Chapter III

Overview of Growth and Opportunities in
India Corporate Retail Sector
CHAPTER III

OVERVIEW OF GROWTH AND OPPORTUNITIES IN INDIAN CORPORATE RETAIL SECTOR

3.1 RETAIL INDUSTRY

The Indian Retail Industry is the largest among all the industries, accounting for over ten per cent of the country's GDP and around eight per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry. The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer buying behaviour, ushering in a revolution in shopping in India. Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centers, multi-storeyed malls and the huge complexes that offer shopping, entertainment and food all under one roof. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian
population will follow a rising graph helping the newer businessmen to enter the Indian Retail Industry. In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets which in turn will help the Indian Retail Industry to grow faster. Indian retail is expected to grow 25 per cent annually. Modern retail in India could be worth US$ 175-200 billion by 2016. The Food Retail Industry in India dominates the shopping basket.

The Mobile phone Retail Industry in India is already a US$ 16.7 billion business, growing at over 20 per cent per year. The future of the India Retail Industry looks promising with the growing of the market, with the government policies becoming more favourable and the emerging technologies facilitating operations.

Retail industry in India is expected to rise 25 per cent yearly being driven by strong income growth, changing lifestyles, and favourable demographic patterns. It is expected that by 2016 modern retail industry in India will be worth US$ 175-200 billion. India retail industry is one of the fastest growing industries with revenue expected in 2007 to amount US$ 320 billion and is increasing at a rate of 5 per cent yearly. A further increase of 7-8 per cent is expected in the industry of retail in India by growth in consumerism in urban areas, rising incomes, and a steep rise in rural consumption. It has further been predicted that the retailing industry in India will amount to US$ 21.5 billion by 2010 from the
current size of US$ 7.5 billion. Shopping in India has witnessed a revolution with the change in the consumer buying behaviour and the whole format of shopping also altering. Industry of retail in India which have become modern can be seen from the fact that there are multi-storeyed malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof. Indian retail industry is expanding itself most aggressively; as a result a great demand for real estate is being created. Indian retailers preferred means of expansion is to expand to other regions and to increase the number of their outlets in a city. It is expected that by 2010, India may have 600 new shopping centers.

In the Indian retailing industry, food is the most dominating sector and is growing at a rate of nine per cent annually. The branded food industry is trying to enter the India retail industry and convert Indian consumers to branded food. Since at present 60 per cent of the Indian grocery basket consists of non-branded items. Indian retail industry is progressing well and for this to continue retailers as well as the Indian government will have to make a combined effort.

3.2 GROWTH PHASE OF INDIAN RETAIL SECTOR

The phase of high growth of Indian retail sector is expected to continue due to huge amounts of investments and breaking up of traditional concepts in this sector. These are leading to various changes and are providing further boost to the growth of the Indian Retail Sector. The Indian Retail Sector that includes the traditional retail and the modern retail is estimated to grow at a very fast pace from US$ 336 billion, in
2006 to US$ 590 billion, by 2011. The traditional retail sector is expected to increase from US$ 324 billion, in 2006 to US$ 493 billion, by 2011. The share of the modern retail in the Indian Retail Sector is also estimated to increase from four per cent in 2008, to 16 per cent in the next five years. This exceptional growth is expected to take place in the retail sector due to large amounts of investment which is estimated to be about US$ 35 billion in the next five years. The "cash- and- carry" activities are expected to receive the majority of investments. The maximum amount of growth in the Indian Retail Sector will be registered in the topmost 50 to 60 markets that are located in the urban areas. These markets would be mostly supermarkets and hypermarkets. However, these supermarkets and hypermarkets will also witness fast erosions in their margins. Further, it is estimated that in the longer run, the convenient stores that are located in the local neighborhood will continue to survive.

A major focus area in the Indian retail sector is the supply chain management. In the western countries, the retail sector has a highly developed system of supply chain. However developments in supply chain in Indian retail sector has been quite slow. Other areas that need attention for the growth of the Indian retail sector to continue includes duty and tax structures, infrastructure, rising land prices and effective trend forecasting. Trend forecasting needs to be done in the country especially in the segments of cosmetics, apparel and footwear for this will help the retail companies to curtail their expenses substantially. Also another area that requires attention is manpower for it is estimated that the
Sector of Indian Retail will suffer from shortage of manpower by about a million people, by 2012. The chains in the Indian retail sector need to frequently change their stocks and also adopt concepts like home delivery. If all these areas are given immediate attention then the growth phase of Indian retail sector would continue at a very fast pace. The Indian retail sector would then witness the setting up of retail parks that are flourishing in Europe. Further, the growth of the Indian retail sector would help in making the country ready for big retailers by 2015-2016.

3.3 INDIAN CORPORATE RETAIL MARKET

Indian organized retail market is growing at a fast pace due to the boom in the Indian retail industry. In 2005, the retail industry in India amounted to ₹10,000 billion accounting for about ten per cent to the country's GDP. The organized retail market in India out of this total market accounted for ₹350 billion which is about 3.5 per cent of the total revenues. Retail market in the Indian organized sector is expected to cross ₹1000 billion by 2010. Traditionally the retail industry in India was largely unorganized, comprising of drug stores, medium, and small grocery stores. Most of the organized retailing in India have started recently and is concentrating mainly in metropolitan cities. The growth in the Indian organized retail market is mainly due to the change in the consumers' behaviour. This change has come in the consumer due to increased income, changing lifestyles, and patterns of demography which are favourable. Now the consumer wants to shop at a place where he can get food, entertainment, and shopping all
under one roof. This has given Indian organized retail market a major boost. Retail market in the organized sector in India is growing can be seen from the fact that 1500 supermarkets, 325 departmental stores, and 300 new malls are being built. Many Indian companies are entering the Indian retail market which is giving Indian organized retail market a boost. One such company is the Reliance Industries Limited. It plans to invest US$ 6 billion in the Indian retail market by opening 1000 hypermarkets and 1500 supermarkets. Pantaloons is another Indian company which plans to increase its retail space to 30 million square feet with an investment of US$ 1 billion. Bharti Telecoms an Indian company is in talks with Tesco a global giant for a £ 750 million joint venture. A number of global retail giants such as Walmart, Carrefour, and Metro AG are also planning to set up shops in India. Indian organized retail market will definitely grow as a result of all this investments. Indian organized retail market is increasing and for this growth to continue the Indian retailers as well as government must make a combined effort.

3.4 GROWTH FACTORS IN INDIAN CORPORATE RETAIL SECTOR

The growth factors in Indian organized sector are various but it is mainly due to the fact that India's economy is booming. Also, the rise in the working population which is young, pay- packets which are hefty, more nuclear families in urban areas, rise in the number of women working, more disposable income and consumer aspiration, western influences and growth in expenditure for luxury items. All these are the factors for the growth in Indian organized retail sector.
In fact, Indian retail industry is the fastest growing industry in India and it accounts for 10 percentage of the country's GDP. In 2006, the retail industry in India amounted to US$ 200 billion and out of this, the organized retail sector in India amounted to US$ 6.4 billion. By 2010, the Indian organized retail sector is expected to rise to US$ 23 billion. In 2003, the Indian organized retailing sector accounted for more than 4.5 million sq. ft of space absorption by malls. Many Indian companies have entered the retail industry in India and this is also a factor in the growth of Indian organized retail sector. Reliance Industries Limited is planning to invest US$ 6 billion in the organized retail sector in India by opening 1500 supermarkets and 1000 hypermarkets. Bharti Telecoms is planning a joint venture worth £ 750 million with Tesco a global retail giant. Pantaloons is planning to invest US$ 1 billion in order to increase its retail space to 30 million square feet. Such huge investments is also a factor in the growth of the organized retail sector in India. Global retail giants are also entering the retail industry in India and this is also one of the factors in the growth of the organized retail sector in India. The global retail giants who are entering the organized retail sector in India are: Wal-Mart, Tesco, Carrefour SA and Metro AG. The factors for growth in Indian organized retail sector are many and that the reason behind its massive growth. But for this to continue both the Indian retailers and the government will have to work together.
3.5 GROWTH OF RETAIL COMPANIES IN INDIA: OVERVIEW

Growth of Retail Companies in India exhibits the boom in the retail industry in India over the years. The increase in the purchasing power of the Indian middle classes and the influx of the foreign investments have been encouraging in the Growth of Retail Companies in India. Growth of Retail Companies in India is not yet in a matured stage with great potentials within this sector still to be explored. Apart from the retail company like Nilgiri's of Bangalore, most of the retail companies are sections of other industries that have stepped in the retail sector for a better business. The growth of Retail Companies in India is most pronounced in the metro cities of India. However the smaller towns are also not lagging behind in this. The retail companies are not only targeting the four metros in India but also is considering the second graded upcoming cities like Ahmedabad, Baroda, Chandigarh, Salem, Cochin, Ludhiana, Pune, Trivandrum, Simla, Gurgaon, and others. The South Indian zone have adopted the process of shopping in the supermarkets for their daily requirements and this has also been influencing other cities as well where many hypermarkets are coming up day to day.

3.6 REASONS FOR THE FAST GROWTH OF RETAIL COMPANIES IN INDIA

The retail companies are found to be rising in India at a remarkable speed with the years and these have brought a revolutionary change in the shopping attitude of the Indian consumers. The growth of Retail Companies in India is
facilitated by certain factors like - Existing Indian middle classes with an increased purchasing power, Rise of upcoming business sectors like IT and engineering firms, Change in the taste and attitude of the Indians, Effect of globalization and Heavy influx of FDI in the retail sectors in India. To get further details on the growth of Retail Companies in India and other retail chain of companies in India.

3.7 GROWTH OF ORGANIZED RETAILING IN INDIA

Organized retailing in India initially began in the South. The availability of land at prime locations coupled with lower real estate prices (compared to Mumbai and Delhi) made multi-storeyed shopping complexes possible. And now south India - notably Chennai and to a lesser extent Bangalore and Hyderabad - has emerged as a centre of organized retailing. In fact, in Chennai, nearly 20 per cent of food sales now is accounted for, by supermarkets and an equal share of consumer durables is sold through speciality chains such as Vivek’s. It took two years of recession for this concept of shopping to take root in major cities like Mumbai and Delhi. Recession brought down property prices in these cities, and it was during this slump that big business houses took notice of the potential in retailing. India is rapidly evolving into an exciting and competitive marketplace with potential target consumers in both the niche and middle class segments. Manufacturer-owned and retail chain stores are springing up in urban areas to market consumer goods in a style similar to that of malls in more affluent countries. Even though big retail chains like Crossroads, Saga and Shoppers Stop
are concentrating on the upper segment and selling products at higher prices, some like RPG’s Food World and Big Bazaar are tapping the huge middle class population. During the past two years, there has been a tremendous amount of interest in the Indian retail trade from global majors as well. Over the years, international brands like McDonalds, Swarovski, Lacoste, Domino’s, Pepsi, Benetton among a host of others have come in and thrived in India.

Retailing is one of the fastest growing industries in India, catering to the world’s second-largest consumer market. A sunrise industry, it offers tremendous potential for growth and contributes eight-ten per cent to overall employment. However, this is still low compared to 20 percent in the USA. As India moves towards being a service-oriented economy, a rise in this percentage is expected. The number of the retail outlets is growing at about 8.5 per cent annually in the urban areas, and in towns with a population between 1,00,000 to 10,00,000 the growth rate is about 4.5 per cent. With the increasing assertiveness of the Indian consumer and a growing supply base - both from within India as well as from other countries - the retail sector in India is poised for a significant change in the coming decade. However, the boom in retailing has been confined primarily to the urban markets. There are two main reasons for this. Firstly, the modern retailer is yet to exhaust the opportunities in the urban market and has therefore probably not looked at other markets seriously. Secondly, the modern retailing trend, despite its cost-effectiveness, has come to be identified with lifestyles. In order to appeal to
all classes of the society, retail stores need to identify with different lifestyles. In a sense, this trend is already visible with the emergence of stores with an essentially ‘value for money’ image. The attractiveness of the other stores actually appeals to the existing affluent class as well as those who aspire to be a part of it. Hence, one can assume that the retailing revolution is emerging along the lines of the economic evolution of society. A four-gear path for the organized retail trade suggested by KSA Technopark places India in the second gear and predicts that it will match global standards by 2010. Gear one is the stage of infancy. The Super Bazaar, as a concept focusing on price control, started during the inflationary period of the 1960s. The development of the modern retail industry began when Indian shoppers upgraded from local shops to Super Bazaars. The open layout and self-service concepts were new to the Indian consumer, who was used to being served while shopping. Gear I was driven by entrepreneurs like Vasanth & Co., and Vivek’s in the South, real estate owners like the Rahejas (who started Shoppers’ Stop) and marketers who integrated forward from manufacturing to retailing (for instance, lifestyle brands like Zodiac, Park Avenue and Bombay Dyeing which opened exclusive stores). This gave the new breed of retailers an opportunity to differentiate on the basis of good quality products, services and ambience. These retail formats raised the bar for consumers as far as retail interface was concerned. The first level also looks at retailers driving consumer awareness. The model primarily applies to apparel more than any other form of retailing. For instance, manufacturers in the food and grocery business hardly get
into retailing. It is completely driven from the demand side and not on the supply side. The second gear is about meeting consumer expectations. It is consumer-driven, where buyers are exposed to new retail formats. This leads to first-generation retailers expanding to multiple locations (Shoppers’ Stop, Food World and Subhiksha expand their networks as well as their locations). Convenient timings, dial-n-order, free parking, provision for trial and taste, prices below MRP (maximum retail price), free home delivery and ‘no-questions-asked’ return policies are some of the features offered by these new forms of stores. Moreover, some offer facilities like taking care of the kids while the mothers shop, vending machines and entertainment for those accompanying serious shoppers, convenient floor levels for the physically handicapped and so on. Pure retailers like Westside and Lifestyle provide a unique selling proposition of choice and width.

They capture a higher share of the organized retail formats and cut across all categories. For example, Barista in coffee, Pizza Hut and McDonalds in quick-service formats, Swarovski in crystal, Swatch in watches, THS in home, Agrani Switch in technology products, Apollo pharmacy and The Medicine Shoppe in pharmaceuticals and Ceat Shoppe in tyres. Global retailers like Marks & Spencer and Mango are evincing interest in India with their pilot projects. Gear II is a period of growth. India is currently in this stage. The apparel retail market in India is a little more evolved than the rest. While apparel retailing can be said to be in the second gear, other sectors like electronics, food, etc., are still in the first gear.
Compared to the first two stages, the main differentiator in the next two is the shift in the power equation between manufacturers and retailers. In the third and fourth stage retailers exert more influence than manufacturers and therefore have stronger bargaining power. Furthermore, the third gear involves efficient back-end management. Retailers exploit economies of scale and offer the best prices to their consumers. The focus is on consumer acquisition and category management.

Cost savings in terms of initiating vendor partnerships and increasing stock turns take priority. Retailers expand into non-metros and look at various consumer loyalty programmes. Many retailers in China and South Asia are in this phase. A distinctive mark of this phase is efficiency: profitability through heavy investment in the back-end. Aldi, a grocery chain in Europe and the US, is a good example of retail efficiency and can be roughly placed in the third gear. The fourth and last gear is a period of consolidation. The organized sector acquires a significant share of the retail pie. It is the start of a cross-border movement, with mergers and acquisitions gaining in importance.

3.8 OPPORTUNITIES IN INDIAN ORGANIZED RETAIL SECTOR

The opportunities in Indian organized retail sector are many, this sector is witnessing a boom. The retail industry in Indian amounted to US$ 200 billion in 2006, and out of this amount the Indian organized retail sector amounted to US$ 6.4 billion. The opportunities in Indian organized retail sector can be judged from the fact that by 2010 it is expected to rise to US$ 23 billion. The various opportunities in the organized retail sector in India are mainly there for the Indian
consumers behaviour pattern has changed. Now the Indian consumer gets more hefty pay-packages, is younger, a large number of women are working, western influences, and more disposable income have opened a lot of opportunities in Indian organized retail sector. The Indian consumer wants to shop, eat and get entertainment in one place and is having also given Indian organized retail sector an opportunity to grow. The Indian government in 2005 allowed foreign direct investment in single brand retail to 51 per cent. These have opened up a lot of opportunities in India organized retail sector. In fact 325 departmental stores, 300 new malls, and 1500 supermarkets are being built which shows the tremendous opportunities in the organized retail sector in India. Many Indian companies seeing the various opportunities in organized retail sector in India have entered it. Pantaloons have decided to increase its retail space to 30 million square feet with an investment of US$ 1 billion. Reliance Industries Limited is targeting for annual sales of US$ 25 billion by 2011. It is planning to invest US$ 6 billion in order to open 1,500 supermarkets and 1000 hypermarkets. Bharti Telecoms is planning a joint venture with Telco a global retail giant worth £ 750 million.

The opportunities in the organized retail sector in India have also increased with the desire of many global retail giants to set up shop here. The global retail giants who are entering the Indian organized retail sector are: Tesco, Wal-Mart, Metro AG and Carrefour SA. The opportunities in Indian organized retail sector are varied and it must be fully exploited by the Indian retailers.
3.9 IMPORTANCE OF RETAILING

The Indian economy has grown by about nine per cent annually over the last 3 years and even higher growth rates are being projected in the future. Retailing has been growing even faster and is already a significant component of the Indian economy. In recent years, organized retailing has gained momentum. Malls and large-size department stores have become a fixture in the urban landscape across the country. The importance of managing retailing efficiently and effectively is obvious in the light of this sector's growth potential and the increasing levels of competition. The emergence of organized retailing has given rise to the need for a whole new set of business skills and competencies required to efficiently manage organized retail operations. In addition, it has posed tremendous challenges to existing producers of goods and services - they now need to revisit their distribution policies and distribution relationship management strategies.

Among many issues, value of assortment, purchase experience, logistics and supply chain issues, financing options, channel consolidation, volume driven relationships and people strategies have acquired completely new dimensions. Even otherwise, since shopping is all-pervasive retailing is important, both economically and socially, since it affects a large populace in the form of consumers and employers. All these have led to a renewed interest in the retailing phenomenon. Reported estimates show that retailing has the potential to create two million new (direct) jobs within the next six years on the basis of an eight to
ten percent share of organized retailing in the total retail business. In India, due to the following factors, retailing gains its importance namely, Consumer income is growing, Consumer aspirations rising, Growing urbanization, Very low penetration of modern retail and Modern retail's capability to achieve and share efficiencies.

The property of retail sector in India is one of the prime indicators of economic health of India. The importance of retail sector can be gauged from the fact that retailing is the second largest industry in terms of number of employees and establishments in the US. Who has not heard of Wal-mart and its contribution to the US economy? Indian retail sector belonging to Indian Retail Estate accounts for about 9-10 per cent of the country's GDP. It remains one of the least developed sectors in India. According to Associated Chambers of Commerce and Industry, the estimated annual retail sales accounts for about $6 billion and is expected to reach $17 billion dollar mark by the year 2010.

Historically, the Indian retail sector is dominated by sole proprietorship mostly governed by old principles of business inheritance. The perception is now changing with Indian government, under pressure from the US and other western countries, deciding to gradually increase the limit of Foreign Direct Investment in retail sector. The decision is fuelled by booming economy and the positive reports of leading retail assessors of the world. The favourable business environment in the country is indicated by the increased Non Residential India investment in India since the past few years. The Non Resident Indians are also putting added pressure
on the government to open up the retail sector in India for the Foreign Direct Investment, as the prices of commercial property in India are already on the upswing and the ever-increasing spending power of the consumers lend positive air to the business environment in the country.

Indians have just started to feel the malls, Cineplex, multiplex culture that has revolutionized the west. All the major global players like Wal-Mart, Tesco and others are keen to enter the Indian retail market with a bang. A T Kearney has ranked India 5th out of 30 most attractive retail markets in terms of investment. It is being estimated that if the government timely adopts the favourable policies, then by 2010 the retail industry will start appreciating by the rate of 25-30 per cent per year. Further, millions of jobs are expected to be generated by the retail sector. Integrated retailing (retail-cum-entertainment) – a sub-division of retailing – is already booming in tier cities of India. And with the liberalized policy of FDI in retail sector, things can only get better.

3.10 CHALLENGES FACING THE INDIAN CORPORATE RETAIL SECTOR

The challenges facing the Indian organized retail sector are various and these are stopping the Indian retail industry from reaching its full potential. The behaviour patterns of the Indian consumer have undergone a major change. These have happened for the Indian consumer is earning more now, western influences, women working force is increasing, desire for luxury items and better quality. He now wants to eat, shop, and get entertained under the same roof.
All these have lead the Indian organized retail sector to give more in order to satisfy the Indian consumer. The biggest challenge facing the Indian organized retail sector is the lack of retail space. With real estate prices escalating due to increase in demand from the Indian organized retail sector, it is posing a challenge to its growth. With Indian retailers having to shell out more for retail space it is effecting there overall profitability in retail. Trained manpower shortage is a challenge facing the organized retail sector in India. The Indian retailers have difficulty in finding trained persons and also have to pay more in order to retain them. This again brings down the Indian retailers profit levels. The Indian government has allowed 51 per cent FDI (Foreign Direct Investment) in the Indian retail sector to one brand shops only. These have made the entry of global retail giants to organized retail sector in India difficult. This is a challenge being faced by the Indian organized retail sector. But the global retail giants like Tesco, Wal-Mart, and Metro AG are entering the organized retail sector in India indirectly through franchisee agreement and cash and carry wholesale trading. Many Indian companies are also entering the Indian organized retail sector like Reliance Industries Limited, Pantaloons, and Bharti Telecoms. But they are facing stiff competition from these global retail giants. As a result discounting is becoming an accepted practice. This too brings down the profit of the Indian retailers. All these are posing as challenges facing the Indian organized retail sector. The challenges facing the Indian organized retail sector are there but it will have to be dealt with and only then this sector can prosper.
3.11 INDIAN CORPORATE RETAIL SECTOR'S IMPACT ON LIFESTYLES

The Indian organized retail sector's impact changed the lifestyle of the Indian consumers drastically. The evident increase in consumerist activity is colossal which has already chipped out a money making recess for the Indian organized retail sector. With the onset of a globalized economy in India, the Indian consumer's psyche has been changed. People have become aware of the value of money. Nowadays the Indian consumers are well versed with the concepts about quality of products and services. These demands are the visible impacts of the Indian organized retail sector. Since the liberalization policy of 1990, the Indian economy, and its consumers are getting whiff of the latest national and international products, with the help of print and electronic media. The social changes with the rapid economic growth due to trained personnel, fast modernization, and enhanced availability of retail space are the positive effects of liberalization. The growth factors of organized retail in India are:- Increase in per capita income which in turn increases the household consumption. Demographical changes and improvements in the standard of living, change in patterns of consumption and availability of low-cost consumer credit, Improvements in infrastructure and enhanced availability of retail space, Entry to various sources of financing. The non-food sector, segments comprising apparel, accessories, fashion, and lifestyle felt the significant change with the emergence of new stores formats like convenience stores, mini marts, mini supermarkets, large
supermarkets, and hypermarts. Even food retailing has become an important retail
business in the national arena, with large format retail stores, establishing stores all
over India. With the entry of packaged foods like MTR, ITC Ashirvad, fast foods
chains like McDonald's, KFC, beverage parlors like Nescafe, Tata Tea, Café
Coffee and Barista, the Indian food habits have been altered. These stores have
earned the reputation of being 'super saver locations'. India will be a unique
business arena in whole of the global economy, for the social and economic
parameters would overrule the big bang of the vivid competition. Previously
mastered by the unorganized retail sector, India opened up late as an economy in
1990 until then the idea of retail formats were spread by the government.

**TABLE 3.1**

**RETAIL TRADE**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales (₹ bn)</td>
<td>15,409</td>
<td>17,360</td>
<td>19,465</td>
<td>21,715</td>
<td>24,215</td>
<td>27,107</td>
</tr>
<tr>
<td>Retail sales (US$ bn)</td>
<td>349.4</td>
<td>385.8</td>
<td>421.3</td>
<td>467.0</td>
<td>516.3</td>
<td>564.7</td>
</tr>
<tr>
<td>Retail sales volume growth (%)</td>
<td>6.0</td>
<td>7.5</td>
<td>7.7</td>
<td>6.9</td>
<td>6.8</td>
<td>7.3</td>
</tr>
<tr>
<td>Retail sales US$ value growth (%)</td>
<td>13.6</td>
<td>10.4</td>
<td>9.2</td>
<td>10.8</td>
<td>10.6</td>
<td>9.4</td>
</tr>
</tbody>
</table>

*Source: Economic Intelligence Unit*
TABLE 3.2

CLOTHING, COSMETICS AND HOUSEHOLD GOODS

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing, sales value (US$ m)</td>
<td>58,352</td>
<td>65,818</td>
<td>74,505</td>
<td>84,724</td>
<td>96,130</td>
<td>107,883</td>
</tr>
<tr>
<td>Perfumes &amp; fragrances, sales value</td>
<td>2,103</td>
<td>2,291</td>
<td>2,464</td>
<td>2,696</td>
<td>2,941</td>
<td>3,169</td>
</tr>
<tr>
<td>(US$ m)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Economic Intelligence Unit

TABLE 3.3

ELECTRONIC AND DOMESTIC APPLIANCES

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television sets (stock per 1,000 population)</td>
<td>91</td>
<td>94</td>
<td>97</td>
<td>101</td>
<td>109</td>
<td>118</td>
</tr>
<tr>
<td>Television sets, sales volume ('000)</td>
<td>8,867</td>
<td>9,436</td>
<td>10,029</td>
<td>10,655</td>
<td>11,204</td>
<td>11,795</td>
</tr>
<tr>
<td>Cable-TV subscribers (per 1,000 population)</td>
<td>28</td>
<td>29</td>
<td>30</td>
<td>31</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Personal computers, sales volume ('000)</td>
<td>693</td>
<td>789</td>
<td>894</td>
<td>1,026</td>
<td>1,178</td>
<td>1,352</td>
</tr>
<tr>
<td>Refrigerators, sales volume ('000)</td>
<td>4,230</td>
<td>4,626</td>
<td>5,048</td>
<td>5,505</td>
<td>5,996</td>
<td>6,542</td>
</tr>
<tr>
<td>Video recorders, sales volume ('000)</td>
<td>121</td>
<td>121</td>
<td>125</td>
<td>127</td>
<td>128</td>
<td>129</td>
</tr>
</tbody>
</table>

Source: Economic Intelligence Unit

From the above table, the retail sector in India is undergoing substantial growth and development, driven by the impact of rising incomes, increasing urbanization, low interest rates, greater brand competition and a youth-driven
culture. Retail sales grew by 10.5 per cent in rupee terms in 2005, equivalent to a volume rise of 6 per cent. Retailing is undergoing a structural shift in India, as supply slowly moves from small, family-run shops to larger, organized retail outlets. The rising number of attractive stores and foreign brands, coupled with readily available credit, support steady real growth in retail sales of 7.3 per cent a year between 2006 and 2010.