

Foreign Direct Investment in Indian Agricultural Sector: Opportunities and Challenges

(Sandeep Kumar¹, Kavita²)

Abstract

The huge and record growth of FDI in the global economic landscape over the last two decades has made it an essential part of the development strategy of both the developed and developing nations. It acts as a major catalyst in the development of a country through up-gradation of technology, managerial skills and capabilities in various sectors. Rise in purchasing power, growing consumerism and brand proliferation has led to retail modernization in India. The growing Indian market has attracted a number of foreign retailers and domestic corporate to invest in this sector. FDI in the retail can expand markets by reducing transaction and transformation costs of business through adoption of advanced supply chain and benefit consumers and suppliers (farmers). Oppositions have raised concerns about employment losses, promotion of unhealthy competition among organized domestic retailers resulting in exit of small domestic retailers from the market and distortion of urban cultural development. The present paper focuses on the overview of the Indian retail sector along with the opportunities of expansion of FDI in retail in India and the major challenges that it faces.

1. Research Associate, National Centre for Agricultural Economics and Policy Research, New Delhi
2. Research Assistant, National Mission for Empowerment of Women, Ministry of Women & Child Development, Government of India.