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Green Business: A View of Retail Sector in India

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1. Introduction

In the recent past the environmental issues, sustainable development and ethical business practices are forming most important aspect of business across the globe. Profit making has been sole objective of the business and the core focus of all business activities. Industrialization has marked the development across the globe. At that time no one thought that these activities will harm our surrounding so badly that we will have to make efforts to create awareness about the conservation and management of natural resources. The business activities that were undertaken in manufacturing process needs to be examined on the tests of sustainable development.

The retail sector in India is worth USD 350 billion and is growing at 15 -20% per annum. Organized retail is growing at the rate 5-8% in India, the retail; wholesale sector contributes to 14% of GDP. Retail sector in last few years had been the largest employment generator/ employer. It is estimated that 10% of the formal jobs are in retail sector. Retailing is one of the pillars of the economy in India and accounts for 35% of GDP.

The retail industry is divided into organized and unorganized sectors. Over 12 million outlets operate in the country and only 4% of them being larger than 500 sq ft (46 m2) in size. Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/ beedi shops, convenience stores, hand cart and pavement vendors, etc. The organized retail market is growing at 35 percent annually while growth of unorganized retail sector is pegged at 6 percent. According to the Icrier report, the retail business in India is estimated to grow at 13% from $322 billion in 2006-07 to $590 billion in 2011-12. The unorganized retail sector is expected to grow at about 10% per annum with sales expected to rise from $ 309 billion in 2006-07 to $ 496 billion in 2011-12. Organized retail such supermarkets accounts for just 4% of the market as of 2008. India has highest number of outlets per person (7 per thousand) Indian retail space per capita at 2 sq ft (0.19 m2)/ person is lowest in the world.

2. Major Indian Retailers

The low-intensity entry of the diversified Mahindra Group into retail is unique because it plans to focus on lifestyle products. The Mahindra Group is the fourth large Indian business group to enter the business of retail after Reliance Industries Ltd, the Aditya Birla Group, and Bharti Enterprises Ltd. The other three groups are focusing either on perishables and groceries, or a range of products, or both.

- Next retail India Ltd (Consumer Electronics)(www.next.co.in)
- Vivek Limited Retail Formats: Viveks, Jainsons, Viveks Service Centre, Viveks Safe Deposit Lockers
- PGC Retail -T-Mart India[1], Switcher , Respect India , Grand India Bazaar ,etc.,
- REI AGRO LTD Retail-Formats:6TEN Hyper & 6TEN Super
- RPG Retail-Formats: Music World, Books & Beyond, Spencer's Hyper, Spencer's Super, Daily &Fresh
- Pantaloon Retail-Formats: Big Bazaar, Food Bazaar, Pantaloons, Central, Fashion Station, Brand Factory, Depot, aLL, E-Zone etc.
- The Tata Group-Formats: Westside, Star India Bazaar, Steeljunction, Landmark, Titan Industries with World of Titans showrooms, Tanishq outlets, Chroma.
- K Raheja Corp Group-Formats: Shoppers Stop, Crossword, Hyper City, Inorbit Mall
- Lifestyle International-Lifestyle, Home Centre, Max, Fun City and International Franchise brand
- stores.
- Pyramid Retail-Formats: Pyramid Megastore, TruMart
- Nilgiri's-Formats: Nilgiris' supermarket chain
- Subhiksha-Formats: Subhiksha supermarket pharmacy and telecom discount chain.
- Trinethra- Formats: Fabmall supermarket chain and Fabcity hypermarket chain
- Vishal Retail Group-Formats: Vishal Mega Mart
- BPCL-Formats: In & Out
- Reliance Retail-Formats: Reliance Fresh
- Reliance ADAG Retail-Format: Reliance World
- German Metro Cash & Carry
- Shoprite Holdings-Formats: Shoprite Hyper
- Paritala stores bazar: honey shine stores
- Aditya Birla Group - more Outlets
- Kapas - Cotton garment outlets

3. Global Practices for Sustainable Development in Retail Sector

Sustainable business practices are important not only for today but also for securing business tomorrow. Hence this issue is going to be the top concern for the corporate houses in any format. Media crating awareness, consumers are becoming aware of eco friendly sustainable business practices, government control, rules laws, regulations, environment protection groups etc are having a synchronized impact on this movement.

Common characteristics of green companies are: use natural gas for boiler fuel Recycle biodegradable waste, minimum use of plastic material , use recyclable packaging materials, use biomass and solar radiation as sources of renewable energy ,generate electricity from hydroelectric plants, reduce toxic emissions, etc. In the report published by Ryerson University's Centre for the Study of Commercial Activity (CSCA) Consumers are looking for and buying green products in ever-increasing numbers.

3.1 Role of Various Stake Holders

Consumers are concern about the safety and environmental issues. The media is creating, disseminating and commenting on the environmental related stories. The consumer with all this is getting sensitized to the issues and demand more eco friendly goods, services and practices. Being the suppliers and manufacturers try to come up with the goods that will be environmental friendly.

Organizations: They follow the environment friendly processes and provide affordable products. The procedures they follow are subjected to audits such as ISO 15000 that testifies the environmentally safe manufacturing processes. Business strategies are formulated keeping in mind the environmental friendliness, sustainable development. Such practices require the modification in business strategy, vision, mission goals and objectives etc. The realization that the eco friendly practices only will help to sustain the business in long run will make the innovation in the field.

Government: The law has the trick. The desired business practices will get the boost with the alignment of Government policies, and laws with sustainable developments. The manufacturing processes, consumption patterns are governed by law.

Competitive forces: The players in the same sector using eco friendly practices compel the other players to look at such initiatives. The positioning of the companies such as eco friendly gives an added advantage. In hospitality sector, the ecotel hotel Orchid has compelled the competitors to thick about such practices. The positioning of eco-friendliness may add to the image of the company as good as the ethical standing. The companies promote the healthy competition in this way to innovate, inculcate and continue practicing eco friendly processes. This can be Unique Selling Proposition of the company also.

The non government, nonprofit organizations also are playing important role in promoting, creating awareness, encouraging people and organizations to follow green business practices.

Media is playing a pivotal role in creating awareness. Media is attempting to report, print, telecast the threats that all of us are facing, innovative practices and positive actions. This gives the boost to promises that one makes of saving the environment.

4. Implications of Sustainable Procedures

Sustainable procedures have impact on cost, risk and the main objective of profitability. As the careful usage of the natural resources, reduction in the waste, judicial utilization of energy, exploring minimizing ways of energy usage and reduction saves cost. Directly giving boost to the profitability of the company. The sustainable procedures minimize the risk in the overall business. The growth in the world economy is going to increase the demand for the resources. As the natural resources are scarce and many are non renewable will impose a great problem for future businesses. The new concepts such as:

Carbon Foot Prints: Carbon foot print is unit that measures the impact of our daily activities on climate change. Basically the emission of Green House Gases such as carbon di oxide, carbon monoxide.

Water Foot Prints: use of clean fresh water used for each activity by an individual or organizations Green house gases: Those are responsible for the increased temperature of the earth. Pollution level of soil, air, water: activities that harm the natural components by adding non desired material. The business processes should be designed in manner that will take care of the environment not only today but in future also. The role of retailer can be of facilitation, making efforts for such products, promoting such products to customers, demanding such products from manufacturers. Giving additional facilities to the products that are supplied by the manufacturers that are having eco friendly practices.

5. Implications of the Survey

As a society we need to design a action plan. There is awareness, now result oriented actions are required. The manufacturers should produce the appliances that are energy efficient and retailers can make an attempt to encourage customers to buy appliances with energy efficiency index. The Customers insist on eco friendly products, they are aware of carbon foot prints, energy efficiency indexed appliances. But primarily they feel that the products are costly. There is a need to make the eco friendly products affordable to the society at large. The green distribution and supply chain is seen as neutral issue in this survey. This indicates that the customers need more education so that more distances means more energy, more vehicles, and more carbon emission. Awareness and promotion may be created for the local products and create local brands. Creation of local brands will minimize the distances covered to reach the market place. Packaging material and amount of packaging materials used is very important. The retailers and manufacturers should design and offer eco friendly packaging materials. The amount of raw materials such as energy, non renewable resources be judiciously used. Customers may be given information about the consumption of the resources used to make one unit of the product. Organizations are expected to adopt sustainable, ethical business practices. Production and manufacturing processes should be controlled and monitored so that the wastage of raw materials is avoided.

6. Conclusion

The retail sector can make a difference to the way the business is done. Customers with high level of awareness can drive the world to the better place to stay. The future generations will benefit and the mother earth will be saved of the ill effects. The role of the stake holders is crucial for this movement. Such a movement is required by all aspects of businesses. Consumers are looking for and buying green products in ever-increasing numbers. And companies around the globe are finding they can gain an edge over competitors by developing green products and becoming greener companies. Adopting the sustainable initiatives can definitely provide an advantage for the retailers of this country.

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