
CHAPTER - III

PURCHASES AT JANATA

BAZAR, KOLHAPUR.



CHAPTER- IIIPURCHASES AT JANATA BAZAR, KOLHAPUR.

The present dissertation aims at concentrating on the following three operational aspects i.e. 1) Purchases 2) Sales and 3) Stock Control.

The study covers three Janata Bazars at Ruikar Colony, Varuntirth and Rajarampuri for the period of four years, i.e., from 1982-83, to 1985-86.

The purchases and sales during these four years and the stock at the end of each of these four years may be shown in the following Table.

Table No.3.1 : Statement showing Purchases, Sales and the year-end stock for four years, 1982-83 to 1985-86.

(Figures in Rs.lakhs)			
Year	Purchases during the year	Sales during the year	Stock at the end of the year.
1982-83	116.47	119.00	9.71
1983-84	163.85	165.56	14.35
1984-85	279.33	268.34	30.01
1985-86	317.31	328.91	26.13

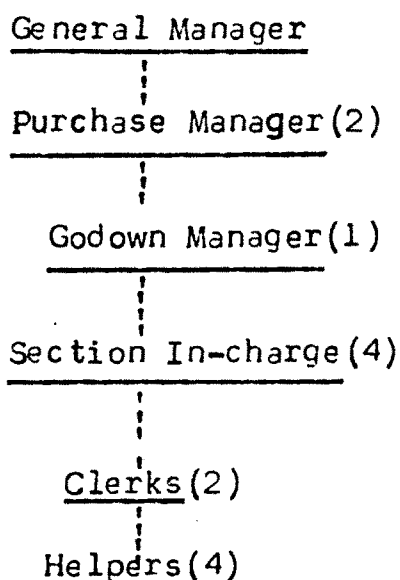
Source : Compiled from the records of Janata Bazars.

Purchases :

Purchasing plays an important role in Consumer Co-Operative Stores. It keeps the store running efficiently. Purchasing makes the business operations continue. Centralised purchasing system is followed in Janata Bazar. Varuntirth department store is the place of the central godown of the Janata Bazar. It purchases the items like grocery, cosmetics, provision, household, textile, custom, ration and kerosene etc. Purchasing is the store's staff function.

Organisation Structure:

Organisational Structure for Purchase function in Janata Bazar is as follows :-



In Janata Bazar, two Purchase Managers work under the General Manager, under whom a Godown Manager works. Four Section

In-charge persons work under Godown Manager. There are ten clerks who work under the Section In-charge persons. Four helpers also work in the Purchase Department.

Purchases during the Four years :-

Various items required to be purchased for the Janata Bazar are grouped into the following seven sections.

- i) Grocery
- ii) Provision and cosmetics
- iii) Household
- iv) Textile
- v) Custom
- vi) Medical
- vii) Readymade.

The total and departmentwise purchases (except Janata Bazar at Ruikar Colony and Rajarampuri for which records are not available) are given below for the period from 1982-83 to 1985-86.

Table No.3.2 : Statement showing total purchases of Janata Bazars During 1982-83 to 1985-86

(Figures in Rs. lakhs)				
Particulars	1982-83	1983-84	1984-85	1985-86
Ruikar Colony	34.68	37.85(9)	34.97 8	36.99(6)
Varuntirth	81.79	126.00(54)	121.03 4	130.84(8)
Rajarampuri	-	-	123.33	149.48(21)
Total :	116.47	163.85 (41)	279.33 (70)	317.31 (14)

Source : Compiled from the records of Janata Bazars.

Note : Figures shown in brackets alongwith totals are percentage increases over the respective previous year, while figures in the squares indicate percentage decreases over the respective previous year.

The Section-wise purchases made during the four years for Varuntirth Janata Bazar are as follows :-

Table No. 3.3 : Statement showing the Purchases of Varuntirth Janata Bazar for the years 1982-83 to 1985-86.

(Figures in Rs.lakhs).

Years	Grocery	Provision and Cosmetic.	House hold	Textile	Custom	Medical	Ready made	Total
1982-83	31.28	14.57	9.13	4.51	16.26	2.42	3.62	81.79
1983-84	43.44 (39)	20.14 (38)	11.35 (24)	11.06 (1.45)	26.17 (60)	3.23 (33)	10.61 (1.93)	126.00 (54)
1984-85	54.79 (26)	21.87 (9)	11.09 2	9.42 17	15.19 (72)	2.53 28	6.14 73	121.03 4
1985-86	59.95 (9)	27.23 (25)	11.61 (5)	8.82 6	16.36 (8)	2.81 (11)	4.06 51	130.84 (8)

Source : Compiled from the records of the Janata Bazar.

Note : Figures in the brackets show percentage increases over the previous year while figures in the squares indicate percentage decreases over the previous year.

Purchase Policy :

Purchase Policy decisions are taken by a Committee of seven members. Society's Chairman acts as Chairman of this Committee. Purchase Policy decisions are taken by the Purchase Committee and resolutions are passed accordingly. Maximum efforts are made for direct supply of goods from the manufacturer to eliminate excess commission to middlemen. Names of some of such manufacturers are Hindustan Liver, Tata, Godrej, Colgate, Palmolive etc. For seasonal purposes goods are bought by the godown manager. The sub-committee may decide to make bulk purchases of grains like Jawar, Wheat, Rice etc. For the introduction of new items Janata Bazar normally follows trial and error method (sale or return basis). While making purchases the Purchase Manager has to take into account the stock of each and every item, he is going to place an order for.

Benefits of bulk purchasing :

Janata Bazar is making purchases in the most economical manner, Centralised purchasing system is adopted by the Janata Bazar. It means bulk purchases are made. Requirements of all departmental stores are taken into consideration and then purchases are made. As goods are demanded on a large scale, various benefits of bulk purchases are taken by the Purchase Department, e.g. high discount rate, suitable payment schedule, replacement

of scrapped goods etc. Big manufacturers like Tata, Hindustan Lever, Godrej etc. give first preference to the Janata Bazar while supplying goods because of the Stores' goodwill in the market. Some companies also supply goods on sale or return basis. Janata Bazar's Purchasing Department is making purchases at right time, of right quality, of right quantity and at right price.

Other important issues regarding purchases :

1. Indent System : Collection and Placement of an order :

Departmentwise requirements from floor area are accumulated in godown section by the Section Incharge. The accumulated requirements are classified and final requirement is submitted through Godown Manager to the Purchase Section. Purchase Section takes rates and samples from different parties of different product as required by business expediency. In the case of various products precaution is taken about maximum benefit of cash discount and seasonal schemes from the manufacturer or supplier. Also quantity discount benefits are taken.

There is a seasonal programme chalked out by the Purchase Section for seasonal requirements, e.g., rainy season- Umbrellas, raincoats, gumboots, and for Diwali- hair oils, bath soaps etc.

2. Lead time :

Generally, Grocery products require lead time (or procurement period) of 15-25 days from the procurement centre to the godown. In the provision section only direct supplies takes a relief time of one month and the distributor supply takes 15 days, requirement is in two lots. In household section the relief time will be 15 to 20 days.

From Bombay, Pune market local varieties are taken as per requirement. One month stock will be held in advance from Bombay, Pune supply.

As far as purchases in Textile Section is concerned, booking conferences arranged by the NCCF and NTC are taken help of. Such conferences are held in metropolitan cities like Bombay , Delhi, Calcutta and Madras and orders are placed as per requirements from the textile section. Sometimes orders are also placed for textile items with the local distributors on the basis of monthly requirements given by the textile section.

3. Margin :

Grocery :-

Generally, this section contains 60% of consumer articles which are required by the customers for day-today consumption. This section is classified for margin purpose into i) Pulses, ii) Spices iii) break-fast items and iv) prepacked goods. Normally, the margin is from 3 to 8% on the items in Grocery section.

Provision :

In this Section maximum items are prepacked and retail prices are fixed as per Package Commodity Act. This Section is divided into four groups.

- i) Soaps, tooth-paste, brush
- ii) Baby Food
- iii) Cosmetics
- iv) Washing and cleaning materials.

In these sub-groups, the margin varies from $4\frac{1}{2}\%$ to 12%.

Household :

This section is classified for margin purpose into four sub-groups.

- i) Stainless-steel goods/utensils
- ii) Plastic goods
- iii) Presentable articles
- iv) Crokery, electrical and bicycle and spare parts.

In this section the margin varies from 5% to 15% as per sub-groups.

Textile :

This section is divided into 3 common groups for management and margin purpose.

- i) Shirtings- suitings
- ii) Readymade Garments
- iii) Sarees and shoes.

In the above group, margin varies from 9% to 18%.

Medical :

The margin taken is in conformity with the policy adopted by the co-operatives in and around Kolhapur. For Medicines, the margin is 8% and for baby foods it is 4.5%.

Custom :

In this section price is charged as per Government regulations in this behalf. Government gives the store discount of 12% on textile and provisional items.

Pricing Policy :

Active Pricing Policy followed in Janata Bazar takes into account market price of an article and that article is priced accordingly disregarding margin or cost e.g. price charged for ground nut oil will be the market price prevailing on a particular day without any consideration to the cost of margin.

Shortage in transit :-

As per Purchase Order, suppliers send goods through road or rail transport. If there is transit shortage, shortage certificate

is taken by the truck operator, or railway authority and claims are accordingly made.

Payment System :

When orders are placed the conditions for payment are written in the order form. In Kolhapur market the conditions are as under in normal circumstances.

Grocery product	:	21 days.
Prepacked product	:	15 days.
Provision items	:	15 to 20 days.
Household articles	:	30 days.
Textiles	:	30 days.
Garments	:	60 to 90 days.

Cash discount benefits from different parties are availed of by Janata Bazar also.

Transport Arrangement :-

Maximum supply from the suppliers is of prepacked goods taken by road transport. From central godown to various branches of Janata Bazar supply is made by 3 pick-up Auto. The society also owns 2 trucks.

Wholesale Activity :

The Society is wholesale nominee for the distribution of rationing items in Kolhapur city through their 17 retail rationing

shops and the department store is also wholesale nominee for sugar and cement distribution.

Consignment :-

Seasonal sales are made on consignment basis. In this system the suppliers send goods on sale or return basis. The store gets nominal service charges for the service and for providing place, light, furniture, fixtures, cash register machine etc. After the completion of the sale period the supplier takes back remaining unsold goods and settles the consignment business as per the agreement. Normally, this system is used for garments and for the introduction of new items through Janata Bazar.

Relation with suppliers :-

Good relations are maintained by the Purchase Department with suppliers.

Critical Analysis with budget :-

Grocery:

Historical information of grocery items is available with purchase section monthwise and commoditywise. After studying the trend of market (price and quality) purchase policy decisions are taken for every product, e.g. Jawar will be available in

market in the month of March to May. The consumption of the Store is round about 2500 per year. The purchase committee will get reports from various procurement centres, regarding supply, quality, rates etc. to facilitate purchase decisions. If the requirement of Jawar is of two months, consumption stock will be held for the next six months.

Provision and cosmetics :-

This section gets direct supply of goods from manufacturers. The consumption of every product is mentioned in the file of the manufacturer. The monthly requirement of goods is sent to the Purchase Section.

Household :

As per requirement of sales department, the demand for goods is accumulated in the godown section. After taking into consideration ceremonies like marriage, Diwali, Gudipadwa, the stock position of various items from the floor area, orders are placed.

Janata Bazar's recording system :

Centralised purchases are made in Varuntirth Janata Bazar. Recording system is as follows :-

1. Firstly, goods demand slip is prepared by the Janata Bazar for example, from Varuntirth Janata Bazar to the

Central Godown with details such as description of the goods, size, demand quantity, closing stock, previous purchase rate and remarks. The Form is given as an Annexure 3.1 at the end of the Chapter.

2. Purchases are then made by the Central Godown and Central Godown prepares issue memoes in three copies. The Form of the Issue Memo is given as an Annexure 3.2. If goods are worth less than Rs. 100/- direct purchases are made by the Janata Bazar and bill is attached to the voucher and payment is made by the cashier of that Janata Bazar.
3. If goods are worth more than Rs. 100/- direct purchases are made upto Rs. 10,000/- maximum in Varuntirth Janata Bazar. In such cases, there is no contact with Central Godown and margin and other conditions are previously discussed and decided with purchase manager. Then Stock Control Form given as an Annexure 3.3. is prepared after receiving goods in the stores section.
4. From such Stock Control Forms cash purchase register is prepared. In this register purchase values and resale values are given. Form of the Register is given as an Annexure 3.4.
5. If goods are received by the Central Godown also issue memo, Transfer Purchase Register is prepared in the office, vide annexure 3.4.

6. Then Daily Sales Report is prepared by the Cashier (vide Appendix 3.5 a) and also by the salesman (vide Annexure 3.5 b). Their forms are different.
7. Daily Sales figures are then recorded in the sales register (vide Annexure 3.6) which is useful in computing monthly sales.
8. If prices of the commodities are increased or reduced, 'Price Variation Voucher' (vide Annexure 3.7), is prepared. From this form the total figures of adjustment are known, i.e. total increase and total decrease.
9. From the ' Price Variation Form ' ' Price Variation Register ' is prepared from which monthly figures of adjustments are obtained.
10. Cash Book or Day Book is maintained (vide Annexure 3.8).
11. Sectionwise Liability Register (vide Annexure 3.9) is then prepared in the office. Liability Register is also prepared by the salesman. It is a personal account of salesman or godown keeper in respect of the stock entrusted to him. Liability Register balance entries in the Register are made daily.
12. Margin is then calculated with the help of margin statement (Statement of Gross Profit).

13. Lastly Statement of Closing stock is prepared. Name of the Section/Opening Stock/Purchases/Trading Expenses/Transfer Sale/Total Sale/Margin/Sales Margin/ Closing stock.

Closing stock figure must tally with the Liability Register figure.

After that interest is calculated on the closing stock at the rate 13.5%

ANNEXURE NO: 3.5, a

कोल्हापूर जनता सेंट्रल को-ऑप. कंझुमर्स स्टोअर्स लिमिटेड, कोल्हापूर.

जनता बझार

THE DAILY SALES REPORT FORM (दैनिक विक्री रिपोर्ट) PREPARED BY THE CASHIER. दि. 1 1

अ. नं.	विभागाचे नांव	रोख	एकूण		शेरा
			रुपये	पैसे	
१	ग्रोसरी				
२	प्रोविडज्जन विभाग				
३	कापड विभाग				
४	गृहोपयोगी विभाग				
५	मेडिकल विभाग				
६	कस्टम विभाग				
७	स्टॉल				
८	जनरल				
	एकूण -				

यणे प्रमाणे एकूण रुपये

कॅशियर

मॅनेजर

कोल्हापूर जनता सेंद्रल को-ऑप. कंइयु. स्टोअर्स लि; कोल्हापूर.

जनता बजार

ANNEXURE NO: 3.7

THE PRICE VARIATION VOUCHER

कौंटर / गोडावून
Counter/Godown

दर बदल व्हाचर
Price Variation Voucher

तारीख
Date

सदरुं Ref.	मालावा प्रकार Commodity Group	शिल्लक मात Stock on hand	युनिट किमत Unit price		दर फलक Differance per unit	फरक Adjustment		शत Remarks
			चालू Existing	बदललला New		एकूण वाढ Increase	एकूण उतार Reduction	

सही
Signature

स्टॉक मोजणाऱ्याची सही
Stock Verified by

माल जबाबदार रजिस्टर
खाते पान
SLR Folio

जर्नल पान क्रमांक
Journal Page No.

