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Implementation of Foreign Direct Investment (FDI) in Agricultural Retail Sector in India: An Economists' Opinion

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ABSTRACT

Agricultural retail sector is one of the most important pillars of Indian economy and it is growing at a phenomenal pace. FDI in agricultural sector plays an integral role in the country's economic growth. The aim of research paper is to explore the opinion of agricultural economists towards FDI in agricultural retail sector. The study was conducted in Haryana State. The study revealed that FDI will promote well – organized retail stores with minimum staff' was found highly prospective which got highest mean score of 2.67. Major advantages of FDI found were ; FDI may bring growth and prosperity in agricultural retail sector (mean score 2.65), FDI may improve infrastructure facilities (mean score 2.58), Inflow of foreign capital may increase after the implementation of FDI (mean score 2.58), FDI may provide high quality of farm inputs (mean score 2.53). Small and marginal farmers may suffer (mean score 2.47), Increases the real estate prices (mean score 2.33) and Discourage local retailers (mean score 2.32), No real benefit to famers and FDI may uproot the domestic retail stores with weight mean score 2.25 were major disadvantages of FDI.

Keywords: FDI, Agricultural retail sector and Economists' opinion

INTRODUCTION

India is an agrarian country traditionally, where farmers maintain food sufficiency by continuously engaging themselves in agriculture. Economically agricultural is one of the riskiest professions. Agricultural production is unstable because of its totally dependancy on the weather condition. In our country farmers are still kept on tenterhook, not knowing how to manage their economy, except to play it by years through a variety of changes like virtual collapse of rural credit in organized sector, especially for small and marginal farmers, continuous increase of input cost and stagnant crop price, profit potential of agricultural sector has declined substantially (Gupta, 2005). Today, an Indian farmer gets only one-third of what the end-consumer pays for his produce. In times of bumper harvests and distress selling, he gets just a sixth part only for his produce. If production is good then there is a surplus of agricultural produce and prices fall. When there is crop failure, farmers hardly get any compensation in terms of the higher price of crops. Present agriculture scenario is that farmer produces more produce according to the country population consumption need or surplus, but lacking the facilities like storage and warehousing, good quality hybrid seeds, better quality farm inputs for control of pests and diseases, post harvest technologies, food packaging, value addition and many more that lead to millions tone of food go wasted every year. Most of the industries also depend on the agricultural sector for their raw materials. Nevertheless, the agricultural market of India is highly fragmented and unorganized. This is proved empirically that 33 percent of fruit and vegetables in India are wasted and perished in the journey from the farm to the fridge. India has only

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5,300 cold storages, a figure that sits uneasy when placed against the 12 million small and medium retail outlets in the country. Indian food chain is defective one because of which after 65 years of independence farmers still live in the darkness of poverty, illiteracy, inequality and negligence. Agriculture sector can be taken, as complimentary and new formats in agricultural retailing will bring about the new horizon of growth and prosperity to farmers in India.

Global Foreign Direct Investment (FDI) has reached the all-time maximum level of US$ 1,833 billion in 2007. In developing countries, FDI inflows reached its highest level ever ($500 billion) – a 21 per cent increase over 2006 (Weissleder, 2009). FDI has been shown to play an important role in promoting economic growth, raising a country's technological level, and creating new employment in developing countries. FDI works as a mean of integrating developing countries into the global marketplace and increasing the capital available for investment, thus leading to increased economic growth needed to reduce poverty and raise living standards. FDI also opens up new frontiers to the farmers as today the present state of affairs regarding farmer in India is dissatisfactory, the endless and unnecessary chain of middleman takes away the fruits of the agriculture, from its deserving party i.e. farmers. Farmers suffer as the intermediaries add to the profit margin and provide the farmers with the price, which is sometimes, even below its cost of production. Due to low income, farmers are not able to pay their loans and suicidal cases among farmers are more. It is an alarming issue and needs to be urgently taken care of by the government. FDI will generate foreign capital and foreign players in India that will widen the sphere of agricultural retailing not only domestically but also globally. In 1991, reforms have mushroomed FDI purpose in various sectors in Indian economy like insurance, banking, outsourcing, IT, manufacturing, telecommunication, construction, and transportation, which has led to series of development in all these sectors and made them stand on the global platform. India is a second most sought destination for FDI after China. The UPA government in July 2011 has recommended 100 per cent in single brand and 51 per cent in a Multi-brand retail outlet that will transform retailing sector from unorganized to organize. Foreign retail giants like Wal-Mart, Carrefour, Tesco, Metro AG, etc. are eyeing on the ever promising Indian retailing through FDI. They will also try to eliminate the long supply chain in distribution process in India and they will purchase on large scale directly from farmers and offer good prices. FDI proponents also point to the employment potential of the food retail sector, specifically in aggregators and low-level processors. FDI would create new off-farm jobs for 50-60 million low-skilled workers, enough to absorb new entrants to the workforce as well as those potentially displaced by the market efficiencies introduced by FDI. After taking into consideration both pros & cons of FDI one can safely say that although there are certain apprehensions about FDI in India but all these fears are unfounded. There is hardly any truth in the fact that it would destroy the small entrepreneurs in India rather it will be beneficial for both the consumers & farmers of India. So, the future of India lies in FDI & the government must proceed in that direction if it wants to make the Indian economy a developed economy.

METHODOLOGY

The study was conducted two districts viz Hisar and Sonipat of Haryana state, purposively based on the criterion that one is in the proximity of NCR region and other district is far away from NCR region. Two blocks from each district were selected randomly. These were Hisar - 1 and Hansi - 1 blocks from Hisar district, Kharkhoda and Rai blocks from Sonipat district. Hence, there was a total number of 04 blocks selected for the present investigation. A list of economists was prepared with the help of some local key communicator of the respective district. A manageable sample size of 30 economists from each district was selected randomly for study to make a total sample size of 60 economists were interviewed.

RESULTS AND DISCUSSION

Table 1 shows that 45.00 per cent of the respondents had agreed, while 31.67 per cent of respondents were undecided and 23.33 per cent of the respondents had disagreed with the statement FDI is not suitable because most of the operational land holding are small and

Table 1: Economists' perception towards FDI in the agricultural retail sector (n = 60)

S.No.	Perception statements	Response			Total weighted score	Overall perception (%)	Weighted mean score	Rank order
		Agree	Undecided	Disagree				
1.	FDI is not suitable because most of the operational land holding are small and marginal	27(45.00)	19(31.67)	14(23.33)	125	49.33	3.70	IV
2.	FDI enhances overall benefits of farmers, retailer, and consumers	47(78.33)	10(16.67)	03(05.00)	127	52.22	3.92	I
3.	Subsistence nature of farming does not meet the requirement of FDI	44(73.33)	09(15.00)	07(11.67)	122	48.44	3.63	VI
4.	FDI may benefit to big farmers only	40(66.67)	07(11.67)	13(21.67)	114	45.78	3.43	XIII
5.	FDI may make efficient agricultural retail sector	47(78.33)	03(05.00)	10(16.67)	113	47.56	3.57	IX
6.	FDI jeopardize achieving eco-friendly and sustainable agriculture	36(60.00)	10(16.67)	14(23.33)	116	46.22	3.47	XII
7.	FDI may tend to more commercial orientation	33(55.00)	18(30.00)	09(15.00)	129	50.89	3.82	II
8.	FDI does not render services as per farmers needs	32(53.33)	10(16.67)	18(30.00)	112	43.78	3.28	XIV
9.	FDI is likely to increase the regional imbalances	48(80.00)	03(05.00)	09(15.00)	114	46.89	3.52	XI
10.	FDI may provide solution to farm problems	46(76.67)	07(11.67)	07(11.67)	120	48.00	3.60	VII
11.	FDI will regularly update the market knowledge	44(73.33)	10(16.67)	06(10.00)	124	48.67	3.65	V
12.	FDI may provide best quality agro-products at appropriate price	41(68.33)	10(16.67)	09(15.00)	121	47.33	3.55	X
13.	FDI may make agricultural profession risk-free	43(71.67)	11(18.33)	06(10.00)	125	50.00	3.75	III
14.	FDI may be helpful in providingthe best farm technologies	37(61.67)	11(18.33)	12(20.00)	119	47.78	3.58	VIII
15.	FDI may enable the availability of agro-products to consumers in all the season	27(45.00)	19(31.67)	14(23.33)	125	48.00	3.60	VII

Figures in parentheses in columns 3, 4and 5 indicates percentages, column 6 indicates total weighted score, columns 7indicate weighted mean scores, column 8 indicates overall perception and column 9 indicate rank order marginal. Majority (78.33%) of the respondents had agreed and 16.67 per cent of respondents were undecided and only 05.00 per cent had disagree to FDI enhances overall benefits of farmers, retailers and consumers. It was observed from the data that more than two-third (73.33%) had agreed and 15.00 per cent of the respondents were undecided, whereas only 11.67 per cent had found disagreed to the statement Subsistence nature of farming does not meet the requirement of FDI. It was observed that 66.66 per cent of the respondents had agreed, 11.67 per cent were undecided and 21.66 per cent had disagreed to FDI may benefit to big farmers only. Table 1 shows that majority of the respondents (78.33%) had agreed and only 05.00 per cent were found undecided, while remaining 16.67 per cent had disagreed with FDI jeopardize achieving eco-friendly and sustainable agriculture. It was observed from the results that more than half (55.00%) had agreed, whereas 30.00 per cent of the respondents were undecided, and 15.00 percent had disagreed with the statement FDI may tend to more commercial orientation. The respondents more than half (53.33%) had agreed and 16.67 percent of the respondents were undecided, while remaining 30.00 percent had disagreed to FDI does not render service as per farmers needs. About the statement FDI is likely to increase the regional imbalances, huge majority (80.00%) of the respondents was found agreed whereas, 05.00 per cent of respondents were undecided and 15.00 percent had disagreed. It is also observed from table that more than two-third (76.67%) had agreed and 11.67 per cent of the respondents were undecided, while remaining 11.67 percent had disagreed towards the statement FDI may provide solution to farm problems. It was revealed from the table that 73.33 percent of the respondents had agreed whereas 16.67 per cent of the respondents were undecided and only 10.00 per cent of the respondents had disagreed with the statement FDI will regularly update the market knowledge. It was found that 68.33 per cent of the respondents had agreed and 16.67 per cent of the respondents were undecided, whereas 15.00 percent had disagreed about the statement FDI may provide best quality agro – products at appropriate price. The majority of the respondents (71.67%) had agreed and 18.33 per cent were undecided, whereas 10.00 per cent had disagreed to FDI may make agricultural profession risk – free. It was observed from the results that 61.67 per cent of the respondents had agreed, 18.33 percent were disagreed, while 20.00 percent of the respondents had disagreed to FDI may be helpful in providing the best farm technologies. In the table, it was found that 45.00 per cent of the respondent was agreed and 31.67 per cent of the respondents were undecided, whereas 23.33 per cent had disagreed to FDI may enable the availability of agro-products to consumers' in all the season'. FDI would also bring investment in post-harvest infrastructure that would increase the shelf life of produce and minimize food wastage now as high as 20-30 per cent, (The Economic Survey 2012-13). Moreover, new investment would result in other positive externalities such as better seeds and stricter standards that would increase quality and productivity while lowering costs and it directly benefited the end consumers. FDI in retail should also be crosscutting and modernize not only retail and agriculture but also manufacturing sector. Large number of FDI in the agricultural sector increases agricultural production which directly affects the export of the agricultural product. Most of the time the FDI involves in the export oriented products. Various studies such as Furtan and Holzman (2004) and Timothy Biller (2004) have been undertaken in an attempt to illustrate the impacts of FDI in agricultural export. Accordingly, in this section the researcher tries to analyze the impacts of FDI in agricultural sector.

It was found that there were a number of constraints in opinion of experts. A schedule was developed consisting of 15 statements explaining constraints of different related fields. These constraints were rated on three-point continuum rating scale ranging from 'very serious', 'serious' and 'not so serious' and a weightage of 3, 2 and 1, were assigned, respectively. Based on the responses obtained from the economists, a total score for each problem was worked out and this total score was converted into a weighted mean score and it was expressed in percentage (%) to measure the seriousness of the constraint. A cursory look at Table 2 revealed that Political interference is not allowing FDI in agricultural retail sector ($Z = 1.85$) was the predominant very serious constraint perceived by the economists. FDI can use farm resources for high-value cash crops' was the 2nd major

Table 2: Constraints Perceived in implementation of FDI in the agricultural retail sector (n = 60)

S. No.	Constraint statements	Response			Total weighted score	Weighted mean score	Z score	Nature of seriousness
		Very serious	Serious	Not so serious				
1.	Political interference is not allowing FDI in agricultural retail sector	19	33	19	131	2.18	1.85	VS
2.	Employment opportunities will be limited	4	30	32	98	1.63	-1.20	NSS
3.	Subsistence nature of farming	1	43	22	105	1.75	-0.56	S
4.	Over fragmented land holdings	1	45	27	107	1.78	-0.37	S
5.	FDI will lead to increased production of commercial crops only	11	23	25	105	1.75	-0.56	S
6.	Natural resources will be exhausted by FDI	8	25	29	101	1.68	-0.93	S
7.	FDI can use farm resources for high-value cash crops	14	39	11	127	2.12	1.48	VS
8.	Real estate issues	8	39	26	115	1.92	0.37	S
9.	Challenges with infrastructure and logistics	15	35	21	125	2.08	1.30	VS
10.	International quality standards of agro-products	9	44	16	122	2.03	1.02	VS
11.	Lack of retail space for storage of agro - products	9	33	26	111	1.85	0.00	S
12.	FDI facing high competition from conventional retail markets	7	35	28	109	1.82	-0.19	S
13.	Rigid government policies and regulations	6	23	29	95	1.58	-1.48	NSS
14.	Insufficient and inefficient power supply	7	34	31	108	1.80	-0.28	S
15.	Understanding consumers behaviour	8	28	30	104	1.73	-0.65	S

Figures in parentheses in column 3, 4and 5indicates percentages, column 6indicates total weighted score, column 7 weighted mean scores, column 8 indicates Z score value and column 9 nature of seriousness.

constraint (Z = 1.48) towards implementation of FDI. Challenges with infrastructure and logistics (Z = 1.30) and International quality standards of agroproducts (Z = 1.02) were reported as 3rd and 4th top most server constraints as per economists response towards implementation of FDI in agricultural retail sector. It would be noteworthy to mention that Real estate issues (Z = 0.37), Lack of retail space for storage of agro – products (Z = 00.00) FDI facing high competition from conventional retail markets (Z = -0.19), Insufficient and inefficient power supply (Z score= -0.28), Over fragmented land holding (Z score = -0.37) were found serious constraints in implementation of FDI in agricultural retail sector according to the economists opinion. The statements like Subsistence nature of farming and FDI will lead to increased production of commercial crops only were perceived serious kind of constraints with equal Z score = -0.56. Understanding consumers' behaviour and Natural resources will be exhausted by FDI were also identified as serious constraints with equal (Z score = -0.65) and (Z score = -0.93) respectively. Accordingly Employment opportunities will be limited (Z score =-1.20) and Rigid government policies and regulations with Z score (Z score = -1.48) respectively were perceived as not so serious constraints by the economists regarding implementations of FDI in agricultural retail sector.

Under this heading advantages of FDI in agricultural retail sector, some important advantages of FDI in agricultural retail sector as per economists opinion were perceived by the respondents (Producers, retailers and consumers). A schedule of selected alternative measure was developed and the economists were asked for the response. The economist's response was measured in three-point continuum, i.e. 'very adventitious', 'adventitious' and 'not so adventitious' and weightage of 3, 2 and 1 were assigned, respectively. Based on the responses obtained from the economists, a total score for each advantage was worked out and this total score was converted into a weighted mean score. The rank was also assigned depending upon the weighted mean score for showing the intensity of these advantages. With regards to advantages of FDI in agricultural retail sector, some major advantages were identified by the economists as experts. Among them, the advantages such as FDI may bring growth and prosperity in agricultural retail sector (mean score = 2.65), FDI may improve infrastructure facilities (mean score = 2.58), Inflow of foreign capital may increase after the implementation of FDI (mean score = 2.58), FDI may provide high quality of farm inputs (mean score = 2.53), FDI may help in decreasing the wastages of agro – products (mean score = 2.53) and FDI may help in reducing the price fluctuation of agro – products (mean score = 2.50) and FDI may reduce import of agro – products (mean score = 2.50) were expressed as major advantages of the FDI implementation in agricultural retail sector. It is also obvious from Table 3 that as per majority of the respondents expressed FDI advantages such as FDI decreases the risk in agricultural retail sector (mean score = 2.48), FDI may provide higher payments to the farmers for agricultural produce (mean score = 2.47), Farmers may get more benefits through FDI (mean score = 2.47), FDI may improve the supply chain system of agro – products distribution (mean score = 2.45), FDI may increase choice of agro – products to the consumers (mean score = 2.43), FDI may generate employment opportunities in agricultural retail sector (mean score = 2.40) and FDI may provide agro – products of international standards (mean score = 2.33). These might be possible advantages for the FDI in agricultural retail sector.

It is vivid from Table 4 that, after the implementation of FDI in agricultural retail sector experienced the following major disadvantages such as Small and marginal farmers may suffer got the top rank (mean score = 2.47) followed by More dependency on external technology and management occupied 2nd top rank with the weighted mean score 2.38. Increases the real estate prices (mean score = 2.33) and Discourages local retailers (mean score = 2.32) stood at 3rd and 4th rank. No real benefit to famers and FDI may uproot the domestic retail stores jointly placed at 5th rank with weight mean score 2.25. Deterioration of market balance (mean score = 2.22) placed at 6th rank. FDI may lead to adoption of inappropriate capital investment technology and Farmers may adopt unsustainable farm practices were jointly shared the 7th rank with weighted mean score 2.20. Over

Table 3: Advantages of FDI implementation in agricultural retail sector

S. No.	Adventitious Statements	Response			Total Weighted Score	Weighted Mean Score
		Very Adventitious	Some What Adventitious	Not So Adventitious		
1.	FDI decreases the risk in agricultural retail sector	33 (55.00)	23(38.33)	04(6.67)	149	2.48
2.	FDI may generate employment opportunities in agricultural retail sector	31(51.67)	22(36.67)	07(11.67)	144	2.40
3.	FDI may provide higher payment to farmers for agricultural produce	30(50.00)	28(46.67)	02(3.33)	148	2.47
4.	Inflow of foreign capital may increase after the implementation of FDI	40(66.67)	15(25.00)	05(8.33)	155	2.58
5.	FDI may improve infrastructure facilities	41(68.33)	13(21.67)	06(10.00)	155	2.58
6.	FDI may bring growth and prosperity in agricultural retail sector	44(73.33)	11(18.33)	05(8.33)	159	2.65
7.	FDI may provide high-quality farm inputs	37(61.67)	18(30.00)	05(8.33)	152	2.53
8.	FDI may help in decreasing the wastage of agro-products	38(63.33)	16(26.67)	06(10.00)	152	2.53
9.	Farmers may get more benefits through FDI	34(56.67)	20(33.33)	06(10.00)	148	2.47
10.	FDI may increase choices of agro-products to the consumers	34(56.67)	18(30.00)	08(13.33)	146	2.43
11.	FDI may help in reducing the price fluctuation of agro-products	37(61.67)	16(26.67)	07(11.67)	150	2.50
12.	FDI may reduce import of agro-products	35(58.33)	20(33.33)	05(8.33)	150	2.50
13.	FDI may provide varieties of agro-products at low prices	25(41.67)	26(43.33)	09(15.00)	136	2.27
14.	FDI may improve the supply chain systems of agro-products distribution	38(63.33)	11(18.33)	11(18.33)	147	2.45
15.	FDI may provide agro - products of standard	34(56.67)	12(20.00)	14(23.33)	140	2.33

Figures in parentheses in column 3, 4and 5indicates percentages.

exploitation of natural resources (mean score =2.18) and Inflation will be increased (mean score = 2.12) were placed at 8th and 9th respectively. Farmers become slave (mean score = 2.10) at 10th place and Monopoly in long term (mean score = 2.08) at 11th place respectively. Shrinking of jobs in agricultural sector and FDI may lead to income inequality between big and small farmers were jointly placed at 12th rank with weighted mean score 2.07.

Table 5 elaborates the specific areas to which the economists perceived more relevant in relation to prospects of FDI in agricultural retail sector. The mean score achieved by most of the technology and production related items was more than 2.63 i.e. more than 2 on a 3 point continuum, which represents a very encouraging scenario. The rank order of different items revealed that the consumers were of the opinion that FDI may generate franchisee opportunities for agricultural retailers and better consumer services with weighted score 2.63. It may promote direct retailing from farmers to consumers and FDI may lead to more urbanization and infrastructure development with the mean score 2.62. 'FDI provides agro-products at reasonable rates due to various discount and promotional schemes' (mean score 2.60) occupied 3rd rank. FDI may provide agro-products at international standards (mean score 2.58) and provide assurance of better shopping experiences (mean score 2.55) were placed at 4th and 5th position respectively. The 6th rank was jointly shared by the statements It may help in better

Table 4: Disadvantages of FDI in the agricultural retail sector

S. No.	Disadvantage statements	Response			Total weighted score	Weighted mean score
		Very serious	Serious	Not so serious		
1.	Small and marginal farmers may suffer	38(63.33)	12(20.00)	10(16.67)	148	2.47
2.	Over-exploitation of natural resources	26(43.33)	19(31.67)	15(25.00)	131	2.18
3.	Inflation may be increased	21(35.00)	25(41.67)	14(23.33)	127	2.12
4.	Farmers may become slave	17(28.33)	32(53.33)	11(18.33)	126	2.10
5.	Shrinking of jobs in agricultural sector	22(36.67)	20(33.33)	18(30.00)	124	2.07
6.	No real benefit to farmers	26(43.33)	23(38.33)	11(18.33)	135	2.25
7.	FDI may uproot the domestic retail stores	30(50.00)	15(25.00)	15(25.00)	135	2.25
8.	Increase the real estate prices	32(53.33)	16(26.67)	12(20.00)	140	2.33
9.	Monopoly in long-term	27(45.00)	11(18.33)	22(36.67)	125	2.08
10.	Deterioration of market balance	29(48.33)	15(25.00)	16(26.67)	133	2.22
11.	Discourages local retailers	32 (53.33)	15(25.00)	13(21.67)	139	2.32
12.	More dependency on external technology and management	36(60.00)	11(18.33)	13(21.67)	143	2.38
13.	May lead to income inequality between big and small farmers	23(38.33)	18(30.00)	19(31.67)	124	2.07
14.	FDI may lead to adoption of inappropriate capital-intensive technologies	29(48.33)	14(23.33)	17(28.33)	132	2.20
15.	FDI may adopt unsustainable farm practices	30(50.00)	12(20.00)	18(30.00)	132	2.20

Figures in parentheses in column 3, 4and 5indicates percentages.

farm resource management and investment in infrastructure like warehousing cold storage etc. with the mean score 2.53. FDI may provide high quality farm inputs and reduce the cost of production received the mean score 2.52. Farmers may avail benefits of contract farming program and may decrease the risk in agricultural retail sector received the mean score 2.48, while Inflow of foreign capital may be increased after the implementation of FDI received mean score 2.52. Further, the statements such as FDI may provide international standard farm technology to the farmers, FDI may provide a variety of choice and diversified bucket of agro-products, FDI may offer more employment even for semi-skilled and unskilled labors, FDI may reduce import of agro –products and FDI may improve the supply chain system were together occupied 2.45 mean score. FDI may provide financial credit to farmers (mean score 2.43) and FDI may be helpful in decreasing the price fluctuation of agro-products (mean score 2.42) got 11th and 12th ranks, respectively. FDI may provide products at reasonable prices due to various discounts and promotional scheme and FDI may lead to growth of the international agricultural retail trade jointly shared 13th rank with mean score 2.40. The four statements FDI may provide safer products, FDI may significantly enhance farmers income, FDI may lead to increase in productivity and efficiency and FDI may provide more choice of agro-products to the consumers were jointly placed at 14th rank with mean score 2.38, while FDI may provide varieties of agro – products at low prices (mean score 2.32), FDI may have access to advanced technology (mean score 2.27) and FDI may bring growth and prosperity in agricultural retail sector (mean score 2.22) were in lower order.

A look at the Table 6 makes it clear that age, education and family type were found positively and non-significantly correlated with all the dependent variables. There was positive and significant correlation of family background, marital status and family occupation with dependent variables perception, constraints,

Table 5: Economists' prospects of FDI in the agricultural retail sector

S. No.	Statements	Response			Total weighted score	Weighted mean score	Overall response (%)
		More bright	Somewhat bright	Not at all bright			
1.	FDI may provide international standard farm technology to the farmers	32(53.33)	23(38.33)	05(8.33)	147	2.45	14.41
2.	FDI may generate franchisee opportunities for agricultural retailers	44(73.33)	10(16.67)	06(10.00)	158	2.63	15.49
3.	FD1 may provide a variety of choice and diversified bucket of agro-products	33(55.00)	21(35.00)	06(10.00)	147	2.45	14.41
4.	FDI may provide agro-products at international standards	38(63.33)	19(31.67)	03(5.00)	155	2.58	15.20
5.	FDI may provide products at reasonable rates due to various discounts and promotional schemes	30(50.00)	24(40.00)	06(10.00)	144	2.40	14.12
6.	FD1 may promote direct retailing from farmers to customers	41(68.33)	15(25.00)	04(6.67)	157	2.62	15.39
7.	FDI may reduce profit of middlemen	36 (60.00)	24(40.00)	00(6.67)	156	2.60	15.29
8.	FDI may provide better customer services i.e. home delivery, easy return, etc.	42(70.00)	14(23.33)	04(6.67)	158	2.63	15.49
9.	FDI may provide assurance of better shopping experiences	38(63.33)	17(28.33)	05(8.33)	153	2.55	15.00
10.	FDI may provide safer products i.e. no adulteration in food products	30(50.00)	23(38.33)	07(11.67)	143	2.38	14.02
11.	FDI may significantly enhance farmer's income	33(55.00)	17(28.33)	10(16.67)	143	2.38	14.02
12.	FD1 may help in better farm resource management	37(61.67)	18(30.00)	05(8.33)	152	2.53	14.90
13.	FDI may invest in infrastructure like warehousing, cold storage	38(63.33)	16(26.67)	06(10.00)	152	2.53	14.90
14.	FDI may provide financial credit to farmers	29(48.33)	28(46.67)	03(5.00)	146	2.43	14.31
15.	Farmers may have access to advanced technology	26(43.33)	24(40.00)	10(16.67)	136	2.27	13.33
16.	Farmers may avail benefits of contract farming program	35(58.33)	19(31.67)	06(10.00)	149	2.48	14.61
17.	FDI may lead to more urbanization and infrastructure development	40(66.67)	17(28.33)	03(5.00)	157	2.62	15.39
18.	FDI may offer more employment even for semi-skilled and unskilled labourers	35(58.33)	17(28.33)	08(13.33)	147	2.45	14.41
19.	FDI may result in the increased land price	35(58.33)	19(31.67)	06(10.00)	149	2.48	14.61
20.	FDI may lead to increase in productivity and efficiency	34(56.67)	15(25.00)	11(18.33)	143	2.38	14.02

Table 5 contd...

S. No.	Statements	Response			Total weighted score	Weighted mean score	Overall response (%)
		More bright	Somewhat bright	Not at all bright			
21.	FDI decreases the risk in agricultural retail sector	29(48.33)	26(43.33)	05(8.33)	144	2.40	14.12
22.	FDI may generate employment opportunities in agricultural retail sector	25(41.67)	33(55.00)	02(3.33)	143	2.38	14.02
23.	FDI may lead to the growth of the international agricultural retail trade	28(46.67)	28(46.67)	04(6.67)	144	2.40	14.12
24.	Inflow of foreign capital may be increased after the implementation of FDI	36(60.00)	16(26.67)	08(13.33)	148	2.47	14.51
25.	FDI may improve infrastructure facilities	35(58.33)	21(35.00)	04(6.67)	151	2.52	14.80
26.	FDI may bring growth and prosperity in agricultural retail sector	22(36.67)	29(48.33)	09(15.00)	133	2.22	13.04
27.	FDI may reduce the cost of production	33(55.00)	21(35.00)	02(3.33)	151	2.52	14.80
28.	FDI may provide high-quality farm inputs	35(58.33)	21(35.00)	04(6.67)	151	2.52	14.80
29.	FDI may help to decrease the wastages of agro - products	38(63.33)	16(26.67)	06(10.00)	152	2.53	14.90
30.	FDI may provide more choice of agro-products to the consumers	29(48.33)	25(41.67)	06(10.00)	143	2.38	14.02
31.	FDI may be helpful in decreasing the price fluctuation of agro-products	31(51.67)	23(38.33)	06(10.00)	145	2.42	14.22
32.	FDI may reduce import of agro-products	34(56.67)	19(31.67)	07(11.67)	147	2.45	14.41
33.	FDI may provide varieties of agro-products at low prices	28(46.67)	23(38.33)	09(15.00)	139	2.32	13.63
34.	FDI may improve the supply chain systems of agro-products distribution	31(51.67)	25(41.67)	04(6.67)	147	2.45	14.41
35.	FDI may provide agro - products of standard	30(50.00)	23(38.33)	07 (11.67)	143	2.38	14.02

Figures in parentheses in column 3, 4and 5indicate percentages;

Table 6: Correlation between dependent and independent variables of economists for implementation of FDI in agricultural retail sector (n = 60)

S.No.	Independent variables	Correlation coefficient (r)				
		Perception for FDI	Constraints of FDI	Disadvantages of FDI	Advantages of FDI	Prospects of FDI
1.	Age	+0.098^{NS}	+0.223^{NS}	0.174^{NS}	0.027^{NS}	0.172^{NS}
2.	Education	+0.024^{NS}	+0.029^{NS}	+0.001^{NS}	+0.139^{NS}	+0.026^{NS}
3.	Family background	+0.043^{NS}	0.001^{NS}	0.220^{NS}	0.072^{NS}	0.064^{NS}
4.	Marital	0.152^{NS}	0.129^{NS}	0.199^{NS}	0.025^{NS}	0.103^{NS}
5.	Family Occupation	0.114^{NS}	+0.092^{NS}	0.069^{NS}	0.182^{NS}	0.113^{NS}
6.	Family type	0.186^{NS}	0.077^{NS}	+0.160^{NS}	0.022^{NS}	0.205^{NS}
7.	Experience	+0.134^{NS}	+0.088^{NS}	-0.100^{NS}	+0.015^{NS}	-0.128^{NS}

NS=Non Significance

disadvantages, advantages and prospects. With regard to experience of the respondents, it was found positively and significantly related with perception, constraints, disadvantages, advantages but were found positively and significantly correlated with all the dependent variables but disadvantages and prospects both the variables could establish negative and significant relationship with experience of the respondents.

CONCLUSION

The FDI flow in the agricultural Retail sector in India has shown a change in terms of size and capital investment. Although, the government prepared regulatory framework to increase the number of FDI, the benefits of the sector is not entirely satisfactory. The domino effect of lower implementation rate of investment is lower capital flow and employment opportunity in the economy. Further, the regional variation of FDI in the sector aggravates the regional inequality existed in the country. The government must work more on the infrastructural development beyond the provision of various incentive packages. In addition, in order to exploit the sector properly, the government must select the comparative advantage of the country and encourages FDI to involve just opening all sectors for FDI without a detail and thorough study may bring coordination failure in the subsectors.

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