



CHAPTER V

CONCLUSIONS AND SUGGESTIONS

This chapter brings together all the elements of the study, on the selected sample of retailers and consumers in Karad town, described in the earlier chapters, in the form of conclusions and suggestions. The findings, inferences and the probable recommendations are listed below.

[1] The retail trade in Karad town has high potential and scope for future development. The coming of an industrial estate, modernisation, expansion of business and establishment of new colonies show bright future for retailing business in and around Karad town. Today there are 104 registered retail shops and 23 unregistered shops in Karad town. If one considers the requirement of retail shops by taking into consideration the scope for retailing, it is expected that at least 150 additional shops can be opened and run easily. Thus, good self-employment prospects prevail in the town.

[2] It is observed that the existing 'Kirana shops' are engaged in the supply of necessary goods like, wheat, rice, edible oil, books, stationary, cosmetics, agricultural implements, etc. It can however, be noted that most of the shops do not supply quality goods and the services rendered by the retailers are far below satisfaction of the ultimate consumers. Further, the absence of any consumer associations has given full leaverage to the retailers to do as per their wishes.

In view of this, it is suggested that consumers should come forward and create an association which can fight for their legitimate rights, in the interests of the consumers at large. The State Government should also take active interest to control unfair practices of the retailers and protect the interests of the consumers.

[3] It is deduced that some retailers have invested more funds in fixed non-tradeable assets rather than in floating assets. Further, many retailers find it very difficult to raise required finance through one source or the other. As a result, the retailers have to carry on their business either on their own limited source or through borrowings from the money lenders at an exorbitant rates of interest.

Therefore, it is suggested that retailers by and large should invest in floating tradeable assets rather than fixed assets. In addition, the traders should convince the bank authorities to avail loan for the working capital at standard rate of interest.

[4] The survey found that majority of the retailers have their own premises, which are normally inherited. However, 40 percent of the retailers do business on rental premises by paying high rent, since the location is opportunistic for trading business.

In view of this, the traders should either shift from the crowded and highly competitive environment to the new location in the town or take housing or trading loan for new establishment of their own.

[5] Most of the retailer respondents (70 percent) have reported that they purchase goods for the period of 15 days selling. These goods include necessary goods like food-grains, oil, cosmetics, stationary, etc. The essential characteristic of these goods is that they are fast moving in nature and need to be stored in larger quantity. Secondly, the prices change frequently based on the market trends. Further, most of the retailers bring the goods from distant places like Sangli, Kolhapur, Satara, Bombay, leading to periodic high cost of transportation on frequent orders.

It can be recommended that in the interest of the retailers and to optimise their profit margin by reducing frequent transportation charges on repeat orders after every 15 days also getting quantity discounts that they purchase the stock required on monthly basis. Further, if a group of retailers make the purchases at a time they will not only get the discounts but share the transportation charges, thereby reducing the cost and increasing the profit margin.

[6] Though a majority of the retailers (70 percent) have sufficient storage space for whatever period of stock they purchase, they do not have adequate knowledge about inventory management. It is noticed that many retailers have invested in slow moving items rather than the fast moving. This has resulted in unnecessary locking up of the funds. This fact, when one considers the paucity of funds with the retailers, assumes predominate importance and warrants immediate action.

To minimise this possibility, it is necessary that the 'Merchant Association of Karad' comes forward and organises some training on inventory management and funds flow. This will not only to a limited extent solve the question of mismanagement of finance by locking in idle assets but reduce the cost of carrying idle inventory.

[7] In 1950, there were 5 retail shops in Karad town. At present (1990) there are 104 authorised shops showing a growth of 25 shops per decade.

If it is estimated that one shop suffices the needs of 200 people, there is still wide scope for new entrepreneurs to venture in trading business. Taking into consideration the existing 127 (authorised and unauthorised) shops in 1990, it can be estimated that 262 retail shops can be run in future.

[8] It was stated by nearly 40 percent of the respondent retailers that they have entered into this kind of business only because this was their family business run by their forefathers. The remaining on the other hand, have entered on their own. The respondents are optimistic as regards their future prospect is concerned.

An excessive concentration of shops only in locality namely, Shaniwar Peth, results not only in cut-throat competition but induce unhealthy competition in the trading business, not only impairing the interest of the traders but the consumers as well.

In view of the interest of the retailers, it is advisable that at least those who do not have their own premises and carry out business in rental premises, shift from concentrated zone to new colonies like Somawar Peth, Mangalwar Peth, and New Market Yard.

[9] The average rate of return on investment of the retailers is by and large very minimal to the extent of 8 percent. This itself shows that the business is not a profitable one. However, this state of affairs is only due to high concentration of shops at one centralised place.

Hence, it is suggested that the trading community in Karad town follows standard norms, policies, practices which should build confidence and harmony among the traders.

[10] The survey concluded that most of the retailers hardly guide and provide market information to their customers on quality, price, novelties, etc., about the articles they purchase. This not leads to ignorance on the part of the consumers but hinder the process of decision making when they have to select one type of goods from number of similar types of goods.

In view of the improvement of their goodwill among the customers, retailers should provide the necessary information on various products available not only in their shops but in other shops as well. This will develop good relations and confidence among the two parties.

[11] The survey pointed out that about 50 percent of the retailers do not keep boards in their shops displaying the items, their stocks, and the prices as per stipulations. Such boards are not only beneficial to the customer but to the retailer as well.

The local authorities should therefore, investigate such shop-keepers and compel them to put the boards in the interests of the consumers.

[12] It was noted in the survey that the retailers face considerable difficulties in acquiring and re-newing various types of licences required to be taken for selling different types of goods. This not only results in high expenses but causes mental agony.

It is better both for the Govt. and for the retailers, if the Govt. issues only one licence for all kinds of goods which can be sold in retail and kirana shops.

[13] In the field survey, it was noticed that in 50 percent of the families, the house-wife plays a dominant role in making buying decisions of Kirana commodities. The children however, are found to be least influencing in the purchase of kirana goods.

[14] 83 percent of the respondent consumers purchase from local traders only. Only 17 percent of the consumers were found to purchase their requirements from weekly bazar.

[15] Out of the total consumer respondents (31), about 33 percent belong to low income group (below Rs. 10,000). These consumers normally purchase in small quantities in cash. These however, do not get credit facility due to non-credit worthiness.

[16] Majority of the consumers (68 percent) preferred to purchase medium quality goods. While 12 percent respondents preferred high quality - high priced goods and the rest opted for low quality - low priced goods.

[17] About 45 percent of the consumers were found to buy goods on "cash and credit" terms and 16 percent on purely credit basis. Whereas, 39 percent respondents purchased exclusively against cash payment. It was however, alleged by the customers who enjoy credit terms, that the retailers at times charges heavily for which they cannot do anything other than to remain quiet. The disadvantage of maintaining the credit system to the retailers is that they do not get the money well in time thus, locking their funds for a longer time.

It is suggested that customers should as far as possible avoid buying on credit basis, and it would be desirable that the retailers restrict the facility of giving credit so as to avoid blocking their funds and customers will get into the habit of purchasing goods on cash basis.

[18] Another undesirable trait observed in the customers is the tendency to bargain. About 68 percent of the respondents reported that

they often bargained and got the prices of the goods reduced. This trait sets up a vicious circle, in that the traders know that the customers always bargain so they raise the prices of the goods well in advance and how far they may price their goods often depends upon the circumstances and the manner in which a customer may bargain. Customers on the other hand, always have a nagging feeling at the back of their minds that the retailer is cheating them and they wonder if the actual price of the item is really what they have bargained for.

Considering the above conclusion it is suggested that retailers be forced by rule to avoid giving articles on bargain, and also the customers should prefer only those shops that supply goods at fixed rates and are known for fair trade practices.

[19] Market information is very vital for a customer to make the right type of choice. Often the customer is forced into buying an item which may not suit his needs, simply because he is not aware that such items are available in the market. In the present survey it was found that only a meagre 26 percent of the buyers were receiving market information or guidance from their retailers. Many a times a customer may not have the time or facility of reading about market information in news-papers or avail of it from other media. Usually it is only the retailer on whom they depend for such information, this is especially true in case of illiterate people who have no idea about different types of brands available of the same item and their relative qualities or properties. However, from the present survey it is obvious that the

retailers do not provide such market information, either due to lack of time or plain disinterest in the well being of their customers.

The consumer could form a small organisation or a society wherein such information could be collectively available. It is suggested that formation of such 'mandals' could help in protecting the interest of the consumers and making them aware of the recent position of the market and the new available goods.

[20] The dissatisfaction regarding the weights and measures, quality or quantity of goods was almost universal. 77 percent of the respondents complained of this fact. Although there are rules and regulations for the use of correct measures and weights and the Govt. officials are supposed to check them routinely, the customers feel that such checks are not effective and the retailers continue cheating them.

It is therefore, suggested that the Govt. should chalk out a more reliable and strict procedure for curtailing the malpractices and use of wrong weights and measures. Heavy and immediate penalties should be imposed upon the culprits, as this would discourage other retailers from such irregular practices.

[21] Along with lack of market information it was deduced from the present study that the majority of customers did not have any idea about the importance of ISI or AG Mark while purchasing goods. They were not at all aware of what these markings stand for and their value.

It is suggested that the consumer societies should give a wide publicity to the use of goods carrying these marks, their value and their relative merit over other items available without such marks through proper media.

[22] Lastly, it was observed from the present study that there are very few consumer co-operative societies in Karad town. Many of the respondents were not aware of the advantages of being a member of such society and the manner in which their interest could be safeguarded.

It is felt that formation of more of such co-operative consumers societies could positively help in protecting the various rights of a consumer, help him to acquire goods at reasonable prices, and avoid getting cheated. Hence it is suggested that formation of consumer co-operative societies should be encouraged.