

THE OPPORTUNITIES AND CHALLENGES OF FOREIGN DIRECT INVESTMENT IN INDIAN RETAIL SECTOR

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ABSTRACT

FDI plays an important role in the long term development of a country by enhancing the competitiveness of domestic economy through transfer of capital, up gradation of technology, developing managerial skills and capabilities in various sectors, strengthening infrastructure, raising productivity and generating new employment opportunities. India is being looked up by many foreign nations as the scope of investment due to rise in purchasing power, growing consumerism and brand proliferation. Allowing FDI in the retail sector proves good as it leads to improvements in supply chain technologies, elimination of the exploitative system of middlemen and informational externalities to local players that could benefit consumers and suppliers. Competition is best for consumers as it gives them variety and better quality at reduced prices. Opposition have raised concerns about employment losses, promotion of unhealthy competition among organized domestic retailers from the market and distortion of urban cultural development. However, the Indian government must take timely and prudent actions to safeguard the health of the Indian retail sector and to stabilize themselves against competition from the giant players of the global economy.

This research paper focuses on the overview of the Indian retail sector along with the opportunities of expansion of FDI in India and the major challenges that it faces.

KEYWORDS: Domestic Economy, Indian Retail Sector

