

ORGANIZED RETAILING IN INDIA: OPPORTUNITIES AND CHALLENGES**Y.D. Lembhe and J.V. Bhalerao**Rajmata Jijau Shikshan Prasarak Mandal's, Institute of Computer and Management Reserch
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lambs115@gmail.com**ABSTRACT**

Organized retail, accounting for around 18% of the total retail sector is rapidly growing sector in India. There are several growth opportunities for the sector such as - fast growing economy, attractive demographics, rising urbanization, rising income levels, growing double income families, access to transportation etc. Notwithstanding these opportunities, the sector has to overcome the following challenges – high investments, technology, lack of skilled manpower, lack of distribution infrastructure, power outages, high real estate costs and competition from unorganized as well as organized sectors. Despite these challenges, the organized retail sector, underpinned by the several growth opportunities, is poised for stellar growth in the coming years.

Keywords: *organized retail, demographics, technology, manpower, urbanization*

Introduction

India is one of the biggest emerging markets, with a population of more than one billion. It is one of the biggest economies in the world in terms of purchasing power. Retailing in India is at an early phase of its advancement, yet inside a little timeframe, certain patterns are unmistakably emerging which are in accordance with the worldwide encounters. Organized retailing has become more famous in large urban communities in India and the vast majority of the metropolitan urban areas and other large urban areas are overwhelmed by modern organized retail stores. As indicated by IBEF, the portion of organized retail in India is probably going to double to 18% in 2021 (from 9% in 2017). India's retail industry positions fourth in the world as far as size, which represents 10% of the India's GDP and contributes 8% to the general employment in the country. The market size of the industry was roughly \$0.79tn in 2017 and was assessed to arrive at \$1.75tn by 2026, developing at a CAGR of 9-11% (Sinha, 2020).

Opportunities

1. India's roaring economy is a significant source of growth. It is the third biggest in the world in terms of purchasing power. India is the quickest developing major economy in the world.

2. The proportionate expansion in spending with earnings is one more source of opportunity.

3. With the Indian economy expected to develop at more than 8% and with normal increase in salary of around 15%, manufacturers and retailers of consumer goods and services can anticipate a significant lift in consumption.

4. The Demography Dynamics are additionally great as around 60% of Indian population is beneath the age of 30.

5. Expanding occurrences of Double Incomes in many families combined with the ascent in spending power.

6. Expanding utilization of plastic money for classes identifying with Apparel, Consumer Durable Goods, Food and Grocery and so forth.

7. Expanded urbanization has prompted higher customer density areas subsequently empowering retailers to utilize lesser number of stores to focus on similar number of customers. Aggregation of demand that happens because of urbanization helps a retailer in procuring the economies of scale.

8. With expanded automobile infiltration and a general improvement in the transportation infrastructure, covering distances has become simpler than previously. Presently a customer can venture out miles to arrive at a specific shop, if that the person in question sees value in shopping from a specific area (Rahman, 2012).

Literature Review

There is ample research available on the topic of organized retail in India. Below are a few abstracts from the recent literature.

Chawla et al. (2019), have posited that, retail industry is one of the largest sectors and second biggest work provider after agribusiness in India. Because of simple access and unconditional information necessity for opening up a retail store/outlet, the presence of vendors, road merchants, little kirana stores can be noticed effectively in India. There isn't any prerequisite to have a degree in retail management and any predefined rules to open up a retail store. Accordingly little unorganized retailers catch the greater portion of retail in India. Both organized and unorganized retail stores exist together in India. Organized retail portion is peeping in and making its situation at an exceptionally quicker pace in the sector, contributing for the improvement of retail industry in India. Indian retail sector has a characteristic upper hand of one of the youngest populations on the planet, who will in general be more exploratory, techno-savvy and risk taker, can draw in foreign investors to invest in India through FDI. The current paper at first attempts to discover the purposes behind development of retail sector in India alongside challenges and opportunities looked by organized and unorganized retail sector. The paper likewise proposes ways of reinforcing retail industry in India.

Srivastava et al. (2020), have argued that, this article is an endeavor to distinguish the obstacles for the speedy growth in the Indian retail market. This paper follows the quantity of concomitant research and investigated different business parts of the country for the decade 2010. It distinguished major infrastructural and operational challenges of the Indian market looking by organized retails for their sustainable growth. The research is restricted to those significant challenges which fundamentally affect the generally speaking organized Indian retail market as it were. Further investigations on a different sub segment of the market can distinguish a couple of more pertinent challenges moreover. The retail market has colossal business and economy advancement opportunity inside. The ideal climate for retail will help India

consequently. In understanding, well-framed strategies considering the recognized challenges will improve the productivity of the segment.

According to Gupta and Sharma (2020), the retail industry worked effectively in expanding the utilization of consumer goods and services from one side of the planet to the other. The retail industry of India is dynamic in nature and is consistently developing. It is positioned among top 5 retail enterprises in the world. However, the industry is viewed as a prospering sector yet it lacks behind when contrasted with retail industry of developed nations. This paper centers around the challenges and opportunities looked by the organized sector of the retail industry in India. The contest with unorganized sector is viewed as a significant test by the organized retail sector. Other than that, lack of infrastructure, dearth of supply chain management, high operating cost and so forth are different challenges looked by the organized retailing in India.

Roodagi (2020), has opined that, a quickly changing retail landscape is found in India as of late and is been investigated by huge scope investments by domestic and foreign players. Today Indian retail industry is positioned among the ten biggest retail markets in the world. The essence of retailing in India is changed by the attitudinal shift of the Indian consumer and the rise of organized retail formats. Lately consumer purchasing in retail sector is being projected as a key opportunity area with the indication of reappearance of financial growth in India. This paper gives nitty gritty data about the growth of retail industry in India. It additionally fundamentally highlights the challenges and significant opportunities looked by the industry soon ahead. The paper incorporates growth of retail sector in India, strategies, strength and opportunities of retail stores, retail design in India, late patterns, and opportunities and challenges. This paper closes with the possible effect of the section of worldwide players into the Indian retailing industry. It additionally highlights the challenges looked by the industry in not-so-distant future.

According to Mogale and Dalvi (2019), retailing in India has a few outstanding

accomplishments just as great growth during most recent couple of years. Indian retail market is one of the top five retail markets in the world by financial worth and additionally it is considered as one of the quickest developing retail markets in the world. Retailing in India is the most significant mainstay of its economy and records of around 10% of its GDP. Indian retail industry is ordered into organized and unorganized sectors. There is a fast improvement of retailing which prompts shifting of customers from unorganized to organized sectors and it is basically a direct result of changing conduct and inclinations of consumers. This changing conduct of consumers is due to increased income and changed ways of life. Presently the customer is especially mindful concerning the products and services. He is turning out to be quite certain and cognizant about getting services by the retailers. His assumptions are expanding step by step. Customers need everything under one roof for example shopping, food and entertainment and subsequently retailing in India is growing exceptionally quick. This is paper completely dependent on secondary data. This paper gives data about job of organized and unorganized sectors in India. It additionally incorporates different formats of retailing, current situation, growth and challenges of retail industry and the future possibilities of retailing in India. Moreover Zameer (2019), Chattopadhyay (2020) and Selvaraj et al. (2019), have dealt with various aspects of organized retail market in India.

Challenges

1. The organized retail sector in India is currently at a developmental stage, characterized by a small number of players. To turn into a thriving industry, the Indian retail sector needs to draw in Indian and foreign players to make substantial investments.
2. Technology is one of the significant challenges faced by organized retailers for proficient management.
3. Lack of skilled workforce in retail sector.
4. Understanding customers as far as customer conduct and loyalty is a troublesome work. Retailers need to execute viable customer relation management and loyalty program.

5. Distribution is a necessary piece of any retail firm. Conveying the right goods to the right place is the main task of distribution. Retail majors are under genuine strain to further develop their supply chain systems and distribution channels and arrive at the degrees of value and administration wanted by customers. The lack of appropriate infrastructure and distribution channels in the nation results in inefficient cycles.

6. Organized retail outlets utilize extremely huge volumes of power for an assortment of uses from lighting, air conditioning, escalators, cold storing, billing systems, lifts and so on. Because of deficient and wasteful power supply, an enormous measure of private investment goes into power backups. This makes it truly challenging for organized retail to develop.

7. The retailers in India are paying extremely high cost for real estate. This builds the support cost and lessen profit margins.

8. Contest from unorganized sector is another test confronting the organized retail industry in India.

9. As increasingly more organized retail outlets are dotting the Indian topography; contest is not any more confined among organized and unorganized retailing. It is currently very apparent between organized retailers also. Productive and viable Loyalty programs, home delivery of goods, customer maintenance strategies, offers, limits and so on are the thing to take care of (Rahman, 2012).

Conclusion

With 10% share of GDP and 8% share of employment, retail is one of the most important sectors of the Indian economy. Organized retails accounts for around 18% of the total retail market and is very rapidly expanding sector. There are several growth drivers for the organized retail sector which offer a lot of opportunities for growth. They are – rapidly growing economy, rising incomes levels and spending power, significant salary hikes to the working class thereby lifting spending, favorable demographics with 60% population below 30 years, growing double income families, rise of plastic money, growing urbanization helping aggregation of demand and availability of transport. Notwithstanding

these opportunities, the sector has to overcome the following challenges – requirement of significant investments, technology, lack of skilled manpower, difficulty in understanding customer behavior, lack of distribution infrastructure, power outages, high real estate

costs and competition from unorganized as well as organized sectors. Despite these challenges, the organized retail sector, underpinned by the several growth opportunities, is poised for stellar growth in the coming years.

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