Problems And Prospects of Retail Business – A Study with Reference to Warangal

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Abstract - **The Indian economy was opened through economic reforms in the 1991 and since then, the country has seen growing size of markets including capital and commodity market, the emergence of new industries with global competitiveness, entry of global corporate, institutional reforms, reforms through policies and corporate governance. Furthermore, an evolution in consumer shopping habits has increased the confidence of domestic as well as foreign investors in developing India. Retail industry is the largest industry in India, with an employment of around 8 per cent to over 10 percent of the country's Gross Domestic Product. Retail industry in India is expected to rise 25 per cent yearly being driven by strong income growth, changing lifestyles, and favorable demographic patterns. It is expected that by 2018 the modern retail industry in India will be worth US$ 179- 202 billion. India retail industry is one of the fastest growing industries with revenue expected to amount US$ 320 billion and is increasing at a rate of 5 percent 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 for a retailer, it is very difficult to retain the potential buyer. In order to keep possession of their sales volume, the retailer has to face a stiff competition in the retail business. Majority of functions have to be performed by owners themselves due to limitation of resources.**

Index Terms - **Business Problems, Prospects, Retailers, Retailing.**

I.INTRODUCTION

Retail industry is the largest industry in India, with an employment of around 8 per cent to over 10 percent of the country's Gross Domestic Product. Retail industry in India is expected to rise 25 per cent yearly being driven by strong income growth, changing lifestyles, and favorable demographic patterns. It is expected that by 2018 the modern retail industry in India will be worth US$ 179- 202 billion. India retail industry is one of the fastest growing industries with revenue expected to amount US$ 320 billion and is increasing at a rate of 5 percent 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 behavior and the whole format of shopping also altering. Industry of retail in India which has become modern can be seen from the fact that there are multi- stored malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof. The 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 2018, India may have 595 new shopping centers. In the Indian retailing industry, food is the most dominating sector and is growing at a rate of 9 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. The 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.

II. INDIAN RETAIL MARKET

The scope of the Indian retail market is immense for this sector is poised for the highest growth in the next 5 years. The India retail industry contributes 10 per cent of the country's GDP and its current growth rate is 8.5 per cent. In the Indian retail market the scope for growth can be seen from the fact that it increased to US$ 608.9 billion in 2009 from US$ 394 billion in 2005. The organized retailing sector in India is only 8 per cent and is expected to rise to 25- 30 per cent by the year 2012. There are under construction at present around 325 departmental stores, 300 new malls, and 1500 supermarkets. This proves that there is a tremendous scope for growth in the Indian retail market. The growth of scope in the Indian retail market is mainly due to the change in the consumers" behavior. The new generation have preference towards luxury commodities which have been due to the strong increase in income, changing lifestyle, and demographic patterns which are favorable.

Rural markets show high growth potential if tapped with the right set of products and pricing. With increasing investments in infrastructure, connectivity to such towns is now becoming easier. Many international retailers are increasing their sourcing from India and are moving from third party buying offices to establishing their own wholly managed sourcing and buying offices.

III. OBJECTIVES OF THE STUDY

1. To study the socio – economic conditions of the retailer in Warangal.
2. To analyse the problems faced by the retailers in Warangal.
3. To analyse the opportunities and prospects of retail Business.

IV. METHODOLOGY

The study is designed as a descriptive and analytical one. Considerable data are available both from primary and secondary data. The study is carried out with the help of a sample survey. The researcher has selected 200 sample retailers on the basis of convenience sampling technique. The research problem and interview schedule have been formulated and tested on the basis of the research objectives.

V. SOURCES OF DATA

The required data for the present study are collected both from Primary and Secondary Sources. Primary data are collected with the help of a schedule designed for the Interview Schedule. The Secondary data are also collected from the various standard text books, research articles, reports, leading newspapers, magazines and journals. These have constituted supportive literature for the purpose of carrying out the research work.

Table-I Gender wise Classification of the Respondents

Sl. No	Gender	Number of Respondents	Percentage
1	Male	185	92.50
2	Female	15	7.50
	Total	200	100.00

Source: Primary Data

The above table shows that out of 100 respondents, 85 are male respondents (92.5 %) and 15 respondents are female (7.5 %).

Table-II Community wise Classification of the Respondents

Sl. No	Community	Number of Respondents	Percentage
1	OC	20	10.00
2	Most Backward	58	29.00
3	Backward	82	41.00
4	SC/ST	40	20.00
	Total	200	100.00

Source; Primary Data

It is clear from the above Table-II that 82 (41%) respondents are from the backward community, 58 (29%) respondents belong to the backward community, 40 (20%) of them are SC / ST and 20 (10%) respondents are the forward community.

The Table-III brings in view that, 135 (67.50%) majority of the respondents are Hindu, 45 respondents (22.50%) are Muslim, and the remaining 20 (10%) of them are Christian.

Table-III Religion wise Classification of the Respondents

Sl. No	Religion	Number of Respondents	Percentage
1	Hindu	135	67.50
2	Muslim	45	22.50
3	Christian	20	10.00
	Total	200	100.00

Source: Primary Data

Table-IV Educational Qualification wise Classification of the Respondents

Sl. No	Educational Qualification	Number of Respondents	Percentage
1	Up to SSC	35	17.00
2	SSC	25	12.50
3	Undergraduate	65	32.50
4	Post Graduate	42	21.00
5	Diploma	28	14.00
6	Professional	5	2.50
	Total	200	100.00

Source: Primary Data

It is observed from the above table that, exactly 32.5 percent of the respondents are undergraduate, 21 percent of the respondents are Post graduate, 17.5 per cent of the respondents are having qualification up to SSC, 14 percent of the respondents are Diploma holders, 12.5 per cent of the respondents are Higher Secondary and remaining 2.5 percent of the respondents are Professionals.

Table-V shows that out of 200 respondents, 33.50 per cent are earning less than Rs 10,000 per month, followed by 27.50 per cent of respondents who earn Rs 10,000 to Rs 20,000 per month, 21.50 per cent of the respondents earn between Rs 25,000 and Rs 30,000 and the remaining 17.50 per cent of the respondents earn Rs 30,000 and above per month.

Table-V Income wise Classification of the Respondents

Sl No	Income	Number of Respondents	Percentage
1	Less than Rs. 10,000	67	33.50
2	Rs. 10,000-20,000	55	27.50
3	Rs. 20,000-30,000	43	21.50
4	Rs. 30,000 & Above	35	17.50
	Total	200	100.00

Source: Primary Data

Table-VI Product Detailed wise Classification of the Respondents

Sl. No	Particulars	Number of Respondents	Percentage
1	Grocery Shop	45	22.50
2	Stationery	32	16.00
3	Food	15	7.50
4	Fire Works	15	7.50
5	Electronic Products	9	4.50
6	Textile	15	7.50
7	Fancy Store	11	5.50
8	Foot wear	10	5.00
9	Gold and Gift items	25	12.00
10	Medical Products	18	9.00
11	Durables	5	2.50
	Total	200	100.00

Source: Primary Data

It is understood from the Table-VI that 45 respondents are Grocery shop retailers which occupies 22.50 per cent , 16 per cent of the respondents are Stationery retailers, 12.50 per cent of the respondents are Gold and Gift items retailers, 9 percent of the respondents are Medical products retailers, 7.5 percent of the respondents are Food, Fireworks, and Textile retailers, 5.50 per cent of the respondents are Fancy store retailers, 5 percent of the respondents are Footwear

retailer, 4.5 per cent of the retailers are Electronic products, and remaining 2.5 percent of the respondents are Durables retailers.

Table-VII Place of Establishment

Sl. No	Particulars	Number of Respondents	Percentage
1	Home based	35	17.50
2	Nearer to Residence	44	22.00
3	Industrial Area	25	12.50
4	Residential area	96	48.00
	Total	200	100.00

Source: Primary Data

It is lucid from the Table-VII that 96 (48%) respondents have the business units in residential area, 44 (22%) respondents locate the business units nearer to their residence, 35(17.5%) respondents do the business home based and remaining 25 (12.5%) respondents have the business units in industrial area.

Table-VIII Form of Organization

Sl. No	Particulars	Number of Respondents	Percentage
1	Sole Trader	110	55.00
2	Partnership	85	42.50
3	Limited Company	5	2.50
4	Others	-	-
	Total	200	100.00

Source: Primary Data

It is clear from Table-VIII that 55 per cent of the respondents are doing the business under sole trader form whereas 42.50 per cent of the respondents are forming the partnership for doing the business, 2.50 per cent of the respondents are running the business as limited company form.

It is clearly exhibited in the table-IX that 173 (86.50%) respondents have purchased the material from the open market, 16 respondents have procured the materials from other sources directly from the producers or manufacturers and only 11 retailers purchased the raw material from government quota.

Table-IX Sources of Purchase Materials

Sl. No	Particulars	Number of Respondents	Percentage
1	Open Market	173	86.50
2	Government Quota	11	5.50
3	Other Sources	16	8.00
	Total	200	100.00

Source: Primary Data

Table-X Sources of Finance

Sl. No	Particulars	Number of Respondents	Percentage
1	Owned Funds	45	22.50
2	Borrowed Funds	95	47.50
3	Owned and Borrowed	60	30.00
	Total	200	100.00

Source: Primary Data

It is clear from Table-X that 47.50 per cent of respondents have used borrowed funds, 30 percent of respondents have used both owned and borrowed funds for their business and the remaining 22.50 per cent of respondents have used owned funds for their business.

Table-XI Problems of Respondents

Sl. No	Particulars	Number of Respondents	Percentage
1	Personal Problems	30	15.00
2	Labour Problems	50	25.00

3	Marketing Problems	48	24.00
4	Financial Problems	72	36.00
	Total	200	100.00

Source: Primary Data

It is observed from the above table that 15 per cent and 25 percent of retailers face personal problems and labour problems respectively. The above table also reveals that 24 per cent and 36 percent retailers face marketing and finance problems in their retail business.

VI. SUGGESTIONS

The location of the stores should be convenient and easy to access. The distance that the consumer must travel to shop is the basic criteria. The goods should be properly packaged. Certain specialized items which are used or consumed on special occasions or festivals or local celebrations should be available in the shops. Effective control system must be introduced for controlling purchases, storing and inspection of goods, it is highly useful for maintaining the quality of goods sold. The out of date inventories are to be immediately identified and removed from the store. Motivating the staff for improving the performance of their work. The quality of service is a key factor and winning a higher share of customers. Staff must be trained and motivated to recognize their best customers and to offer them superior service. The quality of management of the customer is becoming an increasingly important source in improving customer service. Education and training of staff needs to be done to enhance service.

VII. CONCLUSION

Today retailers must differentiate themselves by meeting the needs of their customers better than the competitors. Retailers should prepare marketing plans that include decision on target market, product assortment and procurement, services and stores atmosphere, price promotion and proper placement of products inside the retail shops. There is a general agreement that a basic retailing strategy for creating competitive advantage is the delivery of high service quality. Therefore, by giving better service and product, definitely the retailers can taste the success.

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