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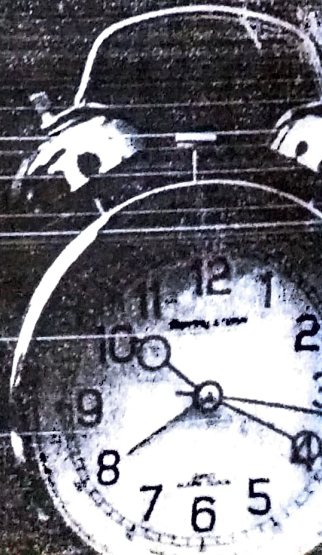
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## 20. Study of Challenges and Scope of Unorganized Retail Sector

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### Abstract

In order to achieve balance economic development in our country there is necessity of both organized and unorganized retailing in the market. These two formats of retailing have their own advantages and disadvantages. In Indian economy purely follows complete organization of retailing stores, various problems like unemployment, poverty, underutilization of human resources may get generate. It will also adversely affect the interest of the consumer. On the other hand complete unorganized retail format also impose some negative implications on revenue collection and other policy implementation on economic development of the country. The main objective of this research paper is to study major challenges encountered by unorganized retail and put forward some effective strategies to overcome the competitive challenges.

**Key words** - Unorganized retail, organized retail, Challenges and strategies for retail sector.

### Introduction

Traditionally Indian retail sector is owned and controlled by huge number of small retailers which covered local kirana shops, owner manned general stores, small cloth merchants, chemists, footwear shops, road side paan, beedi shops, hawkers, fruit sellers and green grocer etc. All these small retail units together make up the 'unorganized retail' or traditional retail. From last decade Indian markets has witnessed the entry of a number of organized retailers opening stores in various modern formats in metros and other important cities. Against this background, India's food and grocery retail market is largely occupied by small-scale, family-owned mom-and-pop style "kirana shops". The number of such stores is estimated to exceed 12

million, which translates to about ten stores per 1,000 people in India. The density of stores is high compared to other countries in the world.

Small local Kirana shops sale daily required food grains like rice, beans, edible oil, snacks, also deals in articles like shampoo and soap. Majority of the kerana shops offer unpackaged agricultural products and other items in large open sack kept at the store front, and sell them in smaller weight quantities as per the requirements of the consumer. Traditional kirana shops sell their merchandise over the counter but recently there are some shops where customers can walk inside the store and look for what their requirements. But still majority of them operates in age old over-the-counter format, where customers talk to the shop owner and the shop owner picks up requested items from the shelves or suggests any substitute when they are out of stock.

### **Research Methodology**

Primary and secondary data collection methods followed by this research attempt in order to collect maximum possible relevant data. As far as primary data is concern it is collected by the researcher with the help of structured short questionnaire. The responses obtained from 100 stakeholders thus consist first hand information which was further evaluated with the help of statistical analysis techniques.

The process of secondary data collection was considered as concentrated efforts to gather information formulated by others or previous researchers in relevant spear. Secondary data was mostly published by nature. Major part of secondary data was collected form online resource i.e. websites, online research papers, online reports available on internet.

### **Review of Literature**

Dr. V. Vetrive (2017) in his research paper tried to discuss the financial problems of unorganized retail sector. Author also mention the strong competition of organized retail pose on unorganized retail sector during last few years. Entry of many international brands in the Indian market has intensified the level of competition in Indian market.

Shikha Bhatnagar (2015) in her research work about challenges and success mantras for unorganized retailing against organized retailing. Her paper discussed a variation in buying pattern form traditional retailing to corporate retail malls. This research paper also discussed various problems of unorganized sector like lack of technological advancement, limited storage

facility and suggests remedial measures like modernizing the retail store, employing efficient people, effective advertisement and promotion.

B.Menaga Gandhi & K.M.Chinnadorai (2017) in their research paper presented some facts about current retail sector in our country. According to their paper retail sector has plays very important role globally to increase productivity of daily use goods and service. The paper provides detail information of transforming change in Indian retail industry and concludes with providing various opportunities available for Indian retail sector. At the end paper also express its confidence that both organized and unorganized Indian retail sector will certainly deal the hurdles and touch new horizon.

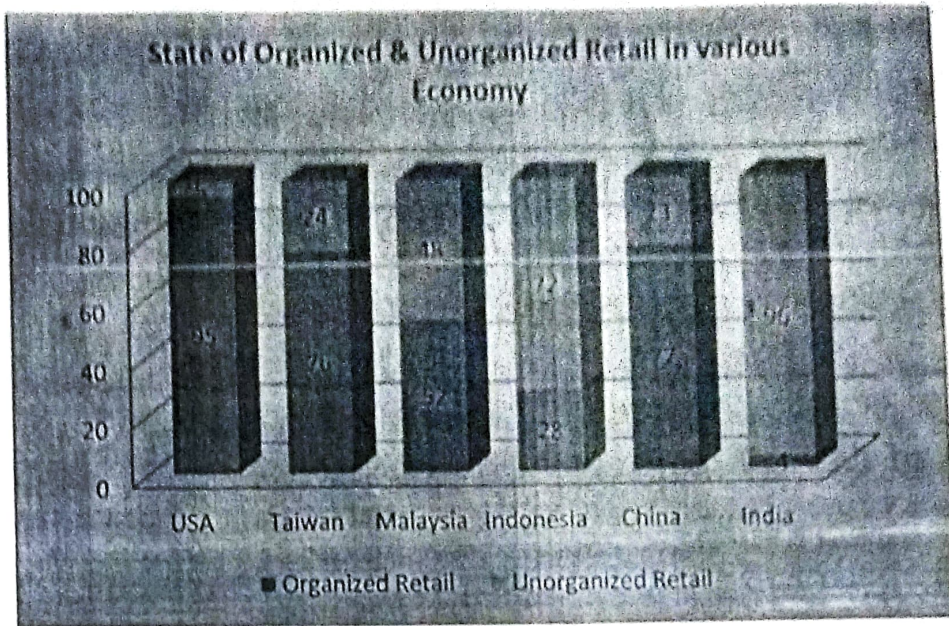
### **Objectives of the Study**

The main purpose of this research paper is to study the various challenges faced by unorganized retailers and to put forward variety of strategies to overcome the competition posed by organized retailers. The following research objectives have been formulated for this present the study:

1. To study various challenges faced by unorganized retailers due to organized retailers.
2. To find out the various strategies adopted by the unorganized retailers to overcome competition.

### **Important Role of Unorganized sector in India**

In our country most of the retail sector is unorganized. The retail business contributes around 11 percent of GDP. Out of this the organized retail sector contributes only for about 3 percent share, and the remaining share is contributed by the unorganized sector. By ownership unorganized retail units are mostly the family owned business in India. Even organized retail sector in India is facing tough competition from unorganized sector. The existence of Unorganized retailing in the market has been there in India for centuries, these are named as mom-pop stores. The main advantage in unorganized retailing is consumer familiarity that runs from generation to generation. It is a low cost structure; they are mostly operated by owners, has very low real estate and Labour costs and has low taxes to pay.



### Challenges which are faced by the Indian unorganized retail sector

After the analysis of the responses collected by the stakeholders following hurdles and difficulties come forward. Unorganized retailers are facing these problems intensively while competing with organized form of retail. Below mentioned are some of the prominent difficulties.

1. Lack of best practice in inventory management and supply chain management.
2. Lack of capital or Credit requirement for business
3. No Fixed place for business operations
4. Stiff competition from organized retail sector.
5. Lack of knowledge, skills and training.
6. Consumers shifting towards organized retail markets.
7. Lack of government policies discouraging the unorganized retailers.
8. Complex procedure for getting license/permit
9. No Social security benefits

7. Providing free home delivery.
8. Arrangement for acceptance card payments

### Conclusion

The main purpose of this present research study is to understand acute problems faced by unorganized retail sector in India. As per the current market situation behavioral and purchasing pattern of Indian consumers are witnessing rapid changes. They are shifting their buying attitude from unorganized retail units towards organized outlets. In the evolving Indian retail market this research attempt has brought insights into importance of unorganized retail sector in India and this study will sure prove helpful to the unorganized retailers while framing strategies to face the opportunities and challenges in this sector.

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