**RETAILING: INDIAN OVERVIEW**

**Introduction**

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. Total consumption expenditure is expected to reach nearly US$ 3,600 billion by 2020 from US$ 1,824 billion in 2017. It accounts for over 10 per cent of the country’s Gross Domestic Product (GDP) and around eight per cent of the employment. India is the world’s fifth-largest global destination in the retail space. India is the world’s fifth largest global destination in the retail space. In FDI Confidence Index, India ranks 16th (after U.S., Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland and Italy).

**Market Size**

Retail industry reached to US$ 950 billion in 2018 at CAGR of 13 per cent and expected to reach US$ 1.1 trillion by 2020. Online retail sales are forecasted to grow at the rate of 31 per cent year-on-year to reach US$ 32.70 billion in 2018. Revenue generated from online retail is projected to grow to US$ 60 billion by 2020.

Revenue of India’s offline retailers, also known as brick and mortar (B&M) retailers, is expected to increase by Rs 10,000-12,000 crore (US$ 1.39-2.77 billion) in FY20.

India is expected to become the world’s fastest growing e-commerce market, driven by robust investment in the sector and rapid increase in the number of internet users. Various agencies have high expectations about growth of Indian e-commerce markets.

Luxury market of India is expected to grow to US$ 30 billion by the end of 2018 from US$ 23.8 billion 2017 supported by growing exposure of international brands amongst Indian youth and higher purchasing power of the upper class in tier 2 and 3 cities, according to Assocham.

**Investment Scenario**

The Indian retail trading has received Foreign Direct Investment (FDI) equity inflows totalling US$ 2 billion during April 2000–December 2019, according to the Department for Promotion of Industry and Internal Trade (DPIIT). With the rising need for consumer goods in different sectors including consumer electronics and home appliances, many companies have invested in the Indian retail space in the past few months.

India’s retail sector attracted US$ 970 million from various private equity funds in 2019.

Walmart Investments Cooperative U.A has invested Rs 2.75 billion (US$ 37.68 million) in Wal-Mart India Pvt Ltd.

**Road Ahead**

E-commerce is expanding steadily in the country. Customers have the ever-increasing choice of products at the lowest rates. E-commerce is probably creating the biggest revolution in the retail industry, and this trend would continue in the years to come. India's e-commerce industry is forecasted to reach US$ 53 billion by 2018. Retailers should leverage the digital retail channels (e-commerce), which would enable them to spend less money on real estate while reaching out to more customers in tier-2 and tier-3 cities.

It is projected that by 2021 traditional retail will hold a major share of 75 per cent, organised retail share will reach 18 per cent and e-commerce retail share will reach 7 per cent of the total retail market. Nevertheless, the long-term outlook for the industry is positive, supported by rising incomes, favourable demographics, entry of foreign players, and increasing urbanisation.