

UNCERTAINTY OVER FDI IN MULTI-BRAND RETAIL

INTERNATIONAL RETAILERS GO SLOW ON HIRING PLANS

NIVEDITA MOOKERJI &
PIYALI MANDAL
New Delhi, 29 October

Foreign retailers have put their hiring plans for proposed multi-brand outlets in India on hold. Sensing the government's mood, executive search companies said, these retailers had slowed down their hiring initiatives.

Hiring firms call India an interesting market, but agree retail is a different game. Preety Kumar, managing partner (India) of Amrop, told *Business Standard* that the hiring activity was quite little among foreign retailers. "We have met most of these clients. But none of them have put forth a clear plan," she said.

"Hiring plans of foreign retailers at this point are it'sy-bit'sy and there's nothing mega about it," said Kumar. "I'm sure they have a plan, but not ready to execute, as they are waiting for clarity in regulation to operate in India."

Uday Sodhi, chief executive

of HeadHonchos, said the hiring activity was usually not uniform in the retail sector. "There is hiring and then things go slow," he said. But for foreign retail players, the first level of hiring had already been done, he said. They are looking at the second rung of leadership. "They will start hiring in bulk for the third level once they hear favourably on the FDI (foreign direct investment) policy."

Lalit Ahuja, the India managing director and president of American retail major, Target, also said foreign retailers were cautious on hiring at this point, and that a lot of it had to do with the economic scenario globally.

Ronesh Puri, managing director, Executive Access, admitted there was a "definite slowdown in hiring by foreign retail players". Puri said these chains continued to hire for their cash and carry business. "Once FDI in multi-brand is allowed, hiring will go up by 10 times," he enthused.

The US-based Wal-Mart (in joint venture with the Bharti group), Carrefour of France

and Germany's Metro operate cash and carry or wholesale business in India. Though Metro does not want to get into multi-brand retail, both Wal-Mart and Carrefour do and have been awaiting a green signal from the Indian govern-

The hiring plans of the foreign retailers at this point is it'sy-bit'sy and there's nothing mega about it

PREETY KUMAR
Managing partner
(India) of Amrop

ment. The UK-headquartered Tesco, too, is keen on opening its retail stores in India, and till the rules are relaxed, it will make do with cash and carry outlets in partnership with the Tata Group.

None of these foreign retailers with plans to open multi-brand stores in India was available for comment on the hiring issue. However, in a re-

cent statement Wal-Mart International President and CEO Doug McMillon had said the group continued to prioritise its investments in the emerging markets of China, Brazil and Mexico. "We remain focused on drawing growth and improving our overall returns. We will build scale in existing markets and continue to evaluate acquisitions to enter additional large, higher growth markets," he added.

While there's no restriction on foreign investment in cash and carry format in India, FDI is not permitted in multi-brand retail. In single-brand retail, up to 51 per cent FDI is allowed. In August, the committee of secretaries had recommended allowing up to 51 per cent FDI in multi-brand retail, but the proposal hasn't been moved to the Union Cabinet yet. Due to inter-ministerial differences over the recommendation and lack of political will to open up the retail sector fearing a backlash, there's an air of uncertainty around the proposed policy.