

COMMENT

FDI in Retail

THE FUNNY SIDE OF THE MOCKERY of parliamentary democracy is that previous to UPA-1 government, when NDA, another coalition government ruled over India, the BJP, the major party within the NDA, not only invited but also brought in the Foreign Direct Investment (FDI) in retail trade as, minority stake holder with the ceiling of 49% of shares. And that again was done in pursuance of older pledge of love, and union with the WTO given solemnly by the previous Congress Party led governments of India. The facts of the matter will not be told completely if it is not said that it is during the UPA-1 government in which CPM was the most vocal partner with the same non-Lok Sabha member Prime Minister leading the Congress Party, it is this CPM supported -Congress-led government of India that has completed the process of FDI entry into the retail trade in the country. The southern regional parties like Jai Lalitha's AIADMK and K Karunanidhi's DMK supported willy-nilly FDI entry whenever anyone of the two coalesced with either the NDA or the UPA-1 or the UPA-2. In truth all the political parties that look the more aggressively opposed to FDI ownership of retail business now were in the past the merrier with clearing the path for the FDI entry. The current furore by parliamentary parties is a drama. All are parties to FDI's free play in the retail trade in India, some overtly like the Congress Party, others covertly, like the CPM or the TMC (Trino Mul Congress). And therein lay the strength of the non-Lok Sabha member Prime Minister. By his stubbornness he sends the message that he is bent on doing what the olden accomplices promised and the IMF-WB-WTO troika wants the government of India to accomplish. He warns that if his move does not get support, a great economic catastrophe shall fall on India's economic soil. It is not true that the parties which were once partners with either the Congress Party or the BJP in UPA or the NDA coalition were ignorant of the environment prepared by the various governments at the centre for the FDI's landing and later ruling the retail trade in India.

People find already the game of duopoly in the soft drink market around the metropolitan cities of India. There was a time when one of these duo-polistic players was driven out while the other was denied entry! The soft drink market was a competitive market of many small producers. But these duopolies subsequently came and by fair or foul means of merger or amalgamations swallowed the olden Indian firms to rule the soft drink market as duopolies. Did not the traders who went on a day's token strike recently notice the phenomenon then? No, they noticed it but thought that it was not the spark of impending fire. And who brought them in? Sadly, it is the Indian Parliament and the parties glued to it.

Again, a loud talk is going on about majority share holding and absolute ownership in FDI-aided firms. All these points are of no value and are raised only to befool ordinary people, to shift the attention from the main issue, which is that the FDI part of share-holding already

dominates in Board meetings. In the early 1980's when Swaraj Paul of Caparo Group fame was exhorted to enter the vast Indian field of sick industries, to adopt any firm of his choice, to revive it, to manage it and to own it if he so desired. He felt interested and sent a team of experts to study the existing Indian investment scenario. The survey reported that the Indian corporate houses in their so-called family owned firms never hold even 25% of shares, yet enjoy majority in Board meetings. The figure could be as low as 6%. So he employed brokers to 'corner' shares of two high valued firms. The Board was at a loss as to what caused the sudden rise of the shares of their firms. The firms were 'owned' by a family close to the ruling party. At their insistence, a probe was conducted. The cause was found out. Swaraj Paul left the field. What this fiasco pointed out is this: the so-called Indian owners of Indian companies never hold 50%+ shares. The foreign investors in collaboration agreement with the Indian firms in the private sector have been making use of this mechanism to hide them giving front page to the Indian collaborators while siphoning succor in various ways. This has been going on for a long time, that is, since the second Five Year Plan. It is a long story of cheating, bamboozlement and deception.

For one thing the FDI part having 49% equity in retail business already holds majority in a single block. The FDI part wants to come out in the open. The Prime Minister, being an economist, does not find any reason to hold on to the camouflage, because it incurs cost to the nation. He seems to want transparency in this matter. And he may be feeling that he has no stake, because he is not a member of the Lok Sabha and needs returning to the Parliament and the position he occupies now by facing the electorate in parliamentary election in future. □□□