



Effects of Real Estate Regulations on Retail Movement Pattern and Distribution of Stores in Hubballi

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Abstract

The growth of a city's economy depends on the demography and market growth. When it comes to retail sector, major players are unorganised sector and organised sector. Hubli-Dharwad has a population of more than 12 lakh. The twin-cities are hub of commercial activities in northern Karnataka and attracts people from other regions for expanding its business activities. Alike any small Indian town, unorganised retailers command a majority stake in this volume. Family-run stores in the nooks and corners of residential areas rule the roost. Organised retail market is growing since last decade and still looking for opportunities to enter Hubli market. Those who already are in market are trying various techniques to beat the local vendors.

In the last five years real estate price affects adversely to the organized retailers. Selection of location of the mall is the critical and key factor in the present situation which carries very huge investments, adverse in terms in high rentals. Availability of real estate at the right prices and at the right location remains to be the key concern for profitable growth of the retail sector. This article aims at discussing such issues in Hubli-Dharwad's retail market and how they are overcome by various retailers.

Keywords: Hubli-Dharwad, CBD, RERA, HDBRTS, Real estate, infrastructure in Hubli, organised and unorganised sector, retail market, urbanisation.

Introduction

India's retail market contributes to over 10 percent of the country's Gross Domestic Product (GDP) and around 8 percent of the employment. The number of supermarkets has increased to 8500 stores in 2016 from 500 stores in 2006. There is an upward trend seen in modern retailing due to urbanization, influence of western culture and changing life style. GST has simplified the distribution structure and reduces the operational complexities of the supply chain in the retail business. Organized retail sector in India driven by quality of product, better service and customer satisfaction. In the last five years real estate price affects adversely to the organized retailers. Selection of location of the mall is the critical and key factor in the present situation which carries very huge investments. Profitability of the mall is wipe-out by the blocking of huge investment in the land and other interior aspects and its operational expenses. Consumer's profiles tube studied first before finalizing the location of mall and segment in which organised retail want to enter.

It has been noticed that land use in Hubli- Dharwad city has undergone significant changes within a span of three decades. This change is due to over flowing population and

establishment of industries. The changes can be mainly observed through the agricultural area and water bodies reclaimed for built up area and industrial purposes. Most of the urban centres in the world are expanding to accommodate over flowing population, and this in turn is causing drastic change in the nature of the landscape of the cities.

This change has occurred all along the National Highway, and in and around Hubli- Dharwad city for commercial, administrative and residential purposes. The rapid urbanizing landscapes with high population density often face several crises due to inadequate infrastructure and lack of basic amenities.

History

Since the time of Vijayanagar empire Hubli is known for market for cotton and its processing. It continued through other empires and still it is the major business hub of North Karnataka. That is the reason it is called as "Chota Mumbai", Since it carries similar characters in business. It is one of the oldest spot where major roads takes diversion and most of the vehicles pass through the city form this circle, called as Chennamma Circle or traffic island.

Table 1: Change in morphological units 1975 to 2011 (in hectares)

Sl. No	Land use/morphological units	1975	1989	Change 1975-1989	2011	Change 1989-2011	Over all changes 1975-2011
1	Residential	1404.85(33.07)	1490.68(42.27)	85.83(5.75)	2382.02(42.77)	891.34(0.37)	977.17(69.55)
2	Commercial	165.99(3.90)	182.18(5.04)	16.19(8.88)	338.00 (6.06)	155.82(46.10)	172.01(103.62)
3	Industrial	323.88(7.62)	405.66(11.23)	81.78(20.15)	260.61 (4.68)	-145.05(-55.65)	-63.27(-24.19))
4	Public and semi Public	307.69(7.24)	151.82(4.20)	-155.87(-102.66)	819.35 (14.72)	667.53(81.47)	511.66(166.29)
5	Parks and open space	425.10(10.00)	547.36(15.15)	122.26(22.33)	563.76 (10.13)	16.4(2.90)	138.66(32.61)
6	Transportation	777.32(18.30)	610.52(16.89)	-166.8(-27.32)	1201.96 (21.60)	590.48(49.12)	424.64(54.62)
7	Others	842.10(19.82)	223.07(6.17)	-619.03(-277.54)			
	Total	4246.93	3611.29(100.00)		5568.70		1321.77(31.12)

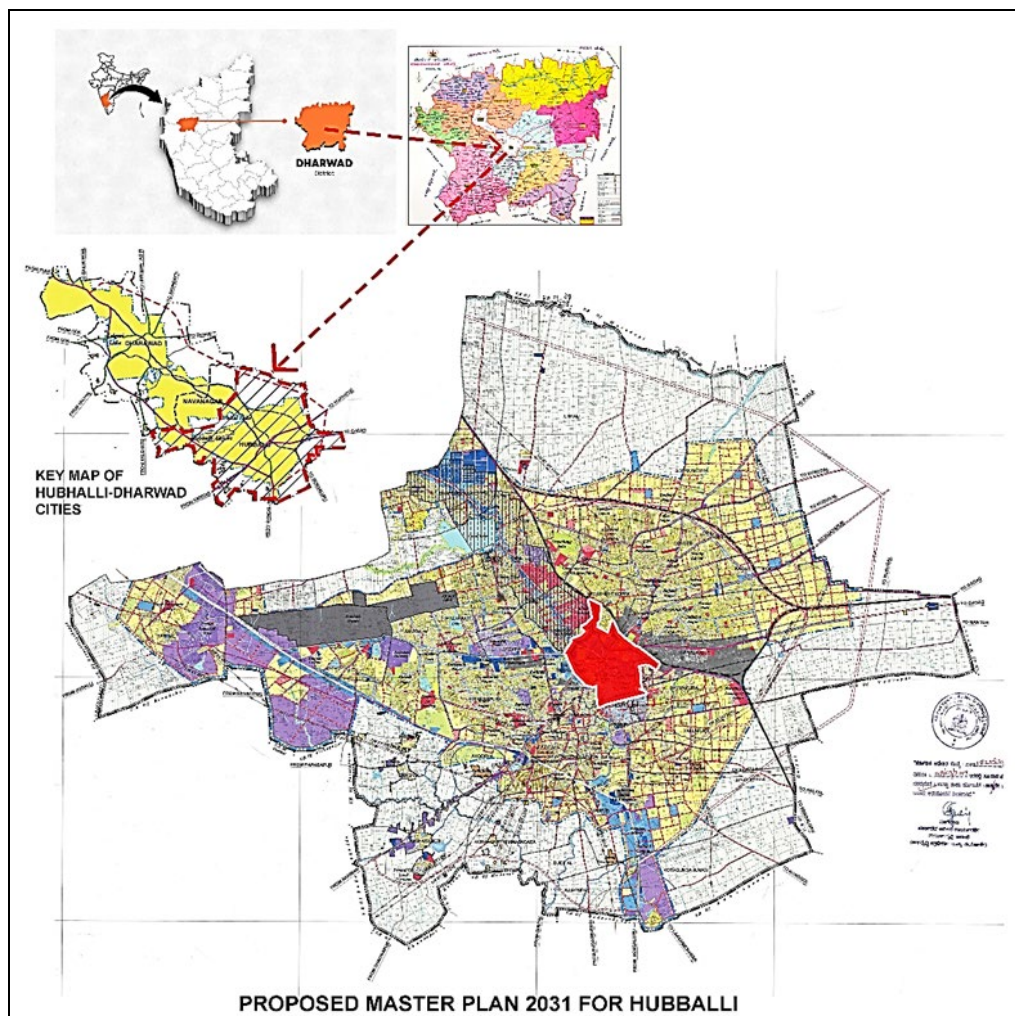
It is observed that about 172 hectares of area under commercial activities was increased within a span of 36 years, which indicate that the growth was about 103. 62 per cent. It is due to the fact that the areas of market centers have spread in various sizes in both the cities

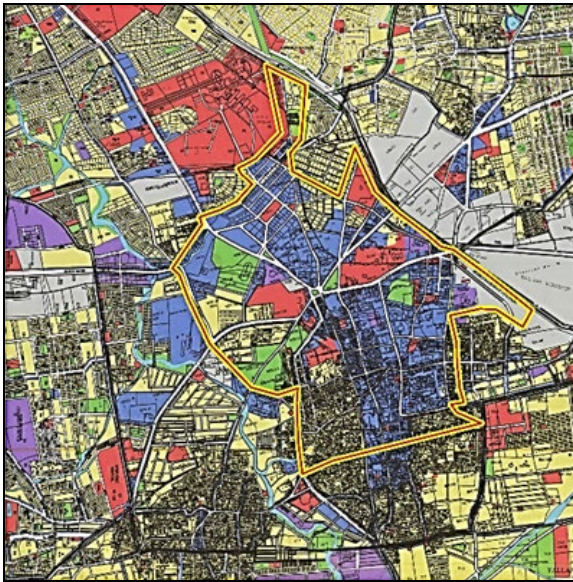
Food processing, cotton ginning, pressing, news paper industries, wood working, steel furniture, printing, railway workshop, valve manufacturing, engine parts manufacturing, service industries, KSRTC regional workshop are some of the important industries found in Hubli city where as Dharwad city having oil mills, ginning and processing factories, Tiwac factory, educational hubs etc.

Since the introduction of RERA, it has brought transparency to the property market by following means:

RERA has made price offers by developing more transparency. Earlier developers were selling properties based on built-up areas to customers. Additionally, this refers to typical equipment like loading walls. As a result, the buyer is unable to understand precisely what he is purchasing. Builders will now be required to begin from the carpet area, or the actual interior space that a person may live in, under RERA. As a result, the quote will become more transparent and realistic, and the consumer will get a sense of the price per square foot. Standardization makes comparison easier as well.

About Hubballi CBD:





Area Showing Present Hubballi CBD Area (683 ACRES) Google earth map showing boundary of Hubballi CBD area (683 ACRES)

Fig 1

Hubballi city has CBD area of 683 acres, as marked by HDUDA. It includes parts of Old Hubli and new Hubli. As it was stated above that it is the biggest market in north Karnataka, it has all varieties of goods sold. It has both Wholesale and retail market distributed across its marked CBD area and other parts. This CBD is distributed around

Channamma Circle from history. Wholesale market is famous for Clothing, Paper, copper and brass utensils, flower, vegetables, fruits, Construction materials, Hardware tools, Automobile parts, tyre trading, Steel sections, wooden furniture etc. (Hubli is renamed as Hubballi as pronounced in local language).

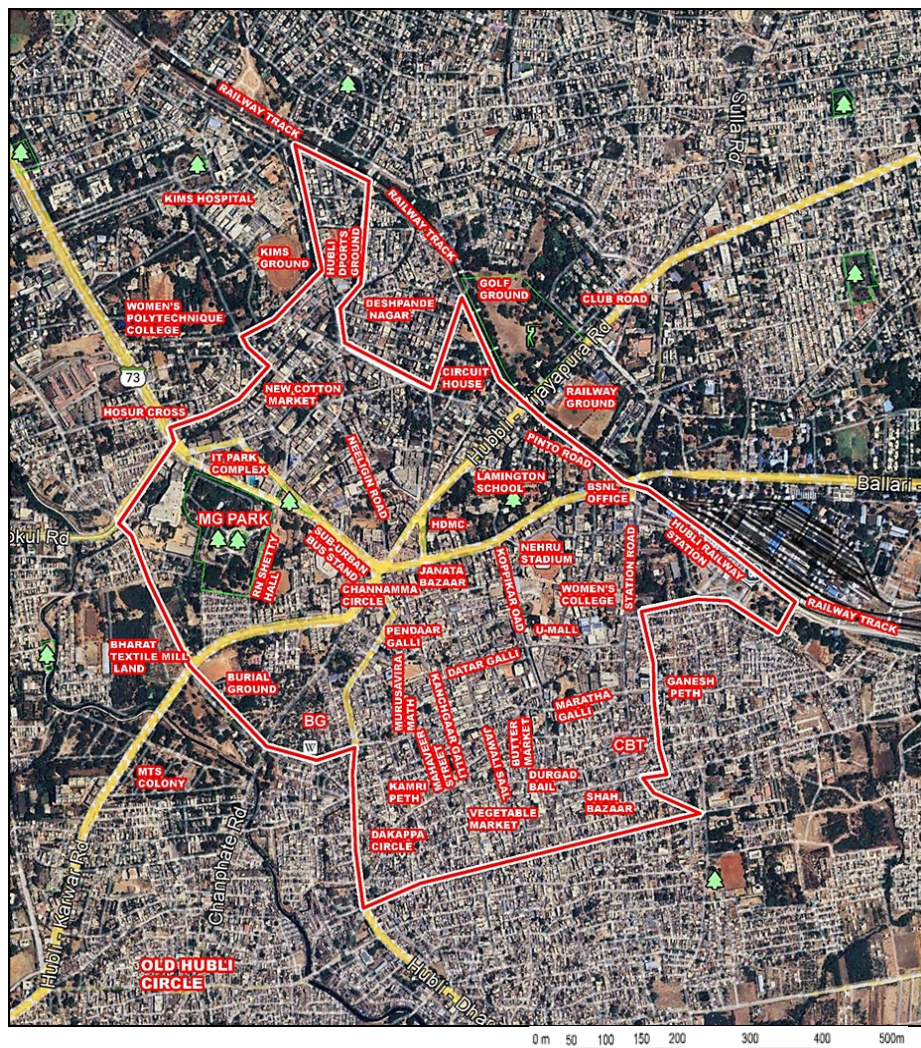


Fig 2: Map showing various parts of CBD area

People from both cities buy their required goods from here. Those who have their own small shop outside the city are buying goods from wholesale markets. Most of the wholesale market is within CBD area located in Southern most and Northern most part of CBD. Pendar Galli, Mahaveer galli, Kanchagar Galli, Javali saal, Mursavira Math area, Datar galli, Kamripeth, Butter market are all wholesale market areas located at southern part of CBD and New cotton market is located at Northern part of CBD. Other area of CBD has retail and wide variety of goods sold. Durgad Bail is open area where it is famous for flower and vegetable, surrounded by other smaller commercial complexes. Some of these commercial complexes are individual and many are mixed type where we can see a number of small stores within a complex. They will be selling mobiles and accessories, watches, electric items, clothing, plastic household items, Footwear, bags and other household items. Food stalls are seen everywhere in Hubli-Dharwad cities. They are famous for Pedha, milk made sweets, Bengali sweets, khardana, Chakkali, Chips, cakes, chats and bakery items. Lot of tea stalls and small food vendors like darshini's

are found in every corner of these cities. Organised restaurants are also found in bigger streets and markets. So, no need to search for food if somebody is hungry outside their houses.

Important streets within CBD area: station road, Coin road, CBT area, Koppikar Road, Maratha galli, Butter market, Janata bazaar, Javali sall, kanchagar galli, mahaveer galli, datar galli, pendar galli, lamington road, area around channamma circle and opposite to sub-urban bus stand, New cotton market, Dehpande nagar, Neelijin road, Revankar complex, eureka complex, Keshwapur road/club road.

Important streets outside the CBD area: Gokul road, Dharwad road, Keshwapur/club road, Sirur park area, Airport road, Karwar road, Bengaluru road.

Some of the key organised vendors in Hubballi are: *More supermarket, U-mall, Urban Oasis Mall, Reliance, Inorbit Mall, METRO, Decathlon, TATA, Harsha home appliances, Pai, Girias, D-Mart(upcoming)*, These are some of the multibrand markets available for people of Hubli. Other International brands are also present along with these in both cities.

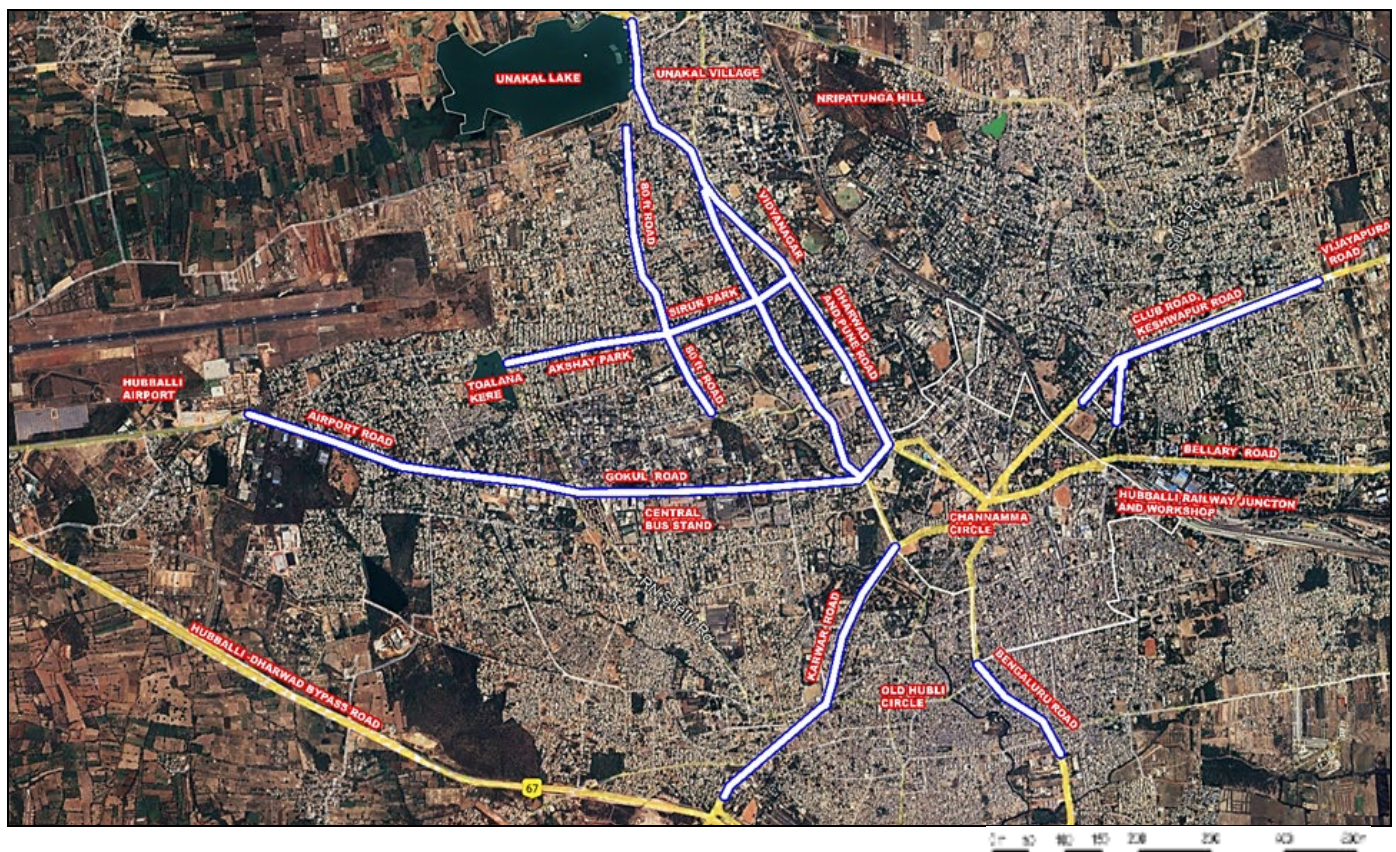


Fig 3: Map showing other major areas of commercial development in Hubballi outside CBD area

Apart from CBD area, Market is growing along major roads in the city several kilometre away from city center. Both organized and unorganized retail segments co-exist and continue to contribute to growth of the retail sector as a whole.

Currently, the unorganized retail market in India contributes to 93 percent of the total sector while the organized retail market contributes to the rest. This was not the same few years ago when substantial business came from unorganized retail sector such as traditional family run and corner stores. The impressive growth of the organized sector is also largely due to penetration of many large retail companies and introduction of Goods and Service Tax in India.

The Supply Chain Varies Between Unorganised and Organised Sectors:

The process of retailing and distribution entails the physical movement of goods from the point of production to the point of consumption. It involves decisions on transportation choices, warehousing, inventory maintenance and control, materials handling, and selling standards of customer service.

- **Unorganised Sector:** Manufacturer -> Distributor -> wholesaler -> retailer -> customer
- **Organised Sector:** Manufacturer -> showrooms -> customer

Table 2: Current Price Guide: Locality-wise Plot Rates (2025)

Locality	Price Range Per Sqft
Keshwapur	₹3,000 – ₹3,500
Keshwapur City	₹4,000
Vidya Nagar	₹4,000
Gopanakoppa	₹2,800
Chalukya Nagar	₹1,500 – ₹2,200
Gokul	₹6,000
Old Hubli	₹7,000
Navanagar	₹3,500 – ₹5,100
Gadag Road	₹800 – ₹1,500
Deshpande Nagar	₹6,000 – ₹6,500
Kusugal	₹1,500 – ₹2,200
Gabbur	₹1,200 – ₹1,500

<https://budrealtyunboxed.com/plots-for-sale-in-hubli-price-guide/>

Plots for sale in Hubli remain affordable compared to Bangalore, Mysore, and Pune. For instance, similar-sized residential plots cost 1.5–2 times more in the outskirts of Bangalore. This affordability, paired with strong appreciation and rental demand, makes Hubli attractive for both end-users

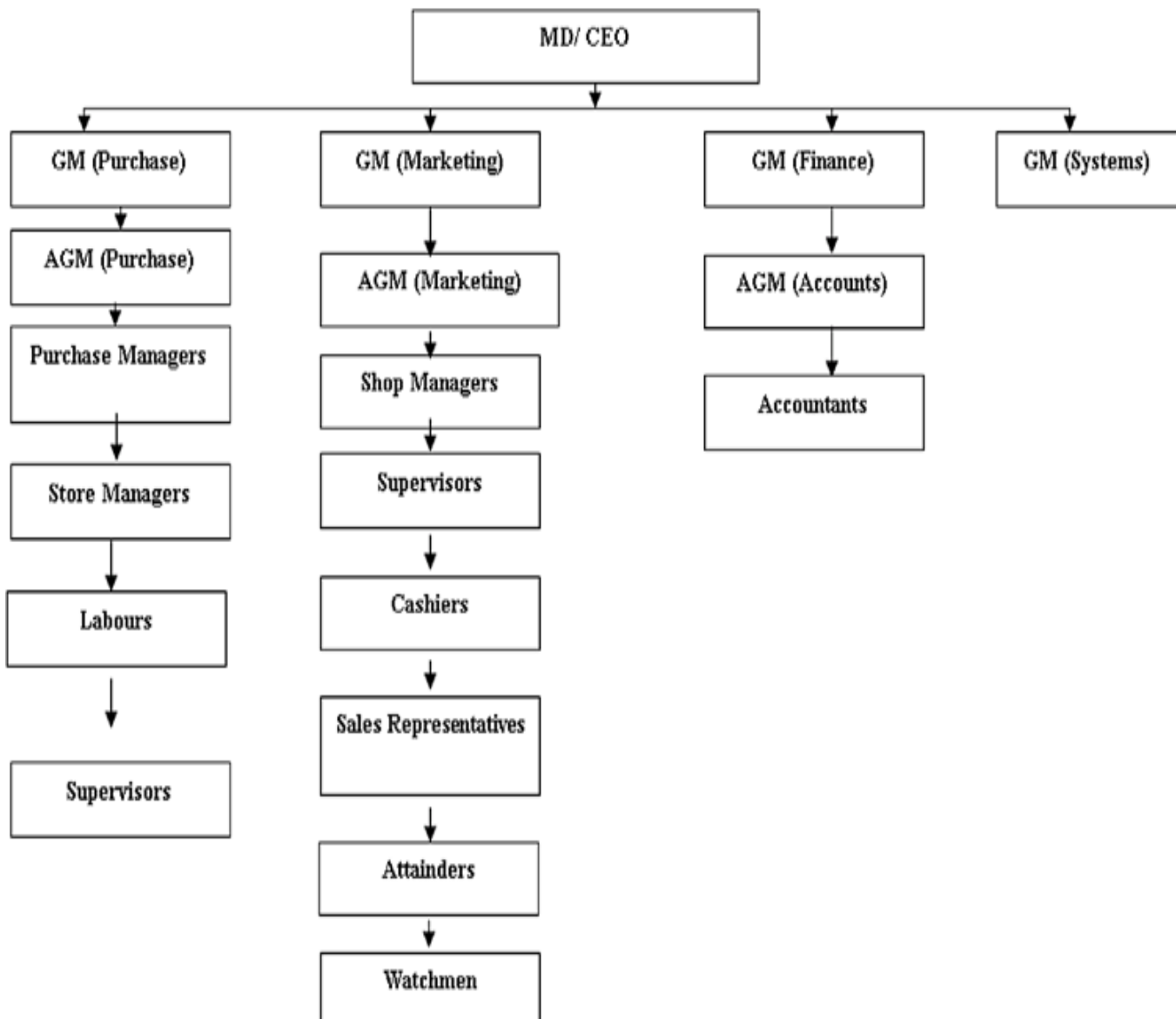
and investors who might otherwise look for opportunities with real estate agents.

Key Growth Zones:

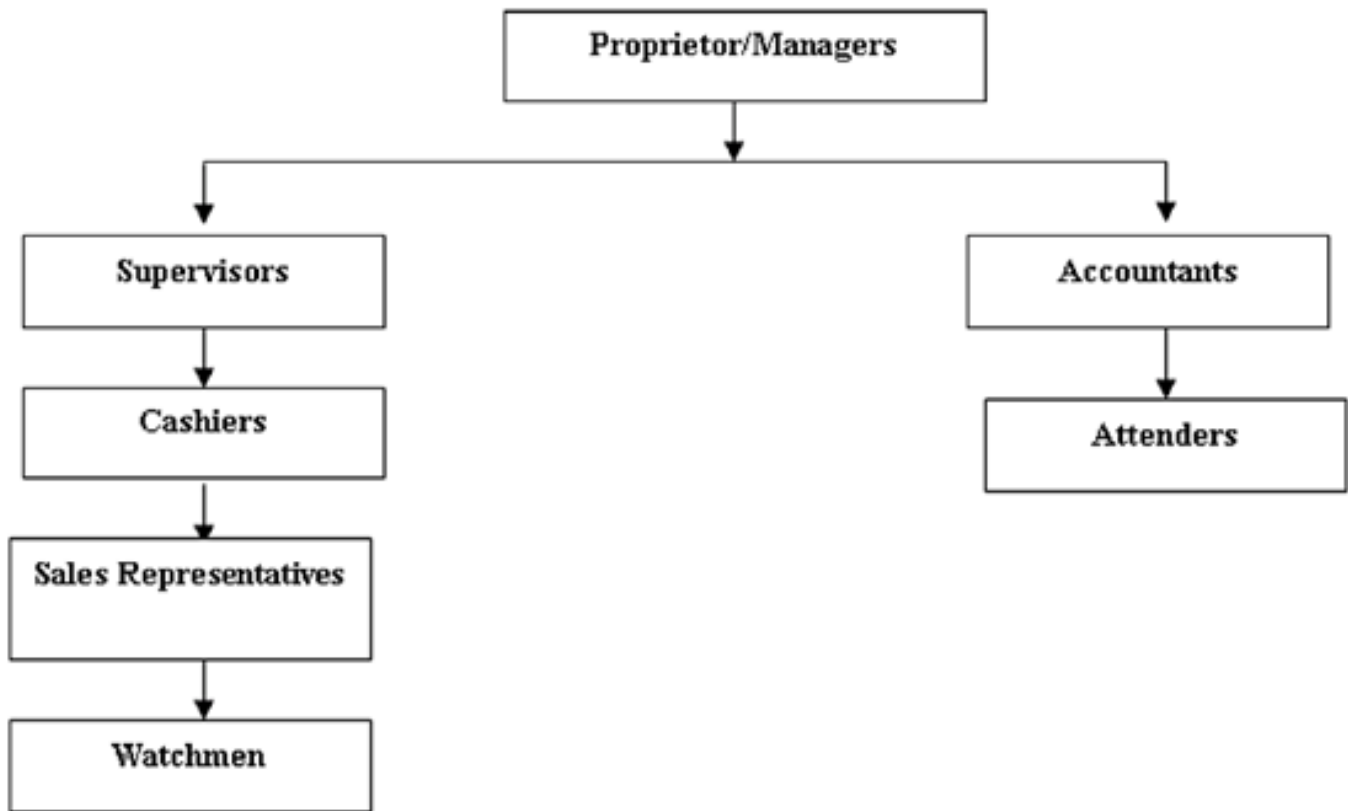
- Gadag Road:** Rapidly developing into a strategic investment corridor, Gadag Road offers affordable land, excellent highway access, and proximity to educational institutions.
- Gokul Road:** This is Hubli's backbone of residential and commercial growth, blending established neighbourhoods, shopping centres, hotels and healthcare with new project launches. Appreciation here is consistent, making it a favorite for land buyers in Hubli.
- Gabbur and Kusugal:** Emerging as preferred zones for affordable, peaceful living, Gabbur and Kusugal attract families wanting a balance of connectivity and serenity.
- Keshwapur and Vidya Nagar:** These central areas are highly sought after, especially for families focused on educational institutions, healthcare, and access to the city's pulse

Within the Bangalore-Mumbai corridor, Hubli caters to commercial as well as high-end residential buyers seeking future-ready investment with current rental opportunities.

Organisation Structure of Super Market



Organisation Structure of Malls:



The Indian retail industry consists of the following players:

- Grocery
- Food and Beverage
- Department stores
- Pharmacy
- Books music and gifts

The retail formats can be classified as the following:

- Departmental stores
- Hypermarkets
- Supermarkets/Convenience Stores
- Specialty Stores
- Cash and carry stores

Demographic drivers can be classified as:

- Rising Income.
- Rapid Urbanization.
- Rigorous Spending patterns.
- Growing youth and working women.

The retail industry in India can be characterized by the following factors:

- People centric.
- Service oriented.
- Festivals/holidays drive more customers to the store.
- Brand Conscious and quality conscious.

The number of supermarkets has increased to 8500 stores in 2016 from 500 stores in 2006 in India.

There is an upward trend seen in modern retailing due to urbanization, influence of western culture and changing life style. GST has simplified the distribution structure and reduces the operational complexities of the supply chain in the retail business. Organized retail sector in India driven by

quality of product, better service and customer satisfaction. To cut down the cost organised sector planning to get the goods directly from manufacturer since they have large quantity to sell. Some of them have distributor in the way.

Out of the new formats of retailing the food retailers are expected to grow at a faster pace.

Unorganised sector refers to the traditional formats of low-cost retailing, for example:

- Hand cart and pavement vendors
- Mobile vendors, the local kirana/grocery shops
- Owner manned general stores
- Paan/beedi shops
- Convenience stores
- Hardware shop at the corner of your street selling everything from bathroom fittings to paints and small construction tools
- The slightly more organized medical store and a host of other small retail businesses in apparel, electronics, food etc.
- Some are running the branded showrooms in the market outside the malls.

In smaller towns and urban areas, there are many families who are traditionally using these *kirana and general* stores offering a wide range of merchandise mix. Generally these shops are the family business of these small retailers which they are running for more than one generation.

In every corner of Hubli city, an unorganized retail shop can be found that is hardly a walking distance from the customer's house. Many times customers prefer to shop from the nearby kirana shop rather than to drive a long distance to organised retail stores.

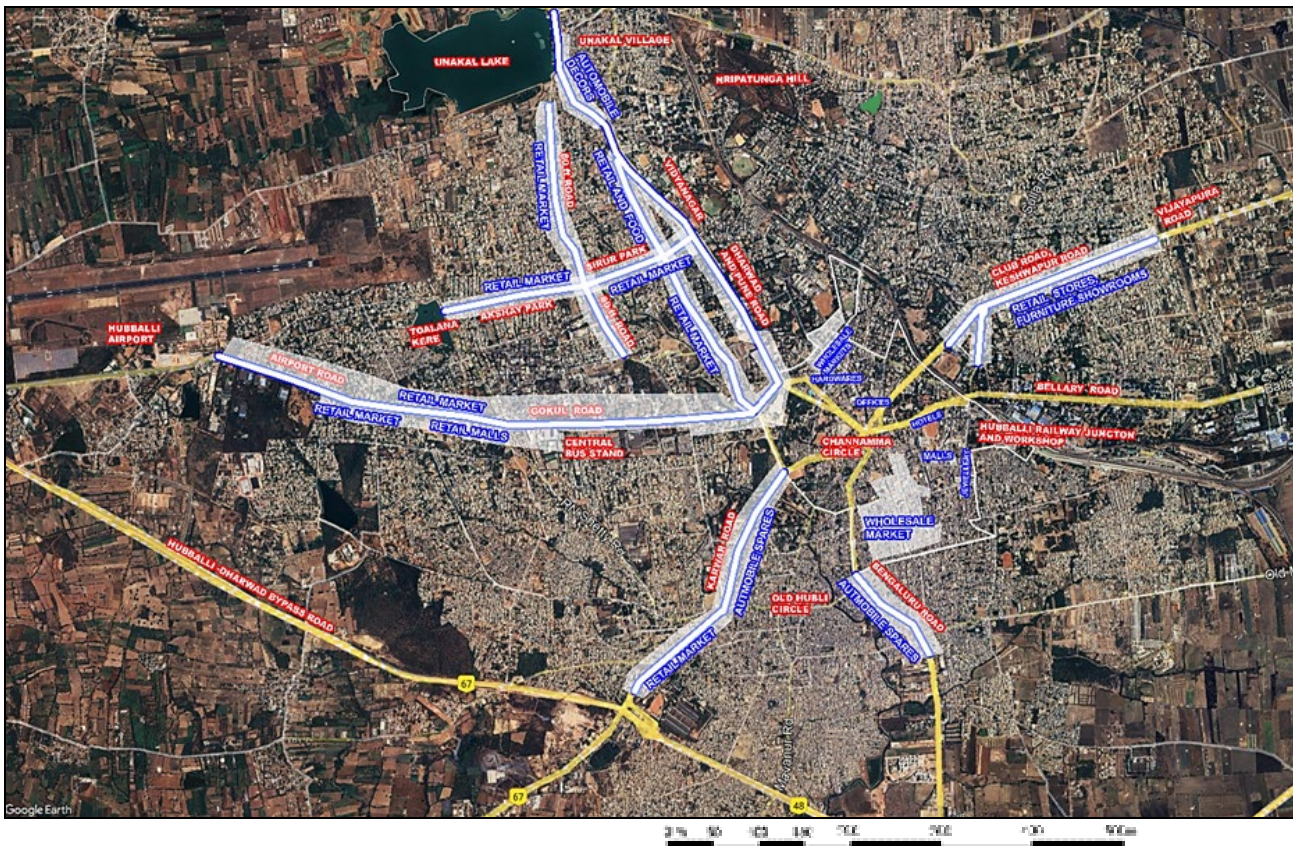


Fig 4: Map showing other major areas of commercial development in Hubballi outside CBD area.

Due to increasing purchasing power of the middle class, changing demographics and increasing percentage of young people, organized retailing sector is expected to witness a considerable growth. This organized retailing in Hubli-Dharwad cities of North Karnataka reveals that the organized retail industry has been growing at a faster pace due to the changing demographics of the customers and organized retail store attributes.

Hubli's Smart City mission is transforming every facet of its real estate canvas. With tech incubation centers, sustainable approaches, BRTS boosting city mobility, even peripheral areas are turning into lucrative growth corridors. Commerce activities in Hubli benefit directly from these projects, with the promise of world-class infrastructure making previously overlooked outskirts into future-ready investment hotspots. Hubli's economy is booming, with many industries such as education, healthcare, manufacturing, and retail thriving here. This growth has led to more people moving to this city, which increases the demand for homes and office spaces. This growing population and economy make Hubli an attractive place to invest in real estate.

Issues:

- Lack of adequate infrastructure with respect to roads, cold chains and ports has further led to the impediment of a pan-India network of suppliers.
- In the last five years real estate price affects adversely to the organized retailers.
- Selection of location of the mall is the critical and key factor in the present situation which carries very huge investments.
- Profitability of the mall is wipe-out by the blocking of huge investment in the land and other interior aspects and its operational expenses.

- Consumer's profiles tube studied first before finalizing the location of mall and segment in which organised retail want to enter.
- Issues with retail vendors in buying or renting the stores space. Issues with increasing real estate values.
- Retailers are facing issues when E-commerce activities are rising in cities.
- Time consumed when transporting and storing the goods in crowded city roads and galli areas.
- New markets are growing in periphery but not within Hubli-Dharwad city center as the prices are lower compared in the city center.
- Customers get better deal, good atmosphere and wide assortments in the mall which can't be counterfeit by the small retailers.
- Malls are facing supply chain problems and inventory problems which increases their cost of storage and allied matters.
- More surprisingly the small retailers whose average size of shop is less than 400 ft. had been hit highest by the mall's marketing efforts. It ultimately affected the psychology of retailers and created feeling of threat to their business.

Strategies Adopted:

The unorganized stores are having n-number of options to cut their costs. They incur little to no real-estate costs because they generally operate from their residences.

As they are operating from their home so they can pay for their utilities at residential rates. Even they cannot pay their tax properly. Traditional retailing is very efficient and economical in terms of operational expenses and customer relationship management.

Almost all the small retailers have not changed ambience at all. But separate space of display and contract with the marketers for “space for point of sale” has been made.

More than one fourth retailers have changed display pattern and make arrangement for Special Display of “New Arrivals” of special offer product.

Small retailers had increased credit facilities and offering some value addition services as well as credit amount to regular customers which can be treated as major step towards long term relationship with customers.

Out of the many factors identified as the elements that derive the customers to organized retail outlets the Customer relationship, Handling complaints, Service, availability of product, discount/offers/redemption points and product variety are found to be the major driving factors of organized retailing. The major factors are management style, hygiene working conditions, training, workplace safety and team work which are very important elements for the success of the organized retailing.

Conclusion

Hubballi's new highways, good rail and air connectivity and smart city projects have rebuilt the city's profile and catalysed demand for planned residential and commercial land. Over last decade, there has been lot more growth of Market away from CBD area. First hit started from the Gokul road, Akshay park, Airport road and Sirur park area then came to Keshwapur area and Dharwad road.

Hubballi's CBD area already has its own customers and running since more than 100 years. It is known for Wholesale dealers. So the Choice of customers is important key here. Whether they want to buy in large quantity for occasions like marriages or they want individual products in retail showrooms, it depends on the need of customers. So they can move to any place to get their choice.

Smart City schemes, highway construction, and residential area upgrades are directly boosting plot prices in most zones. Roads, BRTS, and new IT/industrial parks are setting the stage for a rise in land values.

Most of the wholesale market here are family run businesses, they want to expand their business and need good place sell. However as it is observed, wholesale businesses are running irrespective of their locations. If we see in Hubballi's older CBD area, most of the wholesale vendors are located in gallis, towards a narrow roads, at the ground floor of their own houses etc. they are running efficiently. It does not matter where the store is located but what matter is, how much discount the vendor is giving on the good quality products.

Even the organized retailing promises large growth opportunities and significant changes in the customer buying behaviours and preferences over the coming years.

The policy of the central government for welcoming FDI in the organised retailing India may cause terrific unemployment in the area of unorganised or traditional retail sector which is to be treated as very important pulse of Indian subcontinent.

More surprisingly the small retailers whose average size of shop is less than 400 ft. had been hit highest by the mall's marketing efforts. It ultimately affected the psychology of retailers and created feeling of threat to their business.

As traditional retail format requires only two to three people for the retail stores operations, employment generated by the unorganised retail sector is not affected directly but affect indirectly to the surrounding service providers and pull cart people for delivery of goods which has not been observed. Customers get better deal, good atmosphere and wide

assortments in the mall which can't be counterfeit by the small retailers. Malls are facing supply chain problems and inventory problems which increases their cost of storage and allied matters.

Real Estate availability at the right prices and at the right location remains to be the key concern for growth of the retail sector. Further, lack of clear ownership titles and high stamp duty has resulted in a disorganized nature of transactions. Not only this but in last five years Indian real estate market is shooting up which indirectly affects the mall or organised retailing industry adverse in terms in rocket high rentals.

The study reveals that the small retailer's survival is not possible without making systematic and appropriate changes irrespective of their size and pattern and even segmentation.

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