

## Role of Retail Sector in Formation of Atmanirbhar Bharat

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### ABSTRACT

After agriculture sector in India retail sector employes most people at 8% of total employment and 10% of total GDP comes from retail sector. India is ranked 73 in the United Nations Conference on Trade and Development's Business-to-Consumer (B2C) E-commerce Index 2019. India is also the world's fifth-largest global destination in the retail space and ranked 63 in World Bank's Doing Business 2020.

**The Indian retail sector is one of the most exciting and under penetrated markets in the world and because of rapid urbanization and changing consumption patterns; India has witnessed a revolution in the last two decades. The entry of the leading corporate houses into retail created a surge of growth in the industry. India tops in the list of emerging market for global retailer and India's retail sector is expanding and modernizing rapidly in line with India's economic growth projections for the future. The Indian retail market is estimated to be worth more than US\$ 500 billion currently.**

**Keywords:** retail, fdi, indian economy, emerging market

## I. INTRODUCTION

The future of retail industry is promising; the market is growing, government policies are becoming more favorable and emerging technologies are facilitating operations, retail industry in India is having one of the brightest projections for the future. It has been one of the fastest growing sectors which contributes more than one-fourth of the GDP of many countries in the world. Retail sector contributes to more than 20 percent employment in the world. Organized retail is a new phenomenon in India which despite the downturns, in the market, is growing exponentially. As economic growth brings more of India's people into the consuming classes and the organized retail sector lures more and more existing shoppers into its open doors.

As of now, almost 90 per cent of the Indian retail sector is controlled by tiny family-run shops i.e. the unorganized segment. Therefore, organized retailers have a lot of room for further penetration in this flourishing economy. India has allowed overseas investment in its supermarket sector in September 2012. Since then, the retail landscape has been witnessing a flurry of foreign investments.

As per Kearney Research, India's retail industry is projected to grow at 9% over 2019-2030, from US\$ 779 billion in 2019 to US\$ 1,407 billion by 2026 and more than US\$ 1.8 trillion by 2030. Revenue of India's offline retailers, also known as brick and mortar (B&M) retailers, is expected to increase by Rs. 10,000-12,000 crore (US\$ 1.39-2.77 billion) in FY20. E-Retail has been a boon during the pandemic and according to a report by Bain & Company in association with Flipkart 'How India Shops Online 2021' the e-retail market is expected to grow to US\$ 120-140 billion by FY26, increasing at approximately 25-30% p.a. over the next 5 years. Despite unprecedented challenges, the India consumption story is still robust. Driven by affluence, accessibility, awareness and attitude, household consumption stood at Rs. 130-140 trillion (US\$ 1.63-1.75 trillion) in 2021.

The growing Indian market has attracted a number of foreign retailers and domestic corporate to invest in the sector. FDI in the retail can expand markets by reducing transaction and transformation costs of business through adoption of advanced supply chain and benefit consumers and suppliers (farmers).

## II. TRADITIONAL RETAIL SCENE IN INDIA

India is one of the biggest countries, having the most unorganized retail market. Traditionally the retail business is run by Mom and Pop having Shop in the front and house at the back. More than 99% retailers in India function in less than 500 Sq.Ft of area. All the merchandise is purchased as per the test and vim and fancies of the proprietor also the pricing was done on ad hoc basis or by seeing at the face of customer, which gives a lot of scope for bargaining. The Manufactures were to distribute goods through clearing and forwarding agents to distributors and wholeseller. Retailers happen to source the

merchandise from Wholesalers and reach to end-users. The merchandise price used to get inflated to a great extent till it reaches from Manufacturer to end-user. Selling prices are largely not controlled by manufacturers.

Branding was not an issue for majority of customers. More than 99% customers were price sensitive and not quality or brand sensitive at the same time they were brand conscious also.

Weekly bazaars in many small towns are held and almost all the commodities are on the scene including livestock. Bargaining is the unwritten rule of the market. Educational qualification level of these retailers was always low. Therefore market is controlled by handful of distributors and wholesalers.

Retailer to consumer ratio is very low, for all the categories without exception. Variety in terms of quality, styles were on regional basis, community based and truly very low range is available at any given single place. Almost all the purchases (Buying) by mass population is need oriented and next turn may be on festivals, Marriages, Birthdays and some specific occasions.

Impulsive buying or consumption is restricted to food or vegetables etc. Having extra pair of trousers or shirts or casuals and formals and leisure wear and sports wear or different pair of shoes for occasions is till date is a luxury for majority population except for those living in metros. However electronic and electrical home appliances do hold appropriate image into the minds of consumers. Brand name does matter much in these white goods categories.

### III. STORE FORMATS IN INDIAN RETAIL SECTOR

**3.1 Departmental Stores** – Departmental stores are large stores with an extensive assortment of goods and services that has separate departments for the purpose of, promotion, buying, customer service and control.

**3.2 Hypermarkets** – Hypermarkets are blend of economy supermarkets with discount department stores. Like in India Pantaloon Retail is the leader in this format with Trent, Spencer's (Spencer Hyper), Aditya Birla Retail, Hyper CITY (4 stores), and Reliance are other players.

**3.3 Supermarkets/ Convenience** - Convenience stores are well located retail stores that are open for long hours and carry a moderate number of items. These are small with average prices and services. Aditya Birla Retail (additional 509 stores), Spencer's (Daily, 220 stores) and Reliance Fresh (458 stores) are the major players in this format.

**3.4 Specialty Stores** – Speciality stores are such types of retailers that concentrate on selling one good or service line. In India Titan Industries is a large player, with 320 World of Titan, 130 Tanishq and 177 Titan Eye+ shops, Vijay Sales, Croma and E-Zone are into consumer electronics, Landmark, and Crossword focus on books and gifts.

**3.5 Cash & Carry Stores** - Metro started the cash-and carry model in India; the company operates five stores across Mumbai, Kolkata, Hyderabad and Bangalore. Bharti-Wal-Mart started its cash- and carry outlets in 2011. Now the trend is changing, and such concepts are mushrooming in smaller cities and towns as well.

### IV. SWAYS IN INDIAN RETAIL INDUSTRY

We are living through the age of enormous changes from the days when retailing simple meant visiting a store, shopping from mail ordered catalogues or buying from door to door salesman. Now a person could surf the web to research a stock, learn about a new product, search for bargains, save a trip to a store, and complain about customer service. Retail boom which has focused only in metros has started to infiltrate towards smaller cities and towns. Today retailers prefer multichannel retailing to single channel retailing.

#### 4.1 Retail - Contributor to Indian Economic Growth and Development

The retail revolution has spread to a range of product categories, from provisions and daily use items to consumer durable products and books to white goods such as refrigerators. Some sectors that occupy a prominent position with the retail industry are:

**E-Commerce or E-retailing:** As per the report of India in Business, ministry of external affairs, Govt. of India, investment and technology promotion (ITP) division, Indian consumers are demonstrating an increasing interest in online shopping, thanks to the surging number of online users. The growing online retail market has become a very lucrative business for international majors as well. For instance, internet giant Amazon, which was dedicated to the biggest markets until now, has commenced an Indiacentric website in June 2013. India has surpassed Japan to become the world's third largest Internet user after China also the United States with almost 74 million Internet users, stated global digital Measurement and analytics firm dot com score. In

addition to that, online retail web sites have witnessed a 65 per cent rise in the traffic from the previous year, according to a survey by the Associated Chambers of Commerce and Industry of India (Assocham).

**Food & Beverage Retail:** Backed by huge potential and changing lifestyles, the food and beverage retail market is growing at a robust 30-35 per cent per year.

**Apparel and Fashion:** Everybody understands the impact of fashion and textiles on the environment. During the period, retail spaces grew rapidly in tier II cities. Uniqlo opened its first store in Chandigarh, Tim Hortons entered Ludhiana, and Starbucks, Biba, and Shoppers Stop opened in Dehradun. During the second half of 2022, the American home furnishings shop chain Pottery Barn forayed into Delhi-NCR, opening two stores in rapid succession.

**Fashion and Lifestyle:** In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the retail to grow faster.

**Pharmaceutical Retail:** Driven by therapies like anti-diabetic, vitamin, anti-infective and dermatology, it accounted for a robust 15% growth in 2011.

## V. FUTURE OF INDIAN RETAIL INDUSTRY

The first step towards allowing Foreign Direct Investment in Retail was taken in the year 2006. Subsequently the government of India has allowed 100% FDI in single brand retail to give consumers greater access to foreign brands, with the ongoing debate whether it should be allowed in multi-brand retail or not. With emergence of new ways like E-retailing, Indian retail sector is growing at a faster rate along with the employment potential. The retail landscape is showing a marked change, along with changes in the strategies of retailers towards the suppliers so as to get the best advantage. With the rapidly changing retail scene, India is soon going to be one of the fastest growing regions having great potential.

Indian retail sector is presenting enough opportunities like substantial investment commitments by large Indian corporate, entry in food and general merchandise category, pan-India expansion to top 100 cities, repositioning by existing players initiation conceptualization expansion consolidation, large scale consolidation, movement to smaller cities and rural areas, large scale entry of international brands, FDI in single-brand retail up to 100 per cent from 51 per cent approval of FDI limit in multi-brand retail up to 51 per cent, rise in private label brands by retail players, increasing investments in retail infrastructure, and quality Control and control over leakage and wastage.

## VI. CONCLUSION

Organised and unorganised retail sector in India employees more than 35 million employees. It has maximum scope of growth and employment opportunities in urban as well as rural landscape. The industry in worth around 120-130 trillion US\$.. The industry saw a decline of 8.5% in FY 2021, but it recovered in 2022 to reach \$836 billion with 81.5% contribution from traditional retail. However, the COVID-19 disruptions led to a rapid increase in e-commerce and digital adoption. India is fifth largest destination for retail globally. In days to come manufacture of retail products and also wholesale and distribution can be done locally to move India towards atmanirbhar bharaat and fulfill the dream of self-reliant country.

The retail sector can play a significant role in making India a self-sufficient nation by contributing to the growth of domestic production and reducing the country's dependence on imports. Here are some ways in which the retail sector can contribute to India's self-sufficiency:

- 1. Promoting domestic production:** The retail sector can encourage domestic production by sourcing products locally and supporting local manufacturers and producers. This can help to create more jobs and stimulate economic growth.
- 2. Increasing exports:** The retail sector can also help to increase India's exports by promoting Indian-made products and brands abroad, thereby increasing foreign exchange earnings and reducing the trade deficit.
- 3. Strengthening supply chain infrastructure:** The retail sector can help to strengthen the supply chain infrastructure in the country by investing in logistics and distribution networks, thereby improving the efficiency of the supply chain and reducing costs.
- 4. Supporting small and medium enterprises:** The retail sector can support small and medium enterprises (SMEs) by providing them with a platform to sell their products and services, thereby helping them to grow and expand their businesses.
- 5. Promoting innovation and entrepreneurship:** The retail sector can encourage innovation and entrepreneurship by promoting new and innovative products, services, and business models, thereby creating more opportunities for Indian entrepreneurs.

Overall, the retail sector has the potential to play a significant role in making India a self-sufficient nation by promoting domestic production, increasing exports, strengthening supply chain infrastructure, supporting SMEs, and promoting innovation and entrepreneurship.

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