

PROBLEMS OF SUPER MARKET IN U.P.

AWADHESH KUMAR GUPTA *

ABSTRACT

The paper studies various problems which a super market has been facing since its origination in U.P. like; selecting a suitable site for locating the store, size of the store, rent and cost of management. A store must have sufficient capital to operate successfully, but it is not possible to find out the exact capital requirements of a store as they are relative and can be expressed in relation to the size of the stores. The Central Financing Agencies remain pre-occupied with Agricultural credit and therefore, they have not been able to finance the stores to any appreciable extent. RBI has not been making additional funds available to the central agencies for providing the stores with additional financial accommodation. In U.P. the position in general, in regarding to democratic management of the stores is far from satisfactory. N.C.C.F. is the Apex body of public distribution system which works under co-operative movement controlled by Ministry of Consumer Affairs, Food and Public Distribution. Apart from that the problems relating to Purchase and Sales, Home Delivery, Storage Facilities and Advertising are common in U.P. which is discussed in this paper.

KEYWORDS: Super Market, Consumer Co-operative, Retail.

INTRODUCTION

“One for all and all for one” is the key sentence of cooperative movement. Large scale retail stores are opened on cooperation basis by Co-operative Societies register under co-operative act. These large scale retail stores are known as super markets. The first super market in the world was “The Piggly Wiggly Store” at 79, Jefferson Avenue, Memphis, Tennessee on 11 September 1916. In Uttar Pradesh super markets were opened in KAVAL towns that in Kanpur, Agra, Varanasi, Allahabad and Lucknow. Retailing is as old as human civilization. It started with Barter System

followed by Small Retail Shops & Mandies. But the Industrial Revolution, corporate and large scale production for reaching repercussions during the last one and half century including the field of retailing. In the retail scenario we now find small Retail Shops, Super Market, Department Stores, Hyper Markets, Mega Markets, Chain Stores and Mail Order Houses. Books define all these methods of retailing academically. For instance Department Stores means a large shop where one can find everything beginning from pin to piano or pin to plane.

* Associate Professor, Department of Commerce, P.P.N. P.G. College, Kanpur.

Correspondence E-mail Id: editor@eurekajournals.com

PROBLEMS OF SUPER MARKETS IN U.P.

PROBLEMS OF PROMOTION

Before starting a store, an economic appreciation about its potentiality to be a successful business unit should be fully ascertained. There is problem of selecting a suitable site for locating the store. Before selecting the site, the sponsors must be clear about the size of their store and the rent which they can pay. Certain other policy decisions regarding the lines of merchandise etc. have also to be taken into account before proceeding with the task of selecting a site.

Another problem is the size of the store. Size includes: membership, share capital and the business turnover of the store. In U.P. many stores fail due to the smallness of size, as such, particular attention should be given to this aspect while organizing a store.

In none of the stores the average membership has been sufficient for their being run economically. The stores may be successful even if the number of members is small, if they are loyal and they get their requirements from the store. If membership is small and average purchases made by them is also small then it is quite obvious that the cost of management becomes too heavy for the store, with the result that such stores fail. Besides, that, small stores cannot withstand competition and cannot cater to a wide range of goods. In U.P. annual average purchases made by a member from the store is very small.

A wholesale store undertakes bulk purchases, manufacturing, processing and distribution, therefore, it should have a stronger foundation to render necessary assistance and guidance to its constituent units. In U.P. the wholesale stores performed useful functions of procuring food grains and essential goods and distributing them to the primaries. They also suffered a

setback when, the Government adopted the policy of decontrol and derationing. After that many of them were reduced to the position of, and actually, undertook the functions of a primary store. The relationship between the primary and wholesale stores, in general, became thin as the primaries started making most of their purchases from private sources. The state Government converted them into district supply and marketing societies for solving their difficulties. But, by doing so, they relegated the supply function to the background. The main reasons for the poor coordination between the wholesale and primaries, in U.P. may be attributed to the lack of an awareness of the mutuality of interests among them. Other factors are the weaknesses of the wholesale stores, in terms of services; the general preferences on the part of manufacturers to prefer private merchants as their selling agents and, lack of adequate recognition of cooperatives on the part of the Government in the allocation of import quotas etc.

PROBLEMS OF FINANCES

The funds of a primary store, generally, consist of:

- (i) Share capital subscribed by the members;
- (ii) State participation, if any;
- (iii) Entrance fee paid by members on admission;
- (iv) Fixed deposits raised from members and non members;
- (v) Trade deposits raised from members;
- (vi) Cash-credit accommodation or loans from financing agencies or the Government.

A store must have sufficient capital to operate successfully, but it is not possible to find out the exact capital requirements of a store as they are relative and can be expressed in relation to the size of the stores. The capital is needed for creating and conducting an

enterprise and also to prevent a cooperative store from becoming dependent upon outside sources for meeting its financial requirements. To meet these needs the capital is raised by the members themselves. Share capital raised from the members usually forms bulk of the working capital of the stores. The value of share varies. The value of a share of a primary store, should not be kept high because that would keep away many prospective members due to their inability to purchase shares. Hence, if the value of share is moderate, membership of stores would be fairly high and members from all walks of life be enrolled. But the value should not be too low, because in that case the store will remain financially weak. The entrance fee paid by the members on admission is very small and it does not form any substantial part of the funds owned by a primary store. The financial position of both the primary stores and the wholesale stores, in the state is very weak. Their share capital and reserves are low and are not growing. They are not able to raise fixed or savings deposits from members to any appreciable extent. Cooperative banks are also reluctant to advance them funds in many states on account of lack of sufficient management and failure of some of them to meet their loan obligations. In Maharashtra and Madras, for example, cooperative banks grant them clean cash credit loans not exceeding the value of stock in trade of the societies and maintain a strict watch on the stock position of the societies. Thus, lack of adequate capital has been and is one of the main causes of retarded progress of the movement, in U.P. Financing has been a big problem, particularly in the pioneering stages and it is a test of character and determination of the members. In any case, the guiding principle should be that the financial policy of the store should enhance its financial independence and should strengthen its internal resources. Time and again, it has been reiterated that the Government should offer financial assistance to the stores in the

form of share capital participation so that their borrowing capacity may increase. The central financing agencies, remain preoccupied with agricultural credit and, therefore, they have not been able to finance the stores to any appreciable extent. The Reserve Bank has not been making additional funds available to the central agencies for providing the stores with additional financial accommodations. The stores do not get any representation in the management of cooperative banks, which is necessary for safeguarding their interest.

PROBLEMS OF ORGANISATION

The structure of the consumers' cooperative can be divided into:

- (i) Primary-Rural stores: General stores; 'Workers and Employees' stores; School and College stores.
- (ii) Wholesale or Central or Regional stores.
- (iii) Apex stores on the state and national level.

Broadly speaking, the structure of primary stores may take two forms - the federal and the unitary. The federal is more common in India. It has small societies in different localities of a city who themselves federate into a wholesale store. In the unitary type, there is a large central store having a number of branches in different localities. It is believed that in the first system a greater degree of members' loyalty may be ensured since the locally owned society would provide for greater cohesion, mutual knowledge and a greater share in management for the members. One of the main problems of such a society is members' apathy. Their other demerits include: small finances, inability to employ competent staff, and lack of power to counter the malpractices of the traders. On the other hand a large central store would be able to secure economies of large scale operations particularly bulk buying and maintain a properly qualified staff, both at the central office and in the branches. Besides, a strong central store

being financially a stronger institution, would have a greater capacity to bargain on equal terms with wholesales and be able to branch out into processing and production of commodities and thus, it will be able to put into market standardized quality goods and beat down the petty retail traders who thrive on account of their fraudulent practices. The disadvantages of this system would be, the complexities in management which a large organization entails and the problem of evoking necessary member participation and democratic control.

PROBLEMS OF MANAGEMENT

According to Car Saunders, the management of a cooperative store may be conveniently divided into lower and higher management at the level of plant manager or manager. Organization below this point is determined, largely, by the nature of the process which is undertaken by the store and followed, much on the same lines in capitalist, cooperative or state-operated undertakings. Higher management, however, varies with the method of control, size and purpose of the undertakings. The problems of management are, mostly, connected with the higher management, which differs considerably in the retail, the wholesale and the federal institutions. A retail society has to organize consumers locally and provide them with goods and services which they need. For its successful management, there should be a single executive head who is able to act, primarily, as an administrator and there should be an adequate specialist staff for specialized departments.

In the state, the position, in general in regard to democratic management of the stores is far from satisfactory. Many of them do not even hold the general body meetings. This is mainly the result of the lack of appreciation on the part of managing committees of their

obligatory duties. Besides that, the trend of attendance at general body meetings is also rather poor. The members do not rightly understand the significance of attending the meetings of a society. They are only interested in getting their requirements from the store at reasonable prices and they do not wish to exercise their rights in the farming of the major policies of the store. The result is that attendance in general body meetings remains very poor. Other sub-committees also suffer from various drawbacks, namely, inadequate membership participation as one of the main causes responsible for the stunted growth of the movement. The byelaws of cooperative stores generally provide for a meeting of the board once a month, once a fortnight or often, if necessary, but in actual practice the directors seldom meet in the required manner. Preoccupation of directors with their own work is mainly the cause of this state of affairs. In many cases our directors are ill-informed and have no knowledge of business principles with the result that they keep on avoiding such meetings.

Most of the stores, in U.P., have only a skeleton staff of two or three persons consisting of a manager-cum-accountant and one or two salesmen. Only a few well-organized and well established stores possess more staff. The number of staff employed by the majority of stores in U.P., is generally, not trained in business management and cooperative principles.

PROBLEMS OF PURCHASE AND SALE

The success of a consumers' store depends to a large extent, on its business efficiency, i.e., its ability to supply articles of good quality at rates which compare favorably with the market. For securing this efficiency, the society has to be careful in making its purchases and in framing its purchase policy. The main objective of an efficient purchase policy is to purchase quality

goods in bulk at the very source of production and pass on the economies so secured to the selling point with the utmost speed. Some of these goods have a seasonal trade and others depend upon the flow of goods from industrial production centres. Therefore, careful planning based on realistic business forecasts and scientific budgeting of resources and manpower are the essential requisites of a progressive purchase policy. As most of the stores consist of amateur businessmen, we very often find that they land themselves in difficulties on account of injudicious purchases. Instances are not wanting where the office-bearers, in their initial enthusiasm have purchased a lot of unwanted goods, often due to the persuasion of travelling agents who try to dump on the stores non-standardized goods, with the attraction of a high commission. Therefore, the purchase committee, set up by a store, should make a careful assessment of the type of goods needed by its members. No doubt, it is advantageous to make bulk purchases at production centers and, therefore, purchases should be made at these centers, preferable, within the district, with minimum-transport cost and difficulties. Since, the primary stores, making their purchases individually, may not obtain the economies of bulk purchases, therefore, cooperative wholesale stores are necessary for making bulk purchases of goods, required by the primaries. Unfortunately, we do not have well-organized wholesale stores, in our country, and a few wholesales which do exist deal mainly in controlled commodities. Hence the primary stores have to be at the mercy of private wholesalers which result in low business efficiency.

The sales, in a store, are normally, restricted to the members alone. This practice is adopted as a cardinal principle of consumers' cooperation because cooperatives are not supposed to function like other corporations through which

members profit from non members. But, in U.P., the question of selling to non members has become a very controversial issue. Some believe that since cooperatives aim at rendering services to the community and of bringing as many persons as possible, within the cooperative fold, sales may be made to non-members as well. But in such cases, it is essential that the society makes all possible efforts to enroll these non-members as members by adopting the Swedish practice of accumulating their rebates on purchases. Other believe that the habit of selling to non-members might develop in cooperators a commercial spirit and the societies may incur the risk of being gradually transformed into traders.

OTHER PROBLEMS

(I) SHOP-KEEPING

Unfortunately, most of the cooperative stores, have not paid as much attention to shop-keeping as is necessary. The places of business of many of these stores are drab, dirty, dingy, old fashioned and unattractive.

(II) HOME DELIVERY

The cooperative stores are business houses and it is the first duty of a business house to provide all possible facilities to its customers. In modern times, with increased complexities of daily life, people find very little time to shop by themselves. Shrewd businessmen increase their clientele by providing them facilities of home delivery. The primary stores, too, have to meet this rising demand from their members. But, very few stores provide this facility.

(III) DISPOSING UNSOLD GOODS

It is a common problem with stores, that unsold stocks lie with them for very long periods and, thus, the capital of the stores remains locked up in them. As a result of that the financial

position of such stores becomes worse. In this connection, the usual practice is to arrange 'ground clearance sales' by reducing the rates of unsold goods. Such practices are undertaken with advantage on festive occasions like Dussehra, Id, X-Mas and Diwali etc. Generally patronage dividend is not paid on such clearance sales. But there is no uniform policy of the consumers' stores.

(IV) STORAGE FACILITIES

Another problem which is faced by our stores is the insufficient storage accommodation available with them, for stocking their goods. This problem has far reaching consequences. The stores are deprived of the advantages of the economies of large-scale buying. The problem is all the more grave before the wholesale stores because they have to make purchases in bulk, store them and then supply them to the primary stores in small quantities as and when demanded by them, Besides that the storing needs the provision of rat proof and damp-proof godowns. All food grains and pulses have to be properly sun-dried and winnowed before storage and the bags have to be changed from one position to the other' at regular intervals. A large number of stores, suffer huge losses on account of bad storage or for want of care in selecting the right type of godowns for storage purposes. Certain steps are being taken to do the needful in this connection, these days.

ADVERTISING AND DISPLAY

Alluring display of goods, attractive packing, proper cleaning and grading of the stuff handled, go a long way to promoting the business turnover of the consumers' stores. Advertising and display of goods in shop-windows and show-cases along with their prices, give the members information about prices, quality, new commodities and sale service etc., with a view to creating consumers'

preferences for the goods and services offered and for promoting sales. Therefore, advertising and display is an integral part of a store.

CONCLUSION

The study of the Consumers' Co-operative movement shows that its origin was a consequence of foreign impact and processes. At the inception the organisers of the movement were new to the job and most of them were not at all conversant with its principles and working. They paid little or no attention to the development of the business strength of the store societies. Officers of the department who were in charge of bigger institutions had little business experience or aptitude and were subject to frequent transfers; most of the managements did not acquire business skills which were very necessary for directing and fashioning the business control policy; there was not much of a federal coordination between the wholesalers and the primaries. Most of the stores in U.P. failed miserably as they were solely dependent on controlled commodities and rationed articles and had ignored the elementary principles of consumers' cooperation.

REFERENCES

- [1]. Rani, E. (2013). Supermarkets vs. Small Kirana Stores. *Journal of Business and Management*, 10(1), 01-07.
- [2]. Cohen, A. J. (2013). Supermarkets in India: Struggles over the organization of agricultural markets and food supply chains. *U. Miami L. Rev.*, 68, 19.
- [3]. Cohen, A. (2017). *Markets, Conflict, and Law: A Study of Multinational Supermarkets in Indian Food Supply Chains*.
- [4]. Goswami, P., & Mishra, M. S. (2009). Would Indian consumers move from kirana stores to organized retailers when

- shopping for groceries? Asia Pacific Journal of Marketing and Logistics.
- [5]. Madan, G. R., "Co-operative movement in India", Mittal Publications, 2007.
- [6]. Himachalam, D., "Management of Consumer Co-Operatives", Mittal Publication, 1991.
- [7]. Kohli, R., & Bhagwati, J. (2011). Organized retailing in India: Issues and outlook. Columbia Business School Research Paper, (12/25).
- [8]. NCCF Annual Report (2015-16).
- [9]. NCCF Annual Report (2016-17).
- [10]. Annual Report (Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution) (2016-17).