

Foreign Direct Investment: The Big Bang in Indian Retail Sector

Dr Mohan Singh

Abstract:

The winds of globalization sweeping across has taken the Indian economic environment in its fold to end up into its ultimate manifestation. The mind set of Indian consumers changed from a state of preserving resources to indulge in the shopping culture. Encouraged by the outcome of economic policy of 1991, India attained 100% FDI, even single brand, in the retail sector in India. It may accelerate economic growth by bringing additional investment to enrich still retrograded infra structure like cold chain & supply chain along with eliminating the exploitative system of middlemen which bleeds the farmers and squeezes the consumers but the questions of employment generation, protection of indigenous small businesses and distortion of socio-cultural structure are still unanswered. The paper scrutinizes the effects of Foreign Direct Investments on the Indian Retail Sector with cautions for Indian government must take decision to contain peripheral evils & safeguard the health of the Indian retail sector against presumably unfair competition from the giant players of the global economy in the present state of slowing growth, stubborn inflation & widening fiscal deficit in the country. India's retail industry can be looked into organized and unorganized sectors. Post economic reforms, organized retail has grown exponentially and shined in Indian middle class's growing purchasing power. Consequently, the opening of the wholesale and single brand retail sector to foreign direct investment may add more opportunity for common man. Indian potential to attract FDI is obvious as it ranked as the third most attractive nation for retail investment among 30 emerging countries. Hence in addition to the domestic companies like the Future Group, Tata's Westside, Reliance Fresh, Raheja Group and Bharti Retail, foreign player may take the country at the higher level of economic growth and standard of living. The latest move to allow 100% FDI in wholesale cash-and-carry trading permits the single-brand retailing with 100% FDI while prohibits multi-brand retailing leaves the same question still to answer that whether opening up of FDI in multi-brand retail up to

Assistant Professor, Economics, Army Cadet College, Indian Military Academy, Dehradun-248007, Email- singhmohan2002@yahoo.com