



FACTORS EFFECTING PRICE COMPETITION OF RETAILERS SELLING SUGAR IN DELHI

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NEED OF THE STUDY

This paper is primarily looking into the concepts of pricing of a very vital and competitive product of agriculture that is sugar. The paper includes a thorough research of retailers providing the end consumers these prices at competitive rates. The study limits to the retailers and trading of sugar in Delhi only. The objective of the study would be to study the chain of supply of the agricultural product sugar from the fields to the retailer. Another main objective of the paper is to see how the retailers are able to keep sugar prices competitive. The same is being studied because of a common phenomenon noticed in Delhi wherein local grocers can offer a 1Kg sugar packet for mere Rs 16 and the same will be available in departmental stores like Sabka Bazar at a whopping Rs 25 onwards depending on brand.

INDUSTRY ANALYSIS

- The Rs 3-4 per kg decline in sugar prices since the Center's ban on exports in July has been good news for consumers, particularly large buyers such as confectionaries, biscuit manufacturers and cola companies. But the same cannot be said for the increasingly cash-strapped mills and cane farmers.
- In Delhi, unbranded sugar is currently retailing at Rs 18-19 a kg. For an average urban middle class family that consumes about five kg every month, the savings from an Rs 3-4 per kg drop in prices comes to Rs 15-20 or just Rs 180-240 for a full year.
- Moreover, retail households make up only a quarter of the 180-lakh tonnes (1t) sugar consumed in the country.
- The real beneficiaries of the sugar price crash are bulk buyers, including both unorganized players (sweetmeat makers and *halwais*) as well as industrial consumers producing soft drinks, biscuits, chocolates and other confectionaries.

SUGAR

The retail HOUSEHOLD segment is further divided into the following major categories of sugar sale:

- ➤ Branded
- ➤ Unbranded open
- ➤ Unbranded packaged

HYPOTHESIS:

- 1. There is no difference in sales of packaged and unpackaged sugar.
- 2. The quality of unpackaged sugar is not as good as packaged sugar.
- 3. The customer is ready to buy the packaged sugar at a little higher cost for better quality.
- 4. All retailers have priced unpackaged sugar at the same rate.
- 5. All retailers primarily purchase sugar from the mills directly

SAMPLE SIZE:

A total of 50 retailers have being surveyed by the Questionnaire technique. This will include Kiryana stores and local grocers only. The above mentioned stores cater to the following segment of customers:

- Semi-urban region customers
 - Mostly uneducated or barely educated till higher secondary
- □ Lower middle class customers
- □ Running their own small scale business or small shops

CONCLUSION

- 1. It was found out that most of the retailers that is 40 of them outsource their open sugar from the Wholesalers. Whereas a minuscule number of 10 outsource it from mills. None of them buy from other big retailers or other sources.
- 2. There are many Mills that supply sugar to Delhi, but the major mills that supply sugar to the area of Naseerpur, Delhi are KUMAR MODI, DORAL and MAWANA are among the highest suppliers to this area.

- 3. It was noticed that each and every area has its own retailers. For e.g. most of the supply of these retailers purchasing from wholesalers comes from the main wholesale market that is SDAR BAZAR. These people work on contacts of Wholesalers.
- 4. When asked on how do the Kiryan stores come to know about the Wholesalers or Mills most of them that is 18 out of 50 use previous contacts .
- 5. Most of the retailers that is 46 out of 50 availed cash discount from their suppliers, wholesalers or Mills. It were noted that most of the cash discount amount varied from 11-20 Rs category per 100 Kg of sugar Pack.

- 6. As seen in the results of my research, it was seen that the Kiryana store in Naseerpur price their open unbranded sugar at the “GOING RATE” pricing. Sugar was available at 17 Rs a month ago and came down to 16 and then 15.
- 7. Most of the Kiryana store owners perceive the open sugar to be inferior in quality than the packaged branded one. The maximum default in quality was voted as the following:
 - ⑩ Fear of adulteration
 - ⑩ The granule of sugar is bigger than Packaged branded sugar

THANK YOU