

Organized Retail Sector in India

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Abstract: This paper aims to clearly define Organized Retail Sector in India with respect to Unorganized Retail Sector considering various new formats of retail outlets which are seen across different parts of the country. Based on the type, size and other characteristic of the outlets, retail outlets will be segregated in Unorganized Sector and Organized Sector.

Keyword: Retail outlet, Organized Retail Sector, Unorganized Retail Sector, Speciality Stores, Convenience Stores, Discount Stores

I. INTRODUCTION

The retail sector is in its growth phase in India but still there is ambiguity with reference to various terms related to this sector. In 2004 High court of Delhi, India defined the term Retail but it didn't specified what is Unorganized Retail and Organized Retail. In same year The National Commission for Enterprises in the Unorganized Sector (NCEUS) was established. NCEUS in one of the report defined the term Unorganized Retail Sector but again didn't defined retail in Organized sector. This article gives insight of Organized Retail Sector in India with reference Unorganized Retail Sector. It defines the term Organized Retail Sector in light of Unorganized Retail Sector. Based on its peculiarity, design a model to segregate the retails stores.

as a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale) i.e. a sale to the ultimate consumer.

Over the period of time Retail Market has undergone tremendous changes. This change primarily started post liberalization policy adoption by India. Earlier the Retail Sale used to happen either by hawker, people selling various thing standing on streets or utmost person owning a shop. Manufacturer had no direct connect with end user. The changed business scenarios have resulted in tremendous competition which in turns resulted in the way business is done. The focus has now shifted towards consumer. Manufacturer is coming closer and closer to consumer through malls, opening company owned outlets etc. Also due to change in social environment where-in both the spouses are working, new types of convenience shops have come up.

II. RETAIL SECTOR IN INDIA

In 2004, The High Court of Delhi defined the term 'retail'

Table 1: Types of Retail Shops

Type	Description	Example
Department Stores	A department store has many departments or sections, each carrying a different product line	Shoppers Stop, Pantaloons
Speciality Stores	These stores target their merchandise to specific target markets. The store specializes in a given type of merchandise like children's clothing, men's clothing, sporting goods, etc.	Adidas shoes , Reebok outlet
Supermarkets	Supermarkets are large, departmentalized, self- service stores that specialize in food and some non-food items	Central, Food bazaar

Convenience Stores		Convenience stores are miniature supermarkets, carrying only a limited line of high-turnover convenience goods. These self-service stores are located near residential areas and are open for long hours.	Reliance Fresh - All India Spencer's - All India More - All India Easyday - Mainly in Punjab and currently in Delhi. Big Apple - Delhi and surroundings Sabka Bazaar - Mainly in Delhi and surroundings. 6Ten - Mainly in Delhi and Punjab Nilgiris - Mainly South India - Tamil Nadu, Karnataka Big Bazaar - All India (India's Walmart)
Discount Stores	Full-line discounters or mass merchandisers	These stores offer very limited service and carry a broad assortment of well-known national brands of hard goods like housewares, toys, hardware, sporting goods, clothing, bedding, linen, etc.	Walmart, Vishal Mega Mart, Loot
	Specialty discount stores or category killers	Category killers sell a single line like sporting goods, electronics, office-supplies, toys, etc. These stores offer a nearly complete selection of single-line merchandise and use self-service, discount prices, high volume and high turnover	

In spite of all these changes, all the forms of retail outlets mentioned above are still co-existing in Indian starting from retail sellers on street, hawkers to retail shops which are part of huge Malls in metro and other big cities of India. All these different forms of retail outlets defined earlier in this

article can be divided in 4 quadrants based on the nature of outlet which further can be grouped vertically in 2 sectors Unorganized Retail Sector and Organized Retail Sector as below

III. UNORGANIZED AND ORGANIZED RETAIL SECTOR

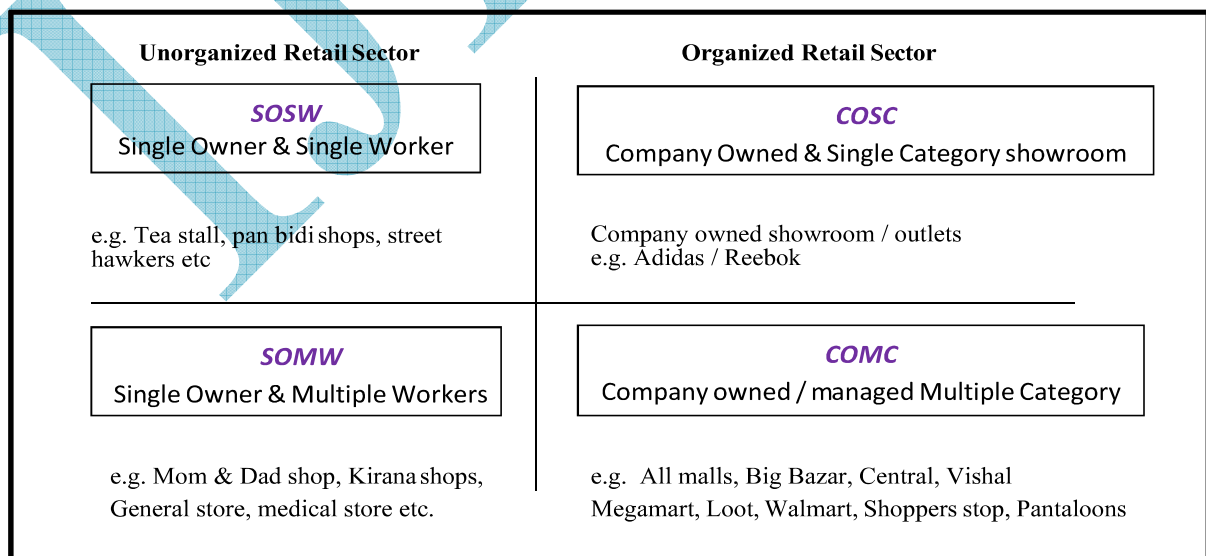


Fig 1: Unorganized-Organized quadrants

In 2004, The High Court of Delhi defined the term **sales or production of goods and services operated as “Retail”** as specified in section II above, but there was **private limited or limited organizations governed by no clear definition of Organized and Unorganized Retail Companies Act and having more than ten total workers.**

The National Commission for Enterprises in the Unorganized Sector (NCEUS) was established in 2004. With this definition, Organised Retail Sector, mostly Unorganized Sector (NCEUS) would cover company owned retail setups where in part to act as an advisory board for matters regarding the of the employees are on the direct payroll of the informal employment sector. As the term Unorganized company and some would be on contract basis. All these Sector defined by NCEUS in one of their Report on employees would be governed by Minimum Wages Act. Conditions of Work and Promotion of Livelihoods in the These outlets can be Standalone Company owned Unorganized Sector, when used in the Indian context is showroom or the retail space in any of the super market, mall etc.

Unorganized Sector is a Sector consisting of all unincorporated private enterprises owned by individuals or households engaged in the sale or production of goods and services operated on a proprietary or partnership basis and with less than ten total workers

Based on the definition of Unorganized Sector above, definition of Organised Sector can now be derived as **Organized Sector is a Sector consisting of all incorporated enterprises which are engaged in the**

Differentiating attributes for Unorganized Retail and Organized Retail

Based on the definitions above, the differences between Unorganized and Organized retail sector can be summarized as below.

Table 2: Difference between Unorganized and Organized retail sector

Sr.No	Attribute	Unorganized Sector	Organized Sector
1	Bound by Company Law	May be but not necessarily. Only Shop Act and other product and services related licensing required	Yes
2	Ease of Entry	Easy	Difficult
3	Scale of Operation	Small	Large
4	Ownership	Local	Local & Global
5	Legal Status	Uncertain	Certain
6	Labour / Efforts Intensive	High labour / efforts intensive since operating using lower technology / system based methods	Low labour / efforts intensive as operating using higher technology / system based
7	Pricing	Flexible	Standard / Fixed
8	Packaging	Less sophisticated	More sophisticated
9	Brand Name	Absent	Generally branded
10	Storage facility / distribution methods	Unavailability of facilities	Well-organized facilities / system
11	Access To Government Schemes	Inadequate access	Schemes designed taking into consideration this sector hence easy access
12	Finance and Government Aid	Inadequate aid	Considerable aid available
13	Entry barriers for	Easy entry	Relatively difficult entry
14	Rate of compensation	Low compensation	High Compensation
15	Job Security	Low Job Security	High Job Security
16	Growth Prospects	Less growth prospects	High Growth Prospects
17	Leaves and Holidays	No paid leaves or holidays as person dependent	Paid leaves and holidays available

IV. CONCLUSION

Earlier there was clear definition of Retail sector but there was no clarity at next level about Organised and Unorganized sector. This paper clearly defines the Organized Sector based on the definition of Unorganized Sector used by NCEUS in its one of the reports. It clearly differentiates Organized Sector from Unorganized Sector in various attributes of Retail Segment. This clear differentiation will be helpful in further comparative study in the Retail Sector of India.

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