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Impact of Globalisation on Indian Retail Market

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ABSTRACT: Globalisation has significantly influenced the growth and transformation of the Indian retail market. Over the past few decades, the retail sector in India has experienced rapid development due to economic liberalization, increased foreign direct investment (FDI), technological advancements, and the entry of multinational companies. These changes have introduced modern retail formats such as shopping malls, supermarkets, hypermarkets, and online retail platforms, which have improved the overall shopping experience for consumers.

The main objective of this study is to examine the impact of globalisation on the Indian retail market. The study focuses on how globalisation has contributed to the expansion of organized retail, improvement in supply chain management, increased employment opportunities, and availability of a wider variety of products to consumers. At the same time, the research also highlights the challenges faced by small and traditional retailers due to increasing competition from large retail chains and international brands.

The study is based on secondary data collected from books, journals, research articles, government reports, and various online sources. The findings suggest that while globalisation has brought modernization and growth to the Indian retail sector, it has also created certain economic and social challenges that need to be addressed through balanced policies.

Overall, globalisation has played a crucial role in reshaping the Indian retail market, making it more competitive, efficient, and consumer-oriented.

I. INTRODUCTION

Globalisation has become one of the most important factors influencing the economic development of many countries, including India. It refers to the process through which countries become more connected with each other through trade, investment, technology, and communication. After the economic reforms of 1991, India opened its economy to the global market, which led to many changes in different sectors of the economy, especially the retail sector.

The retail sector plays a very important role in the Indian economy because it provides employment to a large number of people and contributes significantly to the country's GDP. Earlier, the Indian retail market was mainly dominated by small local shops, street vendors, and traditional markets. These small retailers were the primary source for people to buy their daily goods and services.

However, with the impact of globalisation, the retail market in India has changed a lot. The entry of multinational companies, development of shopping malls, supermarkets, and the growth of online shopping have changed the way people shop. Consumers today have more choices, better quality products, and improved shopping experiences compared to earlier times.

At the same time, globalisation has also created strong competition for small retailers who find it difficult to compete with large retail chains and international brands. Therefore, it becomes important to study how globalisation has affected the Indian retail market, both positively and negatively.

This study aims to understand the impact of globalisation on the Indian retail sector and how it has influenced the growth, structure, and functioning of retail businesses in India.

II. OBJECTIVES OF THE STUDY

The main objective of this study is to examine the impact of globalisation on the Indian retail market. It aims to understand how globalisation has influenced the growth and development of organized retail, including supermarkets, malls, and online shopping platforms. The study also focuses on the role of foreign direct investment (FDI) and



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multinational companies in shaping the retail sector. Another important objective is to analyze changes in consumer buying behaviour due to globalisation. Finally, the research seeks to identify both the opportunities and challenges faced by the Indian retail industry in the modern market.

The main objectives of this research study are as follows:

1. **To study the concept of globalisation and its relevance to the retail sector.**

This objective aims to understand the meaning of globalisation and how it influences the development of the retail industry.

2. **To analyze the growth and development of the Indian retail market after globalisation.**

It focuses on examining how the retail sector in India has expanded and changed due to global economic integration.

3. **To examine the role of foreign direct investment (FDI) in the Indian retail sector.**

This objective studies how the entry of multinational companies and foreign investment has affected retail businesses in India.

4. **To study the changes in consumer buying behaviour due to globalisation.**

It aims to understand how consumer preferences, lifestyle, and shopping habits have changed over time.

5. **To identify the opportunities and challenges created by globalisation in the Indian retail market.** This objective focuses on analyzing both the positive and negative effects of globalisation on retailers and consumers.

III. RESEARCH METHODOLOGY

This study is based on **secondary data** collected from various sources including books, journals, government reports, research articles, and reliable websites. The collected information was carefully analyzed to understand the impact of globalisation on the Indian retail sector. The study focuses on identifying the changes brought by globalisation in retail business practices, consumer behaviour, and market growth. By examining existing data and research, the study provides a clear insight into both the opportunities and challenges faced by the Indian retail industry. This method ensures a comprehensive understanding of the topic without the need for primary surveys.

- **Books and Journals** – To understand the theoretical aspects of globalisation and retail market development.
- **Government Reports** – To gather official statistics and policy-related information about the Indian retail sector.
- **Research Articles** – Academic and industry papers that analyze trends, challenges, and growth in retail.
- **Websites and Online Publications** – Reliable online sources for updated information on retail developments and globalisation.
- **Case Studies** – To examine real-life examples of globalisation impact on retail businesses in India.
- **Magazines and Newspapers** – For current trends, market news, and consumer behaviour analysis.

Type of Data	Source / Resource	Purpose / Use in Study
Books and Journals	Academic books on marketing, retail management, and globalisation; Journals like <i>Journal of Retailing</i> & <i>Consumer Services</i>	To understand theoretical concepts, & definitions, and globalisation impact on retail.
Government Reports	Ministry of Commerce, FDI Reports, Economic Survey of India	To get official data, statistics, and policy-related information about the Indian retail sector.
Research Articles	Online research papers, industry reports, case studies	To analyze trends, market growth, consumer behaviour, and challenges in retail.
Websites & Online Publications	Websites like Economic Times, Business Today, Statista	To collect updated information, current market trends, and globalisation effects on Indian retail.
Magazines & Newspapers	Business magazines like <i>Forbes India</i> , <i>Business Standard</i> , local newspapers	To study current developments, consumer trends, and case examples of retail businesses.
Case Studies	Retail companies like Big Bazaar, Reliance Retail, Amazon India	To understand real-life examples of globalisation impact on Indian retail business practices.



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IV. OVERVIEW OF THE INDIAN RETAIL MARKET

The Indian retail sector is one of the largest and fastest-growing sectors of the Indian economy. It contributes significantly to employment, GDP, and overall economic development. The sector has seen rapid transformation over the last few decades due to economic liberalisation, globalisation, technological advancements, and the entry of multinational companies.

The Indian retail market is broadly divided into **two main categories**: organized retail and unorganized retail.

Type of Retail	Examples	Characteristics	Market Share / Impact
Organized Retail	Supermarkets, Retail Chains, Stores	Malls, Follows formal business practices, provides variety of products, modern infrastructure, professional management, better shopping experience	Accounts for about 12–15% of total retail; growing rapidly in urban areas
Unorganized Retail	Kirana Stores, Vendors, Local Weekly Markets	Street Shops, local needs, flexible pricing, personal relationships with customers	Accounts for about 85–88% of total retail; dominant in rural and semi-urban areas
E-commerce Retail	Amazon India, Flipkart, Myntra, BigBasket	Online retail platforms, wide product variety, convenient shopping, home delivery, digital payments	Fastest growing segment; increasing consumer adoption, especially in urban areas

Organized retail has grown rapidly in India with the entry of international retail chains, modern supermarkets, shopping malls, and online retail platforms. This sector brings professional management, modern marketing strategies, and improved supply chain systems. It caters mainly to urban and semi-urban consumers and offers a wide range of products under one roof.

Unorganized retail, on the other hand, is still the backbone of the Indian retail market. Small kirana stores, street vendors, and local markets dominate the sector in terms of numbers and geographical spread. They provide employment to millions of people and serve consumers in smaller towns and rural areas.

E-commerce retail has emerged as a new segment due to the growth of internet access, smartphones, and digital payment systems. Online retail provides convenience, home delivery, and access to international and domestic products. It has rapidly grown in urban and semi-urban areas, especially after the COVID-19 pandemic.

V. IMPACT OF GLOBALISATION ON INDIAN RETAIL MARKET

Globalisation has brought significant changes to the Indian retail sector by integrating it with international markets. The entry of foreign companies, technological advancements, and exposure to global best practices have reshaped the way retail businesses operate in India. The major impacts of globalisation on the Indian retail market are discussed below:

Entry of Multinational Companies

Globalisation has opened the Indian retail market to foreign investment, allowing multinational companies (MNCs) and international brands to enter the country. Companies such as **Walmart, Carrefour, IKEA, and H&M** have introduced modern retail practices, improved supply chain systems, and competitive pricing strategies. Their presence has increased competition, improved product quality, and encouraged domestic retailers to adopt better business practices.

Growth of Organized Retail

The growth of organized retail formats such as **shopping malls, supermarkets, hypermarkets, and retail chains** has been remarkable in urban and semi-urban areas. These formats provide consumers with a wide variety of products under one roof, modern infrastructure, attractive store layouts, and professional customer service. The growth of organized retail has also contributed to formal employment and tax revenues for the government.



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Technological Advancement

Globalisation has encouraged the adoption of technology in the retail sector. The use of **online shopping platforms, digital payment systems, mobile applications, and advanced supply chain management software** has improved operational efficiency and convenience for consumers. Technology has also enabled retailers to understand consumer behaviour better and offer personalized products and services.

Increase in Employment Opportunities

The expansion of organized retail and multinational companies has created numerous job opportunities in sales, marketing, logistics, inventory management, customer service, and store management. Both skilled and unskilled workers have benefited from employment in modern retail stores, warehouses, and e-commerce operations, contributing to overall economic development.

Improvement in Consumer Lifestyle

Globalisation has positively impacted consumer lifestyles by providing access to **international brands, diverse product ranges, better quality goods, and modern shopping experiences**. Consumers now enjoy convenience, improved service, and more options in terms of products, pricing, and shopping formats. The influence of global trends has also increased awareness about quality, safety, and brand value among Indian consumers.

SUMMARY

Impact	Description
Entry of Multinational Companies	Foreign retailers like Walmart, IKEA, H&M have entered India, introducing better supply chains, competitive pricing, and improved product quality.
Growth of Organized Retail	Expansion of malls, supermarkets, hypermarkets, and retail chains in urban and semi-urban areas, providing a variety of products under one roof.
Technological Advancement	Adoption of online shopping platforms, digital payments, mobile apps, and advanced supply chain management to improve efficiency and customer convenience.
Increase in Employment Opportunities	Creation of jobs in sales, marketing, logistics, inventory management, and e-commerce, benefiting both skilled and unskilled workers.
Improvement in Consumer Lifestyle	Consumers gain access to international brands, better quality products, modern shopping experiences, and diverse choices.

VI. CHALLENGES OF GLOBALISATION IN INDIAN RETAIL

While globalisation has brought many positive changes to the Indian retail sector, it has also created several challenges, especially for small and traditional retailers. Some of the main challenges are discussed below:

Competition for Small Retailers

The entry of large retail chains, supermarkets, and multinational companies has increased competition for small shopkeepers and local retailers. Many small businesses struggle to compete with organized retail in terms of pricing, product variety, marketing, and customer experience. This has put pressure on traditional retailers to adapt or face declining sales.

Market Dominance by Big Companies

Globalisation often leads to the domination of the retail market by large multinational companies. These companies have strong financial resources, advanced technology, and well-established supply chains, which can make it difficult for smaller domestic businesses to survive. This market dominance may reduce the diversity of retail options available to consumers.

Cultural Impact

The entry of global brands and international retail formats may influence local culture and traditional shopping habits. Consumers may start preferring modern retail stores or international products over traditional markets and local goods. This can affect local businesses, artisans, and small-scale producers who rely on traditional retail networks.



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VII. ADVANTAGES OF GLOBALISATION IN RETAIL

Globalisation has played a significant role in transforming the Indian retail sector. Over the past few decades, India has witnessed major changes in the way goods and services are produced, marketed, and delivered to consumers. The entry of multinational companies, liberalization of FDI policies, and technological advancements have contributed to the modernization of retail. The advantages of globalisation in retail can be broadly categorized as follows:

Advantage	Description
Availability of Products	Consumers can access a wide variety of domestic and international products.
Better Quality & Pricing	International standards of quality with competitive pricing for consumers.
Growth of Organized Retail	Expansion of supermarkets, malls, and online platforms with modern shopping experience.
Increased Foreign Investment	FDI brings capital, technology, and expertise, boosting the retail industry.
Infrastructure & Logistics	Advanced supply chains, warehouses, and delivery systems improve efficiency.
Employment & Skill Development	Organized retail creates jobs and trains employees in modern retail skills.
Technology & Digital Retail	Online shopping, digital payments, and apps enhance convenience and reach.
Consumer Lifestyle & Awareness	Exposure to global trends improves shopping experience and consumer knowledge.
Contribution to Economic Growth	Boosts GDP, tax revenues, and opportunities for allied industries.

VIII. DISADVANTAGES OF GLOBALISATION IN RETAIL

While globalisation has brought numerous advantages to the Indian retail sector, it has also created several challenges and disadvantages. These effects are more visible on small retailers, local businesses, and traditional markets. The key disadvantages are discussed below:

Threat to Small Retailers

One of the major drawbacks of globalisation is the **intense competition faced by small and local retailers**. Large retail chains, multinational companies, and organized supermarkets often offer a wide variety of products, competitive pricing, and modern shopping experiences. Small kirana stores and family-owned shops struggle to compete, which may lead to reduced sales, loss of income, and even closure of traditional businesses. This creates economic pressure on small entrepreneurs who are unable to adopt modern retail practices quickly.

Increase in Consumerism

Globalisation encourages **consumerism**, where people increasingly focus on buying more products and luxury items. Exposure to international brands, advertising, and modern retail formats often creates a culture of excessive consumption. This can lead to **financial strain on consumers**, unnecessary spending, and a shift away from sustainable purchasing habits.

Market Monopoly by Large Corporations

Globalisation may lead to the **concentration of market power** in the hands of large corporations. Multinational companies and big retail chains often dominate pricing, supply chains, and distribution networks. This dominance can reduce opportunities for small and medium enterprises, limit competition, and increase dependence on a few large players in the retail sector.

Cultural and Social Changes



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The entry of global brands and modern retail formats may influence **local culture and traditional shopping habits**. Consumers may start preferring international products over locally made goods, which can impact local artisans, craftsmen, and traditional businesses. The social fabric of community-based markets may weaken as people move towards modern shopping malls and online platforms.

Table: Disadvantages of Globalisation in Indian Retail

Disadvantage	Description
Threat to Small Retailers	Intense competition from large retail chains and multinational companies.
Increase in Consumerism	Encourages excessive buying, luxury spending, and financial strain on consumers.
Market Monopoly by Large Corporations	Large companies dominate pricing and distribution, reducing opportunities for smaller businesses.
Cultural and Social Changes	Shift in consumer preferences towards international products, affecting local markets and traditions.

IX. CONCLUSION

Globalisation has brought many changes to the Indian retail market. It has helped organized retail grow and made shopping more modern and convenient for consumers. International brands and multinational companies have improved product quality, variety, and competitive pricing. Technology and digital platforms have made shopping easier, and new jobs have been created in sales, marketing, logistics, and management. At the same time, small shopkeepers and local retailers face strong competition, and big companies dominate the market in some areas. Globalisation has also influenced consumer habits and lifestyle, sometimes increasing consumerism. Overall, it has both positive and negative effects on the retail sector. With proper planning, support for small businesses, and policies that balance growth and tradition, India's retail market can continue to develop in a healthy and sustainable way.

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