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## **Aayushi International Interdisciplinary Research Journal**

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## Unorganized Retail Sector-Challenges and Possibility of Development

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### Abstract:

*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, home delivery. Running unorganized retail unit has been the most convenient way to generate self-employment. The main objective of present research attempt is to study major challenges encountered by unorganized retail and put forward some effective strategies to overcome the competitive challenges.*

**Key words:** Unorganized retail, organized retail, Challenges and strategies for retail sector.

### Introduction:

After the process of globalization and liberalization entire government mechanism consistently trying to grab economic development with the help of organized retail format but unfortunately no due importance is given to unorganized retail format. The present research attempt tries to study the operational and functional difficulties and come up to their reliable solutions. The future of Indian retail is very bright and promising having high growth rate potential. The continuous entry of foreign retail players in Indian market might be responsible for unemployment as well as other social problems which needs immediate attention. Business experts and policy makers are of the opinion that unorganized retailer needs to equip with advance marketing training which is beyond reality. Economic development of Indian society is totally impossible without the economic betterment of unorganized retailers. These unorganized retailers cannot be leave on their condition rather purposeful efforts are required to improve their market performance.

### Research Methodology:

Primary and secondary data collection methods followed by this research attempt in order to collect maximum possible relevant data. As far as primary data is concern it is collected by the researcher with the help of structured short questionnaire. The responses obtained from 100 stakeholders thus consist first hand information which was further evaluated with the help of statistical analysis techniques. The process of secondary data collection was considered as concentrated efforts to gather information formulated by others or previous researchers in relevant spear. Secondary data was mostly published by nature. Major part of secondary data was collected form online resource i.e. websites, online research papers, online reports available on internet.

### Review of Literature:

Dr. Ashutosh Kumar, Fahad Khan (2020) have stated that retail is the most progressive sector in Indian economy and one of the prime and instrumental support of Indian economy. The research paper further stated that the Indian Retail market is estimated to be US\$ 600 Billion and one of the top five retail markets in the world by economic value and informed that India is one of the fastest growing retail markets in the world, with around 1.3 billion people. Through this research attempt researchers have stated that the Indian retail sector has played a vital role throughout the world in increasing productivity of consumer goods and services. The retail industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. They also informed that Indian retail industry is the largest among all the industries and accounting for over 10 percent of the country's GDP and around 8 percent of the employment. This research paper provides detailed information about the role of unorganized retailing industry in India. It includes the various retail format in India. This paper surveys the unorganized retailers to understand the challenges impacting the retail sector. It concludes with providing the detailed opportunities available for the retail sector.

Preeti and Neeraj Kumar (2017) performed their research work with some objectives like investigating the demographic profile of customer with special reference to organized and unorganized retail and to identify the key factors related to demographic profile of customers that's includes age, gender, marital status, level of education, occupation, family structure of retail customers etc. While discussing the evolution of retail industry in India the paper also throw light on retailing operations performed traditionally. After detail analysis the research paper suggested that the retailer should frame such advertisement and promotional measures which attract the consumer profile whose frequency is more in their retail stores.

Elsa George (2019) have completed this research study related to problems faced by small retailers in India and stated that small retailers are facing lot of issues to earn their share of profit due to an entry of



organized retailers and foreign competitors in the market. Through this research study researcher tried to analysis the importance of small retailers and suggest possible solution. The research papers has also discussed various problems faced by small retailers in India. Some of the prominent problems discussed are competition posed by big retail chain, inability to take up risk and lack of knowledge and opportunities. While showing the importance of the small retailers the research paper has discussed various social and economic benefits of retail sector in an elaborative way. Based on its data collection and analysis and It also stated some valuable suggestions like extending possible government support ,adopting healthy competition and formation of retailers association.

S. Rajesh Kannan (2016) in his research paper titled Retail 2020 in India, has mentioned that Indian retail sector is witnessing radical changes with evolutions and revolutions in the forms of ecommerce and many advanced technologies. This situation indeed provides a golden opportunity to retail business units to adopt most profitable technology and develop the level of their customer satisfaction. The present research attempt focuses on current trends in retail business sector and the competitive advantages exists due to technological advancement. While discussing the possibilities of high growth researcher explained how Indian retail sector attracts foreign investors along with demographical factors responsible for the same. The paper also discussed various formats of organized retail prevailing in India along with the factors prove instrumental in developing new format of retail i.e. organized retail. While concluding the research paper the researcher has mentioned that digital relationships are very vital for retailers now a days and expressed that the need of an hour is affordable technology at reasonable price, easy to use with maximum benefits to the retailers and consumers alike.

**Objectives of the Study:**

The main purpose of this research paper is to study the various challenges faced by unorganized retailers and to put forward variety of strategies to overcome the competition posed by organized retailers. The following research objectives have been formulated for this present the study:

1. To study various challenges faced by unorganized retailers due to organized retailers.
2. To find out the various strategies adopted by the unorganized retailers to overcome competition.

**Important Role of Unorganized sector in India:**

In our country most of the retail sector is unorganized. The retail business contributes around 11 percent of GDP. Out of this the organized retail sector contributes only for about 3 percent share, and the remaining share is contributed by the unorganized sector. By ownership unorganized retail units are mostly the family owned business in India. Even organized retail sector in India is facing tough competition from unorganized sector. The existence of Unorganized retailing in the market has been there in India for centuries, these are named as mom-pop stores. The main advantage in unorganized retailing is consumer familiarity that runs from generation to generation. It is a low cost structure; they are mostly operated by owners, has very low real estate and Labor costs and has low taxes to pay.

**Challenges which are faced by the Indian unorganized retail sector:**

After the analysis of the responses collected by the stakeholders following hurdles and difficulties come forward. Unorganized retailers are facing these problems intensively while competing with organized form of retail. Below mentioned are some of the prominent difficulties.

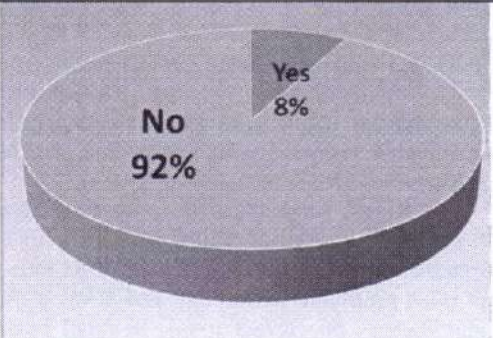
1. Lack of best practice in inventory management and supply chain management.
2. Lack of capital or Credit requirement for business
3. No Fixed place for business operations
4. Stiff competition from organized retail sector.
5. Lack of knowledge, skills and training.
6. Consumers shifting towards organized retail markets.
7. Lack of government policies discouraging the unorganized retailers.
8. Complex procedure for getting license/permit
9. No Social security benefits





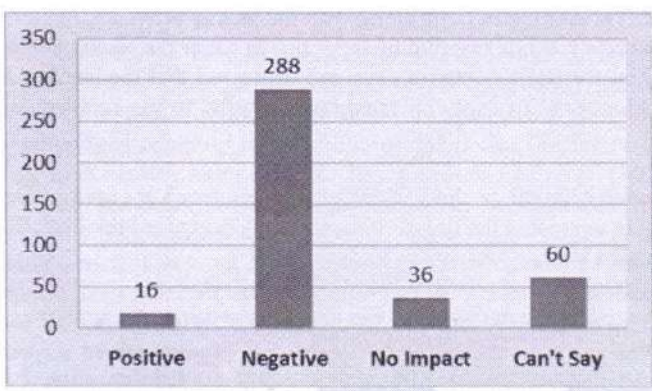
**Accept Card Payments**

Sr. No.	Acceptance of Card Payment	Response in Percentage
1	Yes	8%
2	No	92%
	<b>Total</b>	<b>100</b>



**Role of Government Support**

Impact of Government Support	Response in Percentage
Positive	4%
Negative	72%
No Impact	9%
Can't Say	15%
<b>Total</b>	<b>100</b>



**Strategies for unorganized retailers:**

Competition as well as uncertainty are the part and parcel of every business venture it may be small or large and so as for unorganized retail units too. It has to run within the phase of uncertainty and competition. In order to retain its existence following strategic policies may prove beneficial and advantageous. If they are being followed up to possible extent there will be greater possibility of higher sale and profit.

1. Selling newly introduced products and brands.
2. Pleasant and attractive displays.
3. Renovation of the store.
4. Adopt participative selling technique like self service.
5. Advancement of the store ambience.
6. Extending customized services.
7. Providing free home delivery.
8. Arrangement for acceptance card payments

**Conclusion:**

The main purpose of this present research study is to understand acute problems faced by unorganized retail sector in India. As per the current market situation behavioral and purchasing pattern of Indian consumers are witnessing rapid changes. They are shifting their buying attitude from unorganized retail units towards organized outlets. In the evolving Indian retail market this research attempt has brought insights into importance of unorganized retail sector in India and this study will sure prove helpful to the unorganized retailers while framing strategies to face the opportunities and challenges in this sector.

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