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FDI IN INDIAN MULTI BRAND RETAIL INDUSTRY: A REVIEW OF FDI IN PAST YEAR

[1]Dr. Karan Saxena, [2]Dr. Jyoti Tiwari

[1]City Manager, [2]Assistant Professor

[1]Management Department,

[1]Denave India Pvt. Ltd. (IPM), Bhopal, India

Abstract: The Indian economy is the fourth largest economy of the world on the basis of Purchasing Power Parity (PPP). It is one of the most attractive destinations for business and investment opportunities due to huge manpower base, diversified natural resources and strong macro-economic fundamentals. Also, the process of economic reforms initiated since 1991 has been providing an investor-friendly environment through a liberalised policy framework spanning the whole economy, were retail industry plays a major role.Retailing in India is one of the pillars of its economy and accounts for about 15% of its GDP.India's retail and logistics industry, organized and unorganized in combination, employs about 40 million Indians (3.3% of Indian population).The Retail Business in India is currently at the point of inflection.

Current paper deals with a critical analysis of the prospects and problems of introducing FDI in Indian retail industry in past years with special emphasis on multi brand retail. The study will cover the majoraspects of FDI intervention, its positive and negative bearings on Indian retail industry. As now FDI has allowed in most of the industrial sector.In current economic & social conditions, FDI can be a hope for development or it can be a threat to domestic players & other related intermediaries. Many experts believe that FDI can bring positive changes, but on the other hand some critics have spoken adversely about this move. Present study is an effort to evaluate the pros and cons of FDI in Indian retail Industry in multi brand as we already seen its effect on single brand. It is a review based analysis.

Index Terms - FDI, Indian Retail Industry, Social & Economic Scenario.

I. INTRODUCTION:

Foreign direct investment (FDI) plays an extraordinary and growing role in global business. It can provide a firm with new markets and marketing channels, cheaper production facilities, access to new technology, products, skills and financing. For a host country or the foreign firm which receives the investment, it can provide a source of new technologies, capital, processes, products, organizational technologies and management skills, and as such can provide a strong impetus to economic development.In recent years, given rapid growth and change in global investment patterns, the definition has been broadened to include the acquisition of a lasting management interest in a company or enterprise outside the investing firm's home country. As such, it may take many forms, such as a direct acquisition of a foreign firm, construction of a facility, or investment in a joint venture or strategic alliance with a local firm with attendant input of technology, licensing of intellectual property.In recent past FDI has played a major role in the internationalization of business. Indian has been attracting foreign direct investment for a long period. The sectors like telecommunication, construction activities and computer software and hardware have been the major sectors for FDI inflows in India. Apart from the above stated sectors the sector which has grabbed the attention of foreign investment in India is the service sector ,a second most prominent sector on which the economic conditions of our depends. India's growing retail boom is one such success story. With strong fundamentals developing in the economy with changes in income levels, lifestyles, taste & habits reflecting in strong consumerism with preference for superior quality and branded products, vast domestic market with a very competitive manufacturing base, India also observed a major retail boom in recent years. Being encouraged by India's growing retail boom many multinational companies also started making beeline to enter India's retail market. Indian Industry, by and large, has also hailed investment from abroad which has been considered to be very vital for adding to domestic investment, addition to capacity, higher growth in manufacturing, trade, business, employment, demand, consumption and income with multiplier effects. Government has also taken a number of pro-active policy measures in recent times for encouraging growth of retail business and other allied activities like creation of the required infrastructure facilities, centres of manufacturing excellence, providing for a good network of production, marketing, storages, distribution and cold chain facilities for spreading the effects of development to downstream level for inclusive growth. Government has also allowed gradual increase of FDI in single brand retail only.

India has had years of debate and discussions on the risks and prudence of allowing innovation and competition within its retail industry. Numerous economists repeatedly recommended to the Government of India that legal restrictions on organized retail must be removed, and the retail industry in India must be opened to competition.For example, in an invited address to the Indian parliament in December 2010, JagdishBhagwati, Professor of Economics and Law at the Columbia University analysed the relationship between growth and poverty reduction, then urged the Indian parliament to extend economic reforms by freeing up of the retail sector, further liberalisation of trade in all sectors, and introducing labour market reforms. Such reforms Professor Bhagwati argued will accelerate economic growth and make a sustainable difference in the life of India's poorest population.

The present study is an effort to describe the various aspects of allowing FDI into Indian retail industry. The study will pinpoint the trends and patterns of FDI investment so far in India along with the proposed outcomes for the situation where FDI will be allowed in the Multi Brand Retail Industry.

II. LITERATURE REVIEW:

A number of studies have been done to examine the effect of FDI on the Indian economy. Some results have shown a significant positive bearing on the country's economic growth whereas some has given the contrast relations. Caves (1974) concluded that there exist a positive correlation between the productivity of a multinational enterprise (MNE) and average value added per worker of the domestic firms within the same sector. Later in 1996, caves had observed several positive effects of FDI that brought about increasing efforts to attract more of it. Among these were productivity gains, technology transfers, and the introduction of new processes, managerial skills and know-how in the domestic market, employee training, and international production networks access to market.Lipsey, and Zejan (1994) believed that FDI had a positive effect when the country was sufficiently wealthy, that is, FDI could exert a positive effect on economic growth, but that there seemed to be a threshold level of income above which FDI had positive effect on economic growth and below which, it did not. This was because only those countries that had reached a certain income level could absorb new technologies and thus benefit from technology diffusion, reaping the extra advantages that FDI could offer.Borensztien et al. (1998) pointed out that FDI, an important vehicle for the transfer of technology, has contributed to growth in larger measure than domestic investment. According to Rappaport (2000), FDI may improve the productivity not only of the firms receiving investments, but also of all firms of the host countries as a consequence of technological spillovers. These spillover effects were generated from both intra-industry (or horizontal, i.e.: within the same sector) externalities and inter-industries (or vertical) externalities through forward or/and backward linkages. Shan (2002) used a VAR model to examine the inter-relationships between FDI, industrial output growth and other variables in china. He concluded that FDI has a dramatically beneficial impact on the Chinese economy when the ratio of FDI to industrial output rose. Nevertheless, some macroeconomic studies, using aggregate FDI flow for a broad cross section of countries, generally have suggested a positive role of FDI in generating economic growth under particular environments. Besides, Alfaro et al.(2003) have argued that FDI promoted economic growth in economies with sufficiently developed financial markets; while Balasubramanyam, Salisu, and Sapsford (1996) have stressed that trade openness was crucial for obtaining the growth effect of FDI.Alfaro et al (2007) suggested that FDI had a positive growth-effect in countries with sufficiently developed financial markets. According to Carkovi and Levien (2002) this view was not true since FDI flow did not exert an exogenous impact on growth in financially developed economics. Finally, Balasubramanyam et al (1996) contended that trade openness is very important in order to obtain the growth-effect of FDI, which was defended by Kawai (1994).

III. OBJECTIVES AND METHODOLOGY

The study have two fold objectives .The first one is to describe the pattern of FDI in total and in various sectors and its impact on the Indian economy and the other one is to discuss and interpret the two school of thoughts for allowing FDI in Indian retail industry.The secondary data have been used for the purpose and for the purpose of analysis trends and pattern charts have been drawn

IV. RETAIL SECTOR IN INDIA

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A 2007 report noted that an increasing number of people in India are turning to the services sector for employment due to the relative low compensation offered by the traditional agriculture and manufacturing sectors. The organized retail market is growing at 35 percent annually while growth of unorganized retail sector is pegged at 6 percent. The Retail Business in India is currently at the point of inflection. As of 2008, rapid change with investments was being planned by several Indian and multinational companies in the next 5 years. It is a huge industry in terms of size and according to India Brand Equity Foundation (IBEF), it is valued at about US$ 395.96 billion. Organised retail is expected to garner about 16-18 percent of the total retail market (US $ 65-75 billion) in the next 5 years.India has topped the A.T. Kearney's annual Global Retail Development Index (GRDI) for the third consecutive year, maintaining its position as the most attractive market for retail investment. The Indian economy has registered a growth of 8% for 2007. The enormous growth of the retail industry has created a huge demand for real estate. Property developers are creating retail real estate at an aggressive pace and by 2010, 300 malls are estimated to be operational in the country. Indian market has high complexities in terms of a wide geographic spread and distinct consumer preferences varying by each region necessitating a need for localization even within the geographic zones. India has highest number of outlets per person (7 per thousand) Indian retail space per capita at 2 sq ft (0.19 m2)/ person is lowest in the world Indian retail density of 6 percent is highest in the world. 1.8 million Households in India have an annual income of over ₹45 lakh (US$85,500).

Until 2010, intermediaries and middlemen in India have dominated the value chain. Due to a number of intermediaries involved in the traditional Indian retail chain, norms are flouted and pricing lacks transparency. Small Indian farmers realize only 1/3rd of the total price paid by the final Indian consumer, as against 2/3rd by farmers in nations with a higher share of organized retail. The 60%+ margins for middlemen and traditional retail shops have limited growth and prevented innovation in Indian retail industry.

India in 1997 allowed foreign direct investment (FDI) in cash and carry wholesale. Then, it required government approval. The approval requirement was relaxed, and automatic permission was granted in 2006. Indian retail attracted about $1.8 billion in foreign direct investment, representing a very small 1.5% of total investment flow into India between2000 to 2010. Single brand retailing attracted 94 proposals between 2006 and 2010, of which 57 were approved and implemented.

India's external economic environment continued to be supportive with the invisible account remaining strong and stable capital flows. As a proportion of total capital flows and on a net basis, foreign investment has shown a mixed trend in the current year. In 2006-07, the proportion stood at 33.5 per cent, while it rose to 43.4 per cent in the first half of 2007-08. Foreign direct investment (FDI) grew appreciably on both gross and net basis. On a gross basis, FDI inflow into India was at US$ 11.2 billion in the first six months of 2007-08. FDI inflows were broad-based and spread across a range of economic activities like financial services, manufacturing, banking services, information technology services and construction. While, net portfolio investment inflow was US$ 18.3 billion in April-September 2007, more than double the inflow during 2006-07.

Foreign direct investment (FDI) in India has taking as critical importance in the context of this liberalization. Though India is the 10th most industrialized country in the world, were it is well known that India is mainly agro-based country with around 70% population engaged in the farm sector. However, in the initial stage of liberalization, FDI was centered on the urban manufacturing sectors because of its civic infrastructure, labour availability, flexible taxation mechanism etc. We are very well aware about their impact and success on this sector.

Now it is going too moved on Multi brand retail as well as into the agricultural sector also. Earlier in single retail brand it was accepted to gain the maximum profit by retailer and to increase the GDP of India. But how can we very sure about that it work same on multi brand retail as it works on single brand retail. In single brand retail it doesn’t effect on any one individually, but when it comes on multi brand retail it directly affect our small cater industry as well as to those retail shop who performed major role in societal business. Their shop will shut down just because of these mall systems.

V. FDI IN INDIAN RETAIL INDUSTRY

Retailing in India is one of the pillars of its economy and accounts for 14 to 15% of its GDP.[1][2]The Indian retail market is estimated to be US$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people.[3][4]India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4% of the industry, and these were present only in large urban centres. India's retail andlogistics industry employs about 40 million Indians (3.3% of Indian population).Until 2011, Indian central government denied foreign direct investment (FDI) in multi brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process. In November 2011, India's central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Wal-Mart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple. [5] The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus. [6] In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership, but imposed the requirement that the single brand retailer source 30% of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores. [7] IKEA announced in January that it is putting on hold its plan to open stores in India because of the 30% requirement. [8] Fitch believes that the 30% requirement is likely to significantly delay if not prevent most single brand majors from Europe, USA and Japan from opening stores and creating associated jobs in India. Until 2011, Indian central government denied foreign direct investment (FDI) in multi-brand Indian retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets, to sell multiple products from different brands directly to Indian consumers. India in 1997 allowed foreign direct investment (FDI) in cash and carry wholesale. Then, it required government approval. The approval requirement was relaxed, and automatic permission was granted in 2006. Between 2000 to 2010, Indian retail attracted about $1.8 billion in foreign direct investment, representing a very small 1.5% of total investment flow into India. Single brand retailing attracted 94 proposals between 2006 and 2010, of which 57 were approved and implemented. For a country of 1.2 billion people, this is a very small number. Some claim one of the primary restraints inhibiting better participation was that India required single brand retailers to limit their ownership in Indian outlets to 51%. China in contrast allows 100% ownership by foreign companies in both single brand and multi-brand retail presence.

For the first time India’s GDP crossed one trillion dollars mark in 2007. As a consequence of policy measures (taken way back in 1991) FDI in India has increased manifold since 1991 irrespective of the ruling party over the years, as there is a growing consensus and commitments among political parties to follow liberal foreign investment policy that invite steady flow of FDI in India so that sustained economic growth can be achieved. Further, in order to study the impact of economic reforms and FDI policy on the magnitude of FDI inflows, quantitative information is needed on broad dimensions of FDI and its distribution across sectors and regions.

A comparative analysis of FDI approvals and inflows reveals that there is a huge gap between the amount of FDI approved and its realization into actual disbursements. A difference of almost 40 per cent is observed between investment committed and actual inflows during the year 2005-06. All this depends on various factors, namely regulatory, procedural, government clearances, lack of sufficient infrastructural facilities, delay in implementation of projects, and non- cooperation from the state government etc.

The major sectors attracting FDI inflows in India have been Services and Electrical & electronics amounting US$ 30,421millions or 32 % of total FDI. Service sector tops the chart of FDI inflows in 2008 with India emerged as a top destination for FDI in services sector. Services exports are the major driving force in promoting exports.

Keeping in mind the rising service sector India should open doors to foreign companies in the export – oriented services which could increase the demand of unskilled workers and low skilled services and also increases the wage level in these services. Data in Chart reveal that the top 5 sectors in aggregate for FDI inflows constitute US$ 50,479 million during August 1991 to Dec. 2008 which accounts for 53.2% of total FDI inflow. Out of this, nearly 40.8% of FDI inflows are in high priority areas like Services, Electrical Equipments, Telecommunication, etc.

VI. TRENDS IN FDI IN INDIA:

According to AT Kearney report India sits in 3rd place on the FDI Confidence Index globally. European and North American investors place it 3rd, while Asia-Pacific investors' rank it 4th. India is the top location for nonfinancial services investment, and also scores highly in heavy industries, light industries and financial services. Even during economic crisis looming largely on other economies, FDI inflows to India soared from US$25.1billion in 2007 to US$41.6billion in 2008.The measures introduced by the government to liberalize provisions relating to FDI in 1991 lure investors from every corner of the world. As a result FDI inflows during 1991-92 to March 2010 in India increased manifold as compared to during mid-1948 to March 1990. As per the fact sheet on FDI, there was Rs 6,303.36 billion FDI equity inflows between the periods of August 1991 to January 2011.

The FDI inflows in India during mid-1948 were Rs 2.56 billion. It is almost double in March 1964 and increases further to Rs. 9.16 billion. India received a cumulative FDI inflow of Rs. 53.84 billion during mid-1948 to march 1990 as compared to Rs.1, 418.64 billion during August 1991 to march 2010.

An annual FDI inflow indicates that FDI went up from around negligible amounts in 1991-92 to around US$9 billion in 2006-07. It then hiked to around US$22 billion in 2007-08, rising to around US$37 billion by 2009-10.Table 1 shows the FDI Equity inflow from the period 2000-2012 and alongwith this Table 2 shows the sectoral flow of FDI .

Table 1: FINANCIAL YEAR-WISE FDI EQUITY INFLOW

S.no.	Financial year (April – March)	Amount of FDI inflow (in Crores)	%age growth over previous year
1	2000-01	10,733	---
2	2001-02	18,654	73.80%
3	2002-03	12,871	-44.93%
4	2003-04	10,064	-27.89%
5	2004-05	14,653	31.31%
6	2005-06	24,584	40.39%
7	2006-07	56,390	56.40%
8	2007-08	98,642	42.83%
9	2008-09	1,42,829	30.93%
10	2009-10	1,23,120	16.01%
11	2010-11	88,520	39.08%
12	2011-12 (April – January 2012)	1,22,307	------
	CUMULATIVE TOTAL	7,23,367	-----

Source (As per DIPP's FDI data base – equity capital component only):

Table 2 : SECTORS ATTRACTING HIGHEST FDI EQUITY INFLOW

Ranks	Particular	Cumulative Inflow (April 00 - 12)
1	SERVICE SECTOR (Financial & non-financial)	1,43,878
2	TELECOMMUNICATION (radio paging, cellular mobile, basic telephone services	57,050
3	COMPUTER SOFTWARE & HARDWARE	49,626
4	HOUSING & REAL ESTATE	49,025
5	CONSTRUCTION ACTIVITIES (including roads & highways)	49,440
6	DRUGS & PHARMACEUTICALS	42,745
7	POWER	32,798
8	AUTOMOBILE INDUSTRY	29,354
9	METALLURGICAL INDUSTRY	26,287
10	PETROLEUM & NATURAL GAS	14,612

Source : Fact sheet of FDI Jan 2012

VII. SOURCE OF FDI IN INDIA:

The list of investing countries to India reached to maximum number of 120 in 2008 as compared to 15 in 1991. Although, India is receiving FDI inflows from a number of sources but large percentage of FDI inflows is vested with few major countries.

Mauritius is the major investing country in India during 1991-2008. Nearly 40per cent of FDI inflows came from Mauritius alone. The other major investing countries are USA, Singapore, UK, Netherlands, Japan, Germany, Cypress, France and Switzerland. An analysis of last eighteen years of FDI inflows in the country shows that nearly 66per cent of FDI inflows came from only five countries viz. Mauritius, USA, Singapore, UK, and Netherlands.

Mauritius and United states are the two major countries holding first and the second position in the investor's list of FDI in India. While comparing the investment made by both countries, one interesting fact comes up which shows that there is huge difference in the volume of FDI received from Mauritius and the US. It is found that FDI inflows from Mauritius are more than double from that of US.The table no. 2 is showing the amount of FDI inflow in India from the top ten investing countries:

Table 3 : Share of top investing countries FDI inflows (Financial years)

Ranks	Country	Cumulative Inflow (April 00 - 12)
1	MAURITIUS	2,84,381
2	SINGAPORE	72,896
3	JAPAN	56,769
4	U.S.A.	46,880
5	U.K.	41,916
6	NETHERLAND	31,114
7	CYPRUS	28,326
8	GERMANY	20,048
9	FRANCE	12,447
10	U.A.E.	10,206

Source: Fact sheet of FDI Jan 2012

VIII. GROWTH AFTER 2011

Before 2011, India had prevented innovation and organized competition in its consumer retail industry. Several studies claim that the lack of infrastructure and competitive retail industry is a key cause of India's persistently high inflation. Furthermore, because of unorganized retail, in a nation where malnutrition remains a serious problem, food waste is rife. Well over 30% of food staples and perishable goods produced in India spoils because poor infrastructure and small retail outlets prevent hygienic storage and movement of the goods from the farmer to the consumer.One report estimates the 2011 Indian retail market as generating sales of about $470 billion a year, of which a miniscule $27 billion comes from organized retail such as supermarkets, chain stores with centralized operations and shops in malls. The opening of retail industry to free market competition, some claim will enable rapid growth in retail sector of Indian economy. Others believe the growth of Indian retail industry will take time, with organized retail possibly needing a decade to grow to a 25% share. A 25% market share, given the expected growth of Indian retail industry through 2021, is estimated to be over $250 billion a year: revenue equal to the 2009 revenue share from Japan for the world's 250 largest retailers. The Economist forecasts that Indian retail will nearly double in economic value, expanding by about $400 billion by 2020. The projected increase alone is equivalent to the current retail market size of France.In 2011, food accounted for 70% of Indian retail, but was under-represented by organized retail. A.T. Kearney estimates India's organized retail had a 31% share in clothing and apparel, while the home supplies retail was growing between 20% to 30% per year. These data correspond to retail prospects prior to November announcement of the retail reform.

IX. FDI IN SINGLE BRAND RETAIL:

While the phrase ‘single brand’ has not been defined, it implies that foreign companies would be allowed to sell goods sold internationally under a ‘single brand’, viz., Reebok, Nokia, and Adidas. Retailing of goods of multiple brands, even if such products were produced by the same manufacturer, would not be allowed.

In single-brand retail, FDI up to 51 per cent is allowed, subject to Foreign Investment Promotion Board (FIPB) approval and subject to the conditions mentioned in Press Note 3[8], that (a) only single brand products would be sold (i.e., retail of goods of multi-brand even if produced by the same manufacturer would not be allowed), (b) products should be sold under the same brand internationally, (c) single-brand product retail would only cover products which are branded during manufacturing and (d) any addition to product categories to be sold under “single-brand” would require fresh approval from the government.

FDI in ‘Single brand’ retail implies that a retail store with foreign investment can only sell one brand. For example, if Adidas were to obtain permission to retail its flagship brand in India, those retail outlets could only sell products under the Adidas brand and not the Reebok brand, for which separate permission is required. If granted permission, Adidas could sell products under the Reebok brand in separate outlets.

There is ambiguity in the interpretation of the term ‘single brand’. The existing policy does not clearly codify whether retailing of goods with sub-brands bunched under a major parent brand can be considered as single-brand retailing and, accordingly, eligible for 51 per cent FDI. In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership. Indian government continues the hold on retail reforms for multi-brand stores.

X. FDI IN MULTI BRAND RETAIL

The government has also not defined the term Multi Brand. FDI in Multi Brand retail implies that a retail store with a foreign investment can sell multiple brands under one roof.

In July 2010, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce circulated a discussion paper on allowing FDI in multi-brand retail. The paper doesn’t suggest any upper limit on FDI in multi-brand retail. If implemented, it would open the doors for global retail giants to enter and establish their footprints on the retail landscape of India. Opening up FDI in multi-brand retail will mean that global retailers including Wal-Mart, Carrefour and Tesco can open stores offering a range of household items and grocery directly to consumers in the same way as the ubiquitous ’kirana’ store.

Now, taking an example of a large departmental grocery chain, prima facie it appears that it would not be able to enter India. These chains would, typically, source products and, thereafter, brand it under their private labels. Since the regulations require the products to be branded at the manufacturing stage, this model may not work. The regulations appear to discourage own-label products and appear to be tilted heavily towards the foreign manufacturer brands.

XI. Opportunities and Challenges:

There are two major issues which have grabbed the attention so far for allowing the FDI in retail sector. One is pricing of the commodities and the other is the employment. It is well known fact that the Indian economy is agro based economy and the other productive sector on which the major population earning resides is the service sector. Although earlier in this paper it has been discussed frequently that how the Indian economic growth rate has gone up with the intervention of FDI in various sectorsand the major portion of FDI has been invested in the service sector. The question which has created the noise in the recent past is that how much it is worth to allow this foreign investment in India so far the retail sector is concerned. The major opportuinity or opportunities which is claimed by the supporters of FDI in retail industry is that the consumer will get better qualities at cheaper price and also the varieties of brands. The competitiveness among the major players will lead to give best at optimal price. The aspect is that it will generate more employability to the skilled labour which in turn will lead to raise the standard of living. Further it can be observed that the global integration will bring the homogeneity in the market and will also reduce the unorganized form of retail which is still dominating the Indian economy.Farner will too get benefit from the organized retail chains as they will not be the puppets of the middlemen . On the contrary there are certain other facts which claim that the FDI will become purely a threat to the domestic traders and retailers. The first and the foremost fact is that it will kill the self employment as the big brands and outlets will eat the share of small retailers. It is a well known fact that the domestic retail players will not be able to compete beyond a desirable level which in turn will lead to force them to shut down their business and to merge in big foreign retail outlets. This can be stated that it will somewhere kill the enterpreurial skills on which the government is recently putting up too much emphasis. The other point of threat is that it will curb the intermediaries. As the major portion of the profit generated by these foreign retail chains will be taken back to their respective countries, it will nowhere will be a support to our country.

XII. Conclusion

In the present scenario with the two schools of thoughts for FDI it is difficult to conclude on any decision. In India, the Retail Sector faces several Supply Side constraints and challenges. In contrast, the Demand Side already offers huge opportunity to boost consumption and growth of the economy. A thriving modern retail sector is a necessary condition for growth led by domestic consumption. One of the most critical of those supply side bottlenecks is the current restrictions on FDI in Multi Brand Retail. FDI should be permitted, since the benefits far outweigh any potential threats. Every stakeholder will eventually benefit from FDI… consumers, Indian modern retailers, producers, farmers, the supply chain, employees and even the small retailers.We should realise that the opportunity cost of an efficient and modern supply chain is high and there will be a time lag between the liberalisation of policy and realisation of efficiencies in the supply chain. Ideally there should not be any cap at this stage, given we have already lost quite a bit of time….but if one has to be sensitive to the so-called political "concerns", then a calibrated opening is fine, but starting with a minimum of 51% .further as the states are free to take their own decision on the fact there should be some limits and restriction can be imposed which can develop harmony in this decision of allowing FDI in retail sector. This is certainly viable, as India's potential as a sourcing hub is under-utilized at present. Global retailers would leverage Indian manufacturing base more, once they are allowed to set up local operations here. Apart from that, there is another side of coin, which says, that this time India is not in position to welcome FDI in multiband retailing. Atlast FDI has already been allowed in some sectors in India so I conclude this with the statement that FDI intervention in India is still a debatable issue and can not be sure enough to say. As we know FDI has already allowed in some sector in India so wait for the results

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