



A Study on an Overview of Retailing Industry in India

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ABSTRACT

Retailing is activities that help the producers /marketers to deliver products to the customers. In India retailing is considered as industry as it contributes lots to the economic development of the nation. Retailing activities provide direct and indirect employment opportunities to so many persons in any nation. Retailing industry is constituted by two segments known as organized retailing segment and unorganized retailing segment. In any nation there is coexistence of organized retailing segment and unorganized retailing segment. In this paper researcher has tried to study the present status of Indian Retailing Industry.

KEYWORDS :Retailing, Retailing Industry, Organized Retailing Segment, Unorganized Retailing Segment.

INTRODUCTION: Retailing makes products and services available in small quantities. Selling in small quantities as opposed to wholesale is called as retailing. Retail marketing is the range of activities carried out by a retailer to promote awareness and sales of the marketer's products. Retail is the sale of goods to end users, not for resale, but for use and consumption by the purchaser. The retail transaction is at the end of the supply chain. Manufacturers sell large quantities of products to retailers, and retailers attempt to sell products into small quantities to consumers.

According to Philip Kotler "Retailing includes all those activities involved in selling products and services to the final customers for personal or non business use".

In this paper, efforts have been made by the researcher to study the present status of Indian Retailing Industry.

METHODOLOGY: This study is based on secondary data collected from reports and websites of different Indian companies and bodies engaged in Indian Retailing Industry.

UTILITY: This secondary data based study will be useful to researchers, academicians and corporate officers for getting the idea about present status of Indian Retailing Industry.

ORGANIZED AND UNORGANIZED RETAILING: Retailing Industry is divided into two sectors: Organized Retailing Sector and Unorganized Retailing Sector.

Organized Retailers - Organized Traders/Retailers are those who are licensed for doing trading activities and registered to pay different taxes to the government.

Unorganized Retailers – Unorganized Retailers are those consisting of small shops - conventional Kirana shops, general stores, corner shops among various other small retail outlets selling different items in small quantity, normally not paying tax to the government and majority of them are managed or controlled by the local government authorities.

Retailing in unorganized sector is not a profit oriented vocation but a mere source of livelihood. Naturally, the capital investment is very low and the infrastructure is rudimentary. The unorganized retailing sector dominates the total retailing activity in India. It includes thousands of small retail shops spread over the entire geographical area of the country. It refers to the traditional format of retail industry. These sectors are mainly characterized by small retailers and are subject to tax evasion and lack of labour law system. Example: Local kirana shops, pan bidi shops etc.

India has been a nation of 'dukandars' – around 12 million retailers – consisting of more retail shops than those in the rest of world put together. Retailing has been in our blood - as shopkeepers or as shoppers. But things are changing in the country in the way shopping is

done, the way retailing is getting modernized and organized, and the way people are viewing this industry – as students, as shoppers and as academicians. -----**Kishore Biyani**--- **CEO Future Group**

Growing at a compounded annual growth rate (CAGR) of 15 per cent overall retail market in India, including both organized and unorganized sectors, is likely to reach a huge Rs 47,00,000 crore by 2016-17, according to recent assessment by ASSOCHAM and Yes Bank. In the opinion of Mr KV Thomas, Former Union Minister for Food and Consumer Affairs. Indian Retail Market size will be 1.3 trillion US dollar in 2020 which is approximately 500 billion US dollar at present i.e. in December-2013. The Indian retail market, which is the fifth largest retail destination globally, has been ranked the second most attractive emerging market for investment after Vietnam in the retail sector by AT Kearney's seventh annual Global Retail Development Index (GRDI), in 2008. The share of retail trade in the country's gross domestic product (GDP) was between 8–10 per cent in 2007. It is currently around 12 per cent, and is likely to reach 22 per cent by 2010. A McKinsey report 'The rise of Indian Consumer Market', estimates that the Indian consumer market is likely to grow four times by 2025.

The Indian Retail sector has come off age and has gone through major transformation over the last decade with a noticeable shift towards organized retailing. A T Kearney, a US Based global management consulting firm has ranked India as the fourth most attractive nation for retail investment among 30 flourishing markets. The retail market, (including organized and unorganized retail), was at Rs. 23 lakh crore in 2011-12. According to the study, organized retail, that comprised just seven per cent of the overall retail market in 2011-12, is expected to grow at a CAGR of 24 per cent and attain 10.2 per cent share of the total retail sector by 2016-17. "Favorable demographics, increasing urbanization, nuclearisation of families, rising affluence amid consumers, growing preference for branded products and higher aspirations are other factors which will drive retail consumption in India," said D.S. Rawat, Assocham Secretary General. Indian retail sector is continuing to grow despite irregular global economic trends. A.T. Kearney, a global consultancy firm has ranked India as fourth most attractive nation for retail investment among 30 emerging markets. According to Booz & Company (India) Pvt. Ltd. organized retail segment in India accounted for only 5-6% of total retail market in 2010. The Business Monitor International India Retail report has estimated that the total retail sales in India will grow from US\$ 411 billion in 2011 to US\$ 804 billion by 2015. Robust economic growth, high disposable income with the end-consumer and rapid construction of organized retail infrastructure are key factors behind the forecast. Other consulting agencies like Technopak Advisors also estimate the organized retail sector to grow at more than 30 per cent in few years. Indian retail sector accounts for 22 per cent of the gross domestic product (GDP) and contributes to 8 per cent of the total employment.

GROWTH OF INDIAN RETAIL MARKET

The following table shows growth of Indian Retail Market from 2008-2009 to 2013-2014.

Year	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Retail Market (Figure in Rs. Cr.)	3,893,425	3,382,228	2,850,055	2,221,764	2,119,634	1,731,743

Source: Indian Retail Report 2015, Published by Images Multimedia Pvt. Ltd., New Delhi

It is projection that in 2017 , Indian retail market would be Rs. 6,156,333 Cr. and it will go up in years to come. Traditional Retail Market and Modern Retail Market constitutes Indian retail market and size of Modern Retail market is Rs. 381,078 Cr. (US Dollar 63.51 bn.) which is 9.8% of Total Indian Retail Market and it will reach to Rs. 903,480 Cr. (US Dollar 150.80 billion) in the year 2017. Whatever consumption is there by Indian People it can be divided in to Urban Consumption (46 %) and Rural consumption (54 %) .

Eye- Catching trends of Indian Modern Retail area as under.

Mobile Communication has been accepted by masses and m-commerce promoting new momentum to e-commerce upheaval in India.

Growing markets is creating new customers year by year.

Retailers are paying enough attention to kid segment of the market as they influencing the some of the family buying decisions.

Leading players of Indian Retail market are sharing their experience and expertise with other retailers.

Retailers are becoming techno savvy and using latest technology for their business expansion.

PROPORTION OF DIFFERENT SEGMENTS OF MODERN INDIAN RETAIL MARKET INTO TOTAL INDIAN RETAIL MARKET.

The following table gives the idea that what is the proportion of different segments of Modern Indian Retail Market into Total Indian Retail Market.(Figure in Rs. Cr.)

Different Segments of Modern Indian Retail Market	Market Size of Indian Retail market	Market Size of different segment of Modern Retail Market	Percentage of Modern Retail Market to Indian Retail Market
Clothing and Apparel	324,500,	139,772	43.1 %
Fashion Accessories	15,557	2,073,	13.3%
Footwear	33,592	14,018	41.7%
Jewellery	201,344	20,538	10.2%
Eyewear	43,243	3,599	8.3%
Timewear	11,592	7,141	61.6%
Food and Grocery	2,303,496	37,997	1.6%
Food Service	204,438	27,175	13.3%
Home and Interiors	102,750	19,077	18.6%
Leisure	36,009	7,204	20.0%
Entertainment and Gaming	96,094	13,785	14.3%
Consumer Electronics	137,750	31,122	22.6%
Mobile and Telecom	203,981	39,368	19.3%
Pharmacy	105,570	6,179	5.9%
Beauty and Personal care	68,930	10,745	15.6%
Fitness	4,579	1,284	28.0%
Total	3,893,425	381,078	9.8%

Source: Indian Retail Report 2015, Published by Images Multimedia Pvt. Ltd., New Delhi

INDIAN RETAIL MARKET (ORGANIZED & TRADITIONAL)

PERCENTAGE SHARE

The following table shows percentage share of organized and unorganized segment of Indian Retailing Industry.

Year	Organized Retail Market (Shopping Malls)	Traditional Retail Market (Nearby Grocery Shops)
2005	3.6	96.4
2007	4.1	95.9
2010	5.0	95.0
2012	8.0	92.0
2015E	21.0	79.0
2020E	24.0	76.0

E - Expected

Adapted from Research Paper titled "Retail Sector in India: Present Scenario, Emerging Opportunities and Challenges " by Prof. Kalpana Singh (Amity School of Economics/ Amity University, Noida, U.P., India) published in IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 16, Issue 4. Ver. I (Apr. 2014), PP 72-81

TOTAL RETAIL AND RETAIL ECOMMERCE SALES IN INDIA

The following table shows total retail and retail ecommerce sales from 2013 to 2018.

Total Retail and Retail Ecommerce* Sales in India, 2013-2018						
billions, % change and % of total retail sales						
	2013	2014	2015	2016	2017	2018
Total retail sales	\$635.25	\$717.83	\$818.33	\$941.08	\$1,082.24	\$1,244.58
—% change	10.0%	13.0%	14.0%	15.0%	15.0%	15.0%
Retail ecommerce* sales	\$3.59	\$5.30	\$7.69	\$10.68	\$14.18	\$17.52
—% change	55.6%	47.6%	45.2%	38.9%	32.8%	23.5%
—% of total retail sales	0.6%	0.7%	0.9%	1.1%	1.3%	1.4%

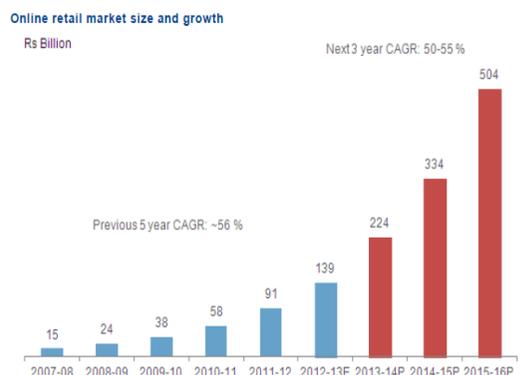
Note: converted at the exchange rate of US\$1=INR58.52; excludes travel and event tickets; *includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment Source: eMarketer, Dec 2014

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Source : eMarketer, Dec 2014

ONLINE RETAIL MARKET SIZE AND GROWTH

The following table shows online retail market size and growth in India from 2007-08 to 2015-16.



Source: CRISIL Research

Source : CRISIL RESEARCH

JOURNEY OF ORGANIZED RETAIL IN INDIA

The following table shows journey of organized retail in India.

Year	Growth Phase	Function
2000	First Phase	Growth, Expansion, Top line focus
2005	Second Phase	Range, Portfolio, Former options
2008	Third Phase	End to end supply chain management, Backend operation, Technology, Process
2011	Fourth Phase	M&A, Shakeout, Consolidation, High investment

Source: A Report by Ernst & Young for IBEF, www.ibef.org/download%5cRetail_220708.pdf

CONCLUDING REMARKS: In developed countries organized retailing is very old concept but in India it came into mind of people after 1991 and took the momentum after 2001 and this can be seen by referring the above table. In India there is dominance of unorganized retailing segment as its contribution is round about 95 % but year by year organized retailing segment is progressing and it is projected that in 2020 the expected contribution of this segment will be 24 %. Year by year online shopping segment is gaining the attention of young generation of India and there are huge potentiality in this segment of Indian Retailing industry. A T Kearney, a US Based global management consulting firm has ranked India as the fourth most attractive nation for retail investment among 30 flourishing markets. It is projection that in 2017 , Indian retail market would be Rs. 6,156,333 Cr. and it will go up in years to come. In the opinion of Mr KV Thomas, Former Union Minister for Food and Consumer Affairs, Indian Retail Market size will be 1.3 trillion US dollar in 2020.

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