

A Study on Impact of COVID 19 on Indian Retail Sector

***P. SWAPNA**

**Research Scholar, Dept. of Commerce, S. V. University, Tirupati, A.P, India.*

ABSTRACT

The COVID-19 pandemic that hit Asian nation caused a big decline in turnover for the retail business. There are many businesses engaged within the retail trade sector that got to be willing to shut as a result of they're not able to get pleasure from their operations. Technological developments in economic process are terribly influential on the economy, as well as the retail market. The retail sector is that the form of business most suffering from the COVID-19 pandemic, as well as the automotive business, industry, electrical instrumentation, textile business, handicrafts and significant instrumentation, tourism. The Indian Retail Sector has come off new age and attracted so many multinational players towards the Indian Retail Market COVID-19 impact on Indian Retail Sector. The Indian Retail market has gone through major transformation from the last decade with noticeable change in unorganized retail sector. The Indian retail industry has adopted the modern technology and trends in retails. The size of India's retail market has grown up and retail industry is aggressively expanding itself in India. The Retail Industry recovery dependent on the government support and need to the policy initiative is expected to provide further fulfil to the growth of the sector. There is significant impact of COVID-19 on the retail businesses and recovery will depend on the nature of the sector.

***Keywords:** COVID-19, Growth, Retail Market, MSME, Technology.*

INTRODUCTION

The Indian economy has experienced major slowdowns from over past few quarters. The third quarter of the current financial year is 4.7 percent reduced at six years expended by the economy. In last quarter of current financial year, there had been a good possibility of improvement. However, in the near to intermediate term, the latest coronavirus outbreak has made recovery incredibly challenging. Indian economy faced many fresh challenges during this disease, causing major disruptive effect on both demand and supply side aspects that has the capacity to disrupt India's development story. India reported its first confirmed case on January 30. And the

condition of economy is already going down, after independence, this is the second in India that the GDP has fallen to -23 per cent. COVID-19 has greatly affected a developing nation like India. The Retailers Association of India defines retail sales in India dropped by 79 percent in May 2021 compared to May 2019. This happened due to the country's shutdown during the second wave of the COVID-19 pandemic. The report also says that beauty, wellness, and personal care had the biggest drop in the retail sector, falling by 87 percent, followed by footwear, which fell by 86 percent. The food and grocery industry had a better fall as compared to others, with a 34 percent drop, while restaurants had a 70 percent drop. This clearly demonstrates that the grocery industry has more online setups and can deliver and serve their customers better, whereas the rest of the shopkeepers, particularly tier-III sellers, have failed to run their businesses properly.

REVIEW OF LITERATURE

Jadhav Satish Jaywant (2020), according to him in his article name “A Study of retail industry in India after covid-19: challenges and opportunity” in his article is prepared for the purpose of find the growth and development of retails sector in India. Electronic Commerce is probably creating biggest revolution in the Indian retail industry and now the trend would be continued in the years to come. Both Organize and unorganized retails companies have to work together to ensure the smooth functioning and better prospects for the overall India retail industry.

Amgad S.D. Khaled, Nabil Mohamed Alabsy, Eissa A. Al-Homaidi, Abdulmalek M.M. Saeed (2020), the impact of the COVID-19 pandemic on retailer performance: empirical evidence from Indiain this article the study aims to synthesize the challenges that retailers are facing during the COVID-19 emergency. The current study results indicated that employee well-being and government policies have a significant positive impact on retailer performance, while customer and brand protection use of technology, and supply chain have a significant positive impact on retailers’ performance. This study will help retailers develop strategies for their employees to protect them and understand that technology is needed in the new normal times

Nithya S, Abhijit Chirputkar (2020), the Analysis of Impact of Covid-19 on Retail Consumer Behavior and Business Models. This study is to indicated that the areas of the barriers which faces the implementation of the blackboard system among female students at the community college at Imam Abdul Rahman bin Faisal University were as follows: Social barriers which ranked first and with a (high degree) followed by financial barriers (moderate degree), administrative barriers (moderate degree) and the technical barriers (low degree) and with the mean 2.60, 2.20, 2.13 and 1.37 respectively. The study recommended promoting the technical aspect in the university through using the blackboard system and providing specialists and technicians with suitable training regarding the use of this system and holding educational sessions for students and community members to enhance the concept of e-learning.

OBJECTIVE OF THE STUDY

- To Understand and analyze the present structure of Retail Industry in India.
- To understand the impact of COVID 19 during lockdown on Indian retail industry in India

IMPACT OF COVID 19 ON INDIAN RETAIL INDUSTRY

The COVID-19 pandemic struck India at a time when its economy was already suffering from muted growth due to sluggish demand in the domestic market. The immediate impact of the outbreak included sudden surges in demand for essential goods and services, a heightening of the healthcare and the financial crisis, reduced employment opportunities, and a steep decline in demand for non-essential goods and services.

The Indian government's decision of locking down 1.3 billion people has pushed the country's domestic economy into a dark and unnerving zone, severely impacting small and medium enterprises and unorganized retailers. Global financial institutions have changed the outlook of India's economic growth and lowered the country's GDP growth target post the coronavirus outbreak. Net scribes took a closer look at the effects of the coronavirus on the Indian retail industry to reveal the current scenario and what to expect in the coming months. Retailer association of India announces total retail sales last month were 91 percent of the pre-pandemic sales levels of January 2019, as well as that of January 2020.

Changes in consumer behaviour

As per the 2020 McKinsey report 96 Per cent of consumers have adopted new shopping behaviors while 60 per cent are expected to shift to online shopping leading up to the festive season and continue doing so beyond the pandemic. The aftereffects of uncertainty have been an accelerant with the growth of ecommerce and doorstep fulfilment.

Impact on manufacturers and retailers

As most Indians have started shopping online rather than stepping outside their homes, the Indian ecommerce sector has increased. With the demand for certain goods peaking, manufacturers have had to make a call to ramp up production for certain priority product categories, at the same time decreasing the production of other products in tandem. Manufacturers who were able to scale-up the production and distribution in an agile manner have been able to sustain themselves. Another area of concern for both manufacturers and retailers are whether they should employ new resources and extend the line of services or focus on improving current sales funnels.

The Indian retail landscapes

Despite the pandemic, India was among the few countries, showing growth in retail sales in 2020. Characterized by its unorganized retail primarily via Kirana stores, the country underwent a process of change in retail forms, which is yet to pace down. The emergence of larger retail spaces such as malls and supermarkets, along with growth of online commerce drove change in the subcontinent's retail landscape. Nevertheless, Kirana stores continued to dominate Indian retail, adopting digitalization and collaboration with larger players in this sector as well.

Growth of the Indian retail sector

As per the report India's consumption, which was growing at approximately 12 per cent pre-pandemic, went into negative territory during the pandemic but has now recovered to surpass pre-pandemic growth levels at 17 per cent.

Table-1
Retail market size across India from 2011 to 2020, with estimates till 2026

S. No.	Year	Retail market size (Value in billion U.S. dollars)
1	2011	365
2	2014	534
3	2016	641
4	2017	795
5	2018	950
6	2020	883
7	2021	1200
8	2024	1300
9	2026	1750

Source: statista.com

The retail market size in India was expected to amount to 1.7 trillion U.S. dollars by 2026, up from 883 billion dollars in 2020. While an overall increase was noted up to 2019, 2020 marked a decrease due to the coronavirus pandemic. Nevertheless, the market is estimated to recover in 2021.

The dominance of grocery retail

The retail of groceries contributed as much as 65 percent to India's retail. However, only a small share of that was sold through online or modern retailers. The coronavirus (COVID-19) pandemic in 2020, gave online retail a new push to e-grocers. As products were sometimes not available at physical stores, online grocers such as Big Basket managed to fill that gap successfully.

Table-2
Availability of essential goods on online platforms and local retail stores
(As of April 21, 2020)

S.No.	Year	Percentage of Consumers able to find essential goods on e-commerce apps (%)	Percentage of Consumers able to find essential goods at local retail stores
1	March 20-22	65	85
2	March 23-24	20	69
3	March 25-26	39	50
4	March 27-28	40	60
5	March 30-31	45	60
6	April 5-6	53	70
7	April 9-10	50	65
8	April 13-14	58	64
9	April 19-20	59	65

Source: google.com

Table-3
Sector wise growth rate in January 2022

S. No.	Name of the sector	Month – to - month growth rate (%)	Year - to – year growth rate (%)
1	Retail	22	30
2	FMCG	18	30
3	Automobiles	18	15
4	Health/Pharma	16	25
5	Projects/Infra	12	27
6	Manufacturing	11	17
7	Petrochemicals	10	28
8	Call centers/BPO	2	0
9	Construction	1	24
10	Telecom	1	14
11	Banking, Financial services and insurance	0	3

Source: statista.com

From the above table it shows that the growth in Indian retail month to month is 22% and year to year is 30% and FMCG also following the same percentage this is highest one comparing to other sectors. And the lowest growth rate sector is call centers and BFSI.

The lockdown implemented by the Government to prevent the spread of COVID-19 in the country has greatly affected the retail business. Most stores, except stores selling Essential Food & Grocery, have been shut across the country. Garments, Saris, Electronics, Mobile Phones, Furniture, Hardware, etc. almost all stores are closed. Non-Grocery/Food Retailers are reporting 80% to 100% reduction in sales. Even retailers of essential items are facing losses as they aren't allowed to sell non-essential items, which would bring them higher margins. 85% of the retail costs are fixed costs, which is putting several financial pressures on retailers. The industry is experiencing severe liquidity challenges, which can lead to large scale unemployment.

Impact on Non-Food Retailers

More than 95% of Non-Food Retailers has their shops closed in the lockdown and are looking at practically no revenues till the lockdown is in place. In the next 6 months, Non-Food Retailers expect to earn 40% as compared to last year's revenues.

Impact on Food Retailers

Most of Food Retailers also sell non-essential goods in the same and or different stores. The non-food business in the stores has come to a standstill in the lockdown leading to revenue loss. Additionally, 25% of these retailers have non-food stores that have been closed leading to further losses. In the next 6 months, Food Retailers expect to earn 56% as compared to last year's revenues.

Overall Business Outlook

70% of retailers expect the business recovery to happen in more than 6 months, 20% expect it to take more than a year. <10% of Medium and Large Retailers expect to earn any profits till Aug'20, 26% of Small Retailers expect to earn profits in the same time period.

Manpower rationalization

Small Retailers are expecting to lay-off 30% of their manpower going forward, this number falls to 12% for Medium Retailers and 5% for Large Retailers. On the whole, retailers who responded to the survey expect a layoff of about 20% of their manpower.

CONCLUSION

The retail industry in India has undergoing many transformations due to COVID-19 pandemic. Indian retail industry playing an important role in the transformation of its economy. Digital marketing is expanding steadily in the country. Customer purchase their choice of products with lowest rates. E-Commerce is probably

creating biggest revolution in the Indian retail industry and now the trend would be continued in the years to come. Digital technology adopted by the retail industry and providing home delivery facilities curb side pick, expanding infrastructure. The new initiatives taken by the Government like allowing maximum FDI in retail industry, single window clearance, start up. The FDI rules may have changed by the Indian Government in the food processing in a bid to permit e-commerce companies and foreign retailers to sell made in Indian consumer products. Unorganized and organised companies both companies have to work together to ensure the smooth functioning and better prospects for the overall Indian retail industry. Indian Retail market have positive support, rising incomes, favorable demographics, increasing urbanizations is worthwhile.

REFERENCES

1. www.netscribes.com
2. Dr. Jadhav Satish Jaywant (2020). A STUDY OF RETAIL INDUSTRY IN INDIA AFTER COVID-19: CHALLENGES AND OPPORTUNITY, Special Issue-5, 2020 UPA National Peer-Reviewed e-journal ISSN : 2455-4375.
3. <https://timesofindia.indiatimes.com/blogs/voices/the-impact-of-the-global-pandemic-on-the-retail-industry/>
4. https://www.abeam.com/vn/en/topics/insights/covid19_retail
5. <https://www.indianretailer.com/article/retail-business/retail-trends/how-retail-industry-can-offset-the-impact-of-covid-19.a7130/>
6. https://www.business-standard.com/article/economy-policy/retail-sales-in-jan-hurt-by-covid-curbs-at-91-of-pre-pandemic-level-rai-122021500435_1.html
7. Amgad S.D. Khaled (Yemen), Nabil Mohamed Alabsy (KSA), Eissa A. Al-Homaidi (India), Abdulmalek M.M. Saeed (India) (2020). Innovative Marketing, Volume 16, Issue 4, 2020
8. Nithya S., Abhijit Chirputkar: The Analysis of Impact of Covid-19 on Retail Consumer Behavior and Business Models -- Palarch's Journal of Archaeology of Egypt/Egyptology 17(6). ISSN 1567-214x
9. <https://economictimes.indiatimes.com/>
10. Asad Mirza, Ashish Gupta (2020). THE IMPACT OF COVID-19 ON ORGANIZED RETAILING IN INDIA
Vol. 10 Issue 39, BI-LINGUAL INTERNATIONAL RESEARCH JOURNAL.
11. <https://www.indianretailer.com>
12. <https://timesofindia.indiatimes.com>
13. <https://www.retail4growth.com>