

Domestic Trade of India- An Overview

Retail trade which is often called a internal trade, is the oldest business of the world which started even in ancient age with barter system of exchange providing last point of contact with the consumer for the sale of merchandise used in everyday life. Retail is the world's largest industry with an annual turnover of over 6.6 trillion dollar in year 2000 which is about Rs. 31,02,00,00 crores. Though retail trade is the biggest business sector in our country and has been growing fast with the increase in population and income surplus, it is mainly in the unorganized sector.

Indian retail accounts for around 10% of the GDP with more than 5 crore small shopkeepers and more than 20 crores people dependent upon them through out the country excluding low cost kiosks, push cart and foot path vendors. India has the highest density of retail outlets in the world - for 1000 persons there are 15 retail outlets in India. The overall size of retail market in India at present is estimated at Rs. 15 lakh crores. About 4% of the retail trade is in the organised sector and the balance 96% is unorganised. The country's retail trade is expanding 10% to 12% every year with an addition of 25 million middle class consumers. It is expected that the size of retail trade would exceed Rs. 20 lakhs crores by 2012.

In the backdrop of above scenario shall we close our eyes towards Domestic Corporate heavy weights opening chain of shops without any restrictions and shaking the traditional business system of India.

Vision

The MNC's and big corporate houses should not be allowed to enter into retail trade. It is true that there is a growing demand for modern retailing formats that offer a clean and hygienic environment to shop in at competitive prices but this may not be a sound reason for the entry of corporate heavy weights in retail trade and thereby allow them to rout our retailers and take away the livelihood of crores and crores of people. Their entry would lead to "Crony (monopolistic) Capitalism", at the cost of established Retailers being rendered as destitute.

In order to protect the Indian trade and the manufacturing sector from the onslaughts of MNC's, the Government of India should impose a Special Duty on the goods imported into India from other countries in order to make available the equal level playing field for Indian Traders and Manufacturers.

It is further suggested that to develop the unorganized sector in a very structured form, the Government should under take the following steps immediately :

1. Categorical policy statement should be announced by the Government immediately that no big investment will be allowed in retail trade in India even as joint ventures with Indian partners.
2. On the pattern of MSME (Micro, Small and Medium Enterprises) Act, we shall have an Act to protect and promote small and medium retailers by name, Small and Medium Retailers Act (SMR Act) under separate Ministry with innovative schemes such as Cluster approach to convert our unorganised retailers into organised modern retailers. Even an individual shop can become a link of chain shops under cluster programme. They should be provided with credit facilities at low interest rates. This will facilitate number of retail units to come together and transform themselves into chain shops and they will have the clout to bargain in purchase.
3. Ceiling should be fixed for number of shops that could be set up by a chain store. We suggest a maximum of 20 shops in a State depending on the population strength. It should be limited to 3 in a Corporation and 2 in a Municipality. Such restrictions would ensure non-accumulation of market and revenue on a few hands and retail trade would provide livelihood to more people.
4. Formulate a National Policy on Retail Trade and Small Manufacturing Industries.
5. Implement the National Policy on Urban Street Vendors.
6. Institute a Independent Special Task Force comprising representatives of stakeholders to study on the socio-economic-environment and cultural impact of corporate retail.
7. Enact a law against predatory pricing and anti-competitive actions.
8. Repeal the changes made in the APMC Act through the APMC Model Act.
9. In a Country where almost 1/3rd population is leading life below poverty line, every precaution is called for that a situation is avoided in which the problem of poverty may be multiplied.