RETAILERS ASSOCIATION OF INDIA

RAI Pre-Budget Memorandum 2024-25

It is universally acknowledged that India is amongst the fastest growing economies in the world, and much of this growth is attributed to the burgeoning middle class, which is fueling economic growth through retail consumption.

Retailing in India is one of the pillars of its economy and accounts for about 10 percent of its GDP. The Indian retail market is estimated to be worth $1 trillion and is expected to reach $2 trillion by 2032. India is one of the fastest growing retail markets in the world, with 1.4 billion people

Another facet of the contribution of the retail industry in the growth of the Indian economy is the generation of employment in the retail industry and industries supporting the retail business. Around 50 million people are employed in this sector. The retail sector is the fastest growing sector in terms of employment generation and is second only to agriculture in terms of the number of people it directly employs, besides **creating indirect employment opportunities.**

A key aspect of this sector is that the advantages are not just restricted to specific strata of the society; instead, retail has the ability to benefit different entities - institutional as well as social. The contributions from modern retail flow to the exchequer due to increased transparency.

With the recent reforms, the Government has made substantial efforts to revitalize the sector, We, at the **Retailers Association of India, are genuinely supportive of the Government's vision to achieve inclusive growth for India. The retail sector has the true potential to provide impetus to the Government's vision.**

Through RAI Pre-Budget Memorandum 2024-25, certain areas are highlighted that require Governments attention, as they have the potential of providing a necessary push to unleash growth in the sector. RAI recommends that the Government should consider the following key points to make the **retail industry stronger and contribute to the GDP of the country.**

I. Boost Retail and Consumption

To ensure the growth of the sector, the Union Budget for FY 24–25 should focus on generating demand and spurring consumption by offering benefits or concessions in the form of lower taxes. It will boost the overall consumer sentiment and benefit the retail sector. **Consumption equals to Development**. Tax benefits and relief to individual tax payers will increase the monthly disposable income and support consumption.

Further the budget must prioritize growth-oriented measures to stimulate demand and consumption. The budget should outline supportive policies, simplified regulations, skill development and simple goods and services tax (GST) norms to aid in the development of the retail industry.

II. Provide low-cost finance to retailers

There is a need to provide lower interest rate to the retailers through the special announcement in the budget to assure easier financing for the Retail businesses. The government should allocate a special fund and formulate a special trader finance scheme with SIDBI to help millions of independent retailers across the nation by declaring low-cost loans and relaxing some industry guidelines.

III. Encourage Innovative and Convenient Digital Payment Methods

Consumers may now make payments more easily thanks to the Unified Payments Interface (UPI) and other digital payment options. In India's semi-urban and rural shops, UPI alone saw a 650% increase. The same has supported eliminating the burden in the cash-based economy like India and making it simpler for corporations to enhance their operations in the online segment. It is required to assist these upgrades in the technology which makes it simpler to do digital payments. New and easy modes of digital payments must be supported by the government by announcing the focused extent. Further, there is a need to promote Digital transactions by giving waiver of MDR/subsidized MDR on use of the debit card.

IV. Consider Retail as an essential service

F&B retail sector needs to be considered as a priority and an essential service. Subsidies and benefits should be given on land rates and other necessities such as electricity.

V. Expedite National Retail Policy to enable ease of doing business

There is a need to expedite the formulation and implementation of National policy. We believe that such a step would provide a substantial boost to the retail sector and facilitate ease of doing business.

VI. Extend all the MSME benefits to retail traders

The Govt has included retail and wholesale trades as MSMEs and they are allowed to be registered on Udyam Registration Portal. However, benefits to retail and wholesale trade MSMEs are restricted to Priority Sector Lending only. We recommend that retail and wholesale traders should be eligible for all benefits available to other MSMEs.

VII. E-enablement of MSME retailers

There is a definite need to help retailers in India modernize. **The first step to modernization is the use of Point of Sale Machines (also called as POS machines)** as these help retailers in making bills for customers and also allow the owners of the stores to allow a non-family member to man the cash tills without the worry of embezzlement.

The uses of the above machines are many. The key uses are:

1. It allows owners of businesses to employ managers who can manage the business without losing control over basic data of sales.
2. It allows a quick update of stock, sales, and intake and hence helps manage sales and inventory
3. It helps keep a record of customers and allows for a more useful CRM (Customer Relationship Management)
4. The bills made from such machines create accountability to customers and ensures that retailers take responsibility for what they sell to customers.

VIII. Model Shops and Establishments Act

The Central Government introduced 'The Model Shops and Establishment (Regulation of Employment and Condition of Services) Act 2016 (hereinafter referred as The Model Bill) on 29th June 2016 which has been one of the key asks of the Retailers Association of India for the overall benefit and growth of the Indian retail sector. The Model Bill is a progressive move by Shri Narendra Modi Government since **it enables the states to choose to keep shops and other such establishments open 24×7 all through the year.** This gave a substantial boost to employment generation and will also benefit the consumers in terms of more convenience and accessibility.

The Government of Maharashtra and Gujarat has recently amended the Maharashtra Shops & Establishments Act 1948 in line with the Model Bill.

The Government should encourage and incentivize other states to adopt the Model Act.

Retail businesses also need EDC (Electronic Data Capture machines) for acceptance of various bank cards and other digital payment devices. This helps in the acceptance of digital money and also promotes an accountable trading environment. In our opinion, any promotion of the use of Point of Sale machines is a good way to move the country and its

citizens towards a fully accounted economy.

Small traders have to be encouraged to use at least EDC machines so that they can accept digital payments without worry. Efforts should be made to ensure that all retailers in the country use EDC machines and also that the cost of accepting Digital payments is never more than the cost of accepting cash. **The Government may want to create free/subsidized dispensation of such machines in the country. This can be done in stages - around 25 lakh machines to start with can be a good start. It will also help government as these retailers will register under GST.**

Efforts should also be made to encourage retailers to get POS machines with good software for sales bills and sales accounting. Reimbursement of money for such POS to small retailers can be a good way to encourage adoption. All these software's should have an inbuilt security system and robust accounting standards so that an audit trail of bills is feasible. Some care needs to be taken to certify acceptable POS machines and software.

IX. EPCG for Retail Sector

We also recommend to reintroduce "EPCG for Retail Sector", to create modern infrastructure in retail sector. Concessional duty benefits under EPCG scheme shall be extended for import or capital goods required by retailers having minimum area of 1000sq. meter.