

Multi brand retailing
and its policy
implications
economics essay



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With the ongoing wave of globalisation, the companies are overhauling their approach to business practices worldwide in order to address the Opportunities and Challenges presented by the Multi Polar World. Therefore they are moving from conventional business practices to more geographical flexible approach and are aligning their strategies to the external environment. It is believed that Foreign Investment is a key component in the economic growth of any developing country. Foreign Direct Investment (FDI) truly act as catalyst in this context. Indian Retail Sector carry a large prospective for attracting FDI as it is expected to grow three times the current levels. i. e. 660 US billion \$ by 2015. Large Format Retailers have diminished the idea of “ Grow local and sell local”. But the latest move by the Indian government to allow 51% FDI in Multi Brand Retailing has attracted a huge debate in the country. It has been argued that the reforms will result in greater benefits to the economy, consumers and farmers but the concerns have been raised by some political parties and trade associations that the outcome would be opposite. Henry Ford, the genius inventor said, “ Don’t find fault, find a remedy”. This axiom reverberates ever so relevantly in today’s Indian retail sector scenario like never before. In this context, the present paper makes a modest attempt to analyse the controversial issues concerning the influx of FDI in multi brand retailing and also highlights the challenges and threats to all the players involved in it. This paper also reviews that adequate safeguards should be build by the Indian government so that it does not end up in losing proposition.

Keywords: Foreign Direct Investment, Retail Industry, Organised Retail Industry, Unorganised Retail Industry, Single Brand Retailing, Multi Brand Retailing, E-Retailing

SECTION I: Introduction

India is a land of Retail Democracy which is characterized by High level of Livelihood through Employment, High level of Self Organisation, Low Capital Input and High Level of Decentralisation. India is the fifth largest Retail Market Globally. Retail contributes approx from 14%-15% of India's GDP. India has highest Retail Density in the World with 15 million Outlets. A T Kearney, an international management consultancy firm, has acknowledged India as one of the uppermost retail destinations. According to Technopak the Indian Retail economy is jump to mature to US\$ 94. 4 billion by FY12 and India has all the prospective needed to sustain this growth. According to a study conducted by PWC, Indian Retail Market currently stood at US \$ 400 billion in 2009-10 which is approximate to reach US \$ 573 billion by 2012-13 and is growing 30%-40% per annum. The India retail market is estimated at US\$ 470 Billion in 2011, contributing for 35% of GDP and is expected to rise to US\$ 675 Billion by 2016. The trend and the expected Total Retail Market and Organised Retail Market in India is exhibited in Graph 1 and Graph 2.

Graph 1

Graph 2

Indian Retail Industry is divided into two sectors: Organised and Unorganised Sector. Indian retail market is highly dominated by decentralized

unorganized market, which accounts for about 95% of the sales. The share of <https://assignbuster.com/multi-brand-retailing-and-its-policy-implications-economics-essay/>

organized retailing in India, at around 2%, is too near to the ground, compared to 80% in the USA, 40% in Thailand, or 20% in China, thus leaving the huge market prospective largely intact. But, organised retail industry is one of the budding sectors with massive growth potential and with its emergence; Indian economy is surely going to gain from well capitalized retail industry. Since 1991, Due to Globalisation and Liberalisation, Retail Industry has grown exponentially in form of Foreign Direct Investment (FDI). Foreign Investment in India is governed by the FDI policy which is announced by the Government of India and the terms of the Foreign Exchange Management Act (FEMA) 1999, which was notified by Reserve bank of India This notification has been amended from time to time. The Ministry of Commerce and Industry, Government of India is the nodal agency for monitoring and reviewing the FDI policy on continued basis. The FDI policy is notified through Press Notes by the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP). The foreign investors are liberated to invest in India, except few sectors where prior approval from the RBI or Foreign Investment Promotion Board (' FIPB') would be obligatory. The Government of India recognizes the momentous role played by foreign direct investment in accelerating the economic growth of the country and thus started a swing of economic and financial reforms in 1991. India is now planning to initiate the second generation reforms proposed for a faster assimilation of the Indian economy with the world economy. As an outcome, India has been rapidly altering from a restrictive regime to a liberal one. Many reforms have been done by Indian Government in this context which is shown in the figure1:

Figure 1

Among the emerging markets, in 2011, India is ranked as the fourth most Attractive Country for Retail Industry as per the Global Retail Development Index which is developed by A. T Kearney on the basis of 25 macroeconomic and retail specific variables. India is expected to lead one of the best retail economies by 2042s due to good talent pool, huge markets and availability of cheap raw material. Some studies have also state that variables like market size and differences in factor costs were found to be considerable in determining the FDI location as these are very important in determining the market economies and they cannot be achieved and oppressed till the time market achieves a certain size. (Markusen and Maskus, 1999). Foreign players may invest in the form of Single Brand Retailing and Multi Brand Retailing. Organized retail has become a centre of attention for most of the leading international players. Retailing through formats such as supermarkets, hypermarkets, department stores and other forte chains are swelling. India's consumers chiefly fit in to the middle and lower financial strata of society and both these segments would desire shopping at multi-brand retail stores which provide them an extensive assortment of price points and options in each product class. A widely held retail companies, 33.6%, cater to the customers falling in Rs 100, 000 to Rs 500, 000 income group, followed by 26.2% companies catering Rs 500, 000 to Rs 1, 000, 000 income group, both of which are emergent segments in India. As far as shopping behaviour of Indian consumers is concerned, modern outlets are preferred because they associate entertainment with shopping and now-a-days it's a customer delight to go out for shopping and entertainment

simultaneously (Sinha 2003). Retail stalwarts such as Wal-Mart, Tesco and Marks & Spencer have already made entry into the Indian retail industry and with multi-billion dollar funds by major household players such as Reliance Retail. The US-based world's largest retailer Wal-Mart has already recognized its existence in the Indian market through a wholesale cash and carry stores. The company at present operates 17 wholesale cash-and- carry stores under Best Price Modern Wholesale stores in India. This industry is expected to go from strength to strength and have bright future as a number of drivers are aiding the development of the Industry such as improved levels of income and increasing purchasing power etc. In 2006, Indian government sanctioned FDI up to 51% in single brand retailing now this cap has been increased to 100%, last year in November, 2011, union cabinet allowed FDI up to 51% in multi brand retailing, but this reform was put on hold as lot of opposition and protest was generated by various state governments, political parties like Trinomial congress, small shopkeepers, small traders, trading associations, industrial associations on certain grounds which has compelled Indian government to scrutinize the long term implications of organized retail in India. The government is geared up with the policy and the verdict has already been permitted by the cabinet it is only the matter of removing the finger from the pause button.

In this backdrop the Objective of the study is:

To discuss the present status and Policy Implications of FDI in Multi Brand Retailing.

To Highlight the Major Controversies relating to FDI in Multi Brand Retailing in India.

To Discuss the Challenges and Threats to the Foreign Retailers and Domestic Retailers.

To provide various Suggestions to all the effected Players through approval of FDI in Multi Brand Retailing.

To achieve the objectives of the study, the paper is divided into following sections: SECTION I, the present section gives an overview of FDI in Organised Retail in India followed by SECTION II which contains Review of Literature. SECTION III exhibits the Present Status and the policy implications of FDI in Multi Brand Retailing and also highlights the Major Controversies relating to FDI in Multi Brand Retailng. SECTION IV Highlights the views of the Indian Government and the Foreign Retailers on the Issue followed by SECTION V states the Challenges and Threats which all the Players may encounter with. SECTION VI provides some Suggestions and Recommendations on the matter and SECTION VII entails the Conclusion followed by SECTION VIII gives the details about the References used in the study.

SECTION II: Review of Literature

Reardon and Hopkins, 2006 Reardon and Berdegue, 2007 states that in underdeveloped countries Modern Retail arrived in Three Consecutive Waves. In the early hours of 1990s, the First Wave took place in South America, East Asia, China, North Central Europe and South Africa. The

Second Wave took place in late 1990s in Mexico, Central Europe and Third <https://assignbuster.com/multi-brand-retailing-and-its-policy-implications-economics-essay/>

Wave happened in the late 1990s and early 2000s in Africa, Central and South America, South East Asia, China India, Russia. They also state that the Third Wave Countries lagged behind due to the severe Foreign Policy on FDI in Retail Industry. China and Russia liberalized their FDI policy in 1990s and India did in early 2000s. In 2006, India sanctioned 51% in Single Brand Retail Joint Venture, but Multi Brand was still in debate at that time too. Koshy, Joseph, Partner, Joseph and Joseph law office describes in their article, FDI in Retail Sector, 2006 that Indian government has permitted FDI in several sectors but FDI in retail has been in debate in the country as it had been opposed by many State Government and Leftist. According to Report, “Corporate Hijack of Retail-Retail Dictatorship Vs Retail Democracy by Navdanya/Research foundation for Science, Technology and Ecology, the entry of Giant Corporations like Wal-Mart etc in the Indian Retail Industry will have undeviating impact on 650 million Indian farmers. A Report (Oligopoly Tnc, 2005, the ETC group) states that the main energetic forces in the Food Retail Sector are the Cut Throat Antagonism and Global Integration. If Giant Retail chains get footing in India, it will lead to disarticulation of small retailers and farmers. Dr Mandeep Singh, Associate Prof of Economics, The Earth Institute of Colombia University states in his article FDI in retailing in india, 2010, that the entry gate of FDI regime should be in phased manner as household retailers need adequate time period to adjust changes and compete with global retail giants. A publication by ICT by IANS, Theindian.com co. ltd, 2010 reveals the view point of heads of various Giant Retailers. FDI in Multi Brand Retailing: Time to expand the Horizons by Parekh, Paresh, Mumbai Agency, DNA, 2010 states that it is necessary to differentiate the Foreign Financial Institutions and Foreign Retailers for permitting FDI as <https://assignbuster.com/multi-brand-retailing-and-its-policy-implications-economics-essay/>

Foreign Financial Institutions bring right talent and know how along with the capital which may be more pertinent to the profitable business in the sector. It also argues that Indian organised retailers may require finance for private equity than a premeditated alliance with foreign retailers. It further predicts that it is worth debating whether to place conditions before permitting FDI like rural employment creation, mandatory investment in back end infrastructure. Mukherjee and Patel, 2005 reveal in their study that FDI through organised retailing have optimistic effect on the Indian industry in form of easy access to finance and global best practise through joint ventures Joseph and N sundarrajan, 2009(the Indian council for research on international economic relations, ICRIER)in their study that only 17% of small shops were shut down due to competition from organised retailing. Through adoption of better business practise and technology, domestic retailers have competed effectively in opposition to organised retail. There has been an optimistic spill over effect on the Indian economy as its possession advantages get dispersal to household enterprises, thereby enhancing their productivity.

SECTION III: Present Status of FDI in Multi Brand Retailing in India and the Major Controversies relating to it and its Policy Implications.

1. Present Status and Proposal as finalised by Indian Government

Indian government has opened Indian economy for global players as a part of an accord with World trade organisation (WTO) and also cheering foreign direct investment into the territory. After allowing 100% FDI in Single Brand

Retailing, in 2011, UPA Government has allowed the decision of FDI in Multi Brand Retailing. The following proposal has been finalised by the government on this controversial issue:

Government has legalized up to 51% of foreign direct investment (FDI) in multi brand retail trade.

Fresh agricultural produce including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery, meat products etc may be unbranded.

Minimum amount of US \$ 100 million is to be brought in by foreign retailers.

Out of the total amount brought in by foreign retailers at least 50% shall be invested in the back end infrastructure i. e. towards processing , manufacturing , distribution , design improvement, quality control, packaging, logistic etc.

At least 30% of manufactured or processed products shall be procured from small domestic industries by the foreign retailers which have the total investment not exceeding US \$ 1 million (without providing depreciation).

Retail stores shall be established only in cities with population of more than 10 lakhs as per 2011 census and shall also cover area of 10 kilometres around the municipal/urban agglomeration limits of such cities.

2. Controversies relating to FDI in Multi Brand Retailing

Many Opponent political parties mainly BJP and Trinamool Congress have strongly protested against this decision. The most inopportune part is the UPA Government's validation of execution actions to be kept invulnerable

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from parliamentary approval. 'Quit FDI Day' was observed on 9th August, 2012 to protest against FDI in multi brand retailing by staging dharnas. According to Praveen Khandelwal, Secretary General of Confederation of All India Traders, foreign investments by global giant retailers would lead to closure of small business and lakhs of people will be jobless. He further added that it's highly undemocratic if Government will form an accord without traders assent. This issue has been encircled by number of controversies. The predicament arises whether opening up of FDI in multi-brand retail will build problems or endow with opportunities to local retailers. There is no appropriate response and apparent views have been seen in the favour and against FDI in multi-brand retailing. Some of the controversies are listed below:

Figure 2

1. Do India really need foreign retailers?

ACTUALITY: Indian economy is small with restricted superfluous capital and is already in force on budget deficit. India needs trillions of dollars to build its infrastructure and other facilities, it's simply not probable to back this expansion by domestic investors and Indian government, therefore international investment capital through FDI is obligatory. Apart from capital, Indian retail industry also calls for knowledge and global amalgamation which can only be brought in by global retail leaders which can potentially unlock export markets for domestic farmers and producers.

2. Entry of Foreign Retailers in Multi Brand retailing will impact Indian Agrarian Community?

3. Entry of Giant Retailer will result in Shutting down of independent stores leading to enormous job losses, only few jobs would be created but millions will be vanished?

ACTUALITY: Instead of job losses, retail reforms are likely to bring gigantic advancement in the Indian jobs as organised retail will call for workforce then millions of additional jobs will be formed during the building of and the maintenance of retail stores, roads, cold storage centres, software industry and other retail supporting organisations. Walmart alone would employ 5.6 million citizens if it swells in India as much as their charisma in the USA and also if the staffing level is reserved at the same level as in the US stores. The accepted jobs in prospect Indian organised retail would total over 85 million.

4. Foreign players may practise dumping, get competition out of the way as they may become monopoly and raise prices?

ACTUALITY: Since 30 years, over 350 global retail companies like Wal-Mart, Carrefour, Tesco, Coop etc with annual sales over \$ 1 billion have operated in several countries. Competition between Wal-Mart like retailers has set aside food prices in check. Country like Canada credits its near to the ground inflation rates to Wal-Mart outcome. Price inflation in such countries has been 5-10 times lesser than price inflation in India. The consumer price inflation in Europe and US is less than 2% in comparison to India's double digit Inflation. Anti-Trust Laws and State Regulations like in Indian penal code have prevented Food Monopolies all over the world.

5. Indians will work hard and foreigners will reap profits?

ACTUALITY: With execution of 51% FDI limit in Multi Brand Retailing, just about half of the returns will remain in India as profits will be subject to taxes which will trim down the Budget Deficit of Indian Government. Eventually, retail companies will get returns all the way through hard work and by creating value.

6. Will Giant Retailers be able to avoid Pollution in terms of Carbon Footprints?

ACTUALITY: This question has mix response as India is already reeling with managing environmental crisis. India would not be able to avoid polluting more with the advent of large scale retail chains in India and it would make even harder to meet global norms. According to a survey, the Net GHG(Green House Gas) emission of 2005 of major Retailers -Wal-Mart, Carrefour, Tesco collectively was about 20 million metric tonnes which is corresponding to the 80 most polluting countries in the world.

SECTION IV: Views of the Major Players

1. What Indian Government say on FDI in Multi Brand Retailing?

Inspite of lot of strong opposition on FDI in multi brand retailing, Indian government has been trying to counterfeit an accord on this extremely contentious issue, but several states still remain opposed to this idea. Till now only 10-11 Indian states and union territories like Delhi, Uttrakhand, Manipur, and Rajasthan etc have supported the centre's decision to permit FDI in Multi Brand Retailing. Delhi's Chief Minister, Shiela Dikshit stated that FDI in Multi Brand retailing will benefit the Indian economy in many ways.

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She further states that this proposal would help in improving infrastructure, reduce waste, minimize the role of middlemen, reduce food inflation, stabilize prices, improve Agro Commodities management address gaps relating to post harvest infrastructure. The Indian Government need FDI to meet its foreign exchange requirements and government also believes that only global retailers can satisfy the rising and varied demands of Indian consumers. FDI in Multi Brand Retailing would improve the Agricultural Marketing, Revenue to the Government could also increase as large portion of Indian sector is unorganised and has low tax compliance. Profound FDI in the Multi-Brand Retail sector will upshot in gainful employment opportunities in agro-processing, sorting, marketing, logistics management and front-end retail management. In the next three years, minimum 10 million jobs will be produced in the retail sector. It will assist farmers' to get prices over the MSP by omitting manipulative middlemen. MNC Retailers and Foreign Retail Giants will make certain supply chain efficiencies for incessant supply of the products. Policy to make an urge for investing minimum of \$100 million and out of which at least half the amount must be invested in back-end infrastructure, including cold chains storages, refrigeration, transportation, packing, sorting and processing which would definitely help in condensing post-harvest losses and costs. A condition to acquire minimum of 30% of goods from Indian micro and small industry will promote domestic manufacturing, thereby creating a manifold outcome for employment, technology up gradation and income creation. At the World Economic Forum 2012 in Davos, India's Commerce and Industry Minister Anand Sharma told Wal-Mart president Doug McMillon and Metro board member Frans Muller that India's resolution to put foreign direct investment (FDI) in multi-brand <https://assignbuster.com/multi-brand-retailing-and-its-policy-implications-economics-essay/>

retail on hold was “ just a pause” strained by opposition. He further stated that the government is committed to take forward the reform agenda as the Indian retail market has massive scope for growth and development but many Indian retailers face a crunch in terms of financial support and supply chain management. So foreign players can come in and help them. He also said that FDI in multi brand retailing will not only improve the quality of goods but it will also enhance competitiveness. He also made a statement that no state will be forced to put into practice FDI in Multi Brand retailing. Uttrakand Chief Minister Vijay Bahuguna also favoured FDI in Multi Brand retailing saying that availability of Cold Storages and Proper Marketing Facilities will reduce the damage to the Agri-Horticulture-Organic produce which would ultimately result in increase in the income of rural farmers. The Deputy Chairman of the Planning Commission, Mr Montek Singh Ahluwalia also totally favours opening up of the sector for FDI.

Apart from Trinamool Congress the idea of FDI in multi brand retailing has been opposed by many other ministers and political parties. Minister of State for Commerce and Industry Jyotiraditya Scindia stated his view to the Rajya Sabha in written that without adequate safeguards FDI in multi-brand retail will lead to prevalent disarticulation and poor treatment of Indian workers in retail, logistics, agriculture and manufacturing. A written petition has been filed by Vandana Shiva, an NGO activist, in the Delhi High Court alleging that Bharti Wal-Mart and Bharti Retail are directly and indirectly carrying out retail trading in multi-brand in contravention of the FDI policy. BJP is also opposing entry of Foreign Direct Investment in multi-brand retail in the country on the ground that it will be an “ injustice” to small traders. BJP

leader LK Advani also said that sanctioning foreign brands to do retail trade in India is an injustice to retailers as it leave many small traders jobless. BJP President Nitin Gadkari stated that the country's economic condition is in a "sorry state" because of UPA government's erroneous economic policies, crooked practices and visionless leadership. Former BJP National President Rajnath Singh claimed that, " If FDI is introduced in retail sector; it will break the backbone of Indian economy". According to Mr Viren Shah, President of Federation of Retail Traders Welfare Association and Mr B. C. Bhartia, National Federation of All India Traders, with the Entry of Global Giant Retailers into Multi Brand Retailing, the interests of the small retailers would be compromised.

2. What Foreign Retailers say on FDI in Multi Brand Retailing?

The President and CEO of Wal-Mart International, Mr Doug McMillon said at the World Economic Forum's Annual Meeting that FDI in Multi Brand Retailing will not impact the fortunes of small shopkeepers. He further stated by giving an example that after 20 years of retail business in Mexico, 50% of retailing in Mexico is still done informally and fear of shutting down of independent and kirana stores is overstated. He also admitted that operating in India would pose challenges due to Regulations and High Real Estate prices in India. According to the CEO of US based Discount Department FDI in Multi Brand Retailing will help address inflation concerns for consumers as well as it will benefit the farmers in India.

SECTION V: Challenges and Threats to the Players

Retail industry is the second largest employer in India and has remarkable growth potential and on the other hand foreign players have deeper pockets, ability and are in need to invest constantly to enlarge. In economies like china and japan, the retail industry are slowly reaching towards saturation point and many retailer are confronting increasing margin pressures.

Therefore, global giant retailers are attracted towards developing economies like India which is mounting at a hasty velocity. Global retailers are interested to invest in India due to increasing urbanisation and favourable consumer base. FDI in multi brand retailing will generate employment opportunities, income, technology transfer and economic stability but still there are several factors like government regulations, lack of ample infrastructure and inadequate investments are the probable bottlenecks for retail companies. It may pose advantages as well as challenge for domestic retailer, foreign retailers and also for the Indian government. Therefore some of the challenges and threats are listed below in this context.

FDI in Multi Brand retailing may lead to large scale disarticulation of employed in retail sector due to unfair competition which may eventually result in mass departure of domestic retailers.

The domestic retailers may not be able to endure in the ex-parte competition as the Indian retail sector especially organised is in an embryonic stage.

The existing firms may mislay their self competitive potency if they join forces with global biggies.

Any MNC going to set up a multi-brand retail store across India will have to countenance vast licensing obligations in each state of its operation which could be a major obstacle in the way of FDI in multi-brand retail, they will have to get approval for investment as well from the central regulatory authority which, at present, is the Foreign investment promotion Board (FIPB).

The foreign players may encounter Red-Tapism as prior to investment approval their application has to pass through various transfer channels which is highly subjugated by bureaucrats resulting in impediment in decision making leading to disinterested corporate giants.

Although there are number of anti-corruption cells and acts in India but still corruption could be a major obstacle for foreign investors.

No doubt there is availability of cheap labour in India but most of them are unskilled therefore foreign investors may require to provide training and development to them to administer advance retail chains.

In 2008-10, rigorous financial damage was caused to investors worldwide due to inflation but Indian economy remained modest affected because of partial open economy. But FDI in multi brand retailing would escort to persistent threats due to revolution in business cycles of global partners.

Today India already has foreign debt, trade deficit and current account deficit which mean nearly all resources and transactions in India are owned or financed by Foreign Nations resulting in killing of Indian rupee due to Foreign Currency influence which can be witnessed in Rising Commodity

Prices, Rising Fuel Prices and Rising Debts. FDI in retail may impact Indian small and medium Manufacturing sector which is already dented by China Products which will further them hurt.

In current Inflation Stricken Economy, Indian Government need to be careful while permitting FDI in Muti-Brand Retailing as it fears to hurt the sentiments of Middlemen, Farmers and Owners of mom and pop stores.

SECTION VI: Suggestions and Recommendations

Being a controversial issue, no doubt Foreign Direct Investment (FDI) in Multi Brand Retailing is expected to transform the Indian Retail landscape in a noteworthy way. The global organised players would bring in the much needed investment that would incite the further growth of the sector which is particularly important for nourishment of some of the domestic retailers which lack requisite resources to ride out the storm during an economic slump. The technical know-how, global best practices, quality standards and cost competitiveness brought forth through FDI would portend well for the domestic players to harvest the necessary support to protract their growth. The infrastructure support would definitely help to improve the backend processes of the supply chain and enable to purge wastages and augment the operational efficiency. FDI in multi-brand retail would in no way imperil the employed in the unorganised retail sector. On the contrary, it would pilot to the conception of millions of jobs as substantial infrastructure capabilities would be needed to cater to the changing lifestyle needs of the urban Indian who is keen on allocating the disposable income. The numerous

intermediaries would be restricted and the farmers would get to enjoy a

bigger share of the pie. Despite of numerous advantages, this matter has <https://assignbuster.com/multi-brand-retailing-and-its-policy-implications-economics-essay/>

been opposed by many political parties, small traders etc on certain grounds like it may have adverse impact on Agrarian Community, environmental issues, loss of jobs, creation of monopoly and so on. Political parties have opposed to this move pointing that it will be suicidal for small and marginal farmers and would affect thousands of traders in the sector. Hence, FDI in multi brand retailing is a conflicting and very sensitive matter, therefore the foreign retailers as well as the Indian government need to take rationale decision before implementing proposed reforms. So few suggestions and recommendations are listed below in this regard:

The first basic step needed for reforming Indian retail sector is providing it an industry status which will not only facilitate better financial processes but also enable prudent practices.

Policy clarification is required to authorize giant global players which will augment the confidence of the foreign investors and the sector should be opened for giant firms in calibrated manner.

A serious revision of the labour laws is required to strengthen the retail industry. All laws should be suitably changed and reasonably modified.

The government should provide a “ Single Window Clearance System” which will rationalize license process allied with the establishment and administration of retail stores and a uniform license regim can be implemented in all the states.

The government can create retail and entertainment zones (REZ) similar to SEZ and necessary exemptions like stamp duty, octroi etc could be provided to foreign retailers operating within them which will help in reducing prices.

A tax incentive in the form of 100% deduction on expenditure incurred on the employment of fresh personnel and weighted deduction for payment made by retailers towards training and development to their staff in order to improve their expertise can be allowed. This will help in promoting employment in the retail sector.

Government must assist in creation of farmer coopera