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**“NCCF AND CONSUMER COOPERATIVES IN INDIA”**

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## INDIA AT A GLANCE.

<b>Area</b>	<b>:</b>	<b>3,287,260 Km<sup>2</sup></b> <b>(1,269,220 sq. mi.)</b>
<b>Population</b>	<b>:</b>	<b>1.2 billion</b>
<b>States</b>	<b>:</b>	<b>30.</b>
<b>Official languages</b>	<b>:</b>	<b>Hindi, English.</b>
<b>Per capita income</b>	<b>:</b>	<b>\$ 1124</b>
<b>Education</b>	<b>:</b>	<b>65%</b>
<b>Gender Ratio</b>	<b>:</b>	<b>933</b>
<b>Main Agricultural products :</b>		<b>Wheat, Rice, Pulses,</b> <b>Oil Seeds, Jute, Cotton,</b> <b>Sugar, Tea, Coffee, Spices,</b> <b>Fruits &amp; Vegetables, etc.</b>
<b>GDP (nominal)</b>	<b>:</b>	<b>\$ 1.367 trillion</b>
<b>GDP Growth</b>		
<b>2009-10</b>	<b>:</b>	<b>7.4%</b>
<b>2010-11 (projected)</b>	<b>:</b>	<b>8.5%</b>

## **N C C F AND**

### **CONSUMER COOPERATIVES IN INDIA.**

#### 1. ABOUT NCCF.

The NCCF was established in 1965 as the apex body of consumer cooperative societies in the country, registered under the Multi-State Cooperative Societies Act. With its head office in New Delhi, NCCF operates through a network of 32 Branches located in different parts of the country. The authorized share capital of NCCF is Rs.500 million and paid-up capital is Rs.138 million (as on 31.3.2010). 136 primary and wholesale societies, State Consumers' Cooperative Federations and National level organizations are registered with the NCCF as members. The business turnover of NCCF had been over Rs.13 billion in different commodity groups during the year 2009-10 which resulted in a net profit of Rs. 110 million.

#### 2. MAIN OBJECTIVES AND ACTIVITIES OF NCCF.

(1) The objects of the NCCF are:

- (i) to assist, aid and counsel its member institutions as per principles of cooperation and to facilitate their working including providing supply support to consumer cooperatives and other agencies for distribution of consumer goods at reasonable and affordable rates,
- (ii) rendering technical guidance and assistance to them for improving their managerial and operational efficiency,
- (iii) to act as spokesman of consumer cooperative movement in India, and
- (iv) to assist organization and promotion of consumer cooperative institutions in areas, where the State Consumer Federations or

the existing Wholesale Stores (in places where there are no State Consumer Federations) are not doing so.

- (2) In furtherance of these objectives, it may undertake one or more of the following activities:
- (i) Render technical guidance and assistance to its member institutions in particular and consumer cooperative societies in general in grading, packaging, standardization, bulk buying, storing, pricing, account keeping, other business techniques and management methods to improve and increase their operational and managerial efficiency.
  - (ii) Create and promote the formation of cadres of employees for the NCCF and member institutions and arrange for their proper training.
  - (iii) To hold seminars, conferences, meetings and to undertake training programme, publicity and similar other activities for the development of human resources as well as the consumer cooperative movement in the country.
  - (iv) To establish trade connections with consumers which include Governments, Government Undertakings, Local Bodies and others, as well as, manufacturers, distributors and suppliers/dealers including Government agencies, cooperative or corporate organisations and in furtherance to that undertake purchase, sale and supply of various kinds of goods and services.

### 3. MEMBERSHIP, SHARE CAPITAL AND MANAGEMENT.

#### (1) MEMBERSHIP AND SHARE CAPITAL.

The membership of NCCF is open to State Level Consumer Cooperative Societies, large sized wholesale/central consumer cooperative societies apart from the National Cooperative Development Corporation (NCDC), National Agricultural Cooperative Marketing Federation of India Ltd (NAFED) and the Government of India (through the

Deptt. of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution).

Share capital as on 31.03.2010.

<u>S.No.</u>	<u>Category of Members</u>	<u>No.</u>	<u>Share capital .</u> (Rs./Million)
1.	State Level Federations	20	23.20
2.	Other societies	111	5.10
3.	National Agricultural Cooperative Marketing Federation of India (NAFED)	1	2.00
4.	National Cooperative Development Corporation (NCDC)	1	0.02
5.	National Cooperative Union of India (NCUI)	1	-
6.	Government of India	1	107.40
	Total:	136	137.90

(2) MANAGEMENT.

The management of NCCF is vested with the Board of Directors elected for a period of 5 years, composition of which is as follows:-

<u>Area of representation</u>	<u>No.</u>
Elected from the State level Federations	5
Elected from amongst the other member societies (W/S and primary societies).	5
Representative of NAFED.	1
Representative of NCDC.	1
Representative of NCUI.	1
Nominated by Government of India.	3
Managing Director.	1
Total:	17.

(3) NETWORK OF NCCF.

NCCF has Branch Offices at Kolkata, Siliguri, Patna, Ranchi, Bhubaneswar, Guwahati, Ahmedabad, Mumbai, Pune, Nagpur, Bhopal,

Indore, Raipur, Chennai, Trichy, Kochi, Bangalore, Hyderabad, Vizag, Tirupati, Delhi, Noida, Lucknow, Kanpur, Jaipur, Chandigarh, Mohali, Shimla, Jammu, Srinagar, Dehradun and Bhiwani which cover almost all parts of the country.

#### 4. ACTUAL AND PROJECTED WORKING RESULTS OF NCCF.

	<u>2009-10</u> <u>Actuals</u>	<u>2010-11</u> <u>Projected</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Sales (Rs./Billion)	13.22	15.00	18.00	21.50	26.00	31.00
Gross Profit (Rs./Million)	310	300	350	420	500	600
Expenses (Rs./Million)	200	220	250	280	300	330
Net Profit (Rs./Million)	110	80	100	140	200	270

The major portion of business is generated through bulk institutional supply of consumer goods, export of onion, import of pulses and development of infrastructure & housing projects etc.

#### 5. STRUCTURE OF CONSUMER COOPERATIVES IN INDIA.

The consumer cooperatives have a four-tier structure in India.

The following is the present structure of consumer cooperatives:

<b>S.No.</b>	<b>Particulars</b>	<b>Numbers</b>
1	Primary Societies	22241
2	Wholesale Societies	812
3	State Federations	30
4	NCCF	1
5	Membership	
	- Individuals	8,353,000
	- Institutional	75,000
6	Sales (Rs./billion) (estimated)	
	- Retail (Primary and W/s Societies)	40
	- Wholesale	
	(1) State Federations	18
	(2) NCCF	13

The Consumer Cooperative Societies in different states in India are administered by the Registrars, Cooperative Societies in different states through the State Cooperative Societies Acts of the concerned States. The management is vested with the elected representatives of the members with Govt. participation in case of existence of Govt. share holdings in the societies.

6. EXISTING CONSTRAINTS AND THE NEED FOR STRENGTHENING NCCF AND CONSUMER COOPERATIVES IN THE COUNTRY.

- (1) Consumer cooperatives have been developed as self-reliant grass-root democratic institutions owned, managed and controlled by their members for the protection of interests of consumers. Consumer cooperatives received a good deal of support from the Government as they help check malpractices and price rise in the times of crises arising from shortages of consumer goods etc.
- (2) The Consumer Cooperatives in India, however, could not deliver the desired results and expand to the expected level because of the following main reasons:
  - a) Lack of vertical linkage with other national and state federations, members and other cooperative societies;
  - b) Lack of synergy among the member societies and with other national and state level cooperative bodies;
  - c) Lack of Government support in promoting consumer cooperative movement including extending preferential treatment and develop it to act as an instrument in intervening the market; and
  - d) Lack of capital, land/space for expansion and lack of trained personnel in the sector.

## 7. INFRASTRUCTURE DEVELOPMENT.

There is a need to have a sound infrastructure for the consumer cooperatives, basically to ensure the following:

- A strong and viable cooperative sector, capable of undertaking socio-economic activity.
- Disciplined approach.
- Dedicated supply line for essential commodities.
- Available infrastructure for crisis management in case of need.

## 8. PLAN OF ACTION FOR DEVELOPMENT OF THE CONSUMER COOPERATIVES.

- (1) NCCF to establish direct linkage with the producers/manufacturers of consumer goods.
- (2) Govt. may engage NCCF and other consumer cooperatives as major conduits for procurement of reasonable quantity of agricultural commodities (foodgrains/pulses) under various schemes, to maintain the supply line of items of mass consumption.
- (3) Distribution of consumer goods imported by other govt. agencies should be entrusted to NCCF for sale at reasonable prices for the benefit of consumers.
- (4) NCCF should have adequate storage facility at strategic locations, for which warehouses and cold storages should be established.
- (5) To take up organised retailing in select locations in different places of the country to project/showcase the image of consumer cooperatives, besides sale of consumer goods at reasonable prices.
- (6) To establish vertical linkage with member organizations. It is necessary to exchange views with the member cooperatives on various aspects of management in mutual interest and for



development of a sound and sustainable infrastructure of consumer cooperatives in all states in India.

- (7) NCCF and other Consumer Cooperatives should be associated for running of various Govt. Welfare Schemes.
- (8) Distribution of goods under the Public Distribution System (PDS) should be entrusted to the consumer cooperatives on preferential basis with reasonable margin.
- (9) NCCF should set up agro processing units at selected places.
- (10) NCCF to have the process of knowledge dissemination and collection of market intelligence.
- (11) Members to be encouraged to contribute to the share capital.
- (12) Small sized stores should merge together to ensure sustainability.
- (13) To adopt best trade practices.
- (14) To prepare a workable business plan and to develop own products and brand names.

#### 9. IMPACT DUE TO IMPLEMENTATION OF THE PROPOSED INFRASTRUCTURE DEVELOPMENT.

The implementation of the plan of action proposed at para 8 above in a phased manner over a period would result in:

- Expansion and diversification of business operations of NCCF and consumer cooperatives in general.
- Marked improvement in profitability towards attainment of self-reliance.
- Infrastructure development – better and seamless supply chain management.
- Rebuilding vertical integration with member societies.
- Positioning of NCCF and the consumer cooperative sector as an instrument in market intervention for price stabilization.

- Bringing in professionalism and adopting international best trade practices within NCCF along with inducing participation of members in the affairs of NCCF.

10. CONSUMER PROTECTION THROUGH THE CONSUMER PROTECTION ACT '86 (CPA).

(1) Basics of the Act.

The Consumer Protection Act of 1986 was enacted by the Govt. of India with the objective to provide better protection of the interests of the consumers, to make provision for establishment of Consumer Councils and other authorities for the settlement of consumer disputes. This is indeed a very unique and highly progressive piece of social welfare legislation. The provisions of this Act are intended to provide effective and efficient safeguards to the consumers against various types of exploitations and unfair dealings. Unlike other laws, which are basically punitive or preventive in nature, the provisions of the Act are compensatory. The CPA has been amended from time to time to make it more effective. It is a useful weapon for consumers to ensure accountability of producers of goods and providers of services. In the International Conference on Consumer Protection held in Malaysia in 1997, the Indian Consumer Protection Act was described as one "which has set in motion a revolution in the field of consumer rights, the parallel of which has not been seen anywhere else in the world".

(2) Objectives of the Act.

The purpose of the Act is to provide for the establishment of the Commission and redressal foras:

- To prevent practices having adverse effect on competition.
- To promote and sustain competition in markets.

- To protect the interests of consumers and
- To ensure freedom of trade carried on by other participants in the markets.

The major focus of the Act is on the following areas:

- Prohibition of anti competitive agreements.
- Prohibition against abuse of dominant position.
- Regulation on combinations.
- Advocacy of competition policy.

The legislative intention behind this Act is to clear all hurdles in promoting competition among business units whether of domestic or foreign origin.

### (3) Important Features of the Act.

These may be summed up as under:

- The Act applies to all goods and services unless specifically exempted by the Government of India.
- It covers all the sectors – private, public and cooperative.
- The provisions of the Act are compensatory in nature.
- It provides adjudicatory authorities, which are simple, speedy and less expensive.
- It also provides for Consumer Protection Councils at the National, State and District levels.

The provisions of this Act are in addition to and not in derogation of the provisions of any other law for the time being in force.

### (4) Consumer Rights under the Act.

- The right to be protected against the marketing of goods, which are hazardous to life and property.
- The right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumer against unfair trade practices.

- The right to be assured, wherever possible access to variety of goods at competitive prices.
- The right to be heard.
- The right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers and
- The right to consumer education.

#### 11. NATIONAL POLICY ON COOPERATIVES.

The present national policy of the Government of India on cooperatives envisages the following, among other things:

- (1) Recognizes cooperatives as a distinct economic sector and an integral component of the socio-economic system of the country and an effective and potential instrument of socio-economic development. It considers them as essentially community initiatives for harnessing people's creative power, autonomous, democratically managed, decentralized, need-based and sustainable economic enterprises. Cooperatives will, however, remain the preferred instrument of execution of the public policy especially in the rural areas;
- (2) Recognizes the role of the Government in ensuring that the benefits of liberalization and globalization in the emerging economic environment are extended to the cooperatives in equal measure through suitable fiscal policies and pledges to provide support and protection to the cooperative movement through suitably designed investment programmes with a view to providing the cooperatives a level playing field vis-à-vis other competing enterprises, especially in the field of agro-processing and marketing;
- (3) Recognizes the need to provide preferential treatment, as far as possible, to the cooperatives engaged in areas such as credit, labour, consumer, services, housing, development of under-privileged people, women and development of

emerging areas as well as sectors requiring people's participation especially in rural areas.

12. REGIONAL COOPERATION AND ASSISTANCE OF ICA.

- (1) It is intended to organise training programme and workshops etc, at selected places with participation from India and neighbouring countries to discuss and understand various aspects of cooperative management, in association with the ICA Regional Office.
- (2) It is also proposed to collect data/information about the structure and working of the consumer cooperatives in the Asia pacific region for which a sub-committee has been formed by the ICA Consumer Committee. The availability of information about working of the consumer cooperatives will be useful for improving the functioning of cooperatives, where they may be needing assistance and guidance, besides exchange of information.
- (3) The next step will be to try and develop international trade of consumer goods among the consumer cooperatives in the region for mutual benefit and for the benefit of consumers. The consumer cooperatives should join hands to take advantage of emerging global family in the region.

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**Compiled and presented in association with:**

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