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LOCAL RETAILERS' PERCEPTION OVER ENTRY OF FDI IN RETAIL WITH SPECIAL REFERENCE TO GROCERY SEGMENT IN DELHI

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INTRODUCTION

Retailing in India is one of the pillars of its economy and accounts for about 15% of its GDP. The Indian retail market is estimated to be US$450 BILLION and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people. India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population).

Until 2011, Indian central government denied foreign direct investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process. In November 2011, India's central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Walmart, Carrefour, and Tesco, as well single brand majors such as IKEA, Nike and Apple. The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus.

In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership, but imposed the requirement that the single brand retailer source 30 percent of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores. IKEA announced in January that it is putting on hold its plan to open stores in India because of the 30 percent requirement. Fitch believes that the 30 percent requirement is likely to significantly delay if not prevent most single brand majors from Europe, USA and Japan from opening stores and creating associated jobs in India.

Whereas Indian retail reforms announcement are making one or more of the following points:

Independent stores will close, leading to massive job losses. Walmart employs very few people in the United States. If allowed to expand in India as much as Walmart has expanded in the United States, few thousand jobs may be created but millions will be lost. Walmart will lower prices to dump goods, get competition out of the way, become a monopoly, and then raise prices. We have seen this in the case of the soft drinks industry. Pepsi and Coke came in and wiped out all the domestic brands. India doesn't need foreign retailers, since homegrown companies and traditional markets may be able to do the job. Work will be done by Indians, profits will go to foreigners. Remember East India Company. It entered India as a trader and then took over politically. There will be sterile homogeneity and Indian cities will look like cities anywhere else. The government hasn't built consensus. **This study aims to bring out the pros and cons of retail sector with special reference to grocery segment in India.**

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