

## **ABSTRACT**

India is a country which has the largest population after China. In addition, India is known as a closed-state and its market is difficult to be dominated by foreign companies. At first, the government of India did not limit foreign direct investment in India. However, after World War 2, India began to limit and restrict their policy towards foreign direct investment, including restricting the foreign ownership. Foreign direct investment has a crucial role in economic growth in India but here the government of India stipulates that multinational companies which want to expand in India must use 30% of their products from local Indian manufacturers. On the other hand, Walmart as major retailer of the United States is eager to open their first retail store with 100% ownership, while they have been running a business in joint venture with Bharti Enterprise. However, in achieving their goals, Walmart experiences difficulties and is hampered by sourcing norms in India.

Based on the background of issues above, this thesis will analyze the things which underlies Walmart to ambitiously have 100% ownership of the retail business in India. In this regard, this thesis will also focus on foreign direct investment policies in the retail particularly in India, Walmart's path in India since the beginning of the joint venture, as well as analysing the negotiation process conducted by Walmart to get leniency in terms of ownership and also sourcing norms. Thus, what strategy that Walmart took to continue its operation.

This thesis will also conduct an analysis using a conceptual framework developed by Raymond Vernon's Sovereignty at Bay that is associated with the theory of protectionism. Vernon argues the role of multinational companies have also proven that they are able to provide domestic economic prosperity and set up an effective production of items in a much more efficient scale than the government does. The government of India, on the other hand, is still trying to protect millions of small traders who become one of the pillars of Indian economic dominance over multinational companies.

## ABSTRAK

India merupakan negara yang memiliki penduduk terbesar setelah China. Serta India dikenal sebagai *closed-state* dan market mereka sulit untuk didominasi oleh perusahaan asing. Pada awalnya, pemerintah India tidak pernah membatasi investasi asing langsung di India. Tetapi, setelah perang dunia ke 2, India mulai membatasi kebijakan terhadap investasi asing langsung. Termasuk membatasi kepemilikan asing. Investasi asing langsung memiliki peran penting dalam pertumbuhan ekonomi di India, tetapi disini pemerintah India, perusahaan multinational yang ingin berekspansi di India harus menggunakan 30% produknya harus berasal dari produsen lokal India. Disisi lain, Walmart sebagai peritel besar dari Amerika berambisi untuk membuka toko ritel pertama mereka dengan 100% kepemilikan, padahal mereka telah menjalankan bisnis grosir patungan bersama Bharti Enterprise. Tetapi, disini Walmart mengalami kesulitan dan terhambat dengan *sourcing norms* di India untuk mencapai tujuan mereka.

Berdasarkan latar belakang permasalahan diatas, skripsi ini akan menganalisa hal-hal yang mendorong mengapa Walmart berambisi untuk memiliki 100% kepemilikan bisnis ritel di India. dalam hal ini juga akan difokuskan mulai dari kebijakan investasi asing langsung di bidang ritel khususnya di India, perjalanan Walmart di India sejak memulai *joint venture*, serta analisa negosiasi proses Walmart untuk mendapat kelonggaran dalam hal kepemilikan dan juga *sourcing norms*. Serta analisis strategi yang dilakukan Walmart untuk melanjutkan operasinya di India.

Dalam skripsi ini, penulis juga menganalisa dengan menggunakan konseptual yang dikembangkan oleh Raymond Vernon's *Sovereignty at Bay* dan dikaitkan dengan teori proteksionisme. Dan meninjau bahwa, menurut Vernon peran perusahaan multinasional juga telah membuktikan bahwa mereka mampu memberikan kesejahteraan ekonomi domestik dan mengatur produksi yang efektif barang dalam skala yang jauh lebih efisien daripada pemerintah. Selain itu, pemerintah India disisi lain tetap berusaha memproteksi jutaan pedagang-pedagang kecil yang menjadi salah satu pilar ekonomi India dari dominasi perusahaan multinasional.