



FDI in retail – Boon or Bane?

Description

Boon:-

- 'FDI in retails' would mean the re-birth of an advanced supply chain management (SCM) structure. People are fooled to pay an enormous amount for a product which usually has a cheaper market value. This new management system is expected to work for the benefit of all the farmers of this country. With proper research and execution of this project, there could be a drastic change in the economy of India.
- It is firmly believed that Narendra Modi has set his goal for deploying 100% FDI in the food retail stores. This, in turn, conveys that the market demands better food storage, with the best cooling machines and refrigerators. This initiative will curb most of the problem in regards to the wastage of food.
- India being a developing country, starves for more advanced technology and tries to be in sync with the rest of world in terms of market competition and industrialization. Hence, for the success of FDI in retail stores, the investors would need improved business practices and qualified technicians to control the entire management. This would exponentially bring in employment for the middle-class society with a sudden increase in demand for IT specialists.
- Talking about the loopholes in the present SCM, a simple product is known to go through a complex procedure involving many intermediaries cutting their own share. The entire game of such middlemen would come to an end as FDI fortifies disintermediation and seems to be working in favour of the citizens of the nation.

Bane:-

- Like WALMART, a multi-retailed store established in the US, currently established retail stores in India including the Kirana stores would be compelled to close their business leading to a massive loss of jobs and discomfort to a large chunk of society. Also, to match up with the current technology war, these new stores are expected to be much more advanced and automated which is a bad news for our less skilled labours.

- The concept of multi-retail stores revolves around the idea of the sale of multiple brands at a single outlet providing people with the luxury of high-class facilities and services. Such FDI controlled retail stores would soon fix their monopoly over the country which could have a negative impact on the Indian trade. The way Pepsi holds its superiority in the cold drink trade, such stores would remain in power.
- In reference to most of the MNC's established in India, there has been a constant pattern where Indians do all the work whereas the founder foreign company enjoys all the profit share. Similarly, by encouraging Foreign Direct Investment to take over the retail stores, India could become a follower of Organization of Economic Cooperation and Development(OECD) under which all the FDIs work.

Conclusion:-

After demonetization and GST, Narendra Modi has led his footsteps to promote his moto : ' Made In India' by allowing Foreign Direct Investment to grab a firm hold over the retail stores of India. In the year 2014, Bharatiya Janata Party entered the era of politics and still runs the Indian Government under our Prime Minister Narendra Modi. In their manifestations, BJP had expressed their disinterest in FDI involving multi-retail stores. This now leaves our prime minister in a very difficult position.

India holds the second highest population in the world. This leaves a lot of scope and potential for such retail shops excerpting maximum profits from such a wide population. With urbanization and consumerism next in the queue, they can expand hand in hand with retail stores flaunting Indian made products.

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Afterwords:- What is your opinion on this topic? Express your thoughts in the comment section below.

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