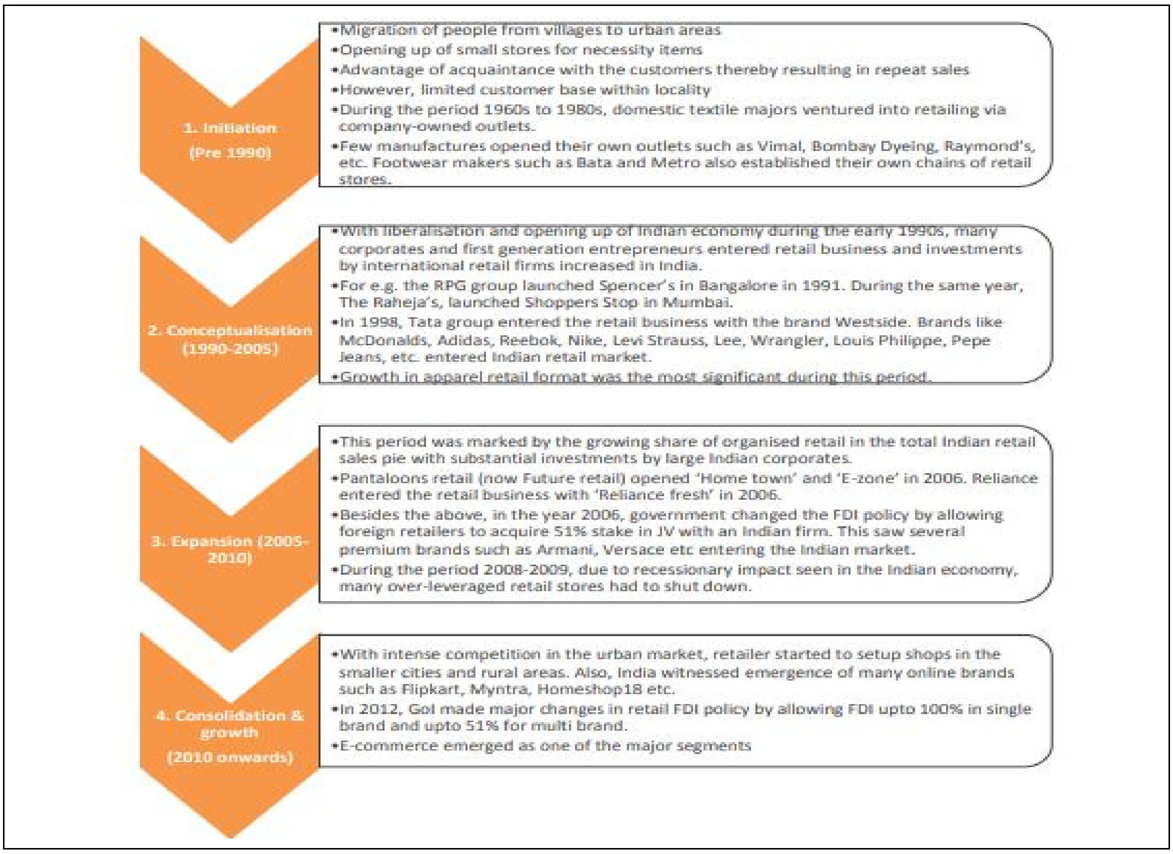
RETAIL INDUSTRY

INTRODUCTION

The word ‘Retail’ has been derived from the French word ‘retailer’ which means ‘to cut a piece off’ or ‘to break bulk’. Retailing can be defined as procurement of varied products in large quantities from various sources/manufacturers and their sale in small lots, for direct consumption to the purchaser. Retailing is one of the biggest sectors in India and has witnessed multi fold growth post liberalization of the Indian Economy.

EVOLUTION OF RETAIL IN INDIA



Driven by technology and modernization, the retail sector in India is at the cusp of evolution. Disruptions throughout the value chain – sourcing, manufacturing, transportation, procurement, warehousing and inventory, distribution, marketing and advertising, selling, logistics, delivery, after sales servicing, etc. – are driving this evolution, not just in retail but throughout the broader consumer business practices. India is the fourth-largest global destination in the retail space after US, China and Japan. While traditional retail and unorganized trade still rules, organized retail penetration is growing at a fast pace in the country.

KEY PLAYERS

According to Euromonitor International, US retail giant Walmart is India’s top retailer after it acquired Flipkart for $16 billion. Amazon is the second largest retailer followed by Future Group, Reliance Group and Tata Group.

MARKET SIZE

The retail market is expected to grow from USD795 billion in 2017 to USD1.2 trillion by 2021. There are many factors that are driving the growth of retail sector in India. Some of the primary reasons are advent of internet which can be better termed as digitization, rising purchasing power of consumers, urbanization and rapidly changing lifestyle of the consumers. The total consumption expenditure is expected to reach nearly US$ 3,600 billion by 2020 from US$ 1,824 billion in 2017. Retail is also a major contributor to the country's GDP. At present, it accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment.

PROMINENT RETAIL MODELS

Cash and carry/ wholesale trading, single brand retail trading, multi brand retail trade and E-commerce.

INVESTMENT SCENARIO

In January 2018, the Government of India (GoI) relaxed the rules for foreign direct investment (FDI) in single-brand retailing, permitting 100 percent investment under the automatic route (previously 49 percent under the automatic route). Further, companies can meet the 30 percent local-sourcing requirement through incremental sourcing by their global businesses for the initial five years. Further, Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in online retail of goods and services through the automatic route. The Indian retail trading has received Foreign Direct Investment (FDI) equity inflows totalling US$ 1.66 billion during April 2000–March 2019, according to the Department of Industrial Policies and Promotion (DIPP).

FUTURE OUTLOOK

The next generation of retail technology is indicating the rise of the digitally influenced shopping experience and the tidal wave of exponential technologies on the horizon. Going forward, the consumer industry is likely to experience newer approaches and bolder moves by many retailers and brands as they look to build differentiation and growth.

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