
CORPORATE GIANTS AND SMALL KIRANA: MARKET COMPETITION AND FAIR-TRADE PRACTICES IN LUCKNOW-A LEGAL PERSPECTIVE

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ABSTRACT

India's retail landscape has undergone a fundamental shift, driven by the rise of quick-commerce platforms such as Zepto, Blinkit, Swiggy Instamart, and BigBasket Now. These digitally enabled, investor-backed services promising doorstep delivery within minutes have reshaped urban consumer habits and created unprecedented competitive pressure on traditional neighbourhood kirana stores. With over 13 million such shops forming the backbone of India's retail economy and sustaining employment for over 40 million people, the socio-economic stakes of this transformation are enormous.

This paper examines the competitive and legal tensions arising from this transformation, with a focus on Lucknow as a representative Tier-II urban setting. Drawing on a field study conducted between September and November 2024 involving 120 kirana store owners, 22 structured survey respondents, and supplementary stakeholder interviews, the study documents revenue declines averaging 25–35 per cent, profit margin compression from 12–15 per cent to 6–8 per cent, and near-universal unawareness of available legal remedies. Critically, not a single surveyed kirana owner had ever filed a complaint with the Competition Commission of India (CCI), despite widespread harm.

The paper argues that India's Competition Act, 2002 while conceptually sound is structurally inadequate for the digital retail environment, failing to address algorithmic pricing, data-driven market control, and venture-capital-funded below-cost selling. Specific reforms are proposed, including enhanced predatory pricing provisions, a new regulatory framework for quick-commerce platforms, regional CCI offices, legal aid mechanisms, and technology support programmes. The paper concludes that equitable retail development in India requires a coordinated policy response that allows technological innovation and corporate expansion to coexist with the

viability of small traders and the communities they sustain.

CHAPTER 1: INTRODUCTION

1.1 Research Background

“The story of Indian retail is not just about goods changing hands; it’s about livelihoods, trust, and the survival of human connections in a marketplace now governed by digital speed.”

Walk into any residential lane across an Indian city and you will almost certainly find a kirana store perhaps a narrow room barely wide enough for two customers, run by the same family for thirty years, where the owner knows each regular by name, extends small credit without paperwork, and stocks precisely what the neighbourhood buys. For generations these shops have been woven into daily life: trusted, familiar, and economically indispensable. Yet walk into the same lane with a smartphone and the same groceries can now be ordered on Zepto, Blinkit, Swiggy Instamart, or BigBasket Now and delivered to the door within minutes. The technology is impressive, the convenience is real, and the consequences for the kirana owner across the street are increasingly hard to ignore.

India’s retail sector has shifted dramatically over the past decade, propelled by a convergence of technological innovation, investor-funded digital platforms, and rapidly evolving consumer expectations. The quick-commerce model built on micro-warehouses called dark stores, real-time logistics algorithms, and venture capital willing to absorb sustained operating losses has reshaped urban grocery demand at a pace traditional retailers were not positioned to absorb. According to the Retailers Association of India, over 13 million kirana shops operate across the country, sustaining vast employment, anchoring local supply chains, and quietly holding together the commercial fabric of neighbourhoods in ways that no statistic fully captures.¹ Many of those stores are now struggling.

The legal questions this raises are genuine and underexplored. India’s Competition Act of 2002 was designed to address a largely physical marketplace where dominance and predatory behaviour were assessed against relatively clear-cut market boundaries.² The digital economy where pricing is determined by algorithm, data is a competitive weapon, and platforms operate across multiple business lines simultaneously challenges those frameworks in important ways. The Competition Commission of India (CCI) must now grapple with predatory discounting funded by investor capital, exclusive supplier arrangements that lock

smaller retailers out of competitive supply chains, and market dynamics that existing analytical tools were not built to capture.

In Lucknow, these tensions are visible in markets like Aminabad, Chowk, and Hazratganj, where kirana store owners describe a situation that is both economically urgent and legally opaque: they are losing customers and income, they sense the competition is not entirely fair, yet they have almost no understanding of what legal remedies exist or how to access them. This research situates their experience within India's legal and regulatory framework and asks a straightforward question: are current protections adequate to what is actually happening on the ground?

CHAPTER 2: UNDERSTANDING THE CONCEPT- RETAIL MARKET AND COMPETITION

2.1 Concept of Retail Market

The retail market is the end of the supply chain the point at which goods pass from seller to consumer for personal or household use. The word "retail" traces its origin to the French retailer, meaning to cut or break bulk: goods arrive upstream in large quantities and are broken into individual units for individual buyers.³ In economic terms, retail serves as the bridge between production and consumption, channelings manufactured goods toward the full diversity of India's geographic regions and income groups.

In India, this sector has historically been defined by fragmentation and strong local character. The Central Statistics Office defines retail trade as the resale of new and used goods to the general public for personal or household consumption, whether through fixed premises, market stalls, or digital platforms.⁴ The range of formats covered is vast: neighbourhood kirana stores, weekly haats, departmental stores, corporate supermarkets, and app-based delivery platforms that would have been inconceivable a decade ago. Beyond simply moving products, retail aggregates consumer demand, transmits market feedback to producers, generates employment across skill levels, and supports economic activity across urban and rural settings.⁵ Data from the Ministry of Commerce and Industry shows that Indian retail contributes roughly 10 per cent of GDP and employs over 40 million people second only to agriculture as an employment generator.

2.2 Structure of the Indian Retail Ecosystem

Indian retail operates across distinct tiers. At the base are street vendors and hawkers who supply essential goods at minimal margins, often reaching lower-income consumers who depend on them daily.⁶ Above them sit kirana stores typically family-run shops of 200 to 500 square feet, stocking groceries and everyday essentials within walking distance of homes. These stores are especially vital in Tier-II and Tier-III cities where organised retail has made relatively little headway.⁷ Organised retail companies such as Reliance Retail, DMart, Future Group, and Spencer's has grown steadily since the early 2000s, deploying centralized procurement, standardised merchandising, and modern inventory systems to achieve efficiencies individual kirana owners cannot match.⁸ International players entering through the FDI route added further competitive pressure.⁹

Quick-commerce platforms Zepto, Blinkit (formerly Grofers), Swiggy Instamart, and Dunzo represent the most recent structural transformation. They operate through networks of dark stores positioned close to dense residential areas, with algorithms managing inventory and routing deliveries to achieve sub-30-minute fulfilment. This model has dismantled the logic of local convenience on which kirana stores had long relied.

2.3 Role and Evolution of Kirana Stores in India

A kirana store is not simply a sales outlet. Historically these stores evolved from India's agrarian economy, where local traders served as intermediaries between agricultural producers and household consumers.¹⁰ Through the colonial period and into independence, family-owned shops became fixed social institutions in residential neighbourhoods. Post-independence economic policies protecting small-scale enterprises inadvertently strengthened this ecosystem, giving it decades to take deep root.

The competitive environment they face today is of a different character entirely. FDI liberalization in retail, the scaling of organised chains, and the quick-commerce explosion have together fundamentally altered the terrain.¹¹ Kirana owners no longer compete only on price and product range; they face rivals with superior delivery speed, digital payment integration, and data-driven marketing calibrated to individual consumer behaviour. The COVID-19 pandemic sharpened this shift many consumers discovered app-based ordering during lockdowns and simply never reverted to earlier habits.

2.4 Growth of Corporate Retail and Quick-Commerce

Reliance Retail's entry in 2006 demonstrated at scale that organised retail could work in India. The company built a multi-format national network spanning hypermarkets, supermarkets, convenience stores, and wholesale outlets. Other domestic players followed Future Group, Aditya Birla Group, and DMart expanded aggressively, while Walmart, Amazon, and Carrefour brought international capital and competitive practices.¹² Corporate retail's growth has been characterised by a consistent willingness to deploy financial strength through promotional campaigns, loyalty programmes, and deep discounting designed to acquire market share, even at short-term cost.¹³

Quick-commerce has been even more disruptive in kind. Platforms like Zepto, Blinkit, Swiggy Instamart, and Dunzo have redefined what urban consumers expect from a grocery purchase competitive logic centers not on price but on convenience and speed, dimensions on which kirana stores have no ready answer.¹⁴ Venture capital has enabled these platforms to sustain significant operating losses while focusing on user acquisition. Industry estimates project the quick-commerce market reaching USD 5 billion by 2025, growing at over 15 per cent annually.¹⁵

2.5 Concept of Market Competition and Dominance

Market competition is the mechanism through which modern economies generate efficiency, fair pricing, and innovation. Classical economic theory holds that when multiple sellers compete in a market with reasonable entry and exit conditions, the result is efficient resource allocation and improved consumer welfare.¹⁶

India's Competition Act of 2002 translates these principles into law, seeking to prevent practices that cause an appreciable adverse effect on competition, prohibit abuse of dominant position, and regulate mergers that might materially reduce competitive pressure.¹⁷ Section 2(h) defines dominant position as a position of strength in the relevant market enabling an enterprise to operate independently of competitive forces or to affect competitors, consumers, or the market in its own favour.¹⁸ Establishing dominance requires analysis of market share, economic resources, vertical integration, consumer dependence, and barriers to entry.¹⁹

Dominance itself is not a violation. The Act prohibits its abuse through exclusionary or

exploitative conduct unfair pricing, predatory pricing, restricting production or technical development, denying market access, or leveraging dominance in one market to protect power in another.²⁰ The CCI has established that the relevant market must be carefully defined by product characteristics, intended use, pricing, and geographic scope before any dominance assessment can meaningfully proceed.

Predatory pricing requires particular attention in the retail context. Section 4(2)(a)(ii) prohibits dominant enterprises from selling below cost with the aim of reducing competition or eliminating competitors.²¹ The analytical difficulty is that below-cost pricing is not always predatory; the critical distinction is one of intent and expected market effect. In quick-commerce markets where revenues come simultaneously from advertising, data monetisation, platform commissions, and product sales, making this distinction becomes genuinely complex.²²

CHAPTER 3: LEGAL AND REGULATORY FRAMEWORK GOVERNING RETAIL COMPETITION IN INDIA

3.1 Competition Law in India: Conceptual Overview

Competition law exists to keep market power honest. Its foundation is the premise that markets functioning freely and fairly produce better social outcomes than those dominated by powerful single players but that dominance achieved other than through genuine efficiency needs to be checked.²³

The earlier Monopolies and Restrictive Trade Practices Act, 1969 (MRTP Act) reflected a period of socialist-influenced economic planning and suspicion of concentrated private power, focusing on preventing economic concentration through a preventive, control-oriented approach.²⁴ Economic liberalization after 1991 made this framework increasingly untenable. The Competition Act, 2002 replaced the MRTP Act, developed through extensive consultation and designed to align India's framework with modern economic thinking.²⁵ The Act accepts that large enterprises are not inherently problematic that efficient large-scale competition can benefit consumers while targeting abuse of market power. Its architecture rests on three pillars: prohibition of anti-competitive agreements, prohibition of abuse of dominant position, and merger control.

3.2 Competition Act, 2002 - Key Provisions

Section 3 prohibits anti-competitive agreements arrangements between enterprises that cause or are likely to cause an appreciable adverse effect on competition within India.²⁶ Horizontal agreements involving price-fixing, bid-rigging, market allocation, or production limits are presumptively prohibited.²⁷ Vertical agreements receive more nuanced treatment requiring rule-of-reason analysis; the Commission must weigh actual competitive effects to determine whether such arrangements produce net benefit or harm.²⁸ In retail markets, exclusive supply deals between manufacturers and large chains have drawn scrutiny because they can shut smaller retailers out of competitive pricing.

Section 4 addresses abuse of dominant position the law penalizes not dominance itself but its exploitation through exclusionary or predatory conduct.²⁹ Section 5 adds pre-merger review, requiring parties to significant combinations to notify the CCI before completion, enabling the Commission to prevent anti-competitive concentrations before they solidify.³⁰

3.3 Predatory Pricing and Abuse of Dominant Position

Predatory pricing refers to deliberately selling below cost with the strategic aim of driving out competitors, intending to raise prices once they are eliminated. Section 4(2)(a)(ii) of the Act specifically prohibits dominant enterprises from engaging in this conduct.³¹ The practical difficulty is that below-cost pricing is not always predatory a firm entering a new market may price aggressively for legitimate reasons. The test in Indian competition jurisprudence requires pricing below an appropriate cost measure combined with a credible prospect of recouping losses after rivals exit.³² In digital retail, this analysis is complicated by multi-sided business models where platforms earn revenue from advertising, data, commissions, and product sales simultaneously. Platforms quite plausibly argue that apparent product-level losses represent investment in long-run customer relationships and sometimes that is true. The challenge for regulators lies in distinguishing genuine market-building from using investor capital to eliminate competitive threats posed by smaller players who cannot sustain extended loss-making.

3.4 Role of the Competition Commission of India (CCI)

The CCI was established under Section 7 of the Competition Act as India's principal

competition authority.³³ It comprises a Chairperson and six Members drawn from backgrounds in economics, law, commerce, accountancy, and public administration. Its mandate includes eliminating practices that harm competition, promoting competitive markets, protecting consumer interests, and ensuring freedom of trade.³⁴ The Commission exercises quasi-judicial powers to conduct inquiries, compel document production, and impose penalties of up to ten per cent of average annual turnover per year of contravention.

In the retail sector, the CCI's 2020 Market Study on E-Commerce identified structural concerns around deep discounting, preferential treatment of platform-owned inventory, exclusive seller arrangements, and private label promotion findings that confirmed the playing field between online platforms and offline retailers was not genuinely level.³⁵

3.5 Consumer Protection Act, 2019 and Fair-Trade Practices

While competition law focuses on market structure at a systemic level, the Consumer Protection Act, 2019 targets specific conduct that harms individual consumers, providing layered protection alongside the Competition Act. The 2019 Act defines unfair trade practice broadly to encompass false or misleading representations, deceptive pricing, misleading advertising, hoarding, and refusals to sell on advertised terms.³⁶ Section 18 establishes the Central Consumer Protection Authority with powers to investigate violations, issue safety notices, order recalls or refunds, and impose penalties.³⁷ For retail competition, these provisions apply to misleading discount claims, manufactured scarcity, and bait-and-switch tactics that platform retailers sometimes deploy as competitive tools conduct that places ethically operating smaller competitors at a structural disadvantage.

3.6 Judicial and Administrative Precedents

In *Belaire Owners' Association v. DLF Ltd.*, the CCI established important methodologies for relevant market definition and dominance assessment, holding that dominant enterprises bear a heightened responsibility not to distort competition.³⁸ The Supreme Court's decision in *Competition Commission of India v. Steel Authority of India Ltd.* affirmed the Commission's expertise in complex economic analysis and its authority to define markets and assess competitive effects judicial backing that strengthens the Commission's capacity to engage with hard questions in digital retail environments.³⁹

CHAPTER 4: MARKET STRUCTURE AND SOCIO-ECONOMIC ROLE OF KIRANA STORES IN URBAN INDIA

4.1 Economic Contribution of Kirana Businesses

To speak of kirana stores only in terms of retail sales is to miss most of what they are. According to the Ministry of Micro, Small and Medium Enterprises, approximately 13 million kirana outlets operate across India, providing direct and indirect employment to over 40 million individuals.⁴⁰ This employment is generated almost entirely within the unorganised sector, providing livelihoods for people who may lack formal credentials and offering an entry point into economic participation for communities that formal employment structures often leave behind.

The tax contribution of the sector is substantial in aggregate. While individual stores may fall below GST registration thresholds, the sector's aggregate annual turnover is estimated to exceed ₹15 lakh crore, with significant indirect tax implications.⁴¹ The National Sample Survey Organisation found that kirana outlets account for approximately 88 per cent of retail trade in fast-moving consumer goods still, by a considerable margin, the dominant last-mile distribution mechanism in the country.⁴²

4.2 Cultural and Community Role of Local Retail

Research by the Indian Institute of Management Ahmedabad found that over 65 per cent of urban households maintain decade-long relationships with their neighbourhood kirana stores, with purchasing decisions shaped significantly by personal rapport rather than price alone.⁴³ Kirana proprietors regularly extend interest-free credit to trusted customers based on personal knowledge of household circumstances performing a genuine consumption-smoothing function for lower and middle-income families facing temporary income shortfalls.⁴⁴ The Federation of Indian Chambers of Commerce and Industry estimates kirana-extended credit at approximately ₹50,000 crore annually a significant volume of informal financial intermediation that receives almost no policy attention.

Culturally, kirana stores preserve something standardised corporate retail cannot replicate: inventory calibrated to the precise tastes, dietary habits, and seasonal requirements of the immediate neighbourhood. The Retailers Association of India found that kirana stores

carry approximately 40 per cent more regionally specific products than organised retail chains⁴⁵ a difference with real implications for the survival of regional food traditions and small-scale local manufacturing.

4.3 Operational Challenges in a Competitive Market

The most fundamental structural disadvantage kirana stores face is procurement. Large chains negotiate directly with manufacturers and secure bulk discounts of 15 to 30 per cent; kirana owners buy through local wholesalers at substantially higher unit costs.⁴⁶ With grocery margins already thin at 5 to 8 per cent, this procurement gap leaves almost nothing for infrastructure investment, competitive pricing, or technology adoption. Quick-commerce compounds this by attacking the Kirana's historical advantage of proximity and immediacy platforms now offer faster delivery than any kirana could manage, with smartphone ordering and cashless payment. RedSeer Consulting found that quick-commerce captured approximately 8 per cent of the urban grocery market within two years of launch, growing at over 40 per cent annually.⁴⁷

Infrastructure constraints add further difficulty. Many kirana stores operate from modest premises without air conditioning, adequate shelving, cold storage, billing systems, or inventory management software. Upgrading any of this requires capital that, given thin margins and limited credit access for unorganised sector businesses, most kirana proprietors simply do not have.

4.4 Technology, Digital Divide and the Retail Ecosystem

Technology adoption has accelerated among kirana stores, driven by the post-demonetisation push toward digital payments and pandemic-era demand for contactless transactions. The National Payments Corporation of India reports UPI transactions at small retail outlets growing from 2.3 billion in 2019 to over 8.7 billion in 2023.⁴⁸ Research published in the *Journal of Retailing and Consumer Services* found that kirana stores adopting digital platforms saw average revenue increases of 15 to 25 per cent.⁴⁹ The practical barriers remain real, however: commission structures that eat into thin margins, delivery logistics challenges, digital literacy requirements, and consumer preference for established e-commerce brands all limit how far most of these integrations actually reach.

CHAPTER 5: IMPACT OF ORGANIZED RETAIL AND QUICK-COMMERCE ON KIRANA STORES -A FIELD STUDY IN LUCKNOW

5.1 Profile of Respondents

Lucknow was chosen for this empirical investigation because it captures, within one city, almost the full range of India's retail transformation. Its traditional bazaars Aminabad, Chowk, Hazratganj sit alongside modern shopping complexes, organised supermarket chains, and quick-commerce platforms that have scattered dark stores across residential areas. The field study ran for three months, from September to November 2024, combining structured questionnaire surveys with semi-structured qualitative interviews.⁵⁰ A total of 120 kirana store owners participated in the survey; 25 engaged in detailed interviews.

The demographic profile reflects patterns characteristic of India's small retail sector: 92 per cent male and 8 per cent female proprietors. By age, 38 per cent fell in the 35-50 bracket, 31 per cent between 50 and 65, 23 per cent under 35, and 8 per cent above 65.⁵¹ Business longevity was notable 45 per cent of stores had operated for 10 to 25 years, and 28 per cent for over 25 years, demonstrating the sector's deep-rooted stability and intergenerational continuity.⁵² Surveyed establishments spanned Gomti Nagar, Indira Nagar, Alambagh, Aminabad, Chowk, and the Raebareli and Kanpur Road corridors.

5.2 Sampling Method and Data Tools

The methodology combined quantitative and qualitative approaches. The quantitative component used a structured questionnaire administered face-to-face, covering revenue trends, footfall changes, competitive pressures, pricing challenges, supplier relationships, technology adoption, and legal remedy awareness. Purposive sampling was selected over random sampling given the research aims: rather than attempting to survey all 15,000 estimated kirana stores in Lucknow, the study selected respondents based on criteria ensuring diversity across locality types, business scales, and proximity to modern retail formats.⁵³

The qualitative component drew on semi-structured interviews with 25 proprietors, lasting 30 to 60 minutes each, conducted at respondents' premises during quieter business hours. Supplementary interviews were held with 15 consumers, 5 quick-commerce delivery personnel, 3 organised retail managers, and 2 trade association representatives, providing

triangulated market perspectives from multiple vantage points.

5.3 Competition Pressure and Revenue Impact

The survey findings leave little ambiguity about the scale of competitive disruption. When asked about changes in the competitive environment over the preceding three years, 78 per cent of respondents reported a substantial increase in competition intensity; 16 per cent noted a moderate increase; only 6 per cent perceived no significant change.

Revenue data reinforces this: 61 per cent of surveyed owners reported revenue declines of 15 to 40 per cent over two years; 24 per cent indicated stagnant revenues; only 4 per cent recorded substantial growth exceeding 10 per cent annually. These findings align with research by the Research Foundation for Governance in India, which documented average revenue declines of 25 to 30 per cent among traditional retailers in cities with significant organised retail penetration.⁵⁴

The geographic dimension of impact is significant. Kirana stores within 500 meters of a large retail outlet or dark store reported average revenue declines of 38 per cent, compared with 18 per cent for those more than one kilometer away. Average net margins on groceries have fallen from 12-15 per cent before the organised retail expansion to 6-8 per cent today.⁵⁵ Customer footfall has declined by 40-45 per cent, from daily averages of 80-120 to 45-65, as younger customers and working professionals migrate to app-based shopping while elderly and cash-preferring customers continue coming to kirana stores.

5.4 Consumer Preference Shift

Interviews with 15 consumers pointed consistently to convenience as the primary driver of migration toward quick-commerce. Sixty-eight per cent cited ease of ordering, home delivery, and time savings as their main motivation.⁵⁶ While 54 per cent of consumers believed quick-commerce platforms offered lower prices, comparative fieldwork analysis found pricing on identical products averaged only 3 to 8 per cent below kirana rates for most FMCG categories.⁵⁷ The perception of greater savings stems substantially from promotional coupons and cashback schemes that create a psychological impression of value. Kirana stores are, in part, losing customers to a perception gap rather than a real one. Modern retail formats also

carry 2,000 to 3,000 SKUs against 300 to 500 in an average kirana store the one-stop-shop appeal influences format choice meaningfully.⁵⁸

5.5 Awareness of Legal Remedies and Support Systems

Perhaps the most troubling finding concerns legal awareness. Only 18 per cent of surveyed kirana owners demonstrated even basic knowledge of the Competition Act and the CCI's role. Eighty-nine per cent were unaware of how to file a complaint; 94 per cent had never consulted legal counsel about competitive challenges they faced.⁵⁹ Local trade associations, which should bridge this gap, perform that function poorly in Lucknow: while 42 per cent of owners belonged to a trade body, only 15 per cent had received any meaningful legal guidance or advocacy support. Most associations function primarily as social networks rather than as effective business advocacy platforms capable of facilitating regulatory access.

5.6 Major Findings from the Field Survey

Several conclusions emerge clearly. Economic harm from organised retail and quick-commerce is real, substantial, and measurable revenue declines of 25 to 35 per cent and margin compression of 40 to 50 per cent, most intense immediately surrounding modern retail establishments. Consumer migration is driven primarily by genuine convenience preferences rather than price alone, meaning price-matching strategies alone would not reverse the trend; service and technology dimensions matter equally. The legal framework is failing in practice through a systemic gap between what the law provides and what kirana owners actually know and use.⁶⁰ Kirana adaptation strategies extended operating hours, personalised service, home delivery, digital payment adoption demonstrate real resilience but cannot overcome structural asymmetries in capital, scale, and technology without external support.⁶¹ The overall conclusion is that kirana stores retain genuine competitive advantages rooted in community trust, but these advantages will erode without supportive policy intervention and meaningful enforcement of fair competition standards.

CHAPTER 6: DATA ANALYSIS, INTERPRETATION AND HYPOTHESIS TESTING

This chapter presents findings from a field survey conducted in Lucknow in November 2024, involving 22 respondents including kirana store owners, consumers, and legal and policy experts. The primary goals were to assess how organised retail and quick-commerce platforms

affect traditional kirana stores, measure awareness of legal remedies under the Competition Act, 2002, and identify barriers to small retailers asserting their rights. Respondents were drawn from Aliganj, Gomti Nagar, the BBAU campus area, and suburban localities along Raebareli Road and Kanpur Road corridors.

Q1: Have your sales declined after the rise of quick-commerce?

About 72.8 per cent of surveyed kirana stores reported declining sales 45.5 per cent moderate decline and 27.3 per cent significant decline. Only 18.2 per cent saw increased sales. This confirms that the quick-commerce model has substantially disrupted traditional retail through the combined pull of convenience and aggressive promotional pricing, reducing in-person traffic for most kirana outlets.

Q2: Do customers still prefer kirana stores for trust and credit?

72.7 per cent of respondents affirmed that customers still favour kirana stores because of personal trust and informal credit. The notable neutral segment (18.2 per cent), however, signals that digital convenience is beginning to erode this loyalty.

Q3: Do you provide home delivery?

59.1 per cent offer home delivery; 40.9 per cent do not. More than half the sample has adapted to expectations set by quick-commerce. The significant portion without delivery capacity faces a growing service gap as door-to-door fulfilment increasingly becomes consumer default.

Q4: Do you offer digital payment options?

81.8 per cent accept UPI or card payments; only 18.2 per cent remain cash-only. Digital payment adoption is strong and broadly aligns with consumer preference. Stores without cashless options face mounting disadvantage, particularly among younger shoppers.

Q5: Do you feel discounts offered by apps constitute unfair competition?

77.3 per cent consider app discounts to represent unfair competition; only 9.1 per cent disagree. This strong consensus reflects genuine market-level concern about discount practices

that outstrip what traditional retailers can match through normal commercial means, underscoring the need for regulatory oversight.

Q6: Awareness of the Competition Act, 2002

59.1 per cent had some familiarity with the Competition Act; 40.9 per cent did not. Even this chapter's relatively higher awareness sample highlights how far the law's practical reach falls short of its formal coverage.

Q7: Have you approached the CCI or any legal body for grievance redressal?

Only 18.2 per cent had sought any legal redress; 81.8 per cent had never filed a grievance. Limited awareness, institutional distrust, and the perceived complexity of formal channels all contribute to this stark underutilization of available legal remedies.

Q8: Do you feel government policies protect small retailers?

Just 22.7 per cent felt protected by current government policies; 40.9 per cent disagreed and 36.4 per cent remained neutral. Widespread dissatisfaction shapes proprietors' willingness to engage with formal institutions, creating a cycle of disengagement.

Q9: Do you collaborate with digital platforms for visibility?

Responses were exactly split: 50 per cent collaborate with digital platforms and 50 per cent do not reflecting a genuinely transitional moment in kirana store modernisation.

Q10: Do you face logistics challenges compared to corporate chains?

54.5 per cent reported logistics difficulties; 45.5 per cent did not. Performance varies significantly depending on supplier relationships and individual operational approach.

Q11: Do you feel consumer loyalty towards kirana stores is declining?

50 per cent believe loyalty is declining; 31.8 per cent disagree; 22.7 per cent are neutral. Loyalty remains a real competitive asset, but the speed and discount culture of quick-commerce is visibly eroding it.

Q12: Do you think kirana stores can survive without modernisation?

63.6 per cent believe modernisation is necessary for survival; 36.4 per cent disagree. The majority view reflects clear-eyed recognition that digital payments, home delivery, and improved service quality are now competitive necessities.

Q13: What strategies have you adopted to compete?

Improved service quality (31.8 per cent) and home delivery (22.7 per cent) are the most common responses. Discounts, platform collaborations, and no strategy each account for 13.6 per cent. That a significant minority has adopted no competitive strategy at all is a serious vulnerability indicator.

Q14: Do you believe kirana stores are vital for the local economy?

72.7 per cent agree or strongly agree; only 13.6 per cent disagree. Even under real business pressure, proprietors are acutely aware of what their stores contribute beyond commercial transactions: employment, community credit, accessible service, and neighbourhood social cohesion.

Q15. Biggest Challenges Due to Corporate and Quick-Commerce Platforms

Open responses converged on consistent themes: the damaging impact of deep discounts on customer loyalty, direct customer loss to app-based platforms, severely compressed margins, logistical and technological disadvantage, and declining walk-in traffic. These patterns point to structural inequality rather than merely tougher competition.

Q16. Support Expected from Government and Legal Institutions

Respondents articulated specific expectations: stricter regulation of discount practices, clearer fair-competition provisions, simplified GST compliance, better access to working capital credit, and meaningful inclusion in digital platform ecosystems. The clarity of these responses represents a concrete and actionable wish list.

Synthesis of Findings

The empirical investigation confirms that kirana stores in Lucknow face layered,

mutually reinforcing barriers that go considerably beyond ordinary market competition. Near-universal legal unawareness, deep economic vulnerability, systematic procurement cost disadvantages of 12 to 18 per cent, a complete absence of CCI complaints despite widespread harm, and socio-cultural norms discouraging confrontation collectively create conditions in which fair competition in any meaningful sense does not exist. Revenue declines of 25 to 35 per cent and margin compressions of 40 to 50 per cent document real injury yet not a single surveyed kirana owner had ever approached the CCI.

This gap between harm experienced and remedies sought is the study's most significant finding and will not close on its own. The research validates three core conclusions: that corporate retail expansion is genuinely harming kirana economic sustainability; that the existing legal framework is inadequate to address digital retail's anti-competitive practices; and that legal reform, however necessary, will remain insufficient without simultaneously addressing the socio-cultural, economic, and institutional barriers that prevent small retailers from accessing the protections that theoretically already exist.

CHAPTER 7: KEY FINDINGS, SUGGESTIONS, AND CONCLUSION

7.1 Key Findings of the Study

The study's empirical evidence establishes several clear conclusions. The expansion of organised retail chains and quick-commerce platforms has produced tangible, measurable harm to kirana store sustainability: over 72 per cent of surveyed establishments reported sales decline, with average revenue reductions of 25 to 35 per cent and profit margins compressed from 12-15 per cent to 6-8 per cent. This is not simply the friction of harder competition it reflects structural advantages that corporate entities hold through bulk procurement, investor-funded below-cost pricing, and data-driven marketing that traditional retailers cannot replicate.

The Competition Act is conceptually sound but practically inadequate for digital retail. Its provisions were designed for physical markets with cleaner boundaries and struggle to address algorithmic pricing, data-enabled market control, and technology-driven entry barriers. Most critically, 81.8 per cent of affected kirana owners have never approached the CCI not because the law offers nothing, but because legal awareness, institutional accessibility, and organised support are all effectively absent.

The competitive pressure carries social and cultural costs beyond revenue figures. Kirana stores extend roughly ₹50,000 crore in informal annual credit, provide employment for millions, anchor neighbourhood community life, and preserve regional product diversity. Their displacement threatens all of these simultaneously. Consumer migration reflects genuine convenience demand meaning regulatory protection from competition alone is not a sufficient response. Kirana competitiveness requires technology integration and operational modernisation alongside any reform of legal frameworks.

7.2 Suggestions for Policy Reform

1. Enhanced Predatory Pricing Provisions

Section 4(2)(a)(ii) of the Competition Act should be amended to cover below-cost pricing funded through external investment. Average variable cost should be established as a minimum threshold creating a rebuttable presumption of predatory intent, and platforms should be required to disclose pricing methodologies demonstrating that losses represent temporary entry investment rather than sustained exclusionary strategy.

2. Quick-Commerce Platform Regulation and Data Governance

A new Section 4A should govern digital retail platforms mandating registration, disclosure of pricing algorithms and supplier agreements, and prohibiting exclusive arrangements that foreclose market access. Data governance provisions should require portability and prohibit consumer profiling-based discriminatory pricing unless transparently disclosed.

3. Regional CCI Offices and Fast-Track Complaint Mechanisms

The CCI should establish regional offices in major Tier-II cities with authority to receive complaints, conduct local market studies, and provide legal guidance in regional languages. Complaint procedures should be simplified through plain-language forms, assisted drafting, and expedited preliminary assessment within thirty days.

4. Comprehensive Legal Aid and Capacity Building

Legal aid programmes should be developed through law school partnerships and

subsidised fee panels. A legal aid fund financed through a cess on organised retail should cover test case costs. Model complaint templates in regional languages and specialised training on digital market dynamics should be made widely available.

5. Technology Integration and Digital Infrastructure Support

Government-funded programmes should provide subsidised point-of-sale systems integrating inventory management and UPI payments, alongside training in digital literacy and e-commerce. Cooperative digital platforms owned by retailer associations could offer online ordering and shared logistics infrastructure while preserving individual store autonomy.

6. Financial Support and Procurement Cooperatives

Dedicated credit facilities offering concessional interest rates three to four percentage points below market, simplified documentation, flexible repayment, and collateral-free lending up to ₹5 lakh should be made available. Procurement cooperative assistance enabling collective bargaining and direct manufacturer linkages would address the procurement cost disadvantage underlying much of the competitive imbalance.

7. Awareness Campaigns and Consumer Incentives

National campaigns should highlight the community and economic value of kirana stores through social and traditional media. Consumer incentives including tax deductions for documented purchases from registered small retailers and loyalty point systems coordinated through retailer associations could help rebuild customer bases that quick-commerce platforms have partially captured.

8. Periodic Market Studies and Algorithmic Transparency

The CCI should conduct retail market studies every three years covering concentration, pricing patterns, supply chain dynamics, and technology impacts. Digital platforms should disclose algorithmic ranking factors, provide non-discriminatory listing, and submit pricing algorithms for periodic audit. Centralized databases tracking complaints, outcomes, and systemic trends would support evidence-based enforcement.

7.3 Concluding Observations

India's retail sector is being transformed by forces that are, in themselves, neither good

nor bad. Technological innovation brings real benefits convenience, choice, efficiency. But transformation that concentrates economic gains among capital-heavy platforms while gradually displacing millions of small traders is not a neutral market outcome; it is a policy choice made by default when regulation fails to keep pace with commercial reality.

The kirana store is not a relic of a slower era. It is a living institution that employs tens of millions, extends credit that formal banks do not offer, preserves regional commercial diversity, and provides neighbourhood social infrastructure that no app can fully replicate. The appropriate policy response is not to restrict corporate retail or quick-commerce the consumer benefits are real and deserve protection. It is to ensure the rules governing competition are fit for purpose: that predatory conduct can be identified and penalized, that small retailers can access the remedies the law provides, and that structural disadvantages in technology, capital, and procurement are addressed through active support rather than neglect.

The solution this study points toward is a regulatory system in which efficiency and equity reinforce rather than undermine each other where innovation and inclusion are treated as complementary goals, and where corporate expansion and small business viability are held together by a legal framework that is serious about both. That is the kind of retail development that would genuinely serve India's entire population and honour the constitutional commitments to economic justice and equal opportunity that undergird the country's legal order.

ENDNOTES

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