

# RETAIL & E-COMMERCE



# Industry – Retail and E-commerce

The retail market in India has undergone a major transformation and has witnessed tremendous growth in the last 10 years. By 2020, the retail market in India is set to cross the USD 1 tn mark, growing from USD 672 bn in 2017. India's e-commerce market is also set to grow at a 30% compound annual growth rate for gross merchandise value to be worth USD 200 bn by 2026.

With the second largest population in the world, a middle class of 600 mn people, increasing urbanisation, rising household incomes, connected rural consumers and increasing consumer spending, India is one of the best countries to invest in retail space.

- India has overtaken China to become rank 1 in A.T. Kearney's 2017 Global Retail Development Index
- Retail is India's largest industry, currently accounting for over 10% of the country's GDP and 8% of total employment

Recent Policy Changes allow 100% FDI in almost all segments in Retail.

100% FDI is allowed through government approval route for trading, including through e-commerce in respect of food products manufactured or produced in India.

For further details, please refer [FDI Policy](#)

# Contribution in Indian Economy

Contribution  
to India's  
GDP - **10.0%**

Share in  
India's  
employment  
- **8.0%**

Rising  
consumption  
- **4X**

Growing  
organised  
retail - **3X**

# Highlights



India Ranked No. 1 in Global Retail Development Index (GRDI) in 2017



By 2021, India to have more internet users (650 mn) than entire population of six G7 Countries



India to become third-largest consumer economy (consumption expenditure to increase by factor of 3 to reach USD 4 tn) by 2025

# Industry Scenario

**The Indian retail sector has experienced a healthy growth over last few years achieving a total market size of USD 672 bn in 2017.**

The Indian retail market is projected to reach USD 1.3 tn, while on the other hand, Indian e-commerce industry is expected to cross USD 100 bn mark, by 2020.

India's e-commerce market is also set to grow at a 30% compound annual growth rate for gross merchandise value to be worth USD 200 bn by 2026 and market penetration will increase to 12% from existing 2%.

India is largely an unorganized retail market, contributing 92% to the total retail sector in India. Currently, the organized retail market is valued at USD 60 bn, and the unorganized market holds the rest. The organized retail market is projected to increase to 13% by 2020, with the unorganized market reducing to 87%. Organized retail therefore, has the potential to reach approx. USD 140-160 bn.

# Growth Drivers

**Growing income**

3X rise in average household income to reach USD 18.4 mn in 2020

**Shifting family structures**

Proportion of nuclear households projected to inc to 74% by 2025

**Attitude shift**

75% of population by 2020 will belong to Generation 1 with higher consumption levels

**Growing Urbanisation**

40% population living in urban areas will account 60% plus of consumption, by 2025

**Digitally influenced spending**

Projected to increase more than tenfold to USD 500 - 550 bn & account for 30% - 35% of all retail sales, by 2025

**Increase in Online Buyers**

350 mn by 2025 from existing 90 mn

**Growing Internet Penetration**

To grow to 55% or more by 2025 (850 mn users) from 25% in 2016

**Rise in Affluence**

Elite and affluent households will become the largest combined segment by 2025

**Increasing consumption in Emerging cities**

By 2025, 120 cities will have matched today's major metropolitan areas in average household income

# Industry Trends



## **Product quality, transparency & sustainability**

Production cost details including materials, labour, duties and mark-up

## **Technology**

India will have 650 mn mobile users by 2020 and 530 mn online shoppers by 2025.

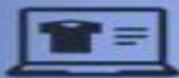


## **Personalisation**

77% of consumers expect an offering of products and offers that appeal to their personal tastes

## **Mobile payment solutions**

Worldwide mobile payment revenue in 2015 was USD 450 bn and is expected to surpass USD 1 tn in 2019.



## **Unique In-Store Experience**

Creating omnichannel shopping experiences by bringing the online world into brick and mortar stores.

# Key Policies

**Direct Selling Guidelines**

**FDI Policy revision for retail**

**Model shops and establishments Bill, 2016**

**FDI Policy clarification on Food Product Retail Trading  
(FPRT)**

# Recent Investments

- Oct 31, 2018 - US-based **Walmart Inc** plans to invest about **INR 3,200 crore** to roll out 47 wholesale stores in India by the end of 2022
- Feb 22, 2018 - Swedish furniture retailer **IKEA** will invest **\$ 437.2 mn** in the state over the long-term to set up multi-format stores as well as experience centres.
- Feb 15 2018 - British tech firm **Dyson** will invest **USD 200 million** into its Indian operations over the next five years and will set up 20 stores across Delhi-NCR, Mumbai and Bengaluru
- Nov 15, 2017 - **Amazon's** third capital infusion of **\$ 435 mn** into its India business this year takes its total investment in Amazon Seller Services to \$ 2.6 bn



# Major Investors

**amazon**

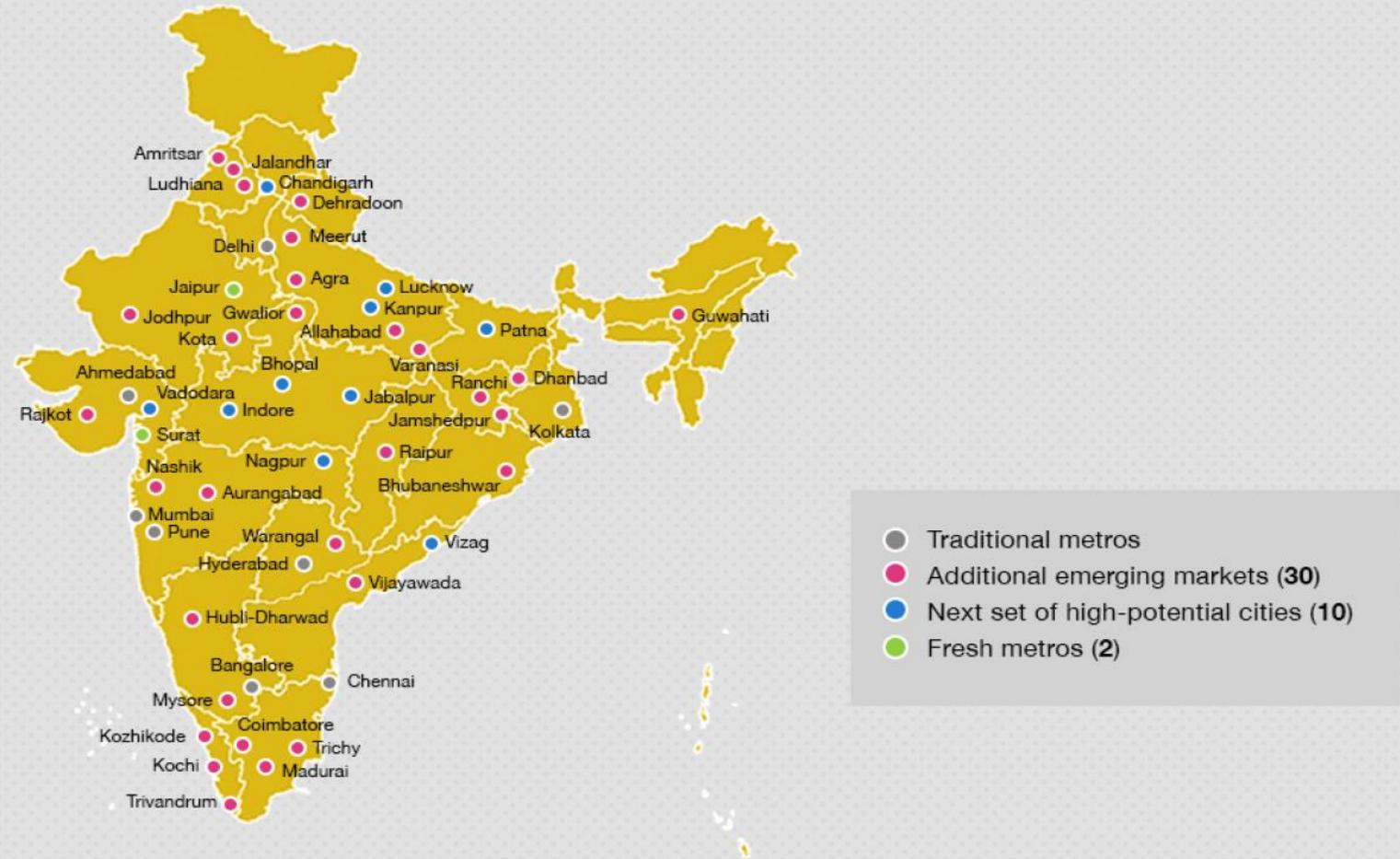
**Walmart**



**Alibaba.com**

**MARKS &  
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# Emerging Cities



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