

CHAPTER -IV:POLICY MATTERS OF THE STORESECTION IA) PURCHASE POLICY:I) IMPORTANCE AND OBJECTIVES OF PURCHASE POLICY:

The laying down of a correct purchase policy is the most important factor to run an any trading activity successfully. The consumers' co-operatives dealing with purchases and sales of varieties of consumers' goods should be very continuous and calculated while purchasing the goods. The proverb "Well bought goods are half sold" signifies the importance of right purchasing policy. Wrong purchases lead to overstock and stockouts. Overstock means unnecessary locking up of capital which is never advisable financially. On the other hand stockout damages to reputation of the organisation. Right purchasing policy avoids overstock and stockout which requires buying the right quality, quantity, buying from the right sources, at right time and at right price. Taking into consideration significance of right purchasing policy the consumer co-operatives are advised to form a purchase committee. It is expected that purchase committee should lay down policies which should be executed by the general manager.

The objectives of purchasing policy in consumer co-operative should be -

- i) to specify the demand of consumers' at least cost;

ii) to maintain the continuity of supply and to avoid stockout;

iii) to keep investment in stock-in-trade to minimum and ensure maximum rate of stock turnover;

iv) to maintain minimum standards of quality and;

v) to avoid take adolescence and waste of goods.

II) PURCHASE POLICY OF THE STORE:

1) Formation of pur com:

The store has formed purchase committee which consists of seven members. The committee meets twice in every month to lay down the purchasing policy. Master purchase budget is prepared for every year. The purchases of the store are made by the purchase manager, his assistant and two purchase officers. Centralised purchasing system is adopted by the store. It means bulk purchase are made. For the introduction of new items store normally follows trial and error methods (Sale or return basis).

2) Inventory Control:

To have a better control on the stock, due to increased stock turnover, a cell has been formed specifically to control all purchases and, its distribution to different units through monthly operation reports. Two tier i.e. central godown and subgodowns (different units) system of stock control has been followed.

The store has introduced a value control system with joint liability stock taking is done formly twice in a year i.e. half yearly and the findings are reported to the board. Informally

however stock taking is done for foodgrains and pulses every month and in all other section once in every alternative month.

3) Informal stock holding policy:

There is an informal stock holding policy by which stock holding in different commodity groups has been prescribed with reference to volume of sales, stock turn norms and local situations.

4) Facilities of godowns:

The store has adequate and self-sufficient godowns of its own. These godowns are located at each of its branches. The godown at laxmipuri has a space of 2,000 Sq. Feet. the godown at Varuntirth has a space of 6,500 Sq. feet, the godown at Market yard has a space of 5,000 Sq. feet, the godown at Rajarampuri has a space of 4,500 Sq. feet and the godown at Ratnappa Kumbhar-nagar has space of 2,000 Sq. feet.

III) EVALUATION OF THE PURCHASE POLICY:

Thus the store takes into consideration all the concerned factors which are helpful in adoption of 'right purchasing policy! But the questions remains how for the purchasing policy of the store can be called 'right' purchasing policy ? Let us answer this question step by step, by applying the various norms of right purchasing policy to the purchasing policy of the store.

1) Buying the right quality:

The store has adopted centralised purchasing policy

system i.e. bulk purchases directly from producers to maintain the quality of goods. In direct purchases from the producer there is least possibility of adulteration. Also the commission given to middlemen is cut-off. The grocery manufactured and general merchandise are procured from the well reputed business organisations like Hindustan Liver, Tata, Godaraj, Colgate, etc. The store purchases sugar directly from the Panchaganga Co-operative Sugar Factory. In case of good-grains and creals preference is given to co-operative marketing societies.

2) Buying the right quantity:

It is the most difficult task in purchasing policy. The quantity purchased by the store should assure adequte and regular supplies of varieties of consumer goods. To judge the purchasing policy of the store in this particular aspect the proportion of annual purchase value to average stock value has been calculated in table 4:1.

The table indicated that the proportion of annual purchase value to average stock has come down from 25.51 in 1970-71 to 13.03 in 1980-81, because of increased average stocks due to excess purchases. However the proportion has increased afterwards except the year 1984-85. It shows that the store is trying to improve the position of over stock. But even than the lot of money is locked up every year in the overstock. It denotes that the store has not become successful in buying the right quantity.

GROWTH OF PURCHASE OF 'THE KOLHAPUR JANATA CENTRAL CO-OPERATIVE CONSUMERS' STORES LIMITED, KOLHAPUR'

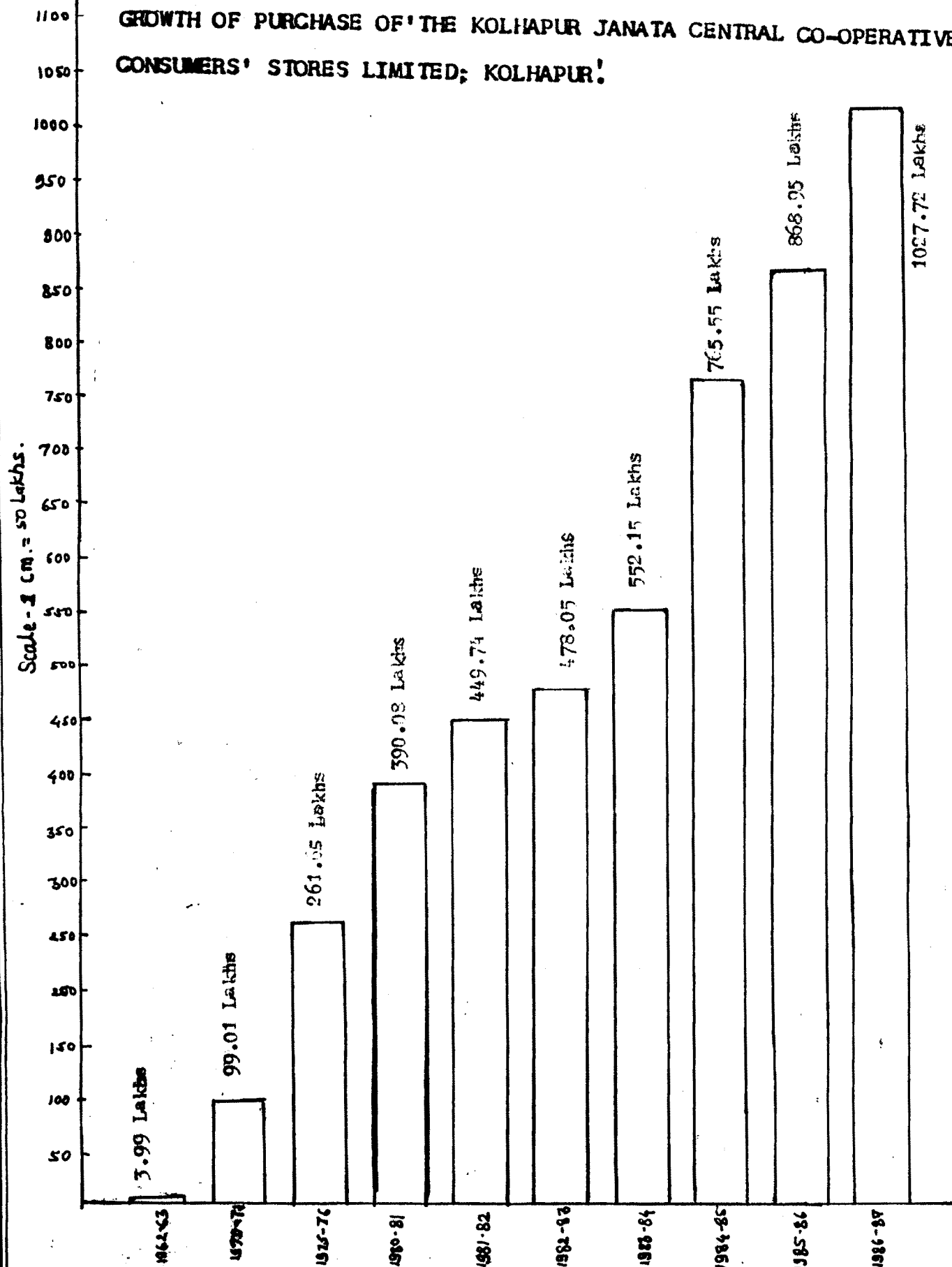


TABLE 4:1
PURCHASE OF 'THE KOLHAPUR JANATA CENTRAL CO-OPERATIVE
CONSUMERS' STORES LIMITED, KOLHAPUR

Years	Purchase Rs.	Average Stock Rs.	The Ratio
1962-63	3,99,846	44,007	9.09
1965-66	NA	73,963	-
1970-71	99,01,605	3,88,058	25.51
1975-76	2,61,64,882	13,12,838	19.93
1980-81	3,90,08,555	29,93,611	13.03
1981-82	4,49,74,687	33,53,280	13.41
1982-83	4,78,04,786	31,02,111	15.41
1983-84	5,52,14,994	36,63,585	15.07
1984-85	7,65,55,535	55,98,103	13.67
1985-86	8,68,95,447	54,55,705	15.93
1986-87	10,27,72,778	59,35,710	17.31
%Growth rate in 1986-87 over 1962-63.	25603.09	13388.10	

Source : Annual Report of 'The Kolhapur Janata Central
 Co-operative Consumers' Stores Limited,
 Kolhapur'.

3) Buying from the right sources:

It is also one of the important indices of right purchasing policy. While selecting the source of purchase prime importance should be given the purchasing cost of commodity, transport cost and taxes. If the right source is selected, it

will be possible to provide the goods at reasonable rate to the consumers. The sources of purchases and their respective percentage in the total purchases is given in table 4:2.

Table 4:2

SOURCES OF THE PURCHASE OF THE STORE

Source of the purchase	Percentage in the total purchase.
Co-operatives Societies ...	10
Co-operative Marketing Societies...	29
Private dealers ...	25
Producers ...	20
Rationing ...	16

The table shows that the store purchases 39 percent of its total purchases from the co-operative sector. Out of which 29 percent from marketing co-operatives and 10 percent from state federation of consumers' co-operatives and other processing and producer co-operatives. Besides 20 percent purchases purchase from direct producers and only 25 percent purchases purchase from private dealers.

4) Buying at right time:

Right time means making availability of goods for sale at the required time. The purchasing policy of the store is on these line. The goods which are specially required during the festivals are available, well in advance in almost all branches

of the store. That is also the case with the goods which are demanded according to season.

5) Buying at right price:

Price at the time of buying is equally an important factor of 'right purchasing policy'. If quality goods are purchased at right prices increase in sales will be possible. However concerned authorities deny to give buying prices of even representative commodities as it is secret of their business.

B) PRICE POLICY:

I) CONCEPTS OF PRICE POLICY:

In the policy matters of the store price policy is also very important. There are difference of opinions regarding the what type of price policy should be adopted by consumers' co-operatives. Some experts are of the opinion that consumers' co-operative societies should adopt active price policy. According to many passive price policy is advisable for the consumers' co-operatives.

Active price policy means to sell the commodities at lower prices than the market prices. Passive price policy refers to sell the commodities as per the market rates.

II) PRICE POLICY OF THE STORE:

1) The stores total assortment has been divided in various commodity groups like grocery, provision and cosmetics, Household goods, Textile, custom goods, medicine, etc. and the margin of

profits on them has been fixed by the board of directors. But margin of profit may vary according to the market trend, visibility and availability.

The following table shows the percentage of margin of profit charged by store and charged by private traders.

TABLE 4:3

MARGIN OF PROFIT ON GROUPS OF COMMODITIES

Section/Group	Margin of profit	
	By Store	By private Trader
Grocery ...	4.5 to 5 %	9 to 10 %
Provision and cosmetics.	6 to 7 %	10 to 12 %
Household goods ...	8%	11%
Textile ...	10 to 12 %	15 to 16 %
Custom goods ...	8 %	NA.
Medicines ...	9 %	10 %

Source : Field Survey

The table shows that in case of private traders margin of profit is high compared to margin of profit of the store. This difference between their margin of profit enables the store to sell essential goods at lower prices than the market rates.

2) To know the price policy of store, prices of goods sold in departmental stores and in private shops were compared. The prices were collected by the research student by visiting departmental stores and private shops. While collecting the prices, as far as

TABLE 4:4

PRICES OF SELECTIVE GOODS IN JANATA BAZAR AND PRIVATE SHOPS

Particulars	Quantity	Prices of Commodities in Janata Bazar	Prices of commodities in Private shops	Particulars	Quantity	Prices of commodities in Janata Bazar
		Rs. P.	Rs. P.			Rs. P.
1) FOOD GRAINS:				2) PROVISION (Contd.)		
Jowar	1 Kg.	3=70	3=80	Chilli Powder	200 gm.	7=00
Bajra	1 Kg.	3=20	3=20	Groundnut Oil	1 kg.	21=00
Wheat	1 "	4=50	4=80	Safflower Oil	1 kg.	27=00
Rice	1 "	5=60	5=80	Sweet ferinel	100gm	2=80
Tur Dal	1 "	13=25	13=30	Godrej Saving Soap	50gm	4=75
Gram Dal	1 "	12=50	12=70	Pamolin Saving Soap	30 gm	8=50
Moong Dal	1 "	11=00	11=20	Filips Bulb	100Wat	6=70
Red Gram	1 "	8=00	8=00	Promise Tooth Paste	150gm	11=50
Gram	1 "	11=50	11=50	Colgate Tooth Paste	150 gm	11=85
Massor Dal	1 "	10=50	10=60	Colgate Tooth Powder	90gm	7=70
Bean	1 "	9=60	10=00	Lifeboy Soap	150gm	4=00
Green Peas	1 "	10=00	10=00	Nirma Washing Soap	50gm.	1=70
2) PROVISION:				50l Washing Soap	250gm	4=00
Sugar	1 Kg.	6=90	7=00	Wheel Washing Soap	125gm	1=60
Juggary	1 "	6=70	7=00	Shineit Cleaning Powder	1kg	2=75
Rava	1 "	4=80	4=80	Surf Washing Powder	200gm	6=10
Groundnuts	1 "	10=75	11=00	Nirma Washing Powder	1 kg.	9=25
Granule of Sago	1 "	5=60	5=75	Robin blue	30gm.	3=05
H.P. Tea	1 "	40=00	40=00	Camel Gum	300ml.	14=80
Tata Tea	1 "	39=40	40=00	Camel Ink (Blue)	60ml.	3=70
Pohe	1 "	9=60	9=60	Note Book Cricket Series	200Pg.	4=00
Sun Flower Dalada	1 "	28=20	28=50	3) COSMETICS:		
Coconut	1 "	40=00	40=00	Shikekai Vippro Soap	1	8=50
Garlic	1 "	5=00	5=50	Ponds Soap	1	6=30
Jivan Hing	50gm.	3=50	3=50	Vigil Soap	1	3=00
Cumin Seed	200gm.	9=80	9=80	Improved Lux Soap	1	4=35
Tata Salt	1 Kg.	2=00	2=00	Fresh Coconut Oil	100gm	8=30
Parle 'G' Biscuit	100gm.	2=20	2=25	Tata Coconut Oil	500gm	27=50
Egges	1	0=75	0=75	Parashut Coconut Oil	200 gm	12=60
Bornveeta	200gm	14=50	14=75	Ponds Dream Flower	100gm	12=40
Gokul Milk Powder	250gm.	13=00	13=00	Fair and Lovely	25gm	12=50
Warna Milk Powder	100gm.	5=65	5=65	Three in One Cycle Brand	1	4=00
Lijjat Papad	200gm.	5=00	5=50			
Bedekar Masala	100gm.	6=00	6=20			
Turmeric Powder	100gm.	1=40	1=60			

Source : Field Survey.

o=0=0=0=0
 Prices of
 Commodit-
 ies in
 Private
 Shop.

Rs. P.

7=20

21=25

27=00

2=80

4=80

8=60

7=00

11=50

12=20

8=25

4=00

1=70

4=00

1=75

3=00

5=90

9=00

3=00

15=00

4=00

4=00

8=60

6=30

3=00

4=50

8=40

28=00

12=60

12=25

12=40

4=00

o=0=0=0=0

possible, it was seen that the quality of the goods will be same. The collected information regarding prices of 65 goods is given in table 4:4.

Our observations on the table are summarised below:-

i) In case of 34 goods the policy of store is active price policy. These goods are sold at lower prices than the market prices. These goods are mainly necessities of life.

ii) 26 goods are sold as per passive price policy. Prices of these commodities are same in departmental stores and private shops.

iii) In case of Five goods prices are higher in departmental stores than the prices of these goods in private shops.

It means the price policy of the store is neither active, nor passive. It is admixture of both the policies. The store tries to sell as many commodities as possible as near prevailing market rates. The price policy of store aims at two objectives. Firstly retail price level of the consumers' articles is maintained at reasonable level. Secondly, the store is not itself put to any overall loss in doing so. By charging higher prices, compared to market rates, the store tries to compensate lower margin of profit in case of essential goods.

C) SALES POLICY:

I) IMPORTANCE OF SALES POLICY:

In the present days of competition, sales policy of any trading concern is important to attract more and more customers.

The consumers' co-operatives, who want to protect the customers by creating a counterforce in the market through their activities should adopt appropriate sales policy. According to modern concepts of marketing sales policy should aim at -

- 1) to maintain communications with present customers,
- 2) to secure and maintain customers' co-operation and
- 3) to search and obtain new customers.

Here an attempt has been made to assess the policy of the store regarding sales.

II) SALES POLICY OF THE STORE:

1) Adoption of modern selling technique:-

Self service and self selection of well packed and neatly arranged commodities is remarkable technique of selling adopted by the store since 1979-80. In all of its departmental stores self service and self selection are in prevalence. The modern selling technique has affected favourably on its total sales.

2) Packing and display:-

Customers are very often deceived by the private traders in two ways (i) Weights of commodities and (ii) quality of the commodities. To avoid these malpractices the store provides almost all the commodities which are packed in polythin bags. For packing, packing machines are used. The store also put on label of weight and price. Packing in polythin bags and display of the commodities, both are useful in attracting the

customers. In India where customers' are not accustomed with modern marketing techniques, the store has taken the initiative in introducing those techniques to the consumers.

3) Sales review:-

From all the units of the store, performance reports are obtained regularly and the same is discussed every day and problems are indentified and suitable remedial actions are taken. To facilitate this process the selection staff-members are required to report at the 8-00 'o' clock in the morning although the opening time of the shop is 9-00 'o' clock. This is followed by monthly performance review alongwith budgetory review.

4) Sales promotion:-

Here establishment of consumers' co-operatives is not enough to compete with private traders and business. The ever expanding sales of the consumers' co-operatives ultimately put check on malpractices of the private sector. It requires specific efforts on behalf of the consumers' co-operatives to promote their sales. 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur', is very well aware of it. The store has developed a sales promotion calender. For sales promotion the store has used following methods.

i) One percent discount is given to members on their purchases upto rupees 1,000/- per month.

ii) Special discount of 3 to 8 percent is given to members in all their purchases excluding controlled commodities,

sugar, sweet, oil and custom goods. This discount is admissible provided a single purchase exceeds Rs.25/- and discount card issued to the members is produced.

iii) In celebration of co-operative week lucky draw is introduced by which prices upto Rs.3,000/- are declared to the consumers.

iv) For Divali, Dasara, Sankrant and Gudipadwas a special discount is offered to all members in textiles and utensils. The rate of discount is generally 3 to 5% of the purchases made over and above all this during clearance sale (माल काटून आकणे) discount of 20 to 25 % is given.

v) For school children, school uniforms, exercise note books and text books are sold at a cheaper rate. Share holders get 3 dozens note books at concessional rate and 5 percent discount on text books for standard First to Twelfth standard. The shareholder is given purchase rebate at the end of every year. The board of directors is the authority deciding rebate.

SPECIAL STALLS:

As a part of sales promotion special stalls are opened by the store. These stalls are opened as per the seasonal and occasional requirements of the consumers. The special stalls of the store are given below:-

i) Textile and Readymade garments stall- During Divali, Id, Gudipadwa, and marriage season.

ii) Crakers and items like oil, soap scents stall for for Divali season.

iii.) Rakhi stall - During Raksha Bandhan day.

iv) Books, Note Books and School Uniform Stall - during the month of June and July when schools and colleges open for academic year.

v) Stall for images of Lord Ganesh - Before Ganesh Chaturthi festival.

vi) Fruits Stall - For seasonal fruits like mango, water, melon, Alfonso, Grapes, etc.

vii) Warna Milk is also sold at the Departmental Stores.

viii) Rainy shoes - Raincoats etc stall - Before commencement of rainy season.

ix) Loona Booking facilities are given to the customers.

The list of the stalls denotes that the ~~sotre~~ is trying its best to provide all sorts of commodities to the consumers.

D) WORKING OF THE STORE AND CONSUMERS:

It is said that in general consumer co-operative movement in India has not become successful in reducing the monopoly of private traders. Primary societies merely work as an agency of public distribution system. Wholesale stores have failed in promoting consumers' movement. Consumers' co-operatives hardly try to expand the sphere of their activities which enables them to protect the interest of large member of consumers. Quality of service to the consumers, availability of varieties of goods at reasonable rates, patronage dividend to the members and competitive

strength altogether decide the working of the society towards its consumers. The Kolhapur Janata Central Co-operative Consumers Stores how far trying to satisfy the consumers.

As it has been mentioned earlier self service and self selection of commodities are the unique provisions introduced by the store from the consumers' point of view. In developed countries like U.S.A. self service is not approached as novelty. But in India whether the consumers are not even aware of their rights, self service has to be considered as a novelty. It reveals the very approach of the store towards its consumer. It is true that, in India in metropolise cities like Delhi and Calcutta super bazars have introduced self service. But in small city like Kolhapur this experiment is really unique. Not only that but nearly for all the commodities self service and self selection is in prevalence.

Some branches of the Kolhapur Janata Central Co-operative Consumers' Stores also worked as an agency in public distribution system. These branches also provide some essential goods which are not given through public distribution system. If we take into consideration activities of the store as a whole the assortment is really noteworthy. According to concerned authorities at present (1988) the number of various types of consumers' articles available in the departmental stores is about 15,000. It is not an exaggeration in saying that the consumer gets the commodity which he wants, when he enters the departmental store. The assortment of store includes grocery, provisions, household

goods, footwear, cosmetics, medicine, electronic goods, textile, custom goods etc.

When the store was established it was mainly working as an agency in the public distribution system of the Government of India. But afterwards the store expanded sphere of its activities. It accepted the challenges of present age of techniques were adopted. To attract more and more consumers the policies which are adopted by private traders were also used by the store. As a result number of consumers' increased. According to authorities of the store at least 10,000 consumers' daily visited the departmental stores. The figure itself is sufficient to show the working of the store towards its consumers'.

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CHAPTER-IVSECTION IIFUNCTIONING OF DEPARTMENTAL STORES

So far we have taken into consideration functioning of the Kolhapur Janata Central Co-operative Consumers' Stores in general. As it has been mentioned earlier departmental stores are the noteworthy aspect of the store. Through these departmental stores the Kolhapur Janata Central Co-operative Consumers' Stores has made an attempt to stand as an idle consumer co-operative. Hence, separate evaluation of these departmental stores is done in the following pages -

A) WHAT IS DEPARTMENTAL STORES:

A departmental store is a retail store handling many different lines of merchandise. It is a large scale store selling under one roof and one control a variety of goods divided into different departments, each of which specialises in an individual merchandise. The main object of such a departmental store is to make it a centre of attraction of the consumers. The large sized departmental stores are called super markets or super bazars. The small sized are called Mini Super Bazars.

Converse Killough is of the opinion that "A departmental store is a retail shop handling several classes of goods including women's or dry goods each class being separated from others in management, accounting and location".

These departmental stores often consists of palatial buildings onstructed at central position which is most frequently visited by the public. The generally offer to supply almost anything that the customer may require. The customer is treated is a guest and the policy of "customer is always right" is strictly followed which had resulted in developing a new habit for women, namely shopping. The departmental stores appeals more to woman than to man.

B) GROWTH OF DEPARTMENTAL STORES-

The first departmental store in the modern sense of the term was the 'Bon Marche' established in Paris by Aristide Baucicant in 1852. The object of this stores was to sell goods as quickly as possible at a low price. Thus the margin of profit was kept low with the object of obtaining a bigger turnover. This new technique was very successful and thus the idea spread in Paris. It was only some years later in about 1880 that this idea was introduced in America at Philadelphia and almost at the same time at Landon and thus, this idea spread all over the world.

Till recently the idea of departmental stores is new to the Indian people. Before independence in British rule there were few departmental stores like "Spencer and Co.", "Army and Navy Stores". Even after independence the departmental stores did not spread very rapidly.

However since the 1960's co-operative departmental stores become an impoartant tool in the development of co-operative

consumer movement. The biggest department store of the country was established in July, 1966 in New Delhi. Afterwards the Policy of establishment of departmental stores only in big cities was changed. As a result departmental stores were established in the town below the population of two lakhs on selective basis. The departmental stores are, by and large run by wholesale stores. As a policy the central/wholesale consumer co-operative societies are assisted to open departmental stores. The main features of departmental stores are summarised below:

1) There are integrated stores performing operation in addition to other retail stores such as wholeselling.

2) Goods are divided into different classes with different locations and management within the stores itself.

3) Department stores are distinguished by the nature of goods they sell and not by the varieties they keep.

4) The department stores is a 'horizontally integrated institution. It brings together one roof a rang of merchandise alterings.

C) BEGINNING OF DEPARTMENTAL STORES IN KOLHAPUR CITY:

'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur; alongwith the help and guidance of the consultancy and promotional cell, National Co-operative Consumers' Federation of India Limited, New Delhi, prepared a master plan for the development of Departmental stores in Kolhapur city and

in 1980 the store started its first departmental stores.
Following table gives the years of establishment of Departmental stores.

TABLE -4:5
ESTABLISHMENT OF DEPARTMENTAL STORES

Year of Establishment	Name of Departmental store
1980	Janata Bazar at Ruikar Colony.
1981	Janata Bazar at Varuntirth.
1984	Janata Bazar at Rajarampuri.
1985	Janata Bazar at Raviwarpeth.
1987	Mini Janata Bazar at Laxmipuri.
1987	Janata Bazar at Ratnappa Kumbhar Nagar.
1987	Mobile Janata Bazar.

Source : Official Record: 'The Kolhapur Janata Central
Co-operative Consumers' stores Limited, Kolhapur'

In the year 1987 seven departmental stores were working in Kolhapur city. Out of which three large departmental stores, one mobile departmental store and three mini departmental stores.

D) PERFORMANCE EVALUATION:

I) JANATA BAZAR RUIKAR COLONY:

The Janata Bazar located at Rukar Colony was the first departmental store started in Kolhapur in Sept., 1980. The selling area of store is 5,000 Square feet. The unique feature of this store is that, it is located in densely populated area of the city.

TABLE 4:6

PERFORMANCE OF RUIKAR COLONY DEPARTMENTAL STORES

(Rs. in lakhs)

Sr. Particulars	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
No.	(Feb., 88)							
1) Sales (Rs.)	20.34	29.56	34.75	39.60	36.50	39.35	41.12	31.42
2) Average Daily Sales (Rs.)	00.08	00.10	00.12	00.13	00.12	00.13	00.14	00.14
3) Closing Stock (Rs.)	03.05	03.22	03.15	03.01	03.51	03.39	03.09	04.19
4) Gross Profit (Rs.)	01.31	01.68	02.33	02.14	02.31	02.21	02.04	01.72
5) % of Gross Profit to Sales	06.46	05.70	06.70	05.40	06.33	05.61	04.96	05.47
6) Salary (Rs.)	00.40	00.45	00.62	00.76	01.80	00.77	00.69	00.48
7) Interest (Rs.)	00.23	00.38	00.51	00.48	00.49	00.59	00.51	00.35
8) Rent (Rs.)	00.30	00.22	00.11	00.37	00.37	00.37	00.17	00.25
9) Other Expenses (Rs.)	00.17	00.35	00.37	00.29	00.56	00.60	00.71	00.40
10) Total Expenses (Rs.)	01.12	01.40	01.61	01.90	02.22	02.33	02.03	01.43
11) % of Expenses to Sales.	05.61	04.72	04.63	04.80	06.08	05.92	04.94	04.55
12) Net Profit (Rs.)	00.19	00.28	00.72	00.28	00.18	00.12	00.04	00.24
13) % of Net Profit to Sales.	00.94	00.61	02.07	00.70	00.36	00.30	00.09	00.76
14) No. of Employees	12	15	14	13	13	15	-	-

Source : Official Records of 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur.'

The store decided to construct its own building on the land granted by the municipal corporation. The department store has introduced the standard of fixtures evolved by the consultancy and planning cell. The store introduced the self service system and centralised collection of cash with the help of cash register. In 1980-81 on an average 300 to 350 consumers were visiting the store every day. In 1987-88 its number of customers increased to 450 to 500 on an average per day.

Table 4:6 shows the performance of the Ruikar Colony Janata Bazars for the last eight years. It can be seen that the total sales of the Ruikar Colony Departmental store increased by 20 lakhs of Rupees within a period of seven years. Average daily sales increased from Rs.00.08 lakhs in 1980-81, to Rs.0.14 lakhs in 1986-87 and Rs.0.14 lakhs in Feb., 1988. Gross Profit increased from Rs.1.31 lakhs in 1980-81 to Rs.2.04 lakhs in 1986-87 and Rs.1.72 lakhs in Feb., 1988. The percentage of gross profit to sales have decreased from 6.46 in 1980-81 to 4.96 in 1986-87 and again increased in Feb., 1988. The total expenses of the Ruikar Colony Janata Bazar also show increasing trend each year. Total expenses in 1980-81 were Rs. 1.12 lakhs and these have increased in each successive years and in 1986-87 they reached Rs.2.03 lakhs and Rs.1.43 lakhs in Feb., 1988. Thus total sales of this store between 1980-81 to 1986-87 nearly doubled and the total expenses have also nearly doubled during the same period. Net profit of this departmental store, in 1980-81 were Rs.00.19 lakhs and in Feb., 1987-88 it was Rs.00.24 lakhs. The

percentage of net profit to sales in 1980-81 was of 00.94 and it has come down to 00.09 in 1986-87. Such a decline in net profits can affect the overall profits of 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur'.

II) JANATA BAZAR VARUNTIRTH:

The Janata Bazar at Varuntirth started in May, 1981. The Janata Bazar at Varuntirth is located in the heart of the city. It is located in densely populated area. The corporation of Kolhapur gave the 15,000 Square feet of land for construction. This departmental store has use modern retailing system. The first department store has covered 5,000 families on the eastern side of the Kolhapur city and this second venture has covered 10 to 15 thousand families. In 1980-81 on an average 300 to 350 consumers were visiting the store. Their number increased by two fold in 1987-88.

Table 4:7 indicates the performance of the stores for the last eight years. It can be seen that, total sales in 1980-81 were of Rs.10.37 lakhs which increased to Rs.118.64 lakhs in Feb., 1988. Average daily sales have recorded a rise from Rs.0.28 lakhs in 1980-81 to Rs.0.52 lakhs in Feb., 1988. The gross profit and net profits also increased within the period of 8 years. But percentage of net profit to total sales has come down. Not only but there are wide scale fluctuations in the percentage of net profits to the total sales. Total expenditure increased from Rs.0.53 lakhs 1980-81, to Rs.6.53 lakhs in 1986-87 and Rs.5.21 lakhs in Feb., 1988.

TABLE 4:7

PERFORMANCE OF VARUNTIRTH DEPARTMENTAL STORE

(Rs. in lakhs)

Sr. Particulars
 1980-81 1981-82 1982-83 1983-84 1984-85 1985-86 1986-87 1987-88
 (Feb.88)

1) Sales (Rs.)	10.37	63.02	84.25	126.48	127.53	140.87	170.90	118.64
2) Average Daily Sales(Rs.)	00.28	00.21	00.28	00.41	00.43	00.47	00.57	00.52
3) Closing Stock (Rs.)	05.43	05.20	06.56	11.25	12.50	10.84	11.40	15.20
4) Gross Profit (Rs.)	00.61	04.33	05.87	07.67	07.83	08.26	10.06	06.83
5) % of Gross Profit to Sales.	05.95	06.57	05.97	06.06	06.14	05.86	05.88	05.75
6) Salary (Rs.)	00.15	01.27	01.55	02.16	02.30	02.13	02.18	01.56
7) Interest (Rs.)	00.07	00.67	00.88	01.34	01.69	01.79	01.80	01.88
8) Rent (Rs.)	00.18	00.55	00.32	00.84	00.84	00.84	00.84	00.56
9) Other Expenses(Rs.)	00.13	00.87	01.11	01.02	01.20	01.40	01.71	01.80
10) Total Expenses (Rs.)	00.53	03.36	03.86	05.36	06.03	06.15	06.53	05.21
11) % of Expenses to Sales	05.17	05.22	04.15	04.24	04.73	04.37	03.82	04.39
12) Net Profit (Rs.)	00.08	01.80	02.58	02.37	01.80	02.10	03.53	01.62
13) % of Net Profit toSales..	00.78	01.44	03.06	01.87	01.47	01.50	02.06	01.36
14) No. of Employees	30	31	34	34	33	33	-	-

Source : Official Records of 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur'.



III) JANATA BAZAR RAJARAMPURI:

The Rajarampuri Janata Bazar, which began in Sept., 1984 was an ambitious venture. (again the Kolhapur Municipal Corporation was considerate to lease land). The area of selling is 25,000 Square feet. The location of the departmental store is conducive from business point of view. Rajarampuri area of the Kolhapur city is known as residence of the rich people. Most of the government offices of the city are also located in Rajarampuri. It is in the first lane of Rajarampuri. It covers the entire Rajarampuri. It covers the entire Rajarampuri, Shahupuri, Takala, Sykes Extension, Shahu Mill Colony and Shivaji University Complex. It is very near to the Kolhapur Railway station and the main state transport terminal and it covers nearly 25,000 families. The store decided to construct its own building. Being the largest departmental store in Kolhapur city, the number of consumers visiting the store is quite large. In the very year of its establishment, on an average 2000 to 2500 consumers were visiting the store. In 1987-88 their number increased to 4000 to 5000.

The performance of the stores for the last four years is given in table 4:8.

The table shows that, yearly sales as well as average daily sales of the departmental store are increasing. Gross profits have increased from Rs.7.92 lakhs in 1984-85 to Rs.11.63 lakhs in 1986-87 and Rs.9.90 lakhs in Feb.1988. However, the percentage of gross profit to sales has come down from 6.77 in 1984-85 to 6.35 in Feb., 1988. Total expenditure of the store

increased every year. However, the percentage of total expenditure to the total sales has declined from 6.02 in 1984-85 to 5.09 in 1986-87 but increased again in Feb., 1988. Net profit have risen from Rs.0.88 lakhs in 1984-85 to Rs.1.15 lakhs in 1986-87 and Rs.1.93 lakhs in Feb., 1988. The percentage of net profit to sales have decreased from 0.75 in 1984-85 to 0.56 in 1986-87 but up to Feb., 1988 it has increased to 1.25.

If we compare performance of Rajarampuri departmental store with Ruikar and Varuntirth department stores, we can say that the growth of the former is better in respect of total business.

IV) JANATA BAZAR RAVIWARPE IH:

On 15th Sept., 1985 a mini departmental store in Raviwar Peth of the city was started with a selling area of 480 Square feet. The residents around the store are mainly lower-middle and middle income groups. Initially the store was working as ration shop. It was converted in to a mini department stores with the intention to provide facilities of 'Janata Bazar' to the people residing there. By opening mini departmental store 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur' has tried to reach the people who are really in need of services of consumers' co-operatives. In the first year of its establishment on an average 250 to 300 customers were visiting the store everyday.

Table 4:8 shows rise in total sales and average daily sales. The percentage of gross profit to total sales has come down. But the percentage of net profits to total sales decreased in 1986-87 but increased in Feb.,1988. The percentage of total expenditure to total sales has come down.

V) JANATA BAZAR LAXMIPURI:

On 20th Oct.,1987 another mini Janata Bazar located in Laxmipuri started with a selling area of 460 Square feet. Like the Janata Bazar Raviwar Peth, this Janata Bazar was also converted from a ration shop into mini departmental store. With intention to serve the potential consumers' and protect them from petty private traders and provide them better service and quality goods at reasonable prices. The mini Janata Bazar Laxmipuri is near the centre market place of Kolhapur. The location of the stores is really ideal from business point of view. The area in which the store is working is the most densely populated area of the city. Thus there is every possibility of becoming this department store popular, if it fulfills the objectives behind its establishment. In the first year of its establishment on an average 150 consumers' were visiting the store every day.

As the store has completed only one year of its working, it is not possible to evaluate its performance. However, for the sake of information the necessary details are given in table 4:8.

VI) JANATA BAZAR RATNAPPA KUMBHAR NAGAR:

On 15th Sept.,1987 the Ratnappa Kumbhar Nagar Janata Bazar was started with a selling area of 4,000 Square feet. The locality around the store is mostly of middle and upper middle income groups.

The unique feature of these stores is its nearness to villages namely Panchagaon, Kandalgaon, Girgaon, Kogil, etc. Ratnappa Kumbhar Nagar is newly developed area of the city. The customers of this colony were in need of departmental store. The need was fulfilled by establishing Janata Bazar in the area. Initially the store was retail-cum-ration shop. It was converted into Janata Bazar.

It seems that this Janata Bazar is becoming successful in attracting rural consumers' from near by villages. As per the given information by manager of the bazar on an average 500 to 600 consumers visit the store everyday. Out of which 200 to 250 are consumers from rural area.

The performance of the store in the very first year of its establishment is given in table 4:8.

VII) MOBILE JANATA BAZAR:

Introduction of self service and development of mobile shop in retail trade were important landmarks in the post second world-war years and the co-operatives provided the lead in these developments.

'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur'; took the initiative and first Mobile Janata Bazar came into existence in 1987 in Kolhapur city. This mobile unit is really distinguishing feature of consumers' co-operatives. Through this mobile unit services of consumers' co-operative reached to the doorsteps of the consumers.

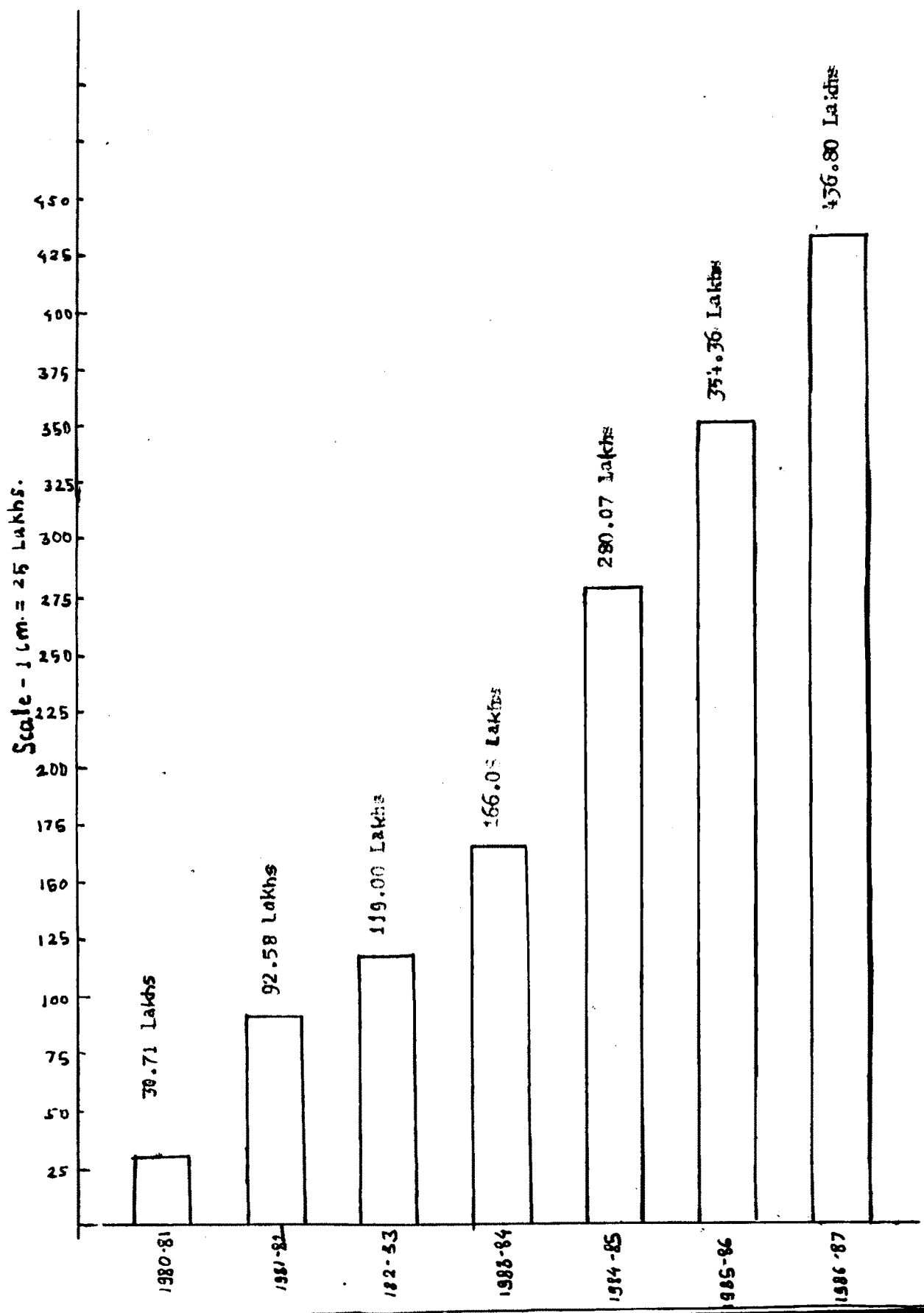
TABLE 4:8

PERFORMANCE OF DEPARTMENTAL STORES

Sr. No.	Particulars	(Rs. in Lakhs)												
		1984-85	1985-86	1986-87	1987-88 (Feb. 88)	1985-86	1986-87	1987-88 (Feb. 88)	1987-88 (Up to Jan., 1988)	1986-87	1987-88 (Up to Jan., 1988)	1986-87	1987-88 (Up to Jan., 1988)	
1)	Sales (Rs)	116.94	162.00	206.06	154.13	12.14	17.78	14.60	09.69	06.58	00.90	03.60		
2)	Average Daily Sales (Rs.)	00.49	00.54	00.68	00.65	00.05	00.06	00.06	00.05	00.06	00.003	00.03		
3)	Closing Stock (Rs.)	14.16	11.83	12.30	19.23	00.49	00.47	00.57	00.23	02.16	00.19	00.20		
4)	Gross Profit (Rs.)	07.92	10.23	11.63	09.80	00.46	00.59	00.41	00.32	00.62	00.02	00.17		
5)	% of Gross Profit to Sales.	06.77	06.31	05.64	06.35	03.49	03.31	02.80	03.34	08.89	02.22	04.72		
6)	Salary (Rs.)	01.72	02.63	03.05	02.28	00.21	00.27	00.17	00.13	00.23	00.02	00.02		
7)	Interest (Rs.)	01.54	02.23	02.05	01.58	00.07	00.08	00.06	00.01	00.12	NA	00.02		
8)	Rent (Rs.)	02.73	03.16	03.45	02.30	00.02	00.02	00.01	00.01	00.10	NA	00.03		
9)	Other Expenses (Rs)	01.05	01.59	01.93	01.94	00.08	00.20	00.12	00.08	00.11	NA	00.04		
10)	Total Expenses (Rs.)	07.04	09.61	10.48	08.10	00.38	00.57	00.36	00.24	00.37	00.06	00.15		
11)	% of Expenses to Sales.	06.02	05.93	05.09	05.26	03.13	03.21	02.46	02.48	05.62	06.67	04.17		
12)	Net Profit (Rs.)	00.88	00.62	01.15	01.93	00.08	00.02	00.05	00.08	00.04	00.04	00.02		
13)	% of Net Profit to Sales.	00.75	00.49	00.56	01.25	00.66	00.11	00.34	00.83	00.62	00.44	00.56		

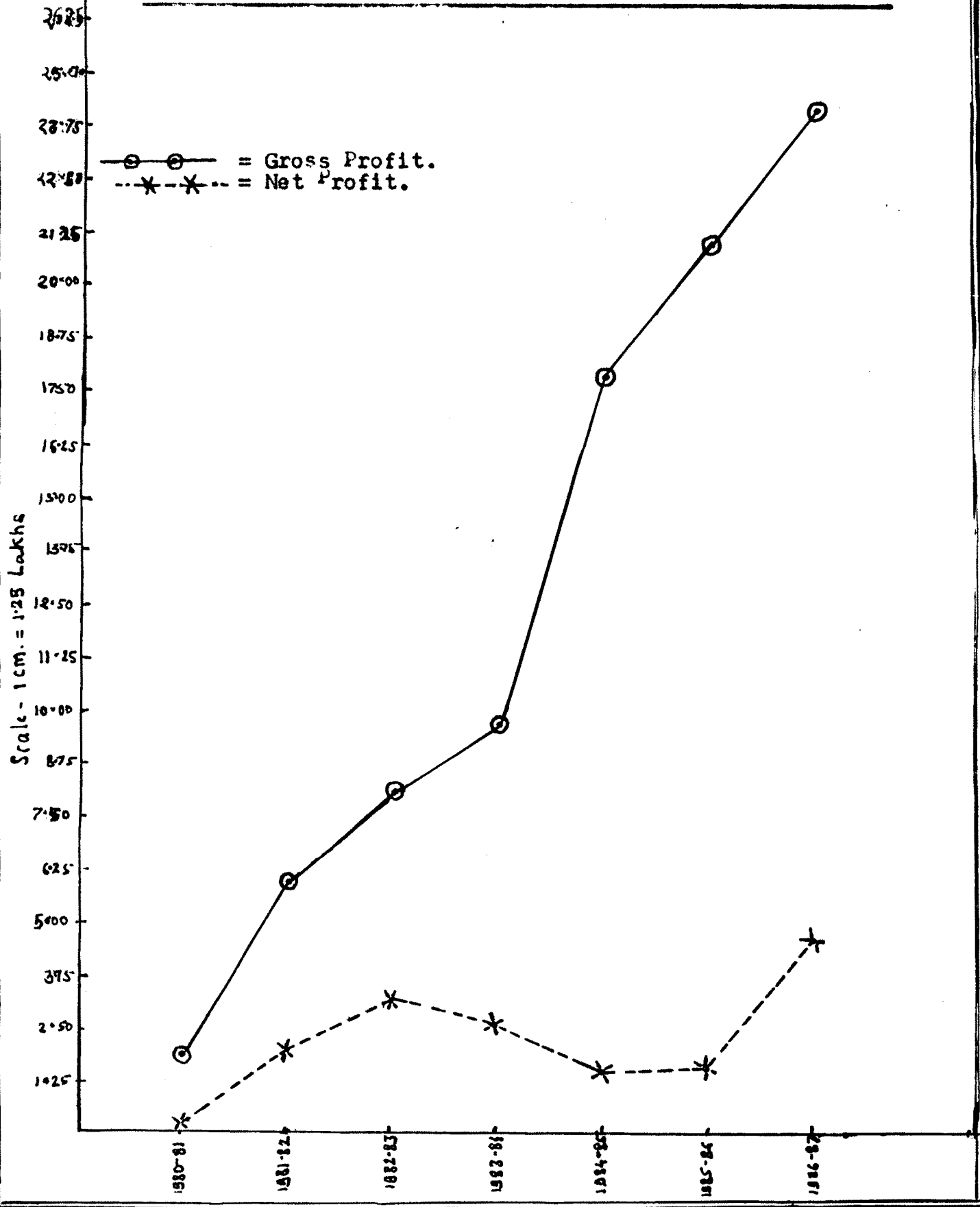
Source : Official Records of 'The Kolhapur Janata Central Co-operative Consumers Stores Limited, Kolhapur'.

TOTAL SALES OF THE DEPARTMENTAL STORES.



Graph - 7

" GROWTH OF GROSS AND NET PROFIT OF THE DEPARTMENTAL STORS. "



Graph - 8

The services of this mobile unit are provided mainly to the extension and slum areas of the city. Also, in those areas of the city services of mobile Janata Bazar are provided where retail or departmental stores of the store are not available to the consumers'. Response of consumers to the Mobile Janata Bazar is sufficiently encouraging. According to the sales manager of this mobile unit 200 to 300 consumers' purchase goods from this unit daily.

Table 4:8 gives necessary information regarding Mobile Janata Bazar.

E) THE IMPACT OF DEPARTMENTAL STORES ON WORKING OF 'THE KOLHAPUR JANATA CENTRAL CO-OPERATIVE CONSUMERS' STORES LIMITED, KOLHAPUR':

Departmental stores are to be known as the unique feature of 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur'. To find out their impact on overall working of the store, their contribution in total sales, expenditure, gross and net profits of the store has been analysed in table 4:9.

The table shows that in total expenditure of the store expenditure of departmental stores is determining factor. In total sales of the store contribution of departmental stores is quite high. Ratio and total sales of the departmental stores to total sales is increasing successively. Net profits of the departmental stores are more than the total net profits of the store. The reason is, besides departmental stores, other branches of the store are working in losses. Specifically controlled goods

TABLE 4:9

CONTRIBUTION OF DEPARTMENTAL STORES IN WORKING OF 'THE KOLHAPUR JANATA CENTRAL CO-OPERATIVE CONSUMERS' STORES LIMITED, KOLHAPUR'.

Sr. No.	YEARS	(Rs. in Lakhs)										
		Total Exp of the store	Total Exp. of departmental stores	Ratio 1 to 2	Total Sales of the departmental Stores	Ratio 4 to 5	Gross Profit of the store	Ratio 6 to 7	Gross Profit of the departmental Store.	Ratio 8 to 9	Net Profit of the Store	Ratio 10 to 11
1)	1980-81	15.21	1.65	10.85	388.97	30.71	7.89	12.56	1.92	15.29	0.38	0.27
2)	1981-82	21.10	4.76	22.56	462.96	92.58	20.00	18.03	6.01	33.33	0.32	2.08
3)	1982-83	23.60	5.47	23.18	502.11	119.00	23.70	27.02	8.20	39.01	0.31	3.30
4)	1983-84	26.45	7.26	27.45	570.14	166.08	29.13	23.69	9.81	41.41	0.35	2.65
5)	1984-85	38.99	15.29	39.25	782.19	280.07	35.80	35.77	18.06	50.39	0.87	1.52
6)	1985-86	44.79	19.48	43.49	911.77	354.36	38.86	41-31	21-16	51.22	0.80	1.68
7)	1986-87	47.33	19.72	41.67	1070.08	436.80	40.82	47.44	24.34	51.30	1.15	4.74
8)	% of Growth rate in 1986-87 over 1980-81	211.18	1095.15		175.11	1322.33		277.70	1167.71		202.63	1655.55

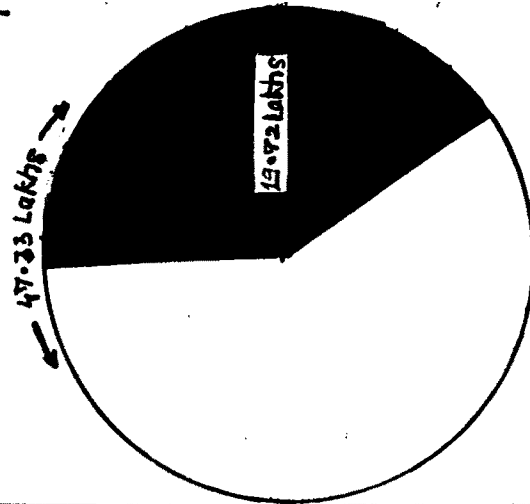
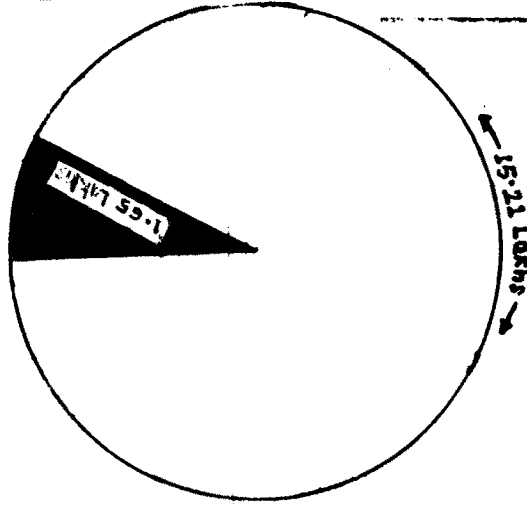
Source : Official Records and Annual Reports of 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur.

SHARE OF DEPARTMENTAL STORES IN TOTAL EXPENDITURE, SALES, AND GROSS PROFIT OF 'THE KOLHAPUR JANATA CENTRAL CO-OPERATIVE CONSUMERS' STORES LIMITED; KOLHAPUR!

1980-81.

EXPENDITURE.

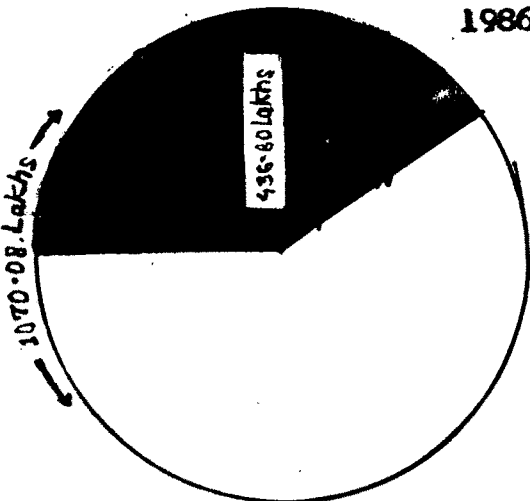
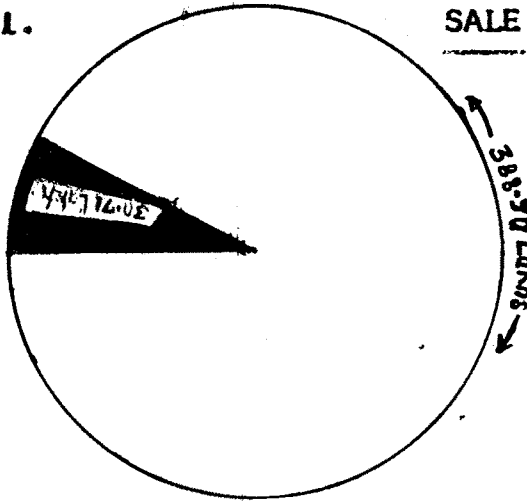
1986-87



1980-81.

SALE.

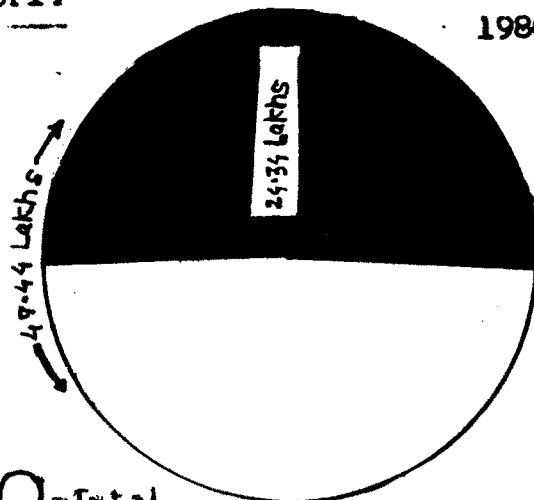
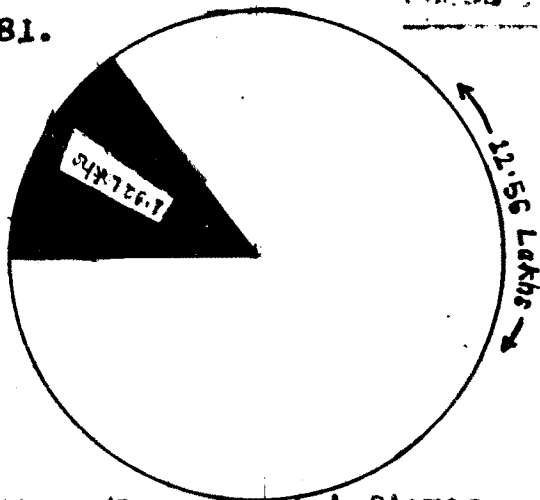
1986-87.



1980-81.

GROSS PROFIT.

1986-87.



■ = Shared Departmental Stores. ○ = Total

Graph - 9.

shops are in losses due to meagre margin of profit given by the government.

Above analysis makes it clear that departmental stores play very important role in overall expansion of 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur'.

F) THE EFFECT OF 'THE KOLHAPUR JANATA CENTRAL CO-OPERATIVE CONSUMERS' STORES LIMITED, KOLHAPUR' ON PRIVATE TRADE:

The analysis made so far shows that 'The Janata Central Co-operative Consumers' Stores Limited, Kolhapur'; has tried to make its all round development. During the last 25 years its membership increased, financial resources enlarged and availability of varieties of consumers' goods increased in its branches. However, the quantitative expansion alone can not be treated as a success of the store. To measure the success of any consumers' co-operative its overall impact on consumers' goods trade also should be taken into consideration.

To find out the impact of store from this point of view the research student gathered necessary information by personal discussions with general manager and branch managers of the store. To know the other side of the picture personal discussions with private traders were also undertaken. Those private traders were contacted who have their shops near by the departmental stores or retail shops of 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur'. To make the discussion representative owners of nearly all types of private

shops (provision, grocery, garment shops, etc.) were requested to give their frank opinions regarding the impact of store on their business. In all 40 shopkeepers were contacted. In this discussion following information became available.

1) Accordingly general manager and sales managers the establishment of departmental stores and retail shops both have affected the business of private traders. According to estimate of the store where its branches are working in these areas total sales of the private traders at-least reduced by 20 to 25 percent.

2) Private traders do agree with this observation. According to their estimate their total sales reduced atleast by 25 percent. According to these traders 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited, Kolhapur' by opening departmental stores at crowded places had definitely challenged the monopoly of private traders.

3) The general manager of the store claimed that the contribution of the store in consumer goods trade is more than the contribution of consumers co-operatives at all India level. According to available data 18 percent of total trade in consumer goods is done through consumers' co-operatives at national level. But in total transactions of consumer goods in Kolhapur city the share of store is 22 percent. If this claim is true then the impact of the store is really noteworthy.

4) Establishment of department stores indirectly controlled the unnecessary rise in prices. The neighbouring private traders

cannot charge undue prices to the commodities they sell due to competitive nature of the prices in departmental stores. There is thus a natural restriction on the price hike hoarding and monopoly dealership of the private traders, which is beneficial to the consumers.

v) Departmental stores working on co-operative principles are definitely in a position to give various benefits to the consumers'. Direct and bulk purchasing from the manufacturers, linking with co-operative marketing and processing societies and elimination of chain of middlemen between producer and consumer ultimately affect the price structure of the store. In addition, consumers get varieties of goods under same roof. According to private shop keepers above mentioned factors is the real strength of large sized consumers' co-operatives.

vi) Private traders get the inspiration from the departmental store and introduce self service and self selection of commodities for the consumers. It shows the impact of departmental stores on trade of consumer goods.

vii) According to private traders the activities of 'The Kolhapur Janata Central Co-operative Consumers' Stores Limited', had attracted the middle, higher middle and rich income groups. Employed women too prefer departmental stores. But the consumers of the low income group rarely turn to the departmental stores. Their purchases are of very small quantity. They always prefer

private traders. They never get necessaries of life on monthly credit facility in departmental stores.

Above views make it clear that large sized and well established consumers' co-operatives can stand as a counterforce against private traders. However they cannot eliminate private trade in consumer goods.

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