

CHAPTER- 1

INTRODUCTION

1.1 INTRODUCTION- What is Retail?

According to oxford dictionary the meaning of retail is described as “The sale of goods to the public in relatively small quantities for use or consumption rather than for resale”. But in management studies, retail means to sell goods to the public in shops, on internet, etc. Retail came into existence from the meaning “cutting off, clip, pare and divide in terms of tailoring (1365)”. That word initially referred to noun which means "sale in small quantities" in 1433 (French). The exact word signifies its literal meaning as to "cut off, shred, scrap, paring”. Philip Kotler, described it as “Retailing includes all the actions involved in selling goods or services to the final consumers for personal, non-business use” or Retail “as a concept is as old as trade itself. In India, for centuries, goods were bought and sold in market place or by hawkers, with barter” being the oldest form of trading system. Retail activity was highly concentrated in urban centres or towns which acted as capital cities of different rulers. Indian economy has been as big as a sub continental economy and always had a vast number of consumers. For a considerable period, retail activity did not become significant because of self - sufficient village economies which prohibited trade. The introduction of monetized exchange broke the autonomy of villages and resulted in the birth of modern retailing on a large scale. Retail as a special activity emerged as a consequence of urbanization, increase in density of population and rise in income levels. Traditional retailers have been supplying non-branded products without packaging and selling in varying quantities. This characteristic has helped them to cater to all kinds of consumers. These retailers have been part money-lenders as they gave products on credit. Since the products had no fixed prices, they could

charge a little higher price from consumers who were taking things on credit, at implicit interest rates. Some of them even compromised with quality to increase profitability. In the lighter vein, a typical shopkeeper has been projected as a villain in several novel stories and Hindi movies.

India has undergone an evolutionary process from weekly markets and *melas* to fixed retail shops. Ancient bazaars and wet markets saw a splurge of small shops, called *mom-and-pop* stores which stocked all kinds of materials that people required. The public distribution system is also run by the government as parallel to these above mentioned stores, the other kind of stores which are also in operation are the co-operatives which cater the needs of common masses, their main focus is to fulfill the basic requirements instead of focusing on providing luxury experience and products/ services. As was reported in 1960s, “there was not a single supermarket in all of India” (Westfall and Boyd, 1960).

Since then, the graph of growth of organized retail has been rising. . While traditional retail is considered labour-intensive comprising of self- employed small-scale businessmen in most cases, modern retail is capital and skill-intensive requiring huge investment. The last decade saw a spiraling progression of modern retail in various formats such as department stores, supermarkets, malls, hypermarkets etc. Yet, the market share of organized retail stores has reached with the minimal 6.5 % in the country in comparison to the China whose share has reached to 65% (Nielsen Wire 2010). The swiftness of change, though, has been much faster than the total market size of modern retailing climbing to 10 % by 2011 (Singh and Sharma, 2011)

1.2 Retailing broadly involves:

- To understand the consumers’ needs

- To develop worthy merchandise range
- To exhibit the product/service in an efficient method so that customers could find it convenient and easy to buy.

1.3 Retail Concept: The retailing idea is basically concerned with the orientation towards consumers, retail industries and organization outlook for the creation, development and implementation of various retail related marketing approaches. Thus it acts as a division of regulatory framework and guidelines concerning various entities involved in the business like designing of various channels, methods of selling and size adopted by the various retailers.

According to Aristotle "retailers" emerged as a consequence of division of labour and specialization, which made it necessary to exchange products with others which the person did not make himself. Retailers facilitated this exchange of products made by different individuals who were producing specialised products or performed a specialised function in the society. As put by Jackson (1996), retailing has existed "from the agora of ancient Greece to the Palais royal of pre-revolutionary Paris. The Jerusalem bazaar has been providing a covered shopping experience for 2000 years, while Istanbul's Grand Bazaar happens to be engaged in similar activities, then Sultan's ruled the Ottoman empire from the nearby Topkapi palace". Same is true about the grand bazaars that existed during the reign of Mughal empire in India. Gradually, traders started setting up markets beyond city walls in order to avoid taxes and attract buyers from other nearby areas. Regions which were homes to these larger markets gained economic power over surrounding areas.

The Merriam-Webster dictionary defines "retailing" as "the activities involved in selling of goods to ultimate consumers for personal or household consumption". The first signs of modern" retailing date back to eighteenth century, somewhere around later part of the industrial revolution which started in United Kingdom and proliferated to Western Europe

and USA rapidly. The term “modern” is defined by Webster’s encyclopaedic dictionary as “pertaining to present and recent time in contrast to ancient or remote”. By going through the past trends the retail management has gone through tremendous change, we realize that before 1850, retailing existed in a less recognizable or so-called „historical form“ which have limited relevance or relationship to the modern setting. Modern retailing has been claimed to be associated with elements providing long range of product assortments, better store infrastructure facilities, enhanced shopping experiences, better and quick services, latest product mix, upgradation of high end technology by using bar code reader, computerized billings etc.

Modern retail formats emerged first in Europe, Britain and USA. Over time, these gradually spread to other developed countries, but remained far-far away from influencing developing nations for a series of decades. These emerged as a consequence of mass production which was a result of industrial revolution. Mass production also required mass consumption which could be facilitated only by modern retailing. Therefore, mass production and retailing have had symbiotic existence. One of the first retail establishments to come up was the “general store” in early 1800’s. This comprised of a small place covering a few square feet which would contain all their goods. By the mid-1800’s, “specialty stores” like bookstores, drug stores, and later shoe-stores emerged. Specialty stores had an advantage over general stores, because they had more knowledge of products and of sources of supply and concentrated on particular items. This aided them by giving low prices as compared to other general outlets competing against them. This saw the emergence of “discount stores” which offered goods at discounted prices. This was followed by “department store” where, instead of heading different products as grocery, hardware etc., there were departments, which owned their respective controls. By the 1860’s, retailers like Macy’s, Wanamaker and Stewarts were operating their first true

US department stores. The origination of “supermarkets”, considered as a remarkable innovation in retail history, happened in 1930 in New York. This format operated at high volumes and low margins. “Chain retailing”, which today is responsible for maximum sales from retail around the world, originated in its true form in early 1900"s. Wal-Mart, the largest retailer in the world even today, began operations in the US in 1962.

1.4 Retailing Characteristics

We extrapolate from above that retailing is evolutionary and not revolutionary in nature. Retailers have continuously sought to differentiate themselves and attract customers through various innovative methods. Whenever their home markets started to dry up and stagnate, they moved to explore new markets. Some of the retailing firms developed their own management practices which gave them global competitiveness. Also, they began to invest in foreign markets. With the onset of forces of globalization and liberalization, more and more countries of the world were covered under the global retail umbrella. This is one of the reasons that a number of global retail giants from developed countries are now moving to the untapped developing nations.

1.5 Evolution of Retail in India

The evolution of retail in a country like India dated to the back at the presence of mom and pop shops and kirana shops. Local people earlier used to visit these stores. Bodies helped the market and many domestic shops/stores came into existence like Khadi Village Industries Commission. The development in retail in India is divided as:

1. Before Eighties

'Retail' in India can be described in much better way with concepts such as hawkers, vegetable vendors, local stores (grocery). These retailers used to operate in very

amorphous and fragmented market. There were only few retailers used to operate in two or more than two cities.

2. After Eighties

In India Structured retail was initiated by some producer owned retail channels, most of them were from the textile industry. Later on Titan created a very successful organized market scenario and opened numerous outlets in this segment.

3. Nineties

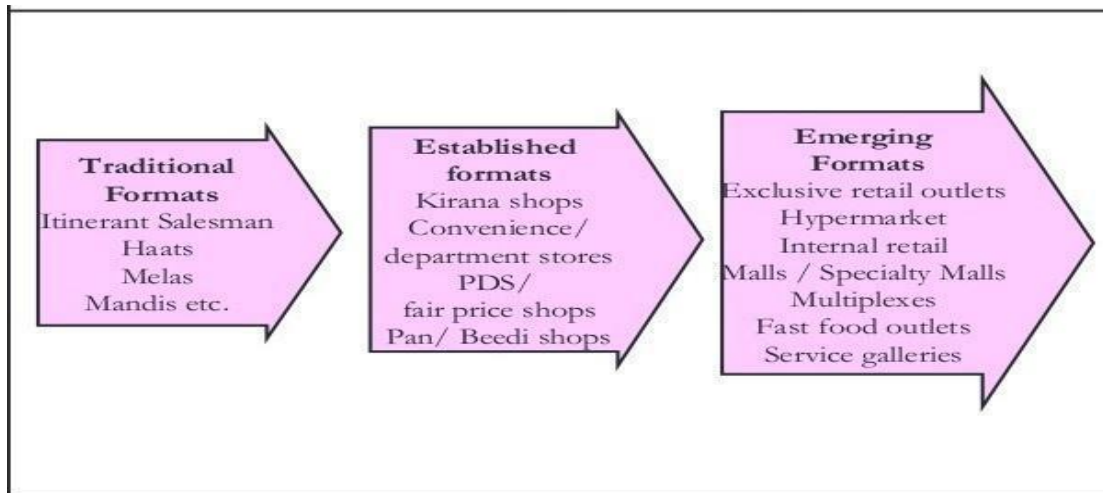
In 1992 LPG model came into existence by opening of Indian economy which has put on hold and get away with the led to the dilution of rigorous limitations. And after these reforms some multinational companies entered the Indian market like Nanz in Indian market, changed the profile of the consumers in India, and increased salaries of the workers who were working in Greenfield areas with higher buying capacity.

Mid 1990s saw new entries in the way producers and manufacturers converted themselves in to pure retailers. After 1995 there was an emergence of shopping centers, most of them were located in posh as well as developing areas having lots of infrastructure development and facilities happening around themselves and thereby giving holistic and integrated experience of services to each and every segment of the strata.



Source: Resurgent 2011

Figure 1.1: Development of Retailing in India



Source: *Agri and Food Retailing 2014*

Figure 1.2: Formats of Retail in India

1.6.1 Organized v/s Unorganized Retailing

- **Unorganized retailing** – refers to the Mom and pop store/ local kiriyana store engaged in selling product mix of goods and services of various types which includes grocery, fruits, vegetables, etc. for Instance, the neighborhood baniya, the local kirana shop owner , fruit vendor, Mom and Pop Stores and local veggie market.
- **Organized retailing-** Organized Retailing” is the term used for business activities that are taken up by large registered retailers that include both corporate- backed business houses venturing in to the organized retail chains formats citing the huge consumption pattern to reap out. Retail in India is popularly referred to as “modern retail” (Dabas, Sternquist and Mahi, 2012). These retailers have a well-defined supply chain and professionally managed functions. Most of these retail brands have their outlets spread across multiple locations. The major Indian players currently in the organized retail sector include Reliance Group, Aditya Birla Group, Tata Group, Future Group, Bharti Group and Raheja Group etc. retailers.

Organized retailers can exist either in single or multi- brand format. Single brand retailers are those retailers who are selling one brand in their all the outlets around the

world. They are generally sized between 1000 and 5000 sq ft area. At present 100% FDI is allowed in these type of branded outlets. Examples of foreign retailers present in India in single-brand format are Benetton, Nike, Apple, etc. Those of Indian origin are Biba, FabIndia and Raymonds. Multi-brand retailers are those which house multiple brands in their stores and exist mostly in the form of departmental stores, hypermarkets and shopping malls that are sized between 1000 to 50,000 or more square feet of area. Major retail global players like Carrefour, Tesco, Wal-Mart, Metro and spencer. They present in allowed formats, as 100% is still not allowed. Few examples of Indian multi-brand retailers are Shoppers Stop, Lifestyle, Pantaloon, Big Bazaar and Westside

1.6.1 Proprietorship Based Retailers:

Capitalizing on the proprietorship outline, outlets are fragmented into 6 sets;

1.6.1.2 Independent Store- Single Owner Outlet

- a. Low primary investments
- b. Owner holds the right to decisions
- c. Simple licensing procedures
- d. Low access barriers
- e. Can act as specialized stores

1.6.1.3 Chain stores- Having two or more than two stores

- a) Bulk purchaser, high bargaining power
- b) Sell similar lines of merchandise
- c) Centralized purchase & merchandising
- d) Common ownership & control

- e) E.g.: Archie's, Bata, LG, Kodak, Raymond, , McDonald , Barista, Liberty Titan etc.

1.6.1.4 Franchise stores –

- a) Benefit of the nationwide promotional activities.
- b) Exclusive rights to sell.
- c) Exposure to standard operating procedures.
- d) Franchisee gets well-known brands.
- e) E.g. - Monte Carlo, Aptech, McDonald"s, Pizza-Hut.

1.6.1.5 Leased Departmental stores – A type of retail store which is rented.

- a) Concentrated cost of formation.
- b) Adding diversity to the stock hold by the store.

1.6.1.6 Vertical Marketing System (VMS)

It refers to the delivery function in that the manufacturers, venders, & sellers work in a combined way to simplify the smooth movement of goods & services to the end costumer.

1.6.1.7 Consumer Cooperatives

In this type of stores retail processes kept & succeeded due to its consumer penetration. Large entity of consumers finance relates to the jobs in retail gives back stock certificates and enable themselves to take profit out of these retail stores.

1.7 Strategy-Mix Based Retailers

A. Food Service based Retailers-

B. All-purpose Merchandise retailers

- **Assortment store-** Have huge assortment of low-cost & all the rage produce like gift items, stationary, woman's garnishing, home goods.

- **Department stores-** This includes big size retail outlets providing long range of product mix.
 - Split departments for segregation of goods
 - Single and full shopping experience.
 - Offers garments, footwear, makeup, gifts, bags, jewelry costume and items of domestic use.
 - E.g. -Pantaloons and Shoppe's stop.
- C. Sale offering based Retailer:** refers to the various famous fashion based brands oriented spongy merchandise for a very minimum price. Procure merchandise from producers who have surplus stock. Buy in large quantities and sale them at minimum costs.
- D. Based on Membership club-** In this type of consumers needs to become the members of the specific retail club by paying some fixed amount.
- a) The membership permits the member to buy merchandise at low price.
 - b) They can buy directly from the producer

1.8 Based on Goods vs. Services Mix of Retail

The Service retailing units first and foremost advertise services rather than goods. The main differences among vending of various varietyies of products vending via services were relating to the inseparability, intangibility, immediate consumption, production ,utilization, perishing ability variation etc.

- ✓ E.g. – Bankers, lawyers, accountants, beauticians, engineers, car rental services, hospitality, educationists and more.

1.9 Non-Store Based Retailing

A. Conventional

1. **Direct Marketing:-** Consumer well-versed on the details of the merchandise by the non-personal media examples are magazine, internet, radio, tv and many more.
 - a) The consumer can purchase through any online media.
 - b) The investment needed is lower as compared to the structured retail outlet.
 - c) Ample amount of regional densities can be penetrated.
2. **Direct selling:-** refers the person selling directly selling to the final consumer by the following ways
 - a) P2P Person-to-person selling.
 - b) Network marketing.
3. **Machines (Vending Machines):** - These involve using of direct mediums like credit/ debit cards/ hard currencies to dispense products.
 - a) 24*7 items distribution
 - b) Vending distribution Machines located or made available at various locations
 - c) Delhi Metro ticket distribution by Automatic vending machines.
4. **Retailing based on Catalog marketing- purchase** made by the use of internet by mailing goods and services catalogs to the customer. In this marketing the order will be made by e mail, postal services and courier services.
5. **Home Shopping Television Network:** - Shopping through the medium of television, manifestation of the manufactured goods and its benefits.

- 6. Tele-Marketing:** - Phone became channel of media or source of sales. In this costumer are informed though phone about the new goods and services available.

B. Non-traditional

1. E-tailing or Internet has become a prominent medium for promoting goods and services.
 - a) Public can explore variety of various kind of information related to the product and services by its website URL's.
 - b) Retailers' homepage relates to consumers to order the them by just "Click".
2. Based on Video cataloging

1.10 Some other types of Retail business models

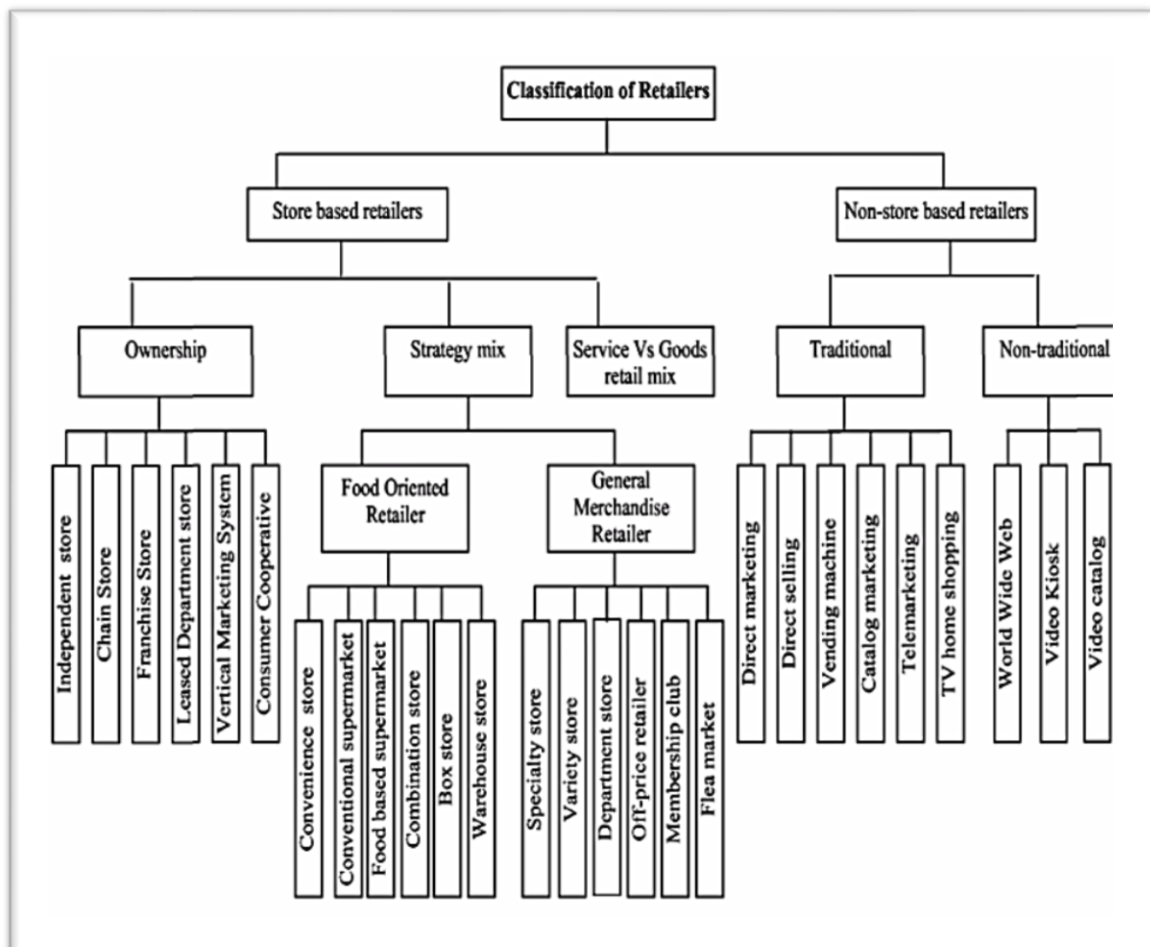
- The major global retailers which have entered India in one of the allowed formats (see FDI in Retail) include "Germany-based Metro Cash & Carry" that opened six wholesale centres in India, "Wal-Mart Bharti Retail" and opened 195 Easy day stores, "British TESCO" had an contract with Tata Group for opening cash & carry stores and "French retailer Carrefour" has just launched its initial retail outlet the form of Cash & Carry in the capital city New Delhi.
- Major retailers as Bharti Telecommunications, Aditya Birla, Tata, Reliance and shoppers stop. who are having strong monetary assets and established brand names (Sengupta,2008) and are setting up more number of stores each year. The change in the outlook of retail sector in the country has been largely attributed to the following factors which plays crucial role in its transformation these are easing of regulatory restrictions, lifestyle and cultural changes in the society, favorable demographics of the population, rapid growth in the service sector, enhancement in the consumption pattern of the young and aspirational India. This new retail system is lop-sided: it is modern and elite in large urban regions, and mom-and-pop based

with very few malls and super marts in the so-called less affluent tier-and tier-III cities of the country. And this pattern of retail distribution, these changes have been showing a steady growth and likely to remain there in the coming times, is what makes Indian market unique as well as complex in ways more than one. India is an economically extensive nation. The kind of social stratification that we have in this country exists nowhere else. This has existed since ages and hence there have been echelons in retail. A poor man in a village goes to a local kirana shop with hardly any choices to fulfill his requirements, a middle- class family in a suburb goes to the a superior kirana shop with better choices, and a person in a metropolitan visits a mall or local departmental store depending on his need and desire. Common sense tells us that varying income inequalities get reflected in several kinds of retail formats and these satiate needs of

- **Extreme Value Retailers** – refers to the tiny, whole concession retail stores that present restricted commodities product mix at very stumpy costs. The main vendors in this segment are Family Dollar and Dollar General retail Stores.
- **Franchising** - according to Business Dictionary the word Franchising is described as “The company that allows an individual (known as the franchisee) to run a location of their business. The franchisor owns the overarching company, trademarks, and products, but gives the right to the franchisee to run the franchise location, in return for an agreed-upon fee. Fast-food companies are often franchised”. Instance of the Franchising business are Domino’s, McDonald.
- **Cash and Carry** - In these outlets consumers can order them after selecting them and make the payment at the counters and take the goods home. It is an extensive layout that helps small retailers and businessmen.
- **Airport Retailing** - Now a day’s airport infrastructure is developed n such a way that all the amenities and facilities like hospitality, shopping plazas, conveniences, presence of multi-brand retailers, eating junctions, recreational services,

availability of wi fi services, lots of magazines, newspapers etc are at the consumers disposal. Thus giving rise to the airport retailing as this is seen as the next destination for transportation in 21st century in developing country like India.

- **Public Distribution System (PDS)** – came into existenance in India before 1950 as in the form of rationing. It was first introduced in 1939 in Mumbai by then govt. as a mean to make sure that food grains are equally distributed in urban areas. PDS implies in the contemporary is a way to allocate the allocation of primary supplies to large amount population, via a proper way of networking of “Fair Price Shops (FPS)”. The merchandise includes variety of public good and service such as Rice and Wheat.



Source: www.iibm/Classification of Retailing Formats.com

Figure 1.3: Types of Retail Formats

1.11 Major Organized Retailers in Indian market

1. **V Mart-** it is the retailers which has capitalized on the opportunities presents in the sub urban areas of India. It has operations across twelve states and ninety one cities and operating in one hundred and nine stores across the country. The retailer offers variety of products like kirana bazaar, general merchandise and apparels. It has maintained superior quality of standards and designed to stand out against its rival competitors. Majority of its operations are in tier 2 and tier 3 cities. It has seen the potential in small town in its business strategies.
 - In 2003, opened its maiden store in Ahmedabad (Gujarat).
 - 2008 VMart” s registered as public limited.
 - 2014 “Credit ratings agency, Credit Analysis & Research Ltd (CARE)” awarded rating A for Retai’s long term bank facilities and 'A1” scoring for small term banking convenience.
2. **Cantabil Retail-** the company came into existence in 2000 and gained popularity due to its increase in the sales and profitability. It has launched its clothing brand name such as „LAFANSO” & „KANESTON. “Company moved up the value chain from a garment producer to a retailer by launching its first exclusive brand outlet in 2000 with more than 450 brand opening across India. The firm has 145 stores increase crossways northern, southern, eastern and western parts of the country”.
 - 2008 Delhi UdyogRatan Award
 - Company achieved sales returns of Rs. 1.11 billion in 2014.
3. **Liberty Shoes ltd.-** Liberty Shoes has been operating for since 60 years and has established its presence. It is producing 0.3 million sq.ft. of leather . Liberty Shoes

is the widely available brands having more than 25 nations, most important international trends and fashionista locations around Italy, France and Germany. The organization presently owns distributors are 150, premium outlets are 400 and multi brand retail stores approximately six thousand in numbers.

- Among top five manufacturers of leather footwear in the world
- 400 showrooms exclusive in various parts of India.
- Present in 25+ countries around the World.
- 1954 Inception of the company
- 1982 the first factory was setup
- 1993 Started production of Commercial Non Leather parts.
- 2006 Partnered with Pantaloons.
- 2015 Approves takeover of footwear business of two companies.

4. Future Retail Ltd- it is the kind of group that motivates trust by providing original **values**, goods and reasonable cost that give assistance to consumers achieving a improved quality. It provides goods to “customers in 95 cities athwart the country through around 10 million square feet of retail space”.

5. Shoppers Stop Limited – Country’s famous retail house and a leader in the organized retail business. It was started in 1991 from a single store to the largest retails of today. Thus providing Shoppers stop customers good shopping experience with unmatched shopping experience by making available wide range of International and national brands. It has accomplished a total revenue generated around rupees 34.05 billion. This group is the leader in diversified market planning and strategies since its inception:

- 2015 Awarded „Most Admired Retailer of the Year – Department Store“
 - 2008 Wins „Emerging market retailer of the year“ award
 - 2003 Receives „IT User award for best IT practices in Retail Category“ award.
6. **Aditya Birla Group** – owned by the Aditya Birla Group having US\$ 41 billion company, this brand came with the existence initially for grocery and food destination in Retail segment in 2007 in the south Indian market and thereby penetrated across the various parts of the country with its various models and outlets catering to the needs and wants of various segments of the society at large. At present the group is having more than 485 retail outlets across PAN india providing “a one-stop shopping destination for the entire family”.
- 485 additional. Supermarkets spread in India
 - 16 hypermarkets under the brand „more.“
 - Employees working are ten thousand in numbers.
7. **Reliance Fresh** –“It is the expediency store arrangement which shape a part of Reliance Retail Ltd (RRL) of its parent company, Reliance Industries Ltd (RIL)” at present the industry has developed itself immensely by looking after the requirements of large number of customer and its stakeholders by emphasizing on the cold storage technology, and investing heavily on building strong network of supply chain management system by connecting its various stakeholders in its integrated system.
- It is the most organized and proliferated store chain in India and its figures proves to be:
 - Variety of goods across various formats.

- Its overall profits rose to US\$ 60.32 million on 2009 Total tally of Reliance Fresh stores reaches 700 stores in India In 2013
 - It has launched “Fresh” brand stores in 2007
 - It has launched reliance fresh in 2006
- 8. Bharti Retail Ltd-** it’s a completely holding ancillary of “Cedar Support Services Ltd” having owned by the Bharti Group of organization. It possesses functions “neighborhood stores called Easy day”. The outlets offer customers massive value & good range of assortments with merchandise of immense superiority at reasonable prices. This group has retail outlets in numbers more and huge amount of product mix is available by offering low prices.

Bharti Retail Ltd:

- More than 210 outlets presence across Pan India
 - 3,000 products/services
 - 2013 Launches “Every Day Low Prices” campaign
- 9. Provogue** –it’s a lifestyle & fashion brand which is running under the Provogue India Limited”. This brand is Indian leader in terms of fashion brand catering to aspirational and trendy youth who always inspires more. This accelerating to the tune of the present time requirement the brand capitalized its product line by introducing latest garment designs, building its retail ambience and introducing new articles time to time in the market. This brand has more than three hundred and fifty retail outlets across seventy three cities cross India.

These are some of the selected major retailers who has created niche in the market due to their continuous efforts in providing good quality of products and services, tapping the

untapped markets across the various territories and geographies and expanded their business across the globe by their presence.

1.12 Recent Trends in Indian Retail

- ❖ India Population : 1.2 Billion The once and new retail leader GRDI rank: 1 (up one position)
- ❖ According to GRDI index India stood at No. 1 position as Retail Leader
- ❖ Based on Purchase Parity Index India's GDP per capita is \$6,658 GDP
- ❖ Sales Volume comes from retail stood at \$1.07 trillion

Strong GDP growth resonance as compared to the growth forecast to 7.4 % to 7.6 % in for 2017 and 2018 respectively.

The share of organized retail in India is much less as compared to other countries such as USA, Malaysia, UK, Thailand and China. There is a long way to go for India to match up to these nations. It contributes "20% to the country's GDP and accounts for 8% of the total employment". The elasticity ratio of Employment to GDP for „Wholesale and Retail Trade" has been estimated to be highest among all sectors as indicated in Planning Commission's report titled „Report of the Task Force on Employment Opportunities" headed by Montek S. Ahluwalia . India's large and expanding middle class comprises of 300 million individuals. Around 500 million people in India fall under the age of 25 years. Due to a steep increase in disposable incomes and rapid urbanization, Indian consumers are evolving from buying just essential goods to enjoying luxury purchases as well. International brands see this as an opportunity to expand their businesses and have global coverage. These are some factors that make Indian market attractive to the outside world. Moreover, due to the economic turmoil that developed economies witnessed in the recent past, emerging markets have now become the retail hotspots for foreign retailers (PWC" s

15th Annual Global CEO Survey, 2012). The revenues of global retail giants have grown 2.5 times faster in as compared to developed home markets. “A T Kearney, a global management consulting firm had ranked India fourteenth most attractive destination for retail investment among 30 emerging markets” (A T Kearney’s GRDI). Their rating criteria’s are economic and political risks in a country. India bagged 932 FDI projects in 2011, a 20% increase as compared with previous years. In terms of FDI value, India ranked third in the world, behind China and Brazil respectively. As has been the trend, USA is the most leading contributor of FDI in retail in India by investing heavily in major infrastructure development projects and service sector. Top five cities in India, namely, Bangalore, Chennai, Pune, New Delhi and Mumbai attract 42% of the investment projects and 36% of the jobs created by FDI.

Retail is an important part of Prime Minister’s growth initiatives like Make in India, Skill development, and employment generation for the Youth. Easing of the general or fixed rules and guidelines for the allowing of Foreign Direct Investment in various sectors having straightforwardness of vision in allowing and opening of doors of business in India. By going through the history of recent past year the management has allowed 100 percent foreign ownership in various business to business transactions and for the other retailers to produce and manufacture goods and services here in India by supporting Make in India policy. The Government at its best doing and making efforts to create and boost Indian Economy by Initiating various new initiatives such as Digital India and Cashless Payment systems and Introduction of Goods and Service Tax in the Phased manner and going for nationwide demonetization exercise are the important decisions to bring more of this unorganized sectors into the formal economy and also providing Foreign players to start their business operations in India.

growth.

Table No.1.1: Country wise ranking in Retail marketing

A.T. Kearney's Global Retail Development Index™ (GRDI), 2017					
<u>COUNTRY</u>	<u>2017</u>	<u>2016</u>	<u>RANK</u>	<u>2014</u>	<u>2013</u>
INDIA	<u>1</u>	2	<u>15</u>	20	14
CHINA	2	1	1	2	4
MALAYSIA	3	3	9	9	13
KAZAKHSTAN	4	4	13	10	11
INDONESIA	5	5	12	15	19
TURKEY	6	6	11	11	6
UAE	7	7	7	4	5

A.T. Kearney Global Retail Development Index 2017The Age of Focus

This report is based on twenty five Economic Indicator that reveals the scope of expansion of retail attractiveness in the emerging nations. According to this report „The Promise of Indian Retail 2017“ documented by Peter Water Coopers on India's retail sector at current expectation level is, US\$ 750 bn and projected to reach US\$ 950 bn 2018 The contemporary retail marketplace figures in National Capital Region are projected to increase 24% in terms of CAGR from 2015 to 2019 as Rs. 269bn to Rs. 630 bn respectively.

NCR region is pronounced as the “Mall Capital of India” by having largest factory of 69 operational malls across its six zones in the metropolitan areas like– Gurugram, Delhi,

Noida, Faridabad and Ghaziabad. The highest number of consumer section in Retail exists in NCR regions, offering it suitable engagement for the Retail consumers . NCR having potential of Rs. 779 bn for contemporary retail next in line after the Mumbai having good potential Rs.1, 050 bn.

1.13: Consumer Perception: An Overview

Perception is process of measuring awareness of sensorial information. This process is psychological in nature through various sensory organs create and formulate some kind of picture and imagination sensed by sensory organs. Thus it reveals an individual selection, recognition, organization ability and interpretation of stimulus draws on expectations, needs and values. Thus means “how we see globe around us”.

The various Theories of perception reflect the persons paint the picture of their imagination on the canvass. Likewise different individuals imagine and perceive some products and brands from their capability. Thus have to take their own decisions from the base of their perception on them rather than the reality.

In the end we can say that these differences in the actual interpretation of deciding something over other , believing on one thing and not believing on other, having different tastes , likes, dislikes, brands, value system differences.

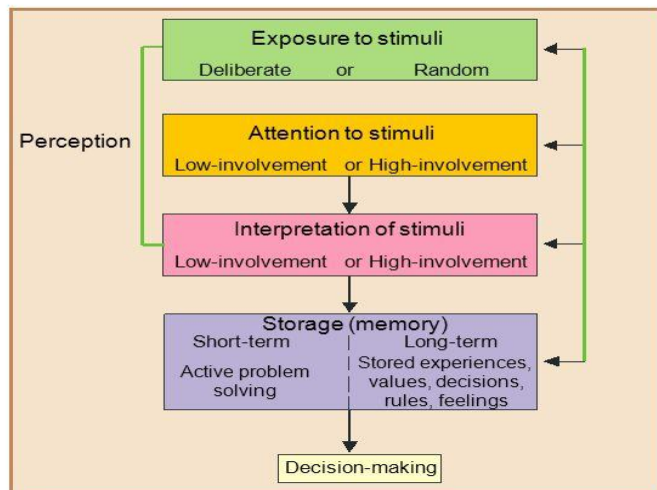
1.14: Elements of Perception

All Information processing in our mind conveys the thought pattern of all the activities each stimulus the human beings perceive and transform to generate some relevant imagery of the outside word and store in the brain.

Diagram depicts system of representation having 4 major lines of division called as exposure, attention, memory and interpretation. Perception constitutes first three of them:

Consumer Perception

Information processing involves a series of activities by which stimuli are recognised, perceived, transformed into meaningful information and stored in memory



Chapter 4 Version 3e

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Figure 1.4: Consumer Decision Making in the Information Processing

The Perceptual process includes- Exposure to stimuli will take place when some incentive arrives in the proximity of our sensory receptor system. concentration implies at what time the motivation activate sensory receptor nervous tension concluding the feelings reach to the Nervous System of an individual for handing out and understanding the assessment and task of importance to these kind of sensations.

1.15 Elements of perception

1. Sensation refers to the moment and straight effect to the sensory organs to stimulus, understanding the stimulus will rely on sensory receptors and quantity of spur required by an entity when showing to external/internal factor from where the perception draws.
2. The Absolute Threshold refers to the lowest spot where a person feels the sensation, at. That point an individual would be able to identify the distinctiveness among nothing and something points to that individuals particular limit from that particular reaction.

3. (JND) Just Noticeable Difference refers to the negligible noticeable dissimilarity among the two identical stimuli identified by the buyer. According to Webe's Law refers to "the stronger the stimulus the greater the change required for the stimulus to be seen as different".
4. Subliminal Perception refers to when the stimulus existing under the verge for attentiveness are bring into being to influence feelings, emotions, thoughts and actions. "A subliminal clue is a signal or message embedded in another medium designed to go below the normal limits of an individual mind's perception. These messages are not recognized by the conscious mind but in certain situations can impact the subconscious mind and could influence subsequent feeling, thoughts, attitudes, behaviors, beliefs and value systems". Most of the time subliminal messages are very effective to influence consumption behavior of an individual.
5. Perceptual Selection is a subconscious exercise of great deal of selection as to which aspects of the external environment (stimuli) they perceive. Any Person used to look alike from different beings recognize them pay no attention to others and turn away from everybody. In reality inhabitants recognize only a fraction of the stimuli to which they are showing their behavior. This is regarded as perceptual selection. The selection of any stimuli is directly dependent on the nature and value system and all the other important elements resonant to the motivation itself are (a) customers previous past understanding thereby affecting the as it affects their opportunity (b) the buying reason at the moment. These things could serve to increase or decrease the likelihood chances of a stimulus will be perceived.
6. Perceptual Organization; as individuals do not understand the various stimulus they choose from the external surroundings as discrete sensations along with separate, instead the human beings having the tendency to manage and organize it

into something meaningful. The supposed similarities for the fundamentally for the simplest motivation can be view for the purpose of completeness of the stimulus.

7. Perceptual Interpretation is the interpretation of the stimuli of an individual though the basic is what an individual be expected to view in line of their preceding memories, the amount of believable explanations they envision in addition to their interests and motive at that time frame of perception.

1.16 Retail Implications of Perception

Most of times Consumers to form create images of brands, stores and companies in their memories. Any picture or image is a sum perception of that object that consumers form by processing data/information from other sources over a period of time. Gestalt psychology (Gestalt, in German, means “pattern or configuration.”) suggests that forming an image is a natural process of developing a total perception of the object.

Webber’s law also has important applications in marketing, refers to the bigger the stimulus the higher the probability that requires for the stimulus be viewed as distinct.-.

Marketers and Manufacturers envision identifying, determining the important differential threshold for their services and products for two very different reasons:

- The negative changes like the decrease in the product size, quality or increase in the product price not readily discernible to the public and
- That product advancement improved packaging, lower price, larger size are very apparent to consumers without being wastefully extravagant. The Retailers often use this aspect of perception to influence or attract customers and to create a positive picture of the retail atmosphere (store atmospherics, services, people, merchandise etc.) in the sight of the customers. The Retailers could work on the

various important factors that influence the consumers/shoppers" perception positively about the retailer and his outlet.

1.17 Foreign Direct Investment

It means the capital Inflow which is coming from foreign player (firm) for long duration investment in the business enterprise, infrastructure development projects, manufacturing unit's establishments having intension for the membership and administrative control in Indian business units. Generally the proposals of investment are assumed to be for long term and rational behind the concept is to gain access in the developing market economy and gradually take advantage of host nations- cheap labor, resources, men, material, population, market space, untapped market, achieving economies of scale and scope, global presence, developing market, skilled labor force that can provide them good and enhanced results in the form of better productivity and efficiency. The investor will be driving benefits of higher margins of profits/productivity in comparison to his own country. Likewise the host nation will also get latest developments in technology to improve their logistics, cold storage techniques, computer enables software process, can also act as a force on the indigenious firms to improve their standards from time to time in order to remain in business for long. Thus we can conclude that allowing foreign investment will be beneficial for both the countries.

1.18 Types of FDI: Broadly classified into two categories

- **Horizontal:** Horizontal FDI means any foreign entity who is engaged in producing the products and services produces in its home Country. This kind of Foreign Direct Investment is referred to as "horizontal" because the global conglomerate replicates all those kind of activities in other nations. Due to increase in costs and

trade barriers imposed by the regulatory framework in the country give rise to this concept.

- **Vertical-** the global MNCs divides their production processes geographically by outsourcing manufacturing process overseas. Main logic for type of distribution of production processes across different geographies is to reap the cost advantage available in these countries. If the availability of cheap raw material in different countries then it becomes more revenue generating firm. This is further divided into two groups:
- **Backward Oriented:** In this type of orientation the global MNC having established its own network of suppliers of materials required as inputs material to be delivered as input products for the parent firm.
- **Forward Oriented:** in this type of orientation the global MNC builds a foreign association that withdraws input materials from the parent firm for their own produce and therefore remaining with the parent in the whole production process.

1.19 FDI Routes

Through this channel there are two kinds of routes available for FDI

1. **Government Route:** refers to that venture in the capital of Indian firm by the foreign player only be completed after getting earlier consent from the FIPM- “foreign Investment Promotion Board, FIPB, DIPP” department of industrial policy and promotion and Ministry of Finance.
2. **Automatic Route:** Under this entry system prior consent from RBI or govt. is not required. All activities and sectors having regulations for consolidated FDI framework directions for investment through entry route appraised by the Govt. of India within the time frame is allowed.

3. **Automatic Route:** Under this entry system prior consent from RBI or govt. is not required. All activities and sectors having regulations for consolidated FDI framework directions for investment through entry route appraised by the Govt. of India within the time frame is allowed.

Route wise FDI inflow

Table 1.2: Foreign Direct Investment (FDI) Inflows into India (April 2000 to Mar 2017) Amount

US \$ Million

Sr. No.	Financial Year	Equity		Re-invested earnings	Other capital	Sum
		FIPB Route/ RBI's Automatic Route	Equity capital of unincorporated bodies			FDI flows into India
1	2000-01	2,339	61	1,350	279	4,029
2	2001-02	3,904	191	1,645	390	6,130
3	2002-03	2,574	190	1,833	438	5,035
4	2003-04	2,197	32	1,460	633	4,322
5	2004-05	3,250	528	1,904	369	6,051
6	2005-06	5,540	435	2,760	226	8,961
7	2006-07	15,585	896	5,828	517	22,826
8	2007-08	24,573	2,291	7,679	300	34,843
9	2008-09	31,364	702	9,030	777	41,873
10	2009-10	25,606	1,540	8,668	1,931	37,745
11	2010-11	21,376	874	11,939	658	34,847
12	2011-12	34,833	1,022	8,206	2,495	46,556
13	2012-13	21,825	1,059	11,025	2,951	34,298
14	2013-14	24,299	975	8,978	1,794	36,046
15	2014-15(P)	30,933	978	9,988	3,249	45,148
16	2015-16(P)	40,001	1,111	10,413	4,034	55,559
17	2016-17(P)	43,478	1,227	12,176	3,201	60,082
CUMULATIVE TOTAL (from April, 2000 to		333,677	14,112	113,737	22,825	484,351

Source: Department of Industrial Policy & Promotion

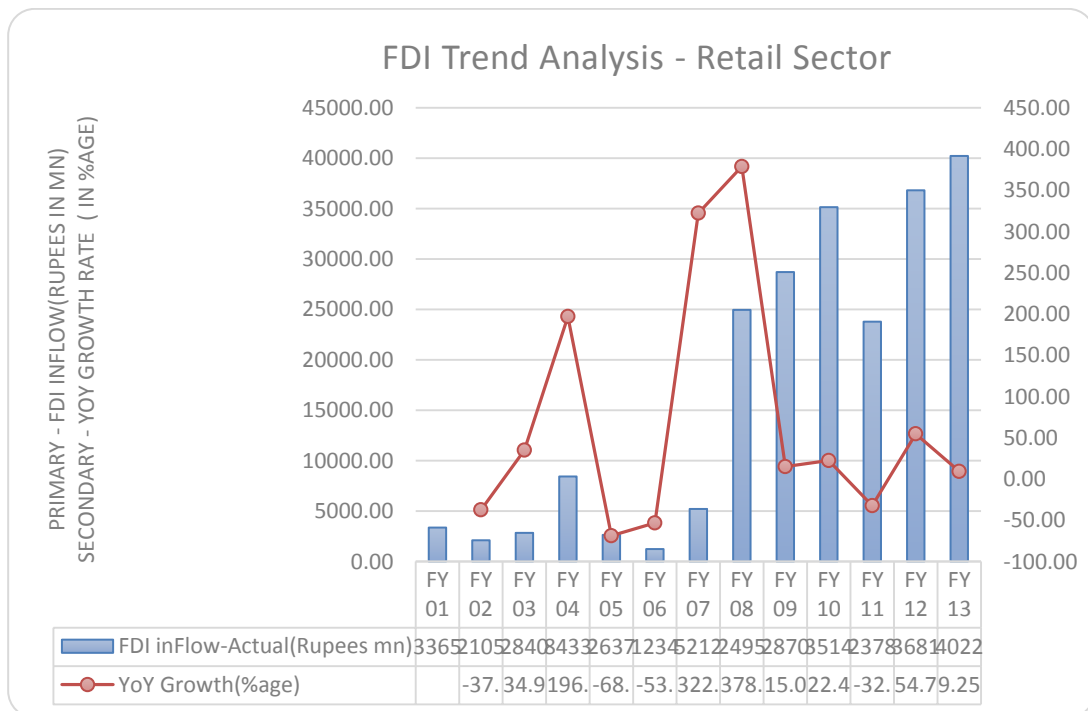
1.20 Entry Options for Foreign Players in Indian Retail sector

- i. Franchise Agreement:** This kind of agreement between the franchisor and franchisee gives direct access to the Indian market. In franchising and commission agent's services. Some Instances who entered in Indian market through Franchise Agreement are Nike and PIZZA Hut.
- ii. Wholly Owned Subsidiaries & Manufacturing** - The global companies having fully managed subsidiaries located in Indian developed are seen as Indian Companies. These include Adidas, Nike, Reebok and T90 etc. so they had been allowed to do retail business in the country. All these kind of companies are allowed to make and sell their products and goods in the Indian marketplace by their own outlets, by franchising, existent Indian retail outlet, distributorships etc. for example Nike got entered in India by their exclusive agreement of licensing partnering with Serra Enterprises thereafter has their fully owned subsidiary i.e. Nike India Pvt. Ltd.
- iii. Agreement of Strategic Licensing-** In this kind of agreement any external brands provide exclusive distribution and license rights to Indian firms through which they are able to sell those brands by the means of their own stores, sign for soap-in-shop provisions, or give rights to their franchises for the brands. The agreement with Spanish apparel brand Mango and Mumbai based Pyramid is an insightful case under this kind of entry system
- iv. Cash-N-Carry extensive trade-** FDI is allowed 100% in whole sale trade under automatic route that involve construction of a huge amount of building Infrastructure distribution to provide helping aide to homegrown manufacturers. These kinds of retailers connects with the small retailers but are not in direct touch with the consumers for example Metro AG a Global retail giant from Germany had entered into Indian Retail by using such path.

Table: 1.3 FDI inflows in Retail Sector (2001 – 2012)

Sr No	Year	FDI(Rupees million)	%age Growth Rate
1	2000-2001	3365.9	
2	2001-2002	2105.36	(-)37.45%
3	2002-2003	2840.39	(+)34.91%
4	2003-2004	8432.89	(+)196.89%
5	2004-2005	2637.44	(-)68.72%
6	2005-2006	1234.28	(-)53.20%
7	2006-2007	5211.99	(+)322.27%
8	2007-2008	24956.71	(+)378.83%
9	2008-2009	28706.05	(+)15.02%
10	2009-2010	35142.23	(+)22.42%
11	2010-2011	23786.84	(-)32.31%
12	2011-2012	36814.14	(+)54.77%
13	2012-2013	40220.67	(+)9.25%

Source: DIPP Report Compilation, 2012



Source: Compiled from DIPP Fact sheets & SIA statistics

Figure 1.5: FDI inflow Trends in Retail

The graph explains the trends in FDI inflow in Retailing. FDI policy reforms in Retailing introduced by government of Indian in 2006 that includes 100 (FDI) in the Cash & Carry comes through automatic route and in single brand trading 51 is allowed through the Govt. consent channel for boosted the investment sentiment this are resulting a high growth momentum (378%) in FY 08 and after that there are downward trend due to global slowdown and sluggish attitude of Indian government for the required reforms in Retail sector. The slow growth rate of Indian economy and severe condition of current account forced the government to bring the necessitate reform in this sector as Retail has more potential to attract the foreign investors. 51 percent FDI in Multiband & 100 percent FDI in single brand were allowed in Dec 2012 but did not receive the expected response from foreign investors due to uncertainty of political phenomena. So the trends reveal that the growth of the retail sector depends on domestic environment regarding to policy making as well as global environment.

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1.21 Reason for Investment opportunities

Organized selling is a current development that has taken place in India. We can judge it by the means of Socio-Economic indicators which has given rise in the form of consumption pattern for the new middle class of society emerging. This can be understood by the continuous change in the pattern of behavior, demographic dividend i.e. presence of large number of youths in the market, rise in the disposable income pattern, fast and ever-changing preferences and tastes of consumers, Economic boost provided by the large scale infrastructure development projects, all these vital indicators pave the way for growth and investment opportunities in the organized retail market in a developing country like India. Various sectors which are having better prospects for growth and development in retail sector are bountiful such as fashion accessories, clothing, textiles, electronic items, grocery, books, entertainment industry, consumer durables, etc. India. India's dynamic retail landscape presents a big opportunity to foreign investors as well as domestic investors.

Table-1.4: Socio-Economic Factor

Indicators	1961	1971	1981	1991	2001	2011
Life Expectancy(Years)	41.3	45.6	50.4	58.7	62.5	63.5
Crude Death Rate(Per 1000)	25.1	14.9	12.5	9.8	8.4	7.2
Crude Birth Rate(Per 1000)	40.8	36.9	33.9	29.5	25.4	19.6
Literacy Rate(% age)	28.3	34.45	43.57	52.22	64.83	74.04
Per Capita Net Availability of Food grains per day(grams)	468.7	468.8	454.8	510.1	416.2	462.9
Per capita income at(2004-2005) price(in Rs)	7121	8091	8594	11535	16175	35993

Source: Economic Survey 2010-2011 & Registrar General of Census 2011

The table shows the principal sign of socio-economic transformational increase in the life expectancy of 63.5 in 2011 from 41.3 (years) 1961. Crude death rate and birth rate is also decreasing. From the figure conclusion can be made is a significant development in the fundamental value in life of Human Beings on standard.

Table-1.5: Disposable income at current price (base year 2004-2005)

Financial Year	Disposable Income(in Rs Billions)
2001	18314
2002	20171
2003	21357
2004	23564
2005	25822
2006	29109
2007	33285
2008	37347
2009	45314
2010	51984
2011	60158
2012	71640
2013	80250
2014	90272
2015	99904
2016	108534
2017	118944

Source: RBI Handbook 2017

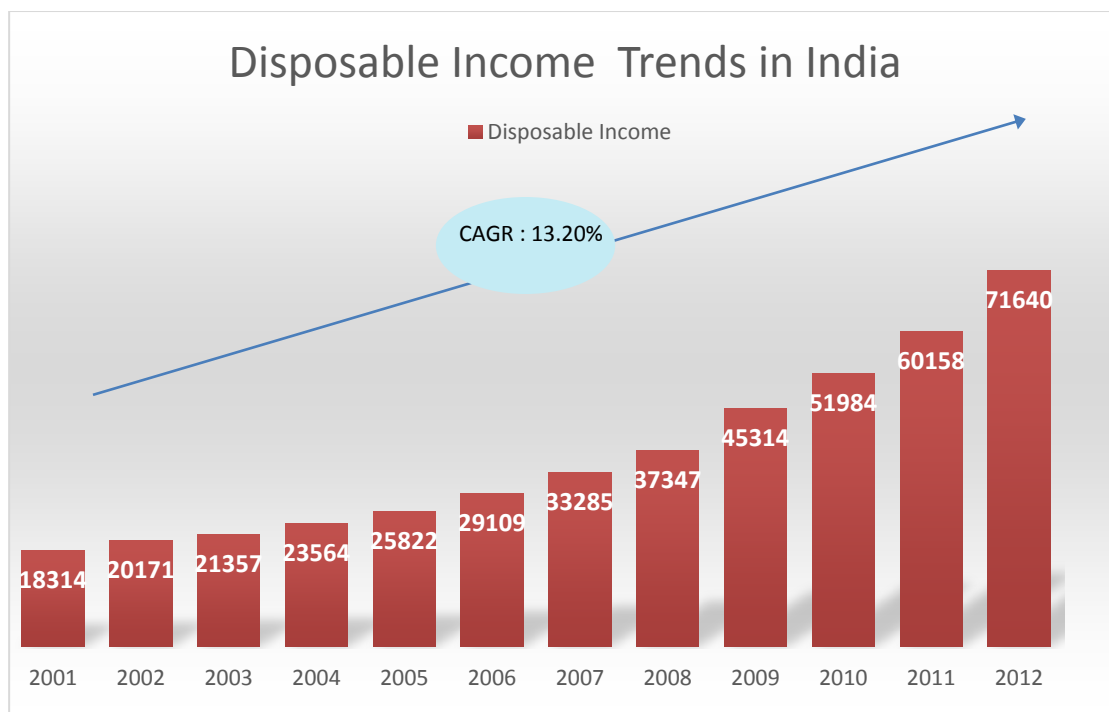


Figure 1.6: Disposable Income Trends in India

Disposable income acts an important part in determining the escalation of many industries where fast moving consumer durables, automobiles, tourism, real estate and many more. The industrials are interested to know where the disposable income is concerned in terms of demographic so that they are better able to target their products, sales efforts. The disposable income has grown at the growth rate of CAGR 13.20% that will lead to high mass consumption in durable, non-durable and luxury goods that will change the traditional retailing into modern retaining with huge investment opportunities.

Favorable Demography

Table 1.6: Distribution of Age in India 2011

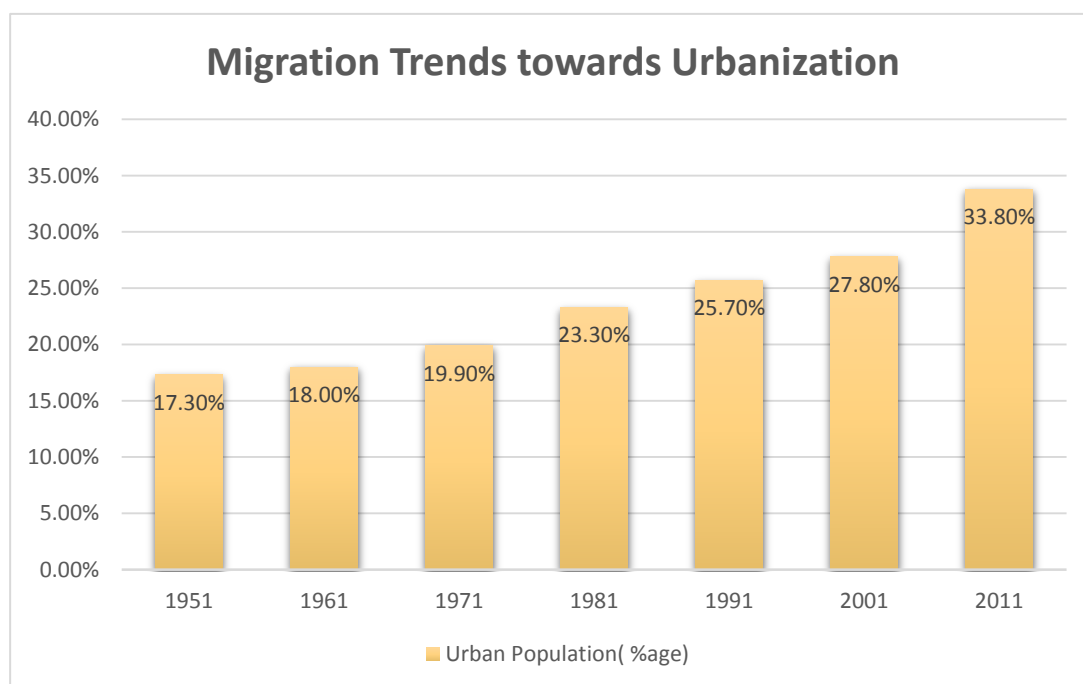
Age Group	Percentage of Total Population
0-14	29.0
15-59	62.7
60 and Above	8.2

Source: Situation Analysis of the Elderly in India 2012

Table-1.7: Million plus Cities in India

Census Year	No of Cities
1981	12
1991	23
2001	35
2011	53

Source: Registrar General of India



Source: Registrar General of Census 2011

Figure 1.7: Migration trends towards urbanization

As per the Situation Analysis of the Elderly in India 2011, approximately 63 percent Indian population comes under the age group of 15-59 years consisting of young and working population that will be attracted towards new retailing format. Working population generates huge domestic demands for goods and services. The aspiration of youth and middle class, enhancement in the standards of living providing lifestyle value creation, increment in the consumerism, Opportunities in the Employment sector gives much needed scope for the large section of the unemployed youth. In census year 2011,

the urban rural migration has increased 33.8% from 27.8% in 2001. Number of million cities also has increased 53 in 2011 from 35 in census year 2001. Good transportation, banking system; skilled workforce and consumerism are major factors in the million plus cities that are attracting domestic and foreign players in retailing. Most of these trends has given rise to the opening of various stores among the metropolitan cities like Mumbai, Kolkata, Delhi, Chennai, Jaipur and Chandigarh where large number of service sector employees are engaged in the government and private sector. The significant concentration of population in these regions have given rise to consumption of goods and services at large scale whereby generating ample amount of scope for the retailers.

This phenomenon would be seen as a main driver for the organized retail boom with a lot of opportunities for growth.

Table-1.8: Easy credit availability

Year	Credit Cards	Credit cards growth rate(%age)	Debit Cards	Debit cards growth rate(%age)
2012	17653818	10.77	278282839	19.01
2013	19554297		331196720	

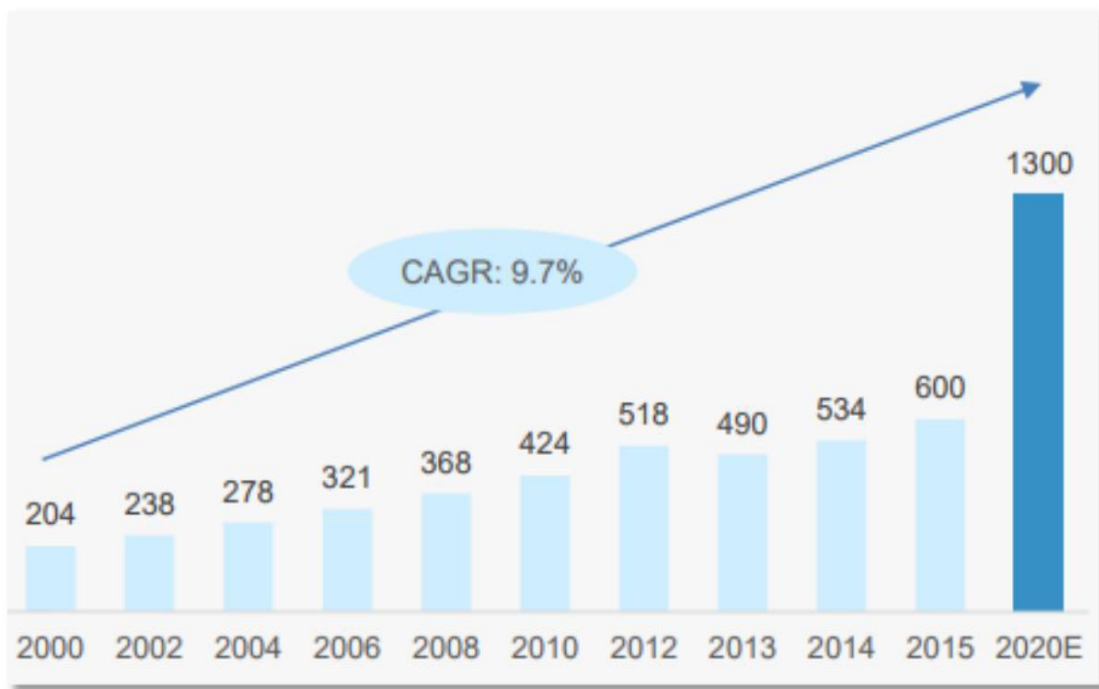
Source: RBI statistics Report 2013

Transactions No of credit card holders in India have grown at 10.77 percent whereas debit card growth rate is 19.01 percent in the year 2013. The majority of youngsters favor digital money like wallet system; paytm has given rise increase in spending capacity and wants to experience the new retail format with different brands in all retail segments.

Table-1.9: Indian Retail Market Size (2012-2015)

Year Wise	Marketplace (US\$ billion)
2012	518
2013	490
2014	534
2015	600
2020E	1300

Source: Indian Brand Equity Fund (IBEF) Report Aug 2015



Projected as per the yearly growth rate of 2015
Source: BCG Retail 2020, Ernst & Young, Deloitte, indiaretailing.com
CAGR- Compound Annual Growth Rate, E- Estimated

Figure 1.8: Retail Market Size Trends in India

Retail Trade in a country like India is extremely fragment in nature and rising as one of the major area in market involving various sectors of market . The table and graph explain the strong growth in Indian Retail Industry by 2017. The total market size reached USD 600billion by achieving a CAGR of 9.7% since 1998.The Indian retail marked size

achieved growth rate of 22.17 percent in 2012 and on behalf of this growth rate the Indian Retail bazaar is anticipated to be of USD 1300 bn by year 2020.

1.22 Organized Retail in Nascent Stage

In India retail is nascent and mostly unorganized. The local baniya or kirana stores, the paanwala and vegetable vendors are major constituents of Indian retail format. The Organized Retail dissemination in a country like India is (8 percent) in relationship to the rest of countries like USA (85 percent), Japan (66 percent), UK (80 percent) and China (20 percent). Unorganized players have power over the marketplace by means of 92% market contribution to and as per IBEF Report Aug 2013 Organized Retail is projected to attain twenty percent of the whole retail business. The favorable growth signifies the penetration for organized retail in India that makes it as most favorable future destination for retail market.



Source: Indian Brand Equity Fund (IBEF) Report Aug 2016

Fig.1.9: Retail Market Size Trends in India. Highlighting Significant Scope for expansion in Organized Retail

1.23 Favorable Government Policy on FDI

Indian Government adopted liberal policy on FDI as part of economic reforms of 1991 to encourage investment in different sector of economy by allowing foreign direct investment in the priority sectors.

In the early stages of financial reforms started in 1990, most of the initiatives that were taken place in the various sectors like Exchange Control, Investment, abandonment of panchayati raj, banking reforms, financial reforms, Economic reforms, privatization of government run institutional, opening of our Industry for Foreign Direct Investment from the foreign players, amendment in law's, intellectual property rights and enactment of competition laws for the Industries. India is seen as Global player among which provides safe and secure environment for the foreign players Investment. The retail sector in India went through large number of reforms from time to time since 1991 which are outlined below:

1995: WTO General Agreement on Trade in Services (GATS) which included both wholesale and retail trade in services came into effect.

- ❖ 1997: FDI in cash and carry allowed 100 percent under Gov. approval route.
- ❖ 2006: FDI in single brand retail was permitted to the 51 percent
- ❖ 2012: 100 percent FDI in single brand retail and 51 percent FDI in multi brand permitted under Gov. approval routes with certain conditions

❖ **Single Brand –**

This Single brand retail is those in which a single item is sold across all outlets. Such as Rebook, Titan, Puma etc. Key points of policy of FDI in the concerned retail are as follows:

- 100 percent allowed through Automatic Route.
- For FDI above 51 percent, 30 percent sourcing must be from SME" s.
- In total additional goods and product division that must be sold under the umbrella must further take approval from the government.

❖ **Multi Brand (MBRT)**

The MBRT is one in which many items are sold under a single roof. In multi-brand a single retailer come up with the figure of new products/ brands. For example Wal-Mart, Big Bazaar, etc.

Key points:

- 51 % FDI allowed in Multi- brand
- USD 100 million Minimum investment cap.
- 30 percent sourcing must be from SME" s. Minimum 50 percent to be invested at the back end development for the activities like Cold storage, Logistics, Agro and rural development Processing and Seed farming
- 50 percent employment will be reserved for the country's youth.
- To ensure the "PDS and food security, Gov. Reserves the right to procure a certain amount of food grains".
- Permission to setup store only in "cities with a minimum population of 1 million which are 53 cities in India according to 2011 census and may also cover area of 10 kms".
- The proposal will be passed by both Centre and state government for these kind of agreements.

- Commerce through Ecommerce prohibited.
- Fresh agriculture products including “fruits, vegetables, flowers, grains, pulse, fresh poultry, fishery and meat may be unbranded”.
- **2013**, The government relaxed the FDI conditions in single-brand retail even further: FDI in single brand product retail trading has been allowed up to 100% , wherein 49% would be through an automatic route and the rest, through the government route. Until, then, the entire hundred percent FDI in single brand retail was permissible only through administration route. In the case of multi-brand retail , an FDI cap has been retained at 51%
- **Nov, 2015** industrial policy and promotion (DIPP) announced a string of FDI reform’s across 15 sectors, including retail. It states that a Thus, single brand retail companies with stores will be allowed to sell online, using the E-commerce platforms with certain conditions. Where a retailer is allowed to trade online, an Indian manufacturer should be involved in the company as investee and the proprietor of the Indian product built-up in India, with at minimum 70% of its goods are made in-house & sourcing not more than 30% form Indian Industries.

1.24: FDI in Retail and its impact on Employment Generation in Retail Sector

General perception revolves around the concept of FDI in retail and its exponential growth in the recent times of major organized retail players in India is an issue in contention and debate. It is to be seen that how it affects economy, job creation and effect on indigenous retailers for the times to come. The class of analysts for the developing spectacle to the point relates for predictable adverse affect of organized chain on unorganized, minor retailer. The emergence of these new retail states of affairs of employment has absolutely transformed in retail sector in contemporary times. The skill expectation (skill includes to

relate well with consumers, know customer need, taste plus guide an individual in selecting suitable merchandise and product information) with value improvement levels are significantly improved. The change in the phenomena also requires people with technical as well as computer savvy approach to make room for themselves in the Organized sector as compared to the ones who has worked in traditional type of retail shops. The complete impact on the concept of labors having far implications as sighting the case of unorganized retail business structure. In unorganized retail skill expectations are minimal.

The Structured sector trade offers job those having direct beneficiary of stable service such as, National Pension Scheme, health insurance cover, house rent allowances, various types of leaves and other perks related to the persons serving in the Government. On the other hand employment in unorganized retail is informal in commission mainly on the standard of "hire and fire". The basic requirement of education required for getting employment in present times in view of informal retail is the important issue in this contention for a country like India in which almost seventy five percent of youth doesn't fulfill the basic education qualification making it difficult for them to fold them into modern retail format. There are likely chances that the retail space will try to harbor negative effect on the job creation in unorganized retail sector in short term but in long run if fitting education and skill can be inculcated among them, then are going to be better job perspective in organized retail.

Table: 1.10: Participation of Retail sector in total employment generation

Year	Total Employment in Public and Private Sector	Total Employment in Retail	%age of Total Retail Employment
2000-01	277.9	5.02	1.81%
2001-02	272.05	4.92	1.81%
2002-03	270.01	5.42	2.01%
2003-04	264.43	5.32	2.01%
2004-05	264.59	5.59	2.11%
2005-06	266.44	5.69	2.14%
2006-07	269.28	5.88	2.18%
2007-08	271.22	4.37	1.61%
2008-09	277.66	6.46	2.33%
2009-10	282.92	6.77	2.39%
2010-11	286.93	7.16	2.50%
2011-12	290.00	7.63	2.16%

Source: Economic Survey 2012-13

The above statistics shows the contribution of Retail sector in total employment generation. Total workers engaged in retailing activities increased from 5.02 lakh in 2000-01 to 7.16 lakh in 2010-11 with a total growth of 42.63%. The retail sector contribution to total employment is increasing consistently except for the year 2007-8. Changes in Retail policies, increasing disposable income, young professional workforce and fast urbanization are some of the factors that lead to modern retail format and create huge job opportunities in retail.

Table: 1.11: Participation of Public and Private sector in employment generation in Retail (Lakh individuals as on March 31, 2011)

Year	Public Sector	Private Sector
2000-01	1.63	3.39
2001-02	1.57	3.35
2002-03	1.82	3.6
2003-04	1.81	3.51
2004-05	1.84	3.75
2005-06	1.82	3.87
2006-07	1.78	4.1
2007-08	1.65	2.72
2008-09	1.74	4.72
2009-10	1.71	5.06
2010-11	1.75	5.46

Source: Economic Survey 2012-13

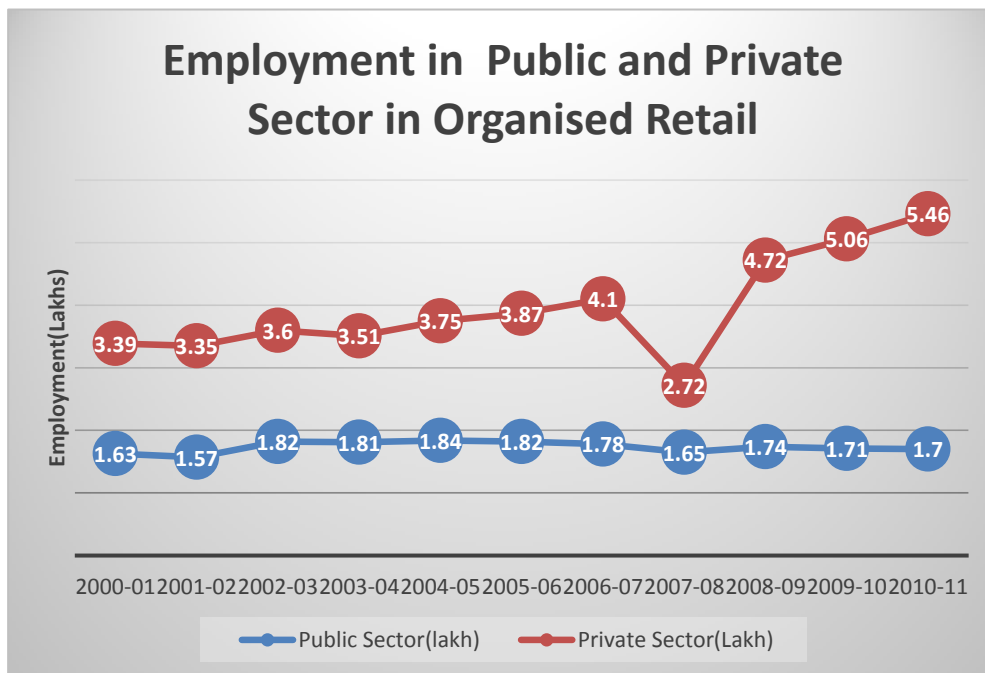


Figure 1.8: Employment Trends in Public and Private in Retail

The above table and graph shows the employment trends in public and private sector in organized retail in India. The participation of the private sector in employment generation is much higher than public sector .Private sector in retail accounts for 76% of total employment generated in retail. Total growth in private sector is 76% as compared to public sector growth of 4% for the period 2000-01 to 2010-11. Huge growth potential in retail sector in India attracts domestic and foreign private players in retail to enter for capturing maximum share in retail market.

Table 1.12: Employment in Retail Sector during period 2000-01 to 2012-13

Sr No	Year	FDI(Rupees million)	EMP(Lakh)
1	2000-2001	3365.9	5.02
2	2001-2002	2105.36	4.92
3	2002-2003	2840.39	5.42
4	2003-2004	8432.89	5.32
5	2004-2005	2637.44	5.59
6	2005-2006	1234.28	5.69
7	2006-2007	5211.99	5.88
8	2007-2008	24956.71	4.73
9	2008-2009	28706.05	6.46
10	2009-2010	35142.23	6.77
11	2010-2011	23786.84	7.16
12	2011-2012	36814.14	7.44*
13	2012-2013	40220.67	7.72*

Source: Compiled from the Fact Sheets of “Department of Industrial Policy & Promotion (DIPP) & Economic Survey Report” 2012-13.

Debate in favor of FDI in multi-brand retail:

An analysis done by Technopak, a management consulting firm, compares the effect of job creation by independent retail and by corporatized retail (organized retail). The effect of job creation by independent retail and by corporatized retail .We conclude from this that

employment in corporatized retail has not grown at the cost of independent retail. Independent retail added 4 million jobs in the last decade and is expected to create 9 million more jobs by 2021. Organized retail will add another 2.7 million jobs. Adding to this, a study by Price Waterhouse Coopers (2011) has established that every 50,000 square feet infrastructure development activities will provide jobs to more than two hundred people. This means that organized retail will not eat up the share of unorganized independent retailers.

The supply chain management which is the key to the overall business management of retail stores and its process. For retailers to be profitable there is a need for scale, precision and efficiency in the supply chain. And meeting this goal calls for huge capital deployment by retailers at every step of the value chain. Since independent retailers are too small in size, they do not have the capacity to pump in such investment.

Country's supply chain network management system is the least developed in the world which results in wastage of very large quantities of farm produce. There are a number of middlemen who eat up large chunks of the pie and as a result, the farmer and the end consumer bear the entire burden. The emergence of large retailers has gradually on its way to improve and improvise the network of supply management system. Just like other nations of the world have benefitted from organized retail, the same is expected of India. Another important contribution that large retailers can make is in the area of technology. When retailers which have created ample success stories in other countries come to India, they will bring with them the technology expertise that India does not possess. This means that all the innovative modern techniques of both back-end and front-end retailing will then be with us. Also, foreign retailers will compete with Indian firms, the benefits of which will pass on to suppliers and consumers.

As we know, most transactions happening in the 15 million retail shops in India are in cash. There is a parallel economy thriving due to non-invoicing and non-reportage of

sale. The owners do away with non-payment of taxes and tax (VAT) leakages. With incoming of corporatized retail, the possibility of such unwanted issues will diminish. A lot of people believe that entry of foreign retailers will change the face of retailing in India for the better. The flexibility shown by the Indian government in FDI reforms in the recent past have been taken very positively by them. However, there are others who do not think like this.

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The entry of global retailers in countries like Thailand and Brazil has marginalized traditional retailers because large retailers are financially strong and have higher bargaining power. They practice anti- competitive pricing and even predatory pricing. With coming of these giant retailers in India, the same practices would be replicated which will lead to wiping off traditional retailers. Talking about Agriculture, some studies indicate that even in the US, the net income of farmers came down drastically in 2005. With the supporting argument provided for this is that big retailers bring in a new set of middlemen like standardize, quality controller etc. who replace the older traditional middlemen and walk away with profits leaving the farmer in the same shape, to survive on the subsidy dole. It is also being said that organized retail will create huge unemployment because traditional retail will be wiped off. Issues such as these have been provided as reasoning by several trade unions and other stakeholders who are opposing this phenomenon in India.

Drawing from the above discussion and relevant literature studied, we conclude that backed with a positive economic growth and rising consumer patterns and income levels, both modern and traditional retailers can grow simultaneously in the Indian scenario. Modernization of retail should be accepted as a natural evolutionary process along with growth and development of the economy. This process will also automatically boost linked sectors such as food processing, tourism, hospitality etc. As an example, since

China has opened up its retail sector, sourcing from there across the world has increased manifold. It is appreciable that India has initiated some key reforms in retailing, thereby facilitating modernization of the industry by large. With this attitude, it will soon emerge as the fastest growing global destination and attracting foreign firms as its most sought after destination for investment.

1.25 Chapter Scheme

This research work has been structured in the following five Chapters:

- 1. Chapter 1: Introduction** – the initial chapter depicts overview of retailing, FDI in retail and various reforms adopted by the successive phases by Gov. of India to promote FDI in Retail.
- 2. Chapter 2 Review of literature-** This chapter is dedicated to review of previous studies carried out on different aspects related to FDI in Retail which has been displayed in my reviews. Reviewed literature will be utmost pertinent to reach to the logical conclusions about the gap of the studies and how it will be beneficial during the course of research.
- 3. Chapter 3 Research Methodology** - this chapter is an endeavor to deals with research methodology and also encompasses the need and significance of the study. The tools and techniques used are also stated.
- 4. Chapter 4 Data analysis and Interpretation-** this chapter is framed to found out the analysis and results of three objectives undertaken to explore the consumer's perception about the present study.
- 5. Chapter 5 Summary of Findings, Conclusion and recommendations** - this chapter is framed with the findings and conclusions or the study. Recommendations and limitations of the study are also elaborate in this section.