

**Report of the
National Seminar on Consumer
Cooperative Development in Nepal**

**New Baneshwar, Kathmandu, Nepal
November 23 - 25, 1994**



**Organised by
Department of Cooperatives, Kathmandu
in Collaboration with
Japanese Consumer Cooperative Union, Tokyo
and
International Cooperative Alliance
Regional Office for Asia & the Pacific**



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Contents

Preface	5
National Seminar on Consumer Cooperative Development in Nepal	7
Recommendations of the Seminar	10
Inauguration Ceremony	13
Welcome Speech and Introduction to the Seminar	13
Chairperson's Remarks	16
Remarks by Shiv Chandra Mishra	18
Opening Remarks by Mr. Akira Kurimoto, Manager, International Department, JCCU	19
Remarks by Mr. Pradit Machima, Consumer Advisor ICA ROAP	21
Inaugural Speech by Mr. Ram Krishna Tiwari	23
Vote of Thanks by Mr. Ramraja P. Mehta	25
Concluding Remarks	26
Proceedings of the Seminar	31
Summary of the Penal Discussion	35
Annexures :	
<i>Annexure 1.1</i> : Consumer Cooperative Movement in Nepal	38
<i>Annexure 1.2</i> : Development Patterns of Consumer Cooperatives in Japan	45
<i>Annexure 1.3</i> : Modern Management Techniques of Consumer Cooperatives in Japan	51
<i>Annexure 1.4</i> : Situation of Consumer Cooperatives in Nepal	65
Case Study of Milan Cooperative Society Ltd. and Swabhiman Consumer Cooperative Society Ltd.	73

<i>Annexure 1.5</i>	: Report of the Fact Finding Mission to Nepal on Consumer Cooperative Development	78
<i>Annexure 1.6</i>	: Cooperative Self-Service Shops : – A Boon to Consumers	102
<i>Annexure 1.7</i>	: How to Run a Consumer Cooperative Successfully	109
<i>Annexure 2</i>	: Group Reports :	116
	Group I - Assessment of Problems faced by Nepalese Sonsumer Cooperatives and their Remedies	
	Group II - Competitive Situation in the context of Government Free Market policy & approach to survival of Cooperatives	120
	Group III - Introduction of Modern Management Techinques in Nepalese Consumer Cooperatives	123
	Group IV - Human Resources Development and Management in Cooperatives	125
<i>Annexure 3</i>	: Programme of the National Seminar	128
<i>Annexure 4</i>	: List of Participants & Resource Persons	131
<i>Annexure 5</i>	: Seminar Support Group	134
Members of the ICA Committee on Consumer Cooperation for Asia and the Pacific		135

Preface

The International Co-operative Alliance, Regional Office for Asia and the Pacific (ICA ROAP), with the strong support of the Japanese Consumer Co-operative Union (JCCU) has been actively promoting and supporting consumer co-operative movements in Asia and the Pacific Region. Last year, the Department of Co-operatives, Ministry of Agriculture, Government of Nepal, had requested JCCU through the ICA to help them organize a National Seminar on Consumer Cooperative Development within the Kingdom. The ICA and JCCU complied to the request. As a first step, a "Fact-finding Mission" was sent to Nepal in August, 1994 in order to find the best possible way to organize the seminar and to prepare the strategic plans for consumer cooperative development there. Then, the National Seminar on Consumer Co-operative Development was organized during 23-25 November, 1994 at Kathmandu.

With the timely financial and technical support from the JCCU and the ICA, the seminar was successfully organized and this seminar report has been prepared by the Nepalese team. The report seems to be very useful to all concerned and other concerned.

This report might also be a good example, useful for preparing strategic plans for developing consumer co-operative movements in other developing countries.

*6 February 1995
New Delhi.*

G. K. SHARMA
Regional Director

National Seminar on Consumer Co-operative Development in Nepal

INTRODUCTION

1. Background

The first National Seminar on Consumer Cooperative Development in Nepal was held at the Co-operative Training Centre (CTC) in Kathmandu from November 23 to 25, 1994. The seminar was organised by the Department of Co-operatives (DOC) with support from Japanese Consumer Co-operative Union (JCCU) through International Co-operative Alliance, Regional Office for Asia and Pacific (ICA ROAP).

2. Objectives

The general purpose of the seminar was to assemble representatives from national and international agencies involved in the operation and promotion of cooperative movement in order to discuss the situation of Nepalese consumer co-operatives and identify areas for future improvement. The specific objectives of the seminar were as follows:

1. to identify problems faced by Nepalese consumer co-operatives and their solutions,
2. to develop cooperative strategies to face the challenges imposed by free market economy,
3. to examine the applicability of modern management techniques in Nepalese consumer co-operatives and make recommendations of the techniques relevant to Nepalese context,
4. to suggest for human resource development and management strategies in Nepalese consumer cooperative movement, and
5. to recognize areas of cooperation between Nepalese consumer cooperatives (NCC) and Japanese Consumer Cooperative Union (JCCU) and NCC and ICA ROAP.

3. Duration

The seminar was organized for three days : November 23-25, 1994.

4. Methodology

The seminar was organized into six parts: the inaugural session, paper presentation, panel discussion, field visit, group discussion and closing session.

The inaugural session started with welcoming remarks from Mr. Shanker R. Joshi (Acting Registrar, DOC); opening remarks from Mr. Shiva C. Mishra (Member-Secretary, NCDB), Mr. Akira Kurimoto (Manager, International Department, JCCU), Mr. Pradit Machima (Consumer Advisor, ICA ROAP); an inaugural speech from Mr. Ram K. Tiwari (Acting Secretary, MOA); Vote of thanks from Ramraja P. Mehta (Principal, CTC) and concluding remarks from the chairperson of the ceremony Mr. Tulasi P. Dahal (Chairman, Central Union of Consumer Co-operatives-CCCU).

Subsequently, working papers were presented. On the whole, there were six papers covering different aspects of consumer cooperation, including the background of consumer cooperative movement in Nepal, specific problems encountered by Nepalese consumer cooperatives, background information on Japanese consumer cooperatives, application of modern management techniques in the operation of Japanese consumer cooperatives and successful operation of consumer stores.

The panel discussion was held on the topic related to free market economy and approach to survival of consumer cooperatives in Nepal. Four people representing cooperative movement, government and international agencies gave their opinion in this regard.

Part four consisted of a field visit. The field visit was made to a private super market and three consumer cooperative stores with a varied background in Kathmandu. In supermarket participants observed lay out, furniture, check-in and check-out, trolley baskets, cash register-computer, stock range, pricing, rack space allocation, display, light arrangement, ventilation, sales promotion and cleanliness. They also got information about staff, stock, area and average number of customers per day. In cooperative stores they knew about membership, share capital, reserves, borrowing, fixed assets and activities undertaken by the cooperatives.

After the necessary inputs, group discussions were held. Four groups were formed to discuss the following problems, issues and concerns of consumer cooperation in Nepal:

- Group-1. Assessment of problems faced by Nepalese consumer cooperatives and their remedies
- Group-2. Competitive situation in the context of government free market policy and approach to survival of cooperatives
- Group-3. Approach to introduce modern management techniques in relevant to the development of Nepalese consumer cooperatives
- Group-4. Human resource development and management in consumer cooperatives.

Each group was supported by discussion guidelines and resource persons. After a thorough discussion, every group prepared a group report and presented it to the plenary session. The session adopted the resolution after discussing on the comments of the participants.

The last portion of the seminar was the closing session. The session was chaired by Mr. Tulasi P. Dahal, chairman, Central Consumer Cooperative Union. The chief guest of the session was Mr. G.K. Sharma, Director, ICA ROAP. This session included presentation of seminar report from Mr. Shanker R. Joshi (Registrar, DOC); remarks from Ms. Manohari Acharya (Participant and executive member, Chetana Multipurpose Women Cooperative Society, Kathmandu) and Mr. Pradit Machima (Consumer Advisor, ICA ROAP); key-note-speech from Mr. G.K. Sharma (the Chief guest), closing remarks from Mr. Tulasi P. Dahal (the Chairperson of the session) and vote of thanks from Mr. Ganapati Ojha (Coordinator of the seminar).

5. Participants and Resource Persons

Thirty-six persons participated in the seminar along with 16 persons from various tiers of co-operative movement representing various development regions of Nepal, one from the National Co-operative Development Board (NCDB), one from the National Planning Commission (NPC) and the rest from government line agencies, including District Co-operative Offices (DCO), CTC, DOC, and Ministry of Agriculture (MOA). There were seven persons from international agencies, mainly from ICA ROAP and JCCU serving as resource persons. In addition, six persons served as resource persons cum participants.

Recommendations of the Seminar

The following are the recommendations of the seminar:

A. Measures to Solve the Existing Problems

1. In order to raise the cooperative awareness, member education activity should be intensified and reading materials should be produced and widely circulated.
2. In order to discourage the formation of pseudo cooperatives, amendments should be done in the existing Cooperative Act to include the provision for feasibility study before registration and to raise the minimum number of members to 200.
3. Nominal value of shares should be reduced to facilitate the entry of members.
4. Authority should be delegated commensurate with responsibility and also with a view of expediting activities.
5. Inter-cooperative trade relationship should be strengthened.
6. Model cooperatives should be promoted in selected places.
7. Employees should be compensated properly.
8. Cooperative personnel policy guidelines should have provisions of job security and retirement benefits.
9. In order to be able to have a price edge in the market, cooperatives should increasingly adopt joint purchasing policy through CCCU or NCF.
10. DOC, NCF, NCDB, and CCCU should see to it that the government policies are implemented in letter and spirit.
11. Cooperative members and staffs should be taken on observation visits to successful supermarkets in private and cooperative sectors.

B. Approach to Survival and Growth of Cooperative Stores in Competitive Environment

12. Cooperative stores should launch various savings mobilization schemes.
13. Consumer cooperatives should set up a cooperative fund to be used to lend out to needy cooperatives.
14. Cooperative stores should maintain a wider range of goods to create consumer-member loyalty.
15. Cooperative stores should increase their membership base so as to be able to raise business volume and also to increase equity base.
16. Whenever possible, cooperative stores should give special identity to goods dealt in by them-through packaging or branding.
17. Cooperative stores should maintain regularity in the supply of goods to discourage black-marketing and hoarding.
18. Cooperative stores should undertake marketing research to ascertain consumer demand and market trend.

C. Introduction of Modern Retail Management Techniques

19. Following retail management techniques can be easily applied in Nepal and cooperative stores should start applying these techniques:
 - (a) Maintaining wider assortment of goods
 - (b) Installing self-service system
 - (c) Establishing pricing and inventory norms
 - (d) Installing modern appliances such as, cash registers, computers, etc.
 - (e) Establishing a system of sales promotion
 - (f) Record management
 - (g) Proper incentives to staff

D. Human Resources Development and Management

20. A core group of local experts on consumer cooperatives should be developed in collaboration with ICA/JCCU.
21. Appropriate text-books and literatures should be developed by local experts with the technical and financial support of ICA/JCCU.
22. Training programmes for following four categories of human resources should be organized in a phased manner:

12

- Board of Directors,
 - Upper level management,
 - Related officials of allied agencies,
 - Lower level management.
23. Study tours of local experts and cooperative members to places within and outside Nepal should be organized.
 24. Mobile training teams should be set up in eight different places within the country to decentralize training.
 25. Local experts should facilitate on-the-job training of upper and lower level staff.
 26. A model learning centre should be set up in Kathmandu.

Inauguration Ceremony

The inauguration ceremony was organised in the morning of the first day of the seminar. The Chief guest of the ceremony was Mr. Ram K. Tiwari, Acting Secretary, MOA. Other distinguished officials of the ceremony were Messrs Akira Kurimoto, JCCU; Pradit Machima, ICA ROAP; S.C. Mishra, ICA ROAP; S.C. Mishra, NCDB; S.R. Joshi, DOC and R.P. Mehta, CTC. The ceremony was chaired by Mr. Tulasi Dahal, Chairman, Central Consumer Co-operative Union.

Welcome Speech and Introduction to the Seminar

Shanker R. Joshi
Acting Registrar, DOC

Mr. Chairman,
Mr. Secretary of the MOA,
Mr. Akira Kurimoto, Manager of the International Deptt. of JCCU,
Mr. Pradit Machima, Consumer Advisor, ICA ROAP,
Mr. Mishra and other friends from India,
Participants, and
My colleagues,

It is my pleasure to welcome you here in this important seminar. As you know, this is the first seminar of this kind in Nepal. Consumer Co-operatives in Nepal are very young. They as a separate entity, have a history of less than one-half decade. Within this short period, they grew enormously in number and played an important role in the steady supply of consumer items to their members as well as neighbouring non-members. Their special contribution has been to the stabilization of market price. With this achievement, they also face some problems, Foremost among them are the managerial problems and problems relating to member education. This seminar will try to pinpoint these broad problems and seek solutions.

Now let me say few words about this seminar. I would like to begin with the background. In 1993, we sent a trainer to Japan to attend a course on agricultural co-operatives. There, he met two important persons of the Japanese Consumer Co-operative Union (JCCU). They informally talked about establishing relations between the JCCU and Nepalese Co-operatives. They saw human resource development as an area of co-operation. As per his report, they talked about the possibility of JCCU support for some fellowships to Nepalese trainers and conducting of a national seminar on consumer co-operation in Nepal.

In August 1993, on the basis of the trainer's report, HMG/N, through, DOC made a request to JCCU to provide some fellowships for trainers' training on management of consumer co-operatives. HMG/N also requested ICA ROAP New Delhi, to help conduct a seminar on consumer co-operation in Nepal.

Following this, a fact finding mission came to Nepal in September 1994 and studied co-operative movement, with special emphasis on consumer co-operation. In the wrap up meeting of the mission, the idea of conducting a national seminar on consumer cooperation was discussed.

As the time for allocating national budget for the seminar was already over, JCCU, at our request agreed to sponsor this seminar.

The main objective of the seminar is to identify external as well as internal problems hindering the smooth operation of the consumer co-operative movement and seek their workable solutions.

This is a three day seminar. The programme format includes paper presentation, panel discussion and field visit. Altogether, there are six papers: two Nepal papers, two Japan papers, one fact finding missions' report and one general paper on consumer store operation. The participants will also visit one super market and two consumer co-operative stores in Kathmandu.

Participants:

Altogether, there are 30 participants representing consumer cooperative societies, district and central unions from various parts of Nepal. There are also participants from the National Federation, DOC, MOA, NCDB and CTC.

Resource persons:

We have six international and six national resource persons. They are:

Mr. Akira Kurimoto from JCCU, Japan
Mr. P. Machima from ICA ROAP
Mr. S.C. Mishra, Mr. Umre, Mr. Kambli, Mr. Sapre
Myself, Mr. Khanal, Mr. Dahal, Mr. Mali, Mr. Adhikari and Mr.
Bhattarai

Outcome:

At the end of the seminar a discussion paper will be prepared which will include recommendations for future actions. Following this, will be a report prepared which will be printed and circulated by ICA ROAP.

So, this is a very important seminar which will not be a seminar for the sake of seminar. It will generate reliable information which could be used in a variety of related activities including for preparing the policies on consumer co-operation.

I welcome you again for giving your valuable time to our programme.

Thank you.

Chairperson's Remarks

Tulasi P. Dahal, Chairman
Central Consumer Cooperative Union

Chief guest, Secretary of MOA,
Mr. Machima, Consumer Advisor, ICA ROAP,
Mr. Kurimoto, Manager Of International Department, JCCU,
Mr. Mishra and other Specialists from ICA ROAP,
Mr. S.C. Mishra, Member Secretary, NCDB,
Joint Secretaries,
Mr. S. R. Joshi, Registrar, DOC,
Mr. R. P. Mehta, Principal, CTC,
Representatives of various organizations, and
Participants,

I am very glad to have the opportunity of presiding over the opening ceremony of this prestigious and important seminar. I think, this is a very important seminar for we consumer co-operators because this is the first seminar on consumer cooperation in Nepal. It is also important in that our country is going to have a new government very soon. The government may want to review previous policies and priorities in many sectors, including the cooperative sector. The information generated by this seminar would thus become an important instrument for government to reshape the cooperative movement. Similarly, such information will also be valuable for we cooperators to deal with the new government.

I think that consumer cooperatives will have to play greater role in the changed context for the steady supply of quality items at reasonable price. The seminar outcome will be more realistic, if it gives due consideration to this aspects, as well.

As you all know, we are a new organization. As a separate entity, we do not have a long history. We came into existence only after 1990 with the introduction of new democratic system in the country. I am very glad to hear that we have contributed positively to the nation building efforts by supplying consumer goods steadily.

I would like to assure you that we shall play greater role in the days to come as we grow mature.

Dear friends, I already told that we are a new organization. Our experience and skills to operate consumer cooperatives are limited. We have many problems but these problems, some way or other, are linked with human resource development. In future, we must have to put emphasis on this. I am afraid, whether we with our meagre resources could afford.

**Remarks by
Mr. Shiva Chandra Mishra, Member-Secretary,
National Cooperative Development Board**

.... Consumer stores have emerged as a movement in our country after the enactment of the new Co-operative Act in 1992. Thanks to the concerted efforts of the Department Co-operatives, National Co-operative Development Board and National Co-operative Federation and also to the liberal policies of His Majesty's Government, a number of consumer stores have been operating in our country.

.... Consumer cooperation puts an end to unfair trade practices and monopoly of middlemen and, therefore, has a significant role to play in the national economy.

.... There is also another side of it, however. In practice, as a minimum number of 25 persons can organize a consumer co-operative, some co-operatives have, under the shine post of co-operation, appeared to have operated for profits and engaged in unfair practices. This has to be controlled by making appropriate provisions in the Act and Rules.

.... As there are evident benefits of consumer co-operation, we have to promote it. At the same time, the tendency to form co-operatives based on family membership and take advantage of the same should be checked.

.... I hope this seminar will also consider the issue and make suitable recommendations for ameliorating the state of our consumer co-operatives.

Thank you.

Opening Remarks

**Akira Kurimoto, Manager,
International Department
Japanese Consumer Co-operative Union (JCCU)**

Dear Mr. Chairman and distinguished Co-operators,

It's a great privilege and an honour for me to be invited to this National Seminar on Consumer Co-operative Development in Nepal, which is the first reunion of this kind ever held in this country. First of all, I'd like to express my sincere thanks to the host organizations who had made strenuous efforts to organize this seminar. I also appreciate all the participants who have taken part in this seminar to promote co-operative development. Some of you came here by travelling so many hours, I suppose.

I have come here to speak about the history, strategy and development pattern as well as modern management techniques of consumer co-operatives in Japan.

The Japanese Consumer Co-operative movement has been expanded during three decades. It's a quite young movement in comparison with the established European movement. In this process, we had to rely on our own resources-i.e. members and employees as we have never received any Government subsidies nor foreign assistance. Of course, we had learned from the experience of the advanced movement in Europe and North America. What we have learnt had been helpful in furthering development of the Japanese Co-operatives, but it might have had very little impact if we would not stand by our own feet and have thus been interested to make use of the lessons in other countries.

It is this spirit autonomy and self-help that I'd like to stress in this seminar.

JCCU has been invited in the consumer co-operative development projects of ICA Asia Pacific Region since several years and marching together with co-operative organizations in 12 countries. This time, on the basis of the ICA fact-finding mission

made by Mr. Pradit Machima and Mr. Mishra in August, 1994 ICA and JCCU agreed to convene this seminar in collaboration with Nepalese Government and Co-operative Organizations.

We do hope to further such collaborations in the future.

Finally, I do hope this seminar would be successful and make a concrete contribution to further development of consumer co-operatives in Nepal and I'll do my best to this end for such programmes. In this connection, we must have to seek support from the international agencies. Till now, we have not been able to establish relations with any international organization other than ICA ROAP and JCCU. In such a context, I would like to request ICA ROAP and JCCU to kindly extend cooperation to us in the field of human resource development through field projects and help us become their mature partner.

I wish longer life of the relations between JCCU and Nepalese Consumer Cooperatives (NCC) and NCC and ICA ROAP. I also wish every success of the seminar.

This time, we have a very pleasant season in Nepal. I request our guests to enjoy the beauty of Nepal during this seminar.

Thank you all.

**Remarks by
Mr. Pradit Machima, Consumer Advisor,
ICA - ROAP**

Mr. Tiwari, Secretary of Ministry of Agriculture,
Mr. Joshi, Registrar of Cooperative Societies,
Mr. Dahal, Chairman of CCCU,
Mr. Kurimoto, Manager of International Department, JCCU,
Mr. Mehta, Principal of Cooperative Training Centre,
Ladies and Gentlemen,

On behalf of ICA Regional Office for Asia and the Pacific and on behalf of the ICA Committee on Consumer Cooperation for Asia and the Pacific, I would like to congratulate the Department of Cooperatives and Cooperative Training Centre for organizing this seminar. We are indeed very happy to come here and work with you and be among you.

For your information I would like to inform you that Consumer Cooperative Development Project has been operating under the umbrella of ICA Committee on Consumer Cooperation for Asia and the Pacific in 14 countries within the Region. The Project has been extending and providing financial and technical support to member countries for promoting and developing consumer cooperative movements in the past many years. Unfortunately, Nepal has not yet become our member.

Earlier last year, we had received a request from Nepal for assisting the development of Consumer Cooperatives within the Kingdom. We discussed the matter with the Japanese Consumer Cooperative Union and then came to Nepal on a fact finding mission in order to find out the best possible way of doing it. Finally we decided to organise the National Seminar on Consumer Cooperative Development in Nepal at this time with the financial and technical support from JCCU. This is why the programme started.

In order to make this seminar more useful, we have invited a Japanese expert and also three Indian experts in consumer cooperatives to assist us in this Seminar.

Finally, I would like to thank the Secretary, the Registrar, the Principal, Mr. Ojha and all of you who have helped organize this seminar. I hope that this seminar will be a success and will help promote better relationship of your cooperatives and related organisations with ICA, JCCU and Indian Cooperatives.

Thank you.

Inaugural Speech

Ram Krishna Tiwari
Acting Secretary, Ministry of Agriculture

Mr. Chairman,
Mr. Kurimoto, Japanese Consumer Cooperative Union (JCCU),
Mr. Machima, International Cooperative Alliance, Regional Office
for Asia and the Pacific (ICA ROAP),
Other experts from ICA ROAP, and
Friends,

First of all, I would like to thank the organizers for giving me the opportunity to inaugurate this important seminar.

Consumer cooperation is a recent development in Nepal as many consumer cooperatives are organized after the introduction of Co-operative Act in 1992 and Co-operative Rules in 1993. Within this very short span of time, consumer cooperatives have contributed remarkably to the stabilization of market prices of many essential commodities. Not only this, the business transaction of consumer cooperatives has risen almost by double in 1993/94 as compared to the year before. There are many indications that the similar trend will continue for this year, as well.

Despite these, consumer cooperatives have several problems both internal and external. The nature of many problems is of serious type. If these problems are left unresolved, they will, no doubt, create greater damage to the whole movement of cooperation.

I am glad to note that some efforts are being made to mitigate these problems. I think, the present seminar is one step toward this direction. Therefore, this is an important seminar. I also found that it is a timely seminar. It is because, we are going to have a new government very soon. I think, the government will use information and suggestions of this seminar to prepare co-operative policies. I hope, this seminar will come up with some sound and practical recommendations which may be useful for the government to prepare national policies on co-operative movement, in general and consumer cooperatives, in particular.

We have here, international personalities experienced in the field of consumer cooperatives. With your help, I hope, the seminar will be able to achieve the stated objectives. I also hope that the seminar will explore some areas of future cooperation between Nepalese Consumer Cooperatives (NCC) and JCCU as well as NCC and ICA.

Finally, I wish every success of the seminar and happy stay of our foreign friends in Nepal during this seminar.

Thank you.

Vote of Thanks

Ramraja P. Mehta,
Principal, CTC

Mr. Chairman,
Chief guest, Secretary of MOA,
Mr. Machima, Consumer Advisor, ICA ROAP,
Mr. Kurimoto, Manager of International Department, JCCU,
Mr. Mishra and other Specialists from ICA ROAP,
Mr. S.C. Mishra, Member Secretary, NCDB,
Joint Secretaries,
Mr. S.R. Joshi, Registrar, DOC,
Representatives of various organizations, and
Participants,

I would like to express my sincere thanks to all of you present in this opening ceremony.

Specially, I would like to express my gratitude to the Secretary of MOA who kindly agreed to inaugurate this seminar even at our very short notice. His suggestions are very important for this seminar.

I would like to thank Mr. Kurimoto of JCCU and Mr. Machima of ICA ROAP for their financial, manpower and material support to conduct this seminar in Nepal. Their suggestions and personal presence have made this opening ceremony more meaningful.

My thanks go to Joint Secretaries, representatives of various organizations for their presence.

The participants of the seminar deserve special thanks for their timely presence and keen interest.

I also like to thank all members of the DOC and CTC staff who have supported in a variety of ways to conduct this opening ceremony.

I again would like to thank every one present at this opening ceremony.

Thank you.

Concluding Remarks

The closing function took place towards the evening of November 25. The chief guest of the ceremony was Mr. G.K. Sharma, Director, ICA-ROAP. Prominent among others present at the event were Mr. S.R. Joshi, Acting Registrar of the Department of Cooperatives, Mr. Pradit Machima, Consumer Advisor, ICA-ROAP and Mr. S.C. Mishra, ICA Consultant. The function was chaired by Mr. Tulasi Dahal, Chairman, Central Union of Consumer Cooperatives.

The synopsis of closing speeches are given in the following:

Mr. S.R. Joshi, Acting Registrar, DOC

This is the first national seminar on consumer cooperatives held in our country.

I think that the seminar objectives have all been fulfilled. Its outcome is going to be very useful for both His Majesty's Government and our consumer cooperative movement. While the experiences shared by the participants will be helpful in expediting the business of consumer cooperatives, seminar conclusions will form the basis for policy-reforms.

Department of Cooperatives will quickly take the necessary steps to implement the relevant recommendations. I also hope that other consumer cooperatives, such as Central Union of consumer cooperatives, will also, for their part, act on the important suggestions provided by this meeting. I am equally hopeful that the participants, too, will make efforts to improve the activities of their respective institutions on the basis of the knowledge, skills and experiences gained during these three days.

I would like to take this opportunity to extend my deeply-felt thanks to JCCU, especially to Mr. Akira Kurimoto, for kindly providing us with the assistance to hold this seminar. I would also like to extend my sincere thanks to ICA ROAP, especially to Mr. G.K. Sharma, Regional Director and to Mr. Pradit Machima, Regional

Consumer Advisor, for their help. My thanks are also due to Mr. Mishra, ICA Consultant and to you all who have energetically participated in this seminar.

Mrs. Manohari Acharya, Participant

We are thankful to the organizers for inviting us to participate in this programme. I am especially pleased because women were also given the opportunity to take part in this seminar.

During the seminar, we discussed on cooperatives. Being a voluntary worker, I found the discussion topics a bit difficult. They were useful, however.

Most of our sisters are illiterate and, as we do not have income sources of our own, we also find difficulty in raising the share capital and organizing ourselves into cooperatives.

We heard from our resource persons that Japanese consumer cooperatives have laid emphasis on women participation. As it is housewives who handle daily essentials, I think that the role of women is important in consumer cooperatives. We have to realize that unless we respect women, we can do nothing.

Let us join hands first in order to take our cooperative movement forward.

I think that seminars and training activities will be helpful if they are organized from time to time.

Mr. Pradit Machima, Consumer Advisor, ICA ROAP

Today I am really happy to see that the seminar has concluded smoothly. This is because of the help of all of you, especially Mr. Joshi, Mr. Kurimoto, Mr. Mehta and Mr. Ojha.

Beside this seminar, we are, in the near future, going to invite three persons from here - one each from the Department, CTC and the consumer cooperative movement - to participate in a 10 day workshop to be held in Bombay, India. These three people will be working in Nepal in close cooperation with our consultant to be appointed for assisting you.

We at ICA are not ambitious but are very sincere in promoting the consumer cooperative movement in Nepal. This can be with the dedication of young people like you.

As India and Nepal are so close to each other, I think that you can have close cooperation in promoting the consumer cooperative

movement. It is by sharing each other's experience that we move forward.

Mr. G.K. Sharma, Director, ICA ROAP

On the basis of my one-day information, I think that this seminar has served its purposes and it will help cooperatives in Nepal.

Let me make it clear that ICA and JCCU are not funding bodies but we are really keen to have partnership with you, to join hands with you. I am confident that you are also equally sincere and the cooperatives in Nepal have a bright future.

Concerning your cooperative movement, I have found two notable developments to have taken place recently. The National Cooperative Federation has now come into being.

I understand that your NCF is at the nascent stage and is not able to help members at present. But I am sure that in the future NCF will be strong and be in a position to assist its member societies.

It is rather a vicious circle. A strong federation means strong support for primaries and strong primaries also help the federation become stronger. Unfortunately, at present, both are weak in Nepal.

The second notable thing is your law, which gives more freedom to cooperatives.

The International Cooperative Alliance is a non-governmental Organization and has membership in 102 countries of the world. It works as a spokesman of cooperatives operating throughout the world. It also works to develop genuine cooperative movement and to bring co-operatives together. It is not a UN organization but closely cooperates with the UN system.

As I said promoting genuine cooperatives is one of the tasks of the ICA. The word, genuine, in relation to co-operatives means that co-operatives follow the co-operative Principles and the Act, as well.

In the last five-six years we, at ICA, have also been talking about co-operative values. There are four basic values of cooperation, viz. democracy, participation, honesty and caring.

"Democracy" means open membership-the right for all users of co-operatives to make use of co-operative services and have a say in the management of their cooperatives.

“Participation” means that cooperators must use the services of their co-operatives.

The “honesty” value of cooperation means that there is nothing secret in co-operatives. Their books are open, their members have the right to know everything about their affairs and nothing is kept secret from the general public, too. It also means that co-operative organizations should follow the law.

Likewise the meaning of “caring” is caring for others, the community and the society at large.

In my opinion, there are three prerequisites for the success of co-operatives. They are: enlightened membership, dedicated leadership and professional management.

ICA will be very happy to cooperate with you in strengthening your co-operative movement.

Thank you for inviting me to participate in this programme.

Mr. Tulasi Dahal, Chairperson, CCCU

We have learnt a lot of things by participating in this seminar. CCCU will do its best to implement the recommendations of this seminar. For instance, we are, as suggested by this meeting, thinking of making a plan for taking the stock of products processed by producer co-operatives and buying directly from them. To begin with, we may choose a single commodity and deal in small quantities.

We are extremely glad that our foreign guests did spare their valuable time to share with us their valuable experiences. I would like to take this opportunity to extend our gratitude to JCCU and ICA for their kind cooperation.

Vote of Thanks by Mr. Ganapati Ojha, Trainer, Seminar Coordinator

First of all, I would like to extend my sincere thanks to Mr. G.K. Sharma, who has been with us the whole day. We are glad that he has taken keen interest in helping our co-operative movement.

Although Mr. Akira Kurimoto is not here presently, it was Mr. Kurimoto who had proposed the idea of holding this seminar in the first place. It was kind of him to give his valuable time to us and come here to deliver his lecture. I request to Mr. Machima to kindly convey our deeply-felt gratitude to Mr. Kurimoto.

... Mr. Pradit Machima had been working for more than a year

now on this seminar. He came to Nepal on the ICA fact finding mission too, earlier in August when the programme of this seminar was worked-out. I would like to take this opportunity to express our sincere thanks to him.

We are also thankful to Mr. Mishra, Mr. Umre, Mr. Sapre and Mr. Kambli - our guests from India - for sharing with us their valuable experiences.

Our thanks are also due to the manager and staff of the Blue Bird Departmental Store, who were kind to receive us for observing their store. Likewise, I would like to thank all our friends at Sitala, Rupandehi and Chetana co-operatives.

Finally I thank you all for your active participation without which the seminar would not have been a success.

Proceedings of the Seminar

Session - I : Presentation of Background Paper on Consumer Cooperative Movement in Nepal.

Resource Person : S.R. Joshi, Acting Registrar,
Department of Cooperatives

Mr. Joshi initiated the discussion by giving a brief historical background of Nepalese cooperative movement. He pointed out that the member of consumer cooperatives was negligible until 1992. Subsequent to the enactment of the new Cooperative Act in 1992, however, the same has increased to 210.

Concerning the overall performance of these cooperatives, Mr. Joshi was of the opinion that while many had played positive roles in serving the people, the operation of most of them did not comply with Cooperative Principles, Values and the provisions of the Act and Rules.

Explaining to the participants the policy measures of His Majesty's Government, Mr. Joshi said that Cooperatives - Consumer and others alike - were entitled to the same type of tax concessions.

Mr. Joshi also drew the participants' attention to some of the problems, including the general lack of competitive strength, that have been faced by consumer cooperatives.

He also suggested measures to improve the performance of consumer cooperatives, such as the promotion of inter-cooperative business relations and development of cooperative management.

Some of the participants asked questions to Mr. Joshi, especially on the utility of increasing the number of consumer cooperatives while qualitative aspects were lacking. All questions were answered.

Session II : History and Development Pattern of Consumer Cooperation in Japan

Session III : Modern Management Techniques of Consumer Cooperatives in Japan

Resource Person : Mr. Akira Kurimoto, JCCU

Mr. Kurimoto presented two paper with a 15 - minutes video show. At the end of his presentation, participants asked questions on JCCU's role in helping cooperative stores, wholesaling activity and government-cooperative inter-relationship. Answering to questions Kurimoto said that JCCU's helped primary cooperatives to construct supermarkets. Kurimoto further said that cooperative retailing activity would not be competitive unless there is wholesaling arrangement within the cooperative system.

Kurimoto also said that since Japanese Cooperatives received very little assistance from government, there was hardly any problems in Coop-govt. relationship.

Session IV : Report of the ICA Fact Finding Mission on Consumer Cooperatives

Resource Persons: Mr. Pradit Machima, Consumer Advisor, ICA-ROAP
Mr. S. C. Mishra, Consultant, ICA-ROAP

In the beginning, Mr. Machima shared his experiences with the participants. He saw many common problems in most of the developing countries in the Asia-Pacific region. For instance, professional training opportunities were lacking, operating funds were inadequate and leaders and staff of cooperatives lacked dedication in many countries.

Mr. Mishra, who had accompanied Mr. Machima during the fact finding mission, presented the findings in detail. The mission had found many strong aspects of Nepalese Consumer Cooperatives in addition to weaknesses. Similarly, while some threats were looming, opportunities were also foreseen. Some of the participants sought clarifications concerning reported variability of fiscal year of cooperatives, etc. Mr. Mishra offered clarifications citing relevant examples.

Session V : Presentation of Case Studies

Resource Persons: Mr. S. P. Bhattarai, Acting Senior Cooperative Officer, Rupandehi,
Mr. J.P. Adhikari, Acting Senior Cooperative Officer, Morang,
Mr. P.M. Mali, Cooperative Officer, Kathmandu

After the presentation of case studies by Messrs Mali, Adhikari and Bhattarai, the participants asked a number of questions.

One of the participants asked why case studies failed to clearly state the reasons for failure or success of cooperatives. The researchers

said that since there was no uniform measuring yardstick, it was difficult to clearly state why one cooperative failed while another succeeded.

Another participant queried why both the societies are shown in profit while a critical analysis of the income statements reveals that they should be in loss. The researchers replied that they had an operating profit.

One participant quoted one of the resource persons' saying that cooperative stores should normally have a large membership in order to be economically viable. He wondered why both the societies studied had a limited members.

Another participant commented that cooperative stores are more inclined to profit objective than service. Trading with non-members is significant. It seems that many a cooperative stores are established just to take statutory benefits.

Session VI : How to Run a Consumer Cooperative Store Successfully?

Resource Persons: Mr. S. C. Mishra, ICA-ROAP Consultant
 Mr. B. A. Kambli, General Manager, Apna Bazaar, India
 Mr. S. U. Sapre, General Manager, Sahakari Bhandar, India
 Mr. R. S. Umre, Formerly, Chief Director, NCDC, India

In the beginning, Mr. Kambli shared his experiences with the participants. He mentioned that the secret behind the success of his store - which was the largest in India in terms of the total turnover - had been the special attention to effectively mobilize all factors of production.

Mr. Kambli emphasized on the need for introducing self-service systems to consumer stores. In one case after the same was done, his sales had increased by 20 times. He also mentioned how he was able to raise IRS 25 millions in fixed deposits from his members by offering a scheme for supplying them with goods worth 18% of the money in consideration thereof.

Likewise Mr. Sapre drew the attention of participants to the need for quality control, ensuring sufficient range of goods and developing the human resource which in fact enabled his store to rank third among the largest retailers in India.

At the initial stage, his store had availed some share capital as well

as loans of the government, but now government's money has already been returned.

In response to the questions of the participants, Mr. Kambli and Sapre said that the Union of Consumer Cooperatives had not been able to play the desired role in promoting their stores.

Mr. R. S. Umre especially dealt with the HRD aspect of consumer cooperatives. He also gave stress to the need for inter-cooperative linkages and explained to the participants how the same was being established in India by identifying a lead cooperative within a cluster of 20 to 25 primaries.

Mr. Umre also mentioned the programme of National Cooperative Development Corporation of India for assisting consumer stores in rural areas.

Finally, Mr. Mishra summed up the factors that lead to the success of a consumer store. He pointed out that even a small store can be a success if modern methods of managing the store are applied. He also laid stress on the need for having visionary objectives.

Questions were asked about the suggested simple way of calculating the share of consumer stores in the total retail sales, etc. Mr. Mishra answered all questions.

Summary of the Panel Discussion

- Topic : Free Market Policy and Approaches to the Survival of Consumer Cooperatives in Nepal
- Chairperson : Mr. S. R. Joshi, Acting Registrar, DOC
- Panelists : Mr. Pradit Machima, Consumer Advisor, ICA ROAP
Mr. Tulasi Dahal, Chairperson, CCU
Mr. Rameshor Khanal, Trainer, CTC
- Duration : One hour

Mr. Rameshor Khanal

Mr. Rameshor Khanal initiated the discussion by saying that by and large the economic liberalization policy of the government has not jeopardized the existence of cooperatives in the country. He contended that as the facilities available to cooperatives were not sufficient even in the pre-free market days, there was nothing much to be lost in any case.

Mr. Khanal, however, saw two challenges to cooperatives stemming from the liberalization process. First, cooperatives may not have as reliable and accessible sources of finance as in the past. Agriculture Development Bank, for instance, may now impose stringent conditions on lending to cooperatives and may not agree to finance them unless their projects are bankable.

Second, government subsidies to cooperatives may be declining. As the general tax rate is expected to be reduced considerably, the capacity of the government to assist cooperatives will be naturally limited.

Mr. Khanal drew the attention of the participants to what he thought the major difference between cooperative and competing private enterprises, viz. the decision making process. "We have got to expedite our decision making process either by taking out some of the tiers or by delegating more authority to our managers," he said. "If we do so, there is no reason why we cannot thrive on competition."

Concerning the problems of finances, Mr. Khanal suggested that beside enlarging the membership base and share capital, the possibility of drawing capital from the capital market be looked into. If cooperatives could not directly raise capital from the market, they could, according to him, promote a joint-stock company for this purpose. Important among other measures recommended by Mr. Khanal were: (a) arrangements for joint buying through CCU or NCF and (b) creating an information cell at CCU.

Some of the participants sought clarifications from Mr. Khanal. They pointed out that only a handful number of businessmen had taken advantage of the free economy. It was also said that there had been discriminations against cooperatives while granting import licences. Mr. Khanal clarified his points by explaining the ground on which he had plated the issues.

Mr. Tulasi Dahal

Mr. Dahal agreed with Mr. Khanal that if cooperatives could work together, the open economy may not make the difference for cooperatives. He, however, said that the way cooperatives were being organized was a matter of worry for all. "There are many pseudo cooperatives and the genuine ones are very few," said the CCU Chairman. "If this is like this, whatever cooperatives we have will also wither away."

Mr. Dahal stressed on the need for direct buying from producer cooperatives. Likewise, consumer cooperatives could supply producer cooperatives with the essentials they required for their members. In this way, cooperation could be forged between the two movements.

Mr. Dahal also spoke of the need for financial assistance at the initial stage of cooperatives.

Mr. Pradit Machima

At first, Mr. Machima explained to the participants the competitive nature of the world as it exists. He mentioned that many consumer cooperative movements that were once successful are no longer regarded so while some new movements have surpassed them. In this age, one has to learn from others, especially from their success stories. "Information is very important," he said.

On the question of becoming a strong competitor, Mr. Machima laid emphasis on 11 prerequisites. They were : (1) knowledge, (2) experience, (3) good men, (4) good working team, (5) good links with

suppliers, (6) good facilities, (7) flexible law, (8) good record, (9) strong leadership, (10) hard working and (11) training.

Mr. S. R. Joshi

Speaking from the chair, Mr. Joshi summed up the points made by the three panelists. For him, lack of cooperative knowledge was the most important factor hindering the process of cooperative development in the country. If people are enlightened, there is no doubt that consumer cooperative movement can grow and become successful in a competitive economy.

While agreeing with Mr. Khanal regarding the various options for financing cooperatives, Mr. Joshi expressed his view that cooperatives should not rely on the government as a source of finance.

He also laid emphasis on the need for an efficient market information system within the cooperative movement.

Mr. Joshi also agreed with Mr. Dahal and said that consumer cooperatives should seek to promote a good relationship with producer cooperatives which are operating throughout the country.

Concerning the role of national organizations, especially DOC, NCF and NCDB, the Registrar spoke of the need for better communication and concerted efforts.

The conclusion of the discussion was perhaps best expressed by one of the participants who said, "Cooperatives also have the competitive strength. The point is they are not aware of it."

Consumer Co-operative Movement in Nepal

S. R. Joshi

Acting Registrar, DOC

1. Historical Background

Although Nepal has a long tradition of Cooperation, Cooperative programme was launched on government initiative in 1953 after the setting up of Department of Cooperatives under Ministry of Agriculture. For the first time, Credit Cooperatives were organised in 1955 under a resettlement plan for the flood-stricken people in Rapti Valley of Chitawan district. In the absence of legal provisions for registration, those cooperatives were registered under an Executive Order of the government. As the popular government formed following the 1958 general election pursued the policy of encouraging cooperative development, multipurpose agriculture cooperatives, cottage industry cooperatives, consumer cooperatives, marketing cooperatives also began to be organised in addition to credit cooperatives. In the mean time, cooperative enactment was also made in 1959. Subsequent to the political change of 1960, efforts were made in vain till 1991 to develop the cooperative movement in a controlled situation without people's participation and contrary to cooperative values norms and principles. As a result, although cooperatives grew in number, their qualitative development could not take place.

The democratic government formed after the popular movement of 1990 has, in the process of establishing the necessary foundation for developing the cooperative movement in a voluntary, spontaneous and democratic manner, enacted the Cooperative Act, 1992 and the National Cooperative Development Board Act, 1992 and formed Cooperative Rules, 1993. As the new Cooperative Act has laid emphasis on the development of cooperation based on people's participation and according to cooperative values and principles, there has been a notable rise in the number of various types of single as well as multi-purpose cooperatives. A statement of the number and turnover of cooperatives is given in the Annexure. Although the number of single-purpose consumer cooperatives was very small before 1991. Many multi-purpose agricultural cooperatives were also dealing in consumer goods to some extent. In general however, it may be said that the development of consumer cooperative business has taken place after

the enactment of the Cooperative Act, 1992. The number of consumer cooperatives has been found to have highly increased as a result of the conversion of many fair-price shops-operated by His Majesty's Government under its relief programme for supplying the people with the daily essentials in an easy manner at proper prices into cooperatives.

2. Present State

As of December 1993, the number of cooperative societies and unions in Nepal is 1678, of which 210 are consumer cooperatives. The latter include 206 primary-level consumer cooperative societies, 3 District Consumer Cooperative Unions (secondary unions) and one Central Consumer Cooperative Union. Thus the consumer cooperative movement has its own organizational structure right from the primary to the central levels. The main business of consumer cooperatives is the buying and selling of daily essentials (rice, edible oil, salt, lintels, sugar, ghee, kerosene oil, cloth, etc.). These cooperatives sell goods bought from agencies, such as Nepal Food Corporation, Salt Trading Corporation, National Trading Corporation, Dairy Development Corporation, and other businessmen.

While evaluating the overall performance of consumer cooperative stores, most of the cooperatives are found to have played a positive role in making the necessary services and facilities available to the people but a large number of them are not found to be managed and operated in full compliance of cooperative norms, principles and Act and Rules. It has been found that the process of organising consumer cooperatives has been rapid owing to the simplified procedures for registration as well as the intention to take advantage of legal concessions and benefits provided in the name of cooperatives. Failures to hold regular meetings of the Board of Directors and Accounts Committees, to prepare and implement programme budget, hold general meeting, keep clear, systematic and updated records as prescribed by the Rules owing to the lack of the necessary trained personnel, get books of accounts audited timely are only a few such examples which clearly indicate the fact that many consumer cooperatives have not been able to operate in line with cooperative values and norms. Mostly a great many of urban-based consumer cooperatives have failed to carry out their activities in a transparent way according to cooperative principles and norms.

3. Government Policies

In the process of developing socio-economic organizations in Nepal, His Majesty's Government had taken the initiative in promoting cooperative societies since the first five-year plan. The expansion of

cooperatives took place in an organised and systematic way, particularly after the promulgation of the Cooperative Act 1959 and Cooperative Rules 1961. Since that time till 1991, government policies for promoting the cooperative movement, in one or the other form, were stated in various periodic plans by making changes in the Cooperative Act and Rules from time to time. Despite this a separate, substantive policy designed to promote special cooperatives in special sectors with priority was lacking.

The Cooperative Act 1992 and Cooperative Rules 1993 promulgated in line with the competitive market system and transparent economic policies of the democratic government formed after the popular movement of 1990 have provided for the formation of different types of cooperative societies and unions. Accordingly, consumer cooperatives too, have considerably increased in number, particularly in urban areas. The general policy is to accord priority to cooperatives by other agencies also while distributing goods of daily necessity in the process of supporting the government programme. In this way, in general, the same services, concessions and facilities are provided for all types of cooperatives under the common government policies. The Eight-Plan Document also specifies the following general policies for cooperative development :

- (a) To promote the cooperative movement as a self-inspired, voluntary and autonomous movement of people;
- (b) To create cooperative awareness at the grass-roots by expanding cooperative member education and publicity;
- (c) To help integrate, strengthen and make effective the cooperative system by mobilizing the capital and skills scattered in rural areas with the participation of all people and by giving priority to women's participation;
- (d) To encourage the formation of cooperative societies and unions at the local, central and national levels according to their needs;
- (e) To involve cooperatives, by giving priority to them, in the programmes of any types of government or non-governmental institutions and
- (f) To involve the cooperative sector in the process of formulating, publicizing and implementing plans from the village upward to the central levels.

The above-mentioned policies are applicable to the consumer cooperatives, as well.

4. Problems

The main problems presently faced by the Nepalese consumer cooperative movement are as follows:

(a) *Lack of easy access to concessions and facilities :*

Although there is the policy to accord priority to cooperatives in the supply of commodities essential for the daily life of the people, this policy is found to have implemented only in case of the shortage of such commodities in the country. Complaints are heard that consumer cooperatives have not been able to avail themselves of the necessary assistance, support and concessions in a simple and easy manner to a desired extent from various agencies.

(b) *Failure to operate cooperatives in line with the spirit of cooperation:*

Some cooperatives organised in the name of consumer cooperatives are found to have engaged in different types of business and not in activities intended to serve their very purposes. There are instances where the existence of some of the registered consumer cooperatives as not found. Such types of consumer cooperatives, which are registered but are not doing business or are acting to the contrary of their objectives, are found in especially urban areas. As the members of many consumer cooperatives are inactive, they have a greater proportion of non-member trading.

(c) *Lack of competitive strength :*

Consumer cooperatives are lagging behind in the competitive market system emerging as a result of the open and liberal economic policies presently pursued by the country due to a lack of efficient management. The district, central and national level cooperatives union have also been unable to play effective roles in developing a cooperative trading network among consumer and other cooperatives and they have not been able to give emphasis to business expansion and diversification by establishing inter-cooperative business relations according to cooperative principles.

(d) *Lack of capital :*

Consumer cooperatives have been facing the difficulty in expanding and diversifying their business for want of capital caused by the absence of a separate financial agency providing capital for the cooperative sector.

(e) *Inadequate support from the consumer agencies :*

The suppliers of the main commodities dealt in by consumer cooperatives are different government, semi-government and non-

governmental agencies. Cooperatives have been having many difficulties in getting goods and services in an easy manner with certainty from such agencies.

(f) Inadequate physical means and facilities :

Consumer cooperatives have not been able to carry on and diversify their business as they lack the necessary physical means and facilities, such as means of transport, godowns and cold-stores.

(g) Problem of record-keeping :

The way most of the consumer cooperatives have kept the record of their business has not been satisfactory. The activities of cooperatives cannot become transparent if there are no clear, systematic and up-to-date records. It has been found that consumer cooperatives have not been able to keep clear and updated records of the statistics and information necessary for the purpose of applying cooperative principles as well as the provisions of the Cooperative Act and Rules in practice.

(h) Lack of education and training :

As the general members and members of the Board of Directors of consumer cooperatives do lack a sound knowledge of cooperation, they are not actively involved in the activities of their cooperatives. Likewise, cooperative employees have also been unable to achieve the level of business expertise and efficiency required in a competitive market system. The main reason for this may be ascribed to the lack of the necessary knowledge and skills related to cooperative business.

5. Future Needs and Strategies

It is necessary to give stress to the following in order to steer ahead the consumer cooperative movement of Nepal in a sound and effective manner in the future:

- (a) The central and district consumer cooperative unions should be able to promote inter-relations among consumer cooperative societies and unions and bring about coordination among them of providing dynamic leadership for them and should lay emphasis on developing a cooperative trading network;
- (b) Emphasis should be given to member participation as well as to the establishment of primary and district-level consumer cooperative societies and unions for strengthening the structure of consumer cooperative movement;
- (c) Consumer cooperatives should mainly centre on dealing in daily essentials according to their defined objectives and should give priority to their members while doing business;

- (d) District and Central Consumer Cooperative Union should, to the extent possible, try to buy goods in bulk quantities from producers and to set up and operate produce processing plants under joint ventures with producer cooperatives;
- (e) In order to have the internal capital necessary for consumer cooperative movement, the main emphasis should be given to the programmes for augmenting share capital and mobilising savings;
- (f) Managerial and business efficiency should be promoted by emphasizing on the training as well as educational activities necessary for developing and expanding consumer cooperative businesses;
- (g) The record of the activities of consumer cooperatives should be kept systematically and made up-to-date; and
- (h) As National Cooperative Federation in the apex body of cooperative movement, it should, besides supporting the overall development of consumer cooperative movement, play an active role in establishing inter-relations between consumer and producer cooperatives and coordinate their activities for doing away with the possible exploitation of producers as well as consumers by the intermediaries in accordance with the objectives of cooperation.

BASIC INFORMATION ON NEPALESE COOPERATIVES

1. Number and Types (as of December 1993) :

<i>Type of Coops</i>	<i>Primary</i>	<i>Secondary Unions</i>	<i>Central Unions</i>	<i>National Federation</i>	<i>Total</i>	<i>% of total</i>
a. Agricultural	1,305	56	1	1	1,363	78.2
Multipurpose	980	49	-	-	1,030	
Dairy	325	7	1		333	
b. Consumer Trade	206	3	1		210	12.1
c. Savings and Credit	97	2	1		100	5.7
d. Others	70				70	4.0
Total	1,678	61	3	1	1,743	100

2. Membership and Capital :

Number of members	1.448 million
Share capital (NRS)	145,924,000 = US\$2,918,480

3. Business of Agricultural Coops (1992 - 93) :

<i>Particulars</i>	<i>NRS '000</i>	<i>US\$</i>	<i>% of total</i>
a. Agricultural lending	90,069	1,801,380	13.9
b. Supply of farm inputs	513,326	10,266,520	79.3
c. Distribution of daily essentials	36,525	730,500	5.6
d. Produce marketing	7,728	154,560	1.2
Total	647,648	12,952,960	100.0

4. Loan Transaction of Agricultural Coops (1992-93) :

<i>Participants</i>	<i>NRS '000</i>	<i>US\$</i>	<i>Repayment ratio</i>
a. Received from ADB/N	156,078	3,121,560	
b. Extended to members	90,069	1,801,380	
c. Repaid by members	70,952	1,419,040	78.8%
d. Repaid to ADB/N	122,732	2,454,640	78.6%

5. Coops Processing Agricultural Produce :

- a. Paddy 16
- b. Oilseeds 3

Development Patterns of Consumer Co-operatives in Japan

Akira Kurimoto

Manager, International Dept., JCCU

1. Origin of the Japanese Consumer Co-operative Movement

Japanese consumer co-operatives were first born in 1897 under the influence of Rochdale Pioneers, but it was in the 1920s that the movement to organize co-ops started on a larger scale. In 1921, Nada Co-op and Kobe Co-op (merged into Nada-Kobe Co-op in 1962, renamed Co-op Kobe in 1991) were established under the leadership of Toyohiko Kagawa, the father of the Japanese consumer co-op movement. In addition to these citizens co-ops, the labour-oriented co-ops and company-sponsored co-ops were also established under the support of trade unions or employers. However, the government forced co-ops to break up and disappear during World War II.

After the war, co-ops had to start from scratch. A great number of co-ops sprang up to distribute rationed food as there was a serious shortage of all commodities. However, most of these co-ops broke up when sufficient supply of goods returned to the market. Then in 1948 the Consumers' Co-operative Law was enacted and in 1951 JCCU was established, creating the foundation for later development.

In step with the economic revival of Japan in the 1950s, many labour-oriented consumer co-ops, insurance co-ops and labour banks were founded for the welfare of workers. However, with trade unions' initiatives in forming them, the board members / managers were lack of managerial skills and worker members were indifferent to the co-op, which often led to financial difficulties.

In order to improve this situation, some reorganization policies were discussed and implemented in the 1960s. In order to encourage individual members to take part in the co-ops' management, the policy to make HAN groups, the basic organizational units, was adopted and put into practice. In addition, the women's wings of the co-op were established to mobilize power and competence of women who became the mainstream of the membership. In response to the consumers demands for safe and reliable goods, the CO-OP brand products have been developed and the direct transaction with producers has been

promoted. In the field of business operations, the chain store system was introduced from the USA while the joint purchase system was invented in Japan.

2. Development of Japanese Consumer Co-operatives

Rapid Growth and Retailers' Resistance

During the 1960s and 1970s, Japan enjoyed a high economic growth, which triggered many problems that threatened consumers health and environment. Additives had made possible the mass production of food, but they caused health problems; and waste water and smoke caused environmental pollution. Under these circumstances, co-ops attracted many consumers, since they developed and supplied alternative products under the slogan of "safe and reliable goods". Then came the oil crisis in 1973, bringing a severe shortage of commodities and skyrocketing prices. Co-ops fairly supplied goods at reasonable prices to members, which boosted confidence in co-ops and led to an increase in membership and a remarkable spurt of co-ops' economic growth.

However, this development was accompanied by anti-co-operative actions by small retailers, especially in the 1980s. Minor retailers, in financial difficulties owing to the encroachment of big chain stores, insisted that co-ops were the cause of their troubles, and petitioned the Government to prevent co-op stores from opening and to tighten prohibition of non-members business. The Government finally organized a special committee to discuss appropriate activities for co-ops. Co-ops maintained that they were acting in the interest of consumers in accordance with the Consumer Co-op Law and that the Co-ops were not the true cause of the financial difficulties of small retailers. Arguments continued for a year, after which the government committee concluded that co-ops played an important role as a countervailing power on consumers' behalf, thus the social *raison d'être* of co-ops was officially confirmed.

HAN and Member Activities

Japanese co-ops have placed the highest priority of democratic management based on member participation. Although this is declared in Co-operative Principles, Japanese co-ops learned its importance through experience. The organizational setup based on the HAN groups supports democratic management. HAN is the basic unit for joint purchases as well as for participation in management, where member's opinions on co-op operations can be heard. Members who

use stores do not need to join HAN groups to purchase co-op products, but they are recommended to join to make participation in management easier. HAN meetings are usually held three or four times a year, and the topics taken up cover a wide range from business operations to product testing and social problems. The opinions presented at these meetings are taken to the board of directors through HAN leaders' meeting and district committees. This is an open and democratic system where even one member's opinion could be discussed by the whole group. Opinions of members who do not join HAN can be reflected through comments and request slips provided at the stores.

Co-ops are not only a place for buying things but also a place where members engage in mutual exchange, study together, and help one another. Members take part in various co-op activities according to their interests. In the past, most Japanese women, when they married, became housewives and stayed at home. Co-ops have played an important role in providing an outlet for these women where they discuss such questions as household economy, eating habits, safe foods, the environment, education, peace and consumer issues. All of these lead to increased social awareness. Hobby circles and recreational activities have also helped to widen housewives' horizons and help them make new friends. These member activities have lately developed to include mutual aid activities such as helping the physically handicapped and old people who live alone. They also cover even wider fields, including demonstrations for peace and UNICEF fund-raising activities. Presently, members are actively involved in environmental issues. Some of their voluntary activities include spreading the use of environment-friendly products, recycling milk cartons and cans, checking household waste water, and conducting surveys on acid rain and air pollution.

Safe and Reliable Products

The most popular motive for becoming a co-op member in Japan is the desire to get safe and reliable goods. Ninety percent of co-op members are women, and most of them are housewives with growing children. They purchase CO-OP brand products because they want to have safe food for their children. In order to respond to members' concerns, JCCU and its member co-ops have made a strong effort to develop their own brand products which do not contain unnecessary additives and harmful substances since 1960s. They have also tried to lower the price in comparison with the nationally advertised brands and put accurate and easy-to-understand information on product labelling. Nowadays, CO-OP brand products constitute the co-ops

fundamental assortment, representing the consumers standpoints.

Lately, farm fresh products, sent directly to members without going through intermediaries, are becoming increasingly popular. This producer-consumer direct transaction was a result of the desire for fresher, safe food. Farm fresh goods are strongly supported by co-op members, since it is possible for them to communicate with the producers, and to learn how these foods are produced, allowing members to gauge food safety for themselves. The proportion of farm fresh foods provided by the co-ops is increasing every year.

Innovation in Retailing

In 1970s Japanese co-ops have invented the joint purchase as a unique retailing system which has been the base for the development of co-op business. The joint purchase system is made up of HAN groups which place a group order. Delivery is made a week later. This system is popular - especially among housewives with small children - since it is possible to buy co-op products even when there is no co-op store nearby; it saves shopping time thanks to the delivery service; and avoids carrying heavy items. With the recent increase in the number of working women, some people say that the joint purchase system has reached its limits since it is a prerequisite that someone be at home. It is also true that the number of items that can be bought by joint purchase are limited and it is not possible to provide everything needed for daily life. So, many co-ops which have hitherto only promoted joint purchases have strongly felt it necessary to open their own stores.

The 2,900 co-op stores nationwide are another channels to supply products to members. Co-ops are aiming to become a major organization in the future involving the majority of consumers in each community, so co-op stores that anyone can use at any time are a must. However, eighty per cent of all co-op stores in Japan have a sales areas less than 200 squares meters, and this small size has been a problem. So, recently JCCU has encouraged co-ops to build bigger stores with sales area of 1,500 to 2,300 square meters (i.e. supermarkets and super stores), so as to stock a more varied selection of foods and some basic non-food items.

3. Major Factors that Contributed to Co-op's Growth

Members participation

It should be stressed that Japanese co-ops have strictly observed the principle of voluntary member participation in all co-op activities.

Specifically, the voluntary raising of share investment by members has been emphasized, and co-ops have succeeded in raising the share per each member year by year. Interest rates are kept within the legal limit of 10 percent, with the open market rates as a guideline. Co-op products and stores are, in principle, limited to the use of members, and co-ops have encouraged members to raise opinions so as to carry on a business that directly reflects member voices. The prerequisite for this was the members' willingness to learn and participate, and joint purchase and HAN groups have played a significant role to this end.

Autonomy and Co-operation

Japanese co-ops have remained an independent organization, not connected with any political parties, corporations, or administrative bodies. They have never received subsidies from the government, and therefore could make their own decision independently from the standpoint of realizing consumers demands. Nowadays co-ops have worked in co-operation with the authorities and other groups on the equal basis in the fields of common concerns such as environmental protection and caring for the elder citizens. This principle of autonomy has been vital in promoting co-op movements and businesses.

Links with the Local Community

Co-op organization has its roots in the local community with the HAN groups as a typical example. Such a community orientation provides members with an opportunity to socialize and to exchange information, and have had a great significance as the foundation for co-op's business and organization. When the traditional community ties are falling apart, co-op activities that promote community building are giving people a new opportunity to get in touch with their neighbours and cultivate the sense of community.

Women's Involvement

Women, especially homemakers with small children, have taken active part in the co-op movement, motivated by problems they came across in daily living. Unlike men who were chained to the corporations, housewives who were not employed had time to spare and were more creative and liberal in their thinking. They constituted the bulk of membership and the board members in consumer co-ops. Their energy was the driving force that promoted the co-op movement.

Active, Committed Staff

In Japanese co-ops, the employees identified themselves with the

ideals of the co-op movement through their involvement with member activities, and have together supported the movement. After the 1960s, university co-ops worked to organize citizens co-ops and supported them by providing staff and other assistance. This proved essential for the creation of a group of dedicated staff. Further, the employees have been educated and trained both in the business skills and in the co-op spirit.

Strategic Planning and Consolidation

JCCU has implemented the strategic planning for three years terms since 1978 to promote consolidation of the movement as a whole. Under this scheme co-ops have united and merged together to form the viable societies which has given impetus to the movement as a whole.

4. Future Perspectives

Japanese co-ops have developed and expanded through direct participation of members in the activities in order to realize their wants and needs from everyday life. As a citizen's organization boasting membership of 17 million, co-ops now have an even bigger role to play in view of the twenty-first century. While aiming to create a new economic and social framework by organizing the majority of the people, co-ops must contribute in creating a fair and democratic society and economy. To this end, the following tasks must be addressed from the standpoint of the citizens:

- * Creative activities to make life more fulfilling;
- * Activities aiming at democracy and social and economic fairness;
- * Activities pursuing environment-friendly ways of life and business;
- * Welfare activities for a humane life after retirement;
- * Activities addressing issues such as worldwide food shortage;
- * Activities to vitalize the communities; and
- * International co-operation, especially with the Asian nations.

In reality, however, although more than 40 percent of all households in Japan are co-op members, the shares of co-ops in the retail market remains at a low 2.7 percent. It is becoming more and more necessary to search for ways to enable more people to use co-ops and take part in the activities. To do this, we need to establish more co-op stores and work to cover a wide range of daily items, aiming at offering a more creative way of life. Possibilities for member activities must also be studied so that not only women at home but also men, the elderly, and the young can take part in them.

Modern Management Techniques of Consumer Co-ops in Japan

Akira Kurimoto

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1. Introduction

There are some principles for successful management. The most basic one is “to increase what comes in, and to control what goes out”. This principle is applicable to manufacturing, financial, distributive and all other types of business. The way to apply it to practical management is not one, but various management techniques exist. It is important to realize that these techniques would be ineffective if they don't match the business conditions. The effectiveness of the management techniques depends on the social background in terms of customer's needs, economic conditions, talent of managers, financial status, and so on. Therefore the following modern management techniques of consumer co-ops are just a case of Japan and are not necessarily acceptable in Nepal. But everything advances step by step. As Japanese consumer co-ops are now ahead of American consumer co-ops from which we learned modern store operation techniques, Co-ops in Nepal will also be able to acquire techniques in future, by introducing advanced techniques under a long-term plan. If you introduce the modern management techniques steadily while making much of the co-operative principles, such techniques will root in Nepal and will contribute to the improvement of people's living standards. What is important for consumer co-op is to innovate the management under a firm operational plan.

2. Mid-term Plans of Japanese Consumers' Co-operative Union (JCCU) and the Improvement of Joint Buying System

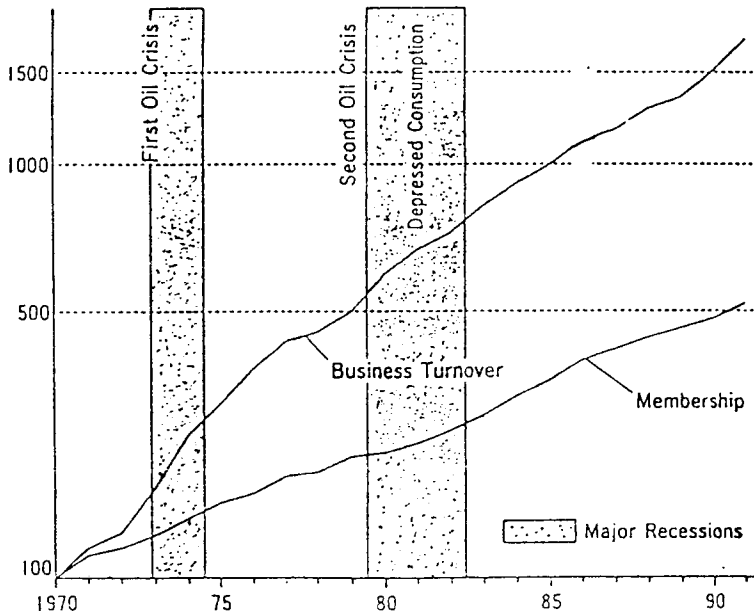
1) *Nationwide Unity and Member-Oriented Operation*

Figure 1 shows the trends of membership and business turnover of Japanese consumer co-ops. The rapid growth of Japanese consumer co-ops has begun since the latter half of 1970s, which was triggered by “Mid-term Plans” of JCCU. This mid-term plan has been revised every 3 years, and the 6th plan is now coming into effect. Under the mid-term plan, all consumer co-ops in Japan have been integrated and the

Figure 1 Trends in Consumer Cooperative Membership and Business Turnover (1970 to 1991)

Mid-Term Plans of the Japanese Consumers' Co-operative Union

- 1st Plan (1978-80) "Putting Members First in Running the Organization"
- 2nd Plan (1981-83) "Expansion and Strengthening of Group Units (Han)"
- 3rd Plan (1984-86) "A Consumer Coop Movement with Roots in Local Communities"
- 4th Plan (1987-89) "Enhancing the Quality of the Movement and Establishing its Position in Society"
- 5th Plan (1990-92) "Strengthening the Cooperatives' Leadership Role in Lifestyle Building"



movement as a whole has been strengthened. As this figure indicates, business turnover has increased every year at a high rate throughout the period, which demonstrates the “rising tide” phase of business. But, we don’t forget that we had a hard time from 1960s through the first half of 1970s.

At that time, American modern supermarket system began to be introduced into Japan. Japanese consumer co-ops were eager to introduce this new technique for innovating its management under the serious conditions. So we studied the system and put it into action. But many of those efforts resulted in failure because of the lack of appropriate talent, financial resources and members’ support. What we learned from the failure were that we should have organized members’ power in a co-operative way, and that we should have done our business with members and for members’ needs.

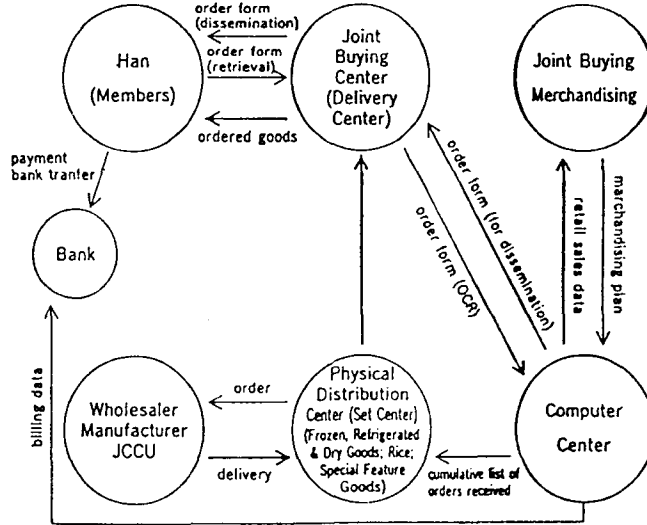
The 1st and the 2nd mid-term plans proclaimed “member-oriented operation following co-operative principles”, “expansion and strengthening of HAN groups”, and defined the joint buying system based on HAN groups as our main business. These policies led co-ops to success and development after that. During the 3rd mid-term plan, from 1984 to 1986, we aimed at “consumer co-op movement rooted in local community” followed by the “enrichment of consumer co-op movement in its quality” of 4th mid-term plan. Under the policy of 5th mid-term plan, “to develop our own capability of creating a new life”, we expanded the field of our activities from retail business to mutual insurance business, mutual help of members, cultural and environment observation oriented activities based on members over 15 million.

2) *Outline of Joint Buying System*

A basic cycle of joint buying system is as follows. At first, about 10 households of members organize a group which is called HAN.

After that, they order goods with order forms in each HAN. One or two weeks later, members get delivered goods and sort the goods among the HAN members and pay for them. At the same time, they submit the next order. This system has been continuously improved and is now introducing modernized computer system as is shown in Figure 2.

Figure 2 Overview of the Physical Distribution and Flow of information in a Joint Buying Operation



(1) Bold lines indicate physical distribution.

(2) Concerning physical distribution of dry goods, delivery from the JCCU delivery center plays a major role since the JCCU provides its federated Coop brand products.

Source: Documentation by Saitama Coop (Certain alterations have been made).

In short, the new joint buying system would be explained as follows;

- Merchandising department staff of each primary co-op decide the goods that they carry in the catalogue based on what merchandisers can procure from JCCU, wholesaler or manufacturer, and send the plan to computer centre where order forms for members are printed out.
- Orders forms are disseminated from joint buying centre to members through HAN group and are retrieved in reverse.
- This order form is specially printed for optical character reader (OCR) system. Data on order forms are automatically processed in computer centre and the processed data are informed to distribution centre (set centre). According to this information, ordered goods are delivered from delivery centre after assorted in the set centre by each HAN and individual members.
- Billing data are sent from computer centre to banks and according to the data, payment is automatically transferred from member's personal bank account.

In this way, computerized data processing system has greatly rationalized joint buying system and has saved time of totalizing payment by members, checking it by a leader of HAN and collecting money in each HAN. At the same time, remarkable improvement of temperature control equipment in both delivery centre and delivery truck increased items of fresh foods available in joint buying system and also increased total supply as a result. Joint buying system and its physical equipment has made rapid progress as mentioned above, but the basic system of goods delivery according to weekly or fortnightly order by members on HAN group unit is unchangeable.

3) Operational Advantages of Joint Buying System

Joint buying system is a great advantageous system in terms of organization and management. These advantages are as follows :

- a) Daily exchange among members on HAN group unit promotes association of members.
- b) Consequently, increase in share capital is promoted.
- c) Investment needed for joint buying centres is relatively small because the centre can be located on cheaper place compared with stores and its construction cost is also small.
- d) Bulk purchase of limited number of item enable the price cut of goods and at the same time, surplus is assured for consumer co-ops.
- e) Co-op brand products developed based upon the assertion of consumer co-ops and be merchandised.
- f) Member's participation in business operation, e.g. assorting of goods, saves operational costs.
- g) Simple system enable operation without special technique.
- h) It's a unique business system of consumer co-ops, and so there is no competition in this field.

Joint buying system, such an efficient business system, has contributed a great deal to the growth of Japanese consumer co-ops since the later half of 1970s. This system is seldom seen in other countries, even in Europe, except a small scale business of American consumer Co-ops. But recently, consumer co-ops in Korea began the joint buying learned from Japan. It's a suitable way of business for Asia, I think, so I expect it's further development in other Asian countries from now on.

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3. Operational Principles and Creative Development of Consumer Co-ops

1) 3 Important Factors of Management

In the management of businesses, 3Ms, i.e., Man (human resource), Merchandise and Money are considered as 3 important factors. Consumer co-ops in Japan could strengthen the 3Ms, 'Man' in particular, and they propelled the development of consumer co-ops during the latter half of 1970's.

In regard with 'Man', as major universities have had university coops, the graduates of universities who had been engaged in university coop management as student board members have worked to organise citizen coops. In 'Merchandise, we have succeeded in starting direct transaction of produce with producers for joint buying and in differentiating co-op merchandise from national brand goods, emphasizing safety and reliability to co-op brand by eliminating unnecessary food additives.

In 'Money', co-ops have based their financial resource on members' share capital. In addition to this, reserves from annual surplus of co-operative business have been accumulated and when co-ops needed more funds to open new stores, they introduced loan from members (in the form of co-op bond). Such financial operations that follow co-operative principles won the confidence of private banks and they could get rid of the financial difficulties in large scale investments. As consumer co-ops in Japan have had no subsidy from Government, they have endeavoured to operate on their own equity.

Table 1 : Overview of the Investment Activities of Citizen Cooperatives (Fiscal 1990)

(Y 100 Million, %)

Application of investment funds			Source of investment funds		
Category	Amount	(%)	Category	Amount	(%)
Stores	330	(43.9)	Increase of share capital	142	18.9)
Existing (310 units)	158	(21.0)	Retained funds	200	(26.6)
New (79 units)	172	(22.9)	Coop bonds	42	(5.6)
Joint buying centre (155 units)	90	(12.0)	Borrowings	368	(48.9)
Backyard Facilities (100 units)	157	(20.9)			
Other (98 units)	175	(23.3)			
Total	752	(100.0)	Total	752	(100.0)

Source: JCCU Business Planning Office, Membership Financial Management Policy of Citizen Cooperatives, (Dec. 3, 1991).

Table 1 shows the share capital of citizen co-op. Average share capital ratio to total capital of consumer co-ops nationwide is 23.4% though it should be ideally 30%. Investment per member amounts to \$220. Co-ops encourage members to invest their share capital as the same amount as members' purchasing amount at co-op stores per one month.

**Table 2 : Share Capital of Citizen Cooperatives
(Fiscal 1990)**

	Target level	National average	Average of top 15 coops
Ratio of share capital to total assets (%)	30.0	23.4	23.1
Share capital per member (Y)	30,000	21,188	22,588

* "Target level" is derived from guidelines of the JCCU Business Planning Office.

"National average" is calculated on the basis of 155 coops selected in the management statistics of consumer coops. Top 15 coops are those with no less than Y3,000 million in total turnover, also taken from the above statistics.

Table 2 shows the breakdown of investment and financial resources of citizen co-op. In 1990's, investment in store construction has increased noticeably. Total investment is \$752 million and 43.9% of the amount was poured into store development. The proportion of investment on store renovating (expansion/renewal) and new store construction is almost the same. As for capital sources for investment, \$142 million (18.9%) was raised by increase of share capital, \$200 million (26.6%) from reserve and surplus, \$42 million (5.6%) from co-op bonds and \$368 million (48.9%) from loan.

(2) *Introduction of Store Operation*

Joint buying is an outstanding business technique that is unique to consumer co-ops, however, it is not sufficient enough for business. In joint buying, members cannot see goods at hand and it takes 1-2 weeks for members to receive what they order. And there are not a wide variety of goods. As working women increase, it becomes difficult for them to order and receive goods during day time. These factors are linked with the members' strong demand for store opening so that members can shop conveniently. Shopping at store is the most common way of shopping. Actually there have been consumer co-ops that operate co-ops stores. However, because of the lack of personnel resource and weakness in capital and technique, most of the co-ops store were small and not viable enough when they faced a tough competition. It was only in 1980's that some of the primary co-ops started full-fledged supermarkets. At present, many co-ops are pouring

its energy to deploy standard supermarkets. In this field, JCCU has contributed a lot by organizing "Seminar on American Supermarket Industry" since 1981. More than 2,000 co-op employees have participated in the seminar in the U.S. during the last 13 years. At first, JCCU sent the study group to Berkeley Co-op and Palo Alto Co-op but unfortunately Berkeley bankrupted and Palo Alto Co-op has stopped its business. Greenbelt Co-op of Washington D.C. followed the bankrupt of Berkeley. The severe experience of bankrupts of the two co-ops were recorded in following books published by Co-operative Centre of University of California.

"What happened to the Berkeley Co-op?"

"The Greenbelt Co-operatives: Success and Decline"

It is sometimes more informative to learn from a failure rather than a success. Many co-op employees visited the U.S. to learn the experience of American consumer co-ops. Nevertheless, what brought them to collapse? JCCU has translated the book on Berkeley and studied the cause of failure. This book was published and 7,000 copies were read by co-operators in Japan. We learned from the lesson of Berkeley's that consumer co-ops should tighten the solidarity among members and workers, that co-ops should stay away from adventurism, that co-ops should strengthen management and stick to the co-operative operation.

3) *Principles of Store Operation*

Consumer co-ops' store operation is destined to survive in competitions unlike joint buying.

Consumer co-op is a latecomer in the store business. And because of this, co-ops have been conditioned to compete in disadvantageous position. In Japanese retail market, you will find any type of stores and they are struggling mutually. Therefore it is not an easy task to enter the market and maintain and develop business. If you wish to succeed in the store operation, you need to consider principles of store operation. Japanese consumer co-ops introduced modern techniques of store operation developed in the U.S.A. They are as follows;

1) Modern Store Operation Techniques

1-1. Open display

1-2. Self-service system

1-3. Department control

To display goods open to customers, goods are needed to be packaged and put price tag on each of them. The same is with fresh

foods. But you can price such goods per piece as apples and pears which are sold by piece. To have self-service system work, you must eliminate obstacles which obstruct customers' view in the store and place checkouts in one part of the floor. Cash registers are indispensable in self-service system. These days, bar-code is prevalent and cash register is equipped with an ECR scanner. The scanner reads bar-code, identifying the name and price of the product. The information read by the scanner is processed into POS data and utilized in department control. Department control is one of the techniques to manage ordering, replenishment of shelves, display, sales, inventory taking and profit control by each department such as produce, seafood, meat, deli, dry grocery, beverage and sweets and non food. The reason to take this technique is that you cannot control as many as ten thousand items of goods which have different mark-ups and sales volume. By assorting same kind of products in one department, you can control a store as a whole. For instance, fresh fish sales claim lots of manpower, while the sales volume is not usually very big.

It means you need to secure high gross profit in this department. In contrast with the fish department, dry groceries claim less manpower. One you replenish them on shelves, it will move automatically. However, sales competition in groceries is so tough that you need to sell them with thin margin.

A store manager have to estimate the sales volumes of each department. He multiplies the number by estimated margin ratio of each department to get total profit of the store. Then he makes a decision how much he can cut the price of goods. This is done based on monthly, weekly, and daily plans and compared with the actual performance. In addition to them, cost calculation of each department is done to make monthly department profit & loss statements of each department. If there are 10 co-op branch stores, you need to analyse the profit and loss of each department of 10 stores to and improve weak departments. This department control is the basis of scientific store management.

Figure 3 Analysing Method of Departmental Monthly Profit and Loss Statements

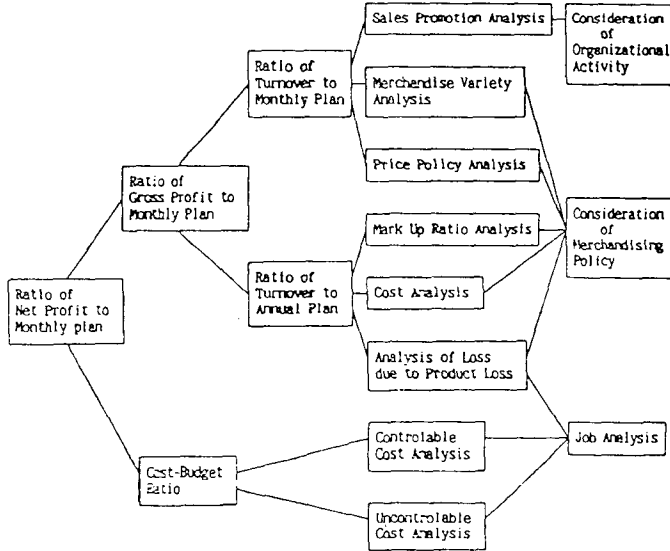


Figure 3 shows an order of analysis of monthly department loss and profit statements. What is important in consumer co-op business is how to attain planned net profit after meeting members' demands. Analytical comparison of net profit with the target can be extracted from comparative analysis of actual turnover, gross surplus and cost with their targets. When the numbers don't reach the targets, you will know the problem and solution by examining such components. I hope this method is informative to you.

2) Principles of Chain Operation

Consumer co-ops are responsible for daily life of members and their main merchandise is foods. This is common both in joint buying and in store sales. Consumer co-ops in Japan are proud of the biggest retailer in domestic food market. The business policy of consumer co-op to supply reliable and safe foods has brought about the sense of reliance on consumer co-ops among members. When co-op stores mainly deal with groceries, prototype of stores should be uniformed and it is important to deploy numbers of standardised stores and promote chain operation. To do this, co-operation among consumer co-ops is also important. In the case of consumer co-ops in Japan, many of them adopt chain operation system to do their business. In the concept of chain operation, there are principles named 3S-ism.

1. Simplification

2. Specialization
3. Standardization

The idea is to simplify, specialize and standardize business operation. By simplifying operation, you can make the management of 50 or 100 stores easier. Specialization means differentiation. That is to add appealing features which competitors don't have to co-operative business. One of the examples in Japan is the co-op brand products which appeal safety and reliability. Standardization makes it easy for all employees do difficult jobs with less sophisticated skills.

As long as sophisticated skills are needed, chain store operation is not attainable and you cannot increase stores. Considering the principles, the goods sold at co-ops' chain stores should have these characteristics:

- * Basic merchandise
- * Popular item
- * Popular price.

4. Present Status of Consumer Co-op Business in Japan

(1) Present Status of Business by Type of Operation & Merchandises

Table 3 Breakdown by Forms of Operations of Citizen Cooperatives

Forms of operations	Fiscal 1985		Fiscal 1990	
	Amount (%)	[No. of coops]	Amount(%)	[No. of coops]
Retail sales	1,326,242 (98.8)	[192]	2,146,302(99.4)	[211]
Store	705,163 (52.5)	[115]	964,531 (44.7)	[134]
Joint buying	581,541 (43.3)	[165]	1,113,491 (51.6)	[176]
Catalogue	9,461 (0.7)	[13]	19,520 (0.9)	[32]
Other	29,978 (2.3)	[48]	48,729(2.3)	[61]
Services Sales	14,270 (1.1)	[32]	4,930 (0.2)	[48]
Barber shop & beauty parlour	-		186 (0.0)	[7]
Insurance	-		525 (0.0)	[11]
Other	-		4,253 (0.2)	[32]
Other operations	707 (0.1)	[36]	7,999 (0.4)	[72]
Total turnover	1,341,669 (100.0)	[192]	2,159,230 (100.0)	[211]

* "Other operations" denote those operations generating commissions only.

Source: JCCU, Management Statistics of Consumer Cooperatives - Fiscal 1985,90.

Table 3 indicates the business result of citizen co-ops based on type of operation. Figures in the table are shown by JPY. To make story simple, here I estimate JPY100 equivalent to US\$1. Then, the total turnover of Fy1990 (April 21-March 20) was US\$21,463 million and 44.7% of the amount was from store sales and 51.6% from group purchase. The total turnover of Fy1993 was US\$30,472 million including income from services and US\$29,708 million was the turnover of sales.

**Table 4 Retail Sales of Citizen Cooperatives
According to Product Category**

(Y Million, %)			
Product category	Amount	(%)	[No. of coops]
Green grocery	197,155	(9.6)	[158]
Fish	214,352	(10.4)	[151]
Meat	220,216	(10.7)	[156]
Daily-delivered goods & delicatessen	373,189	(18.2)	[144]
Confectionery & beverages	125,489	(6.1)	[142]
General foods	299,393	(14.6)	[170]
Rice & other cereals	100,684	(4.9)	[145]
Alcoholic beverages	15,638	(0.8)	[60]
Total	1,557,862	(75.9)	[175]
Sundries	293,693	(14.3)	[166]
Books	4,560	(0.2)	[48]
Apparel	92,152	(4.5)	[117]
Total	392,081	(19.1)	[172]
Other	95,373	(4.7)	
Total retail sales	2,051,651	(100.0)	[177]

Source: JCCU, Management Statistics of Consumer Cooperatives - Fiscal 1990.

Table 4 is the result of sales of each merchandise category. Food occupies 75.9% of the total sales, especially fresh food and perishables such as produce, fresh seafood, meat & poultry, chilled food and deli make up 48.2%. These items are not standardized goods like factory-made sweets, drinks and processed foods. So they claim merchandising ability. Therefore, high proportion in these category indicates that co-ops stores enjoys members' support. However, clothing category

forms only 4.7% of total sales. Though large scale co-op stores that deal with clothes have been coming up last few years, still this category is weak as a whole.

(2) Strength and Weakness of Consumer Co-op Operation

Table 5 Reasons for Selecting Purchasing Source

(Multiple answers, %)

	Ordinary retail shop	Food supermarket	Large supermarket	Coop store	Coop joint buying
Product assortment	11.0	29.3	59.8	3.7	3.6
Bulk purchasing	1.8	12.1	28.6	4.2	37.3
Low prices	12.8	38.7	28.3	2.0	1.4
Quality, freshness	41.2	12.9	3.8	33.0	17.7
Safe products	4.2	1.2	1.2	56.7	61.4
Environmental protection	0.1	0.3	0.2	14.0	6.2
Close, convenient	38.7	39.8	8.5	7.4	1.0
Delivery	5.7	0.4	0.9	0.9	56.0
Parking	0.8	6.0	23.5	4.9	0.3
Convenient access	5.2	6.9	4.5	1.6	0.2
Familiarity	26.0	3.0	0.5	3.1	2.2
Convenient for the handicapped	0.5	0.2	0.2	0.2	0.8

Table 5 shows the shopping place of members and the reason they choose the place. Consumer co-op stores are supported in terms of quality, freshness and safety of goods and environment-consciousness. However, co-op stores are inferior to large scale supermarket in terms of variety of goods, convenience for bulk-purchase, price and car parking-space. In comparison with food supermarket, co-op stores are running behind them in articles such as the range of goods, price and convenience of access. Compared with general grocery stores, co-op stores are less competitive in quality and freshness, convenience and friendliness. In regard with joint buying, the service seems to have advantage in bulk-purchase, safety of goods and delivery service but it is considered less convenient. Japanese consumer co-ops must clear these weak points.

5. For Successful Consumer Co-operative Management

Many consumer co-op executives at present entered consumer co-op as amateur managers. Some of them entered consumer co-op movement when they were students and others were trained after

employed to be full time director. As a matter of fact, the management of consumer co-op is not an easy job. You cannot fail because co-op managers do business by operating precious sharecapital invested by members. To succeed in the management continuous study and practical efforts are needed. The role of co-op union is also important. Under the initiative of the union, solidarity of co-ops are also needed. Japanese consumer co-ops operate their group purchase business in almost uniformed method. Standardised formats of supermarket and supermarket type co-op store have made it possible for co-op stores do their business in a similar way. Store staff training is also done in a uniformed education and training program. "Seminar on American supermarket Industry" has been continued for 13 years since it was started in 1981. These efforts are indispensable for the success of consumer co-op management. Nowadays, many co-operators of South-East Asia visit Japan to study modernized management skills. This is very important. JCCU will try its best to offer opportunities and information to such people. However, there are different conditions in each country as I talked at the beginning. We often cite a saying that says, "Slow but steady wins a race". Therefore I hope co-operators in Nepal make midterm and longterm plans to steadily develop their co-op movement as co-operators in Japan have developed their movement based on 6 midterm plans since 1978.

Situation of Consumer Cooperatives in Nepal

S.P. Bhattarai
J.P. Adhikari
P.M. Mali

1. Background

Cooperative movement in Nepal started in 1956 from Chitawan district. With the change in political situations, the cooperative movement has also been facing different changes, since its start to date. However, after the enactment of the Cooperative Act 1992 and Cooperative Rules 1993, the cooperative movement in Nepal is characterised with real cooperative principles. This has made a substantial positive impact in the organisation as well as operation of cooperative societies. Before 1992, there were only about 850 cooperative societies whereas by the end of 1994 the number of the societies has gone up to around 1,800. The enthusiasm of the general public for organising new societies is still very high. Accordingly, at present there are roughly more than 2,000 societies registered within the Kingdom.

Although consumer societies number only about 400, the multipurpose societies also undertake the consumer activities.

The cooperative movement within Kathmandu valley has, at present, about 100 cooperative societies registered as consumer cooperatives. However, here, too, multipurpose cooperative societies also undertake consumer activities. The total number of cooperative societies within Kathmandu valley (which includes Kathmandu, Lalitpur and Bhaktapur districts) is about 350.

2. Objective

The overall aim of this study is to find out the status of the business performance of the studied societies. While doing so, it also aims to find out the main problems of the societies and the possible solutions to those problems.

3. Methodology, Coverage and Limitation

To achieve those objectives, District Cooperative Officers were

involved in preparing case studies of 14 consumer cooperative societies. The Cooperative Officers collected primary data from the related cooperatives, interviewed related employees and elected office bearers. Observation question - answers were also done during the field visits. Besides these, subjective judgement was also used. For the reporting purpose, CTC guidelines were used.

As mentioned earlier the study was conducted in 14 societies of the seven districts, namely Kathmandu, Lalitpur, Rupandehi, Banke, Kailali, Chitawan and Morang. In each district two societies were studied. Hence it may not represent the overall situation of the district. Similarly as the study was carried on in 7 districts, it may not represent the overall situation of the Kingdom. However, the study is hoped to be a basis for analysing the present situation of the societies and identifying the problems faced by them and will generate the thought of the participants of this workshop to identify the possible solutions to those problems.

4. General Findings

4.1 No. of Share Holders

From the minimum of 25 to a maximum number of 2,784 share holders were found in a cooperative. On an average, there were 500 share holders per Cooperative society.

4.2 Share Capital

From the minimum of NRs. 1,400/- to the maximum of NRs. 1,204,500/- share capital was found in the studied societies. The average share capital was found to be NRs. 365,122.

4.3 Entry Fee

The study did not show the minimum entry fee. But maximum entry fee charged in a society was found to be NRs. 1,000.

4.4 Share Per Member

The minimum share holding of a member was found from one share to five shares.

4.5 Members buying more than one share

The number of members buying more than one share was found from zero to 100 percent.

4.6 Area of Operation

The study showed that the area of operation of a society ranged

from one ward of a VDC or Municipality to the district as a whole.

4.7 Members doing business

Almost all of the members were found to have done business with their cooperatives.

4.8 Non-Members doing business

Proper records of non-members doing business were maintained in none of the societies. However, roughly it was indicated that from 200 to 20,000 non members do business with the societies.

4.9 Management Committee

The size of Management Committee was found to range from 9 to 11 members.

4.10 Accounts Committee

In some societies it was found that there are no Accounts Committee. But in most societies, there are three membered Accounts Committees.

4.11 Maintenance of Books of Accounts

Most of the new societies do not have books of accounts updated. However, most of the societies have maintained Daily Sales Registers, Purchase Registers and Sales Registers. It was, however, found that with the assistance of District Cooperative Offices, some societies have, to some extent, updated their books of accounts.

5. Main Commodities Traded by the Society

It was found that some societies, although registered as consumer society, have not done the business of consumer goods. But most of the societies were found doing business of rice, pulses, sugar, edible oil, salt, soaps, spices, beans, ghee, cement, cattle feeds, etc. Some societies were found selling petrol, diesel, etc., too. The business volume of a society was found from Rupees 0.2 million to NRs 17 million in the fiscal year 1993/94. Increasing trend was found in the volume of business of most of the societies. The average sales volume was found to be NRs. 4.4 million.

6. Man Power

It was found that the manpower of the societies ranged from 1 to 8. The average number of manpower comes to 4.5 per society. The manpower working in most of the societies were found untrained.

7. Location

Most of the societies were found situated in proper areas, suitable to the members.

8. Godown

It was found that out of 14 societies, 4 societies have their own godowns. 10 societies are using the rented godowns. The godown capacity of the society range from 1 MT to 300 MT. Average godown capacity was found to be 69 MT.

9. Membership

Most of the members are found to be peasants, service holders and the general public. As for the representation of youth, women and others in the society, it was found that the minimum representation of women and youth was found to be 15 and 17 percent and maximum of 43 and 90 percent respectively. On an average, women members were 17, youth 43 and others 40 percent.

10. Financial Status

Some of the societies under study have their books of accounts audited but some have not. In case of those societies whose books of accounts are not audited the figures were derived from the available records.

10.1 Share Capital

The share capital was found ranging from NRs. 1400/- to NRs. 1,204,500/-. The average share capital was found to be NRs. 365,122 per society.

10.2 External Loan

Out of 14 societies, it was found that 4 societies have taken loans from outside institutions. Rest have taken no loans. The loan taken by these societies ranges from NRs. 50,000 to NRs. 745,000. Average loan was found to be NRs. 441,000/-. Average share capital of these 4 societies, which have taken loan was found to be NRs. 345,000. Hence the average equity and loan ratio of these 4 societies was found to be 1:1.3.

10.3 Credit Purchase

Most of the societies under study were not doing credit purchases.

Some societies were found to have credit purchase but not in substantial quantities.

10.4 Credit Sales

Like credit purchases, credit sales are also not found in substantial figures.

11. Selling Expenses

11.1 Staff Salary

Staff salary of the society ranges from a minimum of NRs. 25,000/- to NRs. 265,000/-. Average salary was found to be 100,000/-. Some cooperatives were also run voluntarily.

11.2 Other Expenses

Other expenses include rent, stationeries, transport, interest, etc. Some of the societies have their own buildings and some have not. Similarly some societies have their own means of transport and some have not. Some have taken loans and some have not. The minimum other expenses of a society was found to be NRs. 2,000/- and maximum other expenses was found to be NRs. 300,000/-. Average other expenses was found to be NRs. 74,000/- per society.

11.3 Gross Profit

Out of the 14 societies in four societies, gross profits were not recorded as the audit was not complete. The minimum gross profit of a society was found to be NRs. 1,000/- and the maximum was found to be NRs. 552,000/-. Average gross profit of 10 societies was found to be NRs. 186,700/- per society.

11.4 Gross Profit Ratio to Sales

The gross profit ratio to sales ranged from 2 to 8 percent.

11.5 Net Profit and Net Loss

As mentioned earlier in 4 societies auditing was not completed in four societies. So, out of the 10 societies which made gross profits, it was found that 7 societies were able to make net profits. Net profits ranged from NRs. 2,000/- to NRs. 403,000/-. Average net profits of these 7 societies were found to be NRs. 90,000/-. Out of 10 societies, 3 societies were in loss. Net loss ranged from NRs. 23,000/- to NRs. 143,000/-. Average net loss was found to be NRs. 66,000/-.

12. Meetings

The details of the meetings of the studied societies is given in the following:

12.1 General Meetings

In all societies studied, general meetings were held. The percentage of members present in general meeting ranged from 35% to 100%. The average percentage of members present in general assemblies was found to be 59 percent.

12.2 Management Committee Meetings

The management committee meetings were held at least once a year in some societies and 21 times in one society under study. The average management committee meeting held was 8 times per society. The percentage of attendance in the meeting ranged from 50 to 100 percent. The average attendance percentage was found to be 75 percent.

12.3 Accounts Committee Meetings

In some societies there were no Accounts Committees. Out of the societies where accounts committee exist. Accounts Committees meetings were found to have taken place only in four societies. The minimum number of meeting was found held once and maximum nine times in a year. The average number of meetings per society was found to be five times. Attendance percentage ranged from 66 to 100 percent. Average attendance percentage was 88 percent.

13. Decisions made by Management Committees

It was found that almost all of the committees have made their decisions in the following areas:

- Maintenance of accounts
- Auditing
- Present and possible future transactions
- Employees
- Granting of membership
- Transport
- Others

14. Decision Implementation

It was found that around 50 to 70 percent of the decisions made were implemented. Average decision implementation rate was 60 percent.

15. Program Budget

Out of 14 societies program budget does exist in 12 societies and in 2 societies it does not.

16. Inspection from Management Committees

Formal inspection by the management committee was done in none of the cooperatives.

17. Accounts

In all societies books of accounts are maintained. But they are not updated.

18. Members Attitudes

Members attitudes are found to be positive. Although most of them do not fully understand their responsibilities.

19. Main Problems

The problems incorporated in this study are mainly those which were mentioned by the respondents. However, the judgement of the related cooperative officers are also incorporated.

The main problems were found as follows:

19.1 Lack of education and training for members and employees of the society.

19.2 Problems generated because of inactive roles played by central level organisations of cooperative movement.

19.3 Inavailability of facilities mentioned in the Coop. Act.

19.4 Lack of Godowns and buildings

19.5 Transportation

19.6 Lack of responsible financial institutions to provide loan exclusively for cooperatives.

20. Solutions

The solutions mentioned here are mainly the response of respondents. However, related cooperative officers' judgements are also incorporated.

20.1 Training and Education.

20.2 Active roles of the central level cooperative organisations.

20.3 Develop simple procedures so that the facilities mentioned in the Cooperative Act could easily be provided to coops.

20.4 Assist coop societies in developing their infrastructures like godowns, means of transport etc. by providing soft loans, grants, etc. from central level organisations.

20.5 To Assist cooperative societies by providing them with the necessary information regarding markets etc. from either CTC or NCDB or the other concerned institutions.

21. Conclusion

Although, the problems and solutions are incorporated in this study report, the same must not restrict the readers of this report to further generate their ideas for identifying the additional problems and solutions. It is hoped that the lessons to be derived from this study after its scrutiny will be useful for the workshop participants enabling them to play an important role in developing guidelines for the future plan of action for strengthening consumer cooperative movement in Nepal.

Case Study of Milan Cooperative Society Ltd.
and
Swabhiman Consumer Cooperative Society Ltd.
Butwal, Rupandehi

Surya P. Bhattarai
Jyoti P. Adhikari
Prahlad M. Mali

1. Background

Rupandehi is a terai district situated in south-western part of Kingdom of Nepal. Butwal, is a growing industrial city of Rupandehi district. Butwal's population is about 65,000. There are 5 consumer cooperative societies registered in Rupandehi district, out of which 4 societies are registered within the area of Butwal municipality only. However, there are other multipurpose cooperative societies numbering 25 in the district, which also to a limited extent carry out consumer activities.

2. Objectives

The over all aim of this study is to find out the status of the business performance of the studied cooperative societies. While doing so it also aims to find out the main problems of the societies as well as the possible solutions to solve those problems.

3. Methodology

To achieve the said objectives primary datas were collected from the records of the cooperative societies, interviews were conducted with the related employees and elected office bearers, observation was done in the field visits, District Cooperative Officer's subjective judgement also is used in certain cases. CTC's guideline is used for reporting.

4. Findings

	SWABHIMAN	MILAN
4.1 Number of members	86	25
4.2 Share capital	Rs. 1,204,500/-	Rs. 500,000/-
4.3 Entrance fee	Rs. 500/-	Rs. 25,000/-
4.4 Share value	Rs. 500/-	Rs. 20,000/-
4.5 Members buying more than one share	75	-
4.6 Area of operation	Butwal municipality, Tamnagar VDC, Anandaban VDC and Motipur VDC	District
4.7 Members doing business	All	All
4.8 Non members doing business (No proper record found rough estimation)	20,000	10,000
4.9 Management Committee Members	11	9
4.10 Accounts Committee Members	-	-
4.11 Books of Accounts	4 main ledgers prescribed by the Dept. is kept. For subsidiaries computer used proper updating is not done.	Accounts kept. But proper updating is not done
5. Main consumer goods traded	900 consumer items Main items were found to be Rice Sugar Ghee Beans Spices Soaps Edible oil Pulses Kitchen utilities Wheat flour	722 consumer items. Main items Rice Sugar Ghee Beans Spices Soaps Edible oil Pulses Kitchen utensils Wheat flour

(Both societies have helped to stabilise the market price in Butwal. Comparative market and society prices are given in the annexure).

5.1	Total turnover	Rs. 16,718,500/-	Rs. 1,669,200/- (4 month's record only; being new one)
6.	Manpower	8 (All share holders) Except helpers, others are above Matriculation	5 (All share holders) Except helpers, others are above Matriculation
7.	Location	Suitable	Suitable
8.	Godown	Hired 20 MT.	Hired 50 MT.
9.	Membership	About 19% women 37% youth and 44% others	More than 80% are youth, male and female
10. Financial Status			
10.1	Share Capital	Rs. 1,204,500/-	Rs. 500,000/-
10.2	External Loan	-	-
10.3	Ratio	-	-
10.4	Credit Purchase	Rs. 4,758,000/-	Rs. 139,000/-
10.5	Credit Sales	-	Rs. 50,000/- (Short term)
10.6	Percentage of Credit Purchases to Total Sales	28%	3%
11. Selling Cost			
11.1	Staff Salary	Rs. 265,000/-	Rs. 45,000/- (Expenses of 4 months only)
11.2	Others These include stationery, transport services, etc.	Rs. 359,000/-	Rs. 43,000/- (4 months')
11.3	Interest	-	-
11.4	Gross Profit	Rs. 411,000/-	Rs. 72,000/-
11.5	Percentage of Gross Profit on sales	2.45%	4.31%
11.6	Net Profit	Rs. 143,000/-	Rs. 2,000/-
12. Meetings			
12.1	General	1	1

12.2	Management Committee	8	6
12.3	Accounts Committee	-	-
12.4	Presence of members in general meeting	99%	100%
12.5	Presence of members of management committee	50%	60%
13.	Decisions made by management Committee	Business, Personnels	Business Personnels
14.	Decision Implementation	Satisfactory	Satisfactory
15.	Program Budgeting	done	done
16.	Inspection from management Committee	Informal	Informal
17.	Accounts	Kept, but not updated	Kept, but not updated
18.	Members Attitude	Positive	Positive

19. Main Problems

The problems incorporated in this study are mainly those which were mentioned by the respondents.

19.1	-Training -Inavailability of local tax exemption	-Training -Inavailability of local tax exemption
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20. Solution

The solution mentioned here are also mainly the response of respondents.

20.1	Training	Training
20.2	Active role to be played by the central level coop. organisation in providing facilities mentioned in the Act.	The Same

21. Conclusion

Although, the problems and solutions are incorporated in this study report, the same must not restrict the readers of this report to further generate their ideas in identifying the additional problems and solutions. It is hoped that the lessons to be derived from this study after its scrutiny will be useful for the workshop participants enabling them to play an important role in developing guidelines for the future plan of action for strengthening consumer cooperative movement in Nepal.

Annexure

Cooperative Market and Society Prices

Rs. in (K.G.)

S.N.	Name of Goods	Milan Multipurpose Coop Society Ltd. Butwal	Swabhiman Coop Society Ltd. Butwal	Local Traders	Anandaban Coop Society Ltd. Manipur	Remarks
1.	Mansuli Rice	15/-	13/50	14/-	14/-	
2.	Malaysia Rice	14/50	14/-	15/-	-	
3.	Sabitri Rice	11/50	12/-	12/50	12/50	
4.	Pulses (Rahar)	30/-	31/-	29/-	28/-	
5.	Pulses (Musuro)	23/-	24/50	25/-	23/-	
6.	Ghee (Upahar)	55/-	55/-	55/-	53/-	
7.	Ghee (Laxmi)	58/-	60/-	56/-	56/50	
8.	Mustard Oil	55/-	55/-	56/-	55/-	
9.	Horlicks	85/-	82/-	85/-	83/-	
10.	Horlicks Chocolate (500 gram)	92/-	-	-	-	
11.	Spices (Jira Packed)	130/-	125/-	135/-	-	
12.	Spices (Loose)	90/-	80/-	90/-	-	
13.	Dhania	28/-	28/-	30/-	-	
14.	Potato	9/-	-	8/-	-	
15.	Garlic	44/-	-	40/-	-	
16.	Onion	12/-	-	-	-	
17.	Slipper (Yak)	36/-	34/-	38/-	-	
18.	Flour	11/-	11/-	11/-	11/50	

Report of the Fact Finding Mission to Nepal on Consumer Cooperative Development

**Pradit Machima
S. C. Misra**

1. Introduction

Last year (August 1993) the Department of Cooperatives, Ministry of Agriculture, Government of Nepal has requested the ICA Regional Office for Asia and the Pacific (ICA ROAP) and the Japanese Consumer Cooperative Union (JCCU) to help organise the National Seminar on Consumer Cooperatives in Nepal in order to pave the way to promote and develop the consumer cooperative movement within the country.

In this regard the ICA had informed the Department of Cooperatives of Nepal that such a seminar will be possible only after some study on consumer cooperative movement within the country is made. Therefore a study plan was drawn and the study was conducted by the ICA team (Mr. Pradit Machima from ICA ROAP and Mr. S. C. Misra from National Consumer Cooperative Federation of India - NCCF) from 1 - 8, August 1994.

The study team visited various cooperative organizations/ institutions including Ministry of Agriculture, Ministry of Supplies and private business organizations (Supermarkets and department stores). It was found that consumer cooperatives could be developed in Nepal provided that proper education, training and guidance are given to them (Government Coop., officials Coop., trainers Coop., leaders and staff). Finally, a seminar programme was drawn up, which was approved by the Department of Cooperatives Office and the National Cooperative Federation of Nepal with technical and financial support from JCCU and ICA ROAP.

2. Objective

The main objectives of the Fact Finding Mission were as follows :

2.1 To get first hand information of the co-operative movement especially of consumer cooperatives, its organisation, structure, mode of operation, finance, operational results, education and training facilities and the problems and prospects.

2.2 To initiate a liaison with government officials, Cooperative Officers and Cooperative Leaders and also the Cooperative Training College.

2.3 To discuss general problems concerning consumer cooperative development within the country and cooperation with ICA & JCCU.

2.4 To discuss the related programme concerning co-operative education and training and to plan to organise a Seminar on Consumer Cooperative Development in Nepal in the near future.

3. Methodology

3.1 The members of the Fact Finding Mission met the Registrar of Cooperative Societies, Secretary of Ministry of Agriculture, Secretary of Ministry of Supplies, Director of the National Cooperative Development Board and also the Principal and Faculty Members of the Cooperative Training Centre. The mission also visited a dozen of primary cooperative societies including a couple of secondary societies in Kathmandu Valley and Bhairawa and the National Consumer Cooperative Union. It had also the privilege of meeting two District Cooperative Officers and visiting two district level Unions of Agriculture Cooperatives. Data/information and write-ups from all these sources wherever available were collected and various aspects of the structure, operational system, procedure and results were discussed.

3.2 Mr. Ganapati Ojha, Training Officer of the Cooperative Training Centre under the guidance of Registrar, joined the Fact Finding Mission almost during the visit to all these institutions and worked as the Coordinator and facilitator of the entire programme.

3.3 A few private Super Markets which have come up in Kathmandu were also visited. There was also an informal discussion with the proprietors and managers of these Super Markets. They were, however reluctant to provide data/information and share their experience.

3.4 The gist of the findings and the recommendation discussed with the Jt. Secretary/Chief Economist, Ministry of Agriculture and other Senior Officers on the 8th August 1994 is given as follows :

4. Facts about Nepal

4.1 Nepal is a land locked country. It is situated in the northern part of India. It is surrounded by China in the North and India in the East, West and South. It has an area of 147, 181 sq km.

4.2 The country is divided into 3 regions :- the high mountains, the hills and the plain and the terrain and the plain.

The high mountains comprise one third of the total land area, but only 2% of the land is suitable for cultivation.

The hill region is located in the middle part of the country. It comprises several valleys and basins including Kathmandu. This region has the maximum land area, but only 10% of the area is suitable for cultivation. About 48% of the population live in this area. While the people living in the lower altitude grow cereals and cash crops, animal grazing and cottage industry are the main occupation of the people living in the higher altitude.

The Terai region in the foothill of the Himalayas is an extension of the gangetic plain of India. About 44% of the population live in this area. It includes most of the fertile land and forest area of the country. Agriculture is the main occupation of the people living in this region. They grow paddy, maize, wheat, sugarcane, vegetables and tobacco etc.

4.3 Administratively the country is divided into 14 zones and 75 districts. There are 4,015 village development committees and 33 Municipalities. Each district is headed by a Chief District Officer (CDO). Each district also has a Local Development Officer (LDO), to supervise the development work.

4.4 Nepal has a population of 18.5 million. About 93% of its population live in villages. Average size of a house-hold is of 5-8 persons. Population density is 102 persons per sq. km. In sex ratio, there are 105 males for every 100 females. Literary rate is only 23.3%. 91% of the population depend upon agriculture. Bulk of its population living in tropical and sub-tropical regions comprises Indo-Aryan origin.

The per capital income of Nepal is estimated to be around US\$160 according to the latest World Development Report.

5. Cooperative Movement in Nepal

Co-operatives were first organised in Nepal in 1956. Initial experiments were made with Credit Cooperatives which were registered under an Executive Order of His Majesty's Government of Nepal. The Co-operative Act was first promulgated in 1959 at the

time of the first popular Government which gave formal recognition to all the cooperatives registered till then under the Executive Order. In 1961, Cooperative Development was integrated with the Land Reform Programme. During the 1960s, there was a rapid numerical growth of Co-operative Societies. In 1961, it was however, observed that nearly two thirds of the total 1482 registered cooperatives were de-funct. This was followed by the guided cooperative programme from 1969. Under this programme a number of cooperative societies were merged and their number was reduced to 101 by the end of 1971. All the Agricultural Co-operatives were managed by the Department of Co-operatives. After one year, the management of these cooperatives was entrusted to the Agricultural Development Bank.

In 1976, under the "Sajha Programme", a number of new cooperatives were organised to cover almost all the villagers. Compulsory saving raised under the Land Reform Programme were converted into Share Capital of the members. After a few years it was, found that most of these cooperatives were inactive and hence their number was reduced by around 40%.

During the last 30 years, it seems there is apparent failure. Perhaps under the "Sajha Programme", a number of cooperative were hurriedly organised without studying the viability aspect. There was too much of Government Support and Government control and the Members were not given the opportunity to run the affairs of the cooperatives.

After the restoration of democracy in 1990, the Interim Govt formed a National Co-operative Federation Advisory Committee. The Committee submitted its report in 1991 and the new Co-operative Act was promulgated in May 1992. In August 1991, before the promulgation of the Co-operative Act, Government constituted a High Level National Co-operative Development Board. The newly enacted Co-operative Societies Act, envisages a 3-tier structure of the Cooperative Movement viz.

- a) Primary Societies
- b) Single Purpose (specific) Union and District Co-operative Union of the secondary level and
- c) Central single purpose Union and National Co-operative Federation at the apex level

6. Types and number of Cooperative Societies

There are four types of Cooperative Societies in Nepal. They are Agriculture, Consumer Trade, Savings and Credit and Others. The biggest and the most important one is Agricultural Cooperatives representing 74.3% of the total societies, followed by Consumer Cooperatives 16.4%, Savings and Credit, 5.5% and Others 3.8%.

There is some scarcity of basic information on cooperatives and cooperative operations in Nepal as well, especially on consumer cooperative movement in Nepal as shown in Table 1 below:

Table 1 : Basic Information on Nepalese Cooperatives

1. Number and types (as of December 1993):

Type of Coops	Primary	Secondary Unions	Central Unions	National Federation	Total	% of Total
a. Agricultural	1,305	56	1	1	1,363	74.3
Multipurpose	980	49	-	-	1,030	
Dairy	325	7	1		333	
b. Consumer Trade	297	3	1		301	16.4
c. Savings and Credit	97	2	1		100	5.5
d. Others	70				70	3.8
TOTAL	1,769	61	3	1	1,834	100

2. Membership and Capital share:

Number of members	1.448 million	
Share capital (NRS)	145,924,000	= US\$ 2,918,480

3. Business of agricultural coops (1992-93):

Particulars	NRS'000	US\$	% of total
a. Agricultural lending	90,069	1,801,380	13.9
b. Supply of farm inputs	513,326	10,266,520	79.3
c. Distribution of daily essentials	36,525	730,500	5.6
d. Produce marketing	7,728	154,560	1.2
TOTAL	647,648	12,952,960	100.0

4. Loan transaction of agricultural coops (1992-93):

Particulars	NRS'000	US\$	Repayment ratio
a. Received from ADB/N	156,078	3,121,560	
b. Extended to members	90,069	1,801,380	
c. Repaid by members	70,952	1,419,040	78.8%
d. Repaid to ADB/N	122,732	2,454,640	78.6%

5. Coops processing agricultural produce:

- a. Paddy 16
- b. Oilseeds 3

6. District with Consumer Societies 25

Consumer coops within Kathmandu valley 203 (68%)

7. Salient Features of the Act

The Cooperative Act (1992) of Nepal is very simple with just 49 sections. Apart from the usual provisions like registration, membership, raising of funds, meeting, duties and power of the General Assembly, Board of Directors, appointment of registrar, distribution of surplus, amalgamation/division, audit and inquiry, etc. the Act has the following distinguishing features.

7.1 A primary society can be registered with just 25 members and a secondary/apex society can be registered with 5 member societies (Sec. 3).

7.2 A cooperative society/union can accept deposits from both members and non members. It can even undertake banking business with the permission of Nepal Rastra Bank (Sec. 26).

7.3 With the permission of His Majesty's Government, a Cooperative Society/Union may issue its shares not exceeding, in value, 20% of the total share capital to any foreign cooperative society which is a member of the International Cooperative Alliance (Sec. 23).

7.4 A Society/Union may issue debentures and accept loans from any national or foreign bank or from any other agencies with the prior permission of His Majesty's Government. His Majesty's Government also give guarantee for such debentures and loans (Sec. 24 and 25).

7.5 A Society/Union may be entitled to have the following exemptions or facilities (Sec. 38).

1. A Society/Union need not register any document other than those related to immoveable properties.
2. No revenue stamp duty or registration fee shall be collected on documents related to transactions or sale of purchase of immoveable property.
3. No income-tax shall be collected on the surplus earned by the society/union or on dividends received by its members and no rent tax or wealth tax shall be collected from a society or a union.
4. No local tax shall be levied on goods dealt in by a society or Union.
5. His Majesty's Government may grant full or partial exemption from Customs Duty or Sales Tax on the machinery, industrial and agricultural tools/equipments, spare parts, raw-material, office equipments and means of transport imported by a society or a union for its own use.
6. His Majesty's Government may grant full or partial exemption from Excise Duty or Sales Tax on the goods produced by a society or a union.
7. A society/union engaged in industrial business shall in addition to the above immunities, be entitled to such other exemptions, facilities and protections, that are available to other industries.

Chapter 9 of the Act containing the immunities and facilities indicate the sincerity of His Majesty's Government for the development of Cooperative Movement. The Act does not give any power to the Registrar to interfere in the management of the societies/unions. It seems full operational autonomy has been given to cooperatives to manage their affairs.

8. National Cooperative Development Board

National Co-operative Development Board (NCDB) was formed by His Majesty's government in August 1991. After 14 months, NCDB was given a Statutory Status by an Act of Parliament. The NCDB has been established at the National Level with the objective of assisting in the development of different types of cooperative societies and unions by formulating policies and relevant plans for

the economic and social advancement of lower strata of people in accordance with Co-operative principles (Sec 3 of NCDB Act 1992).

This makes the objective of the NCDB very clear.

The function duties and powers of the Board are as follows:

- a) To assist His Majesty's Government in formulating plans and policies concerning cooperative development.
- b) To facilitate the implementation of co-operative policies.
- c) To create and maintain cooperative development fund with a view to providing cooperatives with loans or grants for development purposes.
- d) To participate in the share capital of cooperative societies/ Unions or Banks.
- e) To stand surety for the Cooperatives.
- f) To extend technical assistance to cooperatives.
- g) To bring about coordination between cooperatives and other related government as well as non-government agencies/organisations and thereby encourage cooperatives to expend their business/services.
- h) To facilitate joint investment of His Majesty's Government, Coops and other National as well as foreign organisations for the industrial development of the cooperative sector.
- i) To conduct required study and research work for cooperative development.

According to section 7 of the Act (NCDB ACT), there shall be an Executive Committee of the Board consisting of 23 members as follows:

- | | |
|-------------------------------------------------|-------------------|
| a) Honourable Minister of Agriculture | - Chair person |
| b) HMG Nominee | - Co-Chair person |
| c) Chair person, NCF | - Member |
| d) Governor Nepal Rashtra Bank | - Member |
| e) Secretary, Ministry of Finance | - Member |
| f) Secretary, Ministry of Supplies | - Member |
| g) Secretary, Ministry of Industries | - Member |
| h) Secretary, Ministry of Agriculture | - Member |
| i) Secretary, Ministry of Local Development | - Member |
| j) Representative, National Planning Commission | - Member |
| k) Registrar, Dept of Cooperatives | - Member |

- l) 2 Representatives elected from among the Chair persons of Central Cooperative Union - Members
- m) HMG Nominee from amongst cooperators or social workers one each from 5 development regions - Members
- n) One nominee from among the women Cooperators - Member
- o) Two nominees from among the experts in relevant discipline - Member
- p) General Manager Agricultural Development Bank - Member
- q) HMG Nominee - Member Secretary

During the last 4 years, the achievements of the Board are as follows:

- a) It helped in designing the new cooperative act of 1992.
- b) It launched a special campaign for scrutinising the financial standing and resolving the problems like compulsory saving, doubtful debts, financial mis-use etc. The study has attempted to present a clear picture of all the cooperative societies and steps to implement the recommendations have been initiated.
- c) NCDB has created a Cooperative Development Fund and a few societies have already been assisted.
- d) It has helped HMG in framing new cooperative Rules and has also prepared model Bye-laws for different types of co-operative societies.
- e) It has prepared model personnel policy guidelines that may be adopted by cooperatives with suitable modification.
- f) Arrangements were made for cancelling indifferent membership and for holding election of members of Board of Directors and Accounts Committees in all Cooperatives.
- g) To promote cooperative spirit and to orientate the local leadership, the NCDB, in collaboration with Department of Cooperation and Cooperative Training Centre, organised District level symposiums in all the districts and series of procedural material have been developed.

9. Cooperative Training Centre

The Cooperative Training Centre of Nepal at new Baneshwar, Kathmandu is a sprawling complex of international standard in physical facilities. It is fully owned, financed and administered by the Cooperative Dept of HMG. It was initially established in 1962 in a rented premises. With the financial support of the HMG Nepal and Danish International Development Authority, the present complex was built-up in 1975. It is the only institution in Nepal to cater to the training needs.

The physical facilities comprises of 3 syndicate rooms, and one conference hall apart from Library and suitable office accommodation. It has teaching aids like VCRs, movie camera, over-head projector, film projector etc. Modern office equipments like Word Processor, Duplicators which also help in multiplying teaching materials are also available.

There is suitable hostel accommodation for 60 trainees and staff quarters for all the 9 faculty members. There is also a consumer store and a canteen.

The Training Centre has a staff strength of 28 including the faculty members, Principal and Vice-Principal. All the employees belong to the Cooperative Department. The Principal is in the cadre of the Deputy Registrar of Cooperative Societies.

The Training Centre trains about 600 employees of the cooperative society and employees of Cooperative Department. It also trains 12,000 members under the member education scheme every year. About 1/5th of the members trained every year are women. Quantitatively this seems to be a good achievement.

Main objective of the CTC is to develop Human Resources engaged in the cooperative movement so that with the knowledge gained they can improve their professional competency and also the operational efficiency of the cooperatives.

Apart from organising training and education programmes at the Central as well as Local level, the CTC has also the following functions:

- a) It supports the educational activities of the cooperative societies.
- b) Produces educational material.
- c) Conducts Trainers training.
- d) Organises mobile Education Camp.

- e) Organises programmes on Management Consultancy.
- f) Organises Seminars, Workshops and Study tour.
- g) Organises programmes on rural income generation, deposit mobilisation and population education.

Target group of the training and education programme comprises of the employees of the cooperative societies and Cooperative Deptt. and members of Cooperative societies.

The duration of the training programmes varies from one week to two months. The core course of the CTC is Basic Cooperative Management which is for two months. Other Sectorial and functional training programmes are invariably of one week's duration.

10. Consumer Cooperatives

10.1 Alongwith the Training Officer Mr. G. Ojha, the mission visited Sitala Consumer Cooperative at Balaju, Sajha Bhandar at Bhotaluti, women consumer store at Goshala, Rudramati Consumer Coop at Dilli Bazar, and a sick consumer store at Lalitpur (all in Kathmandu valley). Janachetana Kalyankari Consumer Coop at Bharatpur, Swabhiman Consumer Coop Store, Tilottama Consumer Coop society and another small consumer cooperative at Butwal. Also visited the Central Unions of Consumer Cooperatives and the National Cooperative Federation, Kathmandu and District Cooperative Unions at Bharatpur and Rupandehi.

Final accounts could be seen only in a few stores. Tabulated statement in respect of the same may be seen at Annexure 'B'.

On the basis of a quick visit to all the cooperative societies and the discussion with Secretary, Ministry of Agriculture, Secretary, Ministry of Supplies, Director NCDB, Registrar, Principal and Faculty Members of CTC, and District Cooperative Officers, strength, weaknesses, opportunities and threats of the Consumer Cooperatives of Nepal can be summarised as follows:

11. Strength

11.1 A great majority of the 297 consumer stores have been organised during the last 2 years i.e., after the restoration of democracy. There seems to be the initial euphoria and the hopes are high. Sajha Bhandar seems to be the only consumer store with 3 decades of experience.

11.2 The present coop of consumer cooperatives are neither state

sponsored, state partnered, nor is there any financial support of the state. All these consumer stores seem to have been organised with the initiative of the people.

11.3 The value of one share of these store varies from 500 Nepalese rupees to 5,000. This seems to be big amount not only in Nepalese standard, but also according to international standard. The very fact that people have contributed this money voluntarily, indicate that they have sincerity of purpose.

11.4 The names such as Swabhiman (Self respect), Janachetna (peoples awareness), Kalyankari (Welfare) given to the consumer store indicate the service motive and social attitude of the organisation.

11.5 Most of the consumer cooperatives visited, have either borrowing or nominal borrowing from the bank. In one case, the General Manager has mortgaged his personal property to get the bank loan. This shows the self-reliant approach alongwith a sense of dedication.

11.6 The Cooperative Act of 1992, provides full operational autonomy to the cooperatives. It also provides a package of tax benefits details of which have been discussed in the earlier part of this report.

11.7 The NCDB with all the top people of the Government have provision to provide financial assistance to cooperatives which is a rare phenomenon in the present day policy of open economy and globalisation.

11.8 Elected board of directors in all the cooperatives without any government representatives shows that the present stage of development is having peoples participation.

11.9 The Agricultural Development Bank charges concessional rate of interest. It is 2% less than the market rate.

12. Weakness Areas of Improvement

12.1 Barring just 2 consumer stores, all the consumer stores have a membership ranging from 30 to 90. Unless atleast 300 families patronize, even a small shop cannot be viable.

12.2 Out of a dozen of consumer cooperatives visited including the Distt. Level Union and the National Cooperative Federation, Annual A/cs., (Profit and Loss Account & Balance Sheet) for 1993-94 could be seen only in one store, i.e., Rudramati Consumer Cooperative

Society Ltd. Accounts for 1992-93 could be seen in just two stores i.e., Sajha Bhandar of Kathmandu and Janachetana Kalyankari Consumer Coop Society Ltd., at Bharatpur. It seems there is some accounting problem. Since accounts is a tool of management and it is expected to provide a lot of feedback, it has to be up to date. In fact, core data should be standing agenda item No.1 in all the Board Meetings.

12.3 The fiscal year of the HMG Nepal begins from 15th July. The cooperative year is not prescribed by the Cooperative Act. The cooperatives seem to follow their own financial year. Unless a uniform accounting year is followed, a lot of statistics published by the Government, cannot be utilised to interpret the performance with reference to the statistics. Inter-firm comparison to review performance also cannot be systematic and scientific unless there is a uniform fiscal year.

12.4 Though the new consumer stores have been organised voluntarily and there is no financial assistance from the Government, the leadership of the consumer cooperatives and more so the leadership of the secondary level societies, according to the papers prepared by them, expect and want huge financial assistance which will never be forthcoming.

12.5 The Cooperative Department has prepared and published general guidelines for all types of cooperatives. In the present day of specialisation, there has to be specific guidelines for consumer cooperatives-preferably a simple manual.

12.6 A sizeable percentage of total sale in all the store relate to distribution of sugar (which was in short supply during the visit of the Mission) supplied by the government. Getting such rare and scarce commodity from government agency, seems to have inspired the people to organize the consumer stores. Atleast in one consumer store, the management admitted to this motive for which a private shop was converted into a cooperative society.

12.7 Except Sajha Bhandar, all the consumer stores have just one small shop. All such shops are very small and are kin to any other traditional street corner shop. During the discussion it was observed that the employees and Directors of the consumer cooperatives are not aware of the private super markets that have come up in Kathmandu. These private super markets can atleast provide necessary vision to the cooperatives.

12.8 Though private supermarkets like “Blue Bird”, “Nanglo Bazar” and “Namaste” (may be a few more) have come up in Kathmandu in the private sector, there is not a single super market in the cooperative sector.

12.9 In the absence of large scale retailing, none of the consumer cooperatives have any image, impact or coverage which are so essential for survival, growth and real service.

12.10 Barring “Sitala Consumer Coop Society” and “Swabhiman Consumer Cooperative Society”, all other consumer stores have very limited assortment which can neither command a permanent clientele nor achieve a viable level of turnover.

12.11 “Sajha Bhandar”, the three decade old consumer store, which should have served as a model for the newly organised stores, has a shopping mall in the name of a department store. It has let out its prime space to the private retailers. Its retail business seems to be confined to textiles, custom confiscated goods and footwear. These shops are also no models.

It does not deal in grocery, provision, cosmetic and toiletries which constitute 60 to 80% of the total sales of consumer stores all over the world. Though its final accounts show a net profit, the business especially its retail business is in heavy loss. Profit comes from rental income and sale of cement.

12.12 No norms have been formulated to measure the efficiency and to review the performance, in the absence of which, the management is prone to commit mistakes.

In the absence of norms, control mechanism also cannot be developed and lapses/mistakes, if any, cannot be identified well in time for quick and timely remedial measures.

12.13 Out of 297 consumer stores, only one store i.e., Swabhiman Consumer Store at Butwal has introduced self-service system with a cash register. From their layout, light arrangement, furniture and checkout it is apparent that no practical guidance has been given.

12.14 Though some government officers and trainers have visited cooperatively developed countries like Japan, Thailand and Singapore etc, none of the Managers or Directors of Consumer Cooperative has got the privilege or the benefit of these study tour of others.

12.15 In the absence of even single successful super market in the cooperative sector in the entire country, the trainers of the cooperative training centre could not develop practical experience. There is also hardly any book on “Retail Management” available in the bookshops

of Nepal. In such a situation, training in retail management cannot be practical inspite of all the physical facilities, sincerity and efforts.

12.16 The secondary societies, i.e. Distt. Level Unions and National Federation seem to have been organised in a hurry. Papers prepared by them indicate high ambitions and expect a lot of government support including financial assistance. The business plan prepared by them does not touch the premises, presumptions and economics. Wholesaling involves bulk-breaking, storage and warehousing, transport facilities and knowledge, insurance cover (including transit), product knowledge, market intelligence, source of purchase, brokerage, discriminatory pricing, credit sale, recovery procedure, techniques to earn channel loyalty and loyalty of ultimate consumers, price fluctuation, informal consultancy and last but not the least much more capital than normally estimated. These things have not been taken into consideration in the business plan.

12.17 At present the secondary consumer cooperatives i.e., district level unions deal in a single commodity. They are getting the quota of sugar for a few consumer stores from the government, and supplying the same to the stores. They are getting a small commission in this business.

12.18 In the sixties and seventies, Government of India and Government of Sri Lanka, availed the services of International Consumer Experts. Till early sixties, India had also small little consumer stores without any image, impact and coverage. It was only after the implementation of recommendations of Mr. Samuel Ashalman of CLUSA (Cooperative League of USA) and Mr. Schubert, a Canadian Consumer Expert, a galaxy of beautiful and successful cooperative super markets/department stores have come up in different parts of the country. They are the top retailers in their respective towns/cities.

It seems His Majesty's Government of Nepal has not availed the services of similar Consumer Experts to design an appropriate strategy and a concrete action plan.

12.19 Except "Sajha Bhandar", all the consumer stores of Nepal are less than three years old and they seem to be suffering from a gestation problem.

13. Opportunities

13.1 The Cooperative Act of 1992 provides for a package of tax concessions. This gives an edge to the consumer cooperatives in the

present day economy of free market and competition. Consumer Stores should only be aware of it and avail it.

13.2 The Constitution and function of the National Cooperative Development Board which is a high powered body provides for loan, equity and subsidy to be given to cooperatives. Consumer stores should come out with concrete project report to set up a few model super markets and avail the assistance from NCDB.

13.3 Monthly sale of more than a million of rupees in a small shop of Sitala Consumer Stores in Kathmandu and nearly one and a half million of rupees in 1600 sq.ft (160 sq.mtrs) shop of Swabhiman Consumer Store in a remote place like Butwal show the potentiality of cooperative retailing. If these two stores can do it, there is no reason why other stores cannot do it.

13.4 A few model super markets like the "Blue Bird" and "Namaste" have come up in Kathmandu. Though they were reluctant to give data/information about their supermarkets during the visit, they prime-facie, seem to be doing very well. This development during the last decade shows that people of Nepal have well received modern methods of retailing. There is an apparent need of more such stores in all the urban areas.

13.5 Managers of numerous consumer stores cannot be sent to comparatively developed countries or even to the cooperatively developed areas like Maharashtra in the neighbouring country of India. All of them can, however, be shown the private Super Market at Kathmandu. This will help them to develop the necessary vision, mission, objective and goal which are so important in the formative years of a new organisation. It is true that private super markets will not share their knowledge and experience. Cooperators can, however, visit these super markets as ordinary customers and study the layout, furniture and fixtures, check-in and check-out system, light arrangement, colour scheme, interior, ventilation, assortment, rack space allocation, pricing without asking anybody.

"Blue Bird", super market is the best among the lot. It is as good as any super market of Thailand, Singapore and Japan. Its layout, furnitures, check-in and check-outs, light arrangement etc. are worth learning and worth replicating.

13.6 The Cooperative Training Centre, which has all necessary physical facilities and which has been organising various sectorial and functional programme can:

- a) invite proprietors/managers of successful private super markets as Quest Speakers for the consumer courses;

- b) purchase some books on retail management and prepare suitable synoptic notes for distribution;
- c) make case studies of consumer cooperatives, drawing specific conclusions for implementation;
- d) conduct regular research on various aspects of retail management.

13.7 CDP and per capita income are increasing in every country every year. New products are coming to the market every day, but number of shops are not increasing in direct proportion to the increase in population. In lieu of that large super markets/dept. stores are coming up which are being liked by the people. Nepal is on the threshold of rapid economic development. This situation opens a new horizon for consumer cooperatives.

14. Threats

14.1 Small little cooperative shops cannot be viable. Even the so called viable ones will not be able to withstand the competition unless they become bigger and adapt modern methods and techniques of cooperative retailing. At present, all the consumer cooperatives of Nepal have only small shops.

In comparatively developed countries where the volume of business, membership and profit are increasing every year, the total number of store are decreasing on account of merger.

14.2 In the present system of open economy and free market competition, "survival of the fittest", is the name of the game. Consumer Cooperative have to be ready to face the bitter truth-keen competition from the private sector.

14.3 More and more stringent consumer protection laws are being enacted all over the world. Government will not give any relaxation to the consumer cooperative so far the consumer protection laws are concerned. Hence the consumer cooperatives have to improve their services to the customers. They have to be more vigilant.

14.4 Modern day management calls for professionalisation of management. Consumer cooperatives are lagging far behind in this respect.

14.5 In India, the next door neighbour of Nepal, with all socio-economic cultural similarity, there is not a single corporate wholesaler in the true sense of the term. While cooperative retailing has mixed success, cooperative wholesaling has been a very bitter experience. Notwithstanding the success of cooperative wholesaling in Japan

and South Korea, cooperative wholesaling is more risky than cooperative retailing.

15. Need for Consultancy

15.1 There is need to develop suitable policy and strategy for development of consumer cooperatives. Since there is no ready-made expertise in the field of retail management of consumer cooperatives in Nepal, it is advisable to hire the services of some experienced Consultants.

15.2 With the assistance of an expert consultant, alongwith a local counterpart, a couple of model stores can be developed which can also be learning centres for other official and non-official cooperators.

15.3 Registrar, Cooperative Department may consider to approach the ICA, ILO or JCCU to provide the services of a consultant for the development of consumer cooperatives in Nepal. A short-term foreign consultant, however cannot work alone and independently. He has to be provided with local counterpart (a senior officer) who should be expected to be an expert himself by working with the foreign consultant. This apart, the short-term consultant has to be provided with physical facilities like accommodation, transport and secretarial assistance. ICA, ILO or JCCU may bear the cost of the short-term consultant but the cost of counterpart, secretarial assistance and local physical facilities has to be met by the Cooperative department, NCDB or CTC. Since the Registrar's Office, NCDB, CTC have their own staff and infrastructure, they may not be required to spend any money for this. They have to only provide transport and accommodation to the foreign consultant and make their infrastructure and staff available for the short-term consultant. One of their experienced employee who can be subsequently appointed as consultant, may be attached to him (foreign consultant) as a counterpart.

15.4 The short-term consultant can prepare a simple manual on management of consumer cooperatives, a separate accounting manual and business efficiency norms tailor-made to the requirements of consumer cooperative of Nepal. Such document can inter-alia provide operational guidelines for successful management of consumer cooperatives. For drafting these documents, the Nepalese counterpart and or officers of Cooperative Department may be associated.

15.5 The short-term consultant can also prepare a comprehensive training package to facilitate organisation of consumer Training Programmes to be conducted by the Cooperative Training Centre,

which is very much necessary to develop professionalisation of management in consumer cooperatives.

15.6 The short-term consultant can also provide intensive practical training to a few government officials and lecturers of the CTC who in turn can guide the consumer stores to improve their sales, service and profitability.

15.7 Last but not the least, the short-term consultant can provide intensive consultancy support including follow-up assistance and spot guidance to a few stores not only to improve their profitability but also to develop them as models and learning centres.

16. Points for Consideration

16.1 Unless there is a minimum membership of atleast 300 and a minimum paid up share capital of Rs. 2 lacs a consumer coop. society should not be registered. This is because of the fact that unless 300 families patronise, even a small shop cannot be viable. A small modern shop of 30 to 50 sq.mtrs require block capital (Fixed Capital) of Rs.1 lac and working capital of another Rs.1 lac.

If the requirement of minimum membership and share capital cannot be implemented by an Executive Order, a suitable clause in this regard can be added to the Act and Rules with an amendment.

In India according to Cooperative Law of various state ('Cooperative' is a state subject), 10 people can form a cooperative society. However, unless there is a minimum membership of 200 to 300 (varies from state to state), a consumer cooperative society cannot be registered.

16.2 The development strategy for consumer cooperatives should be to establish atleast one super market with a floor area of 3000 to 4000 sq.ft. (300 to 400 sq.mtrs) in all the 33 town/cities with a population of 30,000 or more and develop a few small satellite shops (branches). Such a strategy can help in achieving the desired level of sales, service and profitability alongwith the required image, impact and coverage. The management of the existing consumer stores should be encouraged to do this, i.e. to develop super markets. If necessary a new consumer store can also be organised for this purpose. Experiment in this regard in India has been very successful and encouraging.

16.3 To start with, a couple of super markets can be set up by Sitala Consumer store at Kathmandu and Swabhiman Consumer Store at Butwal. Since they have the basic experience and each of them have

a monthly sale of Rs. 1 to 1.5 million, they can be encouraged for the purpose. Sitala Consumer Store according to discussion, is looking for another shop. However, in the absence of necessary vision, they are thinking to open one more small shop.

If there are other consumer stores with a monthly sale of more than a million of rupees in one shop, they should also be encouraged to set up a super market.

16.4 In developed countries "Retailing" has been acknowledged as a distinct branch of social science and there are Degree and Diploma courses in their academic curriculum on "Retail Management". In the Indian sub continent, however, one can seldom find a book on retail management. In such a situation, necessary knowledge in retail management is lacking. This problem can be solved by intensive training.

The Cooperative Training Centre which has the required physical facilities can seek the assistance of the ICA and JCCU to develop the expertise of two lecturers in the field of retailing.

The CTC may also associate the proprietors/managers of the local successful private super markets in the consumer training programme as Guest faculty and organise study visit to these stores. The lecturers should visit the consumer cooperatives and prepare case studies and case situations to make the training practical.

16.5 Experience all over the world shows that "grocery" is the biggest seller and range image is the biggest customer puller in retail business. Hence all the consumer stores should sell full range of grocery, provision, toiletries, cosmetics and cleaning materials and a select range of plastic goods which are purchased by every household every month. CTC may prepare a master assortment list to provide ready reference to the management of consumer stores. Normally this full range works out to about 3,000 items.

Even a small cooperative shop of 150 sq.ft should sell about 1500 items, otherwise it should not be started. All these existing small cooperative shops can have something like a mini range image.

16.6 "Self-Service" system is not only beneficial to management, but also liked by the customers. This system is an integral part of "Super Market". However, very small shop can also adopt this system. In India "self-service" system (with range image) has been introduced in very small shops and this has helped to improve their sales. The smallest self-service shop has just 120 sq.ft or 12 sq.mtr.

floor area.

16.7 The NCDB is the policy making body of His Majesty's Government so far as cooperative are concerned. Its constitution also empowers it to provide financial assistance to cooperative in the form of loan, equity, and subsidy. NCDB may consider to provide project based financial assistance to consumer cooperatives for development of super markets, as follows:

- a) Share capital to the extent of entire requirement of fixed assets like furniture and fixture (NOT OFFICE FURNITURE), equipment of a super market.
- b) Working capital loan to the extent of 50% of the stock holding. The stock turn rate should be atleast 12 times and preferably 18 to 25 times.
- c) Subsidy to meet the pre-operation expenses and training of the core staff.

The criteria for providing finance (assistance may be (a) Population of the town and catchment area (b) expected sales, gross profit and surplus, (c) payback period of 5 to 7 years, (d) the management of store should have selling space (own or hired), (e) the core staff of the cooperatives are trained.

Apart from consumer cooperative societies, any other type of cooperative like Agricultural Cooperative, District Union or even a Dairy Cooperative, which have the infra-structure and sales potentiality, may set up super markets.

16.8 As has been indicated earlier in this report, wholesaling require a separate kind of expertise. The district union and the National Federation have ambitious plans, but the plans pre-supposes lot of government assistance and still they seem to lack economic viability. Corporate wholesaling require much more study, apart from finance, infra-structure and loyalty of the constituent units. In Asia, only Japan and South Korea have been successful in cooperative wholesaling.

It is advisable that the district cooperative union and the National Federation themselves start one super market each, where success is easier and then start wholesaling.

16.9 All the consumer cooperative which are at present following different financial year for themselves should follow a uniform cooperative year, preferably the fiscal year of the government. Such a system will help in using the statistics of the government and interfirm comparison.

16.10 In the present stage of development, consumer cooperatives of Nepal cannot adopt certain modern technology like scanner and barcoding. They should, however, adopt value control system which is the immediate need of the day. This system which is also known as “double compartmental system” or “salesman liability system” has to be explained and implemented.

16.11 Since there seems to be some accounting problem, the accountants of all the consumer stores should be trained about the accounting system. In this regard “Management Accounting System”, developed by the Swedish Cooperative Expert, which has been implemented in most of the consumer stores in India, needs to be considered and implemented.

16.12 For the purpose of reference, review and control, some “efficiency norms” have to be formulated. Since the average margin and cost structure of the Indian and Nepalese consumer stores are very similar and “Norms” formulated by the Consultancy & Promotional Cell of National Cooperative Consumers’ Federation of India, can be used as a reference material.

16.13 His Majesty’s Government of Nepal may consider to create a post of Joint Registrar or Dy Registrar under the Registrar in the cooperative department to collect information from consumer stores, give them feedback and issue useful guidance. For this purpose, such officers and District Cooperative Officers should also have the necessary training.

16.14 The NCDB may consider to appoint two well trained consultants to prepare project reports for new super market and to provide consultancy services including follow up guidance since there is no expertise at present. Initially, the services of a consumer expert of other country through ICA/ILO/JCCU may be availed.

The consultancy wing of the NCDB should however work in close collaboration with Registrar and the CTC.

17. Conclusion

Most of the 297 consumer stores of Nepal are hardly two years old. They seem to have the usual gestation problem. Low membership base, limited capital, very small shop and lack of professionalisation are the main problems. There are also some misgivings.

There is a huge potentiality and the success of a few stores proves the point. The Cooperative Act of 1992, provides a lot of

immunities including tax concessions. NCDB has provision to provide financial assistance. CTC has the infrastructure to train the people. Only the vision, mission, objective and goal should have clarity and transparency.

The strategy should be to develop a few super markets with all the necessary inputs including larger membership. After its success, it should be replicated in other 33 Urban pockets of the state.

If the suggestions made in this report are implemented brighter days are ahead for the consumers and the consumer cooperatives of Nepal.

Basic Information on Nepalese Cooperatives

1. Number and types (as of December 1993):

Type of Coops	Primary	Secondary Unions	Central Unions	National Federation	Total	% of Total
a. Agricultural	1,305	56	1	1	1,363	78.2
Multipurpose	980	49	-	-	1,030	
Dairy	325	7	1		333	
b. Consumer Trade	206	3	1		210	12.1
c. Savings and Credit	97	2	1		100	5.7
d. Others	70				70	4.0
TOTAL	1,678	61	3	1	1,743	100

2. Membership and Capital share:

Number of members	1,448 million	
Share capital (NRS)	145,924,000	= US\$ 2,918,480

3. Business of agricultural coops (1992-93):

Particulars	NRS'000	US\$	% of total
a. Agricultural lending	90,069	1,801,380	13.9
b. Supply of farm inputs	513,326	10,266,520	79.3
c. Distribution of daily essentials	36,525	730,500	5.6
d. Produce marketing	7,728	154,560	1.2
TOTAL	647,648	12,952,960	100.0

4. Loan transaction of agricultural coops (1992-93):

Particulars	NRS'000	US\$	Repayment ratio
a. Received from ADB/N	156,078	3,121,560	
b. Extended to members	90,069	1,801,380	
c. Repaid by members	70,952	1,419,040	78.8%
d. Repaid to ADB/N	122,732	2,454,640	78.6%

5. Coops processing agricultural produce:

a. Paddy	16
b. Oilseeds	3

CORE STATISTICS OF FEW STORES

(Rs. in millions)

Sr. No.	Particulars	Sajha Bhandar Cons Coop Soc 1992-93	Janachetana Kalyankari Cons Coop Soc 1992-93	Rudramati Consumer Coop Store 1993-94	Swabhimana Cons Soc. 1992-93
01	Date of Establishment	1964	May 1992	1992	March 1993
02	Membership	379	204	28	86
03	Share Capital	0.27	0.25	0.25	0.12
04	Reserves & Funds	11.96	-	0.30	-
05	Current Liabilities	17.57	0.02	0.06	0.07
06	Current Assets	27.21	0.00	0.42	0.82
	of which stock	0.20	0.13	0.16	0.61
07	Investments	0.02	-	-	-
08	Fixed Assets	2.50	0.03	0.05	0.42
09	Sales	175.60	0.02	0.30	0.34
10	Gross profit	8.69	0.01	0.33	0.10
11	Other income	3.40	-	-	-
12	Total expenses	11.36	0.09	-	0.05
13	Net Profit	0.73	0.01	0.12	(-)0.03
14	Staff Strength	165	3	4	15

Cooperative Self-Service Shops: A Boon to Consumers

R. S. Umre

The overall aim of a consumer cooperative organisation is to provide all kinds of goods and services for welfare of the people in a given society. The organisation of the consumers cooperative is a reliable and well tried method to bring down and maintain prices at a fair level. The consumer societies are also expected to sell unadulterated and quality goods to consumer and save them from exploitation at the hands of unscrupulous traders.

Though it may not be possible for the consumer cooperatives to undertake the distribution of all kinds of consumer goods at all places, still whatever their size, character and number, once they are organised, they begin to have regulating effect on the general price level in the market and quality of goods.

The need for organisation of such consumer cooperatives was felt in the past in India and efforts were made to organise consumer cooperatives from time to time but the real impetus for the development of the consumer cooperatives was received during the Third Five Year Plan period, 1961-1965 with the financial support and encouragement from the Government. The concept of setting up a Department store by a consumer cooperative and later on self-service section in the coop. department stores was introduced in 1966 i.e. the beginning of the Fourth Five Year Plan.

With the continued Government assistance, most of the areas of the country have been covered by consumer cooperatives at the primary level in cities and towns, and wholesale cooperative consumer stores at the district level, cooperatives have been pioneers in introducing the concept of department stores which has made it possible for consumers customers to make complete shopping under one roof.

The department stores are generally known as Super Bazaar in different parts of the country. These department stores are now being run on modern lines providing better and improved services life self-service shopping system to consumers.

Upto the end of 1992, 420 department stores have been organised and are working in different parts of the country. These stores handle all essential and common commodities like household goods, groceries, textiles drugs and medicines, cosmetics etc. Some of the department stores provide round the..... service for sale of drugs and medicines, while others run fruits and vegetable shops.

Working of Self-Service Shops

It was realised that a well knit distribution system of consumer goods is not only in the interest of consumer alone but also that of the Management, the Government and the community as a whole. A consumer cooperative has to function in such a way as to reduce the retailing cost and to make shopping more convenient for the consumer and to ensure maximum value for the money spent by the consumer. This includes fair price and good quality of goods.

The convenience of the consumer is linked to the distance he was to travel to make the purchases, the range of goods available from a single shop, availability of regular supply of goods, the shopping hours and the accessibility within the shop.

The Consumer of today, particularly in urban areas, has become more choosy in selection of goods. He requires the convenience of time and distance. In a counter service shop, a customer has to depend completely on a salesman.

If a salesman is busy with other customer, the second customer becomes little disappointed and the customer's disappointment is fatal to the store. Customer has a full choice for the selection of the items in Self-Service shops. Undoubtedly this pattern is far more useful not only to promote sales but also to satisfy the customer/consumer.

In view of numerous advantages to various sections of the society and modernisation of shopping system, the system was introduced in the cooperative sector in India in sixties. Self-service shopping is a new idea in India. It was already in vogue in Europe, USA and Japan and other developed countries.

Although initially there were doubts whether this system would work well in India but the results showed that the system worked successfully and there was a good response from the consumer particularly to housewives, the system proved very useful.

New Modern Shopping System

A consumer cooperative society is a socio-economic unit which acts as a pace setter in supply of quality goods at a fair price to the consumer. The Self-service shop is a new modern shopping system which looks into convenience of the customers. In order to promote such a system for the general good of the consumer community, the Government has to come forward to provide adequate funds to set up these units.

Impact of Government Assistance

The impact of Government assistance to cooperative consumer stores to open Self-Service shops was good and helpful to cooperatives to set up Self-Service shops. Since it was a new concept to be introduced by consumer cooperatives, the financial assistance and knowhow were found essential pre-requisites. It is therefore, necessary that the Government as well as the Consultancy and Promotional Cell of National Cooperative Consumer Federation should continue to provide financial assistance and consultancy advice respectively to such consumer cooperatives who intend to set up Self-Service shops. As the Government funds are limited, it may have to take up this programme in a phased manner and provide financial assistance to a few viable organisations.

The Government may also lay down the condition that such Self-Service shops will have to become self-reliant within next 3 years and increase their turnover without seeking the Government's further financial assistance. The C&P Cell of National Cooperative Consumer's Federation would, however, continue to give consultancy, advice for improving the business efficiency. The Government's second condition should be that these cooperatives consumer organisations having received financial assistance for setting up Self-Service shops would follow the democratic principles and hold elections at the earliest to ensure member participation.

The deputation of Government Officers if at all required in the stores/S.S. Shops should be in the form of..... capacity and not as Manager or Managing Directors. The reason often quoted for deputation of Government Officers on cooperative organisations as Chief Executives is that the Government's funds are involved in these organisations. In Maharashtra and Gujrat in spite of Government's funds given as financial assistance in the form of share capital loan and subsidy, the democratic procedure is followed and the Board of Directors is elected, there is no problem there.

Benefits

From the discussion held with the Chief Executive Special Officers of wholesale consumer store and on basis of into few with the sales personnel and customers of Self-Service shops, the benefits derived by consumers, management, and sales personnel are as under:

Benefits to Consumers (Customers)

- i) In Self-Service the customers can see, touch and feel the goods as he likes without asking anybody.
- ii) He may take his own time for deciding his purposes without the assistance or interference of anybody.
- iii) As the customer picks, chooses and carries his own items, more customers are being handled at a time.
- iv) Waiting time of customers is minimised.
- v) The usual complaints of the customer against the salesmen for not showing the goods, not telling the price and improper behaviour are avoided in Self-Service.

Advantages to Management

Besides increasing serviceability and profitability of the store through higher sales as well as customer's satisfaction, the management gets several other allied advantages by introducing self service. These are :

- i) Ratio of staff cost is reduced by increased sale per annum.
- ii) In the same floor area, more varieties and more goods can be placed reducing the rent cost.
- iii) The higher stock turnover reduces the ratio carrying cost specially cost of interest.
- iv) As the staff does not meddle constantly with the goods, pilferage, if any, is reduced.
- v) By putting wider assortment range of goods in a Self-Service shop, impulsive buying by customer, the sales-mix and margin improve.

Benefits to Sales Personnel

- i) In a counter service, a salesman has to walk or run several steps to show alternative items and again to put them back

in the shelves and to pick and deliver a few of them to each customer. In this process, he walks several miles a day inside the counter alone and in that process he gets physically tired un-knowingly. A salesman in a S.S. Shop is free from all these botheration.

- ii) Again, a salesman has to talk to each customer about the price, quality, make and maker of the different products.
- iii) Simultaneous calculations and billing work add to his problems. At the end of the day, he has to prepare the sales summary, which often remains pending. Most of these problems are solved in S.S. Shops with the help of cash register.

Impact of the Community in General

- i) The presence of the cooperative consumer stores, for that matter, a Department Store or Self-Service Shop assures consumer community that a private trader in the locality will not deceive the customer in respect of quality and price of goods as he has always freedom to go any consumer shop and compare the price etc. Since the private shop keeper knows this fact that there are less chances of deceit.
- ii) Convenience of buying a number of items under one roof is another one advantage.
- iii) The housewives who are free in day time find it very convenient to make monthly purchases from such stores.
- iv) Consumer stores are pace setters in price, quality etc; and the private dealers have to follow their practice if they have to survive.

The impact of Government assistance to cooperative stores to open Self-Service shop is helpful. Initially, for introducing new and modern system of shopping, the Government encouragement in the form of finance and knowhow are essential. However, two consumer stores in Madras which were financially sound did not take the Government assistance for starting Self-Service shops and are doing well.

Suggestions for Improvement of Working

- i) Annual plan of Action for improving the sales, budgetary provision, forecast of sales and the funds required for

purchases etc. should be prepared by each whole sale Consumer Stores for its Self-Service Shop.

- ii) By making periodical survey the requirements of customers, their opinions about the products sold, likes and dislikes should be found out.
- iii) Member participation is totally missing. Members participation is possible by educating them in the values of cooperative activity and by giving them some rebate, discount etc. so that they would not only buy their requirements from the S.S.Shops but take interest in the working of the shop.
- iv) Sales personnel should be given some incentive to increase the sales.
- v) Consumer Stores should create its own assets like building of its own in order to give stability to the organisation.
- vi) The continuous guidance for implementation of self-service scheme is required. One should be content with what one has already done. Modernisation is a continuous process.
- vii) The consumer stores must create service..... for staff from the Chief Executive downward so that one can aspire for a higher post in the organisation.
- viii) In order to improve efficiency of making of Stores, particularly S.S. Store, computer system should be introduced. With the help of computer they can keep the record of assortment, purchases customers, their total purchases in the year etc. It is suggested that in those stores whose annual turnover is 50 lacs and above and the prospects of further increase in sales should introduce computer system in their stores.
- ix) Instead of manual packaging, automatic packaging system should be introduced.
- x) The publicity drive through radio television about the quality, price and service of consumer stores should be made vigorously so that a large number of people come to know about the advantages of buying from Department Stores Self-Services Shops.
- xi) Self-Service shop of Consumer Cooperative is a service oriented shopping centre. It is suggested that the free medical consultation by a medical practitioner once in a week to the members or regular customers as the case may be, should be organised by the Cooperative Consumer

Stores. This is only an example. The Stores can introduce such socially benefited schemes.

- xii) If the stores have to be self-sufficient, they should set up a number of manufacturing units of daily requirements. The Government's assistance is available.
- xiii) Booking of customer's order over phone and making available required goods at their door steps will facilitate many customers in big cities.
- xiv) Seminars by State Cooperative Union wherever they can organise or otherwise on self-financing basis may be organised to focus the attention on the problems of working of Self-Service shops and exchange experiences by executives sales personnel regarding working of such shops. Those Cooperatives interested in starting Self-Service shops should be invited so that they can understand working of the system and the problems faced by them initially.
- xv) By now it has been proved that the Self-Service Shopping System adopted by Consumer Cooperatives is useful to the Consumer Community in general as well as to the Management and Sales Personnel of Consumer Cooperative.
- xvi) Stock deficit is a common problem with all the Self-Service shops. In order to reduce it, the strict vigilance by sales personnel should be exercised. They should be jointly made responsible for the stocks entrusted to them.
- xvii) In order to avoid stock out situation in Self-service shops, the concerned wholesale stores should enlarge the range of assortment.
- xviii) There is already, the customer acceptability of the Self-Service system introduced by the Wholesale Primary Consumer Stores. They can increase their sales by putting a better performance in terms of consumers convenience and by introducing rebate, discount schemes etc.

How to Run a Consumer Cooperative Successfully

S. C. Mishra*

Before doing anything, there should be absolute clarity about (a) vision, (b) mission, (c) objective, (d) goal. Many problems occur due to the lack of clarity about the four things even by devoted leaders, workers and co-operators.

1. Vision

Vision is clear picture of what is to be done. A film director develops a vision and on the basis of this vision, he makes a feature film. When we see a film, it is the vision of the Director. Similarly, before starting a consumer store, the organisers should have a clear vision about what kind of a shop they want – a super market, a department store or a street corner shop. They can have a clear vision only if they visit a few successful co-operative shops, studying their working, clarify their doubts and learn things systematically.

1.1 Some people do develop the correct vision and end up a mere visionary. There should be a mission to give shape to the vision. If the organisers, after seeing some successful super markets, develop the vision to set up a 200 sq. mtrs. super market, they have to find a place, study the feasibility, raise the necessary block capital (fixed capital) and working capital, hire professionals, prepare the project report with meticulous details and execute the project.

1.2 Why for this vision and Mission? The objective should be clear. It is very good to say that co-operatives are for service and not for profit. But 'service' is a vague word. It should be spelt out. Poor people want credit facilities from the shop. Should it be given? A consumer wants thousands of items. Can a consumer store sell all these items? Consumers want cheaper price, quality goods, quick

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service, door delivery facilities, hygiene, cleanliness, parking facilities, air-conditioned comfort, return/exchange facilities and even funeral facilities including mourners. All the service cannot be provided. So the organisers should be clear about the objective.

1.3 When objectives are quantified, it becomes goals. Number of items to be sold, stock to be maintained, margin to be achieved, how much cheaper it can be sold, within what area door delivery can be provided, parking facilities for how many vehicles, everything has to be quantified so that there is no confusion. All the supermarkets that have been set-up during the eighties in different parts of India with the necessary vision, mission, objective and goal are very successful. They are invariably the top retailers in their towns.

In short, there should be scientific planning and pragmatic executive. Often consumer stores are organised without any vision, mission, high objective (ambition) and no goals and they end up with failure and liquidation. They complain of poor membership, lack of funds, corrupt practice, low margin cost, stringent laws and the like, all of which they could have foreseen.

Case studies of successful consumer co-operatives, even in developing countries, reveal that they started with the necessary vision, mission, objective and goal.

2. Misgivings

Most of the co-operators and social workers do not come from business community. They however, see many people becoming rich by doing business. They do not have the time or zeal to study private business. Whenever some people study private business, they do it purely for academic interest - to get a Ph.D. With this kind of background, most people, if not all have a lot of misgivings.

Some of the misgivings and realities are as follows:

Misgivings	Realities
a) There is high margin in retailing	a) It is only 5 to 8% in Indian sub-continent.
b) Net profit can be 5 to 10% in retailing.	b) It is only 0.5 to 1% in Indian sub-continent.
c) Co-operatives can get all help, assistance and cooperation from all agencies and Government Departments.	c) Co-operatives have to abide by all license laws, taxation laws and labour laws and no special privilege/ concession is expected.
d) On account of service motive in cooperatives, cost structure is lower.	d) Cost structure in cooperative is higher than the private sector.
e) Private sector has a lot of experience and expertise in retailing.	e) Notion in Indian sub-continent. In this part of the world, their experience is more in hoarding, tax evasion and unfair trade practices.
f) Co-operatives cannot compete with private retailers.	f) It can compete with the necessary knowledge.
g) There is high margin in textile/ footwear and consumer durables	g) True. But in these lines, stock productivity and profitability is less.
h) Huge shop-lifting in Self-Service system.	h) Nominal.

Often people blind themselves with their own prejudices. Prejudices including the misgivings in the Co-operative retailing can be removed by objective study of a few successful co-operative stores.

3. The Problem

Consumer co-operatives have numerous problems. But the biggest problem is that they are all very small and they are just like any other street corner shop. With the vision, mission, objective and goal, a supermarket can be started successfully. Finding suitable accommodation is again a problem and even if suitable place is found and secured, it will take time. What to do about the small consumer stores which are working and how to run them successfully?

Most of them, if not all, and the new super market can be successful by implementing the following points:

3.1 Range Image: A consumer store, even a small one of 12 to 15 sq. mtrs. floor area should deal in full range of grocery, provisions, textiles, cosmetics and cleaning materials, which are required by every household everyday. Sample survey conducted in various parts of India proves that range image is the biggest customer puller.

A housewife does not rush to different shops to complete the assorted purchases of her shopping list. She prefers to patronise a shop where all her requirements are available.

3.2 Self-service System : Full range of grocery, provisions, toiletries, cosmetics and cleaning materials involves more than 2000 items. Under counter service system, one cannot sell 2000 items. So self-service system is a must to sell thousands of items. This system is beneficial to the management, customers, and also the employees. In India, in whichever shop Self-Service system has been introduced, monthly sales have increased from two times to ten times.

It is wrong to think that Self-Service system can be introduced only in large shops. From the eighties onwards in different parts of India, consumer co-operatives have introduced Self-Service system in hundreds of small shops and all of them have been successful. It is however, true that unless a shop is of at least 200 sq. mtrs. (2000 sq. ft.) it cannot behave an image and it cannot be talk-of-the-town.

3.3 Price: Prices of all items should be little cheaper than the local market rate/MRP. A few selected items may also be sold as cheap as possible. If selling cheaper in any item is not possible, the price should never be more than the market. Price image is also a customer puller and it makes your service visible to the people.

3.4 Sales Promotion: Apart from stock range, cheaper price and Self-Service system, there should be a continuous package (to be changed from time to time) for sales promotion to attract more and more customers and to persuade them to buy more. Here co-operatives have a distinct edge over the private retailers, especially the smaller ones. For details of 'Sales Promotion', a separate paper is written; since it cannot be explained in a line or two.

3.5 Behaviour of the Staff: No customer will like to visit a shop where the workers are not polite and well behaved. The floor staff have to be thoroughly trained about the selling process, serving customers and maintaining the stock level, apart from politeness and manners.

3.6 Cleanliness: Even a dirty man does not like a dirty shop. The shop, the stock, the equipment and the staff should be neat and clean.

3.7 Communication: Communication is most frequent and has maximum importance in retailing. The stock range, the price, the sales promotion have no meaning unless they are communicated to the customer/member and their feedback are received. Similarly all the relevant policies must be communicated to the staff.

Hand bills, sign board, black boards, advertisement, banners, display boards are the simple techniques of communication with the members/customers. Weekly or monthly meetings with the staff are simple forums of communication with the staff.

4. Implementation

Implementation of the aforesaid points can ensure a permanent clientele and a satisfactory level of sale. There are, however, several other points which should be understood and implemented. Some of those points which are important, are discussed herein below in brief.

4.1 Personnel : In Indian sub-continent or SAARC countries, unless sale per employee per year is at least Rs. 6 lacs and preferably Rs. 7 to 8 lacs, a retail shop cannot be viable. So staff strength should be estimated/rationalised accordingly.

Security deposit : Surety should be obtained from all the employees. Job charts should be provided to all the employees and they should be thoroughly trained for their job. Suitable incentive schemes should be formulated to reward more efficient employees. They should be given at least the minimum wages.

4.2 Stock Productivity : Gross profit of a consumer store is generated by the cross force of margin and stock turn, and this is called stock productivity. It can be calculated by the two following formulae:

- i) Stock Productivity = Margin x Stock Turn
- ii) Stock Productivity = $\frac{\text{Gross Profit} \times 100}{\text{Average stock}}$

In SAARC countries, the stock productivity of a consumer store should be at least 80% and preferably 100 to 120%. Unless the stock productivity is at least 80%, it cannot survive. In developed countries, stock productivity should be at least 500%.

4.3 Break-even Analysis : Break even point refers to the volume of sales turnover at which there will be no profit and no loss or the cost and profit break evenly. This can be calculated with the following formula:

$$\text{BEP} = \frac{\text{Total Cost} \times 100}{\text{Margin}}$$

Management of a consumer store very well knows the annual cost and also the margin (% GP to sale) and can ascertain break-even point. If the sales turnover is more than the break even point, there will profit and if it is less, i.e. below BEP, there will be loss. So the sales should be over and above the BEP (Break-even Point).

4.4 Trade Creditors Management : Availing credit facilities from the supplies (credit purchase) by the retailers is an international practice. Wholesaler normally do not provide credit facilities to new retailers. After a few days, however, they start providing goods on credit. Trade creditors payable account should be managed in such a way that it should be at least 60% and preferably 80 to 100% of the stock holding. Experiment in this regard in a dozen consumer stores has shown that this practice could wipe out their bank borrowing by equalising the trade creditors payable with stock holding.

By implementing this system, working capital borrowing is reduced and interest is saved.

4.5 Value Control System : When consumer co-operatives of the developed countries went into large scale retailing, they introduced 'Value Control System' which is also known as 'Double Compartmental System' or 'Salesman's liability System'. Under this system, at the retail point, stock account of thousands of items is not maintained. In lieu of that, stock is controlled in terms of value. How much stock (in value) was received, and how much was sold and how much is the balance is recorded. This is all in selling price.

With the coming of the 'bar-coding system' and 'scanner', again, unit control system has come back. At present, however, many consumer stores of the SAARC countries, cannot afford to have such expensive technology. Keeping in view their small scale operations, they also do not need them at present. Hence value control system should be introduced.

4.6 Purchase : Bad purchase and high stock holding are common mistakes in co-operative retailing. Monthly requirement (sale) and their weekly break-up should be the basis of purchase. Stock holding should never be more than a month's sale. It is ideal to have a stock

holding to the extent of 50% to 70% of the monthly sales.

Credit facilities and return/exchange facility provided by the suppliers should be availed to the maximum extent. The suppliers also come out with various schemes which should be availed to the extent possible, keeping in view the stock holding policy.

4.7 Incidental income : Apart from gross profit, retailing entails incidental income in the form of sale of empties, sale of packing waste, advertisement and display charges received from the company, etc. This should be taken advantage of.

4.8 Review : At the end of every month, accounts should be up-to-date, management information compiled, and the performance reviewed. The core information for review comprises of (a) sale, (b) purchase, (c) stock, (d) staff, (e) customer flow, (f) loan position/bank borrowing, (g) trade creditors payable, (h) floor area (sq.ft. or sq.mtrs), (i) staff strength, (j) total expenses. Analysis of these statistics helps in identifying the problem, if any.

Monthly sale should be at least 12 to 15% more compared to the corresponding month of the previous year. Monthly purchases should never be more than monthly sale. Stock holding should be never more than monthly sale. Sale per man per month should be at least Rs. 50,000. Sale per sq. ft. should be at least Rs. 20 per day. Bank loans, if any, should be repaid at least to the extent of surplus. Trade creditors payable should be increased, may be marginally, till it is equaled with stock holding. Lapses if any can be rectified next month. If monthly sale is not increased compared to the previous year, some sales promotion techniques should be implemented.

5. Separate Elaborate Papers

Separate elaborate papers can be written on each of the points discussed in this paper. Here, the points have been discussed very briefly. Clear perception of these points and their implementation has helped to improve the sales, service and profitability of a number of consumer stores in different parts of India. It can very well be repeated in other SAARC countries, where there is a lot of socio-economic and cultural similarities.

ANNEXURE 2

GROUP REPORT**GROUP - I**

**Assessment of Problems faced by
Nepalese Consumer Cooperatives
and their Remedies**

The group consisted of the following persons:

- Mr. Shyam Chalise
- Mr. Bishwo Prem Kaphle
- Mr. T.K. Jha
- Mr. U. Mahaseth
- Mr. N.P. Pandey
- Ms. Upama Acharya
- Mr. Manohar Khanal - Reporter
- Mr. Ramraja P. Mehta - Resource person
- Mr. Keshab P. Regmi - Resource person
- Mr. Jyoti P. Adhikari - Resource person

The group assessed the problems their causes and recommended the measures as follows:

PROBLEMS	CAUSES	REMEDIES
Lack of cooperative awareness	- Inadequate cooperative Education	- Member Education (CTC, NCF, CCCU and the cooperatives should undertake this.)
- No sense of ownership	- Inadequate Publicity	- Wider Circulation of reading materials
- Political Groupism		- Responsibility: (CTC, NCDB, NCF, CCCU)

PROBLEMS	CAUSES	REMEDIES
<p>Tendency of forming cooperatives to take advantage of legal benefits</p> <ul style="list-style-type: none"> * Family-owned coops * Direct and Indirect restriction on membership. * Lack of public faith in coops 	<p>Inadequate legal provisions concerning the registration of cooperatives</p>	<p>Legal amendments required to include the provisions for feasibility study before registration, raising the minimum number of members for registration to 200.</p>
<p>Poor Membership</p> <ul style="list-style-type: none"> * Economically not viable * Low capital * High volume of non-member trading 	<ul style="list-style-type: none"> * High value of shares * Restriction on membership 	<ul style="list-style-type: none"> * Nominal value of share should be reduced * Education to prospective members, especially, women.
<p>Low Member Participation</p> <ul style="list-style-type: none"> * Ineffective decisions * Low volume of business 	<ul style="list-style-type: none"> * Inadequate member education * Poor services 	<ul style="list-style-type: none"> * Member Education * Operational efficiency should be raised.
<p>Operational Inefficiency</p> <ul style="list-style-type: none"> * Poor Service 	<ul style="list-style-type: none"> * Lengthy Decision-making process * Lack of properly trained personnel 	<ul style="list-style-type: none"> * Emphasis on delegation of authority * Regular training for personnel

PROBLEMS	CAUSES	REMEDIES
* Competitive Weakness	* Lack of inter-cooperative trade relationship.	* Establishment of information cell at the CCCU. * Need to strengthen inter-cooperative business between producer and consumer cooperatives. * Promotion of model cooperatives
Low morale of personnel	* Inadequate financial compensation	* Competitive compensation package
* No sense of responsibility	* No sense of job security among employees	* Provision of job security in personnel policy guidelines
* Low creativity	* Inadequate training	* Training opportunities
* Risk aversion	* Lack of authority	* Proper delegation of authority.
* Accounting backlogs		
Lack of reliable source of supply	* No cooperative wholesale business	* Joint purchasing through CCCU, NCF
* Difficulty in ensuring consumers' faith	* Ineffective implementation of government policies.	* Inter-cooperative relation between consumer and producer coops.
* Poor quality control		* Monitoring the implementation of government policies by DOC, NCF, NCDB and CCCU

PROBLEMS	CAUSES	REMEDIES
Inadequate Working Capital	* Lack of knowledge of financing alternative	* Various financing options need to be explored, e.g., borrowing from capital market etc.
* Low volume of business	* Inefficient use of working capital	
* Poor range image		* Training
Lack of enlightened and committed leadership	* Insufficient leadership development programs	* Increasing leadership development programs (Responsibility: CTC, NCF, CCCU)
* Low people participation		* Recognizing the contributions of cooperative leaders, e.g., by giving cooperative awards (NCDB, NCF, CCCU, DCCU)
* Cooperative spirit not stirred up.		
* Poor supervision and control		
Lack of physical facilities	* Lack of fixed capital	* Broadening the membership base
* Poor display	* Lack of know-how	* Observation visits to successful super-markets in private & Corporate sectors
* High operating costs		
* Poor record-keeping.		

GROUP - II

Competitive Situation in the Context of Government Free Market Policy & Approach to Survival of Cooperatives

The group consisted of the following persons:

Mr. Tulasi Prasad Dahal	-	Chairman
Ms. Manohari Acharya		
Mr. Shiva Prasad Mandal		
Mr. Gopal Bhattarai		
Mr. Jhanendra Bhandari		
Mr. Harihar Nidhi Tiwari		
Mr. Chandra Bahadur Thakuri		
Mr. Kiran Rupakheti	-	Reporter
Mr. Shanker R. Joshi	-	Resource person
Mr. Rameshore P. Khanal	-	Resource person

The group broadly analyzed the situation arising from the adoption of the free market economy. And based on the analysis the group has come up with certain recommendations to cope up with the new challenges.

A. Situation and challenges

Scarcity of capital

Since there is no policy of providing subsidy to the cooperatives they will face economic problems. Easy financing for them will be difficult.

Stiff competition

Due to the free market policy of the government, many multinational companies will come and the cooperatives will have to compete with them in terms of quality, variety and price.

Unfair Trade Practices by Private Traders

Illegally imported goods from Indian border-side can hamper sales of cooperative consumer trade. In the same manner whenever there is a shortage of goods in the cooperative store, the private retailers may hoard goods and black-market them.

Aggressive Advertisement

Multinational retailing agencies can spend huge sums of money in advertisement. Cooperatives will have to wage a war with them.

B. Measures for cooperative survival and growth

In the context of the above mentioned situation and challenges we have suggested some measures to be taken for the survival of consumer cooperatives in Nepal.

Capital

Capital is the vital factor for economic activities. We suggest to adopt following capital formation activities.

i) Share Capital

Share Capital is prime source of money for cooperative societies. Amount of share capital can be increased by increasing society membership and increasing rate of share capital contribution.

ii) Savings Mobilization

Cooperative societies can launch attractive savings schemes for their members and non-members in their locality by winning the faith of the local people.

iii) Cooperative Fund

Cooperative societies collectively can set up a fund in the form of cooperative development fund from which needy cooperatives can borrow money.

Mitigating Competition

- i) Consumer cooperative societies must maintain a wider range of goods in order to meet the demand of the members and the local people.
- ii) Cooperatives should have a large number of members so

that the competition from private retailers can be successfully overcome, because members will surely buy from coop store.

- iii) There must be good trade inter-relationship among co-operatives and coops should undertake joint purchase system to attain economy of scale.
- iv) Cooperatives should be able to give their product a distinct identity by cleaning properly packaging and wherever possible by branding.
- v) Modern methods of retailing such as self-service check-in, check-out system, shop lay-out, placing goods in fixed place etc. can be undertaken.

Regular Supply of Goods

If cooperatives are able to maintain regular supply of goods then the black-marketeers will automatically vanish. This will also strengthen the credit-worthiness of cooperatives.

Advertisements

Cooperatives should ask their wholesalers/suppliers to advertise the goods dealt by them clearly stating that such goods are available in the cooperative store.

Market Research

Cooperatives should periodically undertake marketing research activity so as to ascertain consumer demand and their reaction to cooperative services.

Trained Human Resources

Cooperatives must ensure that their people at all levels of management be trained regularly so as to keep pace with emerging trends in retail management.

C. Conclusion

Consumer cooperatives are regarded as 'Livelihood co-operatives' in Japan. In many European countries as well as in south Asian countries such as India and Sri Lanka consumer cooperatives have been successful. So, there is no reason why consumer cooperatives cannot succeed in Nepal. Free market economy is not a challenge but a boon for the cooperatives.

GROUP - III

Introduction of Modern Management Techniques in Nepalese Consumer Cooperatives

The group consisted of the following persons:

- Mr. Shyam S. Joshi - Chairman cum Resource person
- Mr. Gaja B. Rana
- Mr. Janardan Ghimire
- Capt. Resham Poudel
- Mr. Surya P. Bhattarai
- Mr. Ram P. Bhandari
- Mr. Indra P. Adhikari
- Mr. Yadav P. Lamsal - Reporter

The group is of the opinion that the consumer cooperative movement in Nepal got a boost after the enactment of new Cooperative Law in May 1991. Since then the number of consumer cooperatives is increasing day by day.

Many of the cooperatives are found to be organized simply to take advantage of government's liberal fiscal policy towards cooperatives. Hardly a few cooperatives have attempted to apply modern retail management techniques to serve the consumer members better.

If the consumer cooperatives are to thrive and prosper and gain popularity among consuming public then, the group feels that, the following modern retail management techniques are applicable and should be applied without delay.

1. Wider Assortment

Cooperative stores should maintain wide variety of goods required for household consumption. By maintaining a range image, cooperatives can attract more consumers and members, too.

2. Self Service System

When cooperative stores maintain wider assortment of goods, it would be necessary to introduce self-service system so as to serve the consumers in a better way. It would also be more attractive to consumers because they themselves can choose items. Volume of sales can also be considerably increased.

3. Pricing

Consumer cooperatives should develop a pricing norm, with mark-up and sales margin percentages, for each category of commodities. Loss leader items should be identified and sufficient stock of such goods should be maintained.

4. Joint Purchasing or Wholesaling Arrangement

In order to ensure reliable source of supply and attain economics of scale in retail operation, cooperative stores should organize joint purchasing under the aegis of district or central level unions. In the long run some of the cooperative units must undertake wholesaling activity.

5. Use of Modern Appliances

Cooperative stores should promote use of modern equipments such as cash registers and computers for prompt billing and proper inventory control.

6. Sales Promotion

Cooperative stores should launch different sales promotional schemes, such as, proper shop display, discount and gift coupons, packaging etc.

7. Record Management

Cooperatives should maintain proper records and should be accessible to their members at all times. This up to dateness and transparency creates loyalty among members.

8. Incentives to staff

Cooperatives are run by staffs although they are patronized by the members. If staffs are not properly motivated, members will be ill-served and consequently their patronage may also be eroded. Therefore, it is necessary to have incentive schemes to consistently motivate staff-members. This includes competitive compensation packages, career development schemes, family welfare activity, etc.

GROUP - IV

Human Resources Development And Management in Cooperatives

The group consisted of the following persons:

Mr. Khadga Bahadur Shrestha	-	Chairman
Mr. Damodar Bhandari		
Mr. Vijya Raj Ghimire		
Mr. Ganapati Ojha		
Mr. Krishna Prasad Dahal		
Mr. Mahendra Pokhrel	-	Reporter
Mr. Pradit Machima	-	Resource person
Mr. Akira Kurimoto	-	Resource person
Mr. Prahlad M. Mali	-	Resource person

After the enactment of Cooperative Act, 1991, consumer cooperatives are increasing throughout the kingdom. But, their quality of service has not been satisfactory. We believe that much of the problems lie in human resources, which are as follows:

1. Lack of local experts in the management of consumer cooperatives.
2. Lack of awareness among members in particular and the public in general.
3. Lack of experience and managerial skill to operate consumer cooperatives at the grass-roots level.
4. Lack of proper text-books, literatures regarding consumer cooperatives.
5. Lack of dedicated leadership.
6. Lack of decentralization of training programs and limited training programs on consumer cooperatives.

Strategies to Overcome Problems

To overcome aforesaid problems, five different target groups have been identified for education and training.

- i) General Members
- ii) Board of Directors
- iii) Upper-level Managers
- iv) Lower-level Managers
- v) Related Officials of Allied Agencies (such as NCF, NCDB, etc.)

As it is almost impossible to organize training programs to cover all targeted groups at one lot, it is advisable to priorities as follows:

1. Board of Directors

Since this is the main decision making body of a cooperative, the directors should be trained properly in all aspects of cooperative management in order to enable them to exercise proper control over all cooperative operations.

2. Upper Level Management

This is the group which actually operates the society. Besides, this group is responsible to train the lower level managers or the employees to run the society successfully. Selected personnel of this group may also be developed as local experts in consumer cooperatives.

3. Related Official of Allied Agencies

Members of this group are from the apex bodies related to consumer cooperatives which are responsible for promoting cooperative movement in Nepal. This group may be developed as local experts.

4. Lower Level Staff

They are the daily operating staff of cooperative societies. This group should be trained on specific subjects such as, salesmanship, accounting, record-keeping, store management, shop lay-out etc.

Action Plan to implement Recommended Training and Education Programs

1. Development of Local Expertise

A core group of local experts should be developed in the area of consumer cooperatives. For this program ICA/JCCU may provide technical and financial assistance.

2. Development of Text Books

For this it is recommended that local experts in Nepal prepare sufficient text books as well as literatures to supplement training and education activities with the technical and financial support of ICA/JCCU.

3. Study Tours

Study tours to different places both within and outside Nepal should be organized for local experts as well as ordinary members of consumer cooperatives.

4. Training Decentralization

As we have only one training centre at the central level in Kathmandu, it will be difficult to cater for the training needs of consumer cooperatives spread over throughout the country. In order to decentralize the training programs, mobile training teams should be established in different parts of the country. It may be mentioned here that during the period of ILO/DANIDA Cooperative Training Project, there were eight mobile training teams in different parts of the country, the same may be activated now.

5. On the Job Training

After the development of a core group of local experts and training of upper level managers, there should be a program of on the job training of managers and staffs under the guidance of local experts.

6. Model Learning Centre

A model learning centre is also proposed to be established in Kathmandu in the form of cooperative super market.

ANNEXURE - 3

**Programme of the National Seminar on
Consumer Cooperative Development in Nepal**

Kathmandu, November 23 - 25, 1994.

DAY-I (NOVEMBER 23, 1994)

09.00 - 10.00	Inauguration Ceremony
Chairperson	: Mr. Tulasi Dahal, Chairman, CCCU
Welcome Speech and Introduction to the programme	: Mr. Shanker R. Joshi, Registrar, DOC
Inauguration of the Seminar	: Mr. Ram K. Tiwari, Secretary, MOA
Address by	: Mr. S. C. Mishra, Member Secretary, NCDB Mr. A. Kurimoto, Manager, International Department, JCCU Mr. P. Machima, Consumer Advisor, ICA ROAP
Inauguration Speech	: Mr. Ram K. Tiwari, Secretary, MOA
Vote of Thanks	: Mr. Ramraja P. Mehta, Principal, CTC
Concluding Remarks	: Chairperson
10.00 - 10.30	: TEA BREAK

Paper Presentation

- 10.30 - 12.00 : Presentation of Background Paper on Consumer Cooperative Movement in Nepal.
- Shanker R. Joshi
- 12.00 - 13.00 : LUNCH
- 13.00 - 14.00 : History, Strategy and Development Pattern of Consumer Cooperative Movement in Japan
- Akira Kurimoto
- 14.00 - 15.00 : Modern Management Techniques of Consumer Cooperatives in Japan
- Akira Kurimoto
- 15.00 - 15.30 : TEA BREAK
- 15.30 - 16.30 : Fact Finding Mission Report on Consumer Cooperative Movement in Nepal
- Pradit Machima, S. C. Mishra

DAY - II (NOVEMBER 24, 1994)

- 08.00 - 10.00 : Presentation of case studies of Consumer Co-operatives in Nepal and background paper on Consumer Cooperative operations in Rupandehi District
- Prahlad M. Mali, Jyoti P. Adhikari, Surya P. Bhattarai
- 10.00 - 10.30 : TEA BREAK
- 10.30 - 12.00 : Panel discussion on Free Market Economy and survival of Consumer Cooperatives in Nepal.
- Shanker R. Joshi, Chairperson
Rameshore P. Khanal (CTC)
Tulasi P. Dahal (CCCU)
Pradit Machima (ICA ROAP)
- 12.00 - 13.00 : Indian experiences in the successful operations of consumer cooperatives
- P. A. Kambli, S. U. Sapre, R. S. Umre
- 13.00 - 14.00 : LUNCH

130

13.30 - 17.00 : Field visit to a private supermarket and three cooperative stores in Kathmandu.

DAY - III (NOVEMBER 25, 1994)

08.00 - 09.30 : How to run a cooperative store successfully.
- S. C. Mishra

09.30 - 10.00 : TEA BREAK

10.00 - 12.00 : Group Discussion (Four Groups)
: LUNCH

13.00 - 14.30 : Preparation of Group Discussion Reports

14.30 - 15.30 : Presentation of Group Discussion Reports

15.30 - 17.00 : **Closing Ceremony**

Chairperson : Mr. Tulasi Dahal, Chairman
Central Consumer Cooperative Union

Chief Guest : Mr. G.K. Sharma, Director, ICA ROAP

Seminar Report : Mr. Shanker R. Joshi, Registrar, DOC

Address by : Ms. Manohari Acharya, Executive Member
Chetana Multipurpose Coop
Mr. P. Machima, Consumer Advisor, ICA
ROAP

Key-note Speech : Mr. G. K. Sharma, Regional Director, ICA
ROAP

Chairperson's
Remarks : Mr. Tulasi Dahal, Chairman
Central Consumer Cooperative Union

Vote of Thanks : Mr. Ganapati Ojha
Seminar Co-ordinator

ANNEXURE - 4

List of Participants and Resource Persons

Name of Participant	Office	Position
1. Harihar Nidhi Tiwari	Rudramati Cons Coop Kath	Member
2. Yadav P.Poudel	D.C.U. Sahakari, Kath	
3. Yadav R. Lamsal	DOC, Kath	Co-op Officer
4. Shyam S. Joshi	D.C.O. Chitwan	Senior Coop Officer
5. Capt. Laxman Poudel	J.C.K. Coop, Chitwan	Chairman
6. Krishna P.Dahal	NCDB, Kath	Promotion Officer
7. Surya P. Bhattarai	D.C.O. Rupandehi	Act. Senior Co-op Officer (ASDCO)
8. Khadga B. Shrestha	Central Cons Coop Union	Secretary
9. Ram P. Bhandari	Shital Cons Coop, Kath	Chairman
10. Mahendra Pokharel	DOC	Legal Officer
11. Bijaya R. Ghimire	Dist Coop Union, Lalitpur	Manager
12. Biswa P. Kafle	Dist. Coop Union, Rupandehi	Manager
13. Jhanendra Bhandari	Coop Society Jhorahat, Morang	Manager
14. Jyoti P. Adhikari	D.C.O. Morang	ASDCO
15. Chandra B. Thakuri	D.C.O. Banke	Coop Officer
16. Prahlad M. Mali	D.C.O. Kathmandu	Coop Officer
17. Shyam Chalise	D.C.O. Lalitpur	Coop Officer
18. Tarakant Jha	D.C.O. Kailali	Coop Officer
19. Rameshore Khanal	CTC	Trainer
20. Manohar Khanal	CTC	Trainer
21. Keshav P. Regmi	CTC	Trainer
22. Dwarika Chapagain	CTC	Account Officer
23. Umesh Mahaseth	DCU Banke	Manager

Name of Participant	Office	Position
24. Indra P. Adhikari	NCF	
25. Shiva P. Mandal	DCU, Chitwan	Manager
26. Gaja B. Rana	CTC	Trainer
27. Kiran Rupakethi	NPC	Section Officer
28. Narayan P. Pandey	MOA	Section Officer
29. Upama Acharya	Chetana Coop, Kathmandu	Member
30. Manohari Acharya	Chetana Coop, Kathmandu	Member
31. Gopal Bhattarai	DCU, Morang	
32. Ganapati Ojha	CTC	Trainer
33. Janardan Ghimire	Tilottama Coop, Rupandehi	
34. Damodar Bhandari	CTC	Trainer
35. Tulasi P. Dahal	Central Cons Coop Union	President

List of Resource Persons

Name of Resource Person	Office	Position
1. Shanker R. Joshi	DOC	Acting Registrar
2. Akira Kurimoto	JCCU, Tokyo, Japan	Manager, International Department
3. Pradit Machima	ICA ROAP, New Delhi	Consumer Advisor
4. S. C. Mishra	NCCF & ICA ROAP, New Delhi	Consultant
5. Ramraja P. Mehta	CTC	Principal
6. Prahlad Mali Kathmandu	Dist Coop Office (DCO),	Dist Coop Officer (DCO) (Participant cum RP)
7. Jyoti P. Adhikari	DCO, Morang	ASDCO (Participant cum RP)

Name of Resource Person	Office	Position
8. Surya P. Bhattarai	DCO, Rupandehi	ASDCO (P cum RP)
9. Rameshore P. Khanal	CTC	Trainer (Participant cum panelist)
10. Tulasi P. Dahal	CCCU	Chairman (Participant cum panelist)
11. P.A. Kambli	Apna Bazaar, Bombay	G.M.
12. S.U. Sapre	Shakari Bhandar, Bombay	G.M.
13. R.S. Umre	Former Consultant, ICA ROAP	Consultant
14. Keshav P. Regmi	CTC	Trainer (P cum RP)
15. Shiva S. Joshi	DCO, Chitwan	Sr. DCO (P cum RP)

ANNEXURE - 5

Seminar Support Group

National Co-ordinator	: Mr. Shanker R. Joshi, Acting Registrar, DOC
Chief Seminar Co-ordinator	: Mr. Ramraja P. Mehta, Principal, CTC
Seminar Co-ordinator	: Mr. Ganapati Ojha, Trainer, CTC
Technical Facilitators	: Mr. Damodar Bhandari Mr. Gaja B. Rana Mr. Manohar P. Khanal
Logistics	: Mr. Dwarika P. Chaulagain Mr. Jhanka N. Sharma Mr. Ghanashyam Poudel
Reception	: Mr. Dhruba P. Mainali Mr. Gunaraj Bhandari
Secretarial Services	: Mr. Bhuwan S. Tamang Mr. Devendra Shakya
Transport	: Mr. Bishnu P. Poudel Mr. Shukram Tandukar Mr. Yam K. Thapa
Refreshment	: Mr. Krishna B. Bhujel Mr. Ratna Maharjan Mr. Krishna K. Shrestha Mr. Lalit Tabdar Mr. Buddha K. Shrestha Mr. Moti K. Maharjan Mr. Ram B. Karki
Reporters	: Mr. Keshav P. Regmi Mr. Rameshore P. Khanal Mr. Ganapati Ojha

Members of the ICA Committee on Consumer Cooperation for Asia and the Pacific

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FIJI	Mr. K.B. Matalau, FCU
INDIA	Mr. T.T. Adhikari, NCCF of India Ltd.
INDONESIA	Mr. M.C. Baridjambek, DEKOPIN
JAPAN	Mr. M. Ohya, JCCU Mr. M. Okayasu, NFUCA
REP. OF KOREA	Dr. Kim, Yong Jin, NACF
MALAYSIA	Mr. Tuan Haji Sallehudin bin Abdul Ghani Dato' Hamzah bin Haji Yatim, ANGKASA
MONGOLIA	Mr. P. Yag, MCC
PHILIPPINES	Mr. Felomino Bautista (Jr.), CUP Mrs. M. Climaco
SINGAPORE	Mr. Lim Ho Seng, Fairprice, (Vice Chair- man)
SRI LANKA	Mr. P.D. Dissayanake, CCSF
THAILAND	Mr. Kajorn Atichart, CCFT Mr. Jankaew Muangjai, CLT
VIETNAM	Mr. Vu Luu, CCSMC
SECRETARY	Mr. Pradit Machima, ICA ROAP