



# **RETAIL SCENARIO IN INDIA**

*Unlimited Opportunity*

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## **The Global Retail Industry : An Overview**

Retail has played a major role world over in increasing productivity across a wide range of consumer goods and services .The impact can be best seen in countries like U.S.A., U.K., Mexico, Thailand and more recently China. Economies of countries like Singapore, Malaysia, Hong Kong, Sri Lanka and Dubai are also heavily assisted by the retail sector.

Retail is the second-largest industry in the United States both in number of establishments and number of employees. It is also one of the largest world wide. The retail industry employs more than 22 million Americans and generates more than \$3 trillion in retail sale annually. Retailing is a U.S. \$7 trillion sector.

Wal-Mart is the world's largest retailer. Already the world's largest employer with over 1million associates, Wal-Mart displaced oil giant Exxon Mobil as the world's largest company when it posted \$219 billion in sales for fiscal 2001. Wal-Mart has become the most successful retail brand in the world due its ability to leverage size, market clout, and efficiency to create market dominance. Wal-Mart heads Fortune magazine list of top 500 companies in the world. Forbes Annual List of Billionaires has the largest number (45/497) from the retail business.

### **GLOBAL RETAIL (Source: CSO, MGI Study)**

	<b>1999</b>	<b>2002</b>	<b>2005</b>
<b>Total Retail (US\$ Billion)</b>	150	180	225
<b>Organised Retail (US\$ Billion)</b>	1.1	3.3	7
<b>% Share of Organised retail</b>	0.7	1.8	3.2

## **Top Retailers Worldwide**

<b><u>Rank</u></b>	<b><u>Retailer</u></b>	<b><u>Home Country</u></b>
1	Wal-Mart Stores, Inc.	U.S.A.
2	Carrefour Group	France
3	The Kroger Co.	U.S.A.
4	The Home Depot, Inc.	U.S.A.
5	Metro	Germany

**(Source: STORES / Deloitte Touche Tomahatsu)**

## **Retail Scenario in India : Touching Meteoric Scales**

As the corporates – the Piramals, the Tatas, the Rahejas, ITC, S.Kumar's, RPG Enterprises, and mega retailers- Crosswords, Shopper's Stop, and Pantaloons race to revolutionize the retailing sector, retail as an industry in India is coming alive.

Retail sales in India amounted to about Rs.7400 billion in 2002, expanded at an average annual rate of 7% during 1999-2002. With the upturn in economic growth during 2003, retail sales are also expected to expand at a higher pace of nearly 10%. Across the country, retail sales in real terms are predicted to rise more rapidly than consumer expenditure during 2003-08. The forecast growth in real retail sales during 2003- 2008 is 8.3% per year, compared with 7.1% for consumer expenditure. Modernization of the Indian retail sector will be reflected in rapid growth in sales of supermarkets, departmental stores and hypermarts. Sales from these large-format stores are to expand at growth rates ranging from 24% to 49% per year during 2003-2008, according to a latest report by Euromonitor International, a leading provider of global consumer-market intelligence.

A. T. Kearney Inc. places India 6th on a global retail development index. The country has the highest per capita outlets in the world - 5.5 outlets per 1000 population. Around 7% of the population in India is engaged in retailing, as compared to 20% in the USA.

In a developing country like India, a large chunk of consumer expenditure is on basic necessities, especially food-related items. Hence, it is not surprising that food, beverages and tobacco accounted for as much as 71% of retail sales in 2002. The share of food-related items had, however, declined over the review period, down from 73% in 1999. This is not unexpected, because with income growth, Indians, like consumers elsewhere, have started spending more on non-food items compared with food products. Sales through supermarkets and department stores are small compared with overall retail sales. Nevertheless, their sales have grown much more rapidly, at almost a triple rate (about 30% per year during the review period). This high acceleration in sales through modern retail

formats is expected to continue during the next few years, with the rapid growth in numbers of such outlets due to consumer demand and business potential.

The factors responsible for the development of the retail sector in India can be broadly summarized as follows:

- Rising incomes and improvements in infrastructure are enlarging consumer markets and accelerating the convergence of consumer tastes.  
Looking at income classification, the National Council of Applied Economic Research (NCAER) classified approximately 50% of the Indian population as low income in 1994-95; this is expected to decline to 17.8% by 2006-07.
- Liberalization of the Indian economy which has led to the opening up of the market for consumer goods has helped the MNC brands like Kelloggs, Unilever, Nestle, etc. to make significant inroads into the vast consumer market by offering a wide range of choices to the Indian consumers.
- Shift in consumer demand to foreign brands like McDonalds, Sony, Panasonic, etc.
- The internet revolution is making the Indian consumer more accessible to the growing influences of domestic and foreign retail chains. Reach of satellite T.V. channels is helping in creating awareness about global products for local markets. About 47% of India's population is under the age of 20; and this will increase to 55% by 2015. This young population, which is technology-savvy, watch more than 50 TV satellite channels, and display the highest propensity to spend, will immensely contribute to the growth of the retail sector in the country. As India continues to get strongly integrated with the world economy riding the waves of globalization, the retail sector is bound to take big leaps in the years to come.

The Indian retail sector is estimated to have a market size of about \$ 180 billion; but the organised sector represents only 2% share of this market. Most of the organised retailing in the country has just started recently, and has been concentrated mainly in the metro cities. India is the last large Asian economy to liberalize its retail sector. In Thailand, more than 40% of all consumer goods are sold through the super markets and departmental stores. A similar phenomenon has swept through all other Asian countries. Organised retailing in India has a huge scope because of the vast market and the growing consciousness of the consumer about product quality and services.

A study conducted by Fitch, expects the organized retail industry to continue to grow rapidly, especially through increased levels of penetration in larger towns and metros and also as it begins to spread to smaller cities and B class towns. Fuelling this growth is the growth in development of the retail-specific properties and malls. According to the estimates available with Fitch, close to 25mn sq. ft. of retail space is being developed and will be available for occupation over the next 36-48 months. Fitch expects organized retail to capture 15%-20% market share by 2010.

A McKinsey report on India says organised retailing would increase the efficiency and productivity of entire gamut of economic activities, and would help in achieving higher GDP growth. At 6%, the share of employment of retail in India is low, even when compared to Brazil (14%), and Poland (12%).

## **Different Forms of Retailing : Emergence of new formats of retailing in India**

### **Popular Formats**

- Hypermarts
- Large supermarkets, typically (3,500 - 5,000 sq. ft)
- Mini supermarkets, typically (1,000 - 2,000 sq. ft)
- Convenience store, typically (7,50 - 1,000 sq. ft)
- Discount/shopping list grocer
- Traditional retailers trying to reinvent by introducing self-service formats as well as value-added services such as credit, free home delivery etc.

The Indian retail sector can be broadly classified into:

#### a) **FOOD RETAILERS**

There are large number and variety of retailers in the food-retailing sector. Traditional types of retailers, who operate small single-outlet businesses mainly using family labour, dominate this sector .In comparison, super markets account for a small proportion of food sales in India. However the growth rate of super market sales has being significant in recent years because greater numbers of higher-income Indians prefer to shop at super markets due to higher standards of hygiene and attractive ambience.

#### b) **HEALTH & BEAUTY PRODUCTS**

With growth in income levels, Indians have started spending more on health and beauty products .Here also small, single-outlet retailers dominate the market .However in recent years, a few retail chains specializing in these products have

come into the market. Although these retail chains account for only a small share of the total market, their business is expected to grow significantly in the future due to the growing quality consciousness of buyers for these products.

c) **CLOTHING & FOOTWEAR**

Numerous clothing and footwear shops in shopping centers and markets operate all over India. Traditional outlets stock a limited range of cheap and popular items; in contrast, modern clothing and footwear stores have modern products and attractive displays to lure customers. However, with rapid urbanization, and changing patterns of consumer tastes and preferences, it is unlikely that the traditional outlets will survive the test of time.

d) **HOME FURNITURE & HOUSEHOLD GOODS**

Small retailers again dominate this sector. Despite the large size of this market, very few large and modern retailers have established specialized stores for these products. However there is considerable potential for the entry or expansion of specialized retail chains in the country.

e) **DURABLE GOODS**

The Indian durable goods sector has seen the entry of a large number of foreign companies during the post liberalization period. A greater variety of consumer electronic items and household appliances became available to the Indian customer. Intense competition among companies to sell their brands provided a strong impetus to the growth for retailers doing business in this sector.

f) **LEISURE & PERSONAL GOODS**

Increasing household incomes due to better economic opportunities have encouraged consumer expenditure on leisure and personal goods in the country. There are specialized retailers for each category of products (books, music products, etc.) in this sector. Another prominent feature of this sector is popularity of franchising agreements between established manufacturers and retailers.

## **Malls In India**

Over the last 2-3 years, the Indian consumer market has seen a significant growth in the number of modern-day shopping centers, popularly known as 'malls'. There is an increased demand for quality retail space from a varied segment of large-format retailers and brands, which include food and apparel chains, consumer durables and multiplex operators. Shopping-centre development has attracted real-estate developers and corporate houses

across cities in India. As a result, from just 3 malls in 2000, India is all set to have over 220 malls by 2005. Today, the expected demand for quality retail space in 2006 is estimated to be around 40 million square feet. While previously it was the large, organised retailers – with their modern, up-market outlets, and direct consumer interface- who had been a key factor driving the growth of organised retail in the country, now it is the malls which are playing the role.

Factors such as availability of physical space, population densities, city planning, and socio-economic parameters have driven the Indian market to evolve, to a certain extent, its own definition of a 'mall'. For example, while a mall in USA is 400,000 to 1 million sq.ft. in size, an Indian version can be anywhere between 80,000 sq.ft. and 500,000 sq.ft. By 2005, total mall space in the 6 cities of Mumbai, Bangalore, Hyderabad, Chennai, Kolkata, and National Capital Region (Delhi, Noida, Gurgaon) is expected to increase to over 21.1 million sq. ft. Compared to other big cities, Kolkata and Hyderabad are relatively new entrants in the mall segment, but are witnessing quick growth. Smaller cities like Pune, Ahmedabad, Lucknow, Ludhiana, Jaipur, Chandigarh and Indore, are also expected to see a formidable growth in the growth of malls in the near future. But malls in India need to have a clear positioning through the development of differential product assortment and differential pricing, in order to compete effectively in a growing mall market. Segmentation in malls, like up-market malls, mid-market malls, etc. , proper planning, correct identification of needs, quality products at lower prices, the right store mix, and the right timing, would ensure the success of the 'mall revolution' in India.

## **Challenges of Retailing in India**

Retailing as an industry in India has still a long way to go. To become a truly flourishing industry, retailing needs to cross the following hurdles:

- Automatic approval is not allowed for foreign investment in retail.
- Regulations restricting real estate purchases, and cumbersome local laws.
- Taxation, which favours small retail businesses.
- Absence of developed supply chain and integrated IT management.
- Lack of trained work force.
- Low skill level for retailing management.
- Intrinsic complexity of retailing – rapid price changes, constant threat of product obsolescence and low margins.

The retailers in India have to learn both the art and science of retailing by closely following how retailers in other parts of the world are organizing, managing, and coping up with new challenges in an ever-changing marketplace. Indian retailers must use innovative retail formats to enhance shopping experience, and try to understand the regional variations in consumer attitudes to retailing. Retail marketing efforts have to improve in the country - advertising, promotions, and campaigns to attract customers; building loyalty by identifying regular shoppers and offering benefits to them; efficiently managing high-value customers;

and monitoring customer needs constantly, are some of the aspects which Indian retailers need to focus upon on a more pro-active basis.

Despite the presence of the basic ingredients required for growth of the retail industry in India, it still faces substantial hurdles that will retard and inhibit its growth in the future. One of the key impediments is the lack of FDI status. This has largely limited capital investments in supply chain infrastructure, which is a key for development and growth of food retailing and has also constrained access to world-class retail practices. Multiplicity and complexity of taxes, lack of proper infrastructure and relatively high cost of real estate are the other impediments to the growth of retailing. While the industry and the government are trying to remove many of these hurdles, some of the roadblocks will remain and will continue to affect the smooth growth of this industry. Fitch believes that while the market share of organised retail will grow and become significant in the next decade, this growth would, however, not be at the same rapid pace as in other emerging markets. Organised retailing in India is gaining wider acceptance. The development of the organised retail sector, during the last decade, has begun to change the face of retailing, especially, in the major metros of the country. Experiences in the developed and developing countries prove that performance of organised retail is strongly linked to the performance of the economy as a whole. This is mainly on account of the reach and penetration of this business and its scientific approach in dealing with customers and their needs. In spite of the positive prospects of this industry, Indian retailing faces some major hurdles (see Table 1), which have stymied its growth. Early signs of organized retail were visible even in the 1970s when Nilgiris (food), Viveks (consumer durables) and Nallis (sarees) started their operations. However, as a result of the roadblocks (mentioned in Table 1), the industry remained in a rudimentary stage. While these retailers gave the necessary ambience to customers, little effort was made to introduce world-class customer care practices and improve operating efficiencies. Moreover, most of these modern developments were restricted to south India, which is still regarded as a 'Mecca of Indian Retail'.

<b>Factors</b>	<b>Description</b>	<b>Implications</b>
Barriers to FDI	<ul style="list-style-type: none"> <li>▪ FDI not permitted in pure retailing</li> <li>▪ Franchisee arrangement allowed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of global players</li> <li>▪ Limited exposure to best practices</li> </ul>
Lack of Industry Status	<ul style="list-style-type: none"> <li>▪ Government does not recognize the industry</li> </ul>	<ul style="list-style-type: none"> <li>▪ Restricted availability of finance</li> <li>▪ Restricts growth and scaling up</li> </ul>
Structural Impediments	<ul style="list-style-type: none"> <li>▪ Lack of urbanization</li> <li>▪ Poor transportation infrastructure</li> <li>▪ Consumer habit of buying fresh foods Administered pricing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of awareness of Indian consumers</li> <li>▪ Restricted retail growth</li> <li>▪ Growth of small, one-store formats, with unmatchable cost structure</li> <li>▪ Wastage of almost 20%-25% of farm produce</li> </ul>
High Cost of Real Estate	<ul style="list-style-type: none"> <li>▪ Pro-tenant rent laws</li> <li>▪ Non-availability of government land, zoning restrictions</li> <li>▪ Lack of clear ownership titles, high stamp</li> </ul>	<ul style="list-style-type: none"> <li>▪ Difficult to find good real estate in terms of location and size</li> <li>▪ High land cost owing to constrained supply</li> <li>▪ Disorganized nature of transactions</li> </ul>

	duty (10%)	
Supply Chain Bottlenecks	<ul style="list-style-type: none"> <li>▪ Several segments like food and apparel reserved for SSIs</li> <li>▪ Distribution, logistics constraints – restrictions of purchase and movement of food grains, absence of cold chain infrastructure</li> <li>▪ Long intermediation chain</li> </ul>	<ul style="list-style-type: none"> <li>▪ Limited product range</li> <li>▪ Makes scaling up difficult</li> <li>▪ High cost and complexity of sourcing &amp; planning</li> <li>▪ Lack of value addition and increase in costs by almost 15%</li> </ul>
Complex Taxation System	<ul style="list-style-type: none"> <li>▪ Differential sales tax rates across states</li> <li>▪ Multi-point octroi</li> <li>▪ Sales tax avoidance by smaller stores</li> </ul>	<ul style="list-style-type: none"> <li>▪ Added cost and complexity of distribution</li> <li>▪ Cost advantage for smaller stores through tax evasion</li> </ul>
Multiple Legislations	<ul style="list-style-type: none"> <li>▪ Stringent labor laws governing hours of work, minimum wage payments</li> <li>▪ Multiple licenses/clearances required</li> </ul>	<ul style="list-style-type: none"> <li>▪ Limits flexibility in operations</li> <li>▪ Irritant value in establishing chain operations; adds to overall costs</li> </ul>
Customer Preferences	<ul style="list-style-type: none"> <li>▪ Local consumption habits</li> <li>▪ Need for variety</li> <li>▪ Cultural issues</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leads to product proliferation</li> <li>▪ Need to stock larger number of SKUs at store level</li> <li>▪ Increases complexity in sourcing &amp; planning</li> <li>▪ Increases the cost of store management</li> </ul>
Availability of Talent	<ul style="list-style-type: none"> <li>▪ Highly educated class does not consider retailing a profession of choice</li> <li>▪ Lack of proper training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of trained personnel</li> <li>▪ Higher trial and error in managing retail operations</li> <li>▪ Increase in personnel costs</li> </ul>
Manufacturers Backlash	<ul style="list-style-type: none"> <li>▪ No increase in margins</li> </ul>	<ul style="list-style-type: none"> <li>▪ Manufacturers refuse to dis-intermediate and pass on intermediary margins to retailers</li> </ul>

Source: Market Participants, Fitch

## **Retail as an Employment Generator**

The retail sector can generate huge employment opportunities, and can lead to job-led economic growth. In most major economies, 'services' form the largest sector for creating employment. US alone have over 12% of its employable workforce engaged in the retail sector. The retail sector in India employs nearly 21 million people, accounting for roughly 6.7% of the total employment. However, employment in organised retailing is still very low, because of the small share of organised retail business in the total Indian retail trade. The share of organised retailing in India, at around 2%, is abysmally low, compared to 80% in the USA, 40% in Thailand, or 20% in China, thus leaving the huge market potential largely untapped. A modern retail/retail services sector has the potential of creating over 2 million new (direct) jobs within the next 6 years in the country (assuming only 8-10% share of organised retailing), according to Arvind Singhal, CMD, KSA Technopak. Retail can create as many new jobs as the BPO/ITeS sector in India. A strong retail front-end can also provide the necessary fillip to agriculture & food processing, handicrafts, and small &

medium manufacturing enterprises, creating millions of new jobs indirectly. Through its strong linkages with sectors like tourism and hospitality, retail has the potential of creating jobs in these sectors also. Though the Planning Commission has identified retail as a prospective employment generator, in order to strengthen the multiplier effect of the growth in organised retailing upon the overall employment situation, a pro-active governmental support mechanism needs to evolve for nurturing the sector. Issues like FDI in retail, allocation of government-controlled land on more favorable terms, strong political and bureaucratic leadership, etc., need to be addressed adequately.

## **Retail Sector in the East : Current Scenario, Growth Prospects and Upcoming Projects**

The retail sector in Eastern India is largely Kolkata-centric. The city of Kolkata has come a long way in terms of retail maturity with a proliferation of brands and organised retail chains. Shopping trends in the city have witnessed a radical shift over the recent years; from the conventional trader run stand alone shops to more organized & large retail formats. Evidently, the future of retailing in the city lies in new-age shopping malls, which provide variety, value and convenience in a more comfortable environment. This is also evident by a surge in the consumer spending on branded goods in the recent times; for example the city's Music World outlet has recorded the highest earnings per square feet amongst all its outlets in the country. The city has also welcomed the other retail chains such as Pantaloons, Westside and Shopper's Stop.

Though Kolkata has been a bit late in catching up with the retail revolution in the country, the city has great potential to become a retail hub in the near future. Going by the 1991 census, the city qualifies as the second largest metro market in India; nearly one out of every six shops located in the country's top 25 cities, can be traced to Kolkata. To a market strategist, Kolkata undoubtedly is an ideal location for the growth of the retail industry. Besides being the principal retail-and-services market to a vast hinterland comprising of the eastern and northeastern states of the country, the city also serves as a center of trade and commerce for the region. Its proximity to Bangladesh, a country of 13 crore consumers, and to the South-East Asian markets, is another factor for which the city is fast emerging as a vibrant business center. The Kolkata Port and the Haldia Port are also instrumental in acting as gateways to landlocked countries like Nepal and Bhutan. The disposable incomes of Kolkatans have also been on the rise – according to a report by the National Council of Applied Economic Research (NCAER), about 62% of the households in Kolkata had annual incomes of up to Rs.18, 000 in 1985-86; while just a decade later, the figure had touched Rs.25,000-77,000 for some 61% of the households. The city truly represents an amalgamation of the advantages of a metro city, and the comparatively modest living costs of a non-metro town.

Lately, Kolkata has emerged as a strong prospective destination in the expansion plans of retailers and is now perceived as a latent but highly potential market. Prominent retail chains like Music World, Westside, Dominos, Pizza Hut, Shopper's Stop, WillsSport, Barista, and Pantaloons have already established their presence in the market. Apart from these new-age, large retail chains which have started operating successfully in the city, there are a large number of traditional, specialized markets like the Bowbazar market,

Bagri market, China bazaar, Lake market, Burrabazar market, Chandni market, etc., and high-street markets at Park Street, Esplanade area, Camac Street, Shakespeare Sarani, Gariahat, which offer a wide variety of items like stationary items, dairy products, electronic goods and appliances, glassware, crockery, wooden furniture, jewellery, musical instruments, fruits, flowers, vegetables, fish, flesh meat, textiles, spices, dry fruits, sugar, salt, groceries, paints, hardware items, etc. Besides these markets, there are small-format, non-branded shopping complexes/malls like the A/C Market, Vardaan Market, New Market, and the Shreeram Arcade, which offer a wide variety of items, from garments, watches, and footwear, to consumer durables like household electronic gadgets.

The local retail chains which have become household names in Bengal include '**Arambagh Hatcheries Ltd.**', **Khadim's**, and **Sree Leathers**.

Operational since 1998, **Arambagh Hatcheries Ltd.** is today one of the foremost companies in the marketing of poultry products Encouraged by the success of its "chicken" brand , and the realization that there was a void in the Kolkata market for quality food stuff sold under a single roof , the company took the initiative in starting "convenience stores" named " Arambagh's Food Mart" in 2000. An aggressive expansion strategy has seen the company's physical strength grow to 14 outlets in Kolkata, with another 5-6 outlets being in the pipeline. Each of these stores are between 500 & 800 sq. ft. in dimension , and packed with at least 4000-4500 food and other FMCG items . Good quality , the right quantity, use of correct weights, and a low MRP are the main factors which have contributed to an impressive growth of this chain . Arambagh has tie ups with Nicco Park, Kwality Walls, Kellogs India and Frito Lays, among others. These tie ups help the chain in product and services promotion.

Both **Khadim's** and **Sree Leathers** are local footwear companies which have been tremendously successful, and have now reached out to international markets. **Khadim's** has exclusive showrooms not only in West Bengal, but also in states like Bihar, Jharkhand, Tripura, Orissa, Madhya Pradesh, Andhra Pradesh, Karnataka, Gujarat, and Tamil Nadu. The company offers products like Premium shoes, Gents' shoes, Ladies' shoes, Kids' shoes, and Leather Accessories. Khadim's has become the destination for people from all walks of life, with a great range of footwear to choose from. The motto of the company is to provide good quality fashionable shoes at affordable prices.

**Sree Leathers** entered the Kolkata market in 1987 with its first outlet in the city at Lindsay Street, which became hugely successful. The company's second mega outlet at Free School Street, which has a floor area of more than 7500 sq. ft., provides a great shopping experience to its customers. Today the company has a number of outlets scattered over West Bengal, Orissa and Bihar, and has ventured into the international markets of the Middle East, Singapore, Maldives, USA, Denmark, Greece, Germany, Netharlands and Austria. Sree Leathers has started a new R&D section under the guidance of Italian and German experts, to enhance the comfort level of it's products, and has plans of setting up a modern footwear factory at Kasba Industrial area in Kolkata.

The two prominent fun-entertainment/amusement parks in Kolkata which have gained immense popularity among the masses, particularly children, are **Nicco Park**, and **Aquatica**.

Situated in Salt Lake, and spread over an area of 40 acres, **Nicco Park**, promoted by the Nicco Group, can be termed as the 'Disneyland of West Bengal', with a variety of unusual and exciting games and rides like the Toy Train, Cable Car, Tilt-a-Whirl, Water Chute, Water Coaster, Flying Saucer, Pirate Ship, and Moonraker. The Cave Ride is the latest addition, and is perhaps the only of its kind in this part of the world.

**Aquatica**, an 8-acre water park, is situated at Rajarhat in Kolkata, which came up in 2000. This Theme Park offers visitors a cool respite from the heat and grime of city life. The park, which can accommodate around 5000 people, has an artificial river meandering through it. Visitors can swim and wade in the river water, which is recycled every hour for maintaining the cleanliness. Aquatica has breathtaking rides such as the Black Hole, Tornado and Wave Pool. The Aqua Dance Floor, where visitors can sway to non-stop music, has water-spraying nozzles on the roof which fill the surrounding air with water. Aquatica also hosts big events and programmes like fashion shows which are great crowd-pullers.

The medium and large-format, branded and non-branded shopping complexes/malls which have come up in Kolkata, and are operating successfully, are :

- **Forum:** It is a two lakh square feet mall, situated on Elgin Road , in South Kolkata with Shopper's Stop as anchor .This shopping mall established by Sunsam properties within the Saraf Group was opened to the public in March 2003 , with the launch of Shopper's Stop. Along with the retail brands having their outlets, the Forum also houses, a 300 capacity food court and a 4-auditorium multiplex called INOX. The multiplex, INOX has been the first of its kind in the city, having a sitting capacity for over 1000 viewers, and situated over 30000 square feet. Hence it can be really a great experience of shopping and movie-going for the Kolkatans, who do not want to compromise on the quality aspect. The retail outlets at Forum have witnessed almost 30-35 % increase in sales after the opening up of the multiplex in 2003. Most retailers are extremely happy with the growth rate and expect their sales to increase further in the coming months .At INOX , ticket sales have been averaging at almost 90% of the theatre capacity – the highest box office sales amongst all the multiplexes in the country . Forum has truly changed the experience of Kolkatans with regard to shopping and entertainment in the city .
- **22 Camac Street:** This large format-shopping complex is located on Camac Street .The retail brands like Pantaloons ,Westside , Pizza Hut , Planet M, Grain of Salt and Add Life , have already set up their outlets in the complex. It has 4 distinct blocks with a common atrium. The most advantageous aspect here is its huge parking space in the basement. It also houses smaller multi-branded outlets. The footfalls stay steady throughout the week and gets to an uncontrollable high over the weekend .Some of the outlets rank among the leading individual retail outlets of the country . The total floor area of the complex is 380,000 square feet , and has 4 restaurants and 3 banquet halls

- **Metro Plaza:** Situated on Ho Chi Minh Sarani , this is basically a large scale retail cum office development area . The lower three floors with an area of 50,000-60,000 square feet is meant for retail business. Along with the retail units there is also a space for Bowling which is frequented by younger people.
- **Emami No. 1:** This mall is located on Lord Sinha Road . Its close proximity to the Chowringhee-Park Street belt helps it to cater to a large section of quality conscious consumers. The usual facilities of power backup, vertical transportation and parking are available over here. The biggest disadvantage that it faces is its car parking area, which has a meagre capacity of just 70 cars at a time. The biggest attraction here is its “Landmark bookstore“ on the third floor, which has a wide range of books, music and stationary items.
- **City Centre:** The recently inaugurated ‘City Centre’ project adds another feather to the already vibrant retail business in the city. The project, promoted by industrialist Harshvardhan Neotia, and located at Salt Lake, has been designed by one of India’s best known architects, Charles Correa. ‘City Centre’ is a dynamic mix of shopping mall, Cineplex (INOX), entertainment area, food court, offices, and residences- nestling amidst open spaces, lush greens, and the contours of an ideal cityscape. Big brands like Shopper’s Stop and Adidas have set up their shops in the complex. There are several aspects to ‘City Centre’ ; with no boundaries to separate it from the street, it is open to everyone- all income and age groups. The Complex has a parking space for as many as 800 cars, 14 entry and exit points, and large spaces to amble around. The ‘City Centre’, which is the single-largest architectural endeavour in Kolkata in recent times, has truly changed the way the city looks, and complements the city’s artistic heritage. The location of the project makes Salt Lake the epicenter of not just its immediate population (nearly half a million), but also of the upcoming, adjoining township of Rajarhat (with an expected population of about 750,000).
- **Enclave:** Spread over 36,000 sq. ft., the Enclave, has come up at up-market Alipore, and has five shopping levels, and an open-to-sky atrium. The complex, promoted by the Calcutta Metropolitan Group, has fine restaurants including Food Bar, Red Bar, Cookee Bar, coffee shops, a childrens’ entertainment zone named ‘Kool Kids’, among other facilities.

Another prominent supermarket which offers a wide range of products, and provides customers with a great shopping experience, is **C3- The Market Place**. The shop commands over 6100 sq.ft. in the heart of Kolkata, at Lee Residency, 26, Lee Road. The approximately 25,000-strong product menu includes a wide range of products like fresh fruits and vegetables, rare herbs, groceries, ready-to-eat food, personal-care items, confectionaries, chocolates, home-care products, newspapers, magazines, and so on.

Though the retail business mainly revolves around Kolkata, towns like Durgapur, Siliguri and Haldia also have the potential of becoming busy retail addresses. Already, the **Durgapur City Centre** project, promoted by Bengal Shristi Infrastructure Development Ltd., has come up in Durgapur, in Burdwan district. The project, which was inaugurated on the 10<sup>th</sup> of August, 2003, is a modern, multi-facility, multi-utility, urban plaza, spread over a sprawling 370,000 sq.ft. It is a confluence of shopping, commerce, entertainment, education, recreation, health, hospitality, medical amenities, and premium residential accommodation. Lush green open spaces, an integrated entertainment multiplex, and various other urban amenities, provide a fascinating experience. Durgapur is well-connected by both rail and road, and the project location is easily accessible from the bordering towns of Asansol, Raniganj, Santiniketan, and Burnpur.

A number of prominent projects in the retail sector are coming up in Kolkata. Some of these are:

- **South City:** The upcoming, 31-acre South City project promises of a lifestyle of international standards. The project will have four 35-storey residential towers, a sprawling club, a shopping mall with entertainment zones, and a multiplex. Modern technology will ensure earthquake resistance, high-speed elevators, adequate fire-fighting and protection systems, internal security and traffic management, and all conceivable civic comforts. The in-complex South City Academy, spread over 3.5 acres, will be equipped with a learning resource center, gym, cafeteria, an auditorium for extra-curricular activities like debates, dramatics, and sports, and a soccer field. The South City Club will have an air-conditioned sports center, guest rooms, banquet facilities, swimming pools, a dining restaurant, a pub lounge, a business center, and a health club, among other things. The mega complex will also have India's largest shopping mall- the Junction, spread across an area of 700,000 sq.ft., which will have large anchor stores, a multiplex, a food court, a six-screen Cineplex, an entertainment zone, and parking space for nearly 800 cars.

The team behind this big venture comprises a host of experienced architects and developers. Among them are : Dulal Mukherjee & Associates (the principal architects); Smallwood Reynolds Stewart Stewart & Associates Inc., the Atlanta-based international design consultants; Peridian Asia PTE Ltd., Singapore-based landscape architects; Meinhardt (Singapore) PTE Ltd., structural consultants; and MN Consultant, structural engineers.

- **Mani Square:** Mani Square, a proposed project on a 4-acre plot next to Apollo Gleneagles Hospital on E.M.Bypass, will have a 500,000 sq ft. space, which will include a technology park, a 6-screen multiplex , a food court , business club , a multilevel 1000-car parking area , a 40,000 sq ft. hypermart ( "Giant" ), as well as other direct retail stores .Designed and engineered by SAA Architects of Singapore and Meinhardt of Australia , and promoted by the Mani Group, Mani Square will be the single stop solution to all requirements of modern-day professionals and customers . The project

will have ready-to-use centrally air-conditioned offices with 100% power back-up ,lease-lines and round-the-clock support services , which will be extremely attractive for IT and ITeS companies .Retail giants like Lifestyle , Westside , Shoppers' Stop and Cineplex majors like Shringar and PVR have already shown interest to set up units in the complex .

- **Fort Knox:** Fort Knox, a mega jewellery mall, owned and promoted by the Fort Group, is scheduled for a September, 2004 inauguration. The project, a 9-storied complex, on an area of approximately 80,000 sq.ft., will have an estimated 37 showrooms, 40 offices, backed by 4 lifts, 8 escalators. The Fort Group is confident about eliciting a positive consumer response, and providing the customer with a comfortable, secure, and refreshing shopping experience, by creating access to the best products, from the best jewellers, at the best prices. The project, which is coming up at Camac Street, will have a formidable line-up of security measures including alarm system with instant links to the police headquarters and fire services, 24-hour armed security guards, etc.
- **Gariahat Mall:** Gariahat Mall, which is coming up at an area between the Gariahat crossing, and the Rashbehari- EM Bypass Connector, will approximately be of 80,000 sq.ft., and will be accessible from every point in the southern belt of the city. The 5-floor structure will boast of world-class facilities and ambience, an expansive atrium, high ceilings, capsule lifts, and multi-level access up to the top floor. The scientific fusion of lofty ceilings, flat slabs, and a central atrium illuminated by natural light, is intended to evoke a sense of space, height, and depth. While an entire block has been earmarked for the anchor shop, the 3<sup>rd</sup> and the 4<sup>th</sup> floors are entirely reserved for jewellery outlets, and the 5<sup>th</sup> floor will house restaurants and eating places. Toplight Commercials Ltd. (TCL), one of the prominent real-estate developers in Kolkata, and the promoter of the mall, expects to complete the project by December, 2004.
- **Metropolis:** The 1,41,000 sq.ft. 'Metropolis' will be one of Kolkata's newest retail-cum-entertainment addresses. The complex will have a 4-screen, 1000-seater Cineplex, a 6-outlet food court, a sports bar, a restaurant, and a 350-capacity car park. Being developed by the Calcutta Metropolitan Group (CMG), the 'Metropolis' is designed by the reputed architectural firm, Peddle Thorp International of Hong Kong, and will come up at an area adjacent to CMG's prestigious existing residential complex, 'Hiland Park', which has about 900 apartments and 35 penthouses. 'Metropolis' will have the Hyatt Regency, ITC Sonar Bangla, Peerless Hospital, and Udayan Condoville among its distinguished neighbours.
- **Pam Shopping Centre:** The marvellous Pam Shopping Centre, promoted jointly by Pam Developers, and the Kolkata Municipal Corporation, is scheduled for an end-August (2004) inauguration. This 60,000 sq. ft. eye-catcher at Rashbehari Avenue, will boast of a unique reflective glass curtain, and an artistically landscaped entrance ramp, besides having five levels of shopping. The Complex will have shops selling a wide range of products including garments, and jewellery.

- **Homeland:** Homeland, a 1,00,000 sq. ft. exclusive shopping mall, promoted by the Merlin Group, is coming up in the heart of Central Kolkata, close to Chowringhee and Elgin Road crossing. The five-storied, centrally air-conditioned shopping center will have stylish spaces ranging from 300 sq. ft. to 2000 sq. ft., and spacious exhibition and product launch area. The mall will also have ATM centers at convenient points, internationally styled café and food stops, 24-hour power backup facility, and adequate car parking facilities.
- **Silver Springs:** 'Silver Springs', a prestigious joint venture project between Bengal Silver Springs Projects Ltd. and the Kolkata Municipal Corporation, is due for a December, 2005 completion. Shapoorji Pallonji has done the piling of 'Silver Springs', and renowned architect J.P. Agarwal has designed the project. The project will have around 500 residential flats, 10 high-rises of 18 and 14 stories, a magnificent shopping mall named 'Silver Arcade', of 70,000 sq.ft. area, and a 'Spring Club' of an area of 70,000 sq.ft. The vendors at the shopping mall include Mainland China and a Hyundai dealer- showroom. 'Silver Arcade' will be a G+3 mall, with the 3<sup>rd</sup> floor being taken up by Mainland China for 3 speciality restaurants; while the 2<sup>nd</sup> floor will have a Food Court with 17 multi-cuisine food counters. The mall will be backed by a large parking space for 150 cars. 'Silver Springs' will boast of a modern, up-market residential complex, the shopping mall, 'Silver Arcade', a Montessori School, an AC Community Hall, among other new-age facilities.

**Bhubaneshwar** is another city, which has the potential of becoming a retail hotspot in the East. The city is fast developing into a bustling center for economic activity, with software giants like Infosys and Satyam have already set up their offices. This is giving rise to a new breed of consumers with high disposable incomes; thereby creating lifestyle and aspiration levels at par with other fast-moving metropolitan cities. Bhubaneshwar represents two faces of retailing - one, a traditional store evolving with time, and another, a recently inaugurated mall from a group that is credited with having revolutionized the retail scenario in Kolkata.

- **Satyam Shivam Sundaram:** This 25 year old multi-brand department store is famous for its offerings in textiles and ready-to-wear garments. The uniqueness of the store lies in its ability to inculcate the latest retail concepts in terms of selection and display of merchandise in-store ambience, and other attractive features. This 8,000 sq ft. store, which is being upgraded to a 16,000 sq ft. one, spends a good amount of money annually on brand-promotion exercises. At the store, half of the retail space is devoted to menswear , 25 % to womens' wear , 15% to children's wear , and the rest 10% to teenagers . About Rs. 25 lakh in systems, while the standing stock of merchandise is worth about Rs. 5 crore.
- **Forum Mall:** Bhubaneshwar's Forum mall, launched on 29th of March,2004, is expected to bring in a turning point in the city's retailing and retail real-estate development. Located at Kharvel Nagar, Unit III, in the Central Business District, the mall is the brainchild of Rahul Saraf, the man who masterminded the success of Forum

at Kolkata. The 4-level Forum mall has a total area of 170,000 sq.ft., with 115,000 sq.ft. devoted to the retail and F&B. The ground, first, and second floors, is dedicated to pure retailing, while the food court and entertainment zones are located on the third floor. The top floor is reserved for IT and related business and trade. The prominent brands that have taken space in the mall include Big Bazar (anchor), Pizza Hut, Moustache, Dukes, Sree Leathers, Baskin Robins, Planet M, among others. The upcoming brands include Benetton, Blackberry's, Chandrani Pearls, Bata, and Siyaram's. The mall has received a great response; the average footfalls being 7000 per day, with expectations of an increase to 8000. Forum has not only become a shopping destination for the people of Bhubaneshwar, but also for people from surrounding areas like Cuttack and other towns in the state.

The retail revolution is slowly making changes in lifestyle in smaller towns also. This is evident from the fact that even a small town like **Bhagalpur** in Bihar, today has its own shopping mall. The already operational shopping center, named "**Sriyash Aap Ka Apna Bazar**", located at Jiwan Sagar Towers, D.N. Singh Road, has been promoted by the Kishorepuria Group of Companies. The 2 floor- Rs.1.10 crore project has about 11,000 sq.ft. of total retail space, and offers a wide range of products like garments, appliances, furniture, cosmetics, electronic items, among others. The mall, which has a parking space for 10 cars, and 50 motorbikes, has received great response- the average footfalls being 900-950. There are plans to further improve infrastructural facilities in the complex; a well-equipped food court is coming up, with Hindustan Lever Ltd. (HLL) as one of the possible partners.

The East is fast emerging as a formidable retail market. The spread of retailing beyond Kolkata would create an integrated 'retail zone' which would change the way people in this part of India work and live.

## **Retail Education in the East**

The retail sector, which is poised for robust future growth, needs more and more professionally qualified personnel, with specialized knowledge in retailing. It is thus necessary to have more and more business schools in the country, which offer specialized courses in retailing.

The need for providing quality retail management education has been recognized by the **ICFAI Business School** in Kolkata, which offers a comprehensive retail management programme that enables the students to critically analyze the retailing process, the environment within which it operates, and the institutions and functions that are performed. The course aims to make students aware of the differences between retail marketing strategy and financial strategy, and provides knowledge of merchandise management. The programme inculcates analytical skills useful for retail decision-making, and provides a foundation for those students who plan to make career in the field of retailing or related disciplines. The course covers critical topics like understanding the retail customer, and institutions; retail marketing strategies; retail organization & management; pricing strategies; retail selling; logistics & information systems, etc.

Recently, the **International School of Business & Media** has, in its newly inaugurated campus at Salt Lake, Kolkata, started offering a 2-year full-time Post Graduate Programme in Management, with retail management as one of the specializations. The course covers essential topics like retail organization & management; introduction to risk management; retail location analysis; branding the retail organization; retail marketing & sales strategy, etc. This course has been launched looking at the tremendous growth potential of the retail sector in the coming years, and aims to gear up students to the rapidly changing business environment.

Quality retail education is necessary to create a vast pool of qualified retail management professionals who can tackle the challenges of this intensely competitive industry. To cater to the increasing demand for technically efficient workforce in the retail sector, more and more management institutions in the country should design and introduce innovative retail management programmes.

## **Factors needed to promote the Sector in West Bengal**

A number of important issues need to be addressed suitably to foster the further growth, and ensure competitiveness of the retail sector in West Bengal/Kolkata. These can be summarized as follows :

- The principal issue with the development of retail in Kolkata is the acquisition of appropriate spaces for retail, and the cost thereof in the city. One of the main components of the cost of such spaces is the incidence of tax in terms of Kolkata Municipal Corporation Act, 1980. The KMC Act stipulates that an amount of 40% of the annual value as determined u/s 174 of the Act will be the amount of tax, in addition to which the premises that are used for non-residential purposes (which includes all retail and commercial establishments), there will be an additional levy of surcharge of 50% of the above tax. This effectively translates into a tax of 60% on the annual value (being the gross annual rental reduced by 10% for maintenance ) of a property, which is an extremely high tax threshold. Formatted retail, which is a developing industry, cannot afford such high rates of tax which it must effectively bear to transparently acquire property for the conduct of its business in Kolkata. These rates are amongst the highest in the world, and discourage the growth of the retail business. The municipal tax in Kolkata is so high, that the total expense on commercial, rental premises becomes much more expensive than in other fast growing cities like Bangalore, Hyderabad, Chennai, etc.

### Property Tax rates for commercial, tenanted premises in different cities:

Kolkata (KMC)	Bangalore	Chennai	Delhi	Gurgaon	Navi Mumbai
18.90	5.58	7.75	5.76	3.21	3.00

**(All Figures are Property Tax in Rs./sq.ft./month)**

It is thus absolutely necessary for the concerned authorities to take necessary steps for rationalization of the municipal tax rates in Kolkata to prevent loss of business, employment, and development opportunities.

- The relevant provisions of the Shops & Establishment Act stipulate that a commercial establishment of any kind (which includes a retail operation) must allow its employees one and a half day of leave for every week of work. It also stipulates the total number of hours that any establishment can remain open for business on any working day. In this competitive environment virtually every retail, entertainment and food business requires to conduct its business every day of the week and provisions like this severely inhibit their profitability.
- A number of retail environments have been asked to pay an entertainment tax for the music that they play in their stores. In fact it has also been reported that such taxes also demanded if a television is used inside such an establishment. This is our view in punitive since such music or television is not intended to provide any formal entertainment.
- There is confusion about the size, number and nature of the signage that a commercial establishment is allowed to display outside its premises. The KMC has of late begun to demand tax on such signage at the same rates as are applicable to hoardings. A standard needs to be instituted proportionate to the area occupied by a commercial establishment indicating dimensions of the free signage permitted by the establishment so that there is no confusion that is allowed to persist in this connection.
- The issue of fixing of Maximum Retail Price (MRP) by manufacturers, which is making retailers uncompetitive, needs to be addressed urgently.
- The rigidity of the Weights & Measures Act, which empowers the arrests of members from the Board of Directors of a company, is another issue, which demands immediate attention.

Kolkata is an ideal location for the growth of the retail industry. The inherent advantages of West Bengal/Kolkata need to be exploited fully by strengthening the governmental/administrative support mechanism. A comprehensive, rational retail support policy can go a long way in making the sector act as an engine of growth for the state economy.

## Conclusion

In India the retail sector is the second largest employer after agriculture, although it is highly fragmented and predominantly consists of small independent, owner – managed shops .There are over 12 million retail outlets in India , and organised retail trade is worth about Rs.12,90,000 crore (September,2003). The country is witnessing a period of boom in retail trade, mainly on account of a gradual increase in the disposable incomes of the middle and upper-middle class households. More and more corporate houses including large real estate companies are coming into the retail business, directly or indirectly, in the form of mall and shopping center builders and managers. New formats like super markets and large discount and department stores have started influencing the traditional looks of bookstores, furnishing stores and chemist shops. The retail revolution, apart from bringing in sweeping, positive changes in the quality of life in the metros and bigger towns, is also bringing in slow changes in lifestyle in the smaller towns of India. Increase in literacy, exposure to media, greater availability and penetration of a variety of consumer goods into the interiors of the country, have all resulted in narrowing down the spending differences between the consumers of larger metros and those of smaller towns.

However, the supply of quality real estate space would be instrumental in propelling the future growth momentum of the retail sector in India. The addition of better and affordable retail space would enable retailers to deliver more better-quality products and services to the consumers, resulting in increase in operational efficiencies and decline in costs for the supply chain. India is one of the complex real estate markets in the world due to the large degree of variation and inconsistency in the market practice and regulatory norms. A combined effort by both central and state governments in terms of appropriate zoning laws, transparency in ownership, and availability of loans for retail land, is very much necessary for reducing existing bottlenecks.

Accordance of ‘industry status’ to retail in India is an issue that needs to be addressed soon. Recognition would ease financing prospects, as well as standardize and unify taxes for the industry. An alignment of the retail sector with the tourism sector could also promote India as a global shopping hub.

For the retail sector to achieve further growth, the spread of organised retailing has to become a national phenomenon. According to KSA Technopak, a leading consulting firm, the organised sector will grow to almost Rs.30, 000 crores by 2005, representing 6% of the total retail market. The top 6 cities will account for 66% of total organised retailing. Although many international retailers and brands still regard India as too difficult, they would welcome the opportunity to create an appropriate joint venture, if they felt India was changing. The growth of the organised retail industry in the country will mean thousands of new jobs, increasing income levels and living standards, better products, and services, a better shopping experience, and more social activities.

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