

# **AN ANALYSIS OF RETAIL SECTOR IN INDIA: WITH REFERENCE TO FDI**

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## **ABSTRACT**

FDI plays an important role in the development process of a country. It has potential for making a contribution to the development through the transfer of financial resources, technology and innovative and improved management techniques along with raising productivity. Developing countries like India need substantial foreign inflows to achieve the required investment to accelerate economic growth and development. It can act as a catalyst for domestic industrial development.

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.

This paper highlight is Introduction & Definition of Retail, Division of Retail Industry, FDI Policy in India, FDI Policy with Regard to Retailing in India, Foreign Investor's Concern Regarding FDI in Single and Multi Brand Retail and Conclusions.

**KEY WORDS:** FDI, labour, GDP, Competition, Retail sector