**Executive Summary**

This project deals with foreign Direct Investment in multi brand retail trade and the issues involved in the policy implementation. The new FDI policy passed by the cabinet on November 24, 2011 permitted 51% FDI in multi brand retail trade and 100% FDI in single brand retail trade. Both the permissions entail certain conditions which are meant to protect the farmers, small scale industries and the small retailers. But retailers found the protectionist measures taken by the government as inadequate and launched full scale protests against it in consonance with political parties. The proposed policy was rolled back on December 11, 2011 by the government. The project deals with various aspects this FDI policy entails with respect to Middlemen, Farmers, Youth, and Consumers etc. The goal of the project is to analyze the policy from social point of view and understand the concern of the shopkeepers. These concerns must be balanced by how the interest groups who will benefit by the proposed policy.

**Issues with the FDI in Multi Brand Retail:**

* Fear of small retailers of being out of business due to predatory pricing
* Procurement of talent from international market instead of Indian
* Competition elimination strategies of Retail giants
* Loss of entrepreneurial opportunities
* Disadvantageous to small farmers
* Disintegration of already existing supply chain of domestic retailers

**Benefits of FDI in Multi brand Retail**

* Consumers benefit the most by FDI in Retail, Cheaper prices, relief from inflation, Efficient and prompt services, variety of products and access to fresh fruits and vegetables.
* Farmers would get better price for their quality produce. Direct procurement by Retail giants would free farmers form clutches of the ‘*Dalaals*’.
* Small Retailers would survive because they have advantage of proximity to the consumers. Capacity of such retailers to extend credit makes them indispensible to lower income families. With bank loans and competition regulation, small retailers can survive the competition
* Employment opportunities for youth will be generated. It has been estimated that FDI in retail will generate 10 million new jobs.
* Such new policy will prove to be a heavy source of foreign direct investment for the ailing economy.
* India will experience excellent supply chain efficiency, thus saving wastage of fruits, vegetables and grains.

**Recommendations:**

* Decrease in number of cities where giant retail outlets may be opened
* Reduction in FDI limit in multi brand retail from 51% to 49%
* Farming co-operative societies for protection of interests of small farmers
* Pro-Active approach of Competition Commission to curb collusions and predatory pricing
* Formulation of a Private of code of Conduct by retail giants
* Enforceable legislation to curb malpractices and predatory pricing
* Availability of Bank loans to small retailers so that they may keep up with the changing times and upgrade business.