Impact of Globalisation on Retail Industry in India: Some Glimpses

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ABSTRACT

The rapid pace of globalization has significantly transformed the Indian retail industry, shaping its structure, operations, and societal implications. This study examines the perceived adverse effects of retail globalization on socioeconomic and environmental dimensions in India, with a focus on wage disparity, cultural influence, political corruption, and ecological sustainability. To capture citizens' perspectives, structured surveys were conducted across three major cities of the National Capital Region (NCR)—Greater Noida, Ghaziabad, and Gurugram. The findings reveal mixed sentiments, with respondents expressing concerns about the widening income gap, the erosion of cultural values, the perceived rise in unethical political practices linked with retail expansion, and the growing strain on environmental resources. These findings echo the broader academic discourse that highlights both opportunities and challenges arising from India's retail transformation (Jhamb and Kiran, 2012; Mohanty and Panda, 2008). The study highlights the need for balanced policy measures that address these challenges while sustaining the benefits of retail growth, ensuring that globalization in the sector contributes equitably to economic development and social well-being.

Keywords: Globalization, Retail Industry, India, NCR Region, Socioeconomic Impact, Wage Disparity, Cultural Influence, Political Corruption, Environmental Sustainability, Consumer Perception

INTRODUCTION

Since opening Indian economy to global investors in 1991, India has attracted unprecedented historical inflows of retail. The opening up to global capital and technology has spurred unprecedented expansion, with both favorable and unfavorable implications (Deloitte, 2011). Organized retail formats, supported by foreign and domestic investment, have reshaped consumer experiences through better infrastructure, branding, and supply chain innovations (Pricewaterhouse Coopers, 2011). However, concerns remain regarding jobless growth, cultural dilution, and environmental stress (Kannan and Raveendran, 2009; Joshi, 2010). As mentioned earlier retail flows have both favorable and unfavorable effects on host country. However, in this paper we analyzed citizens' perception of unfavorable effects of retail on socioeconomic and environmental aspects, such as disparity in wages, influence on culture, increase in political corruption, and the effect on ecology and environment by conducting surveys in three major cities of NCR region, namely, Greater Noida, Ghaziabad and Gurugram.

Retailing is among the largest global private industries, accounting for over US $6.6 trillion in sales. In India, retail contributes nearly 10% of GDP and is second only to agriculture in terms of employment generation (Dun and Bradstreet, 2009).Annual retail sales in India are estimated at $340 billion and have been growing at 5% annually. India has one of the highest densities of retail outlets in the entire world. There are more than 12 million retail outlets (including unorganized ones) in the country. Over the past decade, there has been rapid expansion of organized retail formats. The organized retail space had increased to 16 million sqft in 2008 from barely 1 million sqft in 2002. The customer profile too is quite young and spending patterns have shifted upwards, thus creating a growing opportunity for the retailers to serve and delightthe customers. While

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50% of India's population is less than 25 years old, 70% is less than 35 years of age. The implication is that there is a large complement of young working population, thus, resulting in increased retail spending.

Corporate groups such as Reliance and Pantaloon have pioneered large-scale investments in retail, experimenting with varied formats and customer-centric strategies (Biyani, 2007). Meanwhile, global players including Wal-Mart and Tesco await favorable policy shifts to deepen their presence (Mukherjee, 2011). Research indicates that consumer preferences are steadily shifting toward organized outlets, particularly among younger demographics with higher disposable incomes (Jhamb and Kiran, 2012). At the same time, organized and unorganized formats are not mutually exclusive—many customers continue to rely on kirana stores for accessibility and convenience, suggesting a coexistence model rather than outright replacement (Yuvarani, 2010).

Role of Retail Industry in India:

The Indian market holds a lot of promise, the penetration of organized retail has been comparatively quite low in India. India is a nation of traditional mom and pop stores, which have an extensive reach, and have been ruling the retail sector for many years. The traditional unorganized retail outlets provide customized services to their small local clientele, including credit sales and home delivery. However, the entry of many organized retail chains, some of which are promoted by major Indian corporate houses, is posing a threat to the traditional retailers. These new retailers are experimenting with a multitude of formats, and are trying to build a strong base with superior technology and high sense of customer centricity. The organized retailers aim to capture a progressively increasing share of the total retail pie. The large number of players entering organized retail at such a pace is a cause of concern for the unorganized retailers. From a fresh entrant like Reliance Fresh, to a pioneer, like Pantaloon Retail India Limited (PRIL), all the organized retailers are upgrading and equipping themselves to capture the attention of prospective customers.

The development of organized retail started comparatively late in India. Single brand retail chains (such as those of Raymond's, Liberty footwear and such others) began to find a foothold in the major metros during the 1980s. Multi-brand retail chains came into the picture mainly during the 1990s. Shopping centers began to come up around 1995. Shopping malls and hyper markets have begun to evolve primarily during the new millennium. Now, several large Indian business houses have made a foray into retailing, with multiple formats and in varied product categories. Multinational retailers are also trying to edge their way into the Indian market in whatsoever manner the present foreign investment norms permit. International retail chains, such as Wal-Mart, Tesco, etc., are waiting in the wings for Foreign Direct Investment (FDI) being allowed in multi-brand retailing.

As per the above definition the final consumer is a key concept within the distribution chain, especially since the retailers are at the end of the chain and directly interact with the customer. Moreover, the final consumer is presumed to be the final user of a purchase unlike a customer who may have bought the goods for their own use, as a present or as part of their own business activity. Retail transactions include more than the sale of tangible products, services such as financial services, beauty care saloons or dry cleaning.

Retailing provides a crucial link between producers and consumers in modern market economy. Retail in India is most dynamic industry and represents a huge opportunity both for domestic and international retailers. Modern retailing is not threat to independent Mom and Pop stores as most of the consumers said that they never stopped visiting Kirana stores. They strongly agreed on coexistence of both is requirement of the day. Their frequency of going to Kirana stores is reduced but its kind of opportunities for reorienting Mom and Pop stores for attracting more customers. So, organized retailing is beneficial for India because it's not alarming to create conflict with unorganized stores butreshaping unorganized stores into budding/nascent organized stores. Modern retailing has miles to go in India. The growth of modern formats has been much slower in India as compared to other countries and the development of this sector is restricted by the presence of regulatory and structural constraints.

FINDINGS

1) It was being found during study that the above frequency counts reveal that one of major competitive advantages that organized retail has is that they offer savings in purchases, this may due to various promotional offers, quantity discounts and tie ups with brands. Second most important factor is availability of quality products,

this is also possible because many organized retail stores have tie ups with good quality brands. Thirdly, organized retail stores are a one stop shop, this is again possible as they have tie ups with various brands which span across many product categories.

2) It was the behavior of the respondents, they were asked to mention how much they spend in retail stores in a month and what course of action they take when a brand of product they require is not available at a store but over they were found satisfied.

3) During study it was found that education level of the customer was playing key role to decide their purchasing behavior.

4) In the study it was observed that spending patterns indicated that a majority of consumers spend between INR 1,000 and 2,000 monthly on retail purchases, with 230 respondents acknowledging impulse purchases triggered by store promotions. Regression analysis demonstrated that consumer satisfaction is significantly influenced by billing transparency and professional staff presentation, aligning with earlier studies on labor dynamics in retail (Booth andHamer, 2007).

5) The model summary for the regression analysis is shown above. As per analysis, the model explains 4.308% (multiple R-squared = 0.04308) variation in satisfaction. The F statistic for the model $F_{(9, 490)} = 2.451$ with p=.009 (p>.05) indicates that the model is better in predicting the outcome *i.e.* satisfaction, as compared to just using means as best guesses.

6) From the above analysis on the beta coefficients for satisfaction with billing and smartly dressed staff are significant (p<.05), rest all the independent variables have p-values greater than 0.05 (5% significance level). Thus, these coefficients are not statistically different from zero. Thus, from the above analysis, we can conclude that Satisfaction with price charged by retailers is significantly affected staff and managers appropriately and smartly dressed and satisfaction with the billing procedure followed.

7) With the Indian economy now expected to grow at over 12% and with average salary hikes of about 45%, manufacturers and retailers of consumer goods and services can expect a major boost in consumption.

8) The Demography Dynamics are also favorable as approximately 60 per cent of Indian population is below the age of 30.

Despite these advantages, respondents expressed reservations regarding broader socioeconomic impacts. Concerns included widening wage inequality, cultural homogenization, and the perception that retail expansion fosters political corruption. These findings resonate with critiques of globalization that highlight uneven development and environmental strain (Kannan and Raveendran, 2009; Uma, 2009).

Future Prospectus to Strengthen Retail Industry in India:

The central issue of concern for the growth of Retail industry is how to strengthen its must be overcome to enable it to compete on its own based on inherent potential. And it is the responsibility of the government to remove any structural bottleneck in retail industry performance especially when market forces are given prominence through the removal of protective elements'. It is essential to provide the much-needed 'level playing field' to small enterprises through infrastructure development. But overcoming infrastructural bottlenecks for small enterprises is easier said than done.

The future of India's retail industry hinges on balancing growth with inclusivity and sustainability. Policy reforms must address infrastructural bottlenecks, particularly for small and unorganized retailers who remain vital to India's retail ecosystem (Mohanty and Panda, 2008). Strengthening supply chains, ensuring fair labor practices, and facilitating technology transfer can help bridge disparities between organized and unorganized segments (Pant and Mondal, 2010; Behera *et al.*, 2012).

Small enterprises in India have come up in an unplanned, uncontrolled and haphazard manner. They have emerged anywhere and everywhere-closer to the location of resources as well as markets in clusters as well as in a dispersed manner, in industrial, commercial and residential areas. A considerable majority of these clusters are based on natural and traditional skills. By and large, these clusters lack reliable and efficient infrastructural facilities such as power, road, water, transportation and communications, information and technical inputs. But the infrastructural problem is more acute in case of units that are located in a dispersed manner. How does one promote infrastructure to support small industry development.

Moreover, global experiences underscore the importance of embedding sustainability into retail strategies, both in terms of environmental impact and cultural preservation (Mukherjee, 2011). India's young

demographic profile, rising incomes, and increasing urbanization present enormous potential for retail expansion, but this must be accompanied by responsible governance to minimize corruption and ecological harm (Shivkumar, 2009; Joshi, 2010).

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