The purpose of this questionnaire is to study the determinants of FDI in an Indian economy. The questionnaire is divided into 3 parts for collection of data for Mall manager, for Kirana shop Owners and for customers of super market & grocery shops. The information provided by you will be kept confidential and used only for the purpose of research work for PhD.

QUESTIONNAIRE 1 (FOR MALL MANAGERS)

Name:-

Designation:-

Q.1 Please select your age range

☐ 18-21   ☐ 22-30   ☐ 31-40   ☐ 41-50   ☐ >50

Q.2. Please select your gender

☐ Male

☐ Female

Q.3. Please select your education level.

☐ High-school

☐ Graduate

☐ Post-graduate

☐ Others................ please specify

Q.4. Kindly state if you are aware about impact of FDI in Indian retail sector

☐ Yes

☐ No
Q.5. Since how many years you are working in retail sector?

- □ < 1 year
- □ 1-3 years
- □ 4-6 years
- □ 7-10 years
- □ >10 years

Q.6. Please rank the limitations of Indian MNC’s in reducing the impact of FDI under different attributes and aspects mentioned below

a. Bad Management

- □ 5
- □ 4
- □ 3
- □ 2
- □ 1

b. Lack of technology

- □ 5
- □ 4
- □ 3
- □ 2
- □ 1

c. Lack of Resources

- □ 5
- □ 4
- □ 3
- □ 2
- □ 1

d. Lack of trained individuals

- □ 5
- □ 4
- □ 3
- □ 2
- □ 1

e. Financial barriers

- □ 5
- □ 4
- □ 3
- □ 2
- □ 1

Q.7. Do you believe current approaches used by Indian Retail sector are sufficient or there is a need for improvement

- □ Yes
- □ No
- □ Not sure
Q.8. Choose one of the following challenges that according to you is the biggest challenge in adopting proper approaches for FDI impact management in Indian Retail Industry

☐ Lack of loans and financial support
☐ Lack of Awareness and concern
☐ Lack of Technology and abilities
☐ Lack of coordination and alignment
☐ Lack of regulatory requirements and norms

Q.9. Choose the reason that according to you are mainly responsible for the barriers against implementation of stronger approaches.

☐ Unavailability of Information
☐ Lack of sufficient human resources
☐ Lack of government support
☐ Lack of accountable department in organization structure

Q.10. Choose one of the following measures that according to you would be most effective in countering impact of FDI in Indian retail sector

☐ Establishment of government norms and regulations
☐ Linking performance bonuses with the efforts
☐ Continuously evolving technology and new equipments
☐ Developing long term goals and objectives on an organization wide basis
☐ Others……………. 
QUESTIONNAIRE 2 FOR KIRANA SHOP OWNERS

QUESTIONNAIRE TO ASSESS THE IMPACT ON KIRANA SHOPS

1. Name:………………………………………………………………………………

2. Business………………………….Kirana (Grocery shops)

3. Gender:
   □ Male
   □ Female

4. Age Group
   □ under 18 years of age
   □ 18- 25 years of age
   □ 25-35 years of age
   □ 35-45 years of age
   □ Over 45 years

5. How long have you been with Kirana Shops:
   □ < 6 months
   □ 6-12 months
   □ 1-3 years
   □ Over 3 years

6. Do you think FDI would make an impact on your business if it is allowed in retail sector of India

<table>
<thead>
<tr>
<th>Definitely not</th>
<th>No</th>
<th>May be not</th>
<th>Cannot say</th>
<th>May be</th>
<th>Yes</th>
<th>Definitely</th>
</tr>
</thead>
<tbody>
<tr>
<td>□</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
7. Did you notice any negative change in your sales volume and revenue after Large supermarkets and ware houses like WalMart and Best Buy etc opened their stores in India

<table>
<thead>
<tr>
<th>No</th>
<th>Hardly</th>
<th>Some Impact</th>
<th>May Be</th>
<th>Yes</th>
</tr>
</thead>
</table>

8. Do you think You are not fully prepared to tackle FDI funded retail stores in India

<table>
<thead>
<tr>
<th>Definitely not</th>
<th>No</th>
<th>May be not</th>
<th>Cannot say</th>
<th>May be</th>
<th>Yes</th>
<th>Definitely</th>
</tr>
</thead>
</table>

9. If yes what would be your preferred competitive advantage over FDI funded supermarkets

A. Better Services
B. Higher quality
C. Customisation and personalized services
D. Customer relationship
E. Convenience
F. Others................please specify

10. As a grocery store owner (Kirana shop) do you think you would be able to survive in tough price competition offered by FDI and Supermarket. If yes then how

Ans:---------------------------------------------
QUESTIONNAIRE 3 FOR CUSTOMERS OF SUPER MARKETS/GROCERY STORES

A total of 10 questions would be asked to the respondents and all responses are recorded.

Q. 1 please state your name and address?
Ans:-

Q.2 Have you been using services of a particular shop/grocery store or a Super Market since last 1 or more years ?
Ans:- yes or no

Q.3 If yes then please tick one reason for preferring a particular Shop/store or Super Market
A Quality
B Brand image/value
C Prices
D Social acceptance and peer pressure
E Family preference
F Others………………………………

Q. 4 Do you ever find that whenever a particular need or a particular product is needed in daily house hold needs you think of only one Shop/ Super Market?
Ans:- yes or no

Q. 5 IF Yes then how do you associate your preferred brand in your mind
1. Highly positive
2. Positive
3. Neutral
4. Negative
5. Highly negative
Q. 6 since you are using a particular Shop/ Store for more than 1 years then do you think after these many years it has become an integral part of your life and now you cannot use any other if they offers the same value? Please mark on a scale of 1 to 5

Ans:-

1. highly agree
2. agree
3. neutral
4. slightly disagree
5. fully disagree

Q. 7 On a scale of 1 to 5 with 1 being highly agree to 5 being highly disagree please state that how much do you think that you are biased towards a particular Shop/ Super Market

Ans:-

1. highly biased
2. biased
3. neutral
4. slightly unbiased
5. fully unbiased

Q. 8 If yes then can you state the reason behind biased behavior?

A. It gives me image
B. It gives me comfort
C. It gives me social recognition
D. It gives me quality assurance
E. previous experience were good
F. friend’s recommendation

Ans: …………………………………………
Q. 9  Do you think there has been some changes in the preferences of Store/ Super Market in last few years in your daily usage And if yes why?

Ans:-

Q. 10  Does this store/ Super Market satisfy all your needs?

A)  Yes

B)  No

Q 11  If ‘No’, then what changes are needed to be done?

Ans.
## PUBLICATION

<table>
<thead>
<tr>
<th>Publication</th>
<th>Book Number</th>
<th>Title of Paper</th>
<th>Author Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Divya shodh samiksha</td>
<td>ISSN 2394-3807 E ISSN 2394-3513</td>
<td>A study on the impact of FDI in an Indian economy (with special reference to retail sector in M.P)</td>
<td>Antima Shekhawat Bhatia</td>
</tr>
<tr>
<td>2. Naveen shodh sansar</td>
<td>ISSN 2320-8767 E ISSN 2394-3793</td>
<td>Trends and patterns of FDI in different sector : paradigm study</td>
<td>Antima Shekhawat Bhatia</td>
</tr>
<tr>
<td>3. International research journal for intellectual science and management</td>
<td>ISSN2320-656X</td>
<td>Impact of multi brand FDI in retail sector in India</td>
<td>Antima Shekhawat Bhatia  Dr. s.s. chouhan</td>
</tr>
</tbody>
</table>
Foreign Direct Investment (FDI) in India is subject to certain Rules and Regulations and is subject to predefined limits ('Limits') in various sectors, which range from 20% to 100%. There are also some sectors in which FDI is prohibited. The Government from time to time reviews the FDI Limits and as and when the need is felt and FDI is allowed in new sectors where the limits of investment in the existing sectors are modified accordingly.

Key words: FDI (foreign direct investment), inflows of FDI.

FDI and regulatory framework

Foreign Direct Investment in India is subject to policy guidelines framed by the Government of India from time to time in accordance with its Industrial Policy. The year 1991 saw a major liberalisation in the policy by way of the Automatic Route in terms of which cases the RBI without a reference to the Government of India allowed concerning foreign collaboration in respect of certain priority industries and involving not more than 51 per cent of foreign equity. After 1991, certain more areas of foreign investments were opened up such as issuance of global depository receipts (GDRs) and investment by foreign institutional investors (FIIs). FDI comes through a) Automatic route and b) Govt. approval route. In terms of the guidelines issued in February 2000 and subsequent amendments, except in certain circumstances, foreign investment by way of issue of shares/convertible debentures by Indian companies can be made in India under the Automatic Route without any approval from the Government of India or the Reserve Bank of India (RBI). In the circumstances where the Automatic Route is not applicable, the foreign investor or the Indian company seeking foreign investment would require the approval of the Foreign Investment Promotion Board (FIPB).
Annexure

Automatic Route

Under the RBI’s Automatic Route, the Indian companies can issue shares up to prescribed percentage to person’s resident outside India without obtaining prior permission either of the Government or of RBI. These companies must be engaged in the permissible activities under the FEMA. Companies engaged in manufacture of items reserved for SSI sector or those manufacturing items requiring industrial license or engaged in areas such as, defense, atomic energy or aerospace will not be able to avail of the Automatic Route.

GOVT. route (APPROVALS BY SIA/FIPB) Indian companies may want to issue shares to foreign citizens and companies incorporated outside India and such issuances may not be allowed under the Automatic Route or any other general/special permissions. In such cases, it will be necessary to apply to the Foreign Investment Promotion Board (FIPB). Approvals are granted by FIPB on a case-by-case basis. The Reserve Bank has granted general permission to Indian companies for issue and export of shares/securities to foreign investors to acquire such shares in respect of such investments approved by SIA /FIPB.

Research design and methodology

Objectives of the study are:

- To study the trends and patterns of flow of FDI
- To evaluate the impact of FDI on the economy

Statement of problem

There are many factors that influence the economic condition. One of them is FDI. Hence there is need to impact of FDI on the changing Indian economy.

Methodology and data collection

Secondary source: The present study is of analytical nature and makes use of secondary data. The relevant secondary data has been collected from ministry of commerce and Industry, government of India, reserve bank of India, world investment report.
Hypothesis

Ho: FDI doesn’t affect the economic growth of country

H1: FDI affect the economic growth of the country

Review of literature

- According to IISTE journals of economics and sustainable development, Research on Relationship between China and Ghana: Trade and Foreign Direct Investment (FDI) Conclude that China is the second highest country in terms of trade and FDI in Ghana.

- According to EXCEL International Journal of Multidisciplinary Management Studies research concludes that In order to facilitate the establishment of infrastructure, FDI should be initially permitted and tries to emphasize on more sourcing of products locally and Tier-II Cities of the country.

- According to Ford and Rowley (1979) opine that the marketing function of small firms seems to be connected with the motivation, belief, attitude and the objectives of the owner-manager, and is also significantly influenced by the constraints of the small business.

Some of the important changes made in the Existing FDI Limits are provided below:

- FDI Limit in Telecom Sector is increased from 74 per cent to 100 percent, out of which up to 49 per cent will be allowed under automatic route and the remaining through Foreign Investment Promotion Board (FIPB) approval. A similar dispensation would be allowed for asset reconstruction companies and tea plantations.

- FDI in 4 sectors i.e. gas refineries, commodity exchanges, power trading and stock exchanges have been allowed via the automatic route. In case of PSU oil refineries, commodity exchanges, power exchanges, stock exchanges and clearing corporations, FDI will be allowed up to 49 per cent under automatic route as against current routing of the investment through FIPB.
Annexure

- FDI in single brand retail is to be allowed up to 49 percent under the automatic route and beyond that shall be through FIPB.

- In credit information firms, 74 per cent FDI under automatic route will be allowed.

- In respect of courier services, FDI of up to 100 per cent will be allowed under automatic route. Earlier, similar amount of investment was allowed through FIPB route.

- FDI cap in defense sector remained unchanged at 26%, however higher limits of foreign investment in state-of-the-art manufacturing would be considered by the Cabinet Committee on Security (CCS). Technically, the decision leaves it open for CCS to even allow 100% foreign investment in what the defense ministry will define as "state-of-the-art" segments with safeguards built in to ensure that the technology and equipment are not shared with other countries.

- In the contentious insurance sector, it was decided to raise the sectoral FDI cap from 26 per cent to 49 per cent under automatic route under which companies investing do not require prior government approval. A Bill to raise FDI cap in this sector is pending in the Rajya Sabha.

Some of the sectors in which FDI limits were expected to be increased but did not were, civil aviation, airport, media, multi-brand retail and brown field (existing firms) pharmaceuticals.

Tabular representations of the key changes proposed under the FDI Limits are as follows:
Tabular representations of the key changes proposed under the FDI Limits are as follows:

<table>
<thead>
<tr>
<th>Sector/Activity</th>
<th>Before the proposal</th>
<th>After the proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of FDI /Equity</td>
<td>Entry Route</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of FDI /Equity</td>
</tr>
<tr>
<td>Defense Sector</td>
<td>26%</td>
<td>Government Route</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Sector</td>
<td>26%</td>
<td>Automatic Route</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecom Services</td>
<td>74%</td>
<td>Automatic up to 49% Government route beyond 49% and up to 74%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tea Plantation</td>
<td>100%</td>
<td>Government Route</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Reconstruction Company</td>
<td>74% of paid-up capital of ARC (FDI+FII)</td>
<td>Government Route</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petroleum &amp; Natural Gas</td>
<td>49%</td>
<td>Government Route</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity Exchanges</td>
<td>49% (FDI &amp; FII) + [Investment by Registered</td>
<td>Government Route (For FDI)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sector</td>
<td>FII under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26%</td>
<td>Power Exchanges</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td>FII under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26%</td>
<td>49% (FDI &amp; FII)</td>
</tr>
<tr>
<td></td>
<td>FII under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26%</td>
<td>FDI limit of 26 per cent and an FII limit of 23 per cent of the paid-up capital</td>
</tr>
<tr>
<td></td>
<td></td>
<td>49% Automatic Route</td>
</tr>
</tbody>
</table>
Growth pattern of FDI in India

Country Wise FDI

Various studies have projected India among the top 10 favored destination for FDI. Cumulative FDI equity inflows has been 1,26,450 Million US$ for the period 2000-2010. This is attributed to contribution from service sector, computer software, telecommunication, real estate etc. India’s 80% of cumulative FDI is contributed by 10 countries while remaining 20 per cent by rest of the world. Country-wise, FDI inflows to India are dominated by Mauritius (42 percent), followed by the Singapore (9 per cent), United States (7 percent) and UK (5 percent) (Table 1). Countries like Singapore, USA, and UK etc. invest in India mainly in service, power, telecommunication, fuels, electric equipments, food processing sector.

- Share of top investing countries FDI Equity Inflows

<table>
<thead>
<tr>
<th>Ranks</th>
<th>Country</th>
<th>Cumulative Inflows (April '90 - Dec. '10)</th>
<th>%age to total Inflows (in terms of US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>MAURITIUS</td>
<td>(52,986)</td>
<td>42 %</td>
</tr>
<tr>
<td>2.</td>
<td>SINGAPORE</td>
<td>(11,639)</td>
<td>9 %</td>
</tr>
<tr>
<td>3.</td>
<td>U.S.A.</td>
<td>(9,333)</td>
<td>7 %</td>
</tr>
<tr>
<td>4.</td>
<td>U.K.</td>
<td>(6,359)</td>
<td>5 %</td>
</tr>
<tr>
<td>5.</td>
<td>NETHERLANDS</td>
<td>(5,503)</td>
<td>4 %</td>
</tr>
<tr>
<td>6.</td>
<td>JAPAN</td>
<td>(4,906)</td>
<td>4 %</td>
</tr>
<tr>
<td>7.</td>
<td>CYPRUS</td>
<td>(4,532)</td>
<td>4 %</td>
</tr>
<tr>
<td>8.</td>
<td>GERMANY</td>
<td>(2,910)</td>
<td>2 %</td>
</tr>
<tr>
<td>9.</td>
<td>FRANCE</td>
<td>(2,215)</td>
<td>2 %</td>
</tr>
<tr>
<td>10.</td>
<td>U.A.E.</td>
<td>(1,870)</td>
<td>1 %</td>
</tr>
<tr>
<td>11.</td>
<td>COUNTRIES NOT INDICATED</td>
<td>(24,197)</td>
<td>20%</td>
</tr>
<tr>
<td>TOTAL FDI INFLOWS</td>
<td>(126,450)</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Ministry of commerce & industry Department of Industrial Policy & Promotion
Sector wise FDI inflows from APRIL, 2000 to NOV 2014

<table>
<thead>
<tr>
<th>S. No</th>
<th>Sectors</th>
<th>Amount of FDI Inflows (In US$ million)</th>
<th>%age with total FDI Inflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Services Sector</td>
<td>38,713.32</td>
<td>18.55</td>
</tr>
<tr>
<td>2</td>
<td>Construction Development</td>
<td>22,969.45</td>
<td>11.00</td>
</tr>
<tr>
<td>3</td>
<td>Telecommunications</td>
<td>12,888.72</td>
<td>6.17</td>
</tr>
<tr>
<td>4</td>
<td>Computer Software &amp; Hardware</td>
<td>12,220.28</td>
<td>5.85</td>
</tr>
<tr>
<td>5</td>
<td>Drugs &amp; Pharmaceuticals</td>
<td>11,570.50</td>
<td>5.54</td>
</tr>
<tr>
<td>6</td>
<td>Chemicals(OTHER THAN FERTILIZERS)</td>
<td>9,362.40</td>
<td>4.49</td>
</tr>
<tr>
<td>7</td>
<td>Automobile Industry</td>
<td>9,133.26</td>
<td>4.38</td>
</tr>
<tr>
<td>8</td>
<td>Power</td>
<td>8,357.23</td>
<td>4.00</td>
</tr>
<tr>
<td>9</td>
<td>Metallurgical Industries</td>
<td>7,780.61</td>
<td>3.73</td>
</tr>
<tr>
<td>10</td>
<td>Hotel &amp; Tourism</td>
<td>6,825.56</td>
<td>3.27</td>
</tr>
<tr>
<td>11</td>
<td>Petroleum &amp; Natural Gas</td>
<td>5,483.63</td>
<td>2.63</td>
</tr>
<tr>
<td>12</td>
<td>Food Processing Industries</td>
<td>5,230.08</td>
<td>2.51</td>
</tr>
<tr>
<td>13</td>
<td>Trading</td>
<td>4,236.54</td>
<td>2.03</td>
</tr>
<tr>
<td>14</td>
<td>Information &amp; Broadcasting</td>
<td>3,639.93</td>
<td>1.74</td>
</tr>
<tr>
<td>15</td>
<td>Electrical Equipments</td>
<td>3,276.62</td>
<td>1.57</td>
</tr>
</tbody>
</table>

Source: DIPP, Federal Ministry of Commerce & Industry, Government of India

Table clearly show the FDI inflows in different sector for the period April 2000 to Nov 2014 data reveals that most of the Foreign countries like to invest in service sector. Services sector includes Financial, Banking, Insurance, Non-Financial / Business etc. Share of Service sector in total FDI is 18.55 per cent. Second largest share of FDI is in the construction development. Large amount of FDI has also taken place in telecommunication sector. The telecom industry is now become one of the
fastest growing industries in India. Some Sector like Information & Broadcasting, Electrical Equipment attracts less FDI in country.

CONCLUSION

In order to liberalize Foreign Investment in India and to attract more number of foreign Investors the Government attempts to maintain a practice to continuously review the Foreign Investment policy. The acceptance of the recommendations to increase the Foreign Investment Limits in the respective sectors will not only attract Foreign Investment in India but will also provide growth opportunities to Indian Companies who can collaborate with Foreign Companies to start business in various new sectors. The withdrawal of requirement of Government Approval for Investment in different sectors will also act as an incentive to initiate various business prospects and will expedite the launch of new projects.

REFERENCES

5. N.J. Sebastian, (2010), "Fdi in India and its growth linkages", National council of applied economic research, Department of Industrial policy and promotion


1. Websites

India is without doubt a 'growth' economy and many consider it an attractive country to invest in, particularly in its rapidly growing and changing retail market. However, Foreign Direct Investment (FDI) is restricted in the retail sector, and despite many years of debate, the regulations are still only changing very slowly and there are still lots of uncertainties.

Foreign Investors are watching India, ready for a piece of the action in the retail market, but there are still plenty of uncertainties, restrictions and potential socioeconomic risks.

This division of the retail sector, which has a very heavy weighting towards, unorganized, is just one of the issues contributing to the sensitive debate on FDI in India at the moment. What are the potential risks to the unorganized retail sector, and of course to the wider Indian economy? There are several groups who are strongly opposed to FDI in the Indian retail sector, but are their concerns unfounded?

Thus, retailing can be said to be the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit.

Keywords: Foreign direct investment, Retail sector and Indian economy
Objectives of the study are:

- To evaluate the impact of FDI in an Indian economy
- To evaluate the different viewpoints on the impact of FDI in the retail sector in India.

Research design and methodology

The research design for the present study was basically based on questionnaire to contain both open and closed ended questions and it is also exploratory in nature.

Hypothesis

- The key issues concerning FDI policy change in India's retail sector
- The policy help to reduce the risk of FDI in retail for India and its domestic market

Review of literature

- According to IISTE journals of economics and sustainable development, Research on Relationship between China and Ghana: Trade and Foreign Direct Investment (FDI) Conclude that China is the second highest country in terms of trade and FDI in Ghana.
- According to EXCEL International Journal of Multidisciplinary Management Studies research concludes that In order to facilitate the establishment of infrastructure, FDI should be initially permitted and tries to emphasise on more sourcing of products locally and Tier-II Cities of the country.
- According to Ford and Rowley (1979) opine that the marketing function of small firms seems to be connected with the motivation, belief, attitude and the objectives of the owner-manager, and is also significantly influenced by the constraints of the small business.
FDI and Retailing

Foreign direct investment is the movement of capital across national frontiers in a manner that grants the investor control over the acquired asset. Thus it is distinct from portfolio investment which may cross borders, but does not offer such control.

Retailing: Retailing can be said to be the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. Retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit.

FDI and economic development

FDI has an important impact on country’s trade balance, increasing labor standards and skills transfer of technology, skills and the general business climate. FDI also provides an opportunity for technological transfer and upgradation, access to global managerial skills and practices, optimal utilization of human capabilities and natural resources, making industry internationally competitive, opening up export markets, access to international quality goods and services and augmenting employment opportunities.

India’s share in global FDI has increased considerably, but the pace of FDI inflow is slower than CHINA, SINGAPORE, BRAZIL and RUSSIA.

Data Analysis

Below is a summary of the data results from the survey following analysis. There were 243 respondents in total, and 'no response' rates are recorded for those who answered some of the survey questions, but not the specific question that is being analysed.

Number of People aware of current FDI in retail policy in M.P.
Should the Indian Government open up FDI restrictions in the Retail Sector?

Are you happy with the current FDI Retail policy as it is?
What conditions should be imposed on foreign retailers if policy is changed?

Should Government reforms be made to support domestic retailers?

Coded Analysis of Suggested Reforms to Protect Domestic Retailers
Will lifting restrictions on FDI in retailing allow more investment, technical skills and consumer choice?

Coded Analysis of Suggested Solutions to potential Labour Displacement problem

Please see Coding Key
Coded Analysis of the no. of people who believe the argument that "foreign retailers will not 'own a stake' and therefore will make little investment…" (Question 9 Please see Coding Key)
Conclusion

In the view of above discussion, if we try to balance the opportunities and prospects attached to the given economic reforms, it will cause definitely cause good to Indian economy and consequently to the public at large, if once implemented. FDI in retail sector will also have its pros and cons. Like, if we consider its main advantages, we can say that it will bring modern technology, improve rural infrastructure, create a competitive market, enable our farmers to get better prices for their crops, Government will get an additional US$ 25-30 billion by way of taxes, a solution for food inflation as investments in cold storage chain infrastructure would reduce loss of agricultural produce and provide more options to farmers. And some disadvantages could be that we will be competing with such economies whose interest rates are as low as 4% as compared to our 14% to 16%. Also, we engage millions of uneducated and semi-educated people at various stages of retail business but Tesco and Wal-Mart will only engage smart and educated workforce in small strength, comparatively. Hence we can say that if FDI in retail is allowed with certain preconditions, it will help boost the Indian economy in the long run and will project a positive image of India regarding its liberalization policies. It will help growth of exports and employment generation. Therefore it must be allowed and at the same time interests of small retailers be also protected.

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IMPACT OF MULTIBRAND FDI IN RETAIL SECTOR IN INDIA

Antima Shekhawat Bhatia*, Dr. Sudhinder Singh Chowhan**

* Research Scholar, Bhagwant University, Ajmer
** Vice Principal, Nims Institute of Management, Nims University, Jaipur

Abstract:

India has been placed at first position in the category of countries with the best opportunity for investment in the Retail Sector by a survey of A.T. Kearney’s 2005 on Global Retail Development. The increasing disposable incomes among the Indian middle class and increasing young population have been cited as the main reasons for such attractive optimism. This positive opinion of the experts has also encouraged the intense lobbying by certain sections for opening Foreign Direct Investment in this sector. Foreign investors are also very enthusiastic to invest in India’s Retail Sector.

At present India does not allow FDI in multi-brand retail but permits up to 51 percent in single brand retail and 100 percent in cash and carry wholesale trading. There is a ban on FDI in big multi-brand retail stores but there is no restriction on companies accessing the foreign equity market through the American and Global Depository Receipts. The Government of India opened up FDI in ‘Single Brand Retailing’ in the year 2006. This was done with a primary motive of giving a boost to organized retailing in India.

However, there’s another equally strong lobby that has been opposing this idea tooth and nail. They claim that it will mop away the corner shops in every locality and chuck inhabitants out of the jobs and bring unthinkable melancholy. The Government cap over FDI in retail, like in many other sectors, has been essentially a personification of the dilemma that confronts policy makers about whether opening up FDI in retail would be a boon or bane for the sector and for the stakeholders involved in it.

This Research Paper makes a modest attempt of developing an insight as to what are the trends in the Indian Retail Industry and to the benefits and drawbacks of
FDI in this sector. It has also focused on whether this policy will be beneficial for the Indian Economy as a whole or not.

Keywords: FDI, customer satisfaction, retail industry

OBJECTIVES OF STUDY

- To study the need of opening up of FDI in multi-brand retail.
- To analyze the positive and negative impacts of the reforms to be undertaken.
- To assess the market situations for the same changes in other countries.
- To review the challenges to be faced by FDI’s while investing in India.
- To evaluate the change in the customer’s requirements after introduction of FDI in retail

REVIEW OF LITERATURE

Kulwinder Singh (2005) explores the uneven beginnings of FDI, in India and examines the developments (economic and political) relating to the trends in two sectors: industry and infrastructure. The study concludes that the impact of the reforms in India on the policy environment for FDI presents a mixed picture. Nayak & Archana (2007) intend to study the qualitative shift in the FDI inflows in India in –depth in the last fourteen odd years as the bold new policy on economic front makes the country progress in both quantity and the way country attracted FDI. The study also reveals strong negative influence of corporate tax on FDI inflow. Ravi Subramanian (2010) discusses the trends in India's outward FDI over the last decade and then attempts to identify the driving factors for the same and provide policy makers with insights. Asia Pacific Journal of Marketing & Management Review ISSN 2319-2836 Vol.2 (7), July (2013) Online available at indianresearchjournals.com 123 regarding levers which would help in encouraging FDI outflows and to stimulate further research in foreign investment from emerging economies. Patil (2012) examines the prospects of FDI in multi-brand retail in India. He concludes that direct investment in multi-brand retail will start a better integration of Indian economy into the global markets and, as such, it is important for the Govt. of India to develop retail sector for the total economic development of country and welfare of society in the country. Chandu. K. L (2012) attempts at outlining the government's policy on FDI in
retailing and tries to examine it pros and cons while examining the perceptions of small retailers on the government's decision. He concludes that though the small retailers are not so apprehensive about the big stores, they oppose allowing FDI in retailing in India. This may be because they are not well informed about the pros and cons of the proposed policy change. Thus, a countrywide discussion through the mass-media is highly pertinent regarding this issue. Baskaran (2012) speaks about the global giants' entry to India and their myths and realities and shows the status of organized food retailing in India with SWOT Analysis and highlights on farmer's issues towards FDI in multi brand retailing. He also overviews the two faces of retail sector – Challenges and key success factors and reviews the impact of Organized Retailing on the Unorganized Sector. Lastly, reveals the recommendations before allowing FDI in Multi brand Retailing.

STATEMENT OF PROBLEM

Now a day, too much discussion is going on FDI in retail sector in Indian economy. FDI in retail is also a matter of discussion in the parliament of India. This paper focuses on current status of FDI in retails. What may be the benefits of FDI in the Indian multi brand retail sector? What are various opportunities and challenges to FDI in retail sector?

RESEARCH METHODOLOGY

The kind Research being conducted here is ANALYTICAL RESEARCH, as it most suits the purpose of the Research Project. In this Research the facts & the information as so gained from various secondary sources have been used to make an analysis of the current multi brand retail Sector & FDI with the driving forces behind these situations. That is analyzing the data & extracting the relevant important data to complete the project & make it relevant to the present scenario of FDI in multi brand retailing. The data for the present study is collected from the secondary sources.

INDIA'S CURRENT POSITION IN RETAILING

The players include

HYPERMARKETS: Big Bazaar, Shop rite, Star, Giants
DEPARTMENTAL STORES: Lifestyle, Pantaloons, Piramys, Shoppers Stop, Trent

ENTERTAINMENT: Fame Adlabs, Fun Republic, Inox,

PVR FOREIGN PLAYERS INCLUDE: The foreign players who came through the route of franchising are Guess, Esprit, Chanel, Clarks, Mango, Aigner, Bvlgari, Hugo Boss, Mark & Spencers, Tommy Hilfiger etc.

FDI'S BENEFIT FROM THE VIEW OF THE CUSTOMERS

(i) FDI will provide access to larger financial resources for venture in the retail sector and that can lead to several of the other advantages that follow.

(ii) The larger supermarkets, which tend to become regional and national chains, can negotiate prices more aggressively with manufacturers of consumer goods and pass on the benefit to consumers.

(iii) They can lay down improved and tighter quality standards and ensure that manufacturers adhere to them.

(iv) The supermarkets offer a wide range of products and services, so the consumer can enjoy single-point shopping.

SUGGESTIONS AND RECOMMENDATIONS

Let us discuss few suggestions given by Retail Association of India for allowing FDI in retail:

(i) RETAIL INDUSTRY CAN BE ACCEPTED AS AN INDUSTRY: Providing industry status is the first basic step needed for reforming the Indian retail sector. This will facilitate better financial processes due to benchmarking and enable prudent practices in retail. Retail industry will also eligible for support and incentives as applicable to other industries.

(ii) POLICY CLARIFICATIONS TO PERMIT INVESTMENTS BY FINANCIAL INVESTORS: Current FDI policy allows 100% FDI in Cash-and-carry wholesale formats and 51% FDI is allowed in single brand retailing. However, the regulations have been interpreted as guiding to a blanket ban on foreign investments in the sector. Thus, even investments by financial investors like FIIs and PE funds are prohibited, limiting the flow of capital required for the expansion of the sector. A clarification if issued will enable
investments by financial investors in the retail sector. This can be done by allowing investments by investors such as FIIs, Venture Capital Funds and other financial investors in the sector.

(iii) PERMISSION TO OPERATE 24*7 AND REVISION OF LABOUR LAWS: To strengthen the retail industry, it is important for a serious revision of the labour laws to bring them at par with the western world. The laws should be suitably changed to factor hourly employment and reasonably modified to bring all retail business on par with restaurants etc. expects 365 days working permission for stores.

(iv) OPEN FDI IN RETAIL: FDI in Retail trading should be opened up substantially to improve productivity and distribution structure through modern format retailing. The government should come out with a policy statement laying down the roadmap for modern retail and allowing foreign investment in retail.

(v) CREATE A SINGLE WINDOW CLEARANCE: To strengthen retail industry in India, the government can provide a single window clearance system. The single window clearance will further streamline license processes associated with the establishment and management of retail stores.

(vi) CONSUMER AFFAIRS- WEIGHTS & MEASURES ACT CAN BE CHANGED: The current weights & Measure Act formulated in 1976 had relevance at the time when it was formed. However, there are some provisions which are not in tune with the times now. The Act can be changed according to the current requirements so as to avoid corruption and fear in the minds of manufacturers and retailers.

(vii) RETAIL AND ENTERTAINMENT ZONES CAN BE CREATED: In order to augment the living standards of people Shailena Varma, Logistics Manager, Target in the city, the government could look forward at creating Retail and Entertainment Zones (REZ) similar to SEZ and IT parks. Retailers in REZ to get benefits like exemption from stamp duty, octroi and cheaper power.
(viii) CUSTOMS DUTY AND OTHER ENTRY TAXES: A reduction in the customs duties relating to consumer items would greatly channelize funds to boost the economy.

(ix) SERVED FROM INDIA SCHEME: "Served from India Scheme" should be made available for Retailers. Any sales using foreign currency/international credit cards must be counted against this and duty credit entitlements must be credited for retailers. This can be used for import of items. Income tax depreciation rate on Furniture, Fixture and Building improvement etc should be increased to 25%.

(x) GST REGIME: Government needs to give enough observation about the proposed GST model for industry to study and also plan for compliances. GST is a consumption based tax also because of the lower tax rates, uniformity in taxation and virtually no harassment in the movement of goods across the country would lead to an increase in consumption, and individual states would stand to gain revenue by this increased consumption.

(xi) CONSUMPTION INCENTIVE: Provide a consumption incentive in the form of personal income tax relief to consumers, who can spend upto 25% of their income on consumer goods to ZENITH International Journal of Multidisciplinary Research Vol.2 Issue 6, June 2012, ISSN 2231 5780 www.zenithresearch.org.in 127 services. This will bring a considerable amount of consumer spend into the indirect tax net, while incentivizing consumers. Such scheme also supports the government current initiatives.

(xii) DIRECT TAX INCENTIVES: In order to promote employment in the sector, tax incentives in the form of 100% deduction on expenditure incurred on employment of new workmen could be considered (Similar to deduction available under Section 80JJAA of the income tax act 1691 to an industrial undertaking engaged in manufacture of articles or thing). A weighted deduction could be allowed for payment made by retailers towards training and development of their personnel in order to improve their expertise. For example contribution made to technical universities, institutes etc
CHALLENGES

Some of the constraints of FDI in Multi brand retailing are as follows:

• Political scenario in the country: the opposition party due to some self interest restricts the policy of multi brand retailing.

• The competition from the Indian Multi-brand retailers. Distribution Channel: The foreign company will have to struggle a lot to enlarge their channel as most of them are involved in the Indian market.

• As time passes, big retailers may become dominant and start having more bargaining power. So the profits gained by the farmers initially would close.

CONCLUSION

For the developing country like India, foreign direct investment in multi-brand retail sector should be consciously considered by the Govt. of India. In broader way, India's local retail business will definitely get a chance for up gradation of the import of improved technological and transportation management knowledge from the multinational retail players. Foreign direct investment in multi-brand retail will start a better integration of Indian economy into the global markets and, as such, it is important for the Govt. of India to develop retail sector for the total economic development of country and welfare of society in the country. People wish row over FDI in retail gets over soon and India should embrace new era of retailing and Government makes right kind of body to vigil these giants.

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