Knowledgeable Research *ISSN 2583-6633* Vol.02, No.03, October, 2023
An International Peer-Reviewed Multidisciplinary Journal

Knowledgeable Research
ISSN 2583-6633
Vol.02, No.03, October,2023
http://knowledgeableresearch.com/

Organized Retailers' Effect on GDP

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Abstract:

The retail sector is currently one of the fastest growing sectors of the Indian economy. Numerous players in India and beyond have emerged as a result of the retail revolution, which has also brought about many changes. Since only a small portion of the Indian market is now organised, many retail entrepreneurs can find space in this sector. The retail sector has experienced significant growth in recent times. In India, the unorganised retail sector accounts for the bulk of sales, with the organised sector comprising only around 3% of the overall retail market. Several studies show that the organised retail business, which is under fierce competition, constituted a threat to the unorganised sector. This study examines how the organised sector affects the unorganised sector and how organised retailers affect GDP. This essay is a meagre attempt to assess organised retail's effects from a number of perspectives and to suggest possible areas for further research into the unorganised retail industry.

Keywords: *Organised and Unorganised retail, Indian retail market*

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INVERTISSEMENT

India's retail boom is driving significant growth in the organised retail sector. Retail sales in India were valued at 10 trillion rupees in 2005, or almost 10% of the GDP of the nation. Of this total market, the organised retail sector in India accounted for Rs 350 billion, or around 3.5% of total income. By 2010, the organised sector retail market in India is anticipated to surpass Rs 1,000 billion. Pharmacies and medium-to small-sized grocery stores make up the majority of the traditionally disorganised Indian retail market. In India, organised retail has only lately become popular and is primarily found in the country's largest cities. The primary driver of the organised retail sector's expansion in India is shifting consumer behaviour. Rising consumer incomes, shifting lifestyles, and advantageous demographics have all contributed to this change. The modern customer desires to shop, dine, and be entertained all in one location. The organised retail sector in India has benefited greatly from this. The growth of India's organised sector retail business is demonstrated by the construction of 300 new malls, 325 department stores, and 1,500 supermarkets. Organised retail is growing in India as more Indian businesses enter the country's retail sector. Reliance Industries Limited is one of these businesses. With a $6

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Received Date: 10.10.2023
Publication Date: 30.10.2023

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billion investment, it intends to open 1,500 hypermarkets and 1,000 supermarkets in the Indian retail sector. Another Indian company, Pantaloons, intends to invest $1 billion to increase its store space by 30 million square feet. For a £750 million joint venture, global behemoth Tesco and India's Bharti Telecoms are in talks. A number of international retail behemoths, including Walmart, Carrefour, and Metro AG, also intend to open stores in India. All of these expenditures would undoubtedly lead to growth in India's organised retail business. The organised retail sector in India is expanding, and in order for this growth to continue, the government and Indian retailers need to work together. For the majority of India's 1.3 billion people, the unorganised retail market is the most important and preferred place to shop and enjoy retail therapy. It is a deeply ingrained and skillfully managed marketing strategy that has endured for more than a century and continues to dominate the retail industry in India. It is the cornerstone of retailing in that country. Small-scale, non-standardized retail establishments that serve local clients in a limited geographic region or location and offer goods and services (ideally in fragmented amounts) make up the majority of unorganised retailing. Process compliance and the utilisation of technology are essentially nonexistent.

IMPORTANCE OF THE RESEARCH

In the current competitive business landscape, retailers have once again demonstrated their general and value chain gatekeeping function by selecting which new products to put on the shelves in their establishments. They therefore have a significant say in the success of the business's service or product. "Marketers must first sell new products repeatedly in house, then to the retailer, and finally to the product user," said the device's product manager. It is well known that in order to sell self-produced goods in retail, manufacturers must now locate and select appropriate retailers. These retailers must also align with your business plan, which in turn supports the development and maintenance of your core competencies. The manufacturers, as well as the increasingly dominant suppliers and market intermediaries, were drawn to the role that retailers play in the current competitive environment. Marketers of consumer products must determine the requirements and incentives of their channel partners. This is particularly true of new products. If consumer corporations put more money into developing retail value and catering to diverse consumer interests, they can increase the success rate of their new products. The product is at risk if the manufacturer's objectives conflict with their ability to succeed as a market middleman and businessman. The purpose of the research to research the structured retailer to ascertain the organised retail sector's GDP contribution .

ANALYSIS

The government was given a boost by the 7.2 percent rise in GDP in the fiscal year 2022–2023, which came in behind the surprisingly strong growth rate of 6.1 percent in the fourth quarter. The Indian economy has been praised for its superior economic management compared to other nations, and it has long been asserted that it is the fastest expanding economy in the world. India appears to be thriving compared to its neighbouring countries and European Union nations experiencing a recession. View current pricing. Private final consumption expenditures (PFCE) make up the bulk. Its percentage of the gross domestic product dropped from 61.1 percent to 60.6 percent the previous year. The amount spent by the government on final consumption (GFCE) dropped from 11.2% to 10.3%. From 28.9 to 29.2 percent, gross capital formation in fixed assets (GFCF) grew. Net exports dropped to -3.6% from -2.7%. As a result, not all growth engines ignite. The differences between -0.9% and 1.7% represent the largest change. It points out inadequacies in our understanding and approach. Third, the methodology and data are incomplete. The unorganised sector that is not in agriculture is not measured independently by the quarterly data. Rather, it is proxied by data from the

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organised sector. Given that the organised sector is expanding and the unorganised sector is contracting, this is patently untrue. Therefore, there are significant flaws in the GDP statistics in addition to the errors in the quarterly data that are not fixed in the annual data. GDP Distribution Capital and labour are needed for production. The amount of labour needed to generate a single unit of output is determined by technology. We refer to this as labour productivity. Increased labour productivity is a result of improved technology integrated into capital or greater use of capital. Therefore, the total of the increases in the labour force and labour productivity equals economic growth. Therefore, we need to determine the proportion of GDP growth at 7.2% that comes from technology augmentation and the remainder from labour force increase. It might be claimed that productivity has grown by 10% if a worker, for instance, used additional robots to make 1.1 automobiles every day instead of the previous one. Moreover, a 2% increase in staff means a 12% increase in production at the factory. If the rise in employment is known, it is deducted from the economy's growth rate to determine the proportion of technical change. Regretfully, a sizable portion of the workforce is either underemployed, masquerading as unemployed, or not even actively seeking employment (outside the labour force). These individuals make up either very little or none of the GDP.

There are three primary sectors that comprise the Indian economy:

1. Agriculture and Allied Sector: Fisheries and forestry are included in this sector. The primary sector of the economy is another name for this industry. This industry made up the majority of India's GDP when the country gained its independence. However, as time goes on, its percentage drops until, at present rates, it barely makes up 17% of India's GDP. It is noteworthy that the agriculture industry employs about 53% of India's workforce.

2. Industrial Sector: This sector covers construction, gas, electricity, water supply, mining and quarrying, and manufacturing (both registered and unregistered). It is sometimes referred to as the economy's secondary sector. In 2018–19, it represents around 29.6% of India's GDP (at current prices).

3. Service Sector: This category comprises "Public administration, defence and other services, trade, hotels, transportation, communication and broadcasting services, as well as financial, real estate and professional services." The tertiary sector of the economy is another name for this industry.Right now, this industry The foundation of the Indian economy, accounting for over 54.3 percent of the country's GDP in 2018–19. In India, the service sector is the biggest. In 2016–17, the services sector's gross value added (GVA) is projected to be INR 73.79 million at current prices. Of India's 137.51 lakh Indian rupees, 53.66 percent are derived from the service sector. Of the 39.90 million euros, or 29.02% of the total gross value, are attributed to the industrial sector. In the financial year 2016–2017, the primary sector of the economy—agriculture and related sectors—contributes 17.32% of the overall GDP, or roughly Rs. 23.82 lakh crores at current prices.

RESEARCH DESIGNATION

The research uses only primary and secondary data. The data was collected from the many online Business Standards annual publications. Since client satisfaction is the main focus of this research, the website contains all the information that is needed. The efficacy of research is increased by the employment of supporting tools.

RECOMMENDATIONS FOR THE STUDY

1. Because it is a simple strategy in the globalised business environment, disorganised retail businesses should create a welcoming environment, add more merchandise, and attempt to collaborate with organised retail stores.

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2. More villages are included in the research region, providing a potential market for unorganised retail commerce that the organised trade system is unable to fully tap into.

3. All study areas have a minimal or negligible impact on the rise of organised retail establishments, and they plan to expand their operations throughout the nation. For organised retailers, this should serve as a wake-up call to launch and grow their enterprises.

4. The new motto of business should be creativity and innovation. Thus, in order to thrive and continue in business, organised retail needs to step up and adopt more innovative and creative business strategies.

5. In order for unorganised traders to adapt and modify their businesses in response to market demands, the government should help them comprehend government policies and provide them with education and knowledge.

6. Unorganised vendors should emphasise their interest in the people, traditions, and customs of the area. In the age of international trade, it is critical to combat the evolving myopia.

7. The largest issue in unorganised retail is finding business possibilities in the highly competitive environment of companies and organisations, thus it is important to conduct extensive study before investing in your company's expansion and development programme.

RESTRICTIONS FOR THE STUDY

Every study has its boundaries. The impact of organised retailers, who are a part of the organised sector, on the Indian GDP is the basis for this study. The majority of the data is gathered in relation to current issues.

Future Directions for the Study

The impact of organised retailers on the GDP of India is the sole basis for this study. The only future research focus will be analytical, with a comparative analysis of the relevant organised sector domain being conducted.

FINAL SAY

Due to large investments in the sector and a dramatic increase in internet usage, India is expected to have the fastest-growing e-commerce market in the world. Many organisations are quite optimistic about the growth of the e-commerce markets in India. It is projected that by 2020, Indian e-commerce sales will reach US$120 billion, up from US$30 billion in FY2016.Furthermore, it is projected that the gross merchandise value (GMV) of India's e-commerce business will reach US$ 220 billion by 2025, with 530 million consumers. more convenience, quicker adoption of internet services, and greater variety. A joint report by PHD and the India Direct Selling Association (IDSA) projects that by FY2019–20, the country's direct selling industry will have grown to a value of Rs 23,654 crore (US$ 3.51 billion).According to this survey, India is now ready for organised retail, and the government is working hard to make this happen. Organised retail is going to be big in the future.

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HYPERLINKS

The document titled "Impact of Organised Retail in Changing Perception of" can be found at https://amity.edu/UserFiles/ajcfr/f107.pdf.

Inflibnet.ac.in/assets/uploads/1/220/6766/et/3_Script|ugcmoocs%)20%20 RETAIL INDUSTRY'S CONTRIBUTION TO THE GDP 2003-18101003035656.pdf

July 2015_1435994014__05.pdf can be found at https://www.worldwidejournals.com/paripex/recent_issues_pdf/2015/July.

ijbamspl17/ijbamv7n1spl_16.pdf can be found at https://www.ripublication.com.

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