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Food & Grocery Retailing in India: Trends & Challenges

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ABSTRACT

Retailing is one of the fastest growing fields today in India with its 40% contribution to GDP. It is the 2nd largest employer in India only after agriculture. Food and grocery retailing is second largest segment of the retail industry only after apparels and the potential for new entrants in this segment is enormous. There are 12 million retail outlets in India along with low-cost kiosks and pushcarts selling the food and grocery items since long. Today the food and grocery retailing is undergoing a rapid change, as new formats like super markets, hypermarkets, malls and e-tailing units are set up. This paper discusses various trends favorable to the emergence of food and Grocery retailing in India. It also discusses the problems and challenges for the food & grocery retailing and suggests initiatives required from government and retailers.

Key Words
Kirana shops, Hyper markets, Foreign Direct Investment, Malls, E-tailing, Private labels.

Introduction
Retailing is one of the fastest growing fields today in India with its 40% contribution to GDP and 2nd largest employer in India only after agriculture. After leading the IT bandwagon, India is poised to grow as a Retail hub at present. Presently, about 98 per cent of this market is in the unorganized sector. This gives an opportunity for one to enter this field. The food and grocery retailing in India is highly fragmented and consists predominantly of small, independent, and owned managed shops. There are 12 million retail outlets in India along with low-cost kiosks and pushcarts.

Today on the other side, we are also coming across the formats like supermarkets, discount stores, specialty stores, hyper markets etc. There are around 600 malls coming up in our country by 2010 as against zero prior to 1995.

According to the India Retail Report 2007, organized retail in India has the potential to generate some 2.5 million direct jobs through retail operation and over at least 10 million additional jobs in retail support activities including contract production and processing, supply chain and logistics, retail real estate development and management etc.