

Retail Complexity in India Who Gets into Business?

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For a long time, people from communities/castes who were traditionally engaged in business activities were the dominant force of business in India. Families from such traditional business castes ran a variety of stores in towns and villages: grocery stores, cooking oil stores, cloth stores, vegetable shops, sweet stalls, etc. Where there was strict distinction maintained between vegetarian and nonvegetarian communities, for example among the Tamils, most eateries were vegetarian, and these were run by hoteliers from the vegetarian communities. In other words, retail business activities could be considered caste-based in the past.

Technical businesses such as carpentry, ironworks, blacksmith, goldsmith, etc. were also caste-based. There was restricted transmission of knowledge and skill in such technical professions. In fact, people not belonging to these professional castes, did not show much interest in acquiring these skills.

Barter and wages in kind were dominant features in rural work. This was sort of an impediment for the growth of retail business. There was limited cash flow in the society in general. Landless labour were subjected to barter and wages in kind.

Limited cash flow in the society especially among lower economic classes did not encourage expansion of retail business. Street corner shops became more prominent as retail business.

In addition, such smaller shops became essential entities in new colonies of housing coming up in medium and large-sized towns and cities. This resulted in strengthening wholesale businesses since the smaller shops or stores depended on them for their supply of goods.

Expansion of bus and lorry facilities between villages, towns and cities helped the growth of retail business.

Traditional weekly markets as well as bazars in towns have been the backbone of retail business in India. These continue to have their important roles. At the same time, roadside business in grocery, vegetables, readymade clothes, eateries, etc. which come up at dusk continue to shine as the hallmark of retail business. Roadside business at dusk helped and help people from all castes to become retail businesspersons.

We also see the emergence of departmental stores as the major centre of retail business throughout India. District headquarters offer departmental stores model as the most popular retail destination. While Malls are well established in major cities, departmental stores as single stores outside the Malls, as well as in towns where Malls are not found, are established as part of chain stores of private companies. Smaller retail stores, fortunately, continue to flourish despite the growth of departmental stores.

Smaller retail stores have begun to imitate the big departmental stores' internal organization of racks with goods readily accessible to the customers. These stores are becoming popular in smaller towns, residential colonies, etc. Small retail stores, not part of the chain stores of a company, are usually family-owned business. While they may not be able to compete with the big chain departmental stores or independent departmental stores, they still have ways to attract their customers. The system of MRP (maximum retail price) really comes to their help. They tend to offer a few percentage points of deduction from the Maximum Retail Price printed on the product. Their suppliers give them a higher discount and from this they are able to offer some reduced price to their customers.

Retail price of a product is still subjected to bargaining in street corner shops and in the evening/dusk roadside markets. Bargaining, a traditional and integral feature of Indian retail business, is slowly losing its ground. At the same time, bargaining in various forms and labels seems to be a strong trait in major corporations which sell goods online and through chain stores – They buy large quantity of the same product as cheap as possible through bargaining. Those who want to sell their products in large quantity to such corporations are ready to reduce the price because when they sell large quantity, they still make profit. In other words, our day to day bargaining when we want to buy or sell our goods in daily markets, roadside businesses, etc. is looked down upon, while the bargaining trait of large corporations is admired.

Who gets into retail business is still a major question. Traditional family ownership is somewhat linked to the caste-identity of the business owners and entrepreneurs. We also see that some castes that were traditionally considered to be business castes have lost their prominent place in business. New business castes have emerged. Many chain stores and departmental stores are owned by castes who were not traditionally considered to be business castes, for example in Tamilnadu. In other words, entrepreneurship, willing to take financial risk, willing to get involved in new enterprises not familiar to their families or castes, etc. are clearly seen at all levels, including businesses in the evening bazar and in roadside businesses, etc. Unfortunately, there is still general lack of interest in acquiring knowledge of ways of creating and doing business among young people. There continues to be greater interest in getting salaried jobs.

Retail business and independent stores, both small and large, have a great role to play in bringing social equity and economic prosperity in India.

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