CORPORATE HIJACK OF RETAIL

Retail Dictatorship
vs
Retail Democracy

A Report by

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EXECUTIVE SUMMARY

Giant corporations like Wal-Mart and Reliance have started to try and take over the Indian retail sector. 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 tiny retail. More than 6600 mega stores are planned with Rs. 40,000 crore by 2011.

Currently the value of the retail market is estimated at around $ 270 billion with a growth rate of 5.7 per cent per annum according to the Indian retail report. The size of small retail is big, the size of big retail is small, a mere Rs. 250 billion in 2004 or 3% and Rs. 485 billion or 4.7% per cent of the retail market in 2006. However, the large scale corporate retail is projected to grow at the rate of 28% to 30% per annum, reaching Rs. 1000 billion or $ 70 billion by 2010 from the current size of US $ 8.7 billion. The tenfold increase in corporate retail will be at the cost of small scale retail, which employs nearly 10% of India's population. A number of cultural categories and policy instruments are being used to make corporate retail grow.

Wal-Mart is the biggest player in retail. In a report "Oligopoly Inc. 2005", the ETC Group has shown that consolidation, cut throat competition and aggressive global expansion are the driving forces in the food retail sector. In 2004, the top 10 global food retailers accounted for combined sales of $840 billion, 24% of the estimated $3.5 trillion global market. This was up from $ 513.7 billion in 2001. If Wal-Mart and other retail chains get a foothold in India, it will mean displacement of small retailers and farmers.

Till now Reliance has planned to make the biggest investment in this sector in India. They plan to invest Rs.25, 000 crore in coming four years. The company that is floated for this purpose is known as Reliance Retail Limited and it would be owned totally by Reliance Industries Limited. They expect to launch 1,000 stores before the year end all over the nation. Within the next three months, Reliance wants to take the tally of these "Fresh" stores to 100 in the Delhi and NCR regions. Reliance is believed to have invested around Rs. 1000 crores in this region. The Reliance Fresh has been averaging a sale of Rs. 3.5 to Rs. 4 lakh per day per shop. The 24 shops in the NCR alone account for more than a quarter of the total fresh food business, adding that average sale in NCR was much above the national numbers at Rs. 5 lakh per day and the average billing for a customer is Rs. 1600 per day.

A study done by RFSTE/ Navdanya exposed two myths of Reliance Retail. Firstly, contrary to the "Farm to Fork" projection of buying directly from farmers, Reliance Fresh is buying from existing mandis. This also exposes the myth that existing retail is "unorganized", and corporate retail is "organized". Corporate retail is using the organizational capacities of our wholesale and retail systems to hijack retail.

The second myth is that corporate retail will have no impact on tiny retailers, hawkers and shopkeepers. Our study has shown that nearly 90% small retailers have been negatively impacted within a few months of a Reliance Fresh store coming up in their neighborhood and 87% said Reliance has taken away their business. 66% small vendors said that they would have to close their shops because of declining business. Corporate Retail is clearly growing at the cost of small retail.

Food retail in India has clearly become an important part of global trade wars. But this is about more than trade. For the people of India it is about culture and ecology, about employment and food security.

The cultural assault is exemplified in an India Today article in which described the local vegetable shopping in a small market as "90% perspiration, 10% inspiration" and shopping at a supermarket store as "90% inspiration and 1-% perspiration". The attempt is to present the low cost, human scale neighbourhood market or vendor as "primitive" and the air-conditioned supermarket as "sophisticated".

Food produce accounts for over 14 per cent of all retail trade and most of our small retailers are employed in this sub-segment. It is important to remember that most of them are in this business out of necessity and not by choice.

A U.K. Government Competition Commission Enquiry identified 27 practices by supermarkets that were against the public interest. The Commission also uncovered regular selling by all major retailers below the cost of product, a practice retailers call price flexing. This led to negative margins for suppliers. Average operating margins were 2-4%. Through global expansion facility, India's position in WTO on liberalization of services could well see the Wal-Martisation of Indian agriculture. More farmers will be driven off the land, or into debt and suicide.

The "US – India Knowledge Initiative in Agriculture" is being driven by Monsanto and Wal-Mart. This is the much-touched Second Green Revolution, which will undermine our farmers' livelihoods and our food sovereignty. And it will rob millions who depend on tiny retail for livelihoods. The corporate control of food and agriculture, from seed to retail, is a recipe for disaster in our context of more than 650 million farmers and millions involved in retail at the tiny scale.

With the livelihoods of small traders and hawkers in threat due to the corporate entry in retail, Navdanya in association with the Hawkers Union, India FDI Watch, trader groups, farmers unions, workers union, academicians and civil society organizations has launched a **"National Movement for Retail Democracy** " (Vyapar aur Rojgar Bachao Andolan) to resist the corporate entry into retail. A national level **"Corporations Quit Retail"** campaign is planned to be launched on 9th August 2007 with a public rally at Ghanta Ghar in Chandni Chowk, Delhi.

The National Movement for Retail Democracy demand to:

- Enact strict law to ban all corporations in retail.
- Cancel all Wholesale Cash-n-Carry permission granted to foreign corporations and immediately stop the backdoor entry of MNCs.
- 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 actions.
- Repeal the changes made in Marketing through the APMC Model Act.

PART I

INDIAN RETAIL SCENARIO

History

India is a land of retail democracy- hundreds of thousands of weekly haats and bazaars are located across the length and breadth of our country by people's own self-organizational capacities. Our streets are bazaars – lively, vibrant, safe and the source of livelihood for millions. India has the highest shop density in the world, with 11 outlets per 1000 people. This does not include the village haats.

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 - organization.
3. Low capital input
4. High levels of decentralization

Retail in India has started with the concept of weekly markets, where all the traders gather at one big place to sell their products every week. The people come to these weekly markets to buy the household items for the next one week. Village fairs and melas were also common as it had more of an entertainment value. Once the people started getting busy with their lives and when they turned entrepreneurial, there emerged the mom and pop shops and the kiranas in the neighborhood. After independence, came into existence the system of Public distribution of foods through the ration shops, where food grains, sugar and oil for the daily consumption were distributed at subsidised rates through the government ration shops. The modern corporate retail formats are of the exclusive brand outlets, hypermarkets and supermarkets, departmental stores and shopping malls. But still the Indian consumer depends on the self-organized retail shops for their daily needs.

This is largely due to the excellent food retailing system that was established by the *kirana* (mom-and-pop) stores that continue meet with all the requirements of retail requirements albeit without the convenience of the shopping as provided by the retail chains. The Hawkers/lari galla vendors and the local kiranas are the two main forms of unorganized retail in the country, which almost account for 97% of the total retail trade.

Hawkers- Lari Galla Vendors.

The self-organized sector is characterized by the lari-galla vendors (also known as "mobile supermarket") seen in every Indian bylane and is, therefore, difficult to track, measure and analyse. But they do know their business – these lowest cost retailers can be found everywhere from village bylanes to where big malls are situated. As far as location is concerned, these retailers have succeeded beyond all doubt. They have neither village nor city-wide ambitions or plans – their aim is simply a long walk down the end of the next lane. This mode of "mobile retailers" is neither scalable nor viable over the longer term, but is certainly replicable all over India. Most retailing of fresh foods in India occurs in Mandis and roadside hawker parks. These are highly organized in their own way. If we put all these hawkers together they almost measure upto a large supermarket. These hawkers have a high degree of merchandise and have a system that works.

Kiranas/Provision stores/mom and pop stores

Retailers like *kirana* (mom-and-pop stores), grocers and provision stores are characterized by the more systematic buying – from the mandis or the farmers and selling – from fixed structures.

The Threat of the Corporate Hijack of Retail

Giant corporations like Wal-Mart and Reliance have started to try and take over the Indian retail sector. Currently the value of the retail market is estimated at around $ 270 billion with a growth rate of 5.7 per cent per annum according to the Indian retail report. The size of small retail is big, the size of big retail is small, a mere Rs. 250 billion in 2004 or 3% and Rs. 485 billion or 4.7% per cent of the retail market in 2006. However, the large scale corporate retail is projected to grow at the rate of 28% to 30% per annum, reaching Rs. 1000 billion or $ 70 billion by 2010 from the current size of US $ 8.7 billion. The tenfold increase in corporate retail will be at the cost of small scale retail, which employs nearly 10% of India's population. A number of cultural categories and policy instruments are being used to make corporate retail grow.

The first strategy is to define the small scale self-organized retail as "unorganized" and the large scale corporate retail as "organized". The real difference is however not unorganized vs organized. It is self-organized vs. corporate.

Can an unorganized system provide food to millions of Indians since ages, and at the same time provide adequate returns to millions of farmers? Can an unorganized system act as the major link between rural and urban societies, where both of them are so much interdependent on each other? The question that arises then is why the existing system of business of food grains, fruits and vegetables is termed unorganized. Is it only the mega retail enterprises of the corporate giants, which are organized? Or unorganized retail is a term used by the corporations for their vested interest. So that they can organize it according to themselves, and control the whole food market from farm to fork in India.

As per the definition retail industry comprises of organised and unorganised sectors. Corporate 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 operated general stores, *paan/beedi* shops, convenience stores, hand cart and pavement vendors, etc. In India around 97%-98% of the retail industry is unorganized. Among the organized ones The already established retailers in India are Pantaloon Retail, Shoppers' Stop, Spencers, HyperCITY, Lifestyle, Subhiksha , Trent while the new entrant is Reliance Retail. Wal-Mart with its Indian partner Bharti(the company that owns Airtel) is expected to come up with its first store by the beginning of 2008.

It is ridiculous to think that the existing system is unorganised, as there is no farmer in the country, who does not have an access to a mandi, and there is no mandi in the country which is not connected to other mandis. The supply chain is so well arranged that no part of the country is devoid of basic necessities. Where ever there has been a demand, the supply has reached and it has reached on just prices. In a country with large numbers of people, and high levels of poverty, this model of retail democracy is the most appropriate in terms of ecological sustainability and economic viability.

The second strategy is to use every institution to promote corporate retail.

How Free Trade Agreements promote corporate retail

WTO has caused much harm over the past decade, including forcing small farmers off the land, or into debt and suicide. Now that WTO has been used to allow corporations to enter local and domestic economies, it can be allowed to go into intensive care.

The collapse of W.T.O. talks could be intentional to make way for bilateral for "free trade", which increase and accelerate the market access for corporations of the North to markets of the South. This is clearly what is happening in the food and retail sector.

After the Hong Kong Ministerial, the Doha round has not made any progress. This has given the U.S. and Europe opportunity to negotiate bilaterally with India, and get better market access deals than they can multilaterally.

The U.S. India Agriculture Agreement has helped U.S. corporations get increased market access to India. In fact corporations such as Monsanto, Con Agra, and Wal-Mart sit on the board of the bilateral agreement.

Since the agreement was made, the push for deregulation of biotechnology has increased. The dismantling of Biosafety has so far been prevented because of Public Interest Litigation filed by citizens groups in the Supreme Court of India.

The agreement has also led to increased imports of wheat, at higher prices and lower standards even though India is producing 73 million tones of wheat at lower prices.

And Wal-Mart which has been seeking direct entry through Foreign Direct Investment in retail has, for the time being, settled for a partnership with Bharti, the telecommunication company.

The failure of the recent W.T.O. talks of the Quad – U.S., Europe, Brazil and India is now being used by Europe to get access to India's huge retail market which employs more than 40 million to provide for the basic needs of more than a billion.

On June 28-29, 2007 India and EU will be holding formal talks on for trade in goods, services and investment. India's retail sector is the top priority for Europe.

As the Financial Express reports "European retail majors like TESCO and Carrefour may still find a way out for three plans, with New Delhi embarking on an ambitious broad-based bilateral trade and investment agreement with the European Union." (Arun S "Trade Talks hold out hope for TESCO, Financial Express, 28 Jun 07).

Agriculture Commissioner, Mariann Fischer Boel, at a meeting with European Agricultural Trade Experts, said:

> "The Indian middle class is hungry for exciting food and drink experiences that go beyond Indian cuisine. And this class is growing at the rate of 35 million people per year, or in other words, by the population of a medium-sized European country."

She also said that when so many foreign companies are getting into strong position to increase their sales in India, the European food-processing firms would also "need a piece of the action."

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The Time Magazine of June 11, 2007 in an article titled "Supply Chains Food Fight" also tries to project the picture of primitiveness.

"As the early morning light slowly illuminates the mishmash of streets around the Krishnarajendra market in central Bangalore, pushcart vendors made through ankle-deep mud and cow manure and past heaping piles of cabbage leaves and rotting tomatoes. Skinny porters doubled over beneath burlap sacks full of vegetables shuffle through the quagmire, trying to avoid the trucks that belch blue clouds of diesel exhaust and the sacred but occasionally cantankerous cows munching on piles of trash. Women squat behind piles of vegetables they will carry to distant neighborhoods for a tiny profit. The grocery business in India is choreographed chaos, a commercial dance honed over decades, fascinating and charming in its own way but also corrupt, unhygienic and highly inefficient.

Across town, in an eight-month-old processing warehouse run by India's largest company, Reliance industries, half a dozen women wearing balaclavas, woolen trousers and bulky jackets work inside a room kept at a constant 3°C, peeling and chopping vegetables, spinning them dry and then heaping them in small plastic packets before placing them in plastic transport crates. At the other end of the 5,600-sq-m warehouse, men unload crates of grapes from a truck pulled up to a spotless loading dock. A quality-control expert samples every tenth crate; if the grapes are good a team will ready them for delivery within hours to Reliance fresh stores around Bangalore and as far away as Hyderabad and even Mumbai (formerly Bombay). If they are not, workers will inspect the entire shipment and discard anything below standard. Uniformed men spray lemons with water, cover crates of coriander with moistened burlap to stop the greens wilting and scan bar codes on the end of each crate. Reliance will soon install air-conditioners to keep the warehouse at 18°C even when the outside temperature hits 40°C. "Its a luxury that not many people can afford", jokes one worker.

What this presentation hides is the millions whose dignity and livelihoods get snatched when a Reliance or Wal-Mart sets up a store or the billions of units of energy used and millions tones of carbon dioxide emitted to run air-conditioned warehouses and long distance supply chains.

The Wal-Mart model of long distance supply chains is energy intensive and hence greenhouse gas intensive.

As the huge retail chains claim to provide every vegetable, and fruit in any part of the country at any time, the average distance traveled by the food will increase. Traffic congestion is already a real problem for many towns and cities, so stores generating thousands of new car journeys will significantly add to local problems. Recent work for DEFRA the U.K. Environmental and Food Agency suggests that car use for food shopping results in costs to society of more than £3.5 billion per year, from traffic emissions, noise, accidents and congestion. Traffic congestion occurs on a larger scale too - the distribution systems used by supermarkets generate large amounts of traffic, both in this country and overseas. This will lead to high level of carbon-di-oxide emission and global warming as a long term result.

How the World Bank is promoting Corporate Retail in Food

A World Bank report by Aaditya Mattoo, Deepak Mishra and Ashish Narain titled "From competition at Home to competing Abroad" is a recipe for destroying India's retail democracy and promoting corporate retail.

In 1991, the World Bank's Structural Adjustment programme began the dismantling of India's food sovereignty and food security systems.

On 26 April 2007, Aaditya Mattoo, Deepak Mishra and Ashish Narain of the Work Bank wrote an op-ed in Times of India titled, "Produce and Perish: How India is failing its farmers."

The farmers of India are definitely facing a deep crisis. 150,000 have committed suicide in the last decade of trade liberalization. And even where they are not committing suicide their incomes are falling. India is failing her farmers, but the anti-farmer policies are heavily influenced by the World Bank. It is in fact the World Bank's policies that have created India's agrarian crisis and robbed farmers of their income. The Indian farmer works hard but is poorly rewarded because the Bank's recipes transfer his incomes to agribusiness and the agrichemical industry. Corporate profits grow while farmers' incomes shrink.

The crisis of farmers failing incomes has evolved in two phases. The first phase was the Green Revolution phase from 1965-1990, the second phase is the structural adjustment and trade liberalization phase. In the first phase, the Bank pushed India on a monoculture path of chemical addiction. The World Bank provided the credit to introduce a capital intensive agricultural model in a country of poor farmers. The World Bank and USAID also exerted pressure for favourable conditions for foreign investment in India's fertilizer industry, import liberalization and elimination of domestic controls. The World Bank provided credit for the foreign exchange needed to implement these policies. The foreign exchange component of the Green Revolution strategy, over the five year plan period (1966-71) was projected to be Rs. 1,114 crores, which converted to about $2.8 billion at the then official rate. This was a little over six times the total amount allocated to agriculture during the preceding third plan (Rs. 191 crores). Most of the foreign exchange was needed for the import of fertilizers, seeds and pesticides, the new inputs in a chemically intensive strategy.

The short term economic viability of high profits for the "progressive" farmer if Punjab was to be eventually be a high political cost for Punjab's farmers with the phasing of subsidies, cost of production rose, leading to falling incomes and debt. As I have shown in my book, "The Violence of the Green Revolution", the unrest among Punjab farmers in the 1980s was largely fuelled by the false prosperity of the Green Revolution.

In the 1990s, the World Bank applied new conditionalities to force the State out of the role it had made it play in the Green Revolution period.

The World Bank finances were an important element in the spread of the vast network that was needed for distribution of Green Revolution varieties. In 1963, the National Seed Corporation was established. In 1969, the Terai Seed Corporation was started with a World Bank loan of US$13 million. This was followed by two National Seeds Project (NSP) loans. NSP I of US$25 million was given in 1976 and NSP II of US$16 million was given in 1978 to support the National Seed Program. The overall objective of the projects was to develop state institutions and create a new infrastructure for increasing the production of certified seeds. In 1988, the World Bank gave India a fourth loan for the seed sector to make India's seed industry more 'market responsive'.

The involvement of the private sector, including multinational corporations, in seed production is a special objective of NSP III (US$150 million). This was viewed as necessary because as the project document notes, 'sustained demand for seeds did not expand as expected, constraining the development of the fledgling industry. In the self-pollinated crops, especially wheat and rice, farmer retention and farmer-to-farmer transfer accounted for much of the seed used.

The Bank pressure enabled the entry of seed corporations like Monsanto. Today, the worst farmers suicides are precisely in those areas where Monsanto's seeds have spread.

The Bank imposed trade liberalization has robbed farmers of their incomes both by allowing seed monopolies and market monopolies to emerge. Monsanto has been taken to the Court for its monopolistic practices. The hoarding and monopolistic practices of corporations like Cargill, Lever and ITC have pushed up the price of wheat. Farmers are earning less and the poor are paying more for food. The universal Public Distribution System was dismantled under World Bank pressure. The APMC acts have been dismantled under World Bank pressure. India's food security and food sovereignty is being severely undermined by every policy intervention of the World Bank. Trade liberalization and structural adjustment have added to the burden of Indian farmers. Liberalisation under the structural adjustment programme of World Bank consists of the following elements.

Liberalising fertilizer imports and deregulating domestic manufacturing and the distribution of fertilizers;

- Removing land ceiling regulation;
- Removing subsidies on irrigation, electricity and credit and creating conditions to facilitate the trading of canal irrigation water rights;
- Deregulating the wheat, rice, sugarcane, cotton and edible oil and oilseed industries;
- Dismantling the food security system;
- Removing controls on markets, traders, and processors, and subsidies to cooperatives;

- Abolishing the Essential Commodities Act;
- Abolishing the general ban on futures trading;
- Abolishing inventory controls;
- Abolishing selective credit controls on inventory financing;
- Treating farmers' cooperatives on an equal footing with the private sector.

The foregoing elements of SAP are not recipes for removing centralized control over agriculture but concentrating it now even further in the hands of Agribusiness TNCs such as Monsanto, Cargill, Pepsico etc who are emerging as the new Zamindars.

The Bank is recommending that India stops focusing on food grains instead focus on export crop such as vegetables, shrimps and flowers. The World bank's recent report only addresses horticulture for exports. This will not improve farmers' incomes, it will rob them of land and livelihoods. Export crops are at the root of the land conflicts in Barnala, Punjab.

A recently released report of Action Aid has shown how giant corporations drive down prices of agricultural produce. Hooking India's agricultural to Wal-Mart and TESCO is a recipe for the dispossession and deprivation of Indian farmers

Our recent report on 'Corporate Hijack of Retail' also shows how the model of corporate industrial globalised agriculture that the World Bank is promoting leads to falling prices for farmers and rising prices for consumers. N fact, Morisset, an official of the World Bank had stated in 1991:

> Behind the polarization of domestic consumer prices and world prices is the presence of large trading companies in international commodity markets. The strategic position of these companies between buyers and sellers allows them to influence the transmission of world prices. These companies generally provide information, define the terms of transactions, manage the payments and record keeping for transactions, and also figure out ways for clearing the market. However, without competition they may follow a pricing strategy that will maximize their profits and not those of producers and consumers.

Indian farmers and consumers need food freedom and food sovereignty, not the corporate controlled system the Bank and the W.T.O. is imposing on us.

The Bank is pushing India to focus on fruits and vegetables for exports, at the cost of food stapes for local consumption.

Exports, not local food needs, are made the objective. Thus while the supply chain for local markets is highly evolved and sophisticated, in the context of exports, it is perceived as deficient. The Bank has called this a "logistical tax".

Three factors explain India's high logistical tax: (a) geography, which is important but not decisive; (b) poor transport and storage infrastructure, as well as policies that have led to the uneven utilization of existing infrastructure, and the slow creation of new infrastructure; and (c) high marketing costs due to the fragmentation of the supply chain.

The Bank has identified laws such as the Essential Commodities Act (1955) the Agricultural Produce and marketing Act (APMC 1972) and the Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act (1980) which have defended the rights of farmers to a just price and the rights of the poor to a fair price for food, as having "prevented the free mobility of agricultural produce and thus segmented the Indian domestic market into many smaller markets. The government has also imposed restrictions on foreign investment in the retail of agricultural commodities, and on both foreign and domestic private investment in wholesale. These restrictions have collectively discouraged and/or prevented the private sector from undertaking large-scale investment in agricultural storage, marketing, or processing activities – an example of horizontal fragmentation preventing desirable vertical integration. The result is that today there is no large, organized, efficient pan-Indian supply chain in the agricultural sector, including in horticulture.

What the Bank defines as "fragmentation" is in fact self-organized local systems of production and trade which are not controlled by a centralized store or by centralized, monopolistic corporations.

And the repeated attack on India's "geography" shows how anti-nature World Bank's basic economic thinking is. Not only the World Bank like to wish away India's diversity and geography, it would like to destroy India's food sovereignty.

Thus, the Bank takes apples grown in Himachal and says it would be cheaper to import them for Chennai. This was exactly the argument the trade liberalisers had used to justify wheat imports. However, the imported wheat turned out to be twice as costly as domestic wheat. Navdanya has filed a case in the Supreme Court against wheat imports.

The Indian laws created for food sovereignty and food security have created a decentralized and democratic framework for food distribution and marketing. Decentralisation and democracy is defined as "horizontal fragmentation" in the World Bank vocabulary. Monopoly control of a single corporate player is defined as "vertical integration". Diversity, democracy and decentralization are problems for the World Bank. For us, these are the strengths of Indian agriculture. Look at the Bank's explanation for diversity of our ecosystems or the cultural diversity of our food systems.

"The heterogeneity has persisted because low productivity regions have been shielded from competition by policy restrictions on and the high transport costs of, the internal movement of agricultural produce."

The World bank would like to see fossil fuel costs reduced and subsidized commodities destroy local diversified production as we have witnessed in Vidharbha in Maharashtra and Wynad in Kerala.

In place of the mosaic of biodiverse farms which produce more food, more incomes, more employment for rural communities, the Bank would like to see monocultures of export oriented crops. As the Bank puts it, the strategy would require identification of crops and regions that are inherently uncompetitive, where farmers would have to switch to alternative crops or alternative occupations in the post-liberalisation period.

Destruction of India's biodiversity and small farmers is hence a policy design of the World Bank. The creation of Agricultural Export Zones is part of the design.

The World Bank is puzzled that India is one of the largest and lowest cost producers of high value agricultural commodities and yet has a minuscule share in global trade. It produces nearly 11 per cent of all vegetables and 15 per cent of all fruits in the world. The unit values of its exports (free on board, FOB) are nearly half the corresponding world unit values. Yet its share in global exports of vegetable is only 1.7 per cent and in fruits a meager 0.5 per cent.

The Bank forgets the food rights and food needs of the 1.2 billion Indians. For the World Bank, fruits and vegetables are just for export to rich countries, not for consumption in poor countries or by poor people. What impedes exports?" is there main question, not "What feeds the poor in India?"

The World Bank analysis is disastrous from every perspective. It is disastrous for farmers who are being asked to give up their occupation.

It is disastrous for the poor who are being denied their right to food, with a singular focus on exports.

It is disastrous for the environment, both by recommending the destruction of India's rich biodiversity and by recommending the increase in CO^2 emissions for refrigeration of fruits and vegetables and are freight to transport perishables across the world.

It is also disastrous for communities in the North trying to create local markets to reduce their carbon footprint and ecological footprint on the planet.

The appropriate title of the study would have been "From destroying farmers and biodiversity, to destroying the climate". "It would clearly be efficient" according to the World Bank "to allow consumers in all regions and at all times to buy from the cheapest domestic or foreign source."

What about domestic producers? What about ecological costs of importing what can be produced locally? What about the value of local and season foods for health, taste, quality?

"Current high tariffs penalize the consumers in regions located far from production sources and in seasons far from the harvest season" states the Bank. This is not an issue of tariffs, it is a result of diverse climates and seasons. Products from afar should have a higher price to cover carbon costs. Unseasonal products should have a higher price to cover the costs of atmospheric pollution due to increased use of electricity for refrigeration. Local and seasonal must be rewarded in the market place. To reward the non-local and non-seasonal with manipulated neo-liberal economies is bad for the planet, bad for consumers, bad for farmers.

Where movements call for reducing "food miles", the World Bank calls for "breaking the distance barrier". Chile exports 80% of its fruits and vegetables to markets more than 1000km away. The corresponding figure for India is 1%. This is good. India's fruits and vegetables are being eaten by

Indian people and India is not contributing to carbon emissions through exporting to Europe and U.S. what they can grow domestically and or in neighboring connections.

The Bank would like to increase food miles by making "effective distance" to shrink through cold chains and long distance transport, thus "diminishing, dampening the influence of remoteness on exports". Climate change demands or take remoteness into account, both to reduce food miles and to reduce energy use in transporting fresh vegetables.

Local food is an imperative in times of climate chaos. Protecting farmers livelihoods and markets is an imperative in times of farmers suicides. Ecologically for the planet, economically for farmers, the Bank's prescriptions for India are a prescription for a suicidal economy.

We need a policy for protecting farmers and the planet, not a policy for killing our farmers and destroying the planet. Once more the Bank has got it wrong.

The Changing Indian consumer

The following are the factors which drive the big retailers for seeing India as a lucrative market for its business.

Indians with an ability to spend over USD 30,000 a year (PPP terms) on conspicuous consumption represent 2.8% of the entire population. But with a population base of 1.07 billion people, this number amounts to 30 million people, a market next only to USA, Japan and China. Apart from the government policy (mentioned in the following section) the retail growth is also driven by the following factors

Economic growth: This has meant greater disposable incomes for the Indian middle class, which currently comprises 22% of the total population. This figure is expected to increase to 32% by 2010. Disposable incomes are expected to rise at an average of 8.5% p.a. till 2015.

Demographics: More than 50% of the population is less than 25 years of age and strong growth is expected to continue in this age bracket.

Urbanization: The Indian urban population is projected to increase from 28% to 40% of the total population by 2020 and incomes are simultaneously expected to grow in these segment.

Credit availability: Retail loans have doubled in the last three years to reach USD 38.7 bn by 2005.

All the above figures represent only about the rich and middle class of the country. Because of the Big consumer market that India offers, the government gives no heed to the concerns of unorganized 97% of the retail trade in India. People of all classes depend upon these traders for their daily supplies. When the government sees the numbers only on financial and profitable terms the numbers of the social cost that has to be sacrificed are huge.

Retail for the rich and a curse for the poor

India has 209 million households, of which the 6 million classified as 'rich' have annual incomes of over USD 4700 and 75 million classified as 'consuming' have annual incomes between USD 1000-4700. Over half of these 'rich' families live in Delhi, Mumbai and Bangalore, and spend around USD 18 billion annually. 62% of the market for premium products in India is also concentrated in these three cities. 85% of India's retail market is also concentrated in the country's 8 largest cities. An estimated 1 million households at the top of India's income map constitute the 'super-rich' in the country. Growing by 20% every year, this segments' buying behaviour is in line with its corresponding international segments. While this segment is being targeted for high-end premium products, it is not the key driver of the organized retail sector. For the big retail chains, the real driver of the Indian retail sector is the bottom 80% of the first layer and the upper half of the second layer of the income map. This segment of about 40 million households earns USD 4,000-10,000 per household and comprises salaried employees and self-employed professionals. This segment is expected to grow to 65 million households by 2010 and is currently the key driver behind explosive growth in passenger car sales and mobile phone penetration. This will be the bracketed section which is going to be targeted. The top 6 Indian cities -Mumbai, Delhi, Chennai, Kolkata, Bangalore and Hyderabad -are the darlings of India's exploding economy. They represent 6% of the population, but contribute 14% of India's GDP. They are the centers of business, finance, politics and the emerging "sunrise industries" such as IT, pharma and ITeS, which have put "India on the global map". These cities are also the barometer of India's economic development and most foreign investors have flocked here. That is the reason why most of the retailers in India are targeting these cities.

The present scenario

Of the 220mall projects in the pipeline till 2007, 125 are in the 6 metro cities (139 in the big 8 cities) and 81 in other Tier II cities. Long-term leases are the preferred form of retail real estate acquisition in India. Few retailers prefer a mix of owned and leased space and some prefer own their space. Of the new malls that became operational in 2005, about 50% of the retail space had already been pre-leased and the same holds true for about 30% of space in malls becoming operational in 2006. Availability of space will usher in the next level of competition as requirements of mall space for new players are bound to heighten the intensity of competition. Increased mall space will also attract new Indian entrants. A clear indication of this is the plans of domestic retailers like Piramyd Retail and Lifestyle to scale-up operations and raise capital through the IPO route. It will now lead to predatory real estate development and more pressure on the city's infrastructure.

Estimated retail space in India (mn sq ft) as on August 2005

City	Percentage
Mumbai	6.6 (31%)
Delhi	6.5(30%)
Pune	1.5(7%)
Chennai	1.4(6%)
Bangalore	1.3(6%)
Kolkota	0.7(3%)
Others	3.2(15%)

Source: Images retail

The 4 major organized retail sectors are Food & Grocery, Clothing, Consumer Durables and Books & Music. In 2003-04, private consumption expenditure in India amounted to Rs 1,690,000 crores (USD 375 billion) of which, retail sales constitute about 61% of the consumption

Corporate Retail Penetration Across categories

In terms of the penetration of the corporate retail in India footwear occupies the top most position followed by clothing. Footwear is driven by the dominance of home-grown players like Liberty as well as the 15% market share that MNC retailer Bata commands. Foreign presence, especially through the franchisee route, e.g. Adidas, Reebok, Nike etc. adds to this slice of the pie.

The clothing segment is positioned for further organized retail penetration due to the high level of branding activities by apparel retailers and merchandising spread across formats such as department stores, own retail outlets and franchises.

Spend on Books & Music, which is still concentrated in the big 8 cities, is also slated for increase. The jewellery sector on the other hand will see increased competition, especially on price, as smaller retailers challenge the might of the larger ones.

Indian Retail

A look into some of the leading retail chains in the country.

Subhiksha

Subhiksha is a leading Chennai-based supermarket and pharmacy discount chain. Subhiksha was started by R Subramanian, an IIT and IIM alumni. The retail chain has around 500 outlets all over the country and is planning to double by August next year. It was started in March 1997 in Thiruvanmiyoor in Chennai with an investment of around Rs 4-5 lakhs. By March 1999, they started expanding rapidly from 14 stores to 50 stores by June 2000. In the next two years subhiksha had 120-130 stores across Tamil Nadu. In 2004-05, they decided to have 420 stores in places like Gujarat, Delhi, Mumbai, Andhra and Karnataka. In 2005, subhiksha started recruiting people in various regions. Today, they have 500 plus stores in all over India and plan to make it 1000 by the end of this year.

Subhiksha has also plans of opening stores outside India after they come up with 2500 to 3000 stores in India. In a survey conducted in Bangalore by IMRB, a market research company, Subhiksha has emerged as the cheapest retailer for the groceries and everyday FMCG products. Subhiksha is claimed to be cheaper by 8% compared to other retailers such as Trinethra Super Retail, Nilgiris, Foodworld and Food Bazaar.

Subhiksha with the slogan of *'Bachat mera ahikar'* operates on food, grocery, horticulture (v&f), and FMCG products and each of Subhiksha's store is 2,000 square feet in size.

Like Big Bazar, subhiksha is also planning IPOs to support their expansion plans and will be out with its shares by mid June. Subhiksha's promoters are planning to offload 10% stake in the IPO. The IPO could be an opening for the prospective buyers who might want to fuel their retail plans by tapping into Subhiksha's Pan-India presence.

Subhiksha has already launched an ambitious 300 crore plan of expanding to west Bengal and Kerala.

Reliance Retail

Reliance Retail is the retail chain division of Reliance Industries of India which is headed by Mukesh Ambani. Reliance Industries Chairman Mukesh Ambani has unveiled a Rs. 25,000-crore ($5.60 billion) retail plan for the company on June 26th 2006. Mukesh Ambani has called this starting of reliance retail as an idea which has the potential to revolutionize the Indian socio-economic framework. He said "Conceptually, Reliance is creating a virtuous circle of prosperity by bringing farmers, small shopkeepers and consumers in a win- win partnership." "A new company, Reliance Retail Ltd. (RRL) will spearhead this revolution. Reliance Industries will have a 100 per cent stake in RRL, save for employee stock options".

Given the overarching nature of this initiative, RRL would entail an equity investment to the extent of Rs. 10,000 crore ($2.24 billion). It would have to expend more than Rs. 25,000 crore ($5.60 billion) in the years to come. "Corporate retailing is a new business initiative of Reliance that signifies a defining point in its history". "This marks the full flowering of RIL's basic philosophy: share and prosper". With this new initiative, Reliance will forge strong and enduring bonds with millions of farmers and transform its relationship with consumers to a new level.

But Reliance could never foster any kind of relationship with any of the farmers as where ever they went, they were resisted with stiff opposition. It is not out to create virtuous circle of prosperity, but only virtuous circle of poverty and dependence of the farmers and consumers at a later stage. The company Plans to have a Pan-India footprint covering 1,500 cities and towns and embracing all strata of the society. At the same time the opposition to reliance was also of Pan Indian nature. The farmers in Punjab have risen in revolt against the allocation of 20 acres of land to the reliance by the government in May 2006. The government has allowed fiscal concessions to the company to establish 302 agricultural hubs in the state. There is nexus between the politicians and the company and they are bribed with money and offering them petrol pumps.

There is more scope of conflict in store as Reliance Retail has signed a MoU with Punjab and Haryana governments for acquiring three lakhs of land for the cultivation of fruits, vegetables and food grains. The company is planning to use the state for 10 to 15 per cent of its total procurement of vegetables, fruits and milk. After acquiring the farm lands for establishing industrial hubs and SEZs, the latest venture of the company is to acquire more land for its supply of fruits and vegetables to its outlets.

Reliance has started its first retail venture called Reliance Fresh in Hyderabad on November 4th 2006 by opening up 11 pilot stores under the brand 'fresh' and 'select'.

According to the Chairman and Managing Director of RIL, Mukesh Ambani, the outlets are a small step in the company's initiative to create a virtuous circle of prosperity by bringing farmers and consumers in a win-win partnership. "The retail offering will deliver unmatched affordability, quality and choice to the consumer and help us fine-tune our offering by listening to and learning from consumers," he added. According to Raghu Pillai (Chief executive, operations and strategy), said the company had planned to set up one such retail store for every 3,000 families and within a radius of two kilometers across all locations by 2010-11.

Reliance with its influence is entering into agreement with most of the states in India. In the latest development they have started buying vegetables from Himachal Pradesh's solan districts. This is a very lucrative option for the company because as the vegetables grown here is harvested when it is off-season for farmers in the plain.

Reliance plans to invest 25000 crores in the next 4 years in their retail division and plans to begin retail stores in 784 cities across India. Reliance Fresh recently (24th Jan, 2007) opened 12 "Fresh" outlets in Chennai increasing its total store count to 40. Reliance is still testing its retail concepts by controlled entry beginning in the southern states. According to Deccan Herald, the company is planning on opening up 6 stores in Bangalore by the middle of February (2007) and an additional 7 stores by the end of February. The store's size would vary from 1,500 sq ft to 3,000 sq ft, which will stock fresh fruits and vegetables, staples, FMCG products and dairy products. Each store is said to be within a radius of 1-2 km of each other, in relation to the concept of a neighbour store. However, this is only the entry rollout that the company has planned. Bangalore is said to have 40 stores in all by the end of the year.

But things have not been rosy for Reliance retail. It has been faced with roadblocks in west Bengal and Kerala. In west Bengal it is yet to get the approval of the government and because of that a 20 million agro retail outlet is being stalled. The government does not want its traditional agriculture marketing structures to get destroyed.

In Kerala India's largest State-level traders' association, the Kerala Vyapari Vyavasayi Ekopana Samiti (KVVES), has threatened to boycott all Reliance products if Reliance Fresh goes ahead with its plans to set up shop in Kerala. The KVVES has asked Reliance Fresh authorities to publicly announce, by June 1, that they will not open a single outlet in kerala. The traders warned reliance that if they do not stop their plan to open stores in kerala they will stop the use of reliance petroleum and reliance cell phones whose main consumers are the traders. The KVVES on Thursday wrote to Reliance Fresh authorities to shelve their plans to open some 200 outlets in the State, mainly Kochi, Kozhikode and Thiruvananthapuram. The outlets would sell vegetables, fruits, groceries, dairy products, confectionary and other daily needs.

In Ranchi hundreds of petty vegetable vendors and traders ransacked three outlets of Reliance Fresh and later it was followed in Indore.

THE RELIANCE EMPIRE

Reliance being the all encompassing company has entered into all the sectors, retail being their latest.

Reliance Industries Limited

Chairman and Managing Director:	**Mukesh Ambani**
Market Capitalization:	**INR 39,609,150,020 (Sept, 2006)**
Total Shares Outstanding:	**22,405,900 (Sept, 2006)**
Closely Held Shares:	**11,365,943**
Sales:	**INR 10,512,963,000**

According to the company website "1 out of every 4 investors in India is a Reliance shareholder. RIL is ranked at 342 in the 2006 Fortune Global 500 list among the world's largest corporations.

The Reliance Industries

Business Brand	Product	End uses
Petroleum (Exploration& production)	Crude oil and Natural gas	Refining, power, petrochemicals and other industries
Refining	LPG, Propylene, Gasoline,Jet/Aviation turbine fuel,High Speed Diesel, Superior kerosene oil	Domestic and industrial fuel Feed stock for petrochemicals, Trasnsport fuel, Aviation fuel, Domestic Fuel, Transport Fuel, Feedstock for fertilizers, feed stock for power plants and cement plants
Polymers Repol Relene	 Polypropylene High Density Polyethylene	

Reclair Reon	Linear low density polyethylene Poly Vinyl Chloride	
Relpipe	Poly-Olefin pipes	
Chemicals Relab	 Linear Alkyl Benzene	 Detergents
Acrylic Recrylon Recrylic	 Wet spun Acrylic fibre Dry spun Acrylic fibre	
Fibre Intermediates	Paraxylene Mono Ethylene	
Texltiles Vimal Harmony RueRel V2 Reance	 Suitings, shirtings, Dress material, Sarees Furnishing Fabrics, Day curtains, Automotive upholstery Suitings Ready to stitch take away fabric Readymade garments	 Fabrics Furnishing, home textiles Fabrics Fabrics Suits, shirts and trousers.
Polyester Recron Recron stretch Recron cotluk Recron Dyefast Recron superblack Recron superdye	 Staple fibre, filament yarn Stretch yarn Cotton luk,cotton feel yarn Easy dyeable yarn Dope dyed staple fibre Cationic Dyeable staple fibre	

- **Reliance recorded a profit of 8.9% on assets - first among the 38 chemical companies in Asia.**
- **In terms of market cap, Reliance Industries ranks third among chemical companies in Asia, with a market cap of $6087.2 million as on October 19, 2001.**
- **Reliance's total sales, at $6232 million, ranked eighth among the 38 Asian chemical companies. Reliance's total sales have gone up substantially from 1996 when the company recorded $2485 million.**
- **Company with the highest refining capacity in India-60mpta**

Reliance SEZ
At Jhajjar, Haryana (Area covered 25, 000 acres) (Nature of SEZ-Multi product)
Reliance SEZ in Raigad (Area covered- 10,000 hectares)

Anil Dhirubhai Ambani Group
Chairman – Anil Ambani

Companies under Anil Dhirubhai Ambani Group
- Reliance Capital
  - **The fastest growing private sector financial services companies. Ranks among the top three.**
  - **Interests in asset management and mutual funds, life and general insurance, private equity and proprietary investments, stock broking and other activities in financial services**

- **Consolidated Total Income of Rs 2158 crore (US$ 511.9 million), against Rs 947 crore in the corresponding previous period, an increase of 128%**
- **Consolidated Net Profit of Rs 703 crore (US$ 166.8 million), against Rs 572 crore in the corresponding previous period, an increase of 23%.**

▪ Reliance Energy
  - **Aggregate estimated revenues of Rs 9,500 crore (US$ 2.1 billion).**
  - **Reliance Energy distributes more than 21 billion units of electricity to over 25 million consumers in Mumbai, Delhi, Orissa and Goa, across an area that spans 1,24,300 sq. kms. It generates 941 MW of electricity, through its power stations located in Maharashtra, Andhra Pradesh, Kerala, Karnataka and Goa.**

▪ SEZ
  - **In Dadri, Haryana with an area of 2500 acres**
  - **Plans to build the world's largest gas based power plant of 3500 MW. The investment outlay is more than Rs. 10,000 crore (US $ 2.2 billion)**

▪ Reliance Entertainment
  - **The key content initiative are across Movies, Music, Sports, Gaming, Internet & mobile portals, leading to direct opportunities in delivery across the emerging digital distribution platforms: digital cinema, IPTV, DTH and Mobile TV.**
  - **Reliance ADA Group acquired Adlabs Films Limited in 2005, one of the largest entertainment companies in India, which has interests in film processing, production, exhibition & digital cinema.**
  - **Reliance Entertainment has made an entry into FM Radio through BIG 92.7 FM. Launched across 13 cities now**

▪ Reliance Health
  - **Reliance Health wants to explore the huge potential in the rapidly growing Health services sector in India and aims to become a dominant player in this industry**
  - **Managed Care Administration, Health care Delivery and Integrated Health, Health Informatics and KP and Consumer Health**

▪ Reliance Communications
  - **It offers telecom services covering mobile and fixed line telephony. It includes broadband, national and international long distance services and data services**

Total Revenue - Rs 17,440.25 crores
Net profit after tax - Rs 3,526 crores

RPG Retail (Spencer's, Food world)
Spencer's retail is the largest supermarket chain in India. Spencer's retail offers the complete gamut of products & durables ranging from bread to bed covers; from toothpaste to television. Spencer's today is operating across 80 stores spread across 20 cities in the country with a retail trading area of more than half a million square feet and rapidly growing. RPG enterprises, which owns Spencer's is one of the largest business conglomerates with a turnover of Rs 7,472 crores. RPG Enterprises is run by a Management Board headed by Mr. R. P. Goenka, Chairman Emeritus, Mr. Harsh Goenka, Chairman and Mr. Sanjiv Goenka, Vice-Chairman.

Spencer's have 125 stores across 25 cities including Chennai, Hyderabad, Vizag, Bangalore, Mumbai, Aurangabad, Pune, Ghaziabad, Faridabad, Delhi, Cochin, Trivandrum and many more to come by this financial year covering a retail trading area of half a million square feet and an astonishing 3 million customers a month. Spencer's retail had a turn over of Rs 1500 in the financial year 2006-07. According to its vice chairman Sanjeev Goenka the company aims to double its profits by the end of this financial year and want to increase the number of stores into 2000 by 2009. According to Mr. Goenka, all these falls under their "aggressive expansion plans".

Spencer's had a joint venture Dairy farm international, one of the leading Asian retailer in Asia which processes food and hygiene products. The two companies have parted their ways in 2005 and after that the Spencer's have decided to restructure its retailing business.

After breaking ties with its joint venture partner, Dairy Farm International, in Food World Supermarkets earlier this year, the Group decided to restructure its retailing business. So, all its retail activities, except the Music World stores, were brought under the Spencer's brand name and four formats have been created under the Spencer's umbrella brand. These are Spencer's Fresh, Spencer's Daily, Spencer's Super and Spencer's Hyper. Spencers fresh are selling farm fresh food such as vegetables, fruit, milk, egg and bread. RPG Enterprises is in process to launch 40 Spencer's stores in the country to sell its own branded products in the groceries, food items and clothing segments while Spencer's daily is selling chilled and frozen food and bakery.

Shoppers stop

Shoppers stop was first lauched in 1991 in Andheri, mumbai and is a member of the K Raheja corporation of companies Shoppers' Stop is the first retail venture by the K. Raheja Corp. Promoted by Mr. Chandru L. Raheja, Mr. Ravi C. Raheja and Mr. Neel C. Raheja, the K. Raheja Corp. have been leaders in the construction business for over 48 years. Their vision is to be a Global Retailer in India and Maintain No.1 position in the Indian Market in the Department Store Category.

Shopper's stop has its operations in Chennai, Bangalore, Delhi, Kolkota, Gurgaon, Pune, Jaipur And Mumbai.

Shopper's stop has an entry of 50,000 customers a day and occupies 6, 00,000 square feet of retail space. It claims to have the stock of over 250 brands of garments and accessories. It is the only departmental store in India to be a member of the Intercontinental group of departmental store (IGDS).

In the financial year of 2000 and 2001 stoppers store has reported losses for the first time since it began operations. But in the following years it has shown strong growth rates.
As its promoters are in the real-estate business, the company is likely to be better placed than its competitors when it comes to identifying good properties and structuring real-estate deals.

Shoppers stop has made its share available to public in 2005. The company is planning for expansion in various segments of the retail market.

The company has acquired cash reserves to the tune of 233 crores till now. In addition, the company is planning to raise Rs 500 crore via a rights issue, which may include debentures, warrants, or a combination of both. The company has already signed up six million square feet of space for expansion. The company plans to increase its flagship stores Shoppers Stop--from the existing 22 to 27 by 2008.

It has recently started new formats like Home Stop, which it plans to increase from two stores to seven by FY08, Mother Care, and food and beverage (F&B) shops like Brio Caf

Add to its existing plans, the company has now entered airports too. It has formed a 50:50 joint venture with Nuance Group AG of Switzerland to operate retail outlets, both on duty free and duty paid sides, at Hyderabad and Bangalore airports for a period of seven years.

Another shot in the arm could be its 19 per cent stake in hypermarket Hypercity, which is controlled by the K Raheja group, the promoters of Shoppers Stop. Shoppers Stop has an option to increase its holding to 51 per cent by December 2008. Hypercity has recently tied up an exclusive franchise with Home Retail Group of the UK, to develop its Argos format of catalogue retailing in India.

Table

No of Stores	Financial year 07
Shoppers stop	22 (28 by 2008)
Home stop	2 5 by 2008)
Crossword	23
Mother care	12
MAC	2
Food and Beverage outlets	17

Crossword-is a bookstore chain acquired by Shoppers stop. Mother care- Shoppers stop has tied up with mother care, the global brand for infants and children

FDI in retail

India's retail trade is largely in the hands of the unorganized sector. Large super markets, malls and departmental stores are a recent phenomenon. They are mostly owned and managed by Indian promoters. In India there are approximately 40 million people and 11 million outlets in India's retail sector. A person selling fruits and vegetables on a cart or a more stationary wayside shopkeeper selling grocery articles or food items represents the majority of retail traders in India. Each of these vendors occupy not more than 30-40 square feet of space at best, less than that of the parking space appropriated by the car of a consumer who comes to the big malls. Being unorganized they have no access to bank loans and are constantly under threat of eviction from the government.

The threat to the silent majority

The major threat to this silent majority is from the corporate retailers who predominantly cater to the growing middle and high income groups of the society, whose incomes are steadily going up as well as their expectations of living standards. The government is yet to appreciate the fact that the large class of small retailers is slowly and silently getting displaced and deprived of their daily bread. FICCI has estimated that the total retail business in India to be 1100000 crores or 44% of the GDP. Many of these are marginal businesses—small shops and stalls street vendors and hawkers—which will be destroyed by competition from large retail outlets and chains. Many people, who have no alternate source of income or work, will be left completely destitute. Even without FDI driving, the Indian corporates owned retail sector is expanding at a furious pace. There is a lot of Indian money already in the retail sector. The government of India's policy of FDI in retail is of labour displacing by destroying the traditional retail sector in the country. The primary task of Government of India is to provide livelihood security to its citizens and to throw them away form their employment. Entry of foreign retail in India will disrupt the balance of the economy and render millions of small retailers jobless.

Present Government Policy

100 % FDI in retailing in not allowed per say, foreign retailers can operate in India through joint ventures, where the Indian partner is a export house, Franchising/Local manufacturing/Sourcing from small-scale sector, Cash and carry operations. Wal-Mart's tie up with Bharti and its

subsequent tie up with India will be through Cash and Carry operations. In India Retailing is not regarded as an industry very few banks are willing to invest in this sector. As per the present policy, retailing is subject to lot of laws and regulations at central, state and municipal/local levels. Some of these laws and restrictions are listed below.

- Restrictive zoning legislation limits availability of land for retail/ commercial purposes
- Restrictions on interstate movement of food grains deprive farmers from getting remunerative prices.
- Restrictive Labour laws
- Urban land ceiling regulations, restrictions on shop opening timings, requirements for shops to close once a week
- There is no uniform tax structure - multiple layers of taxes.

Unequal competition

According to the global consultancy firms like AC Neilson and KSA Technopak, India has the highest shop density in the world. In 2001 they estimated that they have 11 outlets for every 1000 people. A report prepared by Mckinsey & company and the confederation of Indian Industries (CII) predicted that many global retail chains are waiting in the wings to enter the Indian retail arena, which is slowly becoming a reality. This report also states that the "Indian retail market holds the potential of becoming a 300 billion dollar per year market by 2010, provided the sector is opened up significantly".

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[7]	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', November 5-6, 2003, www.ficci.com

A Company like Wal-Mart if it enters India will sell everything from vegetables to the latest electronic gadgets at unbelievably low prices, which an ordinary retailer can never imagine selling. Foreign countries will be able to do grand purchases from India and abroad and will be able to sell low to the consumers. Once a situation of monopoly is created they will buy low and sell high. The small traders will never be able to stand the price war created by these big retailers and as a result they will perish at the end. These persons will not be able to find jobs in other sectors, as retail sector in India is one of the sector in which maximum people are employed. It is quite evident that the even retailers in the organized sector will be unable to meet the onslaught from firms such as Wal-Mart, if and when it comes. With its incredibly deep pockets Wal-Mart will be able to sustain losses in its operation for many years till its immediate competitor is wiped out. This is a common predatory strategy used by large players to drive out small and dispersed competition.

Retail activities such as door-to-door selling, street carts and market stalls, act as a last resort for the unemployed, given the lack of jobs in manufacturing and agriculture. Many in the retail trade are living below the poverty line. A report published in December 2004 by the Centre for Policy Alternatives (CPAS) entitled "FDI in India's Retail Sector: More Bad than Good" stated that retailing is "probably the primary form of disguised unemployment/underemployment in the country".

The report continued: "Given the already over-crowded agricultural 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 or capital. And thus a retailer is born, seemingly out of circumstance rather than choice."

According to the report, if you assume that 40 million adults in the retail sector, it would translate into around 160 million dependents using a 1:4 dependency ratio. Opening the retail sector to FDI would mean dislocating millions from their occupation and pushing a lot of families under the poverty line. The western model of maximizing utility by minimizing labour will not work in India, as millions in the country are still seeking on gainful employment.

The report continued: "Given the already over-crowded agricultural 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 or capital. And thus a retailer is born, seemingly out of circumstance rather than choice."

Commenting on the likely impact of foreign competition, the CPAS report stated: "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 80,330 million rupees [$1.82 billion] with only 10,195 employees. Extrapolating this with the average trend in India, it would mean displacing about 432,000 persons."

CPM on Corporate retail

Communist party of India (Marxist) has been vehement in their criticism of FDI in retail**.** They are advocating a framework for a National Policy on Regulating Organized Retail**.** Small retailers need protection and policy support in order to compete with organized retail. The Ministry of Housing and Urban Poverty Alleviation has formulated a National Policy for Urban Street Vendors. The policy proposes several positive steps to provide security to street vendors considering it as an initiative towards urban poverty alleviation. However, what is required is a more comprehensive policy, which addresses the needs of small retailers, especially in terms of access to institutional credit and knows how to upgrade their businesses.

A regulatory framework for organized retail should also be framed. Since the operations of organized retailers impact upon various sectors of the economy, policy guidelines should be framed involving all the relevant Departments, namely Commerce, Agriculture and Urban Development. Moreover, since regulation of the large format retailers would mainly be in the domain of the states and local bodies, State Governments have to be consulted and involved in the process of framing.

According to the CPM, In addition, the UPA Government should also abandon the moves to permit FDI in retail trade through the back door, as in the case of the joint venture between Wal-Mart and Bharti whereby the former proposes to operate in the cash-and-carry segment while the latter in the front-end. It is more than obvious that this proposed joint venture is nothing but a subterfuge, to circumvent the existing policy regime, which does not allow FDI in retail. The entry of giant MNCs like the Wal-Mart, TESCO, Carrefour etc, besides accelerating manifolds the already rapid growth of organized retail, would also sabotage any attempt by the Government to regulate the sector in order to protect the interests of the small retailers and farmers. The UPA Government should take a categorical position on this issue. Not allowing MNCs to operate in the retail sector should be the starting point of the national policy on retail. CPM does not want a single large format retailer to be allowed to capture a large market share. They want to restrict the number of retail outlets that a single private entity can open in a city, state as well as region and does not want a national level monopoly be allowed to develop in the retail sector. There are Several Government marketing agencies, which exist, both at the Central as well as State levels With a few exceptions, these agencies have been experiencing decay, owing to various factors. CPM wants these marketing agencies should be revived and encouraged to grow and compete with private large format retailers.

The latter half of the 20th century saw the emergence of super markets as the dominant grocery retail form in North America and Europe. As the income of the consumers rose and the shoppers sought for convenience and new tasted the supermarkets were able to expand the products offered. Saturated home markets, fierce competition and restrictive legislation have relentlessly pushed major food retailers into the globalization mode. Since the mid-1990s, numerous governments have opened up their economies as well, to the free markets and foreign investment that has been a plus for many a retailer.

The Kerala Example

While the Central governments is looking out ways in which Global retail chains can be attracted to the country by making their entry hassle free, the state of Kerala is all set to bring in a law to ban corporate retailers, both Indian and MNCs, in the state. The law department is working on the bill, The Kerala State Essential Commodities Act —2007, which is expected to get a cabinet clearing soon, before being introduced in the assembly. This would be the first attempt of its kind in the country. According to Food minister Mr Divakaran, the Left in Kerala doesn't intend to draw the line for big retailers at peddling food grains, as Buddhadeb Bhattacharjee did for Bengal. The new legislation will be a blanket ban and the new bill is expected to, more than make up for "the lack of teeth" in the Central Essential Commodities Act.

In Kochi, Reliance has already opened six of its proposed 70 supermarkets and hypermarkets in the state and the government does not want any more new licenses issued to any of the retail chains. The existing chains will be wiped out in a phased manner and all the local bodies are directed, not to issue any more licenses. The government alleges that reliance operates all its stores in the cities and not in the rural areas. The government is banking on the fact that the left rules all the five corporations in the state which should help them in wiping out the existing chains slowly. The legislation has the backing of the state's powerful traders lobby, the Vyapari Vyavasayi Ekopana Samiti. According to the Food Minister, the government is putting things in place to make up for the absence of big retail corporates in the state by having 35,000 PDS shops use that space and going to add 17,000 more large outlets to the 3,000 that the State Civil Supplies Corporation now runs, thus stopping the Corporates from tapping the state's huge rural market. The government has also decided to take on the corporate brand pull by setting up the state's largest hypermarkets on its own, at Thiruvananthapuram, Kottayam and Kochi. That is besides some 14 huge 'People's Bazaars' to come up in each district, selling provisions, vegetables and everything else for day-to-day living, with appropriate price support from the government. This example of kerala shows that there is an alternate arrangement possible and entry of big Indian corporations and MNC's are not inevitable.

Major Global players-Instruments of oppression

Carrefour

The first Carrefour store opened on June 3, 1957, in suburban Annecy in France. Today it is the smallest Carrefour location in the world. The group was created by Marcel Fournier and Denis Defforey and grew into a chain from this first sales outlet. In 1999 it merged with Promodès, one of its major competitors on the French market.

The Carrefour group introduced the concept of a hypermarket, a large supermarket and a department store under the same roof. They opened their first hypermarket June, 15th 1963 in, near Paris in France.

In April 1976, Carrefour launched a private label *Produits libres* (free products -- *libre* meaning *free* in the sense of liberty as opposed to *gratis*) line of fifty foodstuffs, including oil, biscuits, milk, and pasta, at substantially lower prices.

The revenues of Carrefour had been calculated to be 74.497 billion euros. They were the first operators in Latin America, Brazil, Argentina, Colombia and Dominican Republic. It is the first international trader to make its presence in Asia in 1977 with the presence in 6 countries. China, Taiwan, Indonesia, Malaysia, Qatar, Saudi Arabia, Jordan, Singapore, South korea, Taiwan and Kuwait. Carrefour is the market leader in Europe with presence in Belgium, Bulgaria, France Greece, Italy, Poland, Portugal, Romania, Russia, slovekia, Spain, Switzerland, turkey and Cyprus.

Carrefour is notorious for its treatment of the workers throughout the world. In Doha, Qatar, it brings in workers from the developing countries and houses them in walled compounds and workers live in six an apartment sharing one kitchen and one bathroom. Carrefour holds onto their passports and imposes a curfew at night, with a guard at the gate to catch violators. Employees work 6 days a week, and minimal health insurance is provided; anything more than a basic check-up, including the deductible, is not covered, and at the standard pay scale of 1500-1700 Qatari Riyals a month (approximately USD 425.00 - 465.00), a medical emergency could easily wipe out two months earnings. At the City Center Mall location in Doha, workers will be scheduled to work 5 pm to midnight, then be expected back the next day at 7 am. Management will also "split" an employee's schedule, meaning he or she has to come in, work four hours, leave, then come back later in the day to work four more. Also, the workers are allowed a one hour break, but managers will schedule their break as early as two hours into the shift, meaning they will have to eat "lunch" as early as 10 am and work non-stop for the following six hours. Employees are not allowed private vehicles, so they must rely on the company shuttle bus. The worst criticism has come for Carrefour's "sub-contractor" sweatshops in Haiti, where workers earn as little as USD .60 a day, and no more than $3. Carrefour has also received criticism for engaging in sweatshop practices.

In Malaysia, Carrefour refuses to take faulty goods returned to them at their customer service desk and instead directs customers to send the goods to third-party service centers, in apparent violation of the law requiring the supplier themselves to remedy such defects.

The Carrefoure store in Hang Zhou has been known for selling goods well beyond their expiry date.

In Carrefour Mangga Dua, Jakarta, Indonesia, a 5-meter high metal rack fell on top a 3-year old boy, killing the boy almost instantly due to internal bleeding. Afterwards, the victim's family claimed that Carrefour has refused to meet with them to settle the case. However, Carrefour Corporate Affairs Officer denied this allegation

In a building that collapsed in Dhaka close to 30 people were reported dead and approximately 350 others trapped, under debris on April 11th, 2005. Twenty-three people were reported dead and approximately 350 others trapped, under debris. The building housed Spectrum Sweater Industries Ltd and shahriar fabrics. Carrefour was one of the companies that were utilizing the facility for producing garments. The garments that were produced there were reportedly exported to US, Belgium and Germany. After almost two years since the tragedy, carrefour has refused pay any compensation to the families of the victims while a lot of other companies who were operating in the same building had compensated the victims.

TESCO

Tesco was founded, as a one-man business, by Jack Cohen in London's East End. The first Tesco store was opened in 1929 in Burnt Oak, Edgware, London. Tesco floated on the London Stock Exchange in 1947 as Tesco Stores (Holdings) Limited. The first self service store opened in St Albans in 1947 and the first supermarket in Maldon in 1956. During the 1950s and the 1960s Tesco grew organically, but also through acquisitions to the point where it owned more than 800 stores. In May 1987 Tesco completed its hostile takeover of the Hillards chain of 40 supermarkets in the north of England for GB£220. In 1994, the company took over the Scottish supermarket chain William Low million. In 1997, the country announced the purchase of the retail arm of Associated British Foods for 640 million pounds. The acquisition gave it a larger presence in the republic of Ireland. In July 2001 it became involved in internet grocery retailing in the USA when it obtained a 35% stake in GroceryWorks. In 2002 Telco acquired 13 HIT hypermarkets in Poland and in 2003 it launched UK telecoms division. In January 2004 Tesco acquired Adminstore, owner of 45 Cullens, Europa, and Harts convenience stores, in and around London.

In late 2005 Tesco acquired the 21 remaining Safeway/BP stores after Morrisons dissolved the Safeway/BP partnership. In mid 2006 Tesco purchased an 80% stake in Casino's Leader Price supermarkets in Poland. They will be rebranded into small Tesco stores.

As of 24th February 2007, at the end of its 2006/2007 financial year, TESCO had 1988 stores under different formats.
TESCO also sells petrol on a retail basis from 1974 onwards. Tesco have recently diversified into biofuels, offering petrol-bioethanol and diesel-biodiesel blends instead of pure petrol and diesel at their petrol stations, and now offering Greenergy 100% biodiesel at many stores in the South-East of the United Kingdom.

TESCO has diversified its operations outside UK very successfully and by 2004 it had more floor space abroad than it had in their home country, although it accounted for more than 75% of group revenue due to lower sales per unit area outside the UK.

TESCO is expected to open its first store in United States in November 2007, with the numbers set to touch almost 100 in the fist year itself.

As of 24th February 2007 TESCO's turnover is 46,600 million pounds. As of May 2007 TESCO's market share of UK's grocery market is 32.31%.

TESCO pays very little to those laborers in Bangladesh, who makes cheap clothes for the company. Starting wages at the factories were as little as £8 a month, barely one third of the living wage in Bangladesh. TESCO is able to sell their products at rock bottom prices in UK because women workers in Bangladesh are being exploited.

It has also been found that Child laborers are employed in the factories of TESCO's suppliers in Bangladesh.

In February 2007, motorists in the UK has reported that their cars were breaking down after using the oil supplied from the TESCO's retail outlet and in the subsequent tests that were conducted, traces of silicon were found in the fuel.

TESCO was being alleged of placing profit before environment and people and making huge profits at the expense of the British farmer, the community and the environment.

TESCO had talks for a joint venture with Bharti in December 2006, but the talks have collapsed and apparently Wal-Mart struck the deal with Bharti .The farmers organizations in Britain have been calling on the government to bring in legislation to ensure that retailers trade fairly with their suppliers, by imposing a new stricter code of Practice on the biggest supermarkets, and appoint a watchdog with teeth to ensure that the newer rule is being complied with by the retailers. British farmers have delivered the higher and higher standards demanded by supermarkets but have been rewarded for doing so by supermarkets forcing down farm gate prices to levels which cause immense hardship among farming families, to the extent that agricultural charities are now paying out record levels of support for farming families and the number claiming state benefits are at previously unseen levels. "The low farm gate prices being paid to farmers by supermarkets are ruining any chance of sustainable farming system in Britain. Without profitable farming the environment, farmers and the rural community are suffering. TESCO has been using their near monopoly position in Food Chain to make excess profits at the expense of both farmers and consumers.

The British Retail Planning Forum found that every time a large supermarket opens, on average 276 jobs are lost . It has been estimated that a supermarket opening will cause the closure of all village shops within a seven-mile radius. Supermarkets tend to import food into the region, whereas smaller food shops tend to buy food from nearby farmers and producers. In a survey in Ludlow, more than 80 % of food shops sold some local produce, and for many it was a large proportion of their sales. For the supermarket giants like Tesco local sourcing is more likely to be a niche market only.

According to a Food report in April 2003 Tesco's "healthy" custard creams contain less fat than the standard options but they contain more sugar and more salt – hardly a healthy choice. And Tesco's "Healthy Living" apple juice only contained 67% apple juice – the rest is made up with water and sweeteners. As the report points out "this reduces the sugar level, but it means that you are getting less apple juice than in the standard product. Tesco fresh produce may also contain an unhealthy dose of pesticides. Government data shows that between 1998 and 2001 nearly half (48%) of Tesco fruits and vegetables tested contained pesticide residues. The results (published in June 2003) show that potatoes from Tesco contained pesticide residues over the safety limit for toddlers and that a sample of pears from Tesco contained seven different pesticides.

WAL-MART

Wal-Mart is an American public corporation and currently the world's largest retailer. It was founded by Sam Walton in 1962. It is the largest private employer in the world. Wal-Mart is the largest grocery retailer in the United States, with an estimated 20% of the retail grocery. Wal-Mart operates in Mexico as Walmex, in the United Kingdom as ASDA, and in Japan as The Seiyu Co., Ltd. Wholly owned operations are located in Argentina, Brazil, Canada, Puerto Rico, and the UK.

Walton opened the first Wal-Mart store in 1962 in and within five years the company expanded to 24 cities in Arkansas . The company was incorporated as Wal-Mart stores inc in 1969. Wal-Mart continued to grow rapidly during the 1980s, and by its twenty-fifth anniversary in 1987, there were 1,198 stores with sales of $15.9 billion and 200,000 associates. This year also marked the completion of the company's satellite network, a $24 million investment, linking all operating units of the company with their Bentonville Office via two-way voice, data, and one-way video communication. At the time, this was the largest private satellite network, and allowed the corporate office to track inventory, sales, and send instant communication to their stores.

Also in 1988, the first *Wal-Mart Supercenter* opened in Washington, Missouri. Wal-Mart expanded their superstore concept during the 1990s, and shortly thereafter surpassed Toys "R" Us in toy sales.

The company also opened overseas stores during this period, entering the South American market in 1995 with stores in Argentina and Brazil, and purchasing ASDA in the United Kingdom for $10 billion in 1999. In 1998, Wal-Mart entered the grocery business, introducing their Neighborhood Market concept with three stores in Arkansas. By 2005, estimates indicate that the company controlled approximately 20% of the retail grocery and consumables business.

Wal-Mart which focuses on running supercentres now is most notorious for its controversies including the company's foreign product sourcing, treatment of employess and product suppliers, environmental carelessness, extraction of public subsidies and impact on local communities and business. Wal-Mart is present in Argentina, Brazil, Canada, China, Costa Rica, El Salvador, Germany, Gautemela, Honduras, Japan, Mexico Puerto Rico and United Kingdom.

All the profits which Wal-Mart has made till now have been by exploiting their workers and the communities. Wal-Mart buys enough products to become major source of income for its suppliers and later forces the suppliers to lower their prices. They move the manufacturing jobs outside US into foreign sweatshops. Workers in Honduras work for 88 hours a week in 14 hour shifts, making 43 cents an hour, which only meets 54% of the cost of survival.

Wal-Mart's annual sales are 98 times greater than the entire national budget of Honduras, yet Wal-Mart doesn't even pay any taxes here.

Workers in China's Guangdong province work for 13 to 16 hours a day, 7 days a week, with 20 hours shift in peak season. Even though the minimum wages in China is a s low as 31 cents an hour, these production workers are paid 13 cents an hour. Workers are accommodated in horrible and unsuitable conditions, charges exorbitant rates for the food and are fired if they are too ill to work. There are no health and safety enforcements in the work units and the workers suffer from repetitive stress disorders. The factories mostly employ young employees and teenage girls. Many of the factories from where Wal-Mart gets its products including food has been declared by the Chinese Government as violating safety Specifications. On 26th June 2007 the Chinese government has cracked down on 180 food shops and uncovered more than 23,000 food safety violations.

Wal-Mart Canada has imported 70 percent of Garments from Burma. In July 2000, Wal-Mart has identified in a Thai newspaper as buying garments from a factory owned by Burmese drug thug Lo-Hsing Han. Burma's drug thugs and military dictators are tied together in an economic and political alliance of repression and exploitation with Wal-Mart.

Clothing sold by Wal-Mart are more often made by young women in Bangladesh, who are forced to work from 7:00 am to 8:00 pm, seven days a week, payed 9 cents to 20 cents an hour, denied health care and maternity leave; screamed at to work faster, with monitored bathrooms visits and who will be fired for daring to complain and ask for their rights.

In the US there has been heavy criticism of the of Wal-Mart's treatment of its workers, including low pay and controversial lock ins, where night managers lock the employees in the building overnight. As of 2004 this practice was in effect in approximately 10% of the Wal-Mart's in the US.

Wall-Mart has thwarted unionization by its US employees with its aggressive anti union tactics. When the meat cutters at the Jacksonville, Texas supercenter voted to unionize in 2000, Wal-Mart closed its meat department and began shipping in pre packaged meats in all stores. Similarly when workers at a Jonquiere, Quebec Wal-Mart wanted to unionize, Wal-Mart closed the store five months later, claiming it was due to weak profits.

Predatory pricing policy
Wal-Mart has been prosecuted several times for predatory pricing behavior, which is defined as the practise as temporarily lowering prices in order to drive competitors out of business so that prices may be raised afterwards in a competition free environment.

Kenneth E. Stone of Iowa State University has published several studies on Wal-Mart. In 1997, stone found that small towns lose up to 47 percent of their retail trade after 10 years of Wal-Mart stores nearby.

Food Safety
Wal-Mart's actions have a tremendous impact on the health and safety of Americans. While it squeezes suppliers to get the lowest costs for products, Wal-Mart neglects to ensure that those products are safe. Low prices should not be offered at the expense of consumer safety. According to a recent report by Wal-Mart watch Wal-Mart's Great Value brand of Peanut Butter in USA is found to be contaminated with Salmonella. Wal-Mart also sold pet foods which were contaminated by the harmful chemical melamine, which resulted in the death of many cats and dogs. Wal-Mart also sold contaminated catfish from its shelves after Alamba officials notified the great retailer that it contained a banned antibiotic.

Wal-mart has always indirectly lobbied against food inspections. . Through the food marketing institute, Wal-Mart has lobbied against legislation that would increase inspections of imported food and increase transparency of shipments handled by food manufacturers and processors. ConAgra a leading supplier of Wal-Mart was also a vocal opponent of this legislation.

Wal-Mart and china
Wal-Mart imports the vast majority of the products it sells – including much of its food – from overseas, particularly China. This means less regulation, poorer oversight and untrustworthy supply sources for America's food, in addition to the loss of American jobs. Wal-Mart estimates it imports $15 billion of Chinese goods every year and concedes that the figure could be higher -- some estimates range as high as $20 or $30 billion. Company executives are quick to point out they have always scoured the globe for low-cost suppliers to benefit the American consumer." But most of the products have violated the food standard that has to be maintained. That is the reason why Wal-Mart has a history of opposing additional food safety regulations and port inspections for goods from overseas. The company puts profits before consumer safety. If Wal-Mart is concerned that increased inspections would slow down the import process, it should join the fight to increase funding for the FDA rather than endanger the public.

The Wall Street Journal noted that some 50 percent of cameras, 30 percent of air conditioners and televisions, 25 percent of washing machines, and 20 percent of refrigerators in the world are now being produced or assembled in China. The world is claiming that China is undergoing an economic transformation analogous to Britain in the 19th century or the US in the 20th century. The impressive rates of growth and statistics on industrial output are dependent on a huge flow of foreign direct investment into the country and a flood of cheap manufactured goods out of the country. Far from being the new workshop of the world, China is more like a giant sweatshop for the world's major corporations.

The high rates of economic growth in China during the 1990s were not driven by the expansion of an internal consumer market or native industrial development. The combination of plentiful labour, low wages, low taxation and brutal police-state repression made China one of the most attractive investment sites for transnational corporations.

Wal-Martisation of the Indian Retail

Wal-Mart has emerged as one of the largest corporations in the world, and definitely the largest in retail. It started only fifteen years ago. In 1990, Wal-Mart had only nine supercentres. By the end of 2000, it had 888 supercentres in USA, and had become the number one retailer in the country. Today it has become the biggest grocery seller in the world. In the U.S. it controls 16% of the grocery market. In some cities its share is 30%. Wal-Mart now has 3,811 stores in the USA. It has become the largest retailer in Mexico and Canada, the second largest grocery seller in U.K – all in a few years.

Wal-Mart is waiting to take over India's retail, which offers livelihoods to the largest number of people after agriculture. In fact, in the context of the agrarian crisis caused by WTO driven trade liberalization, retail offers the employment of last resource.

Top Ten Global Food Retailers

Company	**2004 Revenue (in $ Millions)**	**% Global Market Share (Grocery Retail)**
Wal-Mart (US)	287,989	8%
Carrefour (France)	99,119	3%
Metro AG (Germany)	76,942	2%
Ahold (Netherlands)	70,439	2%
Tesco (UK)	65,175	2%
Kroger (US)	56,434	2%
Costco (US)	52,935,	2%
ITM enterprises (France)	51,800	1%
Albertson's (for sale) (US)	39,897	1%
Edeka Zentrale (Germany)	39,100	1%

Source ETC Group

Wal-Mart is the biggest player in retail. In a report "Oligopoly Inc. 2005, the ETC Group has shown that consolidation, cut throat competition and aggressive global expansion are the driving forces in the food retail sector. In 2004, the top 10 global food retailers accounted for combined sales of $840 billion, 24% of the estimated $3.5 trillion global market. This was up from $ 513.7 billion in 2001. If Wal-Mart and other retail chains get a foothold in India, it will mean displacement of small retailers and farmers.

The table above gives the revenues of the global food retail industry.

These retailers are changing market to "hypermarkets". Explosive growth of these giant food retailers is predicted for Asia and Latin America. Asia is predicted to account for 41% share of the global retail market by 2020. According to IGD, a U.K. based market research firm, India will become the 4th largest grocery retail market by 2020. Wal-Mart has already announced that it is looking for a swift entry into India.

Multinational food retailer s like Wal-Mart wield extraordinary economic and trade power. According to ETC, "these companies decide where and by whom a staggering share of the world's food is produced, processed and procured. Thus Wal-Mart sources most of its products from factories in China, where 80% of the 6000 factories that supply to Wal-Mart are located.

The food and agriculture organization has warned that the dominance of global supermarkets "has led to consolidated supply chains in which buyers for a handful of giant food processors and retails wield increasing power to set standards, prices and delivery schedules."

Hyper markets displace diversity, quality and taste and replace it with uniformity, quantity and appearance. As Tobias Reichart reports, "to ensure timely delivery to numerous retail outlets, companies like Wal-Mart prefer to buy large amounts to products meeting uniform standards from a limited number of supplies. The contracts are often designed in a way that allows retailers to place orders on very short notice, refuse products for quality reasons and pay several months after delivery, thereby cap turning value while passing business risks to suppliers and farms". In Kenya as retail chains started to influence food production and food distribution, the share of small farmers in horticultural exports decreased from 70% to 18% in the 1990s, while large commercial farms and export companies with their own production make up more than 80%.

The profile of India's retail sector with its overwhelming preponderance of small and self-employed retailers is a direct consequence of our inability to provide gainful employment to the millions who join the workforce each year.

At last count these numbered about 45 million. These are not just "mom and pop" businesses, such as the neighbourhood kirana shop. For every one of them, there are dozens of handcart and pavement vendors with little more than a pile of vegetables or fruits as their investment for survival.

Food produce accounts for over 14 per cent of all retail trade and most of our small retailers are employed in this sub-segment. It is important to remember that most of them are in this business out of necessity and not by choice.

A U.K. Government Competition Commission Enquiry identified 27 practices by supermarkets that were against the public interest. The Commission also uncovered regular selling by all major retailers below the cost of product, a practice retailers call price flexing. This led to negative margins for suppliers. Average operating margins were 2-4%. Through global expansion facility, India's position in WTO on liberalization of services could well see the Wal-Martisation of Indian agriculture. More farmers will be driven off the land, or into debt and suicide.

The "US – India Knowledge Initiative in Agriculture" is being driven by Monsanto and Wal-Mart. This is the much-touched Second Green Revolution, which will undermine our farmers' livelihoods and our food sovereignty. And it will rob millions who depend on tiny retail for livelihoods. The corporate control of food and agriculture, from seed to retail, is a recipe for disaster in our context of more than 650 million farmers and millions involved in retail at the tiny scale, from the "theli wala" who brings vegetables to our doorstep to the women who carry baskets of their produce to sell directly to consumers. Wal-Martisation of Indian agriculture will create more poverty for our people. It will also leave India poorer as a culture and civilization, in which the reel free trade takes place face-to-face on our streets and in our haats and bazaars. Box stores and hypermarkets will rob India of her diversity and decentralized economy, which is the source of our resilience and real wealth of the people.

Even before the ink fired on the technical cooperation agreement, needs report, pointed out that two of the American multinational, Monsanto and Wal-Mart, have already said that they are not interested in research and development in India but on the increased trade opportunities that Indian offers.

A typical Wal-Mart store sells 60,000 different items; a super centre sells 120,000 items. And 80% are sourced from China. Wal-Mart is one of the best beneficiaries of corporate led globalization, and has made communities dependent on supplies from thousands of miles away for everyday items – including the food we eat and the clothes we wear. Yet Wal-Mart is spreading myths about its corporate reach and its predatory growth. These myths have been totally exposed in the best seller "Wal-Mart effect" by Charles Fishman.

Myth I "Localization"
In an article Wal-Mart's vision of India published in the Financial Express, 1st June 2007, Raj Jain, President, emerging markets, Wal-Mart has stated:

"One key reason for Wal-Mart's success is localization. We carry local products from local suppliers that appeal to local tastes, needs and fashions."

If Wal-Mart was our local neighbourhood store, carrying only locally produced items, it would be different in every region of every country and it would not be a super centre. It would be a separate shop for different things—a sari shop, a bangle shop, a shop for electrical goods, a shop for vegetables.

The Wal-Mart model is based on the opposite principles to localization. It is based on principles of globalization. The reality has been identified by Charles Fishman in "Wal-Mart Effect".

"One key reason for Wal-Mart's success is globalization. They carry global products from global supplies that create global tastes, needs and fashions."

By being the biggest buyer in most commodities, Wal-Mart determines the fate of producers – whether they will continue to produce and what price they will sell their products at.

As Sherrie Ford, a factory owner and long time manufacturing management expert has stated:

"Every time you see the Wal-Mart smiley face, whistling and knocking down the prices, somewhere there is a factory worker being kicked in the stomach."

An example is a gallon jar of cucumber pickles from Vlassic. It was sold in every one of Wal-Mart's stores for $2.97. This was not local food based on local taste. In fact the supplier says, "It started cannibalizing our non-Wal-Mart business. We saw consumers who used to buy the spears and chips in supermarkets buying the Wal-Mart gallons. They'd eat a quarter of a jar and throw the thing away. The price – a number that is a critical piece of information to buyers, sellers and competitors about the state of the pickle market – the price was a lie. It was unrelated to either the supply of cucumbers or the demand of pickles. The price was a fiction" (Page 82, Fishman)

Blue jeans stitched in China on the basis of super exploited labour are not localization. It is the worst form of globalization.

Myth II: An ally of small retailers
Wal-Mart is presenting itself as an ally of the small retailers it will destroy.

"The Joint Venture will sell quality merchandise directly to retailers – big and small, including 'mom and pop' or kirana stores. The purpose is to establish an efficient supply chain linking farmers and small manufacturers – who have limited infrastructure or distribution strength."

One would imagine that there are no wholesale markets or mandis in India which get farmers produce to the retailers. Our trade network is more sophisticated – more complex, more multilayered, more efficient than any system that Wal-Mart can introduce itself as a giant wholesaler. This will destroy millions of livelihoods in mandis and wholesale markets. In the mandis the retailer can choose to buy from hundreds of traders. With Wal-Mart farmers will have only one buyer and consumers will have only one seller. There is no reason to imagine that Wal-Mart will not destroy India's small, independent retail as it has done in the USA. A study in the US shows that in the first year of a Wal-Mart store opening, 50 people who had a retail job in the county (locality) had lost their jobs. Three retailers closed within two years of Wal-Mart's arrival, four closed within five years. A county (nearby locality) lost twenty wholesale jobs after five years. Another study found that Wal-Mart took away 15-30% sales from other supermarkets.

Indians are buying their vegetables from sabjiwallas and hawkers. Reliance and Wal-Mart take business away from existing retailers, as one study on the impact of "Reliance Fresh" has shown.

Myth III:
"Provide quality jobs to India's unskilled workforce."

"We expect to provide direct and indirect jobs to thousands of Indians."

India has 40 million people in retail. A few thousand jobs will not compensate for the millions of livelihoods destroyed by Wal-Mart and Reliance. And a person at a Wal-Mart cash register might be unskilled, India's small trader is highly skilled. They are their own purchasers and marketing managers. They know finance and supply management. Just as the colonies used the concept of "Terra Nullius" (Empty Earth) to colonize land that belonged to others, Wal-Mart is using the concept of "Trade Nullius" to hijack our retail – as if there is no trade, no skill, and no knowledge, before Wal-Mart's arrival.

Myth 4: Help develop and grow local suppliers
Wal-Mart's profits are based on destroying local production and local retail. In 2004 Wal-Mart bought products from fifty three hundred factories in sixty countries around the world. This is not local supply. Wal-Mart pushes prices so low that local producers cannot supply. In 1991, Ridlen Adhesives was abandoned by Wal-Mart because they could not lower the prices further. As Nancy Ridlen, the owner reports, Wal-Mart said: "We don't want to pay 50 cents for these glue sticks. We'll pay 45 cents. Either you take it or we'll go elsewhere."

This is what has happened to every product, from locks to lawn movers from shirts to jeans.

And every producer who was destroyed had been tempted by Wal-Mart's large volumes. As Jim Wier, who said no to Wal-Mart states:

"They had the lure of the Wal-Mart volume. Once they get hooked on the volume, it's like getting hooked on cocaine. You've created a monster for yourself."

Let us not fall into the trap of Wal-Mart's myths. Let us not create a monster for India's small producers and retailers.

With Wal-Mart and TESCO targeting the Indian middle class, a war around food culture is being unleashed. The Indian fresh food culture must be made to look inferior to make the packaged and processed food on supermarket shelves look superior. And this cultural war over food also uses pseudo science as a weapon. Food safety and pseudo hygiene standards are an example of instruments based on pseudo science being used to shut down street foods and small scale processing. While India will focus on EU's non-tariff trade barriers like labeling norms and sanitary and phyto-sanitary requirements in the free trade negotiations which are to be completed by the end of 2008, domestically India has already changed its own Food Safety lens through the Food Safety and Standards Act 2006 to mimic EU laws on pseudo-hygiene, which reduces safety to the size of cucumber and the ownership of a refrigerator. When the Food Safety laws were passed, the Food Minister openly stated that this would help supermarket sales grow by 30%. Street food vendors in Delhi have already been banned even though study after study has shown that hot street foods are safe. The small cold press "ghanis" were banned in 1998 to facilitate GMO soya oil.

At a time when movements like Slow Food are growing worldwide to promote and protect local food cultures and economies, the Indian elite and middle classes are rushing, headlong into an industrial food culture. At a time when the west is recognizing that the Wal-Mart – TESCO model degrades food, culture and employment, and farmers markets are growing everywhere, India with the largest and richest "bazaar" culture in the world is being manipulated by corporations and their friends in the governments of the U.S., E.U. and India to become part of the "clone" culture of supermarket chains that Andrew Simms describes so well in his "Tescopoly".

He has called supermarket chains an invasive species (like Lantana and Parthenium) which destroys local ecosystems and local cultures.

Just as we need to protect ourselves from invasive species to protect our biological diversity, we need to protect our food cultures and livelihoods from the invasion of supermarket chains. "Free trade" for Wal-Mart and TESCO is the end of freedom for farmers, hawkers and vendors who constitute a population of more than 800 million in India. W.T.O. might be dying, but corporate hijack of our livelihoods in food and farming is more intensive than ever. And governments have become instruments and facilitators in the promotion of corporate farming and corporate retail.

Citizens must take the lead in shaping societies that protect the earth, give work to all hands and enrich our communities and societies. Our slogan "Our world is not for sale" must move to every farm and every street in every society. Our freedoms and our very lives are at stake.

PART II
RELIANCE FRESH
A CASE STUDY

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 tiny retail.
More than 6600 mega stores are planned with Rs. 40,000 crore by 2011. Till now Reliance has planned to make the biggest investment in this sector in India. They plan to invest Rs.25, 000 crore in coming four years. The company that is floated for this purpose is known as Reliance Retail Limited and it would be owned totally by Reliance Industries Limited.

They expect to launch 1,000 stores before the year end all over the nation. Their first shop was opened on 4th of November 2006 and since then they have been opening almost one shop everyday in different parts of the country. These stores have been named "Reliance Fresh" stores. They have till now opened more than 100 shops and 24 out of them are located in the NCR region. Within the next three months, Reliance wants to take the tally of these 'Fresh' stores to 100 in the Delhi- NCR region. Reliance is believed to have invested about Rs. 1,100 crore only in this region.
So far, the company has unveiled only its fresh food stores, which according to industry sources have been averaging a sale of Rs 3.5 to Rs 4 lakh a day per shop. The 33 shops in the national capital region alone account for more than a quarter of the total fresh food business, adding that average sale in NCR was much above the national numbers at Rs 5 lakh a day and the average billing for a customer is Rs 1,600 a day.

Reliance Fresh shop in Paharganj

They work on the similar lines of Walmart. They have a central warehouse in Kundli, where all the supplies are kept (from azadpur mandis and other sources). Everything sold from a Reliance Retail Shop gets noted in a computer and the message is sent to the central warehouse about the sale, where a data base of all the retail shops is kept, which helps them to predict there requirements. On the other hand the warehouse sends its requirements to the mandi godowns, which buy fruits and vegetables on a regular basis from the sellers and after sorting them out, send them to the central warehouse. These godowns are a part of Ranger's Farm (one of the division of Reliance retail limited). Ranger farm is involved in purchasing fruits and vegetables from different source.

THE STUDY
To study the effect of corporate retail outlets on the existing shopkeepers and vendors, Research Foundation for Science Technology and Ecology/Navdanya carried out a research. In this research

we interviewed the existing shopkeepers and vendors, whose shops were in within 1 km radius of a reliance store. Three areas were selected for this purpose and samples were collected randomly from these areas, first was Laxminagar, where reliance had opened store around 50 days ago and it sells majorly fruits and vegetables. Second was Bhim nagar mandi, where reliance sells all its vegetables and fruits that are rejected from the reliance fresh stores. Third was Paharganj, where a reliance store sells fruits, vegetables and grocery, this shop has opened around 40 days ago. In each of the three places we interviewed 25 retailers. In the case of Laxminagar and Nangloi, we interviewed only vegetable and fruit seller, while in Paharganj we interviewed both vegetable/fruits seller as well as grocery stores. Among the 75 random samples 11 were hawkers, 23 were push-cart vendors, 24 were small retailers and 17 were big retailers.

Hawkers include all those retailers who are selling in unauthorized market/areas and have an immobile shop.

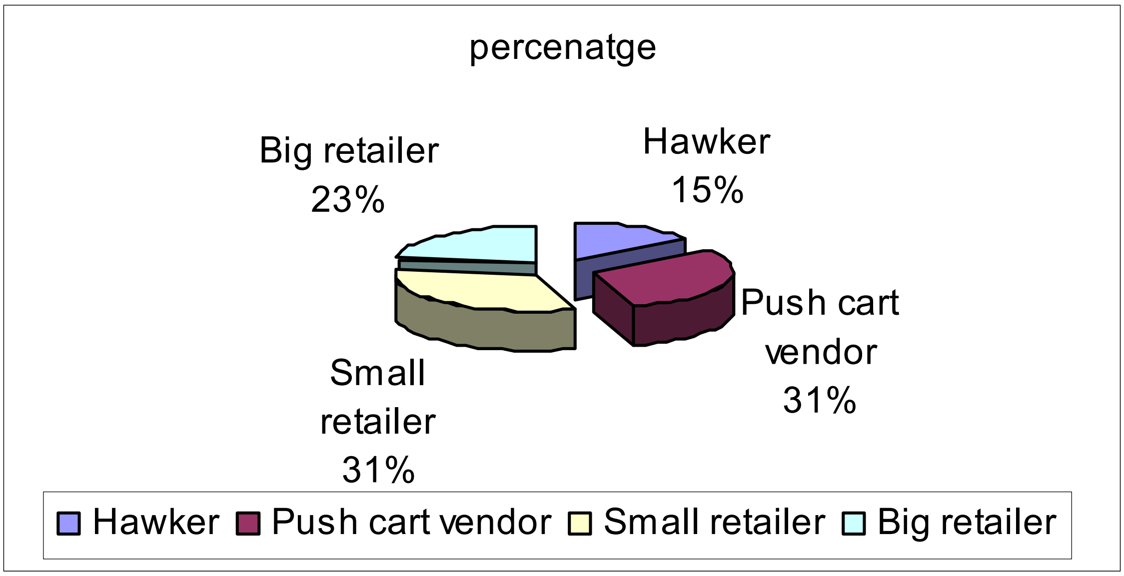
Push-cart vendor includes retailers who sell their goods on a push-cart and are mobile; these people reach the innermost corners of every street in the city.

Small retailers include retailers, who have shop in a authorized market and have a sale of less than Rs. 10,000 per day.

Big retailers include those retailers who have a shop in an authorized market and have a sale of at least Rs.10,000 per day.

Ownership Type

Ownership type	Hawker	Push cart vendor	Small retailer	Big retailer	Total
Number	11	23	24	17	75



IMPACTS OF CORPORATE RETAIL IN INDIA'S FOOD ECONOMY

a. SOCIO-ECONOMIC IMPACT

i) Livelihood of millions of small and big shopkeepers will be uprooted to set up the chain of corporation owned retail.

After farming, retailing is India's major occupation. It employs 40 million people. A sizeable majority of owner/employees are in the business because of lack of other opportunities. 16 years of liberalization has so far been one of jobless growth. It is no wonder that retail has become the refuge of these millions. Lopsided economic development is transforming India from an agrarian economy directly to a service oriented post-industrial society. We missed the manufacturing transition, which employs majority of the population. This is why we cannot compare our economy with Chinese economy whose base is manufacturing and which has had enough manufacturing industries to provide gainful employment to the majority and boost to the economy.

The Indian retail industry is highly fragmented. According to AC Nielsen and KSA Technopak, India has the highest shop density in the world. In 2001, it was estimated that there were 11 outlets for every 1000 people. Since the agriculture sector is over-crowded and the manufacturing sector stagnant, millions of young Indians are virtually forced into the service sector. The presence of more than one retailer for every hundred persons is indicative of how many people are being forced into this form of self-employment, despite limitations of capital and space. Trade/retailing is the single largest component of the services sector in terms of contribution to the gross domestic product. It accounts for 14 per cent of the service sector, i.e., twice that of the next largest economic activity in the sector — banking and insurance. The total number of retail outlets (both food and non-food) was 8.5 million in 1996 and 12 million in 2003, a 41 per cent rise.

The CSO's employment numbers give a comprehensive picture of the importance of this form of livelihood in India. Organised retail trade employs roughly 0.5 million people and unorganised 39.5 million. The fact that about 4 per cent of the population is employed in the unorganized retail trade speaks volumes about how vital this business is to the socio-economic equilibrium in India.

Till such time that we are in a position to create jobs on a large scale in manufacturing and construction, it would play havoc eliminate jobs in the unorganized retail sector. In a country like India the government should focus more on providing livelihoods and not create so-called efficiencies of scale by creating redundancies. If we assume 40 million adults in the retail sector, it would translate into around 160 million dependents. Opening the retailing to large corporations means dislocating millions from their occupation and pushing vast number of families under the poverty line. The Western concept of efficiency is maximising output while minimising the number of workers involved. This will only increase social tensions in a developing country like India, where tens of millions are still seeking gainful employment.
The US- EU experience shows that retail giants destroyed the livelihood of small shopkeepers who became employees of such giants for paltry salaries. A retail super-market encompasses the entire chain and shrinks the intermediaries – lowering the costs and removing the jobs. Reliance stores will not be able to employ these people because of their educational qualification and in a country with no social security net – the replacement of lakhs of retailers by a handful of giant intermediaries will shrink jobs by the millions who cannot find any other employment in the retail industry. What options will these unskilled, marginal and disadvantaged millions be left with then.

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 dependants, in the form of children and others, at least 120 million will be impacted by the retail revolution created by the large corporations.

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, indebt ness, suicides, crime and have major implications by even making the political situation unstable. This reminds us of the early days of industrial revolution in Britain which rendered many of the artisans unemployed and created severe social tension, popularly known as luddite[1] movement. If we are following the western 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 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.

Though Reliance argues that it is not taking away anybodies business and no body should feel threatened by it, the reality tells us a different story altogether.
This is a win-win situation for all. "They will benefit from us"."We are not harming small retail players… The market is growing by 8 per cent which is 24-25 billion dollars (nearly Rs 1,12,500 crore) every year… We are aiming at revenues of only 25 billion dollars in four years… Even if the market grows by 100 billion dollars by 2015, organised retail would be still less than 10-12 per cent of retail trade," he said.

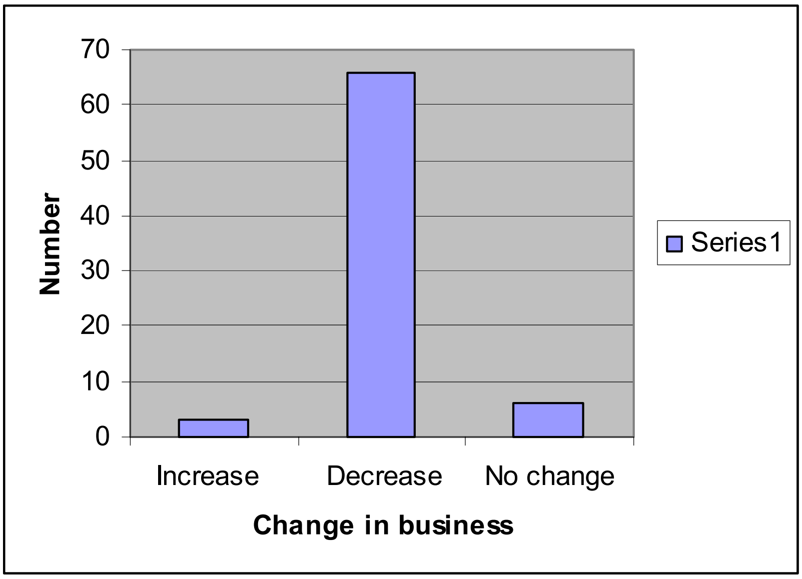
Raghu PillaiCEO (operations and strategy) Reliance Retail Limited

According to the research done by RFSTE/Navdanya

The following table and shows the effect of opening of Reliance fresh shop, on the existing market.

Effect of opening of Reliance shop

Change in business	Decrease in sale	Increase in sale	No change
Number	66	3	6

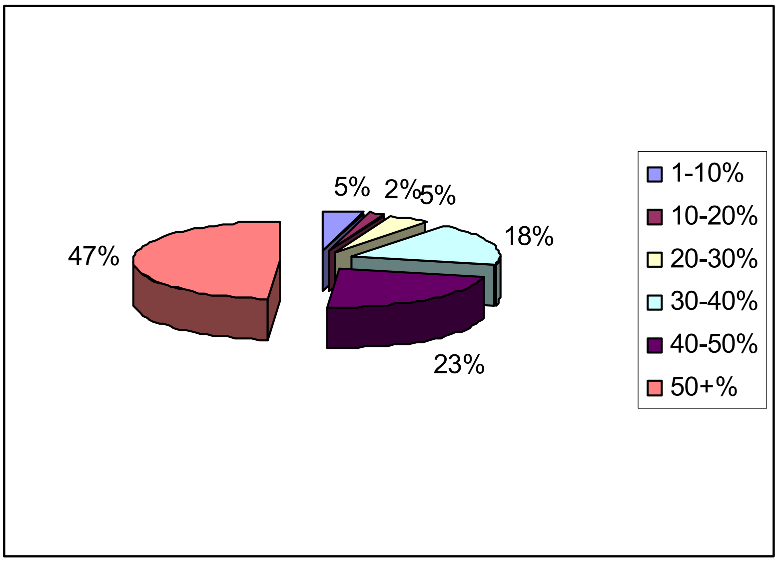


The impact of the corporate entry into retail was huge and the brunt of it was faced maximum by the low income group retailers. There was a huge decline in the business of most of the retailers in and around Reliance fresh stores. This was the scene in less than two months of opening of the stores. If these shops continue for long and spread most parts of the city, the condition of the existing retailers will be really appalling.

[1] The **Luddites** were a social movement of English textile artisans in the early nineteenth century who protested — often by destroying textile machines — against the changes produced by the Industrial Revolution, which they felt threatened their livelihood

Decline

Percentage	1-10	10-20	20-30	30-40	40-50	50+	Total
Number	3	1	3	12	15	32	66



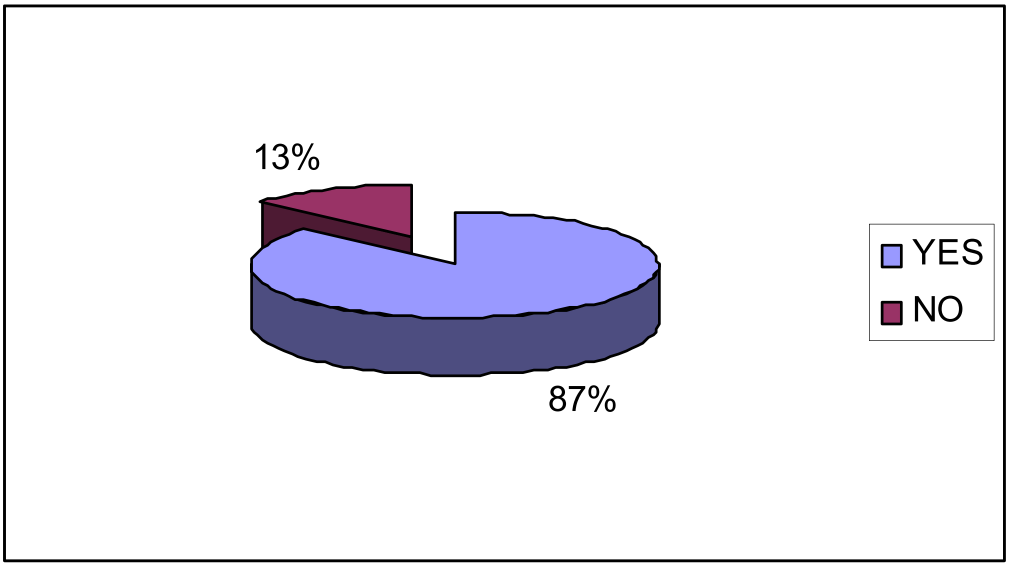
The magnitude of decline in sale varied from 0% to 80% in different cases. It has been categorized in 6 brackets of 10% each starting from 1-10%. The last bracket includes decline of 50% and above. A lot of respondents fall in this category, and there are a lot of shopkeepers and hawkers who have already left their business in these two months

Percentage decline in sales

THREAT PERCEPTION

Is Reliance taking away your business	YES	NO	Total
Number of respondents	65	10	75

The effect of the mega retailer has been felt by all; there was no respondent who did not know about Reliance's shop coming up in the area. The presence of Reliance Retail was a huge threat to the existence of existing retailers in that area. The following table and graph shows us the number and percentage of people who think that opening of the Reliance retail was a threat to their business. Out of the 75 respondents, 65 thought that reliance is a big threat to their business.



A push cart-vendor in Pahar ganj waiting for the first customer till mid-noon.

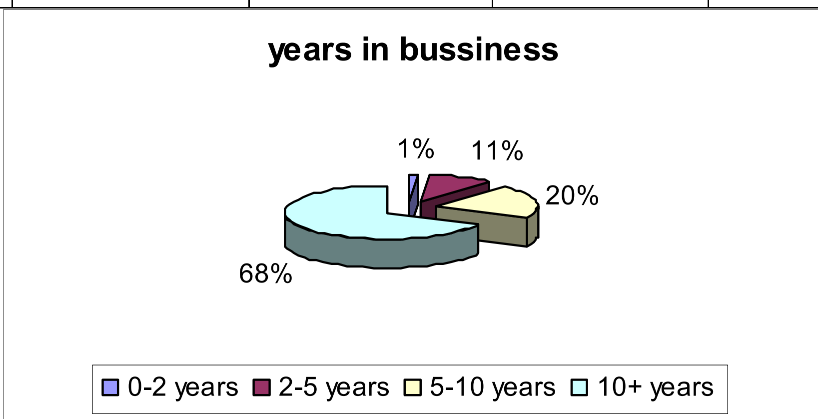
The threats perceived ranged from minor decline in the business till closure of the shop. Out of the 65 respondents who said that they feel threatened by Reliance as it is taking away their business, 43 expected that their shops will get closed in future if the sales go down like this, while 20 thought they will have a major decline in the sale in the future but will be able to save their shops. There were only two respondents who said that they will have minor decline in sale due to the reliance shop.

Expectation in future	Minor decline in business	Major decline in business	Closure of shop	Total
Number	2	20	43	66

The people who are feeling threatened are not novices to this business, a lot of them have been doing this since more than 30 years, and still one month of reliance stores ,makes them feel so skeptic about their existence. This tells about the fact that a majority of their customers have moved into Reliance because of predatory pricing. History tells of the fact that it is never profitable to do predatory pricing, and any organisation that has done it, has done it for destroy its competitors and at a later stage that organisation has earned super profits of monopoly.
The following table and the graph tells us about the number of years the respondents were in business.

Number of years in business

Years in business	0-2 years	2-5 years	5-10 years	10+ years	Total
Number	1	8	15	51	75



Myths	**Realities**
Prices of different items are less in corporate retail.	The rates at which the vendors sell are less as those in the corporate retail shops.
Corporate retail is throwing away middlemen.	They are becoming the new mega middlemen and creating monopolies by becoming the wholesaler, distributor and the retailer.
They are creating employment. The employment potential projected is 2 million jobs	They are robbing livelihoods many more times then the number of jobs they are going to create. For creating 2 million jobs they are going to destruct 40 million livelihoods in retail sector.
Farmers are getting better deal. Corporations are friends of farmers and consumers.	Corporations are buying from existing mandis and not straight from farmers at this point of time, so there is no question of farmers getting a better deal. In future when the corporation will have control over the whole supply chain of food, farmers will have no place to sell other than these corporations. Then our farmers will face monopsony as the farmers of the west are facing now.
Corporate retail sell fresh.	The hawker sells much fresher than any of these shops. Long distance supply chain and refrigeration means stale fruits and vegetables.
Corporate retail is promoting local economy.	They have destructed local economy wherever they have gone, and is doing the same in India. Attacks on the reliance stores in Ranchi and Indore are pre-emptive action by people dependent on local economy.
Corporate entry will make the supply chain more efficient. They are more scientific than the existing system.	The supply chain gets more centralized, and the average distance traveled by food increases manifolds. In scientific, social and ecological terms this is inefficient compared to our hawkers.
There is huge consumer demand for corporate retail.	The corporations are pushing the agenda, never have people in India demanded for corporation led retail.
There is room for all, as Indian economy is growing at an enormous pace.	The corporate retail chains cannot prosper without killing the small businesses. The experience of west shows us the truth.
Corporation led shops sell cheap and consumers save money shopping there.	Corporations are propagating the habit of wasteful consumerism among the Indian consumers.

b. Small scale industries and existing brands will not be able to compete with these behemoth international players with enormous amount of capital: most of the economies have developed their industry, agriculture and services in order to increase their pace of development. In case of India, manufacturing has seen hardly any growth since our economy has opened up. This has lead to unemployment at one end, and at the other end it has lead to huge setback to the existing industries. Many of the national brands have been lost, decreasing the number of employment in manufacturing sector. When the retail chain takes over, it will have access to all the products of the world, and will sell the best at the cheapest, leading to further closure of existing industries which in turn will lead to loss of economy and massive unemployment. Small scale industries will be suffer the most in this present context, where at one end, MNCs are allowed to have 100% FDI in small scale industries in SEZ and on the other hand cheap goods could be imported by the retail giants. Our SSI is not properly organized, and suffers the economies of scale, thus will never be able to compete with the retail giants on the price aspect, which seems to be a matter of serious concern for the existence of SSI in India. In a situation where the existing SSI is already going through a very tough time, this would serve as a fatal blow to it.

c. Impact on farmers and consumers

Monopsonistic influence on farmers

After independence there was a general feeling that agricultural markets do not function in a proficient manner. Apart from inefficiencies in distribution, including wastage of agricultural produce, the farmers suffer due to exploitation by traders on different accounts such as weight, illegitimate deductions, delayed payments etc. To overcome such problems different state governments enacted their respective APMC Acts. These Acts made stringent provisions to save the farmers from exploitation, promoted efficiency and made norms for spending market fees on different heads including infrastructural developments. Structure of Agricultural Produce Marketing Committee (APMC), the apex decision making body in respective mandis was made such that farmers were in overwhelming majority and chairman of the Committee would also be a farmer. It took us such a huge effort to make socialistic reforms in the country and Acts like APMC Act allows farmers to democratically market their produce, without getting cheated by the intermediaries. It also ensures the transparency of trade and accountability of the trader and mandis towards the society. Every day the rates of the products are fixed in the mandi depending upon demand and supply and no trader can buy more than a certain limit(to avoid hoarding). There is no question of monopoly here as there are a number of buyers and sellers; this in turn keeps the prices of the commodities fair. Moreover there is a government check on all the trading that happens through mandi, so that no unfair practices can take place.

There is no doubt that with time we have to bring amendments in the laws, howsoever good they may be in their original form. Emerging changes in the field of agriculture, no doubt call for changes in laws pertaining to agricultural marketing, but this cannot be an argument to make amendments to favour multinational agri-business firms. What is required is that mandis act efficiently, elections are held at regular intervals and democratic functioning of the mandis is not allowed to be diluted in any case. Whereas the reforms being pursued are working against the democratic functioning of the mandis, by allowing licenses to the private companies to establish private yards outside mandis, establishment of special agricultural markets which would not be constituted by way of elections, and market committee would be completely dominated by the members appointed by the government and a member of this committee would be Chief Executive Officer (CEO), who would be in full command of these special markets. Instead of providing sufficient safeguards to the farmers entering into contract farming, infact new rules take away legal right of the farmers to seek justice from courts.

Since December 2006 amendments in the Agriculture Produce Marketing Act allows corporate entities to trade in foodgrains. It is true that in their first year of operation the corporations have paid slightly 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. We will have to look at other countries where this has happened and draw analogies to understand which direction we are moving. In UK a few retail giants control majority of the market. A few decades ago, they had entered UKs market providing the same benefits to the farmers (i.e. high prices) and low cost to the consumer. In due time most of the other retail outlets were out of the business, leaving the farmers with only a few options where they could sell their products. In a certain area, only one retail chain has its collection point, thus the farmer, who becomes too small compared to the behemoth retail giants, is left with just one option and that is to sell their produce at the prices determined by the retail giants or to dump it. More over farmers are threatened of being black-listed (will have no place to sell their produce) if they ask for fairer prices of their produce. The retail giants have specific norms about the kind of produce they buy, it should be standardized, so the farmers are left with a lot of produce that do not pass the standardization test, and have no buyer for it.

The Model APMC Act leads to de-democratisation of agricultural markets and therefore limits the rights of the farmers to control agricultural markets. The experience world over and even in the states where private yards have been allowed to be established by the companies, heavy profits have been made by these companies without giving any benefit to the farmers. For instance the average price of Soya paid by ITC to the farmers in Madhya Pradesh was around Rs. 1150/- per quintal, it was sold by the company at an average price of Rs. 1555/- per quintal. Even the rules of contract farming, given by Model APMC Act and adopted by various state governments also favour multinational agribusiness firms. Small and marginal farmers, which constitute 90% of the farming community, have been left at the mercy of these firms. Not only this, even the definition of an agriculturist have been changed to suit the best interests of these corporations. In earlier Acts agriculturist was defined as one whose livelihood depends directly on farming. Now a change in the definition of agriculturist is contemplated as - A person who is a resident of the notified area of the market and who is engaged in production of agricultural produce himself or by hired labour or otherwise.

In the case of these huge retail chains, there is lesser possibility of transparency of prices paid and the amount stocked. They are permitted to stock huge amounts of food supplies, as per their business model, without having mechanisms for transparence. In such conditions it is not very difficult for them to hoard and act unfair. For example let us see two commodities wheat and apple. Private corporations had bought huge quantities of wheat from the farmers directly last year and we had to import wheat from other countries and all of know about the hike in the price of wheat this year. Similar is the case of apple, in last season, these companies had bought around 30% of the apple production straight from the local mandis of Himachal and Kashmir, and we can see the prices of apple this year are very much higher compared to earlier years, even though there was good production of apples last season.

ii) Consumer

In due course of time if these retail outlet completely overtakes the traditional system, we would see a series of change. First if the traditional system is gone, we will have only one mega retail outlet in the vicinity, and the choices given by the outlet, has to become choices of the consumer. In such a case there is an expectation of formation of cartel amongst the chain and the prices of the commodities will shoot up. But at that time we will have no other option but to procure our goods from one of these outlets, at whatever prices they demand from us. We have seen this in the case of UK, where the average spending on food and beverages as a percentage of the total income of an average household has shot up since these giant corporations have come into retailing. Moreover the choices the consumers are left also decrease with the coming up of these stores; every thing is standardized the personal choices of the consumers are not taken care of. This is a system where the consumer adjusts himself to the product and not the vice versa.

2. ECOLOGICAL AND HEALTH IMPACT

i. Pollution and traffic congestion and energy consumption: As the huge retail chains claim to provide every vegetable, and fruit in any part of the country at any time, the average distance traveled by the food. Traffic congestion is already a real problem for many towns and cities, so stores generating thousands of new car journeys will significantly add to local problems. Recent work for DEFRA suggests that car use for food shopping results in costs to society of more than £3.5 billion per year, from traffic emissions, noise, accidents and congestion. Traffic congestion occurs on a larger scale too - the distribution systems used by supermarkets generate large amounts of traffic, both in this country and overseas. This will lead to high level of carbon-di-oxide emission and global warming as a long term result.
When shopping gets so centralized, one might have to drive for every shopping, which will need more fuel and lead to more congestion on roads.
For refrigeration of the vegetables and fruits for the whole year atleast 18000 megawatt of electricity is needed.
For air-conditioning 4 million sq ft of built – up area one will need atleast150 megawatt of electricity. (only for Reliance stores)

EXPECTED POWER CONSUMPTION DUE TO CORPORATE RETAIL OUTLETS

Air-conditioning

Latent heat of ice (i.e., heat of fusion) ≈ 144 Btu / lb (or 334.5 kJ/kg)
One short ton = 2000 lb
Heat to be extracted = 2000 * 144 = 288000 Btu / 24 hours = 12000 Btu/hour = 200 Btu / Minute
1 ton refrigeration = 200 Btu / minute = 3.517 kJ/s = 3.517 kilowatts .

A room of area 10 feet* 10 feet, i.e. 100 sq.ft needs atleast one ton of air-conditioning.
The number of such big retail outlets that has to be set up is around 6600, and if at an average an outlet has 2500 square feet of area, the total area that has to be air-conditioned would be 16.5 million sq ft.

For 16.5 million sq ft built up area of these giants will need atleast
16500000/100 = 165,000 ton of air-conditioning.
This in turn will need 165,000x 3.517 kilowatts = 580,305 units of electricity every hour.

Cold storage

Total production of vegetables in India in 2004-05 = 101.433 million tonnes

Total production of fruits in India in 2004-05 = 49.294 million tonnes

Total production of fruits and vegetables in the year 2004-05 in India

= 150.727 milllions tonnes

The corporations claim that 90% of the fruits and vegetables produced in India goes waste due to lack of proper storage i.e. 90% of 150 million tonnes, which amounts to 105 million tonnnes.

A cold store of dimensions 3metre x 3metre x 2metre, consumes 2-3 units per hr and has a storage capacity of around 15 tonnes depending upon the density of the product.

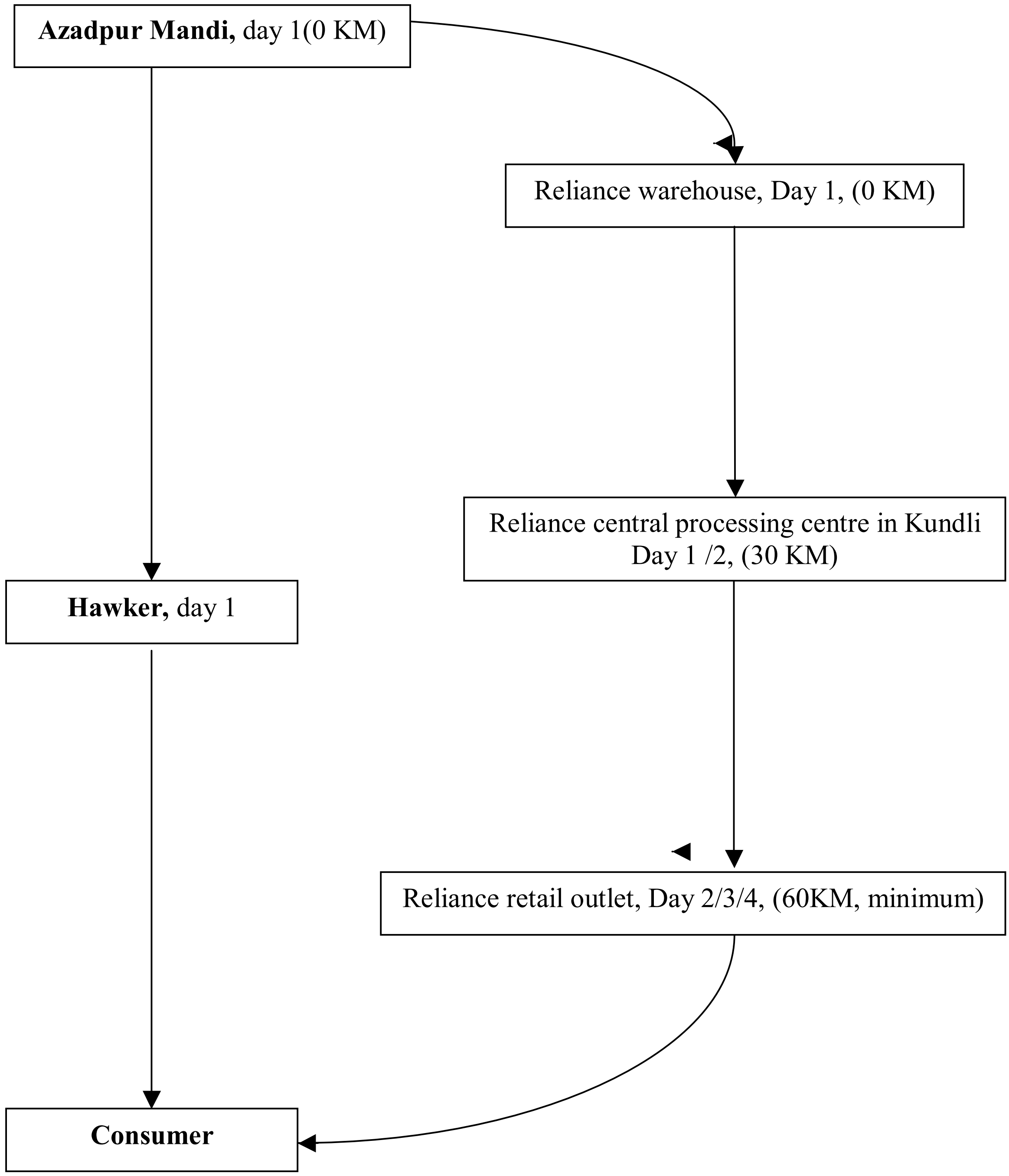
Thus if 45 million tonnes of goods were stored it would need 105,000,000/15 =9000000 such cold storage units.
These units would consume at least 2x 9000000= 18000000, i.e. 18 million units of electricity per hour.

Supermarket Lorries travel 408 million miles a year only for the major U.K supermarket chain. This is equivalent to going to moon and back 854 times – more than two return trips per day. This results in 600,000 tonnes of Carbon Dioxide emissions per year.

Area of UK -244,820 SQ KM
Area of India - 3,287,590 SQ KM (more than 13 times the area of UK)
UK's population - 60,609,153
India's population – more than 110 crore (more than 18 time the population of UK)
Thus 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 problem to the already fragile environment of the country. And for producing this huge amount of carbon-di-oxide in air, the corporate retail lorries will consume one billion litres of petroleum.

ii) **Pesticides and Preservative:** As these store claims to provide you everything fresh vegetable and fruits all round the year, average amount of pesticides and preservatives used for vegetables and fruits will increase phenomenally. Numerous researches in the western world have been conducted to prove this and no wonder if the same happens to India when the retail follows the similar pattern. Along with this there is a huge pressure on the farmer to produce fruits and vegetables of a particular size, colour and shape so that they look cosmetically perfect. If the produce of the farmers do not falls under the standards set by the retail giants, it means the farmer will be left with the rejected produce and would have no buyer for it, as these powerful players would have already thrown away other buyers out of business. To maintain the standards of the crops the farmers use excessive fertilizers and pesticides. So the foods we buy from these stores contain much more pesticides than the food we get now.

iii) **Longer food miles: -** With the food supply chain getting more centralized the average distance traveled by foodgrain will increase substantially. The following diagram compares the supply chain, in our traditional system and the supply system of the corporations. In the following diagram, reliance fresh is compared with the traditional hawkers in Delhi. The diagram clearly shows that the system followed by reliance leads to longer food miles and also provides les fresh food to the consumer as compared to the hawkers. The corporation model is more energy intense and is scientifically less efficient than the existing model. When the whole world is turning toward less energy intense systems, it will not be advisable to follow such energy intense models.



Azadpur Mandi is taken as the starting point of supply chain because presently these corporations are not buying directly from farmers, they procure their supplies from the existing mandis.

Calculate your carbon foot print

There are 6578 supermarkets and superstores in UK which cover around 73% of the total grocery retail of £ 120 bn, amounting to £ 88 bn(DEFRA). These supermarkets and superstores use very energy intensive processes, which lead to generation of 6, 00,000 tonnes of carbon di oxide.
The sale required to generate one kilogram of carbon di oxide
= 88,000,000,000/ 600,0000,000
= £ 146.66
Thus for the sale of every £ 146.6 in the super market or superstores in UK, one kilogram of carbon dioxide is pumped into the environment.
If we calculate this in Indian rupees it will be around Rs.11880. So in India for a sale of Rs 11,880 in a supermarket atleast a Kg of Carbon di oxide is pumped into the environment.

iii) Packaging : It's not just rejected food that causes waste. Packaging makes up nearly a quarter of household waste, and 70 per cent of that is food related. Supermarkets' policies make it difficult to avoid this packaging. In contrast, buying fruit and vegetables from independent shops, markets or farmers' markets can produce far less waste. Only 26 per cent of the cost of a food shopping basket is accounted for by the actual food itself; the rest is packaging, processing, transport, store overheads, advertising and supermarket mark up, which is sometimes as high as 45 per cent. At a time when most of the Indian cities are struggling to contain the problem of solid waste management, this will add on to the problem. We will need many more landfills for the wastes generated by the packaging wastes from Reliance and Wal-Mart, depleting the already fragile ecosystems of the cities.

iv)Loss of biodiversity: - The supermarkets have their own standards according to which they buy the products(manufactured and agricultural). If a product does not pass through that standard test, it will be dumped back on the farmers, and because of the monopsnistic market, the farmer does not have any other place to sell it. Thus the farmer always tries to produce products that are uniform and standard. This needs huge amount of pesticides and leads to loss of the numerous indigenous varieties of crops. These crops are highly resistant and are fit for the local conditions; they will be of great use in present times of climate change, when other crops are failing due to slight change in condition. But with the pattern of agriculture being pushed by the corporations, we will lose enormous bio-diversity, mother earth and the hard working farmer has created over the thousands of years of civilization, and forces monoculture in food.

CONCLUSION

Need for government regulation

Corporate retailing in India is witnessing considerable growth. The share of corporate retail in overall retail sales is projected to jump from around 3% currently to around 9-10% in the next three years. A number of large domestic business groups have entered the retail trade sector and are expanding their operations aggressively. Several formats of corporate retailing like hypermarkets, supermarkets and discount stores are being set up by big business groups besides the ongoing proliferation of shopping malls in the metros and other large cities. This will have serious implications for the livelihood of millions of small and unorganized retailers across the country. Large organized retail is controlled across the world by many governments. An appropriate regulatory framework for the organized retail sector in India has to be framed keeping in mind the Indian specificities. India has the highest shop density in the world with 11 shops per 1000 person. If the corporate retail starts spreading in India without any control and if the Government brings in Foreign Direct Investment in the sector, the potential social costs of the growth and consolidation of organized retail, in terms of displacement of unorganized retailers and loss of livelihoods will be enormous. Regulation needs to be more stringent and restrictive. In this wake it is important to take note of the recent meeting which was held by the Indian Government with the EC officials in Brussels on june28- 29 2007. According to trade experts India could technically open a preferential FDI window for European retail companies that are clamouring for an increased market access and a higher investment map. Through this "preferential treatment" being given, European retail majors like TESCO and Carrefour may find their way in to the Indian markets. The policy on FDI on retail will stand no good to such an entry through preferential treatment.

Once the market share of the corporate retail players increases the unorganized retail in the country is set to experience a slide in their sales. According to an NSSO survey there is already a significant decline of more than 12.5 lakhs in the number of self-employed retailers in urban India between 1999-2000 and 2004-05. With the coming in of more and more bigger players it will be almost impossible for the small unorganized retailers in the country to do business. That will only lead to more social tension, violence, as witnessed in the attack on Reliance fresh in Ranchi, and also economic deprivation and joblessness. About 20 million urban workers and 12 million rural workers depended on small retailing in India.

Threat to the agricultural sector

With the coming in of big retail there will be more instants of contract farming, which in turn will lead to monopoly buying powers and monopolistic control over the farmers and their products. Contract farming is a system for the production and supply of agricultural produce under forward contacts between farmers, suppliers and buyers. The suppliers of the inputs and the buyers of the produce will be the big retail companies. In contract farming, the contract basically entails that a cultivator would sell his crops to the company that will leave the suppliers with no choice at all. They will have to be satisfied with the price the company gives them for the produce. The contract can give the company the power to make the choice of refusing to pick the contracted produce and can even be penalized for defaulting the commitment. If such uncontrolled retail is allowed, it will lead to more such situations of more and more land coming under contract farming.

There will be further escalation of the real estate prices owing to the increased demand in lucrative areas by the big retailers who have deep pockets to fund such acquisitions. Given the unplanned and chaotic path of urban development witnessed in India over the past decade and a half, and the pathetic state of urban infrastructure, the proliferation of large format retailers will only accelerate the undesirable trends of predatory real estate development and unsustainable pressures on urban infrastructure and the environment.

For the consumers rather than enhancing choice, especially the lower income groups, proliferation of large format retail stores would kill competition, lead to closure of neighbourhood markets and make consumers solely dependent upon the organized retailers at a later stage. India will not be able to withhold the fall out of so many people being thrown out of employment. The government should come out with a proper policy to rein in such unrestricted growth of corporate retail in the country taking cue from the experiences of other countries where big retail have created havoc with the society and economy of the country.

PART III NATIONAL MOVEMENT FOR RETAIL DEMOCRACY

With the livelihoods of small traders and hawkers in threat due to the corporate entry in retail the resistance against the later is growing in almost every part of the country. Hawker unions, trader groups, farmers unions, worker unions and many more are joining hands to resist the corporate entry into retail. The anger of people has been manifested explicitly in the form of rampage in Ranchi and Indore, while tension in other parts of the country is still simmering. Many of the organizations have shown their dissent in various parts of the country in violent and non-violent manner, but the major breakthrough happened when leading trade associations, farmers organizations, trade unions, hawkers unions, Civil society organizations and academicians came together for a **National Convention to Resist Corporate Hijack of Retail** organized at Rajendra Bhawan Auditorium in Delhi, on 22nd April**.** The major organisations that came together on the issue and decided to start a campaign against the corporate entry into retail were Navdanya, India-FDI watch, Confederation of All India Traders, National Hawkers Federation, Centre for Indian Trade Unions, All India Kisan Sabha, Hind Majdoor Sabha, Harit Recyclers Association, Action India, AITUC and Bhartiya Mazdoor Sangh, Pawan Putra Rehri Patri Khomcha Sangh to name a few.

The convention aimed to discuss and finalize the various aspects of the campaign to build an intense and broader resistance to corporate onslaught on retail in India through the formation of joint action committee and concretizing demands and oppose entry of large corporations into Indian Retail business. The joint resolution called on the PMO to move forth in a transparent manner in electing a Special Task Force, in which affected representatives would be represented, to fully examine the impact that corporate retail will have on traders, hawkers, farmers, workers and small industries. The PMO had commissioned a Special Task Force in early March, the status of which was unknown to the public.

The findings of a research conducted by Navdanya, to find the socio- economic and environmental impact of corporate retail were shared in the convention. The findings proved that the entry of the big corporations was detrimental to the business of the small retailers and hawkers, and if no strong legislation is made in favour of the latter they will not be able to save their livelihoods.

In the convention, prominent social activists, academicians and leaders of mass based organisation addressed the masses about the threats of corporate entry, which resulted in a series of discussions and action at various forums in the country. Considering the enormity of the issue, it got highlighted in major newspapers and journals. As a result different organisations that were resisting this entry in different parts of the country slowly joined the group adding strength to it.

In the month of May, the movement gained a lot of strength and became quite forceful in the capital city. On May 21st another round of meeting was organised to discuss about the formation of national coordination committee and the agenda for the future. In a consensual decision the movement was given the name "**National Movement for Retail Democracy**" **(Vyapar aur Rojgar Bachao Andolan)**. Few major decisions regarding the movement were taken in the meeting which included intensive awareness campaigns at grass root level and actions like dharna, demonstrations to be organized in the months of June and July. All member organizations were asked to launch awareness programs on the issue among their mass base. A street play team was formed for the awareness campaign at grass root levels. Finally a major action was planned on 9th Aug 2007, the committee decided with full consensus that **'Corporations Quit retail'** movement would be launched on 9th August, 2007, which would include a public rally at Ghanta Ghar in Chandni Chowk, Delhi.

After proper deliberations among the member organisation a charter of demands was formalised with the following demands

- 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 MNCs.
- 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 actions.
- Repeal the changes made in Marketing through the APMC Model Act

In the month of June **National movement for Retail Democracy** worked closely with stakeholders' organizations particularly of traders, hawkers, farmers, workers and civil society to resist the corporate hijack of retail trade. It was instrumental in intensifying the resistance to corporate retail by facilitating coalitions of stakeholders' organizations, building Joint Action Committees in Delhi, Mumbai and Bangalore.

On 8^{th} July 2007 there was another round of meeting to discuss about the action and campaign in the coming months. It was decided that there would be a month long intensive campaign (from 9 July to 8 August) with central propaganda materials (documentary film, poster, leaflet, booklet, cartoons) targeting markets and mass meetings to be organized in markets to call for the 9^{th} August action.

A documentary on "**Khudra Swaraj**" (Retail Democracy) showing the implications of corporate entry in retail was released by Navdanya on this occasion. This documentary is being shown to hawkers and traders union in various areas all over the country for the purpose of creating awareness and mass mobilization. The support for the movement is growing significantly among the hawkers and traders in various places across the nation. Traders and hawkers from all over the nation came together on this issue to organize a 50 hrs protest at Jantar Mantar in Delhi (17^{th} -19^{th} July). They demanded exit of all the corporations from the retail sector.