



**ROLE OF WAREHOUSES IN STABILITY OF PRODUCTION,  
EMPLOYMENT AND WAGES  
(CASE STUDY OF SMALL SCALE INDUSTRIES IN GHAZIABAD  
DISTRICT OF UTTAR PRADESH)**

**Dr. Bhisham Kapoor**

Associate Professor, Faculty of commerce and Business administration  
M.M.H. College, Ghaziabad (Affiliated to C.C.S. University, Meerut)

**ABSTRACT**

*Warehouses play role as a Battery. Battery maintains the flow of electric current. It also works as a storage device. Just like it Warehouses work for storage of physical production of a business to use at a certain time in future. It can use for increasing or decreasing the flow of temporary consumption of goods. Ware houses eliminate the impact of change in demand on speed of production of a business. Warehouses distribute the changes in demand on long period of time, therefore required less changes in production. It also minimize the need of temporary labor force and variation in wage rate. Present paper is an attempt to enlighten the role of warehouses on production and wage rate in Bath Fittings and Sanitary ware Industry in Ghaziabad district of Uttar Pradesh in India.*

**Key Words:** Warehouses, Laborforce, Wages Variation

**Introduction**

Ghaziabad district of Uttar Pradesh in India is known for various short scale and medium scale industries. Various short scale firms which are engage in production of bath fittings and sanitary goods are located in the district. Mostly firms produce goods as per demand of market. They are not intentionally maintaining the bulk stock of the product. Most of the firms are using labor intensive technique of production. About half of total labor force

of firms are on temporary basis. Social security benefits are not available to temporary workers. The demand of goods of various business is not equally distributed during the year, but scattered highly in a part of year and less distributed in remaining part of remaining year or showing highly variation after a defined or undefined cycle affected by various factors. In making of tuning with demand of market a business has mainly two options.

Policy (1) - Produce goods as per the pattern of demand without using the facility of warehouses.

Policy (2) - Produce goods with minimum variation by using the facility of warehouses.

### **Policies of production, requirement of Workforce and type of workforce**

**Most practiced Policy of firms - Produce goods as per the pattern of demand without using the facility of warehouses.** – This policy induce the firm to employ a large part of its total labors or workers in form of temporary labors and workers as per demand of the product. Temporary workers make the labor force elastic and easily changeable accordance of the variation of demand of product of the firm. But employing a large part of workforce on temporary basis badly affect the efficiency and productivity of labors. Main merits and demerits of the policy is as under.

#### **MERITS**

- 1.Savings of cost of Warehouses.
- 2.Elasticity and easily changeable workforce of the factory.
- 3.Helpful at the time of recession in reducing the workforce of factory.
- 4.No need of forecasting of future demand of product.
- 5.No need of heavy and complicated planning of the functions of business as the functions are decided as per present market demand.

#### **DEMERITS**

- 1.Uncertainty of employment of workers badly affects the productivity and efficiency of workers.

2.Problems in making the advertising policy of business as firm is accepting the market demand, instead of creation of demand of product.

3.Variation in employees benefits expenses is also a demerits of this policy as at the time of increasing demand of product marginal cost of labor sufficiently increased while marginal productivity is reducing due to the various reasons.

**Ideal Policy - Produce goods with minimum variation by using the facility of warehouses.**

#### DEMERITS

1.Certainty of employment of workers badly affects the productivity and efficiency of workers.

2.Easy compliance with advertising policy of business as warehouse is helpful to bridge the gap of market demand actual production of product.

3.Stability in employees benefits expenses as at the time of variation in demand of product warehouse is used for excess demand or less demand.

#### DEMERITS

1.Expensive as extra cost of Warehouses.

2.Dependency on forecasting of future demand of product.

3.Need of heavy and complicated planning of the functions of business as the functions of warehousing depend on future demand of product.

#### **Role of Warehouses in stability of Employment and Wages**

Low wages rate, less per capita agriculture land and excess employment in primary sector shows the economic backwardness of India but it also creates an opportunity. Low wages rate may lure to large industrial units to set their plant location in India to take the benefits of low wages rate .which is helpful in large production at very low cost it may also helpful to increase industrial growth in India and shift of labors from primary sector to secondary sector as a main source of employment . It is also important to provide regular employment and making stability in wage rate to workers. Stability in wage rate is beneficial for labors as well as to employer. Warehouses cann play an important role in

this direction. Warehouses are useful in elimination of variation in production function of business.

## **Conclusion**

Warehouses are useful in elimination of variation in production function of various small scale busines. It is also useful in making the stability of employment and wage rate. Businesses using warehouses have least variation in production due to the short run changes in market demand. It also reduce the need of temporary workers as well planned production has minimum variations. Finaly it can be said that we have to promote the use of warehouses by the producers and it is beneficial for all the stakeholders of a business.

## **References**

1. Gupta C B - Essential of Marketing Management (2014), Sultan Chand & Sons, New Delhi
2. Kotler Philip and Kevin Keller (2008), Marketing Management, Pearson Prentice – Delhi
3. Halbert, Michael (1965); The Meaning and Sources of Marketing Theory, McGraw-Hill, New York
4. International labour organization (ILO) report 2009
5. Nation master.com
6. Economic survey 2011
7. Census of India 2011
8. Planning Commission Reports
9. CIA the world Fact book
10. Mc Kinsey & company
11. Moneycontrol.com
12. Economictimes.indiatimes.com
13. Data.worldbank.org
14. Indianexpress.com
15. statisticstimes.com