Fight FDI IN RETAIL

It will destroy livelihoods of crores of people!

Fight FDI in Retail

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This booklet was written two years ago, in end-2013, soon after the UPA Government granted approval to 51 percent foreign direct investment (FDI) in multi-brand retail (in September 2013), despite massive opposition by people's organisations all over the country. Earlier, in January 2012, the government had allowed 100 percent FDI in single-brand retail.

The BJP then was in opposition and had vociferously opposed the UPA Government decision to permit FDI in retail. Now that the BJP is in power, after winning the 2014 Lok Sabha elections with a thumping majority, readers may wonder what is the necessity of reprinting this booklet?

However, all indications are that after coming to power, the BJP has apparently silently reversed its position. At a press conference in Delhi in September 2014 a hundred days after the Modi Government assumed power, while the new Minister for Commerce and Industry Nirmala Sitharaman repeated the old BJP position that it would not allow 'FDI in Retail', in the same breath, she also added that at the moment there was no move to reverse the UPA Government notification allowing 51 percent FDI in multi-brand retail. In December 2014, replying to a question in the Lok Sabha, the Minister of State for Food and Consumer Affairs Raosaheb Patil Danve again stated that the new government had not yet taken a decision on the issue of multi-brand retail.[1] *So far as single-brand retail was concerned, he stated that the country had received $167.52 million FDI in this sector during April–September 2014, and six more proposals for investment in single-brand retail trading are under process for government approval.*[2]

On each and every 'economic reform', from privatisation of public sector insurance companies to expanding the Food Security Act and modifying the Land Acquisition Act to bringing back black money into the country, the BJP has not only reversed/changed its stand and is implementing the same policies of the previous UPA Government, it is doing so at an accelerated pace.[3] *In case of FDI in retail too, it has openly reversed its stand on FDI in single-brand retail, and in all probability, the coming months should see foreign retailers entering the multi-brand retail sector too. This has in fact been stated even by one of Modi Government's favourite economists, Jagdish Bhagwati, Professor at Columbia University. Delivering the Madhavrao Scindia memorial lecture in New Delhi on January 13, 2015, he said Modi in his discussions with him had clearly indicated that he was not opposed to FDI in multi-brand retail. However, the BJP's traditional base was among shopkeepers. Within a year, once Modi had consolidated himself, he would open up FDI in multi-brand retail.*[4]

Therefore, this booklet is still as relevant as it was two years ago, and hence we are reprinting it once again.

INTRODUCTION

On September 14, 2012, bowing to intense pressure from foreign corporations and foreign governments, especially the USA, the Union Cabinet of the Indian Government finally decided to go ahead and implement a decision it had taken 10 months earlier to allow foreign direct investment (FDI) in yet another important sector of the Indian economy, multi-brand retail, with a cap of 51 percent on foreign equity that ensures majority ownership. (A multi-brand retail store is one which sells several competing brands of the same product under the same roof. Shopping malls like Big Bazaar and Shoppers Stop are an example of multi-brand retail stores.)

Earlier, in January 2012, the government had notified the removal of the 51 percent cap on FDI in single brand retail (FDI in single-brand retail had been first permitted in 2006, subject to a cap of 51 percent foreign ownership), and fully opened up this sector to foreign investors, allowing them 100 percent ownership, with the condition that the single brand retailer should source 30 percent of its goods from India. And FDI in cash and carry wholesale (a type of wholesale trade wherein customers pay for the wholesale goods in cash and not on credit, and have to arrange the transport for the goods themselves) had been permitted by the government in 1997. Then, it required government approval. The approval requirement was relaxed and automatic permission granted in 2006.

The Foreign Hand

The Cabinet had first given its approval to the hitherto prohibited FDI in multi-brand retail on November 24, 2011 (to an extent of 51 percent). It also enhanced the cap on foreign equity investment in single-brand retail to 100 percent, thus offering sole ownership rights to foreign investors.

The decision led to a huge outpouring of protests all over the country, especially by traders' organisations. On December 1, 2011, crores of traders belonging to more than 10,000 traders' bodies across the country observed an all-India bandh and took out rallies protesting the government decision. Sensing an opportunity to score political points, the entire Opposition came out strongly in support of the protests. The widespread anger also caused a split in the ruling UPA coalition, and important allies of the Congress like the Trinamool Congress and the DMK also demanded a rollback of the Cabinet decision. Finally, on December 7, 2011, the

Government announced suspension of its decision to allow FDI in multi-brand retail. (The statement of the Finance Minister announcing this suspension did not say anything about single-brand retail, implying that the proposal to allow 100 percent FDI in single-brand retail still stood. With the Opposition indicating that it would not press for reversal of this decision, the government formally gave its approval to 100 percent FDI in single-brand retail through a press note on January 10, 2012.)[5]

Giant international retail corporations immediately expressed their deep disappointment with the government decision suspending FDI in multi-brand retail. They had spent millions of dollars on lobbying (a polite word for what is actually nothing but bribery) lawmakers in their home countries to help them set up shop in India. Such lobbying is legal in the USA, and companies are required to submit disclosure reports every quarter with the US Senate. According to reports filed by Walmart, a US corporation which is the world's largest retailer, it had spent around $25 million, or Rs. 125 crores, since 2008, to lobby US lawmakers for help to gain access to foreign markets, including India. Obviously, quite a bit of this money must have found its way into the pockets of Indian politicians and parties.[6]

The giant UK retailer Tesco commented: "The decision to defer FDI is a missed opportunity for Indian producers, farmers and consumers."[7] Senior officials of the German retail giant Metro too stated that the rollback was most unfortunate.[8] Even Microsoft, which is not directly affected by the decision, stated that it was "very disappointed" with FDI in multi-brand retail being put on hold, and stressed that "FDI in all forms is good" for India.[9]

Foreign corporations and their concubine governments mounted pressure on the Indian Government to push ahead with economic reforms and permit FDI in multi-brand retail. All the 'Big Three' international credit ratings agencies expressed doubts about India's policy making and governance abilities. In April 2012, Standard and Poor's downgraded India's rating from 'stable' to 'negative', and then two months later, threatened to downgrade India's sovereign credit rating to junk grade, for failing to implement announced reforms;[10] soon after, Fitch downgraded India's credit rating outlook, citing inadequate economic reforms; and in August, Moody's too scaled down its forecast for India's economic growth. Large investment houses like Morgan Stanley and Goldman Sachs also raised questions regarding the country's growth prospects, saying that these were constrained due to acute lack of political will to implement reforms.[11]

In July 2012, the Asian edition of the US magazine *Time* carried a forlorn image of Prime Minister Manmohan Singh on its cover, under the headline "The Underachiever", and criticised him for "unwilling to stick his neck out" on reforms.[12] Days later, the leading US daily *Washington Post* dubbed Manmohan Singh as a "tragic figure" who "is in danger of going down in history as a failure."[13]

In February 2012, the US Under Secretary of International Trade Francisco Sanchez called upon India to open multi-brand retail to foreign investment, saying that "it is in India's interest to improve its business climate so it can attract investment and help continue grow its economy." The British Secretary of State for Business, Vince Cable, raised the issue when he visited India in January 2012; and in July 2012, George Osborne MP, Chancellor of the Exchequer, UK, called upon the Indian Government to be "more ambitious in retail liberalisation".[14]

In July 2012, US President Barack Obama too lent his voice to the chorus. Citing American business community's concern over "deteriorating investment climate" in India, he called upon the Indian Government to implement another "wave" of economic reforms, and remove the limits and prohibitions on foreign investment.[15]

With the economy's foreign exchange crisis deepening (discussed later in this essay), the Indian Government finally decided to accede to the wishes of foreign corporations and their governments and open up the country's multi-brand retail sector to FDI, even at the risk of alienating itself from large sections of the Indian people, especially India's traders. On September 20, 2012, on the very day when traders' organisations and opposition political parties had called a *Bharat Bandh* to oppose this decision, it issued the final notification for allowing global retail giants like Walmart to open stores in India.

The Propaganda

From the Prime Minister to the country's leading intellectuals and economists to corporate heads like Mukesh Ambani and Ratan Tata, all are claiming that allowing foreign retail giants into India's retail sector will be an important solution to the deepening economic crisis gripping the country. They are asserting that it will curb inflation and the common man will "get commodities of daily use at reduced prices". Not only that, it will benefit farmers as it will "bring modern technology to the country, improve rural infrastructure, reduce wastage of agricultural produce and enable our

farmers to get better prices for their crop."[16] Commerce Minister Anand Sharma has in fact gone on to claim that it will lead to the creation of ten million jobs in just three years![17]

What audacity! After implementing policies which have led to a quarter-of-a-million farmers committing suicides over the past decade, these people are now expressing concern about farmers! That the entry of foreign multinational corporations (MNCs) into the retail sector will enormously benefit the Indian economy is but a rehash of an old argument given by the Indian ruling classes two decades ago when they first welcomed MNCs to invest in the country (euphemistically known as the globalisation of the Indian economy). Indeed, it has enormously benefited the Indian elites: the number of high net worth individuals in India—those who have disposable assets of over $1 million (Rs. 4.6 crore)—increased by 51 percent over the previous year to an estimated 1.27 lakh during 2009.[18] On the other hand, an overwhelming majority of the population—77 percent, or 836 million people—are living on Rs. 20 or less a day; an appalling 87 percent of the rural population is unable to access the minimum recommended 2400 calories per day![19] Finally, their argument about job creation is actually hilarious, coming from policymakers whose economic policies have given this country jobless growth for more than a decade now.[20]

But let's leave such broad criticisms aside and first analyse what will actually happen to India's retail sector when giant retailers from abroad enter the Indian economy; after that, we examine its so-called benefits for consumers and farmers.

1. India's Retail Sector: Statistics

While there are no authoritative figures available, the size of India's retail sector is estimated to be around $400–450 billion today.[21] This sector is the second largest employer in the country after agriculture, and presently employs around 4 crore people, nearly 10 percent of the total employment in the country.[22]

From the point of view of job creation, this is probably the most important sector in the country today, as employment growth in agriculture and manufacturing sectors has virtually come to a standstill because of the economic reforms pursued over the past two decades.[23] It has become an 'employer of last resort', a kind of substitute for an absent social security program. Thus, when a factory shuts down rendering workers jobless, or

peasants find themselves idle during part of the year or get evicted from their land, or when young graduates fail to find jobs in the stagnant manufacturing sector, the retail sector absorbs them all. A skilled labourer turns into a street hawker, a farmer opens a paan–beedi shop, an educated unemployed youth hawks newspapers or takes up a door-to-door sales job, and a better off unemployed person starts a telephone booth and retails telecom cards as an 'add on' service.

According to the countrywide *Economic Census* carried out by the Central Statistical Organisation (CSO) in 2005, the country had a total of 14.9 million retail outlets,[24] the highest in the world. India's retail sector is presently overwhelmingly dominated by small retailers, consisting of local kirana shops, owner-manned general stores, furniture stores, chemists, hardware–footware–garment–cutlery shops, stationery shops, bakeries, vegetable & fruit shops, paan and beedi shops, hand-cart hawkers, pavement vendors, etc. which together make up the so-called 'unorganized retail' or traditional retail sector. This sector accounts for around 93 percent of all retail sales. Organised retailing constitutes the remaining 7 percent. This includes the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses.

Organised Retail: Already Booming

The organised retail sector has seen explosive growth over the past few years. According to a government sponsored study by the Indian Council for Research on International Economic Relations of May 2008, while the unorganised retail sector was expected to grow at about 10 percent per annum between 2006–07 and 2011–12, the organised retail sector was expected to grow at a much faster pace of between 45–50 percent per annum.[25] AT Kearney's (a global management consulting firm) 2011 edition of its Global Retail Development Index (this ranks the top 30 emerging countries for retail development on the basis of which global retailers can draw up their investment strategies) expects organised retail's share to increase from the present 7 percent to around 20 percent of India's retail market by 2020![26]

There were just three shopping malls in India in 1999, measuring less than one million square feet. Since then, the number of malls and total mall space in the country have increased at an accelerating pace. By the end of 2006, the country had 137 malls, and the total mall space had risen to 28 million square feet, with an average annual addition of 3.9 million square

feet. Post 2006, the average annual addition of mall space has doubled to 8 million square feet. By 2009, the country had 172 shopping malls with a total mall space of 52 million square feet; and by 2012, an additional 55 million square feet of mall space was expected to be ready, thus doubling the total mall space in the country within just three years.[27] Some of India's biggest corporate houses have entered the organised retail sector to set up retail chains, including Reliance (Reliance Fresh, Reliance Mart), the Aditya Birla group (More), the Tata group (Westside, Star India Bazaar, Landmark), the K. Raheja group (Shoppers Stop, Crossword and Inorbit Mall) and the RP Goenka group (Spencer's).

The furious pace of growth of the organised retail sector has adversely affected the small retailers. One survey found that 33–60 percent of the traditional fruit and vegetable retailers had suffered a 10–30 percent decline in sales and 20–30 percent decline in incomes across cities of Bengaluru, Ahmedabad and Chandigarh.[28] With foreign giant MNC retailers like Walmart and Tesco now given permission to enter India, the unorganised retail sector in the country will be simply decimated.

In order to understand why this is bound to happen, it is necessary to first take a look at the size and economics of MNCs.

2. How Big are MNCs?

The world economy today is increasingly dominated by a relatively few giant multinational corporations (MNCs). A MNC is a corporation, which, though it has its management headquarters in one country, operates in several countries. In the main, MNCs are headquartered in the rich nations—the United States, European Union and Japan, though in recent years, there has been a growth of MNCs in some third world countries too.

While mainstream economics discusses our era as one of intense and increased competition among businesses, the reality is quite the opposite. Each and every economic activity, in every conceivable sphere, be it manufacture of automobiles or semiconductors or medicines, or be it retail or transportation or information technology, or be it banking and finance, or be it the various sectors of agriculture, from seed manufacture to pesticide manufacture to wheat and rice

> It is not possible for small businesses to compete with MNCs. Each and every economic activity is dominated at the global level by just 5–10 MNCs.

production, is dominated at the global level by a handful of giant corporations. Note that here we are not talking of a few firms dominating a particular economic activity in a particular country, but their dominating that economic activity at a global level. The same multinational corporation operates in twenty or fifty or more countries, and along with a handful of other such MNCs, dominates global production in that particular sector. To take an example, today five multinational firms produce nearly half the world's motor vehicles, and the ten largest firms produce 70 percent of the world's motor vehicles. The remaining large firms account for a sharply reduced proportion of the global market. In other words, there is a power law distribution thereafter: the twenty-fifth largest motor vehicle producer now accounts for around one-half of 1 percent of the global market, and the fiftieth largest global producer accounts for less than one-tenth of 1 percent of global production.[29] This obviously means that these smaller firms are never going to be able to challenge the dominance of the big five, implying that in the coming years, they are either going to merge among themselves or be taken over by the bigger players. It also means that there is little to no chance that newcomers will arise to challenge the dominance of the handful of firms that rule global automobile production.

In 1999, in an aptly titled article "Let's Play Oligopoly!", the *Wall Street Journal* described the situation thus:

> In industry after industry the march toward consolidation has seemed inexorable . . . The world automobile industry is coalescing into six or eight companies. Two US car makers, two Japanese and a few European firms are among the likely survivors.
>
> The world's top semiconductor makers number barely a dozen. Four companies essentially supply all of the worlds recorded music. Ten companies dominate the world's pharmaceutical industry, and that number is expected to decline through mergers as even these giants fear they are too small to compete across the globe.
>
> In the global soft drink business, just three companies matter, and the smallest, Cadbury Schweppes PLC, in January sold part of its international business to Coca Cola Co., the leader. Just two names run the world market for commercial aviation: Boeing Co. and Airbus Industrie.[30]

That was written more than a decade ago. Since then, corporate concentration has only increased. A more recent 2005 report by the

international civil society organisation ETC Group examined the market share of the top 10 companies in many sectors, and made the astonishing finding that:[31]

- the world's top 10 seed companies control almost half of the $21,000 million global commercial seed market;
- in pesticides, the top 10 firms control 84 percent of the $29,566 million global pesticide market;
- in the animal pharmaceutical industry, the top 10 companies control 55 percent of the $20,255 million world veterinary pharmaceutical market; and
- the top 10 biotech companies account for almost three-quarters of the global biotech market.

Even these figures do not fully describe the monopoly power of the giant corporation. These figures do not capture the various strategic alliances and partnerships MNCs construct in order to extend their tentacles all over the globe. These include subcontracting agreements, management contracts, turnkey deals, franchising, licensing and product sharing. Thus, for instance: MNCs extensively subcontract their operations either in part or sometimes entirely to subcontractors in third world countries to lower their labour costs; this volume is so huge that at least 40 percent of world trade is linked to outsourcing by multinationals. Thus, Nike does not manufacture even a single pair of shoes directly; it outsources all of its production to subcontractors in countries such as South Korea, China, Indonesia, Thailand and Vietnam.

To give another striking example, Microsoft, even though it is one of the most powerful companies in the world, has entered into multiple strategic alliances—with Ericsson, British Telecommunications, Telmex, and others.

The world's major airlines have gone one step further and have coalesced into a handful of mega-alliances. Just one of these, the Star Alliance, includes: United Airlines, Continental Airlines and US Airways (United States); Air Canada (Canada); BMI (United Kingdom); Lufthansa (Germany); Brussels Airlines (Belgium); Swiss (Switzerland); Austrian (Austria); Spanair (Spain); Tap Portugal (Portugal); Lot Polish Airlines (Poland); Croatia Airlines (Croatia); Adria (Slovenia); SAS (Scandinavia); Blue1 (Finland); Aegean (Greece); Turkish Airlines (Turkey); Egyptair (Egypt); Thai (Thailand); Singapore Airlines (Singapore); Tam (Brazil); Air

Just 1318 giant corporations collectively own a majority of the world's manufacturing firms and control 80% of global revenues today.

New Zealand (New Zealand); South African Airways (South Africa); ANA (Japan); Asiana Airlines (Korea); and Air China (China). These airlines are pooling their planes, catering services, training, maintenance, and even their aircraft buying programs, to achieve greater economies of scale. The result is, in effect, a global fleet of aircraft operating under the leadership of a single dominant carrier, in this case United Airlines of the USA.[32]

In these and other ways, the rapid expansion of MNCs is creating a highly concentrated world economic system. The actual power wielded by these giant corporations over the global economy can be illustrated by the revenues of the top 500 corporations in the world as compiled by *Fortune* magazine: their combined revenues are of the order of 35–40 percent of world GDP![33]

A recent study brings out even more starkly the crushing grip the world's largest MNCs have come to acquire over the global economy. There are more than 63,000 MNCs in the world (2003 figure). However, a study by the Swiss Federal Institute of Technology in Zurich that examined the relationships between 43,000 major MNCs discovered a vast web of interlocking ownerships that is controlled by a "core" of 1318 giant corporations! These 1318 corporations represented 20 percent of global operating revenues; however, through their shares, they collectively owned the majority of the world's large blue chip and manufacturing firms, and thus accounted for a further 60 percent of global revenues!![34] Without doubt, a handful of giant corporations are increasingly acquiring a controlling grip on the world economy, with enormous consequences for the future of Planet Earth.

MNCs and Competition

With a few gigantic firms dominating global production in every sector of the global economy, another important transformation that has taken place in the way the world economy operates is that these giant firms no longer compete with each other over prices!

Classical economic theory assumes the existence of a very large number of small firms engaged in 'cut-throat' competition with each other. None of these have any power over price, output and investment, which are all determined by the market.

The rise of the multinational corporation completely changes this situation. The giant corporation produces a significant share of the output of an industry. It is therefore able to control its price, the volume of its production, and the types and amounts of its investments. Therefore, even though in classrooms economics textbooks still teach classical economic theory, this theory is no longer valid in understanding the economics of MNCs.[35]

Since MNCs have enormous financial power, if they indulged in price competition, it would be so destructive that the winner would also be considerably weakened. Therefore, instead of indulging in 'price warfare', they collude over prices. And if they have to collude over prices, why should they keep prices low? Therefore, they keep prices high, at a level which gives them the maximum possible profits.[36] (When necessary, MNCs can also lower prices—as we shall see below, they sometimes do this to destroy small manufacturers, after which they raise prices once again.)

That does not mean that competition amongst MNCs is eliminated. It is as cut-throat as ever. Only that it now takes other forms. MNCs now compete with each other for reducing costs, over control of resources, and for market shares through product differentiation and advertising.

3. Impact of FDI in Retail on Small Retailers

Like in all other sectors, concentration is proceeding apace in the retail sector too. The global general merchandise retail market is controlled by a handful of powerful corporations like Walmart, TESCO, Carrefour, and Metro, mainly headquartered in the US and Western Europe. These giant retailers are huge, much beyond our imagination. In 2009–10, the world's biggest general merchandise retailer Walmart had total global sales of $405 billion. Among the other biggies, Carrefour (of France) had annual sales of $163.8 billion, Metro (of Germany) $91.4 billion and TESCO (of UK) $90.1 billion.[37] These figures mean that Walmart alone sold more goods than all of India's 1.5 crore retailers combined! Obviously, once such giant mammoths start spreading their tentacles over the Indian retail sector, India's small retailers will just not be able to compete with them and will be destroyed, while India's corporate retailers will enter into collaborations with them, becoming their junior partners. Within a few years, India's vibrant retail sector will come to be dominated by a handful of giant MNC retailers.

The modus operandi of these giants is simple. Because of their size and financial muscle, big retailers like Walmart are able to source their supplies from the lowest cost producers at the global level, like China. In fact, Walmart procures billions of dollars worth of goods from China every year—according to one report in the *Washington Post*, more than 80 percent of the 6,000 factories in Walmart's worldwide database of suppliers are in China.[38] In the case of farm produce, MNC retailers will be able to source it from Indian farmers directly. (See Section 4 for more on this.) Therefore, they will be able to sell their products at cheaper rates than the small retailers. If necessary, Walmart and other big retail MNCs which have incredibly deep pockets are even willing to sell at a loss for several years, till the competition from small retailers is wiped out. Not just the kirana stores and street vendors will be forced out of business, the entire network of wholesalers and distributors will be destroyed.

Destruction of Small Retail in Developed Countries

The corporate choirs are crooning that this is an exaggeration, that small shops and supermarkets / hypermarkets can co-exist. They are lying, it has not happened anywhere in the world. Small retail has virtually been wiped out in the developed countries. In the US, during the fifteen year period 1992–2007, the share of the top four firms in total retail sales in five key retail areas has sharply gone up, as shown in Table 1.[39]

Table 1: Share of Top Four Firms in Retail Sales in US (%)

Retail Area	**1992**	**2007**
Food & beverage stores	15.4	27.7
Health & personal care stores	24.7	54.4
General merchandise stores	47.3	73.2
Book stores	41.3	71.0
Computer & software stores	26.2	73.1

Obviously, this domination by the big retail chains has been at the expense of small retailers. Robert Reich (former Secretary of Labour in the Clinton administration) has described their impact thus: Walmart turns "main streets into ghost towns by sucking business away from small retailers."[40] One study by Prof. Kenneth Stone of Iowa State University, USA found that small towns lose up to 47 percent of their retail trade after 10 years of Walmart stores nearby.[41]

In fact, the impact of big retailers, especially Walmart, on small businesses in the USA has been so terrible that people in several cities and communities like Cleveland, Chicago, Flagstaff, San Diego, Inglewood, Rosemead, Long Beach, Tucson, Spokane and New York City have organised and fought hard to prevent the entry of Walmart supercentres in their cities (with varying degrees of success). Walmart has used all kinds of tactics to try and browbeat its opponents into submission. These include setting up local front groups (over the period 2000–05, Walmart funnelled more than $4.3 million to front groups in ten California communities alone for running campaigns in its support), bribing opponents, funding vicious propaganda campaigns and adopting aggressive litigation tactics.[42]

In Europe, during the 1970s–80s when giant corporations were just coming into existence, many countries initially enacted laws, like *Loi Royer* in France and the *Loi de Cadenas* in Belgium, and also took other measures aimed at restricting the growth of large retailers. These included, for instance, imposing restrictions on big retailers to either completely shut down or open only for a limited number of hours on Sundays,[43] imposing limitations on size of new supermarkets and imposing restrictions on where new large shopping malls can be opened.[44] However, since the 1990s, monopolisation has accelerated in every sector of the economy in these countries, and so the political clout of monopoly corporations has also increased. Under pressure from the big retailers lobby, many European countries are therefore gradually lifting restrictions placed on the growth of large retail, accelerating the concentration of retail in the hands of a few giant retailers.

The consequences have been devastating for small retail. By 2005, the top 5 retailers accounted for around 65–75 percent of total grocery sales in several European countries, from Denmark to Sweden, Switzerland, Germany and the UK.[45] In the UK, there are several postal areas where Tesco, Britain's largest retailer, has almost total control of the food market![46]

Destruction of Small Retail in Third World Countries

After winning independence in the years following the Second World War, numerous third world countries had initially attempted to carry out their industrial revolutions by adopting the model of autonomous capitalist development. Note that in this, they were only copying the strategy adopted by the developed countries from the USA to Germany in the 18th–

19th centuries. One of the important policies implemented by most of them was to *limit the influx of foreign capital into their economies.*

> In each and every country around the world that has opened up its retail sector to MNC retailers, within just a few years, these giant retailers have driven out millions of small retailers to capture a large share of the retail market. Walmart entered Mexico in 1991. Within a decade, it had taken over 45% of the retail market.

However, this development model had inherent limitations. Due to changed historical circumstances, it was no longer possible for the underdeveloped countries to follow the Western model of capitalist development (discussing this is beyond the scope of this book). And so, by the late 1970s, these models started failing, and these countries got entrapped in a foreign debt crisis. Their foreign creditors, the developed capitalist countries of the USA, Western Europe and Japan, acting in concert, now arm-twisted the third world countries into removing restrictions and opening up their economies to inflows of foreign capital and goods.

One of the important policy changes made in all these indebted countries is that they have opened up their retail sector to large retailers from the West. This has had predictable consequences. From Turkey to Brazil to South Africa, in each and every third world country that has permitted FDI in retail, within just a few years of the entry of giant retailers into their economies, they have driven millions of small retailers out of business to capture a large share of the retail market. Walmart entered Mexico in 1991; within a decade (2001), it had taken over nearly half (45.6 percent),[47] and by 2011, 55 percent of the retail market![48] The same story has been repeated in other Latin American countries: in Brazil, the share of street markets in fruits and vegetables sales declined by 27.8 percent between 1987 and 1996; in Argentina, the number of small stores dropped by 30 percent between 1984 and 1993, and employment in the retail sector declined by 26 percent over the same period; while in Chile, 'traditional' food and beverage retailers declined by approximately 20 percent in all segments over the period 1991–95.[49]

In East Asia, the supermarket share of retail food sales ballooned from less than 20 percent to around 50 percent over the decade ending around 2005.[50] The impact on small retail was so devastating that it led to riots, forcing several countries to impose controls on mega-retailers.[51]

With giant retailers now given permission to enter the Indian retail market, their impact is going to be no different; they will simply destroy India's small retail sector.

Job Creation Myth

For the very same reason, that these giant retailers will create jobs is also a myth. While they will employ a few thousand people, this is nothing compared to the millions of small retailers they will render jobless (apart from their adverse impact on small businesses and farmers, as discussed later in this essay). According to one estimate, if Walmart is allowed to enter India, one Walmart supermarket would displace over 1,300 small retail stores and render 3,900 people jobless; for every job created in a supermarket, around 17 jobs would be lost in the unorganised retail sector.[52] More than 4 crore people are employed in the retail trade in India, and if we think in terms of families, this means that more than 16 crore people are dependent on this sector for livelihood support. The entry of giant MNC retailers is going to have a devastating impact on the employment situation in the country.

Even the few jobs that will be created by these supermarket chains will be low-paid jobs. Walmart is known worldwide for paying wages far below industry standard. This is true for its home country too, the USA. Walmart is the largest private-sector employer in the United States, employing more than 1.4 million workers, 1 percent of the country's 140 million working population.[53] Walmart pays its workers, whom it calls 'associates', poverty or near poverty wages—the average wage at Walmart is $11.75 per hour or $20,774 per year, nearly 6 percent below the US federal poverty level. Not only that, because it is a big employer, whenever it opens a store in a town, its low wages force down wages in the local area, as other employers also have to lower wages in order to compete with it.[54] Worse, the company has a long record of worker abuse, including forced overtime (some off-the-clock), punishing workers for the slightest infraction, employing child labour, knowingly employing undocumented

> India's retail sector employs more than 4 crore people. Total annual sales of Walmart, the world's biggest retailer, is more than that of India's 1.5 crore retailers combined. The entry of giant MNC retailers into India's retail sector will drive millions of small retailers out of business, and destroy millions of jobs.

workers, discrimination against female employees, and relentless union-busting.[55] As a reward for such labour practices, Walmart's CEO Michael Duke got an annual salary of $35 million (in 2010), which constituted an hourly wage equal to the annual salary of the average Walmart employee![56]

Even before it gave the green signal to these lawless corporations to enter the country, the Indian Government over the past decade has been changing the country's labour laws to bring them in line with the labour practices of the giant retail chains and other foreign MNCs: easier hiring and firing, more short-term contracts, fewer benefits, and longer periods of overtime.

Retailing is probably the primary form of disguised unemployment/underemployment in the country. Given the lack of jobs in manufacturing and agriculture, retail activities such as door-to-door selling, plying a street cart or setting up a small store act as a last resort for the unemployed. Many in the retail trade are living below the poverty line. The opening up of the retail sector to FDI is going to push lakhs of these people already living below the poverty line into destitution.

4. Will Farmers Benefit?

If this was true, the MNC retailers should have benefited farmers in the US and Europe! On the contrary, corporate monopolies at every level, from giant agribusinesses to mammoth retail chains, have wrecked family farms, especially the smaller ones, in America. Presently less than one million Americans claim farming as their occupation. That figure was over 25 million in the 1950s.[57] Likewise, in Europe, every minute a farmer quits agriculture.

Across the developed countries, but for huge subsidies given by governments to farmers, agriculture would have collapsed by now. A 2010 report by the Organisation for Economic Cooperation and Development (an international economic organisation of 34 developed countries) explicitly states that farm subsidies rose by 22 percent in 2009, up from 21 percent in 2008. In just 2009, agricultural subsidies given by the industrialised countries totalled Rs. 1,260 billion.[58]

MNCs Cartelise to Lower Purchase Prices

The reason for this deepening agricultural crisis in the developed countries is simple. Multinational corporations are gigantic, and so are able

to monopolise the entire supply chain, from processing to trade to retail. Further, unlike what is taught in economics textbooks, they do not compete with each other, and instead cartelise amongst themselves, to lower the prices at which they buy goods from small producers and farmers. The farmers have no option but to sell their produce to these corporations at the prices offered by the latter. The giant retailers are thus in a position to drive down purchase prices at will, forcing farmers into ruin. This is the reason for the destruction of family farms in Europe and America.

A few examples. The impact of retail oligopoly on farmers can be judged by taking a look at how much of each dollar spent on food at the supermarket—called the retail food dollar—goes back to the farmer. In 1970, hog producers (those who raise pigs) in the US got 48 cents out of each retail dollar spent on pork; three decades later, their share had fallen to only 12 cents out of every retail dollar. This happened even though retail prices stayed stable, implying that the supermarkets had kept all the gains for themselves, and had not passed any benefits to the consumers too. In the UK, while it costs the consumer £1.45 to buy four pints (1 pint = 0.57 litres) of milk at a supermarket, the farmer receives just 58 pence (40 percent) of this. According to the Royal Association of British Dairy Farmers, dairy farmers are suffering a loss of 3 pence for every four pints. As a result, many small farmers have closed their dairy operations.[59]

The bigger a retailer is, the better able it is to extract lower prices from suppliers. The UK Competition Commission found that Tesco, the biggest supermarket in the UK, consistently paid suppliers 4 percent below the industry average, while smaller supermarkets paid above the average rate.[60]

The situation for the small farmers is becoming so bad that in February 2008, the European Parliament actually adopted a declaration stating:

> (T)hroughout the EU, retailing is increasingly dominated by a small number of supermarket chains … evidence from across the EU suggests large supermarkets are abusing their buying power to force down prices paid to suppliers (based both within and outside the EU) to unsustainable levels and impose unfair conditions upon them.[61]

Strangling Growers in Third World

Neither has big retail helped farmers in the third world countries. A decade ago, third world coffee producers earned $10 billion from a global

market of over $30 billion. Now they receive less than $6 billion out of a global market of $60 billion. Likewise, cocoa farmers of Ghana now receive only 3.9 percent of the price of a typical milk chocolate bar, while the retail margin hovers at around 34.1 percent.[62] For every £1.00 that shoppers in the UK spend on bananas, plantation workers in Ecuador receive just 1.5 pence, while around 40 pence goes to the supermarkets; the remaining goes to line the pockets of the trading companies.[63] While the African producers as a whole get only 9 percent of the retail price of an exported apple, the retailers in the UK corner a 42 percent share.[64]

Imposing Unfair Conditionalities

The big retail corporations marginalise small farmers in other ways too, like by imposing stringent criteria for supply of their produce. Producers are typically expected to meet exacting product standards for their goods, adjust production volumes at short notice to meet short-term market trends, prevent deterioration of products through measures like provision of cold storage, and so on. Meeting these conditions requires high levels of investment in irrigation, transportation, storage facilities and packaging technology. The vast majority of smallholders do not have the financial or managerial resources to meet corporate buyers' demands, and so are being forced out and replaced by big farmers or the corporations themselves.[65]

For instance, in Brazil, Nestlé (a Swiss-based MNC) and Parmalat (an Italian MNC) first bought up the country's milk cooperatives in a series of aggressive takeovers, and then imposed standards that small farmers found difficult to meet. Thus, they demanded that farmers install milk refrigeration tanks on their farms. The smallest tanks needed at least 100 litres to be filled, but the average farm produced only 50 litres per day. Most small-scale farmers could not afford to install the coolers, which in any case were beyond their needs. Such conditions pushed over 50,000 dairy farmers out of their supply chains; as a result, many went out of business altogether.[66] Likewise, in Argentina, corporate transformation of the supply chain saw the number of dairy farms falling from 40,000 in 1983 to 15,000 in 2001.[67] Walmart's overwhelming domination of Mexico's retail trade is one of the

> MNC retailers are responsible for the destruction of millions of farmers across the world. After entry of Walmart into Mexico in 1991, 25% of Mexican small farmers have quit farming in the last two decades.

important reasons that has forced over 1.25 million small Mexican farmers—25 percent of the country's farmers—to quit farming over the last two decades.[68]

An investigation by the UK Competition Commission in 1999 also made similar findings. It found that suppliers to grocery supermarkets were forced to accept numerous conditions by the giant retailers, including: discounts (sometimes retrospectively); imposing charges and making changes to contractual arrangements without adequate notice; and unreasonably transferring risks from the buyer (supermarket) to the supplier. Such practices exerted downward pressure on the incomes of farmers and workers involved in the supply of goods to such retail chains.[69]

MNCs take advantage of their monopoly power to even indulge in *unfair trading practices* with small farmers. These can include: delaying payment for produce; lowering prices at the last minute; buying less than the amount agreed to; non-transparent weighing and grading of produce; charging high interest rates for credit; and changing quality standards without adequate notice.[70]

Impact on Small Farmers in India

Given all this evidence, it is obvious that the entry of giant corporate retailers into India's food market will have a devastating impact on India's 650 million farmers.

Presently, because of the APMC* Acts, the farmer has the option to sell his agricultural goods in any mandi either himself or through any agent who gives him the best rate. Because there is no single buyer, farmers get a better price. Now, the Central Government is pressurising the states to amend their APMC Acts, so as to allow agribusiness corporations to enter into direct contracts with farmers.[71] One eventual consequence of this is going to be that the system of mandis is gradually going to get dismantled. This is because these MNCs have huge financial strength and will initially pay better prices to the farmers than the mandis (they are already doing this in many states that have modified their APMC Acts). Therefore, in the coming years the MNCs will gradually acquire monopoly over the buying of agricultural produce from farmers.

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* APMC or Agricultural Produce Market Committee: a marketing board established by state governments in India, in order to facilitate farmers to sell their produce to traders/agents and get reasonable prices.

As mentioned earlier, MNCs do not compete with each other over prices: either they will operate in different domains, or they will cartelise. Once the mandis close down and the MNCs acquire monopoly over purchase, they will then start lowering procurement prices, as they have done all over the world. The farmers will have no option but to sell to them. Additionally, the giant corporations/retailers will also now be in a position to impose conditions like strict adherence to quality and schedule on the farmers, which will be very difficult for our small tomato and potato farmers to meet.

Finally, a brief look at the claim by Prime Minister Manmohan Singh and other 'friends of the Indian farmers' that FDI in retail would benefit farmers by creating modern storage facilities which will help reduce the huge post-harvest losses of fruits and vegetables in the country. It is a ridiculous argument. It is the duty of the government to set up these facilities in the public sector; or else, the government can provide incentives and get farmers' cooperatives to set up these facilities. On the other hand, if foreign multinational retailers create these facilities, they will do so for their own benefit, and not for benefit of farmers. MNCs are not social workers!

Then why is the Government not investing in creating these facilities, why is it pushing for agribusiness corporations and giant retailers to set them up? It is a part of the sordid globalisation agenda (discussed in more detail later in this booklet) being implemented by India's servile rulers at the behest of the World Bank and India's foreign creditors. The global agribusiness corporations are seeking to acquire control over India's agricultural sector, and so they are pressurising the Indian Government to reduce its capital investment in agriculture, and the Indian Government is dutifully implementing their wishes.[72]

Over the last two decades, ever since the Government of India began opening up the country's economy to FDI inflows in the name of 'helping the Indian farmer', the agricultural sector has sunk deeper and deeper into crisis. It has led to a massive increase in the indebtedness of the peasantry. Not only have seven-and-a-half million farmers abandoned agriculture over the past decade, it has spurred the worst-ever recorded wave of suicides in the country's history.[73] The latest of these policies, FDI in retail, will have even more catastrophic consequences.

5. Big Retail Destroys Small Businesses Too

As discussed earlier, big retailers like Walmart have the financial strength to source their supplies from the lowest cost producers at the global level. For instance, in 1995, 6 percent of Walmart's total merchandise sold in the United States was imported. By 2005, 60 percent of its total merchandise was imported, from more than 6,000 suppliers in 63 countries.[74]

With the Government permitting corporations like Walmart to set up shop in India, Indian businesses will soon have to compete with lowest cost products from around the world. Even if Indian businesses are able to somehow withstand this competition, Walmart can still destroy them by deliberately lowering prices, as it has the financial capacity to withstand losses. When Parmalat, a world leader in dairy products, entered South Africa's dairy market during the 1990s, it gained market share by offering dairy products to retailers at reduced rates, thereby undercutting local processors and distributors, many of whom shut down as a result.[75] Walmart's entry into India will similarly destroy small businesses here too.

Marginalising Workers

Walmart is so big and buys so much from its suppliers that it is able to dictate terms to them. It forces them to sell their products at rock bottom prices, thereby further worsening the conditions of the workers in the supplier countries.

Business has no ethics. Walmart has no problems in sourcing its products from countries where child labour, slave labour and the suppression of human rights are common place. Workers in Honduras working for Walmart work for 88 hours a week in 14 hour shifts, making 43 cents an hour, which meets only 54 percent of the cost of survival. Clothing sold by Walmart is often made by young women in Bangladesh, who are forced to work from 7 am to 8 pm, seven days a week, paid 9 cents to 20 cents an hour, denied health care and maternity leave, allowed only monitored bathrooms visits, and are fired if they dare ask for their rights.[76] Despite such terrible working conditions, the share of Bangladeshi workers' wages in the final retail price of a shirt in North American markets was only 1.7 percent; the profit of the Bangladeshi employer was another 1 percent; while 'gross commercial profit, rent and other income of distributors' accounted for 71.8 percent.[77]

Walmart sources heavily from China because of the Chinese Government's ban on trade unions, its willingness to harshly punish anyone trying to organise a workers' movement, and because courts and regulatory bodies are willing to overlook labour violations. And so Walmart is able to pit suppliers against each other and squeeze them for the lowest price. The result is that low wages, long hours and poor conditions are common in factories in China supplying goods to Walmart. These factories go to the extent of employing children below the age of 16 (China's legal working age), force workers to work 15-hours a day, seven days a week, pay them very low wages, and expose them to dangerous machinery and harmful chemicals like lead, cadmium and mercury.[78]

> Once Walmart enters India, India's small businesses will have to compete with the lowest cost producers at the global level, such as China, where businesses employ 16-year olds, and force them to work 15 hours a day, seven days a week, at rock-bottom wages.

Once Walmart and other giant retailers set up their retail chains in India, the workers in Indian factories will have to compete with such low paid workers to survive. It will be a race to the bottom of the wage and benefit scale.

6. Will Consumers Benefit?

The propaganda is that supermarkets will eliminate middlemen, leading to lower consumer prices. This is another myth. In reality, corporate retail establishes complete monopoly over the whole supply chain to become producer, wholesaler, distributor and retailer, all together. Thus, corporate retailers become giant middlemen themselves. Once they succeed in this, why will they transfer some of their huge margins to consumers and lower consumer prices?

On the contrary, MNCs take advantage of their monopoly position to raise consumer prices and earn superprofits! As discussed earlier, MNCs do not engage in price competition with each other, they collaborate to keep prices high. Initially, while the retail giants are taking on the existing small retailers, consumers may benefit from lower prices for a short while. But once the MNC retailers acquire a monopoly over the market, they hike prices. Even when supplier prices fall due to cost economies, they do not

lower consumer prices. This has been the experience the world over, from Nicaragua and Argentina to Kenya and Thailand and Vietnam: prices in the supermarkets in all these countries are an estimated 10–14 percent higher than in traditional markets.[79]

An official report prepared in June 2011 by the French Government's food price watchdog charged supermarkets with squeezing producers by paying lower prices, but not passing on the gains to customers. With the result that the supermarkets were earning fabulous profits: margins on apples and bananas stood at around 140 percent, and for carrots and lettuce at 110 percent; while the margin on pork loin had risen to 55 percent from 39 percent a decade ago.[80] Similarly, the UK National Farmers Union also found that declining farmgate prices (price received by the farm for its produce) in the UK are not being passed on to consumers. Sharp falls in producer prices for milk and lamb during the 1990s, for example, did not translate into lower retail prices for these goods.[81] In the US, supermarkets raised tomato prices by 46 percent between 1994 and 2004 while prices paid to producers fell by 25 percent.[82]

The same story is being played out in the tea gardens of India. A study by the NGO ActionAid International some years ago found that large buying companies, operating on behalf of corporate entities, had formed cartels to drive down auction prices: auction prices for tea had fallen by around 33 percent in southern India, from 69 rupees per kg in 1998 to 46 rupees in 2004, and by nearly 12 percent in northern India within the same timeframe. These prices had in fact fallen to below the cost of production, estimated to be approximately 75 rupees per kg in 2004. This had ruinous effects on small-scale tea farmers and plantation workers. However, the falling auction prices did not result in a lowering of the price paid by the consumers—the retail market prices continued to be high, at around 160 rupees a kg. With the result that the large tea companies reaped large profits: shareholder dividends issued by Hindustan Lever, which is estimated to have a 34 percent share of the Indian packaged tea market, had more than quadrupled since 1996.[83]

7. FDI in Retail: For Whose Benefit?

Clearly, the Government decision to allow 'FDI in Retail' is going to have calamitous consequences for India's dynamic retail sector. Lakhs of small shopkeepers and street vendors will be forced out of business,

rendering millions of people unemployed. Not only that, it will have devastating consequences for small businesses and small farmers too, who are already in crisis due to the gradual opening up of the economy to foreign capital over the last two decades. Neither will consumers benefit; 'FDI in Retail' is not going to lead to lower consumer prices and help control inflation in any way.

If it is going to have such ruinous consequences, why is the Government of India allowing giant foreign retailers to set up supermarkets–hypermarkets in India? Why are our country's rulers mortgaging the interests of the people of the country to benefit big foreign corporations?

Globalisation: India on 'Sale'

It has actually been happening for the last two decades, since 1991 to be more precise. The Indian economy was on the verge of external account bankruptcy, it was trapped in an external debt crisis. India's foreign creditors, that is, the USA and other developed countries—also known as the imperialist countries—took advantage of this crisis to impose stringent conditionalities on the Government of India. Through the World Bank and the IMF (which are controlled by them), they arm-twisted the Indian Government into agreeing to a restructuring of the Indian economy. The basic elements of this so-called 'Structural Adjustment Program' were:

- ✓ Removal of all controls on import of foreign goods;
- ✓ Removal of all controls on foreign investment in all sectors of the economy;
- ✓ Privatisation of the public sector, including welfare services;
- ✓ Removal of all controls placed on profiteering, even in essential services like drinking water, food, education and health.

This restructuring of the economy at the behest of India's foreign creditors has been given the high-sounding name of *globalisation*. Since then, governments at the Centre and the states have continued to change, but globalisation of the economy has continued unabated.

The essence of globalisation is that the Indian Government is now running the economy solely for the profit maximisation of giant foreign corporations and their junior partners, India's big business houses. These corporations are on a no-holds barred looting spree. They are plundering mountains, rivers and forests for their immense natural wealth. They are

seizing control of public sector corporations, including public sector banks and insurance companies, created through the sweat and toil of the common people, at throwaway prices. Privatisation is also enabling them to enter essential services—including education, health, electricity, transport, even drinking water—and transform them into instruments of naked profiteering. Because these are essential services, the profits are huge.

The Government of India has given up all concern about the future of the country, about the livelihoods of the people of the country, about making available essentials like food, water, health and education to the people at affordable rates so that they can live like human beings and develop their abilities to the fullest extent, about conserving the environment for our future generations. It is now only concerned about how to provide new and profitable investment opportunities for foreign MNCs and their Indian cohorts.

FDI in Retail: Continuation of Globalisation

Two decades of globalisation has pushed the Indian economy further into the clutches of India's foreign creditors. The globalisation conditionalities have led to a rapid worsening of India's foreign exchange crisis. Import liberalisation has led to a sharp rise in our trade deficit. It has increased from $2.8 billion in 1991–92 to a whopping $189.7 billion in 2011–12. As a result, our current account deficit has shot up to $78.2 billion for the financial year 2011–12, the highest level since 1991; and our external debt stood at an astronomical $346 billion in end-March 2012, a rise by more than 4 times over 1991–92![84]

This spiralling whirlpool of foreign debt has made the country more and more dependent on foreign exchange inflows (or FDI) to prevent the economy from once again plunging into foreign exchange bankruptcy. And so the foreign corporate armies and their concubine governments are able to impudently trample upon our honour and dignity, yankee-kick us into implementing more and more economic reforms, force us to open up more and more sectors of the economy for gigantic multinationals to invest and plunder. . . . A requiem for Swaraj in just over half a century!

The approval given to foreign corporations to invest in the retail sector is but a continuation of these globalisation policies being implemented in the country over the last two decades. Large multinational retailers like Walmart, Tesco, Carrefour, and Metro are facing saturated home country markets, and are looking for better pastures. Additionally, they are also

facing increasing opposition in their home countries due to their impact on local communities. So, they have been keen to expand into India, and mounted pressure on the Indian Government to open up this sector for foreign investment.

India's elites have been euphoric over globalisation. The capitalist classes are no longer interested in the long-term growth prospects of the economy; they are keen to become the junior partners of foreign MNCs and increase their profits. The swanky upper classes are in raptures over the entry of foreign MNCs, as the world's most trendy consumer goods are now available in the country. And so, for their narrow selfish interests, the Indian elites too demanded that the Indian Government open up the retail sector for FDI. Their faithful servants, India's traitorous intellectuals, launched a huge propaganda offensive to convince the Indian people that 'FDI in Retail' will benefit the economy and the people, lower prices, improve farm incomes, blah blah blah.

The mainstream political parties essentially represent the interests of the Indian elites. With large sections of the local elites in favour of opening up the retail sector to FDI, the worsening foreign exchange crisis and mounting foreign pressure finally pushed the Indian Government to ignoring the countrywide protests and grant permission to foreign retail giants to invest in India.

We Must Advance Our Struggle!

Friends, our nationwide struggle to prevent the entry of foreign multinational corporations into the retail sector has not prevented the Indian ruling classes from going ahead with their sordid agenda.

Clearly, a lot more needs to be done. We need to intensify our struggle. There are many amongst us who are gripped by a sense of despondency. A common refrain is that if the opposition parties couldn't prevent the policy from being implemented, what can we, the ordinary people, do. We need to be clear that the opposition of the mainstream political parties to this policy was only out of opportunism, to take advantage of the tremendous public anger against this policy. Which is why they made no attempt to mobilise people for a determined struggle against this policy, and all they did was to give a call for a ritualistic one-day *Bharat Bandh*. This is just as has happened in the past. Over the last two decades, different combinations of parties have been in power at the Centre; whenever the ruling coalition has implemented economic reforms, each time, the then Opposition has

protested; but when in subsequent elections, the latter has come to power, it has only implemented yet more reforms. In reality, globalisation is the consensus policy of India's entire ruling elite and its political parties.

There is no need to be despondent about the fact that there are no tall leaders to follow. Leaders are not born in vacuum; they are born out of social movements. The biggest and tallest trees all ultimately sprout from the Earth.

We need to deepen our struggle, involve more people in it. There are a very large number of common people who have been hoodwinked by the intense government and media propaganda and believe that this policy will indeed benefit Indian farmers and consumers. Therefore, it is important to continue with our campaign to educate the common people about the disastrous effects of this policy.

Of course, just increasing consciousness is not enough. We will need to organise various forms of creative protests and motivate people to join them in increasing numbers.

Ultimately, our struggle against FDI in retail is a part of the growing nationwide movement against globalisation, against the sell-out of our country to foreign and Indian big business houses by India's ruling classes. As more and more people join this struggle, it will strengthen and become a powerful force to transform society, and build a new India, where development does not mean profit maximisation of a few big corporations, but fulfilment of the basic needs of all human beings—healthy food, invigorating education, decent shelter, clean pollution-free environment.

Friends, this may appear to be a utopia, but it is not so. The collective strength of the common people is huge; it can build heaven on earth. But because we are so disunited today, we have lost faith in our collective strength. Of course, it is going to be a long and arduous struggle, but it can be won. Every end needs a beginning, only if there is a beginning will there be an end. We therefore need to take our own small initiatives. Let us make a beginning by trying to build a unity of small traders, farmers, and consumers in and around our city. . . .

If we don't fight
If we don't continue the fight
Then the enemy bayonets,
Will finish us off,
And later,
Pointing towards our bones,
They'll say:
They are bones of slaves
Of slaves.

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About Us: Janata Weekly and Janata Trust

Janata, a weekly journal, began its publication in January 1946 when Indian political consciousness was in its nascent emergence. It was started by a group of socialist intellectuals, political workers and trade unionists, as an organ of the Congress Socialist Party, with the purpose of disseminating democratic socialist thought, stimulating discussion of national and international problems from a democratic socialist perspective, and promoting struggles of the down-trodden for radical social transformation.

During all these years since its inception as the official organ of the Socialist Party and later of Praja Socialist Party and now as an independent socialist journal, the Janata has raised its challenging voice of principled dissent against all conduct and practice detrimental to the cherished values of nationalism, democracy, secularism and socialism, while upholding the integrity and the ethical norms of healthy journalism.

At the meeting of the Executive Committee of the Praja Socialist Party in August 1971, it was resolved to form a trust for the running of Janata Weekly. Thus the Janata Trust was created on October 17, 1977 by well-known socialists of the country like N.G. Goray, Rohit Dave, Prem Bhasin, Surendra Mohan and others.

Janata has the envious reputation for continuous publication since its inception (except during the emergency when it was banned), even though the Socialist Parties and Socialist movements have considerably atrophied. Its editors have included stalwarts of the socialist movement, such as N.G. Goray, Madhu Dandavate, Prem Bhasin, J.D. Sethi and Surendra Mohan. Its present editor is G.G. Parikh, who took over the responsibility following the demise of Surendra Mohan in 2010.

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About Us: Lokayat

It is in keeping with the perspective outlined in this booklet that a few years ago, we started this forum, *Lokayat*. Since its inception, Lokayat has been organising seminars, talks, film screenings, song concerts, street campaigns, street plays, poster exhibitions, solidarity hunger fasts and rallies–dharnas to make people aware of the real reasons behind the deepening economic crisis gripping the country—the neoliberal economic policies being pursued by the government at the behest of the WB–IMF, and motivate them to unite and raise their voices in protest. The issues that we have been raising in our various campaigns include: the deepening agricultural crisis; the worsening unemployment crisis; dilution of labour laws; reduction in government expenditures on welfare services like education, healthcare and even drinking water and their gradual privatisation; the disastrous effects of permitting 'FDI in Retail' on small traders, farmers and consumers; the gradual steps being taken to privatise public sector insurance companies and banks; displacement and destruction of livelihoods of common people in the name of development; the dangers of Genetically Modified Foods and the surreptitious attempts being made by the government to introduce them in the country; the horrifying consequences of nuclear power plants on human health and environment, made so evident by the Chernobyl and Fukushima nuclear accidents; the deepening crisis of global warming which is now threatening the very existence of human civilisation; the passage of draconian laws to give police virtually untrammelled powers to repress democratic protests; etc.

From the beginning, Lokayat has worked together with other progressive forces in several united fronts. However, of late, apart from the crisis created by globalisation, Indian society is facing another serious crisis, that of fascism, the twin brother of globalisation. The rapid growth of fascist forces in the country is threatening the very conception of India as a secular, democratic and socialist republic as visualised by our country's founders and enshrined in the Constitution of India. To fight the twin dangers of capitalist globalisation and fascism, it is important that all progressive forces who share the values of the Indian Constitution join hands. Hence, in 2014, Lokayat decided to affiliate with the Socialist Party (India), a party started by Justice Rajendra Sachhar. Lokayat is also actively associated with 'We the Socialist Institutions', a platform formed by several

socialist organisations from all over the country to fight the fascist threat facing the country.

As a part of the activities of this platform, Lokayat together with several other progressive groups across the country have launched a new campaign to fight the twin dangers of fascism and globalisation, under the banner of 'Save the Constitution, Save the Country'. Under this, we are organising workshops, rallies, awareness campaigns and seminars across the country, focussing on:

i) Making people aware of their Constitutional duties outlined in Article 51A of the Constitution, that call upon the citizens
   a) to cherish the noble ideals that inspired our freedom struggle, including the values of freedom, equality, democracy and secularism; and
   b) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities.

   Upholding these ideals and values is what true nationalism really is.

ii) Making people aware that the Constitution also contains directives to all future governments regarding the policies that they need to pursue. These are included the Directive Principles, which direct the State to strive to:
   - build an egalitarian society; ensure that there is no concentration of wealth; ensure that all citizens have the right to an adequate means of livelihood that ensures them a decent standard of living; ensure availability of adequate healthcare and nutrition to all citizens without discrimination; and, provide equitable and good quality education for all children.

Dear friends, if you would like to know more about us, or participate in our activities, you may contact us at any of the following addresses.

Address: Lokayat, 129 B/2, Opp. Syndicate Bank, Law College Road, Near Nal Stop, Pune – 411 004.

(We meet every Sunday from 5 to 7 pm at this address.)

Alka Joshi – 94223 19129 Rishikesh Yeolekar – 94235 07864

www.lokayat.org.in lokayat.india@gmail.com @lokayat

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The government claims FDI in retail will benefit consumers and farmers and will create one crore jobs in three years.
It is lying!

- MNCs are huge, Walmart alone sells more than all of India's 1.5 crore retailers! Competition with them is impossible, they will simply destroy our small retailers.

- MNCs are huge. They are destroying small farmers across the world. The same will happen in India . . .

- MNCs are huge. They will acquire monopoly over the whole supply chain, from production to retail, and will pocket all the margins for themselves. Why will they lower prices for consumers?

FDI in retail is but a continuation of the globalisation policies in the country, that is making the rich richer and the poor poorer.

It will devastate not just India's vibrant retail sector, but also small businesses and farmers . . .

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