

Special Issue No. - VII
March - 2016

ISSN - 2250-0383
Impact Factor .0.421

UGC List



SHODHANKAN



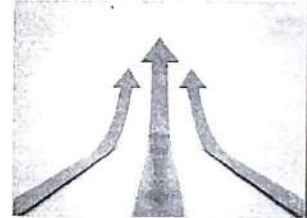
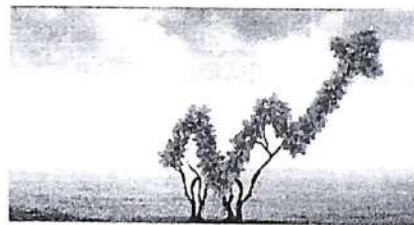
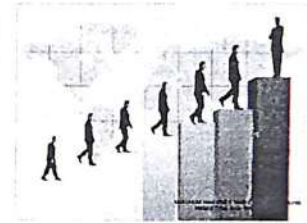
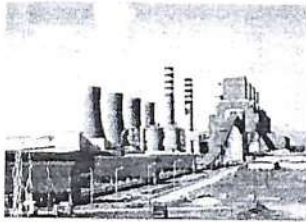
Souvenir

on

National Seminar

"Recent Trends in Commerce and Economical Development"

2nd March 2016



Organised by
Department of Commerce and Economics
Belapur Education Society's
Arts and Commerce College Belapur.
Tal- Shrirampur, Dist- Ahmednagar.
(M.S.) Pin No. 413715

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RETAILING IN INDIA : OPPORTUNITIES AND CHALLENGES

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Abstract :

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. India is the world's fifth largest global destination in the retail space. The Indian retail industry is estimated to be worth Rs.13-14 lakh crore and is very much fragmented by nature. Retail in India with all its stuff, is experiencing a boom. Due to innumerable reasons, there is a huge transformation in the customer preferences and lifestyles that has made the retail sector show a paradigm shift to attract customers. In this way, retailing in India is one of the pillars of its economy and accounts for 14 to 15 per cent of its GDP. India is one of the fastest growing retail markets in the world, with 1.2 billion people. In short, India's retailing industry was essentially owner manned small shops. India's retail and logistics industry employs about 40 million Indians (.e.s 3.3 percent of India's population). Now with a few to further boost and incentivize retail industry Government of India introduced the new FDI policy for retail which is also expected to boost the organised retail sector and contribute to the overall growth of the country. This research paper provides detailed information about growth of retailing industry in India. It also focuses the challenges faced by the retail industry in near future.

Keywords : Retail industry, customers, GDP, FDI policy, challenges.

Details of the study :

1. To understand the Indian retail industry.
2. To study investment scenario of Indian consumer retail industry.
3. To analyse the challenges of retail industry.

Research Methodology :

This paper is based on secondary data and information collected from various referelle books, journals, magazines, government publications, newspaper etc and research is descriptive in nature. Internet searching has also been done for this purpose.

Introduction :

The word retail is derived from the french word *retailier*, means to cut off a piece or to break bulk. A retailer is a dealer or trader who sells goods in small quantities, for consumption by the end consumers for their personal family or household use. In short, retailing is nothing but the final step in the distribution of products and involved all the activities in marketing of goods and services directly to the consumers.

The growth of Indian retail industry is phenomenal that it is presently one of the most dynamic and fast paced industries. At present it is estimated at US \$ 490 billion, the industry probably would grow at a compounded annual growth rate (CAGR) of 6.1 percent to reach US \$ 865 billion by 2023 from small kirana shops to super markets to shopping complexes

and now internet marketing, retail in India has molded itself to various shapes and forms and is surfacing with the world.

India is expected to become the world's fastest growing e-commerce market, driven by robust investment in the sector and rapid increase in the number of internet users- various agencies have high expectations about growth of Indian e-commerce markets. Indian e-commerce sales are expected to reach US\$55 billion by FY 2018 from US\$14 billion in FY 2015. Further, India's e-commerce market is expected to reach US\$ 220 billion in terms of gross merchandise value (Gmv) and 530 million shoppers by 2025 led by faster speeds on reliable telecom networks, faster adoption of online services.

More retail giants have proposed to enter Indian market as a result of huge infrastructure spending due to foreign Direct Investment ensuing in the penetration of modern retail. The modern retail stores are expected to reach a number 06 67100 by 2016 from 11, 192 in 2006. Globalisation, high economic growth and proved lifestyle have brought a massive growth in the Indian organized retail market that by 2015 more than 300 million shoppers are likely to support organized retail chains.

Indian retail with its new dimension is privileged with its economy customers, population, culture and now, the foreign direct investment.

Retail formats in India :

The following retail formats are available in India.

1. Mom and pop stores :

They are family owned business catering to small sections; they are individually handled retail outlets and have a personal touch.

2. Convenience stores :

Convenience stores are located in residential areas with slightly higher prices goods due to the Convenience offered.

3. Departmental stores :

Departmental stores are general retail merchandies offering quality products and services.

4. Hyper markets/ supermarkets :

These are large self-servicing outlets offering products from a variety of categories.

5. Shopping malls :

The shopping mall is the biggest form of retail in India, malls offers customers a mix of all types of products and services including entertainment and food under a single roof.

6. Discount stores :

Discount stores means the factory outlets that give discount on the MRP.

7. E-trailers :

Retailers are providing online buying and selling of products and services.

8. Specialty stores :

These are the retail chains dealing in specific categories and provide deep assortment e.g. Mumbai's Cross word Book store and RPG's Music World.

Investment scenario :

The Indian retail industry in the single-brand segment has received foreign Direct investment equity inflouts totalling US \$ 344.9 million during April 2000 to September 2015, according to Department of Industrial policies and promotion. Government of India

maintained a control over the FDI in retail sector and have been removing the barriers and steadily. Many companies have invested in the Indian retail space in the past few months.

- Walmart India plans to add 50 more cash and carry stores in India over the next four to five years.
- Textile major Arvind Limited has announced a partnership with Sephora, owned by LVMH Moët Hennessy Louis Vuitton, french luxury conglomerate in order to enter into the beauty and cosmetics segment.
- Amazon India expanded its logistics footprint three times to more than 2100 cities and towns in 2015, as Amazon.com invested more than US\$ 700 million in its India operations since July 2014.
- Aditya Birla Retail, a part of the US \$ 40 billion Aditya Birla Group and the fourth largest supermarket retailer in the country, acquired total hypermarket owned by Jubilant Retail.
- US based Pizza chain sbarro plans an almost threefold increase in its store count from the current 17 to 50 over the next two years through multiple business models.

Challenges for Indian Retail :

The following are the challenges for Indian retail

- **Efficient supply chains :**

Today, highly fragmented supply chains coupled with infrastructure issues and the vast geographical spread of the Indian market pose huge challenges to the retailers- Indian retailers have to enhance their supply chains to succeed in the cost conscious market.

- **Investing in retail brand :**

A strong retail brand is a critical success factor. The retailers should invest in brand building activities which would help them in attracting new customers as well as retaining the existing ones.

- **Ability to penetrate rural market :**

The urban area has been the focus of organised retail which has led to increased competition. In short rural India is home to 72 crore consumers across 6 lakh villages.

- **Customer Relationship Management :**

The retailers have to come up with innovative CRM activities to retain their customer base and to add on to their brand value. CRM activities like loyalty, programmes have been received well by the customers in the past.

- **Customised solutions :**

The Indian retail market is very heterogeneous in nature. The dynamics for various segments change with the geography and other cultural factors. The main challenge for the retailer is to keep this heterogeneous nature of the target market in mind.

- **Leveraging Technology :**

Organised retail players have to leverage IT and technology to sustain business growth through innovation and differentiation.

- **Future Prospects of Indian Retail :**

Retail industry has been on a growth trajectory over the past few years. The retail industry is expected to be worth US \$ 1.3 bn by 2020. Of this, organized retail is expected to grow at a rate of 25% p.a.

In the current period, e-commerce is expanding steadily in the country. Customers have the ever increasing choice of products at the lowest rates. Therefore the e-commerce is probably creating the biggest revolution in the retail industry and this trend would continue in the years to come.

Retailers should leverage the digital retail channels (e-commerce), which would enable them to spend less money on real estate while reaching out to more customers in tier 2 and tier 3 cities.

As per the assessment made by the Department of consumer Affairs, the domestic retail market worth is projected to be US \$ 1.3 trillion by 2020. Mckinsey Global institute predicted that India's modern consumption level is set to double within five years from US \$ 750 billion at present to US \$ 1.5 trillion by 2025, surpassing Germany to become the 5th largest economy (behind the US, Japan, China and the UK) in the world.

In this way, both organised and unorganised retail companies have to work together to ensure better prospects for the overall retail industry, while generating new benefits for their customers. Nevertheless, the long-term outlook for the retail industry is positive, supported by rising incomes, favourable demographics, entry of foreign players and increasing urbanisation.

Conclusion :

Considering the above information, it is concluded that, due to the rising middle class population , rapid urbanisation, increased economic growth, and young occupying major proportion of the total population have all influenced the Indian consumer behaviour and consumption pattern. Retail industry with no doubt is going to increasing popularity of business like online and mobile shopping.

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