

### *From the Editor's Desk*



Foreign Direct Investment has been one of the main topics of discussion across geographical politics in India for quite a long time till date. With the government mulls to wave the green signal for FDI in multi brand retail, both the domestic, and international players in the business investment bandwagon are weighing and scrutinising every aspect to make the best deal out of it.

Currently the government prohibits FDI in multi brand retail, however there is no holds barred for the multinationals to go ahead with an investment up to 51% in single brand retail.

The Prime Minister's Office is optimistic in coming out with a comprehensive proposal that outlines the multi faceted criteria and legalities in implementing the FDI of upto 51% in multibrand retail. The Planning Commission, Commerce and Industry Ministry, Agriculture Ministry, and Department of Consumer Affairs have extended their support for this move.

Keeping in mind the concerns of small and medium domestic players in the retail segment, the government is taking all measures to ensure that the FDI will generate more job opportunities here, and the small domestic retail players will not be effected by any means.

Various industry estimates point to the fact that the value of the modern retail, or the organised retail is expected to reach a whopping US \$75 billion by 2015.

## FDI: Indian MSMEs Need to be Pro Active

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The major players in the Indian organised retail segment such as the Reliance, Aditya Birla Group, Tatas, Pantaloons, RPG etc are fairly doing well with their 'Value addition for the customers' approach. The middle class segment of India has become the most benefitted segment with the arrival of organised retailing. The value addition what they customers get is; they need to shell out less money when they buy products through these retail chains.

Though there were some hues and cries heard initially from various parts against the concept of organised retailing in India, now there are not much bad sentiments against this concept, for the sole reason that it paved way for immense job opportunities to the local society where these retail outlets have started their operations.

Planning Commission Chairman Montek Singh Ahluwalia feels that there is no harm in allowing FDI in multi brand retail, since they are going to create many job opportunities just like what the Indian organised retail segment has done.

The MSMEs in various sectors in India can benefit from FDI, as they will be able to sell/market their products through these retail outlets. The benefit they get is, they can showcase their product under a trusted retailing brand which means more reach and credibility for their products.

The government is keen on taking up some precautionary measures to ensure that the psyche of the rural India will not be taken for granted with the nod for FDI. The government will be allowing only such MNCs to start their operation, who will invest first in supply chain and other related infrastructure in the Indian soil. The idea is first the MNCs should prove that they are helping the rural India to develop by means of greater infrastructure development as well as new job opportunities. Once this objective is met, the foreign companies can venture into multi brand retailing.

When the US President Barak Obama reaches India for his official visits from Nov- 7 to 10, he and our PM Manmohan Singh is expected to hold discussions on the possibilities of allowing FDI in multi brand retailing. Let us hope that India will become the one of the most preferred destination in the investment radar across the globe soon. Let us simply be proud to be an Indian...