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A REVIEW

Foreign direct investment and its impact on Indian farmers

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ABSTRACT

Retail sector is one of the most important pillars of Indian economy and it is growing at a phenomenal pace. Foreign Direct Investment (FDI) in retail sector plays an integral role in the economic growth. The unorganized retail sector in India occupies 93 per cent of the retail sector and the rest 7 per cent is contributed by the organized sector. FDI in retail sector can go a long way in improving the efficiency of supply chain, infrastructure facilities, technological advancement and other relevant areas of growth in retail sector. The total retail sector is expected to grow from Rs. 7,000 billion in 1999 to Rs. 24,000 billion in 2013. The organized retail sector is expected from Rs. 50 billion in 1999 to Rs. 2400 billion in 2013. As a result, the share of organized retail in total retail is expected, although slowly, from 0.70 per cent in 1999 to 10.00 per cent in 2013. On 20th September, 2012, 100 per cent FDI in single brand and 51 per cent in multi brand retailing have been allowed in India, subject to certain conditions. Organized retail with its variety of products and multitude of malls and supermarkets is fueling their addiction. Their new mentality, in turn, is fueling the growth of organized retail in India. This paper firstly speaks about the growth of organized retail sector in India. The second part shows chronologically development in organized retail sector with FDI policy in India. The third part reveals the SWOT analysis in retail sector. The last part reviews the impact of FDI on the Indian farmers.

KEY WORDS : FDI, Retail sector, SWOT analysis, Impacts on Indian farmers

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Foreign direct investment (FDI) is an integral part of an open and effective international economic system, which acts as a major catalyst in the development of a country through up-gradation of technology, managerial skills and capabilities in various sectors. Indian retail industry is one of the sunrise sectors with huge growth potential. The Indian retail industry comprises of organized and unorganized sectors. India is a nation of shopkeepers. The country has around 12 million stores, which means one store for every 100 customers (Kulkarni *et al.*, 2012).

The Indian retail sector is highly fragmented and weighted towards unorganized retailers which is 93 per cent of the market and only 7 per cent by organized retailers but is quickly growing and organized retail market is expected to reach 20 per cent by 2020 (Kearney Report, 2011). According to A.T. Kearney, Global Retail Development Index (GRDI) 2012, India ranks fifth after Brazil, Chile, China and Uruguay.

In the last 10 years there has been significant development from small unorganized family owned retail formats to organized retailing. This effect of branded retailing can already be seen with the Bharti-Wal-Mart collaboration, which has joined forces with state governments to open training and development centres in Amritsar, Delhi and Bangalore, preparing local youth for jobs in retail (Fernandes *et al.*, 2012). The organized retail sector includes licensed retailers, that is, those registered for sales tax, income tax, etc. It also includes corporate-backed hypermarkets and retail chains and the privately owned large retail businesses.

Retail is the sale of goods to end users, not for resale,

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but for use and consumption by the purchaser. The retail transaction is at the end of the supply chain. Manufacturers sell large quantities of products to retailers, and retailers sell small quantities of those products to consumers. Thus, retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. Retail sector is one of the most important pillars of Indian economy and it is growing at a phenomenal pace. Foreign Direct Investment (FDI) in retail sector plays an integral role in the economic growth. The retail sector in India is a key contributor to the country's economy. The size of India's retail sector is currently estimated at around $450 billion. The retail sector is the largest source of employment after agriculture, and has deep penetration into rural India generating more than 10 per cent of India's GDP (Shaha and Shinde, 2013).

FDI in single brand retail implies that a retail store with foreign investment can only sell one brand. For example, if Adidas were to obtain permission to retail its flagship brand in India, those retail outlets could only sell products under the Adidas brand and not the Reebok brand, for which separate permission is required. If granted permission, Adidas could sell products under the Reebok brand in separate outlets. While, FDI in multi-brand retail generally refers to selling the multiple brands under one roof.

Objectives of the study:

- To review the growth of organized retail sector in India.
- To document chronologically the development in organized retail sector.
- To identify critical issues of FDI in organized retail sector and its impact on Indian farmers.

METHODOLOGY

The study is based on different literatures, case studies and analysis of organized retail market.

Growth of organized retail sector:

The retail sector is mainly divided into organized and unorganised retail sector. Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains and also the privately owned large retail businesses.

On the other hand, unorganised retailing, refers to the traditional formats of low cost retailing, for example, the local Kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.

ANALYSIS AND DISCUSSION

The Indian retail market is currently unorganized and highly fragmented with an estimated 13-15 million outlets countrywide. The overall retail market is expected to grow at a compound annual growth rate (CAGR) of about 11-13 per cent by 2020-21, with the organized retail market expanding at 21-24 per cent.

Table 1 gives the growth of Indian retail, total as well as the organized sector. While total retail sector has grown from Rs. 7,000 billion in 1999 to Rs. 19,500 billion in 2010. The organized retail sector has grown from Rs. 50 billion in 1999 to Rs. 1350 billion in 2010. As a result, the share of organized retail in total retail grew, although slowly, from 0.70 per cent in 1999 to 7.00 per cent in 2010.

Table 2 gives the category wise share of Indian retail,

Table 1: Growth of organised retail in India

Year	1999	2002	2005	2009	2010	2013 (expected)
Total retail (Rs. billion)	7000	8250	10000	18450	19500	24000
Organized retail (Rs. billion)	50	150	350	920	1350	2400
Share of organized retail (%)	0.70	1.80	3.50	5.00	7.00	10.00

Source: *www.nielsen.com* (Chandu, 2012)

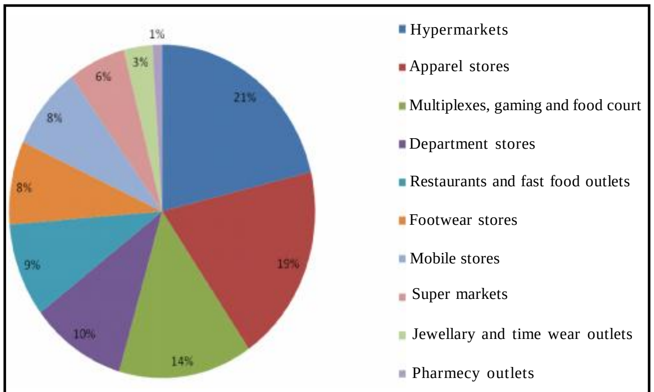
Table 2: Share of categories in Indian retail –Total vs organised

Sectors	Total retail		Organized retail	
	Market size (Rs. Crores)	Market share (%)	Market size (Rs. Crores)	Market share (%)
Food and beverages	7738	75.8	65	19
Clothing and textiles	716	7.8	141	40
Consumer durables	416	4.1	25	7
Jewellery and watches	300	3.0	25	7
Furniture and home decoration	214	2.9	17	4
Beauty items and footwear	104	1.0	32	9
Book and gifts	87	0.8	11	3
Other	415	4.1	33	9
Total	9990	100.0	349	100.0

Source: *www.piramyd.com* (Basu, 2012) total as well as the organized sector. Food and beverages is the largest category within the retail sector with 75.80 per cent share followed by clothing and textile 7.80 per cent. The next importance is consumer durable and jewellery and watches, the share of which has been 4.10 per cent and 3.0 per cent, respectively. The category of furniture and home decoration, beauty items and footwear and book and gifts constituted about 5 per cent of total Indian retailing.

Within the organized retail sector, clothing and textile is the largest segment and its share is about 40 per cent followed by food and beverages which constitute about19 per cent of organized retail sector. The category of beauty items and footwear, consumer durables and jewellery and watches are the other major contributors to this segment.

Hypermarkets would be the largest retail segment, accounting for 21 per cent followed by apparel stores which account for 19 per cent of total retail sector by 2013-14. The next importance is multiplexes, gaming and food court and the share of which has been 14 per cent in 2012-2013. The category of department stores, footwear stores, restaurants and fast food outlets, mobile stores constituted about 10 per cent, 8 per cent, 9 per cent and 6 per cent of total organised retail sector, respectively during 2012-2013 (Fig. 1).



Source: Technopak Advisors Pvt. Ltd., Cushman and Wakefield research. *www.ibef.org.*

Fig. 1: Break-up of all mall space by format (2013-14)

FDI policy in India:

Foreign investment in India is governed by the FDI policy announced by the Government of India and the provision of the Foreign Exchange Management Act (FEMA) 1999. The Reserve Bank of India (RBI) in this regard had issued a notification, which contains the foreign exchange management (Transfer or issue of security by a person resident outside India) Regulations, 2000. This notification has been amended from time to time.

Department of Industrial Policy and Promotion (DIPP) under the Ministry of Commerce and Industry, Government of India is the nodal agency for monitoring and reviewing the FDI policy on continued basis and changes in sectoral policy/sectoral equity cap which goes from 26 per cent to 100 per cent at present.

The FDI policy is notified through Press Notes/ Policy Circulars by the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry. FDI is allowed under direct route and Government route.

The foreign investors are free to invest in India, except few sectors/activities, where prior approval from the RBI or Foreign Investment Promotion Board (FIPB) would be required. FDI in retail sector is allowed through Government route only.

Development in organized retail sector:

In 1997, FDI in cash and carry (wholesale) with 100 per cent ownership was allowed under the Government approval route. It was brought under the automatic route in 2006. 51 per cent foreign direct investment in single brand retail was also permitted in 2006. In 2011, 100 per cent FDI was allowed in single brand retail with holding the FDI in multi brand retail due to various political reasons. 100 per cent FDI in single brand and 51 per cent in multi brand retailing with some conditions have now been allowed in India with effect from 20th September, 2012 with an option to the state Governments to allow or not to allow the FDI in retail sector in their states.

FDI policy in single brand detail:

Single brand product retail trading 100 per cent through Government route:

Foreign investment in single brand product retail trading is aimed at attracting investments in production and marketing, improving the availability of goods for the consumer, increased sourcing of goods from India and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices.

FDI in single brand product retail trading would be subject to the following conditions:

Products to be sold should be of a single brand only.

Products should be sold under the same brand internationally *i.e.* products should be sold under the same brand in one or more countries other than India.

Single brand product-retail trading would cover only products which are branded during manufacturing.

Only one non-resident entity, whether owner of the brand or otherwise, shall be permitted to undertake single brand product retail trading in the country, for the specific brand, through a legally tenable agreement, with the brand owner for undertaking single brand product retail trading in respect of the specific brand for which approval is being sought. The onus for ensuring compliance with this condition shall rest with the Indian entity carrying out single brand product retail trading in India. The investing entity shall provide evidence to this effect at the time of seeking approval, including a copy of the licensing/ franchise/sub license agreement, specifically indicating compliance with the above condition.

In respect of proposals involving FDI beyond 51 per cent, sourcing of 30 per cent of the value of goods purchased will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen in all sectors. The quantum of domestic sourcing will be self certified by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts which the company will be required to maintain. This procurement requirement would have to be met, in the first instance, as an average of five years, total value of the goods purchased, beginning 1st April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis. For the purpose of ascertaining the sourcing requirement, the relevant entity would be the company, incorporated in India, which is the recipient of FDI for the purpose of carrying out single brand product retail trading.

Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with FDI, engaged in the activity of single brand retail trading.

Application seeking permission of the Government for FDI in retail trade of single brand products would be made to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy and Promotion. The applications would specifically indicate the product/ product categories which are proposed to be sold under a single brand. Any addition to the product/ product categories to be sold under single brand would require a fresh approval of the Government.

FDI in multi brand retail:

India will allow FDI of up to 51 per cent in multi brand through Government route. FDI in multi brand retail trading in all products will be permitted, subject to the following conditions:

Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded.

Minimum amount to be brought in, as FDI, by the foreign investor, would be US $ 100 million.

At least 50 per cent of total FDI brought in shall be invested in 'backend infrastructure' within three years of the first tranche of FDI, where backend infrastructure will include capital expenditure on all activities, excluding that on frontend units; for instance, backend infrastructure will include investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, ware-house, agriculture market produce infrastructure etc. Expenditure on land cost and rentals, if any will not be counted for purposes of backend infrastructure.

At least 30 per cent of the value of procurement of manufactured/ processed products purchased shall be sourced from Indian small industries which have a total investment in plant and machinery not exceeding US $ 1.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. Further, if at any point in time, this valuation is exceeded, the industry shall not qualify as a small industry for this purpose. This procurement requirement would have to be met in the first instance, as an average of five years' total value of the manufactured/ processed products purchased, beginning 1st April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis.

Self-certification by the company to ensure compliance of the conditions at serial nos. (ii), (iii) and (iv) above, which could be cross checked, as and when required. Accordingly, the investors shall maintain accounts, duly certified by statutory auditors.

Retail sales outlets may be set up only in cities with a population of more than 10 lakhs as per 2011 census and may also cover an area of 10 kilometers around the municipal/urban agglomeration limits of such cities; retail locations will be restricted to conforming areas as per the Master/Zonal Plans of the concerned cities and provision will be made for requisite facilities such as transport connectivity and parking; In States/ Union Territories not having cities with population of more than 10 lakhs as per 2011 census, retail sales outlets may be set up in the cities of their choice, preferably the largest city and may also cover an area of 10 kilometers around the municipal/urban agglomeration limits of such cities. The locations of such outlets will be restricted to conforming areas, as per the Master/Zonal Plans of the concerned cities and provision will be made for requisite facilities such as transport connectivity and parking.

Government will have the first right to procurement of agricultural products.

Applications would be processed in the Department of Industrial Policy and Promotion, to determine whether the proposed investment satisfies the notified guidelines, before being considered by the FIPB for Government approval.

The lists of States/Union territories which have conveyed their agreement for the policy in multi brand retail trading: Andhra Pradesh, Assam, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Maharashtra, Manipur, Rajasthan, Uttrakhand, Daman and Diu and Dadra and Nagar Haveli.

SWOT analysis of Indian retail sector:

SWOT analysis is a tool for analyzing modern retailing. In this analysis, a study can be made regarding the strength, weaknesses, opportunities and threats of retail industry.

Strengths:

Large scale employment opportunities:

There will be huge job opportunities in the country as there will be opening of malls and store houses. The entry of modern retailers will expand the market creating large amount of additional jobs in retail. The job opportunities will vary from ordinary workers to specialized officers. The employment opportunities will be in retail sales, transportation, packaging, processing, retail floor manager, cold chains, warehousing and logistics. The new jobs will be created in front end and back end leading to a positive impact on economy. The jobs will be for urban as well as rural youth. The jobs will cover educated as well as semi-educated males and females. The salaries will grow faster.

Boost up competition:

Welcoming the FDI in retail industry can prove advantageous for India as it increases the competition in retail chain at domestic level. The competition always demands the innovation and differentiation and the out result of these two is the quality goods. As the competition increases, the competitor is compelled to serve quality of goods at competitive at reasonable price.

Benefits to farmers:

In most cases, in the retailing business, the intermediaries have dominated the interface between the manufacturers or producers and the consumers. Hence, the farmers and manufacturers lose their margins as the major share is eaten up by the middle men. This issue can be resolved by FDI, as farmers might get contract farming where they will supply to a retailer based upon demand and will get good cash for that, they need not to search for buyers. Farmers get better prices for their products though improvement of value added food chain.

Benefits to consumers:

Consumers will get assortment of products at squat prices compared to market rates, and will have more options to get variety of goods at one place. Because of competitive prices, it will improve the standard of living of the consumers. Also, consumers will be able to get goods and services at affordable prices.

Large scale investments:

It has also contributed to large scale investments in the real estate sector with major national and global players investing in devolving the infrastructure and construction of the retailing business.

Increased purchasing power:

Large domestic market with an increasing middle class and potential customers with purchasing power.

Weaknesses:

Lack of infrastructure in the retailing chain has been one of the major issues of concern which has led the process to an incompetent market mechanism. For example, in spite of India being one of the largest producers of vegetables and fruits, lack of proper count of cold storages has significantly affected the selling of these perishable items. FDI might help India overcome such issues by channelizing the resources in the right manner.

Small size outlets are also one of the weaknesses in the Indian retailing 96 per cent of the outlets are lesser than 500 square feet The retail chains are also smaller than those in the developed countries for instance, the superstore food chain, food world is having only 52 outlets where as Carrefour promotes has 8800 stores in 26 countries (Babu, 2012).

The rapid development of retail sector is the sharp improvement in the availability of retail space. But the current surge in property prices, retail real estate rentals have escalated significantly, which may render a few retailing business houses unavailable. Retail companies have to pay high rentals which are block the profits.

Retail chains are not settled down as on date with proper merchandise mix for the mall outlets. Retailing today is not about selling at the shop, but also about researching and surveying the market, offering choice, competitive prices and retailing consumers; hence there is a long road ahead.

India has a huge diversity in the food habits, buying pattern, customer attitude, and the supply chain related issues. This creates hurdles for all organised food retailers to scale up and realize the much necessary economies of scale.

Opportunities:

The inflow of FDI in retail sector is bound to pull up the quality standards and cost competitiveness of Indian producers in all the segments and hence India will significantly flourish in terms of consumer expectations.

There are numerous empirical evidences across globe relating to massive increase in the employment opportunities as the sector grows after the reforms were initiated in countries like US and China. India is likely to experience the same situation in this liberalized and open regime of FDI in retail sector in India. It can become one of the largest industries in terms of numbers of employees and establishments. Once the concept picks up, due to demonstration effect, there will be an overall up-gradation of domestic retail trade.

The technical know-how from global firms, such as warehousing technologies and distribution systems, will lend itself to improving the supply chain in India, especially for agricultural produce.

The organised retail sector is expected to grow stronger than GDP growth in the next five years driven by changing lifestyles, increase in income, purchasing power and favorable demographic outline. Food and apparel retailing are key drivers of growth.

In the existing supply chain, a considerable portion of the produce is wastage due to handling and bruises damages caused. Particularly in case of perishable commodities like fruits and vegetables, the direct procurement can reduce such losses to 7 per cent by increasing efficiency up to 17 per cent at the same time. Currently the prices of commodities are skyrocketing; tapping such wastage by investment in supply chain could be an opportunity.

India is a capital deficit country with big challenges of growing population, developmental needs and with its present budgetary deficit cannot satisfy the growing needs (schools, hospitals, transport, and infrastructure) of the ever growing Indian Population. Hence foreign capital inflow will bridge this gap and will enable to create a heavy and good capital base.

The openness of the government to review some of its policies such as policy on FDI investment in multi-brand retail, policy on reforming agricultural marketing systems is an important opportunity in the present context which is going to favour huge capital investment in the sector. The FDI investments from the countries where the organised retail has attained steady phase can bring the experience, knowledge and also strategies for India.

Threats:

Indian economy is a developing economy and the level of development is not as desired. Due to paucity of infrastructure resources in Indian economy, there is a direct threat from big giants like Wal-Mart, which will compel current independent stores to close which will directly lead to massive job losses, as their level is very high, fully automated which need very few people to operate. This will lead to massive job losses; also since the Sector is unable to employ retail staff on contract basis, this becomes a biggest threat for the Indian economy.

It would lead to very inequitable competition and eventually result in large scale exit of domestic retailers, especially the small family managed outlets, leading to large scale displacement of persons employed in the retail sector. Further, as the manufacturing sector has not been growing fast enough, the persons displaced from the retail sector would not be absorbed there.

Another concern of Government of India is that the Indian retail sector, particularly organized retail, is still immature, undersized and is in a nascent stage and that, therefore, it is important that the domestic retail sector is allowed to nurture and strengthen first, before fully opening this sector to foreign investors.

India does not need foreign retailers, since home grown companies and traditional markets may be able to do the job. Just like in BPO industry, work will be done by Indians, profits will go to foreigners hence is not viable solution for Indians. We cannot ever forget the example of East India Company. It entered India as a trader and then took over politically.

FDI would lead to asymmetrical growth in cities, causing discontent and social tension elsewhere. Hence, both the consumers and the suppliers would lose, while the profit margins of such retail chains would go up.

Another concern is that the global retailers would conspire and exercise monopolistic power to raise prices and monopolistic (big buying) power to reduce the prices received by the suppliers.

Impact of FDI on Indian farmers:

The Indian logistics has always suffered due to lack of investment mainly in retail chain, due to which market mechanism failed to gain desired level of efficiency in spite of being a second largest producer of fruits and vegetables. The limited integration in cold-chain infrastructure has always been a challenge to Indian economy. Currently there are 5386 stand alone cold storages with total capacity of 23.6 million MT, whereas the production of fruits and vegetables amount to about 180 million MT (Prime *et al.*, 2012). The existing cold-chains are highly fragmented, which bring great challenges to farmers to make their perishable horticultural commodities to markets including overseas markets. The shortage of cold store not only brings heavy losses but also leads to wastage of produce both in terms of quantity and quality. As per Industry estimates, 35-40 percent of fruits and vegetables and nearly 10 per cent of the food grains in India are wasted. With new policy on retail sectors such issues may be resolved and the flow of FDI is expected to be more infrastructure development and a significant improvement can be seen in Indian agriculture. We need large investments to improve our agriculture infrastructure in terms of seed supply, agrichemicals, processing, machinery, storage facilities, rural transportation and supply chain linkage to support the current retail trends. This could be achieved through private investors preferably by organized retailers whether domestic or global.

Investment in back end infrastructure will help reduce wastage of farm produce, improve livelihood of farmers, lower the prices of products and ease supply side inflation, food safety, hygiene and quality. Direct farm initiatives shall also provide better remuneration to farmers. More investment is likely in farming sector. Since each retailer is expected to bring $ 100 million, it will have notable investment in back end and logistics and likely to push employment further. Farmers have chances to gain greater market access, higher profits, better technology and linkages with consumers due to direct back end linkages. Key farmer issues can be addressed which would help agricultural productivity. Researcher have investigated that farmers receive only one third of total price paid by final consumers, against two third by farmers in nations with a higher share of modern retail (Discussion paper, 2010). Over many years, Indian farmers suffered under the hands of intermediaries, who often flout mandi norms and dominate the value chain. The flaws of intermediaries are likely to be eliminated with the development of new FDI policy of the government, as the pricing would become more transparent and the farmers are expected to be benefited due to involvement of big retailers. The exploitation of intermediaries is mostly likely to be reduced.

From the view of the farmers, an FDI in retail would help increasing price realization for farmers by 10-30 per cent through sourcing directly or closer to the farm. Also it would give them a direct access to the big retailers. But a worrying factor in this case would be if the big chains manage to create a monopoly which a lot of skeptics predict would happen; it would adversely affect the farmers.

In a pan-Indian survey conducted over the weekend of 3 December 2011, overwhelming majority of consumers and farmers in and around ten major cities across the country support the retail reforms. Over 90 per cent of consumers said FDI in retail will bring down prices and offer a wider choice of goods. Nearly 78 per cent of farmers said they will get better prices for their produce from multi-format stores. Over 75 per cent of the traders claimed their marketing resources will continue to be needed to push sales through multiple channels, but they may have to accept lower margins for greater volumes (Malik, 2012).

Research study (Moghe, 2012) has shown that Indian farmer's associations like Shriram Gadhve of All India Vegetable Growers Association (AIVGA) and Bharat Krishak Samaj revealed their support to FDI in multi-brand retail reforms. AIVGA strongly believe that the new FDI policy would help to resolve issues relating to cold storage and would minimize the exploitation of the middlemen commission agents. Bharat Krishak Samaj supports new FDI policy because it would not only improve the wholesaler in Sabzimandis (vegetables and farm produce) but a spillover effect can be found in small shopkeepers in the unorganized retail market.

Conclusions:

Foreign Direct Investment (FDI) as a strategic component of investment is needed by India for its sustained economic growth and development through creation of jobs, expansion of existing manufacturing industries, short and long term project in the field of healthcare, education, research and development etc. We can say that India is a rising star and going to be one of the fastest growing regions of the future. Allowing healthy FDI in the retail sector would not only lead to a substantial surge in the country's GDP and overall economic development, but would inter alia also help in integrating the Indian retail market with that of the global retail market in addition to providing not just employment but a better paying employment, which the unorganized sector have undoubtedly failed to provide to the masses employed in them. Allowing FDI in multi brand retail can bring about supply chain improvement, investment in technology, manpower and skill development, greater sourcing from India, up gradation in Agriculture, Efficient Small and Medium Scale Industries. The farmers will benefit from FDI as they will be able to get better prices for their produce. The elimination of the intermediate channels in the procurement process will lead to reduction of prices for consumers, respectively. In view of some of short coming observed in the SWOT analysis, FDI in retailing is going to attract retail players by Indian Government, but India should welcome them with a talented pool of human resources by promoting institution imparting knowledge in retailing. Protection must be given to Indian small and medium retailers as retailing is their source of livelihood. FDI would lead to a more comprehensive integration of India into the worldwide market and, as such, it is imperative for the government to promote this sector for the overall economic development and social welfare of the country. If done in the right manner, it can prove to be a boon and not a curse.

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