INTRODUCTION

Indian retail sector is contributing 10% to country’s GDP and also providing 8% employment, which is highest after agriculture. Retail market of India today is the second fastest growing economy of the world after China. Indian retail sector is highly dominated by unorganized retails like local grocery shops, owner managed general stores, chemist and druggist stores, apparel stores, footwear stores, hand cart hawkers, local venders, kiosks etc. Until the 1990s, regulations prevented innovation and entrepreneurship in Indian retailing. Through the 1990s, India introduced widespread free market reforms, including some related to retail. Consumers in select Indian cities have gradually begun to experience the quality, choice, convenience and benefits of organized retail industry in between 2000 to 2010. Organized retailing has become popular in big cities in India and most of the metropolitan cities and other big cities are flooded by modern organized retail stores. Many semirural areas have also witnessed entry of such organized retail outlets. Organized retailing, in India, refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the publicly traded supermarkets, corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses.

The Indian retail industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. The industry is moving towards a modern concept of retailing. The size of India’s retail market was estimated at US$ 435 billion in 2010. Of this, US$ 414 billion was traditional retail and US$ 21 billion was organized retail. India’s retail market is expected to grow at 7% over the next 10 years, reaching a size of US$ 850 billion by 2020. Traditional retail is expected to grow at 5% and reach a size of US$ 650 billion, while organized retail is expected to grow at 25% and reach a size of US$ 200 billion by 2020 with a compound annual growth rate of 10%, which is quite lucrative.

The scope of the Indian retail market has been seen by many retail giants. Organized retailing is witnessing a wave of players entering the industry. These players are experimenting with various retail formats. The global retail giants like Tesco, Wal-Mart,
and Metro AG are entering in organized retail sector of India indirectly through franchisee agreement and “cash and carry” wholesale trading. A number of large corporate houses from India like Aditya Birla, Bharti, Reliance, Pantaloon, Vishal, Tata's, RPG, Raheja's and Piramals's have already made their foray into this arena. Today organized players have attacked every retail category. Food and grocery, clothing and footwear, non-institutional healthcare, furnishing appliances and services, jewelry and watches are main drivers to get the growth in the retail sector of India.

Organized retail is a new phenomenon in India and despite the downturns. India is one of the largest emerging markets, with a population of over one billion. It is one of the largest economies in the world in terms of purchasing power. Organized Retail Sector in India is at the nascent stage & has tremendous potential with respect to all the types of formats. The market is growing exponentially, as economic growth brings more of India’s people into the consuming classes and organized retail lures more and more existing shoppers into its open doors. By 2015, more than 300 million shoppers are likely to patronize organized retail chains. The growing middle class is an important factor contributing to the growth of retail in India. By 2030, it is estimated that 91 million households will be middle class, up from 21 million today. Also by 2030, 570 million people are expected to live in cities, nearly twice the population of the United States today. Some other factors, supporting the growth of the organized retailing in India are: Increase in consuming middle class population, Social factors, like dual household income has enhanced spending power, spending moving towards lifestyle products and esteem enhancing products, average grocery spends at 42% of monthly spends-presents a huge opportunity, Increase in use of credit cards.

Still there are lots of issues & hurdles in the growth of the organized retailing in India. Most important the shortage of quality retail spaces at affordable rates, government regulations on development of real estate (Urban Land Ceiling Act), Need to provide Value for Money-squeezing margins. Retail revolution restricted to 250 million people due to monolithic urban-rural divide, lack of foreign direct investments in multi brand retailing. Other factors are rising lease/rental costs affecting project viability, poor
monsoons and low GDP Growth could affect consumer spending drastically, archaic labor laws are a hindrance to providing 24/7 shopping experience, personalized service offered by Kirana stores, unavailability of qualified personnel to support exponential growth in organized retail and different taxation laws. Therefore, it is essential that organized retailers have to concentrate about some retailing strategies, techniques, or methods to grab the opportunities emerged and make the compatibility with the changes and uncontrollable variables to sustain in hyper-competitive retailing environment.

Today retailing is much more than mere merchandising. It is about reflecting customer’s expectations, aspirations and furnishing the long lasting relationship with them. Apart from innovative product and services, smart marketing, aggressive advertising and distribution strategies; some innovative, aggressive, effective, attractive and competitive retailing strategies are today’s demand for effective delivery, targeting, and satisfying consumer needs in the well manner in organized retail industry. Because, customer’s anticipations are very high, which may not be fulfilled by Kirana stores? So organized retail industry have to fulfill all these anticipations in order to flourish, thrive, and germinate by laps & bounce in the Indian market.