RETAIL SECTOR OVERVIEW

SECTOR HIGHLIGHTS

- **RANKED 1ST**
  In Kearney’s 2017 Global Retail Development Index

- **INDIA TO BECOME THE 3RD LARGEST CONSUMER MARKET BY 2025**

- **INDIA IS ASIA’S 3RD LARGEST RETAIL MARKET & THE WORLD’S 4TH LARGEST AFTER THE US, CHINA AND JAPAN**

CURRENT & FUTURE SCENARIO

**CURRENT SCENARIO**

- **Market size:**
  - **USD 795 Bn** in 2017

- **88%** of the retail sector is unorganised, **9% is organised** & **3% relates to e-commerce**

- India’s retail industry accounts for over **10%** of the country’s Gross Domestic Product (GDP), and **around 8% of employment**

**FUTURE POTENTIAL**

- Overall retail in India is projected to reach
  - **USD 1.7 Tn** by 2026

- E-commerce market is expected to reach
  - **USD 200 Bn** by 2027

- According to the National Skill Development Corporation (NSDC), the sector will generate approximately
  - **56 Mn jobs** across segments by 2022
GROWTH DRIVERS

**Income Growth:**
Projected

3X increase in average household income, from USD 6,393 in 2010 to USD 18,448 in 2020

**Growing Consumption:**
India’s consumption expenditure to reach USD 6 Tn by 2030

**Continuing Urbanisation:**
By 2030, 40% of Indians will be urban residents. Rural per capita consumption to grow 4.3 times by 2030, compared to 3.5 times in urban India

**Shifting Family Structures:**
The proportion of nuclear households is currently 70%, and is projected to increase to 74% by 2025; Nuclear families spend 30% more per capita than joint families
**Increase in online spending:**

By 2026, the number of online shoppers is projected to increase from the current 15% to 50% of the total online population.

**Growing Digital Influence:**

Digitally influenced spending is currently between USD 45-50 Bn a year, and is projected to reach USD 550 Bn by 2025. This will account for 30-35% of all retail sales.

**Increase in Internet Penetration:**

Internet penetration rose from 8% in 2010 to almost 25% in 2016. It is likely to reach 55% or more by 2025, and reach 850 Mn users. By 2021, India will have more internet users than the entire population of 'six G7' countries.

**Attitudinal Shifts:**

By 2030, **370 Mn Generation Z** consumers, between the ages of 0-25 will have grown up in an India with internet, smartphones and digital media.

**Huge Middle Income Population:**

By 2030, middle-income and high-income households will drive nearly **USD 4 Tn** of incremental consumption spend.

**Growth of rural consumption and breakdown of the urban-rural paradigm:**

By 2030, rural per capita consumption will grow **4.3 times.** In urban India, it will grow 3.5 times.

**Young Working Age Majority:**

With a median age of 31 by 2030 (versus 42 in China, 40 in the US), India will remain one of the youngest nations in the world.

**1 Bn diverse internet users:**

By 2030, access to the internet will extend to about **1.1 Bn Indians** and 9 out of 10 Indians over the age of 15 years will be online.

**Huge Millennial Population:**

By 2030, India will have nearly **90 Mn** new households headed by millennials.
**GOVERNMENT INITIATIVES**

### FDI POLICY

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH &amp; CARRY WHOLESALE TRADING</td>
<td>100% AUTO</td>
</tr>
<tr>
<td>E-COMMERCE (B2B &amp; MARKETPLACE FOR B2C)</td>
<td>100% AUTO</td>
</tr>
<tr>
<td>SINGLE BRAND PRODUCT RETAIL (ONLINE PRESENCE ALLOWED)</td>
<td>100% AUTO</td>
</tr>
<tr>
<td>MULTI-BRAND PRODUCT RETAIL (ONLINE PRESENCE NOT ALLOWED)</td>
<td>51% GOVT.</td>
</tr>
<tr>
<td>DUTY-FREE SHOPS</td>
<td>100% AUTO</td>
</tr>
<tr>
<td>FOOD PRODUCT RETAIL</td>
<td>100% AUTO</td>
</tr>
</tbody>
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### OTHERS

- **INTRODUCTION OF GOODS & SERVICE TAX (GST) AS A SINGLE UNIFIED TAX SYSTEM – THE BIGGEST TAX REFORM SINCE INDIA’S INDEPENDENCE**

- **MODEL SHOP AND ESTABLISHMENT ACT: ALLOWS STATE GOVERNMENTS TO PERMIT RETAILERS TO OPERATE 24X7**
KEY FOREIGN RETAILERS IN INDIA

- Walmart Stores, Inc.  
  US
- IKEA  
  Sweden
- Decathlon  
  France
- H&M (Hennes & Mauritz) AB  
  Sweden
- Marks & Spencer  
  UK
- Dyson  
  England
- Adidas  
  Germany
- Richemont Group  
  Switzerland
- Innisfree  
  Korea

KEY STAKEHOLDERS

- Department for Promotion of Industry & Internal Trade (DPIIT)
- Ministry of Consumer Affairs
- Retail Association of India (RAI)
- NASSCOM (e-Commerce)
- Internet and Mobile Association of India
- Confederation of Indian Textile Industries