

Wal-Mart boss sees 'progress' on easing India retail ban

NEW DELHI, INDIA: India's government appears to be moving closer to opening up the nation's vast retail sector to foreign investors, the head of the world's number one retailer Wal-Mart said on Monday.



US-based Wal-Mart and French supermarket Carrefour, the world's second largest retailer, and others have been lobbying India's government aggressively to open the giant consumer market to foreign store chains.

"I do see progress," Mike Duke, president and chief executive of Wal-Mart, told reporters in New Delhi after talks with Indian government officials.

His trip to India came ahead of a scheduled visit by US President Barack Obama in November during which the American leader is expected to push for relaxation of restrictions on foreign participation in the retail market.

Fears of Western chain tsunami

Foreign groups such as Wal-Mart can only operate as wholesalers and must partner with domestic firms to sell in India, amid fears that big Western retail chains could swamp small family-run stores.

"Whether or not it (opening the sector) is a done deal is not for me to address," Duke said. However, he said he had a "positive feeling" that the discussion over easing retail foreign investment curbs was "moving forward."

India recently kicked off a public debate on allowing foreign supermarkets to open stores in the country.

Duke said Wal-Mart believed a "100% opening of the sector" would be the "optimal solution" but he said India was looking at a "calibrated opening."

India's tight foreign investment rules are aimed at protecting small "mom-and-pop" stores in the sector where less than 10% of consumers shop in big Western-style stores.

Only single-brand foreign outlets such as Nokia or Reebok are allowed to operate freely in the country of 1.2 billion people.

In a bid to get round India's investment rules, which critics say are protectionist, Wal-Mart has entered the back-end retail supply chain in an alliance with Bharti Enterprises, parent of India's top mobile firm Bharti Airtel.

US consumers under pressure, but...

The joint venture sells mainly to vegetable vendors, hospitals, restaurants and other firms.

Wal-Mart and other foreign firms have said their entry into the retail sector bringing modern merchandising methods could help transform India's antiquated food supply chain in which up to 40% of fresh produce spoils before it hits the market.

Companies such as Wal-Mart have been anxious to enter India's retail sector amid lacklustre sales in the United States and other Western markets.

Duke, however, said he believed Wal-Mart would fare better this Christmas retail season in the United States than last year despite jobless levels of nearly 10%.

"Clearly US consumers are under a lot of pressure. Unemployment is still at a very high level," Duke said.

"But we believe we have taken the right strategic steps to have a more positive holiday shopping season than last year."

Source: AFP

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