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CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	THE ROLE OF WOMEN ENTREPRENEURS IN SHAPING THE BUSINESS AND SOCIETY <i>DR. C. S. SHARMA & ANJU BHARTI</i>	1
2.	IMPACT OF FII ON S & P NIFTY INDEX <i>ABDUL HALEEM QURAIISHI & H NANJEGOWDA</i>	5
3.	TRAINING AND DEVELOPMENT PROGRAM AND ITS BENEFITS TO EMPLOYEES AND ORGANIZATIONS: A CONCEPTUAL STUDY <i>DR. RAM KUMAR P.B.</i>	10
4.	DETERMINANTS OF THE PERFORMANCE OF NON-FINANCIAL FIRMS IN INDIA DURING THE PERIOD OF PRE AND POST GLOBAL FINANCIAL CRISIS <i>KANAIYALAL S. PARMAR & V. NAGI REDDY</i>	14
5.	IMPACT OF E-CRM ON LIFE INSURANCE COMPANIES OF INDORE REGION: AN EMPIRICAL STUDY <i>DR. ASHOK JHAWAR & VIRSHREE TUNGARE</i>	20
6.	COMBATING UNEMPLOYMENT: AN INDIAN PERSPECTIVE <i>PALAASH KUMAR & DR. ASHOK KUMAR PANIGRAHI</i>	24
7.	A RESEARCH PAPER ON MEASURING PERCEPTIONS AND IDENTIFYING PREFERENCES TOWARDS MOBILE ADVERTISING AMONG ADVANCED MOBILE USERS <i>KAUSHIKKUMAR A. PATEL</i>	30
8.	FOREIGN DIRECT INVESTMENT IN INDIA'S RETAIL SECTOR: AN OVERVIEW <i>LAVANYA KUMAR</i>	42
9.	MERGERS & ACQUISITIONS: A HUMANITARIAN PERSPECTIVE <i>DR. SMITA MEENA</i>	49
10.	A STUDY ON CORPORATE SOCIAL RESPONSIBILITY AND ITS APPLICATION TO HIGHER EDUCATION IN INDIA <i>ANJULA C S</i>	52
11.	SOCIAL SECURITY IN THE U.S.A AND INDIA: A COMPARISON <i>JOYJIT SANYAL</i>	55
12.	ANALYSIS OF INNOVATIVE TRADING TECHNIQUES IN FOREIGN EXCHANGE TRADING <i>VIRUPAKSHA GOUD G & ASHWINI S N</i>	59
13.	LEGAL OBLIGATIONS OF OFFICIAL DEEDS' ELECTRONIC REGISTRATION UNDER IRAN & FRENCH LAW <i>DR. MOHAMMAD REZA FALLAH, DR. GHASSEM KHADEM RAZAVI & FATEMEH SHAFIEI</i>	67
14.	A STUDY ON CAPITAL MARKET AND ITS RECENT TRENDS IN INDIA <i>K. RAJENDRA PRASAD, B. ANSAR BASHA, A. SURENDRA BABU & PURUSHOTHAM REDDY</i>	72
15.	A STUDY ON JOB SATISFACTION AND MOTIVATION OF FACULTY OF SELECTED COLLEGES IN HYDERABAD <i>RAKHEE MAIRAL RENAPURKAR, HRUSHIKESH KULKARNI & G. TEJASVI</i>	74
16.	CHANGING LANDSCAPE OF TEXTILES IN INDIA: A TECHNICAL TEXTILES <i>DR. ASIYA CHAUDHARY & PERVEJ</i>	83
17.	EFFECTS OF FINANCIAL PLANNING ON BUSINESS PERFORMANCE: A CASE STUDY OF SMALL BUSINESSES IN MALINDI, KENYA <i>OMAR, NAGIB ALI</i>	88
18.	XBRL AROUND THE WORLD: A NEW GLOBAL FINANCIAL REPORTING LANGUAGE <i>ABHILASHA.N</i>	98
19.	DYNAMICS OF COTTON CULTIVATION IN PUNJAB AGRICULTURE <i>DR. JASPAL SINGH & AMRITPAL KAUR</i>	103
20.	STANDING AND NOTWITHSTANDING: INDIA'S POSTURES AT GATT/WTO <i>JAYANT</i>	107
	REQUEST FOR FEEDBACK & DISCLAIMER	110

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FOREIGN DIRECT INVESTMENT IN INDIA'S RETAIL SECTOR: AN OVERVIEW

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ABSTRACT

Foreign direct investment (FDI) plays an important role in India's economic development. It is the most important channel through which the foreign capital flows into the country. In retailing, presently 51% FDI is allowed in Multibrand retail and 100% (revised) in Single Brand retail sector through government route in addition to some more regulations. With FDI now being permitted, the entry by global retailers such as Wal-Mart, Carrefour and Metro AG, Tesco into the Indian retail segment may help tackle inflation especially in food prices. Moreover, technical know-how from foreign firms, such as efficient warehousing technologies and distribution systems can improve supply chain efficiency in India. In the Indian context, this paper brings forth an overview of the Indian retail sector along with the opportunities of expansion of FDI in retail and also addresses the major challenges that the sector faces. The present paper also touches upon the advantages & disadvantage of 100% FDI in retail.

KEYWORDS

Foreign Direct Investment, Retail Sector, Single Brand and Multi-Brand Retail Sectors, Economic Growth, Advantages and disadvantages of FDI in Retail sector in India.

INTRODUCTION**DEFINITION: RETAIL**

avid Gilbert has defined retail has "Any business that directs its marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as a means of distribution". In simple terms, it signifies a first-hand transaction with customer and essentially mean sales to the consumer for direct consumption.

MEANING

The actual term 'retailing' is thought to be derived from the French word 'retailer' that means 'a pieces of' or 'to cut up' (Brown, 1992). It involves a direct interface with the customer and the coordination of business activities from end to end- right from the design stage of a product or offering, to its delivery and post-delivery service to the customer. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. It is the last link that connects the individual consumer with the manufacturing and the distribution chain. The retailer is involved in the act of selling goods to the individual consumer at a margin of profit.

DIVISION OF RETAIL INDUSTRY

The Indian retail industry is divided into organized retail sector and unorganized retail sector.

Organized retailing-Trading activities which are carried out by licensed retailers who are registered for sales tax, income tax, etc. These include the corporate-backed hyper markets and retail chains, and also the privately owned large retail businesses.

Unorganized retailing -Traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan or beedi shops, convenience stores, hand cart (street sellers) and pavement vendors etc. is known as unorganized retailing.

DEFINITION: FDI

¹Foreign Direct Investment is an investment made by a foreign company or entity into a company or entity based in our country. The capital inflow from foreign country is invested in order to enhance the production capacity of our economy. Organization for Economic Co-operation and Development has defined FDI as investment by a foreign investor in at least 10% or more of the voting stock or ordinary shares of the investee company.²

FDI RETAIL

FDI in retail industry means that foreign companies in certain categories can sell products through their own retail shop in the country. At present, foreign direct investment (FDI) in pure retailing is not permitted under Indian law. Government of India has allowed FDI in retail of specific brand of products. Following this, foreign companies in certain categories can sell products through their own retail shops in the country.

FDI RETAIL IN INDIA

The retail sector in India is split into owner-run "Mom and Pop" outlets. The entire sector is dominated by small retailers consisting of local Kirana shops, general stores, footwear and apparel shops, hand-cart hawkers and pavement vendors. These collectively form the "unorganized retail" or "traditional retail". According to the Investment Commission of India (ICI) findings, there are over 15million "Mom and Pop" retail outlets in the country.

The retail market in India is primarily unorganized and the vision of modern retail is very minimal. The demand side characteristics like moderate high economic growth, expansion of middle and upper class consumer base, high urbanization rate, increasing share of women in workforce and greater availability of personal credit will definitely be favourable for a greater vision of modern retail in the economy.

Traditional formats of retailing such as local kirana stores are now making way for new set ups. This has paved the way for foreign retailers to open retail stores in major cities to sell a large variety of products under one roof.

According to A.T. Kearney Global Retail Development Index (GRDI) 2012, India ranks fifth among the top 30 emerging markets for retail. Indian retail industry is one of the fastest growing industries in India. Retailing currently contributes 15% of India's GDP with an expected growth at 6 to 7% over the next 10 years. This may increase the disposable income and lead to rapid urbanization. This changing FDI environment has provided a dynamic international retailers' entry and expansion plans in India (Kearney Report, 2012).

Study conducted by Chari and Raghavan (2011) reveals that allowing entry to giant retailers to the Indian market may help tackle inflation especially in food prices. Moreover, it may help to improve the technologies and distribution systems and supply chain efficiency in India. The below mentioned case shows how WAL-MART helps to improve the distribution systems and supply chain efficiency in India.

THE CASE OF WAL-MART

³Let us see the case of Wal-Mart's model of retailing as the way of allowing entry of large foreign retail players into India and its advantages.

⁴Wal-Mart in India is one of the largest retail corporation in the world with \$ 400 million annual turnover and with two million employees. It was first established in a small town Rogers in Arkansas by Sam Walton in 1962. It has entered India as joint venture with the Indian firm Bharati as per the India's FDI rules.

Bharati is Wal-Mart's franchisee and it enters into retailing business by setting up multiple stores across India. It may acquire Wal-Mart's know-how in warehousing and supply chain. By this way Wal-Mart may benefit from the Indian economy through the venture to be able to adapt its American model of retailing to India at the time of future break-up of the venture.

It creates linkages with large number of Indian manufacturers and farmers spread across the country which poses difficulties in inventory management, high transaction costs of contracts, delivery time, and quality control. It has to invest huge amount in establishing long term relationship with the suppliers and helping them in quality and delivery control mechanism.

Assuming, Wal-Mart is allowed to enter India without policy restrictions, the first issue would be Wal-Mart’s ability to adapt its low cost and price model to India’s institutional and infrastructure conditions and through its operations it may change the landscape of the retail industry in India. Secondly, consumer preferences and consumption patterns are more diverse across different regions than in countries such as the U.S, the European countries and even China. One of the advantages of supply chain investment would be reduction in transaction costs of business- business to business, and business to consumers such as information costs, distributional costs and fall in the costs of transport and communication. This will help to expand markets and serve the market more efficiently than large number of small players.

Study (McKinsey Report, 2012) states that the India’s retail productivity is very less compared to other International counterparts as the recent financial meltdown however seems to have badly affected the growth of retail in India. Retail is a huge sector for employment in India, including organized and unorganized sector and would create more jobs. It may engage a huge section of Indian population who cannot seek employment elsewhere in the economy. This implies that training and development for labour in the retail sector for a better productivity is considered to be a challenge.

CHALLENGES AND OPPORTUNITIES OF FDI RETAIL IN INDIA

There is a link and relation between important parameters like GDP growth, rise in per capita income, growing consumerism, increase of branded products, and retail modernization. With high economic growth, there is rise in per capita income which in turn changes the consumption pattern. With the presence of globalization and liberalization various international brands have entered the domestic market. There is an increase of awareness level of consumers as they tend to purchase various international brands. Thus, FDI retail in India is important for its development process. Despite the present FDI restrictions, a number of studies mentioned above predict that FDI retail will continue to witness double-digit growth in India. The Indian market is unsaturated and A.T. Kearney 2012 has pointed out that it is the right time for global retailers to enter the Indian market. In the Indian perspective, retail trade is traditionally been categorized into SBRT and MBRT. These two models facilitate growth in the retail sector. There are three different forms through which retail trade is carried out in India. They are given in the Table 1.

TABLE 1: DIFFERENT FORMS OF RETAIL TRADE IN INDIA

Single Brand Retail Shops	Multi-branded Retail Shops	Retail Outlets
A complete range of all the products manufactured by the manufacturer under one brand name will be available.	All brands will be available for a single product type where consumer will have wide choice for the kind of product he is willing to buy.	These kinds of outlets have almost all kinds of products, required by a consumer, in them.
The focus is on the brand name.	The focus is on the diverse nature of product.	The focus is on the diverse nature of consumer needs.
Samsung, Nokia	Shoppers Stop, Croma	Big Bazaar

POLICY FRAMEWORK OF FDI RETAIL IN INDIA

India being a signatory to World Trade Organization’s General Agreement on Trade in Services which includes wholesale and retailing services, had to open up there tail trade sector to foreign investment. For integrating the Indian economy into the world market and for encouraging FDI retail in India, government of India has announced retail reforms for both multi brand retail and single brand retail. On September 2012, the Government of India formally notified the FDI reforms for single and multi-brand retail, thereby making it effective under Indian law. On December 2012, the GoI has allowed 51% FDI in MBRT in India. On the other side, SBRT regulations have been constantly liberalized. (<http://dipp.nic.in>) Accordingly, the following amendment made in ‘Circular 1 of 2013-Consolidated FDI Policy’, dated 5.04.2013, and issued by Department of Industrial Policy &Promotion (DIPP) are as follows:

SINGLE BRAND PRODUCT RETAIL TRADING

- a. 100% FDI in single brand retail trading is permitted.
- b. Products to be sold should be of a particular Single Brand only.
- c. 30% sourcing is to be done from micro and small industries (investment in Plant and Machinery not exceeding US \$ 1million). This will ensure that SME sector is benefited to a larger extent.

India’s regulatory improvements in April 2013 and a rise in GDP, higher disposable income and rapid urbanization, gives way to several international retail companies who wish to enter and expand into India.

MULTI BRAND PRODUCT RETAIL TRADING

- a. Individual state governments to take decision of allowing foreign supermarket chains.
- b. Foreign retailers to source almost a third of their processed goods and manufactured from industries with a total plant and machinery investment of less than \$1 million.
- c. Minimum investment of \$100 million, and at least 50% of investment into 'back-end' infrastructure, such as warehousing and cold storage facilities.
- d. Foreign retailers allowed only in cities having population > 1 million as per the 2011 census. Individual state governments can choose where to allow foreign chains to open in states where there are no cities with such a big population.

The FDI relaxation in MBRT provides foreign players with the opportunity to invest in India and cater to the world’s fifth largest consumer market. Therefore the foreign companies looking at investments in India have to conduct an opportunity assessment and tailor their business models and strategies as per the Indian environment. The top retailers in India are given in the Table 2.

TABLE 2: TOP RETAILERS IN INDIA

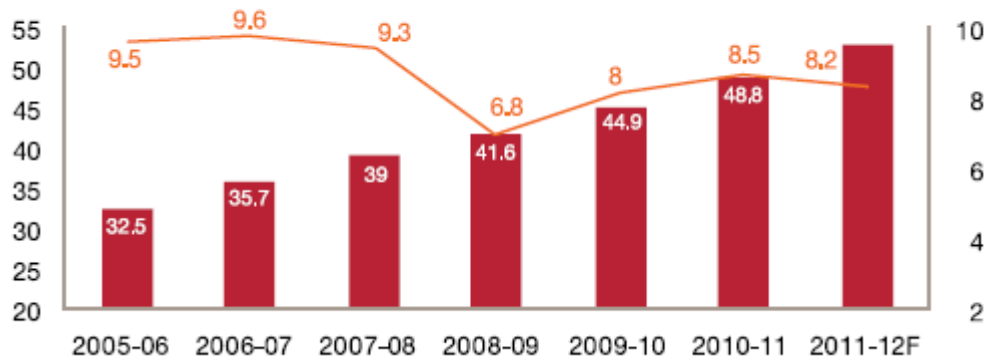
Retailer	Stores
Pantaloon Retail	Big bazaar, e-zone, shoe factory
Tata Group	Westside, Titan, Tanishq.
Reliance	Reliance Hyper-mart, Reliance Trends, Reliance Fresh
Aditya Birla Group	Louis Phillipe, Van Heusen, Allen Solly, Peter England

Source: Dart consulting, July 2012

THE GROWTH DRIVERS FOR FDI RETAIL IN INDIA

India’s economic growth GDP projected to surpass 8% annually and the fast growing well-educated, cost-competitive labour force has increased and as a result increased the consumer preferences where the disposable income of the booming middle class and domestic demand is expected to grow exponentially. These factors put India in a good position to attract an increasing proportion of global FDI. The Figure 1 below shows strong and stable economic growth.

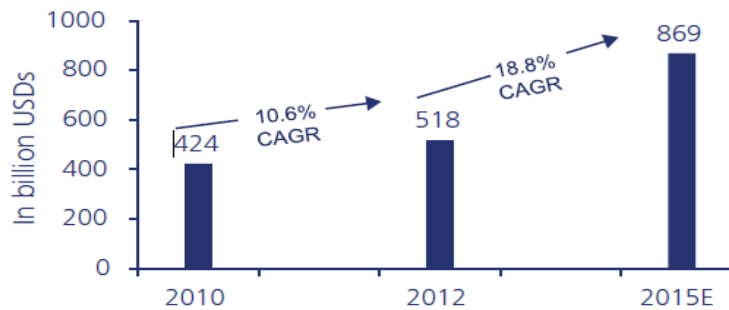
FIG. 1: STRONG AND STABLE ECONOMIC GROWTH



GDP Growth rate in percentage
 GDP at current and market prices(USD billion)

Source: Prime Minister’s Economic Advisory Council, Government of India.

FIG. 2: GROWTH RATE AND SIZE OF INDIAN RETAIL MARKET



Source: India Retail Report 2013, Images Group.

Note: For the purpose of above graph, currency value for \$ 1 is taken as INR 50 in 2010 and INR 55 in 2012 and 2015. The Figure 2 shows that the Indian retail market is estimated to exceed US\$ 750 billion by 2015. The Indian retail industry has experienced growth of 10.6% between 2010 and 2012 and is expected to increase to USD 750-850 billion at CAGR of 18.8% by 2015. The size of retail industry is \$424 billion in the year 2010 had increased to \$518 in 2012 and is expected to move to \$869 billion in 2015

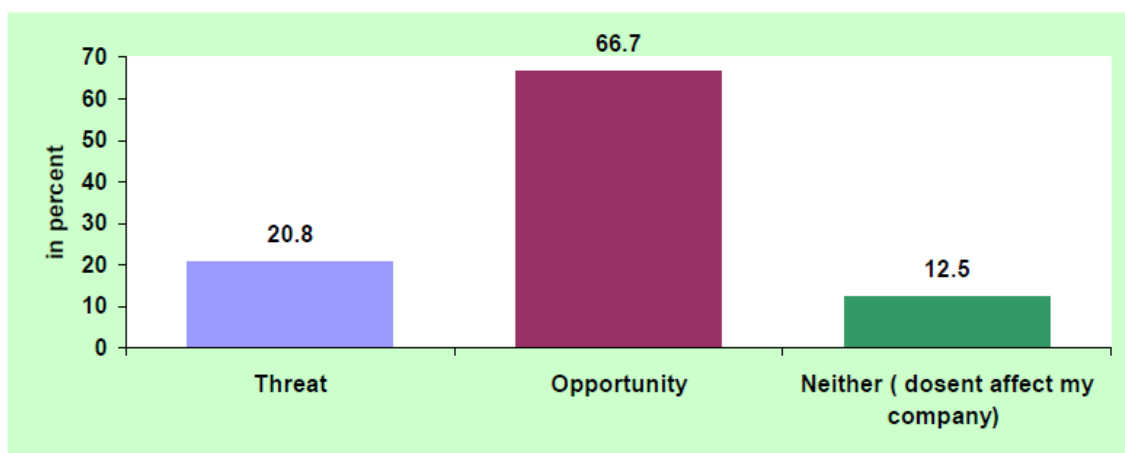
IMPACT OF FDI IN RETAIL ON VARIOUS STAKEHOLDERS

1. EFFECT ON SME’s

According to a survey conducted by confederation of Indian Industry during December 2011 January 2012 on the impact of FDI on small and medium enterprises (SMEs) is based on a large sample size of 250 companies covering different categories of SMEs according to sales turnover such as SMEs with a turnover of Rs.25 lakhs to 1 crores, between Rs. 1 crore to Rs 5 crores, Rs 5 crores to 25 crores and SMEs having turnover between Rs 25 crores and 100 crores and above, from different regions of the country. A majority of the SME companies, surveyed have supported the government’s decision and the notification allowing 100% FDI in single brand retail and about 52 percent of respondents hope for early implementation of 51% FDI in multi-brand retail.

On the question how the SME industry consider entry of MNC retailers as a threat or opportunity, majority of respondents (66.7%) see it as an opportunity for their sector while around 21 % of respondents perceive it as a threat. About 12.5 percent of respondents are of the opinion that the decision would have little or no impact on their company.

FIG 3: RESPONDENTS IN FAVOUR OF GOVERNMENT’S DECISION TO ALLOW 51% FDI IN RETAIL



Source: <http://cii.in/WebCMS/Upload/IMPACTOFFDIINRETAILONSMESECTORSurvey.pdf>

In the above figure 3, the vast number of SME's are of the view that by allowing 51% FDI in multi-brand retail and its earlier implementation on the part of the government would give a major boost to the all-round growth of organized retail in the country and will have substantial positive impact on the growth of SMEs with other allied positive developments in many sectors.

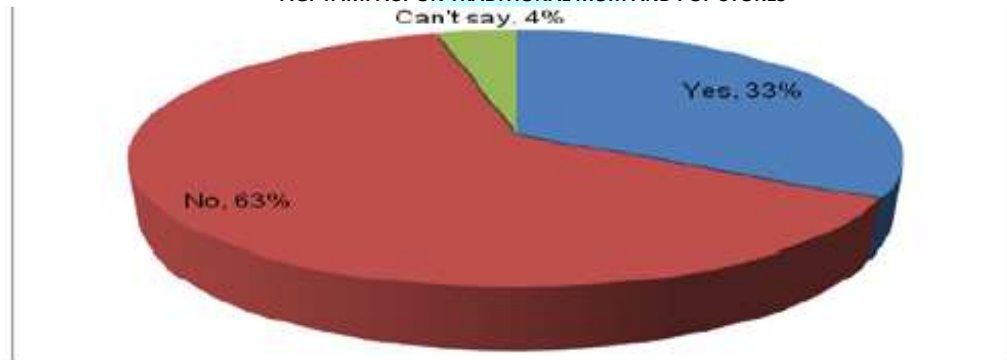
The entry of global retailers in the Indian market will improve sourcing and exports from India, as retailers develop and establish relationship with local suppliers. These retailers can source for their global operations from India. For this purpose foreign players will provide access to export markets through their global distribution networks, market position and brands. Moreover FDI will help SMEs supply in large volumes, increase quality and become a vendor to international players and increase the quality of products and become cost competitive in global arena. It is a win-win situation for SME's and farmers –It offers a diverse set of options for consumers and more business for SME's. It will generate employment and infrastructure in the country. The quality of products is expected to improve with greater transparency and easier monitoring of adulteration of products. It will also improve productivity and realize higher remuneration for farmers by selling directly to large organized players.

2. EFFECT ON TRADITIONAL MOM AND POP STORES

For many centuries, traditional retailing has been established in India, and is characterized by small, family-owned operations. These ownerships are usually at very low-margin, are owner operated, pay low taxes and have very low real estate and labour costs. These businesses also develop a strong linkage with local neighbourhoods. Their attractiveness increase manifold due to informal system of credit. With availability of low labour cost, most of the shops employ delivery boys so that the customers can make an order of their grocery list directly on phone. This is one of the advantages. On the other hand the large Indian retailers should have to price their products low in order to compete with traditional sector and also attracting customers from mom and pop stores to large scale retailers is one of the major challenges. Traditional retail will continue to have its own place and local kirana shops will not be affected. Even in the last 3 years when modern retail has grown 24%, unorganized retail has continued to grow, although at a slower rate of 10%.

FOREIGN BIG RETAILERS WILL REDUCE THE PURCHASE FROM LOCAL STORES

FIG. 4: IMPACT ON TRADITIONAL MOM AND POP STORES



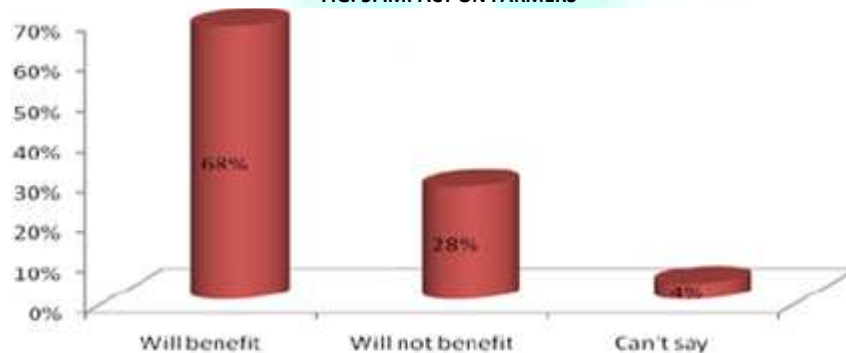
Source: http://www.rkgit.edu.in/saaransh/Issues/Saaransh_V4_N1.pdf

Figure 4 shows that 63% of the people disagree that foreign big retail will reduce the purchase from local stores. This means that people are of the view that foreign big retail will have their own market while local stores will continue with their available market without much change in it. The rest 33% of the people are of the view that foreign big retailers will reduce the purchase from local stores because the market of local stores will make a switch over to foreign big retailers. But the remaining 4% do not have adequate information about the recent issue.

3. EFFECT ON FARMERS

India is an agricultural economy and the top two producers of milk and vegetables in the world. The supply chain involves distribution of most food items, multiple intermediaries, wastage during transportation and storage. A large amount of fresh fruits and vegetables is lost because of inadequate storage, processing facilities and in appropriate marketing channels. Existing intermediaries cause delays and take up a large portion of the earnings that essentially belong to the farmer. The result is a chain complete with inefficiencies. The variation between the price at which the produce is sold by the farmer and the price, at which it was bought by the ultimate consumer, varies widely.

FIG. 5: IMPACT ON FARMERS



Source: http://www.rkgit.edu.in/saaransh/Issues/Saaransh_V4_N1.pdf

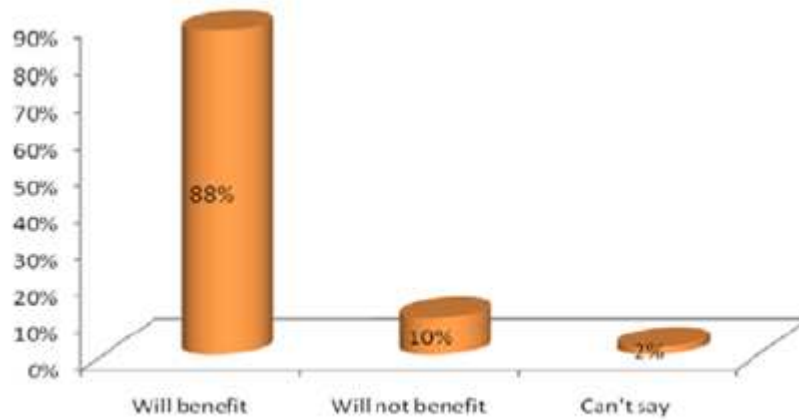
Figure 5 shows that the 68% of the people are of the view that the Indian farmers will be benefitted by the FDI in retail. This means that they are of the view that Indian farmers will get good payment for their produces, without the agent in between the two parties. There will be good storage techniques and transportation techniques. The remaining 28% of the people are of the view that the Indian farmers will not be benefitted by the FDI in retail because they were of the view that Indian farmers will not get much advantage. There will be some irregularities. The left over 4% do not have adequate information about the recent issue.

FDI will bring huge investments in the retail sector without affecting either small retailers or domestic retail chains. It helps to drive efficiencies in this chain by (a) increasing price realization for farmers by 10–30 percent through sourcing directly or closer to the farm (b) reducing handling and wastage by 25–50 percent through consolidation as well as investments in technology, either directly or through aggregators (c) upgrading farmers capabilities by providing know-how and capital. Furthermore, the small players in the Indian market can play better on distribution with the progress of modern retail. The combined efforts from the public and private bodies will help the small farmers make progress gradually through the evolution of alternative marketing channels.

4. EFFECT ON CONSUMERS

India's retailing industry is essentially owner manned small shops. In terms of the shopping behaviour of Indian consumers across different retail outlets, traditional outlets are preferred as consumers enjoy possibility of bargaining, convenient timings, home delivery, etc., which are some of the benefits of traditional outlets. On the other hand modern outlets are preferred because they link entertainment with shopping, experience good product quality, lower prices, choice of more brands and offer products, better shopping experiences with family which are some of the benefits for their choice of outlet. With its ability to drive efficiencies and leverage scale, modern trade is able to increase affordability for consumers and can lower the cost of monthly consumption basket by as much as 5- 10 per cent.

FIG 6: IMPACT ON CONSUMERS OVER FDI IN RETAIL



Source: http://www.rkgit.edu.in/saaransh/Issues/Saaransh_V4_N1.pdf

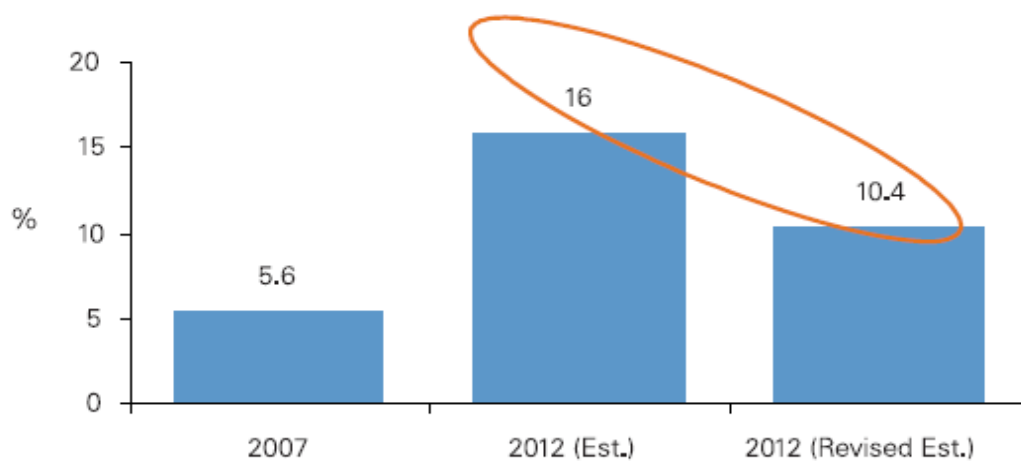
The figure 6 shows that the 88% of the Indian consumers will be benefitted. This means that majority of the Indian consumers have opportunities in terms of purchasing the products. The remaining 10% of Indian consumers will be benefitted because they were highly satisfied with the foreign products in terms of price and product availability. The remaining 2% of Indian consumers do not have adequate information about the recent issue.

For instance, the current onion crisis, the consumer price jumped 2.7 times in a matter of months. The largest portion of this rise went to the profit margins of the intermediaries, which went up to 5.4 times. With reduction of intermediaries and greater ability to provide transparency, a large enough organized retail sector has the potential to help contain the impact on the consumer in such situations. Furthermore, it would lower prices for consumers that can help reduce inflation. This, in turn, will lead to the development of more efficient and lower cost supply chains, resulting in better quality as well as lower-priced products for Indian consumers. This will increase consumer spending, which in turn, will drive growth in all sectors of the economy in a good cycle.

5. EFFECT ON EXISTING INDIAN ORGANIZED RETAIL FIRMS

The Indian retail industry is valued at \$270 billion, with organized retail cornering only 4.5 %. Organized retailing in India is facing competition due to government reforms and from the unorganized retailers and political parties in India. Also the uncertainty in FDI regulations and economic downturn makes it a slow progress in growth. In order to grow, organized retail must account for the characteristic features that drive Indian consumer choices.

FIG. 7: ORGANIZED RETAIL DISTRIBUTION -GAP CREATED BY SLOWDOWN



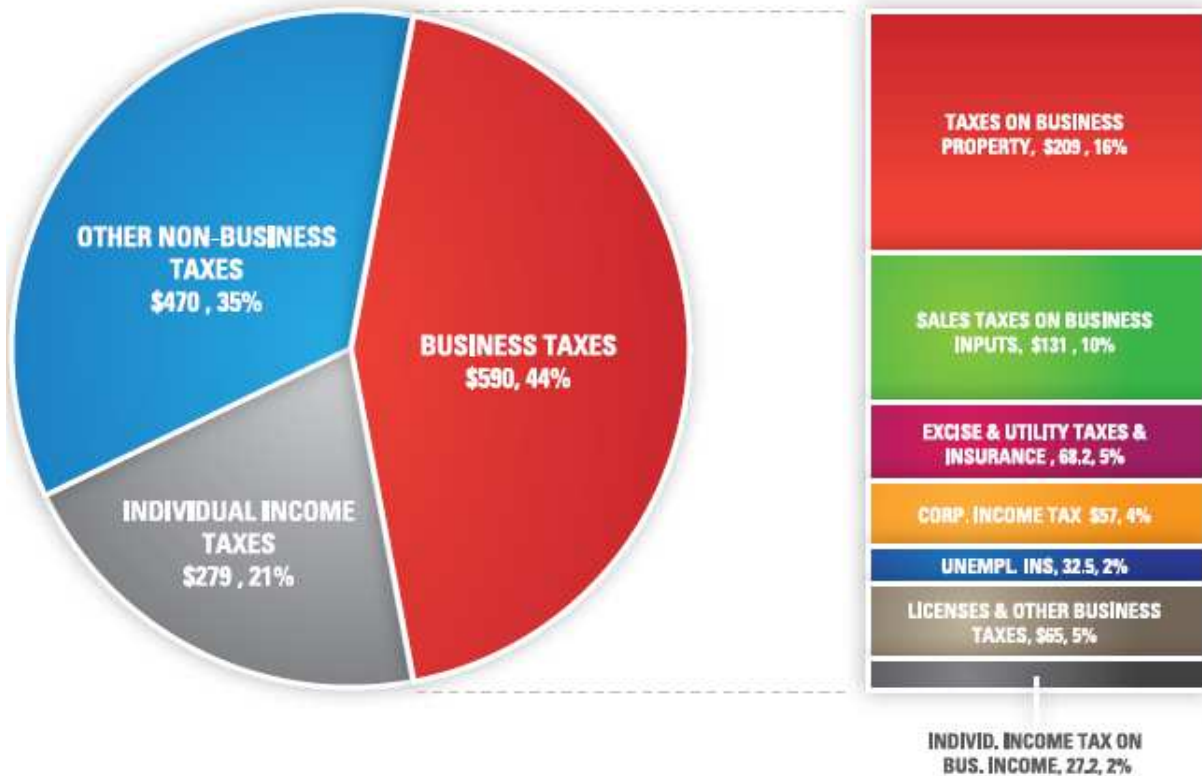
Source: KPMG Analysis and Retailers Association of India.

Organized retail distribution, which was expected to touch 16 percent by 2012 from the current 5 percent, is likely to trace 10.4 percent only.

6. EFFECT ON GOVERNMENT

Modern retail outlets enable generation of significant tax revenues through the supply chain. This will impact the logistics, transportation, warehousing, freight forwarding and other similar service sectors. On the other hand FDI in retail will increase tax revenues (in form of VAT etc.). It is expected that FDI policy would help in revenue generation through various taxes coming from the service sectors. It would also promote non-agricultural employment for the unemployed in the rural areas and would help in increasing the overall standard of living of the rural population.

FIG 8: TOTAL STATE AND LOCAL TAXES FY 2008 (Billions of Dollars)



Source: Ernst & Young at Council of State Taxation.

Businesses pay the bulk of all state and local taxes, and, among major industries, the tax payments of manufacturers rank a close second behind the much larger services sector. Of the more than \$580 billion in business tax revenues collected by local and state governments in Fiscal Year 2008, nearly \$90 billion was derived from manufacturing firms. That is more than the tax revenues collected from the retail trade and communications sector combined. Between Fiscal Year 2005 and Fiscal Year 2008, total state and local taxes paid by manufacturers rose 29 percent. Corporate income tax payments alone rose 52 percent.

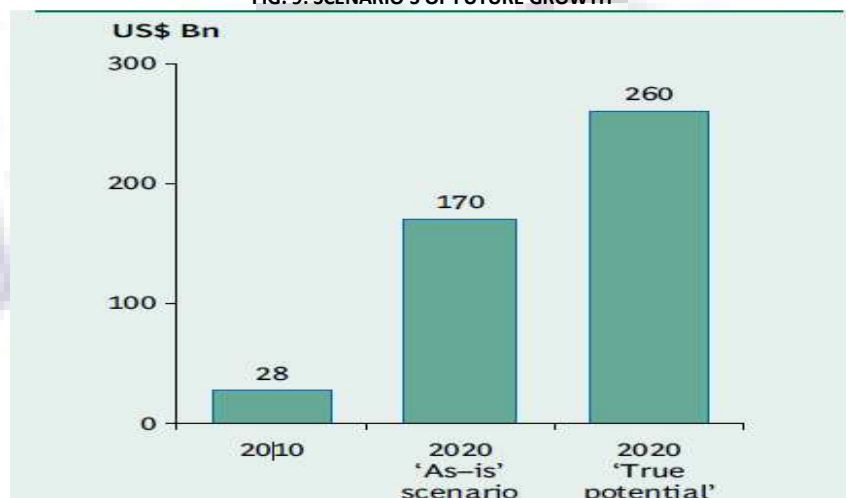
7. EFFECT ON SOCIETY

Retail is a huge sector for employment in India, including organized and unorganized sector and would create more jobs. It may engage a huge section of Indian population who cannot seek employment elsewhere in the economy. According to the McKinsey Report published in the year 2012 the over-all retail employment in India, account for about 6% of current Indian labour force, mostly unorganized, and which is about half when compared to the other emerging economies. A comprehensive expansion of retail sector in India would create more than 50 million jobs. Retail reforms will be a boost to Indian job availability. Over 80 % of employment opportunity will be for people with minimum qualification. These jobs will create better salaries, work environment, social security as compared to unorganized trade.

FUTURE TRENDS-THE ROAD AHEAD

Industry experts predict that the next phase of growth in the Indian retail sector will emerge from the rural markets. By 2015 the rural retail market is projected to have a total of more than 50 per cent market share. The total number of shopping malls is expected to expand at a compound annual growth rate of over 18.9 per cent by 2015.

FIG. 9: SCENARIO'S OF FUTURE GROWTH



Source: Images / IRIS; BCG analysis.

Note: Exchange rate used: US\$ 1 = Rs. 45

In the scenario where organized retail meets its true potential, the size of the sector would reach US\$ 260 billion by 2020, indicating a 21 percent share of total retail.

INTERNATIONAL RETAILERS: A GATEWAY TO INDIA

International retailers may fast expand their business in India to tap the large consumer base. Reebok has set up its largest store in the world in Hyderabad, Tommy Hilfiger and Levis have over 20,000 square feet of retail space and standalone stores across major metros. The fast-food giants like Pizza Hut, McDonalds, Subway etc. are fast expanding at a fast pace, in emerging Tier II and Tier III cities. The table 3 shows the category wise major retailers at a glance.

TABLE 3: CATEGORY WISE MAJOR RETAILERS AT A GLANCE-(INTERNATIONAL RETAILERS)

CATEGORY	INTERNATIONAL RETAILERS
Food & Beverages	MC –Donald, Dominos, Pizza-hut Pizza-Corner, Subway
Apparel & sporting goods	Benetton, Lee Cooper , Nike, Levis, Reebok, Marks& Spencer,
Grocery	Metro Cash&Carry
Durables	Sony, Philips, LG, Samsung, Electrolux, Nokia

CONCLUSION

India is a vibrant economy and since 2005-06, India has been growing at an average gross domestic product (GDP) of 8.6%. The speed of growth in retail in India is very fast as it is expected that it will grow up to US\$ 833 billion by the year 2013 and US\$ 1.3 trillion by 2018 (at a CAGR of 10%). At the same time, the consumer spending has also gone up in the last four years and it is increased to 75%. Also, the organized sector is promising to grow at a CAGR of 40% by the year 2013. In line with India's economic growth, the retail sector in our country is not only expanding but also modernizing. A visible structural change towards an organized format is foreseeable in the retail sector. Comprised of organized and traditional retail format, India's retail market is estimated to be worth USD 350 billion. It has a low organized retail penetration of 5 to 8% and modern retailing is growing between 15 to 20 per cent.

Currently India is undergoing an economic revolution which is generating fast paced changes and development due to large market size, low organized retail penetration, strong GDP growth, increasing personal incomes, large number of aspirational consumers (middle-class, young Indians, rural population, etc.

India's population in 2005 is estimated to be 1095 million. By 2016, India will have the second highest urban population in the world after China. More than 50 per cent of India's population is less than 25 years of age as compared to other developed countries. The consumerist age bracket (ages of between 15 years to 64 years) as a proportion of the Indian population is growing rapidly. This will increase the overall purchasing capacity in the country providing further flexibility to the retail sector. The consumerist age brackets are likely to prefer and adapt to modern retailing assuming that they generate adequate income and reside in urban areas.

FDI in retail will create employment opportunities because the global retailers will need to hire labour. The employees of the unorganized sector do not have the necessary skills or education required by the organized sector. Once individuals become engaged in retailer operations, they can demand reasonable wages and benefits. Modern trade's effect will give opportunities like non-agricultural employment for rural youth and a better quality of living for the existing agricultural society.

Global retailers have been sourcing from India for years and their retail presence in the Indian market will improve exports from India, as they develop relationships with local suppliers. Most global retailers who have entered India have conveyed their idea to source and export a range of products from the country. The amount of sourcing from India will increase when global retailers are allowed to operate in the Indian market.

Finally, it does not matter whether it is the domestic or foreign retail players leading this next wave of retail revolution in India. It is as long as how Indian consumer will get benefit in terms of access to new retail formats, best practices and availability of goods and services from all over the world along with great shopping experience.

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