

Indian retail market



The Indian Retail market is growing with a rapid pace.

India is the most eye-catching retail market today with abundance of opportunities. We can notice that global market have acquisitively eyed India's retail market over a long period, so it arrive as no shocking news, when Marks & Spencer took another deal in April 2008 with India's multinational company i. e. Reliance Industries Limited. The United Kingdom food and clothing chain Giant Marks & Spencer teamed up with India's multinational company Reliance Industries in broadcasting the news to open 50 stores over the next five years durations. The motivation behind this was clear that India has the second largest inhabitants in the world, where as more than half of it inhabitant's is beneath 25 years old, while its economy has expanded at over 8. 5% annually since 2003 – meaning there is a rapidly escalating middle class with money to spend(Anon, 2008). Initially Marks & Spencer had tied up with the Planet Retail but unsatisfied with the pace of expansion with Planet Retail. Stores were too small and price of the product were expensive, but Planet Retail will remain franchisee of Marks & Spencer (Anon, 2008). “ At present Marks and Spencer, has 14 franchised stores running in India, which apply to the Foreign Investment Promotion Board (FIPB), the government agency that approves investments in the country from abroad, to own a 51% stake in the joint venture, Marks and Spencer Reliance Pvt. Ltd” (Roy, 2008).

Commerce and Industry Minister Kamal Nath recently observed that “ luxury is not a product but an emotion and it has both aspirers and admirers. India will engage the world.” In the last three months alone, over \$400 million investment has been made in India. “ This shows that the world is bullish

about India and its consumers,” he said. Currently, 100 per cent foreign direct investment is allowed in wholesale trade, but only 51 per cent in single brand outlets (Menon, 2008).

Since Marks & Spencer owns 51% and rest of the share i. e. 49% are owned by Reliance Industries Limited. Both the conglomerate companies will invest £29million in the joint venture. According to Sir Stuart Rose Marks & Spencer’s chief executive, Strategy is to achieve 15%-20% of Marks & Spence’s sales from its international business within the next five years. Knocking the door of one of the fastest growing consumer market in the world. The nation is expecting that middle class generation will increase by 350 million by 2015(Hall, 2008). The new stores will be called as seamless malls gigantic shops within shops and separate boutiques mainly selling home ware and clothes in Mumbai, Delhi, Bangalore and other major metropolitan hubs (Anon, 2008). Through strength of technology, logistics and property reliance has become the leading player in retail market.

Joint venture not only enhances both the parties but also the consumers. The goods and services will be available in economical rates, due to this purchasing power of individual will increases. Size of stores will be spread around in 20, 000 sq ft, as size is big employees requirement will be more in order to provide quality services to consumers. Customer can collect their favourite brand by shopping less than one roof. Branded household and garments will be available for consumer at cheaper rate.

Thus joint venture between two the multinational companies will not only enhances profit margin of their venture but also economy and satisfying the

people through providing good quality services as well as creating employment opportunities.