyapar Mandal, Rashtriya Vyapar Mandal, UTUC-LS, Lokraj Sangathan, Action India, Consumer Voice, Aazadi Bachao Aandolan, Solidarity Youth Movement-Kerala, Bhartiya Mazdoor Sangh (BMS), Indian National Trade Union Congress (INTUC), URJA, Rashtriya Swabhiman Aandolan, Swaraj Sthapana Aandolan-Bhopal, Hind Mazdoor Kisan Panchayat (HMKP), All India Kisan Sabha, All India Trade Union Congress (AITUC), All India Coordination Committee of Trade Unions (AICCTU), Delhi Hawkers Welfare Association, Apna Bazaar, Asangathit Shramik Panchayat, Pawan Putra Rehri Patri Khomcha Sangh, Akhil Bharatiya Pawan Putra Indraprastha Redi Patri Theli Sangh, Bangalore Forum for Street and Working Children, Bhartiya Khadi Nigam Karamchari Sangh, Bahumukhi Mahila Sanghatane, Bridge Network, Bombay Traders Federation, Bangalore Hawkers and Vendors Federation, Center of Indian Trade Unions (CITU), Confederation of All Indian Traders (CAIT), Caravan- Karnataka, Casumm, Child Rights Action Forum, CACL-K, Federation of Associations of Maharashtra (FAM), Feriwala Vikas MahaSangh, Focus on the Global South-India, Girni Kamgar Sangharsh Samiti (GKSS), Garment workers Union, Hind Mazdoor Sabha (HMS), Hazards Centre, Harit Recyclers Association, Hawkers Maulik Adhikar Suraksha Manch, Jagori, Janpahal, Karnataka Trade Union Center (KTUC), Maniben Kara Institute (MKI), National Alliance of Peoples' Movements (NAPM), National Hawkers Federation, Hakkinangala Childrens Association, National Center for Advocacy Studies, Paraspara Trust, Paura Karmikara Sanghatane- Karnataka, PUCL-K, Rashtriya Kaamgar Sangathan, Security Guards Union, Slum Samudayagala Maha Okkuta, Slum Joint Action Committee, Slum womens Federation-Malleshwaram, Solidarity Centre, State alliance for education (Safe-K), Souharda Okkuta Karnataka, Trade union for co-ordination committee (TUCC), Vikas Adhyayan Kendra (VAK), Youth in Unity for Voluntary Action (YUVA) and Urban Street Vendors Redi Pattri Hawkers Federation.

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