CHAPTER VI
CONCLUSIONS AND SUGGESTIONS

The Materials Management concerned with those Management factors circumscribed in the materials cycle like purchasing, receiving, recovery, inventory control, inspection, handling, transfer and physical distribution. Its main objects are purchasing, storing and selling. The present study about materials management in the Hindupur Co-operative Stores Limited, is confined to its objectives, the objective of co-operative society is to encourage thrift and self-help among the members. For the effective Materials Management is very essential for any co-operative organisation to prosper. It offers a wide scope for reducing costs, conserving scarce materials, improving quality and for increasing standards. Co-operative stores, organised by consumers themselves, provide an effective agency on a permanent basis. Consumer co-operatives are capable of ensuring supply of consumer goods at fair prices and thereby they exercise a healthy influence on trade as a whole.

In view of the increasing importance of Materials Management in Co-operatives various ways
and means are introduced in recent years in India. Various functions of Materials Management are still considered as independent activities in most of the Indian organisations. In the following pages the conclusion drawn chapter-wise of the study are summarised and a few measures in improving are suggested for the better management of the co-operative stores in general and the Hindupur Co-operative Stores Ltd., at Hindupur in particular.

ORGANISATION:

In Hindupur Co-operative Stores the total membership is 819 exclusive of Government. The total membership (820) unchanged during the study period because the society wanted to maintain the membership. If any members cancels his membership it will be given to fresh shareholders. This indicates that the management is not taking much interest in increasing the membership.

The Hindupur Co-operative Stores may take steps to increase the members. This can be done through persuasion. They can establish rapport with the co-operative societies, and may also create incentive schemes like discount, storage facilities, credit facilities etc., to attract them.
At present the share capital of the society is Rs. 32,426/- comprising Rs. 12,426/- from individuals and Rs. 20,000/- from Government. The Government is contributing to the extent of 62 per cent in all the years during the study. The Government is major contributor of share capital to the society in every year. The share capital contribution of Government and individuals was constant in all the five years during the study.

So the society should think to raise the share capital from individuals and efforts must be made to strengthen the capital base through increased membership.

The General Body was conducted in every year during the study period i.e., from 1983-84 to 1987-88. A least number of members attended the General Body held on 19-2-1983. It is clear that no quorum was followed in the General Body during 1983-84, 1984-85 and 1987-88. Person in-charge was managing the affairs of society from 1988 onwards.

The Hindupur Co-operative Stores should take steps to create interest among the members. Members should also take interest in attending the meetings more in number.
The Hindupur Co-operative Stores did not satisfy the minimum statutory number of Board of Directors meetings in all the years under study. The Hindupur Co-operative Stores should take steps in conducting Board of Directors meetings as per the schedule.

PURCHASES:

Purchasing is one of the important functions of Materials Management. The Hindupur Co-operative Store is not maintaining written purchase policy which is supposed to act as a guideline for future decisions to govern its operations. It is better to maintain a record of well laid purchase policy for better purchase management. The Hindupur Co-operative Stores has been purchasing 53.34 per cent of its requirements from local traders. The Hindupur Co-operative Stores is purchasing 27.27 per cent of its purchases from producers directly. 11.11 per cent of controlled goods are from civil supplies department.

There is an absolute need to procure the goods direct from producers. If for any reason, it is not possible for the Hindupur Co-operative Stores to do so, it can as well rely upon the central stores.
At the same time enough efforts may also be made by the central stores to procure the goods in bulk and make them available to the co-operative stores. The Hindupur Co-operative Store should make purchases based on scientific method to avoid stock-outs and over-stocks.

For non-controlled goods like cloth, books, Hindupur Co-operative Store is fully depending upon wholesalers and agents. Due to this the Hindupur Co-operative Store is not in a position to procure required items at right price, at right quantity, at right time. So Hindupur Co-operative Stores should avoid dependance in purchasing aspect. This may also help the society in reducing the cost of procurement.

The store is purchasing foodgrains, oils, groceries, general merchandise, cosmetics, stainless steel articles, electrical goods, plastic goods, textiles and text books. The stores did not maintain accounts for above mentioned items on the basis of cash and credit. Though the store is having good godown facility with 4 buildings within a wall not using fruitfully and keeping vacant.
In Hindupur Co-operative Stores purchase trend has come down from 1.00 in the year 1983-84 to 0.92 in the year 1987-88. The reason for increase or decrease in purchase trend is due to increase or decrease in the purchase of foodgrains and oils and general merchandise.

The trade charges are highest in the year 1983-84 the percentage of trade charges has come down from 0.67 in the year 1984-85 due to least amount of trade charges. The percentage of trade charges has gone up from 0.67 in the year 1984-85 to 1.18 in the year 1986-87 due to increased trade charges and decreased purchases. This indicates that there is no steady increase in purchases in the stores. The management should take necessary steps to reduce the charges and improve the purchases. It is also suggested that Hindupur Co-operative Store should have purchasing committee for preparing purchase policy decision. Alternatively a purchasing committee may be formed with 3 to 4 Directors alongwith the Managing Director for better managerial decisions.

The Hindupur Co-operative Stores did not maintain minimum and maximum levels of stock on
systematic basis. So there is need to rationalise the stock levels on systematic basis based on historical data, past experience, present trends etc. The management if necessary, may convene a meeting of the staff to discuss stock levels, verification of stock.

STORES:

Stores play a significant role in the operation of a store. Stores management is the function of receiving storing and using of materials. A proper storage, care and custody of materials lead to reduced quantum of inventory of materials, because it would lead to less wastage, less materials being ordered and avoidance of duplication in requisitioning.

It is observed that enough room is not available in the store to store all materials. Therefore it is suggested that the management must take necessary action to change the store to its own godown building or to some other place for improving the stores lay out.

The Hindupur Co-operative Stores is not maintaining Bin cards and Index registers in respect
of various materials. Therefore, it is very difficult to identify the items at the time of physical stock verification. It is suggested that store should accept the indents with proper code number.

A very meagre items of materials related to non-controlled goods only stored in Hindupur Co-operative Store for short period. It is observed that almost all the stores section is neglected in Hindupur Co-operative Store during the period of study. The stores is not suffering from stock shortages.

Some of the consumers reported the availability of limited varieties of goods in the stores.

To overcome this situation a variety of items may be made available to the consumers depending upon the tastes and preferences.

Added to the above, there is a need for consumer education and effective training for the people who are placed at different levels of the organisation.

SALES:

There is no written down sales policy in Hindupur Co-operative Stores clearly laid down sales
policy can act as a guide in day-to-day sales administration of the Hindupur Co-operative Stores. The paid manager is dealing with sales and taking assistance from salesmen. No pricing policy is followed in the stores for controlled and non-controlled goods.

The Hindupur Co-operative Stores is selling goods to surrounding government institutions viz., Government Hospitals, Hostels, Sub-Jail, Navodaya School, Blind School, Children Home, and educational institutions on credit basis on the condition payment should be made within stipulated time i.e., 30 days. It is observed that there is no prompt payment of debts to the stores, it results financial problems interrupt the smooth function in the stores and lead to locking up of funds, thereby lending to shortage of working capital.

Sales percentage decreased to 23 per cent in the year 1984-85, and to 33.89 per cent in the year 1987-88. This was due to decrease in sales of foodgrains, general merchandise.

So steps may be taken by the management to make purchases effectively and efficiently. Hindupur
Co-operative Stores is also suggested that efforts must be made to collect the dues within the stipulated time (30 days). Undue delays can be warranted by charging interest at 12 per cent on due amounts.

It is found that the sales tax is added to the cost of the co-operatives but not with the private retailers because they try to evade the tax.

To give a fillip, sales tax exemption may be given to the co-operatives so that they may withstand the pressure of the local dealers.

It is observed that there is steady growth in the stock turnover ratio from 17.40 times in the year 1983-84 to 34.00 times in the year 1987-88. This was mainly due to increased sales with reduced average stocks. According to consultancy and promotional cell, N.C.C.F., if the stock turnover ranges between 9 to 12 times it can be called fair performance. The Hindupur Co-operative Store crossed the performance in all the years, generally leading to over-stocks and particularly there was high ratio i.e., 34.00 times in the year 1987-88 resulting in stock outs.

So there is an urgent need to maintain stocks of those commodities which are in demand and see that
the slow moving articles may be reduced to the minimum by which overstocks and stock-outs may be avoided.

The performance of the Hindupur Co-operative Stores is not satisfactory in all the years as a result of decreased sales and increased losses.

Efforts must be made to induce the salesmen to push up sales by providing incentives to them wherever possible.

Thus the study 'Materials Management in the Hindupur Co-operative Stores Ltd.', has explored and revealed some of the handicaps inherent in different functional areas of Materials Management.

To conclude, there are a number of pitfalls in the Hindupur Co-operative Stores organisationally and otherwise. Inspite of its inherent weaknesses, the consumer co-operatives are the only mean through which the evils of malpractices, low weights, adulteration, artificial scarcity and abnormal price hike can be eradicated. The suggestions made in this study, although not exhaustive, are expected to improve the efficiency of the Materials Management and thereby profitability of the Hindupur Co-operative Stores as well. For this a concentrated effort has
to be made by officials, non-officials and the public whole-heartedly without such co-operation from various quarters no society can ever function successfully.