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BUSINESS NEWSLETTER

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1 Reliance Books A Big Bazaar In Organized Retail Market

Reliance recently acquired Future Group's retail, wholesale, logistic, and warehousing business for **₹24,713 crores**. With this takeover, Mukesh Ambani will dominate India's retail business, estimated at **₹6.5 lakh crores**.

What happened?

- Kishore Biyani, CEO of Future Group, sold 50.1% stake of its fashion chain Pantaloons to Aditya Birla Group to reduce the debt of ₹8,000 crores in 2012.
- Future Group made this decision when it ran out of all options to save its retail business from heavy debts and losses.
- RIL or **Reliance Industries Limited's** Subsidiary Reliance Retail Venture Limited (**RRVL**) will takeover their logistic and warehousing business.
- Reliance Retail and Fashion Lifestyle Limited (**RRFLL**), a subsidiary of RRVL, will takeover their retail and wholesale business.

Reliance's Big Foot in Retail

After the deal, RIL will have a **30% share** in the organized retail sector.



Brands that Reliance will take over

Did you know? With Dipayan Baishya, Biyani co-authored the book It happened in India: **The Story of Pantaloons, Big Bazaar, Central and The Great Indian Consumer**. As of 2007, it was the best-selling business book ever published in India, with sales of over 100,000.

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2 Fashion-Tech Startups In India

Currently, the **Indian fashion industry** is unstructured and facing **problems** like less interaction between domestic and international markets, slowdown among the designer community, and limited design scopes.

In times of **COVID-19**, as companies try to adapt to the new normal, the fashion landscape is adapting as well, via the use of advanced tech like **Augmented Reality-Virtual Reality (AR-VR)** to facilitate consumers.

Outlook of India's fashion market

- \$115 BN - expected size of fashion retail by 2027.
- It's the 6th largest apparel market in the world.
- By 2023, the expected market share of traditional wear would be 65%.
- Experts say the merger of technology and fashion will enhance sales, digital merchandising, retail, and customer experience, with 300+ international brands to open stores in India by 2021.

Some interesting fashion-tech startups:

StyleDotMe

- Launched **MirrAR** platform, a real-time AR software for Jewellers which lets customers position digitised versions of items on themselves, in real-time.
- Enabled Tanishq to launch its first-ever zero inventory experience zone at New Delhi and Bengaluru airports.

Bigthinx

It has developed two apps:

- **Lyfsize**: a 3D body scanning app that can take 30 different body measurements accurately using only 2 photos
- **Lyflike**: creates realistic walkabout 3D avatars to give reality-like experience in the online cloth buying experience

Did you know? **Caratlane** is India's first-to-start online jewelry business and has received total funding of \$58 mn to date. In July 2016, Titan acquired a **69.47% stake** in it for **₹357 crores**.

3 Understanding GDP Of India as it Tanks During Pandemic

The Ministry of Statistics and Programme Implementation (**MoSPI**) published India's GDP numbers of **April-June Quarter of 2020**, which has contracted by **23.9%** on a year-on-year (YoY) basis.

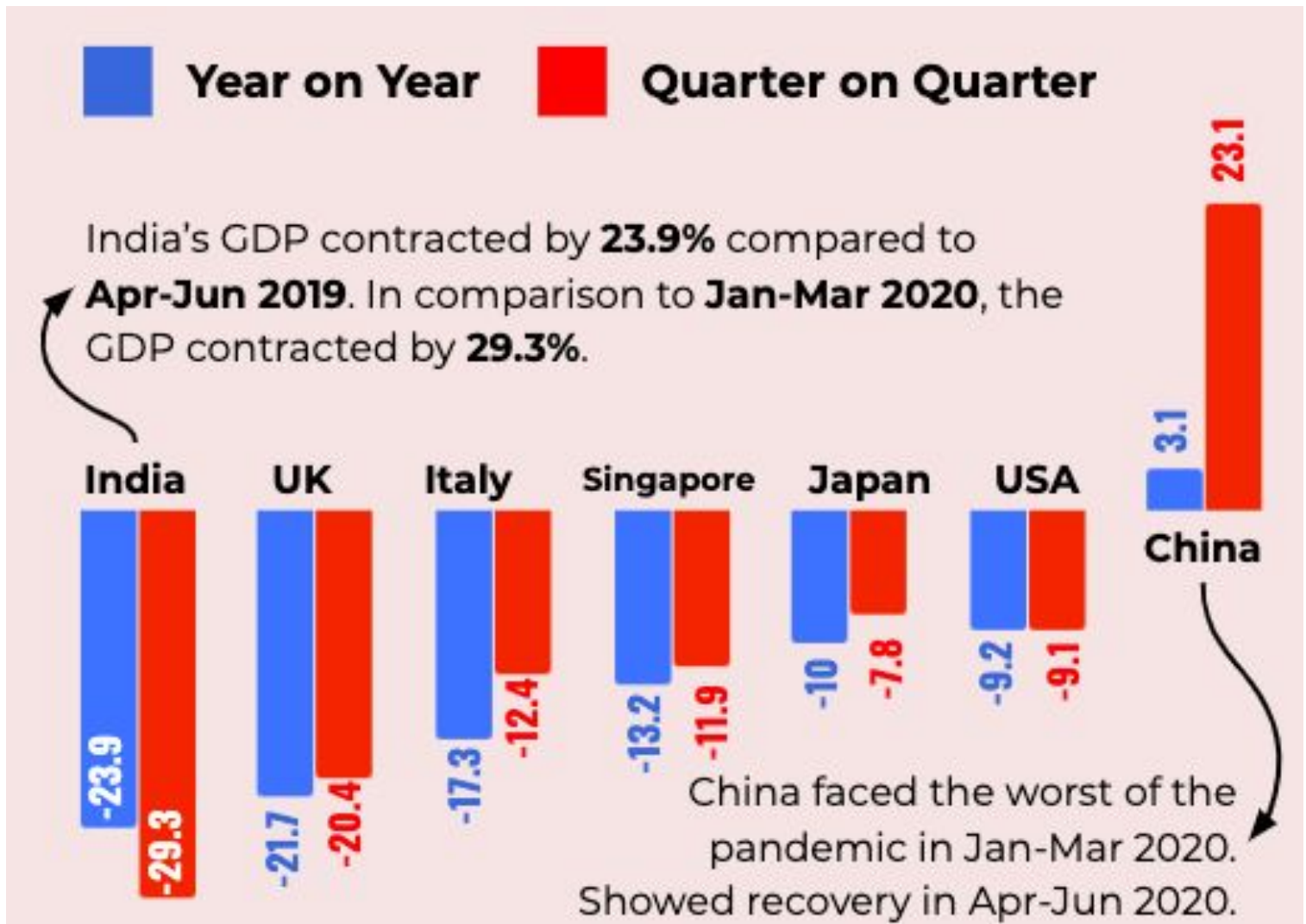
What's Gross Domestic Product (GDP)?

- GDP is the sum total of the values of the final goods and services of all sectors of an economy produced during a given period, usually a year or a quarter.
- **2 types of GDP: Nominal GDP**– evaluated at current market prices. **Real GDP** – calculated taking into account inflation or deflation.

QoQ vs YoY vs Annual GDP Growth

- Quarter on Quarter: Growth of quarterly GDP compared to previous quarter
- Year on Year: Growth of quarterly GDP compared to same quarter in previous year
- Annual: Growth of annual GDP compared to previous year

GDP Growth Rate (%) During Apr-Jun 2020 Quarter



In Jan-Mar 2020 China saw a 27% QoQ GDP slump

Did you know? The **Gross World Product (GWP)** is the combined gross national income of all nations in the world.

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4 Understanding GDP Figures

Now that we understand GDP, let's go deeper in metrics.

What's the GDP Growth Rate?

- It is the **growth of GDP** in a given time period compared to a previous time period.
- The **QoQ** growth captures seasonal volatility, **Annual** growth outlines long-term trends, while **YoY** indicates both short and long term trends to some extent.

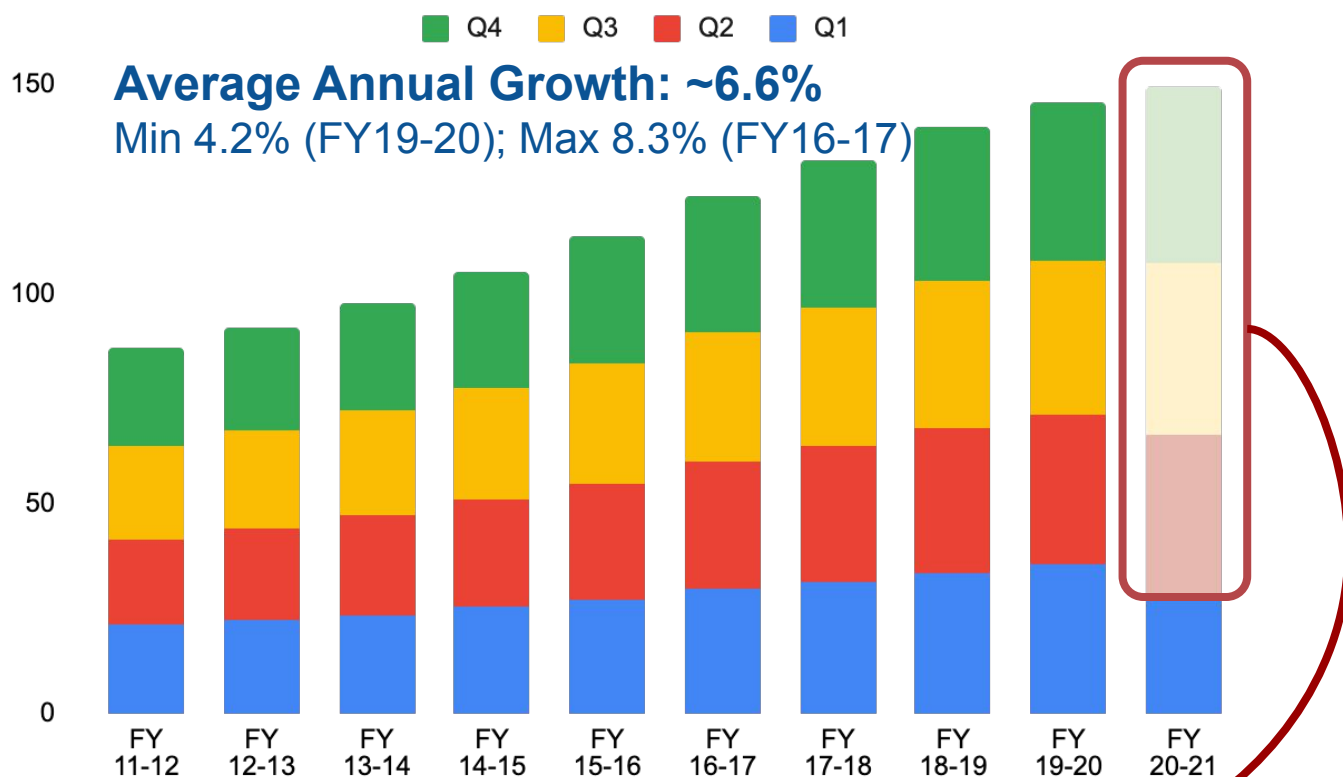
What is Annualisation?

- Extrapolating a **short term figure** over 1 year. Quarterly GDP is annualised by multiplying with 4.
- **USA** presents its quarterly GDP in annualised figures. If GDP of a quarter is \$5 trillion, it will be presented as an annualised figure of \$20 trillion.
- Quarterly GDP growth rates are annualised using compounding formula

$$R_A = [(1 + R_Q/100)^4 - 1] \times 100$$

Here, R_A = Annual Rate, R_Q = Quarterly Rate

INDIA'S ANNUAL GDP TREND



Projection of Recovery

Lockdown during FY20-21 Q1 led to quarter GDP to shrink to ₹27 tn from ₹38 tn in the previous quarter.

A simple recovery back to pre-COVID numbers would translate to a 50% QoQ growth in Q2! Yet at this pace the annual growth would be 1-2.5%. A good reminder that it's important to know what the metrics mean.

Did you know? China sees a QoQ GDP slump of 16-17% every year during Jan-Mar. Chinese New Year in this quarter is a month long holiday across the country - an annual celebratory lockdown!

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Hope you enjoyed reading!

For feedback, suggestions, or just to have a quick chat, reach out to us at communications@summachar.in.