

1. INTRODUCTION

The word "Retail" originates from a French-Italian word "retailer" meaning someone who cuts off or shreds a small piece from something. Retailing includes activities of marketing and selling products or services to end consumers for their own household or personal use. Retailer is a Person or Agent or Company or Organization who is instrumental in reaching the Goods or Merchandise or Services to the End User or Ultimate Consumer.

- Retail is referred to any sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale).
- Retailers who sell food products (food and beverage) to the consumers, which can be consumed, readily or after cooking are referred as food retailers.
- Retailing encompasses the business activity involved in selling goods and services to consumers for their personal, family or house hold use.
- Organized Agri food retailing refers to food and beverage retailing by licensed retailers (registered for sales tax, income tax, etc) with proper technical and accounting standardization.
- Organized retailing refers to trading activities undertaken by licensed retailers.

The retail industry is mainly divided into:- 1) Organised and 2) Unorganised Retailing

Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Organized food retailing is a two-tier market in which a small number of very large companies control a large proportion of supermarkets. The supermarket giants wield great purchasing power over farmers and processors, and strong influence over consumers. And Unorganised retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.

The Indian retail sector is highly fragmented with 97 per cent of its business being run by the unorganized retailers. The organized retail however is at a very nascent stage. The sector is the largest source of employment after agriculture, and has deep penetration into rural India.

1.1 GLOBAL RETAIL INDUSTRY

Retailing, one of the largest sectors in the global economy, is going through a transition phase in India. For a long time, the corner grocery store was the only choice available to the consumer, especially in the urban areas. This is slowly giving way to international formats of retailing. The traditional food and grocery segment has seen the emergence of supermarkets/grocery chains, convenience stores and fast-food chains.

Unlike food processors, food retailing is a two-tier market in which a small number of very large companies control a large proportion of supermarkets. The supermarket giants wield great purchasing power over farmers and processors, and strong influence over consumers. The traditional grocers, by introducing self-service formats as well as value-added services such as credit and home delivery, have tried to redefine themselves. However, the boom in retailing has been confined primarily to the urban markets in the country. Even there, large chunks are yet to feel the impact of organized retailing. There are two primary reasons for this. First, the modern retailer is yet to feel the saturation' effect in the urban market and has, therefore, probably not looked at the other markets as seriously. Second, the modern retailing trend, despite its cost-effectiveness, has come to be identified with lifestyles.

Retailing in more developed countries is big business and better organized than what it is in India. The ratio of organized retailing to unorganized in US is around 80 to 20, in Europe it is 70 to 30, while in Asia it comes to around 20 to 80. Hence there lies a great scope in India. In India the scenario is quiet unique, organized retailing accounts for a mere 5% of the total retail sector. Although there are around 5 million retail stores in India, 90% of these have a floor space area of 500 sq.ft. Or less. The emergence of organized retailing in India is a recent phenomenon and is concentrated in the top 100 urban towns and cities.

The global retail industry has traveled a long way from a small beginning to an industry where the world wide retail sales alone are valued at \$ 7 trillion. The top 200 retailers alone account for 30% of worldwide demand. Retail sales being generally driven by people's ability (disposable income) and willingness (consumer confidence) to buy, compliments the fact that the money spent on household consumption worldwide increased 68% between 1980 and 2003. The leader has in-disputably been the

USA where some two-thirds or \$ 6.6 trillion out of the \$ 10 trillion American economy is consumer spending.

In order to appeal to all classes of the society, retail stores would have to identify with different lifestyles. In a sense, this trend is already visible with the emergence of stores with an essentially 'value for money' image. The attractiveness of the other stores actually appeals to the existing affluent class as well as those who aspire to be part of this class.

Hence, the retailing revolution is emerging along the lines of the economic evolution of society. Positive forces at work in retail consumer markets today include high rates of personal expenditures, low interest rates, low unemployment and very low inflation. Negative factors that hold retail sales back involve weakening consumer confidence.

1.2 FOOD RETAIL IN INDIA

Retailing is one of the pillars of the economy in India and accounts for 13% of GDP. The retail industry is divided into organized and unorganized sectors. Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc.

Today India is one of the largest retail markets in the world with highest number of retailers (approximately 100 million) and the retail outlets (approximately 15 million). The current size of India's Retail market is about \$ 28 billion (Rs. 1.26 lakh crore). Retailing in India has begun to move towards modernization, systemization and consolidation.

In India retailing is considered as a sunrise industry. Food and grocery segment constitutes about 62 per cent of the total INR 12000 billion (USD 270 billion) Indian retail markets. There are about 12 million Food retailers in India and 80 per cent of those are actually mom and pop shops run by family members. The modern organized retailing is about 3 per cent of the total. At Kearney's global retail development index shows India on the top of emerging retail market. Retailing through non-traditional channels is

becoming more popular. Retailing through supermarkets, hypermarkets, department stores are increasing. Top business houses like Reliance, Tata, and Rahejas are investing in this sector. The retail sectors also employ over 10% of national workforce. The face of grocery retailing in India is seeing the change because of the huge investments by the corporate, to name the few are RPG Spencer, Future group, Food Bazaar, Reliance, Subhiksha etc. Retail sector is the fastest growing sector in the Indian economy. Traditional markets are making way for few formats such as department stores, hypermarkets, books supermarkets and specially stores. International players like Tesco and Carryfour are expected to enter India very soon. The business sectors of banking and retail have always had close links. Finance should also be made easily available to facilitate expansion and restructuring plans undertaken by retailers.

Though with a population of 1.14 billion in 2011 and a middle class population of over 400 millions organized retailing (in the form of food retail chains) is still in its infancy in the Country. India has been rather slow in joining the Organized Retail Revolution that was rapidly transforming the economies in the other Asian Tigers. This was largely due to the excellent food retailing system that was established by the *kirana* (mom-and-pop) stores that continue meet with all the requirements of retail requirements albeit without the convenience of the shopping as provided by the retail chains; and also due to the highly fragmented food supply chain that is cloaked with several intermediaries (from farm-processor-distributor-retailer) resulting in huge value loss and high costs. This supplemented with lack of developed food processing industry kept the organized chains out of the market place. The correction process is underway and the systems are being established for effective Business-to-Business (farmer-processor, processor-retailer) solutions thereby leveraging the core competence of each player in the supply chain. Though The Indian retail industry is the fifth largest in the world. Comprising of organized and unorganized sectors, India retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unorganized, however with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. With growing market demand, the industry is expected to grow at a pace of 25-30% annually.

The share of milk products could have surpassed the contribution of cereals in agriculture for the year 2010-2011, in 2009 – 2010 vegetables and fruits contributed Rs. 1.45 lakh crore to the economy, milk Rs. 1.49 lakh crore, and cereals 1.51 lakh crores. The food industry is on a roller coaster ride as Indians continue to have a feast. Fuelled by– large disposable incomes – the food sector is witnessing a

remarkable change in consumption patterns, especially in terms of food. Food retailing has come of age -- from a period when food items were sold in small road side grocer shops & mandis, haats and bazzars by vendors to a stage when food products (processed and groceries) are retailed through supermarket stores where consumers can inspect, select and pick up the products they like in a comfortable ambience and still pay a fair price for the product and the merchandise and sometimes even pay less than the price they would have paid at the nearest food stores. Shopping for groceries is no longer a strenuous and uncomfortable affair. Instead, it is a pleasurable experience. From simple trading activity, food retailing is now heading to the status of an industry.

1.3 INTEGRATION OF FOOD INDUSTRY – THE KEY DRIVER OF FOOD RETAIL IN INDIA

India is world's second largest grower of fruits and vegetables after Brazil and China. While the agriculture sector has witnessed several leaps of innovation and technological advancements, the processing sector is still in its infancy. Even with less than 4% processing of fruits and vegetables, the Food Processing Industry sector in India is one of the largest in terms of production, consumption within India, export and growth prospects. The government has accorded it a high priority, with a number of fiscal reliefs and incentives, to encourage commercialization and value addition to agricultural produce; for minimizing pre/post harvest wastage, generating employment and export growth. As a result of several policy initiatives undertaken since liberalization in early 90's, the industry has witnessed fast growth in most of the segments.

- Changing consumer preferences due to increased disposable income. Consumers are demanding wider range and unique merchandise with consistent quality – 'all under one roof'
- Gradual increasing cosmopolitization of Indian population due to western influence and internationalization of palates and lifestyle created the need of wider array of products and services
- New types of packaged and convenience foods such as processed meat and meat products requiring refrigerated storage and transportation and retail shelf space

As of now the emphasis in food and grocery retailing is on dry groceries. The wet groceries like fruits, vegetables and meat products account for only 3-5 per cent of the overall offering of the organized players. However, consumers spending indicate that about 40% of total consumer spending is on wet groceries. The major challenge would thus be putting appropriate supply chain management infrastructure for wet products and those who will be able to do it faster will have a major differentiation advantage to

leverage. The signs of eliminating involvement of middlemen among Indian retailers are increasingly visible.

The processed food market for India is vast and the amount of scope that retail chains would be exposed to is phenomenal taking into consideration the demographics and raise in standards of living. Retailers could throng the market with all these processed and packaged foods with their private labels. With the emergence of the big private corporate, NGOs (Non-Government Organizations) and Government organizations into the food processing scene, India is making big in-roads into the Food Processing Industry. These corporate and NGOs have reached out to the farmers and provided them with timely advice and help in the up gradation of farm practices with valuable inputs on various areas of farming from sowing to harvesting which includes quality seed procurement, manures, fertilizers and pesticides etc.

Some of the successful models are that of ITC's e-choupal a model that helps the soyabean farmers in contract producing for ITC for its commodity trading business. The PEPSI experimenting with Punjab farmers in growing the right quality tomato for its tomato purees and pastes. Some of the leading food retail chains working with farmers for contract growing greens for supply to their retail outlets etc etc. These successful models are being replicated with required changes all over the country and the food industry is getting integrated more strongly.

These advancements have revolutionized the integration of the Indian Food Industry has played a vital role in solving, to a large extent, major supply chain issues that prevailed. The trend is that these successful institutional intervention models be replicated and spread in all segments of the food industry far and wide through the country that benefit all the incumbents of the chain evolve. This finally helps the retailer as his supply chain becomes much leaner and vertically integrated. Retailer is in a position to offer a wide variety and highest degree of convenience to his customer... The success of a couple of hyper mart's indicating the evolution of hypermarkets in the country prominent among them is Giant, Metro, Big Bazaar models.

The shortage of warehousing facilities, cold storage and large scale processing units has obstructed the growth of the Food Retailing Industry in India. As Supply chain is fragmented & marked by existence of large number of intermediaries, organized retailing has been a very tough proposition. India is still in the second and third party logistic provider mode while fourth party logistic models have become global standards for logistic providers.

NABARD can play a lead role in cluster formation and organizing farmers into producer companies and marketing companies, helping them to deal with organized food retailers directly. NABARD can also recommend relaxation of Rs. 20 lakh limit on priority lending wherever a farmer cluster has directly started working with an organized retailer under assured buyback arrangement for creation of infrastructure such as go down, refrigeration unit, cleaning, grading and sorting units and so on. NABARD can sponsor or support institutional set-up in rural areas for recruiting and training employees for organized food retail. NABARD already has schemes for cluster development (in handloom sector), creation of rural god owns, cold storages and development of agri marketing infrastructure and development of rural marts. The new proposed schemes can be well integrated with the existing ones.

Over the years, the increasing literacy in the Country and the exposure to developed nations via satellite television or by way of the overseas work experiences, the consumer awareness has increased on the quality and the price of the products/services that is expected. Today more and more consumers are vocal on the quality of the products/services that they expect from the market. This awareness has made the consumer seek more and more reliable sources for purchases and hence the logical shift to purchases from the organized retail chains that has a corporate background and where the accountability is more pronounced. The consumer also seeks to purchase from a place where his/her feedback is more valued.

1.4 DECADAL GROWTH OF THE FOOD RETAIL SECTOR

Retailing is a sunrise industry in India with many challenges like exclusion of small farms, management of processing and distribution chains. Evolution of super markets and fast food chains is a recent phenomenon in India. Various demand and supply side factors have contributed towards this growth.

- **Supply Side:**

The liberalization of the economy in the 1990s led to a boom in the “Consumer Goods” Industry with reductions in custom duties and shift from quota to tariff based system. Entry barriers on multinationals were largely removed after which Food Industry majors like Kellogg’s, Heinz, Tropicana, etc., entered the Indian food industry. This gave rise to tremendous development of sophisticated supply chain & logistics which eventually and gradually has led to the growth in the food processing & packaging industry

- **Demand Side:**

The increase in the income levels of middle & higher income groups in the 1990s coupled with the reduction in poverty levels was a major factor in contributing to the increase in demand for high quality food retailing services. Changing consumer lifestyles with the steep increase in time value, wide spread change in the Indian family structure from vast Joint Hindu families to more manageable nuclear families and increasing level of quality awareness has also helped the cause of the Food Retailing industry considerably. Another major factor that has accelerated the growth of the Indian Food Retailing Sector has been the advent of cable television and the increasing instances of overseas travel by Indians for various reasons.

1.5 FDI IN INDIAN RETAIL SECTOR

India in 1997 allowed foreign direct investment (FDI) in cash and carry wholesale. Then, it required government approval. The approval requirement was relaxed, and automatic permission was granted in 2006. Between 2000 to 2010, Indian retail attracted about \$1.8 billion in foreign direct investment, representing a very small 1.5% of total investment flow into India.

Single brand retailing attracted 94 proposals between 2006 and 2010, of which 57 were approved and implemented. For a country of 1.2 billion people, this is a very small number. Some claim one of the primary restraints inhibiting better participation was that India required single brand retailers to limit their ownership in Indian outlets to 51%. FDI up to 100 % under the government approval route would be permitted in single-brand product retail trading. FDI in single brand has led to emergence of some global majors in Indian market. However, China in contrast allows 100% ownership by foreign companies in both single brand and multi-brand retail presence.

Indian retail has experienced limited growth, and its spoilage of food harvest is amongst the highest in the world, because of very limited integrated cold-chain and other infrastructure. India has only 5386 stand-alone cold storages, having a total capacity of 23.6 million metric tons. However, 80 percent of this storage is used only for potatoes. The remaining infrastructure capacity is less than 1% of the annual farm output of India and grossly inadequate during peak harvest seasons. This leads to about 30% losses in certain perishable agricultural output in India, on average, every year.

Indian laws already allow foreign direct investment in cold-chain infrastructure to the extent of 100 percent. There has been no interest in foreign direct investment in cold storage infrastructure build out. Experts claim that cold storage infrastructure will become economically viable only when there is strong and contractually-binding demand from organized retail. The risk of cold storing perishable food, without an assured way to move and sell it, puts the economic viability of expensive cold storage in doubt. In the absence of organized retail competition and with a ban on foreign direct investment in multi-brand retailers, foreign direct investments are unlikely to begin in cold storage and farm logistics infrastructure.

Until 2010, intermediaries and middlemen in India have dominated the value chain. Due to a number of intermediaries involved in the traditional Indian retail chain, norms are flouted and pricing lacks transparency. Small Indian farmers realize only 1/3rd of the total price paid by the final Indian consumer, as against 2/3rd by farmers in nations with a higher share of organized retail.^[8] The 60%+ margins for middlemen and traditional retail shops have limited growth and prevented innovation in Indian retail industry.

1.6 FOOD RETAIL IN AGRA

The Organized Retail Sector in Agra City has been witnessing winds of changes in the last couple of years. The unorganized retail sector will probably continue to dominate the retail sector of Agra for many years to come despite these changes as the amount of investment needed to change the shopping habits of consumers is a massive process. Shopping in Agra comes in all flavors, both traditional and modern, making it a very interesting experience. Bazaars, markets, street vendors coincide with more the modern shops. The organized retail stores in Agra specialize in offering diverse range of consumer products, both personal as well as durable. Besides, multiple choices are also offered in different merchandise lines, in variable prices.

The various products that can be availed at the Agra departmental stores are furniture, apparel, electronics, home appliances, hardware, cosmetics, toiletries, photographic equipment, toys, sporting goods, jewelry, and many more. Many famous retail chains finds place in the city of Agra. The departmental stores in Agra have made shopping very easy and enjoyable for the locals as well as those visiting the city. Plentiful of offers on different goods and products, discounted rates convenient shopping experience, diverse range of goods, etc are among the various facilities that the Agra departmental stores bring for consumers. The retail industry in Agra will expand by 40 percent more than its existing size

during the next five years. Organized retail will grow 15 percent in the Agra metropolitan region. Real Estate in Agra will witness tremendous development of retail and its associated benefits. Currently organized retailing adds up to only 2 percent in Agra-the city which generates most of its revenue from tourism. In Agra there is 600,000 square feet destination retail mall, with hypermarkets, departmental stores, brand stores, and entertainment and dining options India's expanding economy is also helping real estate in Agra to develop to its full potential. The economy is booming primarily due to the export of services from India to the developed countries. The outsourcing boom has increased the quantity of disposable income from the Indian population, which in turn has led to the construction of innovative shopping malls and high end residential complexes. A significant proportion of the Indian population lives in urban areas; this creates a demand for residential properties in Agra city. The premium residential property addresses include value added extras like round the clock security, power back-up, market and shopping malls inside the building complex.

1.7 FOOD RETAIL IN DELHI NCR

Delhi NCR continued to be the preference for retailers to consolidate their position in terms of new acquisitions and store closures for underperforming high rental stores. Retailer focus continued on prime micro markets like South Delhi, NH-8 Gurgaon and Central Delhi. The mall cluster in the Saket District Centre, located in South Delhi, has emerged as one of the most prominent retail destinations for NCR in terms of organized retail space. Select City Walk continues to attract high footfalls due to its positioning, brand mix and ongoing promotional activities. It continues to be a preferred destination for brands looking to make their retail foray into the country. The DLF Place in Saket has created a distinct identity for itself through its food court and popular F&B outlets. Hard Rock Cafe has launched their first outlet for Delhi NCR in this shopping centre. DKNY Accessories has also opened its first retail outlet here. Retail expansion in the NCR is primarily planned in the new malls. An estimated 75 malls would be placed in NCR.

Delhi, a modern cosmopolitan city, is the best example of a multi-ethnic a multi-cultural society with an ever expanding economy. Being the capital cosmopolitan mix from across the country. Delhi is ranked as the second largest market in the country in terms of size and quality of life, a booming economy and consumer market makes it one of the leaders in retail activity in the country. With low footfall becoming a thing of the past, retailers in Delhi NCR region are embarking on an expansion drive and the region is witnessing a pickup in retail rentals. Net absorption recorded

in the Delhi NCR retail market was 622,001 sq ft in 2011. The Delhi NCR retail market witnessed six mall completions in first quarter 2011. Also, new malls became operational with occupancy levels in the range of 7-10 per cent.

Hence Food Retail is very large segment of the total economic activity of India, accounting 63 percent of total Retail sales in the economy, and due to its vast employment potential, it deserves very special focus.

2. REVIEW OF LITERATURE

- **National Bank for Agriculture and Rural Development (NABARD) (2011)¹⁸**, the organized retail business in its new 'avatar' began its growth story in the country only after the liberalization of the economic policies. An USP of the new retail format, especially the malls, as a one-stop shop with the added advantage of entertainment and food courts, aim at making shopping an enjoyable experience for the discerning consumer-family. Initially, this industry showed a great promise, making rapid strides along its growth path but with the global recession of 2008 impacting the domestic retail scenario, a few major players have downed the shutters.
- **Admin (2011)⁴⁶**, A number of changes that have been taken place on the Indian front such as increasing availability of international brands, increasing number of malls and hypermarkets and easy availability of retail space. With the Indian government having opened up the doors for FDI, the entry of foreign retailers into the country has become easier
- **Sulaiman Rasheed (2011)⁴**, A farm-level survey and retail outlet-level review suggest that this pattern of market development is linking farmers to markets with promising social and economic consequences. But it is also finding that the value of this as a mechanism for strengthening technical change and innovation capacity is under-developed and that it is here that public policy needs to concentrate its attention and efforts.
- **Bhadange Sagar (2011)⁴⁵**, India is considering as a fastest growing economy in the world. Due to increase in capital income, changing lifestyle The Indian retail environment has been witnessing several changes. Retail industry in India is at the crossroads. It has emerged as one of the most dynamic and fast paced industries with several players entering the market. More than 90% of retailing in India fall into the unorganized sector, the organized sector is largely concentrated in big cities.

- **Hemant J. Katole (2011)⁴⁰**, At a basic level, any commercial transaction that involves a direct sale to a consumer at any point of time may be termed as retailing. Retailers have always been subject to enormous competitive strain and the commonly perceived solution is to add ‘e’ to the business model in an attempt to capture the attention of a global shopping audience. Such an initiative results in no more than an additional channel and the successful company must have more than an electronic distribution medium - it must continue to provide what its customers want. Retailing can be the selling of apparel, books, music, footwear, grocery items or other things. Such a retail trade could take place in a shopping mall, a mom-and-pop store, a department store, or in a friendly neighborhood grocery shop. Most of such retail trades that can be done through the brick-and-mortar retailing route can be successfully replicated over the Internet as well. In the traditional sense, the term Retailing referred to the final transaction between a business and a customer (B2C).
- **Union Budget (2011)²⁵**, The Indian Retail Industry is largely dominated by the unorganized retailers. However with the penetration of organized retail in India around the 5.5% mark during FY09, the presence of organized retailers is yet to be felt, especially in the rural areas. FY09 was ‘mixed bag’ for the organized retailers with positives in the form of decline in real estate costs/lease rentals, expansion into the Tier- II and Tier-III cities, Joint Ventures (JVs) with foreign retail majors and growing importance of concepts such as revenue-sharing model and shop-in-shop. The retailers however suffered set-back in the form of lower footfalls and declining spend on discretionary items, store reallocation closures owing to unviable operations and deferment of expansion plans owing to insufficient funds.
- **Singh (2010)⁴³**, examines that the large scale global value chains in food and agro products may bring in terms of land-use and crop choices, resource use intensity of farm production, increased mechanization, health consequences and also displacement of self employed micro enterprises already operating in the traditional markets.
- **Singla (2010)¹¹** reports that retail chains have raised quality consciousness among farmers, introduced grading (in primary processing) and have helped in cost-cutting through extension and training on input use for better yield.

- **Prashar Anupama (2010)³⁴**, Retail is hailed as India's industry of the future, incited by the country's huge urban middle class population. 'Food and grocery' is the second-largest segment of the retail industry and carries in itself enormous potential, particularly in untapped rural and semi-rural markets, for new entrants. Growing at the rate of 30%, Indian food retail is going to be the major driving force for the retail industry. The paper maps the performance of various retail formats in 'Food & grocery' segment in selected cities of Punjab on the basis of parameters that are governed by consumer perception and operational efficiency.
- **Manocha Sanjay and Saini Pankaj (2010)¹⁴**, though organized retailing industry began much earlier in the developed nations, India had not actively participated. However, with its vast expanse and young population, India in the 21st century emerges as a highly potential retail market. Indian retail industry is going through a transition phase. Most of the retailing in our country is still in the unorganized sector.
- **Purohit H.C (2009)⁴⁸**, Increasing growth of modern retailing in across product categories, food and grocery, wet groceries, apparel and jewelry etc... are the where lucrative opportunities for modern retailing exist. The traditional retailers have the challenges in the modern retailing. And favorable demographic and psychographic changes relating to the India's consumer class international exposure, availability of quality retail space, wider availability of products and brand communication are some of the factors that are deriving the retail in India.
- **Kumar Ganesh, (2009)³**, the status, growth, marketing models and future plans of public and private food retail markets in agriculture in general and horticulture and fisheries in particular during WTO regime and suggests policy measures for growth of retail markets in agriculture. Post 1990, India witnessed the emergence of farmers. Markets, which empowered the farmers to participate effectively in the open market to get a remunerative price for their produce and to avoid the exploitation of both the farmers and the consumers by the middlemen. At the same time, the traditional markets are making way for new private retail markets in various formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Western-style malls have begun appearing in metros and second-rung cities alike, introducing the Indian consumer to an unparalleled shopping experience.

- **Shinoj P (2009)³⁵**, that the marketing model adopted by private markets particularly Reliance and Subhiksha is more efficient than government markets like Rythu bazaar and also that the new models emerging in the fish retail marketing sector are far better than their traditional counterparts. And there is a need for both public and private retail markets to adopt new marketing models.
- **Kumar Pradeep, and Babu Suresh (2009)⁹**, the trend in grocery retailing, however, has been slightly different with a growth concentration. However, it was considered a .traditional. Conservative. And .cost-conscious. Market, proved to be the home ground for most of the successful retail names. Trinethra, Spencer, Food World, Music World, Health, Glow, Vitan, Subhiksha and Viveks. Metropolis has been witnessing a high industrial growth and increasing presence of the MNCs, both in the IT sector as well as outside it.
- **Shanthi A (2009)³¹**, In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the India Retail Industry to grow faster. The paper includes growth of retail sector in India, strategies, strength and opportunities of retail stores, retail format in India, recent trends, and opportunities and challenges. This paper concludes with the likely impact of the entry of global players into the Indian retailing industry. It also highlights the challenges faced by the industry in near future.
- **Figuié and Moustier (2009)¹³**, Members of the poor households (60% or all) seldom went to supermarkets for shopping due to distance, higher prices, no credit facility, lack of mobility and lack of time to shop at the supermarket. Only 3% of them regularly bought at the supermarkets which was only 0.3% of the total food expenditure.
- **Sucharitha J (2009)³⁶**, Organized retailing is spreading and making its presence felt in different parts of the country. The trend in grocery retailing, however, has been slightly different with a growth concentration. However, it was considered a .traditional. Conservative. And .cost-conscious. Market, proved to be the home ground for most of the successful retail names. Trinethra, Spencer, Food World, Music World, Health, Glow, Vitan, Subhiksha and Viveks. Metropolis has been witnessing a high industrial growth and increasing presence of the MNCs, both in the IT sector as well as outside it.

- **Kearney AT [Global Retail Development Index (GRDI)] 2009**²⁴, The Indian retail market, which is the fifth largest retail destination globally, has been ranked as the most attractive emerging market for investment in the retail sector by
- **Dastagiri M.B. (2009)**⁸, The marketing model adopted by private markets particularly Reliance and Subhiksha is more efficient than government markets like Rythu bazaar and also that the new models emerging in the fish retail marketing sector are far better than their traditional counterparts.
- **Mohan Rachna (2009)**⁴⁴, Traditional retailers need to face the competition from organized retailers on their own terms by focusing more on their strengths in personalized attention and services and offering specialty products and services. If at all the government wished to support the traditional retailers and enhance their economic contribution, it needs to focus on improving the travel and traffic problems. Shopping convenience is emerging as an important factor. Traditional retailers may also need to improve upon shopping convenience factors such as adequate parking facilities and fast check outs.
- **Anand Anuradha (2009)**³⁰, Though there are many negative impacts of global financial crises on the growth of organized retailing in India, there are some positive impacts too which will help in maintaining the growth of this sector in the long run.
- **UNIDO (2009)**¹², Retail chains for food and agro products have gained increasing currency in a number of developing countries.
- **Dhananjaya and Rao (2009)**⁶, Fresh fruit and vegetable retail chains in India have confirmed relative advantages for farmers connected with organized retail. For example, retail chain-contracted farmers receive comparatively higher prices
- **Aradhey (2009)**¹⁷, Organized food retail sector in India is still at a nascent stage. Almost 99 percent of total food retail sales take place in the unorganized sector comprised of small neighborhood stores. As

several large Indian companies have started investing in the food retail sector, there has been significant growth over the last five years.

- **Kushwaha S (2009)¹⁰**, Involvement of private sector in agribusiness and marketing of agricultural produce has been initiated through Model Act on Agricultural Marketing 2003. Consequently a large number of private players have entered the food retailing business. The retail sector contributes about 10 percent of Gross Domestic Product (GDP) and employs 67 percent of the labour force in the country second only to agriculture. Under the changing scenario its share in GDP is expected to increase at a very high rate. Therefore, it becomes necessary for state governments to exploit the opportunities of changing business environment and demand patterns in order to achieve rural prosperity and better standard of living to the people.
- **Bandyopadhyaya Vijaya (2008)²²**, In India, organized retailing is a relatively recent phenomenon. Slow but systematic liberalization of the retail sector, improved buying power and changing consumer preferences, is attracting corporate investment in the sector, and it may be expected that organized retailing will gain larger share of market in the days to come. Organized retailing in the food sector is expected to bring in substantial changes in structure and modus operandi of existing food supply chains and would affect all players in the supply chain starting from primary producers to end consumers.
- **Gupta (2008)⁴⁷**, The major impact which the retailing has made in India is that it has changed the whole concept of shopping in terms of set up and consumer buying behavior.
- **Srivastava R.K (2008)³²**, Malls in 2006 are more developed in the North and West part of India. Food, groceries and apparel purchase by customers contributed to 52 percent. On average 75 percent of customers spend about 1-3 hours in the mall. Malls with multiplexes such as cinema theatres, food courts, and play places for children are becoming the centre for family outings. Small retailers have improved their service to cater to Indian consumers. Credit limits and home service are helping them to hold on to their customers. Retailing focus is changing towards satisfying the different hierarchy of needs of customers.

- **Reardon and Gulati (2008)⁵**, Organized retailing accounts for about less than 2 percent of the food retailing industry in India. However, the share of organized retailing in the food and grocery segment could grow to 15-20% if the current trends in expansion of organized retail continue.
- **Sahu Sanghamitra (2008)²¹**, The retail sector is expanding and modernizing rapidly in line with India's economic growth. It offers significant employment opportunities in all urban areas.
- **Gupta Maneesha (2008)³⁷**, An important aspect of the current economic scenario in India is the emergence of organized retail. There has been considerable growth in organized retailing business in recent years and it is poised for much faster growth in the future. Major industrial houses have entered this area and have announced very ambitious future expansion plans. Transnational corporations are also seeking to come to India and set up retail chains in collaboration with big Indian companies.
- **Deloitte-Stores (2007)¹⁶** In India the organized food retail sector has been growing at annual rates between 16 and 50 percent over the past few years
- **Syedun Nisa & Jamia Hamdard (2007)³⁸**, India is one of the largest emerging markets, with a population of over one billion. India is one of the largest economies in the world in terms of purchasing power and has a strong middle class base of 300 million.
- **Shubha BN (2007)³⁹**, Retail lending in India has grown significantly in the last decade or so. There has been a paradigm shift from taboo ridden sector to supply driven set up. Earlier borrowing was confined to times of dire need but the changing mindset of people towards borrowing has created a competitive environment. This change is mainly attributable to the new economic policy of liberalization, globalization & privatization.
- **Arora V.P.S., Sharma Shivani and Singh Nirdesh K. (2007)²⁹**, The Indian food retail sector is one of the biggest industries in the country with an annual turnover of around US \$18 billion. It has been estimated that organized food retailing in India which is worth US \$ 666 million today will increase to US \$ 33,333 million by 2015. The inherent attractiveness of the segment is luring more and more investors from both India and abroad, as is clearly indicated by the opening of a number of retail stores by major corporate houses like those of Bharti, Reliance, Pantaloons (Food Bazaar), Subhiksha, ITC

(Choupal fresh), etc. However, to build long-term customer loyalty, price, quality, variety, and right image are very much needed.

- **Stichele (2006)⁴¹**, Supermarkets try to maintain their margins of 30 – 40% on fresh fruits and vegetables, even during price wars. When lower prices are not passed on to the consumers, it means either higher profits for the supermarkets or compensation to the supermarkets for losses in other sectors.
- **Cadilhon (2006)⁷**, Higher prices offered by supermarkets was offset by the extra costs incurred by farmers to supply to them. In most cases, supermarkets still sourced from medium and large suppliers.
- **GoI (2006)¹⁹**, indicates that farmers face many problems in supplying to supermarkets, including: delisting of suppliers and rejection of produce by retailers for not conforming to volume, quality and delivery; and price competitions between chains that keep prices low, thus making it difficult for farmers to earn enough of a profit to pay for on-farm investments. The Indian Government, however, considers organized retail to be beneficial as it can set up supply chains, give better prices to farmers and facilitate agro-processing.
- **Nair Suraj (2006)³³**, Retailing is the largest private industry in India, and second largest employment industry. And the second contributes to around 10 percent GDP. With over 12 million retail outlets India has the highest retail outlets density in the world. This sector witnessing significant development in the past 10 years from small unorganized family owned retail formats to organized retailing. Liberalization of economy, rise in per capita income and growing consumerism has increased large business and venture capitalist in investing in retail infrastructure.
- **FAO (2005)²⁰**, Global experience indicates that smallholders are likely to be excluded from these new supply chains when organized retailers start employing stringent quality parameters in procurement
- **Kolter (2003)²⁷**, Consumer behavior as a subject also deals with the factors that affect the buying behavior of a consumer. It gives a clear idea that how consumer select, buy, use and dispose of product, services, ideas, or experience to satisfy needs and desires.

- **Lamb (2002)²⁸**, The consumer decision making process does not occur in vacuum. On the contrary, the underlying cultural, social, individual and psychological factors strongly influence the decision process.
- **Kaufman (1997)²³**, supermarkets are able to offer lower prices, the low income households may face higher food prices because they spend less in supermarkets, are less likely to live in suburban locations, and supermarkets in low income outlets may charge higher prices.

3. NEED OF THE STUDY

On the basis of reviews and views of experts, it has become imperative to analyze the Food Retailing in India. Although many efforts have been made by the policy makers and government, even execution of the operations could not prove up to the satisfactory level, thus researcher has observed the following problems in organized food retailing.

- Organized retail is still in its nascent stage in India as in India's industry accounting for aver 13% of the country's GDP and around 8% of employment and Nearly 40 million people earn their livelihood from retailing business and majority of them are small traders.
- Developed supply chain and integrated IT management system is absent in Organized Food retailing in India.
- There is problem of lack of trained work force and low skill level for retailing management.
- There is intrinsic complexity of retailing- rapid price changes, threat of product obsolescence and low margins.
- Organized retail sector has to pay huge taxes, which is negligible for small retail business. .

- Retail has a high employment multiplier especially for those who are relatively lesser educated and less skilled have the importance of retail in rural areas of India.
- Indian farmers get only one third of the actual price in stores compared to two third in country with higher penetration of organized retail.
- Nevertheless, less than 10% of consumer spending on food goes to farmers, with larger percentages going to advertising, transportation, and intermediate corporations.
- Overall FDI in retail will help boost the income of the farmers and keep the consumers price down but in retail sector, Automatic approval is not allowed for foreign investment.
- There is restrictive zoning legislation limits availability of land for retail/ commercial purposes and there are also some Restrictive Labour laws.
- The restrictions on interstate movement of food grains deprive farmers from getting remunerative prices.
- Organized agri food retailing is still urban centric.
- Food retailing is essential but not very profitable for organized retailers.
- There is no Retail policy in India at the moment and it needs to be addressed.
- Despite the growing protests against Organized Retailing in various parts of the country, the Central government has decided to reject the political demand for banning the entry of corporate into the booming sector.

It is clear from the above mentioned facts, that there is an urgent need to know the changing scenario of food retail and to re-evaluate and re-examine the process of functioning of Food Retail Industry in the country. Hence the problem titled “Changing Structure of Food Retail Industry in India - A Comparative Analysis” is taken for the present study.

4. OBJECTIVES OF THE STUDY

With the view to achieve the aim of the present study, the researcher has made following objectives

1. To study the changing structure of Food Retail Industry in India.
2. To study the Institutional and Policy framework for Indian Food Retail Industry.
3. To compare the performance of Indian Food Retail industry particularly in Agra and Delhi NCR
4. To examine the problems faced by Indian Food Retail industry
5. To study the Consumers' Behavior towards food retailing.
6. To carry out SWOT analysis of Food Retailing and suggest an effective Action Plan to improve the performance of Food Retail Industry.

In addition to these objectives, some specific objectives would be designed during the course of study to make the findings more reliable and valid.

5. DATABASE AND RESEARCH METHODOLOGY

To make the findings of the present study more practical and accurate, the researcher would like to use both types of data, i.e., primary and secondary information of related field.

Table – 1.0

Particulars	Description
Geographical Area	Agra & Delhi NCR
Research Area	Selected Organized and Unorganized food Retail Stores
Research type	Descriptive and Analytical
Time Period	2012 – 2013

5.1 SOURCES OF DATA COLLECTION

The study is based on the primary as well as secondary data. For the analysis of Organized Food Retailing, a **Primary Survey** will be conducted using self structured questionnaire and face to face discussion. The types of question to be asked will be both open-ended and closed-ended. To test the validity and veracity of the structure of questionnaire and to find out whether the purpose will be fulfilled a pilot study will be conducted with a sample of 20-30 questions.

To ascertain the trends and development of Organized Food Retail Industry in India and To analyze the Global Scenario in the context of Organized Food Retail Industry the **Secondary data** will be collected from reliable and authentic secondary sources such as annual reports, Retail magazines, news papers, periodicals etc., comprising the information related to the development in the Organized Food Retail industry.

For this the researcher would like to visit and survey various Food Retail trade fairs, exhibitions, concerned trade conferences and seminars, institutions and libraries etc... In addition eminent economists and scholars, relevant reports of the government of India will be consulted.

The universe of the present study will be confined to Agra and Delhi NCR, which are signed out as the most populous areas. The geographical area has been selected purposively on the criteria, that there is not a single, comprehensive and comparative study conducted previously to investigate the changing structure of food retail industry and its other dimensions.

5.2 SAMPLE DESIGN

The questionnaire consisting items related to Organized Food Retailing and self constructed questionnaire would be administered to 200 respondents. *To make the study more feasible four groups of food items are taken as (1)cereals, (2) Beverages (3) dairy products and (4) vegetables and fruits (5) processes food*

The selected respondents will be as follows:

Table -2.0

Respondents	Proposed Sample size
Organized Food Retailers	50
Traditional Food Retailers	50
Consumers	150
Employees	50
Retail Associations	10
Others	10
Total	320

Primary data will be collected through a structured questionnaire, informal meetings and discussions with the producers and personal visit will form the basis of the present study. Respondents are randomly selected from Agra and Delhi NCR.

5.3 STATISTICAL TOOLS AND TECHNIQUES

For analyzing the findings and to draw inferences, the appropriate statistical and mathematical tools will be used as Econometric Model, Test of significance etc.... In addition to the above mentioned tools various other Statistical and Mathematical tools can also be used as per the requirement of the study. And Software as E-Views and SPSS will be used for the data analysis.

6. HYPOTHESES

On the basis of objectives, mentioned above, the researcher would like to test the following null Hypotheses

Ho1: By and large, there is no significant impact of changing structure of Food Retailing on preference and satisfaction level of consumers

Ho 2: There is no significant difference in the Food Retail of Agra and Delhi NCR.

In addition to the above hypothesis, the researcher would like to frame some more hypotheses during the course of study.

7. PROPOSED CHAPTERIZATION:

The study will be divided into following 11 chapters

Chapter: I Introduction

- 1) Meaning, Evolution and Growth of Organized Food Retail industry
- 2) Need of the Study
- 3) Objectives of the Study
- 4) Research Methodology

Chapter: II Review of Literature

Chapter: III Changing structure of Food Retail in India

Chapter: IV Institutional and Policy framework for Organized Food Retailing

Chapter: V Problems faced by Indian Food Retail Industry

Chapter: VI Impact of Food Retailing on:

- Producers,
- Employees
- Consumers
- Unorganized Food Retailing
- Others

Chapter: VII Food Retail in Agra and Delhi NCR

Chapter: VIII Impact of FDI on Food retail industry in India

Chapter: IX Analysis and Interpretation

Chapter: X Future Prospects of Indian Food Retail Industry

Chapter: XI SWOT Analysis and Development of Effective Action Plan

Chapter: XI Conclusion and Recommendations

Bibliography

Annexure