

“How small scale initiatives could create economic value? A Case Study on BenschullHaat, Kolkata”

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Abstract: An unorganized sector is defined as a sector consisting of all unincorporated private enterprises owned by individuals or households engaged in the sale or production of goods and services operated on a proprietary or partnership basis and with less than ten total workers. Amongst the characteristic features of this sector are ease of entry, smaller scale of operation, local ownership, uncertain legal status, labour-intensive and operating using lower technology based methods, flexible pricing, less sophisticated packing, absence of a brand name, unavailability of good storage facilities and an effective distribution network, inadequate access to government schemes, finance and government aid, lower entry barriers for employees, a higher proportion of migrants with a lower rate of compensation. Employees of enterprises belonging to the unorganised sector have lower job security and poorer chances of growth, and no leaves and paid holidays, they have lower protection against employers indulging in unfair or illegal practices. This research paper described one such market known as the BenschullHaat, popularly known as **juto bazaar** (shoe market) at Padmapukur on CIT Road, Kolkata which is highly unorganized yet very successful and at the same time has the potential of becoming one of the leading footwear markets in and around Kolkata and providing more opportunities to small scale vendors, if managed properly and accurate steps were taken to professionalise and allot a brand image to the market. Over a century old, it once used to be known as **chamrahaat** (leather bazaar). After the shifting of the tanneries from Tiljala and Topsis to Bantala, the traders here quickly switched from leather to finished products like shoes, chappals, bags, belts and raw materials. BenschullHaat is not just the largest wholesale market for shoes catering to retailers and individual buyers but also a shoe-maker's delight for accessories and materials like leather, soles, adhesives, rexine, rubber, nails and cobbler tools. The number of traders in the haat varies from 1,000 to 1,200. They are primarily cobblers with their own manufacturing units at Tantibagan, Topsis, Rajabazar and College Street. The famed Chinese shoe-makers, however, are conspicuous by their absence. Like a typical haat, transaction starts early in the morning at 5am and continues till noon. Before the Durgapuja and Id, business hours extend till eight in the evening.

I. Overview of the Market

The market of BenschullHaat is located at Padmapukur on CIT Road, Kolkata. The market is unorganized yet very popular, at the same time it provides opportunities to small scale vendors. The market sells finished goods as well as raw materials for the production of many footwear and leather accessories. The market has variety of products to offer to the buyer like shoes, belt, wallet, chappals, bags, etc. the market also caters the shoe makers by providing them with materials like leather, soles, adhesives, rexine, rubbers, nails and cobbler tools.

- **Source of Procurement :** The market has lot to offer when it comes to footwear products, Handmade ladies product which is the USP of the market is directly taken from cobblers to Tantibagan, Rajabazar&Topsis. Kitto's and school footwear are procured from the small factories at Topsis itself. Shoes of branded companies like Titas, Uniteds, Paragon, Khadims, Elite, etc are also available in the haat. The vendors procure these shoes, sandals from the middleman who purchases it from the companies directly, the shoes and sandals of those companies are sold here at a very low price due to the minor defects in these products. The market has a different segment for replicated products such as Nike, Adidas, Puma, etc which are purchased from Delhi or Agra.
- **Logistics :** The vendors of the haat generally handpick the products from the localities of Tantibagan&Topsis as the distance between the market and the place of manufacture is just a walking distance from them and thereby saving a lot of transportation cost. The goods which are rejected by the branded companies are bought into the haat through matadors, the cost of having matadors depends upon the distance, the cost varies from 400rs to a maximum of 1000rs. The matadors can accommodate 300 pair of shoes/sandals at a time.
- **Quantity of Products purchased:** The vendors of the haat procure goods from the middlemen or cobblers on daily basis or an average of 2-3 days depending on the amount of capital they have. If the purchase is made on a daily basis they pay the cost after selling the products, the accountability is given to the middlemen or the manufactures after the product is sold, if some of the products remain unsold they are returned to the manufacture/middlemen. The average amount of shoes which the vendor purchase varies from 40-50 pairs per day.
- **Stock holding & warehouse facility:** The vendors at this market do not store that much stock because they do not have proper stores, they sell in stalls that is why they do not keep that much of stock in hand. They mainly procure stocks on a daily basis and sell it accordingly, but this is not the case during the two main festivals of Kolkata, Durga Puja & ID. For these two festival the vendors keep 15 days stock in hand & store it in the godowns which is just behind the market which is owned by the government & currently is a disputed property. The local union arranges the warehouse

facility for those vendors on these two festivals. The godowns are shared by 3-4 vendors & the rent of these godowns are Rs.150 per vendor per day. Otherwise on normal days, most of the vendors arrange for their own warehouse which are mostly their own houses.

- **Mode of transaction:** The products which are sold in the Benshullhaat are collectively procured from the intermediaries or small manufacturers of Tantibagan, Rajabazar & Topsia as they do not have the direct link and sufficient resources to purchase the goods precisely from the manufacturer. They make deals with the intermediary because of which the transaction is carried out usually in cash or they are given credit period of one or two days. The accountability of the sold products are given with proper challans. Once the goods are sold by the vendors they recompense the intermediaries of small manufacturers after keeping their profit. This is the normal occurrence which the vendor experiences when it comes to the mode of transaction.
- **Effect of e-commerce companies:** Increasing popularity of e-commerce companies such as Flipkart, Snapdeal, e-bay, etc., which has received mass acceptance from the public of different age groups, income level, gender due to its various advantages which is mainly reduction of destination barriers. Distance never becomes an issue with the e-commerce sites because the consumer can buy anything that he wants with the click of mouse. The major acceptance of the e-commerce sites is the busy lifestyle of people which has made them habituated of surfing online and using the sites very frequently.

But this was not the case when we interacted with one of the vendor of BenshullHaat Mr. Jabbar Ali, his business has taken a major downfall due to the e-commerce sites. He said “what is that which the e-commerce sites can provide which we cannot?” they also buy the product from the same place from where we buy it, the only benefit they give to the customer is home delivery but neither the customers get the trial facility nor the product matches with the expectations of the images uploaded on the website! His average sale has gone down by Rs.2000 daily due to these sites, especially the youth who used to come here for the products are now using those sites which has created a downfall in his business. Although, there are still many concerns for both the vendors and the consumers about online shopping, it has indeed become the trend for today.

II. The reason for such low prices of the product being offered for Sales

The BenshullHaat is a one stop destination for shoe lovers, where the buyers can get different varieties of footwear ranging from Rs.70 to a maximum of Rs.1500. Surprisingly in this world where everything is getting expensive day by day, footwear in this market can still be bought at Rs.70. The reasons for such low prices are many- Firstly the availability of cheap labour and raw materials which are itself available in the haat. The footwear which is procured from the cobblers or small scale companies are closely located from the haat making the transportation cost cheaper. Sometimes the goods are also picked by the owners at the stall, all these factors lead to such low prices of the product. The market also has branded footwear which can be served to the buyers. The vendors in those haat keep products branded companies such as khadims, titas, shreeleathers, elite etc.

The products which are rejected from these can be due to minor defect are bought into the haat for sale at a throwaway price. The second reason for such low price is no rental cost is borne by the vendors, as they have small stalls in the haat which they wrap up after haat is over.

So, the next time you wonder how the footwear prices are so reasonable and just make a visit to the haat.

III. Problems faced by the market at present

Like any other businesses, the haat also faces certain problems with the current implementation of GST and the recent demonetisation the whole footwear market is suffering and the rate of transaction has gone down significantly. Big reputed footwear companies operating in west Bengal had suffered a lot due to demonetisation, the healing process was continuing until then government introduced the implementation of GST which further reduced business activities and transaction. The government policies affected the bigger players in the footwear industry which indirectly affected the small scale vendors, currently the whole market is going through a recovery phase. Other indirect effects of these policies are that many skilled labour which were involved in the manufacturing of handmade products are leaving the industry & shifting to different industry due to lack of work and delay in wage payment.

The next big problem which the market faces at present is the changing shopping behaviour of the consumers. A majority of consumers are now shifting from the traditional method to the online method due to the recent launch of Jio telecom and a low cost of data, a huge target audience of this market (i.e. lower and middle income group of people) are now getting the access of free internet which earlier was not available so the target audience which the market had is now shifting to the new method which is online shopping.

The emergence of new online players has drastically affected the market. Online players such as flipkart, amazon, shopclues, etc are providing wide range of products at a competitive rate with an added advantage of home delivery. Reason for almost the same price is the purchasing of goods from the same source. Unfortunately if the same scenario continues for the longer period of time, the beautiful Benshullhaat have to shrink its business operations in the coming time.

Through the primary research, it became clear that the Benshullhaat market lacked social security and the workers are exploited in many ways by not getting wages at proper time, seasonal intermittent nature of work and low level irregular patterns of earnings & employment in the current market scenario.

IV. Steps to make the Haat more popular and changes in the prevailing business practices to make it even more professionalised

Social media and social networking seem to play an imperative part of people lives around the world. The introduction to the world wide web has revolutionized the whole world. Distance barriers has been reduced, things which

was of immense importance earlier have now become redundant. Example- post cards, greeting cards etc. have just become extinct with the introduction of world wide web.

The internet has changed all altogether. This was not over yet, until the world was introduced to social media. It is a dynamic area. The immense popularity and acceptance of social media channels (eg. Facebook, Instagram, Twitter) gives the public new means for receiving and importantly providing information. Furthermore the emergence of smartphones and tablets made the access to the internet not limited. The emergence of social media provides large oppurtunities for business and benefits communicators. Social media channels are essential to ensure that our message is heard by our desired audience.

Advantages of the world wide web& social media can be leveraged by the vendors of the Benshullhaat as well as to popularize its market and create a niche for their products. Thanks to Jio Telecom, data cost has reduced a lot and has made internet available to all the sections of the society which earlier was not possible. The vendors of the Benshullhaat can create their own Facebook page to introduce their products to the world of social media, with the growing needs and changing taste & preferences of the people, the vendors can expand their products & services offering to attract large number of audience.

The haat being popular for handmade ladies footwear containing a lot of handcrafted works can become the USP of the haat, their Facebook page can always be updated & new products can be offered to the customer base with the passage of time their Facebook page can contain testimonials of customers who have already used the product of the market, to attract new customers gain their trust.

In addition to that, the impact of the rise of visual content on social networks is not appearent on Instagram. As a result many brands are using Instagram to take the added advantage. Same can be done by the vendors of the haat. So that they earn a new customer base and enhance the image of the market.

Not just popularization, at the same time professionalization is also very important to create an image of the market and gain the trust of the consumers. Quality checks, guarantee, after scale services can be introduced to make the business even more professionalized, the business practices should be more transparent between the middleman and the vendors to create a sense of security among the vendors.

V. Conclusion

The market of BenshullHaat has a lot to offer when it comes to footwear, though being highly unorganized it faces a lot of problems, but if given proper direction this 100 year old market can flourish in the coming future. Using the medium of internet, social media & the techniques of proper organization, can make the market boom again. The market has to leverage its local advantages & potentials in order to flourish which are local availability of raw materials, low transportation cost & availability of cheap & skilled labour, if properly managed, controlled & guided by a body this market can create its own brand name outside Kolkata & can attract many footwear lovers.

References

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