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# No Easy Day for FDI in Multi-Brand Retail

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**Abstract**

In 2012, the Indian Government threw open the gates to foreign investment in multi-brand retail in a bid to tap the combined mammoth potential of the retail and agriculture sector.This reform was roundly attacked by opponents saying that it would threaten the existence of unorganised retail or the traditional mom and pop stores. There were also speculations that the reform would lead to exploitation of farmers by foreign retail chains since they would pressurise them to sell their produce at cut-throat prices. All this would put a financial strain on the economy. To unravel this dilemma, we studied the impact of recent economic reforms on FDIin multi–brand retail particularly onthe unorganised retail outlets and also onthe farmers and economy. Primary research amongst consumers revealed that the advent of FDI based multi-brand stores would not have an adverse effect on sales ofthe mom and pop stores. We also carried out extensive secondary research to studythe pros and cons of FDI in multi-brand retailin other countriesas well as the relative strengths and weaknesses of foreign retail chains via-a-vis unorganised retail.Findings showed that the weaknesses (and threats) of foreign retailers outnumber the inherent strengths (and opportunities) of mom & pop stores. Moreover there are enough global success stories wherein foreign retail giants have co-existed with the local retail entities and have even taken initiatives to benefit them.The paper thus supports FDI in multi-brand retail in India with arguments from point of view of various stakeholders.

**Keywords:**

FDI, Unorganised, Organised, Retail, Farmers, Economy, Multi-Brand

## Introduction

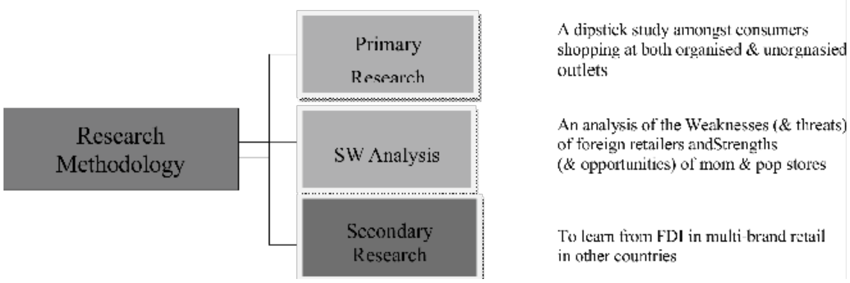
The retail sector of India contributes about 15% to the national GDP and is the largest provider of jobs, after the agriculture sector.Given its PPP (purchasing power parity), India is the fourth largest economy in the world and hence offers a substantial opportunity for retailers. After years of dilly-dallying, the Indian Government threw open the gates to foreign investment to multi-brand retail in September 2012. Thispaved the way for the much-awaited entry of foreign retail giants such as Walmart, Tesco and Carrefour to tap the combined mammoth potential of the retail and agriculture sector.

This paper aims to delve deeper into the issues encompassing introduction of the new FDI policy in the country. While various claims have been put forward by the opponents and proponents, through this paper, we aim to analyze the level of impact that this new FDI policy could have on the economy as well as key stakeholders i.e. the unorganized retail and the farmers.

**Research Methodology**

The researchers have adopted an analytical, descriptive and comparative methodology for this report. The study is based on both primary and secondary research.

Figure 1: Research Methodology



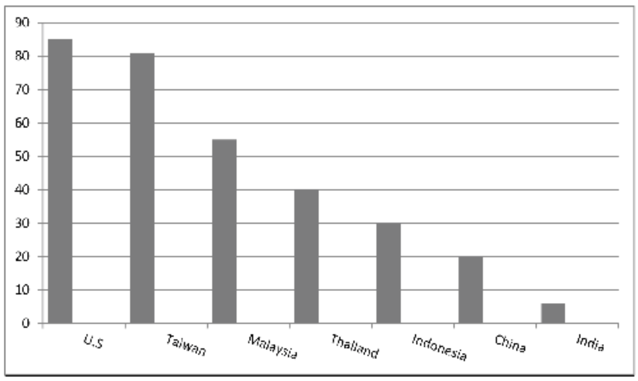

The primary data was obtained from adipstick study conducted by the researchers to identify the probable impact the advent of FDI based multi-brand stores would have on consumers and the mom and pop stores. Convenience sampling was done since respondents in proximity to the researchers were the types who were known to purchase from both mom and pop as well asexisting modern and organised retail stores (such as Easyday, Reliance Fresh etc.). These respondents were belonging to SEC (Socio – Economic Classification) A and were residents of Delhi-NCR. Care was taken to ensure that the sample had a good mix of respondents by occupation i.e. it consisted of - homemakers, self-employed professionals, service class, businessmen, students as well as senior citizens. The questionnaire was mailed to the respondents and the data collected was analysed using basic tools such as frequency tabulations, summations, averages etc.Existing modern retail outlets were used as a surrogate for multi-brand stores (that are expected to be set up given the new FDI policy) by asking about shopping habits related to bakery products, dairy and processed food, home & personal care, commodities, beverages etc. i.e.multi-brand products which are also purchased from mom & pop stores. Some key parameters were derived from existing variables – for e.g. the average spend per month on modernretail outlets was worked out from the visit frequency (once every 2-3 days, once a week etc.) and the average spend per visit. We also captured the money spent in the last visit as it is relatively easier for the respondents to remember. This helped as a benchmark against the average spend – in filtering out outliers during sanity data checks. In all about 175 questionnaires were distributed to a conveniently generated sample of a highly educated segment. 140 questionnaires were returned and on scrutiny 82 questionnaires were found usable.

An extensive secondary research was conductedto study pros and cons of FDI in multi-brand retail in other economies as well as the relative strengths and weaknesses of foreign retail chains vis-a-vis unorganised retail. We referred to a number of national and international journal articles, books, reports and newspapers.

**Impact on Unorganised Retailers**

The Government recently allowed 51% (was zero earlier) FDI in multi-brand retail (FDIMBR) and increased the FDI limit in single brand retail from 49% to 100%. FDI in multi-brandretail means that foreign retailers will now be allowed to sell multiple household items and grocery brands under one roof, in India. This is being looked upon as a threat to traditional mom and pop stores(hereafter referred to as M&Ps) with their predatory pricingstrategy that perhaps can wipe out competition. The mom and pop stores can be further broken down as fruit & vegetable sellers, dairy product stores, meat stores, kirana (small neighbourhood retail)stores selling bakery products, dairy & processed food, home & personal care and beverages etc. Organised retail in India (6%) is still in a very embryonic stage vis-a-vis even other emerging economies such as Indonesia (30%) and China (20%).

Figure 2: Organised retail Penetration in different countries



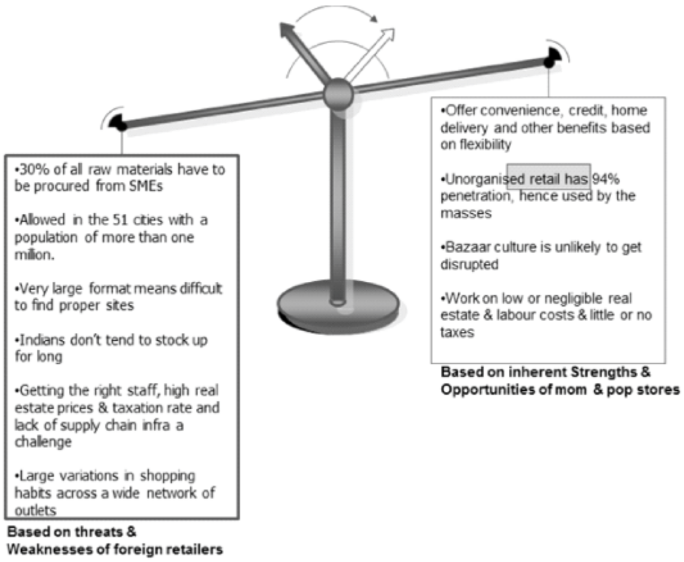

(Source: E&Y Report, Aranca Research)

China opened up retail fully, by allowing 26 per cent FDI in 1992, to start with. The sector has seen high growth and production efficiency enabled by rising investments in rural infrastructure and booming exports enabled by the setting up of new supply chains. Retail giants such as Walmart and Carrefour, helped in changing the way Chinese companies managed their businesses - from farm procurement to logistics. Today, it is Chinese local retailers and not their foreign competitorswho rule the retail market, since the local players were able to tackle foreign competition and co-exist. China's biggest retail firms are all Chinese companies such as - the Shanghai Bailiangroup, Dashangetc. (Krishnan, A., 2011).

**Disadvantage – Foreign retail chains**

Based on several factors, we think that M&Ps will not be affected by FDIMBR. These factors can be further divided as (a) Based on threats & weaknesses of foreign retailers (b) Based on inherent strengths & opportunities of mom & pop stores. It can be seen that the former clearlyoutweigh the latter and this implies that there are adequate checks (natural as well asman-made) in place to protect unorganised retail.

**Figure 3: Strengths & opportunities of M & P Stores and Threats &Weaknesses of Foreign Retail Giants**




These factors have been explained in detail below:

*Mom and Pop stores have some inherent advantages* **-**and this is their reason for existence**. '**Place' is the most aspect in retail and leads to 'proximity retail'.The local retailer remembers his customers', often provides personalised service and even goes to the extent of allowing credit sales. The M&P stores allow more bargaining, convenient timings and flexible conditions for product returns & exchange. Home delivering the goods is often a given.

*Unorganised retail outlets are used by the masses* – with some overlap, hyper mart shoppers are more skewed towards SEC A (has the lowest proportion amongst the socio-economic classifications i.e. SEC A, B, C, D, E).

*The bazaar culture is unlikely to get disrupted* – just as it did not get disrupted with the advent of domestic organised retail chains such as Big Bazaar, Reliance Fresh etc. It has been seen in France, Germany, the Nordic countries and also other parts of Europe that local communities can prosper if they are empowered and involved in urban planning (Arun Kr. Singh et al, 2012). A study on impact of supermarkets on traditional markets and retailers in Indonesia's urban centres showed that the downfall of traditional markets is mostly caused by internal problems and supermarkets gain from this. There was a need to improve the infrastructure in terms of better hygiene and cleanliness levels, more adequate lighting, providing the street vendors kiosks inside the traditional markets and even disallowing them from opening stalls that block market entrances (Daniel Suryadarma et al., 2007).

*No easy day for retailers like Walmart, Tesco etc***.** While much hope was pinned onWalmart as a FDIMBR investor, it ended its 6 year old partnership with BhartiEnterprises in October 2013, citing the restrictive investment rules in India as the main reason. As per the policy, foreign retailers can only set up the front end outlets additionally and not by procuring existing outlets. Moreover 50% of the total investment has to be made in back-end. Foreign retailers will have to grapple with recruitment and training of the right staff, the high real estate prices, high taxation rate and a supply chain infrastructure that is still in an embryonic stage. On the other hand M&P stores which are mostly owner-operated work on low or negligible real estate & labour costs & little or no taxes. Walmart's experience in South Korea and Carrefour's trials in Japan and Belgium indicate hardships such as high real estate price, very strong home competition and lack of suitable sites. The multi-national retail chains have to build a large network of stores in any new country, in order to reap advantages from the supply chain and technology investments. However retailers usually enter one city at a time and one region at a time in a country. This is a slow process – it took Walmart 15 years of investment to finally break even in China. Then there are other complexities such as understanding local tastes and needs in a heterogeneous country like India and customising accordingly. However chances of making mistakes are high, given the large variations in shopping habits across a wide network of outlets (Corstjens&Lal, 2012).

*30% of all raw materials have to be procured from the small and medium enterprises* (SMEs). While the Government has agreed to include the sourcing from farmers in the 30%, this clause is a big deterrent given the global supply chains of the foreign retail chains. Moreover, the SMEs will actually gain an opportunity to develop a national footprint, which was not possible earlier due to lack of an organised supply chain

*To further protect the local marketsthat are more predominant in the smaller cities*, the policy allows retail chains only in cities with a population of more than one million.Inallonly 51 cities in India meet this criterion, as per 2011 Census. In States/ UTs not meeting this criterion, retail outlets will be allowed in preferably the largest city and may also cover an area of 10 km around the municipal/urban agglomeration limits of such cities. The locations of such outlets will be restricted to conforming areas, as per the master/zonal plans of the cities. This further restricts the potential sites. The states of Bihar, Karnataka, Kerala, Madhya Pradesh, Tripura and Odishahave been up in arms against FDIMBR. Apart from the complexity of seeking a go-ahead from each state, there is also the uncertainty of change in the ruling Government (and the FDIMBR policy) in the 2014 general elections

China permitted foreign retailers to open stores in only select cities, such as Beijing, Shanghai and Shenzhen, and moreover, only in certain districts in those cities. In Beijing and Shanghai, foreign retailers like Walmart were only allowed to operate in districts where there were no local competitors. Through these 'invisible barriers', China protected the local retailers and at the same time did not lose out on the opportunity of learning the more efficient business models of foreign companies. In China, it is mandatory for a foreign retail company to have 80% Chinese employees, and give first priority to Chinese goods and products.

*Very large format will create a 'place' problem*. The foreign retail storestypically require large areas that lie in 50,000 – 60,000 sq. ft. range, for their operations. Areas of such magnitude are mostly available in outskirts of the major cities that are already bustling at the seams. Given the sky high petrol prices and lack of proper public transport, it is unlikely that majority of shoppers will shift their shopping needs away from M&P stores.

*Indians do not tend to stock up for long* - Indians do not consume much processed food but rather tend to buy more fresh food items for their daily needs. Hence are unlikely to stock up for say a month and neither do most houses have the required stocking space.

Apart from these aspects there is also the possibility of the two sides joining hands. The Future Group has started a franchisee scheme wherein it is inviting entrepreneurs to run KB's Fair Price stores by paying a one-time registration fee and initial working capital. (Malviya, S., 2012).

**Insights from Primary Research amongst Consumers**

A total of 82valid responses were analysed for insights. On asking how the opening of FDI based stores would influence shopping for bakery products, dairy and processed food, home & personal care, commodities, beverages etc.from theneighbourhood stores, majority (70%) of the respondents stated that their monthly spends at the neighbourhood stores would remain the same (44%) or only decrease marginally (26%).

A noticeable finding of the study is that most of the respondents visit mom & pop stores for their routine requirements i.e. once in 2–3 days (36%) or once a week (33%), while the visits to modern retail outlets are more restricted to once a month (33%) or less often (18%). This is an indication that most of the respondents visit the modern retail outlets to shop for their monthly requirements while the routine requirements are catered to by the local stores. From the data collected, we derived that on an average, respondents visit the mom & pop stores 8.8 times a month and spend Rs. 865 on bakery products, dairy and processed food, home & personal care, commodities, beverages etc. On the other hand, on an average, respondents visit the modern retail outlets 2.0 times a month and spend Rs 1865 on similar items (that have multi-brand possibility). This translates into monthly shopping spends of Rs 7605 and Rs 3730 at the mom & pop and modern outlets respectively.

**Figure 4: A Comparative analysis between Mom & Pop Stores and Modern Retail Outlets**

| Parameter | Mom & Pop Stores | Modern Retail Outlets |
|---|---|---|
| Visit frequency with highest proportion | Once in 2–3 days (36%) | Once a month (33%) |
| Average visit frequency p.m. | 8.8 | 2.0 |
| Average spend per visit | Rs 865 | Rs 1865 |
| Monthly shopping spend | Rs 7605 | Rs 3730 |
| N | 82 | 82 |

Our analysis reveals that on an average, the expenditure at the neighbourhood stores is 51% higher vis-à-vis modern outlets (which have been used as a surrogate for multi-brand stores in our study). From here, it may be deduced that opening up of FDI based retail stores will not have a negative impact on the neighbourhood/mom & pop stores and thus do not pose a threat to them. In terms of the battle for share of monthly household needs budget, the frequent runs to the conveniently located neighbourhood stores will beat the 'predatory pricing' of the far flung FDI based stores.

**Impact of Fdimbr on Farmers in India**

**Why the Farming sector needs FDI in Retail**

Farmers are known to abandon their crop at the *mandi*(wholesale market) on discovering that the money earned from the sale would not be enough for even paying for the transport cost. There also have been several ghastly cases of farmers committing suicide under a debt burden. Marketing of agricultural produce, being a state subject, is governed by APMC Acts of respective states that has become very restrictive.

While India annually produces about 180 MT of fruits, vegetables and perishables, it has a storage capacity of only 24 MT and of this almost 80% is used up by potatoes. As per an ASSOCHAM study, 35% of fruits & vegetables and 5-7% of food grains in India get wasted every year. The facilities to store the food grains and vegetables are quite inadequate – for example there are only some 5,400 cold storages across the entire country. Lack of proper transportation is another major lacuna which becomes a hurdle in the movement of fruits, vegetables and other perishable items, resulting in wastage and alsoforces the farmer to sell their produce in local market at lower prices. Farmers in India are able to realise only one-third of the total price paid by the end consumer. In case of organised retail, the realisations stands at a higher level of two-thirds since big retailers in order to sell their product at very competitive prices, source it directly from the farmers andmiddle men does not have any place in the system. This also helps in checking food inflation, which recently has been a topic of heated debate for the common man.With substantial FDI, it is expected that back end infrastructure and the supply chain will get strengthened.The investment from FDI in contract farming with farmers that are nearby productioncentresshould result in creation of millions of jobs in villages.

**How Foreign Retail Companies are likely to create infrastructure**

It has been mandated by the Government that the minimum investment needs to be $100 million and of this 50% should be done in improving the back end infrastructure (which includes processing, manufacturing, distribution, design improvement, quality-control, cold chain, warehouses and packaging). The Government has also clarified that any existing investment, made in say cash and carry outlets will not be counted in this $100 million. While there are speculations that the foreign retail chains will try to get away by building only few access roadsand cold chains close to their storage units or shops, we already have examples of foreign investors building rural infrastructure in India. McCain Foods India, Mc Donald's potato supplier, plans to double the contract farming area to 8,000 acres in Gujarat. It has provided the latest technologies and new seeds, to potato growers who are mostly contract farmers. McCain has contracted about 1,200 farmers to cultivate 'processed quality' potatoes. Contract farming has increased the crop yield from 25-30 tonnes to 40-50 tonnes per hectare. Each year, prices are mutually decided and a remunerative fee is paid to the farmers before they plant the seeds. The price depends on the seed price, the variety grown, irrigation system used and regular potato price trends.McCain works only with contract farmers and buys the entire crop from them, protecting them from market ups and downs. McCain also exports its 'Made in India' products to China, South-East Asia, the Middle East, the UK, the US and South Africa (Pandit, V., September 24, 2012).

PepsiCo took a tomato contract farming initiative in theearly 1990s. Walmart started direct sourcing operations from Indiain 2001 as part of its global procurement operations. It sources products worth more than EUR 429 million from India. Walmart also intends tostart sourcing milk directly from the farmers and is also eyeing direct sourcing of processed dairy products (KPMG Study, 2007).

**The Global Scenario**

In India, only about 7% of the agricultural produce is processed, the proportion is considerably higher in case of countries such as Malaysia and US where it is 83% and 65% respectively.

If we talk about China, then it is consolidation of the retail sector that has rendered severalsmall farmers, who were unable to keep up with the drop in prices, jobless. However it must be noted that this consolidation was an outcome of the governmentsupported rise of local retail giants like Bailian and not the foreign retailers. Also it has increasedproductivity by increasing the size of landholdings that resulted as more farmers migrated to the cities for work and rented out their land to farmers with smaller land holdings. Theadvent of the specialized wholesalers hasencouraged convergence, in terms of players and product standards, between the export and the domestic foodmarkets. For example Xincheng Foods, based in Shanghai, has both direct production (in lands rented from townships) and contract farming with small farmers to produce vegetables to the standards of major domestic supermarket chains based in Shanghai, Lianhua, and Hualian. Xincheng Foods also leased 1000 hectares of prime vegetable land long-term from townships, hired migrant labour, installed greenhouses and used tractors and drip irrigation (thus changing production technology), and produced in-house large quantities of high-quality vegetables for the supermarket chains and for export. It also has contracts with 4500 small farmers to add to its own production. This kind of operation can be described as a potentially major “agent of change” in the Chinese agri - food commercial economy” (Hu et al.2004).

Aholdis an international retailing group based in the Netherlands, with strong local consumer brands in Europe and the United States. Selling food and supermarkets are their core business. They instituted a supply-improvement program for vegetable suppliers in Thailand, specifying post-harvest and production practices to assure consistent supply and improve the efficiencyof their operation (Boselie, 2002).

The boom in fruit and vegetable exports in Latin America over the past two decades has been in the limelight. However supermarket chains in Latin America actually buy from local farmers 2.5 times the amount of produce that is exported from the region. (Reardon &Berdegue, 2002)

These examples indicate that globally foreign retail giants have co-existed with the local retail entities and have even taken initiatives to benefit them.

**FDI -Not A Panacea But Can Cure Some Ills**

It should be kept in mind that we are talking of hundreds of different types of crops, fruits and vegetables produced by millions of small farmers that need to be processed, value added and packaged at various stages and centres. This demands a complex network of supply chain and logistics interfaced with more than a billion consumers with different purchase and consumption habits. People across the world are open to trying ethnic foods from different parts of the globe and are even ready to make it an integral part of their daily diet.MTR Foods, Bikanervala Foods and ITC'sKitchens of India are some brands that are doing well abroad.Consumers are increasingly aware of internationally established brands. India is an agri-rich country and the world's second largest producer of fruits andvegetables.Herein lies a huge opportunity to become the 'back farm' of the world from where fruits & vegetables, ready-to-eat food, dairy products, spices, wine, ice cream, meat, poultry, shrimp, fish and several other products could to outsourced with the help of the global retail chains.(KPMG FICCI Knowledge Paper, 2007).The process standards that supermarket chains bring with them help to increase the efficiency and raise profitability. Meeting the unconventional market requirements means changes in production practices and investments, such as reducing pesticide use, deploying cooling tanks in dairies etc. This should spur healthy competition and innovation. The Government has anyway put in a clause that it has the first right to procure material from the farmers.While it is speculated that FDI in retail will drive down prices given their aggressive and competitive nature, it is the only way to take the farming sector in India into a fast growth trajectory.

**Impact on The Economy**

The retail sector has been growing exponentially post liberalization, coupled with the middle class's increasing purchasing power. The value of trade (inclusive of wholesale and retail in the organized and unorganized sectors) in India's GDP at constant prices has grown from Rs. 433,967 crore in 2004-5 to Rs. 742,621 crore in 2010-11, at a CAGR of 9.4 %. The share of trade in GDP has been slightly above 15 % in the last six years (15.4 % in 2010-11) (www.indiabudget.nic.in ). The Indian retail market is the fifth largest retail destination globally and has been rated as the most attractive emerging market for investment in the retail sector by AT Kearney's latest annual Global Retail Development Index (GRDI). According to a study conducted by the Indian Council for Research on International Economic Relations (ICRIER), the retail sector is expected to rise to US$ 1.3 trillion by 2018, at a compound annual growth rate (CAGR) of 10 %. Owing to a strong belief among the policymakers about the positive impact of FDI on host countries, the Indian Government too, opened its doors to 51% FDI in multi–brand retail in September 2012. Adoption of foreign technology and know-how form the major motive for these externalities. The facilitation is via licensing agreements, imitation, employee training, and the introduction of new processes, and products by foreign firms; and the creation of linkages between foreign and domestic firms. This, together with the direct capital financing it provides, suggest that FDI can play an important role in modernizing a national economy and promoting economic development (UNI Global Union Report, March 2012).

**Impact on Employment**

India's retail sector is expected to create approximately 54,000 jobs over the next five years. A plethora of different types of job positions ranging from entry level to senior level across a number of domains such as computer operations, marketing, finance etc. will open up. A large number of jobs are also likely to be created in the smaller cities - where higher education is out of reach of a considerable proportion of the youth. However, the retail giants are anyway known to impart training. Moreover good command over the local language will help in better communication with the masses. Apart from providing employment to professionals and skilled labour, a large number of jobs for unskilled labour for tasks such as - sorting, grading, labelling etc. will also be created. While this will have a dent on jobs in unorganized retail sector and the trade intermediaries associated with traditional supply channels, the new jobs generated are expected to be much higher than those that are lost.

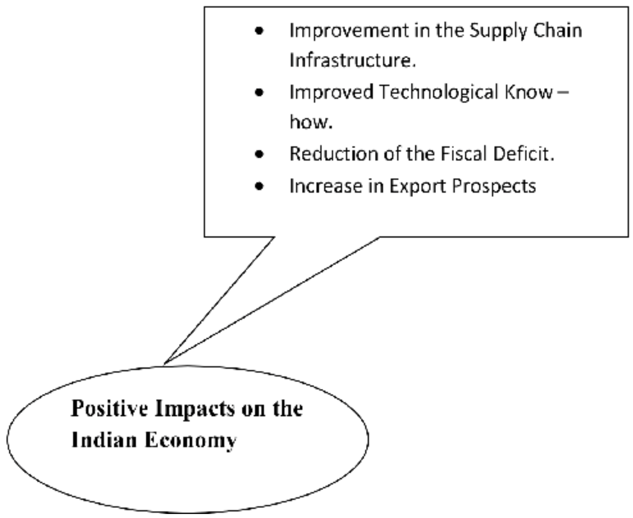
**Impact on local agri - food economy**

While much attention has been focused on the boom in fruit and vegetable exports in China over the past several years, supermarket chains now buy 2 times the amount of produce from local farmers and this is exported from the region. This has a positive impact on local rural development, local supermarkets or trade (Hu et al. 2004). Global multinational chains are setting up global and/or regional trade "hubs" in emerging markets. While this was being done since several years in non-foods and processed foods, the trend now is to do the same in fresh foods. For e.g. –

- E-Mart in Korea sources vegetables from Shandong China to supply to its stores in China and Korea (Lee and Reardon 2005);
- Carrefour sources black mini-melons from Indonesia to supply its stores in Indonesia and elsewhere in Southeast Asia (Reardon 2004);
- Walmart- Mexico is sourcing avocados from Mexico to supply its stores in China (Coordinator for Export Promotion 2005);
- Carrefour is in a joint venture with Qingdao Binhua Industry Co., Ltd. (China) to source frozen strawberries for its China stores and its stores in Indonesia, Thailand, Malaysia, Brazil, Spain, and the UK (Binhua 2005);

Taking a clue from this data, the Indian economy should benefit hugely when retail giants source dairy products, meat, poultry & marine products and grain based products which are known to have high export potential in India.

**Figure 5: Positive Impact of FDIMBR on the Indian Economy**



The country will benefit in terms of exports with more foreign money flowing in and thus a reduction in the fiscal deficit due to increased access to foreign markets.

**Conclusion**

Opponents of FDI in multi brand retail feel that the 'predatory pricing'by foreign retail giants will wipe out the mom & pop stores. However unorganised retail already enjoys 94% penetration and is thriving in India. Findings from our primary research too indicate that stores that come up with the advent of FDI in multi brand retail will not pose a threat to the mom and pop stores.

Our secondary research showed that there are several factors - some based on threats & weaknesses of foreign retailerswhile others based on inherent strengths & opportunities of mom & pop storesthat show that M&Ps will not be affected with this move. Moreover there are enough global success stories wherein foreign retail giants have co-existed with the local retail entities and have even taken initiatives to benefit them. That foreign retailers feel threatened is evident by the fact that about a year post notification, the Government. does not have even a single proposal from them. This has led the Government. to consider relaxations such as permitting stores in cities with population of less than 1 million andbringing down the 30% sourcing requirement aspect.

It must not be forgotten that we are amidst turbulent times and dark clouds of downturn continue to loom - given the crisis in European markets, the ruling party in Indiareeling under a number of scams, inability to depend on agriculture sector jobs etc. Of all sectors, the Retail sector is relatively more 'recession-proof' and hence needs to be nurtured and depended upon in these trouble times.

On one hand we see pictures of children in India dying of malnutrition, while on the other there are images of tonnes of grains rotting. Advent of FDI in multi-brand retail and hence food items is also going to improve the back end infrastructure. This would eliminate wastage and middlemen and improve the quality of life of rural citizens by providing them better prices, more jobs etc. While in urban India – it should provide some relief from never ending inflation.

Here are a few recommendations on measures could be adopted to harness the positives and suppress the negatives

- Along with allowing multi-brand retail, the government must also evolve a policy to upgrade the existing retailers, and on the pattern of the Micro, Small and Medium Enterprises Act, we can have an Act to protect and promote small and medium retailers under separate ministries with innovative schemes, such as a cluster approach to convert our unorganised retailers into organised, modern retailers. This shall also help in preventing monopolistic competition.
- A foreign retail trade chain store in China has to fulfil certain conditions for permission to start business: profit cannot be transferred to the trading company's country for the first five years, also, monetary transactions must be done through Chinese banks. Similar restrictions could be imposed on foreign players in India as well. This shall ensure that the economy also benefits along with the multinational player and shall also be helpful in terms of the foreign capital levels in India.
- FDI in multi-brand retail will eliminate a number of middlemen. The Indian government must be prepared to address the coming unemployment of these workers if FDI restrictions are relaxed. Policies and Programs must be designed keeping in view the chances of increase in unemployment.

It should not be forgotten that while we have only about 280 Mc Donald's outlets in India, alongside them thousands of *mishthanbhandars*(local sweet shops) at every nook and corner in India, offering a variety of dishescontinue to thrive. Thus, we may conclude saying that if rolled out in phases and with proper checks and balances, FDIMBR will benefit our farmers, not be a threat to the mom & pop stores and provide the required boost to the economy.

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