
CHAPTER - V

EVALUATION OF OPERATIONS

OF JANATA BAZAR AND

SUGGESTIONS FOR IMPROVEMENT

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FOR IMPROVEMENT

The Society has prepared a Master Plan for Kolhapur city with the help of C & P Cell of National Federation and opened five departmental stores (called as Janata Bazar) at various places in the city. The recent plan of the society includes three more departmental stores to be opened in near future. The opening of the first Janata Bazar at Ruikar Colony in 1980 has given a new dimension to the growth of the society. The two successive Janata Bazars, one at Varuntirth and another at Rajarampuri, have created a new image of the Society on account of their instant popularity. The future development plans of the Society conform the above contention.

Janata Bazars at Ruikar Colony, Varuntirth and Rajarampuri have been studied with particular reference to their three major operational aspects of purchasing, selling and controlling stock. The period covered is four years, i.e. from 1982-83 to 1985-86, except for Rajarampuri Janata Bazar which has been in operation for the last two years only.

A) Purchases

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Purchases of the three Janata Bazars, taken together, during the four years of study are as follows :-

<u>Year</u>	<u>Purchases(Rs.lakhs)</u>	<u>% increase over previous year</u>
1982-83	116.47	-
1983-84	163.85	41
1984-85	273.33	70
1985-86	317.31	14

Purchases are made as per the policies formulated by a seven-member Purchase Committee. Departmental Stores like Janata Bazar requires a flexible purchase policy which is formulated with a judicious combination of purchases by Purchase Committee and Purchase Managers.

The purchase Function of Janata Bazar may be evaluated on the following lines :-

i) Operational continuity :

Timely purchases help the Janata Bazar to have operational continuity. Stock-out position or over-stocking seems to have been normally avoided in majority of items in Janata Bazars. Some slow-moving items, sometimes, create some problems. Such cases, however, are very few in number.

ii) Right Purchases :

A periodical review of slow-moving and fast-moving items helps Janata Bazar in making the right purchases.

iii) Economy :

Purchases of a departmental store like Janata Bazar may pose many problems before the Purchase Manager. By placing timely orders of right quantity or by getting periodical deliveries from the established manufacturers, the management of Janata Bazar saves money in respect of purchase expenses, inventory costs etc.

Record keeping, as far as purchases are concerned, seems to be satisfactory to serve the purpose of management.

B) Sales :

Sales effected by all the Three Janata Bazars, taken together, are :

<u>Year</u>	<u>Sales (Rs.lakhs)</u>	<u>% Increase over previous year.</u>
1982-83	119.00	-
1983-84	165.56	39
1984-85	268.34	62
1985-86	328.91	23

The increase in sales, during the four years of study, are in conformity with the year-wise increases in the purchases shown above.

Section-wise sales depicted in Table No.4.2 reveal that grocery, stationery, provisions and cosmetics, household and textile and readymade sections have shown comparatively better sales growth. Sales growth, in general, however has fallen in the year 1985-86. The Society may investigate into this decline with the help of a market survey, for example, find out the reasons thereof so as to enable it to take corrective measures.

Profitability :

As shown in Table No.4.6, gross profit as percentages of sales shows continuous improvement from year 1982-83 to 1984-85 with a marginal decline in 1985-86. Percentage of net profit to sales was, however, at the highest at 5.13 in 1982-83. It shows a continuous declining trend with 2.57% in 1983-84, 2.58% in 1984-85 and 2% in 1985-86. The reasons for this decline may also be investigated by the Society.

Profitability figures, as given in Tables 4.7,4.8 and 4.9 of the three Janata Bazars also provide interesting information in the form of variations in profitability of the individual Janata Bazars. The reasons for such variations may also be found out so as to enable the Society run these Janata Bazars on profitable lines.

C) Stock Control :

Stocks of all the three Janata Bazars, taken together, at the end of each of the years are as follows :-

<u>Year end</u>	<u>Stock (Rs.lakhs)</u>
1982-83	9.71
1983-84	14.35
1984-85	30.01
1985-86	26.13

Stock Turnover Number :

Stock Turnover Numbers, as depicted in Tables 4.21 to 4.24, reveal interesting information which needs further investigation for enabling the Society take necessary action.

Variations obtained in Stock Productivity of the Three Janata Bazars, as shown in Table No. 4.25, also need further investigation. Particular attention needs to be paid to 1985-86 position of Ruikar Colony Janata Bazar and 1984-85 position in respect of Janata Bazars at Rajaramouri and Varuntirth. In the last case, however, the position has improved in the subsequent year.

Stock taking procedure followed at Janata Bazars seems to be satisfactory. Stock records maintained also are satisfactory.

Suggestions for Improvement :

A) Purchasing :

- i) Purchasing, to be efficient and effective, has to be supported by market research. It helps in the preparation of purchase budget which ultimately helps in planning and controlling the purchase function.
- ii) The Society may explore the possibility of purchasing through the State Co-operative Consumers' Federation as well as National Federation.
- iii) Consignment buying may also be thought of by the Society.
- iv) Periodical review of purchase policy so as to explore the possibility of reducing purchase costs may also be fruitfully undertaken.

B) Sales :

- i) Necessary care and precautions may be taken to minimize the disadvantages connected with self-service system.
- ii) Periodical investigation if necessary, may be made for understanding the reasons for decline in the rate of growth in sales.

- iii) Profitability position must also be reviewed periodically so as to understand the reasons for variations (particularly decreases in profitability) so as to enable the Society to take corrective measures.
- iv) Feedback of consumers visiting the Janata Bazars may be systematised so as to collect it on regular basis. This would help the Society in giving better service to the consumers which will ultimately result in better sales.

C) Stock Control :

Periodical review of stock turnover and stock profitability may provide an insight into the problems with regard to stock control.

It is suggested that the Society may institute an independent appraisal activity in the form of an Internal Audit commensurate with its size of operations. Internal Audit may review the operational as well as higher managerial issues with regard to the functioning of Janata Bazars.

Conclusion :

The study completed, thus, attempts to fulfil all the three objectives mentioned in Chapter I, except perhaps the second objective which the Researcher humbly feels could be fulfilled in a limited way mainly because of time constraints. This, however, may be done in a separate study.