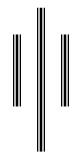
### A STUDY ON SUGAR INDUSTRY AND ITS DISTRIBUTION SYSTEM IN NEPAL (With reference to ISI)



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

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

(Mr. Devraj Shrestha)

**Head of Department** 

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

(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 herby 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

Recon	nmendation	
Viva-v	poice sheet	
Decla	ration	
Ackno	wledgement	
List of	Tables	
List of	Figures	
Abbre	viation	
CHAI	PTER 1: INTRODUCTION	Pages
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

#### **CHAPTER 2: REVIEW OF LITERATURE**

2.1	Introdu	iction	10
2.2	Distribution – An integral part of Marketing		
2.3	Concep	ot of Distribution and Overview	14
	2.3.1	Physical Distribution	17

	2.3.2	Channel of Distribution	18		
2.4	Review	v of Related Studies	24		
СНА	PTER 3:	<b>RESEARCH METHODOLOGY</b>			
3.1	Researc	Research Design 25			
3.2	Population and sample 2.				
3.3	Nature and Sources of Data				
3.4	Data collection Methods 2				
3.5	Data processing procedure 2				
3.6	Data Analysis Techniques 2				
3.7	Limitation of the Methodology		28		
СНА	PTER 4:	PRESENTATION AND ANALYSIS OF DATA			
4.1	Existin	g 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				
	4.2.1	Distribution Cost	45		
	4.2.2	Physical Distribution Cost	46		
4.3	Distrib	ution Policies and Practices	49		
	4.3.1	Selection of Channels of Distribution	49		
	4.3.2	Appointment of Stockists	51		

- 4.3.3Rating of Matters Relating to Distribution534.3.4Effectiveness of Sugar Distribution System55
- 4.3.5 Evaluation of Present Channel and Req. of New Channel 57

TER 5:	SUMMARY,	CONCLUSION	AND
MMENDATIONS			
Summary			60
Conclusions			61
Recommendation			64
	TER5:MMENDATIONSSummaryConclusionsRecommendation	MMENDATIONS Summary Conclusions	MMENDATIONS Summary Conclusions

#### 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**

#### Figure No. <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