A STUDY ON THE GROWTH, OPPORTUNITIES AND CHALLENGES FOR THE INDIAN RETAIL INDUSTRY

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Abstract

Involving organized and unorganized sectors, Indian retail industry is one of the quickest developing ventures in India, particularly throughout the most recent couple of years. Despite the fact that at first the retail business in India was generally chaotic, anyway with the difference in taste and inclinations of purchasers, the Industry is getting more mainstream nowadays and getting sorted out also. Indian retail one of the quickest developing business sectors on the planet because of monetary development. Retail market in India is extended to develop from an expected US$ 672 billion of every 2017 to US$ 1,200 billion in 2021F. Retail industry came to US$ 950 billion out of 2018 and is relied upon to arrive at US$ 1.1 trillion by 2020. Absolute utilization consumption is relied upon to reach almost US$ 3,600 billion by 2020 from US$ 1,824 billion out of 2017. India is the world's fifth biggest worldwide objective in the retail space and positioned 63 in World Bank's Doing Business 2019. Rising pay and interest for quality items will help shopper consumption. India's immediate selling industry recorded deals of US$ 2.47 billion of every 2019, improving its position to 15 from 19 per year prior. This paper zeroed in on changing face of Retail Industry, and furthermore features the difficulties looked by the business in not so distant future.

Keywords: - Retail Industry, Utilization, Consumption, Monetary Development, Business.

1.0 Introduction

Retail industry is without a doubt one of the quickest developing retail industry on the planet. Retail Industry has seen an extreme shopping upheaval as far as configuration and shopper purchasing conduct. From strip malls to multi-celebrated shopping centres to colossal edifices offering shopping, amusement and food all under one rooftop and it is a result of this pattern that the retail business is seeing a transformation the same number of new arrangement markets like hypermarkets, general stores, departmental stores has advanced in the market.
1.1 Indian Retail Industry

India's Retailing Boom has gained further energy, dynamism and liveliness with worldwide players testing in the Indian market and the nation's current monsters finding a way to charm the purchaser. Retailing is one of the mainstays of the economy in India. In the course of recent years, the retail deal in India is floating around 33-35% of GDP as contrast with 20% in the US. The Indian retail industry is the fifth biggest on the planet. Including composed and sloppy areas, Indian retail industry is one of the quickest developing businesses in India, particularly in the course of the most recent couple of years.

In India however, composed retail represents application. 5-6% of absolute retail incomes, in any case, with a youthful populace, expanding discretionary cashflow, changing ways of life and a strong economy India is set to rise as one of the quickest developing sorted out retail showcases on the planet. Sorted out retailing alludes to exchanging exercises embraced by authorized retailers, for example the individuals who are enrolled for deals charge, salary charge, and so forth These incorporate the corporate supported hypermarkets and retail chains and furthermore the exclusive large retail organizations. Disorderly retailing, on the hand, eludes to the customary arrangements of ease retailing, for instance, the nearby kirana shops, proprietor monitored general stores, accommodation stores, wheel barrow and asphalt sellers and so forth.

Figure 1.1.1 Retail Formats In India

Source: IBEF, Aug, 2020

1.2 Evolution of Indian retail:

Retailing is probably the greatest area and it is seeing upheaval in India. The new contestant in retailing in India means the start of retail upset. India's retail market is relied upon to fill immensely in next barely any years. As indicated by AT Kearney, The Windows of Opportunity shows that Retailing in India was at opening stage in 1995 and now it is in topping stage in 2006. The sources of retailing in India can be followed back to the rise of Kirana stores and mother and-pop stores. These stores used to oblige the neighbourhood individuals. In the end the administration upheld the country retail and numerous indigenous establishments saves up with the assistance of Khadi and Village Industries Commission. The economy started to open up during the 1980s bringing about the difference in retailing. The initial scarcely any organizations to concoct retail chains were in material area, for instance, Bombay Dyeing, S Kumar's, Raymond's, and so on Later Titan dispatched retail showrooms in the composed retail area. With the progression of time new contestants proceeded onward from assembling to unadulterated retailing.
Figure: 1.2.1 Evolution of Retail in India

2.0 Review of Literature

Rudrabasavaraj, (2010), Retailing is a financial framework, which unites individuals, to trade merchandise and ventures for a little thought; which coordinates the requirements of individuals, a definitive customers, with those of makers and agriculturists, which not just fulfils the fundamental day by day necessities of life yet additionally advances new ways of life, in this way harmony, joy and success in the network.

Sharma, 2008, The root of ‘retail’ word originates from the French 'retailer', that way 'to cut a piece off' or 'to break mass'. At the end of the day, it shows a direct exchange with the client.

Amit and Kameshvari, (2012), Retailing as a gathering of exercises where products and ventures are advertised to definite shoppers for individual or family unit devouring. Retailing does this by making them accessible on a monstrously degree and offering them to customers on a generally little degree.

Arora, (2012), Retailing accordingly, is viewed as a definitive entryway in the conveying of items, for utilization by the last customers. Any firm that markets merchandise to a definitive buyer is doing the capacity of retailing. It consequently, incorporates all exercises related in the selling of items and administrations straightforwardly to the purchasers, for their own, family or family unit use. Retail is the last phase of any monetary movement.

Aydın et al., (2013), Individuals or organizations who manage retailing are called retailers. Agents who partake in doing a retail movement in the promoting channel are people or organizations who have retailing as a calling.

Kotler and Armstrong, (2012), Numerous substances; makers, wholesalers, and retailers, perform retailing. Yet, the biggest some portion of retailing is performed by retailers, organizations whose business come fundamentally from retailing.

Mucuk, (2009), Regardless of whether practically all organizations; producers, wholesalers, and retailers offer merchandise to the most recent buyers, retailing is generally performed by retailers since that is their work.
3.0 Objectives of the Study

The main objectives of the present study are mentioned below:

- To study the transformation of Indian Retail Industry.
- To observe the various retail formats in India
- To study the emerging retail trends in India
- To analyze the growth driver for Indian Retail Industry.
- To understand the opportunities of organized retailing in India.

4.0 Methodology

Data has been sourced from different books, exchange diaries, government distributions, journals and so on and research is elucidating in nature. Information introduced as tables and dissected in type of percent patterns and graph.

5.0 Growth Drivers for Organized Retailing in India

Because of the enormous extent of business and high development potential, India is drawing in financial specialists over the globe. In FDI Confidence Index, India positions eighth (after U.S., Germany, China, UK, Canada, Japan, and France). India is good to go to pick up from the most recent FDI strategy in retail. There has been an expansion in buying intensity of the buyer because of simple accessibility of credit which has given a push to higher worth things and energized rehashed buys. There has been a reasonable move in purchaser mentality in purchasing. They are more taught and all around educated. They have gotten all the more testing and are happy to attempt to purchase items which they haven't been utilized up 'til now. The development of working class has prompted higher acquisition of extravagance items and brand cognizance. Critical development in optional salary and changing ways of life are among the significant development drivers of Indian retail industry.

With GST taking its shape, it has helped the retailers streamline its expense structure. This will prompt better flexibly chain structure, better incomes, valuing, and productivity.

Figure 5.1 Market Size (in US$ billions)

Source: IBEF report, Aug. 2020
Figure 5.2 FMCG market in India (US$ billions)

Source: IBEF report, Aug. 2020

Figure 5.3 Revenue from online retail in India (US$ billions)

Source: IBEF report, Aug. 2020

Figure 5.4 Growth Value Proposition

Source: KPMG International, 2011
Figure 5.5 Growth Drivers for Retail in India

Source: News Articles, Ministry of Statistics and Programme Implementation

6.0 Opportunities for the Retail Industry

Provincial business sectors show high development potential whenever tapped with the correct arrangement of items and evaluating. With expanding interests in framework, availability to such towns is presently getting simpler. This causes the retailer to expand reach in such high likely business sectors.

The private name space in the composed Indian retail industry has started encountering an expanded degree of movement. The portion of private name system in the US and the UK markets is 19 percent and 39 percent, individually, while its offer in India is only 6 percent. Accordingly this gives a gigantic open door for the local mark to grow its base.

India's value seriousness draws in enormous retail players to utilize it as a sourcing base. Numerous worldwide retailers are expanding their sourcing from India and are moving from outsider purchasing workplaces to setting up their own completely possessed/entirely oversaw sourcing and purchasing workplaces.

Figure 6.1 Growth Opportunities in Retail Indian Industry

Source: Nielsen, Jefferies report
7.0 Challenges for the Retail Industry

The retail industry in India is on a developing track not every person has tasted achievement. The different blocks for the retail business are talked about underneath:-

- **International Standards:** Even however India has well more than 5 million retail outlets of various sizes and styles, it actually has far to go before it can really have a retail industry at standard with International guidelines. This is the place Indian organizations and International brands have a colossal task to carry out.

- **Inefficient supply chain management:** Indian retailing is as yet overwhelmed by the sloppy area and there is as yet an absence of proficient flexibly chains the executives. India must focus on improving the flexibly chain the board, which thusly would cut down stock cost, which would then be able to be given to the purchaser as low estimating.

- **Lack of Retail space:** Most of the retail outlets in India have outlets that are under 500 square feet in region. This is minuscule by International Standards.

- **Cultural Diversity:** India's enormous size and financial and social variety implies there is no settled model or utilization design all through the nation. Makers and retailers should devise methodologies for various areas and fragments which without anyone else would be testing.

- **Real estate issues:** The tremendous development of the retail business has provoked an immense interest for land. Property engineers are making retail land at a forceful movement. With more than 1,000 hypermarkets and 3,000 markets extended to come up by 2018, India will require extra retail space of 700,000,000 sq ft (65,000,000 m²) when contrasted with today.

- **Human resource issues:** Trained labour deficiency is a test confronting the composed retail area in India. The Indian retailers experience issues in finding prepared individual and furthermore need to pay more so as to hold them. This again cuts down the Indian retailers benefit levels.

- **Challenges with Infrastructure and Logistics:** The absence of legitimate foundation and circulation directs in the nation brings about wasteful cycles. This is a significant impediment for retailers as a non-proficient dissemination channel is extremely hard to deal with and can bring about gigantic misfortunes. Framework doesn't have a solid base in India.

8.0 Conclusion

Indian retail industry is no uncertainty one of the biggest and quickest developing businesses. Like most created nations, India's development additionally depends on development of its retail industry. India is turning into a powerful market with numerous global brands entering India to gain by the developing utilization design appeared by the nation. With right changes and government activities, India retail industry is unquestionably creeping its way towards turning into the following blast industry. The eventual fate of the retail business looks encouraging, as increasingly more Government approaches have become possibly the most important factor, making it great to work together.
References