REVIEW OF LITERATURE
CHAPTER-II
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The review of literature provides the greater understanding of the problem and its aspects and ensures the evasion of unnecessary repetition. It also facilitates to compare the data on the basis of which a researcher can evaluate and interpret the significance of findings. This section of review of literature reviewed the pragmatic studies on the FDI in Indian retail sector which can assist in ascertaining the issues connecting to FDI in Indian retail. The purpose of the literature review is to collect past research to gain insight into the impacts of FDI inflows on Indian retail sector.

Sharma, Kishor (2000) exposed through the analysis of secondary data that Indian exports surged when the prices of the commodities decreased and came down due to the increase in the value of the rupee. The study also found that the export supply was distributed by the increasing that local demand and the FDI was formed to be positively associated with the volume of exports of India.

Sahoo, Dukhabandhu (2004) in his thesis analyzed the impact of FDI and the policy concern it endangered and also find out the FDI determinants and impacts on Indian sectors in the period 1979-80 to 2000-01 by applying the linear step wise regression method. The analysis indicated that FDI played an important role to the economic growth of the nation at the macro level and also contributed significantly to raise the capital formation in India. The study suggested that the tariff duties on imported capital goods used for export production should be made duty free that may boost the high inflow of FDI in the manufacturing sector, which may result in a higher export of the manufacturing sector in India.

Maathai and Mathiyazhagan (2005) in their paper inspected the long-run association of Foreign Direct Investment (FDI) with the Gross Output (GO), Export (EX) and Labour Productivity (LPR) in the Indian economy at the sectoral level by using the annual data from 1990-91 to 2000-01. The results of the Panel co-integration (PCONT) test verified that the flow of FDI into the sectors helped to raise the output, labour productivity and export in some sectors but a better role of FDI at the sectoral level was still predictable. The results also exposed that there was no significant co-integrating relationship among the variables like FDI, GO, EX and LPR in core sectors of the economy. This implied that when there was an increase in the output, export or labour productivity of the sectors was not due to the advent
of FDI. Thus, the study concluded that the advent of FDI has not helped to wield a positive impact on the Indian economy at the sectoral level. Further, it advised to open up the export oriented sectors and a higher growth of the economy could be achieved through the growth of these sectors.

Guruswamy et al (2005) highlighted through their study the positive as well as negative effects FDI on retail sector of India. As per the results of study, one side the consumers will be aided by both decrease in price and improvement in variety in the long run while domestic retailers suffers a lot because the foreign retailers can only enlarge their operations by eliminating the domestic retail sector. The study also showed that the access of FDI in India is unavoidable, however, the government can slow down the process with the instrument of public policy in its hand. The study suggested the suitable measures for food and non-food retail sector and recommended that the government and RBI should evolve suitable lending policies in favour of organized and unorganized retail industry by taking the right steps in the form a national commission to analyze the problems and prospects of Indian retailing.

Sahoo, Parvakar (2006) determined the trends, policies, impacts and determinants of FDI in south Asia by taking the data from 1980-2003 and it was exposed that the FDI has a positive impact on market size, labour growth, infrastructure development, etc. in South Asia. The study suggested that the FDI inflows should be allowed to enhance the size of the markets and strengthen the labour force in South Asian countries.

Yao, Shujie and Wei Kailei (2006) studied the role of foreign direct investment in economic development of China and world economies from afresh developing economy’s viewpoint. The results of the study found that FDI in China was a powerhouse of production proficiency and it helped in reducing the problems pertaining to the production by various industrial units up to the desired level. The result of the regression found a positive association between exports and FDI. The impacts of FDI were observed in different quantum on various factors such as export, technology, human capital, transport, etc. but the capital inflows and technology were observed as the growth engines in the economic development of China. The results of the West region proved that record environmental factors (human capital, transportation, export and FDI) were found to have limited impact on production although FDI was found to have some effect on its technological progress. The FDI was found to be entrenched with advanced technologies and knowledge was a shifter of the host country’s
production frontier. The study concluded that FDI was a powerful driver of economic growth for a newly industrialising economy to catch up with the world's most progressive countries.

A survey report, CII (2007) exhibited that the entry of overseas organized retailers will openly influence the Indian farmers and people employed in small and medium industries. The study is conducted on Indian retail giant, Reliance Fresh and Bharti, and foreign retailer Wal-Mart. The study pointed out the adverse effects of foreign retailers on all the sectors whether consumers, retailers or farmers. The explosion of organized retailing would destroy the healthy competition, dislocate the small and medium manufacturers, and the consumers will be more reliant on overseas giant retailers. The study found that 71 per cent of small businesses sampled reported falling sales. Big retailers promote contract farming which leads to domination buying influences and autocratic control over the farmers and their harvests and the farmers will be dependent on the price given by the foreign retailers and will satisfy themselves with that price given for their produce. Then, the study suggested that government should originate appropriate strategy that will keep an eye on the unrestrained entrance of foreign retailers in the country so that the foreign giants will not create any kind of malpractices that will lead to disorder the social community and economy of the nation.

Dash, Ranjan Kumar and Sharma, Chandan (2007) examined the connection of FDI, trade, and economic growth in India by using Ganger non-causality test on the data from 1996 to 2007. The results of the study reported a bi-directional connection amongst FDI and growth of the economy as well as a unidirectional interconnection was also found between FDI and exports along with FDI to import. Additionally, the relationship suggested that disintegration of connection ran from FDI flows to export (46 per cent) and from export to FDI (21 per cent), and the rest was (33 per cent) the result of the two-way causality. When, the import was taken into consideration, a total 55 per cent was due to causality rolling from FDI to import, 27 per cent due to causality moving from import to FDI and 18 per cent was due to contemporaneous or two-way causality. On the basis of findings, the study recommended that for the developing countries, like India understanding the track of interconnection between FDI and GDP is crucial that further lead to policy formulation and inspire the foreign private investors to invest in developing countries as well as remove the capital scarcity coupled with cheap labour. The required export competitiveness can be achieved in all the sectors, where foreign investors enjoy technical advantages. At last, study advocated that India is required to embrace foreign capital as a vital portion in its outward regarding growth policy and to export-promotion policy being tracked from 1991.
Day, Dipankar (2007) exposed the concerns of small retailers of unorganized sector through his article and pointed out the adverse effects of FDI on Indian economy. The study found that the small suppliers, unorganized workers, consumers and farmers are the major losers as global retailers and brand owners consolidate their power through free movement of global capital. The study found that the government is trying to bring about changes such as deviations in labour laws are brought about in line with the requirement of supply chain flexibility: easier hiring and firing, more short term contracts and longer period of overtime etc.

Goel et al (2007) evaluated the determinants and impact of foreign direct investment on economic development of India and found trade GDP, reserve GDP, exchange rate, financial position, and research and development GDP as the major factors of FDI that impacted the economic growth. However, it was unsuccessful in floating the research and development and soothing the exchange rates of the country. At last, study established FDI a significant element that promote the economic growth in India.

Acharyya, Joysri (2009) examined the advantages and disadvantages of FDI on Indian economy with the help of that the data from 1980 to 2003 regarding growth of GDP. It was observed that FDI inflows have an extensive positive impact on gross domestic product of India. The study also exhibited that foreign inflow has impact on long run growth and a quite large impact was also found on radiations of CO₂. The study also found a declining trend in the percentage share of the industry in total FDI inflows attracted by the manufacturing sector of India.

Chatterjee (2009) in her thesis analysed the effects of FDI on Indian Economy and traced the development of India’s economic policy regarding FDI and the resulting changes in both inflows and outflows. The study found that opening up of Indian economy and FDI flows have really created new opportunities for India’s development and boosted the performances of local firms as well as the globalization of domestic firms. The study implies that the growth of Inward and Outward FDI is complimentary to each other and suggests that the policies need to be reframed in a way that the linkages between Inward and Outward FDI are strengthened and beneficial to the overall economy.

Chadha et al (2009) stated through their study the spatial and sectorial spread of the FDI, which permitted production facilities in India and their association with the rural and suburban areas. The corresponding impact of FDI on output, value-added, capital and
employment status was also analyzed. The study found that the FDI has significant reach in small cities, thus, generating linkages with suburban and rural regions of India. The major FDI-receiving sectors have strong backward and forward linkages with the economy such as construction; fuels; chemicals; and metallurgical industries electrical equipment; drug sand pharmaceuticals; food processing; and textiles. Service sectors, telecommunications, and consultancy services have strong forward linkages.

**Choithani, Chetan (2009)** conducted a study in Mumbai to analyze the effect of foreign organized retailers Indian unorganised retailers such as vendors and street retailers as well as the related problem being tackled by those retailers. As per the findings of the study, the organized retailers significantly impacted the unorganised retail business especially their business margins-sales and profits, etc. The price discounts and the various promotional offers recognized as the major issues and an interruption to for the Indian unorganized retailers. Further, the study also highlighted that hawkers who functioning in or nearby organised retail stores were confronting more harassment and another side the competition from organized outlets. The study unveiled that the business of small retailers was significantly declined because of the competition faced from organised retailers that further declined the employment status in the unorganized retail industry.

**Gupta, Amisha (2010)** analysed the various policy concerns relating to invasion FDI in the retail sector of India and unveiled that foreign retailers have to face many challenges in the form of payment of heavy taxes, absence of retail chains and integrated IT management besides the opposition from the domestic retailers. The paper further suggested that FDI in retail may help the Indian economy to integrate with the world economy significantly if it is allowed under certain specific policy framed by government of India, capable of protecting the sights of local retailers and paving way to the progress of foreign players as well.

**Chari et al (2011)** exposed the challenges faced by FDI in Indian retail through their study of Telecommunication and IT industry between 1910-2010 that FDI faces challenges from organized retailers, from small stores and also from large Indian retailers such as Big Bazaar. The study argued that the potential benefits from allowing large retailers may outweigh the cost. In conclusion, this study claimed that it is now the turn of retail.

**Chaturvedi, Ila (2011)** analyzed sector-wise inflows of FDI in India and indicated the complications faced by retailers such as issue of land acquisition, shortage of talent owing to poor quality education system plus lack of food processing industry. The study recommended
that FDI in research and development should be promoted in order to improve technological competitiveness of India. The foreign investments should be encouraged in Indian agricultural sector so that the food security issues and the concern of the regional farmers should be protected against that utilisation of foreign investments for growth and development. The study stated that India has a well-developed equity market but not a well-developed debt market; hence, corrective actions should be taken by the government to improve the gravity and liquidity of the debt market. The FDI into research and development should be promoted to enhance the technological competitiveness of India.

Das, Priyanka (2011) justified that the FDI in multi brand retailing is a boom and inaugural of Indian retail to foreign direct investment was unavoidable which generates employment opportunities, benefits the farmers and consumers and also develops the real estate. The study suggested that to ensure the social and economic development of the country the government should endorse FDI in this sector.

Hooda, Sapna (2011) through the study evaluated the impact of FDI in Indian Economy and the determinants of FDI inflows by applying Economic Growth Model and Foreign Direct Investment Model. The study found that there has been a significantly increased in share of world FDI in India during last two decades. The study also revealed that FDI emerged out as a significant factor that influence the level of economic growth in India; provides a sound base for economic growth and development by improving the financial status of the country. It also contributes to the GDP and foreign exchange reserves of the country. The study suggested the policy makers should focus further on inviting varied types of FDI and the government should make endeavour on the type and volume of FDI that will significantly lift domestic competitiveness, boost talents, industrial culture and habitually leading to both social and economic expansions by safeguarding optimal deployment of funds and sensible execution of ventures.

Mukherjee et al (2011) presented the influence of FDI retail policy on Indian consumers, their shopping behaviour irrespective of different products (branded and non-branded) categories, knowledge of foreign brands and attitudes towards further liberalizing FDI in retail. The study showed that the knowledge and use among the Indian masses of foreign brands, especially luxury brands were low. The policy of facilitating the entry of only luxury brands would not benefit the majority of Indian consumers. The study exhibited that a majority of the respondents was willing to experiment with different brands and want more
foreign brands to enter the Indian market. The study endorsed that the consumer welfare should be a key determinant of the retail FDI policy and government should allow the foreign investment in multi-brand retail that will enrich brand knowledge, choices accessible to consumers and help to promote branding in certain segments like, fruits and vegetables, where there are only a few brands available. The FDI policy decision needs to emphasis on agro-processing and branding, investment in infrastructure and modernization of the supply chain.

Pradeep (2011) critically analyzed the trends of FDI equity inflow in various sectors of India from 1991 to 2010 and also determined the critical factors contributed to increase FDI Flow in India. The empirical results of the analysis confirmed the emergence of India in the form of preference of foreign investors due to increasing arte of GDP, low cost of human capital, available of resources, and available investment policies of GOI, but there are certain areas of the economy which still require the investment in the form of FDI such as defence, retail, agriculture, atomic energy, etc.

Rabi, Jayakumar (2011) through his study measured the possible impacts of FDI on Indian retail sector. The study showed that the shortcomings of permitting unrestricted FDI in the retail sector obviously overcome the related benefits and the same can be realized from the examples of successful trials in countries like Thailand and China. The study further revealed that the foreign players like-Wal-Mart etc. would eradicate native retailers and lots of jobs. they would collaborate and implement the monopolistic power to elevate the prices and monopolistic influence to shrink the prices received by the traders. It would also lead to uneven growth and development in cities, triggering dissatisfaction and communal tension. Hence, the study concluded that both the consumers and the retailers would lose, while the profit brims of overseas retail chains would go upward.

Rajan et al (2011) examined through their study the policies made by government to attract FDI in India as “Indian Brand Equity Foundation” has been established to try and attract FDI in Indian Retail. The study found that FDI can accompaniment indigenous development efforts in a number of means, comprising export effectiveness; creating employment and reinforcement the skills base; improving technological proficiencies; and increasing economic resources for development. This study suggested that special attention is required to be paid to remove the constraints on FDI in the service sector along with telecommunication, aviation, etc. Since India requires enormous investments to sustain high-
quality economic growth, mainly in the energy and infrastructure sectors and further that FDI on its own not a solution for rapid growth and development, a comprehensive development strategy is needed to be framed for the optimum utilisation of FDI in the country.

**Sengupta and Titus (2011)** through compared the benefits and shortcomings of FDI in Indian retail. The study advocated FDI in retail in India by comparing its advantages and disadvantages. The study concluded that farmers and customers are major beneficiaries but the small unorganized retailers are adversely affected by FDI and suggested that the government will have to seriously look into reviewing of FDI norms in retail sector to boost in the times to come.

**Singh, Rahul (2011)** through his paper scrutinised the influence of foreign inflows on the economy of India in post reform period. Through his paper he stated that India is flattering a striking position for global business on account to its buoyant economy. The opening of FDI has indeed formed new prospects for India’s development and enhanced the performance of native firms as well as the globalization of some of them. This tendency has definitely elevated India’s stature among developing countries. The paper also threw light on opportunities and challenges of Indian retail facing in attracting FDI. In 1990s the extensive reforms by government, removal of restrictive policies governing FDI flows and permitting free flows of capital, approval procedures were simplified and rationalized. Income disparities, employment generation, technical flows, environmental costs of industrial development, and commitment to exports are some of the issues relating FDI.

**The Confederation of Indian Industry (CII) (2011)** undertaken a comprehensive survey on 250 companies to assess the impact of the government’s decision of allowing 51 per cent FDI in multi-brand retailing and 100 per cent in single-brand retailing on the Indian Small and Medium Enterprises (SME) sector irrespective of different aspects of growth based on some select parameters like sales, size of the industry/capacity expansion, employment, branding and achieving other efficiencies. The survey report found that the SME Industry is in favour of the above government’s decision and about 52 per cent respondents out of total have confidence for early execution of 51 per cent FDI in multi-brand retail. The survey found that majority of respondents (66.7%) believed FDI as a chance for their sector while around 21 % of respondents perceived it as a threat to the retail sector; about 12.5 percent of respondents were of the attitude that the decision would have negligible or no impact on their ventures. The CII supported the Indian government’s decision on opening of FDI in retail and the latest
notification, recommended the government for earlier and speedier implementation of the decision for the overall benefits for trade, business manufacturing, both large corporate and SMEs and a vast segment of the consumers in the country.

Tiwari, Aviral Kumar and Mutascu, Mihai (2011) studied the role of foreign direct investment on the growth and development of economy of twenty three Asian nations for the period 1986 to 2008. The study found the FDI and exports as the main development vehicle in economic growth, in addition capital and labour also emerged out as the important factor to ignite the growth of Asian nations. The study recommended that exports and advanced technology was also required in compliance with foreign investments to attain the higher economic growth.

A survey conducted by Organic Farming Association of India, OFAI (2012) observed that the retail in any kind of western set-up cannot expect well for the country and its economic environment. The results of the survey found that FDI will lead to poverty by creating a twist in the economics of the country, overall loss of nutrition and further ecological degradation. Along with the issues of markets and fair price to the farmers can very well be handled with mechanisms prevailing in the country and attractive foreign retailers will lead to a non-reversible condition where losses made against the gains will be enormously tough to overcome. Further, the study suggested that the government should try to improve the infrastructural conditions in the state by producing funds and equalizing the standing policies such as fertilizer subsidy amongst others. The survey concluded that the people of India have reliance in our economic system and do not require foreign investments to dictate how our agrarian economy shall run. The operation of foreign corporate retailers can hurt the organic agri-business movement in medium and long-term with their policies and At last, the study anticipated that the above advices in contradiction of foreign direct investment should be considered by the GOI as well as right decisions should be taken to safeguard the well-being of not only the farmers but also the masses of the nation.

Ashraf Ali, Mohd. and Ahmad, Mushtaq (2012) investigated the policy problems regarding the entry of foreign investment to the retail sector in India. As the findings exhibited that foreign investment in retail sector would definitely facilitate the incorporation of Indian economy to the international one. FDI will also inspire the investment and employment in supply chain management and promote the association of indigenous merchants, farmers and producers; decrease the cost of intermediation and require setting up
of integrated supply chains that would diminish the expenditure, give producers a better price and benefit both producers and consumers. Further, study suggested that FDI should not just be freely endorsed in the vibrant Indian retail sector but should be considerably encouraged.

Azhar, Syed and Marimuthu, K.N. (2012) analyzed the trends on the basis of year, sector and sources of FDI and discussed determinants and needs of FDI, by taking the time period from 2000-2010. The study found that stable the policies, economic factors, cheap and skilled labor, basic infrastructure were the major determinants of FDI in India. India needed foreign capital to meet out the various concerns in the area of health, education, poverty, research and development, technological obsolesce, global competition, etc. The study also advocated that FDI will also support in economic development along with employment generation for jobless youth, incomes generation in the form of tax and earnings, stabilization of economic position, infrastructure development, etc. The study found that FDI directly and positively impacted the employment. The study exposed that Indian maintained the positive GDP growth even in the depression period and included itself in developing countries. India has maintained all the factors such as infrastructure, latent markets, lavish labour, convenience of natural means, and the economic and trades policies which has been favouring FDI. At last the study suggested that GOI should frame the policies in such a way to invite more and more overseas investment in manufacturing sector rather than service sector.

Baskaran, Kamaladevi (2012) through her paper highlighted the entry of international retailers to India’s market and their myths and truths as well as the impact of organized retailing on the unorganized retailing and the issues regarding different stakeholders towards FDI in multi brand retailing. The study originated that the entry of overseas retailers will affect different stakeholders on the demand and supply side; enlargement of supply chain, especially for foodstuff, across the country benefits low income groups because their major part of the consumption basket is food; upsurge surplus to small and medium farmers; it will significantly impact the living of millions of small and unorganized stores throughout the country; the supermarket retail chains will have the key role in Indian agro-food sector; the international large chain supermarkets will bounce both the potential and big chances to our Indian farmers. The study suggested that Indian government should set an appropriate supervisory agenda for the organized retail sector with keeping in mind the Indian specificities.
Chandrakant, Shivanand (2012) analyzed the impacts of FDI Indian retail sector and also investigated real condition of the retail sector. The study observed that foreign investment in multi-brand retail trade impacted retailers as well as producers, suppliers and farmers, and Indian economy as a whole. The study also stated that FDI will be useful in the generating for the economy, improving employment, more infrastructure facility for the farmers like more warehouses, cold storages, improvement in the supply chain etc. FDI in retail will be beneficial for customers but it will affect the Indian retailers negatively. The study will also dislocate millions of Indian retailers in terms of livelihood along with forcing a lot of farmer families below the line of poverty.

Debashis, Chakraborty and Mukherjee, Jaydeep (2012) analyzed the connection of FDI with the economic growth in India with help of time series analysis as well as the track of that association. Main findings established that the FDI is closely co-integrated with gross fixed capital formation (GFCF) and gross domestic product (GDP) in India. Further the results displayed that there was a unidirectional causality from India’s economic growth to FDI and from FDI to domestic investment raises important policy implications. The higher FDI inflow in India in recent period can be argued to be facilitated by the relatively stable GDP growth rate, which in turn acted as a major boost towards a sustainable high domestic investment.

Deshmukh, Sushama (2012) evaluated the impacts of foreign direct investment on agriculture and the FDI was found to be playing an important role in agriculture sector by helping in providing the latest technology and hence improving the productivity of in various sub-areas such as horticulture, seed development, and animal husbandry, water management, growing vegetables, etc. besides the service related activities in the allied areas.

Devajit, Mahanta (2012) accessed the impacts of FDI growth and development of Indian economy and found that it as a main factor to do so. The study found that FDI was emerged out as a tactical module of investment that India needed to generate jobs and elevation of poverty by enlarging present industrial activities pertaining to various sectors of the economy. The study advised that Indian government should further open the Indian economy to expose before it those areas which are export oriented and can help in the development of the country by consolidating the financial position of the country through Balance of Payments and hence attracting more foreign capital and technologies etc. This will further lead to the new methods of internal production leading towards more income generation and
savings. The study also suggested that more autonomy should be given to states by the central government to have the better results in this direction.

**Fernandes, Banu and Simon (2012)** in their study deliberated the consequences of foreign direct investment in India’s multi-brand retail sector and highlighted various related concerns. The study clearly stated that FDI in multi-brand retail will substantially improve the GDP and overall economic conditions in the nation. The Indian government’s FDI policy in multi-brand retailing would convey rural infrastructure enhancements, know-how, better agrarian yield price as well as the job prospects. The study also indicated FDI will not pose any kind of extortion to the local stores rather it will provide support in incorporation of the economy of India in the global market. The new FDI policy in India’s multi-brand retailing can expand the efficiency of supply chains and other related areas and the prevailing undesirable impact would fade after a while. Further, the study unveiled that the Indian farmers and consumers would be the main beneficiaries from the entrance of foreign retail giants in the multi-brand sector. At last, the study recommended that government should take security measures to regulate the interface of giant foreign retailers and suppliers for firming good response for unorganized retailers.

**Food & Agribusiness Strategic Advisory and Research (FASAR) Team - YES Bank (2012)**, in a survey presented the retail scenario in India from the food and agriculture perspective and provided a snapshot of the impact of FDI in retail on the food, agriculture and agribusiness stakeholders. The study supposed that the strongest impact of organized retailing would be seen on the consumers. Along with the increase in disposable income and increased discretionary expenditure, the consumers will get better choice of formats. The entry of modern retail formats in India will definitely bring a demanding infrastructure creation. The opening up of FDI in Retail will bring in investments in this field compulsorily as the modern retail formats will obtain large quantities to gain economies of scale and will try to avoid wastages due to improper storage facilities. The study further described that FDI will bring in a spray of investments in latest technologies for storage, handling, processing and market information. As the organized retail focuses on good quality products, adulteration of food will be kept under check. FDI in retail will also provide impetus to the backward linkages which is essential for controlling food inflation. At last study defined that FDI in retail will bring productive employment opportunities in agro-processing, sorting, marketing, logistic management and the front-end retail business.
Jain et al (2012) recognized the requirement of the retail sector to invite FDI in multi brand retail in India and discussed on various issues like consumers’ rights, employment opportunities, regularization of the different retailers, etc. The study found that the benefits of permitting unrestricted FDI in the Indian retail obviously compensate the drawbacks involved in it and the identical situation can be realized by the instances of positive experimentations in nations like China and Thailand. Moreover, the study admitted that in the aggressive combat among the supporters and opponent of unrestricted FDI inflows in retail in India, the welfares of the shoppers have been intentionally and extremely ignored. Moreover, the study strongly argued that the interests of consumers would be considered more in comparison to the safeties of the manufactures. The study concluded that foreign investments in Indian retail sector would assuredly be an achievement that will endorse Indian to become a developed country. Thus, it can be concluded on the basis of the study that the FDI in retail is the need of the hour.

Makol, Sarika and Rajput, P.S. (2012) conducted a study to measure the impact of FDI on Indian retail sector whether good or bad, opportunities and challenges in Bhopal (MP) by taking a sample 100 respondents. The results of the study exhibited that majority of the respondents favoured foreign investment in Indian retail and they supposed that Indian customers and farmers will be benefitted by this move of Indian government. Farmers will get good payments for their products, without the agent in between them. The customers will get the opportunities in terms of variety, price and availability. The results also unveiled that the Indian retailers will not be benefitted by FDI in retail as the foreign players will capture the whole market. The study also observed that opening of the investment opportunities for the foreign investor will make the Indian industries more competitive and some of them may have to struggle for the survivals such as small retailers and shop keepers. It has been observed from the analysis that FDI approval given by the government will benefit almost all the sectors of the economy. But, there are some people who are trying to mislead people for their own benefit and are opposing the entry of foreign retailers into India. FDI in retail sector not only benefit the society but also helps in the economic growth of the country.

Mukherjee, Arpita and Goyal, Tanu (2012) through their study examined the employment conditions in organised and unorganised retail by conducting an assessment of about 500 retail employees and employers, using descriptive methods and also provided policy recommendations for the Indian government. The survey found the better qualitied employment and future job scenarios in the organized retailing in comparison to the
unorganized sector. It further recommended that the government should make the policies to focus on generating quality employment, reducing the negative impacts on the unorganized sector; the government should allow foreign investment in multi-brand retail in a phased method instead of prohibiting it. This will in turn generate the more employment opportunities in the organized retailing in line with the government objectives and also help the unorganized sector to regulate the changes and upgrade their skills.

Pande, Paresh and Pawar, Prafulla (2012) analyzed the awareness of consumers towards the impacts of FDI on retail sector of India. The empirical results exposed that demographics characteristics of consumers have an association with level of awareness towards FDI in Indian retail industry. The observed that for the retail consumers are needed to know the scope, limitations, opportunity of FDI in Indian retail. This attitude will enhance the awareness of FDI amongst Indian retail consumers. Further, study revealed that there is positive perception in the mind of consumers about FDI, but this positivity towards the FDI depends on the level of awareness about FDI amongst Indian consumers. At last, study suggested that Indian administration authorities should set appropriate strategies for the enhancement of FDI awareness among Indian consumers.

Patibandla, Murali (2012) analyzed the various conceptual issues of FDI in the retail sector regarding supply chains, consumers, suppliers, farmers and employment, etc. One side, the study made clear the significant role of FDI towards the economic growth and on another side it stated that transformation of the Indian retail through the entrance of global retailers will have some troublemaking effects in the short run in the form of straight job losses particularly unskilled labor and generation of jobs for semi-skilled labor. The study also advocated that global retail chains will enlarge markets, which indicates net gains in employment and incomes of the varied stakeholders. Further, study revealed that small native retailers would be successful in preserving the benefits of diminutive overhead expenses and take advantage of geographical dispersal and consumer awareness but the middlemen would be the main losers.

Prasad, Jatin and Singh, Jyoti (2012) observed the policy implications and impacts of FDI on the multi-brand retail segment of India and found that, the arrival of overseas investment in multi-brand will bring with it the latest and international technology and managerial expertise that will improve the infrastructural facilities, access refined machineries and generate employment opportunities for the youth. The economy of India will encourage the
inclusive incorporation to international market place. The study suggested that the government should take an example of China, where the unorganized and organized retail trade is surviving and mounting together, as well as this matter is required a serious understanding and a steady inaugural of the investment process. The study also recommended that the government should endorse FDI in retail sector in order to attain the inclusive growth and the welfare of masses as a whole and if implemented in the correct way, then it will be a benefit and not an oath.

Rajput et al (2012) measured the effects of foreign investment on Indian retail sector with special reference to the consumers and used the technique of SWOT analysis. The results of the study revealed that Indian masses favoured the reforms of FDI in Indian retail. The retail consumers would be benefited in the form of improved selection, quality, price, etc. as well as the farmers would be benefitted in the form of elimination of exploitative middlemen from the marketing process and as a result they can get fair prices for their produce. The local retail business will also be benefited because of the conditions of minimum 30 per cent procurement from the local manufacturers and suppliers and it will also improve the infrastructural facilities that are required in the agrarian sector. At last, the study concluded that the step of allowing FDI in Indian retail will impact the Indian economy positively.

Rajput et al. (2012) through their paper analyzed FDI trends in developed countries, particularly in India and made a comparative view during 1991-2011. The study also examined the relationship of liberalised regime pursued by the countries with the level of FDI stock. The results revealed that there was a significant relationship between liberalised regime and the level of FDI stock. The study observed that FDI was an engine of capital, technology, managerial skills, technological progress & capacity, access to foreign markets and in maintaining economic growth and development for developing countries, whereas for developed countries it was considered as a tool for accessing the market of emerging economies. It was also considered as tool of filling the savings, foreign exchange reserves, revenue, trade deficit, management and technological gaps. Its impact on economic growth depends on country’s domestic policy and foreign policy. The result of the regression analysis showed a significant relationship that clearly showed that if economy is more open with less of restrictions the inflow of FDI will be more and vice-versa.

Ray, Sarbapiya (2012) tried to expose the relationship FDI and economic growth and development of the Indian economy through his study by applying co-integration method on
economic data from 1990-91 to 2010-11. The study found a very limited impact of FDI on the economic development of the country and explained that despite the tremendous potential of FDI in economic development, it did not provide answers to all developmental problems. At last study recommended that the government of India should make a policy for attracting FDI in such a way that it should be more growth enhancing than growth retarding and public policies needs to be in place to support the poorer segments of society.

Roy, M. and Kumar, S. (2012) conducted a study to measure the possible impact of FDI in agricultural marketing in the 30 villages in three touching districts (Birbhum, Burdwan, and Bankura) of West Bengal locating 3005 agrarians in the year of 2010-11. The study observed that FDI will impact the self-employment people like small entrepreneurs and distributors, but the farmers will be benefited due to the removal of intermediaries. The farmers were required urgently a scope for marketing their agricultural produce with at least a rational margin. The step of allowing FDI in agrarian marketing will support in contemporary retailing and also improve supply chain and transportation sector as well. The permission of foreign investment in agricultural retailing will safeguard the required flow of capital into rural economy in such a way that will further enhance the welfare of the masses, specially farmers and consumers. The FDI will improve the income of farmers and control the inflation. In conclusion, the study surely argued that permitting healthy FDI in retail will lead to a significant growth in GDP and overall development and also support to integrate the agrarian economy into international market.

Saiyed, S.A. (2012) observed role of FDI in India’s economic growth and development in post-reform period from 1990-91 to 2011-12. FDI emerged out as a key factor that is positively related with the economic growth in India during the period under the study. The study further observed that there was a significant impact of foreign investments on economic growth of India which was an evidence of FDI-Output causal relationship as well as the existence of causality also found. Further. the study recommend that the GOI should frame the FDI policy in such a way that the foreign potential investors and NRIs can be attracted to make investment in the nation pertaining to improve the employment and income in great volumes as the country needs more and more funds in its priority areas.

Shome, Swaha and Suri, Davinder (2012) through their study evaluated the impacts of FDI on investment, consumption and employment by taking annual data for the period 1999 to 2011. The results of the analysis proved that there was a correlation amid FDI and
macroeconomic factors viz. economic growth, investment, employment and consumption. The FDI found to be positively impacted the manufacturers, consumers, and the overall demeanour of trade in India; it has converted into an essential part of India’s growth story in persevering the gap between savings and investment to support the supply side. Further, the study concluded that FDI inflows will ignite the economic growth via the means of capital formation, consumption expenditure and employment generation, etc. The study advised that Indian government should frame the investment policy to ensure the welfare of Indian producers and consumers.

Singh et al (2012) through their study perceived the impact of foreign direct investment (FDI) and foreign institutional investors in the improvement in the quality of goods as well as the trends of FDI and FIIs. The empirical results of the study found that the developed countries attracted the maximum amount of FDI and FIIs when the comparison was made with developing and developed nations. In case of the developing countries, the study found that the overseas funds supplementing the limited domestic resources especially in case of India. In India, the finance sector, real estate, insurance, and business services were attracting the maximum amount (total 33.05 per cent) of FDI. Supplementary, study suggested that foreign investment should be welcomed by the GOI pertaining to obtain its precious objectives such as achieving the favourable BOP, speedy economic inclusive growth and development, poverty elevation etc.

Singh, Arun and Agarwal, P.K. (2012) in their research paper inspected the association of FDI with the Indian retail sector as well as and rewards and drawback of the programme of 100 per cent foreign investment in Indian retail. On one side, the study found that FDI will avert the evolution of native organized retailing; result in shutting of the mom-and-pop stores; disrupt the social community and the standard state of life. But on the other side, the study advocated that the government has an opportunity to employ the liberalization for attaining its specific aims: improvement in infrastructure; access latest and world class technologies; generate employment; etc. Further, the study recommended that if FDI policy would be applied in the right manner, it would lead to a more widespread incorporation of Indian economy into the international market and prove to be an advantage and not an oath as well as government should promote this sector for the inclusive growth and well-being of the masses of the country. The study recommended that the government of India should seriously consider the foreign investment in multi-brand retail in India and also should consider the example of China wherever organized and unorganized retail co-exist and nurture together.
Soundararaj (2012) critically evaluated whether allowing 100 per cent foreign investment in Indian single-brand retailing was a boon or a curse. The study observed that the dawn of FDI in Indian retail sector was inevitable that will improve the standards in terms of quality; FDI will not only advantage for the Indian consumers but also exposed the entrance for Indian products to enter the broader international market. The study clinched that the decision of allowing 100 per cent FDI single-brand retail was a boon to the economy. Since, many people involved in Indian retail traditionally and they shall be displaced by the entry of foreign giants, the government should take efforts to strengthen the industries like manufacturing which will accommodate those displaced employees. The study suggested that India should find out suitable ways to allow FDI so that it can enjoy more of the benefits than the fears. Even the threats of FDI could be handled properly if allowing FDI is planned out very strategically.

Vaidehi, Usha and Alekhya (2012) evaluated the impact as well as the pros and cons of foreign direct investment in Indian retail industry. The study reported both the positive as well as negative effects of it on the Indian economy. The benefits can be taken in the form of improvement in the income of farmers by eliminating the operational inadequacies and exploitative middlemen from the marketing process and improvement in the supply chain infrastructure. The consumers can be benefitted in the form of better/international quality products and comparatively reasonable/lower prices. In addition, the FDI will bring with it the foreign capital and technical know-how and capital which lead to economic growth. On the other side, the study also revealed the adverse waves in the form of unfair competition, large-scale exit of local retailers, hugged is location of persons working in retail sector, and threat to the domestic Indian organized retailers. At last, the study suggested that the government should redesign the policy framework that will boost FDI to improve the GDP and avoid the adverse impacts.

Agarwal, Anuradha and Singh, Maithili R.P. (2013) analyzed the major policy changes that Indian government have taken regarding FDI policy in Indian retail sector as well as identified the future trends associated with the foreign capital in Indian retail. It was exposed through the study that changes in FDI policy in retail sector will approve the overall development of the economy and wellbeing of the masses. The FDI in retail proved to be beneficial for the nation if applied in the accurate manner. The study determined that the foreign investment in retail can bring enormous investment in technology and real estate in future which will expand and flourish Indian economy.
Ahmad et al. (2013) through their studied and explored the perception and attitudes of small retailers towards the Shopping Malls in Srinagar city by taking sample of 200 small retailers, identified and selected based on various attributes like shop size, type of goods and their shops being located in the defined zone of 200-400 meters of distance from the shopping mall. The study revealed that the Mall don’t have any adverse impact on the sales and profitability of the respondent shopkeepers. There is also negligible adverse impact on the customer patronage of the unorganised retail outlets on account of the Malls. Majority of the respondents observed that the entry of malls and permitting FDI in retail segment is not going to adversely impact the small unorganised retail industry in Srinagar city. The majority of the respondents also revealed that there is no need for shopkeepers to upgrade their floor space. However, some value added services give a better shopping experience, this was revealed by good percentage of respondents. The study also suggested that the policy makers should make certain policy changes in the context of retail segment in Kashmir and the implementation of the central governments’ decision on foreign investment in retail must be carried out in a controlled way to safeguard the interest of all the related stakeholders.

Dhanwani, Sanjay Kumar (2013) made an attempt to analyze the policy issues regarding FDI policy as well as the impact of allowing FDI in multi brand retail on farmers and agrarian community. The empirical results of the study advocated that foreign investment in retail would surely empower the Indian economy to integrate with global economy. The study exhibited that the farmers, domestic unorganized retailers as well as the consumers will be affected by the move of allowing FDI multi brand. The foreign investors will bring with them the much required capita, latest technology, and the international best practices. The opening of FDI will invite the healthy competition that would inspire the domestic retailers to improve their quality standards. Additionally, the study recommended that government should take defensive measure to frames the rules that will protect the interests of Indian economy.

Iqbal et al (2013) studied the trends, patterns, and flows of FDI and relation with the economic growth of Chinese and India. The results found China in a superior position to attract FDI in comparison to India that further lead to economic growth that is five to six times higher than India. As per the study, GOI was also trying to frame the FDI related policies to attract FDI. At last, the study recorded the positive impact of FDI on Indian and Chinese economy which further lead to enhance the per capita income.
Iqbal, Zafar, Masood Imran and Ramzan M. (2013) conducted a research to find out the patterns, flow and directions of foreign direct investment and economic growth in Chinese and Indian economies. The study also examined which country was in better position for attracting more FDI and enhancing their economic growth. The study found that the economy of China was in far better position in infrastructure, economic activities and China has favorable business environment as compare to India, However the results also showed that India compete China in better legal and political system. The study also revealed that foreign direct investments have positive impact on economic growth of Indian and Chinese economies and it also positively impacted the GDP growth rate of these countries that headed to increase in per capita income.

Jain, Mamta et al (2013) studied the role of FDI and FII in Indian economy and investigated the direction of relationship between FII investment and FDI investment with the India’s economic growth in the period 2000-01 to 2009-10. The results of Pearson correlation values indicated a positive correlation between both the FII or FDI and GDP. The study exhibited that the FII and FDI were influencing the economic development to a greater extent. FDI was favoured over FII investments meanwhile it was assumed the utmost advantageous practice of foreign investment for the nation as a whole. Further, the results indicated that FDI contributed to the growth of the economy in the form of growing standards of labor, aids, latest technology, innovative concepts, as well as the overall corporate environment. The study strongly advocated that FDI also generate the opportunity for technical diffusion and advancement, entrance of international managerial abilities, optimum allocation of human proficiencies and natural means, international industrial competence, gradual introduction of export fairs, international qualitied goods/services and extending employment prospects.

Mundra et al (2013) in their paper examined the worldwide trends of FDI in retail and its impact on economic development of India. The paper found that FDI in retail proved to be an influential catalyst for the development of organized retail as well as the fears that is being perceived by unorganized retail have no rational or historic base. The penetrating competition will have progressive effect on all the stakeholders. The competition to native companies, monopolization of retail market, harm of employment, procurement of produce from farmer at low price were addressed the major concerns when the FDI in retail scheme announced. But our governing system is capable enough to handle most of the qualms associated with FDI. The strong retail bionetwork will support various forms of retailers including the street vendors, independent small grocers and other retailers, medium size modern independent
retail outlets, and corporatized retail behemoths. Further, the study recommended that our government should simplify the FDI with the veracious vision and the accurate strategies so that we get supreme benefits of FDI that offsets the losses we may suffer.

Nandal, Sanjay (2013) conducted a study to measure the probable impacts of foreign capital on the retail sector of India. The study observed that the foreign retailers will generate the employment opportunities in Indian retail sector, convey the latest and world class technologies and know-how, create modern supply retail chains, motivate the native retailers to enter in the global market, etc. Further, study pointed out that the consumers can get good and international qualified products at reasonable prices. The large investments to be made by the foreign giants in infrastructural facilities would improve the farm productivity, reduce the wastage of farm produce, and generate the employment opportunities. It will also boost the small, Medium, and handy craft industry. The study concluded that the FDI will have the far reaching impacts on economy as a whole.

Nizamuddin, Mohammed (2013) analysed the role of FDI in employment generation in Indian retail sector with the data from 2001-02 to 2009-10 and ordinary least square statistic was applied to draw the inferences. The empirical results of the analysis found an adverse effect of FDI on employment generation in Indian retailing as a 10 per cent increase in foreign capital flows will reduce the employment by approx. one per cent. Further, the study recommended that in order to achieve productive employment the foreign investment in multi-brand will not be limited to metro cities rather the opportunities should be given to rural youths. The GOI should design the policy in such a manner that will vigil the interests of all the stakeholders.

Reetu, Sharma and Nikita, Khurana (2013) provided a broad outline of various problems and sector-wise distribution of FDI inflow by using the data from 1991-92 to 2011-2012 (post-liberalization period). The study found FDI an important factor that lead to the growth and development of the economy by providing a sound base to the economic activities and hence making … the financial position and GDP of the country consolidating the foreign resources. The study exposed that the structure of the Indian economy needs to be restructured in the light of the expectations expressed by the foreign investors. The study recommended that a business friendly environment should be created by changing the laws which hinders the way of foreign investments and the tax laws should also be made simpler.
to attract more FDI but at same time the interest of local investors and traders should be protected.

**Saifi, Mohd. Afzal and Nabi, MD. Kamalun (2013)** examined the possible impacts of FDI on Indian economy by using primary as well as secondary data that was collected by convenience sampling. The results of the study revealed that FDI has a positive impact on Indian retailing. The FDI in retailing will help in maintaining the supply chain infrastructure, eliminate the shortage of goods, help the farmers and small traders to get timely remuneration for their produce, to control inflation, eliminate the middlemen from the marketing process, provide better quality goods and services at reasonable prices, etc. as well as FDI will not hurt the domestic small retailers rather they will co-exist happily with domestic retailers.

**Shaha, N.V. and Shinde, M.A. (2013)** assessed the possible impacts of foreign investment in retail in India on the related stakeholders and also make some recommendations that will defend the welfares of the masses. The study argued that the FDI in retail will not dislocate the Indian small retailers from the market rather it will help them to assess the global market and the international best practices. The completion in the retail sector will lower down the prices and better quality products can be available for the consumers. The Indian farmers will also assess the more markets through the process of direct marketing and contract farming as a result they will get the rational prices. Further, the study believed that the condition of revenues will also be improved. The study recommended that the Indian small manufactures and the suppliers should improve their appearances, approach and activities as well as they should modernize their modes of operation like consideration of consumer satisfaction is required. Lastly, study commended that the GOI should appoint a monitoring mechanism to keep the eye on the operations of the foreign giants.

**Shil, Parag and Roy, Prantik (2013)** examined the all potential issues and impacts concerning FDI in Indian retail, particularly in multi-brand retailing. The study observed that the step of opening FDI in India’s multi-brand retail trade will positively impact the consumers, farmers, and the economy as a whole. When the concern of farmers was taken, study found that the FDI will eliminate the exploitative intermediaries from the whole marketing process, and in this way the interests of farmers will be protected. Further, study exhibited that the consumers will be provided with a variety of goods and services at reasonable rates due to various discounts offered by the foreign retailers, they will have access the global brands at a single place. The foreign retailers will assist the native retailers
in keeping price control, reduce wastages, support back-end infrastructure, generate huge employment opportunities, etc. The study also exhibited that with the FDI in multi-brand retail the foreign currency reserve will be enhanced that will be a great help in surging the deficit of current account. The paper concluded with the recommendation that the GOI permit FDI in such a way that the interests of consumers and farmers will be protected in the long run.

**Ghoshal, Moloy (2014)** conducted a survey of Indian retailers to analyze the facts and the fiction towards the possible impacts of FDI on Indian retailers in the area of Asansol and Durgapur (W.B). The perception of Indian retailers on some statements were analyzed with descriptive statistics and the SWOT analysis was also done. The perception of the small retailers exhibited that surprisingly the respondents believed with majority that FDI will not lead to closure of their unorganized, conventional and small mummy-pop stores. The retailers argued that the market segment of foreign retailers is different and their loyal customers will still with them. The mid and lower middle class customers are feeling comfortable to make shopping from the traditional market. The small retailers rather believe that the foreign retailers will improve more employment opportunities for all kind of people such as manufacturers, traders, farmers, graduates and even for the unskilled labours, that will further, lead to improved standard of living of the society. In conclusion, the study argued that opening of retail sector to FDI is just a foundation of a long journey.

**Murtaza, Zulfiqar (2015)** incorporated the possible opportunities and challenges of Indian retail sector. The study exhibited that FDI will affect more positively than negatively as permitting the vigorous FDI in the retail sector would not only lead to a substantial surge in the country’s GDP but overall economic development. FDI would also assist Indian retailers in capitalization of MNC players supply chains and distribution network experiences. The grant of industry status will help companies borrow at lower costs, and will bestow them fiscal incentives etc. Furthermore, host nation would be benefited from large foreign investment flows. Further, India’s domestic enterprises will potentially receive an upgradation in technology and logistics management proficiency from the overseas entities. The study also suggested that government should utilize this liberalization for achieving certain of its own targets like improvement in infrastructure, making access of sophisticated technologies; generate employment for those keen to work in this sector.
RESEARCH GAP

As is clear from the review of the related literature, a lot of studies have been attempted to examine the various aspects of FDI in retail in India. Out of them, a few descriptive studies measured the impact of FDI on consumers and some others measured its impact on retailers, but no systematic study has yet been endeavoured to measure the perceptions of organized and unorganized retailers, consumers, farmers, and politicians collectively on the parameters of income generation, employment generation, buying motives, creation of infrastructural facilities, etc.

STATEMENT OF THE PROBLEM

The present study is conducted to measure the various impacts of foreign direct investment on Indian retail industry with special reference to all the related stakeholders. It is very important to measure all the possible impacts because the opening of FDI in Indian retail was opposed by small organised retailers, unorganized retailers, farmers and hawkers, they claimed that allowing foreign retailers like Wal-Mart, Tesco and Carrefour, etc. would negatively impact crores of people. But, contrary to this a report by Confederation of Indian Industry expressed that the decision will work as a development engine for Indian economy and will help organized retailers, producers, consumers, employees, workers, govt. etc. Thus, this issue became a battleground for the policymakers and need to be addressed. So, the present study is conducted to measure the impacts of foreign direct investment in retail in India. The study measured the perception of Indian organized and unorganized retailers, consumers, farmers, and politicians towards FDI in retail in India with the special reference to the consumers buying motives such as price, quality, discounts, consumer services, etc., income generation, employment generation, competition, etc., income, employment generation and creation of infrastructural facilities and the economy as well. So, the statement of the problem can be entitled as ‘A Study of stakeholders’ Perception towards Foreign Direct Investment in Retail in India’.
OBJECTIVES OF THE STUDY

This study is designed to cover the following objectives:

1). To examine the perception of Indian retailers (organised and unorganised) towards FDI in retail with special reference to income and employment generation

2). To analyze the perception of Indian consumers towards FDI in retail in India with special reference to their buying motives (price, quality, variety, choice, prestige, etc.)

3). To analyze the perception of Indian farmers towards FDI in retail in India with special reference to income generation, employment generation and creation of infrastructural facilities

4). To examine the perception of Indian politicians towards FDI in retail in India

LIMITATION OF THE STUDY

The study was completed under certain limitations. Since, the researcher had the time, money and efforts constraints, therefore, the study was restricted to the Delhi-NCR only. Moreover, four stakeholders- organized and unorganized retailers, consumers and farmers besides the politicians from national parties operating in India, were to be studied constituting into a big lot of information and hence, the number of questions/statements were restricted to the main issues only and several related areas were left out which may be studied further.