

Smart Cities: Urban Development and Retail business development in India.**Dr. Balkrishan.V. Sangvikar, Professor****Department of Management Sciences, Savitribai Phule Pune University.****Pune 411007, Maharashtra State India.****Abstract:**

These days we are discussing smart cities development in India and its benefit for the citizens. With this mission people of our country are going to be benefited. It is related to improving the quality of life of people by enabling local area infrastructure development, business development, addressing urbanization issues, harnessing technology, which will lead to Smart outcomes. This paper is addressing issues related to retail business development. This paper talks about the required development for retail businesses. It is discussing state of retail activities in developed nation as well as what problems Indian retail business is facing, what challenges are there and how these issues should be addressed and what issues need to be understood in context to growing urbanization and smart cities development.

Introduction:

The purpose of the Smart Cities Mission is to drive economic growth and improve the quality of life of people by enabling local area development, business development, addressing urbanization issues, harnessing technology, which will lead to Smart outcomes. Thereby improving livability of the whole City, including new areas will be developed around cities. Applying Smart Solutions to infrastructure and services in area-based development in order to make them better. It will create institutional, physical, social and economic infrastructure of our nation. Smart cities project will help in understanding urbanization issues and will make life easier for its citizens. Every city in different nation has its own understanding of smart city. What kind of smart city is desired by its people is matter of investigation. Overall when a citizen is asked what kind of smart city he needs, then they talk about creating infrastructure which will address issues of high urbanization like, transportation, electricity, public services, quality of food, health services, and economic development of the city. Here we will try to understand what are the issues related to urbanization with reference to retail business development and how retail business in smart cities should transform. What issues should be focused while developing retail business infrastructure so that we could create world class retail in growing urbanization.

Urbanization is not merely a modern phenomenon, but a rapid and historic transformation of human social roots on a global scale, whereby predominantly rural culture is being rapidly replaced by predominantly urban culture. This unprecedented movement of people is forecast to continue and intensify in the next few decades, mushrooming cities to sizes incomprehensible only a century ago.

Urbanization revolution is propelling growth across the world and it is highly welcomed by the world economies. Growing urbanization helps attracting skilled work force from other parts of the country to cities which is beneficial for growth of businesses. It is changing the demographics of the cities. For work and living people are moving to urban areas where economic growth takes place. These people work and generate economic activity in city. They become consumers of various goods and services. Because of growing urbanization consumer class is rising very fast. Their living standard and needs are improving day by day.

Urban economics is broadly the economic study of urban areas; as such, it involves using the tools of economics to analyze urban issues such as crime, education, public transit, housing, and local government finance. More narrowly, it is a branch of microeconomics that studies urban spatial structure and the location of households and firms (Quigley).

According to the paper by Mădălina DOCIU, Anca DUNARINTU in 2012, Urbanization is seen as an effect of the current globalization phenomenon, with social aspects as well as the economic ones, representing the migration process of the population organizing in urban areas, areas considered to be true centers of progress that offer multiple options to residents. Cities are centers of changes, placed in a relationship of interdependence with demographic growth and economic growth.

Background:

Urbanization is partly being driven by the growth in the world's population, which according to some commentators is forecast to reach 11 billion by 2100, up from 1.6 billion in 1900. If we will try to understand Urbanization, we know that it is not a new phenomenon, but what is interesting about urbanization is the sheer scope and pace at which it is occurring. It is observed that more than 1 million people move to cities globally every week and according to the UN, 6.3 billion will be living in cities by 2050, which is 67% of the World's population.

Rapid urban growth carries both costs and benefits. The concentration of such huge populations in cities (primarily driven by rural depopulation (Satterthwaite, 2007)) and the continued quest for economic growth, have substantial implications for the world in terms of environmental impact, resource depletion, deteriorating ecosystems and climate change and presents huge challenges in meeting the goal of sustainable development (WBCSD, 2010). Any attempt to understand the relative success of urban development initiatives includes residents' interactions with the social, economic, and political dimensions affecting their lives. But effective development should also include a multitude of other strategies, including strategic partnerships, workforce development, education, and the involvement of institutions to ensure comprehensiveness, effectiveness and to mitigate the potentially negative consequences associated with gentrification. (David J. Maurrasse 2006)

According to Rondinelli, Johnson, and Kasarda, "The 21st century will be a global century, marked by increasing international trade and investment, growing transnational communications, and expanding cross-border alliances businesses and industries. U.S. cities seeking to improve or even maintain their economic position must provide the labor force, services, and infrastructure that allow locally based domestic and foreign-owned firms to participate more successfully in the international marketplace. Rapidly expanding global markets will provide our cities and their residents with immense opportunities to prosper, but only to the extent that their businesses and labor forces are prepared to respond to new global challenges. In the past, urban economists focused on the domestic exports of cities to areas outside their immediate region, but international trade and investment will play an increasingly important role in the future in urban economic revitalization, job generation, and wealth creation".

Rondinelli, Johnson, and Kasarda outlined the major elements of an urban development strategy for economic growth, job creation, and poverty alleviation in the 21st century. Despite rapid changes in technology that are making globally oriented companies more flexible, cities will continue to be catalysts for economic and social progress, incubators of technological innovation, and sources of national wealth well into the next century.

Retail business development and urbanization:

Retail changed in the twentieth century as small, independent retailers gave way to national

chains of massive general merchandise stores. In the late twentieth century, the retail sector has been at the front of American economic change. Retail has taken over from manufacturing as the leading sector in American economic growth (Campbell 2009:262), and the transition to a service economy has occurred in spite of the traditional view that the service sector consists largely of low-productivity, low-wage, dead-end “McJobs” (Triplett and Bosworth 2004:1).

Retail Infrastructure has been developing at a rapid pace over the past decade but still has significant ground to cover. Urbanization has resulted in soaring property and rental prices. Rent forms a large portion of total expenditure for retailers and can more often than not convert a profitable store into loss making

According to 6-3 billion living article, if we talk about impact of urbanization on real estate, retailer, developer and investor, it is huge, these entities get highly affected because of urbanization and accordingly their strategies change. International retailers are likely to increase focus on the major city markets with the greatest opportunity; developers will create new future-proofed space in markets with favorable demographics and economic prospects. Successful place making will sit at the heart of the leading Retail cities of the World.

According to retail service industry report, The United States has well-established distribution channels for all types of retail companies. The retail services industry provides an openly competitive environment that fosters strong business operations and spurs innovations that increase efficiency and reliability. Total sales from the more than 3.6 million retail establishments in the United States reached about \$2.5 trillion in 2012, and retailers supported more than 42 million jobs in the U.S. According to the National Retail Federation, retail industry sales for 2013 are expected to increase 3.4 percent from 2012. Numerous opportunities for growth exist in the U.S. retail market for retail providers of all sizes, including individual direct marketers or direct sellers, small- to medium-sized franchise unit owners, and large “big-box” store operators. New distribution companies are opening stores and units daily to serve a large, affluent consumer base.

Wily says that the retail environment has evolved rapidly in the past few decades, with the retailing industry and its placement and design of “brick-and-mortar” locations changing with evolving demographics, shopping behavior, transportation options and a desire in recent years for more unique shopping environments. This will provide insight and techniques necessary for historic downtowns and new urban communities to compete with modern suburban shopping centers.

David Lynn has concluded in an analysis posted on the *National Real Estate Investor* web site, that patterns of land use in the US are taking a “significant turn” from the past pattern of suburban dominance, and that the implications are significant for the future of retail. Given the new – and likely to be lasting – trend – favoring cities and traditional town centers, “investors will . . . need to reformulate retail strategies, given changing patterns of demand and land use.” Lynn is managing director and head of investment strategy for ING Clarion Partners in New York.

Challenges in understanding urban development and Retail business in Smart cities

- Understanding and exploring planning and design techniques for revitalizing retail business in town centers and buildings with reference to urbanization in India.
- Understanding techniques for increasing retail sales through streetscape, parking, signage, and pedestrian movements with reference to rapid urbanization in India.

- Gaining an insider's understanding of leading retailers and department store business models and site selection criteria with reference to urbanization across the world focusing India.

The focus should be to understand impact of urbanization on retail business development in context of planning, design, resources and infrastructure and determine how urbanization in the above contexts affects retail business development.

Conclusion:

There is a need to understand how retail development can be combined with the best practices of urbanization, Smart Growth, and architectural design to create successful and competitive mixed-use urban commercial centers in India. There are issues faced by developers, planners, investors, retailers, architects, and public officials. Also understand required information on market demographics for various retailers. We need to understand planning, and design of competitive retail in historic downtowns, underperforming shopping centers, and new ground-up developments. There is a need to explore retailers branding, national retailer criteria, and site-selection principles and other issues related to urbanization. Simultaneously learn about streetscape, store planning, signage, tenant mix, merchandising plans, leasing, anchors' roles and successful new urban planning techniques, design criteria, parking, building, site planning, and developer requirements in respect to urbanization and retailer performance in India which will be a important component in smart city concept.

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