

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

I  
J  
R  
C  
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 3130 Cities in 166 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

# CONTENTS

| <b>Sr. No.</b> | <b>TITLE &amp; NAME OF THE AUTHOR (S)</b>  | <b>Page No.</b> |
|----------------|--|-----------------|
| 1.             | <b>A STUDY OF IMPORTANCE OF ETIQUETTES FOR A PROFESSIONAL</b><br><i>DR. G. SUNITHA &amp; A. K. NEERAJA RANI</i>  | 1               |
| 2.             | <b>COPYRIGHT PROTECTION FOR RGB WATERMARK IMAGE USING IN LSB</b><br><i>RAJNI VERMA &amp; ARCHNA TIWARI</i>   | 4               |
| 3.             | <b>HOW LEADERSHIP AFFECTS ORGANIZATIONAL CHANGE PROCESS</b><br><i>RAJA MUHAMMAD YASIR &amp; DR. HUMAYOUN NAEEM</i>   | 10              |
| 4.             | <b>FACTORS INFLUENCING CUSTOMERS' LOYALTY IN ONLINE SHOPPING</b><br><i>TUSHAR BHAVSAR &amp; DR. RAJESH M. PATEL</i>  | 13              |
| 5.             | <b>A STUDY ON THE ROLE OF EMOTIONAL SATISFACTION IN RETAIL OUTLETS</b><br><i>T. KALAKUMARI &amp; DR. M. SEKAR</i>  | 16              |
| 6.             | <b>STAFF ATTITUDES TO SHELVING AND SHELF READING IN PUBLIC LIBRARIES IN NIGERIA</b><br><i>JOHN MUYIWA ADENIYI CLN</i>  | 20              |
| 7.             | <b>A ROAD MAP TOWARDS SECURE CYBER WORLD</b><br><i>SANDEEP YADAV</i>   | 22              |
| 8.             | <b>FDI IN RETAIL: BOON OR BANE</b><br><i>ANNU AGGARWAL</i>   | 25              |
| 9.             | <b>WORKING CAPITAL MANAGEMENT AND ITS IMPACT ON PROFITABILITY: A CASE STUDY OF DR. REDDY'S LABORATORIES LTD.</b><br><i>NIRMAL CHAKRABORTY</i>  | 33              |
| 10.            | <b>QUALITATIVE ANALYSIS OF FDI IN INDIAN RETAIL INDUSTRY</b><br><i>PALLAVI MANIK &amp; RENU SINGLA</i>   | 38              |
| 11.            | <b>e-COMMERCE IN PUBLIC SECTOR BANKS</b><br><i>IYER SEETHALAKSHMI BALAKRISHNAN</i>   | 42              |
| 12.            | <b>CREATING COMPETITIVE ADVANTAGE THROUGH SUPPLY CHAIN MANAGEMENT (ROLE OF INFORMATION &amp; COMMUNICATION TECHNOLOGY IN SUPPLY CHAIN MANAGEMENT TO CREATE COMPETITIVE ADVANTAGE: A LITERATURE BASE STUDY)</b><br><i>SAIF MAQBOOL, MUHAMMAD RAFIQ, MUHAMMAD IMRAN, ABDUL QADEER &amp; TAJAMMAL ABBAS</i> | 47              |
| 13.            | <b>ADOPTION OF INFORMATION TECHNOLOGY AND BANKS PERFORMANCE: A SURVEY OF SELECTED BANKS IN NIGERIA</b><br><i>SAMSON YIMKA ALALADE, KEMI OMONIYI &amp; BOLANLE O. AMUSA</i>   | 53              |
| 14.            | <b>A STUDY OF UNDERGRADUATE COLLEGE STUDENT'S STUDY HABITS IN RELATION TO THEIR ACADEMIC ACHIEVEMENT</b><br><i>ISHRAT NAAZ</i>   | 60              |
| 15.            | <b>PACKAGING DESIGN AS NEW INNOVATIVE PROMOTIONAL TOOL</b><br><i>SHRUTI CHAUDHARY</i>  | 65              |
|                | <b>REQUEST FOR FEEDBACK &amp; DISCLAIMER</b>   | 69              |

## CHIEF PATRON

**PROF. K. K. AGGARWAL**

Chairman, Malaviya National Institute of Technology, Jaipur

*(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)*

Chancellor, K. R. Mangalam University, Gurgaon

Chancellor, Lingaya's University, Faridabad

Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi

Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

## FOUNDER PATRON

**LATE SH. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana

Former Vice-President, Dadri Education Society, Charkhi Dadri

Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

## CO-ORDINATOR

**AMITA**

Faculty, Government M. S., Mohali

## ADVISORS

**DR. PRIYA RANJAN TRIVEDI**

Chancellor, The Global Open University, Nagaland

**PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

**PROF. M. N. SHARMA**

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

**PROF. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

## EDITOR

**PROF. R. K. SHARMA**

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

## CO-EDITOR

**DR. BHAVET**

Faculty, Shree Ram Institute of Business & Management, Urjani

## EDITORIAL ADVISORY BOARD

**DR. RAJESH MODI**

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

**PROF. SANJIV MITTAL**

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

**PROF. ANIL K. SAINI**

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

**DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P. J. L. N. Government College, Faridabad

**DR. SHIVAKUMAR DEENE**

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

### ***ASSOCIATE EDITORS***

**PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

**PROF. A. SURYANARAYANA**

Department of Business Management, Osmania University, Hyderabad

**DR. SAMBHAV GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

**PROF. V. SELVAM**

SSL, VIT University, Vellore

**DR. PARDEEP AHLAWAT**

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

**DR. S. TABASSUM SULTANA**

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

**SURJEET SINGH**

Asst. Professor, Department of Computer Science, G. M. N. (P.G.) College, Ambala Cantt.

### ***TECHNICAL ADVISOR***

**AMITA**

Faculty, Government M. S., Mohali

### ***FINANCIAL ADVISORS***

**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

### ***LEGAL ADVISORS***

**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

**CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

### ***SUPERINTENDENT***

**SURENDER KUMAR POONIA**

## **CALL FOR MANUSCRIPTS**

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

## **GUIDELINES FOR SUBMISSION OF MANUSCRIPT**

### 1. **COVERING LETTER FOR SUBMISSION:**

DATED: \_\_\_\_\_

**THE EDITOR**  
IJRCM

**Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

**(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)**

**DEAR SIR/MADAM**

Please find my submission of manuscript entitled '\_\_\_\_\_ ' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

#### **NAME OF CORRESPONDING AUTHOR:**

Designation:  
Affiliation with full address, contact numbers & Pin Code:  
Residential address with Pin Code:  
Mobile Number (s):  
Landline Number (s):  
E-mail Address:  
Alternate E-mail Address:

#### **NOTES:**

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:  
**New Manuscript for Review in the area of** (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

**INTRODUCTION**

**REVIEW OF LITERATURE**

**NEED/IMPORTANCE OF THE STUDY**

**STATEMENT OF THE PROBLEM**

**OBJECTIVES**

**HYPOTHESES**

**RESEARCH METHODOLOGY**

**RESULTS & DISCUSSION**

**FINDINGS**

**RECOMMENDATIONS/SUGGESTIONS**

**CONCLUSIONS**

**SCOPE FOR FURTHER RESEARCH**

**ACKNOWLEDGMENTS**

**REFERENCES**

**APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
  - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
  - Use (ed.) for one editor, and (ed.s) for multiple editors.
  - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
  - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
  - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
  - For titles in a language other than English, provide an English translation in parentheses.
  - The location of endnotes within the text should be indicated by superscript numbers.

**PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:**

**BOOKS**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

**CONTRIBUTIONS TO BOOKS**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

**JOURNAL AND OTHER ARTICLES**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

**UNPUBLISHED DISSERTATIONS AND THESES**

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

**ONLINE RESOURCES**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

**WEBSITES**

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>



**QUALITATIVE ANALYSIS OF FDI IN INDIAN RETAIL INDUSTRY**

**PALLAVI MANIK**  
**ASST. PROFESSOR**  
**L R DAV COLLEGE**  
**JAGRAON**

**RENU SINGLA**  
**ASST. PROFESSOR**  
**L R DAV COLLEGE**  
**JAGRAON**

**ABSTRACT**

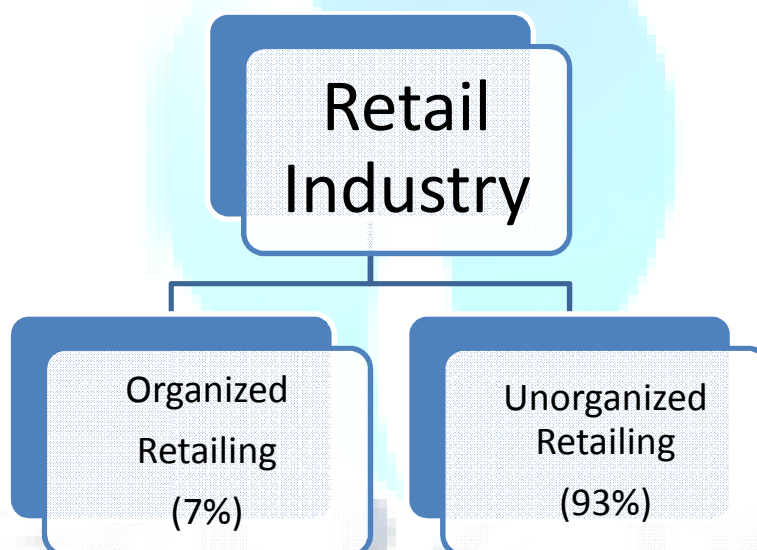
*The Indian Retail Industry is the fifth largest in the world. Comprising of organized and unorganized sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially the retail industry in India was mostly unorganised, however with the change of taste and preferences of consumers, the Industry is getting more popular these days and getting organized as well. The Indian retail market has shown greater acceptance for organized retailing formats. Domestic retailing is emerging from a multitude of unorganized family-owned businesses to organized modern retailing. Rapid urbanization, changes in shopping pattern, demographic dividend and pro-active measures by the Government are abetting the growth of the retail sector in India. By taking into account the importance of growing Indian retail industry an attempt has been made to analyze the reforms (Foreign Direct Investment) introduced by Government of India in the Indian Retail Industry, whether they are boom or bane for the country.*

**KEYWORDS**

Retail Industry, Organized Retail, Unorganized Retail, Foreign Direct Investment.

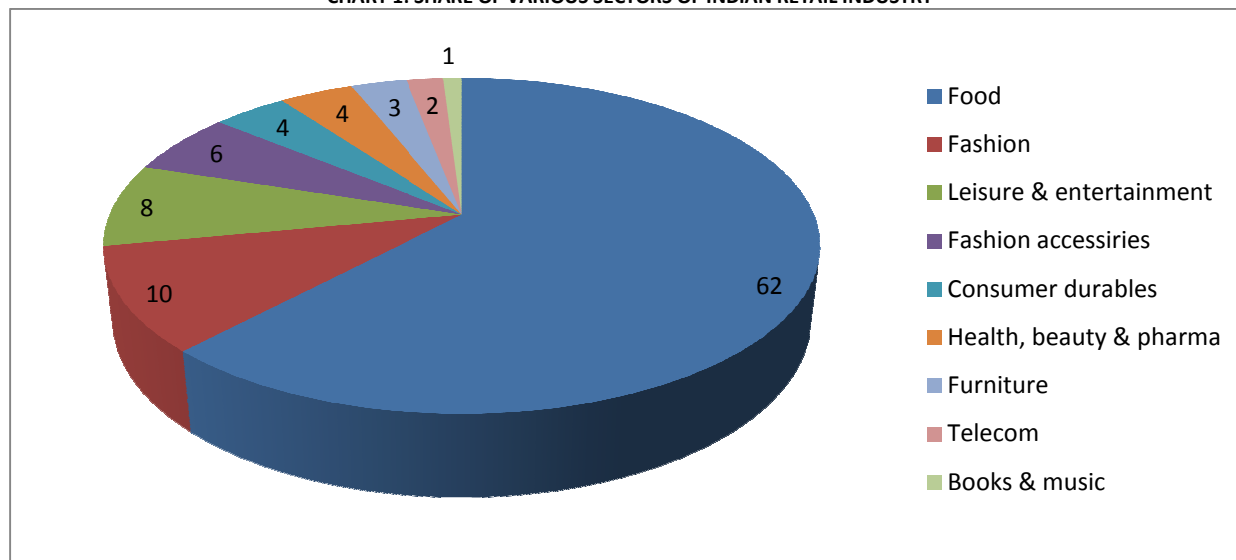
**INTRODUCTION**

Indian retail industry is one of the rising sectors with huge potential and capability. Indian retail industry is the second largest employer after agriculture, employing around 35 million people with wholesale trade generating additional 5.5 million employments more. Retail sector in India accounts for around 30 to 35 pc of its GDP. Indian retail market is dividing into two parts:



The Indian Retail industry has grown at a CAGR of 14.6% for the period FY07-12(p). The said growth can be attributed to the growing Indian economy, increase in Private Final Consumption Expenditure (PFCE) and the change in consumption pattern of the Indian populace. The changing consumption pattern, in turn, primarily remains driven by higher standard of living, growing middle-class population, greater proportion of working women, increase in penetration levels of organized retail etc. The Indian retail market is currently estimated at 396 USD million. Food segment contributes the largest part of total value of retail market, followed by fashion, leisure and entertainment and fashion accessories and so on. Indian retail market segment is as follows:-

CHART 1: SHARE OF VARIOUS SECTORS OF INDIAN RETAIL INDUSTRY



Source: Big Strategic Management Consultants, Highlight of Indian retail industry, 2012

The share of organized retail trade is project to grow @ 40 pc. Some of the factors contributing towards this expected growth are:

1. India' total population growing @ 13 pc and this hike in population is bound to show repercussion in various sectors.
2. Total retail spending is expected to be double in next 5 years.
3. Customers mindset is shifting from low price to better convenience, high value and moreover quality oriented products.
4. Emergence of concepts such as quick and easy loans, EMIs, credit cards loans has made purchasing possible for Indian consumers.
5. Constructions of malls are contributing towards the growth of the organized retail business.
6. Youth of India is getting high brand conscious, 60 pc of India's population is below the age of 30 leading to popularization of brands and products.

TABLE 1: LANDSCAPE OF INDIAN RETAIL INDUSTRY

| Factors   | 2001            | 2012             | 2021             |
|---|-----------------|------------------|------------------|
| GDP(USD bn)   | 450             | 1958             | 3310             |
| Estimated merchandise consumption (retail market opportunity) | 120             | 490              | 810              |
| Urban consumption(% and in absolute Numbers)                  | 40%(USD48 bn)   | 48% (USD 235 bn) | 60% (USD 455 bn) |
| Rural Consumption(% and in absolute Numbers)                  | 60% (USD 72 bn) | 52% (USD 255 bn) | 44% (USD 355 bn) |
| Organized Retail  | 4%              | 7%               | 20%              |
| Organized Retail in (USD Bn)                                  | 5               | 34               | 162              |
| No. of Direct Employees in Organized Retail (Mn)              | 0.1             | 0.7              | 3.3              |

Source: Technopark white paper on FDI in Retail

India Has witnessed sustained growth in retail in the last decade 92002-2012). Inspite of economic uncertainty and slowdown, the retail will continue to grow, due to growth in GDP of country. Moreover, urban India's share in retail will grow 48 pc (2012) to nearly 56 pc by 2021. Moreover share of organized retail will grow 7 pc to 20 pc by 2021.

During the last 25 years, private investments both from Indian and international players has been inserted. Inspite of these efforts, Indian organized retailers have managed to have 7 pc share only, but it is expected to grow by 20 pc (2021).

## RESEARCH OBJECTIVE & METHODOLOGY

In this paper an attempt has been made to analyze that whether FDI in retail should be there or not and to achieve that objective opinion of experts and researchers have been collected from various journals, magazines, books, newspapers, online journals etc. as the paper is totally opinion based.

## REVIEW OF LITERATURE

Sikri and Wadhwa studied about the growth and challenges faced by Indian retail industry. In their study author projected that Indian retail industry will be very big and factor driven for this growth are totally external. Study concluded that even though Indian retail industry has lot of potential, but still it has to reach at par with international standards, it has a long way to go.

Pandey and Kumar made a critical analysis of Indian retail sector by making an analysis of top 7 companies in terms of sales and which are listed in BSE and NSE. Study concluded that organized retail is at growing stage and it will get strong position in the coming era.

Akther and Eubal, made an effort to study the one of the important and emerging part of retail sector i.e. organized retailing in India. In this study authors tried to analyze finer strategic perspective for the growth of retail sector in India and also suggest measures, so that they can incorporate these strategies quantitatively and qualitatively. At the end study concluded that many players have entered the industry, but they all have not tasted success, but they are gradually inching their way to success.

Rohilla and bansal studied one of the sensitive topic i.e. FDI in Indian Retail. Authors put some light on both positive and negative aspect of FDI in India. Being a debatable issues, author have given the references of some other countries like China, Thailand, Russia etc. which are developing counties like India. Study suggested that there are some issues which needed to be resolved before FDI can be allowed in India.

Chari and Raghavan discuss the opening up of Indian retail bazaar for FDI by studying challenges and opportunities. Authors argue the potential benefits which FDI is going to generate, but on the other hand also discussed the cast Indian retail industry have to bear. Research concludes that by checking on the benefits, it is now the turn of retail and FDI should be allowed in this sector.

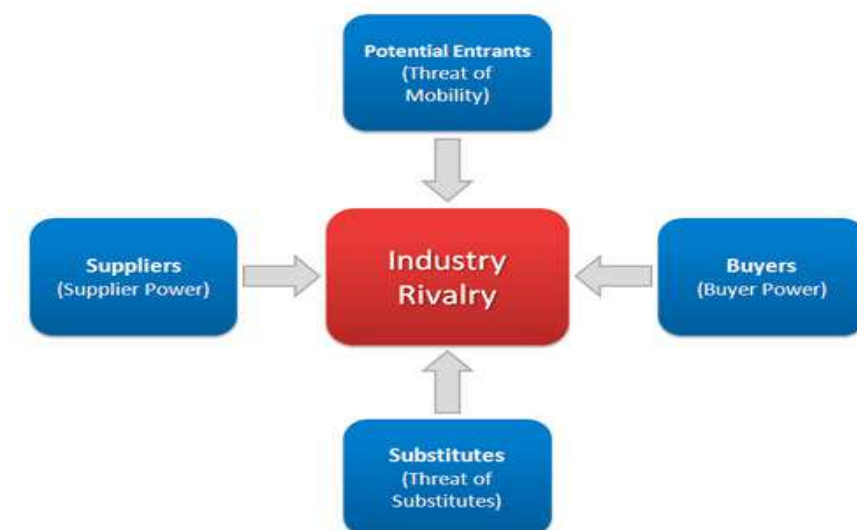
**As per AT Kearney's 7<sup>th</sup> Annual Globe Retail Development Index Report** Indian retail industry is 5<sup>th</sup> largest retail destination and 2<sup>nd</sup> most attractive market for investment in the world after Vietnam. Some of the major reforms announced by Government of India with regard to FDI in retail sector in India are:

1. India will allow FDI up to 51 pc in Multi Brand retail.
2. Single Brand Retailer can own 100 pc of their Indian Stores.
3. The retailers with FDI share will have to get their 30 pc of total goods from small and medium sized suppliers from India.

So to find out whether these reforms are boom or bane for economy. Some of the qualitative tools have been used which are as under:-



## 1. PORTERS' FIVE FORCE MODEL



- Threat of New Entrants:** 90 pc of Indian retail market composed of small, uncomputerized and family run store shops. Now there are some symptoms that Indian government is trying to change it and that is by opening up of its economy to FDI in Retail market. It has opened up market for foreign investors in single brand retail and multi brand retail in a phased manner will lead to more inflows of foreign investors in India. So threat of new entrants is high.
- Powers of Suppliers:** At present, customers are getting quality conscious and if they are paying price, they should get quality products and if supplier provide quality products then he will be able to survive unless otherwise he will have to shut his shop. So supplier tends to have little power. E.g. Walmart which pays attention to quality so contract with big retailer like walmart can make or break a small supplier.
- Power of Buyers:** Here customers will have more bargaining power in unorganized sector as compare to organized sector because it's very difficult to bargain in retail chain store like big bazaar as compare to kirana shop. Because in organized sector if customers demand product then his focus will be on quality
- Availability of Substitutes:** Retail stores do not deal with single products they have to deal with number of products in a same product line therefore different stores are selling same products so threat of substitute is higher.
- Competitive Rivalry:** Retailers have to face cut throat competition whether they are in organized or unorganized sector. To overcome this, latest practice adopted by these retail stores is giving membership, special gifts, bonus and moreover concentrating on customers' loyalty.

From the above analysis it is clear that there will be more threat of new entrants, power of suppliers will be less, and buyers will rule the market and more quality conscious, due to availability of substitutes. Sellers will have to provide goods as per the demands of customers, due to cut throat competition. Healthy competition benefits customers by restraining prices and encouraging companies to innovate to provide better quality for the price paid. Because it is rightly said 'Competition is not an end itself'

The recent initiatives of Government for opening up of retail sector for Foreign Direct Investment become a very sensitive issue. Arguments are there on both sides. It is a well-known fact that FDI can have some positive results on the economy not in short-term but in the long-term.

**ARGUMENTS AGAINST THE RETAIL SECTOR REFORMS**

- Massive job loss will be there because independent stores will get closed. With the emergence of Walmart only thousands of jobs will be created and millions will be lost.
- As we have seen in the case of Pepsi and Coke, they came and wipeout the entire domestic brands, same will be the case of retail outlet e.g. When Walmart will lower their price, then they will be able to create monopoly and then rises prices.
- India is self sufficient country it's not depend on foreign retailers it can meet its demand by its own so there is no need to have foreign retailers.
- There will be drainage of money from India, that will be generated here but profits will go to foreigners.
- They will enter like East India Company and then took over politically.

**ARGUMENTS IN SUPPORT OF THE RETAIL SECTOR REFORMS**

- If a company like Walmart will come into India and spread in the same trend as of USA, then Walmart only will be able to create 5.6 Million jobs (India's population in 1200 million, USA population is 300 million and Walmart creating 1.4 million and in the same proportion it will create 5.6 million jobs in India). Instead of job loss, retailers reforms are likely to be massive boost to Indian job availability.
- Indian economy need trillions of dollars to built its infrastructure, hospitals, education and housing etc. to meet its need of surging population. As we all know, Indian economy is already operating on budget deficit so to meet their demand global investment through FDI is needed. Beyond capital, Indian retail industry needs knowledge and global integration Global integration can potentially open its export market for Indian farmers and manufactures.
- Companies like Walmart Carrefour, Metro, and Target are some of the leading retail companies who are operating for over 30 years in numerous countries and they have not created monopoly. Instead they have helped in reducing inflation by having price check over it.
- Some of the critics are saying if we allow foreign investors, then history will repeat itself like East India Company, but toady we are living in 21<sup>st</sup> century as a largest democratic country. Global awareness and media were not there in 18<sup>th</sup> century as we have in 21<sup>st</sup> century. So India rather than isolating itself should enjoy the benefits by having integration with the world as countries like China, Malaysia, Thailand etc are doing.
- No doubt India has become self sufficient in food production, but it is of no use if that food does not reached to the consumers, this is due to in built inefficiencies in our food distribution system. If we have cost conscious organized retail stores, then we can reduce food wastage while increasing farmers' income. E.g. walmart since its arrival has introduced "Direct Farm project" at Haider nagar near Malerkotla in Punjab where 110 farmers have been connected with Bharti Walmart for sourcing fresh Vegetables directly which leads to less wastage and direct income to farmers.

The supporters of FDI in retail trade argue that it brings benefits to consumers in term of price reduction, increased and improved selection base, high quality technique of the foreign players in the market. Further it can increase the domestic consumption level. Those who oppose the FDI in retail trade argue that the FDI brings the modern retailing culture and thus displace the labor up to great extent and destroy the traditional retail sector. Unless we are able to provide ample jobs in the manufacturing sector we should not think of a policy which results in elimination of jobs in the unorganized retail sector. In India the primary task of the Government is to provide livelihood to the mass and not create so called efficiency of scale by creating redundancies. As per present regulations, no FDI is permitted in retail trade in India Thus from the above contrasting views of critics and supporters; and also with reference to Industry analysis using Porter's five force model, it can be inferred that opening of the Indian retail sector will advance the welfare of nation as a whole.

**2. SWOT ANALYSIS****A. STRENGTHS**

- Major contribution to GDP:** The retail sector in India is hovering around 33-35% of GDP as compared to around 20% in USA.

- **High Growth Rate:** The retail sector in India enjoys an extremely high growth rate of approximately 46%.
- **High Potential:** Since the organized portion of retail sector is only 2-3%, thereby creating lot of potential for future players.
- **High Employment Generator:** The retail sector employs 7% of work force in India, which is right now limited to unorganized sector only. Once the reforms get implemented this percentage is likely to increase substantially.

#### B. WEAKNESSES (LIMITATION)

- **Lack of Competitors:** AT Kearney's study on global retailing trends found that India is least competitive as well as least saturated markets of the world.
- **Highly Unorganized:** The unorganized portion of retail sector is only 97% as compared to US, which is only 20%.
- **Low Productivity:** Mckinsey study claims retail productivity in India is very low as compared to its international peers.
- **Shortage of Talented Professionals:** The retail trade business in India is not considered as reputed profession and is mostly carried out by the family members (self-employment and captive business). Such people are not academically and professionally qualified.
- **No Industry 'status, hence creating financial issues for retailers:** The retail sector in India does not enjoy industry status in India, thereby making difficult for retailers to raise funds.

#### C. OPPORTUNITIES (BENEFITS)

- **There will be more organization in the sector:** Organized retail will need more workers.
- **Healthy Competition will be boosted and there will be check on the prices (inflation):** Retail giants such as Walmart, Carrefour, Tesco, Target and other global retail companies already have operations in other countries for over 30 years. Until now, they have not at all become monopolies rather they have managed to keep a check on the food inflation through their healthy competitive practices.
- **Create Transparency in the system:** The intermediaries operating as per mandi norms do not have transparency in their pricing. According to some of the reports, an average Indian farmer realizes only one-third of the price, which the final consumer pays.
- **Intermediaries and Mandi System will be Evicted, Hence Directly Benefiting the Farmers and Producers:** the prices of commodities will automatically be checked. For example, according to Business Standard, Walmart has introduced —Direct Farm Project at Haider Nagar in Punjab, where 110 farmers have been connected with Bharti Walmart for sourcing fresh vegetables directly.
- **Quality Control and Control over Leakage and Wastage:** Due to organization of the sector, 40% of the production does not reach the ultimate consumer. According to the news in Times of India, 42% of the children below the age group of 5 are malnourished and Prime Minister Dr. Manmohan Singh has termed it as **National Shame**. Food often gets rot in farm, in transit and in state-run warehouses. Cost conscious and highly competitive retailers will try to avoid these wastages and losses and it will be their Endeavour to make quality products available at lowest prices, hence making food available to weakest and poorest segment of Indian society.
- **Heavy Flow of Capital will Help in Building up the Infrastructure for the Growing Population:** India is already operating in budgetary deficit. Neither the government of India nor domestic investors are capable of satisfying the growing needs (school, hospitals, transport etc.) of the ever growing Indian population. Hence foreign capital inflow will enable us to create a heavy capital base.

#### D. THREATS

- **Current Independent Stores will be Compelled to Close:** This will lead to massive job loss as most of the operations in big stores like Walmart are highly automated requiring fewer work forces.
- **Big Players can Knock-out Competition:** They can afford to lower prices in initial stages, become monopoly and then raise price later.
- **India does not Need Foreign Retailers:** As they can satisfy the whole domestic demand.
- Remember East India Company it entered India as trader and then took over politically

By utilizing our strengths and taking the benefits of opportunities available with us, we can overcome our weakness and threats. Moreover the threats created are only political. For that we need to balance opportunities and prospects associated with these reforms, it will surely benefit our economy and public at large once implemented. So for the period we are delaying the implementation of these reforms, for that government will have to bear the cost. With the implementation of this policy all stakeholders will benefit whether it is consumer through quality products at low price, farmers through more transparency in trading or Indian corporate with 49% profit share remaining with Indian companies only.

## CONCLUSION

The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. There is very huge potential for the growth of organized Retailing in India. By following some of the strategies it can rise tremendously and can reach each and every nock and corner In the above mention viewpoint, it will be good for Indian economy to implement these reforms whole heartedly and at large. These will definitely benefit our economy. As per my viewpoint, modern retail is the need of the hour to have proper distribution and for overcoming inefficiencies in the system. But situation will get worse when it reached a point, where duopoly emerged and everything goes against the public interest. So to overcome all these problems, there is need to have effective and properly implemented competition policies and laws to have a check on anticompetitive policies ad to evaluate that to which extent retail power is used unfairly.

## REFERENCES

1. Anand Dikshit (August 12 2011). "The Uneasy Compromise – Indian Retail". The Wall Street Journal.
2. Global Powers of Retailing 2011". Deloitte. 2011.
3. [http://dipp.nic.in/DiscussionPapers/DP\\_FDI\\_Multi BrandRetailTrading\\_06July2010.pdf](http://dipp.nic.in/DiscussionPapers/DP_FDI_Multi BrandRetailTrading_06July2010.pdf)
4. Ikea shelves Indian retail market move". The Financial Times. 22 January 2012.
5. "India's retail reform: No massive rush". The Economist. 2 December, 2011.
6. India's Retail Sector (Dec 21, 2010) [http://www.cci.in/pdf/surveys\\_reports/indias\\_retail\\_sector.pdf](http://www.cci.in/pdf/surveys_reports/indias_retail_sector.pdf)
7. INDIAN RETAIL INDUSTRY: A Report". CARE Research. March 2011.
8. Sharma, Amol; Sahu, Prasanta (11 January 2012). "India Lifts Some Limits on Foreign Retailers". The Wall Street Journal.
9. "The Bird of Gold - The Rise of India's Consumer Market". McKinsey and Company. May 2007.
10. "Winning the Indian consumer". McKinsey & Company. 2005.

## **REQUEST FOR FEEDBACK**

**Dear Readers**

At the very outset, International Journal of Research in Commerce, IT & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**

## **DISCLAIMER**

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, nor its publishers/Editors/Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal is exclusively of the author (s) concerned.

## ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

### *Our Other Journals*

