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CHAPTER - IX.

Marketing Problems -

It is said, production is not completed unless - the products produced fall in the hands of ultimate consumer. This fact emphasizes that the manufacturers have to produce and sell for the consumers. Adam Smith also has stated the same thing, when he says, "The interests of the consumers are the only interests of importance and the interests of - - - producers should only be considered in so far as they add to the interests of the consumers".

In earlier price theories, the text books have - studies the behaviour of sellers only, the interests and the actions of buyers on demand side was not given much thought. It is Galbraith and modern market management science, that is paying greater attention to this side. Discussion of production costs are important but more important has become selling - costs, because the firms want to grow in present day type of market structure. The Selling costs influence the price of - products and size of firms.

Marketing includes demand as well as supply side.

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Nearly 77% of the total factories surveyed purchase raw material from local places i.e. in Kolhapur and 11% of the factories depend on outside markets 12% of the factories are service centres and hence they do not depend on any market for purchasing raw material.¹²⁹ When the firms have to sell their products, the problem of marketing arises, "Marketing is not selling only, it concerns itself with every aspect of producing goods in the most acceptable form at a price which shows the best return and with every function which ensures that the products reach the greatest number of buyers at the right time."¹³⁰

Marketing channels -

The sales manager has to formulate marketing policies as a guide for long and short-run operations of the firm. He decides -

- 1) the scope by geographical territory to be covered,
- 2) intensity of coverage within the territory 3) number and variety of items included in the product line. The firms must

Ref.:129: Table - 31 and Table - 19.

:130: "Scientific management of small scale industries- 'Nau Nihal Sing.p.183.

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collwrx market information, conduct market research, - - -
 advertising, selling and thus promote sales. Diesel Oil -
 engines have local, national and foreign markets also. But
 as we have noted that the local market for oil engines in
 Kolhapur has been saturated. All the factories i.e. private
 Ltd; partnership, Semi-Govt; proprietorship and co-operatives
 have depended on Kolhapur. Besides this, they depend on -
 districts in the State of Maharashtra, Marathawada, Mysore,
 Tamilnadu, Gufarat and Rajasthan.¹³¹ These markets are - - -
 dependent on the attitude of their respective State - - -
 Governments towards import of engines from other states;
 quality and price of the engines, after-sale-service facility.
 These conditions are applicable to export of engines to other
 countries as well.

The firms which incur huge selling costs have -
 to search and capture larger markets. If they fail, the - -
 markets will be smaller and it may influence adversely the
 utilization capacity of the plants. In Kolhapur, the number
 of firms and size of plants was influenced greatly by the -
 optimism of getting extensive markets. Till then there was

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Ref: 131 : See Table - 4.

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no marketing problem. The main problems were capital, raw material etc. e.g. Table-22 revealed that out of the total problems, the problem of capital was 65.71%, raw-material - 34.25%; marketing 25.71%, plant and machinery 25.71%; License 8.57%, Technical guidance 5.71% and transportation 2.85%.

But when markets have been saturated, the problem of disposing engines has become significant since recurrence of recession. This market problem affected different groups differently.

In Kolhapur as noted earlier, there are manufacturers, assemblers ancillaries and others. Manufacturers sell more engines to other districts in the State of - - - Maharashtra as well as to other States like U.P., A.P., - Rajasthan, Gujarat than in Kolhapur District.¹³² The assemblers share a larger market in Kolhapur District. These assemblers as found out, purchase more than 75% of Components from the ancillaries in Kolhapur. When as pointed out, the market for oil engines has been saturatated in Kolhapur district and the demand for oil engines has been declining, there is - hardly any chance that assemblers will get a flourishing - markets for their oil engines in Kolhapur. naturally the - assemblers are caught in recession and the ancillaries

Ref.: 132 : "Recession in Diesel Oil engine in Kolhapur"

-Nagaiyya.

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dependent on them will become helpless. The assemblers do not export the engines out-side Kolhapur district or - - Maharashtra and foreign countries. The ancillaries are small unira, the assemblers do not have versatile machinery. This sector is hit hard.

As far as manufacturers are concerned, it is found out that they have installed sophisticated machines, adopted scientific technique of production and modern technology. They adhere to precision, accuracy religiously, check their - - products in the plant rigorously before marketing. As a result of this they could sell to foreign countries and to other States in India. However, they have realized that business operations can-not be stabilized for seasonal variations, they have made efforts to acquire complementary products. When it is - - - realized, that demand for oil engines as such is declining due to spread of electricity, important firms like. 'The Maharashtra Co-operative engineering Society Ltd'; Menon and Menon, have started gradually diversifying their products - e.g. "Mayur Yanmar Power-tillers" or improving the quality of oil engines, air-cooled instead of 'water-cooled.' They are not wholly dependent on oil engines.

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Marketing Methods -

In Kolhapur, we find some of the important products viz. " Mayur " manufactured in the Maharashtra Co-operative - engineering society Ltd." enjoys national market such as --- Andhra Pradesh, Uttar Pradesh, Bihar, Tamil Nadu, and export markets in Jordan, Bahavin, Dubai and Sudan. The firm appointed agents such as M/S Greaves Cotton and Company Ltd. Bombay and authorized the dealers to give after-sales service, free of charge during the guarantee period. The firm gives 2% discount to these dealers. Firms like Menon and Menon have made use of the fine tools of marketing e.g. before a party is persuaded to go in for a diesel engine, it receives all the literature on the subject.

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Thus we can say that marketing problem has arisen in case of " Diesel engines " which do not have much scope in Kolhapur district. The assemblers and ancillaries dependent -

Ref : 133 : Maintenance manual- Menon and Menon.

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on them are hit much. But the manufacturers have tried to achieve diversification. The financial institutions have -- supported this change and expressed willingness to give --- financial assistance. The assemblers and ancillaries have financial, technical and managerial difficulties. Hence, the proposed H.M.T. project will solve their problems to some -- extent.

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