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Why they are Coming

NOT THAT MANMOHAN SINGH AND HIS BLUE-EYED BOYS HAVE succeeded in defying the impact of global financial crisis with another record year of growth. The reverse is true. All their growth projections have fallen far short of expectations. And yet they are hell bent on deepening what they call reform and opening up while encouraging market-driven corporate behaviours at the cost of national interest. As we go to press the face-off between the Government and Opposition over the dubious decision to allow Foreign Direct Investment (FDI) in retail business area where multinationals have long been bargaining hard to make their presence felt may not lead to a showdown in parliament because the issue remains suspended for the time being. Having failed to get their key coalition allies—Trinamul Congress and DMK—to back it and pacify the 'united' opposition they finally put retail FDI on hold. The Congress Party and its coalition partners, particularly two regional parties—Tamil Nadu-based DMK and Bengal-based Trinamul Congress—are talking in multiple voices about retail truth. In reality these regional outfits, otherwise dependent on Congress for more than one reason, are not totally against the penetration of multinationals in retail trade in principle. What all they want is a little bit of prominence in the decision-making process which seems to be the sole prerogative of Congress though all of them champion coalition culture. They have no objection in offering preferential treatment to foreign investors. Nor do they oppose multinationals' unlawful acts and gross violation of social responsibility. Some multinationals handle social responsibility standards in India differently than those in their home countries—and some go as far as breaking those standards. For multinationals coming in a big way in India's retail sector, striking a balance between making profits and fulfilling social responsibility is unthinkable. After all it is India where they can go scot free even by triggering a tragedy of Bhopal's magnitude.

For the main opposition party—Bharatiya Janata Party (BJP)—the less said the better since it has a chequered history of bailing out the beleaguered Congress government whenever it is in trouble over contentious issues that affect the lives of the millions. The way the BJP saved the situation for the Manmohan Singh brigade when the notorious Indo-US nuclear deal came under fire from the official left and the concerned citizens is well known. They are not against mortgaging India's sovereignty to foreign investors. For all practical purposes selling national assets to private players, including foreign players and NRIs, began during the BJP-led NDA regime.

Official argument as usual, in favour of FDI in retail business looks too innocuous to be opposed. The policy framers always paint a rosy picture when they sell a policy even if it is outright anti-national and anti-people in character. Both organised and unorganised retail can co-exist and grow as per the Chinese experience. So say the advocates of FDI in retail. But India is not China where foreign enterprises come under severe scrutiny for questionable practices. The mandarins in Beijing don't hesitate to punish local authorities that cover up multinationals' anti-national activities.

Then what about predatory pricing? The Singhs say a strong legal framework in the form of the Competition Commission of India will be enough to protect national interest and unfair trade transactions. After so many scams in recent years nobody thinks multinationals can be brought to book simply by showing the Commission stick as they obey the laws of the land by their breach. They wield enormous power to exert extra-legal authority violating all corporate ethics and norms in all countries where they operate. Predatory pricing apart, exploitative labour management is their general rule. If the prevailing anti-labour bias in almost every sector is any indication, it is unlikely for the authorities to apply stringent labour laws to erring global retailers. In truth a docile labour force and deunionisation is the pre-condition for foreign investment. It doesn't matter whether it is manufacturing or retailing. Not for nothing they have long been talking about comprehensive labour laws, rather curtailment of existing labour laws though archaic in many respects as they have outlived their utility in protecting labour's rights, hopefully to woo investors, domestic and foreign.

Mr Singh and his fellow travellers ask the countrymen to believe in utopia that FDI in retail will create jobs. No doubt it will create few jobs, specialised jobs to be precise, requiring managerial and sales experience while forcing thousands out of employment by breaking the traditional distribution chain. As for reduced price of consumer items, euphoria at the initial stage will vanish in the thin air as soon as the giants get control over the market as it has happened in case of big domestic retailers.

Retail employment trends in China show there is a growing demand for managers in luxury brand and fashion designing. Also, there is a demand for senior managers in sports wear. These people, a minority, are not unhappy because job-hoppers there see at least a 20 percent increase in salary when they change jobs. But recruitment of a few managers and salesmen at retail outlets cannot create massive job potential for the ever-growing job-seekers in rural and urban India. As a result of direct purchase from farmers by a limited few big retail houses producers will lose whatever manoeuvrability they still have. The loss of employment cannot be compensated by any amount of jugglery over the benefits to be derived by farmers and consumers from FDI controlled retail business. There is no policy to rehabilitate those to be rendered jobless due to opening up in retail, in other sectors. They will just swell the vast army of destitutes, taxing the wise men of Planning Commission to redefine below poverty line index.
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