

FOREIGN DIRECT INVESTMENT AND IT'S EFFECT ON RETAIL SECTOR OF INDIA

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ABSTRACT

As a result of globalization and liberalisation in the previous two decades, India's economy has been transformed into a profitable consumer market. Prospects for growth are bright, as evidenced by a growing market as well as improved government policies and new technology that make business easier. FDI is vital to a country's economic progress. We're talking about a whole host of new technologies and management concepts that pave the way for more efficient resource use and ultimately a bigger share of the global market. The retail growth in India is another example of a success story.

The Indian economy has seen a huge retail boom in recent years, thanks to strong foundations in the economy, including changes in economic and cultural factors, as well as a big domestic market with a highly competitive manufacturing base. An investigation has been conducted to identify the effect of FDI investment in retail sector on GDP of the Indian economy, along with key retail sector indicators like retail sales and employment generation. It also examines the impact of retail FDI on small businessmen.

Keywords: FDI, Retail, Performance, GDP, Economic Factors, Cultural Factors, Productivity

INTRODUCTION

As opposed to other types of external financing, FDI flows are typically favored since they do not create debt, are non-volatile, and their returns are dependent on how well their investments succeed. FDI enables international trade as well as the transfer of knowledge, skills, and technology across national borders, among other benefits. Their complementary and catalytic role can be highly beneficial in a world of rising competition and fast technological development.

METHODOLOGY

Primary Data Sources

With the help of a questionnaire, nine questions were posed to analyse the impact of FDI on the retail industry, notably the multi-brand sector. Answers to all questions were given in the form of dichotomous closed-ended questions, in which the respondents were given two options: Yes or No Due to its simplicity, respondents find it easier to answer questions, it's more precise, and it's ideal for big scale surveys. Interviewers and interviewees save time by using closed-ended questions.

Tools used to Test the Hypotheses

It has been determined that retail FDI has a positive influence on Indian economic growth in terms of GDP, on employment generation, revenue, and sales. The coefficient of determination measures the strength of the linear connection between the dependent variables, and independent variables. To analyse the data in this article, statistical tools & techniques were used.

Hypotheses

Ho1: When it comes to job creation, retail FDI has little to no influence on the retail industry.

Ho2: FDI in retail has no substantial influence on the retail sector's sales performance.

Ho3: There is no substantial influence of retail FDI on India's GDP growth.

OBJECTIVE OF STUDY

- Examine the impact of FDI in retail on GDP, Employment, Sales and Revenue.

LIMITATIONS OF STUDY

- Since the study was conducted in India, the results may not be applicable to other nations.
- Sample Error exists in main data. As a result of the study procedure, sampling error may arise. I also took great effort to reduce other possible sample errors, such as design errors, interview errors, respondent errors, biased errors, etc.

ANALYSIS & INTERPRETATION

Q1. Are you familiar with malls?

The majority of responders (90 percent) are aware of the mall's existence and its importance. Most of the vegetable sellers are unaware of Mall's existence.

Q2. Do you have any knowledge regarding Wal-operations? Mart's

Wall-Mart is mostly unknown to most respondents (80%), whereas Wal-Mart is known to only 20% of respondents. This illustrates the lack of understanding of the global trend amongst regular shops.

Q3. Are you familiar with FDI?

This suggests that the degree of FDI knowledge at the grassroots is still not adequate.

Q4. Concerned about Mall Culture?

Only 20% of young people are concerned about mall culture. Fashion merchants, in particular, are concerned about this shift in fashion.

Q5. How has it affected your present business?

The middle and lower middle-class clients like to purchase at traditional markets, where they feel comfortable and can haggle.

Q6. Do you worry that FDI in retail would lead to the closure of small businesses?

There is a small percentage of people (20%) who are concerned about the recent popularity of mall culture.

Q7. Do you agree with the government's decision allowing 51% FDI in multi-brand retail within India?

Moreover two-thirds of respondents (70 percent) oppose the government's plan to allow foreign investment in the retail sector.

Q8. Does FDI in retail enhance job opportunities, according to you?

75 percent of respondents believe that the entrance of investors will create jobs, regardless of the factor, employee is educated or not.

Q9. FDI in retail, in your opinion, is likely to raise living standards?

Eighty percent of the people surveyed agree with the idea, which will lead to increased consumption.

FINDINGS

- According to the survey, 80 percent of respondents believe that mall openings have little to no influence on their sales. Since middle and lower middle-class clients prefer to buy from conventional markets, where they feel comfortable, negotiate, and has a neutral influence on small business owners. A large majority of clients are loyal to their merchants, according to the survey. For them, shopping in a mall is a form of pleasure, not a habit.
- Retail FDI has a substantial influence on employment generation in the retail sector.
- In terms of retail sales, Retail FDI has a major influence.

CONCLUSIONS

- According to retailers, the opening of a mall will increase employment opportunities for all types of people, including producers and suppliers as well as graduates and unskilled labourers. This, in turn, will increase the standard of living in the community and, as a result, the revenue generated by their stores.
- The study's findings indicate that retail FDI inflows have a substantial influence on retail job creation. In addition, because FDI represents a long-term commitment to the investment destination, it contributes considerably to the development of new retail destinations or outlets, which require human resources to manage them effectively.
- Retail FDI inflows have a substantial influence on retail sales growth, which is a crucial indication of retail sector performance, according to the results.
- There's no need to worry about the demise of tiny retail stores.

- Their firm is mostly operated by devoted consumers, and they are certain that the market segment will be distinct. Like I said before, middle-class and lower middle-class clients feel more comfortable shopping in traditional markets where they may dispute and haggle with other customers.
- We may argue that FDI in retail is helpful for the expansion of the retail sector in India since it focuses on the organised retail sector and the organised retail sector's proportion of overall retail is extremely small.

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