

Carrefour arrives in India, eager for market to open up

NEW DELHI, INDIA: French supermarket giant Carrefour has opened its first cash and carry store in India, hoping the government will soon relax restrictions on foreign investment in its massive retail sector.

The 5200 square metre (56000 square feet) wholesale store in the east of the capital New Delhi and is open to food firms, institutions, restaurants and retailers.

Carrefour Group chief executive Lars Olofsson said in a statement on the firm's website on Thursday, 30 December 2010, that similar outlets were set to open in the near future.

"This first step is essential to allow the Carrefour teams to fully understand the specificities of the Indian market and then build our presence in other formats," he added.

Regulations

Indian regulations mean that "cash and carry" is the only way that foreign firms can establish a presence in the country except for single-brand chains such as Reebok and Levi's.

The arrival in India of Carrefour, the world's second-largest retailer, comes some years after its main rival in the sector.

US giant Wal-Mart has already opened two wholesale stores and plans to open 10 more within four years.

Carrefour hopes the company's first outlet will lead to the creation of supermarkets across India, where a strong base of middle-class consumers has developed among the 1.1-billion-strong population.

India agreed in 2006 to allow foreign investment of up to 51% in the retail sector but only for shops selling single-branded products like Reebok, forcing overseas companies to sign franchise agreements with Indian firms.

Wal-Mart signed a partnership agreement in 2006 with India's Bharti Enterprises while Britain's Tesco formed a tie-up with the giant Tata Group conglomerate.

According to India's Economic Times newspaper on Thursday, Carrefour and India's Future Group are in line to sign a deal in 2011.

Small business fears

The arrival of foreign companies into the Indian retail sector is a sensitive issue, as small shopkeepers fear being driven out of business by multinationals.

Industry bodies want the retail sales sector to be liberalised gradually but calls for the market to be opened up to foreign competition have increased in recent months, notably during visits by Western leaders.

Both US President Barack Obama and his French counterpart Nicolas Sarkozy urged India to remove restrictions on foreign trade and investment.

Source: AFP

