



STUDYING ABOUT THE ORGANIZED AND UNORGANIZED RETAIL STORE IN INDIA AND ITS DIFFERECCE

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ABSTRACT

India started its journey since ancient time. In ancient India there was a concept of weekly fair, where all the buyers and sellers gather in a big market for purchase and sale of goods under barter system. This retail journey in India takes lot of time to transform into modern retail. Apart from these two concepts i.e. ancient retail concept and the modern retail concept are smell modern kirana / mom and pop shops or Baniya ki Dukan. Even then retailing is dominating in India. Retailing in India is going through an evolutionary stage and is one of the largest sectors in the global economy. The current estimated value of the Indian retail sector is about 500 billion USD and expected to reach 1.3 trillion USD by 2020. India is termed as the nation of shopkeepers with about 15 million retail outlets of all kinds and is dominated by small neighborhood grocery stores termed as kirana stores1.

Keywords: - Store, Organized, Unorganized, Retail, Sector

I. INTRODUCTION

Retailing is one of the largest sectors in the global economy and is going through an evolutionary phase in India. The Indian Retail industry has grown at a 24.6% CAGR during FY 09-14. This growth can be directly credited to the emergent Indian economy as well as increase in Private Final Consumption Expenditure (PFCE) and bring revolution in Indian peoples' consumption pattern. This tendency is expected to continue for at least the next two-three decades, magnetizing huge attention from entrepreneurs, business heads, investors as well as real estate owners and builders segments of the economy. Despite this growth, the Indian retail industry is highly fragmented, with the organized retailing still at a nascent stage which accounts for far less percentage than the unorganized retailing of the total Indian retail market. It is estimated that organized retailing accounts for less than 5% of today's market, but is expected to develop between 14% to 18% by 2015. Though the organized retail sector is growing, the impact of growth is affecting the unorganized retail sector, especially in the rural areas.

This study aims to identify the factors influencing the perception towards organized retailing from unorganized retailers. The primary data was gathered by administering a prearranged questionnaire with 100 customers selected purposively from Ernakulum District in Kerala.



The rationale of the study is twofold: First, to examine the shift in perception in the retail sector taking place due to organized form of retailing. Secondly, the area has remained largely an unexplored part of research till date especially in Ernakulum.

The data analysis of customer attitude towards unorganized and organized retailers shows that there is a difference between the consumers' perception towards both organized retailers and unorganized retailers regarding their store image, range of products, brand choices, price, store atmosphere, credit availability, and shop proximity.

The data has been collected with the help of structured questionnaire containing close and open ended questions. Statistical software and MS excel were extensively used for analyzing the data collected.

II. ORGANIZED RETAIL SECTOR

The organized sector is registered with the government. Therefore, it is called an organized sector. In this sector, the work of people is assured, and they get regular and fixed salaries. Organizations like schools, enterprises, and hospitals fall under the organized sector.

It is difficult to become a part of the organized sector as it requires proper registration of the business, which is a very difficult process. The organized sector is regularized by the government, and proper taxes are applied to it. People working in the organized sector get some benefits such as they get the advantage of regular salary as well as job security. In addition to this, they are also provided with additional benefits such as perquisites and allowances.

Employees of this sector have to work for a fixed number of hours a day on a fixed salary and increment on salary is given to them after fixed intervals.

III. ORGANISED RETAIL FORMATS;

Increase in disposable income of consumers, leads to increase in spending habits by demanding quality products and services and inclined towards better shopping environment. These all factors influence in change of retail formats. Several formats have been experimented by retails. Some of them are;

1. Malls

Malls are located in proximity to urban outskirts and ranges from 60,000 sqft to 70,000 sqft and above. The future of organized retailing is largely in the hands of mall where the shoppers gets quality, quantity aspirational appeal recreation facilities and ambience.

2. Shoppers Stop

Shoppers stop is the first organized retail format to open departmental stores in India. Which was promoted by the K Rahejagroup (chandru L Raheja group) with its first store in Andrei Shoppers



stop ltd has been awarded 'the hall of fame' by world retail congress at barcelana on April 10 200827. In 2011, shoppers stop has 53 store in India28

3. Convenience stores

A convenience stores are open for an extended period of the day and have a limited variety of stock and convenience products prices are slightly higher due to the convenience given to the customers.

4. Hyper Markets

Hyper markets have emerged as the biggest crowd pullers due to the fact regular purchases are normal at such outlets. Hyper markets are large self service outlets offering variety of categories with deep assortments, hyper markets not only provide consumers the most extensive merchandise mix, product and brand choices under one roof, but also create superior value for money advantages of hyper market shopping.

5. Big Bazar

Big bazar is a chain of hyper market in India. As on 2012, there 214 stores across 90 cities and towns in India. Big bazar is designated as an agglomeration of bazaars of Indian markets with clusters offering a wide range of merchandise including fashion and apparels, food products, general merchandise, furniture, electronics, books fast food and leisure and entertainment sections.

IV. UNORGANIZED RETAIL SECTOR

This sector is not registered with the government, and terms of employment are not regular and fixed in this sector. No government rules and regulations are followed in the unorganized sector.

It is easy to establish an unorganized retail business as there is no need for registration and affiliation in entering this sector. Therefore, no taxes are levied on this type of businesses.

This sector consists of small-sized enterprises and workshops where there is no unproductive and regular employment. This sector includes low-skilled businesses.

There is no fixed limit on the number of working hours per day of an unorganized business. Even employees in such businesses have to work on weekends and on government holidays also.

Daily wages are given to them, which is quite low than the wages given in the organized sector because wages in this sector is decided by the employer and is not prescribed by the government.

V. UNORGANIZED RETAIL FORMATS:

A large number of people's livelihood depends primarily upon agricultural activities / unorganized sector. Majority of consumers always fulfills their needs based on daily purchases.



Usually their needs are fulfilled by the neighbors Kirana / General stores road side vendors, weekly haats markets, melas on special occasions unorganized retail formats in India are classified in two parts.

1. Non movable retail formats: such as kirana / general stores medical stores cloth and ready-made garment shops cosmetics stores.

2. Movable retail formats; Weekly haat / market, hawkers and pheriwala, roaming salesman / vendors are some of the movable retail formats.

All unorganized formats in rural areas provide for exchange of food grains / agricultural produce with other items or cash.

VI. DIFFERENCE BETWEEN ORGANIZED RETAILING AND UNORGANIZED RETAILING

ORGANIZED RETAILING	UNORGANIZED RETAILING
The Organized retail sector is regulated by the government and the employment terms and working hours per day in this sector are fixed.	The Unorganized retail sector is not regulated by the government and employment terms and working hours per day are not fixed in this sector.
The Organized retail sector is governed by various acts like Bonus act, factories act, minimum wages act, and PF act, etc.	There is no government act to govern the unorganized retail sector.
Government rules are strictly followed in the Organized retail sector.	No government rules are followed in the unorganized retail sector.
Regular monthly salary is given to employees on the monthly basis.	Daily wages are given to employees.
There is job security for employees in the Organized retail sector.	The working hours are not fixed in the unorganized retail sector.
Workers in the organized retail sector are paid additionally for the extra number of working hours.	Workers in the unorganized retail sector do not get paid additionally for the extra number of working hours.
Employers make a contribution to the provident fund of an employee.	Employers do not make any contribution to the provident fund of an employee.
Salary given to employees is equal to the salary prescribed by the government.	Less salary is paid to employees than the salary prescribed by the government.



ORGANIZED RETAILING	UNORGANIZED RETAILING
The increment is given to employee's n regular basis (mostly annually).	Very rarely increment is given to employees.
Employees working in the organized retail sector get add on benefits such as a pension, medical facilities, leave compensation, travel compensation, etc.	No benefits or perquisites are provided to employees working in the unorganized retail sector.

VII. CONCLUSION

In the Indian scenario both organized and un-organized retailers in all segments will co-exist with their own competitive advantages. The un-organized retail sector has low cost relationship, goodwill, competitive price, quality products and door to door delivery system, credit facilities, while on the other hands; organized retailing has long range or products, quality competitive price and hygienic atmosphere.

The prime aim of the study is to find customer perception towards organized and un-organized retailers, impact on sales and profit margin, strategies adopted etc The study revealed that change in life style, increase in awareness of quality products, disposable income switching over to organized retailers .But still then un-organized market dominated in retail industry.

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