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Feasibility Of FDI In Retail Trade In District Darrang, Assam.

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Abstract: *India has now become a prestigious member of the Global Village. Restrictions are reduced from borrowing foreign capitals for the development of its small as well as large-scale industrial sectors viewing employment opportunities, rehabilitation of infrastructure and logistics corresponding with developed countries. India being a developing country, Foreign Direct Investment becomes a vital economic reliability for its future growth because of its several economic problems. The Indian people are also fighting with the poverty alleviation, improvement of living standard, increasing employment, savings and modernization of agriculture and socio economic conditions through their industrial activities. The width of this study will be confined to the retail sectors of district Darrang, a belonging agriculture based district of Assam. The people of this district are very hard working and capital deficiency is the main problem with them. They do not have projected amount to run their retailing, traditional methodologies govern their business activities. Foreign capital is magnetized for the growth of the district's total economic infrastructure; like, electrification, roadways, permanent market sheds, construction of warehouses and cold-storage for the agrarians etc. They handle businesses range between hawkers to dealers in the unorganized retail sectors. Wastages are their regular expenditures due to prevail of rule of thumb practices. On the other hand, since the liberalization of Indian economy in 1991, many foreign Companies are also waiting to invest in Indian retail markets. GoI has also undertaken many reforms and liberalized the retail sectors; thereby attracting significant foreign investments to bring the new challenges and opportunities expecting sustained growth in the retail sectors.*
Key Words: *FDI, Retail Sector, Economic Development.*

I. Introduction:

Since the liberalization of Indian economy, many foreign investors have been waiting with a view to investing in Indian retail trade (multi brand or single brand). The growing markets of Indian economy also magnetize Foreign Direct Investment in its retail sectors to promote economic development. In interaction with foreign investors, Indian retail sectors see the glimpse of mutual benefits. The flow of Foreign Direct Investment is not a new inspiration to the economy. Before the First World War, its flow was tremendous in needy countries. The rapid development of some countries was possible through FDI. When Libya became an independent country in 1951, its total economic scenario was very disappointing and they then sought substantial capital assistant as well as technical supports from abroad. While refer to USA, a richest country of the world, borrowed heavily in 19th century for its development. In this way, England is owed to Holland, China and Soviet Russia. In recent years, the flow of FDI from government and international agencies has increased in hastily. The trend of FDI in government level in Indian economy since 1991 to recent days is also being made up by the contributions from foreign countries e.g.; Malaysia, Mauritius, USA, Japan, Germany, Netherland and ASEAN countries as well as from international development agencies like IBRD, IDA, IMF, ADB in the forms of loans and grants.

Country-wise FDI inflows to India since 2008. (US $ million)

Country	2008-09	2009-10	2010-11	2011-12	2012-13 E	2013-14 E
Mauritius	10,165	9,801	5,616	8,142	8,059	3,695
Singapore	3,360	2,218	1,540	3,306	1,605	4,415
U.S.A	1,236	2,212	1,071	994	478	617
Japan	266	971	1,256	2,089	1,340	1,795
Netherlands	682	804	1,417	1,289	1,700	1,157
UK	690	643	538	2760	1,022	111
Germany	611	602	163	368	467	650
Others	5,687	5,210	3,338	4,525	3,615	3,614
Total FDI	**22,697**	**22,461**	**14,939**	**23,473**	**18,286**	**16,054**

E : Expected.(source : RBI)

Foreign Investors route to the Indian economy in the forms of Joint Ventures, Franchising agreements, direct and portfolio investment in the free hand consumer products of the retail industry, stores, commercial complexes, agencies and companies expecting the victory of the 4 P's of marketing mix. The Foreign Investment Promotion Board, in the Ministry of Finance, Government of India paves the way and approves the entry routes for the foreign investors and all the interactions are regulated by Foreign Exchange Management Act (FEMA) 1999, formerly known as FERA. Hence the factual inflow of FDI into Indian market has been picked up to 1000 times more at present than it was in 1991 being moral supports of more than 40% Indian people.

Glimpse of FDI.

The World has now been changed into a global village with many reforms in PSUs, Financial, and capital flows as well as government policies based on LPG to rise new market opportunities that brings growth and development. In this context, World Trade Organization, the highest authority of multilateral trade, has promoted number of General Agreements on Trade in Services, Agriculture, Fashion Textile and Clothing etc to make trade friendly environment among the countries in global level which are included both in retail and wholesale to well built with the auspices of foreign investment. In India, the unorganized retail sector covers more than 97% of its business and contributes 15% GDP to the nation providing 10% employment for energetic youth in relation to optimal use of the country's resources. The WTO also emphasizes on standard of living, creating employment, increasing per capita income with GNP, boosting production volume to the needs of the nations, providing opportunities for import liberalization, through de-licensing, open general licensing, removing quantitative restrictions, lowering high custom rate from global competition etc.

Former President of India, Dr. Kalam lectured on FDI as: Averring that the factors separating the developed and the developing world were "aggressive marketing" and "competitiveness", "As long as we can build the capacity of aggressiveness in marketing and competitiveness, FDI is not a dangerous thing."

The Millennium Declaration 2000 by United Nations also emphasized on global partnership among the countries of the world for development and to open true based trading and financial system to eliminate worldwide poverty replacing the Traditionals by Modern Technologies.

While go through study on Adam Smith's view on free trade and foreign collaboration, it is long ago in 1776, the Father of Modern Economics stated, "If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantages"

Collating to the situations, the **International Monetary Fund** also refers to an investment made to acquire lasting or long-term interest in enterprises operating outside of the economy of the investors hence terms as **Foreign Investment**.

Foreign Direct Investment is systematically classified into two categories;

I) **Direct** Investment and II) **Portfolio** Investment.

When a company directly invests in properties of a foreign company's plants and machinery with a view to undertake long term production and marketing of goods and services is termed as Foreign Direct Investment. While Portfolio Investment, on the other hand, is an investment that a company makes into another company acquiring shares or providing loans and earns short term income by way of dividend or interest.

The Global scenario of FDI is multidimensional from nation to nation. Countries all over the world are by no means self reliance hence goes for cross border investment and become closer to one another. Countries that were cut-off from one another due to either some political, geographical or any other barrier distances, have now started increasingly interacting in cross border transactions (lately South Korea and Japan, India and Pakistan). The time to time reforms of Government's Policies of different countries have also been major contributory factors to the development of Multilateral Trade Scenario**.** The worldwide collaboration leads the world into a global village and people begin to say good bye the word 'Foreign' from their universal alliances.

Government of India's Challenges of FDI:

GoI has undertaken many reforms and liberalized its economy thereby attracting significant foreign investments to bring the new challenges and opportunities expecting sustained growth in retail sectors.

The parliamentary and administrative policies of Indian Government have been replaced and reoriented time to time bringing new challenges and opportunities in its economy. Accordingly, GoI has facilitated through FIPB to promote foreign investment category wise either automatic or government routes e.g. –

Category	% of FDI allow	Through routes of FDI inflows	
		Government Route	Automatic Route
Category-I	No allow	Nil	Nil
Category-II	24%	Nil	Manufacture of items for small industrial sectors.
Category-III	26%	Broadcasting, TV Channels, Publishing news papers and periodicals.	Insurance sector

Category-IV	49%	Hardware, Cable Network, DTH Services, Commodity Exchange.	Scheduled air transport services.
	51%	Single Brand Product Retailing.	Designing and developing of market logistics, Packaging, Warehousing and Storage.
Category-V	74%	Internet Service, Radio Paging, Satellite Services, Scheduled Air Transportation, Telecommunication Services up to above 49%.	Private Sector Banking, Non-scheduled air transport services, Land transport services up to (74%). While Internet Service, Radio Paging, Satellite Services, and Telecom Services up to 49%.
Category -VI	100%	Test Marketing for Trading purposes, Courier services, Tea Plantation, Internet Services, Cigars and Cigarette production, Publication of Scientific Magazines, Journals and periodicals.	Agriculture production, Green filed cultivation, Power and Mining, civil aviation, Manufacturing of telecom equipment, Non-Banking Financial Services, Cash and Carry single brand whole sale trading, NRI Investment, Power and Energy service, Mining and petroleum refining for private companies.

The other bold steps of GoI, in setting up various organizations like, Export Promotion Councils, Commodity Boards, Export Inspection Council, Indian Institute of Foreign Trade, Indian Trade Promotion Council etc, are in participation of international trade, quality management, inspection, policy formation and carrying out of training programmes etc.

In context with participation of international trade, quality management, inspection, policy formation and carrying out of training programs.	• Reserve Bank of India • The Foreign Investment Promotion Board, • Commodity Boards, • ICRIER • Indian Institute of Foreign Trade, • Indian Trade Promotion Council • Foreign Exchange Management Act. • SEBI
In context with operation in the country to help the production sectors and liberal grant of foreign investment to the retail sectors to meet the capital needs.	• Duty drawback, • Advance licensing, • Export processing zones, • Exemption from payment of sales tax • Tariff Policy • Export Processing Zone • Special Economic Zone • Export Promotion Capital Goods Scheme.

Moreover, a number of Schemes such as duty drawback, advance licensing, export processing zones, exemption from payment of sales taxes is in operation in the country to help the production sectors and liberal grant of foreign investment to the retail sectors to meet their capital needs.

Definition of Retail

In 2004, The High Court of Delhi defined the term '**retail**' as a sale for final consumption in contrast to a sale for further sale or processing. It is a sale to the ultimate consumer.

Retailing can be said to be a first hand transaction with small quantity of goods/ services which are sold in cutting a piece to the consumers directly. It does not require direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. Retailing is the last link that connects the individual consumer with the manufacturing and distribution channels at a margin of profit.

Division of Retail Sector:

Indian retail sector can be divided into:-

1. Organized Retail Sector and
2. Unorganized Retail Sector.

Organized Retail Sector:

The Retail sector which is handled by licensed retailers, those who are registered for sales tax, income tax, and having TIN numbers etc. for example, Bata footwear, SRD cereals, Petrol depot, Goyenka wools, Medicine Pharmacy, Laptop Show Rooms, and Widespread Shopping Mall, etc.

Unorganized Retail Sector:

On the other hand, unorganized retail sector refers to the usual formats of low-cost retailing, e.g. the local kirana shops, proprietor's own stores, peddler, laundry, bade-bhaazi, chaw houses, retail paan bhandar, convenience stores, hand cart and street hawkers, etc.

The highly fragmented Indian Retail sector has 92 per cent (2012) of its business being run by the unorganized retailers. This sector is the largest source of employment after agriculture, and has contribution more than 15 per cent to India's GDP.

Division of Indian Retail Sector

Based on personal experiment, secondary data based study, reports and journals; it is found that 85% of Indian households are engaged mostly in the primary **sector.** Lacking in satisfactory capital equipment and technical know-how they have to implement traditional practices in their firms and striving continuously with indecisive market situation. Capital deficiency is the main problem with them. Government or any other financial institutions are in need to inspire local entrepreneurs to improve their production level. Land mortgaging is a traditional system of financing although a huge amount is in need to overcome the problems of the tillers society. They need well built market sheds in different places connecting to run their regular marketing practices. Thousands of hectares of land area are not connected with proper electricity to run deep motor pumps to supply water for their corn fields. Modern scientific methods are not applied in cultivation. In absence of quality management, they accrue less benefit from their unregulated services in the field of business hence keep far from international market competition.

Retail Market Structure

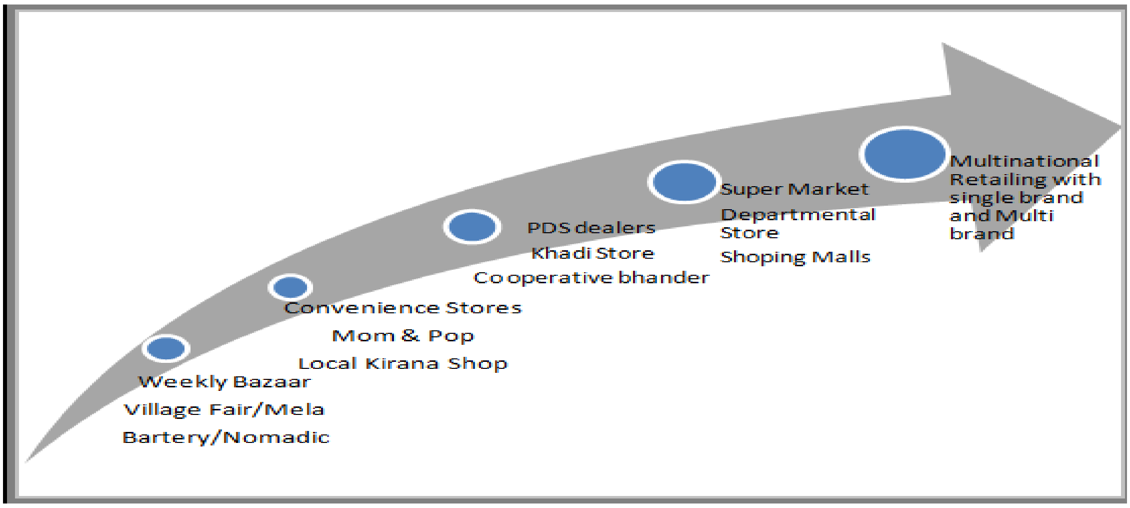
The classification of Retail Businesses can be detailed as follows-

Nomadic Retailers
- Bed cover sellers
- Foot sweep sellers
- Plastic toys sellers
- Plastic saucers sellers
- Cane mats sellers
- TV Covers sellers
- Circus team

Cheap jacks
Market traders
Bade-bhaazi/dry food sellers
Nut sellers
Vending Operators
Second hand sellers
Poultry/Chicken Sellers
Local Fishers

Fixed Shop Retailers
- Grocery
- Stationery
- Sticker houses
- Local Kiranas
- Garages
- Paan/beedi shop

Syndicate Stores (deal in)
Readymade Garments
Toys
Machinery items
Cartel Controlled Stores
Foot Wears
Branded Snakes & Food Stuff



Development strategy of Indian retail markets

The Indian retail market structure is basically designed as Single Brand and Multi Brand Retailing. These compositions of retail markets are seen both in organized and unorganized sector. In 2006, unlocking the controversial restrictions over it, Government of India announced single brand retailing policy and near about 100 numbers of single brand retailing have been allowed to set up their retail shops throughout the country till 2012. Having close proximity of the retailing options, now a days, people normally practice their marketing more than it was before. On the other hand, retailers are offering usable goods like, Refrigerator, TV, Washing machines, at a reasonable price on the basis of consumer needs. In this context single brand retailers strive to expand their business area covering all families come to their interface and focus on their product line emphasizing brand, design, labeling etc. Under this policy producers wish to sell different products under a single brand name of their own.

Review of Multilateral Retail Investors in Indian Retail Sectors:

Initially people of India as well as the opposition parties of Ruling Government were in doubts about the entry of FDI in retail sectors, fear of job losses, market competition and loss of entrepreneurial opportunities. For these divisive, FDI was not permitted in Indian retail sectors till 2006. However, the Indian consumer is gradually moving from local "kirana" shopping to "Mall Shopping" and the government in a series of moves has gradually opened up the entry of Foreign Direct Investment in its retail sectors applying Chinese and Singaporean strategies.

In 1991, India was in a severe crisis due to fall in Net Invisibles Rs. 435 crores with Balance of Payment deficit Rs.17369 crores. Then it approached to the IMF for rising funds to tide over the BOP deficits. At that time, India had no alternatives to disagree to the conditions imposed by the IMF to liberalize its economic policies. The Globalization and Liberalization moves of Indian economy since 1991, many MNCs paved the way of venturing in Indian retail market for selling their products and services. By the ways, India too has got market opportunities abroad to carry out cross-border investment.

The Liberal trade policies of global world have accelerated Foreign Direct Investment from developed to developing countries through a win-win yearning like South East Asia, Brazil, South Korea and many others. In this same line, the Entry of Foreign Retail Investors in Indian retail sectors is immensely appreciable. Most of the major and leading Retailers of USA and European based entered into Indian Retail sectors, tied up with different Indian Retailing including (through automatic route and government route) -

- Wal-Mart (USA) signed MoU with Bharati Enterprise.
- Tesco (UK) tied up with Tata Group,
- Metro (Germany),
- Carrefour (France) and
- Wipro Limited has formed the tie-up with the American software giant to improve capabilities of India's healthcare sector.
- At present, 100% FDI is allowed in Indian wholesale trading to build up a large distribution infrastructure and to assist the local manufacturers including agro-tillers.
- The government cleared the proposal of PAMP Gold LLC, Dubai for 100 per cent foreign direct investment (FDI) for setting up the duty-free shop of gold and silver metals at the Indian airports.
- 49 per cent shares of the financier company are allowed when invest in the joint ventures.
- On the final step, up to 51 percent FDI is allowed in 'Multi Brand and 100% in Single Brand' retail sector in India.

Dr. Kalam said: "The developed (world) wants to sell its goods to all the developed countries as well as the developing countries. The developing countries like us, we want to market our products. Both of them want to market their products. The common link is competitiveness and aggressive marketing."

FDI Flow 2013(US BN)		
Country	Capital Investment	Market Share
Japan	50.04	28.13%
Hong Kong	48.18	27.08%
China	18.97	10.67%
India	13.52	7.60%
Singapore	12.48	7.01%
South Korea	8.59	4.83%
Australia	8.35	4.69%
Taiwan	5.14	2.89%
Thailand	4.27	2.40%
Malaysia	2.56	1.44%
Other	5.82	3.26%
Total	**177.92**	**100.00%**

Source: FDI Intelligence.

It is obvious that the foreign direct investment in organized or in un-organized retail sector in Indian economy can fill the gap between its capital requirement for a take-off into sustained growth as well as domestic capacity for savings and investment. In this regards, 100% FDI is allowed in Indian wholesale trading which involves building a large distribution infrastructure to assist local retailers and manufacturers. While 49 per cent shares of the financier company are allowed when invest in the joint ventures. On the final step, up to 51 percent FDI is allowed with prior approval of Government for retail trade in 'Single Brand' products with the objective of attracting investment, technology and global based Caterers to the demand for such branded goods in India; . For instance, Nike entered through a special licensing agreement with Sierra Enterprises and enjoying a subsidiary in India as Nike India Private Limited. SPAR entered into a similar agreement with Radhakrishna Foodland's Pvt. Ltd, such as in case of Reebok, PAMP Gold LCC Dubai, Nokia and Adidas also.

Progressive Ways of FDI in Retail Sector:

The doorways, used by Foreign Direct Investment to enter the retail sectors can be discussed as below-

a) Subsidiary Companies.

Countries those are economically wealthy able to carry its business or make investment to the host countries. They form a Multinational Corporation and allow it to go abroad for licensing subsidiary companies abroad seeing the glimpse of future prospects. In keeping the subsidiary companies under alliance, MNCs hold more than 51% of its shares and rest sell to the public. Thus the MNCs spread foreign capital all over the world with the help of subsidiary companies. In this case, MNCs control the production and marketing of the subsidiary company and grasp the retail sector of the host country. For instance, Coca Cola, a US based company has its production and marketing facilities all over the world including India. By the way of investment loopholes many foreign countries are captivating investment projects in the various countries including India also, like Sony and Suzuki from Japan, Ponds from U.S.A and Hindustan Lever Ltd from U.K. etc.

b) Franchising & Branching.

Franchising provides license for manufacturing of branded products to an enterprise abroad or opening overseas branches and controlling the same by the head office. Such type of investments can be happened when special demand arises for some particular products in the particular regions, like Power and energy, education and publication, disease curators etc. These methods of business helps a country to earn foreign exchange which it can later invest in capital goods, technology development, petroleum products, digging of coal oars which are basically in crisis at that region.

c) Joint Venture.

It is foreign retail markets through joint venture; i.e., joining the management and sharing the profit of the firm in the importing country. This system is accepted by a host country's industrial units, where in lack of sufficient capital equipment and do not have adequate managerial capability to run their production process.

d) Manufacturing and wholly Owned Subsidiaries:

Sometimes multilateral Branded Companies like Nike (USA), Adidas (German) etc. are fully authorized in dealing retail business in their own branded products under full schemed subsidy behaving as local manufacturers and selling retail products in foreign countries like in India.

A Case Study on the Retail Trade Structure of District Darrang, Assam:

'Darrang' originated from the name of Ahom King, DARANGI RAJA is an agriculture based district of Assam situated on the north bank of river Brahmaputra. The N.H. 52 flows through it from west to east. According to population census 2011, the district has population of 9,08,090 of which 4,72,134 are male and 4,35,956 are female.

Darrang Agrarian's domestic products

Its average literacy rate is 64.55%. Out of total population of the district around 93.90% live in rural area scattering over plains and chars (Riverine) and bulk portion of them are basically cultivators engaged in the production of Vegetables, Fish, Paddy, Tea, Jute and Maize etc.

They produce and supply vegetables to the various parts of the North East region grown here in this district however; they do not get a reasonable market price for their industrious products. Lacking of satisfactory capital equipment and technical know-how, they put into practice redundant methodology in their firms and striving continuously with indecisive market situation. Capital deficiency is the main problem with them. No well furnished Financial Intermediaries come to their interface to provide capital subsidy to strengthen their agro based production. A huge amount is in need to overcome the problems of the Tillers society. They are in uninterrupted need of well built market sheds in different places connecting to the N.H.52 to store and transport of products. Thousands of hectares of land area are not connected with proper electricity to run deep motor pumps to supply water for their corn fields. Modern scientific methods are not applied in cultivation. In absence of quality management, they accrue less benefit from their unregulated services in the field of business and cannot enter into the international market competition. Wastages are their regular expenditures. In these Phenomena, new approaches are required for reorientation of varieties of small scale industries. Since it is said in the manifesto of Indian government that "**Right to Work**" as the ultimate goal of employment but in reality, the GoI can't able to harmonize between unemployment and full employment in this area. If these strategies were put to vigor with enlargement of small scale industries in production sectors, burning problems of unemployment could be solved.

Retail Trade Structure in District Darrang:

Based on personal experiment, Primary and secondary data based study, reports and news papers it is seen that a bulk portion of households are engaged mostly in the primary sector. The unorganized retail sector has covered most of the households and is playing a vital role in this district. For their low income, they prefer to engage in retail businesses in selling of paan, beedi, vegetables, home-made vodka, local poultry, and grocery items in the country and town areas, fruit items, home-made dhup-sticks for door to door selling, retail cloth stores, local fish selling, etc. They are far behind from bulk ideas on doing good businesses to cope up with resources to implement in practical field. Foreign Direct Investment is yet to enter in this area. Government policies should cover their business activities and should open the doors of financial support to build up their tiny sectors into the considerable existence. They practice businesses range between hawkers to dealers and maximum of them do not have permanent establishment nor well settled apartments like departmental stores, Super markets, etc.

Based on their income level, consumer's demand, communication facilities and standard of products, their retail businesses can be categorized as follows;

a) Nomadic Retailers:

They practice a mobile business and move place to place for selling their small quantity at a low price. They shift their business from place to place due to changes of seasons, demand and vice-versa. They generally handle low-priced goods and sell them at household's door-steps, weekly bazaars, small towns, festival places including backward places. As they have to move on own foots or using bicycles to carry their goods from place to place, especially when go to the chaar/riverine areas, the southern parts of Kharupetia, Mangaldoi and Sipajhar, they normally handle a less quantity and lighter products with them e.g. pens, cotton sharees, foot sweeps, plastic toys, plastic dishes, cane mats, doormats, TV covers, bed covers, ice-cream, etc. They generally move house to house and knock at the doors of some country people for selling their merchandise. Their pricing system does not follow any regulations. People those who buy goods from such hawkers must be careful about market price, otherwise they may incur much cost in exchange activities. According to their business characters people call them hawkers, peddlers, feriwala or street traders. Moreover some of them are known as cheap jacks; market traders, like bade bhaazi, nut sellers, whom people meet at daily evening markets for a short time or at a weekly bazaar sitting on a same Place.

b) Fixed Shop Retailers:

They have spread all over the district and carrying businesses of grocery items, stationery items, repairing of cars and bikes, sales cities, manufacturing of gate and grills etc at some permanent places. Many of them do not have any license or insurance over their business establishments. Uncertainty always prevails for their businesses. District authority is far from their close contact. They govern their pricing policy depending upon the needs of customers. Sometimes they sell goods on credit to some regular customers who belong to the right place of their locality.

c) Street Hawkers:

On the other hand, for the lack of projected amount to set up a permanent establishment in large scale, major parts of Darrangian carry out some businesses in very small-scale; like flower ringlets, stickers for bike and cars, washing powder, toilet cleaners, pillow covers, blankets, backless and garlands, ceiling jharus etc. They use to live close to a town area of Kharupetia, Dalgaon, Sipajhar, Mangaldoi, and Bechimari or nearby areas so that they can run business in town areas. They are called street hawkers by the locality.

A street Hawker with his belongings on the NH 52, Darrang.

d) Second Hand Sellers:

Another type of business is seen in the far backward areas of the district. It is a second hand business, carried to the needy people who are poor income generations. The Vendors of such goods like daily news papers after read, second hand books, re-usable containers, semi-used garments, etc are collected from different parts of the district and sold at backward regions like Shyampur, Arimari, Dholpur, Chaulkhowa (riverine areas) etc. They are called second hand sellers.

e) Vending Operators:

In modern times, in front of hospitals, colleges, traffic points tea stalls or on the paw paths, people meet vending operators for a low cost. They provide services for weight measurement, bioscope cinema show, shoe polishing, drop coins phoning services, snap shots in tourist's points etc with the use of very quick and automatic machines. People also like to use their accessible services in every corner points of the districts though they are few in numbers.

Factors Lobbying FDI in Retail Trade in the District Darrang, Assam

From the case study, the following features of the district as potential factors of investment decision can be highlighted.

1. Geographical Factors:

Darrang District is situated in the midst of the rural Assam extending from $26^{0}9'$ north to $26^{0}45'$ north latitude and $91^{0}45'$ east to $92^{0}22'$ east longitude. Occupying area of 185058 hectares with headquarter Mangaldoi. The district is close touched with N.H 52 starts from Barnadi (west) to Dhansri (east). The river Brahmaputra flows on the southern part of the district from Orang National Park (east) to Mayang, the Land of Magic (west). The N.H. 52 has been a sharp divider of the district cutting into piece of riverine and plain. Some of the most important ever flown rivers from North Assam have *got together* with the river Brahmaputra. Among these Bornadi, Nonoi, Kulasi, Mangaldoi, Tangni and Dhansri river which have much potentialities to be used for running irrigation purpose for the agriculture based district. Out of these, three rivers have already enriched with Flowing Irrigation projects namely Shaktula (Jonaram Chowka) flowing irrigation project over Kulasi River, Kalitapara flowing irrigation project over Mangaldoi River, and Kuwari Pukhuri flowing irrigation project (under construction) over Tangni River.

Tangni Flowing River Irrigation Project Under Costruction

Maximum villages are connected by Pucca roads with RCC bridges under the support of Pradhan Mantry Gram Sadak Yojona.

Bhutpukhuri Pucca Bridge Connecting Kharupetia

The average temperature of the district is not varying from the point of the state's average temperature between 9^0 to 30^0 C. There are six months periodical seasons Ahu (dry cultivation e.g. potato, pea, maize, onion, radish, chili, carrot and other greens) and Shaali (summer cultivation e.g. paddy, jute, arum, bamboo, can, betel-nut etc) have vast potentialities for different types of agro-processing.

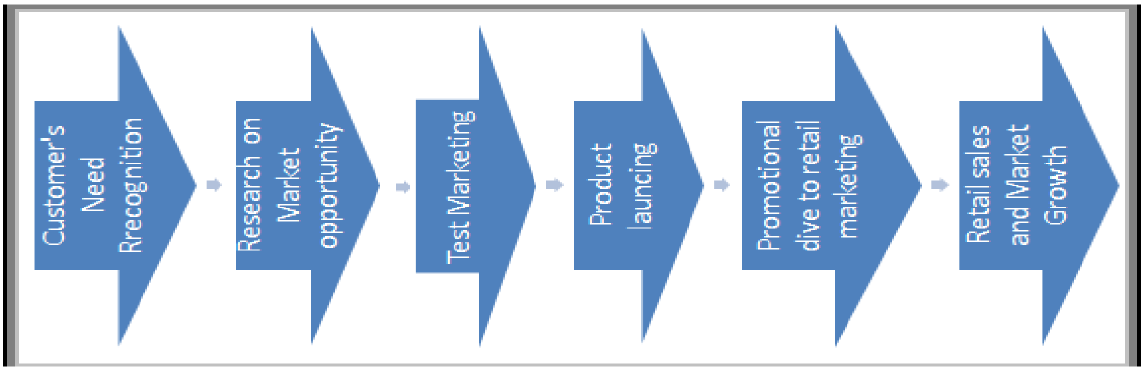
Retailing of agro ancillaries and agro products of Darrang

2. Demographical Factors:

According to the census 2011, the district has population of 9,08,090 with a density of 491 per square kilometer taking growth rate 19.51%. Out of total population of the district, around 93.90% live in rural area consisting 57.74% Hindus, 35.54% Muslims, and 1.75% Christians and others occupationally engaged in subsidiary activities of farming, fishing, ginning and webbing works, production and transportation sector works and in sales and trading related works. The population density with a high growth rate increases demand for goods and services. The rapid changes of life styles feel the needs of multi-functionary products and services which are not domestically available in the district. This is because, the local producers and the small entrepreneurs are lack of adequate knowledge in the field of selection of land for suitable production, use of fertilizers according to the nature of land, further use of their domestic belongings in producing different products etc. They confine their knowledge from production to sale of their domestic products. Though the district authority is providing various services through its Kisan Vikas Kendra and Kisan Call Centres, the locality can't able to utilize the same in their field of practices lacking of proper education. Foreign Retailing has plenty of opportunities to enter into retail business conducting market study and understanding the needs, wants, desires and values of potential consumers to produce goods with the requirements. More over it is mentionable that there is an ethical tendency among the people of the district to native products using home based technology.

Traditional method of tilling.

Considering their ethics of domestic belongingness, MNCs must serve them with local products just enhancing quality, design, taste, applicability and shapes using their high technology and confining the raw materials from our domestic sources. The starting of retail business by Foreign Retailers can be suggested with the illustration as under-

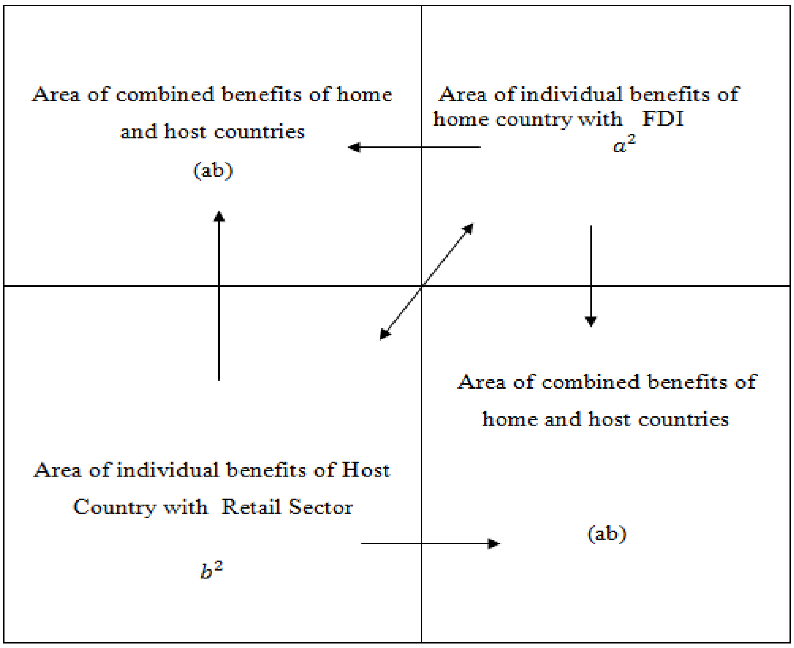


3. Economic Factors:

Economic factors are working as the most viable determinants of retail market development in this backward region. If we assume 'Foreign Direct Investment' and 'Host Country's Retail Sector' are two basic economic factors of retail market development, the chances of new opportunities may be described with the help of an imaginary model. It is **$(a + b)^2$ Model** developed in an area approach of a rectangular, where-

a = Foreign Country with FDI
b = Host country with Retail Sector

Model $(a + b)^2 = a^2 + ab + ab + b^2$ is shown as below



Narration,

The Model suggests the Foreign Country with FDI (a) to invest in the Host Country's Retail Sector (b), the interaction will form a model as $(a + b)^2$ from which we will derive $a^2 + ab + ab + b^2$, it does mean that, both the Foreign Country with FDI (a) and the Host Country with its Retail Sector (b), together improve in a square manner, where factor 'a' will move forward to a^2 and factor 'b' will move forward to b^2, which *brings into being* two new market opportunities for each country interfacing factor 'a' with factor 'b' e.g. Foreign Country with FDI and Host Country with Retail Sector. There will form two new market opportunities 'ab' and 'ab' for each country with equal chances of benefit.

Benefits of Foreign Country with FDI (a):

i) Foreign country will get a new market to expand its business.
ii) Span of operation will be enhanced up to the global level.
iii) Finds a scope for application of hi-technology and managerial efficiency.
iv) Chances of higher market shares with expected growth.
v) Development of marketing channels all over the world for final goods and services.
vi) Opportunity in marketing of labour intensive goods rather than capital intensive goods.
vii) Global environment with retailing of goods and services.
viii) Optimum utilization of scientific methodology, machine and time.

Benefits of Host Country with Retail Sector (b):

i) Best possible utilization of domestic resources with reasonable prices.
ii) Inspiration to local entrepreneurs with market competition.
iii) Scope for utilization of potential natural resources.
iv) Contribution to GDP and increase NNP with per capita income and uplifts living standard.
v) Opportunity for employment of human resource.
vi) Upcoming of hi-technology in domestic field.
vii) Legitimate products and services likely to be available at cheapest price in the domestic market.
viii) Easy excess to foreign trade.

4. Demand Factors:

To serve better in international retail market the service providers must have some special reputations with their products and services. Hence it is referred to the Retail Services with quality products delivered by The ‘SRD & Co (p) Ltd’, Mangaldoi. This is the only large scale retailing providing services taking brand name ***Repose*** with a variety of consumer products through its own outlets and authorized retail dealers spreading all over the district since 1931.

‘Repose’ retail service outlet, Mangaldoi.

People use to consume SRD products with utmost belief for its quality products and timely delivery in the convenience places. The varieties of products serving with breads and loafs, cereals and granules, horlicks, sweets and snakes, breakfast items, biscuits, flour etc.

On the other hand a roadside restaurant namely ‘NRL and NH 52 Dhaba’ located at sipajhar is a fast growing retail service provider to the tourists and passengers who come to visit the Orang Wild Life Sanctuary or the Patharughat Battle Field (a famous tourist’s heritage of Darrang). Imitating to the quality of products and services of these two prominent retailers many others also begin to practice good services at the best of their capacity which have benefited the ultimate consumers.

Factors suggest Foreign Retailers to invest in district Darrang with a loyal quality of products and services paying attention to the benefits of the local customers promptly and attentively. From this act of competitiveness, Foreign Retailers will get easy access of target customers in this locality.

5. Political Factors:

Political factors of a country generally emphasize on economic priorities, often government’s norms also support for avoidance of trade barriers, LPG of economy, setting up various joint ventures and wish for global partnership. For instance, compared to other developing countries, India follow bilateral and multilateral pacts for long term inflow of FDI through attractive incentives to fill the gaps which exist in industrially developed countries.

Darrang district is one of the industrially backward regions in the state of Assam. There is only a public sector Industry namely **"**Prag Bosimi Synthetics Limited (PBSL)" situated on the western part of the district. Although there are some tiny industries *being blessed with* huge potential resource based and demand based, the pace of industries in this region is not totally satisfactory. Hence, Foreign Investors are likely to be impressed upon setting up of massive industries based on local resources in the district.

6. Supply Factors:

Supply factors meant for making availability of goods and services at a reasonable price to the customers. In this phenomenon, firms seek competitive advantages through low cost of factors of production. For which MNCs habituate production facilities in labour intensive countries where abundant of labour at a low cost. The cost incurred for the logistics obviously affects the price level of finished products. The 'Material Index' in Weber's theory can be put to make an exclusive example of setting up of Retail Industry by Foreign Companies in this district. Darrang district is a repository of skilled and semi-skilled manual workers whose average engagement range between Rs.150 to Rs. 200 per day. More over the district is not leg behind in producing cane, bamboo, jute, rice, maize, wheat, poultry, swine, mustard, carrot, potato, and variety of greeneries etc. The availability of gross raw materials with a factual labour intensity also advocate for localization of gigantic farmhouses to produce fast moving consumer goods at a low cost for the locality. In this context FDI is most welcome in the district of Darrang offering feasible market share apart from its retail sector with a view to prospective growth in producing different basic and bi-products based on the availability of domestic resources bringing a sophisticated technology by the MNCs. The feasible production area with retail market opportunities can be suggested as follows-

Bamboo & cane Multi-designed products of bamboo and cane mixed for various useful means e.g. Mats, chairs, cups, pen stands, baskets, bags, containers, designable furniture, curtain ringlets, reading stands, calendar leaves, baby dolls, book shelves, drums, spinning and ginning ancillaries, tea table sitting stools etc.

Jute & Cotton: The best possible pollution free products from jute and cotton e.g. carpets, sacks, bags, wine bottle bags, shopping bags, dolls, place mats, table mats, rugs, doormats, window curtains etc.

Maize and Wheat: Some nutritionals from maize and wheat e.g. cakes, cereals, mixed fried, fine flour, granules and grinds, breads, Poultry and cow feeds etc.

Vegetables: Varieties of food products from mixed vegetables e.g. soya bin, pickle, salad, medicines, juice and liquor etc.

More over the rapid population growth of the district immensely feels the need of varieties of medical products, vaccines, means of birth controls, fashionaries and cosmetics, anti oxidizations, news papers and up to date printing books and journals, chest covers for bike riders, readymade garments, shoes and flip-flops, laptop and computers, portable quick network services etc.

Agro-ancillaries: Since the district has a vast potentiality of agricultural products like, jute, paddy, maize, mustard and other greeneries, Foreign Investors can find a retail market opportunity with variety of agro-ancillaries like fertilizers, insecticide and pesticides, water pumps, mini tiller and tractors, hoes and cleaners, green sheds, delivery pipes, spray machine and parts, cutting knives, hybrid seeds etc.

Recreation and amusement: 'Darrang' a land of Ahom Kings (1552-1826) is well-to-do in ancient heritages existing heterogeneously in the different parts of the district which may be protected for tourist's attractions. E.g. Patharughat Battle Field (a battle held between local cultivators and British Tax Collectors on 28th January, 1894), Raj Howley (abode of Darrangi Raja), Rajapukhuri (a big pond of 2.00 km circumference excavated during Ahom King Sukhaampha (Khura Raja) 1552-1603. Foreign Investors have vast scope to do Venture Capital business with these ancient heritages making attractions of Foreign and local Tourists who pays a regular visit to the Rajiv Gandhi Orang National Park. In this context the MODI's idea on 'Global Investors' Summit 2014' will bring a new challenge in saving, investment and vast opportunities of employment among the young generations of Darrang district also.

7. Distribution Factors:

Various Industrial Policy Statements in India emphasized uniform distribution of planned investment among different regions with a view to equal growth rates. Hence investment should be made in Indian retail sector by the Foreign Company with a planned way paying attention to the regional disparities. Foreign Investors must take it as a challenge to develop this industrially backward district. It will be possible when they set up new units in this district and produce need base merchandise with the use of handy labour and physical resources. In this context MNCs should equalize its multiple '***rules of games***' exist in their operations when come to contact with the locality. They should try to promote their retail sales up to the remote areas of this district by their owned subsidiaries avoiding meddlers so that overhead cost becomes low. Mentioned here from secondary data source, in this district, about 46 percent Hindu households, 42 percent Muslim and 33 percent Christian household are belong to BPL category. Hence MNCs, when go for produce consumer goods or making contract with the gross material suppliers, must concentrate about the Public Distribution System (PDS) prevailing in this district.

8. Market Factors:

As stated, India is the best destination for foreign investors to conduct Retail business seeing the glimpse of capturing market shares with potential growth. MNCs must follow the '**Boston Consulting Group's** Growth-Share Matrix in marketing decision making. Referring to the views of the consulting group it is clear assumption for the district that Darrang district is now at the stage of '***cash cow'***, where it has potentiality in vast market share but prevail a slow growing industrial set up. It is because of deficiency of capital, low technology, low investment, low quality of products, managerial imperfectness and regular expenditures etc. To be successful and to reach to the '***Star***' Foreign Investors should have to maintain the benchmark of their products with different growth rates for different market shares. To overcome high growth occupying high market share, huge capital investment is required in the production field what felt availability at the hand of a developed nation.

II. Conclusions:

Indian history lets know best, the country became independent avoiding foreign goods. Hence doubts in fear of foreign goods continue there among the people as if the retail sector is grasped by foreign investors, their native products may vanish from the markets. The sustained belief for long can be eliminated with an example of controversial thinking with the entrance of FDI in Chinese retail sector in 1992 and it's blazing in the world economy.

Moreover lack of global awareness among the Native Claimers regarding entry of FDI in different countries and its impact on world economy, they do not prefer to FDI for retail sectors, fearing of job losses, employment laceration, monopoly practices, and so on. In this context, they must be canvassed with the protective measures already have been framed by the country like Competition Act 2002, which can protect them from unexpected exploitations.

Many prospective scopes are seen in Indian retail sectors for future development with the entry of FDI by the Indian Council of Research in International Economic Relation (ICRER). In this same line many foreign investors also who are in interest to invest money in Indian retail sectors proclaiming utmost faith, quality of goods and services, bringing new challenges and opportunities for Indians if they are allowed to enter into the economy. In a nut shell, Indian Retail Sector should not fear in entry of FDI. We should try to cope-up with the changing world by all means supporting Foreign Direct Investment in our retail sectors, keeping belief on its prospective effects on future employment, savings and investment.

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