

## **RETAIL SECTOR LAUNCHES 'FOOD SOLDIERS' PROJECT TO DELIVER ESSENTIAL GOODS**

### **Business in modern retail sector drops to 15% due to COVID-19 lockdown**

India's retail sector, that contributes around 14% to the country's GDP and provides jobs to 43 million people, is one of the worst affected sectors from the lockdown amidst COVID-19. In an interview to MVIRDC World Trade Center Mumbai, Mr. Kumar Rajagopalan, CEO, Retailers Association of India, that represents a wide range of retailers in the country, shares his perspectives on the challenges facing the modern retail sector in this circumstance and suggests policy measures to address them.

#### **1. How has the nation-wide lockdown to combat the outbreak of COVID-19 has affected modern retail sector?**

On account of mandatory closure of malls and retail stores across states, retailers face imminent financial crisis or insolvency. This has imperiled the livelihood of 6 million people employed by 15 lakh modern retail stores that generate a cumulative business of almost 4.74 lakh crore.

With the onset of COVID-19, the business of these retailers dropped to as much as 20-25% by the end of February 2020. In the last one and a half months, the business has contracted further to 15%. Stores selling essential goods that have been allowed to remain open during the lockdown are also suffering losses as they are not allowed to sell other general merchandise, which would otherwise bring them higher margins.

Overall, there has been a significant impact on apparel, jewellery, shoes, and CDIT (consumer electronics, durables, information technology and telephones) categories in the retail sector.

If the lockdown continues till June 2020, then we shall be staring at a scenario where 30% of the retail stores have shut shop for goods, leading to 18 lakh people losing their jobs.

#### **2. What are the steps your organization is taking to prevent disruption in delivery of essential goods to the common man?**

In its continuous efforts to ensure that consumers get timely access of essential goods, the Retailers Association of India (RAI) along with its partners, including the Government have implemented the 'Food Soldier' Project to overcome the present-day supply situation.

'Food Soldiers' are all those individuals engaged in the supply, storage, retail and delivery of essential products who are risking their lives to ensure consumer needs for food and essentials are met.

The 'Food Soldier' project is a strategic approach with three main objectives: 1. Optimising the supply chain for retailers of all sizes including kiranas 2. Ensuring that there is adequate staff in the stores and 3. Ensuring that consumers get timely delivery of essential goods in the comforts of their home.

Modern retail has de-grown by 30-40% in the last 15 days due to supply chain problems, shortage of manpower with attendance below 30% and lower customer entry due to social distancing. Presently, consumers are buying pure low margin items and hence the reduced sales give a margin of around 12 % against the normal 21%. Hence, a more responsive and unhindered supply chains, ability to

urge all personnel to work and creating a sense of 'food soldiers' in the minds of people in essential items supply chain is important to mitigate the issue.

Compulsory direct home delivery is not viable in a country where e-commerce is only 2%. However, considering the large network of Kirana stores of close to 12 million, Indians are not as severely impacted as the rest of the world for access to daily need items. Considering acute shortage of manpower due to the exodus of workers and travel restrictions during the lockdown, offline stores are finding it difficult to manage walk-in customers and home deliveries at the same time considering.

To ease the situation and mitigate bottlenecks in the supply chain, RAI has formed effective WhatsApp groups across states which comprises of participation from public (government officials) and private entities (big companies/retailers).

Furthermore, steps are being taken to deploy the workforce that is employed with non-food retailers in the stores that are selling essentials to overcome shortage of manpower. RAI is also in discussions with online food delivery firms like Swiggy and Zomato to tie-up with retailers for the last-mile delivery of essentials.

With the steps being taken, the situation should improve in the next three to four days.

### **3. What are the relief measures you suggest the government to announce to mitigate the loss of business to the overall retail industry?**

Retailers Association of India (RAI) has written to Government of India requesting for a relief package for the industry, similar to the ones offered by Government of Singapore, the UK and USA in their respective countries.

We have asked the government to provide wage subsidy, subsidy on utility bills and extension of the due date of compliance for statutory dues such as ESIC and provident fund. We have called the government's attention to the possibility that COVID-19 pandemic could last longer than the lockdown period of 8-10 weeks. This necessitates urgent steps by the government to work on an immediate solution (60 days) as well as a medium term solution (180 days).

## **NOTIFICATIONS**

### **Press Information Bureau, Government of India:**

- [Relaxation of compliance norms for SEZs](#)
- [Relief to corporate insolvency resolution process amidst COVID-19](#)
- [Cargo flight operations for medical supplies](#)
- [Availability of PPE kits, masks and ventilators](#)

### **DGFT**

- [Amendment in export policy of animal by-products](#)
- [Retrospective issuance of certificate of origin under trade agreements](#)
- [Amendment in export policy of Hydroxychloroquine](#)
- [Global Authorisation for Intra-Company Transfers of SCOMET items/software/technology](#)
- [Proceedings under Insolvency and Bankruptcy Code](#)

## CBIC

- Exchange rate notification
- Amendment in customs notification on tariff values

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