6. The Retail Outlets

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SECTION I

(A): Introduction

The retailers were the last link in the vertical chain of distribution. At this stage the marketing functions concluded and consumption commenced. The retail merchants are as old as civilization. Until the middle of the century, cloth retailing was distinctly a small scale business performed mainly through small shops. Even in the present study they were found to be the most important channel component of the complex distribution structure. In reality, they have been a necessary part of the economic life of every community.

The retail trade level was the largest one from the viewpoint of the numerical strength of its constituents. In recent times numerous forces have influenced this level and have completely transformed the distributive trade. The factors like mass manufacturing and mass consumption of fabrics created a need for having efficient retailing. Very often, large retail establishments offered greater efficiency which resulted in savings in distribution costs. In addition, varied cloth requirements of the consuming public living in both the rural and the urban complexes produced many new forms of retail outlets that could cater to the needs of the heterogeneous consumers. The retailing activities were found
to be performed by the mill management (mills' own retail shops), by intermediaries and by the users through cooperative organisation. They included direct sales of fabrics to the ultimate consumers—in oising the semi-wholesalers' quantities. The success of the mills' marketing divisions depended to a greater extent on the efficient operation of these outlets. This actually meant that they were acting as the purchasing agents for large numbers of geographically scattered consumers. They procured and delivered fabrics and provided ancillary shopping services to them.

In this Chapter we shall examine the functioning of these retail outlets, their relative importance as channel components, their geographical distribution, their organisation structures, their practices and the problems they encountered.

(B): The structure of retail trade level

The field-work showed that a number of retail establishments of different sizes ranging from an orthodox small scale shop to large scale integrated retail establishments like department stores were operating at this trade level. Some of them were functioning in the capacity of itinerant traders. These non-shop and shop retailers were sometimes found admixing their operation practices and the varieties
of fabrics handled.

Chart 6.1 sketches out the major constituents of the retail trade level of fabrics distribution.

These retailers could be classified in two major categories: (i) Non-integrated, independent cloth retailers: shop retailers) (including the Mills' Approved Retail Shops) and non-shop retailers (itinerant): Hawkers and Pedlars, Foot-path Vendors, Auctioneers, etc., and (ii) Integrated (shop-retailers): Mills' own retail shops, consumers' cooperative stores, department stores (both integrated and non-integrated) and other retailers: Sava Sahakari Mandlis, Home-cum-retail outlets, Mobile Shops, etc.

(i) Non-integrated: independent cloth retailers

These independent retailers had no ownership connections with other units. They were, privately owned and operated by a single person, an H.U.F., a partnership firm, or a corporate body. The units were closest to the consumers and farthest from the mills. These traditional and orthodox traders occupied a key position in the retailing of cotton textiles. My field-work showed that, in Gujarat, they outnumbered all other kinds of cloth retailers. On the basis of the discussions with some of the leading businessmen and
Chart 6.1

Textiles Retail Outlets at RETAIL TRADE LEVEL

Non-Integrated:
- I.R. = Independent Retailers
- T = Tailor-cum-cloth retailers
- MARS = Mills' Approved Retail Shops
- In.R. = Itinerant Retailers
- H&P = Hawkers & Pedlers
- F = Foot-path Vendors
- A = Auctioneers

Integrated:
- CCS = Consumers' Cooperative Stores
- SSM = Seva Sahakari Mandlis
- DS = Department Stores
- I & NI = Integrated & Non-integrated
- HO = Home-cum-retail outlets
- MS = Mobile Shops
- MORS = Mills' Own Retail Shops

M = Mills

@ Integrated:

M = Mills
a few officers of the associations, it could be estimated that 80 out of 100 retailers belonged to this category and nearly 60% of the annual volume of retail trade passed through this category. In Ahmedabad, the number of cloth retailers could be put around 5500. The number of such retail outlets fluctuated from year to year in consequence of new entries and existing business closures. The variation could be placed between 1% and 2%.

(i) Distribution of independent retailers - by geographic region

They were spread over the entire State. Normally, they followed the density of population and took into account a few other factors like buying habits, buying potentials, social stratas & classes of people, and the locations of the shopping centres. Thus, their regional concentrations varied from place to place. In Gujarat, particularly in the 7 big cities of Ahmedabad, Surat, Vadodara, Rajkot, Bhavnagar, Jamnagar and Nadiad having a population of over 1 lakh each, they tended to congregate in streets or shopping centres. For instance, in Ahmedabad, they were found clustering in Ratanpole, Fuvara kapad market, Manek Chowk, Badshah's Hajira kapad market, Rani's Hajira kapad market, Patasa pole, Raipur khadla area, Ellisbridge (area) kapad market and, in Nadiad, in Ahmedabadi Bassar and the main road. These markets were frequented by a more mobile type of customers—local and
outstation—belonging to all walks of life.

In the mofussil, they were found at certain places which were considered as market centres for groups of villages. For example, those at Borsad (Kheda District) served the surrounding villages like Vasan, Daol, Bodal, Ras, Kankapura, etc. Similarly, Anand in the same District entered to the needs of people from Lambhval, Samarkha, Karamsad, Bakrol, Khandali, Vaghasi, etc.

Locating an outlet at such a central place always posed some problems. The limited funds that were available to them restricted the sizes of the space—acquired or rented. But, it were these very factors of smallness and locational adaptability that provided a vital element enabling them to maintain competitive strength even in the midst of cloth retailers of different sizes.

Not all villages had cloth dealers. In many of the others their number varied from 1 to 5. This was one of the reasons why the village buyers had to pay major penalties in terms of relatively higher prices, inferior quality, poor choice, additional expenses for buying, etc.

(ii) Nature of ownership

The ownership pattern of these outlets was found to be varying from region to region. From among the city retailers contacted, over 58% had reported that they were operating
their businesses as partnership firms. But on the whole, taking all the regions into account, the one-man shop was very common at this trade level as there were no restrictions on any one's entry in the trade nor were any entry qualifications needed to be a cloth retailer.

Some ambitious retailers had stated that they had converted their proprietary concerns into partnerships to finance expansion. The latter form facilitated the pooling up of their resources to attain large sales turnovers.

The upper trade levels components, however, considered the larger units more significant as they could be contacted easily than the smaller ones. Such big shops also helped the mills in building up their image.

(iii) Capital requirements and sources

They needed funds for investing in fixed assets such as owned premises, furniture, fixtures, other equipments, display facilities like shop windows and show-cases, and interior decoration. They also required working capital for conducting trading activities, financing inventories and extending long-range credit to their customers. In cities like Ahmedabad, some of the shop premises were spacious, finely laid, furnished and p气质ly decorated. Occasionally, sophisticated units like Raj Exclusives, Sarang, N. Mansukhram, Femina Fashions were air-conditioned. In these cases,
investments in fixed assets were very high. In other words, the amount of investment varied greatly from unit to unit. It could be anywhere between Rs.10 thousand to Rs.10 lakhs. Though initial own funds, ploughed back profits (at a latter stage), borrowings from friends, relatives, co-traders, indigenous bankers, and commercial and cooperative sector banks constituted important sources of funds, over 95% of the retailers interviewed considered 'trade credit' as the most important source of external finance.

(iv) Size characteristics

(a) Sales turnover

Over 29% of the city retailers interviewed had reported that they had an annual sales turnover of between Rs.3 lakhs and 4 lakhs. 62% of them had a turnover of below Rs.3 lakhs. The rest had refused to disclose their figures. The annual turnovers of the big town retailers contacted were found to be of Rs.1.6 to Rs.2 lakhs. It was found to be below Rs.50,000 in the case of an average retailer.

(b) Horizontal-vertical expansion

Nearly 9% of the respondents had reported that they had their branches at the same trade level. For example, Sarvodaya Cloth Stores, Anand, operated another retail outlet in the same town. Over 85% of them had stated that they did not engage themselves at the upper level (semi-wholesale) link.
Yes, some retailers like Shri Melabhai, proprietor of Lammi Cloth Stores, Vallabh Vidyanagar was functioning both as a shop-keeper and a hawker. But their strength was negligible.

In Gujarat, there existed some retailers, for example, Sarvashri Ambalal Manalal Shah, Jayantibhai Damjibhai Hingo, M/s Delux Tailors—all at Ranoli, Shri Girdherlal Ganeshji and KACHINS (Anand), M/s Friends Tailors, Shriman Tailors, Shyamsunder Tailors all at Ahmedabad and who were functioning in the twin-capacity of retailer and tailor.

(v) Organisation structure

While many of them, particularly the smaller units, were of the common type, there were a number of them, particularly the larger and sophisticated ones, which were not only romantic enterprises providing their customers with varieties of latest fashionable fabrics manufactured by local and distantly located mills but also complex business concerns striving to earn substantial profits.

The organizations of these outlets were uniform according to the sizes, the kinds of merchandise handled, the locations, the nature and the amount of services they rendered. Predominantly they took the form of a family concern wherein the owner was being helped by his family members in its operations. Here, the owner assumed the roles of manager, purchaser, store-in-charge, custodian, sales force leader and
the Public Relations Officer. He enjoyed freedom of action, and designed overall business strategies—merchandising, pricing, promotion, etc. Thus, unlike the cooperative and the mills' retail shops, he could change the procurement procedure, the sources of supplies, drop certain varieties of fabrics and acquire others without seeking any approval from others. The personal relationships established by the sole proprietors had impelled many a customer to ignore the modern retail outlets, despite the latter's pomp and publicity.

The scores of city retailers visited for this were found to be employing 2 to 4—or even up to 8—assistants depending upon the sizes of their business, mainly for accounts-keeping, selling, dues collection, and for other facilitating functions.

(vi) Classes of independent retailers by product assortments

Three categories of these retailers could be delineated in Gujarat: (i) General merchandise retailers, (ii) General line retailers, and (iii) Speciality retailers (quality shops).

(a) General merchandise retailers

They were found operating particularly in sparsely populated rural regions enjoying a catchment area of some 7
to 9 small villages. For example, one of my case-studies disclosed that 3 such retailers were operating at Mandli (Panch Mahals district) who got the customers from villages like Pichoda, Luna, Jasuvani, Dolilimbdi, Navagam, Methan and a few 'muvadas'. Generally, they dealt in 'gamthi kapad' and some unrelated items of essential commodities. They were also found in some villages of developed districts; for example, Bekhatmal Jivrajmal, Vasad; Jagdamba Vastralaya, Ranoli; Shantilal Maganlal Shah, Bhetasi. This category contributed an estimated 2% of the class.

(b) General Line Retailers

These were the predominant category of retailers. Over 75% of those contacted (Vide: Table 6.1) used to deal in reasonably extended lines of fabrics including powerloom varieties. The proportion of the cotton and non-cotton, mill made and powerlooms fabrics depended to a great extent on the consumer preferences which always varied with the regions. There was an apparent inconsistency in the sorts and the varieties handled.

Out of the chief reasons for the existence and the growth of this category of retailers that the bulk of the customers preferred to buy from a store that provided more items than a few lines.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Market and/or place</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>M/s Adyatan Vastra Bhandar</td>
<td>Ratanpole, Ahmedabad</td>
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<tr>
<td>2.</td>
<td>Capital Fabrics</td>
<td>Dhalgarwad, Ahmedabad</td>
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<td>3.</td>
<td>Friends Cloth Stores</td>
<td>Ratanpole, Ahmedabad</td>
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<td>4.</td>
<td>Abhilasa</td>
<td>Ratanpole, Ahmedabad</td>
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<td>5.</td>
<td>Shiromani</td>
<td>Ratanpole, Ahmedabad</td>
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<td>6.</td>
<td>Palejwalla Cloth Stores</td>
<td>Mota Bazar, Amod</td>
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<td>7.</td>
<td>Kapadia &amp; Sons</td>
<td>Mota Bazar, Amod</td>
</tr>
<tr>
<td>8.</td>
<td>Shankerlal Mandalal Shah</td>
<td>Mota Bazar, Amod</td>
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<tr>
<td>9.</td>
<td>Fixed Price Retail Cloth Centre</td>
<td>Mandvi Bazar, Vadodara</td>
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<td>10.</td>
<td>Janta Vastraniketan</td>
<td>Tower Bazar, Vadodara</td>
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<td>11.</td>
<td>Anjli Cloth Centre</td>
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<td>12.</td>
<td>Pratap Stores</td>
<td>Nyay Mandir, Vadodara</td>
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<td>14.</td>
<td>New Ambica Cloth Stores</td>
<td>Napa</td>
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<td>15.</td>
<td>Harish Cloth Stores</td>
<td>Petli</td>
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<td>17.</td>
<td>Prakash Cloth Stores</td>
<td>Asi</td>
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<td>18.</td>
<td>Sarvodaya Cloth Stores</td>
<td>Anand</td>
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<td>19.</td>
<td>Navaari Cloth Stores</td>
<td>Anand</td>
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<td>20.</td>
<td>Janta Stores</td>
<td>Borsad</td>
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<td>21.</td>
<td>Chimanbhai Gordhanbhai Shah</td>
<td>Anklav</td>
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<td>22.</td>
<td>Dr. B.L.Panjabi</td>
<td>Nadiad</td>
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<tr>
<td>23.</td>
<td>Ambica Cloth Stores</td>
<td>Nadiad</td>
</tr>
<tr>
<td>24.</td>
<td>Mandalal Rochiram</td>
<td>Nadiad</td>
</tr>
<tr>
<td>25.</td>
<td>Chhaya Emporium</td>
<td>Nadiad</td>
</tr>
<tr>
<td>26.</td>
<td>Ahmed &amp; Abdulla's Company</td>
<td>Jawahar Bazar, Jamnagar</td>
</tr>
<tr>
<td>27.</td>
<td>Tip Top Traders</td>
<td>Jawahar Bazar, Jamnagar</td>
</tr>
</tbody>
</table>
(c) Speciality retailers

Nearly 20% of the respondents had reported that they were dealing exclusively in special varieties. This reflected the trend towards priceless competition at the retail trade level, where the seller persuaded the potential buyers to buy distinguished fabrics solely on the basis of quality rather than on the price factor. For instance, some of the retailers were found dealing in 'sarees only', 'shirting and suitings only', 'pantaloons and shirts/bush shirts pieces only', 'fancy varieties only'. (Vide: Table 6.2).

Usually, they clustered in the prime cloth markets in cities and big towns and stocked varieties of latest styles, quality, exclusiveness and novelty, which induced the most fastidious customers to put forth special efforts to visit their shops. This reduced the chances of the capital being blocked up in inventories as slow-moving items were disposed of earlier than they became obsolete.

It was observed that the sales forces in such stores possessed relatively high degrees of tact, smartness, push and courtesy as they served the fashion conscious and economically well-to-do segments of the society.

The seasonal fluctuations and sudden changes in fashions did pose the problems of storage, obsolescence and disposal.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Market</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>M/s Gopi</td>
<td>Ashram Road, Ahmedabad</td>
<td>Sarees</td>
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<tr>
<td>2.</td>
<td>Chhanabhai Chhotalal</td>
<td>Ratanpole, Ahmedabad</td>
<td>Sarees</td>
</tr>
<tr>
<td>3.</td>
<td>Asha Cutpiece Centre</td>
<td>Dhalgarvad, Ahmedabad</td>
<td>Cut-pieces</td>
</tr>
<tr>
<td>4.</td>
<td>Jalarum Cutpiece Centre</td>
<td>Relief Road, Ahmedabad</td>
<td>Cut-pieces</td>
</tr>
<tr>
<td>5.</td>
<td>Chandan</td>
<td>Zaveriwad, Ratanpore Naka, Ahmedabad</td>
<td>Cut-pieces</td>
</tr>
<tr>
<td>6.</td>
<td>R.K. Terylene Centre</td>
<td>Ratanpole, Ahmedabad</td>
<td>Cut-pieces</td>
</tr>
<tr>
<td>7.</td>
<td>Fancy Cloth Stores</td>
<td>Ahmedabad Bazar, Cut-pieces</td>
<td>Fancy varieties</td>
</tr>
<tr>
<td>8.</td>
<td>Lok Seva Stores</td>
<td>Tower Bazar, Vadodara</td>
<td>Fancy</td>
</tr>
<tr>
<td>9.</td>
<td>Ashrivad Stores</td>
<td>Tower Bazar, Vadodara</td>
<td>Fancy</td>
</tr>
<tr>
<td>10.</td>
<td>Manoranjan Centre</td>
<td>Mangal Bazar, Vadodara</td>
<td>Fancy</td>
</tr>
<tr>
<td>11.</td>
<td>Vandna Saree Centre</td>
<td>Tower Bazar, Vadodara</td>
<td>Sarees</td>
</tr>
<tr>
<td>12.</td>
<td>Shah Kindorialal</td>
<td>Kadak Bazar, Vadodara</td>
<td>Sarees</td>
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<td>13.</td>
<td>Sardar Vastra Bhandar</td>
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<td>14.</td>
<td>Shah Gordhandas Padravalla</td>
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<td>15.</td>
<td>Sangam Saree Centre</td>
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</tr>
<tr>
<td>16.</td>
<td>Anand Family Fashion</td>
<td>Station Road, Anand</td>
<td>Sarees</td>
</tr>
<tr>
<td>17.</td>
<td>Aradhana</td>
<td>Gandivad, Anand Sarees &amp; blouse pieces</td>
<td>Sarees &amp; blouse pieces</td>
</tr>
</tbody>
</table>
But, usually, these retailers had a highly reliable sense of forecasting and business acumen of planning to take care of them. The mark-ups, too, provided for the anticipated percentages of such losses.

There were some retailers who reported that they were dealing in special varieties, though, actually they dealt in different varieties. (The distinction was, thus, not clear to some of them.)

The clothing requirements of the customers were not uniform. Hence, the proportion of the varieties and the sorts that formed the product assortments of these city and towns—and, even the village—retailers differed from one-another's.

(vii) Operational Analysis

(a) Purchase policies and practices

The owner—executives themselves acted as purchasing agents for their customers. Here, the efficiency in buying depended upon the accuracy with which they sensed and interpreted the potential demand for fabrics. The sources from which the goods were obtained also influenced their buying functions.

Sources of supplies

No uniform practice in buying was found to be existing
at this trade level. The traders obtained fabrics, mostly from semi-wholesalers operating at central markets by paying personal visits to them and/or through their sales representatives, in assorted varieties generally in bales, but many a time in large piece lengths, depending upon the sizes of their operations. Usually, they made purchases directly from some 12 to 15 established sources. At times they employed the services of commission agents for their purchases from outside the State, with a view to providing wider choice to their customers. In a few cases, they joined hands to take advantage of bulk buying. For instance, in Anand, 3 retailers, viz., M/s Shakti Cloth Stores, Shri Sunderlal Jivanlal Panjabi and M/s Govind Vastra Bhandar
An average retailer, compared to others, paid more or some 'number1' items, being higher purchase prices plus commission to dealers. The higher cost prices were one of the reasons for the difference in the selling prices of similar varieties charged by different retailers in the same locality.

**Terms of payment**

Over 65 % respondents had reported that they were allowed trade discounts of 1/2 % to 1 % by the suppliers, on their purchases. While about 20 % had stated that they obtained the discounts, the rest did not avail of the discount facilities.

Over 90 % of the interviewees had reported that they prepared to enjoy an interest-free credit period instead of the discount offered by the suppliers as an inducement to early payment. The rate of such discount varied between 1/2 % and 2 % on the invoice prices vis-a-vis a one-month credit period.

The interest-free credit period enjoyed by the reporting retailers varied between 30 and 90 days. It must be clarified here that they did not get any credit facilities in case of some transactions like buying 'at a vendor's purchase price' or buying 'lotno mal' (a lot consisting of outdated varieties). Over 35 % of them had reported that
they had paid interest at the customary rate after the prescribed credit period was over.

**Delivery & transport arrangements**

From amongst the retailers operating near the semi-wholesale markets, over 90% of those interviewed had stated that they procured fabrics from semi-wholesalers on ready delivery terms. They enjoyed the conventional advantage of free delivery at 'buyers' shops' when frequent purchases were made from the same sources.

Those functioning at other places in the State obtained goods by rail or road and the transport charges they bore depended upon the quantities, modes of transport and the distances involved.

**(b) Selling policies and practices**

**Customers**

Unlike the upper levels intermediaries, these were the front-line soldiers who faced the ultimate consumers with dissimilar clothing patterns, fabrics preferences, buying behaviours, etc. These complicated their task of designing operational strategy to be followed.

A special characteristic feature of customer allegiance should be noted here. Compared to the city retailers, more town and village retailers had reported strong loyalty of
their customers because of the confidence the former had been able to create among them. In addition to individual consumers, tailors, panchayats, educational institutions and itinerant traders had established permanent relationships with them.

**Selling price**

These retailers invariably followed negotiated pricing policy, the exception being the established customers. They charged according to the categories of customers and the terms of payment.

Sometimes they had to sell certain varieties at or below their purchase prices; for, in spite of all possible care, a majority of them had to dispose of end pieces which they could not sell on the per metre price basis.

**Discount**

Allowing discount to the customers was not a regular feature of these outlets. Yes, they did allow discounts to some institutional buyers. Occasionally, they organised 'sale's mainly on festivals like Rakshabandhan, Diwali, Christmas, Holi, Dashera, etc., when they allowed discounts varying from 5 to 25% on sales and/or some gifts in kind, depending upon the quantity and the quality of the fabrics purchased as a part of a sales promotion programme or sometimes with an intention to liquidate heavy stocks. A
feeling was rampant among considerate and conservative families that such 'sale's were meant to hoodwink the buyers.

**Terms of payment**

All those contacted had reported that they were the goods on both cash and credit bases. In a majority of the transactions of city and town retailers, the principle of "terms cash" was enforced. They extended credit only to some of the institutional buyers, relatives, friends, known and established customers (including salaried persons) and itinerant retailers. Normally, the period of credit ranged from 1 to 3 months, and their customers were expected to clear the account before a fresh transaction took place. Where, in certain cases, credit was extended beyond 3 months, interest at a rate varying between 10% and 20% was found to have been charged.

**Earnings**

Over 80% of the interviewees had unequivocally said that their gross margin should not be less than 20% in any case as they had to meet a variety of expenses including rent, salaries, interest on borrowings and other operational expenses. The remaining 20% (most of whom were rural) had reported that the gross margin should not be less than 15%.

(This latter statement did not appear to be convincing, particularly when the rural sales were on credit and
recoveries were delayed and uncertain. They were all reluctant to disclose the details regarding the gross profits and net profits they had made during the past few years or any one of them.

(viii) Their services

The importance of the retailers was evident virtually from any perspective.

'Selling cloth in convenient units of metre' was an important service they rendered to the consuming public. They observed and studied the cloth requirements of the people residing in their vicinity and made them available in wide varieties assembled from different sources, as and when required, and in the small quantities or numbers needed by them.

The most salient and precious service that the cloth retailers extended to their established clients was that they allowed credit to those whom they had found trustworthy in their dealings. This enabled a vast majority of the people, who led their lives (i) in the expectation of incomes from either favourable monsoon or other sources—especially the agriculturists, and (ii) on salaries and wages every month or week (and were short of cash at the end thereof), to go on making cloth purchases in anticipation of incomes. In other words, they came to their rescue and
extended credit with honour—gracefully and with due regards to the dignity of the customers,—without, many a time, charging any interest in the case of the salaried class.

Their establishments could be regarded as the field organisations of the mills' marketing divisions. They interpreted the demand and the future fabrics preference trends, and communicated them to the mills via the different trade level links. This was a service to the entire textile industry and the distributive organisations.

In fact, it was at this stage, where the real sales promotion functions were performed which moved the wheels of distribution uninterruptedly, so to speak.

Generally, the establishment of such shops did not require the fulfilment of any elaborate legal formalities. This provided an opportunity to the ambitious persons intending to be the owner-executives (one's own bosses) and the small capital-owners to plunge in the cloth trade, in any city, town or village, after a little survey or 'feel' of the market environ.

(ix) Major problems

The retailers had to encounter some serious problems.

Some of them were self-employed and middle-class people and, therefore, did not get the benefit of easy finance.
Again, at times, they borrowed finance for extending long-range credit to their customers. This raised their operational costs and, consequently, the per metre selling price. Recklessness in granting credit certainly affected both—the shopkeeper and the shoppers.

Generally, they suffered from two inherent disadvantages:
(1) They could not employ well trained personnel; on the contrary, perforce they became their own buyers, displaymen, accounts-keepers, shop assistants, etc.. (2) They could seldom buy a bulk so as to qualify for the benefits of bulk buying.

A majority of them had expressed that they had to bear the invisible loss resulting from shortages, damages, price fluctuations, end pieces, obsolescence of a design/varieties and, above all, bad debts. They had added to the effect: "It is really surprising that the customers always compare our prices of cloth with those prevailing at the wholesale and the semi-wholesale trade levels!"

Some small nine city retailers had reported that, during rush hours, their shops were overcrowded, and that they desired to have more adequate space.

Over 60% of them had stated that they felt some competition from the large scale retailing establishments and some of the consumers' organizations.
The mills' retail shops located in their area were well equipped and attractive. This had motivated some of them, who could afford to renovate and modernise their shops, to undertake improvements in interior decoration and exterior appearance. An acceleration in this process would, at first, cut across their profits but, in course of time, raise operational costs and consumer prices.

**Their Associations**

In Gujarat, all the trade levels in the distribution of fabrics—from the mills to the retailers—had felt the need for having their associations. At this trade level also, there existed a large number of associations founded by the retailers with a view to voicing their grievances collectively to safeguard and promote their common interests. They were helpful chiefly in solving their intra-trade level problems amicably as well as for establishing healthy trade practices. Occasionally, they were found making representations to the local authorities for the problems of their members.

The offices of the associations usually followed the density of cloth retailers. Their numbers in the cities, towns and some market centres at the below-town level depended upon many factors. Table 6.3 presents an illustrative list of such associations.

The Table reveals that they had their associations on
### Table 6.3

An illustrative list of Cloth Retailers' Associations

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Associations</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shri Ratanpole Kapad Mahajan</td>
<td>Ahmedabad</td>
</tr>
<tr>
<td>2</td>
<td>Shri Fuvara Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>3</td>
<td>Shri Sthayee Swadeshi Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>4</td>
<td>Shri Badshahna Majira Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>5</td>
<td>Shri Ranina Majira Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>6</td>
<td>Shri Fatasspole Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>7</td>
<td>Shri Ellisbridge Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>8</td>
<td>Shri Raipur Khadia Retail Cloth Merchant Association (Group No.2)</td>
<td>-do-</td>
</tr>
<tr>
<td>9</td>
<td>Shri Ratanpole Akha and Nukshani Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>10</td>
<td>Shri Manekehawk Akha and Nukshani Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>11</td>
<td>Shri Dhalgarwad Nukshani Retail Kapad Association</td>
<td>-do-</td>
</tr>
<tr>
<td>12</td>
<td>Shri Manekehawk Gaathi Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>13</td>
<td>Shri Bhuj Cloth Merchant Association</td>
<td>Bhuj</td>
</tr>
<tr>
<td>14</td>
<td>Shri Harmatnagar Kapad Mahajan</td>
<td>Himmatnagar</td>
</tr>
<tr>
<td>15</td>
<td>Shri Modasa Cloth Merchants Association</td>
<td>Modasa</td>
</tr>
<tr>
<td>16</td>
<td>Shri Idar Kapad Mahajan</td>
<td>-do-</td>
</tr>
<tr>
<td>17</td>
<td>Shri Borsad Kapad Mahajan</td>
<td>Borsad</td>
</tr>
<tr>
<td>18</td>
<td>Shri Anand Kapad Mahajan</td>
<td>Anand</td>
</tr>
<tr>
<td>19</td>
<td>Shri Ureth Kapad Mahajan*</td>
<td>Ureth</td>
</tr>
</tbody>
</table>

Sr.No. 1 to 8 = Street or marketwise association.
Sr.No. 9 to 12 = Types of cloth & marketwise association.
Sr.No. 13 to 19 = Associations enjoying extended area of operation—and include semi-wholealers in certain cases.

* The members of this Association were both semi-wholealers and retailers operating in Ode Market 1 & 2, Sindhi-Panjabi Bazar, and Panchvati Bazar.
the bases of (i) street or market areas (Vide Sr.No. 1 to 8), (ii) types of cloth—full-size and 'nukshani' (defectives) cloth or only 'nukshani' cloth, and (iii) extended areas covering the entire place.

16 office-bearers representing 9 associations of retailers contacted had stated that an association always tried to establish business customs to bring harmony in trading in cloth at their level. At times, they made representations to the local authorities to lessen the difficulties arising out of the acts/orders. They disseminated trade information about the future trend of business among their members.

My field-work showed that there were some retailers who had not joined their associations. To that extent this trade level was unorganised.

I believe that these associations could serve their members more effectively if they undertook the purchase of fabrics on the latters' behalf in mill packed bales—if not all the varieties, at least some plain and 'chalu' varieties—either from the mills or from the wholesale merchants and arranged distribution as per their requirements.

(x.) Observations

Some unfair trade practices were also noticed at this trade level.
My field-work showed that about 15% of them delivered inferior or spurious varieties of fabrics in the name of 'numberi mal'. For example, khaki drill produced by ordinary mills was supplied as Mafatlal products, Binnies, etc. Similarly, Ambicus 'musaani' poplins were sold as man-made fibre fabrics. Selling of Indian piecegoods as imported varieties—made as Japan/U.S.A.—was also rampant to jullible people and illiterate folks.

Many a time, they tried to motivate the potential buyers to purchase a particular variety in which they could weave greater margin, even at the former's cost.

'Guaranteed fast colour', 'latest varieties', 'best qualities' were some of the magic words which they uttered during the presentation of the goods and the negotiation of the sales. They were misleading and amounted to cheating the customers.

'Money back guarantee' was found another instrument in their hands to convert the potential buyers into actual buyers.

My depth interviews with over a score of the retailers had brought out that 'addharni kharidi' (purchasing without bills) had been a practice employed by some of those in the trade, with a view to evading taxes. It was also found that, where the octroi was collected on the basis of value,
undervaluation in invoices was resorted to. (For example, in Anand it was at 7 to 10 paise per kg according to the type of cloth while, in Karamsad, it was 1% on the value of cloth.)

About 1/2% of them were found operating the shops with the names of certain mills or other titles printed in bold letters with some added matter so that mills might not be able to take any legal action against them, but a psychological impress would be made of the mills' images on the undiscerning buyers. 'Gwalier Dom' (Selection) and ........ mill's name (Family fashion) (the words in the brackets put in in small letters), Stockists of New Shorrock Mills and Mafatlal Groups, etc. High-sounding artistic and big names in literary styles might not be considered deceptive; for, they reflect either the proprietors' desire to make a lasting advertising appeal and to build up the shop-name image/goodwill or to satisfy the urge of their literary/artistic tastes, sophistication and modernity.

(II): Non-integrated Mills' approved retail shops

Some of the mill managements' policy to grant franchises at the retail trade level, as discussed in Chapter 3, gave rise to this category of retail outlets. They were, in essence, the same in their operation as the independent retailers. There was no ownership or financial integration.
Here, the independent retailers contracted to follow a well-defined standardized method of carrying on the business. The contractual arrangements, i.e., the terms of franchise varied from such dealer to dealer as every mill unit/management had its own distribution strategy. It was noticed that the approved dealers of reputed groups were usually operating in cities and towns. Thus, all the 26 approved dealers (15 of Mafatlal's and 11 of Sarabhai's) were located in the cities/towns in 9 districts, while the HTC's approved shops were operating in the cities/towns in all the 19 districts of the State.

(i) Product assortments

The product assortments of such shops were found limited to the products of the mills they represented. The approved retailers of Mafatlal's and Sarabhai's were found dealing in the fabrics manufactured by all the mills of the respective groups. 12 of the approved dealers of the HTC (6) had reported that they dealt in the fabrics of particular units of the group, while 7 dealers of the group had reported that they obtained and distributed fabrics of the other mills also under HTC management, on the basis of letters of authority obtained from the particular mills they represented.

From the viewpoint of product assortments, all those contacted could be designated as general line retailers. It
was observed that some of them were dealing in both controlled and non-controlled varieties. They were mostly NTC's licence-holders. Those representing Mafatlals and Sarabhais were found dealing in non-controlled fabrics of a considerable range of varieties.

(ii) Operational Analysis

(a) Purchase policies and practices

They obtained fabrics either from the mills or from the intermediaries—wholesalers and/or semi-wholesalers—at the prices prescribed by the mills.

Three of the dealers of Mafatlals had stated that they obtained mill packed bales from the Group's authorised wholesalers, generally at prices varying between 6% and 6½% on ex-mill price plus excise depending upon the varieties concerned. They procured also in assorted bales from semi-wholesalers, in which case they paid 14% to 16% over ex-mill price plus excise, depending upon the varieties bought.

Five of the dealers of the NTC had mentioned that they obtained non-controlled cloth from the mill/s at 5% to 6% over the ex-mill price plus excise, i.e., at prices the NTC charged to its wholesale dealers.

The transportation and other related costs were generally borne by the respective dealers. However, all the 3 dealers
of Mafatlal's had clarified that, while on their purchases from the wholesalers—i.e., in mill packed bales, they paid only the octroi duties, on their procurements from the semi-wholesalers, they had also to pay the transportation charges.

Usually they bought on a cash basis; though, in a few cases, they got credit for a period varying between 4 and 15 days. The NTC's dealers got delivery of the goods mostly by R.R.'s and documents through banks.

(b) Selling policies and practices

The price they charged depended upon the agreement. They could not sell above the prices fixed by the mills, which used to vary between 20% and 30% over the ex-mill price plus excise—for instance, 20% in case of the NTC dealers and 25% to 29% in case of the Mafatlal's dealers, depending upon the varieties.

Discounts were not allowed to their customers. They had to maintain Stock Registers; and, the dealers of Mafatlal's had reported that they had to communicate the sales they effected every day to the Group's office at Bombay.

The authorised dealers dealing in controlled cloth (mostly NTC's) procured and sold such varieties in accordance with the prescribed procedure and terms and conditions, as explained earlier.

The dealers of 'balty' mills had reported that they
helped the mills in stabilizing the prices of their fabrics by selling at prices prescribed by the latter. Their competitive existence served as a check on any attempts of the independent retailers in their localities to charge higher prices. In addition, their shops served as important media of advertising and popularizing the fabrics and the new introductions. They advertised the fabrics at their cost. For example, the cost of prices awarded by one such dealer to Ranji Trophy players in terms of Mafatlals pant pieces was born by him. Some dealers had reported that they get subsidies towards promotional expenses. During Diwali, most of the mills allowed discounts as promotion measures; Mafatlals did not have this policy. They also freed the mill managements from the botheration of making arrangements relating to the sale of goods to their shareholders on coupons in their respective regions.

3 of the dealers of Mafatlals had suggested, during the interviews, that the mills should make arrangements to deliver the goods in assorted bales at wholesale prices; for, they could not afford to buy packed bales of fancy items. And, it was not advisable to stock large quantities of fancy items owing to the danger of obsolescence.

The dealers representing the major groups including Sarabhais had reported that, many a time, they faced unhealthy competition from independent retailers. For instance, the
latter organised sales of popular varieties like 6666 poplin and Devdoot Sanoo at prices lower than those charged by them, even at a loss, and thereby created surreptitiously an environ that the mills' approved shops and the mills' practices were not in the interest of the public.

(III): Non-integrated, itinerant cloth retailers (Non-shop)

In the distribution process of fabrics, at the retail trade level, there existed a ubiquitous and yet least noticed group of non-shop merchants functioning as small scale channel components. On the basis of their operational characteristics, they could be grouped into: (1) Hawkers and Pedlars (Perias), (ii) Foot-path Vendors, (iii) Auctioneers.

They were non-shop retailers in the sense that they did not have any fixed premises for the conduct of business, for stocking their product assortments, for the owner sitting there during business hours and their customers visiting and remaining there till the transactions were completed. They travelled—either on foot or on/in a vehicle carrying the fabrics load with them from street to street and place to place in the urban centres. They also went places in the rural areas and sliced off a substantial share from the fabrics trade.
(1) Hawkers and Pedlars

These orthodox itinerant traders were found in almost all territories of the State. In cloth distribution, no matter how large or small the scale of their operations and their share in the total fabrics trade at the retail level, the utility attached to them by the cloth users was found to be really note-worthy.

The rural buyers did not adequately avail of the services of the shop retailers in their villages except for the purchase of some 'gamthi kapad' from some general merchandise retailers selling cloth in limited cases. This category had cropped up to serve, as much as possible, their demand for both 'gamthi' and variety fabrics, which could meet the tastes of the consumers belonging to the middle-income group and the weaker sections in society. The average annual sales were anywhere between Rs. 20000 and Rs. 30000/-. They were also found operating in the cities and towns. Their low operational costs could enable them to effect sales at prices lower than those charged by the fixed-location shop-keepers. Hence, a section of the society was always attached to them for its purchases.

Out of 14 such village hawkers who were interviewed, 8 were dealing in some 'chalu' varieties like dhoties, sarees of different types, chintz, patto, pant and bushshirt
pieces, blouse pieces, and sometimes readymade garments—mainly for children. 4 of them had stated that they dealt in a single line of fabrics only—sarees or blouse pieces or cutpieces for gents wears or non-wearables (chaddars). The remaining 2 were dealers in ready-made garments for children.

They procured fabrics from the semi-wholesalers and from the shop retail outlets, mostly on credit. The speciality hawkers, usually operating on non-price competition basis, obtained fair-looking fabrics unknown to the buyers, which could confuse the latter. This helped them weave more handsome margins than those earned by the dealers of 'chalu' varieties.

From among those contacted, 7 had reported that they regularly visited particular villages twice in a week. 5 of them used to travel extensively, visiting 4 or 5 villages a day. This certainly depended upon the distances to be covered, the areas of the villages, the availability of transportation facilities and the favourable season. 2 of them, moving with 'gatheri' (bundle) for more than a decade, had reported that they visited their customers' localities once in a fortnight. They had been able to establish their reputation for fair dealings.

My field-work disclosed that some hawkers did not visit
the same locality, after making some sales, for a considerable period as they followed the practice of unfair dealings with the customers.

A list of 14 hawkers in Kaira District covered for this study is presented in Table 6.4.

**Table 6.4**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name</th>
<th>Place</th>
<th>Area of operation No. of villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shri Abdulbhai Ismailbhai Vohra</td>
<td>Bakrol</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>Shri Bodhraj Panjabi</td>
<td>Sarbhan</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>Shri Chandubhai Bhagwandas Shah</td>
<td>Bhalej</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Shri Dinanchand Milapchand</td>
<td>Kunjra</td>
<td>6</td>
</tr>
<tr>
<td>5</td>
<td>Shri Ganibhai Umerbhai Vohra</td>
<td>Samarkha</td>
<td>9</td>
</tr>
<tr>
<td>6</td>
<td>Shri Jayantilal Gatulal Shah</td>
<td>Ureta</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>Shri Jagdishbhai Muljibhai Dhobi</td>
<td>Anand</td>
<td>14</td>
</tr>
<tr>
<td>8</td>
<td>Shri Hamjidas Batra</td>
<td>Anand</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>Shri Surendrakumar Pyarelal Panjabi</td>
<td>Nadiad</td>
<td>11</td>
</tr>
<tr>
<td>10</td>
<td>Shri Subhashchandra Ramsharma Batra</td>
<td>Anand</td>
<td>9</td>
</tr>
<tr>
<td>11</td>
<td>Shri Jayramdas Khurana</td>
<td>Anand</td>
<td>6</td>
</tr>
<tr>
<td>12</td>
<td>Shri Ramprakash Dua</td>
<td>Anand</td>
<td>7</td>
</tr>
<tr>
<td>13</td>
<td>Shri Kantilal Ambalal Shah</td>
<td>Vaso</td>
<td>8</td>
</tr>
<tr>
<td>14</td>
<td>Shri Melabhai (Laxmi cloth Storeswala)</td>
<td>Vallabhb</td>
<td>6</td>
</tr>
</tbody>
</table>

(11) Foot-path Vendors

These fabrics retailers were commonly found in the areas.
frequented by large numbers of pedestrians. They kept all their product assortments displayed before the passers by. They were itinerant in the sense that they changed their places very often, depending upon the availability of space and people. They also made use of the front side of the shop retailers, when the shop-keepers observed holiday as per the Shops and Establishments Act, and were found paying fixed rent to the shop-owners for the purpose.

Some of them dealing in fancy fabrics were found attracting the customers by shouting in patented idioms and making attracting gestures in the main thorough fares of the big cities. They usually disposed of the items even with small margins. In fact, quicker turnover accompanied by their low operational costs helped them sell their goods at prices much below those charged by the shop-keepers, who had to bear the brunt of big overheads.

Some of them were also found dealing in imported cloth or Indian cloth in the name of imported cloth. But this type of selling was extremely irregular.

(iii) Auctioneers

A third form of the itinerant cloth retailer—commonly referred to as auctioneer—was also observed in the big cities and towns. Their method of doing business differed from that of the other retailers. They dealt mainly in pant and bush—
shirt pieces, often of unusual nature. The unique feature of these retailers was their technique of competitive bidding.

The most popular historical technique of auction adopted in our country was that of starting the bid at a low price and effecting a sale to the highest bidder. But these dealers used a different method for wider participation. They usually awarded a cash prize of Rs. 2 to 10 to the highest bidder for a piece in case they did not find the offer remunerative. After 3 or 4 such awards, they offered some other piece for bidding, took advantage of the psychology of the group for raising the price and dumped it upon the highest bidder when the limit of the high margin they had mentally fixed got crossed.

In fact, in order to effect such deceptive sales, they retained accomplices, who acted as bidders (unknown to the crowd), to whom the cash prizes were awarded and who tried to push up the prices, artificially. Such unscrupulous non-shop retailers were also discovered during the field-work.

Some malpractices

They took undue advantage of illiteracy of the mass of the rural buyers by misrepresenting the facts about the fabrics they dealt in. For example: (1) Some ordinary good-looking varieties were sold in the name of man-made fibre
fabrics. (2) They were negotiating the sale on a metre basis and delivered the material by yards. (3) Some Sindhi hawkers were effecting sales in agricultural off season on credit, mostly to rural buyers. The amounts were usually collected by them at the time of harvesting with exorbitant rates of interest. It was usurious money-lending, so to speak.

Observations

Though the itinerant retailers brought extra trade to the independent retailers, over 26% of the respondents in the city had reported that they were facing unfair competition from these traders as they could sell below the prices prevailing in the market. Theyretailed on cash basis which further put them in an advantageous position.

They were criticised by the cooperatives in the villages, too.

In the cities and the towns, they created a congestion, interfered with the free movements of the pedestrian traffic and impeded the parking arrangements for cycles, mopeds and other vehicles. Since the proclamation of emergency and the tightening of traffic and other regulations, they were losing ground.

3 of the hawkers had stated that increase in travelling expenses had reduced their margins, as the former were a constituent of the selling prices.
A shift in the product assortments of village hawkers was also noticed. In some villages, the cooperatives made available the coarse varieties. The hawkers, then, had to shift to dealing in fancy items.

The consumers had been steadily becoming more and more choosy, and bought fabrics after comparing their quality, price, etc. The hawkers could not provide this opportunity.

11 of those interviewed had reported that they were steadily losing their business. Initially, some semi-wholesale and retailers had extended long range credit to them. Later, they had started changing the interest on such purchases.

Except the municipal octroi, they were not governed by any other legislation, though some of the Government steps like the sealing down of rural debts did indirectly adversely influence their business.

The trend towards buying cheaper readymade garments among the village people had also adversely affected their sales and/or profits.

SECTION II

(I) Integrated mills' own retail shops (shop retailers)

The retail shops owned and operated by the mills constituted another segment of the retail trade level. Some
of the mills which followed this policy of selling directly to the ultimate consumers have already been examined in Chapter 3. To recapitulate in brief: these retail shops were usually owned by the reputed mills/mill managements engaged in producing diversified lines of fabrics and possessing sound financial position. (A few mills, which had not acquired this status, had opened such shops—for the benefit primarily of their employees—at their mills' premises only.) In the markets, there were shops also owned by the mills located outside Gujarat.

They were found mostly in cities and towns, viz., Ahmedabad, Vadodara, Surat, Navsari, Rajkot, Bhavnagar, Viramgam, Petlad, etc. Ahmedabad alone accounted for over 80% of such shops located at the mills' premises, in some shopping centres and on the main roads.

(i) Shop appearance – superficial features

6 of the mills' shops were visited to study them from different angles. 5 of the shops-in-charge had reported that the customers no longer endured blowzy buildings and dowdy display; instead, the city customers loved clean & modern premises, attractive window display, proper illumination, a skilfully developed & convenient layout, adequate circulation of fresh and temperature-conditioned air. Hence, they had sophisticated premises with visibility through
backless windows that helped create the image of the fabrics and the mills. The Sarabhais' Calico geodesic Dome and a few other shops as well as one of the Lalbhai mills' shops were the living examples in Ahmedabad.

(ii) Working

Like the wholesale and the semi-wholesale depots of the mills, these shops were also found functioning under the direct control of sales personnel—executives assisted by shop supervisors, sales boys and sales girls and 2 to 3 persons for maintaining the books of accounts, preparing bills, etc., depending upon the size of their businesses. These shops' operations were audited by their mills with a view to establishing control over their functioning. For instance, 3 of the Calico mills' shops had reported that their books of accounts, physical inventories, etc. were audited 3 to 4 times in a year by their Central Audit Department.

These were, in a way, exclusive stockists — obtaining fabrics as per their requirements from their mills. Their product assortments included the latest varieties of fabrics of considerably long range. Hence, they could be compared to the general line retailers.

They effected sales in accordance with the prices and the other terms and conditions as decided upon by their mills.
All the 7 shops-in-charge had stated that they were not interested in entering in any competition with the local or outstation independent outlets, unless for regulation and control of their unworthy operations. They had further added that they used to distribute their fabrics at the prices normally charged at the retail level. Yes, they made sales to their mills' shareholders at a discount ranging from 10% to 12½% and awarded fixed discounts to their customers during some festivals, etc. principally for the purpose of advertising and propaganda.

(iii) Observations

The mills' retail organisations were of immense value to their creators. They were operating very near the consuming public and, hence, they were in a better position to detect and forecast the fashions and price trends and other characteristics of the consumer demand more exactly. The directness of their relationship with the mills' marketing divisions enabled them to communicate the factual information, generally uncooked, promptly to the mills, which helped the latter in their efforts at timely coordination of manufacturing and marketing activities.

Many a time, these shops served as price setters. They made known to the public the prices of some popular fabrics. This put a check on and discouraged the price war practices.
pursued by some independent retailers, which injured the prestige of the reputed mills.

I could notice mixed feelings about the mills' shops among the independent retailers. A section of the retailers had expressed that the existence of the sophisticated mills' shops and their intensive promotional measures created a fabrics demand, the benefit of which indirectly percolated to all the retailers. Others, however, criticised them on the ground that they made their business less remunerative.

It was stated repeatedly by these shops executives that they sold fabrics at the stipulated prices, meaning, at reasonable prices. But my field-work showed that in spite of the elimination of intermediaries between the mills and the retail trade level components, the prices charged by these shops were more or less the same; and, in not a few cases, they were found to be even higher than those charged by the other retail outlets. Thus, not even a part of the middlemen's margins were transferred to the consumer-buyers.

Occasionally it was noticed that certain varieties available at the mills' shops were not found with the retailers in the market. This tactic coupled with the advantages of surety of goods and fresh stocks induced people generally belonging to the upper strata to frequent these shops as customers.
The consumers' cooperative stores were retail establishments located in all the districts of Gujarat. These were organisations owned and operated by the members for the economic procurement and distribution of goods primarily for their own benefit, though sales were open to outsiders also.

These establishments were initially the outcome of certain unfair practices of the private intermediaries. In course of time, they assumed a dominant role in the distribution of essential commodities to the consuming public in retail quantities, at reasonable prices, in the country.

Cotton textiles, being one of the essential commodities, formed the product assortments of a large number of these units. In fact, the conditions of scarcity and the resultant statutory controls on distribution of fabrics were responsible for the wide interference and involvement of these establishments in the distribution of textiles.

In Gujarat, numerous cooperative organisations dealt in cotton fabrics — of controlled and/or non-controlled varieties. (A licence to deal in controlled cloth had to be obtained from the Collector of the particular district.)

Generally, the cooperatives obtained fabrics in assorted bales and/or in loose form and delivered them to their
customers — members and non-members. Owing to these operational features, they have been examined here as cloth retailers.

(ii) Historical development

Cooperation in its generic sense is not a product of any land. There are traces of cooperative action in all periods of our civilization, right from the Vedas, when our rishis hymned: "Samani Va akutih, samani hradayani Vah; Samanam astu vo mano yatha vah susahasati." (Let your resolve be one, let your hearts be of one accord, let your minds be united that your assembly may be happy.)*

The modern consumers' cooperative movement dates as far back as 1844, when a small group of 28 flannelled weavers had started a store of their own called the 'Rochdale Equitable Pioneers Society' in Toad Lane, Rochdale, near Manchester in England. These pioneers had included sale of clothing to the members as one of the objects of the store.

In India, The Cooperative Societies Act, 1904, did not provide for the organisation of consumers cooperatives. This lacuna was removed when the Cooperatives Societies Act, 1912, was passed. But, even prior to that, the seeds of the

consumers movement were shown by The Triplicane Urban Cooperative Society (TUCS). TUCS was India's Rochdale store - the first, foremost and the only cooperative with an unbroken history of progress. The conditions created by the two World Wars presented further stimulus to the growth of the movement.

Gujarat has been a leading State in this regard, for decades. Table 6.5 presents the annual data about these retail outlets in the State, for the past few years until 1973-74.

Table 6.5

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of stores</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969-70</td>
<td>488</td>
<td>89</td>
</tr>
<tr>
<td>1966-67</td>
<td>1,066</td>
<td>225</td>
</tr>
<tr>
<td>1967-68</td>
<td>1,067</td>
<td>231</td>
</tr>
<tr>
<td>1968-69</td>
<td>998</td>
<td>202</td>
</tr>
<tr>
<td>1969-70</td>
<td>937</td>
<td>197</td>
</tr>
<tr>
<td>1970-71</td>
<td>874</td>
<td>130</td>
</tr>
<tr>
<td>1971-72</td>
<td>796</td>
<td>183</td>
</tr>
<tr>
<td>1972-73</td>
<td>798</td>
<td>186</td>
</tr>
<tr>
<td>1973-74</td>
<td>885</td>
<td>219</td>
</tr>
</tbody>
</table>


( The Gujarat State Cooperative Union, Ahmedabad, Progress of Cooperative Movement in Gujarat, 1975, (p.17).)
Taking into consideration the legislative protection given to them by the Government in the distribution of fabrics, well over 60% could be estimated as dealing in cotton textiles.

(iii) Regional distribution of Consumers' Cooperative Stores

Locationaly, the 885 CCSs (in 1973-74) were spread over all the 19 districts of the State. Table 6.6 exhibits their districtwise distribution as in that year.

The Table shows that over 42% of the CCSs were located at Ahmedabad. While consumer concentrations do provide a special advantage to such cooperatives in the cities, as retail outlets, they must serve the populations in the rural areas to a greater extent if they want to operate fruitfully in accordance with the cooperative enterprise goals.

(iv) Location

They generally dealt in controlled and rationed articles and, at times, in non-controlled items. Therefore, their locations were governed by the consumer population pockets. While the other factors were not of great importance, for being successful as cloth dealers, they had to prefer locations near the market centres. Out of the 17 CCSs

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* Basis: Discussions with the Government officials in the office of the Registrar, Cooperative Societies, Ahmedabad.
Table 6.6

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Districts</th>
<th>No. of stores</th>
<th>Total</th>
<th>Dormant</th>
<th>No. of Branches</th>
<th>Membership</th>
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<tbody>
<tr>
<td>1</td>
<td>Ahmedabad City &amp; Rural</td>
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<td>90</td>
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<td>23</td>
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<tr>
<td>2</td>
<td>Banaskantha</td>
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<tr>
<td>3</td>
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<td>3</td>
<td></td>
<td></td>
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<tr>
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<td>Kheda</td>
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<td></td>
<td>6</td>
<td></td>
<td>35910</td>
</tr>
<tr>
<td>5</td>
<td>Mehsana</td>
<td>66</td>
<td>10</td>
<td></td>
<td></td>
<td>15258</td>
</tr>
<tr>
<td>6</td>
<td>Sabarkantha</td>
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<td></td>
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<tr>
<td>7</td>
<td>Vadodara</td>
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<td>Valsad</td>
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<td>10</td>
<td>The Dangs</td>
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<td></td>
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<td>475</td>
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<td>Panch Mahals</td>
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<td></td>
<td>12</td>
<td>5528</td>
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<td></td>
<td>2283</td>
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<td>Rajkot</td>
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<td>4</td>
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<td>Surendranagar</td>
<td>16</td>
<td>4</td>
<td></td>
<td></td>
<td>1650</td>
</tr>
</tbody>
</table>

Total 885 149 70 218655

visited, 9 were operating in non-shopping areas, and their locations could be described as 'poor'. 3 of them had

reported that they had to pay a high premium (paghdi) of between Rs.1,000 and Rs.1,500 to be in the market centres.

(v) Capital requirements and sources

Like the upper level cooperative establishments, they needed finance to buy controlled commodities on cash basis and raised funds by (i) issuing shares to individuals, (ii) receiving deposits, (iii) raising loans, (iv) obtaining donations, (v) receiving entrance fees, and (vi) issuing shares to the Government. Only 6 of the units had reported that they had received funds from the Government. They generally borrowed funds from the Central Cooperative Bank as per their requirements from time to time.

(vi) Product assortments - General merchandise CCG

These stores dealt mainly in controlled varieties. But, frequently, the margins on such items were too small. Hence, with a view to making the stores economically viable, some of them added the non-controlled articles to their lines. This helped them in providing a wider choice to their customers, and also in reducing their sole dependence on controlled merchandise. Generally foodgrains, groundnut oil, vanaspati, sugar, chemical fertilizers, provisions, fabrics—controlled and non-controlled, etc. formed their product assortments. Over 56% of the units studied had stated that more than 70% of the goods handled by them were
controlled commodities. Since the introduction of statutory control on distribution of cotton textiles, increased number of such stores had added cotton textiles to their product assortments. It should be noted here that some members of the managing committees of these organisations had expressed that trading in cloth was a specialised job, presented numerous difficulties and could be more successfully undertaken by separate/independent cooperative stores.

**General line CCS**

In Gujurati, there did exist CCSs that handled only cotton textiles - mill made, powerlooms and handlooms. They dealt in controlled and/or non-controlled cloth; and kept different varieties of fabrics like dhoties - grey and bleached, sarees, long cloth, shirtings, poplins, chintz, patto, madarpat and some unwearables—mostly from handlooms.

Most of them had reported that their product assortments decisions were governed by socio-economic environ of their respective areas of operation, composition & character of the consumer populations, and their dress patterns. But, my field-work revealed that the consuming public entertained mixed feelings about the cloth varieties they kept.

In so far as the controlled fabrics were concerned, there was no question of considering the qualities of fabrics that were standardised. In the case of the non-controlled
items, barring a few, the city cooperatives made some efforts in offering quality fabrics. But, my field-work disclosed that many of them were yet not responsive to the higher and more varied expectations of today's cloth buyers, where individual tastes were decisive.

To evaluate the popularity of these stores, a group of 30 college-going youngsters at Ahmedabad was interviewed. 23 of them were unwilling to buy from these stores on the ground that the varieties and the qualities offered were not stylish or smart enough. However, in both urban and rural areas, there existed segments of the markets—consisting mainly of the working classes—that considered these outlets as important sources for their cloth requirements. Yes, the constantly interacting forces did influence their cloth demand. In all cases, however, 'non-traditional' fabrics assortments were a prerequisite for the successful operation of these stores.

Operating a speciality retail outlet needed constant and consistent managerial efforts where decisions as to the variety and the quality of fabrics had to be taken quite often. That these democratically managed organisations generally lacked this was a vital constraint to their viability and expansion.
(vii) Size characteristics

(a) Membership

The membership of the cooperatives was open to individuals. Table 6.6 shows that there were 2,18,655 members associated with 886 such stores in 1973-74. The membership per unit varied from unit to unit. For example, the only CCS in the Dangs—having cloth as the component of their product assortments—had 475 members, whereas some employees' CCSs such as The New Shorrock Mills Cooperative Consumers' Society Ltd., Nadiad and The Railway Employees Cooperative Consumers' Society Ltd., Anand, (both dealing in cloth also), had 2616* and 3929** members respectively.

(b) Horizontal-vertical expansion

In Gujarat, not a single CCS had a department store in 1973-74. Table 6.6 shows that out of 886 such stores spread over all the districts, 653 stores located in Ahmedabad, Kheda, Bharuch, Panch Mahals, Amreli, Bhavnagar, Jamnagar, Junagarh, Kutch, and Rajkot districts had, in all, 70 branches. 6 of such horizontally expanded establishments had reported that they had created their branches chiefly to sell cotton

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fabrics and 3 of them were running general merchandise branches that sold cotton textiles as well.

(c) Sales turnover

Out of the 17 of CCSs studied, 7 had reported that the share of the sales of cotton fabrics in the gross sales had varied between 20% and 25%. In some cases like that of The New Shorrock Cooperative Consumers' Society Ltd., Nadiad, it was found to be over 30%.

(d) Employees

The number of employees depended on the size of the stores. In an average size store, a Manager, an Assistant Manager, a Salesman-cum-cashier or a salesman and a cashier, a 'Tolat' (weighman) constituted the organisational structure with regard to the paid staff.

(viii) Internal Management

The size, composition and character of managerial bodies that acted as plural executives were indicative of the level of efficiency in any sector unit.

Like other cooperative organisations, the CCSs too, were managed by the Managing Committees or Managing Boards which were constitutionally accountable to the General Bodies consisting of all members. In many of the cooperatives, Committees such as Staff Committee, Supervisory Committee and
Purchase Committee consisting of 2 to 5 members were also found performing various delegated functions. Certainly, it was the Secretary who was the key man virtually responsible for all activities in every store.

The managerial efficiency of such outlets ranged from the excellent to the deplorable. While, as these organisations were wedded to the social good of the masses, their efficiency should not be judged solely by their trading results, a quality management was a must, particularly, in the fabrics trade which needed great care owing to the special needs and risks involved therein.

(ix) Operational Analysis

The cooperatives dealing in controlled cloth had to follow a prescribed procedure for obtaining as also for selling it to the ultimate consumers. For non-controlled varieties, the methods of doing business were generally governed by their own policy decisions.

(a) Purchase and sale policies and practices --Controlled cloth

The CCSs dealing in controlled cloth had reported that they obtained fabrics from the Government nominated upper level organisations: CCSs and other authorised dealers—in both the public and the private sectors—in their respective regions. They bought in quantities as per their requirements,
mostly in assorted bales. The size of the buying unit and the availability of the controlled cloth were the chief determinants. Occasionally when there was an accumulation of stocks of these fabrics, they made the purchases in mill packed bales.

'Cash payment' was one of the main terms of their transactions. The question of negotiating prices, discounts and other terms of transactions did not arise as there existed prescribed formulae for buying and selling such varieties.

They purchased these fabrics at ex-mill plus 20% plus excise, and enjoyed a 10% deduction on the ex-mill price that formed their gross margin.

They had to bear all the expenses relating to the physical transfer of the goods from the suppliers to their respective destinations.

They, in turn, sold these fabrics to the ultimate customers—members and non-members—at prescribed prices. They had to sell these goods only on 'cash basis', as per the policy of the Government communicated to them from time to time through the District Collector and/or the concerned administrative machinery. For instance, from 1-5-1974 onwards, these fabrics were sold against the foodgrain cards in prescribed quantities—one pair of dhoti or one pair of
saree or 10 metres of other varieties—once in two months. However, during the periods of accumulation of the stocks of controlled cloth, they could effect the sales without the production of cards.

These stores displayed prominently, as per the Scheme, a board reading 'controlled cloth is sold here' at their shops.

(b) Purchase and sale policies
--Non-controlled cloth

Those which dealt in non-controlled cloth followed the purchase procedure that suited to their organisations. No uniformity prevailed as regards the procurement of non-controlled varieties. The sources from which they bought such cloth depended upon the categories of cloth to be purchased, the prices and the other conditions of the transactions.

4 of those contacted had stated that they bought from CCOs as also from the private sector intermediaries. They paid cash for their purchases from the cooperative organisations.

9 of them had reported that they preferred to buy from the private intermediaries—mostly semi-wholesalers—as the latter extended credit to them for a period varying between 30 and 45 days, which supplemented their working capital and
augmented their buying capacity. 2 of them had reported that they normally made cash payments even while buying from the private establishments.

The prices they paid were found varying between 15% and 19% over the ex-mill prices (plus excise). They, sometimes, got the benefit of discount between 1% and 2%.

They sold the goods to both members and non-members, usually on a per metre basis that could enable them to earn 12% to 14% over the invoice prices. They usually effected sale on 'cash basis'. Some employees of the CCSs had stated that they did extend credit to their members.

(x) Some problems

The lack of adequate finance was a major hurdle they faced when they dealt simultaneously in cotton fabrics along with other goods. (Inadequate finance did not permit them to obtain the benefits of buying in bulk.) They also suffered through delayed decisions; for, trading in cloth required relatively quick managerial decisions at the time of buying as also selling.

6 of such CCSs contacted had reported that, at times, they did not get the controlled cloth, particularly, during the periods of shortages. In such situations, relatively bigger units and these having their 'say' or influence with the authorised suppliers level got a preferential treatment.
Much heart-burning among the members ensued.

Some of them had reported that, owing to improper storage facilities, the chances of pilferage and shortages were greater in their cases, which reduced their earnings to a considerable extent.

A majority of them were critical of their members' disloyalty to their own organisations.

(xi) Observations

My field-work showed that some of the stores were ponderous and operating indigenously with no or little display of fabrics. In certain regions, they carried an image among the people that they were the shops only for the weaker sections of the society. (And, this was true in certain cases.) They, therefore, should try to improve the conditions so as to improve their image as also to enable the shoppers to buy in the most congenial atmosphere.

Prices charged by them were found relatively lower than those of the private intermediaries in certain varieties. But they could satisfy the enterprise goals only when they operated economically. This depended upon the purchasing efficiency which was sine qua non for their success. Actually, an attitudinal change was needed in their managements. They should try to take advantages of bulk buying through CCQS, even if it be limited to some 'chalu' and plane
varieties of fabrics.

The purchase committees had an important role to play. But, in most of the cases, the members did not find time to devote adequate attention to the problems of the cooperatives concerned as the work was 'honorary'.

Some of the organisations were found to be managed unscientifically. In cloth business, a little of inefficiency would generate substantial losses, it also needed persons with technical/marketing know-how and experience, who could interpret and foresee the demand for fabrics.

The success of the stores depended not only upon the efficiency of their personnel and the decision-makers but also upon their honesty and integrity. Misappropriation of funds and such other incidences certainly shook the framework of the organisation. Proper accounting, control and coordination were the pillars of these establishments.

In some of the village-CCSs mostly in the backward regions like Bharuch, Valsad, some sections of Surat district and the Panch Mahals, persons with inadequate background and education were found at the top level. This sort of leadership might help satisfy the ego of some political leaders but it would be at the cost of the growth of the organisation.

It was noticed that some of the CCSs which were depending more on the distribution of foodgrains (controlled) and such
other items had lately started facing problems, mainly because of the fall in the price levels of foodgrains in the open market; for, in certain cases, the prices charged by these organisations as per the prescribed formula were found higher than those prevailing in the open market. Consequently, people preferred to buy their needs from the private intermediaries. In such situations, addition of fabrics to their product assortments or concentrating more on the distribution of fabrics, if already dealt in, would help their continued economic viability. Verily, the treatment to be given to the customers was of vital importance; for, the cooperatives also transacted business with the customers on behalf of the mills. Therefore, like the private retailers, the image of these organisations, too, had to be one of courteous behaviour towards their customers.

(III): Integrated and non-integrated Department Stores

The Cotton Fabrics Department was considered to be one of the important sections in the Department Stores functioning in Gujarat. These Department Stores were large retail institutions in the sense that they were engaged in retailing. (However, some of them like 'Apna Basar's used to perform both the wholesaling and the retailing functions, simultaneously.)
These organisations were handling a wide variety of merchandise under one roof, and each Department was comparable to a shop put in the closest proximity of others under the same management. They were primarily a product of urban areas and their successful operations depended to a large measure on the mass patronage of well-to-do and busy working families with considerable disposable income, desirous of shopping all the goods they needed from one premises, as far as possible. The Cotton Fabrics Department, thus, got the benefit of the visits of the customers to other Departments, as it contributed its own mite to the clientele of the latter. It also reaped the benefits of the business prestige of the management, of the services of specialist buyers, bulk buying, common advertising, publicity and promotional efforts, financing, etc.

The Department Stores, which had originated as independently owned organisations, were managed by either individuals, partnerships, or corporate bodies. In Gujarat, there existed both independently owned and integrated (cooperative sector) Department Stores with a special department dealing in cotton textiles.

(a) Independent Department Stores (Non-integrated)

In Gujarat, the independent department stores were either sole proprietary concerns or partnership firms. They
could be regarded as general merchandise retail outlets selling varieties of unrelated items including cotton textiles. They were localised in big cities and towns. Their methods of doing business depended upon the types, the varieties and of the merchandise handled. They usually obtained fabrics from the wholesalers and the semi-wholesale-salers—depending upon the order quantities, and sold them to the ultimate consumers as per their pricing policies. My field-work showed that the prices of the cotton textiles charged by these small independently owned department stores were relatively higher than those of the independent retail outlets.

(b) Cooperative Sector Department Stores (Integrated)

In Gujarat, there were some stores in the cooperative sector popularly known as 'Apna Bazar' or 'Janta Bazar' or 'Super Bazar'. They were created for supplying essential commodities to the masses at reasonable prices. Separate cloth departments were invariably found in such stores along with those for Provisions, Medicines, Foodgrains, Utensils, Cutlery, Electricals, Stationery, Crockery, Plastic goods, Footwear, Furniture, Eggs, Sugar (wholesale), Gas, Tailoring, etc.

In so far as cotton textiles were concerned, my study
of The Ahmedabad Cooperative Department Stores Ltd. — "Apna Bazar", the biggest stores Gujarat could boast of—showed that the varieties of the cloth kept by them were of latest designs and fashions that attracted the higher income groups, who could afford to go in for elegant styles, and the fashionable other choosy individuals.

(i) Working

"Apna Bazar" had started dealing in cloth from the very first year of its establishment. It obtained fabrics directly from the mills, through their appointed agents, through the Federation (GSCCF) and from the private intermediaries. The prices it paid depended upon the sources of supplies. But on an average, as reported, it bought at 5 to 6% over the ex-mill price plus excise. It had, frequently, to pay more than this while buying from the semi-wholesalers. It bought both on credit and for cash. But, sales to their ultimate customers were made invariably on cash basis at prices that could yield margins (gross) of 15% to 19% on the purchase prices of different varieties.

The other Department Stores also operated in the same manner, with some differences in their methods of doing business and their sources of supplies. Apna Bazar and most

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* It had started functioning on 30 December, 1966, in premises with a floorspace of 27,000 sq.ft.

° Based on discussions with the Incharge, Cloth Section, Apna Bazar, Ahmedabad.
of the (Cooperative) Department Stores were mostly organised by CCCS. (Their operational analysis, managerial aspects, etc. have already been presented earlier in Chapter 5.)

(ii) Observations

Though these organisations performed the functions similar to those of the independent retail outlets, the job of managing such complex units was a highly technical one. Their successful operation largely depended upon devising better merchandising strategy and efficient performance of other non-selling functions like planning, organising, staffing, accounts-keeping, transportation, warehousing, inventory control, advertising & display, salesmanship, coordination and control. I consider these to be a great challenge to the cooperative sector organisations and their top level plural executives. Their enterprise objectives were altogether different than those of the private intermediaries and, still, they had not established themselves as important channel components for fabrics distribution. Stores like Apna Bazar, Ahmedabad, certainly attracted persons. But, all those who visited it were not customers; for some, it was no more than a tourist centre or merchandise museum.

In fact, these department stores including non-integrated (independent) stores, could—owing to their scale of
operations—act as the price setters, particularly in the field of fabrics, by buying directly from the sources, and could play important role also in some of the semi-urban areas. It must not be forgotten that they could make the common man a customer of their fabrics and other items only when they devised their product line strategy that was in consonance with their demand structure.

(IV): Other retailers

(a) Seva Sahakari Mandlis (SSM)

In Gujarat, there existed hundred of Seva Sahakari Mandlis at the village levels in all the districts. A few of them functioning in big villages dealt in controlled cloth and/or non-controlled cloth. Like the consumers' cooperative stores, these SSMs also obtained licence to deal in controlled varieties from the concerned district authorities of the State Government. Their method of working resembled to consumers' cooperative stores.

(b) Home-cum-retail outlets

In Gujarat, a few families were found selling cloth from domestic establishments; for instance, Sarvashri Mulak Bhatia, and Shantilal Satija both at Anand. Some of them were salary-earners, who undertook cloth retailing to supplement their monthly incomes. In Ahmedabad, some persons working in the mills' offices or in the cloth merchants' firms conducted the
business of selling fabrics in the names of their family members. At other places, the persons engaged in retailing cloth generally obtained fabrics such as cut-pieces, fancy varieties, readymade garments, sarees from the central markets (Ahmedabad). The wives of school, college and university employees, too, carried on such business; they were scattered all over the State, though sparsely.

(c) Mobile shops

Though hawkers took rounds to visit even the interior parts of Gujarat, a few mobile shops owned by either the local authorities or the private trade were found distributing essential commodities including cotton textiles among the rural public. This was the case in the Dangs district.