RETAIL & E-COMMERCE
Shaping New India’s Economy
RETAIL SECTOR OVERVIEW

SECTOR HIGHLIGHTS

- RANKED 2ND IN KEARNEY’S 2019 GLOBAL 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 1.1-1.3 Tr by 2025
- 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
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
Attitudinal Shifts:

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

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.

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.

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

- CASH & CARRY WHOLESALE TRADING: 100% AUTO
- E-COMMERCE (B2B & MARKETPLACE FOR B2C): 100% AUTO
- SINGLE BRAND PRODUCT RETAIL (ONLINE PRESENCE ALLOWED): 100% AUTO
- MULTI-BRAND PRODUCT RETAIL (ONLINE PRESENCE NOT ALLOWED): 51% GOVT.
- DUTY-FREE SHOPS: 100% AUTO
- FOOD PRODUCT RETAIL: 100% AUTO

REFORMS

- DPIIT APPOINTED THE OFFICIAL NODAL MINISTRY FOR RETAIL TRADE
- PROCUREMENTS MADE FROM INDIA SHALL BE COUNTED TOWARDS LOCAL SOURCING, IRRESPECTIVE OF WHETHER GOODS ARE SOLD IN INDIA OR EXPORTED
- ‘SOURCING OF GOODS FROM INDIA FOR GLOBAL OPERATIONS’ CAN BE DONE DIRECTLY BY THE ENTITY UNDERTAKING SBRT OR ITS GROUP COMPANIES (RESIDENT OR NON-RESIDENT) OR INDIRECTLY THROUGH A THIRD PARTY
- ENTIRE SOURCING FROM INDIA FOR GLOBAL OPERATIONS SHALL BE CONSIDERED TOWARDS LOCAL SOURCING REQUIREMENT
- RETAIL TRADING THROUGH ONLINE TRADE CAN ALSO BE UNDERTAKEN PRIOR TO OPENING OF BRICK AND MORTAR STORES, IF THE ENTITY OPENS SUCH STORES WITHIN 2 YEARS FROM DATE OF START OF ONLINE RETAIL
- SOURCING OF GOODS FROM UNITS LOCATED IN SEZs WOULD QUALIFY AS LOCAL SOURCING FROM INDIA
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

All information in this brochure was last updated on June 30th, 2020.
HOW WE HELP INVESTORS

RESEARCH CONTENT PROVIDED
POLICY ADVISORY/REPRESENTATION
STAKEHOLDER MEETING
SITE VISITS
LOCATION ANALYSIS
ISSUE RESOLUTION
REGULATORY CLEARANCE FACILITATION

To find out more
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