



ROLE OF UNORGANIZED RETAIL MARKETING IN INCOME AND EMPLOYMENT GENERATION IN INDIA

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ABSTRACT:-

The retail sector has a shining future in India. It will show high growth rate in the forthcoming years. The government of India is forming its policies which are favorable for the swift development and expansion of the retail sector. FDI is playing a vital role in the development of these sectors by encouraging single and multi-brand retail marketing. The capital investment in these retail sectors has been increasing considerably from few decades. Indian big retailers are attracting investors in their current existing business. Present retail sector is benefiting primary producers and consumers, employment generations, food processing etc.



KEYWORDS: *producers and consumers, employment generations, food processing.*

1. INTRODUCTION:

The retail sector is providing nearly 15 per cent of employment opportunity to employable adult of India. It is recorded as the second largest GDP producer after agriculture. It is estimated that in the forthcoming years the Indian retail sector will develop very fast and it will support Indian economy and also protect and promote welfare of Indian consumers by making consumer centered and consumer service oriented.

Increasing literacy levels, increasing number of working women, increasing urbanization, higher international travel by Indian population and increasing media penetration has raised aspiration level of the population resulting in demand for better shopping experience and larger variety of goods. Widespread nature, unbeaten caliber of small traders, offering of credit facility to customers, scope for bargaining by the consumers, less overheads, provision of auxiliary services, are the vital strengths of unorganized retailing in India. Therefore, despite the advancement of modern formats of retailing, unorganized retailing is going to dominate the scenario for several years to come. Hence, the present study makes an attempt to examine the status of SC/ST Women in Retail Business in Vijayapura city.

2. THE ROLE AND CURRENT STATUS OF UNORGANIZED RETAIL MARKETING IN INCOME AND EMPLOYMENT GENERATION IN INDIA:

India ranked 77th in the "World Bank's Doing Business in 2019", As per Bajaj, "India is expected to grow from Rs 94421 crores in 2016 to Rs 1.86 lakh crores in 2019. India has jumped of 14th position against its rank of 77th in 2019 to be placed known at 63rd rank among 190 countries. It has been assessed by the World Bank. Retailing in India is one of the pillars of Indian economy. It accounts for

about 10% of its GDP. India’s retail market is estimated to be US \$600 billion and it is one of the top five retail markets in the world by economic value. Indian retailing is one of the fastest growing retail markets in the world with 1.3 billion people. Before 2000 India’s retailing was essentially owner manned small shops. In 2010 big and very large format convenience stores, hyper bazaars, Big Bazaars and super markets accounted for about 4 % of the Indian retail industry but these large formats were present only in metropolitan cities and large urban cities. At present Indian retail and logistics employs about 40 million Indians (3.3%) of Indian population. Indian government denied Foreign Direct Investment (FDI) until 2011 in multi brand retailing. Government for bided foreign groups from any ownership in super markets, convenience stores or any retail outlets. Even though single branded retail was limited to 51% ownership. Central government announced retail reforms for both in Multi-brand and Single brand stores. In the year 2020 government announced 100% ownership anyone in the world to innovate in the retail market but the condition was that 30% of its source goods must be from the India.”

Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10% of the country’s gross domestic product (GDP) and around eight % of the employment. India is the world’s fifth-largest global destination in the retail space. India ranked 73 in the United Nations Conference on Trade and Development’s Business-to-Consumer (B2C) E-commerce Index 2019. India is the world’s fifth-largest global destination in the retail space and ranked 63 in the World Bank’s Doing Business 2020. The retail sector in India accounts for over 10% of the country’s GDP and around 8% of the workforce (35+ million). It is expected to create 25 million new jobs by 2030.

The sizeable middle class and nearly unexplored retail market in India are the main enticing factors for international retail behemoths seeking to move into newer markets, which will help the Indian retail business, grow more quickly. The urban Indian consumer's purchasing power is increasing, and branded goods in categories like apparel, cosmetics, footwear, watches, beverages, food, and even jewellery are gradually evolving into business and leisure that are well-liked by the urban Indian consumer. The retail sector in India is expected to reach a whopping US\$ 2 trillion in value by 2032, according to a recent analysis by the Boston Consulting Group (BCG).

Indian Un-organised retail journey started since ancient times. We call these un-organised stores Mom and Pop shops. These shops are predominated in India. This un-organised retail market sector is the pillar of the Indian economy. These are essentially owner managed small retail shops with limited merchandise. Indian retail industry is highly fragmented and un-organised. They were popularly known as Kirana shops.

According to a survey by A T Kearney, “an over whelming proportion of the Rs. 400000 crore retail markets are un-organised in India. These un-organised retail outlets are the major source of employment after agriculture. This un-organised retailing has deep penetration into the rural India, generating more than 10 per cent of India’s GDP” that means 97 percent unorganized retailing and 3 per cent organized retailing activities contributing the GDP of a nation.

Table-1
Comparison of Retail Sectors across different Countries

Country	Retail Sectors	
	Organized Sector (%)	Unorganized Sector (%)
USA	96.0	4.0
Taiwan	22.0	78.0
Malaysia	48.0	52.0
China	24.0	76.0
Indonesia	74.0	26.0
India	3.0	97.0

Dinodia Panker states that, "Retail sector of India is dominated by a large number of un-organized retailers consisting of the local Kirana shops, Chemists, Footweares, apparel shops, pan and beedi shops, handicrafts, hand cart, hawkers, pavement vender etc. It is not profit oriented but it is mere source of livelihood. Capital investment is very low as compared to organised retail outlets. Infrastructure is rudimentary and less than 4% Indian un-organised retail outlets have more than 500 sq ft, area of the shop. These outlets lack technical and accounting standardization. Un-organised retailing in India refers to traditional formats of low cast. They are meant to meet the demand of the local people. It is the easiest way to generate self employment in India."

3. REASONS FOR UN ORGANIZED RETAIL SECTOR DOMINATION IN INDIA:

India's retail sector was experiencing exponential growth with retail development taking place not just in major cities and metros, but also in small cities. Healthy economic growth, changing demographic profile, increasing disposable income, urbanisation, and changing consumer tastes and preferences have been some of the factors driving growth in the organised retail market in India. To improve the business climate and make it simpler for foreign companies to register fully owned subsidiaries in India, the Indian government has implemented a number of rules, regulations, and policies. The following are the reasons for retail sector domination in India.

1. Due to traditional users and retailers.
2. They have their own efficient management system.
3. Large number of daily wage workers are working in India.
4. They provide credit facility and provide employment to the seasonal un employed workers.
5. Due to proximity convenient stores.
6. Low cost price

4. CHALLENGES OF UNORGANIZED RETAIL BUSINESS:

It is estimated that there are around 13 million retail outlets accounting for 95-96% of total Indian Retail Industry which are mostly in the unorganized sector and are highly fragmented. India is the fifth largest preferred retail destination globally. The country is among the highest in the world in terms of per capita retail store availability. India's retail sector is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in Tier-II and Tier-III cities. Healthy economic growth, changing demographic profile (more than 31% of the country is below 14 years), increasing disposable incomes, urbanization, changing consumer tastes and preferences are the other factors driving growth in the organized retail market in India. India's population is taking to online retail in a big way. The online retail market is expected to grow from US\$ 6 billion to US\$ 70 billion during the financial year 2015-2020.

The retail distribution centre provides a crucial, dynamic and evolving link between producers and consumers across Karnataka. At the simplest level, the retail enterprise typically makes a substantial contribution to employment being the second largest enterprise in a national economy whilst simultaneously providing a significant contribution to both business activity and GDP. The challenges of unorganized retail business are as follows:

Despite the positive outlook, the Indian retail sector also faces certain challenges:

1. High Operating Costs: Factors like real estate prices, logistics costs and complex regulations can contribute to high operating costs for retailers.
2. Competition from the un organized sector: The unorganized sector, with its lower overheads and established local connections, continues to pose significant competition to organized retailers.
3. Infrastructure Bottlenecks: Inadequate infrastructure, such as poor roads and limited warehousing facilities can hinder the smooth functioning of the supply chain.

The vibrant tapestry of Indian retail is a captivating blend of tradition and innovation, a sector pulsating with immense potential. From bustling street markets overflowing with spices and textiles to

gleaming shopping malls show casing international brands, the Indian retail landscape caters to diverse tastes and budgets. Understanding the dynamics of the retail industry in India is crucial for anyone seeking to navigate the exciting opportunities it presents, be it as a retailer, customer, entrepreneur or marketing professional.

5. RETAIL INDUSTRY MARKET SIZE AND GROWTH:

India's retail sector boasts an impressive market size, ranking fourth globally and contributing over 10 per cent to the nation's GDP. In 2022, the market stood at a staggering Rs.91,891 billion and its projected to surge at a CAGR of more than 13 percent by 2027. This phenomenal growth signifies a thriving ecosystem fueled by a confluence of factors, including:

1. **Rising disposable incomes:** With a burgeoning middle class and increasing disposable incomes, consumer spending power is on the rise, driving demand for a wider range of products and services.
2. **Rapid urbanization:** The rapid migration of people towards urban centers is creating new consumer pockets with evolving needs and preferences.
3. **Technological Advancements:** The widespread adoption of smart phones and internet connectivity has fueled the growth of e-commerce, offering greater convenience and choice to consumers.

6. RETAIL INDUSTRY SECTORS AND SEGMENTS IN INDIA:

The Indian retail landscape can be broadly categorized into two segments namely organized and unorganized. The organized sector, also known as modern retail, encompasses supermarkets, hypermarkets, department stores and shopping malls. This segment is witnessing significant growth, driven by factors like:

1. **Increased brand awareness:** Consumers are becoming increasingly brand conscious, seeking the reliability and consistency offered by organized retailers.
2. **Improved shopping experience:** Modern retail stores offer a wider product variety, a comfortable shopping environment, and convenient payment options.
3. **Investment in Infrastructure:** The government and private players are actively investing in building modern retail infrastructure, including logistics and warehousing facilities.

However, the unorganized sector, comprising traditional stores like kirana shops and street vendors still holds a dominant share of the market, accounting for approximately 80 per cent. This sector is characterized by:

1. **Strong local connection:** Unorganized retailers often enjoy strong relationships with local communities, offering personalized service and familiarity.
2. **Lower operational Costs:** Due to their lean structures and lower overheads, these retailers can offer competitive pricing.
3. **Cultural Significance:** These traditional stores are deeply ingrained in the cultural fabric of India, offering a unique shopping experience.

7. RETAIL INDUSTRY - GROWTH AND OPPORTUNITIES IN INDIA:

As the Indian retail sector continues its upward trajectory, several exciting opportunities beckon both established and aspiring businesses:

1. **E-Commerce Boom:** The e-commerce sector is flourishing, offering retailers the opportunity to expand their reach beyond geographical limitations and tap into the growing online consumer base.
2. **Omni channel Strategies:** Blending online and offline retail experiences is becoming increasingly important to cater to today's tech-savvy consumers who seek seamless shopping journeys.
3. **Focus on niche segments:** Catering to specific consumer segments with unique needs and preferences, such as organic products, sustainable fashion or personalized experiences, presents immense potential.

8. THE EVOLVING REGULATORY LANDSCAPE IN RETAIL INDUSTRY:

The Indian government is actively working to create a more conducive environment for retail businesses. Recent initiatives include:

1. Relaxation of FDI Norms: The government has relaxed FDI norms in certain segments of the retail sector, allowing greater foreign investment and expertise. This move is expected to attract international players and boost the growth of modern retail formats.
2. Implementation of GST: The Goods and Services Tax has simplified the indirect tax structure, making it easier for businesses to operate across the country. This has improved transparency and reduced the compliance burden for retailers.
3. Focus on Skill Development: The government is launching various initiatives to skill and up skill the retail workforce. This will help address the talent gap and improve the overall efficiency of the sector.

9. CONCLUSION:

Indian retail sector is dominated by a large number of small retailers consisting of the local kirana shops, owner-manned general stores, chemists, footwear shops, apparel shops, pan and beedi shops, hand-cart hawkers, pavement vendors etc. which together make up the so-called 'unorganized retail' or traditional retail. Though last two decades have witnessed the entry of a number of organized retailers opening stores in various modern formats in metros and urban areas, still, the overall share of unorganized retail business continues to be very high. The ongoing urbanization process in the country opens a broad horizon for the growth of unorganized retailing. Major reason for such strength of unorganized retailing getting practiced in India is it is a part culture, tradition and lifestyle.

Unorganized retailing though occupies the dominant position, it has not been considered as 'businesses in true sense. Though it provides livelihood to millions of people in the country and has been acting as the medium between the producers and consumers scattered everywhere, has received scant attention of the government. Governments over the years have neglected this sector; hence no policy framework is in place for such a potential sector in the country. The gradual opening up of the retail sector to foreign direct investment necessitates having a systematic approach towards the unorganized retail business. Otherwise, this sector is going to die down in the pace of globalization, liberalization and thereby snatch the livelihood of millions of hawkers, vendors, small shopkeepers etc. In this context it becomes essential to highlight the role of retail business in providing employment and income generation to SC/ST Women in Vijayapura City of Karnataka State.

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