## CHAPTER EIGHT

### BAKERY BUSINESS – IMPORTANT PROBLEMS AND ISSUES

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8.1 IMPORTANT PROBLEMS AND ISSUES:
As mentioned earlier, an attempt is made in this present dissertation to evaluate the possibility of starting of a bakery business unit as a source of self-employment. In the previous chapters, relevant aspects like production, finance, marketing etc., were considered, giving due importance to them.

A person aiming at starting of small bakery business units has to consider few more related problems and issues. In this chapter, various aspects such as competition element, employer-employee relations, role of bakery manufacturers association, credit facility and recovery problems etc. are discussed in details.

8.2 COMPETITION IN BAKERY BUSINESS:
Bakery products are the consumer goods, frequently purchased by the consumers. During the research process, it was observed that in Pune region itself there are more than 125 bakeries, including all small and big. The big bakery businessmen like Modern, Hindustan, Areal etc. produce the bakery products on large scale and sell them in the various parts of the city. With their comprehensive distribution system, they contact a large number of small shopkeepers and apply 'intensive distribution policy'.

Small bakery businessmen are having their bakery units in various areas of Pune City such as Kasba Peth, Mangalwar Peth, Guruwar Peth, Sadashiv Peth, Shaniwar Peth, Camp etc.
Awareness of the nature and extent of competition, is an important aspect for the businessman. Unless, he is aware of it, he cannot think about solutions, to the problems created by competition.

During the survey, respondents were asked to tell about the very nature and extent of competition they face, and the possible solutions, in respect of the same.

Small bakery businessmen from almost all the areas told that they face the competition, not from the big bakery business units, but from the small units in the same market area.

According to them, there exists a competition among big bakery businessmen, as the price and quality of their products, distribution policy etc., are the comparable aspects. For example, in Pune area, various big bakeries like Modern, Hindustan, Adarsh, Areal, Blue diamond, Quality, Bakemens are selling their breads to the consumers in different areas. The breads manufactured by the small bakery businessmen do not possess the same quality. Similarly, even though small bakery businessmen produce cakes, there cannot be a competition between these cakes and the cakes manufactured by Quality Bakery. Secondly, due to several limitation, small bakery businessmen cannot sell their products beyond a certain market area. Thirdly, these small bakeries have their consumers, who are almost permanent in nature, and are not influenced by the high quality and costly products of big bakeries. Therefore, small bakery businessmen feel no fear from the big bakery businessmen.
Thus, the nature of competition is certainly that of small versus small bakery business units and not the small versus big bakery units. Therefore, it is necessary for the newly establishing small bakery businessmen to decide about, the expectations of prospective consumers, the potential area of the market, and the nature of competition from small bakeries in it. To add further, he should study the variety, quality price, and packing of the bakery products, in competition and accordingly take decisions about his products.

8.3 WORKERS IN BAKERY BUSINESS:

Every businessman takes efforts in obtaining and maintaining the satisfactory and satisfied work force in his organization. This is equally essential in case of bakery business activity.

It was observed that a combination of skilled and unskilled workers is done in the bakery business unit. For deciding the proportions of ingredients and mixing activities, skilled workers are necessary.

It was noted that almost all these workers are uneducated with no formal educational qualification. These workers acquire knowledge and training about bakery activities only by working in bakeries.

During the survey, it was noted that these workers are paid on a weekly basis or on a monthly basis, as per their demand. Bakery businessmen expressed that they face problem in maintaining stable work force in their units. Usually, the bakery businessman takes pain in training the worker, and once the worker acquires the skill and knowledge, he leaves the organization for a better employment opportunity or to start his own unit.
Labour absenteeism is another problem, faced by these businessmen. To add further, the cases are also not rare, when the skilled persons from the established bakeries are captured by others, and are offered a higher salary to join their organization.

Bad habits of workers like smoking, chewing tobacco and spitting, certainly affects the atmosphere of bakery unit the quality of the bakery products. Negligence, carelessness, theft, spoilage etc. are the possible evils associated with the workers.

In majority of the small and medium sized units, the workers are in such a small numbers that there exist no union, their strikes and disputes.

It was further observed that small bakery businessmen are running their units, employing merely three to five employees. Thus, it is quite possible for a person to start the bakery unit, by employing a minimum number of employees. If four or five experienced persons come together to start a bakery business unit, they can run the concern by appointing merely, one or two unskilled workers.

8.4 ASSOCIATION OF PUNE DISTRICT BAKERY PRODUCTS MANUFACTURERS:
During the research process, it was noted that there exists an association of bakery businessmen, named as 'The Poona District Bakery Products Manufacturers Co-operative Consumers Association Limited'. It was established in the year 1957 and at present, includes more than 400 bakery manufacturers as its members.
The main function of the association is to procure the wheat flour ('Maida') and make it available at cheaper possible rate, to its members.

It was observed that almost all the bakery manufacturers in Pune are the members of this association. They criticize the association for its limited sphere of activities.

It was felt that an organization of bakery businessmen is necessary which will help the newly establishing as well as the established businessmen. This suggested organization could offer advice to the new entrant in respect of raising of funds, procurement of machinery, construction of oven, etc. It may try to settle the disputes between members, represent the bakery businessmen while negotiating with Government, and strive for the prosperity and betterment of members.

8.6 CREDIT FACILITY AND LIQUIDITY POSITION:

It was observed that purchasing of basic raw materials like wheat flour, sugar, 'ghee', etc. is done on credit basis. The credit facility is usually offered for 15 days, without any hesitation, to the established and big bakery businessmen. However, for a newly establishing small-scale bakery businessman, obtaining the credit facility even for 7 days, becomes a difficult task.

On the other hand, to create demand and maintain the sales, the new entrant has to sell the bakery products on credit basis. Even though, on a majority of occasions 'counter-sale' to individuals is done on cash basis, it becomes necessary for him to provide credit facility to his regular customers, at least in the initial stage. To add further, it was observed that bakery products are distributed through small bakery shops, traveling distributors, and even
through the general merchants shops, offering credit facility to them. Recovery of dues becomes certainly, a critical problem for the bakery businessman.

Thus, the credit transactions, both in respect of purchasing and selling, affect adversely the liquidity position of the organization. Usually, the new businessman faces a shortage of funds. To add further, salaries of the workers are paid normally on a weekly basis. The raw materials like eggs, milk, baking powder, etc. are purchased on cash basis. Thus, the businessman faces several problems in managing the finance.

To conclude, the person starting a bakery business unit as a source of self-employment, has to be cautious about the above-mentioned relevant issues and problems.