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FDI in Retail And Special Focus on Retail Market of Assam

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Abstract
Aim Of The Study :The aim of study is to find out fdi in Assam so as to special focus on retail market in Assam
Methodology:

To find out the impact of FDI in retail sector on Indian Economy by way of in terms of employment , GDP , GSDP and other statistical parameters .

Findings :

Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing Analysis FDI inflows data re-classified, as per segregation of data from April 2000 onwards.

Percentage of inflows worked out in terms of US$ & the above amount of inflows received through FIPB/SIA route RBI's automatic route & acquisition of existing shares only.

FDI Sectoral data has been revalidated / reconciled in line with the RBI, which reflects minor changes in the FDI figures (increase/decrease) as compared to the earlier published sectoral data.

Services sector has been the dominant sector since April 2001 to Jan 2015 as the flow of FDI is 32.07% and higher compared to other sectors. However in retail trading (single brand) the flow of FDI is only 0.11% .

Keywords : FDI in retail market , organized and unorganized retailing , Service sector , and highest fdi flow etc.

Introduction

The whole retail market in India is likely to reach Rs 47 trillion (US$ 792.84 billion) by Financial year2017, presenting a strong potential for foreign retailers planning to enter India. India is the 5th most favorable destination for international retailers. Of the total Indian retail market, 8% is made up by the organized retail segment. This segment is estimated to grow at a rate of almost 30% by 2015, and hence at a much faster pace than the overall retail market which is forecast to grow by 16% in the same period. Until 2011, the Indian Central Government did not allow Foreign Direct Investment (FDI) in multi-brand retail.

This prevented foreign groups from any ownership in supermarkets, convenience stores or other retail outlets. It was not immediate decision as the decision was taken with the view of 1990 market reforms.

In late 2012, the Government of India introduced a Foreign Direct Investment policy which allows foreign retailers to own up to 51 per cent in multi-brand retail and 100% in single brand retail.

Though FDI in retail followed the reform routes from 1990's but the Indian Retail Market started changing slowly since 1980's .Textile bigwigs Bombay Dyeing, Raymond's, S Kumar's, Grasim and watch giant Titan were first to embrace it . It's not only India who embraced FDI in search of development. UNCTAD Report 2009 reflects the story that – global FDI figure was around US$ 1400 billion in 2000 and it increased to US$ 1697 billion in 2008.Even US were the world's largest recipient of FDI during 2006 with an investment of 184 million from OECD(Organization for Economic Co-operation and Development) .

A report exposed by New York Times says- Wal-Mart has captured nearly 50% of Mexico's retail market in 10 years period. In their model they used waging a price war, aggressive pricing to destroy the local market and once the market is captured by monopolistic power with predatory pricing. For its strategy Wal-Mart struggled to open up its store in Brooklyn, New York, USA.

Recently, a British Member of Parliament David Amess was quoted in the media, who has said, FDI in retail" Literally change the fabric of life in India".

Retailing in India is one of the business enterprises of its economy and accounts for 14 to 15% of its GDP. The Indian retail market, currently estimated at around US$ 490 billion, is project to grow at a compound annual growth rate (CAGR) of 6 per cent to reach US$ 865 billion by 2023 .

The retail industry has been been mainly trapped by unorganized sector in states like Assam where growth of is very less. However in India more than 76% is unorganized retailing and only 24% percent in 2015 according to recent report of Deloitte.

Assam is one of the poorest states in the country. The performance of indicators of agriculture and allied sectors as well as manufacturing sectors has been dismal when compared to other developing states from eastern India like Bihar, Chhattisgarh or Jharkhand.

According to Planning Commission data, growth rate of GSDP in agriculture sector for 2005-06 to 2011-12 for Assam is 3.99% as against 17.07% in Bihar, 10.85% in Mizoram, 9.55% in Arunachal Pradesh, 8.69% in Chhattisgarh and 8.94% in Jharkhand. Similarly, the growth rate of GSDP of Assam in Industry sector for 2005-06 to 2011-12 stood at 2.67% as against 16.73% in Bihar, 13.07% in Mizoram, 10.14% in Arunachal Pradesh and 9.37% in Chhattisgarh. Assam has only edged Jharkhand in this segment at 0.69%. The states that are opposing FDI in retail are some of the best growing states in the country like Bihar, Gujarat, Tamil Nadu, and Karnataka among others.

The study moves from the national scenario and enters into the scenario of the different states of India where the reference of (Gross domestic GSDP with respect to Gross Domestic Product (GDP) has been taken care .To elaborate it, to find out the impact of FDI in retail on Indian economy as well effect of retail sector in terms of employment .

Research objective

1. To determine the flow of FDI in India .
2. To find out the impact of FDI in retail sector on Indian Economy by way of in terms of employment , GDP , GSDP and other statistical parameters .
3. Discuss the effect on the Retail Sector in terms of employment and other parameters.
4. To examine the trends and patterns in the FDI across different sectors and from different countries in India

Literature Review

This chapter deals with the review of literature pertaining to the impact of FDI in Indian Retailing. Retailing is one of the largest sectors of Indian economy. The unorganized retail sector in India occupies 97% of the retail business and the rest 3% is contributed by the organized sector. The unorganized retail sector contributes about 13% to the GDP and absorbs 6% of our labour force. On 20th September, 2012 the Government of India has approved 51% FDI in Multiband retail and 100% (revised) in Single Brand retail sector through Government Route with some riders. FDI in the retail sector in India will lead to economic growth and creation of new jobs along with rural infrastructure development. But the other view point is that mass scale job loss will happen particularly in manufacturing sector with the entry of the big MNCs like Wal-Mart and Carrafuer, Metro PLC and IKEA etc. (K. R. Kaushi and Dr. Kapil Kumar Bansal, 2012). After FDI has entered in retail, it is possible to set up a properly organised chain of retail stores according to the expectations of the customers. The following are the studies undertaken by foreign authors and Indian authors to prove that there is a significant impact of FDI in Indian Retailing.

Need For Study:

There is a need for study about FDI in retail market and Special focus on Assam because Assam's larger part of the retail market is unorganized and only few parts is organized . Here we have been trying find out the analysis through various data , granger causality test and other hypothesis .

Research Methodology

Research methodology is a system process to solve the research problem with some logic behind it. It is a systematic collection of data,facts, figure which helps in quantity of decision making .

Research objective

- To determine the flow of FDI in India .
- To find out the impact of FDI in retail sector on Indian Economy
- Discuss the effect on the Retail Sector in terms of employment and other parameters.

Research Design

Research designs are concerned with turning the research question into a testing Project. The best design depends on your research questions. Every design has its positive and negative ides. The research design has been considered as a blueprint" for research, dealing with at least four problems: what questions to study, what data are relevant, what data to collect, and how to analyze the results.

Types Of Research

The types of research which will be applied in report as follows:

Descriptive Research: In The Descriptive Research We Only Defined The State of affairs because here in this research the situation had already been defined.

Methods Of Data Collection

Secondary data

Reference books. Here data can be collected by the help review, journals, human resource development plans, magazines, and internet.

Sample size: The study is limited to a sample of investing countries e.g. Mauritius, Singapore, USA etc. and sectors e.g. service sector, computer hardware and software, telecommunications etc. which had attracted larger inflow of FDI from different countries. I have taken a sample size including the countries like Manutius ,Usa , uk and other countries

Data Analysis

Hypothesis:

The project is based on the following hypotheses for testing the causality and co-integration between GDP and FDI in India (I) whether there is bi-directional causality between GDP growth and FDI, (ii) whether there is unidirectional causality between the two variables, (iii) whether there is no causality between GDP and FDI in India (iv) whether there exists a long run relationship between GDP and FDI in India.

Model Specification

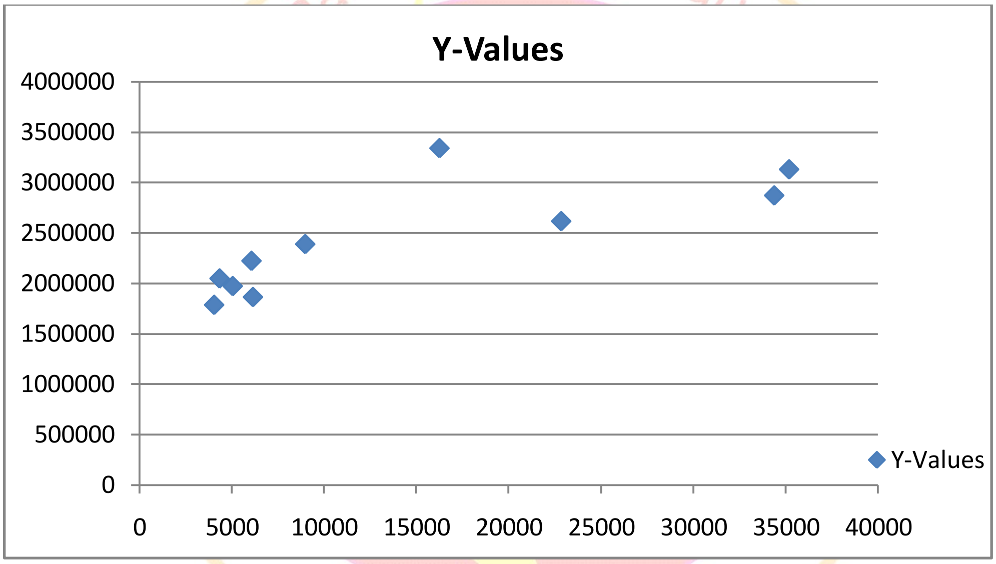
The choice of the existing model is based on the fact that it allows for generation and estimation of all the parameters without resulting into unnecessary data mining. The growth model for the study takes the form:

GDP=f (FDI) -------------------- (1)

Where GDP and FDI are the gross domestic product and foreign direct investment respectively.

Analysis Of Data

	FDI (Rs)	GDP (AT FACTOR COST IN Rs)
2000-01	4029	1786525
2001-02	6130	1864301
2002-03	5035	1972606
2003-04	4322	2048286
2004-05	6051	2222758
2005-06	8961	2388768
2006-07	22826	2616101
2007-08	34362	2871120
2008-09	35168	3129717
2009-10	16232	3339375



Scatter Plot Diagram: the diagram shows a positive relationship between FDI and GDP.

Correlation study between GDP and FDI:

	FDI	GDP	
2000-01	4029	1786525	
2001-02	6130	1864301	
2002-03	5035	1972606	
2003-04	4322	2048286	
2004-05	6051	2222758	
2005-06	8961	2388768	
2006-07	22826	2616101	
2007-08	34362	2871120	
2008-09	35168	3129717	
2009-10	16232	3339375	
	correlation		0.792759

There is strong positive correlation between FDI and GDP.

Discussion and interpretation

The model mainly specified the relation between with GDP and FDI where GDP has been defined as a function of FDI to find out the long-term relationship and causality between them.

Further figure shows a positive co-relation was found in the year of 2009-10 with a degree of co-correlation .79

Granger Causality Test

Pair wise Granger Causality Tests			
Date: 04/25/13 Time: 11:00			
Sample: 2001 2010			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Probability
FDI does not Granger Cause GDP	8	12.4342	0.03532
GDP does not Granger Cause FDI		2.21804	0.25625

We reject the null hypothesis that FDI does not cause GDP because F statistic value shows value greater than second hypothesis. Therefore there is evidence that there is a directional movement from FDI to GDP but the probability is low. Similarly there is probability that GDP may be causing FDI because probability for this is comparatively high.

Thus we can say that there is Bi-directional movement between FDI and GDP.

Discussion on Gross State Domestic Product (GSDP)

Gross State Domestic Product (GSDP) is the counterpart of Gross Domestic Product(GDP).GSDP is considered in case of the states while GDP in case of the whole country. The sum of the monetary values of the goods and services produced in a year in Primary, Secondary and Tertiary sectors of an economy constitutes the Gross Domestic Product (GDP).The components of the three sectors are-

a) Primary Sector- It includes the activities and products of agriculture, sericulture, forestry and logging, fishing and mining.
b) Secondary Sector- It includes manufacturing, construction, electricity, gas and water supply activities.
c) Tertiary Sector- It consists of hotels and restaurants, transport, storage, communications, insurance, real estate and business services, community services and social and personal services.

So from the above discussions of the sectors it is quite obvious that the retail products those comes in forms of Business to customers (B2C) and sometimes as Government to customer (G2C) are mainly the product(s) from the Primary Sector and to some extent from Secondary Sector(e.g-manufacturing). So for any states growth of GSDP with help of Retail Sector is reflected by the growth of Primary Sectors (mainly).Now if Co-relational Analysis between GSDP and GDP for different states and India (on basis of Current Price and Constant Prices) are taken up from 2001-02 to 2011-12 it places a definite trend.

Co-relation value of GDP and GSDP from 2001-02 to 2011-12(As on 27-02-2013)		
states	Based on Current price	Based on Constant Price
Andhra Pradesh	0.999462	0.994413
Arunachal Pradesh	0.9917664	0.9911228
Assam	0.9980714	0.9958406
Bihar	0.9935528	0.9854728
Chhattisgarh	0.99432355	0.99681952
Goa	0.9930024	0.99635112
Gujarat	0.99887237	0.9994786
Haryana	0.99857174	0.99937204
Himachal Pr.	0.998843330	0.99983765
J & K	0.99858457	0.98851155
Jharkhand	0.9917327	0.98669952
Karnataka	0.99770848	0.99443248
Kerala	0.99902166	0.99895655
Madhya Pr.	0.99798605	0.99455735
Maharashtra	0.998883102	0.998655458
Manipur	0.988301533	0.988808593
Meghalaya	0.751364148	0.997484105
Mizoram	0.998936367	0.993361363
Nagaland	0.988478851	0.995005825
Odisha	0.995601315	0.994321497
Punjab	0.998457036	0.999250401
Rajasthan	0.994696827	0.993919795
Sikkim	0.966433472	0.931849572
Tamil Nadu	0.999052814	0.998296371
Tripura	0.998390582	0.997858475
Uttar Pradesh	0.999558558	0.999654238
Uttarakhand	0.997478354	0.992092856
West Bengal	0.999021694	0.999345864
(Calculation based on-Source: For Sl. No. 1-32 -- Directorate of Economics Statistics of respective State Governments, and for All-India — Central Statistical Organization)		

Discussion and Interpretation

Figure places the fact that there is high to very high co-relation between GSDP of states and Indian GDP in terms of Current Prices and Constant Prices. Again if one refers to Section D(Interpretation of Different Data regarding FDI) subsection e(Degree of Co-relation between different Economic Factors and FDI inflow in India) than it places high degree of co-relation(= .91) between FDI inflow and GDP at market price. So, referring to High degree of Co-relation between GSDP and GDP and again between FDI inflow and GDP it could be interpreted that there is a probability of high degree of co-relation between GSDP and FDI inflow. So on basis of it could be said that FDI inflow should have probable positive impact on GSDP of states. GSDP is a counterpart of GDP.

The overall growth of an economy is the resultant of the growth (g) of Primary (p), growth of the Secondary(s) and tertiary (t) sectors, weighted (w) by the respective sectoral shares in GDP.

The growth equation for an economy can be written as (Dr.A.K.Neog, 2013).

G/100= [w (p).g(p) + w(s).g(s)+ w(t).g(t)]/ [w(p) +w(s) +w(t)]----------(A)

G= Overall growth rate.
w= weight (share) in GDP.
g = Sect oral growth rate.
p= Primary Sector.
s= Secondary Sector
t=Tertiary sector.

So, obviously from the above equation the overall growth of the states depends upon the three sectors. So the states which are having good infrastructure for agriculture, fishing, mining, sericulture(primary sectors) probably may experience growth (like –Bihar, Punjab, West Bengal, Assam, Uttar Pradesh).This growth will induce from GDP to GSDP resulting from FDI inflow.

Advantages and Disadvantages of the FDI in retail in India in terms of employment

Growth of Economy- With the entrance of foreign companies there will be a need to grow infrastructure and automatically real-estate sector will spell the buzz word. Simultaneously for the money lending purpose banking sector will also experience the growth.

Job Opportunities- Estimates showed that the entrance of FDI will generate about 30 million jobs mostly by retail sector followed by real-estate and it will be followed by the other sectors.

Opportunity for the Farmer and Manufacturers- Previously in the retailing business the intermediaries have dominated the space between the farmers/manufacturers and the retailers. In this process the intermediaries use to eat up the chunk of the profit as the farmers/manufacturers use to enjoy the losers side in terms of profit. But with introduction of FDI the concept of contract farming or manufacturing is going to capture the scenario where there will be no need for the intermediaries and the manufacturer or farmer can directly come into contact with retailers through contract.

Benefits to Consumers– With entrance to foreign investment and foreign goods consumers will get variety of products at low prices compared to the market prices. It will give more choice for international brand at one place.

Infrastructure Development- India has large production for grains, fruits and vegetables but over the year the problem that surfaced was the lack of storage space which counted for unwanted loss and subsequently supply of crops was hampered. FDI can help it out by putting up lot of technically enabled storage space.

Disadvantages:-

Drainage of countries revenue : Due to FDI in retail the countries lead to drain away countries wealth and stock in their country for their own development .

Loss employment: The small retailers and intermediaries where peoples are working may lose their jobs as FDI retail in retail leads to spell doom the intermediaries.

Competition: The domestic retailers would get a tough competition from various giant retailers like Wal-Mart , Tesco , Carrefour .

Inequality increases:- The inequality between rich and poor will be widening . An economically backward class person will suffer from price rise.

Disintegrate Existing Local Supply Chain(s)-As retailers are going to set up direct linkage with the farmers so local supply chain(s) will be disrupted.

Bring down the price initially: - Foreign retailers as they entered into the market try to penetrate the whole market by charging low prices than the domestic retailers . However the foreign retailers would have a monopoly power to control the market.

Cross cultural conflict: The Fdi in retail will lead to cross cultural conflict between various companies because managing the cross culture is very tough in a country like India.

FDI inflow vs Employment in Retail

Year	2006	2007			2008		
	Inflow	Inflow	E	GR(%)	Inflow	E	GR(%)
FDI(Crores)	56390	98642	0.036	75	123025	0.11	24.7
Employment(Retail	37000	38000		2.7	39000		2.6

(Yes bank &Assocham Survey 2012 and DIPP's Financial Year wise FDI Equity Inflows).

Year	**2009**			**2010**		
	Inflow	E	GR (%)	Inflow	E	GR (%)
FDI(Crores)	123120	16.25	0.08	88520	-0.05	-28
Employment(Retail	39500		1.3	40000		1.3
Sector)						

(Yes bank &Assocham Survey 2012 and DIPP's Financial Year wise FDI Equity Inflows).

Interpretation:

- It was shown in the table a negative growth rate which was found in the year of 2010.
- Elasticity (showing change in employment due to change in flow FDI is negative in the year of 2010 due to recession .
- Employment growth rate slashed down year after year .
- Value of correlation =0.71 which shows strong relationship between FDI flow and employment in retail sectors.

Research Findings

The country like India there is tremendous scope for retail market. States like Assam has significant development of shopping malls as well large retail outlets. Guwahati as being the largest city of Assam as the gateway to Assam has been in the forefront of organized retail market like quality shopping malls Hub ,shoum Shoppe ,The cub and donna planet have come up in the city since 2005 . The leading retailers like pantaloons, bigbazar, and vishal mega mart had been able to spread their operation to small towns of Assam. These two groups taken together operate more than 1180 outlets across 171 cities in India and provide direct employment to more than 30,000 people besides opening up avenues of indirect employment for many.

However in recent days lots of Foreign retail giant like Wal-Mart, Tesco, Carrefour , Metro AG has entered into Indian market by way of cash and carry format . In Indian conditions it's been difficult for them to face the competition and challenges .These retailers followed adoption strategy in various two tier and there tier cities of India and try to make the changes according to environment .

Indian retail market became consumerism market where consumer is king. Though In other countries like USA, UK govt policies are favorable so entry is easy for the retailers .

Retailers like Tesco , Wal-Mart had been trying adopt the brand resonance strategy to synchronized the whole Indian market .

After the manmohan Singh Govt decision 2012 sept decision several states accepted the decision which are as follows

- Andhra Pradesh
- Assam
- Delhi
- Haryana
- Uttarakhand
- Daman and Diu (Union Territory)
- Dadra and Nagar Haveli (Union Territory)
- Karnataka

Again the foreign bigwig companies which accepted the decision and are ready to invest with brief business line and native countries are given below- Table-1

Company	Status	Origin	Product
Wal-Mart	Have presence	USA	Runs chains of department and warehouse stores.
Tesco	Have presence	UK	Grocery & general merchandise
Carrefour	Have presence	France	Wholesale cash and carry
Metro	Have presence	Germany	Diversified retail
IKEA	Yet to come	Sweden	Furniture
H&M	Yet to come	Sweden	Retail Clothing
Uniqlo	Yet to come	Japan	Clothes &Accessories
Canali	Have presence	Italy	Luxury goods
Thomas Pink	Yet to come	UK	Shirts
Muffin Break	**Yet to come**	**Australia**	**Bakery Café**

1. Relative Share of Organized and Traditional retail in Selected Countries, 2015

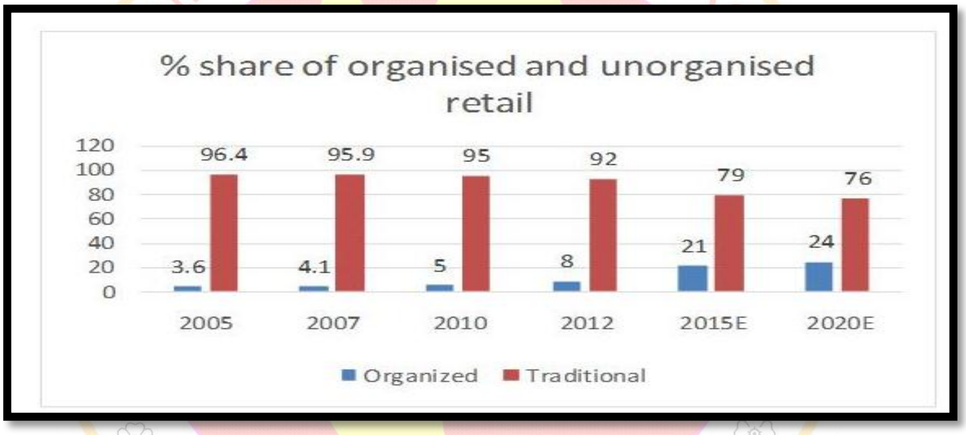
S. No.	Country	Total Retail Sales (US$ bn)	Share of Organized Retail	Share of Traditional Retail*
01.	USA	2983	85	15
02.	Japan	1182	66	34
03.	China	785	20	80
04.	United Kingdom	475	80	20
05.	France	436	80	20
06.	Germany	421	80	20
07.	India	320	21	79
08.	Brazil	284	36	64
09.	Russia	276	33	67
10.	Korea (South)	201	15	85
11.	Indonesia	150	30	70
12.	Poland	120	20	80

13.	Thailand	68	40	60
14.	Pakistan	67	1	99
15.	Argentina	53	40	60
16.	Philippines	51	35	65
17.	Malaysia	34	55	45
18.	Czech Republic	34	30	70
19.	Vietnam	26	22	78
20.	Hungary	24	30	70

Table 2: Indian Retail Market (Organized & Traditional) percentage share expected

Year	Organized	Traditional
2005	3.6	96.4
2007	4.1	95.9
2010	5.0	95.0
2012	8.0	92.0
2015	21.0	79.0
2020[e]	24.0	76.0

3. Percentage of share organized and unorganized retail India from 2005 to 2015 with bar diagram



Source:

1. Deloitte (2013),” Indian Retail Market: Embracing a new trajectory”, and 2015)
2. FICCI(2011), “Sector Profile”, 2 December,[7] (For 2013 and 2020)
3. Deloitte (2013), “Indian Retail Market Opening more doors”, January,[13] (For 2015)

The Table 2 reflects that during the periods 2005-07 and 2007-10, the increase in share of organized retail was not much. During these periods it increased by 13.9 percent and 21.9 percent respectively. However thereafter organized retail is penetrating the market at a more rapid pace. During the period 2010-12 share of organized retail rose by 60 percent, its share in total retail had just doubled and is expected to increase by 2.6 times during 2012-15. As mentioned in FICCI (2011), over the next 10 years India's retail market is expected to grow at 7% and by 2020 it is expected to reach a size of US$ 850 billion. The expected growth in traditional retail is estimated to be at 5% while organized retail is expected to grow at 25%.The traditional and organized retail are expected to reach a size of US$ 650 billion(76% of total) and US$ 200 (24% of total)billion respectively by 2020[7].

Fact Sheet On Foreign Direct Investment (Fdi)

From APRIL, 2000 to JANUARY, 2015

(Up dated up to January, 2015)

I. Cumulative Fdi Flows Into India (2000-2015):

A.	**TOTAL FDI INFLOWS (from April, 2000 to January, 2015):**		
1.	CUMULATIVE AMOUNT OF FDI INFLOWS		US$
	(Equity inflows + 'Re-invested earnings' +'Other capital')	-	361,320
			Million
2.	CUMULATIVE AMOUNT OF FDI EQUITY INFLOWS	Rs.	US$
	(excluding, amount remittedthrough RBI's-+NRI Schemes)	1,199,386	243,107
		crore	Million

B. FDI INFLOWS DURING FINANCIAL YEAR 2014-15 (from April, 2014 to January, 2015):

1.	TOTAL FDI INFLOWS INTO INDIA		US$
	(Equity inflows +'Re-invested earnings' + 'Other capital')	-	37,758
	(as per RBI's Monthly bulletin dated: 10.03.2015).		million
2.	FDI EQUITY INFLOWS	Rs.	US$
		155,489	25,526
		crore	million

C. FDI EQUITY INFLOWS (MONTH-WISE) DURING THE FINANCIAL YEAR 2014-15:

Financial Year 2014-15		***Amount of FDI Equity inflows***	
(April-March)		***(In Rs. Crore)***	***(In US$ mn)***
1.	April, 2014	10,290	1,705
2.	May, 2014	21,373	3,604
3.	June, 2014	11,508	1,927
4.	July, 2014	21,022	3,500
5.	August, 2014	7,783	1,278
6.	September, 2014	16,297	2,678
7.	October, 2014	16,288	2,655
8.	November, 2014	9,486	1,537
9	December, 2014	13,562	2,161

10	January, 2015	27,880		4,481
2014-15 (from April, 2014 to January, 2015) #		155,489		25,526
2013-14 (from April, 2013 to January, 2014) #		113,401		18,749
%age growth over last year		(+) 37 %		(+) 36 %

D. FDI Equity Inflows (Month-Wise) During The Calendar Year 2015:

Calendar Year 2015 (Jan.-Dec.)		***Amount of FDI Equity inflows***			
		(In Rs. Crore)		***(In US$ mn)***	
1.	**January, 2015**	27,880		4,481	
Year 2015 (January, 2015) #		27,880		4,481	
Year 2014 (January, 2014) #		13,589		2,189	
%age growth over last year		(+) 105 %		(+) 105%	

<u>Note:</u>*(i)* Country & Sector specific analysis is available from the year 2000 onwards, as Company-wise details are provided byRBI from April, 2000 onwards only.

Figures are provisional, subject to reconciliation with RBI, Mumbai.

E.SHARE OF TOP INVESTING COUNTRIES FDI EQUITY INFLOWS (Financial years):

					Amount Rupees in crores (US$ in millions)	
Ranks	**Country**	**<u>2012-13</u> (April - March)**	**<u>2013-14</u> (April – March)**	**<u>2014-15</u> (April '14- January, 2015)**	**<u>Cumulative</u> <u>Inflows</u> (April '00 - January '15)**	**%age to total Inflows (in terms of US $)**
1.	MAURITIUS	51,654 (9,497)	29,360 (4,859)	46,663 (7,662)	417,148 (86,187)	36 %
2.	SINGAPORE	12,594 (2,308)	35,625 (5,985)	32,152 (5,262)	157,959 (30,707)	13 %
3.	U.K.	5,797 (1,080)	20,426 (3,215)	6,906 (1,148)	107.791 (21,911)	9 %
4.	JAPAN	12,243 (2,237)	10,550 (1,718)	9,802 (1,611)	90,446 (17,879)	7 %

5.	NETHERLANDS	10,054	13,920	19,094	75,393	6 %
		(1,856)	(2,270)	(3,136)	(14,371)	
6.	U.S.A.	3,033	4,807	9,646	65,376	6 %
		(557)	(806)	(1,582)	(13,510)	
7.	CYPRUS	2,658	3,401	3,104	38,834	3 %
		(490)	(557)	(513)	(7,959)	
8.	GERMANY	4,684	6,093	5,018	36,623	3 %
		(860)	(1,038)	(821)	(7,340)	
9	FRANCE	3,487	1,842	3,617	22,323	2 %
		(646)	(305)	(592)	(4,471)	
10.	SWITZERLAND	987	2,084	1,792	14,895	1 %
		(180)	(341)	(293)	(3,009)	
TOTAL FDI INFLOWS FROM		121,907	147,518	155,489	1,199,919	-
Al		(22,423)	(24,299)	(25,525)	(243,228)	

***Includes inflows under NRI Schemes of RBI.**

<u>Note:</u> (i) Cumulative country-wise FDI equity inflows (from April, 2000 to January,, 2015) are at – <u>Annex-'A'.</u>

(ii) %age worked out in US$ terms & FDI inflows received through FIPB/SIA+ RBI's Automatic Route + acquisition of existing shares only.

(iii) The flow of FDI from Mauritius is high which lies at 36% due to the double tax avoidance .

F.Sectors Attracting Highest Fdi Equity Inflows:

Amount in Rs. crores (US$ in million)

Ranks	Sector	2012-13 (April - March)	2013-14 (April- March)	2014-15 (April '14- January, 2015)	Cumulative Inflows (April '00 - January '15)	*% age to total Inflows (In terms of US$)*
1.	SERVICES SECTOR **	26,306	13,294	16,159	201,728	17 %
		(4,833)	(2,225)	(2,642)	(42,101)	
2.	CONSTRUCTION DEVELOPMENT:	7,248	7,508	4,359	112,916	
	TOWNSHIPS, HOUSING, BUILT-UP	(1,332)	(1,226)	(722)	(24,028)	10 %
3.	TELECOMMUNICATIONS	1,654	7,987	16,978	83,697	7 %
	(radio paging, cellular mobile, basic	(304)	(1,307)	(2,832)	(16,995)	
	telephone services)					
4.	COMPUTER SOFTWARE &	2,656	6,896	8,023	67,694	6 %
	HARDWARE	(486)	(1,126)	(1,308)	(14,125)	

5.	DRUGS & PHARMACEUTICALS	6,011	7,191	7,559	63,630	5 %
		(1,123)	(1,279)	(1,259)	(12,856)	
6.	AUTOMOBILE INDUSTRY	8,384	9,027	12,529	60,725	5 %
		(1,537)	(1,517)	(2,045)	(11,857)	
7.	CHEMICALS (OTHER THAN FERTILIZERS)	1,596	4,738	3,408	48,642	4 %
		(292)	(878)	(562)	(10,230)	
8.	POWER	2,923	6,519	3,704	46,359	4 %
		(536)	(1,066)	(612)	(9,512)	
9.	METALLURGICAL INDUSTRIES	7,878	3,436	2,488	40,738	4 %
		(1,466)	(568)	(406)	(8,481)	
10	HOTEL & TOURISM	17,777	2,949	3,990	40,198	3 %
		(3,259)	(486)	(656)	(7,774)	

Note:

1) (i)** Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech.Testing and Analysis
2) Cumulative Sector- wise FDI equity inflows (from April, 2000 to January, 2015) are at - **Annex-'B'.**
3) FDI Sectoral data has been revalidated / reconciled in line with the RBI, which reflects minor changes in the FDI figures (increase/decrease) as compared to the earlier published sectoral data
4) It was clear from the table that service sector has been the dominant sector from 2012 to 2015 with 17% .

Statement On Sector-Wise Fdi Equity Inflows
FROM APRIL, 2000 TO JANUARY, 2015

S.No	Sector	Amount of FDI Inflows		%age of Total Inflows
		(In Rs crore)	(In US$ million)	
1	Services Sector*	201,728.28	42,101.98	17.32
2	Construction Development: Townships, Housing, Built-Up	112,916.36	24,028.19	9.88
	Infrastructure And Construction-Development Projects			
3	Telecommunications	83,697.07	16,994.68	6.99
4	Computer Software & Hardware	67,693.78	14,125.19	5.81
5	Drugs & Pharmaceuticals	63,629.47	12,856.02	5.29
6	Automobile Industry	60,725.08	11,857.11	4.88
7	Chemicals (Other Than Fertilizers)	48,641.77	10,229.69	4.21
8	Power	46,358.87	9,512.02	3.91

9	Metallurgical Industries	40,737.61		8,480.90	3.49
10	Hotel & Tourism	40,198.41		7,774.03	3.20
11	Trading	41,315.28		7,660.73	3.15
12	Petroleum & Natural Gas	31,650.29		6,519.53	2.68
13	Food Processing Industries	36,360.11		6,215.46	2.56
14	Miscellaneous Mechanical & Engineering Industries	20,572.50		3,948.17	1.62
15	Information & Broadcasting (Including Print Media)	19,156.59		3,890.94	1.60
16	Electrical Equipments	18,298.41		3,786.22	1.56
17	Non-Conventional Energy	18,524.21		3,521.78	1.45
18	Industrial Machinery	18,420.29		3,515.67	1.45
19	Cement And Gypsum Products	14,625.29		3,085.60	1.27
20	Construction (Infrastructure) Activities	14,807.38		2,923.64	1.20
21	Hospital & Diagnostic Centres	14,565.34		2,793.72	1.15
22	Consultancy Services	13,908.16		2,786.52	1.15
23	Fermentation Industries	11,347.67		2,137.36	0.88
24	Agriculture Services	8,625.15		1,744.02	0.72
25	Rubber Goods	9,445.03		1,722.64	0.71
26	Mining	8,460.61		1,668.50	0.69
27	Ports	6,730.91		1,637.30	0.67
28	Textiles (Including Dyed,Printed)	7,710.42		1,555.69	0.64
29	Electronics	6,752.74		1,417.42	0.58
30	Sea Transport	6,546.83		1,368.93	0.56
31	Prime Mover (Other Than Electrical Generators)	6,299.78		1,200.92	0.49
32	Education	5,649.81		1,071.50	0.44
33	Paper And Pulp (Including Paper Products)	4,327.04		910.25	0.37
34	Medical And Surgical Appliances	4,608.04		887.09	0.36
35	Soaps, Cosmetics & Toilet Preparations	4,430.06		848.74	0.35
36	Machine Tools	3,511.68		711.51	0.29
37	Ceramics	3,321.89		699.57	0.29
38	Railway Related Components	3,425.97		634.20	0.26
39	Diamond,Gold Ornaments	2,904.78		569.14	0.23
40	Air Transport (Including Air Freight)	2,720.46		562.65	0.23
41	Fertilizers	2,915.62		543.14	0.22
42	Vegetable Oils And Vanaspati	2,861.12		541.65	0.22
43	Glass	2,362.19		459.16	0.19
44	Printing Of Books (Including Litho Printing Industry)	2,326.52		446.09	0.18
45	Agricultural Machinery	2,127.62		413.93	0.17
46	Commercial, Office & Household Equipments	1,516.81		309.34	0.13
47	Retail Trading (Single Brand)	1,549.92		275.38	0.11
48	Earth-Moving Machinery	1,138.86		234.81	0.10
49	Scientific Instruments	960.98		171.98	0.07

50	Leather,Leather Goods And Pickers	709.83		137.92	0.06
51	Tea And Coffee (Processing & Warehousing Coffee & Rubber)	497.78		108.41	0.04
52	Timber Products	537.09		101.93	0.04
53	Sugar	405.65		78.07	0.03
54	Dye-Stuffs	417.28		74.38	0.03
55	Photographic Raw Film And Paper	273.76		67.29	0.03
56	Industrial Instruments	310.86		67.11	0.03
57	Boilers And Steam Generating Plants	314.80		63.33	0.03
58	Glue And Gelatin	211.68		37.86	0.02
59	Coal Production	119.19		27.73	0.01
60	Mathematical,Surveying And Drawing Instruments	39.80		7.98	0.00
61	Defence Industries	24.84		5.02	0.00
62	Coir	22.05		4.07	0.00
63	Miscellaneous Industries	42,392.57		8,975.05	3.69
	Sub Total	1,199,386.19		243,106.84	100
64	RBI's- NRI Schemes (2000-2002)	533.06		121.33	-
	Grand Total	1,199,919.25		243,228.17	

Findings:-

- Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing Analysis FDI inflows data re-classified, as per segregation of data from April 2000 onwards.
- '+' Percentage of inflows worked out in terms of US$ & the above amount of inflows received through FIPB/SIA route RBI's automatic route & acquisition of existing shares only.
- FDI Sectoral data has been revalidated / reconciled in line with the RBI, which reflects minor changes in the FDI figures (increase/decrease) as compared to the earlier published sectoral data.
- Services sector has been the dominant sector since April 2001 to Jan 2015 as the flow of FDI is 32.07% and higher compared to other sectors. However in retail trading (single brand) the flow of FDI is only 0.11% .

Limitations

The study has been confined to FDI in retail industry and special focus On Assam .

The data regarding FDI is very much hypothetical in nature because fdi is the most controversial issue due to the political instability .still I have collected all the data's from hypothetical analysis like granger causality test shown the long-term relationship between GDP and FDI as well as from other secondary source

Conclusion

The world over retail sector has been growing rapidly with increasing sophistication and Modernization of the life- style of households and individuals and also with increasing globalization of trade.

However the Indian retail sector is underinvested and has been facing the problem of backend infrastructure. There are lots of gaps in the supply chain. It is expected that the FDI in multiband retail will build up the supply- chain infrastructure, remove the artificial scarcity of goods, help the farmers and small manufacturers get their due for their produce, curb inflation, remove the intermediaries, provide better assortment to the consumers at cheap price, global market accessibility etc.

To be concluding it is worth mentioning that In a modern retail chain FDI in retail sector is inevitable. Now it is the time, for traditional retailers to consolidate their position in the retail trade with the assistance from the government before the government allows 100 per cent foreign equity in multi- brand retail trade.

Otherwise it will end- up with a situation where unemployment rate will be high because of FDI in retail and become a cause of labour displacement a and supply chain will end- up with foreign direct investment with few large players at both the end of retail chain.

In other words we can say once again-"Usethe giant as Aladdin to work foryou and not as Frankenstein or Bhasmasur who will spell doom on you."

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