

Retail

Current Scenario:

Indian retail industry accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth largest global destination in retail space.

The previous government opened up multi-brand retail, allowing 51% Foreign Direct Investment (FDI) in the sector. The current government - which was in opposition at the time and opposed the move - has made it clear it will not be increasing the FDI limit any time soon though 100% FDI has been allowed in single brand retailing.

Future Scenario:

India's retail market is expected to nearly double to US\$ 1 trillion by 2020 from US\$ 600 billion in 2015 owing to income growth, urbanisation and attitudinal shifts.

India's e-commerce market is estimated to expand to over US\$ 100 billion by 2020 from US\$ 3.5 billion in 2014.

Indian FMCG market is expected to increase to USD103.7 billion by 2020 from USD 47.3 billion in 2015.

Implementation of GST is expected to enable easier movement of goods across the country, thereby improving retail operations for pan-India retailers.

Formats/Channels of organised retail

Channel/ Format	Type of merchandise	Pricing	Size (sq ft)	Average stock- keeping units (SKUs)	Location	Example
Store						
Supercenter	All types of merchandise	Discount pricing	200,000- 300,000	200,000	Outskirts	Wal-Mart supercenter
Hypermarket	Mostly food & grocery and apparels with focus on value products	Discount pricing	60,000- 120,000	80,000	Malls	Hypercity, Big Bazaar
Supermarket	Food & grocery	Discount pricing	10,000- 30,000	20,000	Malls	Food Bazaar
Neighbourhood/ co-nvenience store	Daily use items		500- 3,000	4,000	all localities within a city	Subhiksha
Cash and carry	Mostly food and grocery	Bulk buying, heavy discounts	100,000- 300,000	150,000	outskirts	Metro cash and carry
Discount store	Food & grocery and fashion & accessories	Heavy discount	NA	NA	NA	Subhiksha
Department store	Apparel and accessories	Competitive	20,000- 100,000	50,000	Malls	Shoppers Stop
Speciality store	Any one type of merchandise	Competitive	500- 5,000	1,000	Main markets, Malls	Mobile Store
Category killer	Any one type of merchandise	Discount pricing	30,000- 100,000	10,000	Malls, high streets	Vijay Sales
Non-store						
Kiosks/stalls	Small food items and accessories	Normal	20-100	50	Malls, multiplexes, cinema halls	Popcorn
Vending machines	small items	Normal	-	10	Stations, commercial and office complexes	Chocolate and newspaper vending machines
Order retailing (Catalogue/TV/ Website)	Any type of merchandise	Competitive	-	-	-	Argos
Door-to-door	Mostly low- value items	Normal	-	-	-	Amway

Source: ICRIER and D&B Research