

CHAPTER IV

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SALES PERFORMANCE OF WARANA BAZAR


1. Introduction
2. Yearwise Total sales
3. Trend Analysis of total sales
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1. INTRODUCTION :

The performance assessment includes the consideration of the effectiveness of firms objectives and policies. The use of long range planning group is the usual medium adopted by firms for the development of these objectives and policies in the strategy in the interest of the business. The development in various performance needs that the policies and objectives should be modified and clearly defined. This development is more important to the business to the extent that long run profitability may be achieved, where an organisation has clear direction and purpose. The creation of an effective performance assessment requires a knowledge of sales performance, financial performance. It also requires an ability to assess external factors likely to affect significantly the future of the business. Thus the overall performance includes performance of sales, finance, consumers. These performance plays a dominant role in business organisations.

Sales performance is very necessary for each and every business organisations. Every business organisations mainly depends upon the sales. Sales means the transfer of ownership for consideration. Sales is the lifeblood of business firm. Every business firms are mainly depends upon the profits. So to earn profit and to run the business, selling activities are necessary. It means sale is the main source of revenue to all trading & manufacturing firms.



Sales performance of the Warana Bazar can be studied with reference to the following:

- 1) Yearwise total sales
- 2) Trend Analysis of Total sales
- 3) Branchwise Total Sales
- 4) Analysis of Average Daily sales.

2. YEARWISE TOTAL SALES OF THE WARANA BAZAR :

The main function of every Consumers' Co-operative Society is to supply the goods and articles to its members and non-members. The Warana Bazar Consumers Co-operative Society is also doing this function very systematically and also trying to satisfy the members and non-members also by supplying their requirements like household commodities, clothing, stationery, medicine, cosmetics, agro-equipments, cycles and electrical equipments etc.

The total sales of Warana Bazar during the period from 1978-79 to 1992-93 are shown in Table No. 4.1

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TABLE NO. 4.1

Statement showing increasing or decrease in sales
of Warana Bazar (1978-79 to 1992-93)

Sr. No.	Y e a r s	Total Sales Rs	Increase Rs	Decrease Rs
1.	1978-79	81,65,178	-	-
2.	1979-80	1,47,37,230	65,72,052	
3.	1980-81	1,63,14,792	15,74,562	
4.	1981-82	2,30,61,628	67,46,836	
5.	1982-83	3,07,87,079	77,25,451	
6.	1983-84	3,72,50,193	64,63,114	
7.	1984-85	4,70,74,902	98,24,709	
8.	1985-86	5,21,91,460	51,16,558	
9.	1986-87	6,88,37,283	1,66,45,823	
10.	1987-88	7,86,43,941	98,06,658	
11.	1988-89	6,80,44,085	-	1,05,99,886
12.	1989-90	10,65,91,654	3,85,47,569	
13.	1990-91	13,65,24,879	2,99,33,224	
14.	1991-92	15,56,70,408	1,91,45,529	
15.	1992-93	17,55,43,592	1,98,73,184	

Source : Compiled from the Annual Reports of the Warana Bazar.

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The data in Table, reveals the following facts.

- i) From the period 1978-79 to 1992-93 there is increase in sales every year e.g. in 1978-79 total sales amounted to Rs 81,65,178 which reached to an amount of Rs 1,47,37,330 in 1979-80 (increase by Rs 65,72,000).
- ii) From 1989-90 sales started increasing abnormally and in that year itself sales increased by Rs 3,85,47,569. It was due to opening of new two branches (one at Kurlap and another at Bhuyewadi).
- iii) The total sales during fifteen years period have gone upto about Rs 17,55,43,592/-.
- iv) The increase column in the above table clearly shows that every year except in 1988-89 there was an increase in sales. But increase was not in upward direction. The Warna Bazar could not maintain steady increase in its total sales.

3. TREND ANALYSIS :

It is one of the technique of analysis of financial statements. The trend analysis is also referred to as ratio analysis. This method of analysis is adopted to determine the direction, upward or downward. This involves the computation of the percentage relationship that each item in the statement bears to the corresponding item contained in that of the base year. For this purpose, the earliest year involved in comparison or any intervening year may be considered as the base year. The trend percentages emphasise changes in the financial data from year to year and facilitate horizontal comparison and study of the data. The trend ratios can be considered as index numbers showing relative changes in the financial data over a period of years.¹

3.1 USES OF TREND ANALYSIS :

Trend Analysis helps to Management to determine the upward or downward direction of sales.

The following are the uses of trend analysis.

- (a) It is a simple technique. It does not involve tedious calculations and not required trained experts.
- (b) It is a brief method to indicate the future trends.
- (c) It reduces the chances of errors as it provides the opportunity to compare the percentages with absolute figures.

The trend percentage of Warana Bazar is shown in the following table.



Table No. 4.2

Statement showing Trend Analysis of the Warana Bazar

Sr. No.	Years	Total Sales Rs	Trend Percentage (1989-90 Rs 100)
1.	1989-90	10,65,91,654	100.00
2.	1990-91	13,65,24,879	128.08
3.	1991-92	15,56,70,408	146.43
4.	1992-93	17,55,43,592	164.69

Source : Compiled from Annual Reports of Warana Bazar..

From the analysis on the basis of trend percentages following facts are emerging.

- 1) The trend in total sales is continuously increasing from the base year 1989-90 - 100% to 164% in 1992-93.
- 2) The sales in the year 1992-93 shown as 164.7% as compared to base year's **rate** 100% is the highest sales during the four years period.

4. BRANCHWISE TOTAL SALES OF THE WARANA BAZAR :

In order to supply the household goods, clothing, stationery, cosmetics, medicine, agro-equipments etc. to the members and non-members of the Warana Bazar, the Warana Bazar have two departmental stores and 14 retail outlets in rural areas. The location of the branch is chosen in such a way that people from nearly 6 to 7 villages will get benefits of Warana Bazar. Thus people residing in every villages in the area of operation can find Warana Bazar within a short distance of 4 to 5 Kms. The total area of operation so covered is more than 80 villages from Kolhapur and Sangli districts.

The total sales of all the branches can be seen from the following chart:

Table No. 4.3

Statement showing Branchwise Total sales of the Warana Bazar during 1989-90 to 1992-93

SR. NO.	NAME OF BRANCH	1989.90		1990.91		1991.92		1992.93	
		SALES	% TO TOTAL SALES	SALES	% TO TOTAL SALES	SALES	% TO TOTAL SALES	SALES	% TO TOTAL SALES
1.	Warananagar	6,60,21,289	61.93	8,47,72,892	62.10	8,92,70,714	57.50	9,41,70,001	55.10
2.	Vadagaon	1,34,81,216	12.64	1,70,75,032	12.50	2,02,32,602	13.03	2,13,75,320	12.50
3.	Kini	21,22,009	2.00	26,79,357	1.96	32,73,333	2.10	39,93,372	2.37
4.	Mangale	28,49,150	2.67	30,97,949	2.26	39,78,227	2.56	44,41,659	2.60
5.	Satawe	27,66,084	2.60	34,09,545	2.50	41,18,002	2.65	48,85,339	2.86
6.	Bahadurwadi	24,46,693	2.30	29,10,051	2.31	34,13,393	2.20	30,82,121	1.80
7.	Aitawade Khurd	19,66,544	1.85	23,71,018	1.75	29,96,541	1.95	35,64,321	2.08
8.	Chikurde	33,77,520	3.16	38,08,935	2.80	45,17,298	2.90	54,27,637	3.18
9.	Kodoli	31,35,276	2.95	43,51,698	3.20	59,51,940	3.84	69,72,213	4.08
10.	Yellur	20,29,733	1.90	26,32,241	1.92	33,54,337	2.16	38,54,125	2.25
11.	Sagaon	30,40,178	2.85	41,85,981	3.06	58,33,933	3.75	62,22,387	3.64
12.	Nagaon	14,03,047	1.32	16,69,123	1.22	19,39,814	1.25	22,13,993	1.30
13.	Kurlap	19,52,916	1.83	26,15,504	1.91	29,34,714	1.90	33,73,366	1.96
14.	Bhuyewadi	-	-	9,45,547	0.69	18,11,705	1.16	21,76,330	1.27
15.	Aitwade Budruk	-	-	-	-	16,33,323	1.05	25,67,917	1.50
16.	Ambap	-	-	-	-	-	-	25,70,750	1.51
T O T A L :		10,65,91,655	100.00	13,65,24,879	100.00	15,52,59,876	100.00	17,08,90,854	100.00

10.65.91.655

Source : Compiled from the Annual Reports of Warana Bazar.

The data in Table No. 4.3 shows the following :-

- i) At the end of 1992-93 totally 16 branches were working at different places and getting the revenues.
- ii) Amongst all the branches, the Warananagar Branch stood first in all the years in terms of sales. Then follows Vadgaon, Kodoli, Chikkurde and then Sagaon and Mangale.
- iii) As far as percentage of sales to total sales of each year's sales of each branch is concerned, the Kodoli branch shows the steady rise in percentage i.e. 2.9% in 1989-90, 3.2% in 90-91 and 3.84 in 1991-92 and 4.08% in 1992-93.
- iv) The branches : Atiwade Khurd, Yellur, Nagaon, Kurlap, Bhuyewadi, Atiwade Budruk, Ambap occupy very less percentage of sales in the total sales of Warana Bazar.

5. ANALYSIS OF DAILY AVERAGE SALES :

The daily average sales shows the daily activities made by consumer co-operative society to supply the goods and articles, to their members as well as non-members.

To increase sales, the Warana Bazar adopted various schemes such as 'One Day Free sale scheme plan' 'Surplus Sale Scheme Plans'. By adopting each schemes the Warana Bazar is trying to attract many customers to make their purchases from its store. Increase or decrease in average sales will give an idea about the release of stock from the store and speed of total sales during the year.

The total sales and daily average sales during four years period 1989-90 to 1992-93 are shown in the following table.

Table No. 4.4

Statement showing yearwise increase and decrease
in daily average sales of the Warana Bazar during
1989-90 - 1992-93

SrYear No.	Total Sales Rs	Daily Avg. Sales Rs.	Increase Rs	Dec- rease
1. 1989-90	10,65,91,654	3,47,204	-	-
2. 1990-91	13,65,24,879	4,48,766	1,01,562	-
3. 1991-92	15,56,70,408	5,12,644	63,878	-
4. 1992-93	17,55,43,592	5,68,102	55,458	-

Source : Compiled from the Annual Reports.

The above table shows that the daily average sales of the Warana Bazar is increasing every year. In the year 1989-90 the daily average sales was Rs 3,47,204 and in 1990-91 it was Rs 4,48,766 it means in the year 1990-91 the daily average sales increased by Rs 1,01,562 but in the year 1991-92 the daily average sales reached to Rs 5,12,644 and in 1992-93 it was Rs 5,68,102, it means in the year 1991-92 average sales has increased

only by Rs 63,878 and in 1992-93 increased by Rs 55,458/-

The daily average sales in increase column shows that during the four years period such increase was at decreasing trend. In the year 1990-91 the increase in sales (Rs 1,01,562) was the highest one as compared to increases in other years. Therefore, sales performance of Warana Bazar was considerably good in 1990-91 as far as daily average sales are concerned.

6. TOTAL SALES AND GROSS PROFIT :

The success of a business depends on Net Profits which is basically based on the earnings in the form of Gross profit. Similarly, distribution of dividend in case of co-operative and company organisation is also based on the amount of Net Profit. And the gross profit is the result of two main factors: sales and cost of goods sold. Therefore, there is close relation between sales and gross profit. Hence, gross profit is used to assess the performance of sales by calculating gross profit to sales ratio. The trend in gross profit ratios for certain period also helps in examining the sales performance of the concern.

The total sales, gross profit and gross profit percentages during 1989-90 to 1992-93 are shown in the following table.

Table No. 4.5

Statement showing yearwise total sales and gross profit
during 1989-90 - 1992-93

Sr. No.	Year	Total Sales ₹	Gross Profit ₹	% of sales
1.	1989-90	10,61,91,654	54,81,486	5.16
2.	1990-91	13,65,24,879	67,20,163	4.92
3.	1991-92	15,56,70,408	81,97,097	5.27
4.	1992-93	17,55,43,592	94,69,411	5.40

Source : Compiled from the Annual Reports

The above table shows that the amount of Gross Profit of the Warana Bazar indicates an increasing trend.

In the year 1989-90 the gross profit was ₹ 54,81,486/- and in the year 1990-91 it reached to ₹ 67,20,163/- it means in the year 1990-91 the gross profit is increased by ₹ 12,38,677/-. And in the year 1991-92 and 1992-93 gross profit was ₹ 81,97,097/- and ₹ 94,69,411/- respectively. In these two years the gross profit is increased to ₹ 14,76,934/- and ₹ 12,72,314/- respectively.

However, if gross profit ratio for each year is considered it is clear that the Warana Bazar maintained on an average five percent gross profit on sales during this four years period. There is no upward trend in gross profit ratios. It clearly follows that the Waran Bazar maintained strictly the important principle of consumer co-operative society i.e. supplying commodities to the consumers at reasonable rate.

REFERENCE

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