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**CLASSIFICATION OF RETAIL FORMATS IN INDIA**

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**Abstract**

Retailing is the largest private industry in India and second largest employer after agriculture. With over 15 million retail outlets, India has the highest retail outlet density in the world. The origins of retail are as old as trade itself. Barter was the oldest form of trade. The retailing sector in India has undergone significant transformation in the past 10 years. Traditionally, Indian retail sector has been characterized by the presence of a large number of small-unorganized retailers. Initially the traditional retail format in India was in the forms of “Haats” and “Pethias” where local sellers used to sell their articles. But with centuries it has many traditional formats.

**KEY WORDS:-** Retailing, Barter, Traditional, Haats. Kirana.

## **INTRODUCTION:**

It is important that for centuries now, India has been operating within her unique concept of retailing. Retailing in its initial period was witnessed at the weekly Haats or Gathering in a market place where vendors put on displays their produce. This practice is still prevalent in many towns and cities in India, In the mean time the market saw the emergence of the Local banias and his neighborhood Kirana shop. These were the common local multipurpose departmental store located in the residential areas such shops stocked goods and multipurpose utility and were with the vision of providing convenience at the door step of the consumer.

While barter would be considered to be the oldest form of retail trade, since Independence, retail in India has evolved to support the unique needs of our country, given its size and complexity. Haats, mandis and melas have been a part of India landscape. They will continue to be present in most part of the country and form an essential part of life and trade in various areas.

## **PRESENT SCENARIO:**

The structure of Indian retail is developing rapidly with shop-in-shop becoming increasingly common in the metros and mini-metros. However, the traditional formats like hawkers, grocers and tobacconist shops continue to co-exist with the modern formats of retailing. Modern retailing has helped the companies to increase the consumption of their products for example. Indian consumers would normally consume the rice sold at the nearby kiranas for daily use. With the introduction of organized retail, it has been noticed that the sale of Basmati rice has gone up by four times than it was a few years back as superior quality rice like Basmati is now available at almost the same price as the normal rice at a local kirana. Thus, the way a product is displayed and promoted influences its sales. If the consumption continues to grow this way it can be said that the local market would go through a metamorphoses of a change and the local stores would soon become the t

hings of the past or restricted to last minute unplanned buying. Under mentioned is the segment analysis of Indian retail.

## **PREVALENT TRADITIONAL RETAILS:**

Indian market has high complexities in terms of a wide geographic spread and distinct consumer preferences varying by each region necessitating a need for localization even within the geographic zones. The sector has evolved dramatically from traditional village fairs, street hawkers to resplendent malls and plush outlets, growing from strength to strength. While barter is considered to be the oldest form of retail trade, since independence, retail in India has evolved to support the unique needs of the country given its size and complexity. At present India has various article specific traditional retails. Lets have a glance over some of them.

### **Food and grocery retail**

Retail market for food and grocery is the largest of the different types of retail industries present in India. The All India food consumption is close to Rs. 9,000 billion, with the total urban consumption being around Rs. 3,300 billion. This means that aggregate revenues of large food players is currently only 5 per cent of the total Indian market, and around 15-20 per cent of total urban food consumption. In 2007, the food and grocery segment was valued at Rs 7,920 billion and it enjoyed a dominant market share of 62 per cent in the total Indian retail sector; however, there was a completely opposite scenario in the organised retail segment.

Most food is sold in the local 'wet' market, vendors, roadside push cart sellers or tiny kirana stores. According to McKinsey report, the share of an Indian household's spending on food is one of the highest in the world, with 48 per cent of income being spent on food and beverages.

### **Apparel retail**

In consumer category like apparels and footwear, organized retail has found the Indian consumer's heart. The ready-mades and western outfits are growing at 40-45 per cent annually, as the market teams up with international brands and new entrants entering this segment creating an Rs.5 billion market for the premium

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grooming segment. The past few years has seen the sector aligning itself with global trends with retailing companies like Shoppers' Stop and Crossroads entering the fray to entice the middle class.

### **Gems and Jewellery retail**

The gems and jewellery market is the key emerging area, accounting for a high proportion of retail spends. India is the largest consumer of gold in the world with an estimated annual consumption of 1000 tonnes, considering actual imports and recycled gold. The market for jewellery is estimated as upwards of Rs. 650 billion.

### **Pharmaceutical retail**

The pharma retailing is estimated at about Rs. 300 billion, with 15 per cent of the 51 lakh retail stores in India being chemists. Pharma retailing will follow the trend of becoming more organised and corporatised as is seen in other retailing formats (food, apparel etc). A few corporates who have already forayed into this segment include Dr Morepen (with Lifespring and soon to be launched Tango), Medicine Shoppe, Apollo pharmacies, and the recently launched CRS Health from SAK Industries. In the south, RPG group's Health & Glow is already in this category, though it is not a pure play pharma retailer but more in the health and beauty care business.

### **Music Retail**

The size of the Indian music industry, as per this Images-KSA Study, is estimated at Rs.11 billion of which about 36 percent is consumed by the pirated market and organized music retailing constitutes about 14 percent, equivalent to Rs.1.5 billion.

### **Book retail**

The book industry is estimated at over Rs. 30 billion out of which organized retail accounts for only 7 per cent (at Rs. 2.10 billion). This segment is seen to be emerging with text and curriculum books accounting to about 50 per cent of the total sales. The gifting habit in India is catching on fast with books enjoying a significant share, thus expecting this sector to grow by 15 per cent annually.

## Consumer durables retail

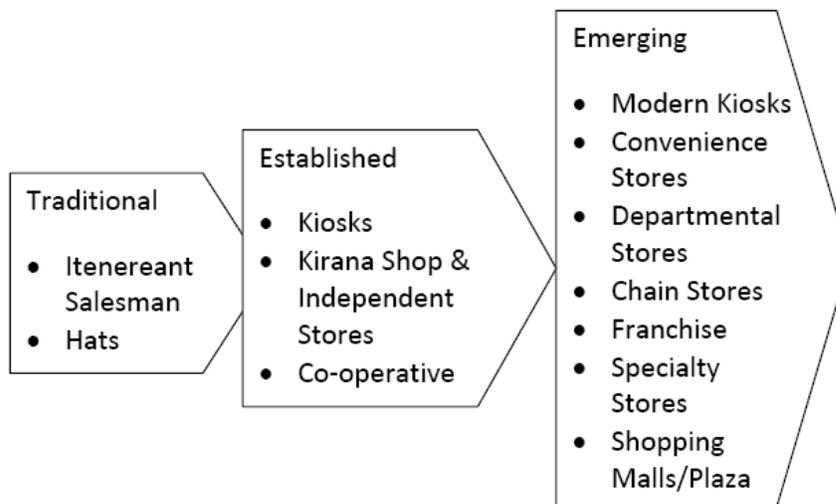
The consumer durables market can be stratified into consumer electronics comprising of TV sets, audio systems, VCD players and others; and appliances like washing machines, microwave ovens, air conditioners (A/Cs). The existing size of this sector stands at an estimated US\$ 4.5 billion with organized retailing being at 5 per cent.

## RETAIL FORMATS IN INDIA:

In India, at present, retailing activities are being carried through wide varieties of formats ranging from 'pheri wala' in streets to Modernised Malls in Metro cities. However from study point of view these formats can easily classified into following three Groups.

- **Traditional**
- **Established**
- **Emerging**

## FORMATS OF RETAILING



In traditional form of retailing the most ancient one is of “Haats”. Whereas among established forms the kirana shop and stores are most prevalent. While among the emerging ones the most attractive ones are shopping malls.

## **CONCLUSION:**

Indian consumerism, until recent years was a point of academic discussion due its immense potential. Similarly, access to increased disposal incomes to enjoy their aspirations for and a plethora of other consumer durables was a distant dream. This however, has changed dramatically over the past decade. The Indian economy has evidenced an unprecedented resurgence, with the GDP growth averaging close to 6% per annum placing India amongst the fastest growing economies in the world. This growth has meant an empowerment of the consumer. The transition from a protected economy to market driven regime is apparent as suspicions regarding competition from global players dissipate progressively. With domestic industries gaining confidence in their abilities, competition is no longer the deterrent that it had been.

The retail landscape of the country is changing at a rapid pace with malls and multiplexes mushrooming in all major cities. In fact, having reached a substantial capacity at Tier-1 locations, the organized retail revolution is now percolating to Tier II and III cities. Retail has clearly been witnessing a transformation from neighborhood-shopping to the concept of malls and family entertainment centers. Entertainment and experience are becoming integral parts of shopping. Global industry analysts have often confirmed the country's potential as one of the most attractive emerging retail destinations in the world.

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