



---

# A Study on Challenges and Opportunities for Organised Food and Grocery Retailing Concerning Delhi-NCR

---

**Sanjeev Kumar\***

*\*Assistant Professor (Commerce), Govt. Girls Degree College, Kharkhauda, Meerut (U.P.), India.*

*Corresponding Email: \*sky1976delhi@gmail.com*

**Received:** 13 May 2021

**Accepted:** 02 August 2021

**Published:** 18 September 2021

***Abstract:*** Customers' shifting behaviours and new digital technology are transforming food and grocery retail. Food features and restrictions make logistics in this field difficult. The paper aims to study the challenges and opportunities for organised food and grocery retailing in the Delhi-NCR region of India. To get insight into the perspectives of 30 organised food and grocery stores in the Delhi-NCR area, a 15-question structured questionnaire was employed to gather primary data. The results suggest that "competition from unorganised retail" is the primary concern of conventional stores. To survive in a market like India, businesses must develop new solutions. Several new market participants have made organised retailing one of the fastest-growing and most dynamic businesses.

***Keywords:*** Organised Food and Grocery Retail, Challenges, Opportunities, Delhi-NCR.

## 1. INTRODUCTION

India's retail sector is in a transitional period as it moves from an unorganised to an organised structure (Grover, 2012). The retail industry, which is well organised, is thriving. The public's outlook is shifting, and more are opting to do their shopping in malls and other structured retail establishments. Stores that have a business license and are registered to collect taxes are considered "organised retail outlets." In India, there are many popular retail formats like mass discounters, warehouses, category killers, departmental shops, boutiques, E-retailers, franchises etc. India's enormous middle class and practically new retail business are the primary attractions for global retail companies seeking to penetrate additional markets, which would benefit India. Retail Industry growth will accelerate. The Indian retail sector is anticipated to increase by 25% yearly. The future of the India Retail Industry appears to be bright as the industry expands, government laws become more friendly, and technology makes operations more straightforward. India's largest industry is retail. The sector has experienced



tremendous expansion during the past several years. According to Roodagi (2020), the retail boom in the Indian consumer market is credited to the following factors:

- (i) Changing the spending pattern of the consumers.
- (ii) Changing demographics.
- (iii) An increasing number of international brands.
- (iv) Changes in the economic policies.
- (v) Increased urbanisation.
- (vi) Easy payment options like EMIs, credit cards, loans against debit cards, etc.
- (vii) Increasing infrastructural development.

The organised retail business in India is thriving, but it has not yet attained the expected growth compared to the industrialised nations. Indian stores encounter a wide variety of both significant and minor difficulties.

## **2. LITERATURE REVIEW**

### **Raina & Kumar (2020)**

India lacks food and grocery stores. Consumers buy food and groceries from disorganised Kirana stores/mandis. In recent years, supermarkets, convenience stores, bargain stores, and hypermarkets have gained popularity due to changing consumption patterns, food and eating habits, and technological improvements. Delhi was chosen as a model since it is a Tier 1 city with enormous opportunities for organised shopping. This research analyses consumers' attitudes toward organised and online retail against conventional commerce and examines industry developments.

### **Srivastava et al (2019)**

The paper identifies challenges to Indian retail's rapid expansion. This study analyses several business issues in the country during the 2010s. It identified fundamental infrastructural and operational hurdles for organised retail in India. The report focuses on the main difficulties affecting the organised Indian retail industry. Further market research might discover further issues. Retail offers enormous employment and economic growth opportunities. Favourable retail conditions would help India. Well-framed initiatives that incorporate the obstacles will boost segment profitability.

### **Pangrikar (2015)**

Retail is the sale of products and services to consumers. The supply chain includes retailers. Retailers acquire bulk from manufacturers or wholesalers and sell modest quantities to customers. Retail might be at a store or market, door-to-door, or delivered. Retailing includes shipping. The availability of e-resources and India's busy lifestyle inspire customers to purchase online. Product availability, liberal return policies, and speedy shipment are crucial to increasing a seller's sales rate. This paper details the retail industry's development potential and the elements that enable e-retail in India.

### **Sharma et al. (2015)**



The difficulties faced by the unorganised retail sector were the subject of this research study. Several obstacles stand in the way of unstructured retailers succeeding, including a lack of store organisation, inefficient supply chain management, the need to seek out and receive necessary government approvals, resistance to change, and resistance to technological advancements and e-commerce. According to the findings, organised retail outlets face the most difficulty competing with unorganised retail stores. The retailers could get a better grasp of the preferences of mall customers and identify their strengths and limitations with this survey.

### **Sudame & Sivathanu (2013)**

The issues that are now being faced by the retail industry and the various retailing models were the foci of the research project that was carried out. In order to get a better understanding of the issues that the retail industry is now facing, the research examined primary data and targeted responses from 30 unorganised shops. According to the findings, the unorganised sector presents the greatest challenge to the organised retail sector. Next comes retail shrinkage, rivalling other organised stores, inefficient distribution systems, and internal logistical issues. The retail sector is also feeling the effects of changing consumer preferences.

### **Objectives of Study:**

1. To analyse the current retail situation for organised food and grocery retailing concerning Delhi NCR.
2. To study the challenges and opportunities for organised food and grocery retailing concerning Delhi NCR.

## **3. RESEARCH METHODOLOGY**

### **Research Design**

The nature of this research is descriptive. The survey was administered to 30 randomly chosen organised food and grocery retailers from the Delhi-NCR area. A comprehensive questionnaire was created, which included questions on challenges and opportunities for organised food and grocery retailing. In the Delhi-NCR regions, places like Sadar Bazar, ISBT Anand Vihar, New Market Seelampur, Shastri Park, Shahadra Railway Station, New Market Seelampur, Welcome Metro Station, and Connaught Place, and other locations were chosen at random from the NCR regions, and the responses of the retailers were analysed and discussed for future research. Specific figures from the 2021 census report were utilised as additional data sources in the study.

### **Data Collection**

The data utilised in this research is primarily primary, acquired from a survey performed to assess respondents' behaviour. The data was gathered using the convenient sampling approach. Fifteen questions were organised into a systematic questionnaire based on a "5-point Likert scale".

### **Data Analysis**



For data analysis, a mean rating test was applied. Such a test is applicable when the response levels (columns) are measured at an ordinal scale.

#### 4. RESULT AND DISCUSSION

The results of the survey questionnaire are as follows:

Sr No	Challenges	Per cent of Strong Agreement	Per cent of Agreement	Per cent of Neutral	Per cent of Disagreement	Per cent of Strong Disagreement
1	Technology Adoption	30.19	44.1	11.43	5.71	8.75
2	Infrastructure and Logistics	40.0	37.14	8.57	8.75	5.71
3	Scarcity of Skilled Workforce	37.14	31.14	11.43	11.43	8.75
4	Frauds in Retail	42.86	22.86	8.57	11.43	14.29
5	Inefficient Supply Chain Management	40	34.29	11.43	5.71	9.29
6	Price War	40	31.43	8.57	11.43	8.57
7	Cultural Diversity	28.57	34.29	14.29	22.86	0
8	Understanding Customer	37.14	34.29	14.29	8.57	5.71
9	Escalating land and rental prices	25.71	22.86	17.14	14.29	20
10	Competition from Unorganised Retail	32.29	42	17.14	5.71	2.86
11	E- Retailing	25.71	28.57	22.86	14.29	8.57
12	Power Supply Problem in India	22.86	25.71	20	17	14.29



13	High Cost of Operation	37.13	34.29	8.57	11.43	8.57
14	Government Opposition to FDI	2.86	5.71	11.43	34.29	45.71
15	Ever-increasing customer demand	31.43	34.43	11.43	14.29	8.57

Table 1. Results of Survey Questionnaire

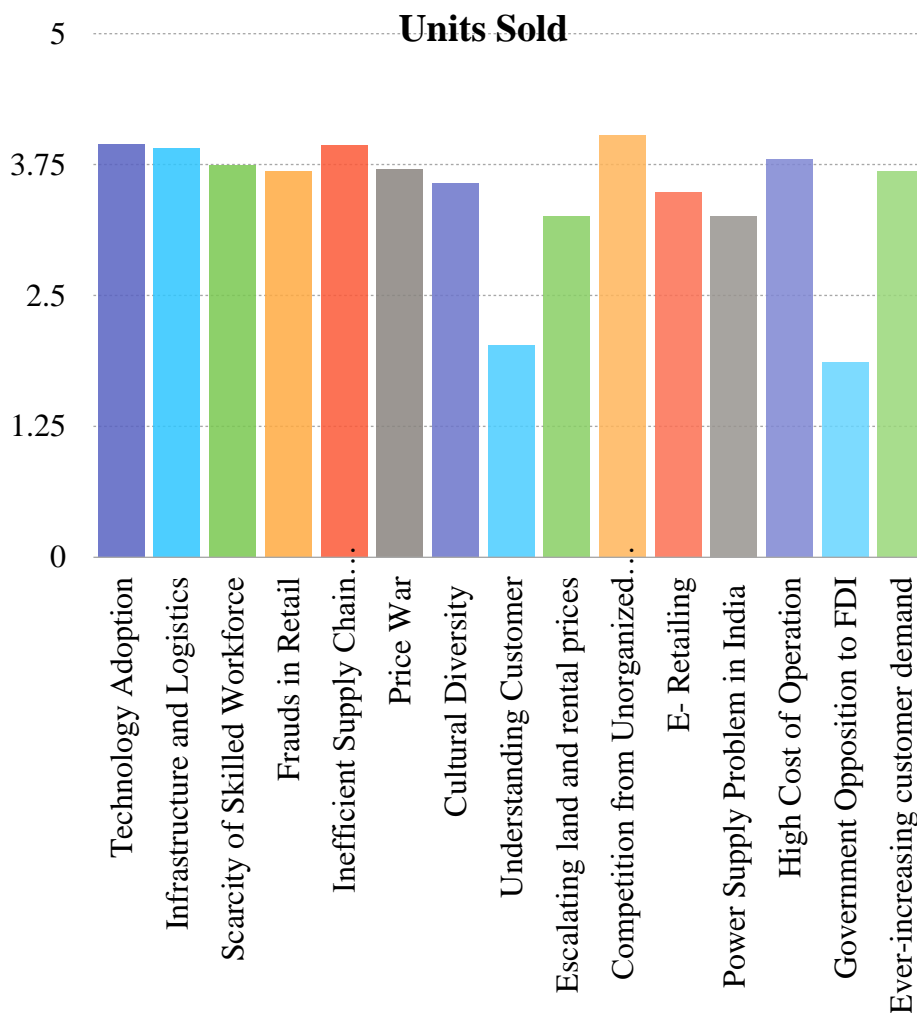


Fig 1. Mean Ratings of Challenges and Opportunities

Based on the data shown in the preceding graph, it is clear that 'competition from unorganised retail' poses the biggest threat to the 'organised retail' sector of the food and grocery industry



in the Delhi-NCR area. Substantial difficulties include slow technology acceptance, ineffective supply chain management, inadequate infrastructure and logistics, inadequate consumer education, high operating expenses, a lack of competent labour, pricing wars, retail fraud, and constantly rising client demand. Cultural diversity, e-commerce, rising land and rental costs, and India's power supply issues are moderate challenges for the Delhi-NCR region's organised food and grocery retailers. The government's opposition to FDI seems to have a negligible impact on the retailing sector.

According to the 2021 census report, the urban population of the Delhi region increased dramatically in 2020-21, with Central Delhi accounting for 100% of the population. Within the data points, the East Delhi region accounts for 99.79 per cent of West Delhi's population is 99.75 per cent. The research indicates that the areas of South Delhi, North East Delhi, and North Delhi account for 99.55 per cent, 99.04 per cent, and 98 per cent, respectively. In the regions of New Delhi, the per cent population was 97.50; in North West Delhi, it was 94.15 per cent, and within the South West Delhi area, it was 93.73% per cent. This is a promising sign for developing and expanding various store layouts in the Delhi area. With the expansion of the urban mode of living, with shopping malls becoming a popular and common shopping destination among the urban population, the expansion of organised food and grocery retail in the Delhi-NCR region has taken. With around 5 per cent of the food and grocery retail market being handled by organised sectors, the NCR area has much room for growth. Merchants are increasingly increasing their footprint in tier-I (metropolitan) and tier-II (second and third-tier) cities. Despite the pandemic, companies expanded their footprints by 40 per cent in the last two fiscal years, taking advantage of historically low rents.

Meanwhile, quick-commerce startups that promise meal and grocery delivery in minutes are challenging traditionally organised retailers. Fast e-commerce services, the first choice of customers who want to shop in case of unplanned and unexpected purchase requirement and who prefer to shop with the comfort of sitting in their homes, continues to maintain sway as it serves clients for their more extensive weekly/monthly food shopping. Furthermore, conventional business operations from physical locations are looking forward to expanding their business over the online Internet market, especially by working with rapid commerce providers. Slower-than-expected shop openings and rising competition from unorganised and fast commerce categories would be crucial indicators to watch as far as the NCR region's organised food and grocery retail sector is concerned.

## **5. CONCLUSION**

The Indian retail industry is still in its early stages and requires significant development before it can be considered thriving. The main problem for organised food and grocery retail businesses is competition from the unorganised retail sector. Classic small businesses maintained, owned, and administered by the same people on a small scale with exceptionally cheap operating expenses are the "Kirana stores" or "general stores" and corner shops in the neighbourhood. They have also begun to give promotions and discounts in order to gain consumer loyalty, as well as to provide free home delivery services. Kirana shops also offer credit to loyal consumers. This is the most challenging task for organised retail shops. Today, India's organised retail business is thriving, but it has yet to attain the expected level of



development compared to industrialised nations. The Indian retail stores encounter several big and little issues.

India is a vast and profitable market for the organised food retail industry, and we may anticipate many local and foreign businesses to enter to claim their due share. This organised retail will benefit not just crop growers and manufacturers by allowing them to achieve better prices for their commodities but also consumers by delivering items at reduced prices. As the supply period shortens, food quality with a shorter shelf life improves. Organised retailers would remove the intermediaries that raise the price of products without adding any value by undertaking all of the jobs of mediators who would be engaged in purchasing from the local market and providing it to the retailers. There are various prospects for entrepreneurial venture development in the new retail structure, which would assist more entrepreneurs' ventures and provide long-term employment. The worldwide retail chain would allow local items to access the global market by expanding manufacturing size, which would otherwise be impossible.

## **6. REFERENCES**

1. Dr. Prafulla Sudame, Brijesh Sivathanu (2013) Challenges affecting the organised retail sector. Arth Prabhand: A Journal of Economics and Management (Vol 2)
2. Grover, M. V. (2012). Retail Sector in India: Issues and Challenges. International Journal of Multidisciplinary Research.
3. Pangrikar, M. (2015) Challenges and Opportunities of retailing sector in India.
4. Raina, S., & Kumar, D. (2020) Analysis of Consumer's Perception and Preferences towards Food and Grocery Shopping in Delhi.
5. Roodagi, P. B. (2020). Significant challenges and opportunities of organised retailing in India. Sahyadri Journal of Management, 4(2), 1-15.
6. S. K. Sharma, Raunak S. Chandak (2015) Challenges affecting the unorganised retail sector. Journal of Business Management and Economics 3.
7. Srivastava, V., Srivastava, M. K., & Singhal, R. K. (2019). Challenges For Organised Retailing In India. Think India Journal, 22(14), 15584-15597.