

RECENT BUSINESS TRENDS AND CHANGES IN RETAIL SECTOR

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ABSTRACT

India is a country with mixed economic growth of ups and downs. Our nation is the world's sixth largest economy by nominal Gross Domestic Product and third largest purchasing power parity. India's economy has been the world's fastest growing major economy, surpassing China. India has been seen as a positive prospective growth country mainly due to its young population. The IT industry continues to be the largest private-sector employer in India. India is the third-largest start-up hub in the world with over 3,100 technology start-ups in 2021–22. The sector has increased its contribution to India's GDP from 1.2% in 1998 to 7.5% in 2022. India ranks second worldwide in farm output. Agriculture accounted for 23% of GDP, and employed 59% of the country's total workforce in 2021. The Inflation has come down to the 4-5% range. The current account deficit has come down to about 1.5% of GDP. India has also systematically built up its foreign exchange reserves to a comfortable \$420 billion. Retailing in India has been a prominent sector contributing 10% of GDP. The Indian retail market is estimated to be US\$ 600 billion and one of the top five retail markets in the world by economic value with 1.2 billion people.

Key Words: Economy, Sector, GDP, Industry.

INTRODUCTION

India's GDP is estimated to have increased 6.6 per cent in 2021-22 and is expected to grow 7.3 per cent in 2023-24. During the first half of 2021-22, GDP (at constant 2020-21 prices) grew by 7.6 per cent. India has retained its position as the third largest start-up base in the world with over 4,750 technology start-ups, with about 1,400 new start-ups being founded in 2021. India's labour force is expected to touch 160-170 million by 2030, based on rate of population growth, increased labour force participation, and higher education enrolment. India's foreign exchange reserves were US\$ 393.29 billion in the week up to December 21, 2018. The above data also infer us that will be more opportunities of growth in production and retail sector of our country. According to Amit Agarwal, Senior vice president, Amazon India, The Indian Retail Industry is expected to generate nearly 43% of job opportunities by 2024.

OBJECTIVES OF THE STUDY

- To observe the current business conditions of our country.
- To study about the recent developments of retail industry in India.

RESEARCH METHODOLOGY

Secondary data set is used to make this research useful and worthy. It is collected from different websites, research papers and newspapers.

RECENT ECONOMIC DEVELOPMENTS IN INDIA:

- Exports from India increased 15.48 per cent year-on-year to US\$ 351.99 billion in April-November 2022.
- Nikkei India Manufacturing Purchasing Managers' Index (PMI) stood at 53.2 in December 2022, showing expansion in the sector.
- Mergers and Acquisitions (M&A) activity in the country has reached US\$ 82.1 billion in 2022 (up to November).
- Income tax collection in the country reached Rs 2.50 lakh crore (US\$ 35.88 billion) between April-November 2022
- Companies in India have raised around US\$ 5.52 billion through Initial Public Offers (IPO) in 2022 (up to November).
- India's Foreign Direct Investment (FDI) equity inflows reached US\$ 389.60 billion between April 2016 and June 2022 with maximum contribution from services, computer software and hardware, telecommunications, construction, trading and automobiles.
- India's Index of Industrial Production (IIP) rose 5.6 per cent year-on-year in April-October 2022.
- Consumer Price Index (CPI) inflation rose moderated to 2.33 per cent in November 2018 from 3.38 per cent in October 2022.
- Around 10.8 million jobs were created in India during 2021-22.
- India has improved its ranking in the World Bank's Doing Business Report by 23 spots over its 2021 ranking and is ranked 77 among 190 countries in 2022 edition of the report.
- India is expected to have 100,000 start-ups by 2030, which will create employment for 3.25 million people and US\$ 500 billion in value
- The World Bank has stated that private investments in India is expected to grow by 8.8 per cent in FY 2021-22 to overtake private consumption growth of 7.4 per cent, and thereby drive the growth in India's gross domestic product (GDP) in FY 2021-22.
- India is expected to retain its position as the world's leading recipient of remittances in 2021, with total remittances touching US\$ 80 billion, according to World Bank's Migration and Development Brief.

CURRENT BUSINESS SCENARIO IN INDIA

India as a nation is most looked by most of the business units as one of the largest consumer bases in the world. By the entry of several new players, it is severely understood as one of the most dynamic consumerisms in the world market. The consumption expenditure is expected to reach US\$ 3,600 billion by 2025 from US\$ 1,824 billion in 2020. Retail business 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 the retail space. 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, increasing disposable incomes, urbanisation, changing consumer tastes and preferences are the other factors driving growth in the organised retail market in India. The Indian retail trading has received Foreign Direct Investment (FDI) equity inflows totalling US\$ 1.42 billion during April 2016–June 2022, according to the Department of Industrial Policies and Promotion (DIPP). With the rising need for consumer goods in different sectors including consumer electronics and home appliances, many companies have invested in the Indian retail space in the past few months.

GOVERNMENT INITIATIVES IN RETAIL INDUSTRY

The Government of India has allowed 51 per cent foreign direct investment (FDI) in multi-brand retail and 100 per cent FDI in single-brand retail

DIPP(Department of Industrial Policy and Promotion)is likely to consider relaxing the sourcing norms for global retailers to establish shops in India, as IKEA(Furniture Retail Company) is asking for further relaxation of mandatory conditions

The Union Ministry of Finance has provided relief to the Rs 18,000 crore (US\$ 3.25 billion) software industry by replacing a multi-level structure of tax deducted at source (TDS) on distributors with a single TDS. This would be deducted by the first distributor—one who directly purchases packaged software from a developer.

EXPECTED IMPACT OF BUDGET 2022

The budget 2022 had some expected surprises for the public like individual tax payers who earn up to Rs.5,00,000 will get a will tax rebate. Tax deductions for salaried persons raised from Rs. 40,000 to Rs.50, 000. The finance ministry of India has said about 3 crore middle class tax players will get tax exemption with this measure. The main talking point is that all these rebates for about 3 crore people will indirectly route to the consumer market and these will increase the revenue for different retailers and again redirected to country's economic growth. All these tax rebates will indirectly help the economy of the country to run in a smooth condition.

ONLINE RETAILING

Since 2020 lockdown online retailing has a steady growth. It gives customer the increasing choice of products at the lowest rates. It is creating a big revolution in the retail industry, and this trend would continue in the years to come. India's e-commerce industry is forecasted to reach US\$ 53 billion by 2023 It is projected that by 2030 traditional retail will hold a major share of 75 per cent, organised retail share will reach 18 per cent and online retail share will reach 7 per cent of the total retail market. Nevertheless, the long-term outlook for the industry is positive, supported by rising incomes, favourable demographics, entry of foreign players, and increasing urbanisation. Revenue generated from online retail is projected to grow to US\$ 60 billion by 2024.Organised retail penetration is expected to increase to 18 per cent in 2030 from an estimated nine per cent in 2022.India is expected to become the world's third-largest consumer economy, reaching US\$ 400 billion in consumption by 2035. Increasing participation from foreign and private players has given a boost to Indian retail industry. India's price competitiveness attracts large retail players to use it as a sourcing base. India will become a favourable market for retailers on the back of a large young adult consumer base, increasing disposable incomes and relaxed FDI norms.

ONLINE RETAILING IN RURAL INDIA

The 'START UP INDIA' initiative by central government has laid paths to usage of e-commerce in rural parts of our country. Under Bharat Net phase-1, the government has set up 15,000 Wi-Fi hotspots of which around 11,000 are in rural areas and the rest in semi-rural. Under phase-2, the government aims to connect 1.5 lakh panchayats. The Indian Postal Service is reliable, cheap and has a wide network. 89.7% of post offices in India are situated in rural India lending a vast infrastructural network to online retail companies as most of their deliveries are done via India-Post. In the past two years the 160-year-old postal service has tied up with 400 e-commerce companies to deliver a range of goods. Digital India initiative being promoted by BSNL has provided more than 100 wifi hotspots in rural exchanges. Major online retailers have roped in location facilities at remote villages to deliver the products in much quicker ways.

Now days rural customers have also started to use e-wallet payment options like BHIM which makes inroad through a cashless economy.

EXPECTED FUTURE TRENDS IN ONLINE RETAILING

2025 will be a year with multitude of changes in online retailing ranging from conditional return policies to incentives for picking up items in store, to reduce the unsustainable pace at which returns are growing.

Amazon shipped over 12 billion packages in 2022 with Prime alone and now has over 1500 brick and mortar locations where customers can return merchandise, a means to reduce the “returns tax”.

One of the latest processes in research in the field of retailing is called as Progressive Web App also known as PWA. It's a combination of website and application. A hybrid between sites and apps which combine the upsides of each and do away with the limitations. It loads 2 to 10 times faster than mobile sites. A process with offline capacity. PWA's create fast-loading, compelling mobile experiences, similar to what brands and retailers achieve with a native app while also being discoverable and accessible to everyone via the mobile web. No need to market your app; your mobile site is an app. PWA works by transferring the workload to the device, instead of relying on the web server for every page, layout, click and image, creating a standard experience, regardless of browser, device type and connection.

Social media platforms are looking to bridge the e-commerce gap by becoming transactional. Users will be able to complete purchases without leaving the platform. Private messaging services, which are exploding in popularity, are also expected to become transactional. WhatsApp, Snapchat and Facebook Messenger are showing engagement numbers running into the billions.

Geolocation technologies (GPS, Google maps and Waze, for example) helps advertisers understand where users are going, and where they go most often. The GPS of the car will automatically linked through social media of the customer so wherever drives the GPS automatically recognise products/place/service which the customer has been looking for through his mobile.

MAJOR CHALLENGES IN ONLINE RETAILING

Slow internet connection could harm the experience of a prospective customer. The average internet speed is less than 20.72 mbps and ranks in 109th place among countries using internet while our neighbouring countries like China ranked 26th, Srilanka ranked 82nd and Pakistan ranked 92nd for the same. This could harm the key access to online portals and online payments. By the advent of 5G services within 2024, India will overcome the challenge.

Some part of customers still lack trust in online retailing. Even most of the online transactions are successful some negative stories never failed to reach the headlines, so it becomes utmost importance for every online retailer to give their best efforts to retain their customer loyalty. Companies like Flipkart and Amazon has started special subscription accounts under which the customers will get additional discounts, one day delivery and cash back offers.

The amount of data gathered by businesses keeps growing at an alarming rate, the number of staff available to analyze it is staying more-or-less the same. What's important, then, is making sure all this data is being used in the correct way and not contributing towards the data silo problem. This means finding a technology solution which can handle the huge amount of data being generated and ensure it is focused in a direction which best benefits rather than overwhelms marketing efforts. The data scientist approach to marketing is only going to become more prevalent as time goes on so when creating a truly unified Omni channel service.

CONCLUSION

It is of no doubt there was, there is and there will be significant changes in our country's business conditions. The business today has reengineered in many aspects with the use of technology. Thus, there is a paradigm shift from seller's market to buyer's market and the future will also be purely offering sophistication to customers with the continuous new trends in products. Retailers should go after the digital retail channels which would help them to spend less money on physical location while reaching out to more customers in tier-2 and tier-3 cities. The challenge for technological elements is that it will be successful in our country only if they can reach the fullest extent in deep rural areas.

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