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Research Article

FDI: AN EFFECTIVE TOOL TO FILL THE GAPS IN ORGANISED RETAIL SECTOR IN INDIA

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A R T I C L E I N F O

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A B S T R A C T

Many researches have been done upon the paybacks of FDI but very few have focused upon the need to assess that how FDI would be able to remove all complexities and shortcomings of Indian retail sector. The present paper focuses on the gaps left out in the organised retail sector in India and how FDI will prove to be an effective tool to cover up these deficiencies.

The boom in Indian market has fascinated a lot of foreign retailers and domestic corporates to invest in our retail market. An increased income and purchasing power, growing consumer awareness and rising brand promotions has led to a big transformation in our retail sector and thus resulting in an improved and modernized business platform. FDI in the retail can expand markets by reducing transaction and transformation costs of business through adoption of advanced supply chain and can also be profitable for consumers and suppliers (farmers). But on the other hand, the organised retail industry has to fight with upcoming resistance and barriers from traders, politicians of India for FDI and the government has to devise a separate policy for the industry. The objective of my paper is to provide answers to the following questions: How the FDI policy will succeed to bring an improvement in supply chain in Indian retail sector? What benefits FDI would offer to farmers for increasing their efficiency? Whether the foreign players entered into the Indian Retail market through FDI will be able to increase the Customer Satisfaction of Indian Consumers? Will it be possible for FDI to Boost Healthy Competition and check inflation in Indian Retail sector?

The study is conducted with a sample size of 100 respondents categorized ascommerce and management students, economics and international business professors and few consumers of Delhi and NCR region using random sampling method. Likert's scale and percentage method will be used for data analysis.

INTRODUCTION

Foreign direct investment (FDI) is an investment made by a company or individual in one country in the commercial interests in another country. It is made in the form of either establishing one's own business units or acquiring business assets in the other country. Foreign direct investments are unlike portfolio investments in which an investor simply purchases equities of overseas enterprises. FDI has a key role to play in India's economic development. Over the years, numerous sectors have seen the growth of foreign investment. The Government is also impending new reforms to stimulate more and more of this investment.

Indian Retail industry is segmented into organized and unorganized sectors. Organized sectors include hypermarkets and retail chains whereas unorganized sector include local *kiryana* shops (mom and pop stores). The latter is more predominant in India.

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Due to immense developments taking place in the retail industry, organized sector is accumulating its foothold in the country. Since advance technology and structured management practices are used with foreign investments, the price of the goods in the organized retail industry falls as well as productivity of the firm increases. Today modern retail outlets serve on the platter everything from basic amenities to luxury goods. They also provide consumer with a wide assortment of goods and services. They have become the one-stop shop for customers. This trend is rescinding the trades of those in unorganized retail sector. Therefore, on one hand, FDI in organized retailing support in reducing the prices of the manufactured goods but on the other, it is rendering our unorganized retail sector paralyzed. Hence, the government has lately made it mandatory for foreign investors in multi-brand retail to do their bulk sourcing from small farmers. With this move government is averting the risk of wipe-out of shopkeepers and small retailers from Indian Retail industry.

The present-dayFDI policy authorize overseas companies to embrace only 51 per cent stake in an Indian retail industry. The foremost advantage of FDI is that it is both supplementary and complimentary with regards to local investment. FDI empowers a company to access to topmost technology and auxiliary resources. The government examined the results of FDI policy in retail sector fetched by other countries along with the suggested reports of researches done in home country, and therefore opined that this resolution would result in a bigger improvements in both back and front end infrastructure. It is anticipated that the agricultural sector would become more efficient and be in a better position to accustom to new technology, more and better jobs would be generated and the best practices around the world will be introduced in India. Both farmers and consumers will perceive appropriate prices and higher quality post the policy implementation and this will benefit both the classes. But, so far, merely one foreign competitor, Tesco, has acknowledged the sanctions for opening its outlets under the given conditions of multi-brand retail policy.

This paper focuses upon the need to assess how FDI would be able to remove all complexities and shortcomings of Indian retail sector. It emphasizes on the gaps left out in the organized retail sector in India and how FDI will prove to be an effective tool to fill these gaps and bring a boost in economic growth of India.

The paper is categorized into six sections: Section 1 gives the nature, scope and objectives of study, Section II gives the research methodology and study area, Section III includes Literature Review, Section IV constitutes of the status of FDI policy in India as well as Pros and Cons of FDI in Indian retail sector, Section V gives the analysis and Findings of survey conducted and Section VI includes conclusion and recommendations.

SECTION I - OBJECTIVES

- How the FDI policy will succeed to bring an improvement in supply chain in Indian retail sector?
- What benefits FDI would offer to farmers for increasing their efficiency?
- Whether the foreign players entered into the Indian Retail market through FDI will be able to increase the Customer Satisfaction of Indian Consumers?
- Will it be possible for FDI to Boost Healthy Competition and check inflation in Indian Retail sector?

Nature and Scope

FDI in the retail industry can develop markets by bringing a fall in operation cost of business through implementation of superior supply chain and can also be cost-effective for consumers and suppliers. But on the other hand, the organised retail industry has to fight with upcoming resistance and barriers from traders, politicians of India towards FDI policy and accordingly the government has to devise an appropriate strategy for the industry.

Therefore, the study is exploratory in nature and intends to conduct a survey amongst the commerce and management students, economics and international business professors and few retailers in Delhi and NCR. The survey will help in finding outif FDI is really an effective tool to minimize the numerous shortcoming of Indian retail sector such as outdated technology, inefficient logistics, lack of Employment Opportunities, to name a few.

SECTION II - RESEARCH METHODOLOGY

Sample and Questionnaire

The study was conducted with a sample size of 100 respondents categorised as commerce and management students, economics and international business professors and few consumers in Delhi and NCR. Data was collected using the personal contact approach by distributing the Questionnaires to the students and Professors of Delhi University, GGSIP University and other universities, general consumers of South Delhi, West Delhi, Noida and Gurgaon. In the Questionnaire, Likert’s five point scale was employed to determine scores, where respondents were asked to rate each attribute on 5-point scale ranging from highly satisfied to highly dissatisfy. The statements for the questionnaire were formed after consulting relevant literature and some related research conducted in that area. Besides attitudes scale, the survey questionnaire also included a section to capture the general profile of respondents, their broad perspective towards retail sector in India, their shopping experience at organized and unorganized retail markets as well as an overall perspective towards proposed FDI policy in retail sector in India

Study Area

Study was conducted in Delhi and NCR. The entire region is a multi-linguistic, multi-ethnic, multi-religious and multi-cultural state and this diversity makes it more attractive for this research. Besides, the state has a wide range of the selected target population as well as this regions is considered as a best place when it comes to attracting foreign investors, has seen substantial improvement in the infrastructure and pro-active approach of the respective governments. And hence, making them attractive destination for FDI in India.

SECTION III - LITERATURE REVIEW

***According to Rajib Bhattacharyya 2012*:** The government of India must be cautious about the apprehensions raised by the critics and adequate safeguards must be taken so that the positive effects may outweigh the negative ones and the traditional retailers coexist even after big foreign retailers enter the market.

According to Dr. M. Sivakumar (2016): On the unorganized sector, the traditional players are said to get affected on account of opening of FDI in multi brand retail. Whereas those same kinds of retailers are surviving in US, France, etc. These players who are having close relationship with the customers and know their demand need to enhance the modern trend in retail in order to survive.

Dr. Gaurav Bisaria (2012): analysed in his paper that the future of foreign retail players is also uncertain like that of Indian retail players. The government which acts better than the one which does not. It is better to act and watch than not to act at all.

Dr.Moloy Ghoshal (2014): stated in his study on FDI in Indian Retail Sector 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 (Kirana and other small type retailing shops) 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, Tourism Development, Greater Sourcing from India, up gradation in Agriculture, Efficient Small and Medium Scale Industries.

Dr. Sanjay Nandal (2013)**:** It can be concluded that FDI is a double edged sword which if not handled well can harm the Indian economy and if handled well can act as a panacea for economy.

SECTION IV A - STATUS OF FDI POLICY IN RETAIL SECTOR IN INDIA

FDI plays a major role in developing countries like India. They act as a long term source of capital as well as a means to achieve advance and developed technologies. Thus, as a matter of fact FDI in the vibrant Indian retail sector should not just be liberally permitted but should be considerably stimulated.

According to the Economic Survey for 2016-17, India has gained a lot on account of FDI. Many new initiatives have been taken by the government to expedite investment and simplicity in conducting business in the country.

Until 2011, foreign direct investment (FDI) was not allowed in multi-brand retail, restraining foreign players from any possession in retail market. Even single-brand retail was limited to 51 per cent ownership. In January 2012, India allowed 100 per cent FDI investment in single-brand stores, but levied the prerequisites such as the single brand retailer would have to source 30 percent of its goods from India. On 7 December 2012, India allowed 51 per cent FDI in multi-brand retail. Manmohan Singh, the then prime minister of India, sensed that this would be profitable for both consumers and farmers.

Conditions laid down by Government on FDI in retail in India

Single-brand retail
Extent of FDI permitted: 100%
Requirements for FDI up to 51%

To partake through FDI in single brand retail, overseas corporations must follow the conditions such as goods must be traded under a single brand in India as well as globally, merchandises must be branded all through the manufacturing that should be owned by the foreign investor.

Supplementary requirement for FDI above 51%

Although the legalized FDI limit was augmented from 51% to 100%, an investment of more than 51% FDI prompts the mandatory requirement to source at least 30% of the value of products from Indian cottage industries.

Multi-brand retail

FDI of up to 51% comes with the following requirements:

- Multi-brand retail leads can only be set up at the State government's discretion**,** which support the FDI policy. At present the policy is permitted in Bangalore, Delhi and Mumbai but not in other key cities such as Chennai or Kolkata.
- The investment in the given sector is to be made in minimum of USD100 million.
- At least 50% of the total FDI investment must be invested in backend infrastructure within three years of existence. "Backend infrastructure" includes the expenditure made on manufacturing processes, packaging, logistics, warehousing and distribution but excluding investment in front-end units, land cost and rentals.
- investment in backend infrastructure must be in greenfield assets only
- Stores must be owned and functioned by the entity drawing investment and set up as new stores, not through procurement of existing retail stores.
- Like the single-brand requirement, at least 30% of the value of the manufactured products must be sourced from small scale industries.
- FDI is only allowed in big cities with a population of more than 1 million (determined by the 2011 census).
- The entity enticing the investment cannot perform online trading. A separate business corporation must operate cash & carry wholesale trading via FDI policy.
- Every request seeking sanction for FDI in multi-brand retailing must be approved by the Department of Industrial Policy and Promotion and then by the Foreign Investment Promotion Board.

SECTION IV B - POTENTIAL FOR FDI IN RETAIL SECTOR IN INDIA

The term 'retailing' refer to as a sale of goods for final intake *of the end consumer* rather than for supplementary sale or wholesaling. The retail industry is mainly divided into:-

1. Organized retailing that indicates commercial activities commenced by certified retailers. These include the corporate financed supermarkets and retail chains, and the large retail businesses owned by private traders.
2. Unorganized retailing, which are comprised of the conventionallay outs such as local *kiryana* shops, general stores and street vendors, etc.

The Indian retail segment is extremely disjointed with majority of its trade being run by the muddled small retailers. The organized retail yet is at a very budding stage. The retail sector is the prime source of employment after agriculture, and has profound penetration into rural India contributing more than 10 per cent of India's Gross Domestic Product.

FDI policy may succeed to fetch perfection in supply chain in Indian retail sector

1. There has been observed a deficiency in total capital outlay in the logistics of the retail industry that brings an incompetent market mechanism. Irrespective of being the second largest producer of fruits and vegetables, India has a very inadequate fused cold-chain infrastructure. Inadequacy of storage facilities bring along immense losses to farmers primarily in wastage in quality and quantity of foodstuffs. They need for a good storage

infrastructure for transporting their agricultural produce since the time of production till the entire season.

2. FDI in retail will compose the international supply chain companies as well as the Government of India that may boost investment in infrastructure .This will mend the deficiencies of the present supply chain and hence will moderate the overall cost to of the produce.
3. In retailing, progressive technologies will enormously developthe process of, grading, controlling and packaging of merchandises. These competence will lower prices of goods and will provide better quality to the end consumers.

The aids that FDI would offer to farmers for increasing their productivity

1. Our productivity in agriculture is one of the lowest in the world and there comes a substantial prospect in this sector through FDI for the upliftment of output with investment in improved farming practices. FDI will provide a new support group with a mutual interest to give an impulse to productivity and generate higher incomes for certain farmers.
2. Small farmers can either work directly with the companies thereby cherishing big profits. Also the farmers must eagerly abandon small-scale farming and shift to the new jobs directly or indirectly generated by FDI in sectors such as retail, food processing and ancillary industries.
3. FDI assure to benefit the Indian market by opening the avenues for farmers to earn higher incomes, dipping the degree of spoilage, creating jobs in retail, improving the supply chains mechanism, and providing reasonably priced products.
4. Supporters of FDI in the retail sectors contend that the policy would bring advantages through backward integration and expertise in technical and operational processes. This will help the retailers to provide constancy and economies of scale.
5. The large investments brought under FDI policy would help provide a larger market to the farmers by construction of warehouses and well-connected transportation facilities and hence, will reduce the losses to the farmers especially for their perishable products.
6. The farmers will get chances of direct selling to organized retailers and will get fair prices unlike the situation that is prevailing in the current scenario. There would be less reliability on intermediaries who often exploit them by paying lower prices.
7. The multinational retailers will create an extensive forward and backward linkages withthe local suppliers and manufacturers. This would help them gain access to superior markets domestically as well as globally.
8. By means of FDI, farmers might get contract farming that would enable them supply to an organized retailer. Based upon the demand of the goods, they might avail better prices; easy availability of credit and thus would avert the problem of farmer suicides.

The foreign players arrived into the Indian Retail market by means of FDI will be able to boost the Customer Satisfaction of Indian Consumers

1. With the onset of FDI, domestic retailers will be able to imbibe new technology and skills from their overseas competitors and this will help in overall development of retail sector in India. This will create more value for money for the buyers.
2. The policy of single-brand retail is aimed at letting Indian consumers access to foreign brands. Therefore, as over the years Indians have started spending a lot of money shopping abroad, this policy brings the same platform in India itself.
3. Organized retailers emphasizes a lot on appropriate infrastructure such as well-maintained and hygienic building, proper air conditioning, well trained employees, digitized machines, adequate parking facilities and right placement or merchandising of goods. All this gives the customers a nice ambience and aid them in making their shopping easier. Self-selection saves their time and give more opportunities and satisfaction to them. Also the fix prices good seliminates the chances of misleading.
4. The entry of foreign retailers will provide the customers, a wide market with numerous choices. Similarly, increased competition would highlight the needs of sustaining consumer wellbeing, product quality, better customer care, and customer satisfaction. These large retail stores will go a long way in providing entertainment facilities to the customers.
5. Via FDI in retail trade, Indian market will show considerable improvementson the grounds of quality standards, consumer expectations, and cost-competitiveness for manufacturers in all categories of products.
6. Imposition of regulations for safety standards by the foreign retailers will mandate every retailer to bring better testing and combination facilities for all the products and services.

FDI will enhance healthy competition and check inflation in Indian Retail sector to lift the economic growth

1. The increased competition by way of arrival of multinational retailers will benefit consumers at the whole in terms of higher prices. Because of the strategies of providing plenty of special offers and discounted services introduced by each retailer to attract the customer, it will keep the prices low that in turn will be a check on inflation.
2. The efficient supply chain logistics helps in reducing the transition cost of goods from the producers to wholesalers or to the retailers and ultimately to consumers. And thus helps in bringing the overall market prices low. The development of transportation and warehousing facilities assist in lowering instability of prices, mainly the farm products.
3. "FDI in multi-brand retail might facilitates to revive the economy and to ease the supply side forces and moderate inflation. This may benefit the SMEs by introducing greater market access and larger profit margins.

4. With the introduction of FDI in retail, the distribution and production cycles are projected to become recovered. Owing to factors such as economic of scale, the cost of production will come down as well. This will deliver a wide range of products at lesser and justified prices for the consumers.
5. Capital and revenue generation
    a. After FDI in retail, it is likely to set up more of organised retail chain as the capital to do will be readily available. The investment generated would be viewed as a long term capital because this capital outlay once put into a domestic company cannot be liquidated easily.
    b. Sanctioning foreign investment in agro-based retailing would probably ensure improvements in farmer income & agricultural growth through means of adequate flow of capital & its industrious use.
    c. As majority of the retail outlets in India belong to the unorganized sector, they hardly pay any taxes or do tax evasion or provide details of reduced sales and consequently leads to tax leakages. Therefore, FDI in the retail sector will bring growth of organized sector who would pay more taxes to the government and will generate revenue for the nation.
    d. The policy of permitting 100% FDI in single brand retail can value both the host and home country as the foreign players acquirethe familiarity to the local market, while domestic retailers can access best management practices, strategies and actions and technological knowhow held globally.
    e. Sanctioning FDI in multi brand retail can bring about skill enlargement, development in tourism segment, larger Sourcing from Indian SMEs, up gradation in Agriculture, increased market size and greater GDP and tax income.
6. Benefits to Indian retailers
    a. Through FDI Indian companies will get the chance to work with multinationals and develop retailing skills. This would help them advance the retail chains of their own.
    b. Having available the foreign expertise on one hand, Indian retailers can collaborate with the foreign corporations and can utilize their own knowledge about peculiarities of local markets such as consumer'staste and preferences, exclusive features of the logistics in India, etc.
    c. Increase in FDI in single brand retail sector will expand the avenues for new overseas corporations, Mergers & Acquisitions amongst existing Indian brands or JointVentures with foreign partners.
    d. Besides the above possibilities, FDI could also bring options for Indian retailers to combine their retail businesses with those of present cash and carry set-ups of foreign players. Also, there might come further options to to raise long term capital for modernisation and expansion or to draw interest in having partnerships with leading global players. Earlier many foreign multi brand retailers were not fascinated enough to enter Indian market through cash and carry operations, but now via FDI, they might explore Indianretail industry by having stake in our current retail corporations.
7. FDI will bring best Global standards and competition for our Indian retail industry too as we know that the foreign retailers are technically very sound as well as advanced. Their business practices and management of resources are finest of all.
8. FDI will be a good aid to connect rural areas to urban markets. Therefore, it will enable the small and medium enterprises to progress in their technology and manufacture in bulk quantities as there would be more prospects for the absorption of their output.
9. The overall expansion of the market would be remarkable than the effect of the loss in share of organised or unorganised retailers.
10. FDI will result in huge investments in the retail sector that might boost the employment opportunities in fields of as agro-processing, sorting, marketing, logistics and front-end retail.Most of the jobs will be in the organized sector, which is well protected by the laws and interests of the workers. Fair wages, quality jobs and better work conditions will improve the standard of living of people.
11. FDI investments may also benefit the banking sector as there would be growthof funds required to constructnew infrastructure which will be provided by banks. A notable inflow of FDI in various industries of India willboost up the economic status of country.

SECTION IV C - CHALLENGES OF FDI IN INDIAN RETAIL SECTOR

1. FDI may lead to loss of jobs as considerable amount of marginal and small farmers will be wiped out. Therefore, the number of jobs generated will be much lower than those losing the same.
2. It is said by various non-supporters of FDI that global retail giants will recourse to predatory pricing and might create their monopoly or may become oligopoly firm.
3. Looking to past records of FDI in other countries, it can be said that many of the labour practices of multinational retailers, such as, Wal-Mart are not very healthy for workers.
4. Other challenges of Indian retail market are that it has a huge geographically dispersed population, multifaceted distribution channels, and minimal usage of digital systems as well aspresence of fake goods.
5. There lies always an underlined fact with FDI policy decisions that International retailers generally displaces existing markets rather than creating additional markets,
6. Industry experts claim that foreign retailers have no role in constructing infrastructures in the host countries such as roads, bridges or power generation units. They only invest upon the required warehouses and cold chains. All this can only be done by governments in India.
7. It is usually worried by the critics` of FDI policy thatif this policy is implemented in retail sector, it will drain

out the maximum amount of revenue generated to their own countries and only a little to Indian economy which may cause negative impact on economic status of the country.

8. The Indian organized retail sector is not competitive enough to bear the pressure created by international players which may lead to loss of market share for themor risk of closure of their businesses.
9. The international retailers operate upon economies of scale and generally practice cost cutting. They are efficient enough to offer their goods at very low prices to the consumers. All this might pose a big threat for our domestic retailers along with an entry barrier for other new firm.

SECTION V - ANALYSIS & FINDINGS

Demographic Profile of Respondents

Gender	Male	43
	Female	57
	TOTAL	100
Age	18 -29 yrs	43
	30 – 39 yrs	35
	40 – 49 yrs	16
	50 and above	6
	TOTAL	100
Marital Status	Married	51
	Unmarried	38
	Separated / Divorced	11
	TOTAL	100
Occupation	Business	27
	Service	51
	Students	22
	TOTAL	100
Income Range (Monthly)	Less than 1 Lac p.a	10
	Between 1- 3 lacs p.a.	17
	Between 3- 5 lacs p.a.	20
	More Than 5 lacs p.a.	43
	Refuse To Answer	10
	TOTAL	100

Analysis of the data is based on the responses collected through Questionnaire distributed to a sample size of 100 respondents categorised as commerce and management students, economics and international business professors and few consumers in Delhi and NCR, (in reference to the respondents with the above mentioned demographics). Likert's analysis was used for data analysis.

69% of the respondents agree with the idea of FDI in Indian Retail sector as they believe that the product quality will be enriched enough with the inception of FDI in multi-brand retail as it will create a competitive environment that will force the domestic firms to improve their product quality in order to survive in the market. Further, 40% of respondents consider that Indian retailers may avail the partnership deals with foreign retailers for further expansion and diversification so as to penetrate more intensely in the market and reap the benefits of economies of scale. The experience of working with international retailers will benefit the domestic retailers with thatof gaining knowledge and expertise of retailing.

72% of respondents are in the favors of FDI policy in retail sector in India as they perceive that the consumers would be the biggest beneficiary of FDI in multi-brand retail asthese upcoming retail chains will provide variety of quality products at competitive prices. They would be able to get both the Indian and foreign brands goods easily. Also 68% of the respondents agree to a point that there will be significant increase in consumer convenience and their shopping experience would be substantially improve as these international stores will be better in terms of , customer care practices.

The critics of FDI in multi-brand retail assume that such a decision will be less beneficial rather than being a boost for the economy. To begin with, 28% of the respondents assumes that FDI policy in retail segment will transfer the maximum amount of revenue earned in our country to their own homeland and thus, will adversely impact industry'sgrowth projections. Further, 15% of respondents believe that FDI policy implementation will consequently lead to massive unemployment for numerous retailers in unorganized retail sector as they lack competitiveness to tackle the fierce competition laid down by foreign players in Indian retail market. These unorganized retailers have resources constraints, lack of updated technology and scarcity of capital and a very less market knowledge. None the less, 12% of respondents also think that Indian consumers would become more inclined towards the foreign culture which will hamper our traditional, cultural and ethical values.

62% of respondents' supports the decision of FDI in multi-brand retail as they believe that FDI in retail market will be an aid in generating employment opportunities therefore, there would be an increase in the purchasing power and standard of living of people. 43% of respondents have faith inFDI policy as they condemn that the large amount of farm's produce would be prevented from getting spoiled due to lack of suitable cold storage facility by creation of appropriate infrastructure and logistics through FDI investments. Furthermore, 54% of respondents approve the fact that availability of products at fair prices will help in curbing the problem of mounting inflation prevailing in India. Moreover, 66% of respondents favour FDI decision as they trust the international retailers and assume there will be inflow of funds from foreign countries which will be used by Indian government forits infrastructural development, in terms of more medical facilities, housing and schools for its poor population. Nevertheless, 63% of respondents believe that theinternationalcorporations operating in India will also be taxed which will increase the government's tax and revenue generation and thus, helps in reducing the budget deficit.

Hence, the above analysis shows that the majority of sample population supported and embraced the government's decision to permit 51% FDI in multi brand. This means that they would be keen on to have foreign brands in India. But then again a few of them were having the distress of the foreign trade and were of the view that it might capture India through the retail business.

SECTION VI - CONCLUSION AND RECOMMENDATIONS

Conclusion

The future of international retailers is also uncertain like that of our domestic retail players. But it can be presumed that FDI policy can be a fruitful and an effective instrument to minimalize the numerous shortcoming of Indian retail sector such as obsolete technology, disorganised logistics, lack of Employment Opportunities, etc. Organized retail business is relatively a new phenomenon in India, and is still in itsbudding stage in terms of location, size, format, product ranges, and segment targeting. FDI in India's retail sector has both advantages as well as disadvantages. It is strategic to the government as the tax revenue collected can be utilized for the development of infrastructure development, as well as it will be beneficial to the farmers and consumers also to a large extent. It will also provide job opportunity which is a vital for developing countries like India. Although, it might cause cut throat competition especially in the organized retail sector promoting cartels, creation of monopolies, creating unhealthy competition by undesirable price cuts etc. but the increased competition will stimulate the producers or distributors to manufacture or sell better quality products from others to increase their sales and profits which will ultimately result in quality products at reasonable prices. Though critics of FDI policy may fear of major job losses but forthrightly it will cause only redistribution of jobs with few drying up (like middlemen) and new ones sprouting up.

Recommendations

1. The consumers should be cautious while making purchase decisions as they should not be misledby the promotional strategies of the retailers and make a proper analysis before finalizing a sale.
2. The organized retail sector should make a vigilant study before making investments focusing on the retail space and the cost of rentals.
3. The foreign retailers must do a critical analysis about the environmental needs of Indian consumers and must understand that Indian population is multi – cultural and price sensitive. Also India has a maximum population residing in rural area and is not educated enough to comprehend the difference between local and branded goods.
4. The policy makers should take utmost care in utilizing the inflow of foreign capital. Therefore the policy makers should plan accordingly to identify the areas as well as product categories where foreign capital may be permitted.
5. Indian consumers are protected under the Consumer Protection Act, 1986, and the Consumer Protection (Amendment) Act 2002. This Act is outdated. There is no provision for protecting consumers against predatory pricing. Hence, the Act needs to be modified to ensure consumer protection and welfare.
6. Foreign investors must acknowledge the fact that Indian consumerslook out for improvised products existing in the marketand innovative productswith easy accessibility. These new retailersshould meet these expectations of consumers" in India in order to perform well.

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