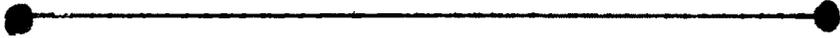


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CHAPTER NO VI

CONCLUSIONS AND SUGGESTIONS



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## CHAPTER NO. VI

### CONCLUSIONS AND SUGGESTIONS

This chapter attempts to bring together all elements of this study described in earlier chapters in the form of conclusions. Conclusions and suggestions of this study are based on the sample study of house-holds and traders in urban and rural areas of Malavan taluka. Further, the conclusions and suggestions are supported by having discussions with gram panchayat officials, social and political workers, Z.P., Panchayat Samiti, Mamalatdar's Office, Collector Office authorities etc.

All aspects of marketing of consumer goods move around ' purchasing Power ' of the buyers. The other aspects such as social, political environments etc. do have their impact on 'consumer behaviour ' but 'economic ' factor is the most important single factor that influences purchases of consumer goods of daily requirements. Out of 99 rural respondents i.e. about 78 % and out of 80 % urban respondents about 40 i.e. about 60 % respondents were from lower income group that is below Rs. 6,400/- of annual income. ( Below poverty line )

#### 6:0 LOW LEVEL OF INCOME :

It appears from the figures that most of the buyers were having very low income at their disposal.

Moreover, irregularity of income was another important feature of their income. Even after " Six Five Year Plans " people of the taluka still depend upon primary occupations such as agriculture/horticulture, fishing etc. for their income. The contribution of industry was found very insignificant. Out of the total population of 1,17,842 of the taluka, about 10 % people depend upon fishing and about 60 % on agriculture and horticulture for their employment. However, the position of agriculture/horticulture was not found satisfactory. The following factors were found primarily responsible for the low level of income in the taluka.

#### 6:1 INEFFECTIVE LAND UTILISATION :

Out of 60,836.89 hectares of total land of the taluka, land suitable for cultivation is only 42,200 hectares (69 %). Out of this suitable land, in 1985-86 13,360 hectares was under actual cultivation, which accounts for only 37 % of the suitable land and 21 % of the total taluka land. Whereas 5.14 % of the arable land was found under horticulture in the year 1985-86. These figures show that land utilisation was very poor, resulting in low income to the people-. The following factors were found responsible for it.

- 1) Individual land holdings were very small.  
out of 1,40,000 land holders of Sindhudurg district only about 100 holders were having land over one acre. (31-12-87)
- 2) The quality of soil is very poor. It lacks water retentive capacity.

- iii) Taluka faces water shortage. In monsoon, revers overflow with turbulent water but during the rest of the period they become "threaded channels of sluggish water and fail to provide even drinking water.
- iv) Taluka faces 'khar land problem'.
- v) Huge initial costs/investments are needed for plantation.

#### 6:2 DOMINANCE OF WOMEN POPULATION :

The male population of Malavan taluka, it was found, migrated to Bombay or elsewhere in search of employment. This has developed a peculiar demographic feature of the taluka. Taluka population shows declining trend. The sex ratio was as high as 1266 per thousand of male population as against Indian sex ratio of 933 (1981 Census).

#### 6:3 INEFFECTIVE CO-OPERATIVES :

On the background of economic backwardness, small land holdings, low level of income "Co-operative" efforts were found necessary for economic reconstruction of Malavan taluka. But co-operatives in the field of agriculture, horticulture, industry, housing, marketing etc were not taking roots.

All above factors were found to account for "low purchasing power" of most of the people. In order to improve the purchasing power it can be suggested that -

- A) Small irrigation schemes should be formulated and implemented. "Water Management" needs to be effectively planned.
- B) Co-operatives should be established in the field of plantation, fruit processing, fish processing, small scale industries, marketing, etc.
- C) Industrial status should be granted to plantation with all tax incentives, so as to attract large scale capital investment in the area. (Field)
- D) Dapoli Agricultural University should undertake soil testing, training programmes etc. and should promote 'plant varieties' that can be effectively planted in the taluka.
- E) "Road cum bandhara" schemes should be formulated and implemented to control and solve "khar land problem".
- F) Training facilities should be provided to young graduates to enable them to start small scale industrial projects.
- G) District Industrial Centre should be made more effective and public sector banks should provide positive leadership in promoting industrial units.

H) Tourism development schemes should be formulated and implemented so as to attract "tourists" in the taluka.

#### 6:4: RETAIL MARKETING :

In general, it was observed that particularly in rural areas, buyers had to depend upon one or two retailers. Retail marketing in rural areas was found somewhat distinct from urban retail marketing. The observations about retailing were as follows -

#### 6:4:1 EXISTING MACHINERY FOR 'KIRANA' DISTRIBUTION:

The consumer goods of daily requirements were marketed in the taluka through (1) fair price shops (2) Co-operatives (3) Kirana (grocers) shops. There were 50 fair price shops, 7 in urban areas and 43 in rural areas. On an average, each fair price shop served 2,337 people in rural areas and about 2,475 people in urban areas. These shops were found supplying rice, sugar, wheat, edible oil, ata, rawa, etc. <sup>A</sup> Few fair price shops seemed to be managed by retailers or their near relatives. The quality of service and goods supplied was not satisfactory. Irregularity in supply was rather a regular feature.

There were 444 kirana shops (estimate) and about 226 stalls supplying "Kirana" and were managed by individuals and joint families. The traders were found supplying, in addition to traditional 'Kirana' or 'Grocery items' other items like books,

stationery, agricultural inputs etc.

Further there were 2 consumer co-operatives and Malavan Taluka<sup>a</sup> Kharedi Vikri Sangh with its 16 branches, supplying "Kirana". But these were found concentrating mainly on the distribution of controlled commodities.

However there were still many villages without either <sup>a</sup> 'Kirana' shop or "fair price shop". In this respect, it is to be suggested that fair price shops should be managed by 'co-operative organisations' and they should be made more effective and should supply all requirements of the buyers.

#### 6:4:2 MARKED DEVIATION IN COMPOSITION OF GOODS:

Considerable deviation was observed in the composition of traded goods of almost all retailers in the rural areas. In addition to the traditional grocery items, they were found dealing in non-traditional items like agricultural inputs, machinery spare parts, a few hardware items, insecticides, stationery items, books, drugs, plastic foot-wares etc. In this regard it can be suggested that necessary licencing policies should be evolved to enable traders to deal in all items of goods officially, including some non-scheduled drugs, so that they can serve better.

#### 6:4:3 INVESTMENT POLICY :

It was observed that rural retailers were investing more funds in non-trading assets. It was also reported that bank-finance was not readily available to them. Therefore, they had to depend on "own finance" only. This puts limit on traders' abilities to serve the community. It is therefore, suggested that

banks should simplify their procedure, change their attitude towards retailers and should consider 'ability' as the best form of security. Further, retailers should invest more in "trading" assets rather than non-trading assets.

#### 6:4:4 STORING FACILITIES :

Almost all respondents , rural and urban, reported that they were having sufficient storing facilities. However, it was observed that they were not very particular about storing of goods. In order to preserve purity and quality of goods, retailers should follow a well thought-out storing policy & arrange their goods scientifically. Further, training facilities should be provided to the young retailers, mainly in rural areas.

#### 6:4:5 OWNERSHIP OF PREMISES:

It was found that about 90 % of the rural retailers and about 17 % urban retailers were having their own premises. It was also observed that retailers , both in rural and urban areas, were not very particular about the selection of site.

#### 6:4:6 LACK OF BUYING POLICIES AND STRATEGIES.

About 84 % rural and about 50 % urban respondents reported that they were buying goods "required for one week's selling" at a time. About 11 % rural and about 84 % urban respondents were found buying goods from Kolhapur. It was also found that significance of Malavan as trading centre for Malavan taluka was declining. In general ,lack of scientific approach towards buying

was observed . In this respect, it can be suggested that the retailers should follow <sup>a</sup> well-planned buying policy. The possibility of joint buying should be encouraged so as to avail of the advantages of bulk buying and saving in transport cost.

#### 6:4:7 GROWTH PATTERN :

About 47 % rural and about 50 % urban respondents reported that their business registered growth in the past few years .However, it was noticed that growth in non-trading assets was found significant in the rural areas <sup>rather</sup> than in urban areas.

#### 6:4:8 WHY IN RETAILING ?

About 58 % rural retailers and about 67 % urban retailers reported that they were " in the business " due to the family background. The remaining reported that they have selected the area by choice. Further, about 50% urban retailers and about 63 % rural retailers were found optimistic about future prospects . Young graduate entrants in the field were found showing their willingness to try out new methods, techniques, policies etc. instead of traditional approach.

#### 6:5 CONSUMER BEHAVIOUR :

The study of 99 rural buyer-consumers and 80 urban-consumer-buyers of 'Kirana' goods led to the following conclusions -

3:5:1 WHO TAKES THE BUYING DECISIONS?

It was observed that in 69 rural families (out of 99) and in 65 urban families (out of 80) "house wives" were found taking "buying decisions" of kirana. It was also observed that 'children were not assigned any role in this area.

6:5:2 FROM WHERE THE CONSUMER BUY :

About 52 % rural families and about 78 % urban families were found buying their requirements from local traders only. Bazars and cities were found losing their significance as centres of supply for rural markets.

6:5:3 HOW MUCH DO THEY BUY ?

It was noticed that about 54 % rural respondents and 30 % urban respondents were buying their requirements 'daily'. This character was found dependent more on the nature of income than on the rural-urban character or on occupations. Further, low income groups were found buying in very small quantity and were found demanding goods with reference to the money they wanted to spend rather than in specific weights and measures.

6:5:4 QUALITY PREFERENCE OF BUYERS:

Most of the respondents (about 80 % rural and about 74 % urban) were found preferring "medium" quality goods. Only a few low income respondents were found preferring quantity to quality and were buying "cheap" goods.

6:5:5 TERMS OF BUYING :

About 49 % rural respondents and about 66 % urban respondents were found buying goods on "cash & credit" terms. This was particularly due to irregular and uncertain income.

6:5:6 BARGAINING TENDENCY :

Bargaining tendency was found common among rural and urban respondents. About 87 % of rural and urban respondents reported that they were used to bargaining and further added that bargaining resulted in favourable change in the terms of buying. This feeling among the buyers is not conducive to "Goodwill" of the business and hence trading community should follow policies and practices that should build confidence among the buyers. They should take necessary steps to "keep customers satisfied."

6:5:7 GUIDANCE FROM RETAILERS :

It was found that only 29 % rural buyers and 27 % urban buyers were receiving guidance and other market information from retailers. However, taking into consideration the needs of guidance due to large number of goods of different qualities and prices, entering the market, a more positive role of retailers is expected. Hence, it can be suggested that especially retailers in rural markets should provide all types of market information to consumers and play the role of philosopher and guide .

6:5:8 CONSUMER SATISFACTION :

It was reported by about 95 % of rural and urban

buyers that they experienced dissatisfaction over weights and measures, quality of quantity of goods purchased by them at one time or other . It was also observed that Govt. checks over weights and measures etc. especially in rural areas was far from satisfactory. Therefore it can be suggested that Govt. should follow more reliable procedure for controlling checks etc. on weights and measures used by retailers . Heavy and immediate penalties should be imposed for irregularities in weights and measures, adulterations.

#### 6:5:9 CHANGING SCENE OF RURAL MARKET :

About 88 % rural and 89 % urban respondents reported that they were aware of "Branding process " and were able to quote some brand names of tooth pastes, blades, electric bulbs, soaps, tea etc. Further, about 60 % respondents in rural market and about 91 % respondents in urban market reported shift in their preferences from traditional type of goods to modern type of goods. Rural buyers also have shown willingness to try out new products, methods or techniques etc. Trading community therefore, particularly in rural areas will have to make people aware of new things and it can be suggested , therefore, that traders should <sup>Play an</sup> educational role , they should make people aware of new things, new products, teach them the techniques or methods of use of the products so as to ensure better satisfaction.

## 6:6 ABOUT ROLE OF CO-OPERATIVES :

There were 442 different co-operatives consisting of 23 types in Sindhudurg district by the end of 1987. Of these , 16 were consumer co-operative societies. In Malavan taluka, there were two consumers' co-operative societies and one Malavan Taluka Kharedi Vikri Sangh, a lead society which were supplying 'kirana'. The study of the working of these societies led to the following conclusions and suggestions.

### 6:6:1 OBJECTIVES NEGLECTED :

The registered objectives of the societies were very sound and included objectives like promotion of thrift, processing units, building warehouses and hiring them, price control, etc. But societies were found neglecting these objectives and were found concentrating on "trading" activities only. It can therefore, be suggested that the co-operatives should pay attention towards non-trading objectives also. They should promote processing units , the sale of local products and increase employment opportunities.

### 6:6:2 CONCENTRATION ON FEW COMMODITIES:

The societies were found concentrating on the distribution of a few controlled commodities only. They were found lacking quality consciousness and also offered limited choice to the consumers. In this respect, it can be suggested that co-operatives should become "quality conscious" and supply better quality goods at reasonable prices and should offer sufficient

"choice " to the buyers. They should also play <sup>an</sup>educative role in the field of selection of goods for better consumer satisfaction.

#### 6:6:3 INADEQUATE TRADING MARGIN :

It was found that there was almost no difference between Gross Profit Ratio and Establishment Expenses Ratio. In order to make co-operative units economically viable units, Govt. should play more positive role , grant subsidies and route Govt. purchases and sales through co-operatives only.

#### 6:6:4 PROMOTION OF SPIRIT OF PARTICIPATION :

About 78 % rural and 60 % of urban buyers and all traders in urban and rural areas reported that they were willing to participate in the co-operative activities. However, the actual participation of the people was far from satisfactory. It was also reported that even members of the co-operatives were not taking interests in the organisation. This lack of participation has made co-operatives inactive. They have failed in promoting co-operative spirit in the taluka. In fact, co-operatives should become part of the life. Hence it can be suggested that all out efforts should be made to make co-operatives "movement of the People" by the social workers, political workers, educational institutions etc to creat general awareness about the " role of co-operation" in human life. Further, co-operative management should be kept completely detached from politics.