Indian Retail Industries Market Analysis: Issues, Challenges and its Opportunity for the 21st Century

Naganathan Venkatesh
Research Scholar NITTTR, India

Abstract
India is fast becoming the retail destination of the world. India has emerged as the fourteenth most favorable destination for international retailers, according to GRDI 2013 report. “The Indian retail is poised to become a $1.3 trillion opportunity by 2020. With the current market size estimated at $500 billion, this translates to an additional $800 billion in the next eight years,” said R.V. Kanoria, president of the Federation of Indian Chambers of Commerce and Industry (FICCI). This paper provides detailed information about the growth of retailing industry in India. It examines the growing awareness and brand consciousness among people across different socioeconomic classes in India and how the urban and semi-urban retail markets are witnessing significant growth. India has come a long way from its traditional stores concepts to huge retail mall’s; with the vast middle class population and its increasing middle class income; which 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. In this paper I will explore the policy reforms and future trend of Indian retail industry.

Keywords: Foreign Direct Investment, Compound Annual Growth Rate, Global Retail Development Index

1. INTRODUCTION
Consumers buying preference in India is almost changing and creating a tremendous potential for the retail industry to look for innovative ideas and bring in new products with creative marketing approach to tap the huge working population with the age group of 21-30 years. New modern retailing concepts of western trends has entered into the retail market in India, in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof.

The Indian retail industry has expanded by 10.6 per cent between 2010 and 2012 and is expected to increase to US$ 750-850 billion by 2015, according to a report by Deloitte. Food and Grocery is the largest category within the retail sector with 60 per cent share followed by Apparel and Mobile segment. The foreign direct investment (FDI) inflows in single-brand retail trading during April 2000 to June 2013 stood at US$ 96.96 million, as per the data released by Department of Industrial Policy and Promotion (DIPP).

Despite difficult economic conditions, the global retail industry continued to grow, building on the rebound in growth that started in 2010. Sales-weighted, currency-adjusted retail revenue rose 5.1% to US$4.271 trillion for the world’s Top 250 retailers in fiscal 2011, building on the previous year’s 5.3% growth. (Deloitte, 2013)

1.1 Background
European market is in turmoil in 2011, but the emerging markets are still doing well in the retail market segments and consumer confidence is still there and their spending is increasing due the economy of the country’s earning potential is increased. Due to the Eurozone the recession had an impact on the major world’s leading economies but not much impacted on the emerging markets like China, India, and Brazil etc. Each time when we see there is a global economy is about to accelerate, something happens to throw a negative sign into the path of growth. Even the emerging markets the major importers are from Europe so there was decline in that part of the world. Slowdown in these critical economies influenced economic performance in their neighborhoods, for instance many economies in East Asia have been negatively influenced by the slowdown in China. Our major focus is towards Indian retail market which is not much affected compare to the European markets.

The global slowdown hasn’t spared India, whose GDP growth rate slipped to 5 percent, down from a 10-year average of 7.8 percent. Same-store sales volume growth slowed in 2012 across retail, particularly for lifestyle and value-based
formats. India falls nine spots in the GRDI to 14th; its previous low ranking was 6th place in the inaugural Index in 2002, and it was first as recently as 2009 (GRDI, 2013). In India, growth declined in 2013 as well, but due to the intervention of India’s central bank has remained focused on inflation, even at the cost of delaying economic recovery and kept the benchmark interest rate relatively high, awaiting a drop in inflation. Shown in the Figure 1 indicates that central bank policy and tightening measures are yet to yield progress but it try to control the inflation.

![Figure 1 Chart – current CPI inflation India (yearly basis) – last 12 months](source: http://www.inflation.in/inflation-rate-india-current-cpi-inflation-india.aspx)

Government of India proposed a series of major reforms that aimed at boosting productivity, that will increase the consumers confidentiality; among this the first thing was liberalization of foreign investment in retailing. Big unlisted retail chains such as Reliance Fresh of Reliance Industries, Aditya Birla Group's More, Bharti Retail's Easyday and Tata-owned Star Bazaar all posted double-digit sales growth, reflecting their increasing popularity among shoppers despite economic growth slumping to a 10-year low and consumer price inflation not easing appreciably.

1.2 Problem Discussion
People who speak the end of the era or the end of globalization were proven wrong, since now the fate of emerging economies is no longer tied to that of developed economies. So what happens in Europe is not much importance to the emerging market in a whole, since the diversification of smaller countries like Philippines, Brazil etc. are doing well; so not much significant impact will be felt on the retail industry as such due to the down trend of euro zone. Whereas the market like United States and China is different picture all together; if a slowdown in their economy takes place then it will be a greater concern to the world and it will be of great importance. Both US and China are working towards their economy to improve and be stabilized; for instant we have seen in the past two quarter of 2013, US economy is accelerating which will have a modest positive impact on global growth. Same applies to China on the other hand has tighten or we can say has avoided a hard landing through a combination of monetary and fiscal stimulus, and stronger growth is likely in 2014.

An embattled United Progressive Alliance (UPA) Indian government has hung the ‘Open’ sign for foreign retailers. The cabinet said OK for 51% FDI in multi-brand retail sector & 100% FDI in single brand. On one hand farmers will benefit from it but on the other hand small traders feel they will not be able to withstand the competition. Will India in general benefit from this step? (The Economic Times, 2013) is a question which will be known in the future.

The battle between the ruling party and the opposition party in India is creating a major obstacle and whether to welcome the major retail giants and let them establish their operations in all the states of India or not is a talk. Since certain states are not willing to accept the setting up of major retail stores in their states; they feel it will create loss of jobs and unemployment to the old traditional retail shop owners. “The government maintains that the reform will create some 10 million new jobs in the next three years, help farmers get better prices for their produce and will infuse new life into India’s tottering food-distribution system. “Wastage will go down, prices paid to farmers will go up, and prices paid by consumers will go down,” Prime Minister Singh said in a rare, televised address to the nation in September defending the government’s decision to introduce the retail reforms. “In a growing economy, there is enough space for both big and small to grow. The fear that small retailers will be wiped out is completely baseless.”, “I favor foreign capital across the board as long as it creates jobs and adds value to the country,” says Mohan Guruswamy, a former adviser to the Finance Ministry and a distinguished fellow at the Observer Research Foundation. “FDI in retail, unfortunately, doesn’t create jobs. It displaces people by destroying small stores.” (Nilanjana Bhowmick, 2012).

“It is impossible to say if and how foreign big-box stores will loosen the grip that small traders have on the market today. (Small traders control an estimated 90% of India’s $450 billion retail sector.) Prime Minister Dr. Manmohan Singh and other supporters of the reform are quick to point out that the organized retail sector already present in India has not adversely affected small shops, whose numbers, according to government statistics, have seen a threefold increase in recent years. “There will be some losers,” says Ravi Aron, an associate professor of information and strategy at the Johns Hopkins Carey Business School and a senior fellow of the Mack Center for Technological Innovation at the Wharton School. “The traditional middlemen are the biggest winners of today’s retail structure. They will stand to lose much, and they are throwing every possible argument that they can against FDI.” (Nilanjana Bhowmick, 2012).
1.3 Questions at Issue
1. Is it the Indian government policy on FDI in retail industry will have a stronger potential and can be trusted by the foreign retail investors to invest in India?
2. Economy boom and higher income levels of middle class people in most of the emerging markets have shown a higher growth in retail business; but whether it is sustainable in long run?
3. Present strategy adopted by the Indian retail industry is it moving in right direction or need further changes?

Finally with a survey on consumers behavior on buying preference will be undertaken in southern state of India (Chennai and Bangalore) through questionnaires to justify the impact of foreign players into the Indian retailing industry.

1.4 Purpose
The main objective of this study is to provide an in-depth empirical investigation into Indian Retail industry market, Influence of FDI in retail and an analysis on the fast face Indian middle class people and their buying potential. The information will be collected through direct observations by applying fundamental factors, recognized indicators and the debate in the Global Retail Industry and give an overall view of the market with respect to India will be compared and evaluated.

1.5 Delimitation
Since this thesis will be dealing with the Retail industry, the key focus will be on the consumer buying preference in India; due to time constraint as well limited resources I will be doing the survey only on the two major cities of India (Chennai and Bangalore) through questionnaires to justify the impact of foreign players into the Indian retailing industry. The rising phenomenon of globalization also has influence on Retail industry, which will be taken into consideration in the proceedings of this thesis as well but limiting to compare with emerging markets alone.

2. LITERATURE REVIEW
Various articles and publications have been written by many researchers on Indian retail industry with different focuses; some of their key findings have been highlighted down here to have an overall idea.

Das (2000) revealed that the Indian situation is rather paradoxical. At $180 billion, the Indian retail business contributes 10-12% of the GDP higher than the some western economies, where it averages 8%. It revealed that India have the world’s thickest density of outlets at 5.5% for every 1000 people between 12million retail stores, India‘s per capita retail space is dismissal 2 sq ft per person.

Poviah and Shirali (2001) were of the viewpoint that shopping malls are classic self service 4000-20000 sq ft. stores with shopping carts, as popularized in India by crazy boys film, with typical focus on regular groceries, household goods and personal care products. Tesco and Nilgiris. India is namely a groceries market and here, shopping malls have not been able to eat into the business of kriyana shops. While the housewife might pick up her shampoo at a shopping mall, she continues to use her local cart pusher for daily needs such as fresh vegetables. In fact, so far organized Indian retailing has enveloped only the middle section (self-esteem, social recognition) of Maslow’s pyramid.

Malliswari, M. (2007) indicated that Indian consumer is now sowing the seeds for an exciting retail transformation that he already started bringing in larger interest from international brands/ formats. With the advent of these players, the race is on to please the Indian customer and it’s time for the Indian customer sits back and enjoys the hospitality to be integrated like a king.

Paromita Goswami (2007) conducted a study on how college students in urban areas shopped for apparels. The factors investigated for the study were brand conscious and needed variety and best quality for their apparel purchase. Furthermore, parents influence their purchase behavior the most, followed by peer store approval, friends’ influence and peer product influence.

Dr. Biradar et.al. (2008) in their article pointed out that the organized retail sector is registering tremendous growth fuelled by the unleashed spending power of new age customers who have considerable disposable income and willingness to have new shopping experience. It is emphasized that India’s top retailers are largely lifestyle, clothing and apparel stores followed by grocery stores. The paper further mentions that increasing number of nuclear families, working women, greater work pressure and increased commuting time; convenience has become a priority for Indian consumers. All these aspects offer an excellent business opportunity for organized retailers in the country.

S. Koktanur (2010), tried to find out the various factors driving customers towards shopping malls and consumer buying response for promotional tools. They found four major factors that drive the customers towards the shopping malls. Those
factors are product mix, ambience, services and promotional strategies. Customers consider fast billing, parking facility and long hours of operations as prime services.

“Modern retail has a huge potential to not only benefit from India’s increasing consumption demand but also create demand for value added products. Structured employment and better life for people are the two major benefits that modern retail is looked upon. Speeding up the modernization process is extremely vital as the retail sector has the ability to create about 10 million additional jobs in the next five years (2010-15). Over one million sq. ft of quality retail and entertainment space with annual revenue of Rs. 12,00,000 crore, a whopping Rs 1,30,000 crore in annual Value Added Tax (VAT) collection and over Rs 12,000 crore in additional income tax revenues to the exchequer are expected to accrue in the next five years according to Mr. Amitabh Taneja, Chief Convener, India Retail Forum 2010.13”

According to the GRDI 2012, India ranks fifth among the top 30 emerging markets for retail. The recent announcement by the Indian government with FDI in retail, especially allowing 100% FDI in single brands and multi-brand FDI has created positive sentiments in the retail sector. India’s retail sector is worth US$ 350 billion and is growing at a (CAGR) of 15 per cent to 20 per cent at present, as per a PricewaterhouseCoopers (PwC) research report titled, ‘Winning in India's retail sector: Factors for Success’.

Studies predict that in little more than a decade, over half the world’s population will have joined the consuming classes. Emerging markets will account for nearly 50 percent of the world’s total consumption, up from 32 percent today. China and India will account for two-thirds of the expansion. (Interbrand, 'Emerging Markets Fuel Growth', 2013)

In the past five years, the world’s leading retail brands—U.K.’s Tesco, German giant Metro, America’s Walmart, and France-based Carrefour—grew their revenues 2.5 times faster in developing countries than in their home markets. 2013 will see international retail hitting its stride as many of the world’s most valuable brands are staging entries into smaller countries to ride the wave of the global shopping boom. While retail naturally goes where customers are, for many companies global expansion is being initiated by slow growth at home. Retail sales forecasts for the next five years put compound annual growth rates in North America at 4.1 percent, and 2.4 percent in Western Europe. Contrast that to projected growth rates for retail sales of 13.9 percent in China, and 10.6 percent in India, and it’s clear why retailers from mature markets, such as the U.S., Japan and the Eurozone, make up 80 percent of those taking the calculated risk of crossing borders. (Interbrand, 'Emerging Markets Fuel Growth', 2013)

Among all retail categories, Mass Grocery Retail (MGR) will be the outperformer through to 2017 in growth terms, with sales forecast to increase by 107.9% between 2013 and 2017, from US$34.79bn to US$72.33bn as India’s emerging middle class continues to drive demand for new goods and services, and rural retailing presents expansion opportunities (Business Monitor International, 2013)

As developed markets face flat or anemic growth, developing markets remain important sources of growth. The 12th annual edition of the GRDI finds many opportunities for retailers seeking to grow and expand in fast-growing developing markets big and small. Of course, there's nothing easy about a global expansion strategy in retail. Every market has unique challenges that require unique strategies for success. And this year's GRDI finds several examples of countries where global retailers are taking a step back from the aggressive expansion of the not-too-distant past in favor of more cautious strategies (GRDI, 2013)

The key benefit of this research is to find the viability and the sustainability of the Indian retail industry and its future. This proposal is mainly about the information’s on the research methods, theoretical concepts and practical experiences from which the main research will be undertaken.

3. RESEARCH DESIGN AND METHODOLOGY
The term "research design" refers to how a researcher puts a research study together to answer a question or a set of questions. Research design works as a systematic plan outlining the study, the researchers' methods of compilation, details on how the study will arrive at its conclusions and the limitations of the research. (Kenneth W. Michael Wills, 2002). Methodology is the systematic, theoretical analysis of the methods applied to a field of study, or the theoretical analysis of the body of methods and principles associated with a branch of knowledge. It, typically, encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative techniques (Irny, S.I. and Rose, A.A, 2005)

3.1 Research Objectives and Scope
The main objective of the proposed research is to identify the key issues, challenges and its opportunities in retail industry in India; its current and future trends will be analyzed and whether the present strategy of the government in boosting the retail sector has achieved its expectation or not? And what need to be done further to boost the retail industry that will
attract FDI in Indian retail industry. I will also analysis the consumer’s behavior on buying preference through questionnaires’ in southern state of India (Chennai and Bangalore). Descriptive analysis of retail industry position will be analyzed from the GRDI reports and data’s gathered will be consolidated to get an idea on Indian retail industry position in the global market. Small and medium sized retail outlets are facing tougher challenges to competitive with the foreign retails giants; overview of the organized retail and unorganized retail stores in India and its challenges faced by the industry in near future will also be explored.

3.2 Design of the Study
This study adopts descriptive and exploratory research by using primary and secondary data as the research methodology. This study proposes a positivistic approach as the research plan for data collection and analysis, and also uses the survey method and questionnaire design. The data collected will be used for supporting the findings from the public and supplemented with the retail industry facts. Primary data will be collected through questionnaires’ from the consumers in India (Chennai and Bangalore), a sample of 200 people with different age groups; gender will be taken into account. Key information will be gathered mainly by use of secondary research, that will be done by the latest articles resource from both internet and books, reports from GRDI, government data’s and through observation methods.

3.3 Research Approach and Data Collection Methods
To fulfill the specific objective of this research, quantitative analysis is used as the major research tool to process data. This is complemented by qualitative analysis. All collected data in this study are defined in a manner suitable for quantification. Most of the surveys were conducted in the large mega shopping malls in Chennai and Bangalore city to get the consumer buying perception more appropriate. Questionnaires’ are prepared in such a way that it is easy to understand and taken extra care that no unethical questions have been included in the survey forms. Prior to the commencement of the survey, a pilot study was also undertaken to examine the suitability and comprehensibility of these questionnaires and expert suggestions are also taken in to consideration so that the survey is more realistic and gather more appropriate data.

3.4 Methods and Techniques

<table>
<thead>
<tr>
<th>Type of Research</th>
<th>Descriptive Research and Exploratory Research</th>
</tr>
</thead>
</table>
| Research Question  | Chennai and Bangalore Retail Industry Profile Survey  
The types of questions will be employed are open-ended, multiple-choice and close-ended. |
| Sampling Technique | Convenience sampling                          |
| Sampling Size      | A total sample size of 200 will be collected, in which 100 of the samples were conducted in Chennai and 100 from Bangalore. |
| Sampling Areas     | Chennai: Express Avenue, Spencer Plaza, The Chennai City Centre, Abirami Mega Mall, Amra Skywalk Mall  
Bangalore: Orion Mall, Phoenix City, Mantri Square Malls, Collection UB City Mall, Incubit Mall |
| Data Collection    | A set of structured non-disguised questionnaires is the main source of data collection. The research work will be done through market survey technique.  
Primary Data: empirical questionnaire survey  
Secondary Data: authoritative data sources |

4. RESEARCH RESULTS AND DATA ANALYSIS
4.1 Empirical Results
For the purposes of this research, the questionnaires were used to gather the necessary and essential information. The survey questionnaire was completed by 200 respondents, 100 from Chennai and the rest 100 were conducted in Bangalore. Few of them were filled by the managers and senior staff members of the shopping malls who have been in this retail business for more than ten years. Empirical results from the survey questionnaires are tabulated in Table 2.
Table 2: Survey Results of the Retail market – Consumer perception in Chennai and Bangalore, Indian cities

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Survey Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chennai</td>
</tr>
<tr>
<td>Gender of Respondents</td>
<td>Men: 40, Women: 60</td>
</tr>
<tr>
<td>Age of Respondents</td>
<td>85% of under 45 years old</td>
</tr>
<tr>
<td>Highest level of formal education</td>
<td>Less than High School: 1%</td>
</tr>
<tr>
<td></td>
<td>High School: 9%</td>
</tr>
<tr>
<td></td>
<td>3-Year College Degree: 22%</td>
</tr>
<tr>
<td></td>
<td>4-Year College Degree: 41%</td>
</tr>
<tr>
<td></td>
<td>Master's Degree: 4%</td>
</tr>
<tr>
<td></td>
<td>Doctoral Degree: 4%</td>
</tr>
<tr>
<td></td>
<td>Professional Degree: 22%</td>
</tr>
<tr>
<td>Occupation of Respondents</td>
<td>Professional: 45%</td>
</tr>
<tr>
<td></td>
<td>Businessman: 26%</td>
</tr>
<tr>
<td></td>
<td>Mall Managers: 10%</td>
</tr>
<tr>
<td></td>
<td>Student: 16%</td>
</tr>
<tr>
<td></td>
<td>Others: 3%</td>
</tr>
<tr>
<td>Total Annual Personal Income of Respondents</td>
<td>Less than Rs 3 Lakhs: 20%</td>
</tr>
<tr>
<td></td>
<td>Rs 3 Lakhs – 6 Lakhs: 15%</td>
</tr>
<tr>
<td></td>
<td>Rs 6 Lakhs – 9 Lakhs: 25%</td>
</tr>
<tr>
<td></td>
<td>Rs 9 Lakhs – 12 Lakhs: 30%</td>
</tr>
<tr>
<td></td>
<td>Rs 12 Lakhs or more: 10%</td>
</tr>
<tr>
<td>Important factor you consider as a Consumer from Multi -brand retail Outlets</td>
<td>Store hours are convenient for my shopping needs: 10%</td>
</tr>
<tr>
<td></td>
<td>Store atmosphere &amp; decor are appealing: 15%</td>
</tr>
<tr>
<td></td>
<td>A good selection of products was present: 25%</td>
</tr>
<tr>
<td></td>
<td>Store has the lowest prices in the area: 16%</td>
</tr>
<tr>
<td></td>
<td>Merchandise sold is of the highest quality and value for Money: 34%</td>
</tr>
<tr>
<td></td>
<td>Others: 0%</td>
</tr>
</tbody>
</table>
5. REFLECTIONS ON THE RESULTS
This chapter will comment and reflect further upon the obtained results. Compare the findings to similar studies with a brief discussion of the current phenomenon on the issues of retail industry and its market performance.

5.1 Comparison with Similar Studies
“Impact of the Retail FDI Policy on Indian Consumers and the Way Forward by Divya Satija, ICRIER Policy Series, No.5 August 2011 in this article the key focus was on “to analyze the impact of the retail FDI policy on Indian consumers, purchase behavior of Indian consumers across different product categories, brands and at different retail outlets and their knowledge about the brands and brand use, their attitude towards foreign brands as well finally the consumers perception about allowing FDI in multi-brand retail.
Since the partial FDI in single-brand retail has largely facilitated the entry of luxury brands into the Indian market, it has not benefitted the majority of Indian consumers. Indian consumers are in favor of allowing FDI in multi-brand retail. Around 83 per cent of the survey respondents argued that this will facilitate the entry of more brands into the Indian market, improve quality of brands through competition and will increase choices for consumers. (Source: Impact of the Retail FDI Policy on Indian Consumers and the Way Forward by Divya Satija, ICRIER Policy Series, No.5 August 2011)

The surveys found that a majority of the respondents is willing to experiment with different brands and want more foreign brands to enter the Indian market. They are in favor of allowing FDI in multi-brand retail. This makes a strong case for allowing FDI in multi-brand retail. Apart from providing Indian consumers more choices in the form of reputed, good quality brands, liberalizing multi-brand retailing in India is likely to facilitate much greater inflows of investments. This, in turn, will lead to the development of more efficient and lower cost supply chains, resulting in better quality as well as lower-priced products for Indian consumers. This will increase consumer spending, which in turn, will drive growth in all sectors of the economy in a virtuous cycle. (Source: Impact of the Retail FDI Policy on Indian Consumers and the Way Forward by Divya Satija, ICRIER Policy Series, No.5 August 2011)

The world’s 10 largest retailers remained unchanged from 2010. With 6 percent revenue growth, retail giant Wal-Mart increased its lead over Carrefour. The French retailer maintained its No. 2 position despite a sales decline resulting from the spinoff of its Dia hard discount chain in July 2011. Metro hung onto fourth place, although its revenue fell slightly. Robust growth boosted Costco ahead of Schwarz, while Aldi overtook both Walgreen and The Home Depot on the back of a stronger euro against the U.S. dollar in 2011. (Source: Global Powers of Retailing, Deloitte, 2013)

Jamal Shaikh, editorial director, Robb Report India, says: “I think luxury magazines have exposed what was traditionally considered obnoxious spending to a people that believed that being frugal was the only way to live. Where Robb Report is concerned, our responsibility is not just putting out luxury, but curating and developing taste.

At a luxury conference last month, organized by business daily Mint, Joydeep Bhattacharya, head, and Sandeep Lodha, principal, of Bain & Company's consumer products and retail practice in India, presented a report, titled "Small Ain't Beautiful -- Point of View on India Luxury Market.” According to the report, India's traditional luxury market -- which includes personal luxury goods such as watches, jewelry, apparel, accessories, fragrances and cosmetics as well as non-personal items such hotels, cars, boats, yachts, furniture and fine dining -- is valued at about US$6 billion and growing at 15% to 20% a year. Of this, the personal luxury goods segment is valued at US$1.5 billion. (Source: Bain & Company's report, 2013)

The primary driver for such growth has been a 200% increase in the number of High net worth individuals (HNIs) (with more than US$1 million in onshore liquid assets) since 2006. The total number of HNIs is expected to reach 132,000 in 2013. The report also estimates there will be 1.1 million households with an annual disposable income over US$100,000 in 2013, a 60% increase since 2006. (Source: Luxury Resurfaces in India, Cutting a Wider Swathe Published, April 12, 2013).

Consequently, luxury brands are responding by increasing awareness with innovative marketing campaigns and events. For instance, Judith Leiber decided to tap into India’s burgeoning bourgeoisie even in Tier-2 cities with an exclusive trunk show in Indore. The luxury handbag brand, which typically sells about 300 bags in India a year, sold 30 pieces ranging from US$500 to over US$6,000 in one event. (Source: Luxury Resurfaces in India, Cutting a Wider Swathe Published, April 12, 2013).

Studies predict that in little more than a decade, over half the world’s population will have joined the consuming classes. Emerging markets will account for nearly 50 percent of the world’s total consumption, up from 32 percent today. China and India will account for two-thirds of the expansion. (Interbrand, 2013).

D. Shivakumar, senior vice president, IMEA – Nokia, and also the president of AIMA, listed three things that corporate India should focus on: value addition, global mindset and good governance. Pointing out that 80% of price warriors die, he said: “We have a position of being ‘cheap and cheerful.’ Instead, we need to be innovative and offer value-added differentiators. We also need to move from being domestic to international, adopt global practices and new business models. And we must move from loose governance to reputed governance. Otherwise, we will not be able to participate on the global stage.” (Source: Rebranding India: What Role Can Companies Play, Knowledge@Wharton, 2013)

The growing Indian market has attracted a number of foreign retailers and domestic corporates to invest in this retail sector. Although before 2012 FDI is not allowed in multi-brand retail, even then foreign retailers have entered the Indian market through other routes such as franchising. Now with 51% FDI in retail sector will boost the Indian retail market.
with more investments from foreign corporate can be expected.

By comparing the findings to similar studies and previous researches, it can be concluded that the findings are somewhat consistent with most other studies. But the economic development in retail sector as far Indian market is concern, it will be seen in the coming years after the company have setup their foot prints in Indian market and when they flourish and our consumers choice of preference still exist with foreign brands, time will say the final picture.

6. CONCLUSIONS AND RECOMMENDATIONS
India with its diverse culture and many political back logs still a high-potential market in the eyes of top retail brands; Since the India has the world’s second-largest population—1.2 billion people—with a large and growing middle class.

Overall forecast from different researches have stated that retail growth will grow 15 to 20 percent over the next five years, based on strong fundamentals of macroeconomic conditions of India and its younger population rising disposable incomes and rapid urbanization. Key success factor for foreign retail investors are the younger population of India’s who are under the age of 25, a huge potential market is waiting to explore and the internet accessibility is also a key factor where from rural to urban city everyone has the easy access to the internet. As many as 121 million Indians have internet access, and more than half of them access the web via their mobile phones. The number of transactions made online has been growing: in the past year, the value of online business in India was estimated to be worth about USD $10 billion. With almost 900 million mobile subscribers, and 200 million more expected next year, market watchers expect m-commerce to skyrocket. (Interbrand, 2013).

By the recent 51% Stake in FDI in retail sector has been welcome by many corporates and major companies already started exploring the possibilities of tie-up with Indian firms. For example Carrefour and Metro Group, both operating wholesale centers without partners; U.K.’s Tesco, with a minority stake in Star Bazaar supermarkets; and Walmart, a partner in India’s Bharti Enterprises national chain of wholesalers now have the option of exploring many partnerships. It is win-win situation for the Indian retail giants when they collaborate with foreign companies, they can share their experience through expand technology and their sourcing capabilities. Note few of the top companies that are tie-up with each other or planning to expand in India his taken from different source in a nut shell are discussed.

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP (Source: The Wall Street Journal, 2013). As of 2013, India's retailing industry was essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population). (Source: FE@CAMPUS MASTERMIND: Response by Mahavir Accha, Indianexpress, 2013).

Emerging markets see continued high growth in retail demand despite the economic slowdown in 2011; composite retail revenue soared for companies based in Africa/Middle East, Latin America and Asia/Pacific (excluding Japan). Growth continued to be fueled by burgeoning middle classes, youthful populations and sizable foreign direct investment. Somewhat greater pricing flexibility in these markets also resulted in above-average profitability for retailers in these regions. (Source: Global Powers of Retailing, Deloitte, 2013).

FDI in retail sector has many advantages as well few disadvantages; let me put it cross from the survey and the research I have done through, it will boost the economic since foreign investments will flow through that will create real estate boom and banking sector will also benefit, competition will be increase among the existing and the new players in the retail market, which will be good for the consumers point of view to many choices for their products selection; so the quality of the products and services will be increase and will be better. Employment opportunity will open up and large number of people will be needed to manage the outlets. Advance technology will be brought in that saves lot of wastage of food items can be minimized. It mainly avoids the middle man dealing with the farmers; between the manufacturers or producers and the consumers. Both the farmers and manufacturers lose their hard earned money due to the middle men. This issue can be resolved by FDI, as farmers now can directly deal with the retailer and supply them their products and get good money.

Many small vendors and shop owners feel they can’t competitive with large stores and will lose their business in long run, and the domestic organized retail sector will be not be in a position to compete; these are the key disadvantages been talked about against FDI retail sector investment; . However, such arguments are largely based on perception and there has not been serious academic research in this area. From my understanding I feel these small vendors will not have much impact since their target audiences are the lower level income group segment which won’t be touched. In the other way around they need to improve on the quality as well on the pricing; they can’t sell with huge margins, so it is better
for the consumers so they have the choice now and no monopoly can be played by these small shop owners and vendors, more transparency can be established.

In my view, the government of India has an opportunity now to utilize FDI and achieve their target of investments by which more infrastructure can be improved, use advance technologies, and generate employment. So allowing FDI in retail sector is an added advantage India got it in entering into the worldwide market and, as such welfare of the country need to be taken into account rather than individual opinions by the vendors and opposition political parties.

At the end it is time that will judge the implementation of the FDI 51% in retail sector. So need to wait and see the outcome in the coming years whether FDI has made a tremendous change or any disaster, let us hope for the best.

References
[7] Dr. (Ms) N B Biradar, Senior scientists from IGIFR, “Organised retail sector”
[20]“Indian retail: The supermarket’s last frontier”. The Economist. 3 December 2011.
[22]“Luxury Resurfaces in India, Cutting a Wider Swathe”, Published: April 12, 2013 in India Knowledge@Wharton [Online] Available on <http://knowledge.wharton.upenn.edu/india/article.cfm?sessionid=a83066f3296158ca8b04393a617c3223307d?articleid=4730> [Accessed on – 25th July 2013]


[25]Dr. Nathalie (2009), ”How to write a postgraduate research proposal”, Scotland, the university of Edinburgh.


AUTHOR
Mr. Naganathan Venkatesh obtained his Degree and a Master degree in Computer Science from University of Madras, India as well he also holds another Master’s Degree in Human Resource Management and presently he is pursing PhD in Computer Science & Engineering from University of Madras, India. As Research Scholar, from NITTTR (National Institute of Technical Teachers Training and Research, Ministry of Human Resource Management, Govt. Of India) he has published many international journals to his credit. He is a charted member of Microsoft and holds Microsoft Certification in MCAD.Net, MCPD.Net, MCSD.Net and MCTS in SQL Server 2005 and BizTalk Server 2006. He is also a ACTA (Advanced Certificate in Training and Assessment) certified Trainer, Assessor and course developer awarded by WDA, Singapore

He got sixteen years of work experience out of which; 5 years he worked in software industry with different roles played - Business Analyst, Associate Consultant, Team Lead and Program Manager for various clients in US and India whose company status was PCMM Level 5. In training industry he has over 11 years’ experience; roles played has a Corporate Trainer, Train the trainer, Chief Manager, Senior Lecturer, Assistant Dean, Academic Head. He had delivered and conducted wide range of training in Information Technology, Business Management and Human Resources Management subjects for various Universities; from Australia (Monash University, Deakin University, University of Western Sydney); from UK (University of Greenwich, Liverpool John Moores University, Anglia Ruskin University, University of East London) and University of Madras (from India). He had delivered number of technical and marketing seminars in US, India, Singapore, Malaysia and Indonesia for respective employers he worked earlier.