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A STUDY ON FOREIGN DIRECT INVESTMENT AND DEVELOPMENT IN INDIAN ECONOMY WITH SPECIAL REFERENCE TO RETAIL SECTOR

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ABSTRACT

FDI is one of the most "interesting topics in the area of international business and trade. FDI assumes a lot of importance because it can influence rnicro, macro economic variables of a host country. It has its impact on employment, prices, exports, imports,

Exports, balance of payments, economic growth, competition, production etc. FDI represent one of the most important instruments through which a national economy can encourage production, knowhow, imports, increase in employment, infrastructure development, poverty reduction, etc. The benefits achieved through the increase in

FDIs have created strong competition in the global market of free capital, all with the aim to attract as many and as diverse FDIs as possible. The general trend in the global FDI market is the erasure of geographic borders between developing countries and developed ones as in the past years, developing countries have not only represented a growing FDI market, but have also been aimed at attracting capital intensive investments, as well as R & D investments. FDI is now widely perceived as an important resource for. This paper tries to highlight the recent issue of Foreign Direct Investment in the retail

Segments in both formats of single brand and multi-brand. The foreign investment which has prohibited entry of investment in multi-brand has now emerged as the main issue The government recently has announced the foreign investment of 49% stake for the foreign players to enter into the retail segment. This paper will exhibit the necessity and its impact of foreign investment of retail in both single brand and as well as multi-brand. This paper will be an eye opener with the SWOT Analysis and the key issues and the initiatives to be taken in this sector..The Indian government's favorable policy regime and robust business environment have ensured that foreign capital keeps flowing into the country. The government has taken many initiatives in recent years such as relaxing FDI norms across sectors such as defense, PSU oil refineries, telecom, power exchanges, and stock exchanges, Retailing among others.

KEYWORDS: Exports, Balance Of Payments, Economic Growth, Competition, Production etc

INTRODUCTION

The Economic Survey 2016-17, was tabled in the Parliament on January 31, 2017, by Mr Arun Jaitley, Union Minister for Finance, Government of India. The Survey forecasts a growth rate of 6.75 to 7.5 per cent for FY18, as compared to the expected growth rate of 6.5 per cent in FY17. Over the medium run, the implementation of the Goods and Services Tax (GST), follow-up to demonetization, and enacting other structural reforms should take the economy towards its potential real GDP growth of 8 per cent to 10 per cent.

KEY HIGHLIGHTS

Fiscal Deficit

- Central Government is confident of achieving fiscal deficit of 3.5 per cent for 2016-17 of GDP.
- Non-tax revenues have been challenged owing to shortfall in spectrum and disinvestment receipts but also to forecast optimism; the stress in public sector enterprises has also reduced dividend payments.
- The consolidated deficit of the states has increased steadily in recent years, rising from 2.5 per cent of GDP in 2014-15 to 3.6 per cent of GDP in 2015-16, in part because of the Ujwal DISCOM Assurance Yojana (UDAY) scheme.
- GDP Growth:
- GDP growth expected to be between 6.75 and 7.50 per cent in 2017-18.
- Real GDP growth expected at 6.5 per cent in 2016-17
- GVA growth at basic prices 7.0 per cent in 2016-17
- Inflation and monetary policy:
- Average retail inflation, measured by Consumer Price Index (CPI), in 2016-17 (April – December) seen at 4.9 per cent.
- Average Wholesale Price Index (WPI) inflation, in 2016-17 (April – December) seen at 3.4 per cent from -5.1 per cent in August 2015.
- RBI’s target of below 5 per cent CPI inflation this year is expected to be assisted by demonetization.
- The Reserve Bank of India (RBI) has cut the repo rate by 25 basis points each in April 2016 and October 2016 to 6.25 per cent.
- External Sector:
- The current account deficit has declined to reach about 0.3 per cent of GDP in the first half of FY2017.
- During April-December 2016, trade deficit declined by 23.5 per cent over corresponding period of previous year as contraction in imports were quite higher than fall in exports.
- During October-December 2016, both exports and imports grew at the rate of 5 per cent, starting a long-awaited recovery.
- During 2016-17 (April-December) imports declined by 7.4 per cent to US$ 275.4 billion compared to the corresponding period of previous year.
- Net private remittances declined US$ 4.5 billion in the first half of 2016-17 compared to the same period of 2015-16 on account of oil price decline affecting inflows from the Gulf region.
- Performance of key sectors:

Agriculture and Food Management

- The growth rate for the agriculture and allied sectors is estimated to be 4.1 per cent for 2016-17.
- The production of Kharif food-grains during 2016-17 is estimated at 135.0 million tonnes compared to 124.1 million tonnes in 2015-16.
- The area sown under kharif and rabi crops during 2016-17 was 3.5 per cent and 5.9 per cent higher respectively compared to 2015-16.
- During the South West Monsoon Season (June-September) of 2016 the country as a whole received rainfall which was 97 per cent of its long period average (LPA).
- The stock of food-grains (Rice and Wheat) was 43.5 million tonnes as on December 01, 2016 compared to 50.5 million tonnes as on December 01, 2015 vis-à-vis the buffer stock norm of 30.77 million tonnes as on October 01, 2015.
- Industries, corporate and infrastructure sector:
- Growth rate of industrial sector is estimated to moderate to 5.2 per cent in 2016-17 from 7.4 per cent last fiscal.
- During April-November 2016, a modest growth of 0.4 per cent has been observed in the Index of Industrial Production (IIP) due to strong growth in electricity generation offset by moderation in mining and manufacturing.
- The eight core infrastructure supportive industries, viz. coal, crude oil, natural gas, refinery products, fertilers, steel, cement and electricity that have a total weight of nearly 38 per cent in the IIP, registered a cumulative growth of 4.9 per cent during April-November, 2016-17 as compared to 2.5 per cent during April-November, 2015-16.
- The performance of corporate sector (as reported by RBI in January 2017) highlighted that the growth in sales was 1.9 per cent in Q2 of 2016-17 as compared to near stagnant growth of 0.1 per cent in Q1 of 2016-17. The growth of operating profits decelerated to 5.5 per cent in Q2 of 2016-17 from 9.6 per cent in the previous quarter. Growth in net profits registered a remarkable growth of 16.0 per cent in Q2 of 2016-17, as compared to 11.2 per cent in Q1 of 2016-17.
- Many new initiatives taken by the Government in the form of Make-in-India, Invest India, Start Up India and e-biz Mission Mode Project under the national e-governance plan are facilitating investment and ease of doing business in the country.

Services Sector

- The services sector is projected to grow at 8.8 per cent in 2016-17, similar to 2015-16.
- As per World Trade Organization (WTO) data, India’s commercial services exports increased from US$ 51.9 billion in 2005 to US$ 155.3 billion in 2015, taking its share in global services exports to 3.3 per cent in 2015 from 3.1 per cent in 2014.
- In terms of growth in tourism sector, during January to December 2016, Foreign Tourist Arrivals (FTAs) were 8.9

million with growth of 10.7 per cent and foreign exchange earnings (FEE) were at US$ 23.1 billion with a growth of 9.8 per cent.

Public Finance

- The growth in non-debt receipts at 25.8 per cent during April-November 2016 surpassed the budgeted growth rate of 16.4 per cent for the full year (over 2015-16 PA).
- The realization of the gross tax revenue during April-November 2016 as ratio of the budget estimates for 2016-17 was 57.2 per cent compared to 53 per cent in the corresponding period of the previous year.

GST & Demonetization

- The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth; it is also a bold new experiment in the governance of India’s cooperative federalism.
- The two largest denomination notes, Rs 500 and Rs 1000—together comprising 86 per cent of all the cash in circulation—were “demonetized” with immediate effect, ceasing to be legal tender except for a few specified purposes, on November 8, 2016.
- Demonetization has had short-term costs in the form of slow growth but holds the potential for long-term benefits. Long-term benefits include reduced corruption, greater digitalization of the economy, increased flows of financial savings, and greater formalization of the economy, all of which could eventually lead to higher GDP growth, better tax compliance and greater tax revenues.

Financial Intermediation

- The benchmark 10-year yield continued to tread high in spite of the rate cut and in fact increased marginally after the rate cut to settle at 6.63 per cent as of December 30, 2016.
- The Government increased the limit on securities under market stabilization scheme from Rs 30,000 crore (US$ 4.4 billion) to Rs 6 lakh crore (US$ 88.5 billion).
- The gross non-performing assets (GNPA) to total advances ratio of scheduled commercial banks (SCBs) increased to 9.1 per cent from 7.8 per cent between March and September 2016.
- Indian markets recorded a modest growth of 1.95 to 3 per cent (Sensex was up by 1.95 per cent while Nifty was higher by 3.0 per cent) for the calendar year 2016 as compared to losses registered in 2015.
- For the first time since the meltdown of 2008, Net Foreign Portfolio Investments (FPI) have turned negative (implying that there was an outflow from the Indian markets to the tune of Rs 23,079 crore or US$ 3.4 billion), led by increase in US Fed rate by the Federal Reserve leading to outflows from several emerging market economies.

Proposed Universal Basic Income (UBI) Mechanism

- The Economic Survey considers the idea of UBI as a potent tool to bring about eradication of poverty.
- UBI has several objective benefits such as recalibration of burden on Government finances through unconditional

cash transfer, elimination of administrative inefficiencies in the agency model of government operations, quantification and accountability of benefits.

- From a intangible/philosophical point of view, UBI could be viewed as a fundamental right to accord a life of dignity and social justice to the citizens of the country.
- On the other hand, the negative shades of UBI could manifest in terms of reduced incentive to work, income detached from employment, and being viewed as unconditional income without contribution to society.
- The arguments both in favour of and against UBI need to be discussed further and the shortcomings need to be addressed through better design of implementation tools. However, the time has come for a serious consideration of UBI in view of the enormous burden on the fiscal due to systemic inefficiencies in traditional welfare programs.

Some of the Recent Significant FDI Announcements are as Follows

- Toronto-based Canada Pension Plan Investment Board (CPPIB) made investments worth Rs 9,120 crore (US$ 1.41 billion) in India during FY 2016-17, taking their total investment in India to Rs 22,560 crore (US$ 3.50 billion).
- Softbank is planning to invest its new US$ 100 billion technology fund in market leaders in each market segment in India as it is seeks to begin its third round of investments.
- UAE-based firm, DP World, having previously invested US$ 1 billion in India, is planning to invest another US$ 1 billion in India's infrastructure sector along with logistics and container terminals.
- Xander Group Inc. and APG Asset Management NV have purchased an Information Technology (IT) Special Economic Zone (SEZ) in South Chennai from Shriram Properties and Infrastructure Pvt. Ltd and SUN-AREA Property Partners for a consideration of approximately US$ 350 million.
- The infrastructure sector in India witnessed 33 deals in FY 2016-17 involving US$ 3.49 billion as against US$ 2.98 billion raised across 31 deals in FY 2015-16, with the majority of deals led by the power, roads and renewable sectors, as per investment bank Equirus Capital.
- Developers from China and Japan will invest US$ 3-4 billion in India's real estate sector over the next three years owing to positive regulatory reforms taken by the Government of India such as implementation of the Real Estate Investment Regulatory Act, as per Mr Christian Ulbrich, Chief Executive Officer (CEO), JLL Inc.
- Walmart, global retail giant, plans to open 50 new cash-and-carry stores in India over the next three to four years and locate half of the stores in Uttar Pradesh and Uttarakhand while creating over 40,000 jobs in the two states.
- Global e-commerce giant, Amazon is planning to enter the Indian food retailing sector by investing US$ 515 million in the next five years, as per Mr Harsimrat Kaur Badal, Minister of Food Processing Industries, and Government of India.
- The Government's Make in India campaign has attracted investment across sectors from various Chinese companies, as is evident from cumulative Foreign Direct Investment (FDI) inflows of Rs 9,933.87 crore (US$

1.54 billion) between 2014 and December 2016.

- The capital inflows to India from Canadian institutional investors was estimated to reach over US$ 6.5 billion in March 2016, making Canada the fifth largest foreign direct investment (FDI) partner of the country, with major investments in infrastructure projects by Brookfield, Canada Pension Plan Investment Board (CPPIB), Ontario Teachers and Fairfax, among other institutions.
- Coca-Cola, the US-based beverage giant, plans to invest around Rs 750 crore (US$ 116.20 million) to set up a food processing unit and a bottling plant at the newly developed Mohasa-Babai industrial estate in Hoshangabad, Madhya Pradesh.
- Cairn India Limited, India's largest onshore crude producer, plans to invest around Rs 30,000 crore (US$ 4.65 billion) in the next three years, to increase output by as much as 100,000 barrels a day of oil and gas from its Rajasthan fields.
- Ford Motor Co. plans to invest Rs 1,300 crore (US$ 195 million) to build a global technology and business centre in Chennai, which will be designed as a hub for product development, mobility solutions and business services for India and other markets.
- China based LCD and touchscreen panel manufacturer, Holitech Technology, plans to invest up to US$ 1 billion in India by 2017, as per the company’s CEO Mr Bingshuang Chen.
- Mr Abdul Lahir Hassan, Chairman of UAE-based Gamma Group, outlined plans of investing around Rs 3,000 crore (US$ 436.5 million) in the infrastructure, health and education sectors of Kerala, which is expected to generate around 2,000 indirect and direct jobs in the state.
- Mr Stephane Descarpentries, Director of operations FM Logistic Asia, outlined plans of investing around EUR 50 million (US$ 52.9 million) in India in the next four years, to contribute to a better efficiency of logistics market in the country.
- The first Incredible India Tourism Investment Summit 2016, which was organized from September 21-23, 2016, witnessed signing of 86 Memoranda of Understanding (MoUs) worth around Rs 15,000 crore (US$ 2.18 billion), for the development of tourism and hospitality projects.
- Apple Inc has started its first development centre outside the US in Hyderabad, which will employ over 4,000 people and focus on Apple Maps, the company’s digital maps and navigation service.

Government Initiatives

The Union Cabinet has approved raising of bonds worth Rs 2,360 crore (US$ 365.63 million) by the Indian Renewable Energy Development Agency (IREDA), which will be used in various renewable energy projects in FY 2017-18.

The Ambassador of Japan to India, Mr Kenji Hiramatsu, has conveyed Government of Japan's inclination to invest and offer any other feasible support for various ongoing as well as upcoming development and infrastructure projects in the North-Eastern region of India.

The Government of India is likely to allow 100 per cent foreign direct investment (FDI) in cash and ATM management companies, since they are not required to comply with the Private Securities Agencies Regulations Act (PSARA).

The Government of India plans to scrap the Foreign Investment Promotion Board (FIPB), which would enable the foreign investment proposals requiring government approval to be cleared by the ministries concerned, and thereby improve the ease of doing business in the country.

The Government of India has approved 100 per cent foreign direct investment (FDI) in other financial services carried out by non-banking finance companies (NBFCs), which is expected to attract more foreign capital into the country.

The National Highways Authority of India (NHAI) plans to offer a risk cover to foreign investors who are willing to invest in government owned operational national highways, which would cover risk associated with the possibility of structural design fault, sub-standard quality of construction, and loss of traffic.

The Department of Industrial Policy and Promotion (DIPP) has allowed 100 per cent foreign direct investment (FDI) in asset reconstruction companies (ARC) under automatic route, which will help to tackle the issue of declining asset quality of banks.

The Government of India has amended the FDI policy regarding Construction Development Sector. The amended policy includes easing of area restriction norms, reduction of minimum capitalization and easy exit from project. Further, in order to provide boost to low cost affordable housing, it has indicated that conditions of area restriction and minimum capitalization will not apply to cases committing 30 per cent of the project cost towards affordable housing.

The Government of Karnataka has approved three investment proposals worth Rs 2,211 crore (US$ 321.7 million), which includes that of PepsiCo and Biocon for setting up their new production facilities in the state, and one expansion project proposal of Manyata Promoters Private Limited.

The government has also raised FDI cap in insurance from 26 per cent to 49 per cent through a notification issued by the DIPP. The limit is composite in nature as it includes foreign investment in the form of foreign portfolio investment, foreign institutional investment, qualified foreign investment, foreign venture capital investment, and non-resident investment.

India’s cabinet cleared a proposal which allows 100 per cent FDI in railway infrastructure, excluding operations. Though the initiative does not allow foreign firms to operate trains, it allows them to invest in areas such as creating the network and supplying trains for bullet trains etc.

Road Ahead

The World Bank has stated that private investments in India is expected to grow by 8.8 per cent in FY 2018-19 to overtake private consumption growth of 7.4 per cent, and thereby drive the growth in India's gross domestic product (GDP) in FY 2018-19.

According to United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2016, India acquired 10th slot in the top 10 countries attracting highest FDI inflows globally in 2015. The report also mentioned that among the investment promotion agencies, India has moved up by one rank to become the sixth most preferred investment destination.

India will require around US$ 1 trillion in the 12th Five-Year Plan (2012–17), to fund infrastructure growth covering sectors such as highways, ports and airways. This would require support from FDI flows. India's growth rate, along with competitive location in terms of wages and policies like Stand Up India, is expected to boost FDI in the coming future.

Exchange Rate Used: INR 1 = US$ 0.01549 as on May 31, 2017.

REFERENCES

Media Reports, Press Releases, Press Information Burea

OBJECTIVES

- To understand the strategic marketing management processes of Foreign direct Investment in an Indian Economy with Special Reference to Retail Sector In Indore (M.P).
- To study opportunities to young blood to work with them and learn new technologies. To understand the intricacies of analysis and decision making processes in the FDI and Economic growth.
- To analyze the trends, growth and patterns of FDI inflows into India with special focus on Retail Sector.
- To investigate the Indian market place and review current policy and regulations with regards to foreign investors so as to gain an understanding of the current position on FDI, as well as an overview of the Indian system.
- To understand the intricacies of analysis and decision making processes in the small units and interpersonal /interdepartmental interface management.

SCOPE OF STUDY

- Target population –target population for the study was retail companies (malls) in Indore M.P. customers and kirana shopkeepers.
- Place of study-The research was mainly carried out from Indore.I(researcher) visited malls in Indore and recorded observations of mall managers about the operational aspect s and conducted informal interviews with the customers and kirana shopkeepers wherever possible.
- Reference period -The reference period for the study was 2013 to 2016
- Source s of data – A combination of primary and secondary data was used.

RESEARCH DESIGN

The research design for the present study was basically descriptive and exploratory in nature. The study started with exploratory research design in order to have a deeper insight of the changing retailing environment of FDI in INDIA. This help to formulate the research hypothesis for the present study.

Owing to the fact that management is a relatively speaking a nascent field compared to other disciplines it is quite natural that most of the research studies will be of the type – exploratory. This study therefore, will be an exploratory research based in a large measure on the collection of primary data and also the secondary sources. This study The impact of foreign direct investment on Indian economy: with special reference to retail sector will particularly cover the units based in Indore (M.P).

Nature of the Study

It is exploratory type of research 92

Sample Design

- Sampling units / Population: The retail industrial units in the selected sector from Indore (M.P).
- Sampling type: Stratified random sampling.
- Sample size: The total sample size will be divided into three parts:

Table 1

MALL	20
RETAIL KIRANA SHOP	100
CUSTOMER	300
TOTAL	420

TOP PLAYERS OF RETAIL IN INDIA

- Pantaloon Retail.
- Raheja Group
- Tata
- RPG Group
- Landmark
- Piramal Group
- Subhiksha
- Bharati – Walmart.
- Reliance Group
- AV Birla Group

Data Collection

The data to be collected from Primary sources as well as Secondary sources:

Primary Sources

For Primary source a questionnaire will be prepared and this questionnaire will be filled by and scheduled interviews / personal observations.

And also three sources of evidence that Yin (2003) discusses were used in this study i.e. Interview, Documentation and Archival Records.

Secondary Sources

Data collected from internet, journals, magazines, text books etc. A sample of typical secondary source can be seen as per selected bibliography & references.

DATA ANALYSIS

Data collected was mainly qualitative in nature. data were collected from the mall managers,Kirana shopkeepers and customers. Data was tabulated. Charts, and graphs were used for comparative analysis. In addition to this, statistical tool like averages, ranking and chi square test were used.

LIMITATIONS OF THE STUDY

- The study is conducted in a short period, which was not detailed in all aspects.
- Non-availability of accurate data to FDI
- Data in one secondary source do not match with that of another source.

FDI IN IMPACT OF FDI IN AN INDAIN ECONOMY

Positive relationship exists between the inflows of FDI and the size of the host market in terms of GDP or GNP Primary Data Questionnaire Secondary Data Journals, Articles, Internet, Text books & magazine Analysis of Data Table, charts &Graphs Chi square test applied C FDI Positively impact on Indian Economy Research Methodology

(Exploratory Research) Data collection

PROBLEM FORMULATION

India is without doubt a 'growth' economy and many consider it an attractive country to invest in, particularly in its rapidly growing and changing retail market. However, Foreign Direct investment (FDI) is restricted in the retail sector, and despite many years of debate, the regulations are still only changing very slowly and there are still lots of uncertainties. Foreign Investors are watching India, ready for a piece of the action in the retail market, but there are still plenty of uncertainties, restrictions and potential socioeconomic risks. This division of the retail sector, which has a very heavy weighting towards, unorganized, is just one of the issues contributing to the sensitive debate on FDI in India at the moment. What are the potential risks to the unorganized retail sector, and of course to the wider Indian economy? There are several groups who are Strongly opposed to FDI in the Indian retail sector, but are their concerns unfounded? Equally, could FDI in retail be a disaster for the sector and the Indian economy? What reforms are necessary, if any, to protect the subcontinent's domestic retail sector and national interests? Thus, retailing can be said to be the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit. With this keeping in mind, the following objectives are formulated.

MAIN OBJECTIVE OF RESEARCH WORK

The Government of India was initially very apprehensive of the introduction of the Foreign Direct Investment in the Retail Sector in India. The unorganized retail sector as has been mentioned earlier occupies 98% of the retail sector and the rest 2% is contributed by the organized sector. Hence one reason why the government feared the surge of the Foreign Direct Investments in India was the displacement of labour.The unorganized retail sector contributes about 14% to the GDP and absorbs about 7% of our labour force. Hence the issue of displacement of labour consequent to FDI is of primal importance. There are different viewpoints on the impact of FDI in the retail sector in India, According to one viewpoint, the US evidence is empirical proof to the fact that FDI in the retail sector does not lead to any collapse in the existing employment opportunities. There are divergent views as well. According to the UK Competition Commission, there was mass scale job loss with entry of the hypermarkets brought about by FDI in the UK retail market.India being a signatory to World Trade Organization’s General Agreement on Trade in Services, which include 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 fear of job losses, procurement from international market, competition and loss of entrepreneurial opportunities. However, the government in a series of moves has opened up the retail sector slowly to Foreign Direct Investment (FDI). 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 single brand retail out let was also permitted in 2006. FDI in Multiband retailing is prohibited in India.

FOREIGN DIRECT INVESTMENT

Introduction

Foreign direct investment (FDI) is defined as "investment made to acquire lasting interest in enterprises operating outside of the economy of the investor." The FDI relationship consists of a parent enterprise and a foreign affiliate which together form a Multinational corporation (MNC). In order to qualify as FDI the investment must afford the parent enterprise control over its foreign affiliate. The UN defines control in this case as owning 10% or more of the ordinary shares or voting power of an incorporated firm or its equivalent for an unincorporated firm; lower ownership shares are known as portfolio investment.

History

In the years after the Second World War global FDI was dominated by the United States, as much of the world recovered from the destruction brought by the conflict. The US accounted for around three-quarters of new FDI (including reinvested profits) between 1945 and 1960. Since that time FDI has spread to become a truly global phenomenon, no longer the exclusive preserve of OECD countries. FDI has grown in importance in the global economy with FDI stocks now constituting over 20 percent of global GDP.

FDI invests in India and gives the better opportunities and enhanced technologies to Indian peoples. It's good. But after 2-3 year company decide to increase the value of product and it's service. If it is not done by government then the owner of company decided to block the marketing then we to purchase the product from other country. That's very bad for Indian market, employees, GDP, consumers, Indian economy etc. I think not go through FDI.

India is the country of youth. So block the FDI in country and to decrease unemployees, Indian government to start programs in which there is 50-50 percent partnership between government and peoples. It will better to use skill and ideas to do public and for people beneficial. It will remove the hesitation of people to invest money in market.

Advantage

- Wealth of India in its control.
- Wealth of India is in country itself.
- GDP increases.
- Better job opportunity for peoples.
- Decrease unemploys.
- To see India as developed country as US, China, Japan etc.
- Currency will be strong respect to other.
- Better understanding between government and company.
- Reduction in other country products.

Prajwal said The word FDI sound interesting to some people because they are considering few good point about that but we should talk about consequences of FDI too. It will help our country to generate employment at the same time increasing the burden on Indian companies. As we know India youth population is highest in all but in quantity not in quality, so FDI going to help us to train and to make our quantity skill so to make India house of quantity and quality.

Govind Katariya said: (Nov 30, 2016)

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FDI in Retail Sector is Positive in the Sense that,

- Increases employment in host country.
- GDP of the host country will improve.
- Foreign currency inflow which leads to increase in foreign exchange reserves.
- Inflow of technical skills and knowledge.
- Competition will increase in d host market.
- Improved national income as it provides greater employment opportunities with lucrative salary (especially those with greater knowledge).
- Customer oriented products hence leading to greater customer satisfaction.
- Generally, such firms engage in price wars. They force the home markets to keep their prices low as well even if it is unprofitable for them to do so. This is because such large firms with huge production base manage low cost through economies of scale and small firms lose on this.
- May misuse natural resources of the host country.
- MNC's usually end up bringing obsolete technology to the host country.
- A major % of retail sector in India is owned by small or middle businessmen, who unable to meet the competition usually sell their business to MNC's. This in turn gives birth to a cycle of problems like decrease in Personal Disposable Income, employment opportunities etc.

List of Countries by Received FDI

This is a **list of countries by FDI** in 2006 mostly based on CIA fact book accessed in January 2008.

- United states
- United kingdom
- Hong kong
- Germany
- China
- France
- Belgium

- Netherlands
- Spain
- Canada

FOREIGN DIRECT INVESTMENT

As the third-largest economy in PPP terms, India is a preferred destination for foreign direct investments (FDI) with strengths being information technology and other significant areas such as auto components, chemicals, apparels, pharmaceuticals and jewellery. But its rigid FDI policies were a significant hindrance in this regard. However, as a result of a series of ambitious and positive economic reforms aimed at deregulating the economy and stimulating foreign investment, India has positioned itself as one of the front-runners of the rapidly growing Asia Pacific Region. India has a large pool of skilled managerial and technical expertise. The size of the middle-class population at 300 million exceeds the population of both the US and the EU, and represents a powerful consumer market.

India's recently liberalized FDI policy (2005) allows up to a 100% FDI stake in ventures. Reforms have substantially reduced industrial licensing requirements, removed restrictions on expansion and facilitated easy access to foreign technology and FDI. The upward moving growth curve of the real-estate sector owes some credit to a booming economy and liberalized FDI regime.

A number of changes were approved on the FDI policy to remove the caps in most sectors. Restrictions will be relaxed in sectors as diverse as civil aviation, construction development, industrial parks, petroleum and natural gas, commodity exchanges, credit-information services and mining. But this still leaves an unfinished agenda of permitting greater foreign investment in politically sensitive areas such as insurance and retailing. FDI inflows into India reached a record US$19.5bn in fiscal year 2006/07 (April-March), according to the government's Secretariat for Industrial Assistance. This was more than double the total of US$7.8bn in the previous fiscal year. Between April and September 2007, FDI inflows were US$8.2bn.

FACTORS MAKING INDIA A FAVOURED FDI DESTINATION

India, the largest democracy and 4th largest economy (in terms of purchase power parity) in the world is also the tenth most industrialized country in the world. With its consistent growth performance and abundant high-skilled manpower, India provides enormous opportunities for investment, both domestic and foreign.

Since the beginning of economic reforms in 1991, major reform initiatives have been taken in the fields of investment, trade, financial sector, exchange control simplification of procedures, enactment of competition and amendments in the intellectual property rights laws, etc. India provides a liberal, attractive, and investor friendly investment climate. Main features of policy on Foreign Direct Investment are dealt with in this chapter.

SUMMARY AND CONCLUSIONS

The most important determinants for attracting FDI are the Cost Factors, Market Size, Real Exchange Rates, Macro Economic Stability, Rate of Inflation, Overall Economic Stability, National FDI Policy, Investment Incentive, and Removal of Restrictions like Access to few industries, foreign ownership restrictions, ease of entry performance requirements. The policy on Foreign Direct Investment has been reviewed on a continuing basis and several measures announced from time to time for rationalization/ liberalization of the policy and simplification of procedures.

This will make the retail industry to be tapped and the growth will be well developed in encouraging the GDP growth of the country. The small retail stores should also function in a smooth manner even if the foreign players dominate the segment. To Conclude, The growth of retail industry will be tapped which will allow foreign players to play a major role in upbringing this industry as an Emerging sector.

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