

Chapter II

Objectives, Methodology And Limitations of the study

Objectives

(1) To study the nature of the Kolhapur gold market :-

Kolhapur is a beautiful city, situated in the south west corner of Maharashtra with 7500 square kilometers of territory. Here are the most ancient deep rooted tradition to the most modern business from history and arts.

Kolhapur gold market is one of the oldest gold markets. The main association operating in the market is the Kolhapur Saraf Vyapari Sangh the market has developed from the Gujari market at the Mahalaxmi temple. KSVS declares the rate of gold, it is depending upon the rate of Bombay Bullion Association. Spot prices for gold are quoted per ten grams of standard gold, the fineness of which is fixed at .995.

Kolhapur city is surrounded by villages and the marriage season begins in November, when the harvest is over and continues through until June. The rise in demand for gold in late autumn is also increased because the farmers himself like to invest most of the profit from his harvest in gold. The banking system does not extend to the rural areas so he must use gold as security against an unfavorable monsoon or the poor harvest the next year. In spring when he needs seeds, he goes back to his goldsmith and sale a little gold. The local goldsmith in fact fulfils the role of the bank manager. Goldsmith may not

make money from the sale of gold, he can charge a fine fee for making the alteration.

Each and every type and class of customers are available in the Kolhapur gold market. Customers can not live away from gold. Every person is related with gold from birth to till the death. His capacity and kinds of purchasing gold is depends upon his financial position and customs. Using of gold ornaments is the part of an advertisement of his family, gold tells that persons class of living standard hence rich customers purchase large amount of gold for an advertisement and for investment. Investment in gold is not much profitable but very safe middle class and lower class family purchase gold because of customs and for future investment. Every married woman had completion to wear Mangalsutra.

Loans against the security of gold:-

This is very important factor of gold that bank gives loan on behalf of gold or gold ornament as well as money lenders also gives loans against the security of gold. Investment in gold is profitable because it would be converted any time in money and that's why every one wants to invest in gold ornament. Gold ornament can be sold any time in Kolhapur market. Bank paid near about 70 percent of loan on the cost of gold ornament with some restrictions.

You can get a loan on security of gold from any bank or credit society and there is no need for a membership. You can submit temporary member form for loan if you are not a member of such bank or society. Banks calculate the selling cost of that jewellery from valuer and gives loan up to 70 percent. Marginal amount is for security against the

interest. The rate of interest is from 16 to 20 percent for the year. Every bank and credit society has a different rule of a service some problems like delay in service or service only within working time are faced by jewellery hoarders.

There is another way for making cash. You must go in gold market, you can get the fast loan against gold from money lenders. There is no need to waste your time for to submit form or waiting for report of valuer of ornament. Money lenders are the own valuer of gold they must calculate the cost of given jewellery and pay you loan on your jewellery. But the rate of interest is very high i.e. up to 30 to 48 percent for year.

There are five categories in the Kolhapur gold market and whose community makes this gold market i.e.

a) Gold trader -

Who trades only gold to wholesaler or retailers. They sold only bars or piece of gold, but they can not sold ornament.

b) Wholesaler -

Who collect ornament from manufacturers by order. Wholesalers invest self capital for manufacturing ornament. They sold ready material to shroffs (retailers). They do not sell their material directly to customers. The category of wholesaler is depending upon necessity.

c) Shroffs (retailers) -

Who directly deal with customers. They do not manufactured ornament themselves only they takes orders from customers and purchase it from wholesaler if it is ready or gives order to worker for manufactured that same design.

d) Sonar (Worker) -

Sonar who is manufacturer of ornament. Worker had get order from shroff's. Worker makes ornaments with his skill in given weight and design. There are so many steps for manufacturing an ornament and that varies from design and pattern. There are so many types of worker and every one had a speciality of work and they can do only that type of work. Ring maker can not make Mangalsutra.

e) Customer -

Customer, who is the soul of the market. In the gold market there are so many types of customers. Some customers purchase gold because they banded by customs, some are purchase gold because of fashion and some for savings or to increase lifestyle.

(2) To study the selling process to customers:-

Sellers represent the final link in the flow of goods and services from producers to customers, selling are the basic function of marketing. The manufacturers sell the goods to the wholesalers and the wholesalers sell it to the retailers. Finally, goods are sold to the customers by retailers. Thus, selling is the process of disposing of the goods. Selling involves the transfer of goods and also the transfer of the title of the goods to the purchasers. Selling means approach the buyers, searching for prospective buyers who purchase the goods at a price which would yield profit to the seller. In the present society, where various competitive goods are produced in a large scale the selling

occupies the place of importance in the marketing. Mass production is required mass selling of the goods. Today, it is rather easy to produce the goods but it is difficult to sale them, as mass selling can not be undertaken easily in the competition.

In short, demand creation is not an easy job. Selling is the part of promotion and promotion is one part of the total marketing program. In Kolhapur gold market, sellers are customer's representative in dealing with wholesalers and manufacturers. They attempt to acquire gold ornaments needed by target customers, inform them of their availability and make these ornaments available when they are desired. Sellers play very useful role for wholesalers and manufacturers also. Sellers serve as points of contact between ultimate customers and other members of the channel of distribution. They provide outlets for manufacturer's products and keep them informed of market changes. This helps in planning their marketing operations so selling is the important function of Kolhapur Gold Market.

In Kolhapur city gold market it is more difficult to reach directly to rural customers. This is because of absence of physical facility and large number of villages surrounded by the Kolhapur city. Therefore manufacturers prefer middlemen.

Manufacturer -> Wholesaler -> Retailer -> Customer

is widely used channel in Kolhapur market. It may be mentioned that not only manufacturers but wholesalers also find it difficult to operate on their own strength in Kolhapur market. They find it uneconomical to open their own outlet because of small size of purchases and purchases of only limited items. Further, they find it difficult to provide credit and other facilities needed by buyers.

Thus neither manufacturers nor wholesalers can sell directly to final customers in Kolhapur market. Therefore they have to depend in persons or retailing shops with their roots in local. They can understand buyer, they can provide facilities needed by them and they can manage business in undeveloped environment. Therefore retailers in Kolhapur market have become an indispensable part of the marketing system. Though research in retail marketing is of crucial importance to all marketers, most of them have not paid due attention to this important aspect of marketing management. This is particularly true of retailing in gold market of Kolhapur city.

It is necessary to clarify that as a basic marketing function there is no difference in retailing in inside market shops and outside the market shops. Research in Kolhapur gold market needs different approach. Retailers represent customer's desires.

(3) To study the buying process of rural, urban and high society buyers :-

Buying is the most important function of marketing. Buying is essential in every industry or trading concern. For consumption buying is also important. Profitability efficient and economical buying is essential. Purchase is concerned with the decision of what, where, when, whom, which and how goods are to be purchased. Buying patterns are the action taken by people to acquire the goods and services they want. These are following 5 steps in the buying process,

- i) Felt need
- ii) Purchase activity

- iii) Purchase decision
- iv) User behaviors and
- v) Post purchase feelings.

Kolhapur city is surrounded by the villages. Kolhapur city is a district place. Hence, there are all kinds of customers in Kolhapur gold market. Here are the rural customers from near villages and Urban and High society customers from city.

a) Rural Buyers -

Their buying demand is depend upon their savings. Their amount of saving is very less, hence their capacity to buying gold ornament also not much. Buying gold from savings is another type of saving and investment. Their daily income is not regular and they had not knowing about bank service, hence if they earn something more in regular work, they want to invest it into the gold for further needs.

b) Urban Buyers -

Their buying demand depends upon their customs. Their ratio of income is over the target, their savings are as good as they need and hence they try to invest it into the gold for future needs.

c) High Society Buyers -

Their income is higher than the limit and investment in gold is also high. Wearing gold ornament and changing it with fashion is the advertisement of their status. Investment is not basic need of high society buyers.

4) To study the marketing system and scheme:-

There is high competition in Kolhapur gold market not only inside market but outside market shops also faces that problem. Hence they change their business system and adopt new schemes for attract the customers i.e. Payment in installment basis ready made jewellery with attractive showrooms etc.

5) To study the necessity of gold:-

Wearing gold brings prosperity and luck. Wearing 'Mangalsutra' is essential for married woman. Customers buying gold jewellery because of tradition and someone buy it because of fashion. But the investment is important in both activities.

6) To study the effect of rate:-

Purpose of buying gold varies from customers. If customer wants to buy gold for investment, he first asks for rate of gold. Buying gold for investment is depending upon the rate because they want to buy gold in minimum rate. But if there is any traditional function on that time customer must buy gold either the rate of gold is high.

Research Methodology

(1) Selection of city :-

Convenience in data collection was a major factor that guided the selection of the city.

So the city Kolhapur was selected for the purpose of study of gold market.

(2) Survey of customer :-

a) Selection of sample -

The city has the population of above the 7, 38,000 customers this population represents different type of occupations and there is more than 800 jewellery shops in Kolhapur city. While selecting the sample for study due care has been taken to see that all sectors get representation in the sample.

Basically the data was collected from a sample of 20 shops and 75 customers in Kolhapur city by personally visiting. Convenience sampling technique was adopted with the objective of picking up the first 20 shops and 75 customers. Random basis was used to elicit the required information.

b) Composition of sample -

In order to get proper representation on occupational basis a list of 75 families was consulted and following structure of sample selected on random basis.

Table No.1 = Buyers occupational structure -

Occupation	No of families
Business	24
Service	33
Farming	18
Total	75

c) Questionnaire -

The sample population was contacted in person with the help of the structural questionnaire. The questionnaire contained questions regarding Name, Family size, occupation, education, income, cash, credit, where, why etc. The discussions and interviews were conducted with the shop owners and customers.

(3) Limitations:-

The present study is limited up to gold market of Kolhapur city. Actually gold market is widely spread all over the world. Considering the time, language and cost factor, it is not possible to visit all gold markets to collect primary data. The Kolhapur market of gold selected is presumed will represent the all markets. It is possible that there will be some difference according to the geographical area, status of customer, fashion, custom, service and demand.