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lakh crore*

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Samreen

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As investment rate of 36.3 per cent is driving the Indian growth story, the corporate retailers across the country have announced investments plans amounting to Rs. 1,31,804 crore in the past six months, for expanding their network of stores by the next four-five years to cash in the retail boom, according to the ASSOCHAM Investment Meter (AIM).

According to AIM tracking investments during the period September 2007 to February 2008, the organized retail growing at estimated 25 per cent is set to penetrate in the tier II and tier III cities like Pune, Chandigarh and Hyderabad, as they are attracting the major share of investment announcements worth Rs. 27,550 crore.

The real estate majors like Unitech and DLF have drawn massive plans to cater to the burgeoning demand of the shopping malls. Capex amounting to Rs.65,000 is planned to be invested in real estate development for retail space in next four to five years while 'food and grocery' is next big retail segment with investment plan of Rs.22,100 crore.

Retail real estate development booms

With mega retail malls coming big way, the real estate development for the organized retail sector has attracted maximum number of investment announcements amounting to Rs. 65,000 crore.

To make the maximum leverage of the retail boom, real estate developers have announced major expansion plans to set up large shopping malls like Unitech with a capex of Rs. 20,000 crore, DLF with an outlay of Rs. 16,000 crore and a plan of Rs. 15,000 crore by Parsvnath Developers Ltd. to foray into the construction of mega retail stores.

Inflated land prices in metropolitans and growing untapped consumer markets in the smaller cities, the tier II cities such as Hyderabad, Kochi, Goa, Chennai, and Chandigarh are becoming the preferred destination for investment by these leading real estate players for exploring the retail business opportunities.

Hyper marts, the mammoth retail facility

The fast growing Indian economy has given a major thrust to changing consumer behaviour as reflected by the increase in investment announcements worth Rs. 29,154 crore for setting up hyper marts.

Companies like Reliance Retail have set aside Rs. 24,000 crore for setting up hyper marts by the year 2010-11 in National Capital Region. Spencer retail also announced a capex of Rs. 3000 crore for expanding its retail outlet and setting up hyper marts in the next three years.

Increased competition among food & grocery retailers

With huge demand for food and grocery items in the country of 1.1 billion population, the organized retail in this segment is gaining momentum. Capex of Rs. 22,100 crore has been planned to be invested in setting up chains of food and grocery stores in next three years.

Reliance Retail has announced an investment outlay of Rs. 12,700 crore to set up grocery stores by next two-three years in cities like Hyderabad and NCR. The Aditya Birla group has also announced its investment plan of Rs. 8,000 crore to set up a chain of stores in the country in next three to five years.

Companies like Wadhawans Food Retail, Subhiksha, Dabur have also made investment announcements worth Rs. 1,500 crore, Rs. 300 crore, and Rs. 200 crore respectively in tier II and selected tier III cities during the past six months.

Table: Top Five Retail Segments with Maximum Investments

(Rs. Crore)

Sector	Capex
Retail Real Estate Development	65,000
Hyper Marts	29,154
Food & Grocery Items	21,600
Textile & Apparel	7,900
Logistics	2,100

Source: Company announcements

Expansion of Apparel stores

While the textile and the garment industry are facing tough competition due to rupee appreciation and high competition in the international market, the industry players are betting on the booming domestic market.

The past six months witnessed a major expansion in the textile and apparel segment by large retailers including Provogue, Trent, Arvind Mills drawing up the investment chart of Rs. 7,900 crore for setting up new stores in cities like Pune, Hyderabad, Navi Mumbai.

Provogue with a capex of Rs. 6000 crore has made an announcement to set up 40 new stores in tier II and tier III cities by next fiscal. Other majors fashion brands like those of Arvind Mills, Donear Industries and Trent are upbeat on the robust consumer demand and plan to invest Rs. 400 crore, Rs. 300 crore and Rs. 250 crore respectively.

Job creation centers in the future

With more and more corporates investing in the sector, the prospects of job creation will surge in the next five years in cities like Hyderabad, Pune, Surat, and Chandigarh among others.