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Study of Indian Retail

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INTRODUCTION

The Indian Retail Sector attracts attention by the sheer frenzied activity and growth witnessed in the last few years. International brands are setting up shop here with a view to capture market share in the world's second most populous country.

The Indian Government is taking major initiatives to aid growth in the retail sector. Investment in world-class infrastructure is expected to be close to USD 150 billion. The hitherto restricted retail real estate sector was opened up for Foreign Direct Investment in 2005. As a result, malls of international scale and quality are expected to come up.

Mall growth is being seen as a clear indicator of the economic prosperity in India. Significantly, the number of malls in the country has increased at a fast pace. And they are doing brisk business. A trip to the local mall (there will be one in every locality soon!) will bear this out.

Here's more good news. This phenomenon is not restricted to major cities of the country alone. It has percolated to the "Tier II" and "Tier III" cities as well. The contribution of Tier II cities in organized retail sales is expected to be about 20 — 25%.

Globalization of the economy has exposed the Indian consumer to a gamut of products and brands. A large number of Indians travel abroad on work and experience the lifestyle, products and services available there. This has prompted demand for these products in India as well;

"Quality of life" is a buzzword with the Indian consumer today and the aspiration driven demand for products and goods is on the rise. Even more striking is the shift in the Indian lifestyle, from one that traditionally espoused austerity, moderation and a sense of responsibility to the family to one of self-indulgence.

Expenditure on non-food items is expected to rise in the near future due to a rise in the per capita income.

Retail is being hailed as India's industry of the future, spurred by the country's huge urban middle class population. Food and grocery is the second largest segment of the retail industry and the potential for new entrants in this segment is enormous, particularly in untapped markets like rural and semi-rural areas.

This paper maps the players in food retail, their plans and investments to grow their business as well as the sector.