FDI IN RETAIL – A Boon or Bane for INDIA

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Abstract

With the adoption of the policy of liberalization, privatization and globalization during the last one and half decade has led India to become an investment friendly country. The process of globalization aimed at allowing free entry to foreign capital, granting Indian companies to collaborate with foreign companies, to allow Indian companies to set up joint ventures abroad and liberalization of imports. For inducing multinational companies to set up business in India, facilitating external trade and payments and promoting the orderly development and maintenance of foreign exchange markets in India , the Foreign Exchange Regulation Act, 1973 was repealed and replaced by the Foreign Exchange Management Act,1999as part of the ongoing process of economic liberalization relating to foreign investment and foreign trade for closer interaction with the world economy. In the context of liberalization, Foreign Direct Investment (FDI) has assumed a critical importance in this country. As we are all aware of, India is the tenth largest industrialized country in the world but it is primarily agro-based with about 70% of the populace engaged in farm sector. Farm sector is dependent upon the retail segment of the service sector. Indian retail sector is one of the rapidly growing sector of the Indian economy. In the initial stage of liberalization, FDI was centered around the urban manufacturing sector due to its basic infrastructural facilities, availability of cheap labour, flexible taxation mechanism etc,. But now this sector is also thrown open for FDI which cropped in a great debate both in favour and against. Some people believe that the move will pump in foreign capital to boost the economy, generate backend infrastructure for farm sector reducing the risk of perishing agriculture produce and create job opportunities for the people of the country. Another section of the people believe that FDI in retail would be prejudicial to the country`s economy and bring in job losses and monopoly.In this background, this paper is an attempt to analyse the various aspects pertaining to FDI in Retail and to study its likely impact upon different stakeholders of Indian retail sector with focus on overall Indian Economy.

KEY WORDS: sunrise sector, backend infrastructure, final consumption, capital crunch, market share

INTRODUCTION

Indian Retail sector is the sunrise sector and one of the pillars of Indian Economy which accounts for 14-15%of the Gross Domestic Products. Indian retail market is estimated to be US $ 42000 crore and one of the top five retail markets in the world by economic value. Indian retail market is one of the fastest growing markets in the world with 121 crore consumer base with rapidly growing purchasing power of middle class. India is ranked the second most attractive FDI destination in retail investment among 30 emerging markets.

Retail market in India is mainly owner based small shops but some domestic companies like Future Group, Tata`s Westside, Reliance Fresh, Raheja Group and Bharti Retail competing for market share. Thus Indian retail market is divided into two parts – (i) unorganized sector and (ii) organized sector. In 2010, the organized retail sector which includes larger format convenience stores and super markets accounted for about 3% of the turnover with urban presence only while major share i.e. 97% belongs to the unorganized sector. India`s retail and logistic industry employs about 4 crores people i.e. 3.3% of India`s population and the second largest employment provider after agriculture sector.

India being a signatory to World Trade Organization's General Agreement on Trade in Services, which includes wholesale and retail trading services, had to open up the retail sector for foreign investment. There were initial reservation towards opening up the retail sector arising from fear of job losses, procurement from international markets, competition and loss of entrepreneurial opportunities. However, the Government of India in a series of move has opened up the retail sector.

India has had years of debate and discussion on the risk and prudence of allowing innovations and competition within its retail industry. In December, 2010, Prof. Jagadish Bhagawati , Professor of Economics and Law at Columbia University, in an invitational address to Indian Parliament analyzed the relationship between growth and poverty reduction and argued that Indian Parliament should extend economic reforms by freeing up of the retail sector, further liberalization of trade in all sectors and introduce labour market reforms. He argued these reforms will accelerate economic growth and make a sustainable difference in the life of India`s poorest strata.

In the wake of recommendations of numerous economists that legal restrictions on organized retail must be removed and retail industry in India must be opened for competition, the GOI set up the Competition Commission of India in 2002 with the objective to promote and sustain competition in the market and make the market more responsive to consumers. The FDI policy of India is termed as the second wave of economic reforms aims at simplifying exiting norms to attract foreign investment into India. It potentially opens door for new business opportunities but also raises fresh issues which aid to confusion. Let us examine the various aspects of FDI in retail and its impact on various stakeholders.

FOREIGN DIRECT INVESTMENT

Meaning of Investment

Generally, by investment we mean buying shares of a company or buying an existing security or bond or property or title to property. These are purely financial transactions and merely transfer of assets from one person to another. It is investment by one person and disinvestment by another. These do not constitute real investment since they do not add to nation`s physical stock of capital.

Investment means an addition to the nation`s physical stock of capital like building of new factories, new machines as well as any addition to stock of finished goods or the goods in the pipelines of production. It includes additions to inventories as well as to fixed capital.

Meaning of Direct Investment

Direct Investment is a category of investment in which a resident entity in one economy acquires enterprises in some other economy. The investment is direct because the investor which may be a person, a group of person or company or group of companies, is seeking to control, manage or have significant influence over the enterprise.

Meaning of Foreign Direct Investment

" Foreign Direct Investment is defined as the investment in a foreign country through the acquisition of a local company or the establishment of an operation on a new site"(1). This implies that foreign capital in the form of Foreign Institutional Investment, Non-resident Indians, Foreign Currency Convertible Bond, American Depository Receipts, Global Depository Receipts etc, which flow into country can be called foreign direct investment. According to International Monetary Fund," FDI refers to an investment made to acquire lasting or long term interest in enterprises operating outside the economy of the investor"(2)

Why is FDI important?

Foreign direct investment is a major source of external finance which means that countries with limited amount of capital can receive finance beyond national boarders from wealthier countries. China`s rapid economic growth is primarily due to exports and FDI. Capital crunch is the main ingredient in slowing down the growth rate of Indian economy which was 8% few years back but now ranges between 5-6%. According to World Bank, FDI and small business growth are the two critical elements in developing the private sector in lower income economies and reducing poverty.

FDI in different sectors

There is an exhaustive list of sectors which are thrown open for FDI subject to specific restrictions imposed from time to time by the GOI. The following sectors have been opened for FDI in India:-

(i) Agriculture Sector
  a. Agriculture and Animal Husbandry
  b. Tea Plantation

(ii) Mining and Petroleum& Natural Gas Sector
  a. Mining

b. Petroleum and Natural Gas

(iii) Manufacturing Sector

a. Manufacture of items reserved for production in micro and small enterprises
b. Defence

(iv) Service Sector

a. Broadcasting
b. Print Media
c. Civil Aviation
d. Courier Services
e. Construction development- Township, Housing, Built up infrastructure
f. Industrial Parks- new and existing
g. Satellite – establishment and operation
h. Private Security Agency
i. Tele-communication
j. Trading

(v) Financial Service Sector

i. Asset Reconstruction Companies
ii. Banking – private and public sectors
iii. Commodity Exchange
iv. Credit information companies
v. Infrastructure companies in securities market
vi. Insurance
vii. Non-banking Financial Corporations
viii. Pharmaceuticals

Entry options for foreign players prior to FDI policy

Prior to opening up the different sectors for FDI, foreign players used the following entry routes to invest in India:-

1. **Franchise Agreement-** franchising is the easiest way to enter into Indian market. Franchising is a contractual agreement under which an independent franchisee produces or sells a product or service under the brand name of the franchiser and to his /her specifications with marketing and other support. The franchisee pays a royalty to the franchiser and may purchase supplies from him/her. Foreign players like Pizza Hut , Locaste, Mango, Nike, Marks, Spencer`s etc. entered the Indian market through this route.
2. **Cash and carry wholesale trading-** Wholesale trade is enterprises engaged in the distributive trade which in principle sell to other businesses,. Wholesalers act as the middlemen between manufacturers and retailers and other suppliers. They do not have any interface with the customers. Metro AG of Germany was the first significant player to enter into India through this route.

3. **Strategic Licensing Agreements**- Some foreign brands give exclusive licenses and distribution rights Indian companies. Through these rights, Indian companies can either sell it through their own store or enter into shop-in-shop agreements or distribute the brands to franchisees. Mango , the Spanish apparel brand has entered India through this route with an agreement with Pyramid ,Mumbai. SPAR entered into a similar agreement with Radhakrishna Products Pvt. Ltd.
4. **Manufacturing and wholly-owned subsidiary**- Some foreign brands like Nike, Reebok, Adidas etc, that have wholly owned subsidiaries in manufacturing are treated as Indian companies and allowed to do retail trade. For example, Nike entered through an exclusive licensing agreement with Sierra Enterprises, but now has a wholly owned subsidiary, Nike India Private Limited.

Entry Route for FDI

Investment can be made by non-residents in the equity shares or fully, compulsorily and mandatorily convertible debentures or fully, compulsorily and mandatorily convertible preference shares of an Indian company, through automatic route or the government route. Under the automatic route, non-resident investor or the Indian company does not require any approval from the GOI for investment. Under the government route, prior approval of the GOI is required. Proposals for foreign investment under this route are considered by the Foreign Investment Promotion Board (FIPB).

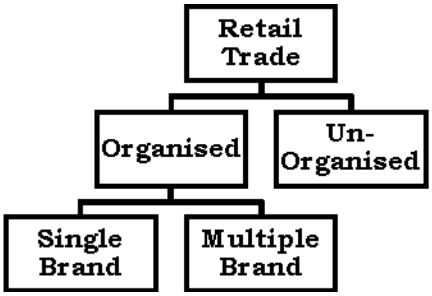
Regulators of FDI in India

Foreign investment in India is governed by the FDI policy announced by the GOI and according to the provisions of the FEMA-1999. The Reserve Bank of India in this regard had issued a notification which contains the Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations-2000. This notification has been amended from time to time. The Ministry of Commerce and Industry, the GOI , is the nodal agency for monitoring and reviewing the FDI policy on continued basis. Changes in the sectoral policy or sectoral equity cap are determined by this Ministry. The FDI policy is notified through Press Notes by the Secretariat for Industrial Assistant (SIA), Department of Industrial Policy and Planning (DIPP). The foreign investors are free to invest in India, except few sectors/ activities where prior approval from the RBI or the Foreign Investment Promotion Board (FIPB) would be required.

Indian Retail Sector

Retail trade is the final link in the chain of distribution from the manufacturers to the final consumer so as to provide him/her with choice, guidance and after sale service and if necessary, appropriate credit facility. In 2004, the Hon`ble High Court of Delhi defined the term retail as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale). A sale to the ultimate consumer is retail trade.

Classification of retail trade



Organized Retail- The retail trading activities undertaken by licensed retailers i.e. those who are registered for sales tax, income tax etc, is known as organized retail. These include the hypermarkets backed by corporate and retail chains and also privately owned large retail businesses. The organized retail in India is at a nascent stage. Organized retail is divided into two parts viz. single brand retailing and multi-brand retailing. Single Brand retail- The GOI has not categorically defined the term ‘single brand’ but it says that foreign companies would be allowed to sell goods those are sold internationally under a single brand name viz. Reebok, Nokia and Adidas.FDI in single brand retail implies that a retail store with foreign investment can sell only one brand. For example, if Reebok were to obtain permission to retail its flagship brand in India, those retail outlets could sell only products under the Reebok brand and not the Adidas brand, for which a separate permission is required. If granted permission Reebok could sell products under the Adidas brand in separate outlets. Therefore, single brand means one product or more produced, distributed and sold by a company under its own name. It is not necessary that only one product is to be sold. There may be a variety of products on sale but under the single company name.

Multi-brand Retail- Multi-brand retailing refers to a trade which sells products of multiple companies under one roof.FDI in multi-brand retail implies that a retail store with foreign capital can sell multiple brands under one roof. Opening up FDI in multi-brand retail will mean that global retailers like Wal-Mart, Carrefour, Tesco etc. can open stores offering a range of household items and grocery directly to consumers in the same way as the omnipresent ‘kirana’ stores do. It is an organized form of retailing under which a variety of products of different companies are offered for sale under one roof. There may be one product but of various companies. Unorganized Retailing- It refers to the traditional formats of low cost retailing such as local kirana shops, owner manned general stores, paan/bidi shops, convenience stores, handcarts and pavement vendors etc. Indian retail sector is highly fragmented with 97% of its business being run by this sector.

Features of Indian Retail Market

(i) Indian retail sector comprises both **organized and unorganized sectors** with 96% share in the annual turnover for unorganized sector.

(ii) A **large number of intermediaries** are operating in the supply chain in retail sector in India. This causes a steep rise in the prices of agricultural and industrial produces.

(iii) Indian retail sector is **highly fragmented** due to vast geographical area.

(iv) Indian retail sector **accounts for 14-15% of the Gross Domestic Products** (GDP which is far below as compared to other developed nations.

(v) Indian retail sector is the **most rapidly growing sector** but its annual turnover is US $ 42000 crore with mere 4% share for organized sector.

(vi) Indian retail sector is **the second most employment provider sector** after agriculture. This sector employs about 4 crore people I.e. 3.3% of the population.

(vii) **Backend infrastructure** such as cold store chain, warehouse, logistics, irrigation, public distribution system etc. is **less developed in India**. India has only 5386 cold storage having a total capacity of 23.6 million metric tons of which 80% is used for potatoes only.

SWOT Analysis of Indian Retail Sector

Strengths

1. Major contribution to GDP – Indian retail sector is hovering around 14 – 15 % of GDP.
2. High Growth Rate – The retail sector in India enjoys an extremely high growth rate of about 35% annually.
3. High potential – The organized retail trade accounts for only 3% of its total turnover thereby creating a huge potential for future players.

High Employment generation – Retail sector in India has employed 4 crore people and has the potential for creating 4 crore direct employment and 6 crore of indirect employment.

Weaknesses

1. Lack of competitors – India is the least competitive and least saturated market in the world.
2. Highly unorganized – The unorganized sector accounts for 97% share in the retail turnover in India.
3. Low productivity – Retail productivity is very low in India` as compared to international peers.
4. Lack of Professionalism – Retail trade business in India is not considered a reputed profession and carried out by family members who are not academically and professionally qualified.

5. No Industry status – The Indian retail sector does not enjoy the status of being an industry thereby making it difficult raise much needed fund for development.

Opportunities

1. There will be more organization in this sector.
2. Healthy competition may be encouraged to contain the ever rising inflation graph.
3. Intermediaries operating in the retail segment do not have transparent pricing system. Transparency can be brought in the pricing system.
4. Intermediaries and mandi system will be abolished, hence directly benefiting farmers and manufacturers who used to get a very low share in the price of their produce.
5. Quality control and control over wastages can be ensured.
6. Sustained development and other economic issues will be focused upon.
7. It has the potential to create employment opportunities in India.

Threats

1. Current independent stores may be forced to shut down its operation.
2. Big players can knock out competition and gain monopoly powers.
3. Farmers will be evicted from their farm land and forced to take some other source of employment.
4. Entrepreneurial capability of Indian population will be adversely affected. People will think to take employment instead of opening or setting up own business.
5. Remember East India Company which entered India as trader but later on took over politically.
6. The government is unable to build a consensus on the issue.

India's FDI Policy in Retail

India, in 1997, allowed foreign direct investment in cash and carry wholesale. Then it required government approval. The approval requirement was relaxed and automatic permission is granted in 2006.beween 2000 to 2010, Indian retail market attracted about US $ 18000 crore in FDI representing a very small 1.5% total investment flow into India. In November, 2011 the GOI announced retail reforms for both single and multi-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand global retailers such as Wal-Mart, Carrefour and Tesco as well as single brand majors like IKEA, Nike and Apple. But intense opposition forced the Government to retreat and put retail reform on hold till it reaches consensus. In January 2012, India approved reforms for single brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership, but imposed the condition that single brand retailers to source 30% of its goods from India. On September 14, 2012 the GOI allowed FDI multi-brand retail trade upto 51% and single brand retail trade upto 100%. **FDI in multi-brand retail trading in all products is permitted subject to the following conditions –**

1. Fresh agriculture produce including fruits, vegetables, flowers, grains, fresh poultry, fishery and meat products should be unbranded.
2. Minimum amount to be brought in as FDI by the foreign investor should be US $ 100 million i.e. Rs 5400 crore (approximately).
3. At least 50% of total FDI brought in shall be invested in back-end infrastructure within three years of first trench of FDI. Back-end infrastructure would include capital investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, warehouse, agriculture market produce infrastructure etc. Expenditure on land, cost and rentals, if any, will not be counted for the purpose of infrastructure.
4. At least 30% of the value of procurement of manufactured or processed product purchased shall be sourced from Indian small industries which have total investment in plant & machinery not exceeding US $ 1 million or Rs 54 lakhs (approximately).
5. Self certification by the company with regard to compliance of conditions 2 - 4 so that it can be cross checked as and when required.
6. Retail sales outlets may be set up only in the cities with a population of more than 10 lakh as per Census, 2011 and may also cover an area of 10 kms around the municipal/ urban agglomeration limits of such cities.
7. Government shall have the first right to procurement of agriculture produce.
8. This policy is an enabling policy only and State Government/ Union Territories would be free to take their own decisions in this regard.
9. Retail trading, in any form by means of e-commerce would not be permissible for companies with FDI, engaged in multi-brand retail trading.

Application would be processed in the Department of Industrial Policy and Promotion (DIPP), to determine whether the proposed investment satisfies the notified guidelines, before being considered by FIPB for Government approval. FDI in single brand retail trading is aimed at attracting investment in production and marketing, improving the availability of such goods for the consumers, encouraging increased sourcing of goods from India and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices. **FDI in single brand retail trading is allowed upto 100%, subject to the following conditions –**

1. Products to be sold should be single brand only.
2. Products should be sold under the same brand internationally i.e. products should be sold under the same brand name in one or more countries other than India.

3. Single brand product retail trading would cover only products which are branded during manufacturing.
4. Only one non-resident entity, whether owner of the brand or otherwise, shall be permitted to undertake single brand retailing in the country.
5. In respect of proposals involving FDI beyond 51% sourcing of 30% of the value of the goods purchased, will have to be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors.
6. Retail trading by means of e-commerce would not be permissible under single brand with FDI.

Expectation from FDI in Retail in India

i. FDI in Retail would bring in foreign capital of which 50% will be utilised for building backend infrastructure such as warehouse, logistics, cold storage chain etc. in the rural areas of the country preventing wastage of agriculture produce.
ii. FDI Policy in retail will invite foreign multinational corporate like Wal-Mart, Carrefour, Tesco, IKEA etc. to set up retail outlet and enhance the share of organised sector retailing which at present accounts at 4% far below than other developed nations.
iii. This move is expected to create employment opportunities for 4 crore people directly and 6 crore people indirectly.
iv. This move is also expected to reduce the existing supply chain which is overcrowded at present increasing price at the product which major share in the price to intermediaries.
v. This move is expected to provide major share of the prices to farmers and micro, small and medium enterprises.
vi. This move is also expected to promote healthy competition among enterprises thereby reducing food inflation.

Impact FDI in Retail on different stakeholders

a) Impact on unorganised Retailers

In India, about 96% of the annual retail turnover comes from the unorganised sector and nearly 4.4 crore people are engaged in this sector which is the second most employment provider sector after agriculture. People engaged in this sector will be adversely affected as the global retail giants would come with advanced capabilities of scale and infrastructure in addition to having deep pockets. This would result in job loss for lakhs of people observed in the unorganised sector. Again fears have been also raised over the lowering prices of products owing to better operational efficiencies of the organized players that would effect the profit margins of the unorganised retailers. The unorganised retailers will be compelled to compete with the technologically and economically sound enterprises which may result in the extinction of many retailers from business and forced to take other jobs. Though measures have been taken for promoting healthy competition by establishing competition commission of India, yet there would be unfair, unequal and unhealthy competition among unorganised retailers and global retail giants. Unorganized sector is not going to be eliminated completely, rather both organized and unorganized sectors would co-exist in future.

b) **Impact on organized retailers**

Through market share of organized retailers is much lower i.e. 4% in India which give ample scope for growth and development. The attractive opportunities in retail sector will compel existing organized Indian retail players like Big Baazar, More, Spencers, Reliance Fresh, Pantaloons, Shoppers Stop etc. to infuse more capital into the sector and compete with the global giants. They may also face hostile bids from global retail brands in order to grab market.

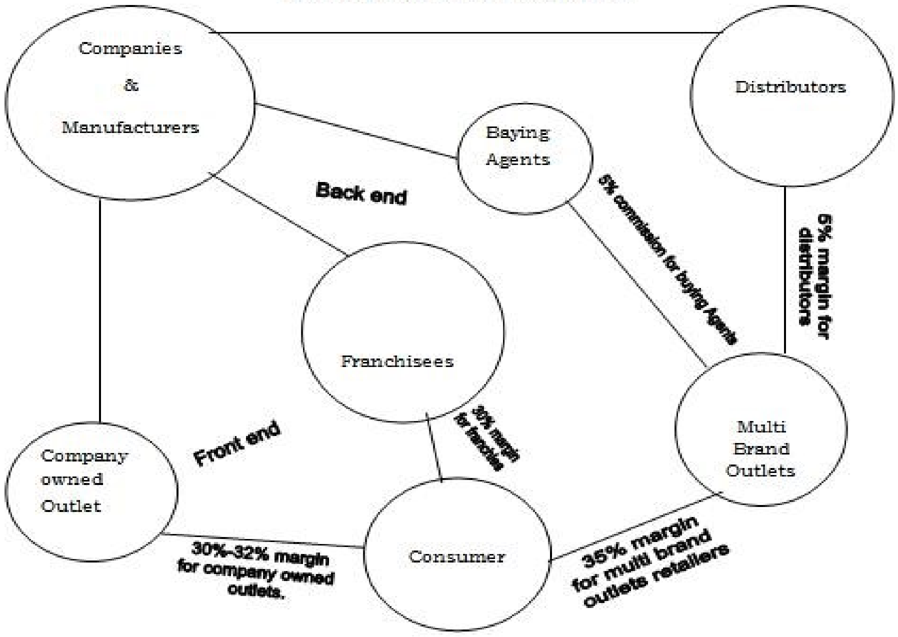
c) **Inpact on Consumers**

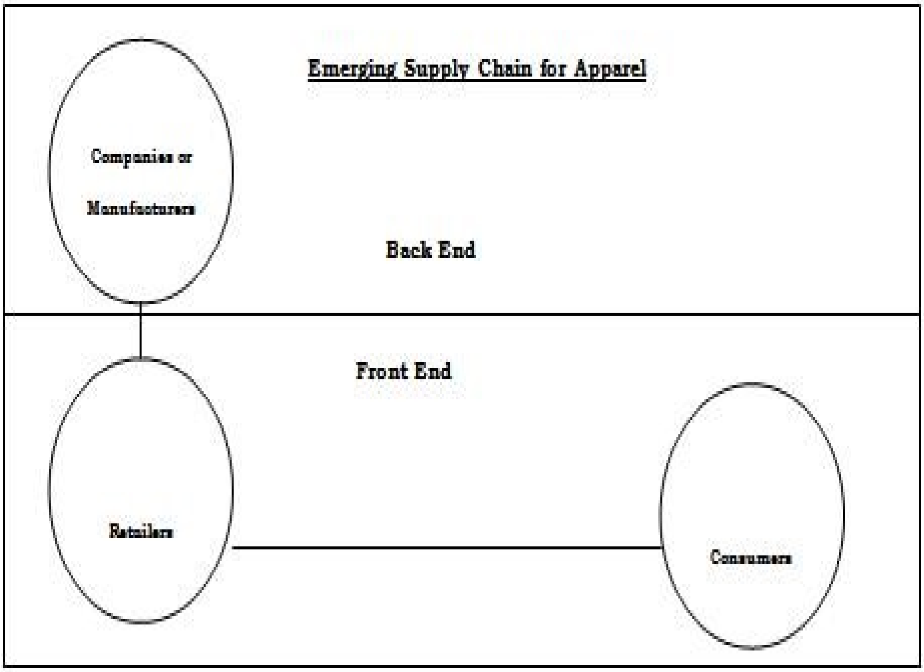
Consumers would definitely gain from organized retail in terms of reduced price & enhanced quality of products due to competition. Overall customer spending would increase with the entry of the organized retailers. Even less well off consumers will be benefited from organized retailing. Consumers will be devoid of credit sale facilities, bargaining, purchase at lower quantities convenient timing and home delivery facilities.

d) **Intermediates**

The supply chain is vast and number of intermediates such as buying agents, factors, commission agents, distributors etc. is very large. Advent of organized retail would reduce the number of intermediates in the supply chain. This may be illustrated by comparing existing supply chain and emerging supply chain for apparel as given below -

Existing Supply Chain for Apparel



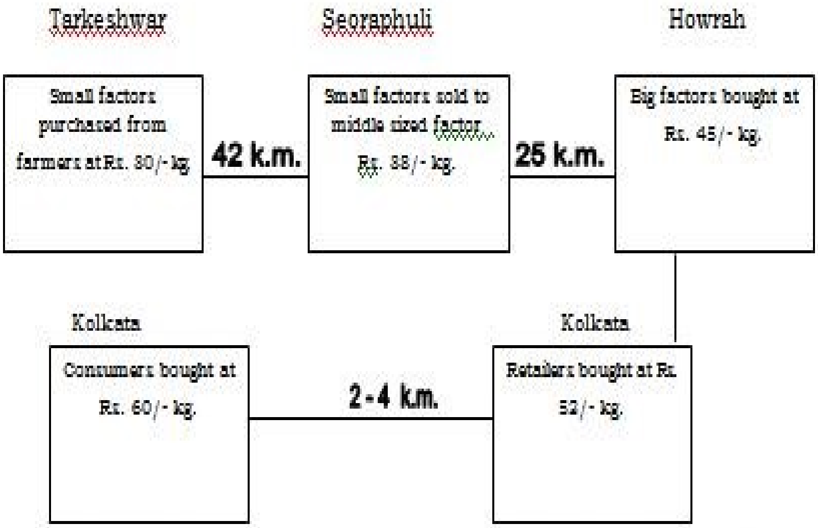


Thus, from the above it is evident that intermediates would definitely loss their jobs.

(v) **Impact on Farmers**

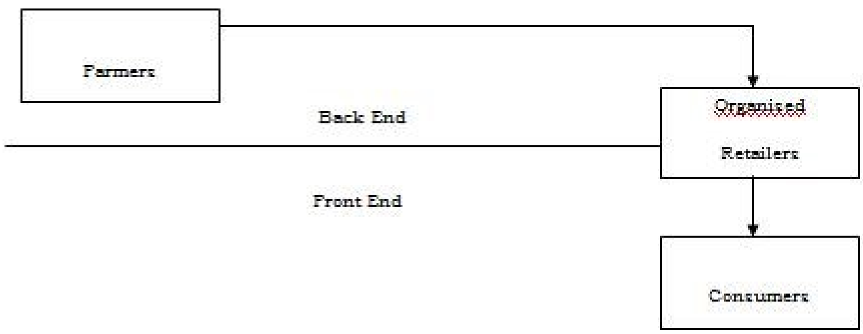
Farmers would significantly benefit from the option of direct sale to organized retailers and can release 60% higher than that received from selling in the mandi. This can be illustrated by the existing supply chain and emerging supply chain for organized produced (vegetable)

Existing Supply Chain for Vegetables



Source : Ananda Bazar Patrika, Oct' 1, 2012. Sarkari Bazar Sai Timira, Nakaal Chasi by – Debjit Bhattacharya & Goutam Banerjee.

Emerging Supply Chain



There would definitely be a reduction in middlemen between farmers and consumers. In addition to the above, the farmers will be affected in the following way: -

(a) They will have to enhanced supply in terms of volume, quality, cost and commercial practices.
(b) Increase in backend infrastructure would reduce spoilage of farm produce.
(c) Infusion of fresh and foreign capital will bring advanced technology into farming sector.
(d) Farmers will have greater access to infrastructure and cold chain.
(e) Farm labourers would gain in terms of enhanced wages and sound working conditions.

Impact on manufacturers

Large manufacturers will have the price and payment pressures due to competitive impact of organized retailing. Micro, small and medium enterprises will grow significantly as organized retailers will have to procure 30% of the goods from MSMEs. Again there will be pressure upon them for cost reduction and enhancement of quality of their products. Entry of organized retailing would transform the logistic industry.

Impact on Government

The growth process of the Indian economy would take a new pace through foreign direct investment in retail and other sectors. There will be a boost to export and employment opportunities for lakhs of unemployed of the country. FDI in retail will increase the Government revenue significantly.

Conclusion

The Government's decision to liberalise FDI in retail is being seen as a bold move to spur foreign investment in India. But allowing global retail giants in the country may not bring in the promised dividends. This move is expected to bring modern technology, improve rural infrastructure create competitive market, reduce wastage of agriculture produce etc. But there is doubt that global giants would build rural infrastructure only to grab the retail market in India. Again it is said that farmers will get a higher share in the prices but lack of identification of farmers and economic condition of farmers may obstruct their access to organized retailers and hence intermediaries cannot be eliminated completely. No doubt cold storage chain would reduce the wastage of agriculture produce but questions have been raised if global giants would invest in cold storage chain or building roads in rural areas or not. Consumers will get commodities at reduced price but only 30% at the goods will be sourced from India that means foreign cheap goods are invited into India likely to affect MSMEs adversely with regard to quality and cost structure. Further organized sector would also face economic crisis as interest rate in India range between 14-16% which compel Indian capital kneel down before foreign capital. It has been organized that FDI in retail create job opportunities but for whom. Only the smart, educated and English speaking people will get employment, engagement of uneducated and semi-educated people at various stages of retail business spread across towns and cities will be in the dark.

Contentious issues regarding FDI in Retail

1. The Government claims that Global Retail giants will operate as per State Government's shops and Establishments Act which amounts to direct conflict with the clause of 'National Treatment' for foreign investors.
2. Each State in India has its own version of the shops & Establishment Act under which investors have to seek licenses.
3. It is claimed that back and infrastructure such a cold chain will be developed by foreign investors but there will be hardly any investment in cold storages due to dismal power supply.
4. Small farmers will get benefit only when foreign investors invest in developing transportation and connectivity to rural areas which till today for behind development.

Poor consumers such as maid servants, pushcart vendors, rickshaw pullers etc. will hardly benefit from FDI in retail as they never think of visiting organized retailing organization as yet. Practical experience in the USA and China are very much opposite to one another. In the USA organized retail giants – Wal-Mart has displaced many small retailers from their business which was reported by a web based news agency in New York on the day when our Hon'ble Prime Minister announced liberalization of FDI in retail in both single brand and multi brand. On the other hand China could improve its GDP by allowing FDI in retail. So it can be concluded that before allowing FDI in retail our rural infrastructure, competitiveness of Indian organizations, trade facilitations, electricity woes, labour laws and efficiency of human resources must have been improved. We must take lesson from Amul which has created a sophisticated supply chain (including cold storage facilities) to carry milk a highly perishable commodity across long distances rather than making agriculture subservient to global giants. Time has come to recognize our potentials and inner strength i.e. human resources , natural resources etc. and apply them for prosperity.

State and Union Territories That Welcome the FDI in Retails

Name	Population
Andhra Pradesh	84.7
Assam	31.2
Delhi	16.8
Haryana	25.4
J & K	12.5
Maharashtra	112.4
Manipur	2.7
Dadra Nagar Haveli	0.3
Daman & Diu	0.2
Total	**364.93**
% of Total Population 30%	

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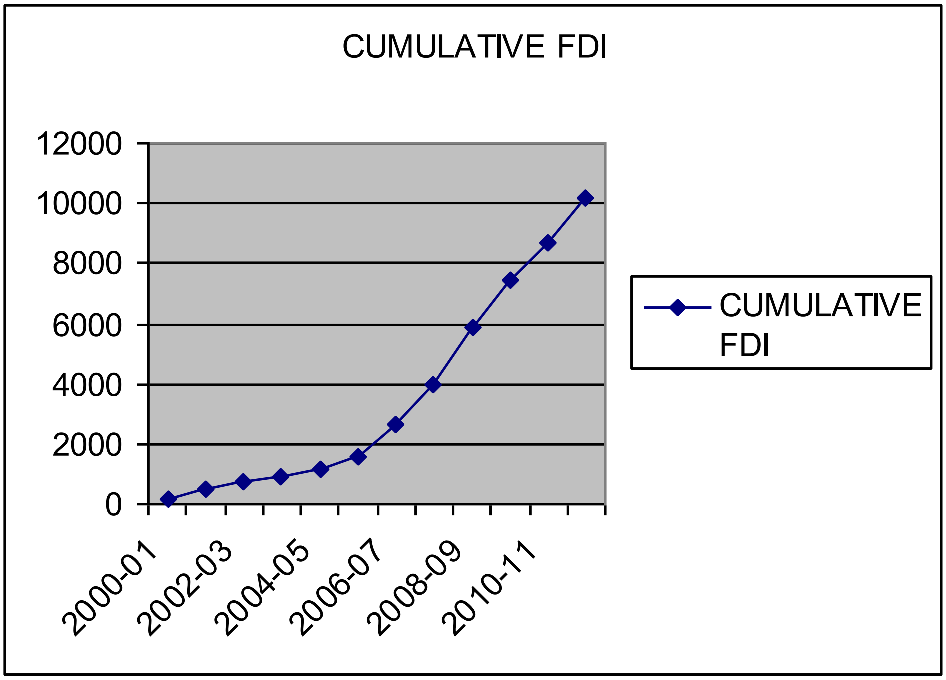
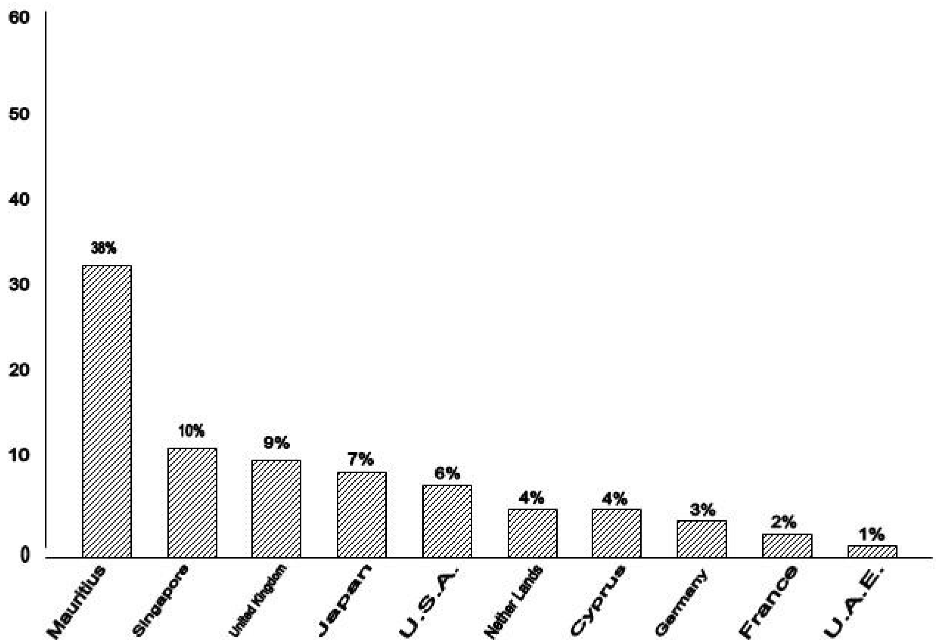


Figure / Chart – 1 Share in FDI inflow into India by Top ten (10) countries

Source : Fact Sheet on FDI from April 2000 to June 2012



<u>Figure / Chart – 2 Sector attaching highest FDI in flow in India</u>

Source : Fact Sheet on FDI from April 2000 to June 2012

of DIPP