CHAPTER 7

CONCLUSIONS

Continuity and change are empirical facets of social life. The modern world is characterised by modes of life and institutions that are radically different from those in the past. However, what is different in this process of change as compared to the past is the pace at which it is taking place. In this context, globalization is fundamentally changing the nature of our everyday experiences and societies in which we live and the way we are connected with others. Globalization is forcing people to live in more open, reflexive ways, respond to and adjust with changing environments. Much of it owes to the strategic economic move of Indian government to what we call as, ‘Policy of Economic Liberalization’. As a result of the shift in policy, number of changes have taken place in India.

Indian Government adopted ‘New Economic Policy (NEP)’ for restructuring its economy. Under this economic move, in the initial stage, it started with the process of liberalisation of primary and secondary sector. As policies never have uniform impact at any level, it faced severe opposition from various corners on the issue of equity, balance, human and social development. The consequences of this move were significant, touching upon the different aspects of human life. The new economic policy brought with it both positive and negative results. Whereas on the one hand, economy grew with leaps and bounds, per capita income saw increase, new opportunities for economic growth were created and important sectoral changes in economies have taken place, on the other hand, it had widened the gap between rich and poor, fostered inflation and unemployment, adversely affected small scale industries and social sector. Those who criticise this move argue that more than good the New Economic Policy (NEP) brought bad to the nation. Whatever be the case, NEP came to India as a crisis driven response but, later became a model for development. Placed in the context of development perspective, globalisation paradigm or the new economic policy lays the foundation of current pattern of development that is taking place in India.

After the success of previous phase of liberalisation policy, the Indian government came up with the proposal of further liberalization in service sector. However, retail sector was kept out of it. Till 1996, only few foreign players were granted permission for retailing in India, but it
was only after 1997, FDIs to retail sector were stopped. Retailing forms a large share in Indian market, it is because of this the intrusion by foreign entrants was taken as a threat to local businesses. Since long, the government has been delaying the decision over retail globalization but, finally, it took a stand in 2005 over partial, i.e., 51 per cent liberalisation. As a corollary of such a significant move, government had to face severe opposition from all the sections of society. The retail globalisation experience of other South-Asian countries (Malaysia, Thailand, China, Indonesia) shows that in the initial stage these countries adopted full retail liberalization policy by allowing large number of FDI in country for development. Later, there was dissent against modern retailing and FDIs and these countries had to reframe their policy. In Indonesia and Thailand the local retail businesses were negatively affected by opening up of retail sector to FDIs.

Retail transmutation carries social, economic as well as cultural consequences, as it is socially embedded. Business in India is unique in itself for it is not a mere economic activity; rather it is embedded in socio-cultural framework. The present study explores the nature, character and extent of change that is occurring as a result of adoption of retail globalisation policy. As a result of globalisation, countries are undergoing almost a similar pattern of development with simultaneous sharing of experiences. With the adoption of retail globalization policy, cities and towns are undergoing a similar pattern of development in India. Earlier, where malls/stores/marts were limited to metro cities, now such modern formats of retailing are seen in the small cities and towns. People are consuming similar products and are likewise affected by global system.

The Amritsar city has evolved over a time and has passed through different phases. The city as it exists today, presents duality (modern and traditional) in terms of spatial pattern. The traditional market within the walled city and other markets (outside the walled city) caters to the needs of the traditional demands of the people whereas, the modern markets (especially, located in posh localities and outskirts of the city) having modern, well structured formats are catering to the emerging needs of the city dwellers. This rapid and uncertain segmental division of market definitely carries implications on local business. The modern retailers with newer work practices are attracting customers and giving traditional retailers no other chance than to compete in order to survive. All in all, it can be said that these modern retail developments have added new dimension and look to the city.
In the market, both modern as well as traditional retailers are doing business, but at different levels and of different form. It was seen that traditional retail in the city is run in traditionally structured retail shops by the people largely hailing from traditional business communities with traditional ways of doing business. Modern formats of retailing have different profile of people than traditional retailers. Employees in modern formats are trained in corporate settings, are working in formal settings, converse in English with the customers and have western dress code. Modern retailers motivate their employees to work hard and efficiently, as they value their employees on whom they have invested heavily on training. Therefore, loosing employees to other employers (by job switching) is seen as a threat to the modern organization. Hence, apart from comfortable working conditions the employees are provided with ample scope for leisure time activities, easy work shifts, employee friendly ambience, gender friendly and more egalitarian workplace settings. Likewise, the traditional businesses in the city are small and medium sized as opposed to big retail chains. Also, youngsters and women have shown increased participation at modern retail formats as compared to the traditional. Katakam’s (2007) study on ‘Gender factor’ conducted in Mumbai also illustrates a similar profile of the employees at modern formats. Consumers are also found to be falling more in the age group of young and middle aged.

The attitudes of traditional businessmen of Amritsar towards the modern retail expansion and its impact on the local business reveal that nearly half of the respondents have been negatively affected by the expansion of modern retail formats. Therefore, the retailers were found to be against the liberalization policy. Based on the negative experiences of some countries, several studies have been conducted since 2006 in India such as those of Technopak Limited, Indian Council for Research on International Economic Relations: 2008, India Retail Report: 2007, National Council of Applied Economic Research, NABARD: 2011 and NSDC India. Other studies conducted by individual researchers such as, Sridhar: 2007, Chattopadhyay: 2007, Mulk and Nargundkar: 2003, Purohit: 2009, Neilson: 2010 have also highlighted the loss suffered by local retailers due to expansion of modern retail formats. Sethi’s (2007) study of Jalandhar, city of Punjab brings to light the work operation of India’s retail giant ‘Reliance’ (under Reliance-Fresh banner) and reveals how the supply chain of vendors has been adversely affected and thrown out to low quality produce. Region-wise variations on impact of modern retail on traditional retail in India were studied by the ‘Indian Council for Research on
International Economic Relations in 2008’. It brought forward that maximum impact was felt in
the Western part of the country, followed by both Northern and Eastern, and little in the Southern
part of India. Almost all of these studies have highlighted that traditional businesses have been
affected negatively though, at different rates by the expansion of modern retail formats.

It was also seen that the local businessmen are trying their best to sustain themselves in
the intense competition by adopting number of strategies such as improving the physical layout
of their shops by getting it air-conditioned, improving interior by adding rows and stacks,
improving display, more variety, selling things on offers and schemes, providing better services
to customers, lowering their rates, associating a stylish name to their shops/showrooms, offering
home delivery services and mending their trade practices. Joseph’s (2008) study on impact of
modern retailing on traditional retail, at an all India level also brings forward similar findings
over strategies traditional retailers have adopted in order to compete with modern retail formats.
It means that the new formats of retailing have not only emerged as a model for emulation for the
traditional markets, but also have introduced new ways of doing business by introducing new
technologies, new ideas, new values thereby improving the local market. Thus, on the one hand,
the issue of emergence of modern retail is viewed as a threat to traditional business while on the
other hand, malls and stores have become a most sought after place to shop and spend one’s free
time.

The emergence of modern retail formats in the city has expanded the opportunities of
employment for the youth irrespective of the gender. These are also crafting them, training them,
making them more skilful in meeting the needs of modern market. It was seen that employees
working at these modern formats have to undergo training wherein, they are taught general
etiquettes, mannerism and language training. Employees draw gratification from their job as they
see themselves as a part of corporate culture than mere workers. Management at their respective
stores take utmost care in presentation of their employees through various mechanisms. Gooptu
(2009) also brings forth the similar argument on how modern markets are shaping individual
subjectivity consonant with needs of market.

Modern retail formats have emerged as prosperous organisational system in which
working class remains satisfied with the work culture and so remain passive. Modern retail jobs
thrive on competency, efficiency and target fulfilling and offer ample scope for career
enhancement. The employees of the modern retail formats largely hailed from lower- middle
class background. The employees too being surrounded by customers hailing from different classes try to maintain themselves as presentable. These employees of the modern formats do not find themselves out of place, as they see themselves surrounded by luxurious goods and their desire to make enough money tends to get fulfilled by earning more through reward system besides the monthly salaries. Ford (C.f.Watson, 1980) gave a global vision to consumerism, as a key to peace. He contributed in popularising consumer culture by seeing workers as consumers. Ford’s strategy of paying high to workers helped in contributing to the growing consumer culture, as with extra pay, they participated in accumulation of material items previously out of reach. In a like manner, in modern work organizations, the conditions of employees have changed to certain extent. The modern retailers or employers, therefore recognise that modern workers/employees are also important consumers as they have purchasing power and desire to purchase products they sell.

Modern workers/employees are hence, seen as prosperous class which remains passive and satisfied with the work culture and feel more integrated with the system as their material wants gets satisfied by earning through reward systems. But, many a times they do feel out of place while behaving as a part of class to which they belong superficially. Working at malls/stores is a great experience on one hand but, at the same time employees do face certain problems but are largely satisfied with their management practices. It may be due to the fact that the concept of malls, stores is new to the city hence, employees are not yet fully aware of their rights and so there has been no anti-mall response from mall employees in Amritsar. However, studies such as those of Katakam (2007) present the other story of the modern formats by highlighting the problems and constraints of women store employees in Mumbai and their dissatisfaction with the modern retail jobs due to gender discrimination.

It may be argued that overall due to intensive competition in the market and availability of numerous options to the customers both modern as well as traditional retailers are facing shortage of buyers at their retail formats. The increasing competition has made customers more informed and conscious. They think, compare and then opt for selection of shopping place. It is not that the customers are simply going for these air conditioned/decorative stores. It was also seen that due to division of clientele both modern as well as traditional retail has been affected, i.e., sales of both have seen decline. Chattopadhyay’s (2007) study of Kolkata highlights that oversupply of malls can be detrimental to business itself. He brings forth that in Kolkata, though
all malls/stores are not earning well yet, they have definitely affected business of traditional retailers as they try their best to wean away customers from shops to stores. Likewise, he has cited case of Chandigarh and Gurgaon where only 50 percent of malls are functional and rest have perished or still waiting for retailers. Another study by Khanna (2010), brings forth that in Chandigarh many shops in the malls have actually closed down after running into huge losses and failed to find buyers. In this study, most of the store owners at the malls said that they got only ten to fifteen per cent genuine shoppers at their stores. It can be said that modern format are fast emerging as entertainment destinations with the food courts, eating joints and kids play zones hogging all the business (www.Tribuneindia.com). Mr Sanjiv Goenka, Vice-Chairman of RPG Enterprises in his statement on future of malls in India said, “The retail boom is here to stay. This is a short-term phenomenon as malls, which are not successful will eventually be closed down. Only the successful malls will survive in the long-run,” (www.businessline.com). According to KSA Technopak, the ‘Conversion Rate’, i.e., the percentage of visitors who turn into shoppers is as low as 10 to 15% in Indian malls. Modern formats all over are emerging as places for entertainment than just shopping (www.technopak.com). These studies corroborate with the present study that there will be co-existence of modern as well as traditional retail. It cannot in anyway happen that the modern retail formats would completely eliminate the traditional retail.

There are numerous evidences of closure of under-performing food and grocery stores like Reliance, Subhiksha, 6-Ten, Spencer’s and More in Amritsar. Despite, massive propaganda, beautiful interior, attractive schemes and offers they failed to gain ground in the market, as they were providing poor services to the consumers, outdated stock, rotten variety of fruits and vegetables, negligence in online payments and poor quality products. The traditional traders also added that employees of fruits, vegetable and grocery stores many a times visit their shops to buy the stock in case of emergency. Similarly, the vegetable vendors and other shopkeepers visit the modern stores to buy the stock in demand for sale. Such modern stores came in with promising statements that their stock comes from their own farms and is of high grade-quality, perhaps, after a short term their commitments were unveiled. Their overconfidence and mismanagement led them make an exit from the silent doors. No doubt, modern retailers have been able to copycat the material cultural forms and style of retail formats from the west, but have failed to inculcate global values and retail acumen. The failure of these stores point out that, enormity and
luxuriousness will not alone fetch retailers any riches for long. The study shows a mixed response over future of traditional retail as traditional retailers and consumers believed in co-existence of both, but employees of modern retail saw future of traditional retail gloomy as the competition is getting intense.

It is further argued that how consumption gets organised in a city, i.e., how changes in the market has affected the consumption pattern of people. It was found that modern formats have in a way led to integration of family members as the whole family is involved in decision making related to buying process and go together to select from the wide variety available at these stores. The respondents showed preference for buying monthly ration from traditional Kiryana shops but for other goods they liked to go to modern retail formats. The people, in general, have liked the new retail formats and thus the retail development activity is on the rise. Consumption has also gradually moved to the symbolic realm. This symbolic consumption helps the consumer to express his/her self and achieve a sense of continuity and identity (Chaudhuri, 2010). Such an expression has widened the class disparities by redefining shopping as a means of formation of identities. To the people who cannot be a part of this flamboyant consumerism, modern retail makes little sense as they cannot afford to pay cash down for their purchases. The present study brings out that consumer more likely to use the products and patronise the shopping locations that are socially visible to others to communicate their identity. However, in case of preference for branded goods interestingly, consumers showed consciousness about the looks as well as quality of products along with its functional aspects.

Retail globalization has been seen as a win-win situation for the consumers, as they have access to better products and services and maximum benefit from the increasing competition. They have generally gained through the availability of better quality of goods, lower prices, one stop shopping, and choice of additional brands and provision of family shopping. The consumers stated that their shopping activity has increased with incoming of modern formats. Joseph et al (2008) study of impact of organised retailing on consumers indicates that shopping activity of consumer’s increases with increasing availability of the modern locations. It was also seen that both modern and traditional retail cater to needs of heterogeneous classes and also there is multiplicity of needs of people due to which both modern and traditional retail formats will continue to co-exist for a longer time in India. The societies will continue to transform as a result of globalization and so will the emerging needs of people that would create a demand for these
modern formats and products. But, at the same time the demands for the traditional goods will also be there which would help in maintaining the existence of these traditional formats that specialise in the indigenous variety of goods.

We may argue on the basis of the conclusions drawn from the study that the globalization theories saw ‘Trade’ as a rational process with powerful socio- economic and cultural dimensions. The process of networking in global setting requires submission of certain elements of traditional forms and receptiveness of modern forms. Globalization refers to the development of global culture and unification of local values at global settings which are somehow necessary for development of the nations. At the same time, it also means that it would have some consequences on the traditional socio- economic structure. Where on the one hand, in economic terms it would be profoundly visible, on the other hand, the social may require a microscopic vision to understand the patterns of social change. If we look at the process of globalization and the way it is being seen as a model for development, we can see that development of nations still depends upon the idea of replacement or modification of ‘Traditional’ values by the ‘Modern’ ones which might be delayed or not visible profoundly.

After seeing the potentiality which this traditional retail sector offers, the Indian government opened this sector for foreign direct investments, i.e., demand for modernising the retail sector was felt by the government to give a spurt to the economy. Modern retail formats, which symbolise modern ways of doing business, modern values and innovation are therefore seen as a drive to maturity or development of the country. With the entry of such modern formats which at a first stance had negatively affected the traditional businesses, number of changes have taken place in the market in the form as well as in relations of market. For example, credit was the common mode of transaction previously and was looked down upon as feature of traditional markets, but in present times buying through credit card system is popular and is looked upon as feature of modern markets. Therefore, it can be said that in global system what is to be regarded as modern or traditional is determined by the predominant pattern. As a result of increasing competition between modern and traditional retailers, the traditional retailers have also to some extent improved their business practices as well as their businesses by imbibing modern business values. Many of the old fashioned shops have been renovated offering better services to the consumers. However, this does not in any way mean that indigenous businesses have always been laid back or traditional. Businesses have always been evolving and businessmen have
always been trying to modernise and enhance their businesses by changing their strategies and keeping themselves ahead of their times. However, businesses in past could not develop due to some shortcomings of the system as such. But the current pattern of globalization provides ample chances to the indigenous businesses to compete with one another through higher level of innovation and rationalization.

The notion of reinforcement of traditional over modern can also be seen in other dimensions, such as in spatial patterning in cities. Segregation of space encapsulates segregation of groups and help in maintenance of the living style and culture. Modern retails which have modern, sophisticated and strategic ways of doing business avoid traditional congested, unplanned market places and choose other locations instead. It means, over a period of time, these new modern conglomerate are going to stand parallel to the traditional market places thereby creating a dual spatial pattern in the city. Such a pattern of spatial segregation has been well recognised in cities all across. However, under global integration, the nature of structural and spatial changes takes place as a result of hierarchical global economic system (Sandhu, 2007).

It also reinforces the idea that when societies attain certain degrees of modernity, the objects of modernity also decentre traditionality. In case of transformation of Indian retail market from traditional to modern and with increasing newer demands of people, the markets are getting more modernised, therefore demands for modern market places and its symbols (western retail formats, language, western dress code, and corporate culture) have also become acceptable. This signifies that this change will also be followed by a movement of people from traditional to modern, i.e., people will move to modern formats to satisfy the new sets of needs which are a product of the modern culture (global culture). But at the same time, it would not mean that traditional would be totally overtaken by the modern system, it means certain elements of traditionality might continue to remain in the structure as both, traditional and modern are two components of the social system/structure. Likewise, if we say that modern retail formats will all together eliminate the traditional market or businesses, it will be too vague to be tenable.

As needs of the people are diverse, multiple and prevailing heterogeneity in the society would produce duality in the society that is, both traditional and modern will maintain a co-existence in the market. Globalization is not all about the economic exchange, it also includes cultural flows. The modern societies are changing in quite a similar manner, new values are being introduced and old are being subjected to change. Subsumption (colonization of social life)
has become an integral part of modern-consumerist societies (Singh, 2003). Likewise, consumption itself has become a power in its own sense. Development, if we say thrive on production, the other parallel strand of it is consumption, which saves the system from breaking down through the creation of false needs. However, demonstrative consumption which is core of modern societies remains confined to the minority. But, at the same time, it also produces structural changes in society by promoting growth of middle classes, who would always aspire for material pursuits.

With the sharing of ‘Space’ in the global network, there has also been sharing of cultural values. Earlier, austerity was regarded as the basis of social life in traditional societies but now consumption has become central to the social life. Consumption in modern societies has moved beyond the realm of need satisfaction. Bauman (c.f. Singh, 2001) explains this gap between needs and wants as a new function of consumerism, i.e., a system of domination. Goods of consumption carry symbolic values and are used for identity formation and class segregation. Therefore, people look for objects/places which help them in segregating themselves from the class above or below their own. It becomes clear that same goods and services may have a very different effect on different people under varying circumstances. Modern retail formats that sell modern goods and brands represent a class of their own and help them in fulfilling this desire as they are class centric and locus of determining social power.

Broad based organizations have always been talked of as an essence of modern global societies, which also in a way provide rational means for achievement of the specific goals. These rational organizations consist of several interlocking and interlinking networks of persons with required qualification, experience, age, skills and classes by virtue of which they are demarcated from the traditional organizational system. Under the policy changes, the FDIs, MNCs and Corporate have emerged as modern rational organizations that are involved in the development. However, such modern organizations do carry certain implications for the local, traditional organizations. This does not mean that traditional organizations lacked rationality, but they have not been able to exercise their rationality to the fullest because of the inhibitions of the traditional structure. Therefore, when such barriers get lifted from them, they equally get an opportunity to exercise their rational powers, may be under the aegis of the modern organizations. This argument can be supported with findings of the present study, that not only in Amritsar, but also in other Asian countries which had opted for retail globalization, the
traditional sector has also grown along with the modern. At the same time, it is also obvious that modern organizations would affect the traditional in some or the other way.

In nutshell, it can be said that the retail policy is going to affect the society in different ways. Since the implementation of policy is recent, it can be envisaged with a degree of ambiguity, the kind of impact it is going to have on society. What emerges from the study is that retail globalization policy is going to radically alter the social relations, traditional markets, lifestyles and consumption patterns of people and increase in employability at modern formats. Though, people of Amritsar have not fully integrated mall culture into their lives, yet they have not remained totally unaffected from it. However, the situation may differ, as the competition gets intense.

Indian retail sector offers immense scope for the modern as well as traditional retailers to co-exist. However, a balanced regulatory framework and competition policy is a must for both the traditional format and the modern format to grow and co-exist. In the present situations, both modern as well as traditional businesses are required. Where on one hand, modern retailing would promote quality employment, improve business practices, encourage investments in support industries and modernize traditional retailing. On the other hand, traditional retailing will continue to cater to the needs of the masses and fulfil the local demands of the customers.

There are number of examples which can prove that it is also bringing positive change in the markets. Some of the big retailers have co-opted convenience stores and are helping them in upgrading under their franchise models, as a result of which there would be no danger to the traditional retailers of elimination from the market. Likewise, ‘Metro’ which is a German wholesale chain has started pilot project ‘Kiryana Programme’ in Kolkata to educate and assist traditional retailers on how to stock, how to manage their stock, how to fix prices and market their wares so as to help them in competition (www.business.outlookindia.com). In a similar manner government can also come up with certain kinds of reform programmes for the traditional retailers, so as to help them in maintaining their businesses.