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19. Challenges of Globalization Posed on Unorganized Retail Sector

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Abstract

The age old retail structure specifically unorganized retail business has witnessed remarkable shift in their business environment after 1991. On account of liberal economic policies and entry of foreign corporate houses Indian market structure has changed radically. Indian markets are opened for foreign players and their work culture has evolved Indian market conditions in both organized and unorganized markets where as unorganized retail business has get affected in adverse manner.

The main objective of this research paper is to study major challenges encountered by unorganized retail and put forward some effective strategies to overcome the competitive challenges.

Introduction

After the liberation process the entry of foreign corporate houses in retail business become oblivious. India has become favorite destination for investment throughout the world on account of its demographic advantage. Retail business has acted as one of the major determinants for economic development. Indian retail industry is fifth largest industry in the world and continues to develop in coming future. But unfortunately no due importance is given to unorganized retail sector which constitute approximately 93% of the same.

Ever growing employments opportunities in retail sector are also playing crucial role in advancement of Net National Products as well as Gross Domestic Products. It is roughly estimated that Indian retail sector provides job opportunities to 15% to 20% working population directly and more than 35% indirectly .On the other hand untapped retail industry has its own job potentials.

Indian retail sector have its two major branches i.e. organized retail sector and Unorganized retail sector. Both have their own features and operational methodology. Organized retail sector has evolved recently in the form of big shopping malls, chain stores, large

departmental stores, multi brand showrooms etc. They follow advanced marketing strategies and modern managerial techniques. Rapid urbanization, radical change in consumer buying behavior and aggressive advertisements have contributed the development of organized retail business.

Unorganized retail store are small in size can easily get operated with small capital investment. Generally business owner use to invest own capital to start unorganized retail business. Even in the era of high competition from organized retail unorganized retail business units will surely retain its existence in the market due to various operational and functional advantages.

Research Methodology

Primary and secondary data collection methods are followed for this research paper. Primary data is collected by the researcher with the help of structured short questionnaire. The responses obtained from 50 unorganized retailers. It consist first-hand information which was further evaluated with the help of statistical analysis techniques.

Secondary data was mostly published by nature. Major part of secondary data was collected from online resource i.e. websites, online research papers, online reports available on internet.

Review of Literature

Raghvendra R.H. (2017) has discussed in detail various aspects of Indian Retail industry and examines the basic reasons behind the dominant position of retail sector in India. In his research work he has also discussed the importance of unorganized retail sector and throws light on opportunities as well as challenges in front of unorganized retail sector in our country. The propose of this paper is to have in depth understanding of retail sector and study the merging Indian retail environment. He put forward the notable changing buying attitude of Indian customers related with retail sector.

Omkar Gurjar & Dr. Kunal Bhattacharya (2016) prepared their research paper with an aim to clearly define organized retail sector in India with respect of unorganized retail sector in the context of new formats of retail business. The paper has given in detail various formats of retail with its description and example like single owner single worker, single owner multiple worker, company owned single category showroom and company owned multiple category retail outlet. The paper also clearly differentiate organized and unorganized form of retail with many attributes like scale of operation, ownership, legal status etc.

Madan Sabnavis, Darshini Kansaran Mradul Mishra(2019) A report on Indian Retail Industry, Corporate Catalyst India has graphically presented segment wise contribution of retail industry in a very simple way. The paper also present organized retail formats in India, major players in organized retail and demand drivers of retail industry like demographic advantage, rapid urbanization, rising income level and per capita expenditure etc. Evolution of retail in India is the most informative part of this research work. Periodical growth of retail sector is presented with four development process i.e. Initiation, conceptualization, expansion, consolidation and growth.

Objectives of the Study

The following Research Objectives are Fixed for this Present the Study

1. To study the challenges encountered by unorganized retailers on account of organized retailers and globalization.
2. To study the various remedial strategies followed by the unorganized retailers to minimize competition.

Journey of Unorganized Eetailing in India

Due to large geographical expanse Indian retail market was widely spread all over the country and local traders were the prime suppliers of daily articles to the customers at village level itself. The variety of product which were being sold by unorganized retailers was range from grocery to cloth and general articles to footwear. Local retail sector have been ruling the traditional domestic market in India. The traditional unorganized retail outlets provide customized service to their small local buyers like purchasing in smaller quantity, credit sale, and home delivery. Running unorganized retail unit has been the most convenient way to generate self-employment. As such unorganized retail unit requires very limited capital resource, land as well as labour. Such type of unorganized retail units could be operated with the help of family members without any formal trainings of business operation. Hence the unorganized retail format has become so popular and widely acceptable. This type of retail business format won't require any specific educational qualification and could be easily operated even by uneducated person.

Indian Retail Business Environment

Years	2014	2015	2016	2017	2018
Market Type					
Organized	39.26	46.82	55.84	66.6	79.43
Unorganized	462.43	509.94	563.55	627.4	697.71
Total	501.69	556.76	619.39	694	777.14

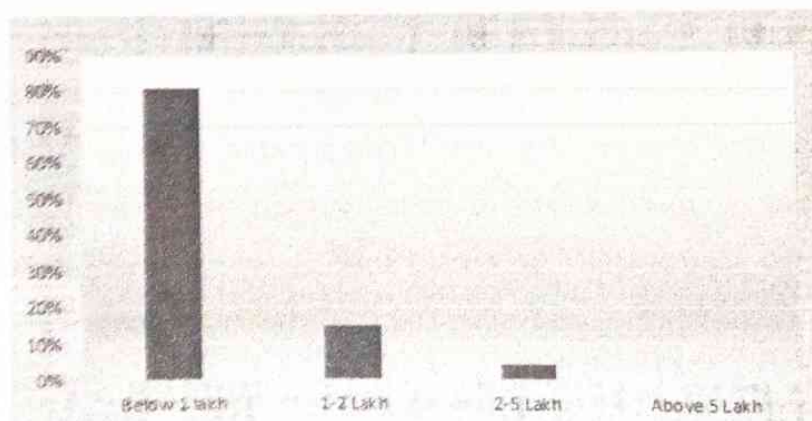
Major Problems of Unorganized Retail Traders in India

Unorganized retailers are facing these problems intensively while competing with organized form of retail. Below mentioned are some of the prominent difficulties.

1. Inadequate working capital to exploit market conditions
2. Weak survival strength during the period of business depression
3. Transformation in buying attitude of consumers towards organized retail market.
4. Age old business approach
5. Unable to implement modern business management policies

Initial Capital Invested in Retail Business

Sr. No.	Initial Capital Invested	Response in Percentage
1	Below 1 Lakh	81 %
2	1-2 Lakh	15%
3	2-5 Lakh	04%
4	Above 5 Lakh	0%
	Total	100



Impact of Mall Culture

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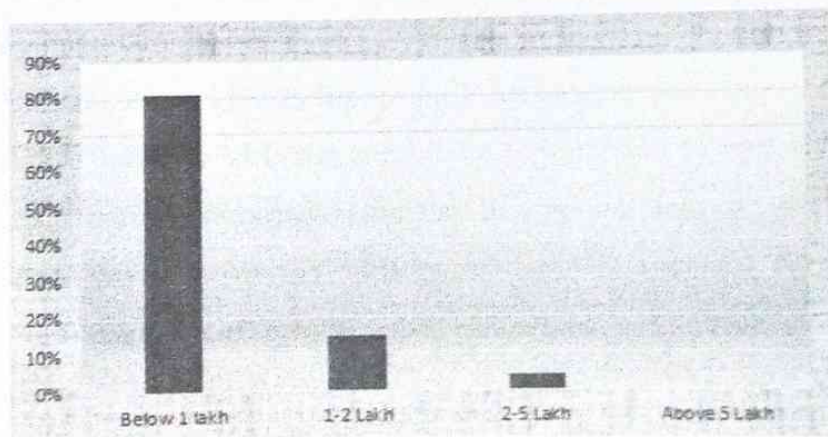
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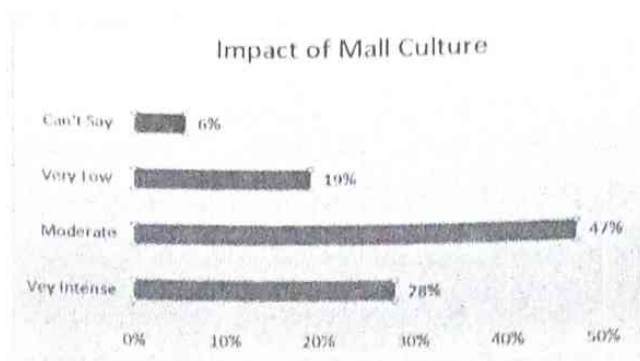
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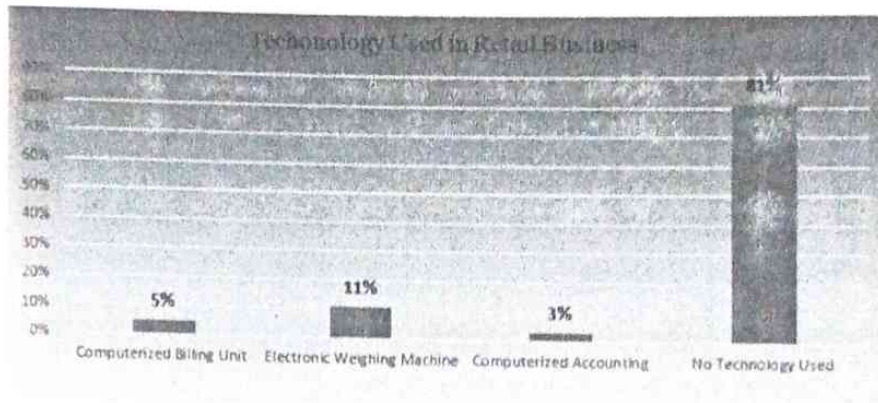


Impact of Mall Culture



Impact of Mall Culture	Response in Percentage
Very Intense	28%
Moderate	47%
Very Low	19%
Can't Say	6%
Total	100

Technology Used in Retail Business



Conclusion

Unorganized retail units are normally run by single owner hence the period of business operation is limited up to 20-30 years as whole business environment get changed once in a twenty five years. Unorganized retail sector is having tremendous potential to provide employability. Various legal constraints and lots of formalities in starting organized business is one of the major factor restricting its' growth in organized business sector. Unorganized retailers operate their business with very limited resources. As they run business with limited capital their profit earning capacity is very low and so as their savings. Due to less saving their business growth and expansion is limited. All these factors are interdependent with each other and retailer fails to come out of these cyclic effects.

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