

16th January 2018
RAI/ADV/2018/007

Shri Santosh Lad,
Hon'ble Minister of Labour,
Government of Karnataka.

Subject: Impact of Karnataka Minimum Wages Notification dated 30th December 2017.

Hon'ble Minister,

Greetings from Retailers Association of India (RAI)!

Retailers Association of India (RAI) is the unified voice of Indian retailers working with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. RAI is the body that encourages, develops, facilitates and supports retailers to become modern and adopt best practices that will delight customers. RAI has a three charter aim of Retail Development, Facilitation and Propagation. RAI is the premier body of Retailers in India having more than 1000 member establishments including large and small retailers in the country having approximately 500,000 stores.

We are writing this letter to express our concerns on Karnataka Minimum Wages Notification dated 30th December 2017. Please find the notification attached herewith. The notification accounts for an **increase in minimum wages by 53% percent**. By doing so, following issues in the market will be created as far as the Retail Industry is concerned:

1. **Retail Industry is manpower intensive**, uses moderately educated youth and provides employment to a large number of manpower who are often beginning of their careers.
2. The substantial hike in minimum wages across the state will **eventually render labour-intensive business like retail economically unviable**. In a high labour-intensive retail industry, this will inflict high costs without any returns thereof, and will only cause an increase in the cost of goods and services, which eventually will have to be passed to the public at large.
3. The Retail sector is the **highest employment generating sector** in the State. Since the sector accounts for creating maximum employment and operates on marginal viability, a substantial increase in wages is **not sustainable and may see the closure** of many small and tiny retail enterprises and loss of employment will be the direct outcome.
4. The move may **force many retailers to shift out their business** from Karnataka to neighbouring states.

RAI National Council

Avijit Mitra,
Infiniti Retail (Croma)

B A Kodandarama Setty,
Vivek Ltd.

B S Nagesh,
Shoppers Stop Ltd.

Bhaskar Bhat,
Titan Industries Ltd.

Govind Shrikhande,
Shoppers Stop Ltd.

J Suresh,
Arvind Brands

Jamshed Daboo,
Trent Hypermarket Ltd.

Kabir Lumba,
Lifestyle International (P)
Ltd.

Kishore Biyani,
Future Group

Krish Iyer,
Walmart India

Noel Tata,
Trent Ltd.

Pranab Barua,
Aditya Birla Retail Ltd.

Rafique Malik,
Metro Shoes Ltd.

Rahul Mehta,
CMAI

Rakesh Biyani,
Future Group

Shashwat Goenka,
Spencer's Retail

Vinay Nadkarni,
Globus Stores Pvt. Ltd.

We believe that the hike in minimum wages will severely "HURT" the growth of the retail business in the State and hence, we request your hon'ble government to reconsider the notification.

We look forward to your consideration and support and believe that such a step would surely bear fruitful results in both, supporting the industry as well as taking forth the objectives of the government.

Warm Regards,

For and on behalf of Retailers Association of India,



Gautam Jain,
Director – Finance & Advocacy.

Cc:

- **Shri Siddaramaiah,**
Hon Chief Minister,
Government of Karnataka.
- **Smt Ratna Prabha,**
Hon Chief Secretary,
Government of Karnataka.
- **Shri Amlam Biswas,**
Hon Labour Secretary,
Government of Karnataka

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