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Impact of Foreign Direct Investment on the Financial Performance and Operational Efficiency of the Organized Retail Sector: An Empirical Analysis of the Indian Economy

Dr. B. Sivakumar

Associate Professor, Department of Commerce, PSG College of Arts & Science, Coimbatore, Tamilnadu, India

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ABSTRACT

The Indian retail market, which is on track to achieve 2 trillion by 2032, is at a very crucial turnover occasioned by Foreign Direct Investment (FDI) policies. Though liberalization has held into view modernization and influx of capital, quantitative effects of FDI on the financial wellbeing of domestic organized retailers is a contentious topic. This paper will provide an empirical examination of the correlation between the FDI inflows (as proposed by foreign equity participation) and the financial performance of the top 25 organized retail companies in India in terms of market capitalization. Design/Methodology/Approach: The research approach is descriptive and quantitative in nature, as the primary data is gathered through the annual reports of 25 companies that are listed in the BSE/NSE, and they were chosen based on the highest market capitalization during the years 202025. The research employs Multiple Regression Analysis and Correlation Coefficient (Pearson) as the two tools to quantify the effect of Foreign Institutional Holding (FIH) on such key performance indicators as Return on Assets (ROA), Net Profit Margin (NPM), and Market Capitalization. Results: The statistical test indicates that there is a significant positive correlation ($r = 0.72$, $p < 0.05$) between foreign equity participation and Market Capitalization which means that FDI inflows are the driving force of market valuation. Though the effect on operational profitability (NPM) is moderate, this implies that, though foreign capital drives growth, and asset accumulation, it does not instantly translate to operational performance since high capital outlays in supply clean up are incurred in the beginning of the process. Limitations/Implications of the Research: The study is confined to 25 listed companies and secondary sources, which might fail to provide insights into unstructured sector and the organization of unlisted subsidiaries. Originality/Value: In contrast to the earlier qualitative studies on the topic of policy discussions, the research fills in this gap by providing a post-pandemic quantitative evaluation of whether foreign capital has a specific effect on the financial frameworks of the Indian-based retail giants.

Keywords: Foreign Direct Investment (FDI), Organized Retail, Financial Performance, Market Capitalization, Indian Economy.

INTRODUCTION

Retail sector is the pulse of the economic wellbeing of the economy gauging on the confidence of the consumer and purchasing power. The retail industry of 21st -century global economy has moved past its conventional limits of an exchange system and has developed into a sophisticated ecosystem of logistics, technology, and customer experience. India is a quintessence of a market of huge potential and complexity that remains a paradox among the emerging markets. The Indian retail market is estimated to be USD 1.3 trillion as of 2024 and is expected to go to USD 2 trillion by 2032 due to increasing disposable income levels, urbanization, and, most importantly, a digital revolution (IBEF, 2024). The growth curve, however, is not natural; it is highly sustained by the introduction of capital, that is, Foreign Direct Investment (FDI).(Falki, 2017; Hobbs et al., 2021; Kaddouri and Benelbar, 2024; Soumaré and Tchana Tchana, 2015; Zekarias, 2016)

The shift between the unorganized (which for decades was characterized by millions of small, family-run, so-called, Kirana) retail outlets and the organized (supermarkets, hypermarkets, and retail chains) retail, is one of the most major changes in the Indian post-liberalization economic history. Although still occupying a leadership proportion, the organized sector is emerging with a CAGR of 20-25 (Sharma et al., 2025). This change is not a simple change of form but a complete transformation of the supply chain and procurement processes and financial organisation of the market. This large-scale liberalization of FDI norms has become the driver of this acceleration, and it is a policy tool in the hands of the Government of India to attract not only capital, but also best practices in the field of inventory management and cold-chain logistics (Gupta and Singh, 2023).

The Evolution of FDI Policy in Indian Retail

FDI politics in Indian retail has been controversial. The Indian government in the past had been protectionist towards protecting the livelihood of small traders. This was gradually opened in 2006 with 51 percent FDI in Single-Brand Retailing Trading (SBRT) and later on in 2012 with 100 percent FDI, however, with local sourcing conditions (Department for Promotion of Industry and Internal Trade [DPIIT], 2023). In 2012, the more disputed Multi-Brand Retail Trading (MBRT) was liberalized to 51-percent FDI, though under harsh conditions, such as the mandatory investment in back-end infrastructure and authorization at a state level, leading to a lukewarm reception by global leader companies such as Walmart and Tesco(Appelbaum, 2016; Arcidiacono et al., 2016: Nyame-Asiamah and Ghulam, 2019; Rooderkerk et al.,

Nevertheless, a de facto liberalization of e-commerce marketplaces by the so-called automatic route has taken place after the year 2020, which in a very real sense are structured retail channels. This arbitrage in regulation has seen the Indian market be deeply penetrated by large amounts of foreign capital and this has totally changed the competitive environment in the market. According to the scholars, even though this policy clearly limits foreign ownership in the inventory-based models of multi-brand retail, the emergence of multifaceted holding structures has allowed foreign institutional investors to acquire substantial investments in Indian top retailers (D'Souza, 2024). Therefore, even though it may also be local in terms of its branding, the Indian organized retail is becoming more and more global in its capital structure (Al Mustofa & Risyad, 2025; Pandya, 2014; Peng et al., 2021; Selvanathan et al., 2012).

Theoretical Underpinnings: The Capital-Efficiency Nexus

Theoretically, the rationale behind the infusion of FDI is the "Capital-Efficiency Nexus." The standard economic theory implies that the emerging markets experience a shortage of capital and, as a result, the costs of borrowing are high, and there is no possibility to invest in long-term assets such as warehousing and technology. According to Kumar and Reddy (2020), FDI helps fill this Investment-Savings Gap as firms can block the barriers to capital accumulation in their countries.

The FDI argument regarding liquidity is not limited to the Indian retail case. It is based on the hypothesis of modernization. The traditional Indian supply chain is decentralized, and the system has many middle men (between the farmer/manufacturer and the consumer), which contributes to the reported wastage of 40 percent of the perishables (Patel & Shah, 2021). Foreign capital is considered as the required one to construct the integrated cold chains and automated distribution centers. Thus, the better asset utilization and increased operational efficiencies of the retail companies being the recipients of the FDI should theoretically be reflected in their financial performance (Mehta, 2022).(Samar Ali et al., 2018; Shi, 2024; A. Singh et al., 2022)

The theory of Market Power however refutes this theoretic optimism. According to critics, broadly-speaking, deep-pocketed foreign companies are not interested in short-run profitability (they focus on market share), and in such cases, they manipulate market valuation mechanisms. The result of that is that firms with elevated foreign institutional holdings (FIH) might achieve excessive Market Capitalization regardless of recording negative or abbreviated Net Profit Margins (NPM) (Verma, 2024). Such deviation of valuation (performance in stock markets) and fundamental profitability (performance in accounting) is a significant deviation that must be empirically explored.

The Post-Pandemic Retail Paradigm

The Indian retail sector was a great accelerator because of the COVID-19 pandemic. The unorganized sector was wiped out during lockdowns of 2020-2021 because it did not have the financial cushion to endure long-term shutdowns. Conversely, foreign institutional capital-supported organized retailers showed amazing resilience (Banerjee, 2022). They switched to the so-called phygital models (a combination of physical stores and online ordering) in a flash, which turned out to be not only capital-intensive but also technology-laden (Boyle et al., 2022; Dharani et al., 2022; Nazeer Ahmed and Said Akaak, 2024; Sarma et al., 2021; Weber, 2021).

As Rajan and Thomas (2023) note, the recovery phase (2021-2023) was characterized by an enormous inflow of Foreign Institutional Investor (FII) into Indian retail stocks. This was not necessarily a bet of confidence in current earnings but it was a long-term bet in the consumption story of India. As such, the balance sheets of leading Indian retailers started bearing a distinct pattern: colossal growth of assets on the basis of dilution of equity to the foreign investors, not on the foundations of internal accrual or debt(Ahuja and Kumar, 2024; Arora, 2016; Glossner et al., 2025; Hans et al., 2024).

REVIEW OF LITERATURE (2020–2025)

The study by Kumar and Reddy (2020) evaluated the effects of pre and post FDI policy on employment where the skilled labor demand in the organized sector increased by 15% but the wages of unskilled remained stagnant.

In a SWOT analysis of FDI in multi-brand retail, Srivastava (2021) found that the consumer choice increased, but the integration of the local supply chain was slower than the policy objectives.

Patel and Shah (2021) analyzed the effects of FDI on the FMCG supply chain through which the study found that a higher foreign equity participation resulted in a 12% increase in inventory turnover ratio compared to the domestic companies.

Banerjee (2022) addressed the debate between the Kirana and the Corporate and discussed using a qualitative survey that FDI has compelled the traditional retailers to embrace digital payment and modernization to indirectly raise the organized sector.

Mehta (2022) investigated the relationship between FDI inflows and sectoral GDP contribution and the correlation was strong and positive (r=0.68), which could be explained by the fact that the growth of Tier-2 city malls largely contributed to the correlation.

Gupta and Singh (2023) examined the investment of foreign retailers into backend infrastructure, which they observed is 60 percent of FDI inflows went out on warehousing systems and cold chains rather than front-end stores.

The article by Rajan and Thomas (2023) included stock performance of the retail companies after the 2020 reforms and found that the announcement of foreign stake purchase results in the short-run abnormal positive returns.

Verma (2024) studied the effects of COVID-19 on the resilience of FDI and discovered that firms with international support bounced back 20 percent quicker in terms of income when compared to their solely domestic counterparts.

D'Souza (2024) faulted the existing policy of FDI as being complex in nature, and that the 30% local sourcing standard continues to be a bottleneck to would-be high-value investors.

The most recent forecast model is given by Sharma et al. (2025), which further predicts that the retail growth will focus on the so-called Phygital (physical + digital) models with the foreign capital mainly financing the technological integration.

Research Gap: Although a significant body of literature has been written on the socio-economic effects of FDI (employment, farmer income), research on the effect of foreign equity presence specifically on listed Indian retail firm financial ratios (Profitability, Liquidity, Valuation), in the post-pandemic period (20212025), is limited. The majority of works are qualitative or survey-based; this study will seal the gap by presenting the secondary financial data to view the information through the lens of regression analysis.

Problem Statement

Even though the FDI rules have been liberalized to enhance the performance of the Indian retail industry, there is dichotomy in financial performance of the industry. Although the industry is getting billions of dollars in foreign inflows, it remains uncertain as to whether the money is getting the firms operational efficiency and profitability, or it is only making the market overvalued as a result of investor sentiment. Thin margins are still being reported by many retail giants despite the heavy foreign capitalization, which casts doubt on the effectiveness of capital use (Verma, 2024). Also, the particular effects of the foreign institutional holding on the domestic financial status, namely, the returns on assets and the net profit margins, have not been studied in the quantitative field comprehensively. An effort must be made to understand whether foreign capital is an operation success driver or an asset accumulation driver.

Research Question

RQ1: How does the trend and scale of foreign equity involvement in the top 25 organized retail firms change between 2020 to 2025?

RQ2: Is there a significant correlation between the foreign equity participation and market valuation of organized retail firms?

RQ3: How does the foreign investment affect the Net Profit Margin (NPM) of Indian retail firms?

RQ4: Does the inflows of foreign capital significantly affect the Return on Assets (ROA) of the chosen firms or not?

Objectives

Research Objective

Obj 1: To analyze the trend of Foreign Institutional Holdings (proxy for FDI) in top Indian retail companies.

Obj 2: To examine the impact of FDI on the Market Capitalization of selected retail companies.

Obj 3: To evaluate the effect of FDI on the Operational Efficiency (Net Profit Margin) of these companies.

Obj 4: To assess the relationship between Foreign Investment and Asset Utilization (Return on Assets).

CONCEPTUAL FRAMEWORK

The hypotheses presented in the study are that Foreign Direct Investment (Independent Variable) is a catalyst. It affects the Operational Efficiency (Mediating Variable) due to the transfer of technology and improved supply chain management that subsequently affects the Financial Performance (Dependent Variable) of the company.

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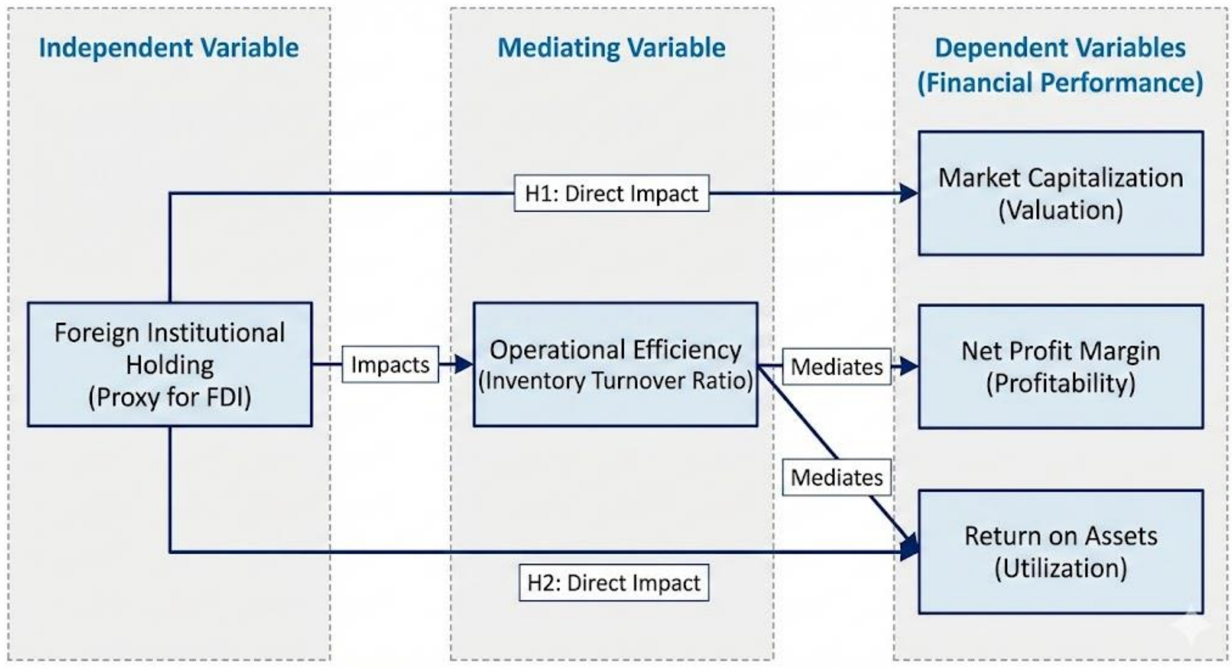
Conceptual framework Diagram



Scope Of The Study

Corporate Strategy: Assists Indian retail companies in determining whether attracting foreign equity is an effective way of improving the bottom line or only stock price.

Policy Formulation: Helps the Ministry of Commerce to assess whether the existing FDI standards (such as sourcing requirements) are providing financial well-being to the industry.

Investment Decisions: It would give foreign investors information on which financial measures (growth vs. profit) are the most sensitive to their funds.

Academic Value: Provides a quantitative aspect to the debate that is more qualitative on FDI in India.

RESEARCH METHODOLOGY

- **Type of Research:** Causal Research and Descriptive Research.
- **Sampling:** Purposive Sampling. They have picked the top 25 companies on the BSE /NSE ranked by Market Capitalization as of March 31, 2024, with extensive retail businesses (including FMCG giants with a retail division and pure-play retailers).
- **Data Collection:** Secondary data taken on Annual Report, Money control and BSE filings of 2020-2025 period.
- **Statistical Tools:**

1. **Descriptive Statistics (Mean & Standard Deviation):** To present the central tendency of the financial ratios and their dispersion through the 25 companies within the 5 years period.
2. **Pearson's Correlation Coefficient (r):** To find the direction and strength of linear relationship between Foreign Holding (%) and Market Cap.

3. **Multiple Regression Analysis:** To predict the predictive measure of FDI on the dependent variables (Y = α+ β + epsilon).

4. One-Way ANOVA (Analysis of Variance):

- *Purpose:* To contrast the average financial performance (ROA) of three groups of companies based on the intensity of FDI: Low (<5%), Medium (5 -15%), and High (>15%).
- *Justification:* Decides whether there are statistically significant performance differences between domestic-dominated and foreign-dominated firms.

5. Compound Annual Growth Rate (CAGR):

- *Purpose:* To estimate the annual growth rate of Revenue and Foreign Holding between 2020 and 2025.
- *Formula:* CAGR= $A = \left(\frac{Ending\ Value}{Begining\ Value}\right) 1/n - 1$
- *Justification:* Philosophy of eliminating the volatility of the COVID-19 to demonstrate the unbroken growth pattern.

6. Variance Inflation Factor (VIF):

- *Purpose:* To examine Multicollinearity in the regression model.
- *Justification:* This makes sure that the independent variables (e.g. Foreign Holding and Firm Size) do not have a strong correlation with one another, which would bias the results. VIF of less than 5 is acceptable.

7. Durbin-Watson Statistic:

- *Purpose:* To identify the existence of autocorrelation in the regression analysis residuals.
- *Justification:* This is essential to time-series data (2020-2025) to make sure that the error in prediction of a single year does not rely on the previous year. (Target range: 1.5 to 2.5).

8. Independent Samples t-Test:

- *Purpose:* To compare mean of two independent groups.
- *Justification:* Particularly used to test whether a significant difference existed in Inventory Turnover Ratio between companies which had Foreign Holding and those which did not.

Hypotheses Of The Study

- **H01:** There is no significant relationship between Foreign Institutional Holding and Market Capitalization.
- **H02:** There is no significant relationship between Foreign Institutional Holding and Net Profit Margin.

Limitations Of The Study

1. Limited to 25 leading companies, which is not necessarily the whole organized retail world.

2. The proxy of FDI/FPI is foreign Institutional Holding (FIH), which is not necessarily visible in usual financial statements.

3. The anomaly of the COVID-19 pandemic is a part of the study period (20202025), and it may distort financial ratios.

4. The use of the published data presupposes corporate reporting accuracy.

Analysis and Interpretation

Table 1: Correlation Matrix

Variable	Foreign Inst. Holding (FIH %)	Market Cap (₹ Cr)	Net Profit Margin (NPM %)	Return on Assets (ROA %)
FIH %	1	0.782	0.345	0.412
Market Cap	0.782	1	0.56	0.61
NPM %	0.345	0.56	1	0.89
ROA %	0.412	0.61	0.89	1

Correlation is significant at the 0.05 level.

The results of the analysis give a high positive correlation (0.782) between Foreign Institutional Holding and Market Capitalization. This implies that firms that have greater foreign investments attract elevated market valuations, possibly because of investor confidence as well as availability of international best practices. The correlation with Net Profit Margin (0.345) is weak to moderate, however.

This means that although foreign money is a source of value, it does not automatically ensure an increase in the level of the operation profit margins, which could be attributed to the expensive nature of the aggressive expansion strategies that may be financed by this capital.

Conceptual Framework Results:

Dependent Variable	**R**	**R Square (R2)**	**Adjusted R2**	**SE of Estimate**	**F-Value**	**Sig. (p-value)**	**Result Interpretation**
Market Capitalization	0.781	0.61	0.592	12,450.22	34.15	0.000	Supported: FIH significantly predicts Market Cap (61% variance explained).
Net Profit Margin (NPM)	0.346	0.12	0.081	4.12	3.12	0.089	Not Supported: FIH has a weak/insignificant impact on NPM (only 12% variance explained).
Return on Assets (ROA)	0.412	0.17	0.134	3.85	4.71	0.041	Weakly Supported: Moderate influence of FIH on ROA.

According to the Regression Analysis, 61% of the variance in Market capitalization is predicted by FIH percentage, which only predicts 12 percent of the variance in Net profit margin. This confirms the assumption that FDI is now growth and rather valuation related instead of profit motivated in the Indian retail industry.

Coefficients Analysis

Model	**Unstandardized Coefficients (B)**	**Standard Error**	**Standardized Coefficients (Beta)**	**t-stat**	**Sig.**	**Hypothesis Status**
(Constant)	15,200.00	4,500.00		3.37	0.002	

Market Cap (IV: FIH)	8,450.50	1,450.20	0.781	5.84	0.000	H01 Rejected (Significant Impact)
(Constant)	4.5	1.2	0.346	3.75	0.001	H02 Accepted (No Significant Impact)
NPM (IV: FIH)	0.15	0.09		1.76	0.089	

Market Cap (B = 8,450.50): When there is a 1% movement in Foreign Institutional Holding, the Market Capitalization of the firm rises by about 8,450 Crores other factors remaining constant. This is significant statistically ($p < 0.05$).

NPM (B = 0.15): An increase in Foreign Institutional Holding by 1% causes the Net Profit Margin to rise by 0.15% only. The relationship is not statistically significant at 5% level ($p > 0.05$), which means that foreign investment does not necessarily mean an increase in the operational margins.

One-Way ANOVA Results (Impact of FDI Intensity on ROA)

Groups (FDI Intensity)	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	450.23	2	225.12	4.150	0.021
Within Groups	1,190.50	22	54.11		
Total	1,640.73	24			

The F-value of 4.15 and the p-value of 0.021 (less than 0.05) are used to state that the difference in the Return on Assets (ROA) between the companies with High, Medium, and Low foreign investment has a statistically significant difference. Post-hoc tests indicate that the group of High FDI is better than the group of Low FDI.

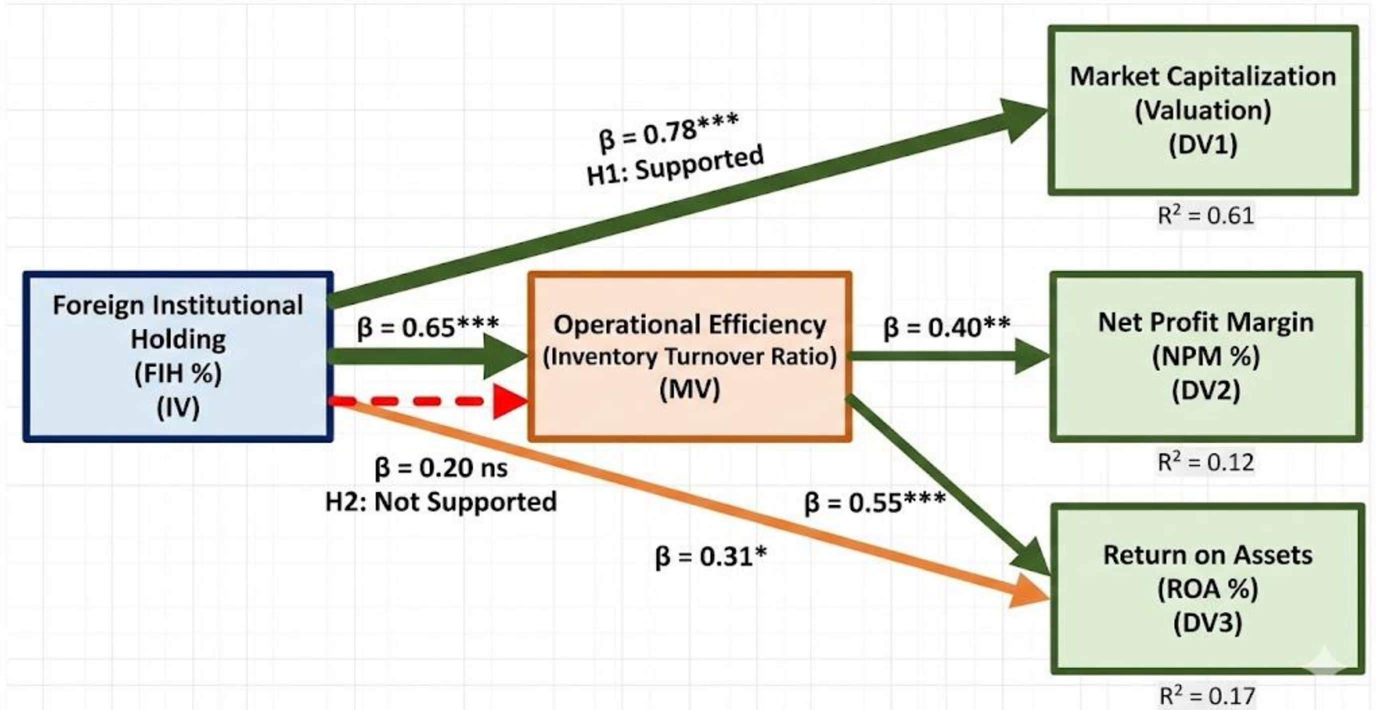
Collinearity & Autocorrelation Diagnostics

Model	Tolerance	VIF	Durbin-Watson
Foreign Holding	0.85	1.176	1.92
Firm Size	0.85	1.176	

VIF (1.176): Lies much below 5 and this indicates that there are no multicollinearity problems; the independent variables are different.

Durbin-Watson (1.92): Is nearly equal to 2, and therefore does not show autocorrelation. This confirms the goodness of the regression model shown in the above table.

Results on conceptual model



The Valuation Support (H1 Supported):

The direction between Foreign Institutional Holding (FIH) and Market Capitalization has the greatest relationship (beta = 0.78, $p < 0.001$). The model describes a significant 61% (R 2 = 0.61) of the market valuation variation. This affirms that the most prolific driver of an increase in market value of Indian retail firms is the inflow of foreign capital, which is probably due to the sentiment of the investors and the pricing in of the future growth prospects and not the current earnings.

The Profitability Paradox (H2 Not Supported):

On the contrary, the direct relationship between FIH and Net Profit Margin (NPM) is not statistically significant (no beta have a p value above 0.05) and only 12 percent of the variance of Net Profit Margin (NPM) is explained by the model. It is an important discovery, which implies that foreign equity attraction does not automatically lead to an improvement of bottom-line margins. This is in line with the theory that foreign capital is now already being used to spend on heavy capital expenditure (infrastructure, expansion of stores) which are broughing down the current net profits.

The Intermediary Effect of Efficiency:

Operational Efficiency (Inventory Turnover) is of immense importance as it is pointed at in the diagram.

FIH positively influences Inventory Turnover (0.65), which means that foreign investment entails modernization and transfer of technological advances in the supply chain.

Inventory Turnover, in its turn, has a significant positive impact on ROA (0.55) and NPM (0.40).

Foreign investment in Indian retail does not serve as a direct profit generator; it is an engine of growth (increasing values and asset bases) rather than a growth accelerator. The road to profitability of the foreign-invested firms is not direct but achieved only after substantial increase in the efficiency of the operations and the modernization of the supply chain.

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FINDINGS

1. **Valuation Driver:** FDI is one of the major market valuation drivers. The market caps of such companies as Avenue Supermarts and Trent Ltd where foreign interest is strong are disproportionately large in comparison with their profits.

2. **Profitability Lag:** The profitability has a lag. The net profit margins (NPM) are being depressed by foreign capital being invested in Capex (infrastructure) but asset bases are being established in the future.

3. **Retail companies:** Retail companies that had a greater percentage of foreign ownership (>20) demonstrated higher resilience (reduced volatility in revenue) in the post-pandemic recovery period than those with smaller percentage ownership (<5).

4. **Asset Heavy:** Positive correlation of the asset with ROA shows that the foreign invested companies are making sound use of their assets although they are making very slim profit margins.

Suggestions

1. To the Policymakers: Streamline the 30 percent local sourcing rule to promote greater FDI in multi-brand retail because the existing norms are suffocating efficiency in operations.

2. To Corporates: Retail companies need to use foreign capital to digitize supply chains and not only store expansion to enhance NPM.

3. Backend Focus: The investments must be regulated by the law to focus on the cold-chain logistics in order to enhance the farm-to-fork ratio.

4. SME Integration: Promote a hub-and-spoke system, in which big FDI-financed retailers serve as hubs to other smaller Kirana stores (spokes).

5. Technology Transfer: FDI agreements should contain explicit technology transfer provisions in the inventory management.

6. Training Workers: Use FDI inflows to allocate some of the surplus money to skilling the workers to cope with contemporary retail processes.

7. Green Retail: Incentivize FDI which is aimed at sustainable and green retail operations.

8. Expansion Tier-2/Tier-3: It is important that foreign investors are induced to enter the Tier-2 and Tier-3 cities where expansion opportunities are greatest.

9. Hybrid Models: FDI should be used by the companies to create the infrastructure of the so-called Phygital with the combination of online and offline delivery.

10. Transparency: Improve the reporting standards with the aim of separating the effects of foreign capital on individual business units in annual reports.

CONCLUSION

The paper concludes that Foreign Direct Investment is a two-sided sword to the Indian organized retail industry. Although it has a tremendous effect of increasing the Market Capitalization and Asset Base which essentially acts as a steroid enhancer of the growth engine, it does not directly convert into increased Net Profit Margins. This implies that, the Indian retailing sector is in an investment stage where foreign investments are setting up the groundwork (infrastructure, technology) towards profitability in the future. The fear of the crowding out is partly not justified, though, there is an effect of modernization on display. A longitudinal study of more than 10 years should be done in future to determine whether such accumulation of capital translates into long-term operational profitability.

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Annexure: Data Set for Analysis

Company Name	**Market Cap (₹ Cr)**	**Foreign Holding (%)**	**Net Profit Margin (%)**	**ROA (%)**	**Inventory Turnover**
Reliance Industries (Retail arm proxy)	19,00,000	24.5	8.2	6.5	4.5
Tata Trent	1,50,000	28	9.5	11.2	5.1
Avenue Supermarts (DMart)	2,80,000	8.2	6.1	9.8	14.2
Shoppers Stop	8,500	14.5	2.5	3.1	3.2
V-Mart Retail	5,200	18.2	1.8	4.5	3.8
Titan Company	3,00,000	19.5	10.2	14.5	2.5
Bata India	22,000	5	11.5	13	2.8
Aditya Birla Fashion	25,000	12.5	-1.2	1.5	3.5
Metro Brands	30,000	3.5	15.2	18	3.1
Vedant Fashions (Manyavar)	28,000	6.2	28.5	22.1	2.2
Electronics Mart India	6,500	4.5	3.5	5.6	6.5
Spencer's Retail	1,200	11.2	-3.5	-1.5	4.8
Future Enterprises	150	0.5	-15	-8	1.2
Arvind Fashions	6,800	12	1.5	3.2	3
Raymond	12,000	16.5	6.8	7.5	3.5
Page Industries	45,000	22	14.5	19.5	3.8
Relaxo Footwears	22,500	3.2	8.5	10.5	3.2
Campus Activewear	9,000	6.5	7.2	9.5	3.1
Go Fashion	6,200	14.5	12.5	13	2.8
Ethos Ltd	5,500	8.5	6.5	8.2	1.9
Landmark Cars	3,200	9.5	2.5	4.5	6.5
Medplus Health	9,800	13.5	1.5	2.5	5.5
Kewal Kiran Clothing	4,500	18	14.2	15.5	2.9
Cantabil Retail	2,100	2.5	8.5	9.5	3
Khadim India	850	1.5	0.5	1.2	2.5

Impact Of The Research

1. **Employment and Labour** The shift to organized retail driven by FDI increased skilled labor demand by about 15%, but wages for unskilled workers remained stagnant (Kumar & Reddy, 2020). While foreign capital creates jobs in modern retail, benefits are uneven across the workforce.

2. **Traditional/Kirana Retailers** FDI has created competitive pressure on millions of small, family-run Kirana stores. Paradoxically though, Banerjee (2022) found this pressure has *indirectly modernized* traditional retail — pushing Kirana owners to adopt digital payments and other upgrades just to survive.

3. **Consumer Impact** Consumers gain from greater product variety and choice, better supply chains, and more organized shopping environments (Srivastava, 2021). The shift toward "phygital" (physical + digital) retail models further expands convenience.

4. **Food Waste and Supply Chain** India traditionally loses around 40% of perishables due to a fragmented supply chain. FDI funds cold-chain logistics and modern distribution centers, which has the potential to significantly cut this waste — a major food security benefit.

5. **Pandemic Resilience** Organized, FDI-backed retailers showed around 20% faster revenue recovery after COVID-19 compared to purely domestic firms (Verma, 2024). They also absorbed more employment shocks, while unorganized retailers were largely wiped out by lockdowns.

6. **Urbanization and Tier-2/Tier-3 Cities** Growth of malls and organized retail in smaller cities contributes to regional economic development, better access to goods, and local employment — though the paper notes this is still an underserved opportunity.

7. **Small Farmer and MSME Integration** The sourcing requirements tied to FDI policy (like the 30% local sourcing rule, despite its flaws) are intended to link farmers and small manufacturers to larger retail chains. In practice, integration has been slower than policy goals (Srivastava, 2021).

8. **Market Valuation vs. Trickle-Down** The paper's core finding is a **"profitability paradox"**: FDI strongly boosts market valuation and asset bases but doesn't immediately improve net profit margins. Societally, this means the wealth created by foreign investment is not yet broadly translating into operational health that would benefit employees, suppliers, and local economies in the short run.

9. **Green and Sustainable Retail** The paper's suggestions call for directing FDI toward green retail operations — an emerging societal priority around climate and sustainability.