Remarking An Analisation

Changing Face of Indian Retailing: Challenges & Opportunities

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Abstract

Indian retail industry is the 5th largest industry in the world. The history of Indian retailing has been as old as our civilization. The attitudinal shift of the Indian consumers and the emergence of organized retail formats have changed the face of Indian retailing. There has been "Paradigm Shift" of Indian retailing. Traditional/unorganized retailing has been transformed to modern/organized retailing. The modern retailing is the outcome of liberalization and Globalization of Indian Economy. Retail trade has emerged as one of the largest & fastest growing Industry, contributing 15% of country GDP and 8% of the total employment. It is also estimated that organized retailing in India will grow 25% annually.

Indian retailing is facing a lot of challenges particularly with both domestic and international retailers but on the other it has lot of opportunities, since India has emerged as highly potential retail market in 21st century. Booming retail in India has opened the door of vast opportunities for all stake holders. This paper focuses the changing face of Indian retailing and also highlights the opportunities and challenges faced by the Indian retail industries.

Keywords: Emerging Challenges and Opportunities, Market Penetration, Organized / Unorganized Retail Sector.

Introduction

The word retail has been derived from the French word retailer, means to cut off a piece or to break bulk. **Retailing** can be defined as the set of marketing activities that involve the sale of goods and services in small quantities to the ultimate consumers. Retailing forms the back bone of nation's delivery system as it is the final stage in the channel of distribution and justifies the entire business process.Strategic management of retailing constantly forces a retailer to use strategic planning to be a successful retailer.Globally, Management of the retail business has undergone a sea change over the past few decades. Today, retailing organizations have come a long way to become a strategic link in the business value chain.

The history of **Indian retailing** has been as old as our civilization. In fact, the history of Indian retailing is the stories of many small retailers, stumping the country with epithet **"shopping nation".** Indian retailing is born seemingly out of circumstances rather than choice and later on became the source of self-employment among unemployed Indian youths.

The Indian retail industry on the whole is divided into unorganized and organized sectors. Traditional or **unorganized retailing** refers to low cost retailing, small in size, fragmented in nature and rarely come under tax net. It is run as small retailing family business (known as **"Mom-Pop"** retailing in USA) such as Kirana shops, General stores, Grocery shops etc. **Organized retailing** refers to large scale retailing activities undertaken by licensed and corporate retailers, applying modern-management techniques, offering a large variety of products in terms of quality & value for money as well as self-service culture of purchasing.

The Indian corporates such as Tata, Reliance, Birla, Raheja, Subhiksha, Vishal and Bharti have been the first movers in the organized retailing. The big giant MNCs like Pantaloon, Wall-mart, and Carrefour became braver to test the Indian water. India missed out of the high speed global retailing action of the seventies and eighties. In the 1980s, manufacturer's retail chains like DCM, Gwalior Suiting's, Bombay Dying, Titan etc made its appearance in metros and small towns. Multi brand retailers came into the picture in the 1990. The retail sector has gradually undergone considerable changes in its form since 1991 economic reforms.The major shift has been the emergence of an organized sector within the retail industry. Retailing in India was at opening stage in 1995 and it was in rising stage in 2006.The sunrise of organized / modern retailing is the outcome of liberalization, Privatization and Globalization of

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Indian Economy of Indian Economy.

There has been a **"Paradigm Shift"** of Indian retailing. Traditional/unorganized retailing has been transformed to modern/organized retailing in the form of Malls, Departmental stores, Chain stores, Specialty stores, Super markets, Hyper markets (Big-Bazaar) etc. The Organized retailing began with better life style retailing has now moved to value retailing as well. Changing civilization and culture as well as consumption pattern, higher disposable income and more opportunities of choice have led to modern formats of retailing. Transformation of social level like young working population, rise of middle class nuclear families, media exposures, Credit culture, Internet revolution and e-shopping have been the key growth drivers of the organized retailing in India.

Now the organized/ modern retailing has become the need of the hour and fashion of the day.

Review of Literature

Several studies have been undertaken in the field of Indian retail sector by the scholars and the academicians. Research article titled "Sector Profile" gives a brief description of current status of the retail sector, its future scope and challenges faced by the sector (7). Subhadip Mukharjee's study examines the government policies of different countries including India in respect of unorganized and organized retail sector (9). The study finds that small as well as big domestic retail chains had been helped by the government of different countries (including India) through formulating appropriate policies, legislations and capital support overtime. In India, all regulations regarding retail sector varies across states and their impacts are heterogeneous, since these regulations are framed at state level. An article Published in Business standard, summaries the findings of Indian retailing and its future prospects [10]. A report published by corporate catalyst in India, focuses on segment analysis of Indian retail market, Profiles of key players, Business models and opportunities and challenges in retailing[11]. The report states that in future, the retail industry in India will be a major employment generator. It further says that the market share of organized modern retail leaves huge untapped potentials opportunities. Deloitte, a business specialist and consulting firm has also published some reports containing several aspects of Indian retailing. The report titled "Indian Retail Market Embracing a new trajectory" 2011, covers issues of the size and trends in retail sector, FDI into retail, market opportunities, tax and regulatory structure, sector analysis etc [12]. An another report published by Deloitte titled "Indian Retail Market Opening more doors" (2013) is mainly focused on government policy on multi-brand retail trade-its evolution, policy implications and political landscape with respect to new FDI policy[13]. PricewaterhouseCoopers (a multinational professional services firm), India's report, "Winning-in-India's-retail-sector, Factors for success", 2011, focuses on the main drivers, trends and issues in India's retail sector[14]. It also presents an overview of the key tax and regulatory issues, a discussion on the benefits of modern trade, factors for succeeding in the Indian market. ASA and Associates, (2012) report, titled "A Brief Report on Retail Sector in India", gives an overview of Indian retail sector and its growth.It also describes government policy with respect to retail sector and major global players in Indian retail sector [15].

Objectives of the Study

1. To study evolution, trends and formats of Indian retail.
2. To study the potentials and growth of Retail sector in India.
3. To analyze the present scenario of Indian Retail sector.
4. To study the emerging challenges and opportunities of Indian retail sector.
5. To make suggestions to overcome the challenges of Indian Retailing.
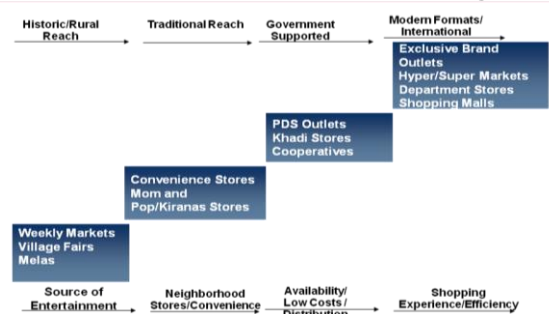
Methodology

The present study is based on secondary data which has been derived from various books, journals, magazines, Government publications, research publications, newspapers and websites. Analysis of data, table and graphs are based on secondary sources of our study.

Evolution of Indian Retailing

At the outset, Indian retailing started as a very primitive business but today it has grown tremendously. First of all people were exchanging goods. Gradually, they began to collect themselves on common place to do business which was known as village fair/hats and source of entertainments. With the passage of time, the number of people started Mom-Pop/Kirana stores. There after PDS outlets came into existence as low cost distribution channel. Organized retail came into existence in the form of Hyper/super markets. The evolution of Indian retail has been shown by **Graph:-1**

Graph 1 Evolution of Indian Retailing

Trends in Retailing

1. Unorganized retailing is getting organized
2. Emergence of Large Scale Retail Chains
3. Emergence of organized retails
4. Store design being focused
5. Increasing Concentration of Indian Industrialists & MNCs
6. Globalization of retailing
7. Emergence of e-commerce retail sales
8. Emergences of Private labels
9. Rural markets emerging as a huge opportunity for retailers
10. Organized retailing in India has been largely established in urban sector & metros

The above points are self explanatory which shows the trends of Indian retailing.

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Retail Formats in India

Discount stores

Since, price still being a crucial factor, the discount store is front runner in the organized retailing. These stores are factory outlets that offer discount on the MRPs through selling in bulk or excess stock left over at off season.

Super Market

Super markets are large self-service outlets, offering products from a variety of categories, located in near residential high streets. These stores are contributing to 30% of all food and grocery of organized retail sales.

Convenience Stores

Convenience stores are relatively small stores, located near residential areas with slightly higher prices goods due to the convenience of odd timings, convenient location and limited inventory.

Departmental Stores

These are general retail store offering variety of consumer needs products and services under one roof.

Specialty Store

These are retail chains dealing in specific categories of products.

MBO/Category Killers

Multi Brand outlets known as Category Killers are Small specialty stores that offer variety of brands across a single product category.These are usually established in busy market places and Metros.

Malls

Malls are the largest retail formats located mainly in metros cities.These are the biggest form of retail in India, offer customers, a mix of all types of products and services including entertainment and food under single roof.

Mom-and-Pop Stores

These are families owned business catering to small sections. They are individually operated retail outlets and have a personal touch with customers. These shops are generally out of tax net.

Vending Outlets

It is a relatively new entry in the retail sector. Beverages, snacks and other small items can be bought via vending machine.

Online-Retail

There has been a significant change in the attitude of an average internet user. Today, an average user is buying a Variety of product through online. These retailers are providing online buying and selling facilities of products and services. Indian consumers are demonstrating an increasing interest in online shopping. The growing online retail market has become a lucrative business. India has surpassed Japan to become the world's third largest internet user after China and USA.

Market Potentials of Indian Retailing

Rural markets are growing double the rate of urban markets, where 72% of Indian population is spread and their consumption pattern is higher than urban inhabitants. 87% of rural markets do not have access to any sort of organized marketing and proper system of distribution. Bharti Wall-mart and reliance have planned to invest substantial amount for establishing supply chain in rural markets. Urban markets constitute 45% of India's retail market, accounting $ 105 billion in rural sale. Small towns in India are growing 50 – 60 % a year compared to 35 – 40 % in larger cities. Thus, small towns in India are the big destination in the retail business. India is a country having the most unorganized retail market. India is being seen as a potential goldmine for retail investor all over the world, since **India has emerged as highly potential retail market in 21st century**.

According to the Global Retail Development index (GRDI), India is positioned as the foremost destination for Retail investment and business development.

Growth of Indian Retailing

Indian retail industry is the **5th largest** industry in the world. The attitudinal shift of the Indian consumers and the emergence of organized retail formats have **Changed the face of Indian Retailing.** Retail trade has emerged as one of the largest & fastest growing Industry, contributing to employment generation and revenue generation and many more. It is contributing 15% of country's GDP and 8% of the total employment. The estimated value of current size of Indian retail market is about 500 billion US dollar and by 2020 its value is pegged to be 1.3 Trillion US dollar.   The number of total retail outlets in the country estimated to be around 12 million. 2015 -16 is expected to a time of consolidation for Indian retail sector and the retail in India could be worth US$ 175-200 billion by the end of 2016. It is also estimated that organized retailing in India will grow at 25% annually and it will fetch employment nearly 10-15 million people. Organized retail share in total retail was 8% in 2012, expected to increase 24% share of total retail market in India by 2020.

An important contributory factor in growth of India's retail sector is growing middle class family which is expected to increase from 21 million households to 91 million households by 2030. Increasing working population, disposable income and consumption, nuclear family, credit culture, brand culture, internet & T.V culture, urbanization & emerging rural markets, liberalized Govt. policy and boost in FDI have been the key drivers of growth of Indian retailing.

Retail Scenario in India

The Indian retail scenario has been analyzed on the basis of organized and unorganized sector as mentioned   below

Table I

Relative Share of Organized And Unorganized Retail In Selected Countries (2009)

S. No	Country	Total Retail sales (US $ bn)	Share of **Organized** Retail (%)	Share of **Unorganized** Retail (%)
01.	**USA**	2983	**85**	15
02.	**U.K**	475	**80**	20
03.	**FRANCE**	436	**80**	20

04.	GERMANY	421	80	20
05.	INDIA	322	4	96
06.	POLAND	120	20	80
07.	CHINA	785	20	80
08.	INDONESIA	150	30	70

Source :Girish K. Nair and Harish K. Nair (2011), "FDI in India Multi Brand Retail sector":
How to Get Ready for the Big Play", Munich, GRIN Publishing.

Table 1

Shows that in developed economies like USA, UK, France and Germany organized retail has 80% - 85% share in organized retail sector & 15% to 20% in Unorganized retail sector, while in developing economies like – Indonesia, China, Poland and India have dominate share in unorganized retail i.e. 70% to 96% & less share i.e. 4% to 30% in organized retail sector. Above table also reveals that the organized retail in India is at a very nascent stage since it has lowest share i.e.-4% in organized retail sector and highest share i.e.-96% in unorganized retail sector.

Table 2

% share in Indian Retail market (Organized & Unorganized)

Year	Organized (%)	Unorganized (%)
2005	4	96
2007	4.1	95.9
2010	5.0	95.0
2012	8.0	92.0
2015	21.0	79.0
E 2020	24.0	76.0

E- Expected

Source

1. Deloitte (2011), "Indian Retail Market: Embracing a new trajectory" September, [12] (For 2005 and 2015)
2. FICCI (2011) "sector Profile" 2 December, [7] (For 2010 and 2020)
3. Deloitte (2013) "Indian Retail Market Opening more doors", January [13] (for 2012)
4. ASA (2012) "A Brief Report on Retail sector in India", August, ASA and Associates, Chartered accounts, [15] (For 2007)

Graph-2

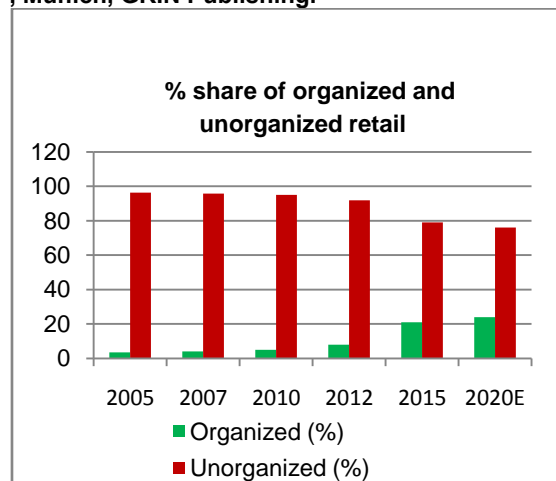**% share of organized and unorganized retail**

Table 2 & Graph-2

Present the comparative analysis of relative shares of organized and unorganized sector in Indian retail market. The aforesaid table and graph depicts the picture of "see-saw game", as on the one end, the share of organized sector is increasing i.e.- 4 to 21% and on the other, the share of unorganized sector is decreasing i.e.-96 to 79 % in total retail market since 2005 onwards. It is expected that the share of organized sector will be 24% by 2020.

On the basis of analysis of data it was also observed that during 2005-07 & 2007-10, there was an increase in the share of organized retail i.e. 13.9% and 21.9% respectively. Thereafter, organized retail is penetrating the market at more rapid pace. During the period 2010-12 share of organized retail rose by 60%. As per FICCI (2011), over the next 10 years, Indian retail market is expected to grow at 7%.

It is also estimated that organized retailing in India will grow at 25% annually where as unorganized retail only 5%.

The organized retail in India is at the nascent stage but in coming future, it will increase rapidly since new formats and new players are likely to enter in this sector in metros and tier-ii cities.

Segment Analysis of Indian Retail

Table 3 Total Organize and unorganized retail market in India (2012)

Sl. No	Segments	Total retail market (US$) bn	Organized Retail Market (US $)bn	Unorganized Retail Market (US $) bn	Penetration of organized Retail (%)	Penetration of Unorganized Retail (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Food and Grocery	310.8(60.0)	4.56 (11.0)	306.24(64.0)	1.5	98.5
2	Apparel	41.44 (8.0)	13.68 (33.0)	27.76(6.0)	33.0	67.0
3	Mobile and telecom	31.08 (6.0)	4.56 (11.0)	26.52(6.0)	14.7	85.3
4	Jewellery	20.72 (4.0)	2.49 (6.0)	18.23(4.0)	12.0	88.0
5	Food service	25.9 (5.0)	2.90 (7.0)	23.00(5.0)	11.2	88.0
6	Consumer Electronics	15.54 (3.0)	3.32 (8.0)	12.22(3.0)	21.4	78.7
7	Pharmacy	15.54 (3.0)	0.83 (2.0)	14.71(3.0)	5.3	94.7
8	Others Footwear	56.98 (11.0)	9.12 (22.0)	47.86(10.0)	16.0	84.0

| 9 | Total | 518 | 41.46 | 476.54 | 8.0 | 92.0 |
| | | | (4.0) | | | |

Note Figures in Parentheses Show the Percentage Share in Total Retail
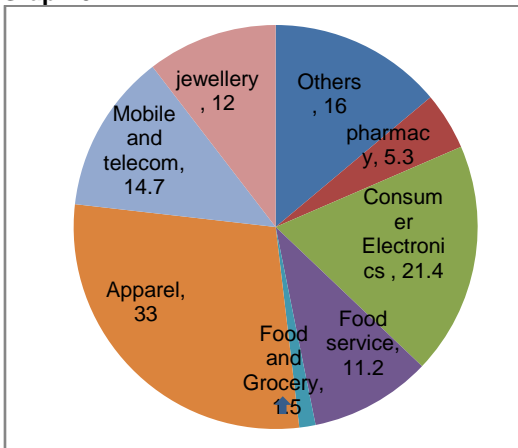
Source

1. Deloitte (2013), "Indian Retail Market Opening more doors", January [13]
2. (ASA (2013). A Brief Report on Retail sector in India, August [18] and
3. Michael Page (2013), The Indian Retail sector Report 2013 [8]

Table -3

shows that **food and grocery is the biggest contributor (60%)** followed by Apparel (8%), mobile telecom (6%), Food and services (5%), jewellery (4%) and consumer electronics and pharmacy (3%) **in total retail market.** Out of total retail, in 2012 **apparel alone accounted for 33% of organized retailing** followed by food & grocery and mobile telecom (11%). In unorganized sector food & grocery segment was dominated by contributing 64% share. As per our study organized sector is likely to grow 9% over the next 10 years and it is expected to reach more than 25% by 2018.

% Penetration of Organized Retail

Graph-3

Source: Author's compilation

Table-3 & graph-3

Highlights the penetration of various segments of organized retail sector in 2012. Organized retail had highest penetration in apparel (33%) followed by consumer electronics (21.4%) and mobile & telecom (14.7%), jewellery (12%), food services (11.20%) and pharmacy (5.3%).

Table-3 shows highest penetration in food & grocery (98.5%) followed by pharmacy (94.7%), jewellery and food services (88%), mobile & telecom (85.3%) and consumer electronics (78.7%) under unorganized retail sector in India.

Challenges in Indian Retailing

Competition

The organized retail in India is facing competition from the unorganized sector/Kirana stores. Unorganized retailing has low cost structure, low operational expenses, negligible real estate, low labour cost and little or no tax burden. On the other hand, organized sectors have to meet more operational and establishment cost and yet have to keep prices low-enough to compete with unorganized/traditional sector. This affects the growth and expansion of organized retail sector and reduces its profitability.

International Standards

Even though, India has fifth position of retailing in the world but still today it is not at par with international standards. Indian retail sectors will have to improve their standard at par with international standard to meet the global challenges of retailing.

Price war

There is a price war between different organized retailers. Each and every one is ready to provide goods at low price and offers various promotional schemes/discounts. In such situation, it is difficult to keep one's customers with oneself.

Poor Supply Chain Management

Logistical challenges, constant changes in consumer preferences & patterns, crowded marketplaces and swift in retail formats are the hallmarks of retail environment in India. These factors pose a huge challenge to push growth in this kind of environment.

Indian retailing is dominated by the unorganized sector and there is still a lack of efficient supply chain management. Most of Indian retailers are under serious pressure to make their supply chains more efficient to deliver the levels of quality service accordance with consumer's demand. Long intermediation supply chains would increase the cost by **15%**. Improvement in supply chain management reduces the cost of inventory and at this cost goods may be passed to the consumers at low price. Thus, India must concentrate on improving the supply chain management.

High Price Real Estate

The enormous growth of the retail industry in India has created a huge demand for real estate and lease hold property. Due to more demand of real estate and lease hold property, their prices have shoot up particularly in metro cities. High prices of real estate and lease hold property in this sector reduces the profitability of the sector.

High Stamp Duties

In addition to the high cost of real estate, the Indian retail sector is also facing the problem of high stamp duties on transfer of property which varies from state to state. The problem is also compounded by problems of clear titles of ownership and complex legal process of land conversion.

Industry Status

Still today, Indian retail has not been recognized as an industry. Lack of Industry Status to retail, organized retailers in India is facing difficulties in raising finance from banks for expansion plans. This affects the growth and expansion of organized retail sector.

Human Resource Problems

The organized retail sector in India is facing the challenges of skilled and talented professionals, especially at the middle-management level. Due to shortage of such human resources in this sector, organized retailers have to pay more in order to retain

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them which again bring down the profit of Indian retailers.

Lack of Retail Space

Most of the Indian Retail outlets have smaller area in comparisons to foreign retail outlets. Thus, the area of Indian Retail outlets should be increased accordance with foreign standard to meet the global challenges.

Cultural Diversity

Due to diversity of culture, there is no established consumption pattern throughout the country. Manufactures and retailer have to make strategies accordance with the cultural diversity and consumption patterns of different sectors and segments which is itself a big challenge for Indian retailing.

Frauds in Retail

Frauds in retail is also known as retail Shrinkages. Even after use of security techniques, such as CCTVs and POS systems by modern retailers ,vendor frauds, thefts, shoplifting and inaccuracy in supervision and administration are the challenges of Indian retailing, since these factors increase the cost of retailing Sector. As the size of the sector would increase, these problems would also increase. Thus, to check the frauds in these sectors, the retailers should adopt the modern techniques of security system.

Infrastructure and Logistics

Infrastructure is the weakest link in the progress of Indian retailing. Lack of adequate infrastructure with respect to roads, electricity, cold chains and ports have further led to obstacles in networking of suppliers. Due to these constraints, retail chains have to resort to multiple venders for their requirement, as these obstacles increase cost and reduce their profits. Urbanization and globalization are compelling the retailers to develop infrastructure facilities and Transportation system accordance with global standards. Every retail consultant painted a rosy picture of the retail industry but no one realized that it is low margin business and it requires caution plans.

Policy Induced Barriers

Organized retail in India is governed by both the Ministry of Commerce and ministry of consumer affairs. There is need to govern retail operations through a single apex body because a single agency can mange retail operations more effectively. Enactment of a comprehensive legislation can make development of retail sector taking place at a faster pace.

Change in FDI policy

FDI policies have been changed time to time by the government of different political parties which has also hampered the development of organized retail sector. In 2014, the newly elected Government has prohibited FDI in multi-brand retail to safe guard the indigenous small retailer s known as kirana stores.

Complex Tax system

The sales Tax/Vat rates vary from state to state and retailers have to face a multi point octroi with introduction of VAT in 2005. A lot of anomalies in the existing sales tax system causing disruption in the supply chain. Thus, Indian retailing is also facing challenges of multiple and complex tax system.

Improper Forecasting

Due to improper forecasting, high level inventory exists in Indian retail sector. Sub-optimal forecasting, promotion factors, sudden increase in demand often lead to issues like stock-outs due to high inventory levels. Therefore, in race of operational excellence, retailers making optimal demand and supply forecasting would be the winners.

Financial Risks

Rapid expansion in retail space in recent years has increased the debt fund of retailers. This has resulted in substantial leverage, adding to retailers financial risks in the recent scenario. A large number of retailers are highly leveraged, batting high interest payments. The biggest problem today is that most retailers are either not well funded or financial prudence to bring them out of the red.

Suggestions to Overcome the Challenges of Retail

Recognizatation of Retail as Industry

The retail sector should be recognized as industry to improve retail development, to facilitate organized financing and establish insurance norms.

Incentives for Investments

To provide incentives for investments in organized retail sector, tax holiday norms and liberalized Govt. policy particularly in FDI should be enacted for investment in cold storage, infrastructure development and supply chain.

Comprehensive Legislation

To meet the challenges, a comprehensive legislation should be drafted and enacted with futuristic approach.

Proper Tax Structure

To improve the growth of retail sector the government should introduced a uniform taxation system across the country to relax the law that hinders inter-state flows of goods. The current multi point taxation should be rationalized.

Simplified Laws

Commodities Act, licensing restrictions, deferential taxes and stamp duties should be simplified and should be put in proper place, so that it would not hinder the growth of retail sector.

Establishment of National Commission on retail

Viewing a paradigm shift of Indian retailing, there is an urgent need to Establish "National Commission on retail" to enforce quality in this sector as per international standard and setting a Regulatory Body for governing the operations of retail sector.

Cutting Costs

As the retail market are facing a lot of challenges and competition, there is an urgent need to cut establishment and operational cost in organized retail sector by applying the modern techniques of supervision and improving the retail productivity.

To meet the challenges successfully by retailers in competitive environment, some of **key solutions** have been prescribed which are mentioned below.

Mastering Supply Chain

Mastering supply chain dynamics is a crucial factor for the growth of modern trade.

Product Localization

Another solution to meet the challenges is localization of product to make available the product immediately to the consumers. Product localization

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has emerged as a key driver of sales and customer satisfaction.

Securing the Right Retail Real Estate

Choosing the right location is very important for success of retail which depends on several factors such as availability of land and its prices, consumer needs, the type and availability of products etc. Thus the key success of retailer lies in choosing the right real estate.

Opportunities in Indian Retailing

Booming retail in India has opened the door of vast opportunities for all stake holders such as manufactures, suppliers, whole sellers and consumers which are mentioned below:-

New Products in Store

Organized retailers provide brands much visible and platform for customer interaction. It also helps in launching new products and in market penetration.

Urbanization

Increased urbanization has shifted consumers to one place and thus a single place can catch more customers.

Nuclear Family

The emerging concept of nuclear family and DINK (double income no kids) concept has resulted power of purchasing which led to growth of organized retail sector. After development of mall culture nuclear families enjoy shopping as outing.

Credit Card Culture

In present economic scenario, people use credit cards as plastic money. Credit culture has increased the volume of sales of retailers.

Convenient Shopping

Organize retailers provide convenient shopping to customers. Self selection by customers not only save the time but also provide more satisfaction to customers.

Employment Opportunities

Retail marketing is one of the largest sources of employment, since it provides employment to skilled semi-skilled and unskilled persons. Thus, it helps in socio economic development of the society.

Lower Price

Organized retailing provides products to their customers at lower price due to battle in price discount, promotional scheme and festive special scheme.

Contract Farming

The concept of contract farming has provided good opportunities both farmers as well as Indian retailers and MNCS. Due to contract farming retailers are providing goods to their customers at lower price by eliminating middlemen and on the other, formers are far away from problems of sales & marketing of their products.

Strong supply chain management

Strong supply chain management has also provided better opportunities to retailers to maximize the profit by increase in volume of sale and on the other, customers are benefited due to low price of products.

FDI Policy in Retail Sector

At present FDI is not allowed in multi brand retail. In the whole sale business 100% and single brand retail 51% FDI is allowed. If the Government permits FDI in multi brand retailing, it would have allot of impact on inflation, supply chain, infrastructure etc. Rural India can lead to improve farm practices with FDI in retail.

Conclusion

Indian retailing has undergone significant changes. This sector has witnessed transformation of unorganized format to organized format of retailing. Retail in India is the most dynamic industry and represents a huge opportunities to both domestic and international retailers. Modern retailing is not a threat to traditional stores. The Government should take measures to overcome the challenges of this sector. Traditional and modern retail may coexist. India will have a tremendous future, if retailers concentrate on Indian rural segment, having vast and untapped potentials. The status of the retail industry will depend mostly on external factors like Government Regulations and policies and prices of real estate besides the activities of retailers and demands of the customers. The emergence of organized retailing will accelerate the economic growth of our country and it will also generate huge employment opportunities. Modern or Organized retail will be a **"Win-Win Strategy"** for Consumers, Traders, Manufacturers and multinationals giants as the battle hot up in Indian retailing sector. **Organizations that listen, learn and innovate will rule the roost in Indian organized retail market in the years to come**. Boost in FDI will accelerate the growth of organized retail and it will also balance regional disparity.

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