Research Articles

"Studies on Indian Retail Industry/Market"

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Abstract

The face of the Indian retail industry is changing. A number of changes have taken place on the Indian retail front such as increasing availability of international brands, increasing number of malls and hypermarkets and easy availability of retail space. With the Indian government having opened up the doors for FDI, the entry for foreign retailers into the country has become easier. India has come a long way from the traditional Kirana Store and is on its way to becoming a mall country .India retail industry is the largest industry in India, with an employment of around 8% and contributing to over 10% of the country's GDP. Retail industry in India is expected to rise 25% yearly being driven by strong income growth, changing lifestyles, and favourable demographic patterns. It is expected that by 2016 modern retail industry in India will be worth US$ 175-200 billion. A further increase of 7-8% is expected in the industry of retail in India by growth in consumerism in urban areas, rising incomes, and a step rise in rural consumption.

Key words: Outlets, Kirana, Mall, FDI.

Introduction:

India has a large middle class as well as youth population, which has contributed greatly to the retail phenomenon. The middle class is considered to be a major potential customer group. The youth are perceived as trend setters and decision makers. Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the India Retail Industry. The growth factors in Indian organized sector are various but it is mainly due to the fact that India's economy is booming.

Methodology:

The study is based on secondary sources of data. The main source of data is various economic surveys of India and ministry of commerce and industry data. RBI online data base of Indian economy, Journals, articles, newspapers etc.

Review of literatures:

Nitin Singh (2012) in his study on "Indian retail Market: Egress fortuity of Golden Bird", has critically analyzed the ground realties of Indian retail sector. The emerging areas including food and grocery, apparel, electronics, e-commence, fashion and life

style were focused in the paper. The study has concluded that the retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. It is also the second largest industry in US in terms of numbers of employees and establishments. Consumers social status is considered as one of the important factors that influence the purchase of store brands (Baltas, 2003)[1]. Further it has been found that there is a strong correlation between behavioral intention and consumer attitudes, in that attitudes influence and predict consumers purchase behavior Thompson (1994).There is no denying the fact that most of the develop economies are very much relying on their retail sector as a locomotive of growth. Sita Mishra (2010) has analyzed the luxury and life style retail India by considering the positive aspects in Indian retail industry. The authors have opined that organized retailing in India is spreading and making its existence felt in different parts of the country. Further, the author has opined that luxury and life style retail is swiftly come into focus with the fastest growing high net worth individuals is raising in India. The author has concluded that, Indian retail companies must focus on this segment in order to attract and focus more deeply into the long term sustainability in Indian retail sector.

Observations:

Many Indian companies have entered the retail industry in India and this is also a factor in the growth of Indian organized retail sector. Reliance Industries Limited is planning to invest US$ 6 billion in the organized retail sector in India by opening 1500 supermarkets and 1000 hypermarkets. Bharti Telecoms is planning a joint venture worth £ 750 million with Tesco a global retail giant. Pantaloon is planning to

invest US$ 1 billion in order to increase its retail space to 30 million square feet. Global retail giants are also entering the retail industry in India and this is also one of the factors in the growth of the organized retail sector in India. The global retail giants who are entering the organized retail sector in India are:

Some of the key players in the Indian retail market, with dominant shares are:

- Pantaloon Retail Ltd, a Future group venture: Over 12 mn sq. ft. of retail space spread over 1,000 stores, across 71 cities in India[2].

- Shoppers Stop Ltd: Over 1.82 mn sq. ft. of retail space spread over 35 stores, in 15 cities.

- Spencer's Retail, RPG Enterprises: Retail footage of over 1.1 mn sq. ft. with approx 250 stores, across 66 cities.

- Lifestyle Retail, Landmark group venture: Has approximately 15 lifestyle stores and 8 Home centers[3].

Other major domestic players in India are Bharti Retail, Tata Trent, Globus, Aditya Birla 'More', and Reliance retail. Some of the major foreign players who have entered the segment in India are:

- Carrefour which opened its first cash-and-carry store in India in New Delhi.

- Germany-based Metro Cash & Carry which opened six wholesale centers in the country.

- Walmart in a JV with Bharti Retail, owner of Easy Day store—plans to invest about US$ 2.5 billion over the next five years to add about 10 million sq ft of retail space in the country[4].

- British retailer Tesco Plc (TSCO) in 2008 signed an agreement with Trent Ltd. (TRENT), the retail arm of India's Tata Group, to set up cash-and-carry stores[5].

- Marks & Spenders have a JV with Reliance retail[6].

Challenges and possible solutions:

The challenges facing the Indian organized retail sector are various and these are stopping the Indian retail industry from reaching its full potential. The behaviour pattern of the Indian consumer has undergone a major change. This has happened for the Indian consumer is earning more now, western influences, women working force is increasing, desire for luxury items and better quality. He now wants to eat, shop, and get entertained under the same roof. All these have lead the Indian organized retail sector to give more in order to satisfy the Indian customer. The biggest challenge facing the Indian organized retail sector is the lack of retail space. With real estate prices escalating due to increase in demand from the Indian organized retail sector, it is posing a challenge to its growth.

With Indian retailers having to sell out more for retail space it is effecting their overall profitability in retail. According to author the following may be effective measures to com backed the challenges in Indian retail market, for boosting up the domestic economy. Following points may be considered:

- Licensing system for the retailers should be easy going and time bound.

- Taxation system should be easy and liberal alike to other foreign counties. So that entrepreneurs/retailers may come forward in retailing field without any fear or loss.

- For attracting retailers from all other world, Indian government should developed soft strategy and infrastructure/platform to ensure the entrepreneurs investment from all over the world in India without any risk, and one more thing with the doing and boosting strategies government should not forget the domestic entrepreneurs and domestic products as these are boon to the country and it is essential to take them along with these.

Conclusion:

The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. It is also the second largest industry in US in terms of numbers of employees and establishments. The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry. The future of the India Retail Industry looks promising with the growing of the market, with the government policies becoming more favorable and the emerging technologies facilitating operations.

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