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A STUDY ON RETAIL FOOD SECTOR AND ITS IMPACT ON CUSTOMERS

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Abstract

The purpose of this paper is to indicate the various considerations that one has to bear in mind about the goods related to food quality and its impact on customers. Organized food retailing is a relatively new phenomenon in India, with small Western style supermarkets only starting to appear since the 1990s. Traditional local markets and small scale retailing continue to dominate India's food retail sector.

Keywords: Retail Food, Customers.

Introduction

Retail is the sale of goods to end users, not for resale, but for use and consumption by the purchaser. The word retail is derived from the French word retailer, meaning to cut a piece off or to break bulk. India is one of the fastest growing economies in the world and one of the largest in term of purchasing power parity. India started its Retail Journey since ancient time. In Ancient India there was a concept of weekly Haat, where all the buyers and sellers gather in a big market for bartering. It has been called a nation of shopkeepers since centuries.

Trading is one of the most significant sectors of the Indian economy. The contribution of this sector in the total Gross Domestic Product is 14 percent and near about 3 crore peoples derive their income from these treading activities. Majority of them are laborers involved in small retail treading activity.

India has one of the highest densities of retail outlets (15 million) compared to any other countries. Majority of these retail outlets are small and medium sized. As recently as 2005, only 3 percent of all retail (food and nonfood) trade in India in the organized sector the figure is put at 5 percent in the food sector. If we compare this with India's Asian neighbors, the nature of the Indian retail landscape becomes clear.

Organized food retailing is a relatively new phenomenon in India, with small Western style supermarkets only starting to appear since the 1990s. Traditional local markets and small scale retailing continue to dominate India's food retail sector. Around 70 per cent of the total households in India (188 million) reside in the rural areas. The total number of rural households are expected to rise from 135 million in 2001-02 to 153 million in 2009-10.

Unlike in the past the debate today is no longer whether food and grocery retail in India would grow but rather how fast can it grow and what challenges need to be overcome. Indian retailing is undergoing a process of evolution & transformation and is expected that its size will increase manifolds in Coming 10 20 years. Large number of private investments in the recent past and willingness of foreign companies to open retail stores in India reflects the trend.

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Review of Literature

Swamy (2001) studied the comparative performance of different bank groups since 1995-96 to 1999-2000. An attempt was made by researcher to identify factors which could have led to changes in the position of individual banks in terms of their share in the overall banking industry. He analyzed the share of rural branches, average branch size, trends in bank's profitability, share of public sector assets, share of wages in expenditure, provision and contingencies, net non performance assets in net advances, spread, has been calculated. He concluded that in many respects nationalized public sectors banks much better than private banks, even they are better than foreign banks.

Bloem Gorter, (2001) suggested that a more or less predictable level of nonperforming loans, though it may vary slightly from year to year, is caused by an inevitable number of 'wrong economic decisions by individuals and plain bad luck (inclement weather, unexpected price changes for certain products, etc.). Under such circumstances, the holders of loans can make an allowance for a normal share of nonperformance in the form of bad loan provisions, or they may spread the risk by taking out insurance. Enterprises may well be able to pass a large portion of these costs to customers in the form of higher prices. For instance, the interest margin applied by financial institutions will include a premium for the risk of nonperformance on granted loans. At this time, banks' non-performing loans increase, profits decline and substantial losses to capital may become apparent. Eventually, the economy reaches a trough and turns towards a new expansionary phase, as a result the risk of future losses reaches a low point, even though banks may still appear relatively unhealthy at this stage in the cycle.

Rajeshwari Krishnan, (2002) focused on the problem of swelling non- performing assets in banks and financial institution of the country becomes more and more unmanageable and created threats for the financial sector. She found that securitization can be used for the liquidating the illiquid and long terms debut like loan receivables of the financial institutions or bank by issuing marketable securities against them. She concluded that the SARFAESI act is defiantly and big leap forward not only in the filled of NPA management but also promoting the securitizing market in India. The act may be required to fine tuned to bring in 'natural justice'

Retail Sector of Indian Economy

The Retail Sector of Indian Economy is going through the phase of tremendous transformation. The retail sector of Indian economy is categorized into two segments such as organized retail sector and unorganized retail sector with the latter holding the larger share of the retail market. At present the organized retail sector is catching up very fast. The impact of the alterations in the format of the retail sector changed the lifestyle of the Indian consumers drastically. The evident increase in consumerist activity is colossal which has already chipped out a money making recess for the retail sector of Indian economy.

With the onset of a globalized economy in India, the Indian consumer's psyche has been changed. People have become aware of the value of money. Nowadays the Indian consumers are well versed with the concepts about quality of products and services. These demands are the visible impacts of the Retail Sector of Indian Economy.

Since the liberalization policy of 1990, the Indian economy, and its consumers are getting whiff of the latest national & international products, the with help of print and electronic media. The social changes with the rapid economic growth due to trained personnels, fast modernization, enhanced availableness of retail space is the positive effects of liberalization.

The Growth Factors of The Retail Sector of Indian Economy

- Increase in per capita income which in turn increases the household consumption
- Demographical changes and improvements in the standard of living
- Change in patterns of consumption and availability of low-cost consumer credit
- Improvements in infrastructure and enhanced availability of retail space
- Entry to various sources of financing

Conclusion

The infrastructure of the retail sector will evolve radically. The emergence of shopping malls is going steady in the metros and there are further plans of expansion which would lead to 150 new ones coming up by the year 2008. As the count of super markets is going up much faster than rate of growth in retail sector, it is taking the lions share in food trade. The non-food sector, segments comprising apparel, accessories, fashion, lifestyle felt the significant change with the emergence of new stores formats like convenience stores, mini marts, mini supermarkets, large supermarkets, and hyper marts. Even food retailing has become an important retail business in the national arena, with large format retail stores, establishing stores all over India. With the entry of packaged foods like MTR, ITC Ashirbad, fast foods chains like McDonald's, KFC, beverage parlors like Nescafe, Tata Tea, Cafe Coffee and Barista, the Indian food habits has been altered. These stores have earned the reputation of being 'super saver locations'.

With the arrival of the Transnational Companies (TNC), the Indian retail sector will confront the following round of alterations. At present the Foreign Direct Investments (FDI) is not encouraged in the Indian organized retail sector but once the TNC'S get in they would try to muscle out their Indian counterparts. This would be challenging to the retail sector in India.

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