



## **RESEARCH PROJECT**

***A STUDY ON IMPACT OF FOREIGN DIRECT INVESTMENT IN INDIAN  
RETAIL SECTOR***

**BACHELOR OF MANAGEMENT STUDIES**

**By**

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I hereby declare that the Project Work with the title “**(A STUDY ON IMPACT OF FOREIGN DIRECT INVESTMENT IN INDIAN RETAIL SECTOR.)**” submitted by me under the supervision of **Prof. Rajni Gupta** for the partial fulfilment of the degree of **B.M.S (Honours)** at St. Xavier's College (Autonomous), Kolkata is my original work. It has not been submitted earlier to any other Institution for the fulfilment of the requirement for any course of study.

I also declare that no chapter of this manuscript in whole or in part has been incorporated in this report from any earlier work done by others or by me. However, extracts of any literature which has been used for this report has been duly acknowledged providing details of such literature in the references.

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## **INTRODUCTION TO FOREIGN DIRECT INVESTMENT**

Foreign direct investment (FDI) refers to the investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country. FDI is distinguished from portfolio investment, which is the passive holding of securities such as stocks and bonds.

Types of FDI:

➤ Horizontal FDI: When a company expands its operations to a foreign country to produce the same goods or services it produces domestically.

EXAMPLE, McDonald's, a global fast-food chain, operates in numerous countries around the world. When McDonald's opens restaurants in foreign countries, it employs horizontal FDI by replicating its business model, menu, and service standards to cater to local consumers.

➤ Vertical FDI: Involves different stages of the production process. This can be further divided into backward vertical integration (investing in supplier industries) or forward vertical integration (investing in distribution or retail networks).

Example, suppose a German car manufacturer decides to invest in a steel manufacturing plant in Brazil. This investment allows the car manufacturer to secure a stable and cost-effective supply of steel for its production facilities worldwide.

➤ Conglomerate FDI: When a company invests in an unrelated business in a foreign country.

Example, General Electric, a multinational conglomerate headquartered in the United States, is involved in various industries such as aviation, healthcare, renewable energy, and consumer electronics across different nations.

Motives for FDI:

- Market seeking: Companies invest in foreign markets to access larger consumer bases, new markets, or to reduce dependency on existing markets.
- Resource seeking: Companies invest in countries with access to cheaper labour, raw materials, or other resources.
- Efficiency seeking: Companies invest abroad to benefit from cost savings, technological advancements, or other efficiencies.
- Strategic asset seeking: Companies invest to acquire strategic assets such as brands, technologies, or distribution networks.

Benefits of FDI:

Economic growth: FDI can contribute to economic growth by providing capital, creating jobs, transferring technology, and stimulating competition.

Transfer of skills and technology: FDI often involves the transfer of skills, knowledge, and technology to the host country, which can enhance its productivity and competitiveness.

Infrastructure development: FDI may lead to improvements in infrastructure, such as transportation and telecommunications, benefiting both the investing company and the host country.

### Challenges and Risks of FDI:

- Political risk: Changes in government policies, instability, or conflict can pose risks to foreign investors.
- Regulatory hurdles: Foreign investors may face regulatory barriers, restrictions, or changes in regulations that affect their operations.
- Cultural differences: Operating in a foreign country requires an understanding of local cultures, customs, and business practices.
- Economic volatility: Currency fluctuations, inflation, and economic downturns in the host country can impact the returns on investment.

### FDI Policies and Regulations:

Governments often have policies and regulations governing FDI, including restrictions on foreign ownership, incentives for foreign investors, and requirements for local partnerships or joint ventures.



## **REVIEW OF LITERATURE**

Retail area is arising as one of the appealing areas and can draw in foreign players. FDI in retail bears an impact on various partners participated during the time spent retailing, from retailers to end purchasers.

Different specialists have evaluated the reports of the different board selected by the Public authority of India occasionally in the field of FDI in the retail area by the method of books and examination articles.

1. Dukh Bandhu Sahoo (2004) The review analysed both the negative and positive effects of FDI on the Indian economy and recommends strategy measures for advancing higher FDI inflows which

make a critical commitment to the financial development in India. The review was examined in two aspects, one at full scale level and the other at area level. For the large scale investigation, total Indian economy had been taken as one unit and for area examination ten areas specifically power and energizes, media transmission, electrical gear, transportation, synthetic substances, food handling, metallurgical, modern hardware, medications and drugs and materials are incorporated for investigation. These areas represented over 75% of FDI inflows into India.

The review inferred that the FDI inflows can possibly give a lift to the Indian economy, yet the progression of FDI ought to be sufficiently high for an enormous economy like India.

In any case, at this point, given the size and capability of the economy, the progression of FDI into India is extremely negligible. India's lacklustre showing as far as seriousness, nature of foundation, abilities and efficiency of work making India an undeniably less alluring ground for direct venture than the potential.

2. Tanay Kumar Nandi and Ratnakar Saher (2007) made an endeavour to concentrate on the Foreign Direct Interest in India with an extraordinary spotlight on retail exchange. The

review focused on the need of FDI in Indian retailing and utilized the contention that FDI is permitted in numerous areas and the impacts have been very great without hurting the homegrown economy.

3. Sinha and Kar (2007) zeroed in on the investigation of developing retail arrangements in India, for example, bargain retailers, dollar shops, general stores, hypermarkets, shopping centres, corner shops, classification executioner and so on. The specialist investigated that dynamic and proactive reactions of clients, changing way of life and patterns are the explanations behind development of such present day arrangements of retail in India.

4. Kakali Majumdar (2008) made an endeavour to concentrate on the Ongoing Situation of FDI in Indian Retail featuring the positive and adverse consequences of it in our Indian Economy. The review presumed that FDI will advance our country with greater work amazing open doors, modernized horticulture area, efficient assessment derivation and foreign profit. Other than that, the public authority needs to develop appropriate strategies to make homegrown retail area more productive and serious, through which receiving the reward of FDI and, surprisingly, the improvement of retail sector is conceivable.

5. Chari and Raghavan (2011) concentrated on the effect of opening retail area to FDI in India, for example, passage of foreign players would prompt enormous scope exit of occupant nearby retailers, the coordinated retail area in India is at its early stage hence would be challenging to rival large players. The concentrate additionally directed out that FDI would help toward tackle expansion, by spurring better linkages interest and supply it likewise assists with further developing the last deal costs that are being paid to ranchers.

6. Chaturvedi Ila (2011) The review broke down the area wise appropriation of FDI to know the ruling area which has drawn in the significant portion of FDI in India. It additionally figures out the relationship amongst FDI and Financial Turn of events. The review is

scientific in nature and has additionally utilized the auxiliary information. The applicable optional information are gathered from different distributions of Administration of India, RBI and World Venture Report 2009, distributed by UNCTAD. In light of the examination, the review uncovered that there is a serious level of importance among FDI and monetary turn of events. Accordingly, the review reasoned that FDI gives an open door to innovation and upgradation, admittance to worldwide administrative abilities and practices, ideal use of human capacities and normal assets, making industry universally cutthroat, admittance to global labour and products and expanding work potential open doors.

7. Mukherjee et al. (2011) recommended that the retail FDI strategy necessities to zero in on the advantages of most of Indian buyers by giving them admittance to marked products at lower costs. Shopper government assistance is a critical part of policymaking in

created nations, but by disregarding buyers, the objectives of improving shopper admittance to labour and products and decrease in disparity and destitution may anyway be not achieved. The review presumed that FDI ought to be permitted in multi-brand retail in a gradually worked way which would likewise work with interest in the production network and increment homegrown obtaining. To safeguard the interest of buyers, the Opposition Act 2002, the Customer Insurance Act (correction) 2002 should be investigated and should be changed according to the prerequisite.

8. M.Roy and S. Kumar (2012) accepted that, there are three significant limits for setting up the foreign direct interest in Indian retailing: 1) Foundation as there is absence of interest in the coordinated operations of the corporate store 2) Predominance of Delegates in the worth chain Mediators frequently spurn market standards and their valuing needs straightforwardness 3) -advised Public Dispersion Framework (PDS)

9. Kamala Devi Baskaran (2012) The review brings up the Indian retail story with the target of featuring a portion of the central issues that coordinated retailers should consider as the endeavor into the Indian market. The review talked about the legends as well as the real factors of worldwide monster's entrance to India, status of coordinated food retailing in India with SWOT Examination and featured the rancher's issues towards FDI in multi brand retailing. In this manner, the review is auxiliary source in nature. The review presumed that to have modernization in Indian retail, we really want to continue on three fronts. First and foremost, the public authority to proactively help conventional retailers in contending effectively with the coordinated retail by modernizing themselves, furthermore to eliminate the homegrown administrative and highway development limitations on retail; and finally to permit foreign passage into multi-brand retail. She likewise presumed that retailers entering the Indian market need to guarantee that they have considered the open door alongside the moves to boost their profits. Retailers should put money on the nearby information got by their accomplices/workers/specialist co-ops to have the option to lessen the lead time expected by them to set-up tasks and get a traction in the Indian market.

10. B. Vijayalakshmi Murthy (2012), broke down the launch of retail area to FDI causes gap and resistance from little dealers, it hurts little retail outlets and arising homegrown corporate store. It additionally concentrated on FDI in multi brand retail as proposed by the new government bill will hit 14.6 million chaotic retailers and middle people coming about in employment misfortunes lastly Imposing business model obtainment and ranch practices of MNC retailers might affect the vocation of millions of little and peripheral ranchers.

## **OBJECTIVES**

Objective 1: To assess the economic impact of FDI in the retail sector:

Analysing the contribution of FDI to GDP growth, employment generation, tax revenues, and overall economic development in the host country. This could involve quantitative analysis using economic indicators and statistical models.

Objective 2: To evaluate the effects of FDI on local businesses and market dynamics:

Examining how the entry of foreign retailers affects the competitiveness, market share, and survival of local businesses, particularly small and medium-sized enterprises (SMEs). This could involve case studies, surveys, and interviews with stakeholders.

Objective 3: To assess consumer welfare and choice in the presence of FDI:

Investigating how FDI influences consumer preferences, product availability, pricing, and quality. This could involve consumer surveys, market analysis, and comparisons of consumer behaviour before and after FDI entry.

Objective 4: To analyse the employment effects of FDI in the retail sector:

Examining changes in employment patterns, wages, and working conditions resulting from FDI in retail. This could involve quantitative analysis of labour market data, surveys of retail workers, and case studies of firms.

Objective 5: To explore the policy implications of FDI in retail:

Identifying policy measures and regulatory frameworks that promote positive outcomes from FDI while mitigating potential risks and challenges. This could involve comparative analysis of FDI policies across countries, stakeholder consultations, and policy recommendations.

## **RESEARCH METHODOLOGY**

Foreign direct venture (FDI) is a fundamental piece of an open and powerful global financial framework, which goes about as a significant impetus in the improvement of a country through up-degree of innovation, administrative abilities and capacities in different areas. Indian retail industry is one of the dawn areas with tremendous development potential. Any emerging nation really must ought to have an extra preparation of assets to take a jump toward become at standard with the created nations. This is because of the gigantic distinction in required and accessible assets. Clearly foreign direct venture is viewed as more steady and generally valuable for the economy of a country overall.

However FDI can be made in any permitted areas, the effect it adds to the retail area will be huge as retail area claims a significant divide between different businesses. FOREIGN DIRECT INVESTMENT streams into the essential market and assists with getting better administration abilities, innovation move and great administration.

In this unique circumstance, there is a need to learn about FDI in Retail and its Effect on Indian Economy. Thus, the review endeavours to audit the issues and ramifications of FDI inflows into the Indian retail area, which incorporate single brand as well as multi-brand retail areas. The review surveys the current retail situation in India and will express that whether FDI in retail area will begin a superior joining of the Indian economy into worldwide business sectors. Consequently the review is led to break down the effect of Foreign Direct Interest in retail area.

Targets of the review:

The current review is embraced with the accompanying targets;

- a. To figure out the effect of Foreign Direct Interest in the retail area.
- b. To examine development and execution of retail industry throughout some stretch of time.
- c. To break down the advantages and worries concerning opening of the retail area for FDI.
- d. To concentrate on the current construction of FDI in Single brand retailing and Multi brand retailing.
- e. To give outline of discoveries and suggestions.

Hypothesis:

1. FOREIGN DIRECT INVESTMENT makes rivalry between homegrown market and outside market.
2. There is positive connection between Govt. arrangements and development in FOREIGN DIRECT INVESTMENT
3. FOREIGN DIRECT INVESTMENT is exceptionally fundamental for work age and expansion underway.

## TYPES OF INFORMATION GATHERED

There are two wellsprings of information for example essential information and optional information. With the end goal of this review, the two sorts of information have been gathered.

### 1) Essential Information:

Essential information is that information which are gathered interestingly. It is new and unused information utilizing techniques like reviews, meetings, or analyses. It is acquired directly from important sources considering the research project. The sources of crucial data are typically carefully chosen and created specifically to meet the requirements or goals of a certain investigation. The collection of important data is expensive and time-consuming.

### 2) Auxiliary Information:

Information that has been presently obtained and is immediately available from several sources is referred to as auxiliary information. The cost and time to obtain such information is lower than for vital information. Additional information can be found in books, personal sources, diaries, newspapers, websites, government records, and so forth. Comparing auxiliary information to vital information reveals that the latter is more easily available and, as a result, less time-consuming and expensive. In any event, the veracity of the information gathered cannot be verified using the auxiliary information collection procedure

#### 1. Likelihood Technique

According to likelihood inspecting, each member of the population has a chance to be picked. It is primarily used in quantitative analysis. You should use a likelihood inspecting technique



if you want to produce results that are representative of the entire population. The four main types of likelihood tests are as follows.

- a. Basic irregular example
- b. Efficient example
- c. Defined example
- d. Bunch test

## 2. Non-Likelihood Technique

In People are selected for a non-likelihood test based on non-irregular rules, and only one out of every odd person has a chance to be included. This type of test is easier to administer and less expensive, but it has a larger risk of detecting inclination and cannot be used to infer meaningful quantitative information about the entire population. Methods of non-likelihood testing are typically suitable for exploratory and subjective analysis.

The four main categories of non- likelihood tests are as follows:

- a. Comfort test
- b. Intentional reaction test
- c. Purposive example
- d. Snowball test

For this review, the inspecting strategy utilized is Non-Likelihood, Comfort Testing where, the example is according to the accommodation of the scientist, and few out of every odd component of the populace gets an opportunity of being chosen. While because of the restrictions, the example size of 100 has been chosen, where testing outline is the Retailers from whom information is gathered.

#### DATA COLLECTION METHOD: QUESTIONARE

- 1) The contents of the form will be treated as Strictly Confidential.
- 2) The information given will be used only for academic purposes and will be tabulated in such a manner that it would not be possible to identify therein the facts pertaining to any individual.

## **DATA ANALYSIS**

Data analysis is the process of obtaining, manipulating, scrubbing, and modelling data to discover the required information. Decision-making is aided by the findings' sharing, which also provide interpretations.

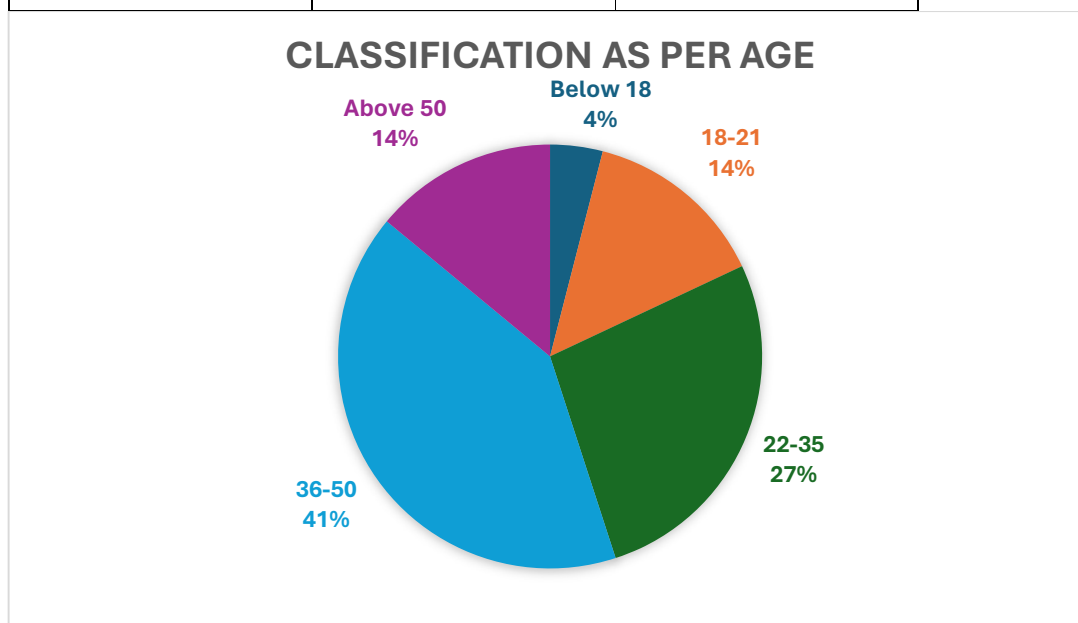
Data interpretation is the process of reviewing data through some specified processes in order to give it some meaning and come to a relevant conclusion. It requires coming to conclusions regarding the relationships that were investigated utilising the data analysis's findings.

For this research, QUANTITATIVE DATA INTERPRETATION METHOD is used, and the data is analysed using QUANTITATIVE TOOLS such as, BAR GRAPHS, PIE CHARTS and TABLE

Table 1 – Classification of respondents as per Age

<b>Age group</b>	<b>Number of respondents</b>	<b>Percent (%)</b>
Below 18	4	4%
18 – 21	14	14%
22 – 35	27	27%

36 – 50	41	41%
Above 50	14	14%
<b>Total</b>	100	100%

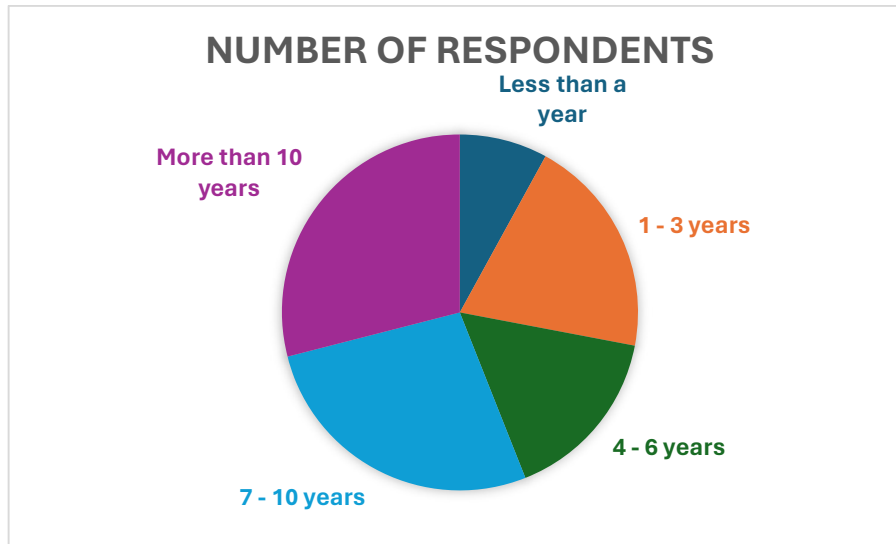


Interpretation: Data analysed from this question is that maximum respondents were from age group of 36– 50

Table 2 – Classification of respondents as per their working years in retail sector

	<b>Number of respondents</b>	<b>Percent (%)</b>
Less than a year	8	8%
1 - 3 years	20	20%
4 - 6 years	16	16%
7 - 10 years	27	27%
More than 10 years	29	29%
<b>Total</b>	100	100%

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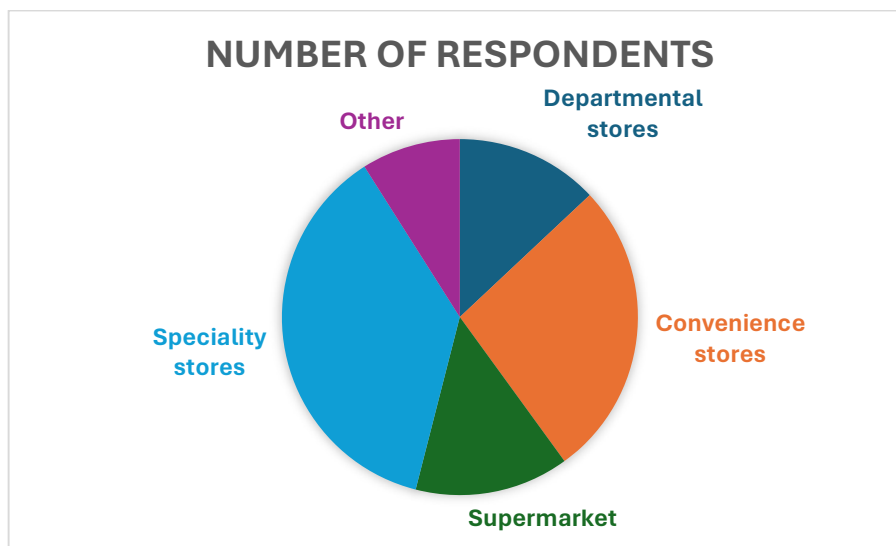


#### Interpretation:

From the above data the information analysed is that only 8% of the respondents have worked in the retail industry for less than a year. 20% of retailers have worked for 1 -3 years and that of 16% of retailers have worked between 4 – 6 years in the retail industry. While the maximum percentage of retailers i.e. 29% and 27% have worked for more than 10 years and between 7 – 10 years respectively in the retail industry. This states that majority of retailers (more than 50%) have a good working experience in the retail industry for maximum number of years.

Table 3 – Classification of respondents as per Retail industry they work under

<b>Retail Industry</b>	<b>Number of respondents</b>	<b>Number of respondents</b>
Departmental stores	13	13%
Convenience stores	27	27%
Supermarket	14	14%
Speciality stores	37	37%
Other	9	9%
<b>Total</b>	100	100%



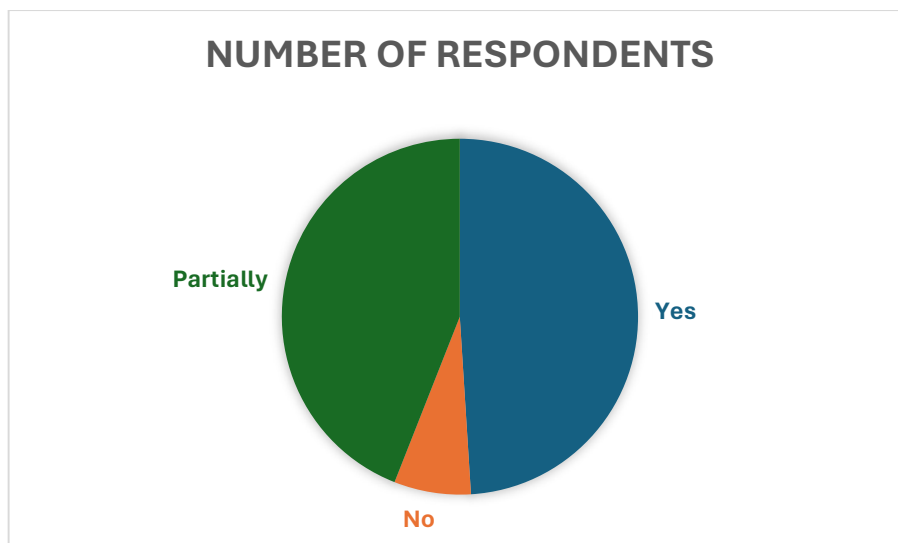
**Interpretation:**

From the analysed data the maximum percentage of respondents i.e. 37% of retailers run a speciality stores in retail industry. The next being convenience stores in the retail industry with 27% of retailers. 13% and 14% of respondents run a departmental stores and supermarket respectively. The remaining 9% work in other retail industry apart from other. From this we state that speciality stores (clothing, home furnishing, etc.) and the convenience stores (kiranas, necessity items, etc.) play a major role in the retail industry and with the entry of Foreign Direct Investment (FDI) in retail sector these two industries are playing a dominant role in the retail sector.

Table 4 – Classification of respondents as per awareness regarding impact of Foreign Direct Investment in Retail Sector

Impact	Number of respondents	Percent (%)
Yes	49	49%

No	7	7%
Partially	44	44%
<b>Total</b>	100	100%



#### Interpretation:

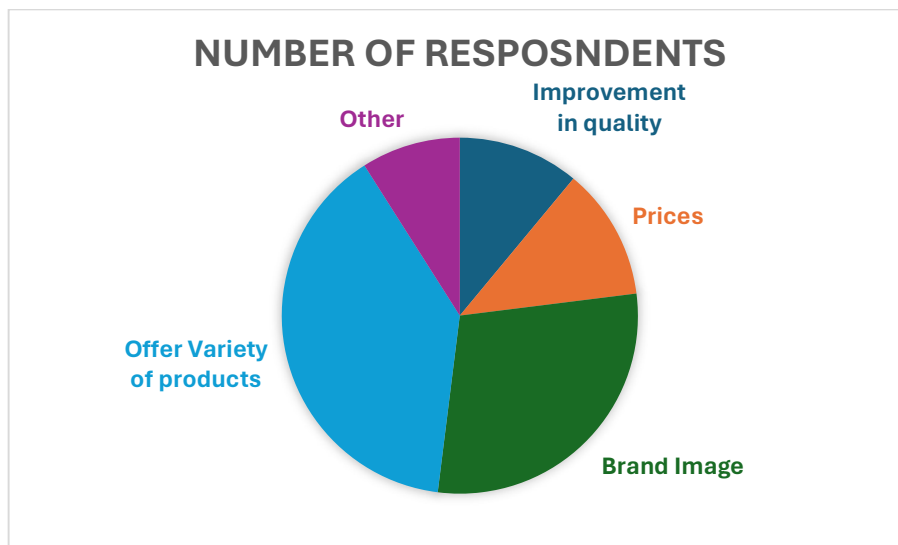
This question revealed that out of 100 respondents 49% of respondents were aware of current FDI in retail policy, with 7% not being aware, and 44% of respondents being partially aware about the policy

Table 5– Classification of respondents as per in what manner the entry of Foreign Direct Investment (FDI) has helped the retail stores.

Manner	Number Of respondents	Percentage



Improvement in quality	11	11%
Prices	12	12%
Brand Image	29	29%
Offer Variety of products	39	39%
Other	9	9%



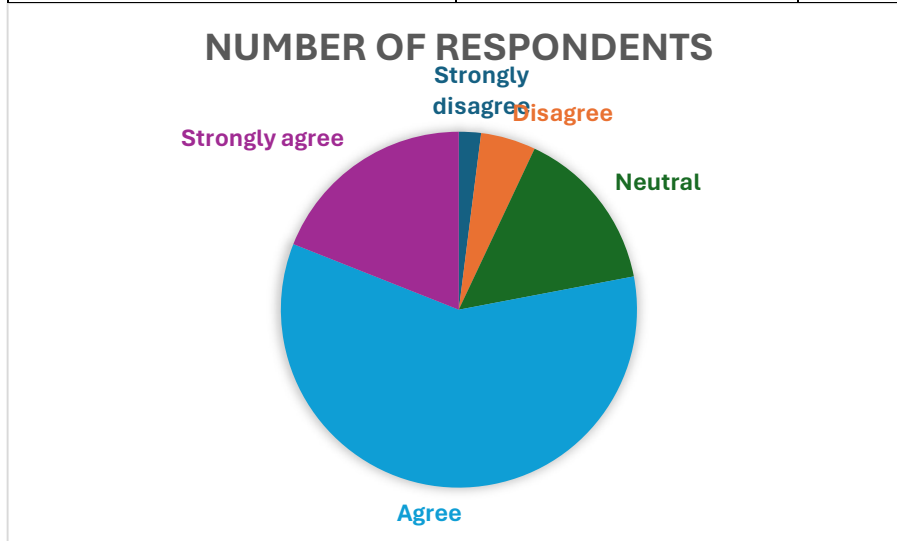
#### Interpretation:

The data analysed above is the manner in which the entry of Foreign Direct Investment has helped the retail stores. Out of 100 respondents 11% and 12% of the retailers think that with the entry of FDI in retail sector there is improvement in quality and prices respectively.

Whereas according to 29% of the retailers with the entry of FDI the brand image of the product has improved highly. While according to the majority of the retailers i.e. 39% the entry of Foreign Direct Investment (FDI) has helped the retail stores by offering variety of products in various retail outlets leading to attracting a greater number of consumers

Table 6– Classification of respondents as per their thought on consumers being more Benefited than the retailers with the entry of FDI in retail sector.

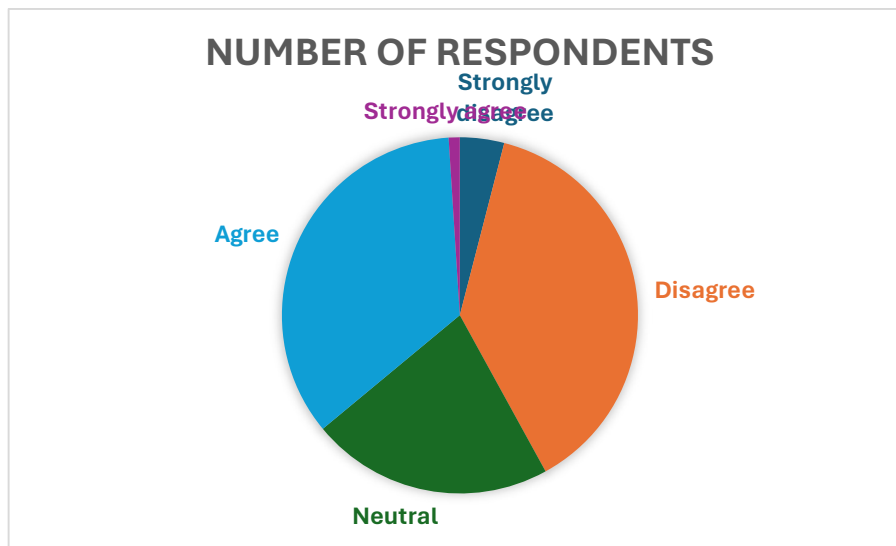
Responses	Number of respondents	Percent (%)
Strongly disagree	2	2%
Disagree	5	5%
Neutral	15	15%
Agree	59	59%
Strongly agree	19	19%
<b>Total</b>	<b>100</b>	<b>100</b>



Interpretation: The data analysed above is whether consumers are being more benefited than the retailers from the current FDI retail policy. The maximum number of respondents i.e. 78% (59% agree + 19% strongly agree) consider this statement true. This stating that consumers are benefited maximum with the entry of FDI (price deduction, getting variety of products, etc.) and the current FDI retail policy is favouring the consumers more than the retailers. So, the government should also look after the benefit of the retailers along with consumers.

Table 7 – Classification of respondents as per their thought on whether the products are available at lower price to the consumer with inflow of foreign funds.

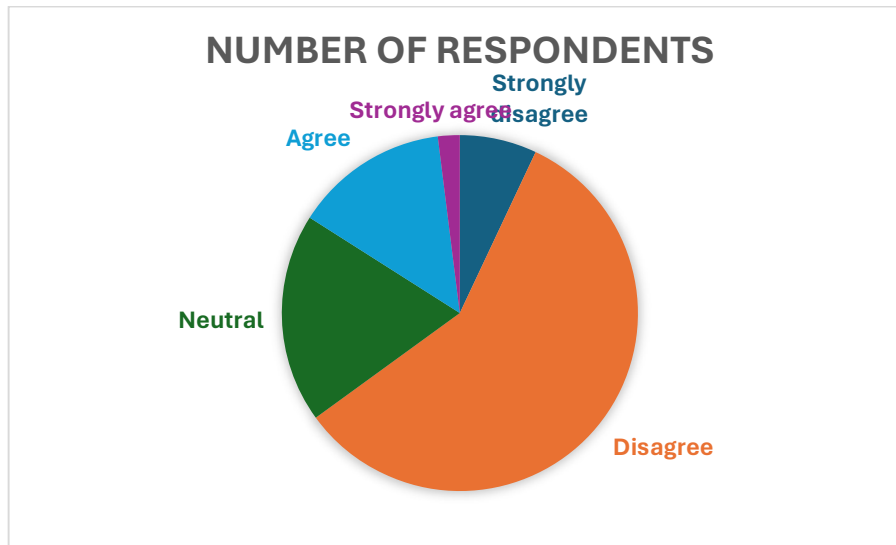
Responses	Number of respondents	Percent (%)
Strongly disagree	4	4%
Disagree	38	38%
Neutral	22	22%
Agree	35	35%
Strongly agree	1	1%
<b>Total</b>	100	100%



The data analysed above is on the statement that products are available at lower price to the consumer after inflow of foreign funds. This is because after entry of Foreign Direct Investment many well-known high ended brands entered in retail industry due to which the products were available at higher rates but there are still many brands that offer variety of products at a lower price leading to difference in opinion in the statement.

Table 8- Classification of respondents as per their thought on whether the entry of FDI has generated more employment in the retail sector.

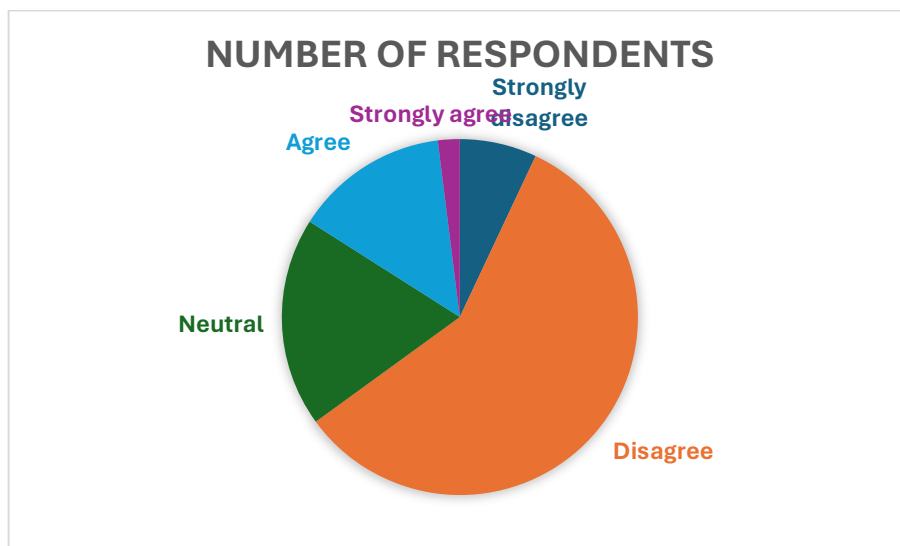
<b>Responses</b>	<b>Number of respondents</b>	<b>Percent (%)</b>
Strongly disagree	7	7%
Disagree	58	58%
Neutral	19	19%
Agree	14	14%
Strongly agree	2	2%
<b>Total</b>	<b>100</b>	<b>100%</b>



The data analysed above is on the statement that FDI has generated more employment in the retail sector. While a majority of respondents give a consent to the above statement i.e. 61% and 14% agrees and strongly agrees to the statement. This states that with the entry of Foreign Direct Investment (FDI) inflow of foreign fund had increased which became one of the reasons for increase in the employment and arrival of MNC's also gave rise to a lot of job.

Table 9- Classification of respondents as per their thought on with the entrance of FDI in retail sector has the Indian currency being impacted negatively

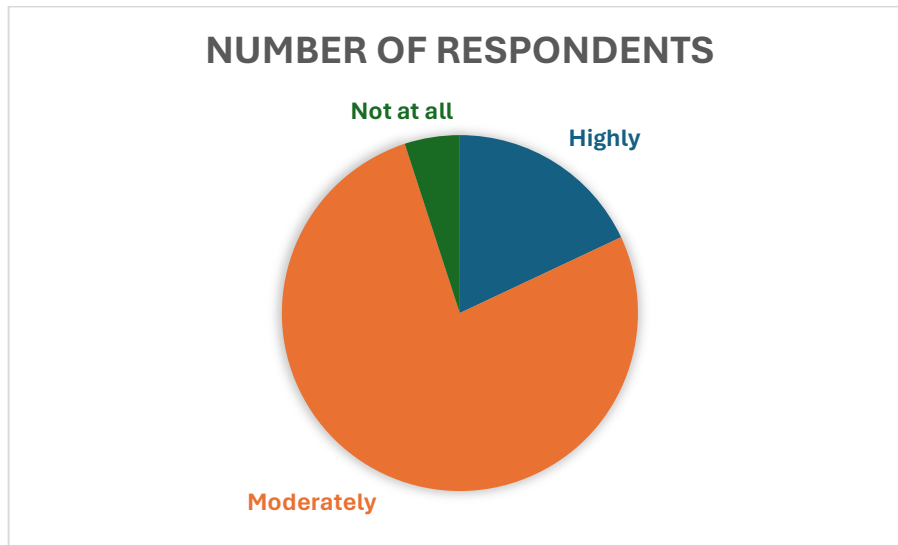
Responses	Number of respondents	Percent (%)
Strongly disagree	7	7%
Disagree	58	58%
Neutral	19	19%
Agree	14	14%
Strongly agree	2	2%
<b>Total</b>	100	100%



The data analysed above is on the statement that with entrance of FDI in retail sector Indian currency has been impacted negatively. Many of the respondents i.e. 58% and 7% fails to agree on the above statement. This states that above 50% of the respondents consider this as a false statement. With entry of FDI Indian retail sector have paced growth giving boost to economy hence Indian currency is not being impacted negatively even with inflow of foreign funds.

Table 10 – Classification of respondents as per their thought on whether Foreign Direct Investment (FDI) in retail sector have paced the growth of Indian economy

Responses	Number of respondents	Percent (%)
Highly	18	18%
Moderately	77	77%
Not at all	5	5%

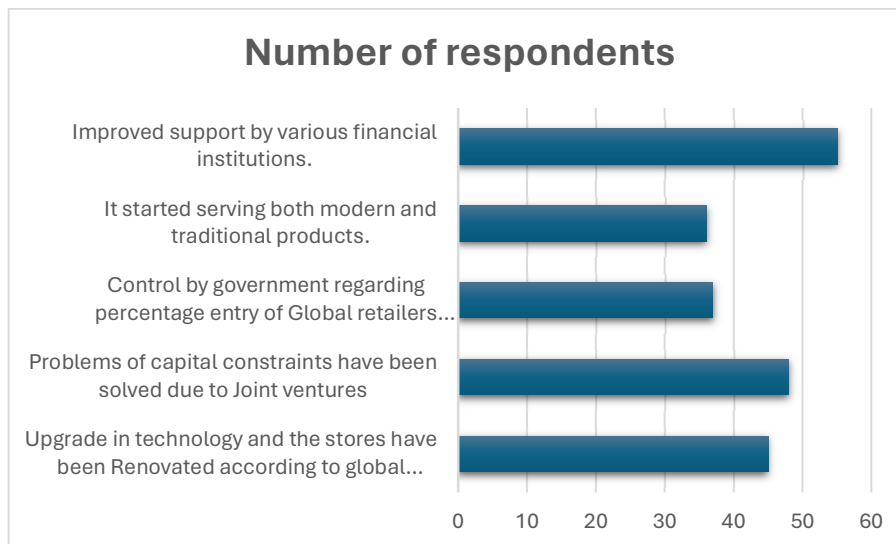


#### Interpretation:

The data analysed above is on the thought that Foreign Direct Investment in the retail sector have paced the growth of the Indian economy. The majority Of the respondents says that FDI has helped moderately i.e. 77%. This states that majority more than 50% of retailers are in thought that with entry of FDI in retail sector the growth of Indian economy has been paced in some level this is because FDI inflows has fulfilled the rising investment requirements that helps in boosting the economic growth and helps bringing stability in the economy.

Table 11 – Classification of respondents according to their thoughts on opportunities  
Available to retailers, with emergence of FDI in retail sector

Opportunities	Number of respondents	Percent
Upgrade in technology and the stores have been Renovated according to global retailers.	45	45%
Problems of capital constraints have been solved due to Joint ventures	48	48%
Control by government regarding percentage entry of Global retailers gives you the chance to grow.	37	37%
It started serving both modern and traditional products.	36	36%
Improved support by various financial institutions.	55	55%



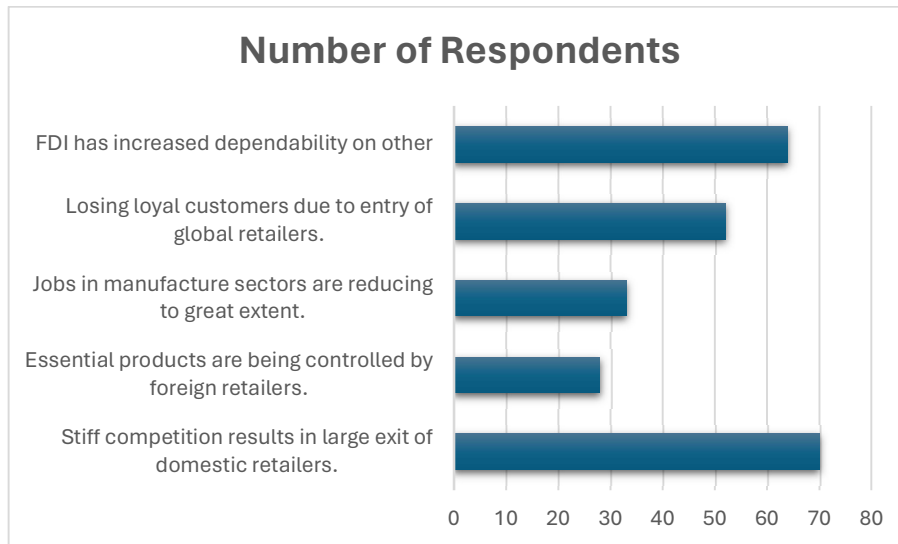


The above data analysed is regarding the opportunities available to retailers with entry of FDI in retail sector. From all the above opportunities a majority of retailers that is more than 50% gave a consent that with entry of FDI the support from various financial institutions has improved. This is because with entry of FDI the foreign banks also helped to achieve greater financial stability and growing foreign reserves and investments became another reason for gaining support from various financial institutions.

Table 12 – Classification of respondents according to their thoughts on challenges faced by the retailers, with emergence of FDI in retail sector

<b>Challenges</b>	<b>Number of Respondents</b>	<b>Percent</b>
Stiff competition results in large exit of domestic retailers.	70	70%
Essential products are being controlled by foreign retailers.	28	28%
Jobs in manufacture sectors are reducing to great extent.	33	33%
Losing loyal customers due to entry of global retailers.	52	52%

FDI has increased dependability on other	64	64%
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The data analysed above is regarding the challenges faced by the retailers with the entry of FDI in retail sector. From all the above-mentioned challenges 3 challenges were faced by majority of over 50% of retailers. One of them being that with entry of FDI there was a large exit of domestic retailers due to stiff competition and the unorganized retail sector had suffered huge losses with FDI entering retail market. The second challenge was with entry of FDI dependability on other countries had increased and increase in interference in the Indian retail market. The third challenge was losing of loyal customers due to entry of FDI, this is because with entrance of high ended brands the customers chose brands that provided variety of products over any local retail stores.

## **FINDINGS**

1. Despite India's share of global FDI has increased noticeably over time, although the pace of FDI inflows has lagged behind China, Singapore, Brazil, and Russia.
2. In light of unwavering financial progression starting around 1991, India has understood a time of more than 7 % of monetary development. In actuality, India's economy has been becoming amazingly by more than 9 % for three sequential years beginning around 2007 which makes country capable entertainer among worldwide financial matters.
3. India currently has the world's fourth-largest economy and the second-fastest rate of economic growth. It is currently the eleventh-largest driving economy in terms of results. Additionally, it has access to the third common pool of specialised and logical labour supply. FDI plays a crucial role in advancing the country's monetary development and improvement, and India needs FDI as a crucial component of speculation to achieve the objectives of its second era of financial alterations.
4. FDI ought not be supported in the item classifications where Indian players are as of now settled and FDI is just unfavourable For example restorative items needn't bother with FDI in light of the fact that section of foreign players would supplant Indian laid out brands with global brands. It would pose an instant threat to our giant corporations HUL, P&G, Johnson & Johnson, which consistently provide subjective goods to consumers everywhere. However, frenzy of worldwide brand will incite shoppers to change to foreign brands.
5. The number and type of stores should be used to limit the presence of foreign competitors. For instance, Walmart stores come in a variety of configurations, including super habitats, Markdown department stores, and so forth. With the help of various agreements, Walmart has successfully covered virtually all of the areas of the city or nation where it first started its operations. The presence of such monsters in any given area, however, can put an end to local commerce. Due to significant

speculative pressure, Indian coordinated retail players are able to open the most outlets. In this way, it should be possible to enable foreign players with a certain number of outlets. To be brief, FDI ought to be animated with firm, feasible and correspondingly worthwhile guidelines.

6. Danger to the coordinated retail area players in the homegrown area the Indian retail area, especially coordinated retail, is as yet immature and in an early stage and thusly it is vital that the homegrown retail area is permitted to develop and merge first prior to opening this area to foreign financial backers.
7. FDI makes rivalry between homegrown market and outside business sectors. This assertion of speculations is viewed as right. Retail market in India has enormous development potential and it is the Second biggest boss in India any progressions by get a significant foreign retailers who will be straightforwardly securing from the primary provider won't just make joblessness toward the front retail yet additionally at the brokers who have been working in this industry will be straightforwardly tossed out of their positions generally homegrown endeavours are work situated. There cost of creation is extremely high however because of capital-situated creation framework foreign financial backers appreciate exceptionally low creation cost. This reality expands the opposition between homegrown market and outside business sectors. Subsequently, this assertion is additionally viewed as obvious.
8. There is positive connection between Govt. Arrangements and development the FDI. This assertion of speculation is viewed as evident. 153 As of late Govt. of India has supported 100% Direct Interest in other monetary administrations did by non-banking finance organizations as most would consider to be normal to draw in more Foreign Capital into country. Such sort of model advances FDI in country. So ideal Govt. drives are helpful for FDI. Foreign Direct Venture increments with the ideal Govt. arrangements. Accordingly, the assertion of speculation there is positive connection between Govt. arrangements and development in FDI is likewise viewed as obvious.

9. Business age and expanding creation are significant advantages from FDI. This assertion of speculation is viewed as obvious. The retail sector in India is the second-largest employer in the country, and any developments by a significant foreign retailer who will be directly securing from the primary provider will not only result in joblessness at the front retail but also at the brokers who have been employed in this sector will be directly removed from their positions and expertise situated new workforce land new positions in shopping centres, grocery stores, corporate store and so on. New creation strategy likewise builds the creation so work age and expanding creation are the significant advantages from FDI. This assertion is likewise viewed as evident.

## **SUGGESTIONS**

1. FDI in India ought to be permitted however there ought to be a few severe principles and strategies to control the degree of contribution of FDI in Indian market.
2. Enormous retailers have begun their shopping centres and markets generally in metropolitan region or large urban communities. They ought to remember that significant piece of Indian populace is living in country India. They need to focus towards ranchers.
3. Provincial earnings are on the ascent. So provincial retail has been a consistent expansion for organizations that have solid connections in rustic business sectors. Provincial business sectors represent practically 40% of offer of quick buyer merchandise. The market is surely there what is required is more productive administration of cost. Some master guidance from worldwide retailers would unquestionably help.
4. There is major areas of strength for a for setting up a public co-usable of little retailers and Kirana, with some help from the public authority, such a co-usable venture can beneficially guarantee that little retailers partake in the advantages of enormous present day retailers like solidified purchasing power, store network effectiveness admittance to better innovation, processes and of proficient little business visionaries and assist with accomplishing the targets of work, independence and manageability that FDI can't further the Govt. what's more, banks necessities to work with the accessibility of capital expected to accomplish the colossal economies of scale that homegrown retailers need

## **CONCLUSION**

The passage of foreign direct investment (FDI) into the retail sector in India has been a topic of significant debate and analysis. Advocates argue that FDI can bring numerous benefits such as increased competition, access to global brands, improved quality and variety of products, job creation, and export opportunities. Additionally, FDI can contribute to technological advancement, skill development, and infrastructure improvement in the retail sector.

However, there are concerns about the impact of FDI on local businesses, particularly small and traditional retailers who may struggle to compete with large foreign companies. It's important for policymakers to carefully consider the potential consequences and implement appropriate regulations to mitigate any negative effects on domestic players.

The retail sector in India is a significant contributor to the economy, providing employment opportunities and contributing to GDP growth. FDI can further boost the growth of this sector, but it must be managed effectively to ensure that it benefits all stakeholders, including small businesses and consumers.

Monitoring the impact of FDI on the retail sector and adjusting regulations as needed is crucial to ensuring a fair and competitive marketplace. By striking the right balance between attracting foreign investment and protecting local interests, India can maximize the benefits of FDI in the retail sector while minimizing any adverse effects.

## **QUESTIONNAIRE**

### **A STUDY OF IMPACT OF FOREIGN DIRECT INVESTMENT (FDI) IN INDIAN RETAIL SECTOR**

NOTES :

- 1)The contents of the form will be treated as Strictly Confidential.
- 2)The information given will be used only for academic purposes and will be tabulated in such a manner that it would not be possible to identify therein the facts pertaining to any particular individual.
- 3)Please tick the appropriate option. Please do not alter or overwrite.
- 4)Please answer the entire statement. Else, the entire form will be unusable.

Q1.Which age group do you fall under?

- a. Below 18
- b. 18-21
- c. 22-35
- d. 36-50
- e. Above 50



Q2. Please select your gender -

- a. Male
- b. Female
- c. Others

Q3. What is your qualification?

- a. Highschool
- b. Graduate
- c. Postgraduate
- d. Others

Q4. What is your monthly income?

- a. Up to 20,000
- b. 20,000 – 40,000
- c. 40,000 – 60,000
- d. Above 60,000

Q5. Since how many years have you been working in this retail sector?

- a. Less than a year
- b. 1-3 years
- c. 4-6 years
- d. 7-10 years
- e. More than 10 years
- f. No Experience

Q6. Which retail industry are you working under?

- a. Departmental stores
- b. Convenience stores (keranas, necessity items)
- c. Supermarket
- d. Specialty stores (clothing, home furnishing, etc.
- e. Others

Q7. Are you aware of the impact of Foreign Direct Investment (FDI) in the retail sector?

- a. Yes
- b. No
- c. Partially

Q8.How satisfied are you with the current FDI retail policy?

- a. Highly satisfied
- b. Moderately satisfied
- c. Unsatisfied

Q9.In what manner have the entry of FDI helped in retail stores?

- a. Improvement in quality
- b. Prices
- c. Brand image
- d. Offering a variety of products
- e. Others

Q10.Have consumers been more benefited than retailers with the entry of FDI in the retail sector?

- a. Strongly agree
- b .Agree
- c. Neutral
- d. Disagree

Q11.Should the government reforms be made more in the favour of domestic retailers rather than foreign retailers?

- a. Yes
- b. No
- c. In some ways

Q12.Do you think the entry of foreign investors is a threat to Indian retailers?

- a. Yes
- b. No
- c. Moderately

Q13.Whether the entry of FDI in the retail sector has helped in improving the quality of products in the retail outlets?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree

Q14. With the entrance of FDI in the retail sector, are the prices of the commodity being controlled?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree

Q15. With the entry of FDI, whether entrepreneurship in India has been reduced.

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree

Q16. Are the products available at lower prices to consumers with the inflow of foreign funds?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree

Q17. Whether the entry of FDI has generated more employment in the retail sector.

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree

Q18. With the entrance of FDI in retail sector has the Indian currency being impacted negatively?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree

Q19. Whether the chances of the monopoly of foreign traders has increased with FDI being large players in the retail market?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree

Q20.Have FDI in the retail sector paced the growth of the Indian economy?

- a. Highly
- b. Moderately
- c. Not at all

Q21.How is the customer-base after the entry of FDI in the retail sector?

- a. Improved highly
- b. Moderate change
- c. No change
- d. Fallen down

Q22.According to you with the entrance of FDI in retail sector who is being more benefitted?

- a. Producer
- b. Suppliers
- c. Consumers
- d. Investors

Q23. With the entrance of FDI, have the global retailers understood the customer's choices in a better way?

- a. Strongly agree
- b. Agree
- c. Neutral
- d. Disagree
- e. Strongly disagree

Q24. According to you what are the opportunities available to the retailers, with the emergence of FDI in retail sector?

- a. Upgrade in technology and the stores have been renovated according to global retailers.
- b. Problems of capital constraints have been solved due to joint ventures.
- c. Control by government regarding percentage entry of global retailers gives you the chance to grow.
- d. It started serving both modern and traditional products.
- e. Improved support by various financial institutions.



Q25. According to you what are the challenges faced by the retailers, with the emergence of FDI in retail sector?

- a. Stiff competition results in large exit of domestic retailers.
- b. Essential products are being controlled by foreign retailers.
- c. Jobs in manufacture sectors are reducing to great extent.
- d. Losing loyal customers due to entry of global retailers.
- e. FDI has increased dependability on other countries.

Q26. What are your views regarding FDI in the retail sector?

- a. Boon to the retail industry
- b. Bane to the retail industry
- c. Still in dilemma

Q27. Give your suggestions, if any\_\_\_\_\_

\_\_\_\_\_

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