

## **A STUDY OF RETAIL INDUSTRY IN INDIA AFTER COVID-19**

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### **ABSTRACT:**

*After the impact of COVID-19 on the Indian retail sector, the sector has undergone a new era and attracted a large number of international businesses. The fifth-largest retail industry worldwide is in India. Since the previous ten years, there has been a significant change in the Indian retail market, particularly in the unorganised retail sector. The retail sector in India has adapted to contemporary retail trends and technologies. The retail business is rapidly increasing in India as the country's retail market has risen in size. But there were many challenges to overcome after COVID-19's influence on the Indian retail industry before this rising trend. The government's support for the retail industry recovery and the necessity for the policy initiative are likely to further the sector's expansion. The COVID-19 has a substantial influence on the retail industry, and the sector's recovery will vary. This essay will analyse the present state of the Indian retail market, its prospects and difficulties, as well as any new trends that have emerged in the industry after COVID-19.*

### **KEYWORDS:**

Global Retail Development Index (GRDI), COVID-19, Lockdown, Pandemic, Retail, Foreign Direct Investment, Portfolio Investment, Organised Market

### **INTRODUCTION:**

About 10% of India's GDP is attributed to the retail industry, which is one of the key pillars of the Indian economy. India is a developing nation with plenty of room for both capital and consumer products. India's diverse and plentiful natural resources, as well as its excellent economic policies, favourable market conditions, and Highly trained workers make India's retail business sector an ideal place for investment. More than 15 million retailers, both small and large, engage in both traditional and contemporary trade in India.

**COVID 19:**

A new coronavirus called SARS-CoV-2 that was initially discovered in Wuhan, China in December 2019 is known as COVID-19 (short for coronavirus disease 2019). When an infected person coughs, sneezes, or talks, respiratory droplets are the main way that the virus spreads. A surface that has the virus on it can also be touched before being touched on the face.

Since then, COVID-19 has spread globally, with over 200 million cases reported and over 4 million fatalities as of September 2021. The severity of the illness can range from moderate to severe; some individuals may show no symptoms at all while others may experience severe respiratory illness and need to be hospitalized

**Purpose of the Study:**

India's economy is now expanding at the quickest rate in the world. India's economy is evolving towards a mixed economy. In terms of nominal GDP, it ranks sixth globally, and third in terms of purchasing power parity (PPP). As of 2016, the nation has a per capita GDP of \$1723 (nominal) and \$6616 (PPP) ranking of 141st and 123rd, respectively. Therefore, it is critical to grasp the possibilities and difficulties facing the retail sector as well as the industry's development potential in India.

**OBJECTIVES:**

1. To investigate the latest trends in India.
2. To research the expansion of the Indian retail sector in India.
3. To comprehend the COVID-19's post-lockdown effects on the Indian retail industry.
4. To comprehend and examine the current structure of the Indian retail industry.
5. To research the challenges and possibilities facing the Indian retail sector.

The goal of this study report is to determine how India's retail industry is growing and developing. The study report concludes with a conclusion that follows goal in a comfortable fashion.

**Impact on the retail industry of drastic changes in the external environment:**

The operation of the retail industry has been impacted in a number of ways by the significant changes in the external environment brought on by COVID-19. Due to the crisis, there are now noticeable differences in how different company operations work. Consumers wait in long lines at cash registers to purchase goods, many of which have even sold out, but retail businesses that handle food and daily necessities like supermarkets, drug stores, and convenience stores (apart from stores located in office districts) have remained in good condition as a result of the government's request for essential business continuity. On the other side, businesses that sell luxury products and non-essential commodities like clothing and home appliances have become stagnant.

**Research Methodology:**

Secondary data from the organised and unorganised retail sectors of India are the foundation of this research article. The sources of the material include numerous reports produced by the Indian government as well as journals, newspapers, and GRDI, among others. The merchants presume that customers would continue to make the majority of their purchases over the holiday season. Although there are numerous obstacles that the retail sector is expected to encounter in the future, there are also plenty of possibilities.

**Limitations of the study:**

The Retailers Association of India found that, compared to May 2019, retail sales in India fell by 79% in May 2021. Due to the nation's closure during the second wave of the COVID-19 epidemic, this occurred. The secondary data used in this research study was obtained from published sources and secondary sources that are connected to the Indian retail industry and are available on the government website. It only discusses the COVID-19's opportunities, challenges, and effects on India's retail business. This research paper was only written with academic purposes in mind.

**Overview of the Retail Sector In India :**

The Indian retail industry, which is estimated to be around US\$ 600 billion and one of the top five retail markets in the world in terms of economic value, is expected to grow significantly. With 1.2 billion inhabitants, India has one of the fastest expanding retail markets in the world, giving it a dominant market position globally. India has the fifth-largest retail market in the world. The organised retail industry accounted about 8% of the overall Indian retail market in 2023 and generated growth of almost 14.22%. and thus at a significantly quicker rate than the anticipated 16% growth in the whole retail industry during the same time period.

**The Retail Industry is divide Generally into Organized and Unorganized Retail In India :****Organized Retail In India :**

In India, organised retailing refers to trading and selling operations carried out by authorised retailers who have registered with the government for sale tax, goods and service tax, income tax, etc. These featured corporate-backed super markets, chains of retail stores, and hypermarkets. By 2020, organised retail's market share is anticipated to increase by 20 percent.

**Unorganized Retail in India:**

Unorganised retailing is the term used to describe the traditional low-cost retailing models such as the local market, neighbourhood shops, businesses with a single owner, general stores, convenience stores, cart stores, street vendors, and hawkers. It is estimated that the unorganised retail sector would rise by 6%.

**Challenges faced by the Indian Retail Industry:****Inadequate Infrastructure:**

One of the main issues that must be taken into account in the Indian retail industry is identified as inadequate infrastructure. The issue facing emerging nations is more complex than merely a lack of infrastructure, for example Electricity, adequate space, standard facilities, secure storage, safety precautions, delivery services, drinking water, sanitary conditions, wild water, absence of a modern energy source, medical facility, etc. Prior to these Indian business owners realising the significance of infrastructure's ongoing contribution to greater investment and productivity in the Indian retail sector.

**Distribution system:**

While industrialised nations have constructed effective distribution channels, this is the key obstacle for Indian merchants since inefficient distribution methods are particularly challenging to manage and may cause significant losses. The capacity of supply chains and logistics must be increased for all modes of transportation, including air, rail, and road. With the use of modern technology, logistics assistance, innovation, robotics, and inventory management, India has a lot of potential to simplify the distribution route.

**Unskilled Human Resource:**

The Indian retail business has a high rate of employee poaching. Since there is a shortage of labour in this sector, employers are being lured away by greater pay, bonuses, and other perks like pickup services. drop, fundamental amenities, etc. However, because there are so many untrained workers available to shops, if an employee refuses to work a holiday, stay open late or ask for a rise, they are just replaced with younger, less expensive employees.

**Policy Barriers:**

Several rules and regulations, including the Essential Commodities Act and the Goods and Services Tax Act, are in place at the federal, state, and municipal levels in India. However, there are no explicit laws that regulate distribution commerce. Market distortion is caused by the service tax and other related legislation, such as the Weights and Measures Act. Modern businesspeople prefer simpler structures for laws and regulations. Both the Ministries of Commerce and Consumer Affairs are in charge of overseeing organised retail in India. Retailing is governed by laws and licences that were created by the Ministry of Commerce and the Ministry of Consumer Affairs.

**Lack of Funds:**

The Indian retail industry accounts for 8% of all jobs and 22% of the country's GDP. India is still one of the most alluring investment opportunities for global retailers. Regardless, Foreign Direct Investments up to one hundred percent were permitted for export trade and cash and carry wholesale dealing via the automated

method, while FDI up to five hundred one percent were permitted in single-brand products with prior government clearance.

### **International Standard:**

Even though the Indian retail industry has 5 million retail locations, they have not yet met the requirements of the international standard. Some international brands have yet to build retail locations in India.

### **Impact and Challenges after Lockdown :**

The economy has slowed down due to the COVID-19 Pandemic. The extraordinary global crisis will have a long-term detrimental effect on consumer confidence, which the retail industry has already been experiencing. The full lockdown has altered the retail environment in India. From the standpoint of health care, it is a requirement. The retail sector employs the second-largest number of people in India and gives a considerable number of people jobs. Small and medium-sized businesses alone employ between 400 and 450 million people and generate \$70 billion in revenue each month. With this figure in mind, a few questions come to mind. Can the retail sector endure such a severe catastrophe. what percentage of the retail sector will close.

### **Opportunities in India for the Retail Industry:**

A huge portion of the Indian population is being employed by the country's retail sector. The lockout actually accelerated the retail sector's digital transition. Before this COVID-19 Pandemic, there were several options for retailers. It's time to alter the corporate environment and the industry. The retail sector has doubled the rate of online services and home delivery options while accelerating their digital push. The Indian retail sector is steadily making progress towards becoming a massive enterprise. A revolution in shopping has begun in India since the entire notion of shopping has changed in terms of format and consumer behaviour. As evidenced by expansive shopping centres, multi-store malls, and enormous complexes that provide a variety of services under one roof, modern retail has arrived in India. The demographics of Indian society have seen a tremendous transformation. A sizable portion of the youthful working population is connected to the Indian retail industry. This would enable the retail sector to reach the very promising Indian retail market.

### **Conclusion:**

After the COVID-19 pandemic-related shutdown, the Indian retail industry underwent several changes. The Indian economy is changing, and the retail sector is playing a vital role. In the nation, electronic commerce is constantly growing. Customers have access to a wide range of items at affordable prices. In the Indian retail sector, electronic commerce is perhaps driving the largest change, and this development is expected to continue in the years to come. The retail sector has embraced digital technology, including curbside pick-up, click-and-collect online services, home delivery, and growing infrastructure. The government has implemented new

efforts, such as enabling the most FDI possible in the retail sector and facilitating business startup and single-window clearance. The Government of India also permitted 100% Foreign Direct Investment in online retail of products and services via the automated method, clearing up any confusion regarding the current operations of ecommerce businesses present in India.

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