skill enhancement programme to indigenous merchants so that t may improve efficiency level. As a consequence, there is an increa employment opportunity for youths under respective training institu Bharti Walmart currently runs three such training centres under the F model in Amritsar, Delhi and Bangalore and three training centres at modern wholesale stores in Zirakpur, Jalandhar and Ludhiana. Bh Walmart training centres aim to bridge this gap by imparting train in various aspects of retailing to under privileged youth making th employable in the retail sector.

Transparency in Market

With the emergence of foreign investment, there has ushered in transparen in Indian market. The extinction of middlemen between consumer and produ brings transparency in demand and supply system. The actual producer g its due without any further interruption. Creating better linkages betwe demand and supply also has the potential to improve the price signals th farmers receive. This could allow them to better respond to market dema and thus reduce uncertainty. It has brought improvement in farmers' inco through the removal of structural inefficiencies. Farmers were found to bene significantly from the option of direct sales to organized retailers. For instan the profit realization for farmers selling directly to the organized retailers expected to be much higher than that received from selling in the mandis.

Development of Infrastructure

India is a capital deficient country which has big challenges of growing population. The existing infrastructure of the country is alrea dilapidated which assert that there should be boost in developme of infrastructure. The emergence of FDI in Indian retail will ensu improvement in infrastructure. The storage system of our country nee upgradation in the wake of growing population. Unless there is good stora facility, there may not be expected quality assurance in our commoditi The foreign investors are trying to bring improvement in the stora facility resulting into less wastage. There are a number of issues relati to malpractices and inefficiencies of the traditional system by whi children are not able to get the proper food (malnourished), there a losses, food gets rotten in the transit etc. To correct this system and ma available cheap product with good quality is an important step in the (MNC) endeavour, which is possible by opening FDI as Cost-cautio and highly competitive retailers will try to avoid these wastage and lo and it will be their endeavour to make the products available at lowest prices (Rajput; Namita, 2012).

Expansion of Organised Retail Industry

Global retail giant like WalMart and Carrfour consider Indian retail market as one of the favourite investment destination. Indian retail industry has come forth as one of the most dynamic and fast paced industry with several players entering the market. The organised retail sector has been at nascent stage, has been prospered under new regime of FDI. There will be direct contact between a producer and merchant which will bring strength in exchange rate for commodities. There is a very positive impact of FDI on organised retail industry. Organised retailing in food is poised to grow from about Rs.150 billion to about Rs.620 billion by 2020. The share of organised players within total food retail is likely to grow from the current 1.5% to around 2% over these years (Baskaran; Kamaladevi, 2012). The overall retail sector including food retail is poised for an impressive growth in the next 10 years owing mainly to high income growth measured by per capita GDP.

DIRECT CONTACT BETWEEN FARMERS AND MERCHANTS

The propagators of FDI state that elimination of intermediaries and direct procurement by retail giants will secure better price for farmers. The MNCs will be able to buy a commodity from Indian farmers as per rate directly negotiated. Therefore, there may be less chance of illusion in price fixation. In this affair, the case of PepsiCo India, Bharati-WalMart project may be taken into consideration. The PepsiCo India's potato farming programme reaches more than 12000 farmer families across six states. The farmers are provided high yielding seeds, supply of modern agricultural implements, availability of credit to farmers at lower interest rates. All these incentives ensure that a farmer gets profit from his cultivation. The price is determined after mutual consultation between retail giant and farmer which remains fixed for given tenure. Therefore, an unwanted price fluctuation in agricultural commodity is prevented to protect the interests of our farmers.

In spite of all these above mentioned impact of FDI on Indian retail, it may not be ruled out that it faces lots of challenges due to both internal factors and external factors. The alien nature of FDI always frightens our indigenous people. There have been raised several apprehensions related to it which pose obstacles in its uninterrupted growth. Those challenges are as follows:

Challenges of FDI in Indian Retailing

Critics of FDI feel that liberalization would jeopardize the unorganized retail sector and would adversely affect the small retailers, farmers and consumers and give rise to monopolies of large corporate houses which can adversely affect the pricing and availability of goods. They also contend that the retail sector in India is one of the major employment providers and permitting FDI in this sector can displace the unorganized retailers leading to loss of livelihood. The challenges caused by some internal factors are as follows:-

Dominance of Unorganised Sector in Indian Retail

Traditional retailing has been established in India for many centuries and is characterized by small, family-owned operations. They neither benefit revenue generation of our country nor provide liberalised price to indigenous producers. This retailing has several negative aspects like running up a tab with their neighbourhood. Moreover, low labor costs also allow shops to employ delivery boys, such that consumers may order their grocery list directly on the phone. These shops have vast networking with consumers who like to go to these shops rather than any big merchant outlet. Therefore, these shops work like Pom-Mom shops for generations. Under such a circumstance, it is very tough for a foreign outlet to compete and attract customers who are more connected with traditional market.

Lack of Concrete Regulatory Framework

At present, India does not have a concrete regulatory framework which assists the foreign investors to secure their space in retail market. The retail sector in India is primarily regulated by respective state Government. Therefore, the progressive state may have chance of getting more FDI as compared to less facilitative state. Even the domestic retail giants like Reliance, Big Bazar, Bharati Group, Future Group have captured the market in such a way that it hardly provides a space for international players. Although the initial step was taken by the Government of India in 2006 in FDI sector yet, there is way forward to advance. The concrete Government policy may be able to restrict further monopolization of foreign cartels and restore balance in our economy. The co-existence of international investors alongwith indigenous giants will assist in balancing the trade under neo-liberal FDI regime.

pprehension of Unemployment

The retail sector in India is called second largest employer after digenous cultivation. In 2007- 08, retail trade employed 7.2 percent total workers and provided job opportunities to 33.1 million persons aidehi, Usha, 2012). The antagonists of FDI in retail sector oppose the me on various grounds, like, that the entry of large global retailers such Wal-Mart would kill local shops and millions of jobs. As our retail sector unorganised, it is very essential that it may be given a protection rather an exposure to foreign investors. FDI-induced economic change may roduce some adverse distributional and employment effects in the host ountry. Some of the protagonists fear that it may lead to displacement f persons employed in traditional retail shops.

igh Remittance of Indigenous Capital into Foreign Country

Indian retailers have argued that since lending rates are much higher in ndia, Indian retailers, especially small retailers, are at a disadvantageous osition compared to foreign retailers who have access to International unds at lower interest rates (Gupta; Amisha, 2010). They argue that these oreign companies will be able to remit higher amount of profit to their own ountry as very minimal capital is required in Indian retail market. Initially, nese companies will fix minimum price for sale of a product so that it may utweigh indigenous market players. Once the Indian companies will be estroyed, the foreign investors will increase rate as per their monopolistic ay and drain our economy towards their own growth.

ncrease in Real Estate Cost

The emergence of FDI is also expected to bring inflation in cost of real state in India. Due to poor infrastructure of our retail market, the foreign nvestors are likely to buy a huge plot in middle of cities. Therefore, the land orth living will be too costly to be bought by an ordinary individual. The igh rate of property will enhance the standard of living which finally will esult in exclusion of marginalised people on sidelines. It has aggravated ne process of even displacement of land from tribal people. Through se of force, huge tribal hamlets are being overthrown. One company is truggling with another company for usurpation of land.

Hence, the critical analysis of FDI from its positive and negative spects, brings this clear picture that our retail industry requires it but a regulated form. The foreign investment should not be a detriment in ur growth. It should contribute in modernization of our retail industry, upgrade the poor infrastructure, reduce dominance of middlemen production and give choices before consumers for a flexible dema supply curve. The conglomeration of technical efficiency of internatio market players with indigenous favourable policy framework may advar our retail industry in this neo-liberal regime. The expansion in the re sector could also generate significant employment potential, especia among rural and semi-urban youths. With big retail giants coming India, it will surely improve our back-end storage and procurem process. Once these multi-chain retailers establish themselves, th will create infrastructure facilities, which will also propel the existi infrastructure.

CONCLUSION

Amidst today's time of fierce competition and a quest to achieve a enhance a substantial level of economic and social development; each a every nation is trying to liberalize its economic policies in order to attr investments from not only domestic players but also from magnates across the globe (Gupta; Amisha, 2010). The changing consumption patte and connectedness of domestic market with international market has ma it possible that FDI should be a part and parcel of our economy as well. there is a big scope for organised retail of India in future, there should moves to invite FDI in retailing. The advantages of allowing unrestrain FDI in the retail sector evidently outweigh the disadvantages attached to and the same can be deduced from the examples of successful experimer in countries like Thailand and China; where the issue of allowing FDI the retail sector was first met with incessant protests, but later turned c to be one of the most promising political and economic decisions of th governments (ibid). Organised retail market in India is expected to rea US$ 50 billion by 2011 while the rural market is projected to domina the retail industry landscape in India by 2012 with total market share above 50 per cent (RNCOS 2008).

However, the path of liberalizing the Indian retail sector should treaded cautiously in the wake of the fact that international experien has shown that except for the huge profits raked in by the supermark chains, organized retail has been a lose-lose scenario for farmers, sm traders and wholesalers, consumers and the environment and therefo society as a whole (Raghunandan 2010).

Therefore, the strategy of opening up should be backed by appropria reform measures. India can learn from the experiences of other develop d developing countries and develop its own strategies, laws. Thus, a matter of fact FDI in the buzzing Indian retail sector should not t be freely allowed but regulatory framework should be significantly couraged.

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Impact of Foreign Direct Investment on Indian Economy

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ABSTRACT

India is the seventh largest and the second most populous country in the world with a history that spans thousands of years. Foreign direct investment in India has played an important role in the development of the Indian economy. Foreign direct investment is one of the measures of growing economic globalization. Investment has always been an issue for the developing economies such as India. The world has been globalizing and all the countries are liberalizing their policies for welcoming investment from countries which are abundant in capital resources. Foreign Direct Investment as a strategic component of investment is needed by India for achieving the economic reforms and maintains the pace of growth and development of the economy. The study tries to find out how FDI seen as an important economic catalyst of Indian economic growth by stimulating domestic investment, increasing human capital formation and by facilitating the technology transfers. The main purpose of the study is to investigate the impact of foreign direct investment on economic growth in India.

Keywords: Foreign Direct Investment, capital inflow, economic development.

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-TRODUCTION

Foreign Direct Investment (FDI) is fund flow between the countries in : form of inflow or outflow by which one can able to gain some benefit -m their investment whereas another can exploit the opportunity to hance the productivity and find out better position through performance. he effectiveness and efficiency depends upon the investors perception, if vestment with the purpose of long-term then it is contributes positively wards economy on the other hand if it is for short term for the purpose f making profit then it may be less significant. Depending on the industry ector and type of business, a foreign direct investment may be an attractive nd viable option. Any decision on investing is thus a combination of an ssessment of internal resources, competitiveness and market analysis nd market expectations.

The FDI may also affect due to the Government trade barriers and olicies for the foreign investments and leads to less or more effective owards contribution in economy as well as GDP of the economy. The udies try to find out the implications which affect the economic scenario nd also measure the level of predominance by the factors for economic ontribution to India.

India is the seventh largest and the second most populous country the world with a history that spans thousands of years. The economic ndscape of India underwent a paradigm change when the economy was beralized in 1991. It also laid the foundation for a strong regulatory etwork. Indian economy has been one of the stars of global economy in ecent years, growing at around 8% consistently. India, today, has a vibrant conomy and is recognized as a leader among the emergent countries with huge potential for growth. India is now initiating the second generation eforms intended for a faster integration of the Indian economy with the orld economy. In the present decade India has witnessed unprecedented evels of economic expansion and also seen healthy growth of trade. GDP eflects the potential market size of Indian economy. India witnessed stellar conomic performance through the period 2001-10.

Foreign Direct Investment is one of the measures of growing economic lobalization. Investment has always been an issue for the developing conomies such as India. The world has been globalizing and all the countries re liberalizing their policies for welcoming investment from countries which re abundant in capital resources. The countries which are developed are ocusing on new markets where there is availability of abundant labours, cope for products and high profits are achieved. Therefore, Foreign Direct