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REVIEW ON FRUITS AND VEGETABLES RETAILING IN INDIA

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ABSTRACT

Retailing of Fruits and Vegetables in India is a rapidly growing platform. Retailing has its own sheer beauty in making the produce available to the consumers. There are two main types of Retailing. The Retailers follow the Organized and Unorganized retail sector strategies in making the produce available to the end user and also inefficient handling and waste management. The current debate on organized retail of fresh fruit and vegetables is highly skewed in terms of its effect on traditional small retailers. Safeguarding the interests of small retailers is necessary, but the producers who outnumber different market intermediaries should also get equal consideration. Public sector extension needs to be proactive and engage with organized retailers to design extension programmes that could enhance the capacity of the farmers and producer groups. There are various challenges faced by the retailers in handling fruits and vegetables like Inefficient supply chain management, Red tape, Cultural disparity, Frauds in the retail sector and so on.

KEYWORDS: *Fruits & Vegetables, Public Sector, Retailing, Organized Retailers, Unorganized Retailers*

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INTRODUCTION

Kotler states that "Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business use".India has an eminent retail platform. There was a concept of the weekly market, where all the buyers & sellers gather together for exchanging goods and services. It took a pretty long time to shape up the modern retail world. In between the concepts of ancient and the modern retails there exist Kirana or mom and pop stores. Retailing, one of the largest sectors in India and the biggest source of employment is the most active and attractive sector. It is changing and upgrading worldwide.

Retailing in India

The Indian retail industry is one of the fastest growing in the world and is expected to grow to US$ 1.3 trillion by 2020, attaining a Compound Annual Growth Rate (CAGR) of 16.7 per cent over 2015-20. India is the fifth largest preferred retail destination and is among the highest in the world in terms of per capita retail store availability. India's retail sector is growing exponentially, with retail development taking place not just in major cities, but also in Tier-II and Tier-III cities. Healthy economic growth, changing demographic profile, increasing disposable incomes, urbanization, changing consumer tastes and preferences are the other factors that contribute to the driving growth in the organized retail market in India.

Increasing participation from foreign and private players has given a push to the Indian retail industry. India's price competitiveness has made large retail players to use it as a sourcing base. Global retailers such as Walmart, Tesco, and JC Penney are increasing their sourcing from India and are moving from third-party buying offices to establish their own wholly-ownedand managed sourcing and buying offices.

The Government of India has brought reforms to attract Foreign Direct Investment (FDI) in retail industry and has allowed 51 per cent FDI in multi-brand retail and increased FDI limit to 100 per cent (from 51 per cent) in single-brand retail, and plans to introduce 100 per cent FDI in e-commerce, in a way that the products for sales should be made in India to gain from the liberalized regime.

Organized Retailing

The retail industry is of two forms namely, organized or formal and unorganized or informal. Organized retailing is where the trading or merchandising is done by licensed or authorized retailers who are registered under the tax system. The hypermarkets; retail chains and other privately owned stores or departmental stores falls under this organized retailing. The revenue from these enterprises is accounted for the Government. It is worth to name a few brands that are presently marching in the Indian 32 organized retailing. They are Food world, Spencer's daily, More supermarkets, Big Bazaar, Hyper city, Reliance Fresh, Reliance footprints. To mention few Indian companies that have invested a lump some money in Indian organized Retailing are namely, Reliance, Future Group, Aditya Birla Group, TATA, and Bharti etc. Unorganized retailing stands for 95% of the Indian retailing and comprises sole-owner managed general provision stores, convenient stores, and pavement vendors etc. Regarding the employment, the organized sector has employed 50 lakh people, whereas, the unorganized has employed 3.5 crore people in India. It is estimated that the retail contributes 10- 11% to the GDP of India. The value of the organized retail is Rs. 35,000 crores and of the unorganized is Rs. 9,00,000 crores approximately. The organized retailing is growing at a rate more than 30%. It implies the transition of unorganized sectors into organized.

Organized retailing of fruit and vegetables by the corporate sector is expected to grow in the upcoming years. While retailers are trying a new business model, producers are experimenting with new approaches to market their fruit and vegetables. These efforts are still evolving. However, the new ways of producing and marketing fresh fruit and vegetables are paving way for innovation in horticulture. While the government could contribute to these arrangements through research, it seems to be ignorant of this entire process of change.

The current debate on organized retail of fresh fruit and vegetables is highly skewed in terms of its effect on traditional small retailers. Safeguarding the interests of small retailers is necessary, but the producers who outnumber different market intermediaries should also get equal consideration. Producers do benefit with the emergence of alternative channelsand our study clearly supports this. They attain benefits in the form of higher incomes and in terms of increased capacity for quality production. However, only a few farmers have benefited with retail operations on a small scale. Farmers still depend on traditional markets and therefore upgrading the infrastructure and trading practices at these mandis should get continued attention.

Unorganized Retailing

Unorganized retailing refers to the traditional ways of low cost retailing, for example, the local kirana shops, paan-bidi shops, convenience stores, handcarts, and pavement vendors. Traditional retailing remains the backbone of the Indian retail industry with a contribution to over 95% of total retail revenues. The prototypical 'baniya' outlets comprise a key part of Indian retail store formats run a small family business in nature.

Public Intervention

Once the business expands, retailers will have to deal with a greater number of producers. With increasing urban consumer demand in terms of quantity, quality, choice, and convenience, organized retail is meant to expand. If producers are to get benefitted from this, their ability to produce quality horticultural produce has to be upgraded. Both Public and Private sector support is required. Farmers' capacity to market the quality produce also needs to get developed.

Public sector extension needs to be proactive and engage with organized retailers to design extension programmes that could enhance the capacity of the farmers and producer groups. Though this study hasn't found any discrimination against smallholders, global experience indicates that they are likely to be excluded from these new supply chains as the organized retailers start employing stringent quality parameters while buying produce. Extension department should assist small farmers in enhancing their capacity to deal with the new quality parameters and requirements.

Some organized retailers have started supporting producers with seed, advice and personal visits to farmer fields. But they must have to do more if they are keen on expanding operations. This involves recruiting more technically trained staff, improving farm advisory services and designing specific educational programmes on quality production and maintenance.

Arrangements between retailers and farmers are currently based on their trust, without any written or binding contract. Once the scale of operations expand, written contracts would become important. Both the public and private sectors should work together to develop better guidelines on contract arrangements to reduce risk and ensure profit sharing for the producers.

Challenges in F & V Retailing:

Some of the major challenges faced by unorganized retail sector today are as follows:

- Inefficient supply chain management: Even though Indian retailing is still dominated by the unorganized sector still there is a lack of effective and efficient supply chain management. India must certainly concentrate on improvingsupply chain management. Concentration must be vested in improving the supply chain management, which in turn would bring down inventory cost, which can then be passed on to the consumer in the form of low pricing.

- Cultural disparity: India's huge population size as well as social. Economic and cultural diversity means that there is no established model or consumption pattern throughout the country. Dealers, Wholesalers, retailers, and manufacturers will have to devise strategies for different segments and sectors which by itself would be challenging.

- Frauds in the retail sector: It is by far one of the major primary challenges unorganized retailers would have to face. Frauds including vendor frauds, shoplifting, thefts and inaccuracy in administration and supervision are the major challenges that are difficult to handle. Even after the use of security techniques such as CCTV"s and POS systems frauds are still happening. As the size of sector increases there will also increase in the number of thefts, frauds, and discrepancies in the system itself.

- Human resource problems: One of the major problems faced by unorganized retail sector today is the shortage of trained manpower. Indian retailers are finding a lot of difficulty in finding the trained person and also paying those more in order to retain them. This also brings down Indian retailers profit levels.

- Political risk: The largest opposition party in India has opposed FDI in retail and some of its leaders have also already indicated that they will scrap the policy if their party comes to power. Certainly, a political change in Central and state governments put a lot of pressure and impose a political risk on investment in retail.

- Red tape: This refers to getting approvals from government. This also implies that the retailer would have to go through different layers of government departments before getting the go ahead.

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