

1.1. Title of the research study:

“An Analytical Study of the Position of Wholesale Cloth Business in Maharashtra during the period 2000 – 2008”

1.2. Background of the research study:

Food, Clothing and Shelter are the basic necessities of every human being in the world. Food and Shelter are the primary need whereas Clothing is the secondary need of a human being. Man is the latest version of animal. He is a rational animal. The nature awarded human being, a tiny but important part of body called as brain. With the use of brain man developed his thinking capacity. By using this power of brain man satisfied his unending wants. Wants are unlimited. When one want gets satisfied another one arises.

There are two types of wants of every human being i.e., Primary and Essential, Secondary and Others. Primary and Essential wants are inherent i.e., food and shelter. Secondary and other wants are supporting to the primary and essential wants i.e., cloth.

The crown and glory of every human being is character. Character depends upon certain things like education, behaviour and appearance. Appearance is one of the important elements for every human being. No

one can be perfectly judged by outward appearance only. But one should keep in mind that appearance is the basic thing that creates the first impression. Appearance includes personality and wearing appeal. Wearing appeal depends upon the position and choice of the person. The choice of clothing makes every human being different from each other and enhances their personality and appearance.

Every person works to earn something to satisfy the needs of his family. In order to earn money he either works for someone or he does some business of his own. Human activity can be divided into two parts namely Non Economic activity and Economic activity. Non economic activities are related to love and duty which are not related with earning of money. On the other hand Economic activities are performed with the objective of earning profit. Economic activities are Employment, Profession and Business.

Employment is an occupation where a person works under contract with his employer for monetary benefits. Profession is an occupation which is carried out for monetary benefits by qualified and specialized people having skill and expertise knowledge, e.g., Doctors, Chartered Accountants, Advocates etc. Business is undertaken solely with the motive of earning profit. It includes Industry and commerce. Industry is concerned with Production of goods and services whereas Commerce

includes Trade and aids to trade and is basically concerned with distribution of goods and services.

Trade is an important organ of commerce. Trade is broadly classified into International trade and Home trade. International trade includes import, export and entre-port trade. Home trade is further classified into wholesale trade and retail trade. Aids to trade plays an important role in the operation of trade without which trade would become a very complex and difficult activity. Aids to trade includes banking, insurance, transport, advertising, mercantile agents and warehousing.

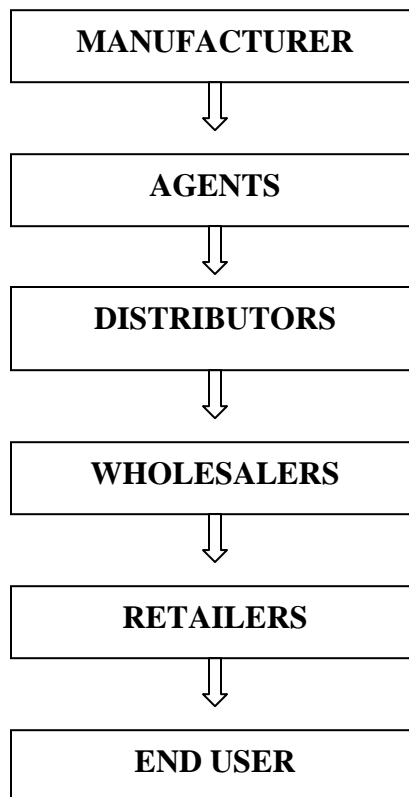
Commercial activities are not possible if there is no production. On the other hand, industry cannot succeed if goods are not sold. Therefore, industry and commerce are interdependent. Buying and selling of goods is known as trade which provides the necessary support to industry and maintains a smooth flow of commerce. Aids to trade provide the necessary mechanism to sustain and develop trade. Therefore, from the above, it can be concluded that trade, commerce and industry are interdependent and are very closely related to each other.

Distribution is a vital successor for any manufacturing activity. Rather we can conclude that without distribution channels the manufacturing industry cannot flourish. Here, the textile industry and the channels involved in distribution of cloth are considered for the study. If the

manufacturer decides to sell the cloth directly to the end user it will be a tough task for him. For smooth selling of cloth the manufacturer depends on different persons called as intermediaries or middlemen like Agent, Distributor, Wholesaler and Retailer. Such intermediaries are part of the chain of distribution of cloth. This study concentrates on one such intermediary known as the Cloth Wholesaler. The following chart no.1.1 will show the Channels of distribution of cloth.

Chart no.1.1

CHANNELS OF DISTRIBUTION OF CLOTH



1.3. Rationale of the research study:

Before taking teaching as a career, the researcher used to help his father with his business of wholesale cloth trading. The researcher's father has been running this business for the last forty years in Pune. While helping his father, the researcher used to discuss the conditions of wholesale cloth business and cloth markets with his father. During these discussions one thing which always came up was that the role of wholesale cloth business was reducing in the chain of distribution of cloth business.

The researcher also observed that many cloth wholesalers in Pune city had switched over to other businesses. Many cloth wholesalers had started their own retail outlets and chain of distribution of cloth was changing. This was when the researcher started thinking more and more about exploring the topic further. The experience and interest in wholesale cloth business motivated the researcher to study the position of wholesale cloth business in Maharashtra in detail.

Any product, which is produced, should be sold. Cloth also comes under the same category. For such system of sale, manufacturers require middlemen, since it would not be physically possible for the manufacturer to search for a market for his products because it involves more time and money. Cloth business is also based on the same

structure as the business. The researcher has observed that there is a change in the structure of cloth business through elimination of the middlemen.

1.3.1. Statement of problem

The cloth manufactured by the cloth manufacturing units i.e. mills or power looms or handlooms, are sold through various distribution channels i.e., through Agent - Dealer - Wholesaler - Semi wholesaler - Retailer - End user. Now-a-days there is a change in the structure of distribution of cloth business through elimination of the middlemen i.e.

- From cloth manufacturers to cloth end users or ultimate consumers (through their own retail outlets). (or)
- From cloth manufacturers to cloth retail shops directly by avoiding middlemen i.e. cloth wholesalers

This new trend has brought a change in minimizing the role of cloth agents, cloth wholesalers and cloth semi wholesalers. The research study concentrates on:

1. Overall basic structure of cloth business in Maharashtra.
2. Changes in the basic structure of cloth business in Maharashtra.
3. Comparative study of Basic structure with the new structure i.e. structure with and without the presence of the cloth wholesaler as a middleman.

4. Advantages and drawbacks of involving the cloth wholesaler as a middleman in the chain of cloth business.
5. Advantages and drawbacks of eliminating the cloth wholesaler as a middleman from the chain of cloth business.
6. Scope for employment in the wholesale cloth business.
7. Problems faced by the wholesale cloth business.

The researcher would judge the change in the structure of the cloth business and position of the wholesalers in the cloth business in Maharashtra for the period 2000 - 2008.

1.4. Objectives of the research study:

The objectives of the research study of wholesale cloth traders in Maharashtra are summarized as follows:

1. To observe the overall system of distribution of cloth in Maharashtra.
2. To ascertain the employment opportunities available in the wholesale cloth business in Maharashtra.
3. To know the importance of cloth wholesaler as a middleman in the chain of cloth business in Maharashtra.
4. To study the problems faced by the wholesale cloth business in Maharashtra.

1.5. Hypothesis of the research study:

The hypothesis is based on the rationale and objectives of the research study. The hypothesis is, “The wholesale cloth business in Maharashtra is facing numerous problems. Unless they are resolved the future of wholesale cloth business is in dark”.

1.6. Research methodology:

Any research depends upon its methodology. Appropriate methodology can give maximum perfection to any research study. Any research study is the outcome of data collected through different sources. Two types of data has been collected, studied and analyzed:

- **Primary Data**: This was collected or obtained through questionnaire, interviews and formal and informal discussions.

- **Secondary Data**: This was collected from News papers, Books and Periodicals, Journals, Magazines and some information from the Internet.

Such collected data is statistically analyzed using percentage analysis and time series trend analysis and conclusions are arrived at, whether the hypothesis is proved or not.

1.6.1. Collection of data:

This study is related to wholesale cloth traders. The study is restricted to the state of Maharashtra. In Maharashtra six cities were selected for the study, the reason being manufacturing of cloth is done mostly in and around these cities. The cities are Mumbai, Pune, Solapur, Nagpur, Ichalkarnji and Yeola (Nashik).

The procedure used for collection of data is as follows.

1. Primarily the existence of wholesale cloth associations in the above mentioned six cities was not known.
2. The researcher searched for information about the wholesale cloth associations in working, in the above mentioned six cities.
3. If in any city, the wholesale cloth association is not in existence, then information about the wholesale cloth traders in the city was collected from internet and from personal relationship with the cloth traders in such city.
4. In cities where the wholesale cloth association is in existence, the list of wholesaler traders was obtained by requesting for the same through proper channel.
5. Information was collected by using the questionnaire prepared for the same.
6. To support the research study of wholesale cloth traders in Maharashtra, the opinion survey of Cloth Retailers, Cloth

Manufacturers and Cloth End users was also conducted, since the research study is about the middlemen involved in the distribution of cloth.

The researcher has visited all the six cities (Pune, Nagpur, Mumbai, Solapur, Ichalkaranji and Yeola) and collected information as per the requirements. Initially in all the six cities it was observed whether the wholesale associations are still in existence or not. It was a tough task to collect the list of members from the associations. In spite of all the difficulties, the list was obtained from all the six cities.

A suitable questionnaire was prepared for each category and the data was collected from them. The desired information was obtained from the cloth wholesalers by using questionnaire in two different ways.

1. **Postal method:** The respondents were requested to fill the questionnaire and return it back by post or courier.

2. **Interview method:** Wherein the respondents were contacted personally and their answers to the questions were recorded by the researcher.

The method of postal contacts was tried but in vain. Large number of respondents were very busy, hence could not reply. The effective choice

was therefore only interview method. As regards the opinion survey of the retailers, manufacturers and end users the data was collected by interview method by filling questionnaire from the respondents who were ready to part with the information without any hassle.

1.6.2. Method of sampling:

The study covers six cities in Maharashtra namely, Pune, Mumbai, Solapur, Nagpur, Ichalkaranji, Yeola (Nashik). Sampling was done for wholesale cloth traders doing business in above mentioned six cities. A suitable opinion survey was done for cloth retailers, cloth manufacturers and cloth end users.

1.6.2.1. Wholesale cloth traders:

There are around 1950 wholesale cloth traders working in these six cities (as per table no.1.1 given in page no. 12). A sample of 10% of the population (wholesale cloth traders) was suggested to be studied. But if a random sampling of 10% had been done it would come up to 195 wholesale cloth traders. But these 195 cloth traders may have been studied in one or two cities alone. Then the study would not have covered sample from all the six cities.

Hence Cluster sampling has been done here. Every city has been assumed to be a cluster. The study has been made by taking 10% of each cluster. A random sampling study was done in each cluster. The Cluster Sampling is shown in Table no.1.1 below:

Table no.1.1
Cluster sampling table of wholesale cloth traders

Name of the Cluster (city)	Total Population (No. of cloth Wholesale Traders)	10% Random Cluster Sample	Actual Questionnaire Collected (No. of Respondents)
Mumbai	826	82.6	90
Pune	121	12.1	20
Ichalkaranji	366	36.6	40
Yeola (Nashik)	45	4.5	07
Solapur	222	22.2	25
Nagpur	370	37.0	40
Total	1950	195	222

1.6.2.2. Opinion survey:

In reality, for the suitable opinion survey, sampling of manufacturers, retailers and end users of cloth was not done, since their population size was very large. Information was collected randomly from people

involved in the various distribution channels of cloth and end users of six cities in Maharashtra. The suitable opinion surveys made, is shown in table no.1.2.

Table no. 1.2

Table of opinion surveys

People involved in Cloth Distribution	NO. OF RESPONDENTS (CITY WISE)						
	Mumbai	Pune	Ichalka ranji	Yeola	Solapur	Nagpur	Total
Manufacturers	12	02	05	02	09	03	33
Retailers	30	25	09	05	15	26	110
End - users	25	20	15	10	15	15	100
Total	67	47	29	17	39	44	243

1.6.3. Preparation of questionnaire:

As per cluster sampling 10% of population size of wholesale cloth traders should be studied. For collecting data from sample survey a specific questionnaire should be prepared. A detailed questionnaire consisting of 25 questions was prepared for Wholesale Cloth Traders. The questionnaire devised for collecting information from wholesale cloth traders covered the different aspects of business.

Data related to personal information of businessmen such as educational qualification, name, age etc., are covered in the Q. No. 1 - 4. Q. No. 5 - 10 covers information regarding the business likes its establishment,

form etc. Q. No. 11 specifically gives information relating to elimination of cloth wholesalers from today's market structure of cloth business. Q. No. 12 – 17 & Q. No. 19 – 22 gives information relating to business practices such as marketing strategies adopted, purchase and sale, pricing policies, discount etc., Q. No. 18 brings out information regarding the turnover of cloth wholesaler. Q. No. 23 and 24 concentrates on the employment opportunities. Q. No. 25 details the problems faced by the cloth wholesalers in the business. A model questionnaire of wholesale cloth traders is attached in Annexure I.

A suitable questionnaire for opinion survey was prepared for the Retail cloth traders, Manufacturers of cloth and the cloth End users.

The questionnaire prepared for the opinion survey of cloth retail traders consisted of 15 questions. Q. No. 1 – 4 covered the personal information of the respondents like age, educational qualification etc., Q. No. 5 – 9 gave information regarding the business, like year of establishment, form etc., Q. No. 10, 11, 13 & 15 covered information related to business practices like details of products sold, dealership, change in the line of business, etc., Q. No. 12 and 14 brings out information regarding whether the cloth wholesalers are being eliminated or not and if yes the reasons for the same. A model questionnaire of retail cloth traders is attached in Annexure II.

The questionnaire for cloth manufacturers consisted of 11 questions. Q. No. 1 – 3 covered the organizational information like name, address, etc., Q. No. 4 – 8 gave information regarding the business, like, nature, year of commencement, membership, insurance, taxes, etc., Q. No. 9 & 10 gives information regarding type of cloth manufactured and the markets where the manufactured cloth are sold. Q. No. 11 tells us the opinion of the cloth manufacturers on whether the cloth wholesalers are being eliminated or not and if yes the reasons for the same. A model questionnaire of cloth manufacturers is attached in Annexure III.

The questionnaire for cloth end users consisted of 6 questions. Q. No. 1 – 3 covers of personal information like, age and educational qualification etc., Q. No. 4. gives information regarding the monthly family income of the respondent, Q. No. 5 & 6 gives us the purchase habits of the respondent. A model questionnaire of cloth end users is attached in Annexure IV.

1.7. Sources of information:

The data is collected through the following sources:

1. Wholesale Cloth Associations working in Five cities namely Pune, Mumbai, Solapur, Nagpur and Ichalkaranji
2. The list of wholesale cloth traders in Yeola was obtained from a supplier of Kad (Puja Dhoti) and Uparnae.

3. Annual reports of the Textile Ministry of India for the period 2000 – 2008.
4. Books, publications, various committee reports, news papers & periodicals available in the library of Mahratta Chamber of Commerce and Industry, Library of Brihan Maharashtra College of Commerce and Library of Yashwantrao Mohite College of Commerce.
5. Data was also collected from different Websites available on the internet.

1.8. Scope and limitations:

Every research study has its own scope and certain limitations.

1.8.1. Scope of the study:

Scope of every study depends on the theme, object and purpose of the study, which are as follows:

1. Role and importance of the wholesale cloth traders as a middleman in the Cloth business in Maharashtra.
2. Solutions and Suggestions for the problems faced by the wholesale cloth business.
3. Ascertaining the employment opportunities available in the wholesale cloth business.

1.8.2. Limitations of the study:

Considering the area of study, the study of wholesale cloth shops is restricted to certain limited points. It is not an overall study of all wholesale cloth traders situated in Maharashtra. Following are the limitations and restrictions of the research study:

1. The study is restricted to cloth wholesaler as a middleman involved in cloth distribution i.e. wholesale cloth traders only.
2. The study covers the following cities in the state of Maharashtra only namely Mumbai, Pune, Yeola, Solapur, Ichalkaranji and Nagpur.

1.9. Observations of the researcher

In the initial stages of the survey, those merchants who could be contacted through some acquaintances were interviewed. With the help of these merchants it was possible to contact some more merchants from the sample. Very few of the merchants who were approached directly could be persuaded to give information. Most of these respondents were not ready to give information regarding the business. So the researcher had to produce a certificate saying that the information collected will be used only for the research study and not for any other purpose and hence it will not be harmful to the business. The respondents were still not ready to give up the information so help from

acquaintances had to be taken. After all these efforts the respondents answered the questions but refused to give information regarding their turnover in detail. In such case the trend of the sale was only given as to whether the business was up or down, and its reasons were discussed in detail.

Another difficulty in obtaining information from wholesale cloth traders was that there was no specific time when the cloth traders could be interviewed as they were busy through out the day. Interviews were arranged at different times of the day according to the convenience of the traders. Efforts were made to interview as many cloth traders as possible. The data collected through the survey was used for presenting a quantitative and qualitative picture of the research study.

1.10. Scheme of Presentation

The research study of “An analytical study of the position of Wholesale Cloth Business in Maharashtra during the period 2000 – 2008” was carried out and organized into eight chapters for the purpose of presentation.

The First chapter of the research study is introductory in nature comprising of background, rationale, objectives, hypothesis, research

methodology, sources of information, scope and limitations, observations of the researcher & scheme of presentation.

The Second chapter of the research study details the information regarding theoretical background of cloth, textile, history of textile, process of conversion of cloth, textile industry, textile mills, and distribution chain of cloth business and review of literature.

The Third chapter gives a brief insight into the role of textile industry in India, structure of textile ministry, different boards i.e. manmade fiber, jute, silk, cotton and wool. It also shows the challenges of the textile industry and the performance of textile ministry during the period 2000 – 2008.

The Fourth chapter tells us about the wholesale cloth business in Maharashtra. The history of textile in the six cities namely Mumbai, Pune, Solapur, Nagpur, Ichalkaranji and Yeola. It also includes details regarding the wholesale cloth associations working in the above mentioned cities. It also gives a brief insight into the wholesale cloth market situated in the six cities, information regarding the overall structure of cloth business and the distribution process of cloth and business practices of cloth wholesalers in Maharashtra. This chapter also speaks about the experiences of the researcher during the field work conducted for collecting the data for the research study.

The Fifth chapter evaluates the facts of the research study and gives us the detailed data analysis and interpretation of the data collected from the wholesale cloth traders in the six cities chosen for the research study.

The Sixth chapter analyses and interprets the data collected through the suitable opinion survey of cloth manufacturers, cloth retailers and end users of cloth.

The Seventh chapter throws light on the interpreted data and gives us a summary of the findings and the conclusions arrived at.

The Eighth chapter includes the important suggestions and recommendations based on the findings and observations of the research study.
