

**A STUDY ON SUGAR INDUSTRY AND ITS  
DISTRIBUTION SYSTEM IN NEPAL  
(With reference to ISI)**



**A Thesis submitted to  
Office of the Dean  
Faculty of Management  
Tribhuvan University**

**By:**

**Dan Bahadur Darji**

Post Graduate Campus

Biratnagar

T.U. Reg. No. : 46504-93



*In partial fulfillment of the requirements for the degree of Master  
of Business Studies (M.B.S.)*

**Biratnagar, Nepal**

**June 15, 2012**



**TRIBHUVAN UNIVERSITY  
POST GRADUATE CAMPUS**

Biratnagar  
Morang, Nepal

Ref. No. : -

Tel. No. : 021-471327  
021-471204

**RECOMMENDATION**

This is to certify that the thesis:

*Submitted By:*

**Dan Bahadur Darji**

*Entitled*

**A study on Sugar Industry and its distribution system in Nepal (with  
reference to ISI)**

*has been prepared as approved by this Department in the prescribed format of Faculty of  
Management, This thesis is forwarded for examination.*

**Supervisor**

**Head of Department**

**Signature:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**(Mr. Devraj Shrestha)**

**(Prof. Dr. Khagendra Acharya)**

**Asst. Campus Chief**

**Signature:** \_\_\_\_\_

**(Mr. Dilli Prasai)**

**Date:** .....



**TRIBHUVAN UNIVERSITY  
POST GRADUATE CAMPUS**

Biratnagar  
Morang, Nepal

Ref. No. : -

Tel. No. : 021-526327  
021-522204

**VIVA – VOCE SHEET**

*We have conducted the Viva-Voce Examination of the thesis presented by*

**DAN BAHADUR DARJI**

*Entitled*

**A study on Sugar Industry and its distribution system in Nepal (with  
reference to ISI)**

*and found the thesis to be the original work of the student and written  
according to the prescribed format. We recommend the thesis to be  
accepted as partial fulfillment of the requirement for  
Master's Degree in Business Studies (M.B.S.)*

**Viva-Voice Committee**

Chairperson, Research Committee:

**(Prof. Dr. Khagendra Acharya)**

\_\_\_\_\_

Member (Thesis Supervisor)

**(Mr. Devraj Shrestha)**

\_\_\_\_\_

Member (External Expert)

\_\_\_\_\_

Date: .....

## **DECLARATION**

I hereby declare that the work reported in this thesis "A study on Sugar Industry and its Distribution System in Nepal (with ref. to ISI)" submitted to office of the Dean, Faculty of Management, Tribhuvan University, is my original work. It is done in the form of partial fulfillment of the requirement for the Master's Degree in Business Studies (M.B.S.) under the supervision and guideline of Mr. Devraj Shrestha, lecturer of P.G. Campus, Biratnagar.

Date:

Dan Bahadur Darji

## **ACKNOWLEDGEMENT**

This dissertation is a product of an active support from different individuals and institutions that are highly appreciated and I, therefore, would like to acknowledge their intellectual dealings with a sense of respect.

First of all, I would like to extend my sincere gratitude to my guide teacher Mr. Devraj Shrestha, lecturer of P.G. Campus, Faculty of Management, Post Graduate Campus, Biratnagar for providing me his valuable time and genuine effort to guide and help for successful completion of this thesis.

I owe my thanks to Mr. Dilli Prasai (Asst. Campus Chief, P.G. Campus, Biratnagar), and all my respected teachers and staffs of Department of Management and cannot forget the name of Mr. Gopal Prasad Ghimire and Mr. Mohan Koirala from administration department.

Lots of thanks go to managers and staffs of Indu Shankar Sugar Industry for providing me valuable information, official data and their kind cooperation.

My special thanks go to Bikram Shrestha, (Treasurer, Free Student Union) of P.G. Campus for his valuable cooperation and support in every steps of thesis writing. Without his support and cooperation, the completion of this thesis work is almost impossible.

Date:

Dan Bahadur Darji

# TABLE OF CONTENTS

*Recommendation*

*Viva-voice sheet*

*Declaration*

*Acknowledgement*

*List of Tables*

*List of Figures*

*Abbreviation*

<b>CHAPTER 1: INTRODUCTION</b>		<b>Pages</b>
1.1	Background of the Study	1
1.2	General Profile of the Industry	2
	1.2.1 Introduction to ISI	2
	1.2.2 Main Product of ISI	3
	1.2.3 Organizational Structure of ISI	3
1.3	Focus of the Study	4
1.4	Statement of the Problem	4
1.5	Objectives of the study	6
1.6	Importance of the Study	7
1.7	Limitation of the Study	8
1.8	Organization of the Study	8
 <b>CHAPTER 2: REVIEW OF LITERATURE</b>		
2.1	Introduction	10
2.2	Distribution – An integral part of Marketing	13
2.3	Concept of Distribution and Overview	14
	2.3.1 Physical Distribution	17

2.3.2	Channel of Distribution	18
2.4	Review of Related Studies	24

### **CHAPTER 3: RESEARCH METHODOLOGY**

3.1	Research Design	25
3.2	Population and sample	25
3.3	Nature and Sources of Data	26
3.4	Data collection Methods	26
3.5	Data processing procedure	27
3.6	Data Analysis Techniques	27
3.7	Limitation of the Methodology	28

### **CHAPTER 4: PRESENTATION AND ANALYSIS OF DATA**

4.1	Existing Channels of Distribution	30
4.1.1	Existing Channel of ISI	35
4.1.2	Distribution Network of ISI	40
4.2	Cost of Distribution	44
4.2.1	Distribution Cost	45
4.2.2	Physical Distribution Cost	46
4.3	Distribution Policies and Practices	49
4.3.1	Selection of Channels of Distribution	49
4.3.2	Appointment of Stockists	51
4.3.3	Rating of Matters Relating to Distribution	53
4.3.4	Effectiveness of Sugar Distribution System	55
4.3.5	Evaluation of Present Channel and Req. of New Channel	57

**CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

5.1	Summary	60
5.2	Conclusions	61
5.3	Recommendation	64

**BIBLIOGRAPHY**

**APPENDIX**

## LIST OF TABLES

<u>Table No.</u>	<u>Title</u>	<u>Page</u>
4.1	Channel Structure of ISI	32
4.2	Channels Average sales of ISI	36
4.3	Stockists Average Sales	38
4.4	Retailers Monthly Average Sales	38
4.5	Channel Structure of ISI	39
4.6	Comparative Channel Growth of ISI	40
4.7	Distribution Network of ISI	41
4.8	Retailers Monthly Average Sales	42
4.9	Sales Figure of ISI	43
4.10	Distribution Cost of ISI	46
4.11	Physical Distribution and Distribution cost of ISI	48
4.12	Considerations for Selecting Channels of Distribution	50
4.13	Consideration for Appointing Stockists	52
4.14	Rating of Matters Relating to Distribution	54
4.15	Effectiveness of ISI's Distribution System	56
4.16	Requirement of New Channel	58
4.17	Intension to Change Channels	59

## List of Figures

<u>Figure No.</u>	<u>Title</u>	<u>Page</u>
2.1	Marketing System & Environment	11
2.2	A Modern Marketing System & its Sub System	13
2.3	Distribution Chain	16
2.4	Physical Flow of Distribution	18
2.5	Different Levels of Marketing Channels	20
4.1	Distribution Channel of ISI	33
4.2	Intensity of Distribution	35

## ABBREVIATION

Abt.	:	About
B.S.	:	Bikram Sambat
EDR	:	Eastern Development Region
CDR		Central Development Region
WDR	:	Western Development Region
MWDR	:	Mid-western Development Region
FWDR	:	Far-western Development Region
FY	:	Fiscal Year
ISI	:	Indu Shankar Sugar Industry (Pvt.) Ltd.
Ed.	:	Edition
MOU	:	Memorandum of Understanding
NA	:	Not Available
VDC	:	Village Development Committee
Hr.	:	Hour
Rs.	:	Rupees
T.V.	:	Television