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Entry of Corporate Retail: Impacts on Hawkers & Small Retailers

A case study from Mumbai



A Report for
Focus on the Global South, India
by Chetan Choithani

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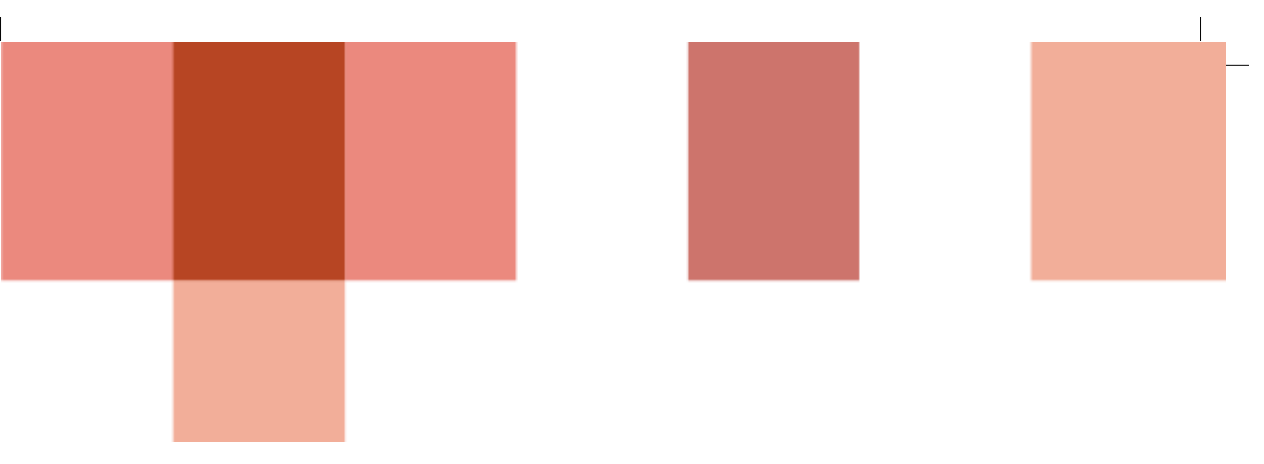
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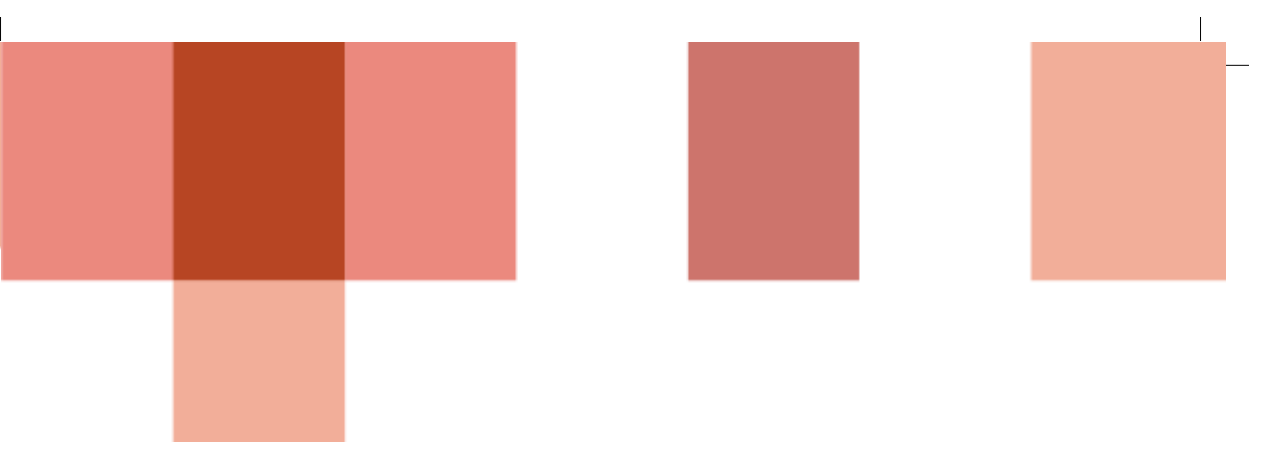
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I am sorry if I have missed out anybody, but all of you mean a lot to me.



Abbreviations

Rs	Indian Rupees (the conversion to US dollars works out as roughly Rs 40-45 = USD 1)
USD	US Dollar(s)
Crore	A unit in the Indian numbering system, equivalent to ten million
Lakh	A unit in the Indian numbering system, equivalent to a hundred thousand
1. BMC	Brihanmumbai Municipal Corporation
2. CAGR	Compound Annual Growth Rate
3. CPI-M	Communist Party of India (Marxist)
4. CRISIL	Credit Rating Information Services of India Limited
5. CSO	Central Statistical Organization
6. FDI	Foreign Direct Investment
7. FICCI	Federation of Indian Chamber of Commerce and Industry
8. GDP	Gross Domestic Product
9. ICRIER	Indian Council for Research on International Economic Relations
10. MRP	Maximum Retail Price
11. NCEUS	National Commission for Enterprises in Unorganised Sector
12. NSSO	National Sample Survey Organization



India has, at 6 percent, the highest retail density in the world, with 12 million small shops catering to 209 million households. Unlike in developed countries and in many of India's developing counterparts, the Indian retail trade is largely unorganised and highly fragmented in nature, operating in a 'low cost and small size' format – including as it does the 'local kirana store' as well as street vendors – and has traditionally been an occupation carried out mainly by these small entrepreneurs spread across the length and breadth of the country. Given the labour-intensive nature of the Indian economy in general and the informal economy in particular, the latter employing around 93 percent of the total labour force of the country, more than half of which (52.5 percent) comprises self-employed people, the retail industry is the second largest employer (agriculture being the first) and is the source of livelihood for some 27.6 million people who constitute 7.3 percent of the total labour force. Although Indian retail is dominated by small unorganised entities (controlling around 96 percent of the share in this USD 350 billion industry) that are perceived to have inadequate financial and infrastructural capacities, it accounts for roughly 10 percent of the Gross Domestic Product (GDP) of the country.

Of late, most particularly following the post-liberalization period, the retail industry has become one of the rapidly booming sectors of the Indian economy, which is expected to continue witnessing an unprecedented growth rate in the years to come. The realization of the enormous growth potential of this industry has attracted huge investments from major domestic corporate houses in the retail sector, and a new form of organised retail has emerged in the past few years. Economic growth and, consequently, a rise in the consumption expenditure with the growing middle class population; changing demographics that result in a large pool of young people and increasing levels of urbanisation; the rapidly changing lifestyle patterns, tastes and preferences of Indian consumers: these

are the major contributing factors to the growth of modern retail. It is not only domestic players who are viewing the Indian retail sector as a goldmine – India is one of the most preferred countries for venturing into retail by international retail giants like Walmart, Tesco and Carrefour, among others. However, the country's restrictive Foreign Direct Investment (FDI) policy for the retail trade does not permit foreign players to enter the retail arena.

With the onslaught of organised retail and its subsequent expansion at an unparalleled pace, Indian retail is witnessing a dramatic shift in terms of organization. Modern formats of retailing such as hypermarkets, supermarkets, megastores etc. are replacing the traditional family-run small shops and street markets. And the highly optimistic growth projections of the retail trade largely rest on the rapid expansion of this modern retail.

Within the retail sector, the food and grocery segment constitutes about 41 percent (USD 154 billion) of private consumption expenditure and about 77 percent (USD 180 billion) of total retail sales. Considering the domination of this segment of retail in both total private consumption expenditure as well as in total retail sales, the major driver of growth for organised retail in the coming years would have to be food and grocery retailing. It is reported that of the proposed USD 25 billion investment in organised retail by 40 retail giants including Walmart/Bharti, Reliance, the AV Birla group and the Future group, 60-65 percent (around USD 15 billion) will go towards this sector.

However, the emergence and fast expansion of organised retail has led to a nationwide debate on its implications for the various stakeholders associated with the process, including farmers, consumers, and the millions of unorganised retailers. The bone of contention between proponents and opponents of organised retail revolves around two main arguments: 1) On the one hand, the highly fragmented and unorganised nature of the Indian retail industry with its inadequate financial and infrastructural capacities is perceived as an obstacle to the growth of retail in India and, in turn, of the overall economy, and hence the need to facilitate the expansion of organised retail is suggested. 2) On the other hand is the consideration that modern retailers would gradually wipe out the small entrepreneurs who, given their inability to compete with the retail giants due to capital constraints, would swell the ranks of the huge reserve army of unemployed people in the country.

Given the low capital and skills requirements of unorganised retail, the retail industry may safely be regarded as a refuge for the millions of small retailers unable to be absorbed in any other sector of the economy. Thus, it becomes essential to understand the possible impact of the arrival and growth of organised retail in the country on traditional retail units and small retailers. The present study attempts such an understanding, with the help of primary data collected from a non-probabilistic sample of 76 small retailers (kirana stores and street vendors) operating in the vicinity of organised retail outlets in the city of Mumbai.

However, as noted earlier, the sheer dominance of the food and grocery segment is a prominent reason for organised retailers to emphasise this particular segment. Therefore the study focuses on the impact of organised food and grocery retailing on its corresponding service providers in the unorganised sector.



Preface

This study is a contribution to the debate and controversy around the entry of big multinational retail giants into the Indian retail market, which is mainly unorganized. India's retail sector employs around 8% of the total work force, (approx. 40 million persons). India has the highest in retail density in the world, with 15 million retail outlets. Most of these units are small owner based. Only 4% of Indian retail outlets are larger than 500 sq feet.

These companies have the deep pockets to be able to indulge in predatory price wars with the small shops and hawkers. There are already initial signs of negative impacts of organised retail on traditional retailers, hawkers and suppliers in both major cities and smaller cities.

The entry, and worse: the unregulated entry of the big retail giants will impact the small shopkeeper and the large numbers of shop assistants quite drastically. The likelihood of the absorption of these displaced people is unlikely in the current economic scenario.

Food and grocery is the largest segment of the Indian consumer's retail basket and, thus, largest source of revenue for retail corporations given their efficient supply chains. Organised retail giants prefer to procure from big farmers who can provide large volumes. Thus, contrary to the claims made about benefits to farmers, retail giants will not benefit millions of small and marginal farmers in the country.

In fact, liberalization of different sectors for back end support to organised retail (e.g. APMC act etc) is already squeezing market options for small farmers.

Organised retail will not only finish unorganised retail but also cripple the rural economy because farmers would lose their daily market and will either quit or

get dependent on the organised retail for sale of their produce – impact food security of millions in farming and retail democracy

The attempted ‘takeover’ of the retail market by big organized retail giants is being opposed by shopkeepers and small traders, and hawkers all over India and these struggles resulted in at least one state in India, Uttar Pradesh, banning their entry.

Chetan Choitani’s was an intern with Focus on the Global South when he undertook the study and wrote this paper, with the help and support of the focus India team.

This study by Chetan undertakes an scant attempt to understand the impact of organised retail on the unorganised entrepreneurs, mainly hawkers and small shopkeepers, in the metro city of Mumbai and the problem being faced by them. The study also attempts to investigate the impact of discounts and schemes being offered by organised retail, esp in the food and grocery sector, on the business and profitability of small shops and street vendors.

We hope this study would help in highlighting the problems of millions of small, unorganised vendors and shopkeepers thrown into an uneven and unfair competition with the huge corporate and organised retail chains. This is a small attempt by the Focus team to support and encourage a debate in the country to look into the organised retail not only from the foreign direct investment perspective but also as a threat to the livelihood of a huge population of small entrepreneurs and roadside vendors.

Thanks,

Meena Menon

Country Coordinator

Focus on the Global South, India



Introduction and Review of the Literature

1.1 Overview of the Indian Retail Sector

India may or may not be the largest democracy in the world but it can safely be described as the leading 'retail democracy'. At 6 percent, it has the highest retail density with 12 million small shops catering to 209 million households (Ernst and Young 2006). Unlike in developed countries and in many of India's developing counterparts, the Indian retail trade is largely unorganised and highly fragmented in nature, operating in a 'low cost and small size' format – including as it does the local 'kirana store'¹ as well as street vendors – and has traditionally been an occupation carried out mainly by these small entrepreneurs spread across the length and breadth of the country. As per the Economic Census 2005, the number of enterprises engaged in retail trade that year was estimated at 14.95 million, of which rural and urban India accounted for 7.79 million and 7.16 million entities respectively (CSO 2005). Given the labour-intensive nature of the Indian economy in general and the informal economy in particular, the latter employing around 93 percent of the total labour force of the country, more than half of which (52.5 percent) comprises self-employed people, the retail industry is the second largest employer (agriculture being the first) and is the source of livelihood for some 27.6 million people who constitute 7.3 percent of the total labour force (NSSO 2005-06). Although Indian retail is dominated by small unorganised entities that are perceived to have inadequate financial and infrastructural capacities, it accounts for roughly 10 percent of the gross domestic product (GDP) of the country.²

¹'Kirana store' denotes an unorganised food and grocery retailer operating from owned or rented premises. Also, in this study, kirana store is used interchangeably with 'kiranawallah', which refers to the owner of the kirana store.

²As per the National Accounts Statistics 2008, wholesale and retail trade contributed 13.9 percent of the GDP in the year 2006-07. Given that there is no official agency providing segregate data, this figure is arrived at based on the information provided by the Economic Census 2005 on the number of enterprises engaged in wholesale and retail trade, 0.85 million and 14.95 million respectively. Also, a press release dated 23 February, 2005, of the Department of Commerce, Ministry of Commerce and Industry, following a seminar on 'Retailing in India: A Government Policy Perspective', organised by the Federation of Indian Chambers of Commerce & Industry (FICCI), also stated that retail trade contributes around 10 percent of the GDP (http://commerce.nic.in/PressRelease/pressrelease_detail.asp?id=1673).

1.2 The Emergence of Organised Retail in India

The Indian retail industry is estimated to have stood at USD 350 billion as of 2007 and is projected to rise at an unprecedented pace to reach USD 427 billion by 2010 and USD 637 billion by 2012 (AT Kearny 2007). Being largely unorganised in nature, 96 percent of total retail sales emanate from unorganised retail (FICCI 2007). However, with the onslaught of organised retail and its subsequent expansion at an unparalleled pace, Indian retail is witnessing a dramatic shift in terms of organization, from the traditional family-run small shops to hypermarkets, supermarkets and mega-stores. The retail space for modern formats in India has increased from 3.5 million square feet in 2001 to 30.69 million square feet in 2006 (ICRIER 2008: 11) and organised retail sales are projected to grow at a compound annual growth rate (CAGR) of 40 percent between 2007 and 2010 (AT Kearny 2007). Remarkable economic growth and the consequent rise in consumption expenditure, the changing demographics of the country, evolving lifestyle patterns and the increased availability of low-cost consumer loans are considered to be the key drivers of this growth. The massive size of the Indian retail industry and the highly optimistic growth projections for organised retail in the coming years have attracted huge investments. It is reported that 40 retail giants, the largest being Walmart/Bharti, Reliance, the AV Birla group and the Future group plan to invest more than USD 25 billion (excluding real estate investment) to take the share of organised retailing from the current 3 percent to 15-20 percent in four years (FDI India Watch).³

1.3 Factors Fuelling Growth of Organised Retail in the Country

1.3.1 Economic Growth

The Indian economy falls in the category of the top ten economies of the world, with a GDP of Rs 2,864,309 crores in 2006-07. The economy has witnessed gargantuan leaps in terms of growth and has moved on to become the second largest growing economy of the world after China. After growing at an annual average rate of 7.4 percent between 2001-02 and 2006-07, in the last two years (2005-06 and 2006-07), the economy witnessed an average

³FDI India Watch is a campaign organization, which seeks to prevent foreign direct investment (FDI) in the retail sector in India (<http://indiafdiwatch.org/>).

annual growth rate of more than 9 percent (CSO 2008). Consequently, there has been a rise in the per capita income of the population, as measured by GDP per capita income. The average annual per capita income, which stood at Rs 19,245 during 1997-2002, has increased to Rs. 29,786 in 2007-08. Per capita income grew at an average annual growth rate of 3.7 percent from 1992-93 to 2002-03 and accelerated its pace over the next five years, growing at 7.2 percent or almost double the previous rate from 2003-04 to 2007-08. The positive correlation between per capita income and consumption expenditure is apparent. Per capita consumption expenditure increased from Rs 12,392 during 1997-2002 to Rs 17,145 in the fiscal year 2007-08, with its growth rate doubling from a mere 2.6 percent per annum during 1992-93 to 2002-03 to 5.1 percent during the period 2003-04 to 2007-08 (Economic Survey 2007-08)⁴. Rising per capita income is likely to lead to an even further increase in consumption expenditure, and this will fuel the growth of organised retail in the country.

1.3.2 Favourable Demographics

a) Age-structural Transition and the Advent of Consumerist Culture

India's present stage of demographic transition characterised by moderately declining fertility and low mortality offers the country a 'demographic window of opportunity', in which the population in the 15-59 age group, considered to be the economically active population, grows at a faster rate than its dependent population, both child and old age dependents. As per the 2001 census, the populations in age groups 0-14, 15-59 and 60+ stood at 35 percent, 57 percent and 7 percent, respectively (Census 2001). Further, the population in the economically active age group is projected to rise to 64 percent by 2030 (World Population Prospectus 2005). The growing awareness of these age-structural changes has led to debates among economists and demographers about their implications for the economic performance of the country. It is widely acknowledged that the 'demographic dividend' created by age-structural transition in its intermediate phase provides a growth potential from an economic viewpoint. Bloom, Canning and Sevilla (2003) noted that age-structural changes can have significant effects on the economic performance

⁴All the figures related to national income, per capita income and per capita consumption expenditure are at the constant prices of 1999-2000.

of a country, provided the proper policy environment is put in place. Several specific country studies have confirmed the significance of this 'demographic dividend'. Navneetham (2002) noted that the 'demographic bonus' created through age-structural shifts had a positive impact on economic growth in Southeast Asian countries. Bloom and Williamson (1997) observed that one third of the observed economic growth in East Asia during 1965-90 was due to the changes in the age structure of the population.

In India, in spite of the doubts being raised about the optimal capitalisation of this dividend due to the absence of the adequate policies pertaining to health and education, and the subsequent inadequate absorption of the Indian youth in the labour force (Chandershekhar, Ghosh and Roychowdhury 2006), that this 'demographic bonus' is deemed to be the foundation of future economic growth appears undeniable. Furthermore, India's population is the youngest among all the nations, with 53.8 percent of its people being less than 25 years old and 69.2 percent being under 35 years (Census 2001). This young India is rapidly moving towards a consumerist society and has massive potential for consumption growth. Thus, ever-rising income coupled with the increasing influence of western culture, and mounting aspirations linked to an evolving consumerist culture among a significant chunk of young people, is likely to drive the growth of the organised retail industry in the country.

b) Increasing Levels of Urbanisation

Although 72.2 percent of the country's population lived in rural areas, according to the Census, 2001, the concentration of job opportunities and the availability of better educational institutions in the urban areas, among other factors, will be the driving force for a constant flow of migrants from the rural to the urban landscape. It is projected that by 2030, the level of urbanisation will reach to 40.6 percent and by 2050 more than half (55.2 percent) of the population of India will be residing in urban areas (World Urbanisation Prospectus 2008). The level of urbanisation is positively correlated with the level of income of the population. A report notes that urbanisation trends across geographies indicate that states with high urbanisation have higher income levels and tend further to urbanise faster than others (Tata Strategic Management Group 2007). Empirically, urban areas, particularly the cities, have always acted as a catalyst for the development of any industry, largely because of the availability of better

infrastructure. Thus, a rapidly urbanising population with higher income is also likely to stimulate the growth of organised retail in the country.

1.3.3 Increase in Retail Credit Availability

In recent years, due to the strong macro-economic environment and advances in information technology, retail banking in India has witnessed tremendous growth. The growing realization of the enormous benefits to be gained from retail banking has led both, private and public sector banks, to develop a strong retail loan portfolio by easing the norms of retail loans and simultaneously reducing the interest rates to make them easily accessible and affordable to the Indian masses. As a result, the retail portfolio of the banks constituted 21.5 percent of total outstanding advances as on March 2004. Also, retail loans are estimated to have accounted for nearly one-fifth of all bank credit (Gopinath 2005). Another report estimated that retail loans have doubled in the last three years to reach USD 38.7 billion by 2005 (Ernst and Young 2006). Increasing purchasing power, particularly due to the rise of the middle class coupled with an attitudinal shift towards personal debts, and the increasing significance of plastic money, has led to a rise in the number of credit cards issued by banks. The total number of cards issued (and outstanding) by 42 banks, increased from 2.69 crores by end December 2003 to 4.33 crores by end December 2004 (Gopinath 2005). The easy availability of low-cost retail loans coupled with 'never experienced before' banking convenience (credit/debit cards, e-banking etc.) is expected to give a major boost to retail lending in the near future and is estimated to witness a compound annual growth rate (CAGR) of 22 percent between 2005 and 2009 (Technopak 2007) which, in turn, is likely to provide an impetus to the expansion of the organised retail industry.

1.4 Debates on the Implications of Organised Retail

As with the advent of every phenomenon carrying many questions along the way, the spurt in the modern form of retailing has led to a widespread debate on the pros and cons of organised retail. The debate between proponents and opponents of organised retail revolves around two main arguments: the highly fragmented and unorganised nature of the Indian retail industry with its inadequate financial and infrastructural capacities is perceived as an obstacle to the growth of retail in India and, in turn, of the overall economy, and hence the need to facilitate the expansion of organised retail is suggested; on the other

hand is the consideration that modern retailers would gradually wipe out the small entrepreneurs who, given their inability to compete with the retail giants due to capital constraints, would swell the ranks of the huge reserve army of unemployed people in the country. Apart from these two views highlighting the positive and the negative sides of organised retail, there is also the view that modern and traditional retail can co-exist quite well. Let us examine these arguments in detail.

1.4.1 Organised Retail: Win-win Situation for All

The organised retail industry is being considered one of the major drivers of the Indian economy. The approach paper to the Eleventh Five Year Plan (2007-12) noted, "While the bulk of retailing will continue to be in the small scale and informal sector, it must be recognised that organised retailing brings many advantages to producers and also to urban consumers, while also providing employment of a higher quality. Organised retailing in agricultural produce can set up supply chains, give better prices to farmers for their produce and facilitate agro-processing industries. Modern retailing can bring in new technology and reduce consumer prices, thus stimulating demand and thereby providing more employment in production." (Planning Commission 2006: 41). According to the 'Images India Retail Report' (2007), organised retail is expected to add around USD 45 billion as well as generate employment for around 12 million additional workers in various retail operations and retail support activities by the year 2010⁵.

It is said that expansion of organised retail is the need of the hour, because the inefficient unorganised retailers will not be able to meet the growing demand for retail from the ever-rising, consuming class in the years to come, and hence the entry of big retailers would help avert the supply crunch. It is also argued that growth of organised retail in the country will lead to the elimination of the supply-chain bottlenecks created by a flood of intermediaries; and thus yield efficiencies in the supply-chain and logistics network. A study on food and grocery retailing in India found that the elimination of possible intermediaries could result in a cost reduction by 35 percent (Kumar, Patwari and Ayush 2008). Further, the large economies of scale by organised retailers will benefit consumers, as the gains of cheaper procurement of goods and

⁵Posted on <http://www.indiaretailing.com/retail-business-news.asp>

products will percolate down to the end users, while paying appropriate prices to producers for their merchandise. It is noted that consumers from all income strata have been able to save through organised retail purchases; besides, farmers are likely to gain significantly, as their profits would go up by 50 percent with direct sales to organised retailers (ICRIER 2008).

By not following the practice of keeping and maintaining accounts, virtually all unorganised retailers in the country evade taxes to the extent possible, leading to a loss in national revenue. Also, small shop owners follow cheap labour practices including child labour, longer working hours, paying much lower than minimum wages and so on. Sasi (2004), drawing from the findings of the 'CRISIL India Report', noted, "the disadvantages of having much of the retail business in the unorganised sector is apparent with most local small-scale retailers operating on a low-cost-and-size format, thereby evading tax and following cheap labour models to offer customers low prices". In contrast, organised retailers pay taxes and offer relatively better wages and working conditions to their employees.

Thus, from the pro-organised retail viewpoint, expansion of modern retail is a 'win-win situation' for most of the stakeholders associated with the process.

1.4.2 Growth of Organised Retail at the Expense of Small Entrepreneurs

Another view rests on the profound implications for the millions of small retailers who earn their livelihood from this sector. Available evidences suggest that the arrival of organised retail chains has displaced smaller retailers worldwide. A note from the Communist Party of India – Marxist (2007) to the Prime Minister reads, "Expansion of the Walmart chains has caused massive closure of small stores and pauperisation of poor communities even in the US." Available studies confirm the impact of organised retail on small stores. For instance, Natawidjaja et al. (2006) found that in Indonesia the sale of supermarkets is growing at the rate of 15 percent a year as against the decline in the sales of small retailers at 2 percent a year. It is further noted that in 1990 nearly all of Indonesia's consumers shopped only at the small shops and wet markets, but by 2005, 30 percent of food was being purchased in supermarkets. Faiguenbaum et al. (2002) noted that in urban Chile 15,777 small shops disappeared between 1991 and 2005 due to the organised retail chains. Gutman (1997) estimated

that in urban Argentina, 64,000 small food shops went of the business during the most intense period of the rise of supermarkets from 1984 to 1993 (cited in Reardon, Henson and Gulati 2007). In South Korea, there was a decline of around 11,400 family-run small shops from 107,365 in 2001 to 95,967 in 2005, while the number of big supermarkets and convenience stores rose from 78 to 707 during the same period (The Hankyorekh 2007)⁶.

In India too, the impact of the arrival and rapid expansion of organised retail chains on small retailers in terms of declining sales and profit, closure of businesses and consequent unemployment cannot be denied. The NSSO indicated the decline of 12.5 lakh self-employed retailers in urban India during the period 1999-2000 to 2004-05⁷. Although the decline in the number of self-employed retailers cannot wholly be attributed to organised retail, the fact that there is a significant impact on unorganised retailers is a cause of concern for those engaged in small scale retail activities. While an ICRIER report suggested that the impact of organised retail on the unorganised sector is short-lived, and a majority of the unorganised retailers surveyed showed their preference to continue in the business, it also acknowledged the decline in the sales and profits of unorganised retailers and closure of their businesses at the rate of 1.7 percent a year on account of competition with the modern retail chains (ICRIER 2007).

In a survey of 112 small shops and street hawkers of Mumbai to assessing the impact of malls and more precisely of organised retailing on such shops and vendors, it was found that 50 percent perceived the threat of either closure of their business or substantial decline in sales (Kalhan 2007).

The belief that organised retailers adhere to better labour practices could well be contested. In fact, available evidence suggests that exploitation of labour is one of the cost reduction strategies of organised retailers. International retail giant Walmart, the largest retailer in the world and the biggest private sector employment provider in the USA, is notorious for its anti-union policies. It has many times violated labour laws in several countries and has been fined

⁶Posted on The Hankyorekh – June 22, 2007 http://english.hani.co.kr/arti/english_edition/e_business/217707.html

⁷This figure, based on NSSO 2004-05, was quoted by the Managing Director of the Andhra Pradesh State Financial Corporation (APSFC) while addressing a seminar on 'Retail Marketing and Emerging Dimensions' in Khammam, Andhra Pradesh, published in the April 1, 2008 edition of Hindu Business Line.

hefty amounts. For instance, jury verdicts ordered it to pay USD 78 million in Pennsylvania in 2006 over rest breaks and unpaid work, and USD 172 million in California in 2005 over meal breaks. The most recent case against Walmart is the violation of 'State Wage and Hour Laws', Hastings, Minnesota. Walmart had reportedly denied the full rest and meal breaks to workers there, for which it could be fined as much as USD 2 billion (Economic Times 2008).

Studies further indicate that the growth of organised retailing in the upcoming years will be at the expense of small retailers. In fact, the ICRIER report drawing from the experience of China and Indonesia noted that "modern and traditional retail can co-exist and grow, albeit at different rates, for many years, usually decades. While the kirana stores may be growing at about 2-5 percent per annum or so, organised retail may be growing at 20-40 percent plus per annum" (ICRIER 2008: 46). Guruswamy, Sharma and Jos (2007) argued that "organised retailing is already growing at 37 percent (while total domestic retail is growing at only 5.7 percent) and the overall figure is expected to cross Rs 100,000 crores by 2008 from its current level of Rs 48,500 crores. From 4.7 percent of the total retail market share now, it is expected to reach 9 percent by 2010. This current growth of organised retail at 37 percent while the total retail market is growing at just 5.7 percent is clearly at the expense of the small retailers." This indicates that although the impact of organised retail may or may not result in the closure of unorganised retail units, the former are certainly eating into the latter's pie in a big way.

Hence, given the 'jobless growth' scenario in the country for almost a decade now, the arrival of the modern retail wave is considered ruinous for the small retailers.

1.4.3 Traditional and Modern Retail Can Co-exist

There is another neutral view which rests on the possibility of the co-existence of the organised and unorganised retailers in the country. Such co-existence is justified largely by different combinations of benefits and conveniences offered by each sector to its customers. While organised retail outlets offer merchandise at cheaper prices and provide a convenient shopping environment, unorganised retailers provide great convenience in the form of cash credit on goods and home-delivery services. For instance, a survey of 1300 consumers conducted by AC Nielsen in 2007 in Jakarta, Bandung and Cirebon cities of Indonesia, which

focused on the buying behaviours of consumers from organised and unorganised retail outlets, found that while penetration of grocery retailing had occurred much more rapidly in processed, dry, and packaged foods, household products and personal care items, for which supermarkets gain a cost advantage due to economies of scale resulting from centralised procurement and distribution, shoppers still mainly used wet markets and small vegetable stalls, where they got low prices, credit, and personal service, for more frequent purchases of fresh produce (cited in Reardon, Henson and Gulati 2007). Similarly, such different retail preferences for distinct categories of goods should enable both modern and traditional retail stores in India to thrive. It is estimated that even though the market share of organised retail will grow from a mere 4 percent in 2006 to 16 percent in 2011, the share of unorganised retail will also increase from USD 324 billion in 2006 to USD 493 billion in 2011, with a corresponding growth in the overall retail sector from USD 336 billion to USD 590 billion. Thus it is noted that although organised retail will thrive in the years to come, traditional retail will also survive (Technopak 2007). This neutral school of thought does not agree that the impact of modern retail chains on the unorganised shops will be significant.

1.5 The Ongoing Debate on Foreign Direct Investment (FDI) in Retail

The trends in the respective contribution to the national income of the three broad categories, i.e. agriculture, manufacturing and the service sector, suggest that despite agriculture still being the largest employer, the service sector dominates in terms of income. The contribution of the service sector to the GDP stood at 61.9 percent in 2006-07 (CSO 2008). The high economic growth in recent years is largely attributed to the rapidly rising service industry; the notable growth of the service sector is in turn attributed to the country's liberalization policies, which have made possible the free flow of capital investment. In the process of integration of the Indian economy with the global financial system in the post-reform period, India has opened up virtually all sectors to FDI, with some sectors fully (100 percent) opened up, and others partially.

As noted above, the Indian retail industry has enormous potential. India has been ranked as the hottest destination for investment in retail for three consecutive years (2005, 2006 and 2007) in AT Kearny's 'Global Retail Development Index'

for those years. It is not only domestic players who are viewing the Indian retail sector as a goldmine – India is one of the most preferred countries for venturing into retail by international retail giants like Walmart, Tesco and Carrefour, among others. However, the country's FDI policy for the retail trade does not permit foreign players to enter the retail arena. According to the CRISIL India Report, while the share of organised retail in most developed countries stands at around 75 percent, India lags far behind many of its developing counterparts like China, Malaysia, Thailand and Philippines, where the share of organised retail in the total retail sales is 20 percent, 50 percent, 40 percent and 35 percent, respectively (cited in Sasi 2004). This can be attributed mainly to India's restrictive FDI policy. Although in 2006 India allowed FDI up to 51 percent in single brand retailing, and there is no ban on wholesale operations ('cash and carry')⁸ by foreign players in multiple brands, overseas retailers are not allowed to carry out retail trade in multiple brands, mainly because of persistent nationwide resistance from different anti-corporate retail lobbies and traders. However, owing to mounting pressures by international retailers eyeing the opportunities offered by Indian retail, the Government of India now seems all set to allow 100 percent FDI in multiple brand retailing. Amid the controversy over the cancellation of licenses for 'Metro Cash and Carry' operations (perceived as a backdoor entry for international retailers into the country's retail arena) in Kolkata, Gunter Wehrmann, German Consul-General in eastern India, warned that German companies would cease to invest in the state of West Bengal if Metro Cash & Carry were compelled to shut down its store in Kolkata (Hindu Business Line 2008). Walmart, the international retail giant, is also apparently putting pressure on the Indian government to remove its ceiling on FDI in retail.

The suggestion that the FDI ceiling in the retail sector be removed urgently has been made presuming that foreign investment will revamp the highly fragmented retail industry in India. And considering the fact that among all segments of service sector, retail contributes the most, this is expected to give a major boost to the Indian economy as well. Which is why in 2007 the then Finance Minister P Chidambaram categorized retail reforms as one of the topmost priorities of

⁸'Cash and carry' refers to the type of wholesale operations in which goods or products are sold in bulk to customers comprising small retail stores, caterers, institutional buyers etc. instead of end users. The Germany based 'Metro Cash and Carry' is an example in this regard.

the reform agenda. This has, however, displeased traders and added more fuel to the fire of the agitation against corporate retailers.

The opening up of FDI in retail is being viewed as disastrous by traders, small shops and many others involved in the retail trade, as fears mount that foreign players will drive out the small unorganised retailers. However, a report entitled 'India's Retail Possibilities' refutes this argument and notes that restrictive FDI regulations have not really been helpful in safeguarding the interest of smaller retailers, and rapidly expanding domestic organised retailers are driving the independent unorganised retailer out of business anyway (Cushman and Wakefield 2005). Interestingly, although it acknowledges that domestic retailers are already affecting the business of small retailers, the report appears to be advocating foreign investment in retail in India for the optimal capitalisation of the opportunities offered by this sector.

Domestic organised retailers, too, have expressed concerns over the entry of foreign retail chains with their technical expertise and financial supremacy. They fear that the entry of such chains will have an impact on their revenues and profit margins, and argue that they need a head start to carve out a share for themselves. The concerns of domestic retailers, both organised and unorganised, appear valid in the view of scale of operations of foreign retail giants. Guruswamy et al. (2005) noted, "Walmart with a turnover of USD 256 billion in the year 2004 can sustain losses for many years in order to wipe out its immediate competition, both from organised and unorganised retailers and no Indian retailer will be able to meet the onslaught from a firm like Walmart – when it comes." Thus, it could be inferred that for small and petty retailers already being impacted by the domestic retail chains, competition with the international retail giants will be a great challenge and their standpoint of opposing FDI in retail is justified to a great extent.

1.6 Emphasis on Organised Food and Grocery Retail: Implications for Kirana Stores and Street Vendors

Retail trade comprises a plethora of goods and services, including food and grocery, apparel, footwear, jewellery and accessories, books and music, medical services, household appliances and so on. In 2003-04, retail sales in India amounted to 61 percent (USD 234 billion) of the total private consumption expenditure of USD 375 billion (Ernst and Young 2006). However, in view of

the still evolving lifestyle patterns as far as goods and services other than food and groceries are concerned, and the persistence of widespread poverty and inequality in the country, as 77 percent of Indians spend less than Rs 20 per day (NCEUS 2005), an overwhelming majority of India's population spends large chunks of its income on food and grocery items. The 61st round of NSSO estimated that the share of food in consumption expenditure was 55 percent and 42 percent in rural and urban India respectively (NSSO 2004-05). Another report noted that in 2003-04, food and groceries accounted for 41 percent (USD 154 billion) of total private consumption expenditure and 77 percent (USD 180 billion) of total retail sales (Ernst and Young 2006). The domination of this segment of retail has drawn the attention of the larger retailers in the country. As a result, 60-65 percent (around USD 15 billion)⁹ of the proposed investment for the expansion of organised retail is expected to be earmarked for food and grocery retailing.

Apart from 12 million shops, an estimated 10 million street entrepreneurs derive their income from the retail trade in the country. A large majority of small shops and street hawkers are involved in food and grocery retailing. Unorganised food and grocery retailers account for 99 percent of the total food and grocery retail sales in the country (Shabnam and Paul GD 2008). However, massive investments by organised retailers with special emphasis on the lucrative food and grocery segment, evidently the major growth driver for the whole organised retail industry, has become a cause of great concern for the unorganised food and grocery retailers. Vijay et al. (2008), on the basis of a study of the Indian food retailing sector noted that although there are more gainers than losers as organised retailers enter the Indian food retail industry, their entry will have an adverse impact on the country's kirana stores.

Even though there may be more gainers from organised retail in the country than sufferers, there is consensus that the process would have a significant impact on unorganised retailers, making it a matter of serious concern. The repercussions of organised food and grocery retail for the unorganised traders appear even more serious in view of the absence of any form of social protection during the time of contingencies, which is one of the key characteristics of

⁹This figure is calculated on the basis of the aforesaid fact that Walmart/Bharti, Reliance, AV Birla and Future group plan to invest more than USD 25 billion in organised retail, and 60-65 percent of this investment be in food and grocery retailing.

the unorganised sector. Another issue is gradual governmental withdrawal on the social front over the years. Social sector expenditure as percent of total government expenditure (combined central and state governments) has declined from 22.3 percent in 2000-01 to only 20.4 percent in 2004-05, and as percent of GDP from 6.25 percent to 5.66 percent during the same period (Economic Survey 2005-06, 2006-07).

1.7 Nature of Schemes/Discounts Offered by Organised Retailers: A Cause of Concern for Small Entrepreneurs?

Although international experiences of the arrival and expansion of modern retail outlets do highlight the impact on small retailers, the case of India is considered unique. There is a perception that organised retail chains will not impact the small shops due to their different clientele. While the organised retailers are said to be catering to a small fraction of the upper and upper middle classes, it is assumed that a large majority of Indian consumers will continue to make their purchases from the small shops and street vendors, for the neighbourhood small shops and street markets are configured to the tastes and preferences of this huge majority of consumers. Unlike with the organised retail outlets, not only do customers get to bargain about the prices of different goods by these small retailers, they are offered great conveniences in the form of cash credit on goods and free home delivery services. While the available research on organised versus unorganised retail highlights the possibility of co-existence of both forms of retail in India based on the several advantages and disadvantages of modern and traditional retail (ICRIER 2008; Technopak 2007), a quest to gain an understanding of the fears of small retailers and their consequent opposition to modern retail emerges. The small traders' worries are based on the economies of scale that enable organised retailers to have centralised procurement and distribution channels, which in turn enables them to gain the cost advantage.

One of the arguments favouring expansion of the organised retail industry is that when the gains of cheaper procurement percolate down, the biggest beneficiaries would essentially be the end users. Indeed, this argument does hold ground. Domestic organised retailers in India have evidently adopted the 'lowest possible price' model of the Walmart. They sell the goods/products with alluring schemes (for instance, "buy one get one free") and big discounts

varying from 10 to 50 percent on the maximum retail price (MRP), despite having very high overhead costs. A study jointly conducted by the International Food Policy Research Institute and Michigan State University found that prices for basic food items such as rice, flour, pulses, fruits and vegetables are 30 percent cheaper, on an average, in organised retail stores than at kirana stores or at street vendors (Mint 2008). In fact, this aggressive pricing strategy is one of the crucial keys to gaining hold of the majority of Indian customers who still prefer small shops over modern retail outlets. For instance, the tagline of 'Big Bazaar' and 'Food Bazaar', respectively the hypermarket and supermarket retail chains of Pantaloon Retail Private Limited, India, the largest listed retail company of India, is "Isse Sasta Aur Kahan" ("Where can you find goods cheaper than here?"). These retail chains are also famous for their festive offers. The most widely popular festive event is the annual "Sabse Saste 3 Din" ("Super-saving 3 days"). These chains offer various goods and products with big discounts and attractive schemes during these three days, and the schemes have drawn enormous attention from a significant chunk of Indian consumers from different socio-economic strata. In his autobiography, Kishore Biyani, the CEO of the company, describes the madness among the consumers which led to a stampede-like situation outside the Big Bazaar stores across the country on January 26, 2006, the very first day of the first of these saving campaigns. The fact that this campaign helped Big Bazaar achieve record-breaking sales of about Rs 30 crores on the first day speaks volume about the influence these schemes/discounts have on Indian consumers (Biyani and Baishya 2007). Likewise, Subiksha Retail, whose slogan says, "Saving is my right", and several other modern retail chains such as Spencer Retail (RPG group venture) and More For You (AV Aditya Birla group venture) also offer food and groceries with big price discounts.

Also, the realization among organised retailers that a massive consumption potential lies not with the small fraction of the population that is upper class and upper middle class but with those who are slightly above the bottom of the economic strata, because of their sheer numbers, is leading to alterations in their marketing strategies. Kishore Biyani classifies the Indian consumers into 3 distinct categories: 1. 'India One', which comprises the financially and educationally better-off people who make up only 14 percent of the total population; 2. 'India Two' which consists of around 55 percent of the total population (550 million) the drivers, maids, farmers, cooks etc. who serve

'India One'; 3. 'India Three' which consists of people with subsistence level incomes or a little more. Of all three categories, he sees the greatest potential in 'India Two', and his retail stores are in fact designed to cater to the tastes of this category of consumers (Wall Street Journal 2007). Pulling 'India Two' towards the modern retail outlets is a challenge; better pricing strategies will nevertheless play a crucially important role in attracting this segment of Indian consumers.

It is clear from the foregoing discussion that while the customers may undoubtedly be gaining from the schemes and discounts, the main aim of the organised retailers evidently is to create a niche in the Indian retail market. Going by the more than self-explanatory evidences of international retail giant Walmart wiping out its immediate competition through pricing strategy, doubts can most certainly be cast on the nature of schemes/discounts offered by the modern retailers and their consequent impact on the unorganised retail entities. One of the crucial findings of ICRIER suggests that while the majority of unorganised retailers preferred to continue in the business, schemes/discounts of such a magnitude seem to pose a threat to them. In such a situation the basic question arises here – for how long will the small retailers be able to compete with the retail giants?

1.8 Organised Retail versus Street Vendors

Street vendors constitute a significant portion of the urban landscape today. Be it New York, Berlin, Manila, Dhaka or Mumbai, the ubiquitous presence of street vendors is undeniable. In India, it is estimated that around 2.5 percent of the urban population is engaged in street vending, and the total number of street vendors is estimated to be around 10 million. "A street vendor is broadly defined as a person who offers goods for sale to the public without having a permanent built-up structure from which to sell. Street vendors may be stationary in the sense that they occupy space on the pavements or other public/private spaces or they may be mobile in the sense they move from place to place by carrying their wares on push carts or in baskets on their heads" (Bhowmik 2005).

The conspicuous presence of street vendors may escape our notice, but they are significant urban protagonists who add colour and dynamism to the urban landscape over and above performing the function of rendering goods and

services. They offer goods at reasonable prices at convenient locations like railway stations, markets, outside housing societies and so on. In fact, this convenience and the possibility of negotiating a good price are the factors that attract a wide variety of customers. It is also very interesting to note the eclectic customer base, across the lines of caste, class, ethnicity and language. It would be hard to find an urban Indian customer who does not purchase goods from street vendors. The middle and lower class consumers specifically prefer purchasing goods from them, and even the upper class consumers may be regarded as part of the story.

A nearly tenfold increase in the retail space in India, from 3.5 million square feet to 30.69 million square feet between 2001 and 2006, represents the response of organised retailers to the rising consumerist aspirations of young and prosperous India. Many people would argue that the advent of modern retail is nothing more than the revamping of the Indian bazaars and is a positive outcome of the economic restructuring of the country. However, in contrast to this is the case of street markets, which have existed from time immemorial. Yet street vendors have also been regarded as a public nuisance for a very long time. Not only are they constantly harassed by the regulatory authorities (Municipal Corporation, Police, etc.) but there are also organised campaigns against them by certain sections of the populace (Bhowmik 2006). Yet they fight to operate from public pavements, when in fact it is rather unambiguous that street vendors subsidize and offer convenience to a large part of the population across socio-economic groups. In recent times, there has been some speculation about increased harassment due to the complicity of the concerned authorities with the organised retailers.

While there have been studies on the harassment or illegality of street vendors and discourses to do with public space (Bhowmik 2005, 2006; Anjaria 2006) and also on the impact of organised retail, it is the confluence of the two which is not looked at in the same frame. Looking at all these issues in convergence adds a fresh perspective to the current discourse. One aspect that needs to be added is that of organised retailers lobbying with the authorities to evict the hawkers. Primary data collected in several areas of Mumbai has documented the increase in harassment by the Brihanmumbai Municipal Corporation (BMC) and police ever since malls, hypermarkets or supermarkets have arrived in certain areas.

Research Context

2.1 The Need for the Study

As mentioned earlier, the concept of organised retail is relatively new in India and, very limited research has been done on this subject so far. Most available reports related to the phenomenon of organised retail have focused on its growth prospects in the country and have, accordingly, projected its contributions in national income and employment generation. The literature has by and large overlooked the impact of organised retail on the millions of unorganised entrepreneurs in the country. In view of the lack of concrete evidence, the Government of India commissioned an independent think tank, the Indian Council for Research on International Economic Relations (ICRIER), to carry out a detailed analysis of the impact of organised retail chains on small shops, consumers, farmers and intermediaries. However, their report is looked upon as rather biased and is even seen as a deliberate effort by the government to facilitate and strengthen corporate retail. The report seems also to have overlooked the problems facing street vendors since the arrival of organised retail outlets. Nor does it highlight the profound impact of organised retail's discounts and schemes on small shops and street vendors. In the absence of adequate empirical evidence, it fails to address the concerns of the various stakeholders likely to be affected. This study is, therefore, an attempt to understand the concerns of the small retailers – including kirana stores and street vendors.

2.2 Focus of the Study

As seen from the data given in chapter 1, food and grocery is a major contributor to the revenue generated by the retail sector. This has been pointed out by other seminal studies as well. It is quite likely that the segment with low-to-medium purchasing power forms a significant proportion of the market for food and grocery. This segment is huge enough to enable the stakeholders in the supply chain of these commodities to benefit from economies of scale.

However, similar links between consumer segment and supply chain may have little relevance when it comes to goods such as lifestyle products. Moreover, for luxury goods, the decision to buy is usually driven by a set of non-price factors. This is a prominent reason for the greater emphasis placed by organised retailers on the food and grocery segment. Therefore, this study proposes to highlight the impact of organised food and grocery retailing on its corresponding service providers in the unorganised retail sector. Given this background, the objectives of this study are as follows:

2.3 Objectives of the Study

1. To assess the impact of organised food and grocery retail chains on the kirana shops and street vendors.
2. To understand the perceived impact on unorganised retailers of the schemes and discounts offered by organised retailers.
3. To explore whether there exists a complicity between organised retailers and regulatory authorities vis-a-vis an increase in the harassment faced by street vendors.

2.4 Area of the Study and Rationale behind Area Selection

For this study, data has been collected from select unorganised retail outlets located in the city of Mumbai. Although the organised retail sector in India is fast expanding, its focus is still the metropolises. It is important to note that while Mumbai accounts for slightly above one-sixth of total retail space, Delhi and the national capital region, combined, comprise close to two-fifths of the total retail space (Cushman and Wakefield 2005). This spatial distribution suggests that these two regions are of utmost importance, for the markets of these areas are at advanced stage, owing to the early diffusion of organised retail, lending considerable momentum to the growth of the modern retail industry. By the same token, there is also the risk of saturation in some segments of organised retail. However, these metros are sufficiently large and diverse enough to accommodate the wide variety of new organised retail formats (Jones Lang Lasalle Megraj 2007).

Mumbai, also known as the commercial capital of the country, is the largest metropolis in the country with a population of 1.2 crore¹⁰ (Census 2001). The

¹⁰This figure includes both, the population of Mumbai and of Mumbai Suburban.

city offers an extremely contrasting picture. While it accounts for perhaps the maximum number of skyscrapers in the country, including the corporate offices of national and multinational companies and residential complexes for their executives, indicating its affluent status, it also accommodates Dharavi, the largest slum of Asia, where the absence of basic amenities and the existence of extreme poverty are visible. Bhowmik (2006) noted, "Mumbai is a city of contrasts because only in very few mega cities in the world does utmost poverty coexist with conspicuous wealth as in Mumbai." Similarly, while this city stands second in terms of total organised retail space, it also occupies first position in terms of the number of street vendors, who form a major chunk of the unorganised retailers. It is estimated that Mumbai houses a total number of 2,50,000 street hawkers (Ibid: 4).

The economic base of Mumbai has witnessed a significant shift from cotton textile mills to a service-oriented economy. There was a drastic change in the employment situation of Mumbai owing to its longest ever textile strike in 1982-83. The organised and unorganised work forces accounted for 65 percent and 35 percent of the labour force respectively in 1961; these figures were reversed by 1991 (Ibid: 3). Following the textile strike and subsequent closure of mills, largely due to the shifting of production to cheaper power looms, and the accompanying escalation in real estate prices over the last decade, the mill owners were lured into pursuing alternative business plans with higher returns on investment. As a result, the long-disputed mill lands are being converted into residential apartments and commercial complexes with little or, in most cases, no benefits to the laid-off mill workers. The Phoenix Mills land in the city's Lower Parel area, which has been transformed into high-rise residential apartments, offices, malls and multiplexes, is the best example in this regard.

The textile strike of early 1980 rendered mill workers jobless and forced them to seek employment in the unorganised sector. While a majority of them found work in small scale industries and in power looms, a section took to street vending. It was found that 30 percent of the street vendors in Mumbai were former workers in the formal sector (Ibid: 5).

The rapid expansion of organised retail in Mumbai against this backdrop of affluence co-existing with extreme poverty makes the city an obvious choice of location, in our attempt to understand the impact of organised retail on small retailers.

2.5 Data and Methodology

This study was carried out using both secondary and primary data sources. The secondary data was drawn from various books, journal articles, reports, newspapers and so on. For primary data collection, a non-probabilistic sample of 76 unorganised retail outlets, including kirana stores and street vendors dealing in food and grocery retail, was taken, with the criterion that these outlets must be operating within a two-kilometre radius of organised food and grocery retail chains. The data was collected using an interview schedule containing mainly close-ended questions. Also, a lot of interesting responses emerged from casual conversations with the unorganised retailers. These responses were further probed, in some detail, in order to add value to the context of this research, and they have been included in the findings. The interviews were held in five locations in Mumbai – Kandivili (East), Vashi, Lokhandwala in Andheri (West), Malad (West) and Lower Parel – selected because of the concentration of organised food and grocery retail chains in these areas. The study is exploratory in nature, taking cues from both the interviews conducted and the observations made during field investigations.

2.6 Reference Period

The reference period for the research was two years, i.e. only those small shops and street vendors operating in the close vicinity of the organised retail stores for two years or more were interviewed.

2.7 Limitations of the Study

An attempt was made to study the phenomenon in a holistic manner by interviewing three types of respondents: organised retail chains, unorganised retailers, and customers at both forms of retail entities. However, the reluctance of the organised retailers despite a long follow-up for around two months, and the unwillingness of the customers at both types of places to share information, confines the study sample to unorganised retailers alone. While eliciting the views of only one sector might lead to questions about biases in the study, a genuine attempt has been made to minimize all such bias through a simple yet effective combination of both quantitative and qualitative methodological procedures for purposes of analysis.

General Profile of the Sample Respondents

3.1 Categories of the Entity

Of the 75 interviews conducted for the study, 39 are at small grocery stores operating from owned or rented premises and selling items such as staples, food grains, edible oil and vanaspati ghee, milk, bread and eggs, packaged foods, household cleaning products and so on. The remaining part of the sample consists of 37 street vendors selling fruit and vegetables and operating in public spaces – pavements and permanent streets.

3.2 Categories of Respondents

Given the low capital investment, the Indian retail industry could well be regarded as a refuge for those unable to be absorbed in any other sector of the economy. Minimal investment is one of the prominent reasons for a majority of the retail workforce being self-employed. According to the latest NSSO estimates, 80.5 percent (22.2 million) of the 27.6 million people involved in the retail sector are self-employed, as against regular salaried and casual labour, which account for 16.4 percent and 3.1 percent respectively of the total retail workforce (NSSO 2005-06). However, since the main purpose of this study is to understand the impact of organised retail chains on the small retailers, rather than to look at the employment aspects, our sample of the small kirana stores and street hawkers in Mumbai consists of the self-employed people, excluding personnel employed by owners of the shops from the study.

3.3 Size of Entity

Although India may have one of the highest retail densities in the world, with around 11 shops per 1000 people, the average floor area occupied by Indian retailers is very low. It is noted that around 95 percent of retail outlets have an average floor area of less than 500 square feet (Voyce 2006; Frontline

2007). In our sample of 39 food and grocery stores too, 94.9 percent (37) of the respondents reported that their shop sizes were less than 500 square feet, while only 5.1 percent kirana stores had a floor space of 500 square feet or more.

Since street vendors, both licensed¹¹ and unlicensed, do not legally possess any area and their scale of operation is very small, 35 out of the 37 vendors were found to be operating from a floor area of less than 100 square feet.

3.4 Duration of Operation

Although the unorganised retailers varied in terms of the duration of their operation, a significant majority of them (58 respondents) said they had been operating for 15 years or more. Interestingly, while all the street vendors had been operating for 5 years or more, 8 kirana shops were found to be relatively new in the business. 12 unorganised entities, started by the fathers of the current operators, had been around for 45 years and more (see table 3.1)

Table 3.1: Kirana Stores and Street Vendors: Duration of Operation

Entity	Duration of operation (in years)					Total
	Upto 5	>5 but <15	>15 but < 30	>30 but < 45	45 and above	
Kirana stores	8	5	13	4	9	39
Street vendors	0	5	17	12	3	37
Total	8	10	30	16	12	76

3.5 Location of the Entity and Distance from Nearby Organised Retail Outlet(s)

The geographical distribution of the unorganised retailers interviewed for the survey in the five different suburban locations of Mumbai was 22 respondents from Kandivili (East), 15 from Vashi, Navi Mumbai, 13 from Lokhandwala in Andheri (West), 15 from Malad (West) and 11 from Lower Parel, all of which were operating in the close vicinity of organised food and grocery retail chains.

¹¹Even though licensed street vendors are provided with a certain space to carry out their trade by the concerned authorities, yet unlike the kirana stores they are not the legal possessors of these spaces. The spaces are not allotted to them on a permanent basis, and the authorities reserve the right to shift them to a different location and/or evict them.

More than half of the shops/ hawkers (41 respondents) were operating within a radius of one kilometre from the organised retailers. An interesting observation about the distance of the kirana shops and street hawkers from the organised retail chains is that while the majority of the kirana shops (21 respondents) were operating within a radius of 500 metres from the organised retailers, most of the street vendors (28) were relatively distant and were located within a radius of 1 to 2 kilometers from the retail chains. Considering the importance of distance as a factor in understanding competition, this finding indicates that organised retail chains are in direct competition with the kirana stores, rather than with the street vendors (see table 3.2).

**Table 3.2: Kirana Stores and Street Vendors:
Distance from Nearby Organised Outlet(s)**

Entity	Distance from organised retailers (in kilometers)			Total
	Up to 0.5	0.5 to 1	1 to 2	
Kirana stores	21	11	7	39
Street vendors	3	6	28	37
Total	24	17	35	76

3.6 Working Hours and Monthly Holidays

Traditional retailing in India is a tiring job with long working hours and often without breaks, depending on customer inflow. This tendency-cum-compulsion of working longer than usual was found among the small retailers of Mumbai too. Among the 76 food and grocery stores and vendors, around half (52.6 percent) reported 12- to 15-hour workdays. Further, 30.3 percent (23 respondents) reported their working hours as more than 15 hours a day. While most of the kirana stores worked for 12-15 hours a day, half of the street vendors laboured for 15 hours or more a day to earn their livelihood (see table 3.3). The relatively longer working hours for street vendors are mainly because they have to rush to the wholesale market in Vashi, Navi Mumbai, early each morning to procure fresh vegetables and fruit, whereas kirana stores have their merchandise delivered to their door by the distributors of the manufacturing companies.

Table 3.3: Kirana Stores and Street Vendors: Working Hours per Day

Entity	Working Hours				Total
	Up to 8 hrs	8 to 12 hrs	12 to 15 hrs	15 hrs or more	
Kirana stores	1	4	29	5	39
Street vendors	3	5	11	18	37
Total	4	9	40	23	76

Moreover, dependence on a limited daily income compels most of the small retailers to work all 365 days in a year and thus they hardly observe any weekly/monthly off days. A significantly large proportion i.e. around 70 percent of the small retailers (53 respondents) reported that they are open all seven days a week. However, 27.6 percent (21 respondents) did report a regular weekly off. A couple of kirana stores reported that once in a week they shut their shops for half a day, which effectively means they have 2 days off in a month (see table 3.4).

Table 3.4: Kirana Stores and Street Vendors: Days Off per Month

Entity	Monthly Off (In days)			Total
	No off	Two	Four	
Kirana stores	27	2	10	39
Street vendors	26	0	11	37
Total	53	2	21	76

3.7 Services Offered to Customers

The traditional retailers offer great convenience to their customers by means of monthly credit and free home delivery services. Three-fourths of the local retailers (57 respondents) reported that they provide credit on goods, and a little over than half (42 respondents) reported providing home delivery services to their customers. Monetary transactions, particularly informal ones, are based on trust, thus almost all the retailers who provide credit facilities provide them only to their regular customers. In contrast, of the 42 respondents providing free home delivery, half reported that they offered this service to all customers,

since it did not involve any costs or very minimal costs, although 40 percent (17 respondents) said they provided this service only to their regular customers – which implies that local retailers give greater importance to their regular customers (see table 3.5).

**Table 3.5: Unorganised Retailers:
Services Offered to Different Categories of Customers**

Services Provided	Services provided to			Total no. of retailers who provide services	Total no. of retailers who provide services	Total no. of Retailers
	To all customers	To regular customers	To all, only on minimum purchase of certain amount			
Credit on goods	3 (5.3%)*	54 (94.7%)*	0 (0)%	57 (75%)**	19 (25%)**	76
Free home delivery	21 (50%)*	17 (40.5%)*	4 (9.5%)*	42 (55.3)**	34 (44.7%)**	76

*Figures in parenthesis are percentage of those retailers who provide the aforesaid services.

**Figures in parentheses are percentages of the total.

3.8 Labour Used

The 55th round of the National Sample Survey, which focused on the non-agricultural categories of the informal sector, estimated the number of non-agricultural informal enterprises to be around 44.4 million, engaging 79.7 million workers. Most of these enterprises are managed by one person. It is estimated that 57.1 percent of these enterprises employ only one worker (Kolli and Hazra 2005). This holds true in the case of the unorganised retailers of Mumbai too. More than half of the 76 unorganised retailers surveyed reported that they ran their shops by themselves, without any assistance from family members (52.6 percent) or other paid labour (59.2 percent). While 40.8 percent (31 shops/ hawkers) did have one or more hired workers, 47.4 percent (36 shops/ hawkers) employed one or more family members as well. Thus, one of the key characteristics of the informal sector highlighted by Keith Hart, i.e. 'reliance on indigenous resources', is visible in the use of family labour by the unorganised retailers of Mumbai (see table 3.6).

Table 3.6: Unorganised Retailers: Numbers and Categories of Workers Employed

Source of Labour	Number of workers				Total no. of Retailers
	No workers*	One	Two	Three and above	
Family	40 (52.6%)**	23 (30.3%)**	10 (13.2%)**	3 (3.9%)**	76
Hired labour	45 (59.2%)**	13 (17.1%)**	8 (10.5%)**	10 (13.2%)**	76

*These shops were being run by one person without any assistance from family members or hired labourers.

**Figures in parentheses are percentages of the total.

Findings and Discussion

4.1 Impact of Organised Retail Outlets on Unorganised Retailers

The findings of the primary survey of the unorganised retailers operating in the close vicinity of organised retail outlets suggest mixed responses. While a significant number of kirana stores and street vendors (52 respondents) reported that they were losing business after the arrival of organised retail outlets in their respective areas, some respondents were indifferent to their arrival. While all the areas covered under the study have witnessed some impact, the magnitude of impact varied. While respondents in Kandivili reported the maximum fall in business, unorganised retailers in Malad reported the least impact. The following two quotes best represent the different responses of the unorganised retailers:

“Before the nearby modern retail outlet arrived, I used to sell 4 dozen toothpastes in a month, now I hardly sell 1 dozen in 4 months. Sales of all the products have fallen. I am planning to close the business and give the shop on rent.”

“The supermarket has its clients and we have ours and it’ll stay this way. They might get the best deal there but they get the best dealer here.”

The results of the survey do suggest that the cheaper prices and/or attractive schemes offered by modern food and grocery retailers on various goods and products have adversely affected kirana stores and street vendors. However, in the case of street vendors, although the fruit and vegetables offered by the modern retailers are priced much cheaper than those sold by street vendors, what matters here the most is the freshness of the produce. The fruit and vegetables offered by street vendors are much fresher, which becomes a winning point for them. On the other hand, street vendors in all the areas studied, irrespective of the impact or otherwise on sales, reported a remarkable increase in harassment by the authorities after the arrival of the modern retail

outlets. While in some areas this increased harassment has led to a rise in the bribe amounts demanded by the authorities, the case of Kandivili (East), where street vendors are not being allowed to sit on the pavements, makes for an interesting study.

4.2 Area-wise Impact on the Unorganised Retailers

Table 4.1 gives an area-wise break-up of the number of small retailers who witnessed changes in their average daily sales, profit margins and daily income. Figure 4.1 is a graphic representation of the change in business in terms of the compound annual growth rate (CAGR) of the interviewed retailers. A descriptive account follows, of the findings obtained from each of the sample areas. Based on the quantitative and qualitative responses of the sample retailers, an attempt is made to present the area-wise findings in the form of five small case studies.

4.2.1 Kandivili (East)

Analysis of the individual cases in the Kandivili area suggests that while sales of 2 street vendors remained the same, barring one case of those 5 vendors reporting increase in the sales, their profit margins have declined and thus, in total 19 small retailers have witnessed decline in their daily income in last two years (see table 4.1).

Among all the five areas, Kandivili (East) reported the maximum fall in both, average daily sales and profit margins, declining at the CAGR of 14.4 percent and 6.8 percent respectively over a period of 2 years. The combined effect of this precipitous decline in both sales and profit margins has led to the loss of daily income at the CAGR of 22.3 percent, which again is the biggest fall among all the areas studied, almost double that in the second worst hit area.

The case of Kandivili is different in the sense that only street vendors were interviewed in this area, because of the reluctance of the kirana wallahs, who declined to participate in the survey or share any information when approached. As mentioned earlier, the major difference between the kirana stores and street vendors is that while the kirana stores have permanent built-up structures, rented or owned, street vendors operate from the public pavements and are thus considered illegal encroachers, which makes them particularly vulnerable to harassment by the municipal authorities and police.

Table 4.1: Area-wise Numbers for Unorganised Retailers Witnessing Change in Daily Sales, Profit Margins and Daily Income over 2 years

Area	1			2			3 $\frac{\{(1x2)/100\}}{2 \text{ years}}$					
	Average Daily Sales over a period of 2 years			Average Profit Margin over a period of 2 years			Average Daily Income over a period of 2 years					
	Increased	Decreased	Same	CAGR	Increased	Decreased	Same	CAGR	Increased	Decreased	Same	CAGR
Kandivili	5	15	2	-14.4	3	7	12	-6.8	1	19	2	-22.3
Vashi	4	10	1	-9.1	1	5	9	-5.5	4	10	1	-13.8
Andheri	3	10	0	-7.4	0	2	11	-4.1	3	10	0	-10.5
Malad	5	7	3	-0.5	0	2	13	-3.4	5	7	3	-3.8
Lower Parel	2	6	3	-4.0	0	2	9	-3.2	2	6	3	-6.1
All Areas	19	48	9	-7.08	4	18	54	-4.6	15	52	9	-11.3

Note 1: Compound Annual Growth Rate (CAGR) is used to show the change in average daily sales and profit margins, the data for which was collected (as may be seen in the questionnaire in the appendix) for three different points in time: 1) the present – the time of the survey (2008); 2) 1 year preceding the survey (2007); 3) 2 years preceding the survey (2006). The formula for computing CAGR used is as follows:

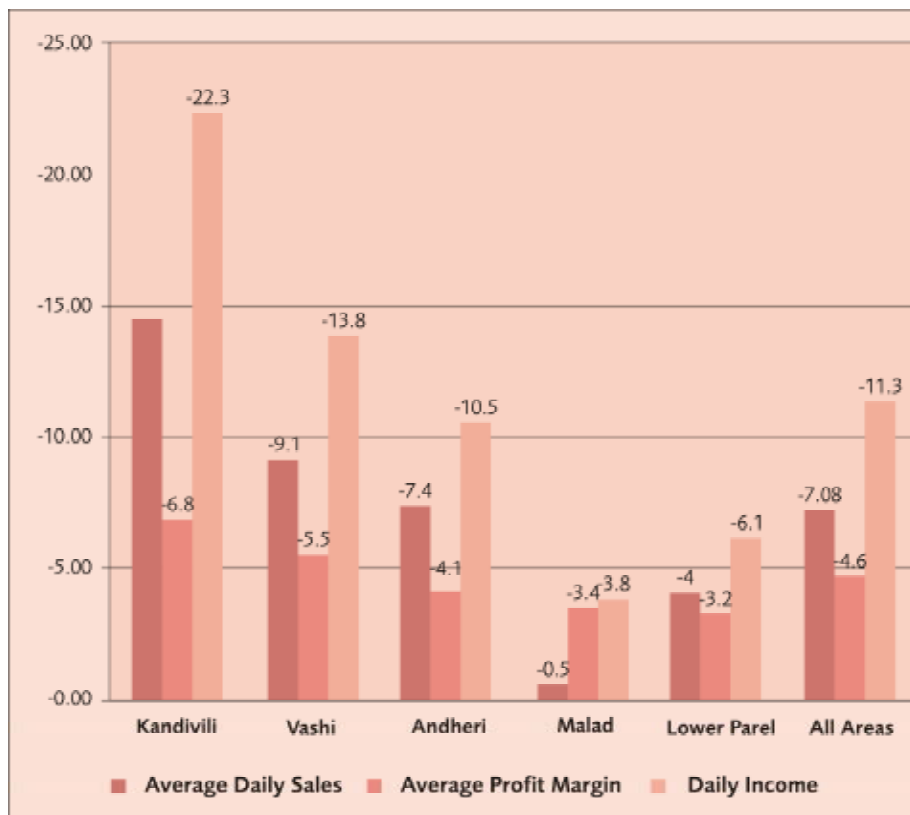
$$\text{CAGR} = [100 * \{(\text{Final value} / \text{Initial value})\}^{(1/\text{number of years})} - 1]$$

For example, if the average daily sales reported by a respondent was 1) Rs. 5000 at the time of survey (2008), 2) Rs. 8000 one year before the survey (2007), 3) Rs. 10,000 two years before the survey (2006), then the CAGR in the average daily sales of that respondent for the time covered would be:

$$\text{CAGR} = [100 * \{(5000 / 10000)\}^{(1/2)} - 1] = -29.3 \text{ percent}$$

To arrive at the average CAGR for a particular area, the sum of the CAGR of all the respondents in all three indicators (daily sales, profit margins and daily income) was divided by the number of the respondents interviewed in the respective areas.

Figure 4.1: Compound Annual Growth Rate in the Average Daily Sales, Profit Margins and Daily Income of the Unorganised Retailers over 2 Years



Barring four vendors, all street vendors interviewed in this area were unlicensed. They reported a significant increase in harassment by the regulatory authorities over the past two years. Moreover, in the past 8 months, eviction drives by the authorities had increased manifold. The vendors also reported that a BMC vehicle was constantly on the vigil so as to not allow them to sit on the pavements to carry out their petty trade, and the policemen came on their rounds four or five times a day. However, the vendors said they had no option other than hawking on the streets, though fearfully; when caught, they were unnecessarily fined hefty amounts (ranging from a minimum sum of Rs. 1250 to Rs. 5000), which often exceeded the cost of their total stock. A common response of street vendors in this area was, “We live in fear from one day to another – fear of losing our business, fear of being chased out of our corner.”

A link between the presence of the modern retailers and the hostile attitude of the regulatory authorities towards the street vendors may be surmised from frequent statements such as, “The BMC and police say we are not allowed to do business here. This rule seems to have come up overnight. Earlier, a little grease money was all it took to hawk on these streets. Now, it seems that the BMC and cops have become conscientious and stick to rules. No amount of grease money will help. In fact, they don’t take the money these days. We are simply not allowed to do business around the supermarket and that’s that.”

The unlicensed street vendors unanimously reported that while they have long been facing harassment by the authorities, harassment to such an extent – not being allowed to do any hawking – has happened only after the arrival of the nearby modern retail outlet.

Although part of the decline in sales by street vendors could be attributed to the competition from nearby organised retail outlets, there was a unanimous response regarding the street vendors’ ability to compete with the organised retailer(s). The vendors reported that initially, when the supermarket arrived, they incurred a sudden loss in the business as their customers switched to the organised stores due to the attractive prices coupled with their curiosity and desire to experience the new shopping environment. However, the vendors had of late begun to get back their customers, perhaps because the supermarket was unable to deliver ‘value for money’ in terms of the freshness of their produce, as supermarkets preserve the vegetables and fruit in refrigerated shelves whereas street vendors buy fresh produce daily from the wholesale markets. A significant majority of the vendors responded, “We can definitely compete with the nearby supermarket provided we are allowed to do business here. The attempts to drive us away are only because we are impacting the sales of the organised store.”

Thus, it could be inferred that while organised retail does have an impact on the sales and profits of street vendors of Kandivili, much of the damage is done by the hostility of the authorities towards the hawkers whereby they are not allowed to conduct their business. Thus the allegations about the organised retailers bribing the authorities to evict the hawkers in and around the modern retail chains (Anjaria 2006: 2143) seem credible. And it may be

safely speculated that organised retailers are lobbying with the authorities to evict the hawkers, which highlights the former's inability to compete with the latter by means of 'fair practices'.

4.2.2 Vashi

Vashi (New Mumbai) is the second worst hit area in terms of the impact of organised retail chains on the unorganised retailers. The latter have witnessed a decline in their sales and profit margins at the CAGR of 9.1 percent and 5.5 percent, respectively, over a period of two years. Consequently, the daily income has fallen at the CAGR of 13.8 percent. An important reason for this steep decline could be the relatively greater concentration of organised retail outlets within a smaller radius as compared to the other areas. In Vashi, the unorganised retailers interviewed were operating in the close vicinity of three major organised retail players. This greater concentration implies more competition and thus a bigger threat to the unorganised retailers. The existence of three different retailers also means competition among them. This was backed by observing how all three modern retail outlets were trying to attract consumers through different strategies. One of the most common key strategies followed by them was attractive price discounts (one case of which will be highlighted in the next section of this paper). The prices of the same products varied at all three modern retail outlets. This could be referred as the onset of a 'price-war' scenario among the modern retailers. One might argue that the strategy of offering lower prices is a result of internal competition among the organised retailers, but this does have a definite impact on the small retailers, as is apparent from their declining sales and profits.

Unlike in Kandivili and other areas, which will be discussed subsequently, all the street vendors interviewed in Vashi reported that they do not face any harassment by the regulatory authorities, nor do they pay any bribes to them. The interviewed hawkers of this area also reported that they have licenses, provided by the BMC (which is also unlike most of their counterparts interviewed in the survey), and they are provided certain spaces to carry out hawking. Although street vendors are always considered illegal encroachers in public spaces, some form of legal permit is helpful in protecting them from the usual harassment. However, the 'illegal' identity associated with street vendors does makes them

more vulnerable to the threats posed by any development, as will be discussed in the context of the arrival and fast expansion of organised retail chains in the last section of this study's findings.

4.2.3 Andheri (West)

Lokhandwala in Andheri (West), which is largely inhabited by the upper middle class, also bears testimony to the overall trend. Three-fourths of the unorganised retailers reported a decline in their average daily incomes at the CAGR of 10.5 percent over a period of two years. The average decline in daily sales and profit margins reported by them was at the CAGR of 7.4 percent and 4.1 percent respectively.

The kiranawallahs and street vendors said the major reason for the fall in their business was the cheaper prices offered by modern retailers. The kiranawallahs also reported that they have witnessed the closure of some of their counterparts' shops due to the stiff competition from modern retail. To quote one of the respondents, "I know a few retailers around here who have closed their shops. I wasn't insecure then at all. Initially, I thought I could take on the competition – my customers would remain loyal and my business will not suffer. After all, I have been around for quite some time now. I am not so confident now. The variety and the prices at these places are not something I can compete with. Where will I find the money to pull off something like that?"

Nonetheless, the kiranawallahs are trying hard to compete with the modern retailers through different strategies. As part of the competition strategy, the neighbourhood food and grocery shops in the sample have started stocking imported items like breakfast cereals, perfumes, body supplements, frozen cut vegetables etc. for which a customer would otherwise have to visit an organised retail outlet. Interestingly, among all five areas, it was only the kiranawallahs of Lokhandawala who had added these new products to their merchandise in order to compete with the modern retail chains.

Although the street vendors also reported a decline in their sales after the arrival of modern retail outlets, separate analyses of the kiranawallahs and the street vendors suggested that in addition to the competition from the modern retailers, street vendors are facing more harassment than usual

by the BMC and police authorities. Yet they were confident about their ability to compete with the modern retail formats. Interestingly, 'Godrej's Nature's Basket', which sells fresh fruits and vegetables, including imported ones, has never really picked up business here due to the strong positioning of the hawkers. The reason why hawkers continue to stay put in this area despite the ever-increasing harassment is the business they attract, enough to pay the bribes to the municipality and police while earning their own livelihood. Over the years, these hawkers have developed personal relations with their customers, so much so that customers even return fruits that are not sweet enough or are rotten.

4.2.4 Malad (West)

The small retailers of Malad reported the least impact by modern retail outlets. Only 47 percent of the sample retailers reported a decline in average daily incomes, which had fallen at the CAGR of 3.8 percent. Interestingly, the fall in the average profit margins over two years, at the CAGR of 3.4 percent, is almost seven times greater than the fall in daily sales.

In Malad, while the interviewed kiranawallahs were clustered around the residential localities, street vendors were quite distant from the modern retail formats. This could be cited as one of the reasons for the relatively low impact on the businesses of unorganised retailers in the area.

The conversations with the kiranawallahs and street vendors of Malad revealed that although their sales have not fallen much, the modern retail players have indeed attracted their customers by means of price discounts and attractive schemes, a trend which is akin to Vashi and Andheri. Interestingly, two of the retailers who reported a decline in customers have deliberately resorted to profit margin cuts as a competition mechanism to retain their customers. This is in contrast to the other four areas, where competition from modern retailers has forced them to reduce their profit margins.

Although most of the small retailers interviewed in the survey in all five areas indicated that they can compete with the modern retail outlets, the kiranawallahs and street vendors in Malad were found to be the most optimistic in this regard, despite loss of clientele (see table 4.3). The response which repeatedly came from the kiranawallahs and street vendors here was, "The supermarket

has its clients and we have ours and it'll stay this way. They might get the best deal there but they get the best dealer here.”

The street vendors also reported a significant increase in harassment by the BMC and police after the arrival of modern retailers in the area, a trend observed in most of the areas of this study.

In a nutshell, it could be argued that although unorganised retailers in the Malad suburb of Mumbai have also felt the impact of the modern retailers, their optimism about their ability to compete makes them stand apart from their counterparts interviewed in other parts of Mumbai.

4.2.5 Lower Parel

Lower Parel is situated in the central part of Mumbai and was formerly one of the prominent textile hubs of the city. Following the closure of the textile mills and the subsequent escalation in local real estate prices, the landscape of the area has been completely transformed, with former mill lands being converted into commercial and residential apartments, malls, multiplexes and numerous retail outlets.

The survey in Lower Parel area focused exclusively on kirana stores, because street vendors were not found in the close vicinity of organised retailers, as per the criteria of the study. The duration of operation of the kiranawallahs in the area makes for an interesting finding. Barring two cases, all these shops had been operating for a long time, with six shops reported to be two generations old and in existence for periods ranging from 45 to 71 years. Earlier, these shops had mill workers as their major clientele. But the closure of mills and, subsequently, the redevelopment of the mill lands have apparently led to a massive change in the population composition of the area, which most certainly has implications for the small food and grocery shops. On one hand, unorganised entrepreneurs have lost their main clientele, with mill workers moving to other places; on the other hand, given the property prices in the area, the new inhabitants are financially well-heeled people, mainly from the upper and upper middle classes, who prefer shopping at the modern retail outlets.

Against this backdrop, the loss of their regular clientele implies a serious threat

to the survival of the kiranawallahs. However, of all the five areas studied, this area reported the most moderate decline in both average daily sales and profit margins, which have fallen at the CAGR of 4 percent and 3.2 percent respectively, resulting in an overall decline in average daily income at the CAGR of 6.1 percent over a period of two years. Despite a marked loss of clientele, traditional retailers here have witnessed a lower impact by organised retail outlets in comparison with other areas, and this calls for an inquiry into the possible reasons. The lower impact could be attributed to the development of commercial offices employing thousands of people, particularly youth, who are now customers of these small shops. There is, in fact, a dramatic shift in the items sold by the small shops. Interviews with the sample retailers indicated that earlier they used to sell more food and grocery items including staples, flours, pulses, cooking oil etc. but now they hardly sell these items. With the change of the population composition (in terms of the clientele), items like cold drinks, juices, biscuits, chewing gum, cigarettes, chocolates, wafers, tissues, etc. constitute most of their sales basket – which make up for the negative impact, so to speak.

The cheaper prices offered by the modern retailers remain a concern for the kiranawallahs of Lower Parel too. Interestingly, some of the small retailers reported that sometimes they buy goods/ products from the organised retail outlets to sell. One of the interviewees in this area quite openly validated this fact: “Truth be told, I have bought from these places to stock my shop. Their prices are sometimes lower than the wholesale rates. I then tried selling the same with a reasonable profit, lower than my usual prices. The rise in sales was barely a whimper because the supermarket next door had even lower prices. It seems like a joke. Only, I played it on myself.” The other interviewees did not come out as openly about this, but they did allude to this strategy.

4.3 Summary of Area-wise Findings: Two Key Issues Facing Unorganised Retailers

The preceding discussion reveals that the unorganised retailers in the sample, operating in the vicinity of modern retail outlets, have indeed felt an impact in terms of decline in sales and profit margins. However, most of the respondents, across all the five areas surveyed, expressed optimism about their ability to

compete with the modern retailers, irrespective of the impact felt. And they are responding to the competition by adopting different strategies, varying from adding new products, as in Andheri (West), to profit margin cuts in Malad (West).

However, the discussion also points to the emergence of the key problems separately faced by kirana wallahs and street vendors. Table 4.2 shows how, although most unorganised retailers expressed a willingness to compete with modern retail outlets despite feeling the pinch, they encounter two major obstacles in the process.

1. The main concern of the kirana wallahs is the alluring price discounts offered by modern retail outlets.
2. Although the cheaper prices offered by modern retailers are a problem for the street vendors, and the reason for their declining business, it is the continuous increase in harassment, including frequent eviction drives by the concerned authorities in the vicinity of the organised retail chains, that poses a major threat to the livelihood of street vendors in almost all the areas surveyed.

Table 4.2: Comprehensive Inferences of the Survey

	Kirana Stores	Street vendors
Impact on sales and profit	Yes	Yes
Reason for declining sales	Price discounts	Price Discounts + BMC and police harassment being more than usual, not allowing hawkers to ply their trade
Ability to compete	Yes (provided level playing field is maintained)	Yes (provided BMC/ police leave them to conduct their business in peace)

Thus, in the subsequent sections this study will lay emphasis on the aforesaid challenges facing the interviewed unorganised retailers.

4.4 Linkage between Price Discounts Offered by Organised Retailers and Declining Customer Inflow of Small Retailers

The customer portfolio, as reported by unorganised retailers, consists of 'regular buyers', 'frequents' or buyers who might shop at other stores but show a preference for theirs, 'recurrent buyers' or customers who are attracted by the quality or the variety of their products but who have no marked preferences and do shop at other places, and 'casual buyers' or one-time buyers. Business stability for the small entrepreneurs is largely dependent on the first two categories of customers. The human interface quotient is probably the single-most determining factor in the structure and sustenance of these sections of the clientele. This is where the kiranawallahs and street vendors traditionally score over the organised retail chains. However, for the purpose of quantitative analysis, backed by qualitative responses, this study groups the customers into the two broad categories of regular and non-regular customers. The regular customers consist of both regulars and frequents, while the non-regular customers comprise recurrent and casual buyers.

Table 4.3 depicts the change in the customer inflow of the unorganised retailers, while figure 4.2 is a graphic representation of the change in customers (regular and non-regular) in terms of CAGR over a period of two years, for all five areas covered under the study. Since all five areas are discussed individually in the previous section, this section of the paper takes into account all these areas as a whole rather than segregating the findings area-wise.

An analysis of the collected data suggests the loss of both regular and non-regular customers, the magnitude of which varies from one area to another. The unorganised retailers of Kandivili reported the maximum decline in non-regular customers, at the CAGR of around 16 percent, followed by Malad, Vashi and Andheri, where the decline in the non-regular customers occurred at the CAGR of 10 percent or more. The overall average decline in non-regular customers as reported by the unorganised retailers of all five areas was at the CAGR of 11.9 percent.

The loss in regular customers for unorganised retailers was significantly high in Vashi, Andheri and Lower Parel, declining at the CAGR of 14.6 percent, 10.6 percent and 9.8 percent, respectively. The shift of the regular consumer base is probably the most important factor affecting sales and profit margins of the kiranawallahs and street vendors.

Table 4.3: Number of Unorganised Retailers Witnessing Change in Regular and Non-regular Customers over 2 Years

Area	No. of shops/vendors witnessing change in 'non-regular' customer base over 2 years				No. of shops/vendors witnessing change in 'regular customer' base over 2 years					
	Increased	Decreased	Same	Total	Increased	Decreased	Same	Total	CAGR	
Kandivili	2	17	3	22	2	12	8	22	-15.8	-7.2
Vashi	1	9	5	15	0	7	8	15	-11.0	-14.6
Andheri	1	10	2	13	2	9	2	13	-10.0	-10.6
Malad	2	9	4	15	3	5	7	15	-13.8	-5.5
Lower Parel	3	6	2	11	1	4	6	11	-8.7	-9.8
All Areas	9	51	16	76	8	37	31	76	-11.9	-9.5

Note 1: Compound Annual Growth Rate (CAGR) is used to quantify the changes in customer inflow (both regular and non-regular) data for which was collected for three different points in time: 1) the present – the time of the survey (2008); 2) 1 year preceding the survey (2007); 3) 2 years preceding the survey (2006). The formula for computing CAGR used is as follows:

$$\text{CAGR} = [100 * \{(\text{Final value} / \text{Initial value})\}^{(1/\text{number of years})} - 1]$$

For example, if the average number of regular customers daily visiting an unorganised retailer, as reported by a respondent, was: 1) 200 at the time of survey (2008), 2) 220, one year preceding the survey (2007), and 3) 250, two years preceding the survey (2006), then the CAGR for the average number of regular customers over the 2-year period would be:

$$\text{CAGR} = [100 * \{(200 / 250)\}^{(1/2)} - 1] = -10.6 \text{ percent}$$

Note 2: To arrive at the average CAGR for a particular area, the sum of the CAGR of all the respondents for both regular and non-regular customers was divided by the number of the respondents interviewed in the respective areas.

Figure 4.2: Compound Annual Growth Rate for the Regular and Non-regular Customers of the Unorganised Retailers over 2 Years



The drop in sales volume and consequent loss of income can safely be attributed to the availability of alternatives. These alternatives, however, are yet to counter seriously the benefits of shopping at the local corner store. The latter offers the multiple conveniences of easy accessibility and a significant human interface quotient that is not just service-centric. Since a drop in regular clientele is being reported by around 50 percent of the sample unorganised retailers, the strategies of the organised retail outlets (which are the only alternative available to the consumer segment being discussed) appear to have worked to counter these conveniences, or approached the same consumer segment with other steps to outweigh their attraction.

The immediate strategy of organised retail has been to offset the incentives of shopping at the corner stores and/ or street vendors by offering prices and discounts which ensure heavy savings for the customer. This competitive pricing model is not affordable for small entrepreneurs like the kiranawallahs and street vendors. As reflected in the data, around 70 percent of the unorganised retailers reported a decline in their non-regular customers at the CAGR of 16.7 percent, and some 50 percent reported a decline in their regular customers, who had apparently switched loyalties, at the CAGR of around 10 percent. The area-wise analysis highlights the fact that of all five areas, the average percentage decline in the regular customer base of the unorganised retailers of Vashi (14.6 percent), Andheri (10.6 percent) and Lower Parel (9.8 percent) was more than the fall in their non-regular customer base. These retailers cited the price discounts offered by organised retail as the major reason for their own declining sales and profits.

To quote one of the respondents in Andheri: "I have seen a lot of people who were my customers before, coming out of this organised retail outlet with plastic bags bursting with the purchase. They hardly used to buy as much at a go from my shop. It is as if the 'unbelievable' prices are only on for the day."

A sales model that essentially replicates Walmart's 'everyday low prices' has evidently been adopted by the domestic modern retailers. The organised retail chains are able to project and sustain the temptingly low prices due to their economies of scale. Selling the goods and products below the printed MRP is bound to attract consumers. The consumer perspective of maximizing savings and the corporate motive of maximizing profits through increased sales seems to be playing havoc with the small retailers.

One of the retailers in Lower Parel said: "MRP is negotiable. Advertisements on television say so. Supermarkets do it for you even before they arrange their shelves. The customer is spared the trouble. Here, even if they bargain on the MRP, I cannot go below 50 paise or a rupee. I am already selling at a margin which is barely adequate. The customer leaves dissatisfied or we have one of those lengthy arguments about 'is it really a significant discount?' The customer has to be pleased but these days it is really hard."

Another retailer, operating in Vashi, said: "Their stores are stocked with the same products which I sell. Only in huge numbers and priced such that even

my wife makes an occasional buy there. When my family shops at these stores, what right do I have to begrudge my customers for the same?" The rhetoric in the question is reflective of the plight of the small retailers, unable to offer attractive price discounts due to capital constraints.

As discussed in the area-wise analysis, in Vashi there seems to be competition among the organised retailers. Thus, the common strategy of offering products at lower prices means that the easiest route to attract customers would be to undercut each other's discounts and schemes, earlier referred to as the 'price war' among these retailers. Not surprisingly, the traditional retailers seem to be aware of the organised retailers' pricing strategies, as is evident from the quote below:

"I have heard they give membership cards. Special discounts for regular customers, discounts after purchase of a certain value on the next purchase and what not! You get a plastic card and are greeted with a smile. I smile too; give discounts to regular customers at times. Yet they go and buy at these places. Maybe it is the plastic card. Every time I give a discount, they think I am doing them a favour. The card on the other hand asserts their right to the discount there."

Thus, price discounts offered by the organised chains have a definite link to the decline in customers for the unorganised retail outlets.

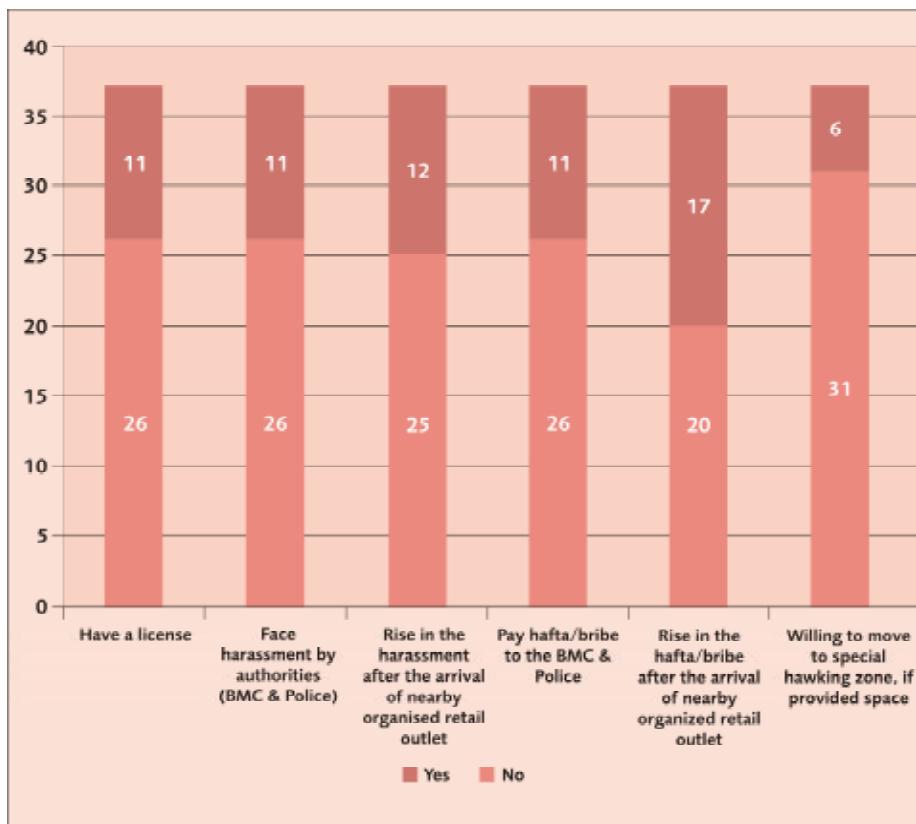
4.5 The Case of Sample Street Vendors: Illegal Identity vis-a-vis Organised Retail

The primary findings of the survey do indicate that the arrival of organised retail has an impact on the sales and profits of small retailers, both kirana wallahs and street vendors. However, in addition to the threat of competition from modern retail chains, and despite the sample vendors' confidence in their ability to compete, the perception that these vendors are 'illegal encroachers of public space' and 'nuisance creators' is what distinguishes them from the kirana stores and makes them more vulnerable. As mentioned above, all the street vendors interviewed for this survey reported increased harassment, across all areas of the study, except for those with licenses – 7 in Vashi and 4 in Kandivili (see figure 4.3).

Figure 4.3 shows that almost all the unlicensed vendors reported an increase in harassment by the authorities and in the bribes subsequently paid to the latter. It must be noted that all the

unlicensed hawker interviewed showed an inclination to shift to hawking zones¹², if they are provided space. Interestingly, 5 of the 11 licensed vendors also wanted to move to some other location¹³. While the willingness of some of the licensed hawkers to shift is attributed to the impact of the modern retail outlets in their areas, the unlicensed hawkers seemed ready to shift to hawking zones mainly because this would mean legal permits for them, which could help reduce their vulnerability.

Figure 4.3: Number of Street Vendors Reporting Problems after the Arrival of Organised Retail Outlet(s)



¹²The term 'Hawking Zones' refers to certain areas of the city, demarcated and allocated by the regulatory authorities, where vending is legally permitted.

¹³These licensed hawkers were allotted space by the regulatory authorities to carry out their trade. However, in this case, their inclination to move to some other location due to increased competition from the nearby organised retailers, as reported by them, is also categorised under 'willingness to shift to hawking zones' in order to avoid the creation of a separate category.

It is estimated that of the total number of hawkers in Mumbai, registered hawkers comprise a mere 10 percent. Ironically, though the population of the city has increased manifold, with a corresponding increase in the number of hawkers, no new licenses have been issued since 1978 (Anjaria 2006: 2140). This is the start of the hawkers' problems. On the grounds that the hawkers operate illegally, and under the pretext of preserving and restoring public spaces for citizens, a certain section of the population is campaigning all out against the hawkers. Bombay First, CitiSpace, groups like the Khar Residents Association, Association of Clean and Green Chembur and others have been vociferous in their anti-hawker rhetoric (Times of India 2003).

Modern retailers seem to be no different from these citizens' associations. They have both the money and the muscle power to put up a strong fight against the hawkers. It is speculated that modern retailers may also be paying bribes to the regulatory authorities to have hawkers evicted from the nearby pavements. A link between the increase in the hawker's problems and the arrival of the organised retail chains may be surmised from the case of Kandivili, where the hawkers reported facing frequent eviction drives by the concerned authorities.

The Global Credit Crisis: An Opportunity for the Small Retailers

The deepening of the subprime lending crisis in the United States of America in mid-2008 culminated in a global financial meltdown by the end of the year. One aspect of this crisis is the lack of credit across the globe. This has led many corporates across industries to slow down their expansion plans. Nor has the retail industry been able to escape the repercussions of this marked global trend. Hence, across the world, major retail players, including Walmart, Tesco and Carrefour among others, are skeptical about meeting their sales and profit targets.

The Indian retail industry also seems to have felt the impact of the credit crisis, as is apparent from the revised growth projections by the Retailers' Association of India for the retail sector – from 30-35 percent to 15-20 percent (Financial Times 2008). Since the unorganised retailers operate on a 'low cost and small size' format, this credit crisis has profound implications only for the organised retail industry, which needs massive capital investment. Also, as noted earlier, unlike in the developed countries and in many of India's developing counterparts, organised retail's share in total retail sales here is very small, i.e. 4 percent, as against unorganised retail's 96 percent. Given that the organised retail industry in India is in its infant stage and needs huge capital investment to grow, the financial crisis may adversely affect its growth.

The highly optimistic growth projections for organised retail seemed achievable at one point, with its uninterrupted and rapid expansion in various parts of the country. However, the lack of capital coupled with declining sales has forced virtually all organised retailers to revamp their strategies. Not only are they scaling back their expansion plans, they are also closing down existing outlets. Below are a few examples, drawn from national and international dailies, of the impact of the global credit crisis on some of the major organised retailers in India.

The credit crisis seems to have had the worst effect on the largest discount retailer (in terms of number of retail stores). Subhiksha Retail, which earlier closed down 90 of its approximately 1600 convenience stores between November and December 2008 due to underperformance by these outlets, has now accumulated a debt of Rs. 600 crores and it is currently undergoing a corporate debt restructuring exercise. It has temporarily shut all its 1600 retail outlets spread across 110 cities (Business World 2009). Nonetheless, the company remains optimistic about overcoming the crisis.

Reliance Retail, that was aggressively expanding its outlets and planned to invest Rs. 25000 crores by the year 2010, has also scaled back its expansion plans. It is also currently undergoing a restructuring exercise, which involves closing and resizing 200 of its smaller outlets, most of which are part of its food and grocery retail chain, Reliance Fresh (Mint 2008). It is also withdrawing from cash-and-carry operations for the time being, for which it had earlier allocated USD 5 billion. The primary aims behind this decision are to conserve cash in difficult times and build an efficient and cost-effective supply chain by spending cash heavily on that front¹⁴.

Pantaloon Retail, one of the pioneers of organised retail in India, also seems to have felt the impact of the financial crisis. The firm has decided to go in for smaller retail stores instead of following the typical hypermarket format. A Mumbai-based retail chain, Foodland Fresh, will be closing down 39 of its 42 stores across the city. The Aditya Birla Group-owned food and grocery chain, More For You, has also reduced its pace of expansion and is going slow on opening new outlets (Financial Times 2009). Spencer Retail has also resorted to closing down some of its stores and has announced the closure of 56 outlets in different parts of the country¹⁵.

From the above data it is evident that the global credit crisis has adversely affected the expansion of organised retail industry in the country. This could be regarded as an opportunity for the small retailers, allowing them to formulate strategies for surviving amidst the intense competition that is likely, once the financial situation improves.

¹⁴Posted on India Retail Biz – February 2, 2009. (<http://www.indiaretailbiz.com/blog/2009/02/02/reliance-retail-is-expected-to-withdraw-from-cash-carry-venture>)

¹⁵Posted on India Retail Biz – November 27, 2008. (<http://www.indiaretailbiz.com/blog/2008/11/27/spencers-retail-decides-to-quit-ahmedabad-subhiksha-also-closes-a-few-stores>)

Concluding Remarks

The foregoing discussion reveals that modern retail chains have had a significant impact on the unorganised retail trade, particularly on business outcomes such as sales and profit margins. Also, the findings of this primary survey highlight the fact that the attractive price discounts at organised retail outlets are a major concern for small retailers and a hindrance to their successfully competing with the modern retail chains. The view that not only will traditional and modern retail co-exist, but each will also witness growth, although at different rates (ICRIER 2008; Technopak 2007), seems to have little relevance in the context of the modern retailers' centralised procurement and distribution channels and their economies of scale, which enable them to gain the cost advantage. This, in turn, allows them to attract the price-conscious Indian consumer by offering goods at cheaper prices. As regards the price-wars among organised retailers, one may argue that the ongoing race among the domestic organised retailers to capture consumers by offering rock-bottom prices is a result of the competition within the organised retail segment, which is likely to remain between them and not harm the traditional retailers. However, another interpretation of the price-war form of competition among modern retailers is that it is a major threat to the business of unorganised retail, as indicated by the responses of the small retailers interviewed for the survey. Thus the apprehensions of the kirana stores and street vendors about their future, vis-a-vis the arrival of organised retail, certainly get accentuated in the light of the discount retailing model followed by the modern retail chains.

The discussion also points to the fact that apart from the competition from modern retail chains, street vendors operating in and around the organised retail outlets are facing more harassment than usual from the concerned authorities on the grounds of their being 'illegal encroachers'. Encroachments

are basically the use of public space beyond what is legal and/or paid for. It can take several forms, for example shops and hotels occupying space outside their legally occupied and paid for premises. Hawkers are not the only encroachers; however, they are seemingly the only ones visible to the authorities. It is rather ironical that the BMC, which creates parking lots to solve the problem of illegal parking, does not deal with the hawkers' problem in the same manner. Instead of confronting the problem, it uses 'encroachment' as a convenient way of targeting the hawkers. It must be noted that a basic function of any social system is that it must cater to the needs of its members to enable them to survive; it must have effective means of allocating and distributing resources. As noted earlier, the vendors provide a wide array of goods and commodities to the urban populace at reasonable prices and convenient locations. In the absence of street hawkers, the urban poor who have proliferated would have been worse off. Hence, the hawkers form an integral part of our social system. Yet the unabated hostility towards them continues.

In India, the unorganised sector of the economy employs around 93 percent of the labour force and around 60 percent of the national income emanates from this sector. It is important to note that the unorganised sector has always served as a buffer for the workforce when employment opportunities in the organised sector has dwindled (Sakthivel and Joddar 2006). Moreover, given the stagnant employment growth in the organised sector, and the rapid increase in informal employment, it may safely be predicted that the unorganised sector will continue to be the fallback option for employment in the coming years. The statistics suggest that out of the total increase in employment, from 397 million to 457 million between 1999-2000 and 2004-05, informal employment has increased by 61 million (from 362 million to 423 million). In contrast, employment in the organised sector has shown a marginally negative decline, from 35 million to 34.9 million during the same period (NCEUS 2007: 4).

While organised retailing is identified as a source of advantage for both seller and buyer, the extent to which organised retail generates growth in sustainable livelihood is debatable, needing data on the changes in employment in retail trade. Employment in the fast-emerging organised retail may be relatively attractive, in terms of better working conditions and better wages with some form of social security for employees, but it presupposes a basic level of

education and set of skills. Thus, a significant majority of the people engaged in unorganised retail is simply unfit for employment in this emerging retail segment (Shabnam and Paul GD 2008).

Given the low capital and skills requirements of unorganised retail, the retail industry may safely be regarded as a refuge for the millions of small retailers unable to be absorbed in any other sector of the economy. However, the significant decline in the business of the small retailers due to the competition from the organised retail outlets – as observed from the findings of other studies as well – could lead to a decline in current employment levels in unorganised retail in India, which would not be a healthy situation.

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Appendix - Questionnaire

Questionnaire No.	
Location	

CONFIDENTIAL
For research purposes only

INTRODUCTION AND INFORMED CONSENT

Namaste. My name is _____ and I am a student of Tata Institute of Social Sciences, Mumbai and presently interning with Focus on Global South, Mumbai. I am conducting a regional survey of Mumbai to assess the impact of organised retail on unorganised retailers/street vendors.

I would very much appreciate your participation in this survey.

I would like to ask you some questions about your Kirana Store/ Hawking Stall. The survey usually takes about 20 to 30 minutes to complete. Whatever information you provide will be kept strictly confidential.

Participation in this survey is voluntary and you can choose not to answer any question or all of the questions. However, I hope that you will participate in this survey since your participation is important.

At this time, do you want to ask me anything about the survey? In case you need more information about the survey, I request you to feel free to raise all your queries and I assure you to answer.

May I begin the interview now?

Date of Interview							Time (Hours:Mins)				
Name of Interviewer							Signature of Interviewer				

Interview Schedule for Kirana Store/Street Vendor

1. Particulars of nearby Organised Retail Store/ Shopping Mall					
1.1 Name of organised retail store (If outlet is in the shopping mall, then name of the mall also)	Retail Outlet..... Mall Name.....				
1.2 Month & Year of opening of organised store				1.3 Month & Year of opening of mall	
1.4 Distance from organised retail store/mall (in km)		1.5 Type of outlet	1. Hypermarket 2. Supermarket 3. Discount Store 4. Department Store 5. Small sized outlet		
1.6 Location/address of the organised retail store/mall					

2. General Particulars of Kirana Store/Street Vendor	
2.1 Respondent name	2.2 Respondent category*
2.3 Category of the entity**	2.4 Type of entity***
2.5 Name of entity (N.A. in case of SV)	
2.6 Location/address of the entity	2.7 Registration/license number (if applicable)
*1=self-employed, 2=wage worker, 9=other (specify); ** 1= Kirana Store, 2= Street Vendor; *** 1= Food and Grocery store, 2=Fruit/vegetable store	

3. Outlet Particulars					
3.1 Size of the entity* (in sq ft)				3.2 Starter of the entity**	
3.3 Month and year of opening				3.4 Products you deal in*** (Multiple responses possible)	
<p>*1= Up to 100, 2=100 to 200, 3=200 to 300, 4=300 to 400, 5=400 to 500, 6=500 and above;</p> <p>**1=Self, 2=Father, 3=Grandfather, 4=Relative, 5=Other (specify);</p> <p>***1=Staples (rice/atta/wheat), 2=Other food grains/flours, 3=Cooking oil/ghee/ vanaspati, 4=Milk/bread/eggs, 5=Packaged foods, 6=Fruits, 7=vegetables, 8= Household cleaning products and toiletries 9=other (specify)</p>					

4. Facilities to Customers		
Questions	Options	Numerical Codes
4.1 Do you give goods on credit to your customers?	Yes	1
	No.	0
4.2 If yes, you give credit to:	All customers	1
	Only to regular customers	2
	Other (specify)	
4.3 Do you give free home delivery of goods?	Yes	1
	No.	
4.4 If yes, you provide home delivery to-	All customers	1
	Only to regular customers	2
	Only on minimum purchase of Rs	3
	Other (specify) _____	9
4.5 Do you accept debit/ credit cards?	Yes	1
	No.	
4.6 Do you offer incentive schemes/promotional gifts to your customers from your end?	Yes	1
	No	
4.7 If yes, what kind of incentive schemes/ promotional gifts you offer to your customers?	Cash Discounts on purchase of certain amount	1
	Product bundling (eg. Buy one get one)	2
	Any other (specify) _____	9
4.8 What weighing tool you use to measure the quantity of the goods?	Electronic/automatic weighing machine	1
	Conventional 'Tarajoo' (weighing balance)	2
	Other (specify) _____	9

5. Employees profile and working hours							
5.1 No. of working personnel				1. Family_____ 2. Hired_____			
5.2 Particulars of working personnel							
S.No.	Family				Hired		
1.	Age		Education*		Age		Education*
2.	Age		Education*		Age		Education*
3.	Age		Education*		Age		Education*
5.3 Working hours a day				5.4 Days off in a month			
*1= Illiterate, 2=Up to 4th standard, 3=5th to 9th standard, 4=Secondary, 5=Higher Secondary, 6=Graduate, 7= Post graduate and above, 9=Any other (specify)							

6. Trends in sales, profit and customers and employment				
Questions	At present	Before 1 year	Before 2 years	If increased/ decreased, give reason(s) (use the appropriate codes)
6.1 Size of stock	Rs.....	Rs.....	Rs.....	
6.2 Daily sales*	Rs.....	Rs.....	Rs.....	
6.3 Average profit margin*	%.....	%.....	%.....	
6.4 Average no. of customers (Daily)*	No.....	No.....	No.....	
6.5 Average no. of regular customers(Daily)*	No.....	No.....	No.....	
6.6 No. of people working in the shop	Family____ Hired_____	Family____ Hired_____	Family____ Hired_____	Family____ Hired_____
*1=seasonal fluctuation, 2=Rise in prices, 3=Competition from organised retailer, 4= Increased Competition from similar stores/street vendors, 5= Reduced working hours, 6=Other (specify)				

7. Impact of nearby organised retail outlet		
Questions	Options	Numerical Codes
7.1 After the arrival of organised retail outlet, have your sales:	Increased Declined Remained the same	1 2 3
7.2 If increased/declined, then by what percent:	Up to 2 percent 3 to 5 percent 5 to 10 percent 10 to 15 percent 15 to 20 percent 20 percent or more	1 2 3 4 5 6
7.3 After the arrival of organised retail outlet, have your profit margins:	Increased Declined Remained the same	1 2 3
7.4 If increased/ declined, then by what percent:	Up to 2 percent 3 to 5 percent 6 to 10 percent 11 to 15 percent 16 to 20 percent 20 percent or more	1 2 3 4 5 6
7.5 Do you feel threatened by the nearby organised retailer/mall?	Yes No	1 0
7.6 If yes, what kind of threat you perceive?	Minor decline in sales Major decline in sales Closure of business Other (specify)_____	1 2 3 9
7.7 Do you avail credit for purchasing the goods for your shop?	Yes No	1 0
7.8 If yes, which is the source you generally avail credit from?	Wholesaler Private money lenders Other (specify)_____	1 2 9
7.9 Have there been any difficulties in availing the credit after the arrival of organised retail from any of the source?	Yes (source)_____ No	1 0

Questions	Options	Numerical Codes
7.10 If yes, what kind of difficulties you have faced?	1. 2.	
7.11 Do you think that you are able to compete with the organised retailer?	Yes No	1 0
7. 12 If yes, what are the main strategies you plan to opt to compete with organised retailer (multiple responses possible)?	Reduction in profit Maintain cleanliness to attract the customers Ensure proper quantity of goods by proper weighing Better behaviour with customers Decreasing overhead/other expenses By working longer than usual Any other (specify_____)	1 2 3 4 5 6 7 9
7.13 If no, what are the main reasons which make you unable to compet with organised retailer (multiple responses possible)?	Cheaper prices at organised retail stores Capital Constraints Discounts/schemes offered by organised retailer Space constraints Other (specify)_____	1 2 3 4 9
7.14 Do you want your children to continue with this business?	Yes No	1 0
7.15 If no, give reason(s)	1. 2. 3.	
7.16 Are you involved in any campaign against organised retailer/shopping malls?	Yes No	1 0

8. For 'Street Vendors' only	
8.1 How often are you harassed by the Police/BMC officials in a week?	Number_____
8.2 Kind of harassment	1. 2.
8.3 Has there been any rise in the harassment after the opening of nearby organised retail outlet?	Yes 1 No 0
8.4 If yes, then	Number_____
8.5 Do you pay hafta/bribe to Police/BMC officials to carry out your business?	Yes 1 No 0
8.6 If yes, how much hafta/bribe you pay weekly/monthly?	Amount (In Rs.).....
8.7 Has there been any increase in the weekly/monthly hafta/bribe after the opening of nearby organised retail outlet?	Yes 1 No 0
8.8 If yes, how much more you have to pay:	Amount (In Rs.).....
8.9 If the government builds special hawking zones and offers you a place to run your business, will you be willing to shift?	Yes 1 No 0
8.10 If no, can you tell me the main reasons of your reluctance to shift?	1. 2.

Focus on the Global South is a policy research organisation based in Asia (Thailand, Philippines and India). Focus provides support to social movements and communities in India and the Global South by providing research and analysis on the political economy of globalisation and on the key institutions underlying this process. Focus' goals are the dismantling of oppressive economic and political structures and institutions, the creation of liberating structures and institutions, demilitarization, and the promotion of peace.

The Indian retail sector, which traditionally has been the source of livelihood for millions of small scale entrepreneurs, is witnessing a dramatic shift in terms of organisation – from the traditional family-run small shops and street markets to modern formats of retailing such as mega-stores, supermarkets and hypermarkets. The entry of organised corporate retail in the country and its subsequent expansion at a fast pace has led to a widespread debate on its pros and cons. However, thus far case study research on its implications on the millions of small shop owners and street hawkers is scanty.

In the absence of adequate empirical evidence, this study is, therefore, an attempt to understand the concerns of the small retailers – including kirana stores and street vendors dealing in food and grocery retailing in the metro city of Mumbai.

We hope this paper will be useful for researchers, academicians, activists and common people to build an understanding on the impact of organised/corporate retail on the millions earning their livelihood through retail.