Study of impact of proposed “51 % FDI in multi brand retailing” by Government of India on the unorganized retail market

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ABSTRACT

According to AT Kearney’s Global Retail Development Index (2011), India has been ranked as the 4th most emerging market for retail (after Brazil, Uruguay and Chile). India has been ranked as the 4th most emerging market for retail (after Brazil, Uruguay and Chile). The organized retail market in India is approximately 6 % of the total retail market but growing at a significant rate of 35 – 40 % (Indian Retail Report, 2011). India being a signatory to World Trade Organization’s General Agreement on Trade in services, which includes wholesale and retailing services, had to open up the retail trade sector to foreign investment.

There were initial reservations towards opening up of retail sector arising from the fear of job losses, procurement from international market, competition and loss of entrepreneurial opportunities. However, In 1997 FDI in cash and carry (Wholesale) with 100 percent ownership was allowed under the government approval route. It was brought under the automatic route in 2006. 51 percent investment in a single brand retail outlet was permitted in 2006.

The paper studies the impact of proposed “51 % FDI in multi brand retailing” by Government of India on the unorganized retail market by discussing the pros and cons of the proposed FDI policy. The paper is based on secondary data and analysis is done by taking into account the views expressed by government and findings of surveys done by various market research agencies.

Key Words: FDI, investment, market, Multi branding, wholesale.
Introduction
Retailing is 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. A retailer is one who stocks the producer’s goods and is involved in the act of selling it to the individual consumer, at a margin of profit. As such, retailing is the last link that connects the individual consumer with the manufacturing and distribution chain.

In retailing, the conventional wisdom used to be, that, the critical success factor was location. But precise location no longer matters and geo-demographics is increasingly becoming irrelevant. The leading multiple chain retailers, superstores and malls create their own centers of gravity, attracting customers by car, bus, train or even by plane to wherever they are located.

The Global Retail Scenario
Large format retail businesses dominate the retail landscape in the United States and across Europe, in terms of retail space, categories, range, brands, and volumes. Indian retail industry cannot hope to learn much by merely looking at the Western success stories in retail. Their scales of operations are very huge, the profit margins that they earn are also much higher and they operate in multiple formats like discount stores, warehouses, supermarkets, departmental stores, hyper-markets, convenience stores and specialty stores. The economy and lifestyle of the West is not in line with that of India and hence the retailing scene in India has not evolved in the same format as the West nor can we learn valuable lessons from their style of operations. The growth of multiple chain retailers has been relentless for many years in the west and this has been accompanied by the development of retail names as brands in their own right. Discount retailer Wal-Mart has catapulted to the top of the Fortune 500 rankings in the U.S. with a turnover of $258 billions (2003 revenues – the basis for 2004 rankings), ahead even of oil major Exxon Mobil and the mammoth manufacturing giant General Electric. A ruthless policy of, ‘Always Low prices. Always.’ has brought Wal-Mart to the top. On the day after Thanksgiving in November 2002, Wal-Mart sales hit $1.43 billion in one single day.

Wal-Mart and Nordstrom in the U.S. and Sainsbury’s and Marks & Spencer in the U.K. has grown by rapid geographic expansion in their own countries. Specialists like Benetton of Italy and IKEA of Sweden and The Body Shop of the UK are international and the fast food chains like McDonald’s and Pizza Hut are everywhere. The same products are increasingly available
from the same names on every continent. Retailers worldwide have immensely benefited from the sustained growth of the disposable income of their global consumers.

**The Indian Retail Scene**

India is the country having the most unorganized retail market. Traditionally it is a family’s livelihood, with their shop in the front and house at the back, while they run the retail business. More than 99% retailers function in less than 500 square feet of shopping space. Global retail consultants KSA Technopak have estimated that organized retailing in India is expected to touch Rs 35,000 crore in the year 2005-06. The Indian retail sector is estimated at around Rs 900,000 crore, of which the organized sector accounts for a mere 2 per cent indicating a huge potential market opportunity that is lying in the waiting for the consumer-savvy organized retailer.

The Indian retail market, which is the fifth largest retail destination globally, according to industry estimates is estimated to grow from US$ 330 billion in 2007 to US $ 427 billion by 2010 and US$ 637 billion by 2015. Simultaneously, organized retail which presently accounts for 4 per cent of the total market is likely to increase its share to 22 per cent by 2010. India has one of the largest numbers of retail outlets in the world. Of the 12 million retail outlets present in the country, nearly 5 million sell food and related products. However, organized retail accounts for only 4 per cent of the total market, offering huge growth potential in this segment. Retailing in India is gradually inching its way toward becoming the next boom industry. The whole concept of shopping has altered in terms of consumer buying behavior and format, ushering in a revolution in shopping in India. Modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof.

The retail industry in India is of late often being hailed as one of the sunrise sectors in the economy. AT Kearney, the well-known international management consultancy, recently identified India as the ‘second most attractive retail destination’ globally from among thirty emergent markets. It has made India the cause of a good deal of excitement and the cynosure of many foreign eyes. With a contribution of 14% to the national GDP and employing 7% of the total workforce (only agriculture employs more) in the country, the retail industry is definitely one of the pillars of the Indian economy.
Trade or retailing is the single largest component of the services sector in terms of contribution to GDP. Its massive share of 14% is double the figure of the next largest broad economic activity in the sector.

Graph-1: Indian Retail Market

The retail industry is divided into organized and unorganized sectors. 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. Unorganized retailing, on the other hand, 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.

Unorganized retailing is by far the prevalent form of trade in India – constituting 98% of total trade, while organized trade accounts only for the remaining 2%. Estimates vary widely about the true size of the retail business in India. AT Kearney estimated it to be Rs. 4,00,000 crores and poised to double in 2005.2 On the other hand, if one used the Government’s figures the retail trade in 2002-03 amounted to Rs. 3,82,000 crores. One thing all consultants are agreed upon is that the total size of the corporate owned retail business was Rs. 15,000 crores in 1999 and poised to grow to Rs.35,000 crores by 2005 and keep growing at a rate of 40% per annum.3 In a recent presentation, FICCI has estimated the total retail business to be Rs.11,00,000 crores or 44% of GDP. According to this report dated Nov. 2003, sales now account for 44% of the total
GDP and food sales account for 63% of the total retail sales, increasing to Rs.100 billion from just Rs. 38.1 billion in 1996. Food retail trade is a very large segment of the total economic activity of our country and due to its vast employment potential; it deserves very special focused attention. Efficiency enhancements and increase in the food retail sales activity would have a cascading effect on employment and economic activity in the rural areas for the marginalized workers. Thus even without FDI driving it, the corporate owned sector is expanding at a furious rate. The question then that arises is that since there is obviously no dearth of indigenous capital, what is the need for FDI? It is not that retailing in India is in the need of any technology special to foreign chains.

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.

**Problem Background**

It is apparent from the above discussion that FDI is a predominant and vital factor in influencing the contemporary process of global economic development. The study attempts to analyze the important dimensions of FDI in India. The study works out the trends and patterns, main determinants and investment flows to India.

First of all, it was during July 1991 India opened its doors to private sector and liberalized its economy. Secondly, the experiences of South-East Asian countries by liberalizing their economies in 1980s became stars of economic growth and development in early 1990s. Thirdly, India’s experience with its first generation economic reforms and the country’s economic growth performance were considered safe havens for FDI which led to second generation of economic reforms in India in first decade of this century. Fourthly, there is a considerable change in the attitude of both the developing and developed countries towards FDI. They both consider FDI as the most suitable form of external finance. Fifthly, increase in competition for FDI inflows particularly among the developing nations.

The shift of the power center from the western countries to the Asia sub – continent is yet another reason to take up this study. FDI incentives, removal of restrictions, bilateral and regional investment agreements among the Asian countries and emergence of Asia as an
economic powerhouse (with China and India emerging as the two most promising economies of the world) develops new economics in the world of industrialized nations.

**Objectives**

The research objectives aim to find answer to following questions:

1. To study the trends and patterns of flow of FDI.
2. Methods of FDI in retail are currently permitted and the policy adopted accordingly.
3. Key issues concerning FDI policy change in India's retail sector.
4. How can policy help to reduce the risk of FDI in retail for India and its domestic markets?

**Conceptual Background**

Modern Retail has seen a significant growth in the past few years with large scale investments made by Indian corporate houses primarily in Food and Grocery retailing in a bid to capture the large potential of the USD 300 Billion market. Foreign apparel brands including luxury brands have set up shop in India through Franchisee/Joint Venture route and have expanded rapidly in the last few years. Multi-brand retailing has currently been banned for foreign investment. For global retailers who have not been seeing large organic growth, India provides a lucrative market for them to grow their top line and profitability. Some global retailers are currently operating in India in the cash and carry (wholesale) format. Few retailers have been designing plans to start their Cash & Carry business to have a market presence and create brand awareness. The Indian retail sector is poised to witness a sea change. The recent times have seen a significant discussion emanating towards allowing 100% FDI in multi brand retailing. This, if translated to reality, will have a game changing impact on the modern retail sector in India.

To put the large-scale policy change into motion and bring it to actual implementation, it is imperative for the ruling party to obtain buy-in from the opposition, including the Left parties and the BJP. Since the retail sector is the second largest employer after agriculture in India, both these parties have a reservation against opening up of the retail sector to foreign investment.
Discussions were carried out by the government in 2008 to allow 100 percent FDI in single brand and 51 percent in multi brand retailing, but did not succeed due to fierce opposition from its then allies and Left (Communist) party and also from the local trade associations.

The debate around opening up of the sector is expected to include among other the key points around:

1. Entry in cities with population above one million
2. Local sourcing requirements
3. Mandatory investment in back-end operations
4. Cash and carry model to support the local retailers to benefit from large scale sourcing
5. Employment to rural youth to help spur employment growth for people who may be affected by this move.

The push for proposed investment seems to be around creating an supply-chain infrastructure for agriculture to help alleviate the income levels of farmers and reduce wastage of crops which are currently pegged at about 30-40% of total produce.

**Opportunity in India**

India’s economy witnessed a GDP growth rate of 7.4% during the fiscal year 2009-10 and is further expected to grow at c. 8.5% in 2010-2011.
Graph - 2: Growth in Real GDP
With the boom of the service sector and increased industrial output, the growth pace has spiraled in the last decade. This has set a sustainable platform for consumerism and rising per capita spend leading to an inclusive growth.
Growing disposable income has led to increasing consumer aspiration, with easy access to consumer finance lending a source to achieve these aspirations and desires.

Graph - 3: Gross Domestic Product
The middle class today accounts for c. 47 percent of the total households in the country, which has rapidly grown over the last decade and is expected to have a similar trend over the coming years. The Indian consumer today is exposed to a large variety of products from where they pick and choose till they get the right product at the right price.
Retail sector
Private Final Consumption Expenditure (PFCE) accounts for c. 57 percent of the Indian GDP. Retail contributes c. US$ 291 billion to the PFCE of which organized retail accounts for c. 15 percent.

Roots of modern trade can be traced back to the 60s with the formation of co-operative stores; this was the time when Indians experienced their first self service format. Early 90s witnessed the family managed stores modernizing their operation and gaining scale over a period of time. Late 90s and the beginning of the new century (year 2000) saw some of the key players scale up operations, introduce multiple formats and roll out larger stores.

![Graph - 4: Retail contributes c. US$ 291 billion](image)

Review of Literature
Nayak D.N46 (2004) in his paper “Canadian Foreign Direct Investment in India: Some Observations”, analyze the patterns and trends of Canadian FDI in India. He suggested some measures such as publishing of regular documents like newsletter that would highlight opportunities in India and a detailed focus on India’s area of strength so that Canadian firms could come forward and discuss their areas of expertise would got long way in enhancing Canadian FDI in India.

Balasubramanyam V.N Sapsford David4 (2007) in their article “Does India need a lot more FDI” compares the levels of FDI inflows in India and China, and found that FDI in India is one tenth of that of China. The paper also finds that India may not require increased FDI because of the structure and composition of India’s manufacturing, service sectors and her endowments of human capital. Naga Raj R45 (2003) in his article “Foreign Direct Investment in India in the 1990s: Trends and Issues” discusses the trends in FDI in India in the 1990s and compare them with China. The study raises some issues on the effects of the recent investments on the domestic economy. Based on the analytical discussion and comparative experience, the study concludes by
suggesting a realistic foreign investment policy. Morris Sebastian44 (1999) in his study “Foreign Direct Investment from India: 1964-83” studied the features of Indian FDI and the nature and mode of control exercised by Indians and firms abroad, the causal factors that underlie Indian FDI and their specific strengths and weaknesses using data from government files.

Nirupam Bajpai and Jeffrey D. Sachs47 (2006) in their paper “Foreign Direct Investment in India: Issues and Problems”, attempted to identify the issues and problems associated with India’s current FDI regimes, and more importantly the other associated factors responsible for India’s unattractiveness as an investment location. Despite India offering a large domestic market, rule of law, low labour costs, and a well working democracy, her performance in attracting FDI flows have been far from satisfactory. The conclusion of the study is that a restricted FDI regime, high import tariffs, exit barriers for firms, stringent labor laws, poor quality infrastructure, centralized decision making processes, and a very limited scale of export processing zones make India an unattractive investment location.

Kulwinder Singh38 (2005) in his study “Foreign Direct Investment in India: A Critical analysis of FDI from 1991-2005” 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. The industrial reforms have gone far, though they need to be supplemented by more infrastructure reforms, which are a critical missing link. The above review of literature helps in identifying the research issues and gaps for the present study. The foregoing review of empirical literature confirms/highlights the following facts

1. Institutional infrastructure and development are the main determinants of FDI inflows in the European transition economies. Institutional environment (comprising both institutional strategies and policies of organizations relating to these institutions) plays critical role in reducing the transaction costs of both domestic and cross border business activity.

2. FDI plays a crucial role in employment generation/ preservation in Central Europe.

3. It is found that bigger diversity of types of FDI lead to more diverse types of spillovers and skill transfers which proves more favorable for the host economy.

4. Studies which underlie the effects of FDI on the host countries economic growth shows that FDI enhance economic growth in developing economies but not in developed economies. It is found that in developing economies FDI and economic growth are mutually supporting. In
other words economic growth increases the size of the host country market and strengthens the incentives for market seeking FDI. It is also observed that bidirectional causality exist between FDI and economic growth i.e. growth in GDP attracts FDI and FDI also contributes to an increase in output.

_Trends and Patterns of FDI in flows globally_

The liberalization of trade, capital markets, breaking of business barriers, technological advancements, and the growing internationalization of goods, services, or ideas over the past two decades makes the world economies the globalised one. Consequently, with large domestic market, low labour costs, cheap and skilled labour, high returns to investment, developing countries now have a significant impact on the global economy, particularly in the economics of the industrialized states. Trends in World FDI flows depict that developing countries makes their presence felt by receiving a considerable chunk of FDI inflows. Developing economies share in total FDI inflows rose from 26% in 1980 to 40% in 1997.

_Emerging Economies of the world_

[Graph - 5: 2010 FDI confidence Survey]

Source: A.T. Kaerney analysis.

The reason could be bureaucratic hurdles, infrastructural problems, business environment, or government stability. India has to consider the five point strategy as put forward by the World Bank for India, if India wants to be an attractive location of global FDI in the coming years.
Challenges faced by retail sector

1. Supply chain

   Infrastructure has been developing at a rapid pace over the past decade but has still a significant ground to cover; the planned expenditure of c. US$ 1 trillion in the 12th five year plan will help bridging this gap. There exists a need for retail to concentrate on developing a strong back-end support especially for perishable products to help reduce wastages which is estimated to be at 40 percent of national produce.

2. Location and rental

   The challenge for a retailer would be to find the right location for their stores either in malls or as a standalone store to be able to generate enough footfalls. A retailer could evaluate option of setting up a property development/ management arm that would be able to source/ develop stores at lower rentals.

3. Unique Indian customer

   The Indian consumers have a strong preference for freshly cooked food over packaged food mainly attributed to dietary patterns, poor electricity supply, low penetration of refrigerators and a family structure where one of the primary roles of the housewife is feeding the family.

4. Regulatory

   Currently, indirect taxation structure is complex in India with varying tax rates, multiplicity of taxes and multiple tax enforcement authorities. A push has been made by existing retailers to get the government to have a single window clearance for getting all the licenses at one place to speed up the process.

5. Private Labels

   Penetration of private labels in emerging markets is expected to be about 6% of retail sales (Source: India Retail Report) which in India is estimated to be about 10 – 12%.

6. Intermediaries dominate the value chain

   According to some reports, Indian farmers only realize 1/3rd of the total prize paid by the final consumers, as against 2/3rd by the farmers in nations with the higher share of organized retail.
7. Improper PDS System
   There is a big question mark on the efficacy of public procurement and PDS and the bill on food subsidies is rising. In spite of such heavy subsidies, inflation on food grain is matter of concern.
8. No Global Reach
   While India has continued to provide emphasis on development of MSMEs, the share of unorganized sector in overall manufacturing has declined from 34.5% in 1999-2000 to 30.3% in 2007-2008. This has largely been due to inability of sector to access latest technology and improves its marketing interface.

   **Research Methodology**

   This particular study on FDI in India's retail sector utilizes an inductive approach to the research, which should help to achieve the aim and objectives.
   The investigation allowed us to form a reasoned opinion as to what government policy changes are required to make the opening up of FDI in retail as successful as possible for the domestic market and India's economy.
   This study was based predominantly on qualitative research techniques, using primary as well as secondary methods, in order to allow for an in-depth and insightful exploration of current issues surrounding FDI in India's Retail market, and to assist in gaining an understanding of the 'sentiment' in India towards foreign retailers and their potential impact on the retail sector and wider economy.

   **Research Model and Data Analysis**

   Secondary research based on recent reports of retail by CII, Retailer Association of India, Aii India Research Report and likes.
   Data analysis is done based on analysis of these reports.

   **Findings**

   1. Growth in organized retail in India is at a very nascent stage. Major share is of unorganized retail. Assumption of growth was there, which was hampered by slowdown of economy and created a gap.
2. CII highlighted the need of calibrated approach for introducing FDI in the retail sector in terms of the percentage and minimum capitalization requirements. CII believes that while imposing a high minimum capitalization requirement of USD 100 million would facilitate large investments, at the same time it would also result in limiting foreign participation in the sector and making FDI in the retail sector restricted to select large players only, which would not be conducive to either promoting FDI or in generating healthy competition in the sector.

3. Investment in back end infrastructure. It is believed that given that retail is an integrated business and it is in the interest of the food retailers to invest in the backend to run their businesses effectively and improve their profitability, there is no need to prescribe fixed level of investments to be made in backend or frontend.

4. The challenge before the government, therefore, is to maintain symmetry between safeguarding the interests of MSEs, both retail trading and manufacturing, and respecting WTO agreements. It is important to plan the details carefully in consultation with all the stake holders.

5. But the most important factor against FDI driven “modern retailing” is that it is labour displacing to the extent that it can only expand by destroying the traditional retail sector. Till such time we are in a position to create jobs on a large scale in manufacturing, it would make eminent sense that any policy that results in the elimination of jobs in the unorganized retail sector should be kept on hold.

6. With the advent of modern retail, property developers and land owners in metro and tier- I cities started developing malls. Retailers grabbed available stores in the boom period, but this has reversed with the slowdown in 2008 when mall mania started fading away. Property

**Graph - 6: Gap created by slow down**

Source: KPMG Analysis & Retailers Association of India.
developers have since realized that success of a mall is not just in developing a property but also in being able to attract footfalls necessary to facilitate tenants’ business.

7. Opening the retailing sector to FDI means dislocating millions from their occupation, and pushing a lot of families under the poverty line. Agriculture already employs nearly 60% of our total workforce, and is in dire need of shedding excess baggage. That leaves us with manufacturing as the only other alternative. With only 17% of our total workforce already employed in industry, which contributes altogether only 21.7% of our GDP, this sector can hardly absorb more without a major expansion.

Discussion
Retail: 100% FDI – a reality? The implications
The sentiment towards 100 percent FDI in retail sector is gathering pace. The proposed FDI norms will open up strategic investment opportunity for global retailers, who have been waiting to invest in India. This may have a significant impact on the current arrangement of foreign players. This policy will require investment from retailers in areas of supply chain, especially for perishable products, thus helping farmers to get better income leading to an inclusive growth in the country.

Given the large number of SKU’s that retailers stock Small and Medium Enterprises (SME) sector is also set to gain from this move due to preference given by retailers to private label brands. This policy will also open up avenues for attracting, developing and retaining talent. Contract manufacturers would also benefit from these policy changes. With the global economy still recovering, investment in India is lucrative to a retailer attributable to strong consumerism, rising disposable income, growing middle class population, favorable macro and micro economic indicators supplemented by a stable government.

But the most important factor against FDI driven “modern retailing” is that it is labour displacing to the extent that it can only expand by destroying the traditional retail sector. Till such time we are in a position to create jobs on a large scale in manufacturing, it would make eminent sense that any policy that results in the elimination of jobs in the unorganized retail sector should be kept on hold. Entry of foreign players now will most definitely disrupt the current balance of the economy; will render millions of small retailers jobless by closing the small slit of opportunity available to them.
As Nick Robbins wrote in the context of the East India Company, “By controlling both ends of the chain, the company could buy cheap and sell dear”. The producers and traders at the lowest level of operations will never find place in this sector, which would now have demand mostly only for fluent English-speaking helpers. Having been uprooted from their traditional form of business, these persons are unlikely to be suitable for other areas of work either.

Retailers entering the Indian market need to ensure that they have considered the opportunity along with the challenges to maximize their returns. Retailers will need to bank on the local knowledge brought in by their partners/employees/ service providers to be able to reduce the lead time required by them to set-up operations and get a foothold in the Indian market.

**Limitations**

All the economic / scientific studies are faced with various limitations and this study is no exception to the phenomena. The various limitations of the study are:

1. At various stages, the basic objective of the study is suffered due to inadequacy of time series data from related agencies. There has also been a problem of sufficient homogenous data from different sources.
2. The assumption that FDI was the only cause for development of Indian economy in the post liberalized period is debatable. No proper methods were available to segregate the effect of FDI to support the validity of this assumption.
3. Still the decision for allowing 100% FDI is under consideration, yet the conclusion may not go with decision.

**Conclusion**

It is observed from the results of above analysis that Trade GDP, Reserves GDP, Exchange rate, FIN. Position, R&DGDP and FDIG are the main determinants of FDI inflows to the country. In other words, these macroeconomic variables have a profound impact on the inflows of FDI in India.

The study also reveals that FDI is a significant factor influencing the level of economic growth in India. It helps in increasing the trade in the international market. However, it has failed in raising the R&D and in stabilizing the exchange rates of the economy.

Further, the above analysis helps in identifying the major determinants of FDI in the country. This analysis also helps the future aspirants of research scholars to identify the main
determinants of FDI at sectoral level because FDI is also a sector – specific activity of foreign firms’ vis-à-vis an aggregate activity at national level.

It has to be remembered that a major reason for opposing FDI in the retail sector is political and not economic. The politicians seem to believe that by raising the fear of a foreign invasion they can appear more patriotic. But despite such opposition there is gradually a realization that the new economy offers a better scope for development than the earlier license permit-control raj with its snail placed Hindu rate of growth. FDI in retail sector would certainly enable to optimize youth employment India. For those fearing the effects of FDI in retail in India, the examples of Thailand and China should give comfort. With the global economy still recovering, investment in India is lucrative to a retailer attributable to strong consumerism, rising disposable income, growing middle class population, favorable macro and micro economic indicators supplemented by a stable government.

Finally, the study observes that FDI is a significant factor influencing the level of economic growth in India. It provides a sound base for economic growth and development by enhancing the financial position of the country. It also contributes to the GDP and foreign exchange reserves of the country.

Further Scope for study

There have been many discussions on this issue and recently the Government had decided to put a discussion paper in July to obtain views of all interested parties about the impact and their views on allowing FDI in more retail brand and the commerce ministry is planning to process all the views of interested parties on 15 October 2010 before putting up the issue in front of political leadership. As national retailers now, as the future group, Reliance Retail, Shoppers Stop, Aditya Birla Retail and Spencer’s are the retail brand and have been very successful in getting the Indian scenario and the expansion of private label in each city Large and towns.

Further study on Retail Global Expansion: A Portfolio of Opportunities can be undertaken to see the impact comparatively.

Managerial Implication

Crisil Research today said permitting foreign direct investment in multi-brand retail will attract foreign investments of about USD 3 billion over the next five years.

However, for smaller and regional retailers, scale of operations and control over costs will determine their ability to weather pressures of aggressive expansions by large retailers.
This study would enable the managers to understand the growth trend and be prepared accordingly.

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