

CONSUMER COOPERATIVE
MOVEMENT IN INDIA

(AN APPRAISAL)

R. ARVIDSSON
S. DANDAPANI

INTERNATIONAL COOPERATIVE ALLIANCE

Regional Office & Education Centre for South-East Asia
43, Friends' Colony, New Delhi-14. (India)

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CONSUMER MOVEMENT

IN

INDIA

(An Appraisal)

R. Arvidsson

S. Dandapani

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P R E F A C E

Democracy functions through a system of checks and balances. Consumer movement is one of the instruments through which the democratic forces find practical expression.

Consumer Cooperative Movement in India has a long history of service, but its growth in the recent years is of special significance. It is now passing through a period when the government that sponsors it, the leadership that promotes it together with the employees who make a living out of it, have to take a momentous decision for their growth and service to community.

This is a modest attempt to list a few of the problems and achievements in as brief a manner as possible. The authors are aware of the limitations of this monograph, both in content and form, but, if this can help the cooperatives at different levels to arrive at a decision for the growth of Consumer Movement in India, the time and effort put in would have achieved the aims.

New Delhi, India

R. Arvidsson

March 25, 1971

S. Dandapani

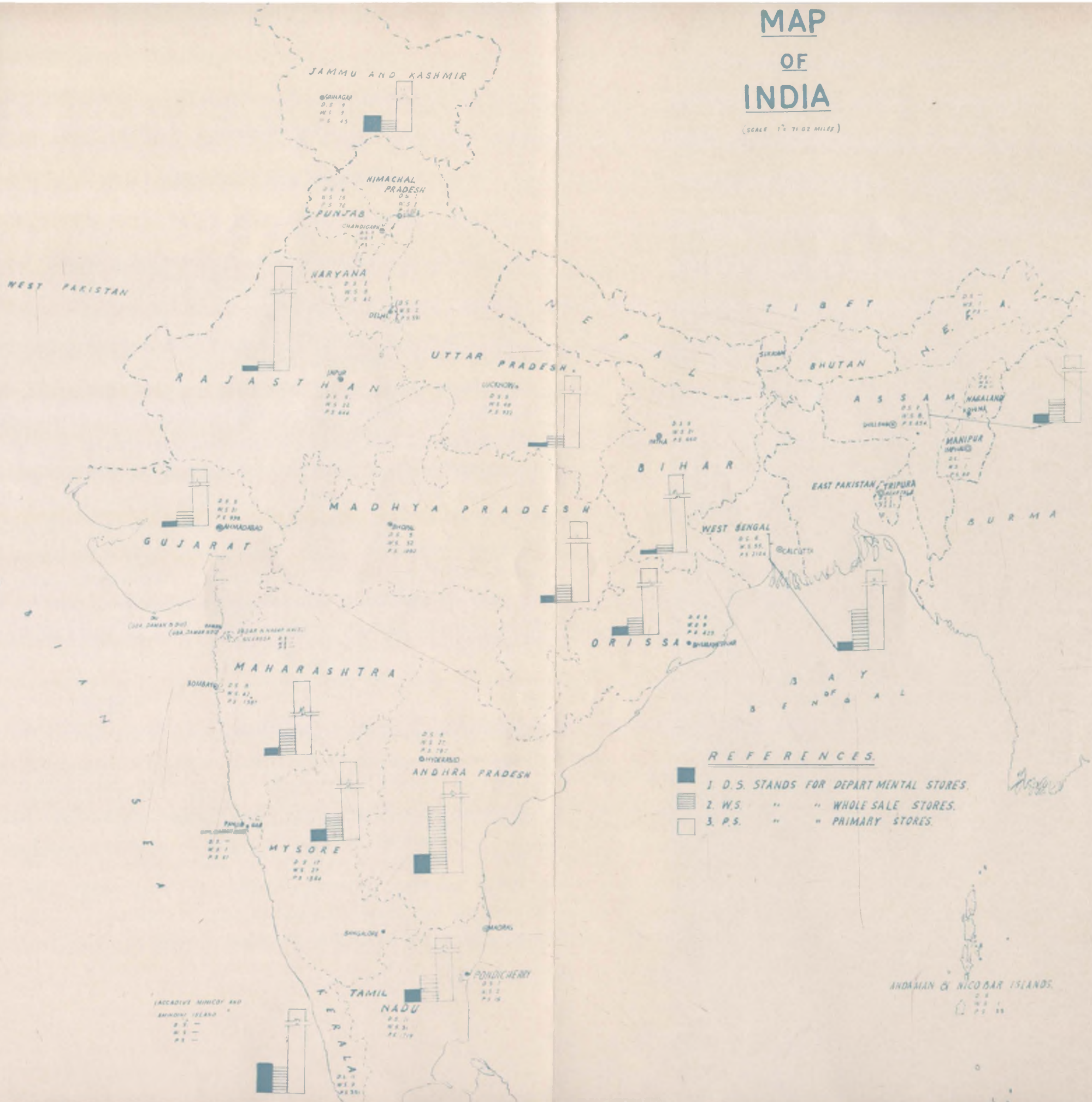
The observations contained in this book are those of the authors and not of the organisation with which they are associated

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MAP OF INDIA

(SCALE 1" = 71.02 MILES)



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- 1. D.S. STANDS FOR DEPARTMENTAL STORES.
- 2. W.S. " " WHOLE SALE STORES.
- 3. P.S. " " PRIMARY STORES.

CHAPTER I

INDIA AND ITS ENVIRONS

1.01 LAND AND THE PEOPLE

India, also known as Bharat, is the seventh largest and the second most populous country in the world. Bound by the great Himalayas and other snowy mountains in the north, the country stretches southwards and, at the Tropic of Cancer, tapers off into the Indian Ocean between the Bay of Bengal on the east and the Arabian Sea on the west. Lying entirely in the northern hemisphere, the mainland extends between latitudes 8.4' and 37.6' north and longitudes 68.7' and 97.25' east, measures about 3,219 km. from north to south and about 2,977 km. from east to west and covers an area of 32,68,090 sq. km. (As on January 1, 1966. Bhutan and Sikkim are not included). It has a land frontier 15,168 km. long..

1.02 CLIMATE

The Indian Meteorological Department recognises four seasons : (i) the Cold Weather Season (December-March), (ii) the Hot Weather Season (April-May, (iii) the Rainy Season (June-September), and, (iv) the Season of the retreating south-west monsoon (October-November).

1.02.02 There are four broad climatic regions based on rainfall. Practically the whole of Assam and the West Coast of India lying at the foot of the Western Ghats and

extending from the north of Bombay to Trivandrum are areas of very heavy rainfall. In contrast to these, the Rajasthan desert extending to Kutch, and the high Ladakh plateau of Kashmir extending westward to Gilgit are regions of low precipitation. In between these areas at the extreme ends of the rainfall range are two areas of moderately high and low rainfall respectively. The former consists of a broad belt in the eastern part of the Peninsula merging northward with the north India plains and southward with coastal plains. The latter comprises a belt extending from the Punjab plains across the Vindhya mountains into the western part of the Deccan, widening considerably in the Mysore plateau.

1.02.03 RAINFALL AND TEMPERATURE

India is so vast and diversified that expressions like "average rainfall", "average temperature" etc. have no meaning. The average annual rainfall in the Thar desert is 4 inches, while that in Cherrapunji is 425 inches.

1.02.04 Similarly places in Kashmir have a minimum temperature of 49°F , while places in Rajasthan have recorded a maximum temperature of 120°F . So one can only speak of local averages rather than of national averages.

1.03 NATURAL RESOURCES

India is rich in power and mineral resources. The reserves of all types of coal occurring in seams of 0.3 metre



Weighing of wheat at the scale of the cooperative marketing society. The farmers are, however, free to sell their produce at the private shop.

or more thickness within a depth of 609 metres are estimated at 121,360 million tonnes. The potential oil bearing areas in India aggregate about 1,035,920 sq. kms. This is a tentative estimate. A large programme of oil exploration is in progress. As a result of exploration during the past few years, oil has been struck at Moran, Hugrijan and Naharkatiya in Assam and Ankleshwar in Gujarat. Oil reserves at these places are estimated at 100 million tonnes. Lignite deposits in and around Neyveli in Madras State are estimated to be about 3,390 million tonnes. The hydro-electric potential of the country's waters is placed at 41 million K.W. at sixty per cent load factor.

1.03.02 India has the largest deposits of iron-ore in the world. Its iron-ore reserves are assessed at 22,400 million tonnes, or one-fourth of the total world reserves. Its manganese deposits are estimated to be 180 million tonnes, the third largest in the world.

1.03.03 The occurrence of bauxite is widespread in India. Of the total estimated reserves of 131 million tonnes, 79 million tonnes are of high grade bauxite.

1.03.04 There are three main mica belts: 3,380 sq. kms. in Bihar, 3,110 sq. kms. in Rajasthan and 1,550 sq. kms. in Andhra Pradesh. There are two important copper belts in India - Singhbhum in Bihar with an estimated reserve of 22.6 million tonnes (copper content : 0.8 per cent) and Khetri and Daribo in Rajasthan with proved reserves of 36 million tonnes (copper content : 1 per cent) and probable reserves of 106 million tonnes.

1.03.05 The other known mineral resources of India include : Chromite: 3 million tonnes, Gold (ore): 4.4 million tonnes, Ilmenite: 300 million tonnes, and Gypsum: 1,130 million tonnes. Among refractories, there are deposits of 58 million

tonnes of magnesite: deposits of kyanite, sillimanite.

1.03.06 The average flow of water of India's river system is estimated to be 1,67,500 million cubic metres. Of this, approximately 55,500 million cubic metres of water is capable of being used for irrigation. By 1965-66, about 33 per cent of the usable flow or 18,500 million cubic metres had been utilized as against 17 per cent in 1951.

1.04 POPULATION

Area : 3,268,090 sq. km.
 Population : 536,984,000 (1969, estimated)
 Density : 164 (1969, estimated)
 Annual rate
 of increase : 2.5% (1963-1969)

1.04.02 The population of major cities are as follows :

Name of cities and dates	City proper Ville	Urban Agglomeration
Agra 1-VII-1969	610,328	658,781
Ahmedabad "	1,507,921	1,582,478
Allahabad "	521,568	537,047
Amritsar "	424,961	459,179
Bangalore "	1,027,327	1,744,964
Bareilly "	325,560	343,559
Bhopal "	310,733	441,939
Bombay "	5,534,358	--
Calcutta "	3,134,161	5,074,668
Chandigarh 1-iii-1961 (C)	89,000	119,881
Coimbatore 1-VII-1969	393,145	--
Cuttack "	198,405	--
Delhi "	3,621,101	2,874,454
Ernakulam "	203,493	474,187
Guntur (Guntar) "	264,138	--
Gwalior "	361,780	--

Name of cities and dates	City proper Ville	Urban Agglomeration
Howrah 1-VII-1969	590,385	--
Hyderabad "	1,294,800	1,363,407
Indore "	483,969	--
Jabalpur "	406,214	497,946
Jamshedpur "	402,462	465,740
Jodhpur "	270,404	--
Kanpur "	1,163,524	1,275,810
Kozhikode (Calicut) "	315,786	381,096
Lucknow "	763,604	830,298
Ludhiana "	363,403	--
Madras "	2,047,735	--
Madurai "	486,480	--
Meerut "	244,824	335,565
Mysore "	262,136	--
Nagpur "	876,020	933,344
New Delhi 1-VII-1967	324,283	--
Patna 1-VII-1969	449,471	451,520
Poona "	718,270	877,721
Shillong 1-VII-1967	84,269	130,195
Surat 1-VII-1969	368,917	--
Trichirapalli (Tiruchirapalli) "	279,283	--
Trivandrum "	336,757	435,566
Ujjain "	157,435	--
Varanasi (Banaras) "	619,822	643,720
Vijayawada (Vijayavada) "	312,822	--
Visakhapatnam "	285,837	--

Source : 1969 Demographic Yearbook of the United Nations, pp. 121, 198 & 199.

1.04.03 The following table shows the percentage of different age-groups to the total population :

AGE STRUCTURE (1961) :

Age Group	Percentage of the total population	
Up to 4	..	15.0
5 to 14	..	26.0
15 to 24	..	16.7
25 to 34	..	15.4
35 to 44	..	11.0
45 to 54	..	8.0
55 to 64	..	4.8
65 to 74	..	2.1
75 and above	..	1.0
Total	..	100.0

1.04.04 The above structure of age-group can be classified in three types of population :

Young Dependent	57%
Old may be Dependent	8%
Working Force	35%

It clearly indicates that 35% of the total population, by and large is carrying the burden of the remaining 65% population.

1.04.05 RURAL AND URBAN POPULATION

Of the 43.92 crores who constituted the population (1961) of India including Sikkim, 36.07 crores or 82 per cent lived in villages and 7.89 crores or 18 per cent lived in cities and towns. There has been, between 1921 and 1961, a slow but steady shift towards urbanisation as shown



Auctioning of sugar-canes in progress in the private wholesale market.

below :

1.04.06 RURAL AND URBAN POPULATION (1921-1961)^s

Year	Percentage of total population	
	Rural	Urban
1921	88.8	11.2
1931	88.0	12.0
1941	86.1	13.9
1951	82.7	17.3
1961	82.0	18.0

^sSource : India - A Reference Annual 1970, published by Publication Division, Ministry of Information and Broadcasting, Government of India, 1970. pp. 10 & 15.

10 millions make a crore.

1.05 HISTORY

The history of India can be divided into the following broad headings :

1. Ancient India
2. Indo-Aryans Era
3. Rajput and Muslim India
4. British Rule
5. National Movement, and
6. Independent India

1.05.02 Ancient India

A mature Indian civilization began, so far as our present knowledge goes, about the middle of the third millennium B.C. A sophisticated urban culture rapidly arose, hinged on the two metropolitan cities of Harappa (near Lahore) and Mohenjo-daro (near Larkana in Sind) and extending from Rupar in the present Indian State of the Punjab (where the Sutlej emerges from the hills) to the Arabian Sea, Gujarat and the Gulf of Cambay.

1.05.03 This Indus Valley or Harappan culture lasted for about a thousand years, in a state of apparently static prosperity. Towards the end of this period there are signs of decay, but the end seems to have come as suddenly as its beginning. Natural upheavals like floods may have played a part but the main cause seems to have been violent overthrow by more vigorous invaders. These were the Indo-Aryans, a complex of tribes speaking prototypes of the Aryan family of languages. At this time, in the second millennium B.C., they were on the move and were to enter Europe as the Greeks, Asia Minor as the Mitanni, Persia as the Iranians speaking Avestic, and India as the fair-skinned Aryans.

1.05.04 The Indo-Aryans Era

Blue-eyed, fair-skinned, tall and vigorous, these people probably came in migratory waves. A pastoral people with an aristocratic organisation, they did not occupy the cities they destroyed or mix with the dark-skinned and despised dasyas. They spread over Sind and the Punjab, tending their cattle and eating its beef, they celebrated their arrival by composing hymns to the nature deities they worshipped, now enshrined in the oldest Aryan literature, the Rig-Veda. From nature worship the hymns proceed to the beginnings of philosophic reflection, and then to rituals. These nature- and sport-loving people, addicted to gaming and the intoxicating Soma drink, did not remain static. They, or further waves of them, moved through the Punjab and into the Jumna-Ganges valley. As they went they found it impossible to remain distinct from the local inhabitants. Mixture, physical and cultural, took place, agriculture began and cities appeared, but not on the old sites.

1.05.05 North India thus entered on the epic or late Vedic period, historically obscure but culturally rich. It was



A farmer from a village has brought his produce to the wholesale market.

during this time, from about 1200 to 1600 B.C. that the core of the two great epics, the Ramayana and the Mahabharata (Great India), were probably composed. The former is not historical but the latter is thought to be based on a great Indo-Aryan civil war around 1000 B.C. Aryan immigration had moved south-eastward, the centre of settlement now being the lands around the upper Jumna and Ganges reaches. The rival capitals were Delhi (Indraprastha) and Hastinapura. Advance and time had brought some intermixture with the previous inhabitants.

1.05.06 About 600 B.C. India enters the historical period, for which records of various kinds exist. There were two major movements at this time. The clash of cults produced a series of universal religions, and organised kingdoms began to develop into empires. In reaction to the ritualism and spell-making of the Brahmins there appeared many protesting sects, from which the Jainism of the sage Mahavira (died C. 467 B.C.) and the religion of Gautama and Buddha (died about 487 B.C.) have survived. Hinduism underwent radical changes and produced a higher religion to be found in the treatises known as the Upanishads and the Bhagavad-Gita. The first historical kingdom of Magadh appeared and it is at this point India and Europe have their first encounter. Alexander the Great invasion from 327 to 325 B.C. was brilliant but brief. Its importance was that it opened the way for intercourse with the west through Persia and led to the formation of the first Indian empire of the Mauryas. Chandragupta defeated Seleucus, the Greek successor to Alexander in the east, and established bureaucratic empire vividly described by the Greek ambassador Megasthenes. His grandson was the world famous Asoka (reigned 273-232 B.C.) who promoted the new Buddhist religion and in later life preached non-violence in rock and pillar inscriptions.

1.05.07 Invasions: Second Century B.C. - Fifth Century A.D :

After the collapse of Mauryas empire, Suka and Kusan of Greek and Turks origins attacked India and settled over here. They ruled North India from first century A.D. to third century A.D. These people finally accepted Indian religion and her way of living.

1.05.08 The second of the great Indian empires, is that of the Guptas in the fourth and fifth centuries A.D. Their realm stretched from the Bay of Bengal to the Gulf of Cambay and far into the north-west. It is generally agreed that ancient India attained her apogee under the Guptas with bureaucracy as efficient as that of the Mauryas but milder. Indian literature reached its peak with the poet Kalidas; art, science, philosophy and law all flourished. It was an age of achievement and consolidation.

1.05.09 Guptas dynasty was ruined by the attack of White Huns. There was great confusion in India during this period.

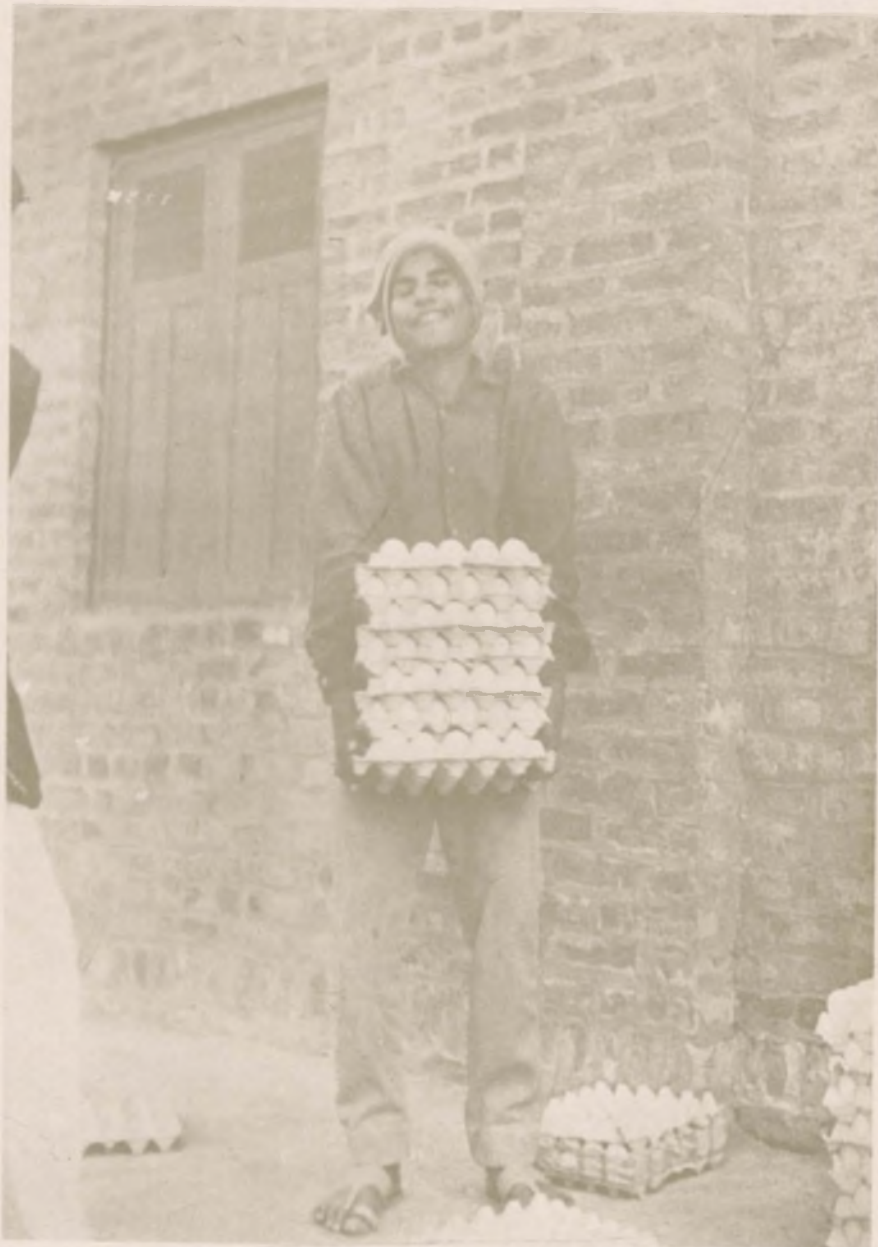
1.05.10 Rajput and Muslim India

Rajput

India emerged under new rulers - the Rajput chiefs. This was the age of Rajput chivalry, a gallant, colourful, restless and rather futile age which lasted with little change until the Muslim Turk invasion at the end of the twelfth century.

1.05.11 Muslim India: (11th Century to 18th Century) :

The first muslim attack was in early 11th century by Mohamad of Ghazni. India was attacked several time by Muslim invaders. Rajput chiefs due to their internal rivalaries could not stand these series of invasions. Gradually whole of North India was under Muslim Rule. The main Muslim dynasties ruled



A cooperative poultry farm supplies good quality of eggs to a number of consumer stores, both private and cooperative, in Delhi.

India were the following : Ghulam, Khilajee, Tuglak, Saiyed, Lodi, Mughal, finally muslim empire settled, in India during Mughal period.

1.05.12 The confusion was ended in the sixteenth century by the Mughals whose third ruler, Akbar, the second of India's world leaders, organised an empire more stable than anything since the Guptas. He won Hindu support by religious toleration and by taking the Rajputs into partnership, he promoted unity by exalting the office of emperor, and he cemented his authority with an efficient bureaucratic system. India was then nearer to organic unity than she had been since the days of the Guptas. The art, music and architect, flourished during Muslim Rules, specially Mughal period. Following are few examples of muslim architects : Kutab Minar and Red Fort (Delhi), Fatehpur Sikri, Taj Mahal and Red Fort (Agra) etc. After the death of Aurangzeb, the Mughal Empire started crumbling^{and} the Maratha, Rajput, Sikhs. Muslim navab started fighting among themselves. There was no powerful unitary force.

1.05.13 British Rule :

It was on this scene of confusion that the British entered Indian politics. A contest with the French in the south led to intervention in Bengal against a rash and unstable Mughal governor, the battle of Plassey in 1756 and the virtual take-over of the rich provinces of Bengal and Bihar. From this start, through much corruption, exploitation and controversy the British power in India was organised from 1786 to 1793 by Cornwallis. He introduced English landlordism into Bengal and hoped to create an island of peace and prosperity in a sub-continent surging with war. It did not last. The danger of French invasion, the ambitions and fears of the Indian states, led his successors from point to point until the hegemony of India up to the River Sutlej in the Punjab

was achieved in 1818. The British power in India was now the British Empire of India. The process was completed by the annexation of Sind in 1843 and of the Punjab in 1849, while to the east Burma was absorbed in three stages between 1824 and 1886. During the British Rule, India achieved certain good things - such as (i) Single clean efficient administration, (ii) One single currency system, (iii) Development of Railways, (iv) English education through which Indians were able to understand the liberal education of the west. In a way British rule provided an opportunity of oneness to India.

1.05.14 What India Lost :

It was a setback to India's culture, religion, languages, on top of that the wonderful Indian handicrafts industry suffered and was completely wiped out.

1.05.15 National Movement :

In 1857 the first unsuccessful attempt was made throughout the Britishers from India. After this in 1884 Indian National Congress was formed under Sir Hue Rose a British liberal. During this period several social reformers came into existence such as Raja Ram Mohan Roy (Brahmo Samaj Swami Dayanand Arya Samaj). The early Congress was the group of moderate English educated Indian - such as Gokhale. They favoured reforms and gradual representation of Indians in the Government. At the same time an extremist movement was also found under the leadership of Mr. B.G. Tilak.

1.05.16 The Indian Congress really took a dynamic turn under the leadership of Mahatma Gandhi. Gandhi preached, non-violence and non-cooperation to British Rule in India. Through the mass support to him, and due to the Second World War, British was not capable to hold India under its rule.

1.06 Independent India :

Indian Independence was ushered in on 15th August 1947 by the ~~New~~ Prime Minister, Pandit Jawaharlal Nehru. In a moving speech he set the tone for the future in these words : "Long years ago we made a ~~tryst~~ with destiny and now the time comes when we shall redeem our pledge, not wholly or in full measure, but very substantially. At the stroke of the midnight hour, when the world sleeps, India will awake to life and freedom. A moment comes, which comes but rarely in history, when we step out from the old to the new, when an age ends and when the soul of a nation, long suppressed, finds utterance. It is fitting that at this solemn moment we take the pledge of dedication to the service of India and her people and to the still larger cause of humanity".

1.06.02 The man who uttered these words had already been a virtual Prime Minister for nearly a year. He had become a close friend of the ex-Viceroy and first Governor-General of independent India, Lord Mountbatten. Born of a sturdy lawyer-statesman, Motilal Nehru, he was the disciple and intimate of Mahatma Gandhi, and his avowed heir. He was the Prime Minister for seventeen years. Nation mourned at his death as the last of the Republic's founding fathers.

1.06.03 India Divided :

Based on Jinnah's two nations theory, India was divided in two parts predominantly Hindu and Muslims. The solution of the political problem finally achieved satisfied neither Indians nor Pakistanis. The loss of Sind, half the Punjab and East Bengal was a bitter blow to India, so that Gandhi considered such truncated independence hardly worth having. Jinnah was equally critical, to him the award was no more than "moth-eaten Pakistan". Both sides were dissatisfied with the frontier award of the Radcliffe Commission, made in six weeks under great difficulties.

1.07 RELIGION:

India is a secular state. The freedom of worship is granted to the citizens. Government neither encourage nor discourage. In the religious matters government does not interfere either. The principal religions in 1961 (census) were: Hindus, 366,526,866. Sikhs, 7,845,915, Jains, 2,027,281, Buddhists 3,256,036 (180,823 in 1951). Muslims 46,940,799, Christians 10,728,086.

1.08 LANGUAGE

The constitution provides that the official language of the Union shall be Hindi in the Devnagari script. It was originally provided that English should continue to be used for all official purposes until 1965. But the Official Languages Act 1963 provides that, after the expiry of this period of 15 years from the coming into force of the constitution, English might continue to be used in addition to Hindi, for all official purposes of the Union for which it was being used immediately before that day, and for the transaction of business in Parliament. The Official Languages Amendment Act, 1967, provides that bilingualism shall continue, central government officers will choose their medium for official business until such time as they attain a working knowledge of Hindi.

1.08.02 The following 15 languages are included in the Eighth Schedule to the Constitution; Assamese, Bengali, Gujarati, Hindi, Kannada, Kashmiri, Malayalam, Marathi, Oriya, Punjabi, Sanskrit, Sindhi, Tamil, Telugu, Urdu. (\$) The total number of mother tongues (including 103 non-Indian languages) returned in the 1961 Census was 1,652. Hindi or Urdu languages (including the mother tongues grouped under each) are spoken by 30.40% and 5.31% of the population respectively.

(S) Source: The Statesman Yearbook 1970-71 p.329.



A group of retailers i.e., vegetable hawkers buying their supplies from a wholesale private trader in a market in Delhi.

1.09 EDUCATION:

Literacy: According to the 1961 census the literacy percentage in the country (excluding age-group, 0-5) was 24 (16.6 in 1951), of which the figure for men was 34.5 (24.9) and for women 13 (7.9).

1.09.02 The present estimate of literacy is above 34%. The percentage of Female literacy is above 22%.

1.10 CONSTITUTION:

On 26th January, 1950 India became a sovereign democratic republic. India's relations with the British Commonwealth of Nations were defined at the London conference of Prime Ministers on 27 April 1949. Unanimous agreement was reached to the effect that the Republic of India remains a full member of the Commonwealth and accepts the Queen as "the symbol of the free association of its independent member nations and as such, the head of Commonwealth." This agreement was ratified by the Constituent Assembly of India on 17 May 1949.

1.10.02 The constitution was passed by the Constituent Assembly on 26 November 1949 and came into force on 26 January 1950. It has since been amended 22 times.

1.10.03 India is a Union of States and comprises 19 States and 9 Union Territories. Each State is administered by a Governor appointed by the President for a term of 5 years while each Union Territory is administered by the President through an administrator appointed by him.

1.11. NATIONAL FLAG:

The National Flag was adopted by the Constituent Assembly of India on July 22, 1947 and was presented to the nation, on behalf of the women of India, at the midnight session of the Assembly on August 14, 1947.

1.11.02 The Constituent Assembly Resolution laid down that "the National Flag of India shall be a horizontal tricolour of deep saffron (Kesari), white and dark green in equal proportion. In the centre of the white band, there shall be a wheel in navy blue to represent the Charkha. The design of the wheel shall be that of the wheel (Chakra) which appears on the abacus of the Sarnath Lion, Capital of Asoka.

1.11.03 "The diameter of the wheel shall approximate to the width of the white band".

1.11.04 "The ratio of the width to the length of the Flag shall ordinarily be 2 : 3."

1.12 NATIONAL ANTHEM:

Rabindranath Tagore's song Jana-gana-mana was adopted as the National Anthem of India on January 24, 1950.

"Jana-gana-mana-adhinayaka, Jaya he; "

1.13 PRESIDENCY

The head of the Union is the President in whom all executive power is vested, to be exercised on the advice of ministers responsible to Parliament. He is elected by an electoral college consisting of all the elected members of Parliament and of the various state legislative assemblies. He holds office for 5 years and is eligible for re-election. He can be removed from office by impeachment for violation of the constitution. There is also a Vice-President who is ex-officio chairman of the Upper House of Parliament.

1.14 CENTRAL LEGISLATURE

The Parliament for the Union consists of the President, the Council of States (Rajya Sabha) and the House of the People (Lok Sabha). The Council of States, or the Upper House of not more than 250 members, in 1967, there were 228 elected members and 12 members nominated by the President. The election to this house is indirect, the representatives of each State are elected by the elected members of the Legislative Assembly of that State. The Council of States is a permanent body not liable to dissolution, but one-third of the members retire every second year. The House of the People, or the Lower House, consists of not more than 500 members, directly elected on the basis of adult suffrage from territorial constituencies in the States, and not more than 25 members to represent the Union Territories, chosen in such manner as Parliament may by law provide, in December 1967 there were 520 elected members and 3 members nominated by the President.

1.14.02 "The House of the People unless dissolved continues for a period of 5 years from the date appointed for its first meeting.

1.15 STATE LEGISLATURES

For every State there is a legislature which consists of the Governor, and (a) two Houses, a Legislative Assembly and a Legislative Council, in the States of Andhra Pradesh, Jammu and Kashmir, Madhya Pradesh, Maharashtra, Mysore, Punjab, Tamil Nadu and Uttar Pradesh, and (b) one House, a Legislative Assembly, in the other States. Every Legislative Assembly, unless sooner dissolved, continues for 5 years from the date appointed for its first meeting. Every State Legislative Council is a permanent body and is not subject to dissolution, but one-third of the members retire every year. Parliament can however, abolish an existing Legislative Council or create a new one, if the proposal is supported by a resolution of the Legislative Assembly concerned. The Legislative Council of West Bengal has been abolished. Legislative Councils have not less than 40 members, ten-twelfths elected and the rest nominated by the Governor. Legislative Assemblies have between 60 and 500 directly elected members.

1.16 LEGISLATION

The various subjects of legislation are enumerated in three lists in the seventh schedule to the constitution. List I, the Union List, consists of 97 subjects (including defence, foreign affairs, communications, currency and coinage, banking and customs) with respect to which the Union Parliament has exclusive power to make laws, the State legislature has exclusive power to make laws with respect to the 66 subjects in list II, the State List - these include police and public order, agriculture and irrigation, education, public health and local government, the powers to make laws with respect to the 47 subjects (including economic and social planning, legal questions and labour and price control) in list III, the Concurrent List, are held by both Union and State Governments, though the former prevails.

But Parliament may legislate with respect to any subject in the State List in circumstances when the subject assumes national importance or during emergencies.

1.16.02 Other provisions deal with the administrative relations between the Union and the States, interstate trade and commerce, distribution of revenues between the States and the Union, official language, etc.

1.17 JUDICIARY

Supreme Court of India: The Supreme Court of India consists of a Chief Justice and not more than thirteen Judges appointed by the President. The Judges hold office till the age of 65. For appointment as a Judge of the Supreme Court, a person must be a citizen of India and must have been at least five years a Judge of a High Court or of two or more such courts in succession for at least ten years, or he must be in the opinion of the President, a distinguished jurist. Provision has also been made for the appointment of a Judge of a High Court as an Ad Hoc Judge of the Supreme Court and for retired Judge of the Supreme Court or High Courts to sit and act as Judges of that Court. The Constitution debars a retired Judge of the Supreme Court from practising in any court of law or before any other authority in India.

1.17.02 A Judge of the Supreme Court cannot be removed from office except by an order of the President passed after an address by each House of Parliament, supported by a majority of the total membership of that House and by a majority of not less than two-thirds of the members present and voting, has been presented to the President in the same session for such removal on the ground of proved misbehaviour or incapacity.

1.18 GOVERNMENT

President of the Republic: V.V. Giri (assumed office 24th August, 1969).

Vice-President: G.S. Pathak (assumed office August 31, 1969).

There is a Council of Ministers to aid and advise the President of the Republic in the exercise of his functions, this comprises Ministers who are members of the Cabinet, Ministers of State who are not members of the Cabinet and Deputy Ministers. A Minister who for any period of 6 consecutive months is not a member of either House of Parliament ceases to be a Minister at the expiry of that period. The Prime Minister is appointed by the President, other Ministers are appointed by the President on Prime Minister's advice.

1.19 LOCAL GOVERNMENT

There were in 1966, 25 municipal corporations, 1,487 municipalities, 327 town area committees, 164 notified area committees and 62 cantonment boards. The municipal bodies have the care of the roads, water supply, drainage, sanitation, medical relief, vaccination and education. Their main sources of revenue are taxes on the annual rental value of land and buildings, octroi and terminal, vehicle and other taxes. The municipal councils enact their own bye-laws and frame their budgets, which in the case of municipal bodies other than corporations generally require the sanction of the State government. All municipal councils are elected on the principle of adult franchise.

1.19.02 For rural areas there is a 3-tier system of panchayats at village, block and district level. In March 1967, 3,493 panchayat samitis (block level) and 250 zila parishads (district level) were functioning. These provide for primary and secondary education, construct and maintain roads other than highways, and manage public health services. By 31 March 1967, 212,492 village panchayats had been established covering about 554,979 villages with a population of about 350 m. The whole of the rural population of India was covered by village panchayats except in Bihar and Maharashtra, where 99% of the population was covered, and in Orissa (94%), Andaman, and Nicobar Islands (95%), Manipur (63%), and Tripura (81%). Elected by the entire adult population, village panchayats are responsible for civic amenities, sanitation, provision of medical facilities and management of community centres.

1.20 AGRICULTURE

The chief industry in India has always been agriculture. About 70% of the people are dependent on the land for their living. The 1941 census showed that of a working population of 188,675,500, there were 131,142,816 engaged in agriculture, 99,621,175 of these were farmers, and 31,521,641 labourers. A National Sample Survey in 1961 showed 6.95m. rural households, 72% possessing operational holdings. There were 4.89m of such holdings with an average size between 2.4 and 26.3 hectares.

1.20.02 Agricultural commodities account for 40-45% by value of Indian exports, while agricultural commodities, machinery and fertilizers account for about 25-30% of imports. Tea accounts for 45-50% of agricultural exports.

1.20.03 Agriculture and allied activities account for nearly a half of the country's national income. Agriculture supplies raw materials for some of the major industries, such as cotton and jute textiles and sugar, and provides a large proportion of the country's exports.

1.20.04 The eight years between the commencement of the Third Plan and the Fourth Plan have been years of great significance for Indian agriculture. This is particularly true of the latter half of the period. It has been marked by near disaster and much achievement. More importantly, it has held out great promise for the future. The farmer responded favourably to a combination of good prices, high-yielding seeds and adequate fertilizers. He took to improved farm practices as readily as to non-traditional farm inputs. Ground water was put to intensive use. Institutional credit was sought to be expanded. In view of the urgency of the need, it was decided to direct state effort in the first instance to those areas which were best endowed for food production. This was the basis of what has come to be known as the new strategy of agricultural development.



• A farmer has brought his produce, in this case wheat, for sale at the cooperative marketing society near Delhi.

1.20.05 Land Utilisation

Land utilisation statistics are available for 30.56 crore hectares or 93.5 per cent of the total area of 32.68 crore hectares. The following table gives details of land utilisation in India for 1950-51 and 1966-67.

Particulars	(In Crore Hectares)	
	1950-51	(provisional) 1966-67
Total geographical area	32.68	32.68
Total reporting area for land utilisation	28.43	30.56
Forests	4.05	6.23
Not available for cultivation		
i. Area put to non-agricultural uses	1.12	1.55
ii. Barren and uncultivable land	3.63	3.28
Total	4.75	4.83
Other uncultivated land excluding fallow lands		
i. Permanent pastures and grazing lands.	0.67	1.41
ii. Land under tree crops and groves	1.99	0.41
iii. Cultivable waste	2.29	1.71
Total	4.95	3.53
Fallow lands		
i. Current fallows	1.07	1.33
ii. Others	1.74	0.93
Total	2.81	2.26
Net area sown	11.87	13.71
Area sown more than once	1.32	1.95
Total cropped area	13.19	15.66

Source: India A Reference Annual, 1970, Govt. of India, pp. 233

1.20.06 Irrigated Area

Of the total area under cultivation, 19 per cent is irrigated. During the period 1950-51 to 1966-67, the net irrigated area increased by 66 lakh hectares as shown in the following tables :

Source of irrigation	Area Under Cultivation		Increase (+) or decrease (-)
	1950-51	1966-67	
Canals	0.83	1.13	(+)0.30
Tanks	0.36	0.46	(+)0.10
Wells	0.60	0.95	(+)0.35
Other sources	0.30	0.21	(-)0.09

Source: INDIA - A Reference Annual - 1970, published by the Publications Division, Ministry of Information and Broadcasting, Government of India, New Delhi, 1970. pp.234

1.20.07 Plan Outlays

Outlays for agriculture and allied sectors during the Third Plan, the three Annual Plans, the Fourth Plan and for 1969-70 are given in the following table :

ALLOCATION FOR AGRICULTURE AND ALLIED SECTORS (Third Plan Onwards)

S.No.	Programme	Third Plan	Three Annual Plans (1966-69)	Fourth Plan	1969-70 Outlay
1.	Agricultural production (including ICAR schemes relating to research and education)	203	253	505	70
2.	Minor irrigation	270	314	516	82
3.	Soil conservation	77	88	159	21
4.	Area development	2	13	38	5
5.	Animal husbandary	43	34	94	11
6.	Dairying and milk supply	34	26	139	8

S.No.	Programme	Third Plan	Three Annual Plans (1966-69)	Fourth Plan	1969-70 Outlay
7.	Fisheries	23	37	83	13
8.	Forests	46	44	93	13
9.	Warehousing, marketing and storage	27	15	94	12
10.	Food processing and subsidiary foods	-	-	19	1
11.	Central support to financial Institutions (agricultural sector)	-	40	324	32
12.	Buffer stocks of agricultural commodities	-	140	255	25
13.	Cooperation	76	64	179	18
14.	Community development and panchayats	288	99	116	21
15.	Development of small farmers and agricultural labour	-	-	115	-
Total		1,089	1,167	2,729	332

Source: India - A Reference Annual, Govt. of India, 1970, pp.236

1.20.08 The nightmare seems to have passed. Instead of famines and floods, destructive droughts and monsoon vagaries, India today talks in terms of food self-sufficiency at last. The 1969 harvest was expected to yield 115 million tons of grains. In five years it will hopefully hit the level of 130 million tons and then not only will have food imports come to an end, but India will in fact be exporting foodgrains. To achieve that status some US \$5,000 million will be invested in irrigation and agricultural development in the next five years. The significant point is that India is now willing and able to plough that kind of money into the soil.

1.20.09 Per capita availability had declined from 474 grams in 1965 to 396 grams in 1967. In 1968 it rose to 457 grams. In 1969, according to preliminary estimates, it was almost back at the 1965-66 level. Distribution also improved and the government had a buffer stock of 4.5 million tons in June 1969. In 1968 internal procurement had increased to more than 6 million tons. Imports declined from a peak of 10.4 million tons in 1966 to around three million tons in 1969.

1.20.10 Much of the improvement in agriculture can be attributed to the "new farm strategy" which places emphasis on improved seeds, intensive irrigation and abundant use of fertilisers. Official evaluations show that the effectiveness of new high-yielding seeds varies from state to state and from variety to variety. In Punjab PV-18 varieties of wheat gave invariably high yields of 10-15 quintals per acre. In Bihar K-68 and Lerma Rajo (Mexican) have not been equally successful. However, wherever new seeds were introduced production rose.

1.20.11 And production rose where fertilizer was used too. At the proper rates of fertilizer application the best seeds gave a yield more than four times the national average of wheat yields. Rice rose 52% above the national average with 34 kilograms per hectare each of nitrogen and phosphate.

1.20.12 However, the controversies plaguing the fertilizer industry remained largely unresolved during the year. Chester Bowles, a former U.S. Ambassador, once commented that India could have set up five fertilizer plants with the money it spent one year to import fertilizer. On an average Delhi's annual import bill for fertilizers has been \$240 million. But paradoxically the domestic fertilizer industry barely uses 58% of the installed capacity.

1.20.13 The government has been talking about a breakthrough by establishing a production capacity of five million tons by the mid-1970s. It is still not certain this target will be achieved. The problem is partly bureaucratic, partly technological. Proposals for producing a total of 685,000 tons of nitrogenous fertilizers and 590,000 tons of phosphatic fertilizers have been pending in government departments for one reason or another. Two major projects -



A view of the cleaning work of groceries and spices in a T.U.C.S. Godown

one by Tatas for a \$220 million plant in Gujrat and another by the Dharamsey Morarji Group - may soon see the light of day.

1.20.14 Other problems yet to be fully solved are the high cost of inputs and the widening technological gap. Labour costs have almost doubled, the wage of an unskilled worker is between Rs.5 and Rs.10 a day. Tractor prices have gone up from Rs. 15,000 three years ago to Rs.20,000 and more now - and the long waiting time puts a black market premium on the official price. The removal of subsidy on pesticides increased their cost by 50% in the last two years. An index of the cost of cultivation prepared by the government's Directorate of Economics and Statistics recorded an increase of 40% in 1966-67 over the previous year.

1.20.15 Modern farm technology is a difficult concept to sell in a country steeped in tradition. In the mid-sixties there was a sudden spurt based on imported seeds and official incentives. Indian researchers developed indigenous "miracle seeds" like Jay and Padma. With all this, however, not all areas of India have taken to new technological innovations. It is a continuous and necessarily long drawn out campaign to change ancient methods and popularise new ideas.

1.20.16 Among cash crops, the production of sugarcane (harvest beginning from October 1969) was expected to be around 12 million tons. The output of sugar mills increased handsomely to 3.5 million tons in 1968-69 against the previous year's 2.2 million tons. Stocks with mills in July 1969 were more than double those of the same month the previous year.

PRODUCTION OF PRINCIPAL AGRICULTURAL CROPS

Year ended June		1960-61	1965-66	1966-67	1967-68
Foodgrains	Mn. Tonnes	82.0	72.0	74.2	95.6
of which:					
Rice	Mn Tonnes	34.6	30.7	30.4	37.9
Wheat	Mn Tonnes	11.0	10.4	11.4	16.6
Oilseeds					
of which:	Mn Tonnes	7.0	6.3	6.4	8.2

Year ended June		1960-61	1965-66	1966-67	1967-68
Groundnut	Mn Tonnes	4.8	4.2	4.4	5.8
Cotton (lint)	Mn. bales	5.3	4.8	5.0	5.6
Jute	M. bales	4.1	4.5	5.4	6.4
Sugarcane	Mn. Tonnes	11.1	12.1	9.5	10.0
Tea	'000 Tonnes	321	365	375	383
Tobacco	'000 Tonnes	307	298	353	344

Note: Figures for 1967-68 are subject to revision

Source: Far Eastern Economic Review : 1970 Year-book,
published in Tata's Department of Economics and
Statistics. pp.144

FOOD AVAILABILITY

	(million Tonnes)		(Grams per day)
	Domestic production	Imports	Per capita Availability
1960-61	82.02	5.1	447.3
1964-65	89.00	6.3	448.6
1965-66	72.03	7.5	474.1
1966-67	74.23	10.4	402.2
1967-68	95.59	8.7	396.7

Source: Far Eastern Economic Review : 1970 Year book, pp.145

1.21 INDUSTRY AND POWER

The history of organized industry in India can be traced back for more than a century, to the establishment in the 1850s of the cotton textile industry in Bombay. Jute manufacture in Bengal and coal mining were also among the pioneers, and Jamsetji Tata launched the first modern steel mill in the early years of this century. Some degree of protection was given to industry by the British imperial government in the 1920s, but a full-scale concerted effort to develop industry on a nation-wide basis had to wait until the 1950s.

1.21.02 In the First and Second Five-Year Plan period, 1951-61, the growth and diversification of industry were remarkable. Three new steel works, each with a million tons capacity, were set up in the public sector with British, Soviet and West German help at Durgapur, Bhilai and Rourkela respectively. The two large existing mills in the private sector were expanded, and today Indian steel production has reached the 6-7 million tons annual level. A contract has been signed with the U.S.S.R. (after American interests had withdrawn from the project) for another large steel complex at Bokaro.

1.21.03 The foundations were also laid in the fifties of heavy electrical and heavy machine tools industries, heavy machine building and other branches of heavy engineering, and the production of machinery for the manufacture of cement and paper also began for the first time. The manufacture of such basic chemicals as caustic, soda, soda ash, sulphuric acid and fertilizer was expanded, and such new chemical products as urea, ammonium phosphate, penicillin, synthetic fibres, industrial explosives and polyethylene were produced. Output also increased substantially in such industries as bicycles, sewing machines, telephones, electrical goods, textile and sugar machinery. New skills were learnt by the workers and a large and growing class of industrial managers came into being. Organized industrial production almost doubled in those ten years to 1961, while new industrial townships and new factory districts in the environs of all the main cities sprang up.

1.21.04 Mention should also be made of the light industrial sector. Textiles, for example, have provided an important - though stagnant - source of export earnings, and almost all daily needs and household goods are produced widely by private concerns.

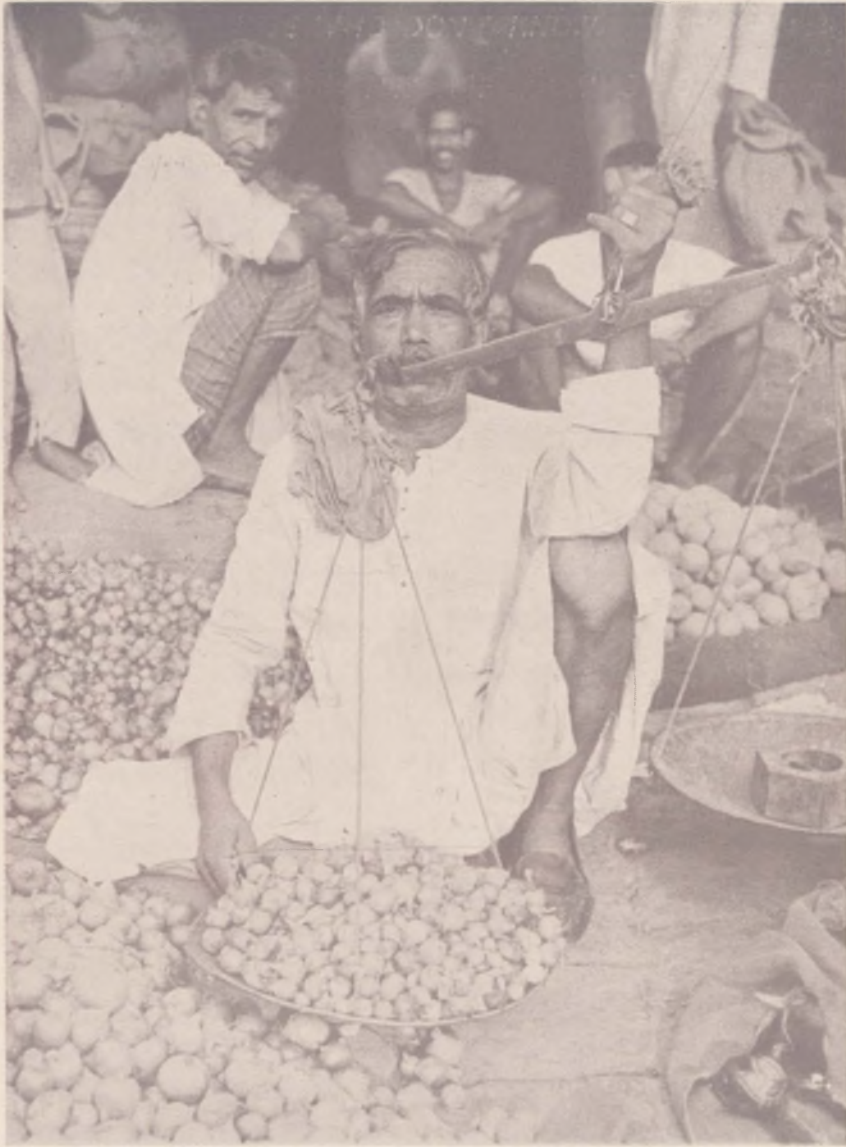
1.21.05 THE STRUCTURE OF INDUSTRY

The question of the relationship between publicly owned and privately owned industry has been a controversy throughout the period of development. The Congress Party's famous 1947 Industrial Policy Resolution, as amended in 1956, reserved a sizeable part of heavy industry for the exclusive operation of the state - including all defence and nuclear installations, new ventures in heavy industry and utilities, mining (including oil), aircraft manufacture and aviation. Only as late as 1962, under heavy pressure from the World Bank and India's foreign aid donors, was the so-called "escape clause" invoked to allow private enterprise into oil refining, on the argument that the state was unable to put up the new capacity required and that if private interests were willing they should be allowed to go ahead. Later the reluctance of the Indian government to allow the Bokaro steel mill to be in the private sector or to let American corporations into the chemical fertilizer field in a big way became an issue. Concessions were, however, made from about 1966 onwards which allowed foreign private interests to operate in such fields as the Indian fertilizer industry with some assurances of profitability.

1.21.06 PRESENT POSITION

Leaving two years of recession behind Indian industry attained growth of 8% in 1968-69 - 2% more than the Government's own estimate. (During the slump, the rate of growth had fallen to less than 1%). According to the annual report of the Ministry of Industry, several factories increased their installed capacities and augmented production.

1.21.07 The recovery was very pronounced in sugar mill machinery, drilling equipment, reduction gears, gas cylinders, pulp and paper



Another private wholesaler selling onions and potatoes.

making machinery, refrigeration equipment and electrical transformers. Even the worst victims of recession, such as railway wagons, heavy structurals, commercial vehicles and jeeps and steel castings showed visible signs of improvement. The decline in production in 1968-69 was confined to metal products, leather and fur products and what is classified as miscellaneous manufacturers. It looked therefore, that the Fourth Plan target of an annual growth of 9% from 1969 onwards would be achieved - barring unforeseen developments.

1.21.08 The strategy of liberalising industrial licensing procedures came under heavy strain thanks to the new left slant in the economic debate and the recommendations of the Industrial Licensing Policy Enquiry Committee. The Committee found fault with the undue privileges some big business houses had obtained for themselves and recommended a rigorous licensing system which would keep large industrial houses from entering "core" as well as "middle sector" industries. It also called for detailed planning for each industry for a period of 10 to 15 years and a ban on the production of "luxury" items for five years.

1.21.09 In line with another objective of the Fourth Plan, government announced in September 1969, that it would give financial assistance up to 10% of the capital and a tax holiday for five years to industries which went to backward areas. There were other incentives offered to new entrepreneurs. Government argued that overall there were enough provisions in its various industrial and investment policies as well as in the Fourth Plan to sustain significant production growth. But the argument did not prevent the private sector from complaining about socialism and taxation.

1.21.10 While the debate on strategy kept the industrial climate warm in India, progress continued. During 1968-69 diversification became a common feature of industry. For the first time a wide range of hitherto imported goods began to be indigenously produced. They included cadmium, high-density polyethylene, electro-cardiographs, operating tables, needle roller bearings, malleable pipe fittings, industrial furnaces, special electrodes. Another measure of progress was the high-value export contracts bagged by engineering firms in global competition for items like railway wagons and power cables.

1.21.11 India now exports technical services and capital. It has joint industrial projects going in many countries. Leading the list are Kenya (9), Ethiopia (6), Nigeria (6), Malaysia (6) and Ceylon (5). Indian enterprise has also set up or is setting up plants in Thailand, Afghanistan, Ghana, UAR, Iran, Uganda, Yugoslavia and Luxembourg. These enterprises cover a wide spectrum of products - textiles, iron and steel, electrical goods, sewing thread, bicycles, paper pulp, trucks, and tractors, asbestos cement, pharmaceuticals and pesticides, airconditioners and refrigerators, precision tools, security equipment, plastics, chemicals, inks, blades, clocks.

Mineral Production

Coal	Mn. Tonnes	52.6	70.5	71.1	74.9
Iron ore	"	16.6	26.8	25.8	26.7
Manganese ore	"	1.5	1.7	1.6	1.6
Mica (crude)	'000 Tonnes	29.0	23.0	18.0	17.0

Industrial Production

Sugar (1)	Mn. Tonnes	3.0	2.1	2.2	3.6
Cotton Piece goods	Mn. Tonnes	4,616	4,239	4,098	4,372
Jute Manufacturers	'000 tonnes	1,085	1,120	1,156	1,085
Aluminium ingots	"	18	65	96	120
Steel ingots	Mn. Tonnes	3.3	6.6	6.4	6.4
Ball & roller bearings	Mn.	2.7	9.2	10.1	11.1
Bicycles	Mn.	1.1	1.7	1.7	1.9
Commercial vehicles	'000s.	28	33	30	35
Diesel engines (stationery)	'000s	42	107	115	118
Machine tools	Rs. million.	67	337	219	180
Passenger cars	'000s.	19	28	33	37
Power Driven Pumps	'000s.	104	294	312	272
Railway wagons	'000	8	17	13	10
Refrigerators (domestic)	'000s.	11	38	39	50
Sewing Machines	'000s	297	412	358	416
Electric fans	Mn.	1.0	1.3	1.4	1.5
Electric Motors	Mn. Hp	0.7	2.0	2.1	2.0
Radio receivers	'000s.	268	713	852	1,360
Nitrogenous fertilisers (2)	'000 tonnes	101	308	367	550
Phosphatic fertilisers (2)	'000 tonnes P ₂ O ₅	53	145	195	220
Sulphuric acid	'000 tonnes	354	690	841	984
Soda ash	'000 tonnes	145	350	359	385
Petroleum Products	Mn. tonnes	5.7	11.3	13.5	14.9
Cement	Mn. tonnes	7.8	11.1	11.3	11.9
Paper & paper board	'000 tonnes	345	585	609	630

Note: (1) 12 months commencing November of the year stated.

(2) 12 months commencing April of the year stated.

Source: Tatas Department of Economics and Statistics, published in the Far Eastern Economic Review - 1970 Yearbook, page 146

E.21.13 NET DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN

At Current Prices:	1960-61	1965-66 ^s	1966-67 ^s	1968-69 ^s
	Rs. Crores			
Mining and Manufacturing	2,638 (20.1)	4,434 (21.3)	4,826 (20.2)	5,109 (18.2)
Factory establishments	1,071 (8.0)	1,822 (8.8)	2,014 (8.4)	2,050 (7.3)
Small enterprises	785 (5.9)	1,225 (5.9)	1,323 (5.5)	1,456 (5.2)

Note: Figures in brackets show percentages of total.

Only selected sub-groups are shown in this table.

^s Provisional.

Source: Statistical Outline of India 1970 by Tata Economic Consultancy Services, Bombay, page 8.

1.22 FINANCE

1 Rupee = 100 Paise

Rs. 18.04 = £1 sterling, Rs. 7.5 = U.S. \$1

100 Rupees = Rs. 100,000, Rs. Crore = 10,000,000

1.22.02 Currency

A decimal system of coinage was introduced in 1957. The Indian Rupee is divided into 100 paise (until 1964 officially described as naye paise), the decimal coins being 1,2,3,5,10, 20,25 and 50 paise (or naye paise) and rupee.

1.22.03 On 6 June 1966, the rupee was devalued by 36.5%, 21 rupees being the equivalent of £1 sterling. On the devaluation of the £ in November 1967, the £ became equivalent to Rs.18. The paper currency consists of : (1) Reserve Bank notes in denominations of Rs. 2,5,10,100,1,000, and (2) Government of India currency notes of denominations of Re 1 (issued in 1917), Rs.2½, 5, 10, 20, 50, and 100. Re 1 notes of a different type, issued since 1940, are deemed to be included in the expression "rupee coin" for purposes of the Reserve Bank of India Act, 1934.

1.22.04 Bank and Government notes bearing the king's effigy and other earlier issues have ceased to be legal tender from 28 October 1957, except at the issue department of the Reserve Bank, government treasuries and sub-treasuries, and agency branches of the State Bank of India and its subsidiaries.

1.22.05

BUDGET AT A GLANCE 1969-70

	1967-68	1968-69	1968-69	1969-70
1. Revenue Account	Accts.	Budget	Revised	Budget
A. Revenue	28,199	30,273	30,396	32,023 ^{\$} + 1,001
B. Expenditure	27,159	28,963	30,359	32,623
C. Surplus	1,039	1,309	363	- 599 ^{\$} +1,001 ^{\$}
<hr/>				
2. Capital Account				
A. Receipts	23,134	20,965	22,138	23,379
B. Disbursements	26,276	25,167	24,771	26,280
C. Surplus (+) or Deficit (-)	-3,141	-4,201	-2,633	-2,900
<hr/>				
3. Over Surplus (+) or Deficit	-2,102	-2,892	-2,596	-3,500 ^{\$} +1,001 ^{\$}

Note: \$ Share of the extra revenue accruing to the Union Government as a result of the budget proposals.

Source: Far Eastern Economic Review - 1970 Yearbook,
published in 1970. page 142.



A private wholesale dealer weighing his commodity. The retailers, mostly vegetable hawkers, come to the wholesale markets for their supplies.

1.23 PLANNING AND INVESTMENT

A systematic effort for the first time was made in India's succession five-year Plans, especially in the latter two Plans, to make a comprehensive survey of the available resources and requirements and to adopt a definite Strategy of Economic Development based upon "the interdependence of agriculture and industry, of economic and social development, of national and regional development, and of the mobilisation of domestic and external resources". This new strategy of economic development also "places great stress on measures for scientific and technological advance and for raising the general level of productivity, as well as on policies relating to population, employment and social change".

1,23.02 The Plans have tried to create conditions for a more rapid economic growth in India (i) by making up the deficiencies in India's economic and industrial structure, (ii) by a better utilisation of the available resources, and (iii) by creating Plan-consciousness in the people, and by getting greater cooperation from them in the implementation of the Plans.

1.23.03 First, Second and Third Five-Year Plans outlays

	Investment in the Public Sector			Investment in the Private Sector	Total Investment
	Plan Outlay	Current Outlay	Investment		
First Plan	1,960	400	1,560	1,800 ^S	3,360
Second Plan	4,600	950	3,650	3,100 ^S	6,750
Third Plan	7,500	1,200	6,300	4,100	10,400

Note: ^S These are estimates revised in the light of fuller information and are in lieu of estimates of Rs.1,600 crores in the First Plan and of Rs.2,400 crores in the Second Plan and are exclusive of transfer from the public sector.

Source: Economic Problems of India by P.C.Jain, published by the Chaitanya Publishing House, Allahabad, 1967, page 36.

1.23.04 Government Sector Outlay Under the Plans :

(Rupees Millions)

	First Plan (1951-56)	Second Plan (1956-61)	Third Plan (1961-66)	Annual Plan (1966- 1969)	Fourth Plan (1969-74)
Agriculture etc.	2900 (14.8)	5490 (11.7)	10890 (12.7)	11670 (17.3)	22180 (15.4)
Irrigation	4340 (22.1)	4300 (9.2)	6640 (7.7)	4570 (6.3)	9640 (6.7)
Power	1490 (7.6)	4520 (9.7)	12520 (14.6)	11820 (17.5)	20850 (14.5)
Village and Small Scale Industries	420 (2.1)	1870 (4.0)	2110 (2.3)	1440 (2.1)	2950 (2.1)
Organised Industries and Mining	550 (2.8)	9330 (20.1)	17260 (20.1)	15750 (23.3)	30900 (21.3)
Transport and Communication	5180 (26.5)	12610 (27.0)	21120 (24.6)	12390 (18.3)	31730 (22.0)
Social Services etc.	4720 (24.1)	8550 (18.3)	14930 (17.5)	9930 (14.7)	25730 (17.8)
Total	19600 (100.0)	46720 (100.0)	85770 (100.0)	67570 (100.0)	143980 (100.0)

Note : Figures in brackets show percentage of the total.

Source: Commerce Research Bureau, published in the Far Eastern Economic Review - 1970 Yearbook, Bangkok, 1970, page 140.

1.24 FOURTH PLAN :

The Fourth Plan, for the period 1969-74, envisages an increase of 5.5 per cent in the national income per annum. It reaffirms the aims and objectives enunciated in the earlier Plans and lists the principal tasks ahead, as :

- a) acceleration of the tempo of development in conditions of stability and reduced uncertainties,
- b) greater reliance on internal resources and reduction in dependence on foreign aid,
- c) creation of more employment opportunities in rural and urban sectors on an increasing scale through regional and local planning, and
- d) population control by giving Family Planning Programmes a high priority.

1.24.02 The Fourth Plan proposes a total outlay of Rs. 248,820 million of which the Public Sector accounts for Rs. 159,020 million and the Private Sector Rs. 89,800 million.

1.24.03 National income and per capita income, at 1967-68 prices, are expected to increase from Rs. 279,220 and Rs. 543 in 1967-68 to Rs. 328,585 million and Rs. 639 respectively in 1973-74.

1.25 CURRENT ECONOMYNational Income

As a result of planned development since 1951, the net national income has risen from Rs. 95,300 million to Rs. 279,220 million in 1967-68.

(Source: India Today Basic Facts)

1.25.02 Substantial increase has been registered in manufacturing (large and small scale), mining, electricity, construction, etc. These now account for 16.7 per cent of the national income. Transport, communications and trade contribute 19.2 per cent. About 41.6 per cent of the national income still comes from agriculture and allied activities in which the bulk of the rural population is employed.

1.25.03 Basic Facts :

Years	National Income at Current Prices (Rs.Crores)	Per Capita Income at Current Prices (Rs)	Population (in million)	Population\$ Annual Rate of Increase
1961-62	14,063	316.7	433 (1960-61)	--
1962-63	14,891	326.8	"	--
1963-64	17,119	367.0	"	1963 to 1969 was
1964-65	20,080	420.2	"	2.5%
1965-66	20,586	420.5	487	"
1966-67	23,647	471.2	"	"
1967-68	27,922	542.9	511	"

Note: \$ The figure shown against 1950-51 relates to June 1950 and so on.

Source: India Today Basic Facts, published by the Ministry of Information and Broadcasting, Government of India, New Delhi, 1970.

Statistical Outline of India 1970, by Tata Economic Consultancy Services, Bombay, 1970, page 1.

Statistical Yearbook, 1969, published by United Nations, New York, 1970, page 61.

1.25.04 INDICES

(1950-51 = 100)

	<u>1967-68</u>
Real National Income	181
Real National Income Per Capita	131
Agricultural Production	169
Industrial Production ^{\$} (1960=100)	161
Electricity : Installed Capacity	647
Railway Goods Traffic : Tonne-Kilometres	269
Railway Passenger Traffic : Passenger-Kilometers	161
Mileage of surfaced Roads	192
Shipping : Gross Registered Tonnage	517
Value of Imports	196
Value of Exports	127
Working Class Consumer Prices	210
Money Supply	265
Per Capita Availability :	
Foodgrains ^{\$}	116
Cloth ^{\$} (1951= 100)	122
Sugar (Nov.- Oct.)%	143
Doctors	172
Hospital Beds	226
Rural Post Offices	295
Urban Post Offices	174

1.26 The following statistics indicate the contribution of various economic sectors in the national economy of India. The contribution - in amounts and its percentages - is the indicator which shows the respective importance of different sectors of economy.

Notes : \$ Relates to 1967 : % Relates to 1965-66

Source: India Today : Basic Facts, 1970

1.26.02 NET DOMESTIC PRODUCTS BY INDUSTRIAL ORIGIN

At current prices	1960-61	1965-66 [§]	1966-67 [§]	1967-68
	Rupees in Crores (1 crore=10 million)			
AGRICULTURE, FORESTRY AND FISHING	6,822 (51.0)	9,846 (47.5)	11,755 (49.2)	14,973 (53.1)
Agriculture	6,571 (49.1)	9,435 (45.5)	11,301 (47.3)	14,480 (51.4)
MINING & MANUFACTURING	2,688 (20.1)	4,434 (21.3)	4,826 (20.2)	5,109 (18.2)
Factory Establishments	1,071 (8.0)	1,822 (8.8)	2,014 (8.4)	2,050 (7.3)
Small enterprises	785 (5.9)	1,225 (5.9)	1,323 (5.5)	1,456 (5.2)
TRANSPORT & COMMUNICATIONS	582 (4.4)	958 (4.6)	1,051 (4.4)	1,102 (3.9)
Railways	252 (1.9)	400 (1.9)	414 (1.7)	413 (1.5)
Other transport	267 (2.0)	445 (2.2)	501 (2.1)	546 (1.9)
TRADE STORAGE HOSTELS & RESTAURANTS	1,301 (9.7)	2,229 (10.8)	2,636 (11.0)	3,020 (10.7)
OTHER SECTORS	1,987 (14.8)	3,286 (15.8)	3,634 (15.2)	3,983 (14.1)
Banking & Insurance	158 (1.2)	335 (1.6)	353 (1.5)	397 (1.4)
Public administration	538 (4.0)	992 (4.8)	1,112 (4.6)	1,205 (4.3)
TOTAL	13,380 (100.0)	20,753 (100.0)	23,902 (100.0)	28,187 (100.0)

Notes : Figures in brackets show percentage of total. Only selected sub-groups are shown in this table.

§ Provisional.

A crore = 10 million

Source : Statistical Outline of India, 1970 published by the Tata Economic Consultancy Services, Bombay, 1970, p.8

1.27 During the financial year 1969-70, the first year of the Fourth Five-Year Plan, Indian Economy was expected to achieve an over-all growth rate of 5 per cent which compares favourably with the Plan target of 5½ per cent per annum. Agricultural and industrial output may increase by 4½ and 7 per cent respectively. However, towards the end of the year, India finds itself in the midst of economic difficulties, such as slower than anticipated growth in exports, worsening climate for foreign aid in the donor countries, a declining rate of investment caused by inadequate domestic savings, and a general uncertainty over the direction of economic policy.

1.27.02 Difficulties in the relationship between the Central and the State Governments and regional differences among the States have raised many problems affecting the economic administration of the country. If anything, India in 1969-70 has been tending towards greater state control of the means of production and nationalization of some crucial sectors of the economy. The nationalization of the fourteen major commercial banks in July 1969 was subsequently invalidated by a ruling of the Supreme Court in February 1970, but the government acted immediately and introduced another ordinance to overcome some of the objections raised by the Supreme Court.

1.27.03 During 1968-69, the full impact of the "Green Revolution" on the agricultural sector had not yet been felt and the economy could not make faster progress towards recovery from the slump experienced in the previous years. Although industrial output expanded by about 6 per cent, this was inadequate to revitalise the economy. With falling demand for its products, induced both by the slow growth of agricultural output and the restraint on government spending, excess capacity in industry persisted. With recessionary conditions, the trade balance improved during 1968/69 (ending March) and reserves increased by \$51 million to \$769 million during the year. ^{1/}

^{1/} Economic Survey of Asia and the Far East, 1969, pp.136-37

1.27.04 The most encouraging aspect of Indian economic performance during 1968/69 was the large increase recorded in the export of non-traditional items.

1.27.05 Tentative indications in 1969-70 are that there will be continued but perhaps slightly slower expansion of exports along with declining imports. The accretion to reserves has continued and, by the end of December 1969, reserves had reached about \$927 million. The recovery has to go far yet, and the importance of the agricultural sector appears further emphasized. The uncertainties in economic policies which affected the economic climate in 1969 are likely to disappear in the wake of the 1970-71 budget presented in February 1970.

1.27.06 The move towards greater liberalization also has been affected by socio-economic uncertainties. Even earlier, the Industrial Licensing Policy Enquiry Committee had raised some questions about the trend towards reliance on the price mechanism and the elimination of controls. With the continued development of the industrial sector, India, in common with many other developing countries, is searching for means to tackle the problem of industrial concentration and monopoly.

1.27.07 On the brighter side, encouraging steps have been taken to rationalize administrative and managerial processes in the state industrial undertakings and project assistance from Japan was resumed.

1.27.08 In spite of the initial promise held out to India by the "Green Revolution", the pace of progress has been inadequate. In particular, there are signs that the domestic fertilizer manufacture programme has been slow to catch up with the needs of the new agricultural strategy. Another by-product of the agricultural revolution in India which yet needs an answer is the alternative to food aid in helping to harness domestic resources. Without the requisite policy regarding taxation of incomes in the agricultural sector,

the gradual decline of food aid would require measures to raise adequate domestic resources.

1.28 DELHI

Area :	578 sq. miles
Population:	3,621,101 (estimated in 1969) ^S
Altitudes :	785 feet
Climate :	Winter : Max. 21.11 C Min. 11.11 C Summer : Max. 36.66 C Min. 25 C Rainfall: 660.4 millimetre (Ave.)

1.28.02 Delhi, Capital of the Indian Republic, is, like Rome, steeped in history. It has over a thousand monuments which even the people of the city have difficulty in identifying. Here one may also feel the pulse of modern India and hear the heart-throb of a young nation which is striving hard to achieve progress quickly. Indeed, Delhi has a many-sided personality.

1.28.03 On first acquaintance Delhi strikes the visitor as a quiet and spacious political capital, without a history and standing aloof from the general life of the country. That is what the British intended New Delhi to be and it still retains a good deal of its appearance. But it is rapidly changing its character, and the visitor will notice this in Parliament Street which is fast undergoing transformation from a shady avenue in a "garden city" into a busy street lined with multi-storeyed modern buildings, housing, banking and insurance establishments.

1.28.04 In this changing city, the visitor can get the feel of modern India, and, for those who are interested in contemporary developments, there is no better post of observation than New Delhi. This is the best place to know and understand the thoughts and ideas of the builders and planners of new India. It is no wonder that the foreign press is strongly represented in New Delhi.

1.28.05 Industry

The main industries are : room coolers, power presses, electric motors, amplifiers, radio parts, automobile accessories bicycle parts, lathe machines, drilling machines, bicycle part, safety razor blades, cotton mills, hand and power-loom weaving, hosiery, pottery, flour mills, vegetable oil mills and expellers, paints and varnishes, rubber goods, imitation jewellery, copper and brass utensils, wire netting, sola hats, leather goods, sports goods, tanning and fibre industry.

1.28.06 The total number of registered factories at the end of 1968 was 1,504 with an average daily employment of about 28,000 workers.

1.28.07 The total number of handlooms in Delhi is 2,015 and the total production is estimated at Rs. 11.7 million. The prototype production-cum-training centre at Okhla Industrial Estate is an Indo-German venture. This will manufacture prototypes of machines and machine tools and train about 500 workers every year.

1.29 CALCUTTA

Population :	8.2 million (Greater Metropolitan area)
Altitude :	20 feet
Climate :	Best season between March and October Remaining months are warm with humidity.

1.29.02 Calcutta was built by the British at the end of the 17th century to facilitate the trade of the East India Company. Situated on the Hooghly River, a tributary of the Ganges, Calcutta serves as a transportation centre and a busy seaport. It is the centre of India's industrial region. Calcutta proper

has a population of 3,134,161 (estimated in 1969), but in the Greater Metropolitan area there reside an estimated 8.2 million people, a figure expected to rise to ten or eleven million within the next few years.

1.29.03 As in other developing nations, an urban centre such as this, with its glamour, the fine residential area, busy commercial centres, etc. exerts a powerful attraction for the inhabitants of villages, particularly for the youth, who want to break the restrictions of traditional life, and seek to find new work, broader horizons, and greater amusement in the city. The magnet of the hustle and the bustle, the neon lights, and the movie theatres, as well as the even more powerful attraction of economic advancement, lure thousands and thousands each year to Calcutta and Bombay. Most often men come in search of jobs, leaving their families at home in the villages. These newcomers crowd into the cities, originally designed for a much smaller population. The influx strains transportation, housing and school facilities to the breaking point. The municipal administrations of India, as in other developing nations are hard pressed to maintain reasonably decent standards of public health and habitation.

1.29.04 These grave problems are further compounded by large-scale influx of refugees from East Pakistan.

1.29.05 Calcutta was the capital city of India till 1912. During this period, many magnificent buildings were built such as Raj Bhavan, which was then known as the Government House.

1.29.06 Despite its overcrowding, Calcutta is extremely rich in parks. Across the Hooghly at Sibpur lie 270 acres of botanical gardens founded in 1786. Botanists come here for a famed herbarium with more than 30,000 species, but nearly everyone comes here to see the Great Banyan Tree which stands 88 feet high and covers a circumference of some 1,200 feet. Thirty five years ago, the trunk of the tree had to be

removed because it was attacked by fungus, but its 600 roots are still doing well.

1.29.07 The Ford Foundation is now spending \$1,400,000 in order to survey the giant city's needs so that ultimately the World Bank will be able to grant a loan to meet them. Calcutta had been always a nerve centre of Trade and Industry. Several Indian industries are located in Calcutta, viz., engineering, paper, cotton textiles. Calcutta is known for its artists, poets and revolutions.

1.30 GREATER BOMBAY

The area of Greater Bombay is 186 sq. miles and the population is 4,152,056 (according to the 1961 Census). The population of Greater Bombay has increased by 1.8 million since the last census in 1961. The present population (1970) is nearly six million.

1.30.02 The area of Bombay City is 26 sq. miles and the area of the Bombay Suburban Districts is 160 sq. miles. The population of the Bombay City was 5,534,358 (estimated in 1969).^{1/}

1.30.03 The northern boundary runs from the north of Dahisar village in the west, in the centre between the milestones 21 and 22 on the Agra Road.

1.30.04 The municipal area of Greater Bombay described above is also the area covered by Bombay City and the Bombay Suburban District from the point of view of revenue division.

1.30.05 A beautiful harbour studded with hilly islands and a palmfringed shore rising gradually to the peaks of mountain ranges form a fine water-front for Bombay, the "Gateway of India".

1.30.06 From the small struggling, unpretentious fishing

^{1/} U.N. Demographic Year Book, 1969, p.198

village of "Mumbai", it has grown to be one of the world's greatest seaports. In 1534, the Sultan of Gujarat ceded it to the Portuguese. The King of Portugal transferred it to Britain in 1661 as part of the dowry of Catherine of Braganza on the occasion of her marriage to Charles II. A few years later, Charles II leased Bombay to the East India Company for the trifling sum of £10 a year.

1.30.07 At the time of the transfer, the place consisted of seven islands separated at high tide by the sea, which at low tide left a wilderness of malarious mud flats. By steady reclamation and improvement in drainage, the pestilential swamp has been transformed into a great modern city.

1.30.08 Besides being the chief import and export emporium of India, Bombay is also a great industrial centre. A cosmopolitan city, it owes its prosperity to the industry and enterprise of its population of 4.5 million. Throughout the day a constant stream of people flows in and out of its streamlined transport, smart business premises, palatial hotels and busy textile factories.

1.30.09 The Fort area is the chief commercial centre. Along the rocky ridges and on the slopes of Cumballa and Malabar Hills are the charming homes of Bombay's well-to-do residents, besides the famous Hanging Gardens and the Tower of Silence of the Parsis. The summits of these hills offer superb views of the city, almost magical at night.

1.30.10 With a population of more than 6 million, Bombay is India's largest city. Through its harbour most of the trade of India passes. Trade carried through Bombay is 45 per cent of the total trade of India.

1.30.11 With its magnificent sea-front villas, modern apartment houses and large hotels, its excellent European-style restaurants, its attractive shops full of tempting silks and

cottons, jewellery, and other luxury articles, and with its lively intellectual life, Bombay has achieved something of the atmosphere of Paris, although it resembles to a large extent, a Mediterranean port.

1.30.12 COMMERCE AND INDUSTRY

Commercially and industrially, Bombay is the second, if not the first city in India. It is the principal centre of the cotton textile industry (56 cotton mills with 54,547 looms and 31,06,502 spindles). Its share in looms and spindles is 32.45 per cent and 24.06 per cent respectively of the total in the country. There are over 566 textile factories including silk, woollen and hosiery, over 986 engineering undertakings, over 146 establishments manufacturing articles of food, drink and tobacco, over 256 establishments producing chemicals, etc. 19 hides and skins processing concerns, and over 2,000 factories of a miscellaneous character.

1.31 MADRAS CITY

Population : 2,047,735 (estimated in 1969)
 Temperature : Minimum 70 F. : Maximum: 90 F.

1.31.02 Madras, the fourth largest city of India, with a population of 2,047,735 (estimated in 1969), is quite unlike India's other big cities, for it retains much of the spaciousness of olden days and many of its fine old houses. It spreads for about eight miles along the sea coast from the harbour and the business quarters in the north to the residential district of Adyar in the south. The Marina, a splendid esplanade by the sea, runs from Napier Bridge to the Roman Catholic Cathedral at Old San Thome, founded by the Portuguese in 1504. Along the Marina there are several imposing public buildings.

1.31.03 In Fort St. George, built in 1640 by Francis Day,

chief of the East India Company's factory at Armagon, is St. Mary's Church, the oldest Anglican Church in Asia. Madras city has several Hindu temples. Among the other places of interest in Madras are the 160 ft. high Lighthouse, which commands a good view of the city, the Law College and the Museum. The Victoria Institute has specimens of South Indian handicrafts. At the Kalakshetra, young people receive training in dance and music. In a beautiful setting in Adyar and overlooking the sea are situated the world headquarters of the Theosophical Society. The annual convention of the Society held here is attended by theosophists from all over the world.

1.31.04 Industries

Cotton textiles, fertilizers, Railway Wagon, utensils, engineering, etc., industries are located at Madras.

BRIEF HISTORY.2.01 Pre-war period ^{1/}

With the passing of the Cooperative Societies Act in 1904, Cooperative Movement started in India. But at this stage Cooperative Movement mainly centered round development of credit cooperatives in rural India to provide agricultural credit to farmers. There were, however, a few consumer cooperative societies registered under the 1904 Act, e.g. The Triplicane Urban Cooperative Society, Madras, in 1904, the Coimbatore Store, the Kashi Cooperative Store and the Bangalore Cooperative Store in 1905, etc. In fact, in certain sectors such as the Railways a few stores existed even before the advent of Cooperative Societies Act of 1904 and they were registered under Company Law - later converted to cooperatives.

2.01.02 The Consumer Cooperative Movement can be said to have started in India officially with the enactment of another Cooperative Societies Act in 1912 in which provisions relating to the establishment and development of consumer cooperative societies in rural as well as urban areas were incorporated. Since India's economy is predominantly agricultural oriented, the growth and development of agricultural credit cooperatives was rapid while consumer cooperatives did not receive that much of interest or attention.

2.02 Period from 1920-1939 ^{2/}

With the introduction of Montago-Chelmsford reform in 1919 after the conclusion of the First World War, cooperation

^{1/} Consumer Cooperation in India by S.C. Mehta, pp.70-71

^{2/} Cooperation in India, p. 6

became a provincial subject. Steps were taken to develop different types of cooperatives in addition to agricultural credit cooperatives. During the period 1920-30, the number of cooperative societies increased from approximately 28,000 to 94,000 and the membership from 1.1 million to 3.7 million.³

2.02.02 Due to scarcity and high prices, during the First World War and the post-war period gave an impetus to the consumer cooperative societies and a number of societies were founded. Altogether approximately 300 consumer cooperative societies functioned during this period. However, the great depression subjected the credit cooperative societies into difficulties and the growth of the consumer cooperatives suffered. In 1939, before the Second World War broke out, there were 385 consumer cooperative societies with approximately 60,000 members and a sale turnover of Rs. 6 million.^{3/}

2.03. Period from 1939-1952^{4/}

With the out break of Second World War and the resultant scarcity conditions regarding essential consumer goods and foodgrains, the prices rose considerably. The consumer cooperative movement received a sudden fillip. Its growth and progress during the war and post-war period was phenomenal. Thousands of new cooperative consumer societies came into existence as a result of active government support and patronage. The consumer cooperative societies were a big success during the war and post-war period for two reasons: (i) the monopoly rights enjoyed by these stores from government in regard to distribution of rationed and controlled foodgrains and other essential articles and the absence of competition in this field by private retail trade, and (ii) full support other than financial and patronage of government to consumer cooperatives. But when the war ended, the boom period for the consumer cooperatives also came to an end.

^{3/} Consumer Cooperation in India by S.C.Mehta, p.71

^{4/} Source: Cooperation in India, pp.127-130

2.04 ; Period from 1952-1962^{5/, 6/}

After 1950 when the war-torn Indian economy had improved, the government lifted controls over foodgrains and other essential consumer goods. The business volume of the consumer cooperatives suffered a serious set-back as a result of withdrawal of public support. The inevitable result was that many stores suffered huge losses and had to close down. Those that existed continued their unequal competition with private trade in the open market in the hope of consolidating their position in time to come.

2.04.02 During this period the consumer cooperative sector was altogether ignored, while other cooperative development plans were launched on a big scale.

2.04.03 In the First Five-Year Plan covering the years 1950-51 - 1955-56, it was observed: "Special importance must be attached to consumer cooperatives. It would in our opinion be in the best interest of the planned development of distributive trade that an attempt is made to build up consumer cooperatives over as wide a field of distribution as possible." However, no efforts were made to change the declining trends of the consumer cooperatives during the first plan period.

2.05 The second plan covering the years 1955-56 - 1960-61 indicated "A network of consumers' cooperative stores in urban areas will be a source of strength to the consumer cooperative movement in rural areas as well as to producers cooperatives. Although targets for developing the consumer cooperative movement have not been worked out so far, it is recommended that problems in this field should receive closer study and programmes worked out. The close linking up of producer cooperatives and consumer cooperatives will be an important factor for increasing rural incomes and employment and for raising rural levels of living."^{8/}

Source: ^{5/} Cooperation in India, pp.128-140

^{5/} Consumer Cooperative in India by S.C.Mehta, p.72

^{7/} The First Five-Year Plan, Govt. of India, 1952, p.170

^{8/} The Second Five-Year Plan, Govt. of India, 1956, p.229.

2.06 During the Second Five-Year Plan not much attention was paid to the consumer cooperatives but their decline was arrested. They began to recover slowly again. At the end of the second plan period, in November 1960, a Committee was appointed by the National Cooperative Development and Warehousing Board, to suggest measures for the development of consumers' cooperative movement. In May 1961, the report of the Committee on Consumers' Cooperatives was published.

2.06.02 The Committee discovered that two out of three consumer stores did not function while the consumers were in great need of them. The Committee gave significant recommendations so as to enliven the consumer cooperative movement and make it a force in the country's economy. The Centrally Sponsored Scheme has been largely planned in the light of the recommendations and findings of this Committee. 9/, 10/

2.07 The following are some statistics of the consumer cooperative movement during the war and post-war period. 10/
The amounts shown are in Indian Rupees. \$

Period from 1938 - 1962

(\$ 7.5 Indian rupees = 1 U.S. Dollar)

Primary Stores	1938-39	1947-48	1951-52	1955-56	1961-62
No. of primary stores	396	5,740	9,757	7,359	7,266
Membership (in "000")	43	1,125	1,850	1,414	1,395
Owned fund (in "000")	247	31,353	55,270	49,000	63,738
Sales (in "000")	5,715	405,718	821,560	144,800	333,900
Profits (in "000")	N.A.	N.A.	8,089	2,856	6,900
Loss (in "000")	N.A.	N.A.	3,764	3,034	---
Wholesale stores			1959-1960		
No. of stores	65				
Membership in ("000")	12,385				
Owned fund (in "000")	935				
Sales (in "000")	522				
Profits (in "000")	197				

9/ & 10/ Consumer Cooperation in India by S.C.Mehta, p.72
10/ Cooperation in India, p.129

2.07 Reasons for the declining trend of Consumer Cooperatives after the post-war period.

The main reason for the sharp decline of the consumer cooperatives after the post-war period was that these organisations lacked the necessary public support and enthusiasm. The real character of the consumer cooperatives during this period was more of a distribution agent of government rather than a peoples movement with very little or insignificant cooperative content in it.

2.07.02 Other reasons for the slow progress of these consumer cooperatives were:¹¹

- a) "Weak organisational structure,
- b) Small and uneconomic size,
- c) Dependence to a large extent on controlled and rationed commodities only,
- d) Inadequacy of funds and proportionate heavy working cost,
- e) Lack of business knowledge or experience on the part of managing committees.
- f) Inadequate loyalty on the part of members.
- g) Lack of properly trained and experienced staff and inadequate supervision over personnel.
- h) Keen competition from private traders and very low margin of profit.
- i) Absence of strong wholesale or central agencies for bulk procurement, warehousing and merchandising to facilitate smooth functioning of primaries."

Source: 11/ Report of the Committee on Consumer Cooperatives, p.8



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CHAPTER III

THE BIG BEGINNING

3.01 Centrally Sponsored Scheme for Consumer Cooperatives 1962 and onwards^{1/}

The need for a strong consumer cooperative movement in India was stressed by the Committee on Consumer Cooperation and it recommended that steps should be taken under the Third Plan to promote a strong consumer cooperative movement. But it was another war which gave fillip to the development of the consumer cooperative movement in India. The armed clash with China in November 1962 created an emergency and difficult socio-economic conditions in India. The country was in the grip of inflation and high prices. Public opinion demanded an effective curbing of the inflationary trend and checking of the prices of consumer articles. The government came to the conclusion that the only solution to check the rising prices of essential articles including foodgrains and ensuring their fair and equitable distribution at reasonable prices to the common man was to create a network of consumer cooperatives.

3.02 As a part of the Third Five-Year Plan, the Government of India drew up and implemented a scheme popularly known as the "Centrally Sponsored Scheme." Under this scheme, consumer cooperatives were to be organised in about 250 cities and towns having a population of more than 50,000. The scheme also envisaged the organisation of 200 Wholesale Stores and 4,000 primary stores or branches of wholesale stores. In order to make primary stores economically viable, it was

^{1/} A Guide for the Working of the Consumer Cooperatives, pp.10-11 and Cooperation in India, p.130.

suggested that each such store should have at least 100 members to begin with, and increase it to 500 in due course. For every twenty or more primary societies there should be a wholesale store, to supply goods to the primaries. The wholesale societies were also allowed to open their own branches in areas where no primary societies were in operation. It was expected that at the end of two years' operation, 20 - 25 percent of the families living in the areas covered under the scheme should be enrolled as members in these organisations. The sale per primary store should then be to a tune of Rs.200,000 per year, and the sales per wholesale store per year should amount to approximately Rs. 4 million.

3.03 The organisation of the primaries into a federal pattern was stressed in the Centrally Sponsored Scheme. As per the plan, branches of wholesale stores should also be converted into primary societies as early as possible.^{2/} However, the cooperatives were later on given the option to choose any of the structural pattern which satisfied the local needs and conditions.

- a. Federal pattern (Primary societies federated into a wholesale store)
- b. Unitary pattern (Wholesale stores operating branches)
- c. Mixed pattern (Wholesale stores operating branches with primary societies also affiliated.)

3.03.2 It was the unitary and mixed patterns which became the most common ones.

3.04 Plans for setting up business federations of the wholesale stores at the state level in States with more than 10 wholesale stores, were worked out.^{3/}

^{2/} A Guide for the Working of Consumer Cooperatives (Circulars, letters and notes), p.4

^{3/} A Guide for the Working of Consumer Cooperatives (Circulars, letters and notes), pp.15-16.

- a) to make bulk purchases and supply goods to the wholesale stores;
- b) to undertake production and manufacturing of consumer goods;
- c) to undertake import of permissible consumer goods;
- d) to disseminate price and market information;
- e) to undertake promotional and educational work to promote the consumer cooperative movement.
- f) to maintain and control cadres of employees for affiliated wholesale stores; and
- g) to work in close collaboration with other types of cooperatives and coordinate the role of the consumer cooperatives with other cooperatives etc.

3.05 The Centrally Sponsored Scheme provided for financial assistance by the Central Government totalling approximately Rs.100 million (10 crores) to the wholesale and primary stores/ the business federations and the state governments. The Central Government channelled its assistance through the National Cooperative Development and Warehousing Board, which in turn channelled the finance through the Cooperative Department of the State Government. It was, however, the Central Government which decided the priorities of investments etc.

3.06 The details of the pattern of assistance envisaged are indicated below.^{4/}

Kind of finance	Wholesale Store	Primary Store	Conditions
1. Share Capital	100,000	2,500	
2. Cash Credit	200,000		Repayment in 15 years in 10 equal instalments

^{4/} A Guide the Working of Consumer Cooperatives (Circular letters and instructions), pp. 39-40.

Kind of finance	Wholesale Store	Primary Store	Conditions
	Rs.		
3.A. Loans for Godowns (75% as loan & 25% as subsidy)	50,000	-	Repayment in 15 years in 10 equal instalments
3.B. Trucks & other equipment (75% as loan and 25% as subsidy)	50,000	-	Repayment in 5 years in 5 equal instalments
4. Managerial or Rent subsidy for 3-5 years	10,000	2,000	Restricted to actual expenses

3.06.02 In case the wholesale stores did not have 20-25 primary units affiliated, financial assistance was given at a reduced rate.

3.06.03 The interest on the loans was to be decided from time to time depending on the bank rate, but the interest usually varied from 6 to 8 per cent. The first two years were however free from interest.

3.06.04 Financial support to the business federations was:

- /of (a) share capital/Rs.100,000, later on increased to Rs.200,000;
 (b) managerial subsidy during 3-5 years Rs.10,000.

3.06.05 Later on, it was decided that the Central Government should grant additional share capital of Rs. 2,500 on a matching basis for each of the branches organised by the wholesale stores. Also, to grant subsidy for the management of these branches at the rate of Rs.2,000 per branch spread over a period of 3-5 years.

3.07 As envisaged in the plan, the state governments appointed a Joint Registrar in each State paid by the Central Government to assist the Registrar in implementing and administering the scheme. Further, the inspection and audit staff was also strengthened and the additional costs to a tune of 50 per cent were met by the Central Government. In ...

addition, the Central Government gave support and assistance to the cooperatives in the supply of scarce and controlled commodities as well as undertook to finance and arrange necessary training to the employees through the National Cooperative Union of India. They were also assisted in getting telephone connections, accommodation, etc.

3.08 As the Central Government had a large financial involvement in this business, state governments were advised to depute an experienced officer from the State Cooperative Department of the rank of an Assistant Registrar or above to work as Executive Officers of Wholesale Stores for a period of 3 to 5 years and to nominate up to one-third of the members on the Board of Directors of the societies and federations, subject to a maximum of three for the first three years.

3.09 The time schedule^{5/} of the programme was as follows :

<u>Period</u>	<u>No. of wholesale stores to be set up</u>	<u>No. of primary stores to be set up</u>
Oct. 1962-March 1963	50	1,000
April 1963-March 1964	150	3,000

3.10 After this, 200 wholesale stores and 4,000 primary stores were organised and attempts should be made to extend the scheme to cover the remaining 50 towns with more than 50,000 inhabitants.

3.11 The Centrally Sponsored Scheme was, with some deviations, implemented as per the plans and also did achieve the short-term objectives, namely to distribute controlled and scarce commodities to people in the urban areas at fair prices.

^{5/} A Guide to the Working of Consumer Cooperatives. (Circular Letters and Instructions), p.9.

3.12 Evaluation and working of the Centrally Sponsored Scheme - 1962-66
1962-1964 (6)

The Centrally Sponsored Scheme was introduced with financial assistance as indicated above. At the end of March 1963, 72 wholesale stores and 848 primary stores and branches were set up and the monthly sales reached Rs.800,000 in March 1963. To this the sale of goods by the primary societies not procured through the wholesale stores should be added.

3.12.02. At the end of December 1963, 143 wholesale stores and 2,341 primary stores/branches were set up and the monthly sales of the wholesale stores had in November 1963 reached Rs. 22.5 million. Thus the time schedule worked out was more or less followed.

3.12.03 Many of the 7,266 primary stores which were organised as on June 1962 and fulfilled the objectives and conditions of the Centrally Sponsored Scheme were brought under the scheme and helped to revitalise through financial assistance etc.

3.12.04 The cooperative societies adopted an active price policy, i.e. selling the goods slightly below the market price in respect of goods for which the retail prices were not fixed by the government and the manufacturers.

3.13. In addition to the financial assistance by the Central Government, the State Bank of India agreed to give financial support to the wholesale stores against stocks.

3.14 For Executive Officers and Managers four orientation courses each of 15 days duration were conducted under the auspices of the Committee for Cooperative Training (CCT) of

(6) Annual Report of the Ministry of Community Development & Co-operation, Department of Co-operation, Govt. of India, 1963-64, p.21. (The figures quoted in this are from the various reports of the Ministry, whereas the figures quoted in Chapter XI are those compiled by the Reserve Bank of India.)

the National Cooperative Union of India (NCUI). 210 participants from various States attended.^{7/}

3.14.02 A scheme for training of junior staff and managers of primary stores had also been implemented in four States and 200 persons availed of the training.

3.14.03 In addition, plans were under preparation to start an Institute of Management of Consumer Cooperatives and negotiations were taken up with the International Cooperative Alliance (ICA) for providing foreign experts for the project.

3.14.04 Further, study tours for selected office-bearers to successful cooperative stores were undertaken on a limited scale with 50% finance provided by the Central Government.

3.15 Plans for the creation of a common staff cadre for securing competent and skilled personnel for the consumer cooperative stores was worked out. However, this plan has not materialized so far although it has been a current topic for discussion since 1964.

3.16 Joint Registrars for consumer cooperatives and their offices started functioning to administer and implement the scheme. The Central Ministry also expanded its consumer wing for the same purpose.

3.17 With regard to procurement of goods and sale of rationed goods, it was advised that the cooperative stores should be treated as fair price shops. The Textile Commissioner had also persuaded the textile industry to make 10 per cent of their production available to the cooperative stores and fair price shops at ex-mill rates. The National Agricultural Cooperative Marketing Federation (NAFED) which was given import licence for certain goods was supplying these

^{7/} Annual Report of the Ministry of Community Development & Co-operation, Dept. of Co-operation, Govt. of India, 1963-64, p.22.

commodities to the cooperatives at fair prices.

3.17.02 The State Trading Corporation had earmarked certain quantity of imported consumer goods for sale through consumer cooperatives. Some other leading manufacturers of consumer goods and drugs and medicines were supplying their products to the consumer cooperatives at wholesale prices. The Central Board of Revenue had also agreed to supply confiscated goods to consumer cooperative stores for sale at fixed prices.

3.17.03 But there was some reluctance on the part of manufacturers to make supplies to consumer cooperatives at various levels, as it involved displacement of normal trade channels.

3.18 A decision in regard to setting up of state business federations for consumer cooperatives and the financial assistance to be extended to them was taken, but no such body had come into being during the year.

3.19 A Co-ordination Committee was set up by the Ministry at the centre in addition to a functional committee set up by the National Cooperative Development Corporation to review the progress of the programme of the consumer cooperatives, measures for enlisting people's participation, arrangement for education and training of personnel, etc. Co-ordination Committees had also been set up at the state level in 11 States. Co-ordination Committees at the district level were also proposed.

3.20 The consumer cooperatives were assisted in getting accommodation, telephone connections, buying trucks and other vehicles and priority for moving goods for consumer cooperative stores by the railways, etc.

3.21 It was stressed that the consumer cooperatives had not been sponsored as a temporary measure to solve the current pressing problem of the country, but would form an integral part of the programme of cooperative development

with long-term objectives.

3.22 Despite the initial difficulties both on the side of organisation and personnel within a comparatively short span of operation, business was quite promising. It was further stressed that "the programme calls for sustained cooperation of the people and loyalty of the members apart from the assistance and support from the government besides active help from other cooperatives in the field of marketing, processing and manufacturing." 8/

3.23 1964-1965^{9/}

In December 1964, there were 222 wholesale stores and 3,837 primary stores/branches with an increase during the year with 79 and 1,496 stores respectively. These stores were serving 222 of the 250 towns with a population more than 50,000 and the initial targets with regard to number of stores and area of operation were covered. The sales volume for 1964 amounted to Rs. 610 million. Thus, the stores had a tremendous growth within a short period. To this sale volume, the sale of goods by the primary stores which was not procured by the wholesale store should also be added.

3.23.02 With regard to the membership coverage, it was estimated that the wholesale and primary stores covered about 10% of the families residing in the areas in which consumer cooperatives operated against the target of 20%. Therefore, the Annual Conference held in November 1965 recommended to launch a membership drive in order to reach the 20% target fixed.

8/ Annual Report for 1963-64 of the Ministry of Community Development & Cooperation, Department of Cooperation, p. 26.

9/ Annual Report for 1964-65 of the Ministry of Community Development & Cooperation, Department of Cooperation, pp. 21-22.

3.23.03 With regard to the pattern of organisation, some States chose the unitary pattern, a few the mixed pattern while most adopted the federal pattern.

3.23.04 As regards pricing policy, finance and supply, etc. the same policies and practices as were followed during 1963 continued to be followed. Due to lack of business federations, there were however some difficulties in availing of the full advantages from the arrangements with regard to supply of goods from the manufacturers in full.

3.24 State Federations for Consumer Cooperative Stores were set up in four States and preparations were made in another six States for organisation of such business federations. Meantime, plans with regard to the setting up of a National Consumer Cooperative Federation got its shape.

3.25 The Central Institute of Management for Consumers' Business for providing comprehensive training for executive officers and other key personnel was started in Bombay under the auspices of the NCUI/CCT, with three Swedish experts made available to the Institute by the Government of Sweden through the ICA. Eighty three (83) executives were trained during the year at this Institute and another 32 executives were trained in business management at the Indian Institute of Management at Calcutta.^{10/}

3.26 The coordination committees at the national level reviewed the progress of the consumer cooperative movement. A monthly appraisal of the stores, to pinpoint the difficulties and shortcomings and assist in taking action for strengthening the programme, were undertaken by the Central Ministry. Assistance was also extended to the stores in regard to accommodation, purchase of trucks, etc.

^{10/} Annual Report for 1964-65 of the Ministry of Community Development & Cooperation, Dept. of Cooperation, p.24.

3.27 Steps were taken to cover the remaining 28 of the 250 towns with population above 50,000.

3.28 The Fourth Indian Cooperative Congress had in one of its resolutions recommended that "vigorous efforts should be made to bring women within the fold of activities which are related to consumers' protection. This can be done by giving proper representation to the women on the consumer stores." ^{11/}

3.29 The Committee on Consumers' Cooperatives also emphasized^{12/} the importance of women's participation in the activities of the consumer cooperative stores, in the following manner :

- i. Proper arrangements should be made in the stores to receive and attend to women members, so that they can come in greater numbers to make purchases regularly.
- ii. Special drive should be made to enrol women members.
- iii. Where women members are not represented in Purchase Committees and in Boards of Management, they should be co-opted.
- iv. Special sub-committees of women should be formed to approach families, particularly housewives, and persuade them to make purchases from stores by explaining the benefits of correct weight, pure quality and fair price. Service of women members should be appreciated, if necessary by payment of honorarium in suitable cases.
- v. Women's organisations like the All India Women's Council, Mahila Kalyan Samaj, Women's Welfare Associations and Mahila Mandals should be approached and induced to educate their members on the benefits of consumers' cooperation.
- vi. Women's organisations and women members of the stores should be encouraged to give suggestions for improving efficiency of the stores.

^{11/} A Guide to the Working of Consumers' Cooperatives (Circular Letters and Instructions), pp. 25-26

^{12/} A Guide to the Working of Consumers' Cooperatives (Circular Letters and Instructions), p. 25.

3.30 It was recommended by the Central Ministry in February 1964 that a special campaign should immediately be launched with the following objectives :

- i) Enrolment of women as members of primary stores and these wholesale stores which have individual membership.
- ii) Enlisting the support of recognized women's welfare organisations and particularly of lady teachers and professors of schools, colleges and other women's educational institutions.
- iii) Giving representation to women in the Boards of Directors of primary and wholesale stores.

3.30.02 However, not much efforts were made so far to actively involve women in the activities of the consumer cooperatives.

3.31 In February 1964, the Central Ministry in a circular letter addressed to all State Governments made the following observations : ^{13/}

3.31.02 "The consumer cooperatives under the Centrally Sponsored Scheme have on the whole made a good beginning, but some undesirable features and deficiencies have been recently observed.

"1. In some places cooperative societies of retail traders are being formed and recognised as dealers for the distribution of controlled commodities particularly sugar. Formation of traders' cooperatives will obviously cut across the basic objective of the scheme of consumer cooperatives, for the successful implementation of which government is providing liberal assistance in various forms and as such traders cooperatives should neither be formed nor assisted.

"2. It has also been noticed that retail traders are entering consumer cooperatives as members and trying to control the management to the

^{13/} A Guide to the Working of Consumer Cooperatives. (Circular Letters and Instructions), pp. 26-28.

"detriment of the society and the movement. Such unhealthy practices should be promptly checked.

- "3. In some wholesale stores, societies like urban cooperative banks, industrial cooperatives, etc. are being admitted as members. It is considered that wholesale stores should be of pure type for the healthy and sound development of consumer cooperative movement.
- "4. No attempts have been made in a number of consumers stores to increase their membership to reach the target of 500 members at the earliest to ensure their economic viability. A drive should be launched for increasing membership and business.
- "5. Similarly, some of the wholesale stores have been allowed to start and continue with less than even 10 primary units. These are serious deficiencies which need to be promptly remedied.
- "6. Although many of the wholesale and primary stores have taken up supply of a number of items of consumer goods according to local needs, some have confined their business activities to the controlled commodities only. Dependence on controlled goods will not help sound development. Therefore, every store should, from the very beginning, arrange to supply various consumer goods required by members.
- "7. Some of the wholesale stores while supplying various consumer goods to their constituent primary stores obtained from the distributors or wholesalers for sale at fixed prices - retain a larger share of the margin for themselves and the primary stores are left hardly with any surplus over their cost price. Even if the margin is very small, it is necessary to see that constituent stores are not put to a

- "disadvantage. Such a short-sighted policy is not conducive to development of consumer cooperative movement.
- "8. Primary stores in some places obtain their supplies direct from the private wholesalers even though the price and quality of goods offered by the cooperative wholesalers are the same. The primary stores may be prevailed upon to avoid such practices. They should normally make their purchases from their wholesalers.
- "9. Complaints have been received from some manufacturing concerns who were persuaded to make supplies to wholesale stores that payments are delayed by the latter. Since the Government of India is helping to arrange the terms and conditions of supply, it is of the highest importance that payments are made promptly. Failure to do so will discredit the movement.
- "10. Accounts are not being kept up-to-date by a number of consumers stores. Prompt steps need to be taken to remedy the deficiency.
- "11. Regular verification of stock is another important aspect which has also not been introduced by wholesale and primary stores in some places.

3.32 1965-66 14/

In December 1965, there were 230 wholesale stores and 7,332 primary stores. The addition during the year was 8 wholesales and 3,495 primaries. Thus, the number of primary stores had nearly doubled during the year. The sale of the 14/ Annual Report for 1965-66 of the Ministry of Food, Agri. C.D.& Cooperation, Dept. of Cooperation, pp. 24-27.

wholesale stores during the year amounted to Rs.1,435 million resulting an increase of roughly 100 per cent over the previous year. It was a tremendous growth in sales particularly when the sale of the primary stores procured from sources other than the wholesale stores is added. Equally worth noting is the increase in the sale of controlled commodities from 62% in 1964 to 82% in 1965.

3.33 The Central Government pointed out the disastrous effect of such a high sale of controlled commodities and the consequent dependence on it would have on the Movement, once the control is lifted. At the annual conference in November 1965, the need for diversification of the business was stressed.

3.34 The number of members had increased during the year, and rose to 2 million in December 1966. The State Governments were advised to launch membership drive as recommended by the Annual Conference in November 1965, and increase participation by women in particular. The need and scope for increasing the patronage of the present members was stressed. However, member education and member activities in the field of consumer cooperatives were not given any attention. Till today the same position continues.

3.35 The stores were short of working capital. A guarantee scheme was introduced through which the Central Government stood guarantee of 25 per cent of all secured loans and advances made by commercial and cooperative banking institutions up to December 1971.^{15/} Proposal for increasing the individual members share capital was also made.

3.36 The organisation took a turn in favour of "mixed pattern" as the wholesale stores organised branches which

^{15/} The Registrars' Conference held on 18/19.9.1970 felt that the Guarantee Scheme should not only continue, but also be liberalised.

were not converted into primary societies as per plans.

3.37 The stores continued to follow the active price policy. The Programme Evaluation Organisation of the Planning Commission which during the year made a survey of the consumer cooperative movement, observed as follows : 16/

"An attempt has also been made to compare the level of prices charged by the primary stores or branches for certain commodities with those prevailing in the market for the comparable varieties....."

On the whole, these data show that the prices charged for these commodities at the stores were in no case higher than the market prices and were often appreciably lower. It is indeed a creditable record....."

The prices charged at the stores for rice, wheat, arhar and even for commodities like Vanaspati and washing soap, were in no case higher than the market prices and were often appreciably lower...."

3.37.03 The price survey of consumer goods undertaken by the National Consumer Service of the Bharat Sevak Samaj in Delhi has also shown that the prices charged by consumer stores were never higher than those charged by the private trade and were in many cases lower than the prevailing market prices." 16/

3.38 With regard to procurement of goods the earlier arrangement continued and renewed agreements entered into.

3.39 Six new State Federations were registered during the year (totalling 10).

3.40 The National Cooperative Consumers' Federation was registered, but it had not come into operation.

3.41 At the Institute of Management for Consumers Business in Bombay, 193 business executives were trained during the year. A seminar for Joint Registrars of Consumer Cooperatives was convened by the Institute. The Swedish experts attached

16/ Annual Report for 1965-66 of the Ministry of Food, Agri.C.D., & Cooperation, Dept. of Cooperation, p.27.

to the Institute paid several visits to the cooperative stores to suggest improvements.^{17/}

3.41.02 For junior personnel, 12 courses with 327 trainees were organised by the NCUI/CCT in the respective training colleges.

3.41.C The first Annual Conference of the State Registrars and State Ministers for Cooperation recommended that a small committee should be appointed to examine the existing arrangements for training and devise means for accelerating it. While the Coordination Committees held a few meetings during the year, the Ministry continued the monthly appraisal of the stores under the Centrally Sponsored Scheme.

3.42 In March 1965, while evaluating the operation of the Centrally Sponsored Scheme, it was stressed that the reasons for the slow progress and failure of consumer cooperatives in the past (before 1962), as pointed out by the Committee on Consumer Cooperation, still remained unsolved to a considerable extent. The reasons were as follows : ^{18/}

- i. Weak organisational structure;
- ii. Small and uneconomic size;
- iii. Want of popular leadership;
- iv. Inadequacy of funds and proportionate heavy working cost;
- v. Dependence to a large extent on controlled commodities only;
- vi. Lack of business knowledge or experience on the part of managing committee;
- vii. Lack of loyalty on the part of the members;
- viii. Lack of properly trained and competent staff and inadequate supervision over personnel;
- ix. Absence of strong wholesale stores or centralised agency for bulk procurement, warehousing and merchandising to facilitate smooth functioning of primaries.

^{17/} Annual Report for 1965-66 of Dept.of Cooperation, p.29

^{18/}

3.42.02 It was during this year (1965-66) that the Fourth Five-Year Plan was drafted which proposed to consolidate, strengthen and expand the consumer cooperative movement through : 19/

- a. extending the Centrally Sponsored Scheme to smaller towns in which such stores could function on viable basis;
- b. setting up of processing and manufacturing units in the cooperative sector; and
- c. setting up of cooperative department stores/ supermarkets and restaurants in big towns.

Even though the Fourth Five-Year Plan (Draft Frame) was ready in 1966, for some reasons the Plan could only come into being from April 1969 to March 1974. The three year period from April 1966 till March 1969, there were only annual plans.

19/ Annual Report for 1965-66 of the Ministry of Food, Agri., C.D., & Cooperation, Dept. of Cooperation, p.29.

THE ACCELERATED PROGRAMME

4.01 The Fourth Five-Year Plan which was drafted in 1966 envisaged consolidation, strengthening and expansion of the consumer cooperative scheme. In 1966, when the Indian rupee was devalued, the Government of India felt that to combat the situation, the only solution would be to accelerate and expand urgently the consumer cooperative scheme planned and implemented during the Third Five-Year Plan, so that the consumer cooperatives could make an appreciable impact on the retail trade and function as a permanent instrument for arresting the rising and inflationary trends in prices and exercise an influence on the retail trade so as to have a sobering effect. Thus, the consumer cooperatives assumed importance and a high priority again in the Central Government Plans. Details of the accelerated plan are as under : ^{1/}

- a. To organise 101 new wholesale stores and 2,000 primary stores/branches;
- b. To organise 43 Department Stores to cover all important cities and towns with a population of of about 200,000.
- c. To strengthen the share capital of the national and state federations to enable them sustain the anticipated expansion in their business, with assistance of bank advances which will be available under the guarantee scheme;
- d. To strengthen the supervisory personnel and take up a large programme of training;
- e) To build a central purchases and sales organisation.

4.02 In addition to financial support (cash credit excluded), to the wholesales, Rs. 4,000 as share capital and

^{1/} Cooperative Policy and Programme: National Cooperative Union of India, pp. 223-224

Rs.2,000 by way of managerial subsidy to primary stores was given through the Centrally Sponsored Scheme by the Central Government on terms and conditions similar to the ones stated earlier in this report.

4.03 With regard to Department Stores, the scheme^{2/} envisaged and implemented was as follows:

A. For Metropolitan cities

- | | |
|---|---------------|
| 1. Share Capital | Rs. 1,000,000 |
| 2. Loan-cum-subsidy for furniture, fixtures and fittings (75% loan and 25% subsidy) | Rs. 700,000 |
| 3. Managerial subsidy for which Rs.15,000 will be available during the current year | Rs. 25,000 |

Recommended floor area for each Department Store 25,000 sq. ft.

B. For towns with population between 0.5 & 1.0 million

- | | |
|--|-------------|
| 1. Share Capital | Rs. 500,000 |
| 2. Loan-cum-subsidy for furniture, fixtures and fittings (75% loan and 25% subsidy) | Rs. 300,000 |
| 3. Managerial subsidy for which Rs.15,000 will be available during the current year. | Rs. 25,000 |

Recommended floor area for each Department Store 15,000 sq.ft.

^{2/} Cooperative Policy and Programme : National Cooperative Union of India, pp. 225, 229 and 231.

C. For towns with population between 0.2 and 0.5 million

- | | |
|--|-------------|
| 1. Share Capital | Rs. 300,000 |
| 2. Loan-cum-subsidy for furniture fixtures and fittings (75% loan and 25% subsidy) | Rs. 300,000 |
| 3. Managerial subsidy for which Rs.15,000 will be available during the current year. | Rs. 25,000 |

Recommended floor area for each Department Store 10,000 sq. ft.

4.04 As the Department Stores had to be opened with the utmost expedition, it was decided not to insist upon matching contribution of share capital to be raised in advance by the parent organisation (often a wholesale store) and the government's contribution towards share capital was made available to the parent organisation as soon as suitable buildings for housing the Department Stores were acquired with a condition that the parent organisation would raise at least 50 per cent of the total amount contributed by government towards their share capital within a period of five years.

4.05 The government provided financial assistance for the accelerated scheme of approximately Rs. 130 million.

4.06 As part of the accelerated scheme also the following steps were taken :^{3/}

- a. Three more State Federations were to be added (total 15). The National Federation and the State Federations were strengthened by making additional funds available to these institutions.
- b. Some of the primary and wholesale stores be set up to cover the universities and colleges for the supply of books, stationery and other essential requirements of students and teachers.

^{3/} Cooperative Policy and Programme: National Cooperative Union of India, pp. 226-228

- c. A Central Purchasing and Supply Organisation was set up in the Central Government to assist the National and State Federations in the procurement of essential commodities from manufacturers.
- d. The administrative and supervisory staff at the State Government level was further strengthened and financed by the Central Government.
- e. A membership drive was to be started, (But not much efforts were made or have even been made in this regard.)
- f. Assistance by government in training of personnel particularly for the managerial personnel recruited from the open market through payment of allowances and subsidies to the cooperatives during such training periods was to be extended. (However, the training scheme was not expanded to meet the requirements of personnel. Lack of trained and experienced personnel still continues to be the main drawback of the consumer cooperatives.)
- g. Assistance in finding suitable accommodation for the stores by the State Governments, wherever possible.

4.07 The time schedule for establishing stores under the accelerated scheme was as follows : ^{4/}

By the end of	Wholesale Stores	Primary Stores/ Branches of Wholesale Stores	Department Stores
September, 1966	30	400	43 \$
December, 1966	40	900	-
March, 1967	30	700	-

(\$ - Subject to finding suitable accommodation)

4.08 The time given by the Ministry to start Department Stores under the accelerated programme was very short, viz.,

^{4/} Cooperative Policy and Programme : National Cooperative Union of India, p. 227

about three months to accept the government proposal, to plan and set up 43 Department Stores, 30 Wholesale Stores and 400 primary stores/branches. The time limit or the deadline for setting up the above stores was too short to make it possible to implement the scheme in a planned way. Even in a country where plenty of know-how, experience and personnel resources are available, it is difficult to achieve this - much less in a country like India, where the know-how and personnel is very much lacking.

Evaluation and working of the Centrally Sponsored ^{5/}
Scheme, including the Accelerated Scheme for the
period 1966-1970 ()

January 1966 - June 1967 ^{6/}

4.09 Under the accelerated programme for the calendar year 1966-67, 80 new wholesale stores and approximately 1,000 primary stores/branches were set up raising the total number of wholesale stores and retail units to 326 and 8,656 respectively by the end of December 1966. By the end of June 1967, there were 345 wholesale stores. The sale turnover of the wholesale stores during the period had increased by Rs.350 million to Rs.1,740 million and the sale of controlled commodities was approximately 73% of the total sales.

4.09.02 By December 1966, there were also 25 Department Stores set up and the sale of the Department Stores for the period July 15th to December 31st, 1966 amounted to Rs. 23 million. During the period July 1966 - June 1967, the sale of the Department Stores (39) amounted to 110.5 million rupees.

4.09.03 The University Grants Commission decided to organise consumer stores in 12 universities and preliminary steps were

5/ The figures indicated in this chapter are those from the Dept. of Cooperation as published in the various reports; whereas the figures furnished in chapter XI are those compiled by the Reserve Bank of India.

6/ Annual Report for 1966-67 of the Dept. of Cooperation, pp.20-24

taken in 5 universities to set up such stores. The individual membership had increased by 100,000 and reached 2.1 million during the year and it was estimated by the Ministry of Community Development & Cooperation that the consumer co-operatives covered 14 per cent of the population within their areas of operation, particularly in the urban areas.

4.10 The stores had, however, difficulties in securing suitable accommodation which had prevented further expansion

4.10.02 It was reported that most of the wholesale stores were operating on profit

4.10.03 A cell had been created in the Central Ministry for administering the guarantee scheme and it was reported that wholesale stores were taking advantage of the scheme.

4.11 The active price policy was continued. It was reported "that the consumer stores in general and the Department Stores in particular have not only acted as price setters in their areas of operation but have also exercised a regulatory influence on the distributive trade,"^{7/} The supply arrangements with manufacturers and for imports etc. was continued and further extended.

4.12 State consumer cooperative federations were registered in 14 States and had a sale turnover of approximately Rs. 35 million. At the national level, a National Cooperative Consumers' Federation was working with head office in New Delhi, and had opened two branches, one in Bombay and the other in Madras. The National Cooperative Consumers' Federation was also reported to be working out plans for taking up processing activities.

4.13 In May 1967, the Central Institute of Management for Consumers' Business was shifted from Bombay to Poona and was

^{7/} Annual Report for 1966-67 of the Dept. of Cooperation, Govt. of India, p.22

merged with the National Cooperative College & Research Institute to be named as Vaikunth Mehta National Institute of Cooperative Management. During 1966, 77 executives and other key personnel were trained in three courses and a seminar for Joint Registrars of Consumer Cooperatives and Presidents and Chief Executives of the State federations were conducted. A course for General Managers of Department Stores was organised during the year by the CCT. The CCT also conducted courses in Salesmanship and Shop Management, etc., for junior personnel and 946 trainees attended.

4.14 The State Cooperative Departments were requested to evolve a suitable procedure for the recruitment of key personnel of wholesale stores and Department Stores. (Not much of action was taken on this request).

4.15 A Central Advisory Committee under the Chairmanship of the Minister of Food, Agriculture, Community Development and Cooperation was constituted and held a meeting during the year. The coordination committees were also meeting from time to time during the year.^{8/}

4.16 During the year, an ILO Adviser had assisted the National Cooperative Consumers' Federation to study some of the cooperative department stores and suggested measures for their improvement. Certain norms were also recommended which later on, after minor modifications by the Central Advisory Committee on Consumer Cooperatives were approved for consideration and adoption by the managements of Department Stores.

4.17 The consumer cooperatives under the Centrally Sponsored Scheme have thus had a rapid growth and the targets were more or less fulfilled except with regard to the developments in

^{8/} Annual Reports for 1966-67 and 1967-68 of the Ministry of Food, Agriculture, Community Development & Cooperation, Department of Cooperation, Government of India, p. 24 and p. 41 respectively

membership and coverage of families within the areas of operation.

July 1967 - June 1968 ^{9/}

4.18 During this year, stress was laid primarily on consolidating and strengthening of existing consumer cooperatives and during the year, 6 wholesale stores were organised. Altogether there were over 14,000 primary stores and branches (including those under other schemes), 351 wholesale stores, 14 state federations and one national federation in operation covering the various states. However, the distribution of consumer cooperatives among the States was uneven, mostly because of varying degree of urbanisation in the States. But practically all the districts with an urban population of 50,000 and above were brought within the area of operation of the wholesale stores.

4.19 The sale of the wholesale stores for the year July 1967 - June 1968 amounted to Rs. 1,711 million compared to Rs. 1,740 million during the previous year. Thus, there was a small decline in sales, in spite of increased number of stores and membership, increased prices and the opening of 33 new Department Stores. The sale of controlled commodities declined to 66 p.c. of the total sales for the year. In November 1967, there were 48 Department Stores in operation. It was then decided that Department Stores should also be opened in smaller towns with a population ranging from 150,000 to 200,000. At the end of June 1968, 60 Department Stores were in operation, and the total sale turnover of these stores during the year July 1967 - June 1968 amounted to Rs. 220 million.

4.20 The membership of the wholesale stores as on 30th July, 1966 had increased from 418,000 to 666,000 on 30th July 1967.

9/ Annual Reports for 1967-68 and 1968-69 of the Ministry of Food, Agr.C.D., & Cooperation, Department of Cooperation, Govt. of India, pp.32-33 and pp.48-56 & 100 respectively.

4.21 14 State federations were functioning as at the end of June 1968 and two of these federations were running Department Stores. The sale turnover of the federations amounted to approximately Rs. 61 million.

4.22 The National Cooperative Consumers' Federation had expanded its activities rapidly and reached a sale turnover of Rs. 25 million during the year.

4.23 The Centrally sponsored Scheme for consumer cooperatives envisaged setting up of consumer industries by consumer cooperatives with financial assistance from the Central Government. During the year no programme was undertaken on a systematic basis and only a few small oil mills, coffee grinding and spices powdering units were set up by the wholesale stores.

4.24 The arrangements with regard to procurement of goods from manufacturers were continued and new agreements entered into by which consumer cooperatives would be supplied, on a priority basis, goods in short supply, such as vanaspati, baby foods, cycle tyres, battery cells, etc.

4.25 Seventy-seven (77) societies, 4 state federations and the National Federation had availed themselves of the guarantee scheme and borrowed together Rs. 108 million from banks for which the Central Government stood guarantee up to 25% of borrowings.^{10/}

4.26 During the year, the Vaikunth Mehta National Institute of Cooperative Management trained 96 executives and other key personnel for the consumer cooperative movement for 8 weeks.^{11/}

4.26.02 The junior training centres trained 708 persons from consumer cooperative stores during the year.^{11/}

^{10/} Annual Report for 1967-68 of the Dept. of Cooperation, Govt. of India, p.40

^{11/} Annual Report for 1967-68 of the Dept. of Cooperation, Govt. of India, pp. 55-56

4.27 During the year, one ILO Adviser was attached to the National Cooperative Consumers' Federation who assisted in formulating and testing a management accounting scheme for the consumer cooperative societies.

July 1968 - June 1969 ^{12/}

4.28 During the year, continued emphasis was laid on consolidating and strengthening of the present consumer cooperative stores under the Centrally Sponsored Scheme. In addition action was taken to organise stores in urban areas not yet covered, and in universities and in towns with a sizeable population.

4.29 Twenty new wholesale stores were established under the Centrally Sponsored Scheme, thus making the total of 371 with 7,603 primary societies affiliated. The sale of the wholesale stores was Rs. 1,602 million and had thus further declined during the year by 100 million in spite of the increase in the number of wholesale stores and 14 Department stores, etc.

4.29.02 The sale of controlled commodities had declined to 61% of total sales volume. 19 Department Stores were added bringing a total of 79, and their total sales for the year amounted to 260 million. During the year, closing of some uneconomic branches and primary stores had taken place. The decline in sale of controlled commodities, closing of uneconomic branches and shortage of working capital was said to be the reasons for the decline in sales.

4.29.03 It was further stated that "the working of wholesale stores had been studied to identify the factors that led to uneconomic working of and other shortcomings and remedial measures suggested." The remedial measures included increasing the sales volume, further diversification of range of their business, gradual shift to unitary pattern of organisation,

^{12/} Annual Report for 1969-70 of the Dept. of Cooperation, Govt. of India, pp. 50-62 & 107

forging closer links between the primaries and wholesales on the one hand, and between the wholesale stores and the state federations on the other, and streamlining the purchases, accounting procedures, inventory and stock control and staffing pattern.^{13/} However, till the end of March 1971 not much progress has been made in implementing the suggested measures.

4.29.04 Sale turnover of the State Federations increased to Rs. 83 million and it was reported that 12 federations were making profits. Also, the National Cooperative Consumers' Federation expanded its activities, and the sale volume increased to Rs. 37 million.

4.30 Till end of June 1969, financial assistance had been granted for setting up of 107 processing units mostly of a very small size, and owned by the wholesale stores, such as coffee grinding, oil milling etc.

4.30.02 The stores were facing acute shortage of working capital. One hundred thirty (130) societies and federations had obtained working capital to the extent of 154 million from banks under the Guarantee Scheme.

4.31 The arrangement with regard to supply of goods from manufacturers continued.

4.32 Another ILO Adviser was assigned to the National Cooperative Consumers' Federation (NCCF) to study and suggest measures for improving the sales and inventory management aspects of the stores working. An Adviser sponsored by the Danish Government was also assigned to the NCCF for improving and implementing the previously worked out management accounting scheme.

4.33 During the year, 51 executives and other key personnel were trained for 8 weeks at the Vaikunth Mehta National Institute of Cooperative Management. A few seminars were held for the Chairmen and Secretaries of wholesale stores, for Joint

^{13/} Annual Report for 1969-70 of the Dept. of Cooperation, Govt. of India, p. 52

Registrars of Consumer Cooperatives. At the local training centres, 153 junior personnel were trained during the year in the field of consumer cooperatives. ^{14/}

4.33 A meeting of the Advisory Committee was held during the year and a sub-committee was set up to visit the consumer cooperatives to study problems faced by them and suggest measures for improvement and further development.

^{14/} Annual Report for 1969-70 of the Dept. of Cooperation, Govt. of India, pp. 73-74

CHAPTER VSECTORAL PROGRESS OF CONSUMER MOVEMENT ^{1/}5.01 Other consumer cooperative schemes and their progress

The Ministry of Labour and Employment formulated a scheme in 1962 for the organisation of consumer cooperatives in all public and private sector undertakings employing 300 or more workers. The minimum membership of such a store should be 250.

5.02 The employer should give assistance to the stores more or less on the same lines as was given under the Centrally Sponsored Scheme with the difference that loans for working capital for the primary stores were given up to Rs. 10,000. In addition, accommodation was provided at nominal rent. The workers were also allowed to withdraw non-refundable money up to Rs. 30 from the Provident Fund for purchase of shares. ^{2/} The primary stores thus organised were expected to become members of the nearest wholesale store under the Centrally Sponsored Scheme for obtaining supplies etc. This scheme was to be extended to other important cities having sufficient concentration of central government employees.

5.03 The Ministry of Home Affairs introduced a scheme for the organisation of cooperative societies among the Central Government employees in Delhi. The government agreed to provide share capital assistance on matching basis, accommodation on nominal rent and pay of the executive staff at Head Office in addition to working capital loan.

5.04 The State Governments also sanctioned schemes for the organisation of consumer stores among their employees.

^{1/} Cooperation in India: Government of India publication, pp. 131-132

^{2/} Cooperation in India, p. 131

5.05 The Indian Railways introduced a similar scheme among their employees slightly modified but more favourable for growth.

5.06 For the rural sectors, a scheme was introduced in 1962-63 for the supply of essential goods through existing marketing and service cooperatives. The societies were given managerial assistance up to Rs. 5,000 over a period of 3 years.

5.07 Under the schemes sponsored by the Ministry of Labour and Employment, 2,760 primary consumer cooperatives/ fair price shops were organised in 1969 in the undertakings out of about 4,100 such undertakings. The total number of consumers served by these consumer cooperatives amounted to Rs.1.1 million and their annual sales turnover exceeded Rs. 470 million during the year ending March 1969. Most of these primary stores were affiliated to the wholesale stores set up under the Centrally Sponsored Scheme, but 13 wholesale stores were organised exclusively in the Coal and Mica Mines Labour Welfare Fund, with 323 primary societies affiliated. ^{3/}

5.08 Among the employees of the Indian Railways, there existed 437 primary societies with a total membership of 211,000 and a total sale of Rs. 101 million for the year ending March 1968. ^{4/}

5.09 The Post and Telegraph employees operated 56 primary stores in 1966. ^{5/}

5.10 The Central Government Employees' Consumer Cooperative Store at New Delhi operated 31 branches with approx. 42,000 members and approx. Rs. 12.2 million sales volume for the year ending December 1966. ^{6/}

^{3/}, ^{4/} & ^{5/} Annual Report for 1969-70 of the Ministry of Food, Agriculture, Community Development & Cooperation, Govt. of India, p.51

^{6/} Annual Report for 1966-67 of the Ministry of Food, Agri. C.D. & Cooperation, Govt. of India, p.20

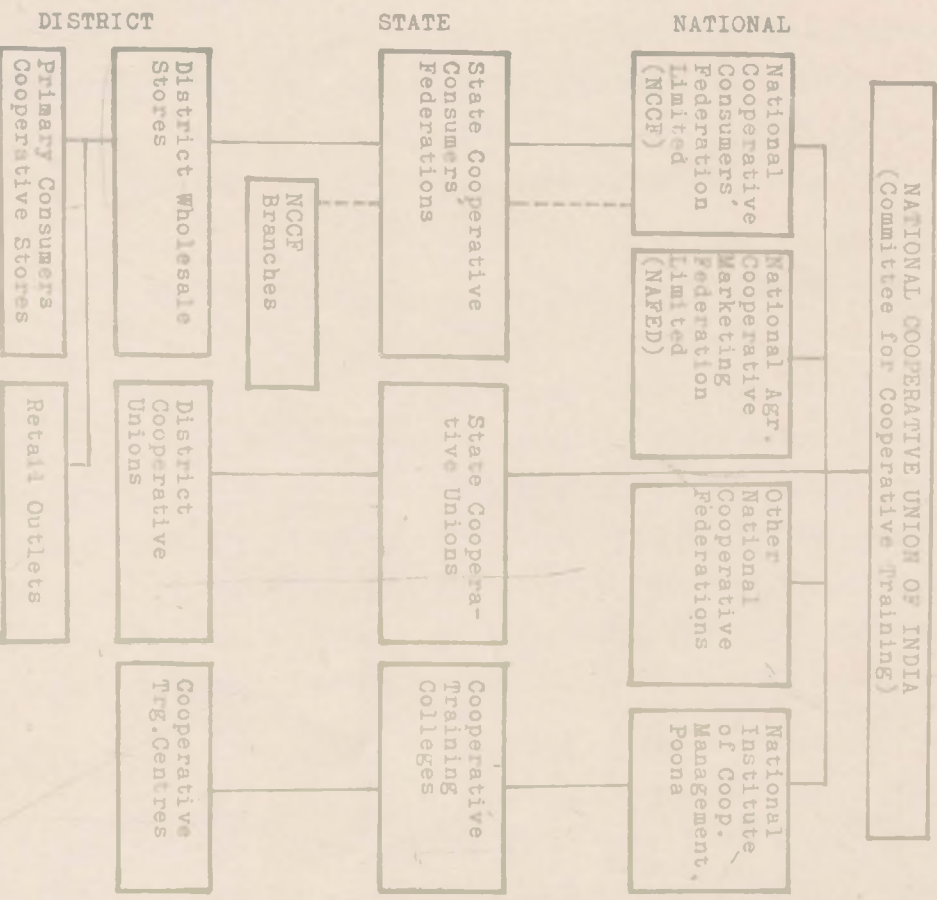
5.11 In the rural areas, the value of the consumer goods (sugar, kerosene, matches, salt, etc.) distributed by the village and marketing societies was as follows : ^{7/}

Year	No. of societies under-taking the activities		Value of goods distributed Rs.
	Marketing societies	Village societies	
1962-63	690	15,290	284 million
1963-64	1,175	25,386	760 "
1964-65	1,200	approx 40,000	1,020 "
1965-66	2,000	" 36,000	1,980 "
1966-67	2,000	" 36,000	2,453 "
1967-68	2,100	" 40,000	2,500 "
1968-69	approx. 2,000	" 40,000	2,260 "

^{7/} Annual Reports of the Ministry of Food, Agriculture, Community Development & Cooperation, Govt. of India from the year 1963-64 to the year 1969-70.

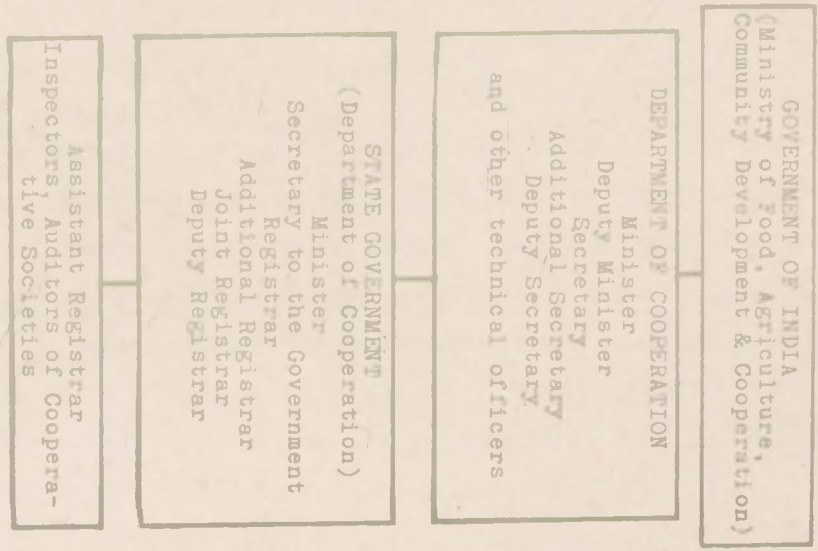
ORGANISATIONAL CHART - INDIAN COOPERATIVE MOVEMENT

Non-Official



Some of the Cooperative Training Colleges and Centres are run by the State Cooperative Unions which have constituted special committees on cooperative training.

Official



In India, Cooperation is a State Subject, hence separate structure at State Level.

THE COOPERATIVE DEPARTMENTS6.01 National Level

In the Ministry of Food, Agriculture, Community Development and Cooperation, there is a Department of Cooperation, which deals with all cooperative matters at the National Level. Its functions are mainly to formulate plans for cooperative development and render necessary assistance to the departments of cooperation at the state level. Efficacy of its functions is dependent upon its capacity to coordinate and promote cooperative schemes with an all India coverage by the application of stimulators including financial.

6.01.02 The cooperative department is headed by an additional secretary assisted by two joint secretaries. For matters related to consumer cooperatives the Joint Secretary in charge is assisted by a Chief Director and other technical staff. The Joint Secretary in charge ^{of training} is also assisted by a Director (also ex-officio member secretary of the CCT) ^{and technical staff}.

6.01.03 With regard to the consumer cooperatives, the Centrally Sponsored Scheme, the Accelerated Scheme and the Guarantee Scheme were planned and financially assisted by the Central Ministry and implemented by it in collaboration with the State cooperative departments. The planning, financing and implementation of the above schemes were the responsibilities of the consumer wing of the Central Ministry. The staff of this section (approximately 10 officers) sometimes visit the stores and give advice in matters relating to finance, supervision and general operation of the stores.

6.01.04 In the consumer wing, there is a cell dealing with the supply of goods to the consumer stores. The function of this cell is to negotiate with the private manufacturers, the Commissioner for civil supplies and the other technical ministries concerned for supply of essential commodities to consumer cooperatives on a priority basis and at prices as charged by them at

the first point of distribution. A number of such agreements have been concluded. 20% of the cycle tyres, 30% of baby food, 10% of the battery cells, 20% of the razor blades, 10% of the textile manufactured by the composite textile mills etc, were ear marked by the manufacturers to supply through the consumer cooperative stores.¹

6.01.05 In the department of cooperation there, is as indicated above, a section dealing with cooperative training and it finances the training activities carried out by the National Cooperative Union of India/Committee for Cooperative Training (NCUI/CCT).

6.01.06 The Centrally Sponsored Scheme and the Accelerated Scheme have from April 1st, 1970 been transferred to the State governments in view of the fact that cooperation is a State subject. At the same time, it has been stressed in the Fourth Five Year Plan that the consumer cooperatives shall consolidate their present business and only a few new units to be opened. As a result of the transfer of the consumer cooperative scheme to the State governments, the central government will have limited possibilities to promote ^{directly} the consumer cooperative scheme in particular and can only advise the State governments in that regard.

6.01.07 The central ministry and the department of cooperation have given great support in implementing the Centrally Sponsored, the Accelerated and the Guarantee Schemes both with regard to finance (approx. Rs. 300 million), favourable terms of supply, staff training and moral support. However, in spite of the great support from the government, the consumer cooperatives often face serious difficulties with the governments share capital in the stores in percentage of total share capital ~~increasing~~ and the stores generally requiring additional financial assistance not only for expansion of business but also for maintaining the existing volume of business.

1. Annual Report for 1969-70 of the Department of Cooperation Govt. of India, pp. 58-62

6.01.08 In order to discuss the present problems and future developments of the consumer cooperatives, the central ministry have appointed a Central Advisory Committee on Consumer Cooperatives hold a yearly Cooperative Ministers' Conference in addition to meetings with Registrars of Cooperative Societies and Seminar with Joint Registrars for Consumer Cooperatives etc.

6.02 State Level

As indicated earlier, cooperation is a state subject and is handled by the cooperative department in every state. The cooperative department is headed by a registrar of cooperative societies whose role is to administer the cooperatives as per cooperative acts and ensure that the cooperatives are organised, run and developed on sound and efficient lines. The functions of the registrar are, among others, as follows :

registration, audit, inspection, arbitration, liquidation, to ensure rectification of the defects brought out during audit and inspection, administration and promotion of cooperatives.

6.02.02 The Registrar is assisted by a number of additional or joint registrars as functional heads of various sections of cooperation, e.g., in all States there is, on the central ministry's recommendations, an Additional or Joint Registrar in charge of the consumer cooperatives. Similarly there are joint registrars of credit, audit, marketing, agriculture supply, etc.

6.02.03 With regard to consumer cooperatives, the Registrar has usually delegated most of his functions to the Additional or Joint Registrar in charge of consumer cooperatives, who are assisted by a number of Deputy Registrars and Assistant Registrars, who in turn are assisted by cooperative inspectors, sub-inspectors and auditors etc. in carrying out their functions as delegated to them by the joint registrar, deputy registrar, etc.

6.02.04 The Registrar nominates a few representatives on the Board of the consumer stores to safeguard the interests of the society including government finances. The chief executive of the cooperative stores is appointed with the registrar's concurrence. In cases where the elected Board in a society fails, a board is nominated by the registrar. Often the chief executive of the central stores is a government employee on deputation to the store belonging to the cadre of the state cooperative department.

6.02.05 Keeping in view the power given to the state government and the registrar through the legislation, the finance and other support to the consumer cooperatives, the role of government in appointing the chief executives and in nominating some of the Board of Directors in the consumer cooperative stores, the state government is a powerful force and has an important role to play in determining the future growth of the consumer cooperatives.

6.03 As pointed out earlier, the Centrally Sponsored and Accelerated Schemes have now been transferred to the state governments. The consumer cooperatives are generally in need of additional financial and other support to be able to overcome their problems. However, in most of the state budgets the assistance to consumer cooperatives has not been adequate and the promotion of consumer cooperatives seems to have been given a lower priority compared to other cooperative activities.

6.03.02 There seems also a tendency on the part of the state cooperative departments to solve the problems of the consumer cooperatives in an ad hoc manner. As the state cooperative departments have such an important role to play in the future development of the consumer cooperatives, they should not let the consumer cooperatives further deteriorate, but, in a planned and selective way it should extend assistance to those consumer cooperatives which have a future and take active steps for revitalising others.

6.04 . The consumer business which forms part of the retail trade falls under the internal trade administered by the Ministry of Commerce. There does not appear to be adequate coordination in this matter at any level.^{2/}

6.05 Even with⁻ⁱⁿ the cooperative movement considerable scope exists for an integrated approach between the different branches such as marketing, credit, etc. with consumer organisations. Often these matters are discussed, but no concrete steps are taken to bring this to fruition.

6.06 Equally important is the lack of adequate coordination and integration at the District and or State level for pooling the resources for strength and rapid growth.

6.06.02 Similarly different ministries deal with the consumer movement on a sectoral basis. It will be necessary to coordinate all these efforts to strengthen the movement as a whole.

6.07 The future role of the consumer cooperatives in the Indian economy should be made clear to all parties concerned and serious efforts made in an integrated manner to develop the consumer cooperatives, as a means to stabilizing the prices.

^{2/} Rationalisation of Consumer Movement in Western Europe by S.Dandapani, p.89 (published by the Ministry of Railways, Govt. of India), 1971

THE COOPERATIVE UNIONS7.01 National Cooperative Union of India

The All India Cooperative Union (AICU) was formed in 1949 through the amalgamation of All India Cooperative Institutes Association and the Indian Provincial Banks' Association and was registered in 1956. The AICU was later on renamed as National Cooperative Union of India (NCUI).

7.02 Aims and Objects^{1/}

The objects of the Union are : to promote and develop the cooperative movement in India, to educate, guide and assist people in their efforts to build up and expand the cooperative sector and to serve as an exponent of cooperative opinion.

7.03 In furtherance of these objectives, the Union may either by itself or in collaboration with a cooperative institution:

- (i) organise cooperative education and training programmes and popularise the principles and practices of cooperation;
- (ii) develop inter-cooperative relationship and help the coordinated functioning of the cooperative movement in various sectors;
- (iii) organize, conduct, collaborate and assist in carrying out research, investigations of projects on important cooperative problems;
- (iv) arrange for the production and publication of literature and audio-visual aids including films, film-strips on cooperation and allied subjects;
- (v) give publicity to the achievement of cooperatives through periodicals, journals, pamphlets, brochures, books, films, broadcasts and the like, for creating a favourable atmosphere for the development of the cooperative movement;

1. Constitution of the National Cooperative Union of India, pp. 3-5

- (vi) maintain an information bureau and a library;
- (vii) express opinion on matters of cooperative policy and act as the accredited representative of the Indian Cooperative Movement in the national and international spheres;
- (viii) convene and hold the National Cooperative Congress and cooperative seminars, meetings, conferences, exhibitions etc;
- (ix) select delegates, representatives or observers on behalf of the Union for participation in the international, national and State conferences;
- (x) facilitate the promotion of cooperative institutions and assist the member-societies in resolving their problems and difficulties;
- (xi) acquire, purchase, own or dispose of immovable property by way of sale, lease or otherwise for the furtherance of the objects of the Union; and
- (xii) generally, undertake such other activities or functions as are considered incidental or conducive to the attainment of the objects of the Union.

7.04. Funds

The funds of the Union may be raised as under :

- (i) Annual membership subscriptions;
- (ii) Contributions or donations;
- (iii) Grants from Government;
- (iv) Contributions from annual profits of the member-societies;
- (v) Sale proceeds of publications, journals, periodicals, text books, films etc.,
- (vi) Loans and advances; and
- (vii) Income from exhibitions or projects or any other activities undertaken by the Union in the normal course of its functions.

7.05 Annual Subscriptions from members²

- (i) Each member-society shall pay a subscription to the Union every year as under :
- | | |
|--|-----------|
| a) National Society | Rs. 3,000 |
| b) Apex societies other than State Cooperative Unions | Rs. 2,000 |
| c) State Unions other than Unions in Union Territories | Rs. 1,500 |
| d) State Unions of Union Territories | Rs. 1,000 |
| e) Insurance Society | Rs. 2,000 |
| f) Other societies | Rs. 1,000 |
- (ii) The Governing Council of the Union is competent to :
- ask for contributions from a member society on the basis of its profits or surplus of the preceding year, at a rate not exceeding half per cent of the profit or surplus subject to a maximum of Rs. 5,000;
 - remit a part of the annual subscription in case of any particular society, if it is satisfied that the recovery of full subscription will cause genuine hardship.
- (iii) Individual members are not liable to pay any subscription.
- (iv) The annual subscription from members shall fall due at the commencement of each cooperative year i.e. on 1st July and shall be payable not later than 1st October every year.

in 1967-68

7.06. The yearly expenditure of the NCUI³, the CCT excluded, amounts to approximately Rs.655,000 of which about Rs.495,000 are contributions from government. The member organisations (17 primary societies, 83 central societies/federations and 8 individuals) contribute approximately Rs.200,000 per year to the NCUI.

2. Constitution of the National Cooperative Union of India, pp. 8-9.

3. Statistical Statements relating to the Cooperative Movement in India, 1967-68, p.163 (A Reserve Bank of India Publication).

7.07 Activities

The NCUI is running a training centre in New Delhi (The All India Cooperative Education Instructors' Training Centre) for conducting Instructors' training courses on an All India basis, specially on methods and techniques of teaching and approach to member education programmes. In addition, the NCUI is organising conferences and seminars, publishing a quarterly journal "The Indian Cooperative Review" and a monthly journal "The Cooperator" and is also operating a printing press.

7.07.02 The NCUI receives scholars from other countries and sends participants from cooperative movement in India to participate in conferences and seminars abroad and to study cooperatives in other countries.

7.07.03 During the year 1967-68 approximately 180,000 secretaries/managers, 1.2 million Managing Committee members and 2.8 million ordinary members attended the meetings, seminars etc. conducted by the NCUI and the CCT.⁴

7.07.04 Most of the NCUI's training activities in the field are undertaken by the Committee for Cooperative Training (CCT) set up by the NCUI. (See the chapter dealing with CCT).

7.07.05 The National Consumer Cooperative Federation (NCCF) is one of the NCUI's member organisations and the NCUI is represented in the NCCF's Board in order to make coordination of activities possible.

7.08 State Cooperative Unions

At the State level there are State Cooperative Unions generally with the objectives to promote cooperation, to conduct various training and member education activities, to bring cooperative institutions together, to reorganise and improve cooperative societies, etc.

4. Statistical Statements relating to the Cooperative Movement in India, 1967-68, p. 163. (A Reserve Bank of India publication.)

The membership is open to cooperative societies and organisations in operation within the area concerned. In 1967-68 there were 21 state cooperative unions in operation with 40,466 primary societies, 584 central and 354 individuals, as members.⁵

7.09 Funds

The funds of the Union shall consist of :

- | | | |
|------|---|-----------|
| a) | Admission fee. | |
| b) | Annual subscription from the members at the following rates : | |
| i) | Apex Societies having their area of operation not less than the whole state. | Rs. 2,000 |
| ii) | District/Central Cooperative Banks. | Rs. 500 |
| iii) | Societies other than those not coming under (ii) and having their area of operation not less than the whole district. | Rs. 500 |
| iv) | Cooperative Marketing Societies. | Rs. 250 |
| v) | Primary Cooperative Societies as mentioned in byelaws. | Rs. 250 |

7.10 The total expenditure⁶ of the 21 State Cooperative Unions amounted to approximately Rs.18.5 million in 1967-68. The State Governments contributed about Rs.9.5 million and the total income of the Unions, the governments' contribution included, amounted to approximately Rs.19.5 million.

7.11 Activities

The State Cooperative Unions are running the local training colleges and conducting ^{various} training activities in addition to publishing magazines in the regional languages.

5 & 6. Statistical Statements relating to the Cooperative Movement in India; Reserve Bank of India Publication, 1967-68, p.163

7.11.02 During 1967-68, 11,800 Secretaries/Managers, 3,500 prospective young leaders, 81,000 Managing committee members and 105,000 ordinary members from all types of cooperative institutions attended the courses, seminars, conferences, etc. The State Cooperative Unions employed 1,036 Instructors and Propaganda Staff in the above activities.

7.12 District Cooperative Unions

In 1967-68 there were 202 Central/District Unions with approximately 52,000 primary societies, 485 central societies and 5,700 individuals as members and with 433 Instructors involved in the Unions' educational and propaganda activities.⁷

7.12.02 The Unions were mostly involved in carrying out educational activities and 7,124 Secretaries/managers, 2,817 prospective secretaries/managers, 42,400 Managing Committee members and 21,000 prospective Managing Committee members and 14,500 ordinary members attended the same.⁸

7.12.03 The total expenditure⁹ of the Unions amounted to approximately Rs.2.8 million and the total income was about Rs.3.1 million of which approximately Rs.650,000 was contributed by the government.

7.13 The quantum of personnel attended the different types of courses may appear very massive but, in fact, very small part of these courses has anything to do with the consumer programme and much less with a consumer emphasis or consumer oriented. Further, there is considerable scope for effective coordination between the different training programmes in a given area for the advantage of the movement.

7, 8 & 9. Statistical Statements relating to the Cooperative Movement in India : Reserve Bank of India publication, 1967-68, p.163.

7.14 The training schemes both member education and staff training remain in isolation without an effective involvement with the main stream of consumer business activity. Consumer cooperative shops - ny and large - do not look at the training colleges and training centres as sources for enriching their knowledge either by giving or receiving. This needs to be corrected.

THE COMMITTEE FOR COOPERATIVE TRAINING (CCT)

8.01 The Government of India appointed a Study Team on Cooperative Training in 1960 to examine, among other things, the adequacy of existing arrangements of cooperative education and training. On the basis of the recommendations of the Study Team a Conference of State Ministers of Cooperation was held in October 1961, which decided that the work of the Central Committee should be handed over to the National and State Cooperative Unions. Accordingly the training programme was handed over to the Committee for Cooperative Training (CCT) of the National Cooperative Union of India with effect from July 1, 1962.¹

8.02 The CCT was assigned the following functions :

- i. To formulate plans organise and direct the arrangements in regard to the training of personnel employed in the Cooperative Departments and institutions in the country.
- ii. To be in overall charge of the coordination of the programme of cooperative training and education including member education programme and in particular prescribe syllabus, methods of examination and to assure that the standard of training and education is maintained.
- iii. To run a central organisation to conduct research and studies in cooperation and for training of senior personnel of cooperative departments and institutions on an All-India basis.
- iv. To arrange for specialised courses in various subjects at the intermediate training centres.

1. Review of Cooperative Training in India, 1962-67, page 3.

- v. To arrange for research at the central organisation and at the intermediate and other cooperative training centres, universities and other educational institutions etc., and coordinate the programme of research.
- vi. To run intermediate training centres in states where they are not handed over to the state cooperative unions.
- vii. To evaluate the various Courses in cooperative training and suggest measures for improvement.
- viii. To generally advise the Government of India in regard to the steps to be taken to promote cooperative training and research.

8.02.02 All along, the Committee for Cooperative Training has had its association with well-known cooperators, State Cooperative Unions, academicians from Universities, Registrars of Cooperative Societies, and other high ranking Government officials and officers of the Reserve Bank of India.

8.02.03 Director, Cooperative Training, Department of Cooperation, Ministry of Food, Agriculture, Community Development and Cooperation is the Member-Secretary of the Committee in his ex-officio capacity. He is the Chief Executive of the Committee.

8.03 Functional Sub-Committees

To discharge the functions laid down, the Committee for Cooperative Training in 1962 appointed two Functional Sub-Committees² namely, Administration and Finance Sub-Committee and Training and Research Programmes Sub-Committee.

8.03.02 The functions of the Administration and Finance Sub-Committee are as under :

- a. Laying down conditions of recruitment of the teaching staff at the training centres.
- b. Organisation of courses including special and ad-hoc courses.

2. Review of Cooperative Training in India, 1962-67, page 4.

- c. Approval of the budgets of the training centres.
- d. Approval of the panel of the practical training guides and their emoluments.
- e. Matters regarding constitution and functioning of the Local Committees at the training centres directly run by the Committee.
- f. Coordination of the activities of the Cooperative Training Centres transferred to the State Cooperative Unions.

8.03.03 The functions of the Training and Research Programmes Sub-Committee are as follows :

- a. Formulation and coordination of Research Programmes at the National Institute of Study and Research and other cooperative training centres and cooperative institutions.
- b. Matters relating to durations, syllabi of various courses, examinations, practical training programmes, etc.
- c. Production of literature and publicity programme.

8.03.04 The Training and Research Programmes Sub-Committee also functioned as Local Committee for the National Institute at Roona.

8.04 On March 3, 1963, the Committee authorised the Chairman to constitute a Textbook Sub-Committee for :

- a. Surveying, screening and selection of available literature.
- b. Giving suggestions for preparing new textbooks, if necessary, and the allotment of subjects to different authors.
- c. Deciding the priority of subjects on which textbooks may be prepared.

8.05 Administrative Arrangements

The day-to-day administration of the Committee is the responsibility of the Secretariat at the headquarters headed by

the Member-Secretary. The Committee is directly administering the Vaikunth Mehta National Institute of Cooperative Management, Poona (through the Training and Research Programmes Sub-Committee and the Director) and nine cooperative training centres at Patna, Kalyani, Faizabad, Rajpur (Dehradun), Patiala, Indore, Kota, Hyderabad, and Bangalore (through the principals). The remaining four training centres situated at Poona, V.V. Nagar, Gopalpur-on-Sea and Madras are administered by the respective State Cooperative Unions through Special Committees and the Principals. The Committee for Cooperative Training continues to exercise overall control and supervision over all the centres and is responsible for maintaining academic standards.

8.05.02 Apart from the general administration of the training programme, the Committee at its headquarters, undertakes publication of text-books, periodical reviews and reports, inspection of training centres, execution of the decisions of the Committee for Cooperative Training and its Sub-Committees, remission of funds and audit of accounts of the centres, coordination of the training programme and liaison with the Government of India, State Governments and training centres and other concerned institutions and agencies.

8.05.03 In the Secretariat, there are two Joint Directors, three Deputy Directors, one Administrative Officer, one Accounts Officer and the office staff to assist the Member-Secretary.

8.05.04 The Secretariat has been re-organised with effect from 1st September 1967 into the following five sections :

1. Accounts Section
2. Administration Section
3. Basic Courses and Coordination Section
4. Evaluation and Research Section
5. Senior Officers and Foreign Training Section

8.06 Funds

Funds for the implementation of the training programmes are provided by way of 100 per cent grant by the Government of India in the Ministry of Food, Agriculture, Community Development

and Cooperation. The Ministry of Industrial Development and Company Affairs also provides grants for Pilot and Special Courses in Industrial Cooperation.

8.06.02 Funds provided by the two Ministries during the last five years of the existence of the Committee are indicated below.³

(Rupees in thousands)

YEAR	Funds allocated by the Ministry of	
	F.A.C.D. & Coopn.	Industrial Development
1962-63	2670	-
1963-64	2850	106
1964-65	2850	157
1965-66	2863	175
1966-67	3348	194
1967-68	3565	232

8.06.03 The procedure of providing funds on year-to-year basis is a factor responsible for ad hoc nature of the training programmes and has affected the measures for streamlining the same. The allocation of funds by the Government of India has been increasing every year. These have, however, proved inadequate to meet the growing needs of additional staff and other needs for an expanding situation.

8.06.04 Since the Cooperative Movement is built on the basic principles of "self-help" and "mutual-help" one of the objectives of the Committee for Cooperative Training should be to generate the needed funds from the movement. The societies should contribute a small percentage of the profit and or pay a fee for each trainee. This will not only enable the Training pay its way (at least partly) but also create a lively interest among the participants and their management to make the best use of the training and the trained personnel. Incidentally, this will put a check on the number and tone up the quality of the training with advantages flowing all round.

3. See foot note 1. page 8.

8.07 Activities

At the National Institute, training for top level personnel is undertaken as follows :

- a. A core course of one year's duration for the existing and prospective executive officers - departmental as well as institutional - working/earmarked to work above the district level as well as Principals and Instructors of the intermediate level cooperative training Centres and Principals of the Junior Cooperative Centres. Capacity of the course is 40.
- b. Two short-term courses - one, of 8 weeks duration for the general managers of the wholesale consumers stores; and the second, of four months duration for senior officers of the cooperative departments/institutions. The capacity of each of the courses is 30 trainees.
- c. Ad-hoc courses including refresher courses for senior officers seminar type courses for functional officers, courses in budgeting and other relevant aspects of the cooperative movement.

8.07.02 This Institution is also being developed to sponsor and conduct research on various aspects of cooperation. A number of research projects have already been completed.

8.08 A General Basic Course is conducted in the 13 regional training centres for intermediate category of personnel. The duration of the course is 36 weeks of which 24 weeks are for training at the centre while 12 weeks are for practical training in the field.

The Course content is broad based to give a background of different cooperative activities. It is neither a specialized nor business oriented. Very few periods are allotted for consumer cooperatives.

8.09 Junior Courses are conducted at the 65 Junior Cooperative Training Centres for junior personnel. Each of these centres has a capacity to train between 40 and 80 trainees per session. The duration of this Course varies from State to State and ranges from 6 to 12 months. The Committee for Cooperative Training has formulated after consulting the Principals of the Junior Training Centres and the Ministry of Food, Agriculture and Community Development, a rationalised programme in respect of all the Junior Level Training Centres. All the Junior Cooperative Training Centres (with the exception of those located at Madras and Andhra Pradesh) will now conduct a course for the junior personnel called the "Junior Basic Course" for a duration of 30 weeks. This will consist of 22 weeks of instruction at the Centres and 8 weeks of field training.

8.09.02 The syllabus for this revised course contains the following subjects :

- a. i. Principles and History of Cooperation.
- ii. Rural Economics, Community Development and Panchayati Raj.
- b. Constitution and working of different types of cooperative societies.
- c. Cooperative Management and Administration.
- d. Cooperative Law and other laws.
- e. Book-keeping, accounts and audit.
- f. Banking.

8.10 Other Courses apart from the regular courses described above are conducted on specific requests to meet special requirements of the Cooperative Development Programme.

8.10.02 For example, the following adhoc courses have been organised at various centres :

- i. Special course in consumers cooperation.
- ii. Adhoc courses in labour construction cooperatives at the Cooperative Training Centres, Patiala and Gopalpur-on-Sea.
- iii. Refresher courses on a zonal basis for the lecturers of the junior cooperative training centres.

- iv. Refresher courses on statewise basis for persons of intermediate category, who have received some basic training previously.

8.10.03 Senior Officers Training

The Committee also arranges for the training of the newly appointed Registrars/Additional or Joint Registrars of Cooperative Societies who are selected from I.A.S. cadre. The training programme is also arranged for senior officers of the same cadre promoted departmentally.

8.10.04 Training for Foreign Candidates

The Committee organises special training for officers from neighbouring countries sponsored under the various schemes like the Colombo Plan, SCAAP, ILO Schemes, USAID, Third Country Programme etc. The training facilities are used increasingly by countries in the South-East Asia and African region. In addition, the Committee offers two scholarships through the Government of India every year to students from Africa, subject to certain terms and conditions.

8.11 Publications

The Committee has a scheme of publication of text books on Cooperation. The committee has so far brought out the following publications :

1. Bibliography on Coopeartion.
2. Handbook on Cooperative Training.
3. Cooperative Law in India.
4. Handbook on Cooperative Retail shops.
5. Management of Consumers Stores through budgets.

8.12 A quantified training programme to meet the growing needs of the movement with emphasis on the business is lacking. The number trained does not even meet the yearly mobility of personnel. In certain categories such as salesmen, not even a per cent of the total has been trained. The total number of employees

actively involved in the consumer movement is anything between 70,000 and 100,000. The training programme does not take care of quantity or quality.

8.13 It is a fact the stores do not at present demand training. But, it is for the CCT to sell the idea about training and create the needed awareness for specialized training and knowledge as means for progress in the consumer movement.

CHAPTER IXTHE NATIONAL COOPERATIVE CONSUMERS' FEDERATION (NCCF)

9.01 The NCCF is the apex organisation of the Consumer Cooperatives in India which was registered in October, 1965 and started its business in September, 1966. The membership of the NCCF comprises of the 14 State Federations, the Chairmen of which constitute the NCCF Board and also its representative members in the general body, together with one representative each from the Central Government and the National Cooperative Union of India. A few other eminent cooperators and economists are co-opted as members of the NCCF Board and the General Body.

9.02 The NCCF has its head office in New Delhi and operates branches in Bombay, Madras and Gauhati. It has recently started a Dal Mill in Nagpur and another one in Narwana. The branches in Madras and Bombay are particularly concerned with procuring textiles from the mills in these areas and arranging distribution to State Federations and wholesale/department stores all over the country through the State Federations. The branches are also dealing with the supply of spices and foodgrains etc. for the stores in the areas where they are located in collaboration with the State Federations.

9.03 The business activities of the NCCF consist of procurement and supply of the following goods to its members, the State Federations, and also to wholesale stores Department Stores in the country through the State Federations. For the year ending 1969, the value of the goods distributed were as follows : 1/

1/ Annual Report for 1968-69 of the NCCF.

	<u>Rupees (in thousands)</u>	<u>% of NCCF total sales</u>
1. Textiles	13,224	46%
2. Pulses and spices	5,350	19%
3. Imported goods like dates, dry-fruits, cloves, cinnamon, contraceptives etc.	7,144	24%
4. Scarce goods like cycle, tyres and tubes, baby- foods, dry battery cells, etc.	3,022	11%
	<hr/> 28,740 <hr/>	<hr/> 100% <hr/>

9.03.02 In addition to the total sales for the year 1968-69 amounting to Rs. 28.7 million, the NCCF distributed Rs.5.55 million worth of confiscated goods effected on commission basis.

9.04 Within the field of promotional activities, the NCCF in consultation with an ILO Adviser, has worked out a simplified accounting system which some wholesale and department stores have introduced in their stores. It has also given, in some cases, consultancy services on inventory sales and personnel management with the assistance from the ILO and the International Cooperative Alliance (ICA). The NCCF publishes a monthly information bulletin giving actual information to the stores. In addition the bulletin discusses various matters relating to wholesale and retail business.

9.05 Within the field of processing the NCCF has, as indicated earlier, recently started a Dal Mill in Nagpur and another one in Narwana.

9.06 To enable the NCCF build up buffer stocks of agricultural commodities in a big way, a scheme has been worked



The NCCF makes available a number of items for sale to the Consumer Stores in India. The NCCF also arranges periodic exhibitions of items like textiles, dry fruits etc. Here is a view of a textile exhibition,

out for institution of an Agricultural Commodities Inventory Loss Fund partly contributed by the Government and partly from the profits of the NCCF. ^{2/}

9.07. Some statistics of the NCCF indicating year to year progress is given below : ^{3/}

(Amounts in thousand Rupees)

Particulars	1966-67	1967-68	1968-69
1. Number of member federations	14	14	14
2. Paid up share capital -	1,180	1,922	2,024
A. Member federations	280	422	524
B. Government	900	1,500	1,500
3. Total Sales \$	10,718	23,680	28,740
(\$ These sales figures do not include sales on commission basis)			
4. Average sales turnover per State Federation	765	1,700	2,050
5. NCCF's sales in percentage of State Federations/total sales turnover	30%	27%	37%
6. Total gross Profit including Govt. subsidies	469	1,087	3,063
7. Total gross profit in percentage of sales	4.4%	4.6%	10.6%
8. Establishment charges	115	274	367
9. Other expenses	126	331	569
10. Patronage Refund	61	-	805
11. Net profit before income-tax but after payment of patronage refund	167	482	1,322
12. Net profit in % age of total sales	1.6%	2%	4.6%
13. Total assets	3,513	5,746	7,500
14. Reserves and other funds	Nil	120	372

^{2/} Agenda Notes for the Conference of Registrars of Coop. Societies, held on 18/19.9.70, p.187

^{3/} NCCF Annual Reports.

9.08 The share capital from the member federations has been increasing, but, taking into consideration the patronage bonus refunded to the member organisations, the share capital could have been increased faster for an expanding business. The government's part of the share capital amounts approx. to 75 per cent for the years under report.

9.09 The sale turnover has been increasing rapidly. The state federations make purchase of goods from the NCCF approx. up to 35%. However, the wholesale stores bought only 5% of their goods from the state federations. It is just a fraction (2% or so) of the goods sold in the wholesale stores that are procured through the NCCF.^{4/}

9.10 The total gross profit of the NCCF varies from 4.4% in the year 1966-67 to 10.6% in 1968-69. The patronage refunded to state federations amounted to a minimum of Rs.61,000 in 1966-67 and a maximum of Rs.805,000 in 1968-69. The net profit before income-tax but after refunding patronage bonus amounted to a minimum of 1.6% in 1966-67 and a maximum of 4.6% in 1968-69.

9.11 The NCCF has, during its three years of existence been able to establish its business and financial capacity ensuring a refund patronage bonus to the state federations and societies amounting to Rs.977,000. However, keeping in view the sales of the primary and wholesale stores, it will be appreciated that just a fraction of the goods sold in these stores is procured through the NCCF. There is considerable scope for providing urgently needed consultancy services in various fields of retailing. Other fields which still remain to be explored are the consumer industries and matters relating to consumer information, etc.

9.12 While the NCCF has passed through the difficulties of the initial stages well, time is opportune for it to take stock of the following facts and set its objectives clearly

^{4/} The sales of the wholesale stores are as per figures indicated in Chapter XI.

THEY ARE HERE DO YOU 'C' THEM ?

We hope you will. Only if we just brushed the 'C's'—
The Crest ● The Collar ● and The Cuff



Cotton

Terycot

Cotton

So there they are. The Challenge Shirts produced by
N C C F

Come to you again with the brand name that reflects the spirit of the people like you and of the times too.....for they are designed and tailored by people of Challenging Competence.

All Shirts have 'Apcotex' fused one piece Collar.

VARIETIES : Cotton Rs. 13.00 per piece.
Terycot Rs. 29.50 per piece.

F.O.R. destination including cost of packing, freight and insurance.

Minimum order should be for 78 Shirts in assorted sizes.

Cotton Shirts Packed in individual polythene wrappers, and six in a Cardboard Carton.

Terycot Shirts in individual Cardboard Cartons.

Want to be one among the SMART SET—
—then pick up the CHALLENGE.

BUY CHALLENGE SHIRTS FOR QUALITY, FOR PRICE, FOR ELEGANCE.

in the future :

- a. To expand and increase the assortment and sale with an aim to supply at least 50% of the requirements of the retail outlets in the cooperative sector within the next ten years;
- b. Roughly 50% of the total sales now effected by NCCF falls under scarcity goods, confiscated goods or imported goods - akin to the distribution of controlled commodities. A larger average in terms of amount as well as percentage in respect of other than "easy to sell goods" will call for efforts but ensure involvement and strength;
- c. NCCF functions more like a wholesale than as an apex organisation. It has somewhat isolated itself with little or no responsibility for the success or failure of the Consumer Movement as a whole. This needs to be corrected;
- d. A small beginning has been made in processing activity. This needs to be expanded;
- e. Membership of NCCF should be broad-based for including wholesales stores, etc.
- f. The federations should take over control tower functions, consumer information, consultancy services etc. with a view to improving the techniques as also to ensure satisfactory relationship between the different organisations within the movement.

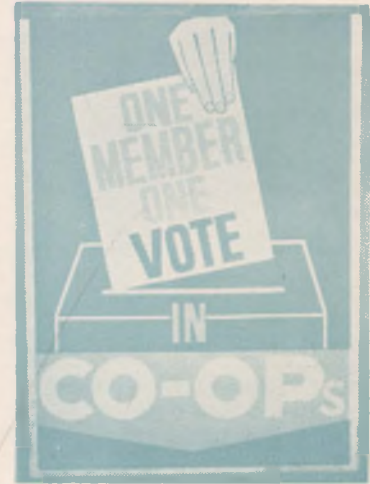
N C C F Posters for Sale



Orange & Grey



Yellow & Olive Green



Red & Steel Grey

NCCF has published the following Posters in the colours given under the pictures. They have the standard size of 50 cm. × 70 cm. Printed on thick white paper, these Posters can be inserted in Wooden (or aluminium) frames and displayed at conspicuous places.

The price of each poster is 10 paise, packing and postage extra.

These Posters are available at the Head Office and Branches of the National Cooperative Consumers' Federation at the following addresses :



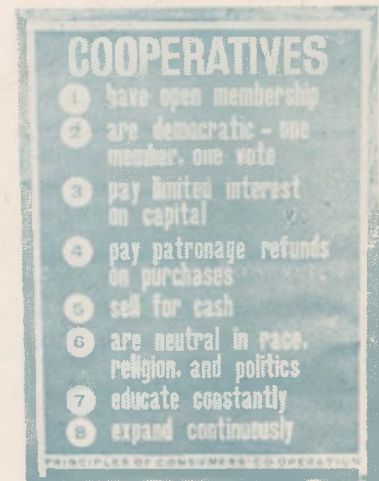
Red & Black

NEW DELHI
25, Ring Road, Lajpatnagar IV,
NEW DELHI-24.

BOMBAY
Nishat Building
24, Mangalore Street, Ballard Estote,
BOMBAY-1.

MADRAS
Nazeera Mansion,
316, Linghi Cnetty Street
MADRAS-1

GAUHATI
G. S. Road, Ulubari,
GAUHATI-8.



Blue

NCCF has produced a set of posters, which try to educate consumers in cooperative principles and practices.

STATE COOPERATIVE CONSUMERS' FEDERATIONS

10.01 As a part of the Centrally Sponsored Scheme a federal organisation at the state level was created for the purpose of procuring agricultural produce, such as pulses, spices as well as scarcity commodities like cycle tyres and tubes, baby foods, for the wholesale stores.

10.02 By the end of June, 1969, 14 State Federations were in position covering all states except Jammu & Kashmir, Assam and Nagaland, where due to a small number of existing wholesale stores it did not justify establishment of a State Federation.

10.03 The present activities of the State Federations are to supply textiles, often in smaller lots, and to procure pulses and spices, imported and confiscated goods together with scarce commodities like tyres, tubes, blades, dry cell batteries, etc. to the wholesale stores. In addition, one of the State Federations is operating an oil mill and spice-powdering unit, and another has started a spice-powdering unit. Two state federations are operating one Department Store each as a branch.

10.04 12 State Federations were showing a profit during the year 1968-69, while two were operating under loss. However, if these federations did not receive patronage refund from the NCCF, most of them would work under loss.

10.05 To cover their operational costs the State Federations usually add 1 to 5 per cent to cost price of goods procured for the wholesale stores.

10.06 Details of paid up share capital, sale turnover, and Profit and Loss Statement for the year 1967-68 to 1969-70 are indicated below : ^{1/}

^{1/} Agenda Notes of the Conference of Registrars of Cooperative Societies, held in New Delhi on 18/19 Sept., 1970, p.212

**A STATEMENT SHOWING THE MEMBERSHIP, PAID UP SHARE CAPITAL, SALES TURNOVER
PROFIT & LOSS POSITION OF STATE COOPERATIVE CONSUMERS FEDERATIONS
AS ON 30.6.1970**

(Rs. in lakhs (00,000).)

Name of the Federation	No. of member societies affiliated	Paid up Share Capital		Sales turnover		Profit or Loss		Anticipating profit		
		Govt.	Member Total	67-68	68-69	69-70	67-68		68-69	69-70
1. A.P. State Con. Fedn.	26	1.51	2.00	3.51	5.92	17.30	20.12	-0.33	+0.04	profit
2. Bihar "	27	2.50	2.18	4.68	3.49	1.55	2.61	-0.18	+0.14	-do-
3. Gujarat -do-	15	1.87	1.30	3.17	6.83	15.46	16.50	-0.22	+0.48	-do-
4. Haryana -do-	11	3.41	0.87	4.28	16.51	14.90	13.18	+0.39	+0.80	-do-
5. Kerala -do-	9	2.00	2.40	4.40	33.11	30.39	23.53	-4.47	-5.39	-do-
6. Mysore -do-	30	18.04	4.01	22.05	306.00	208.89	190.09	+1.64	+2.50	-d -
7. M.P. -do-	18	3.33	2.28	6.11	8.55	17.07	18.49	-0.58	+0.37	-do-
8. Tamil Nadu -do-	40	5.00	4.10	9.10	96.10	83.92	81.06	-2.13	+0.92	-d -
9. Maharashtra -do-	38	5.00	6.77	11.77	125.73	192.56	250.75	+1.04	+0.67	-d -
10. Orissa -do-	36	2.50	0.60	3.10	3.44	3.87	6.80	+0.10	+0.14	-do-
11. Punjab -do-	15	4.57	1.59	6.16	41.90	31.60	32.00	+0.33	+1.10	-do-
12. Rajasthan -do-	13	2.50	1.46	3.96	0.52	6.21	6.50	-0.16	+0.34	-do-
13. U.P. -do-	42	5.00	5.50	10.50	84.00	39.36	48.50	-4.72	+0.02	N.A.
14. West Bengal -do-	29	5.00	5.67	10.67	150.80	124.31	89.93	-2.41	-2.18	Anticipating profit
Total	349	62.73	40.73	103.46	882.90	787.39	800.06			

10.06.02 As can be seen from the above, a majority of wholesale stores in the country are affiliated to the State Federations but the average yearly sales of the State Federations is rather nominal. For example, the average sale of the state federations during 1967-68 is Rs.6.3 million and 1969-70, Rs. 5.7 million. The average yearly sales to each wholesale store affiliated for the year 1969-70 is about Rs. 2,30,000. The wholesale stores are generally making their procurement of goods from the State Federations only to a very limited extent (5% or so). The share capital of the federations is approximately 40 p.c. from the affiliated wholesale stores and approximately 60 p.c. from the government.

10.06.03 The state federations have so far not had much time to develop and stabilise their operation. A big part of their business is "easy business" e.g. dealing in scarce items and confiscated goods. Thus, they have not played an important role as expected in supplying foodgrains and other essential consumer articles. The reasons are, among others, lack of support from the wholesale stores and lack of know-how and experience in running this type of wholesale business. Another reason is the multi-point sales-tax system in force in some of the states often making it costlier for the primary/wholesale stores to make purchases of goods from cooperative wholesalers as these wholesalers have to charge sales-tax at each organisational level.

10.06.04 The state federations have been advised to pool purchases on behalf of wholesale stores so as to gain the benefit of bulk buying, and also to maintain ready stocks to meet their requirements. They have also been advised to form a managerial cadre of key-personnel to assist the stores in meeting their requirements of such personnel. The need for the state federations for setting up an Agricultural Commodities Inventory Loss Fund from which losses can be

met in case of stocking agricultural commodities in a big way,
has also been stressed.^{2/}

^{2/} Agenda Notes of the Conference of Registrars of
Cooperative Societies, held in New Delhi on
18/19 Sept., 1970, p.187.

RETAIL OUTLETS (WHOLESALE & PRIMARY)A. WHOLESALE STORES¹

11.01 Wholesale store is not a proper name of the stores, as approximately one-third of the sale is in retail business. The share of the retail business is increasing due to increase in the number of branches and opening of new department stores. Generally speaking the size of the wholesale stores is small.

11.02 From the statistical data attached it will be seen that the number of stores, their sales, their number of branches, the membership, the working capital, the reserves and the assets indicate a favourable trend for the years under study. The efficiency of the stores in regard to average retail sales per branch, average retail sales per individual member, average wholesale sales per affiliated institution, however indicates a declining trend partly to deteriorating operational results leading to reduced gross profits and partly to the increase in the cost of management due to increases in salary costs etc. The result is the total net profit of the stores has been steadily declining. The last year under report shows a loss. For the last year under report, the number of stores showing profit has declined while the stores showing loss both in number and percentage of total stores has increased.

11.03 In addition to the above, the share capital for the individual members for the last year under study has declined, the stock turn fallen, while the credit sales increased. Thus from the efficiency point of view the trend is unfavourable and serious. Due to small size of the business (both wholesale and retail) and the limited experience and know-how among the

1. Federation of primary societies but also open to individual members, thus dealing in both retail and wholesale business.

managerial personnel, the wholesale stores have not functioned as a full-fledged service organisation for the primary societies. The primaries have still procured approximately 75%² of their requirements from the cooperative wholesale stores to which they are affiliated without any promotional services which even the private wholesales often provide.

11.04 The wholesale stores are gradually developing and increasing their own retail business as that gives them a better gross surplus to meet the often losing proposition of wholesaling. But the opening of retail units by wholesale stores has, in some cases, met with competition among cooperatives. On the other hand, the wholesale stores criticise the primaries as small in size dealing mostly in rationed and controlled goods and making purchases from wholesale stores mostly of scarce goods that are not freely available in the open market. They also feel that primaries prefer to purchase from the open market of the various other consumer goods, resulting in losses to the wholesale stores.

11.04.02 The split in investments of the wholesale stores resources in wholesales and retailing results in that both the lines suffer due to lack of availability of funds and other resources to invest in goods which are in demand. Thus, the future of many of the wholesale stores might be uncertain, if steps are not taken to overcome their problems. A few wholesale stores have already been liquidated stressing the need for analysing their problems and finding out remedies.

11.05 The working of wholesale/central stores has been studied to identify the factors that led to uneconomic working and other shortcomings and remedial measures suggested. These included further diversification of the range of their business, gradual shift to the unitary pattern of organisation, forging closer

2. While aiming at the percentage, it has been assumed that all the wholesale sales of the wholesale stores were to primaries which may not necessarily be the case.



Kalpatharu

Bangalore

The President of India Mr. V.V. Giri, talking to a salesman of the Super Bazar, after he inaugurated the store.

The cosmetics section of the Super Bazar



A view of the Air-conditioned textile section

links with the primaries on the one hand, and State Federations, on the other, and streamlining of purchase and accounting procedures, inventory and stock control and staffing pattern.

Some statistics of Consumer Cooperative
Wholesale Stores

(Source: Statistical Statement relating to the
Cooperative Movement in India by the
Reserve Bank of India)

Part 2 non-Credit Societies

(Amount in thousand of Rs.)

	1964-65	1965-66	1966-67	1967-68
1. Number of stores	222	272	371	385
2. Of which dormant	1	7	5	4
3. Of which doing processing		18	17	18
4. Number of branches/ retail outlets operated	1247	1700	2267	2425
5. Wholesale sales total	792142	1,274964	1,362382	1,524343
A. Foodgrains	792142	696230	775729	748701
B. Others		578734	586653	775642
6. Retail sales total	NA	319718	539165	563233
A. Foodgrains	NA	202400	293213	241048
B. Others	NA	117318	245952	322185
7. Grand total sales	792142	1,594682	1,901547	2,087,576
A. Foodgrains	792142	898630	1,068942	989749
B. Others	NA	696052	832605	1,097827
8. Average total whole- sale and retail sales per wholesale store	3568	5863	5125	5420
A. Foodgrains	3568	3304	2881	2568
B. Others	NA	2559	2244	2852
9. Average total whole- sale sales per insti- tution affiliated ^s	NA	145	76	83
A. Foodgrains	NA	79	43	41
B. Others	NA	66	33	42

^sNote: Not all the institutions which are affiliated are primary societies.

	1964-65	1965-66	1966-67	1967-68
10. Average total retail sales per Branch/retail outlets operated by the whole-sale stores.	NA	188	238	232
A. Foodgrains	NA	119	129	99
B. Others	NA	69	109	133
11. Average total retail sales per individual member of wholesale stores	NA	.626	.797	.730
A. Foodgrains	NA	.396	.433	.313
B. Others	NA	.230	.364	.417
12. Gross profit in percent of total sales	4%	2.5%	3.0%	3.0%
13. Cost of management in percent of total sales	3.2%	1.9%	2.7%	3.3%
14. Out of which salary costs in percent of total sales	1.1%	1.0%	1.4%	1.6%
15. No. of stores in profit	159	197	246	168
16. Amount of profit	7,165	12,161	12,394	8,140
17. No. of stores in loss	43	43	97	188
18. Amount of loss	859	2,494	6,019	14,194
19. Number of stores without profit or loss	20	32	28	29
20. Total profit or loss in percent of total sales	0.8%	0.6%	0.3%	0.3% loss
21. No. of individual members	NA	511,043	676,263	771,221
22. No. of institutions as members	NA	8,766	17,844	18,321
23. Total liabilities	156,210	307,587	418,366	603,538
24. Working capital	133,931	210,963	299,802	389,636
25. Paid-up share capital Tot.	31,042	43,236	80,893	102,331
26. Paid-up by individual members	NA	8,382	14,995	14,041
27. Paid-up by institutions	NA	11,380	19,279	23,828
28. Paid-up by government	NA	23,474	46,619	64,456
29. Reserves and other funds	9,031	25,536	33,222	37,225
30. Borrowings and other liabilities	116,138	238,815	304,217	463,983
31. Total assets	163,077	319,509	427,878	600,540
32. Value of outgoing stock	82,374	145,159	184,421	276,117
33. Stock turnover per year ^{\$\$}	10 times	11 times	10 times	7.5 times
34. Amount outstanding under credit sales.	10,759	17,089	37,259	40,849

\$\$The ratio between the value of stock and the total sales



A view of the counter of Super Bazar selling steel utensils, a popular counter for the housewives.

11.06 The number of wholesale stores has increased from 222 in 1964-65 to 385 in 1967-68 of which a few (approximately 5) were dormant. Approximately 18 of the wholesale stores functioning were having some kind of processing activity. Most of the wholesale stores working 219 in 1964-65, 252 in 1965-66, 345 in 1966-67 and 351 in 1967-68 were started under the Centrally Sponsored Scheme. In 1964-65 the wholesale stores were operating 1,247 retail branches and this number had mostly doubled in 1967-68 to 2,425.

11.06.02 The total sale of the wholesale stores has increased from Rs.792 million in 1964-65 to Rs.2087 million in 1967-68 - of which approximately 80% in 1965-66 referred to wholesaling and the remaining 20% referred to retailing; whereas in 1967-68 about 73% referred to wholesaling and 27% to retailing. Thus the number of wholesale stores, their number of branches and their total sales have expanded rather rapidly during the period. The average total sale per wholesale store has also increased from about Rs.3.5 million in 1964-65 to approximately Rs.5.4 million in 1967-68. The growth of the wholesale stores is due to expansion of commodities in other than foodgrains in a linked way other than foodgrains in the wholesaling as well as through direct retailing activities.

11.06.03 The number of institutions affiliated to the wholesale stores, of which a great majority are primary societies, have rapidly increased from 8,766 in 1965-66 to 18,321 in 1967-68. The number of individual members in the wholesale stores has also increased from about 511,000 in 1965-66 to approximately 771,000 in 1967-68.

11.06.04 The average sale of the wholesale stores to their affiliated institutions has however declined from Rs.145,000 in 1965-66 to Rs.83,000 in 1967-68 and the decline is mostly in the sale of foodgrains. Of the wholesale stores, sale to the affiliated institutions approx. 55% in 1965-66 and 1966-67 refer to sale of foodgrains while in 1967-68 this has decreased to just below 50%. The primaries have upto about 68% procured their requirements of goods from the wholesale stores in 1964-65. This ratio increased in 1965-66 to approximately 80% but declined in 1966-67 to about

71% and again rising in 1967-68 to about 83% of total sales of primary stores.

11.06.05 The average total retail sale per retail branch operated by wholesale stores has increased from Rs.188,000 in 1965-66 to Rs.232,000 in 1967-68 and the sale of goods other than foodgrains assumed a dominating position in the business of the branches. However, the sales volume per retail branch is rather small keeping in mind that in 1967-68, there were 60 department stores having a sale of Rs.224 million. If the department stores are excluded, the average sale per branch other than department stores in 1967-68 amounts to about Rs.155,000 indicating a diminishing trend in the average size of the other retail branches.

11.06.06 The average sale per individual member and per year in the wholesale stores amounted to Rs.626 in 1965-66 and increased to Rs.797 in 1966-67 but declined again in 1967-68 to Rs.730 in spite of higher prices and broader assortment. But the sale of goods other than foodgrains has increased its share of total retail sales mostly due to the establishment of department stores.

11.06.07 The gross profit of the wholesale stores amounted to 4% of total sales in 1964-65, declined to 2.5% in 1965-66 but increased to 3% for the years 1966-67 and 1967-68. The cost of management amounted to 3.2% of total sales in 1964-65, declined to 1.9% in 1965-66 but has increased for the following two years upto 2.7% in 1966-67 and to 3.3% in 1967-68. The increase in management costs is mostly due to an increase of salary costs which rose from 1% of total sales in 1965-66 to 1.4% in 1966-67 and further increased to 1.6% in 1967-68.

11.06.08 As a result of the increase in management costs and a gross profit which has been constant for the two last reported years, the net profit in percentage of total sales has been steadily declining from 0.8% in 1964-65 to 0.6% in 1965-66 further to 0.3% in 1966-67 and turned out in a loss of 0.3% in 1967-68.

11.06.09 The percentage of stores on profit was about 72% in 1964-65 while approx. 20% were in loss during the same year. For the year 1965-66 about 72% were in profit and about 16% in a loss. For the following year, 1966-67, approx. 66% of the stores were in profit, while approx. 26% of the stores were showing a loss and for the last year under study, 1967-68, approx. 44% of the stores were in profit, while approximately 49% of the stores were in loss. Thus the percentage of stores in profit has been steadily declining from 72% in 1964-65 and 1965-66 to 44% in 1967-68 while the stores in loss has increased during the same period from 16% in 1965-66 to 49% in 1967-68. The average liabilities of the stores amounted to Rs.703,000 in 1964-65 increased to Rs.1.1 million in 1965-66 and 1966-67 and further increased to Rs.1.55 million in 1967-68.

11.06.10 The average working capital per store amounted to approx. Rs.603,000 in 1964-65, increased to approx. Rs.770,000 in 1965-66 and further increased to approx. Rs.1 million per store for the year 1967-68. An increase in the inputs (working capital) without corresponding outputs (sale) has reduced the productivity and profitability of the stores.

11.06.11 The average share capital per store has increased from Rs.158,000 in 1965-66 to about Rs.218,000 in 1966-67 and further to Rs.265,000 in 1967-68. The increase in the share capital is due to mobilisation from all the three categories of members except for the year 1967-68 when the share capital of the individual members was declining with approximately 6% compared to the year 1966-67. The government share in share capital amounted to approx. 54% in 1965-66, declined to approx. 51% in 1966-67 but increased to approx. 63% in 1967-68. The individual member part of the share capital for the above periods amounted to 19%, 18% and 14% respectively.

11.06.12 The average amount of reserves per store has increased from Rs.40,000 in 1964-65 to approximately Rs.94,000 in 1965-66 but slightly decreased to Rs.90,000 in 1966-67 but increased again in 1967-68 to about Rs. 97,000.

11.06.13 The average amount of borrowings per store amounted to approx. Rs.520,000 in 1964-65, increased to approx. Rs.852,000 in 1965-66, declined to approx. Rs.820,000 in 1966-67 but increased rapidly during 1967-68 to the extent of about Rs.1.2 million per store.

11.06.14 The average amount of assets per store amounted to approx. Rs.735,000 in 1964-65, increased to Rs.1.17 million in 1965-66 and slightly decreased to approx. Rs.1.15 million in 1966-67 but further increased in 1967-68 to about Rs.1.55 million.

11.06.15 The average turnover of stock in relation to total sales amounted to 10-11 times per year, except for the last year under report (1967-68) when the stock turnover dropped to 7.5 times.

11.06.16 The average outstanding per year and store credit sales amounted to approx. Rs.49,000 in 1964-65, increased to approx. Rs.63,000 in 1965-66 and further increased to approx. Rs.100,000 in 1966-67 and still further increased to about Rs.106,000 per store in 1967-68.

11.07 B. Primary Societies¹

Except in a few states, the primary societies are, fairly evenly distributed over the country. Most of them are open societies under the Centrally Sponsored Scheme, though there are quite a few as part of welfare activities among the employees of the Railways, the Industrial and mining undertakings the Post and Telegraph Department etc. The primary societies are, as can be seen from the statistics and the comments thereon, generally small stores mainly dealing in foodgrains and controlled commodities.

11.07.02 As a result of their small size and their limited assortment, mostly of controlled commodities. The number of such stores running in losses is increasing and their future is somewhat uncertain. They have not been able to diversify their business.

¹Small Consumer Cooperative Society sometimes also running one or more branches.

Their dependence on the sale of controlled commodities is high. Controls in India are more and more being lifted. Due to the small size they can also not employ develop and retain qualified hands to run the stores etc. They have also not been able to utilise the various facilities given by the government to establish themselves and to develop their business activity.

11.08 The controlled goods (sugar, wheat, rice etc.) are often supplied from the State Food and Supply department. The other items sold are supplied from the Cooperative Wholesale stores and from the open market. The statistics indicate that the growth of the primary stores is slow. There is a small decrease in total sales for the last year under report in spite of an increase in the number of stores/branches and an increase in cost of living. The average sale per member has fallen in spite of a more diversified assortment than before. The number of stores working in a loss has also been increasing.

11.09 The smallness of the stores, the dependence on controlled commodities, the gradual withdrawal of controls, the slow progress and the difficulties to attract and retain qualified employees, lack of know-how, want of integrated support from the apex organisations are some of the factors that call for further examination and remedial action before it becomes too late.

Some statistics of primary consumer cooperative societies

(Source : Statistical statements relating to the Cooperative movement in India by the Reserve Bank of India) 1965-66 and 1967-68. pp.89-91 and 95-97 respectively.

Amount in thousand of Rupees

	1964-65	1965-66	1966-67	1967-68
Number of stores	12,352	13,077	13,837	13,950
Of which dormant	803	2,417	3,292	3,712

	1964-65	1965-66	1966-67	1967-68
3. Of which doing processing activities	NA	172	135	435
4. Number of branches/retail units to be operated	1,489	1,901	2,234	2,255
5. Wholesale sales total	NA	121,941	131,487	128,834
A. Foodgrains	NA	93,661	74,157	71,521
B. Others	NA	28,280	57,330	57,313
6. Retail sales total	1,181,205	1,501,010	1,822,269	1,703,306
A. Foodgrains	NA	982,457	1,239,230	1,119,473
B. Others	NA	518,553	583,039	583,833
7. Grand total sales	1,181,205	1,622,951	1,953,756	1,832,140
A. Foodgrains	NA	1,076,118	1,313,387	1,190,994
B. Others	NA	546,833	640,369	641,146
8. Average total sales per store in operation	102	152	185	180
9. Gross profit in percent of total sales	4.1%	3.8%	3.7%	4.7%
10. Cost of management in percent of total sales	3.3%	3.0%	3.1%	3.9%
11. Out of which salaries costs	2.0%	2.0%	1.9%	2.4%
12. No. of stores on profit	5,991	6,709	6,834	6,136
13. Amount of profit	16,209	21,475	22,444	26,655
14. No. of stores in loss	2,868	2,763	3,233	4,163
15. Amount of loss	6,676	7,936	11,171	12,918
16. No. of stores without	3,493	3,605	3,770	3,651
17. Total profit/loss in percent of total sales	0.8%	0.8%	0.6%	0.8%
18. Number of individual members	NA	2,926,878	3,368,679	3,483,143
19. Number of institutions as members	609,010	834	2,943	2,749
20. Average total retail sales per individual member	NA	0.520	0.530	0.49
21. Total liabilities	227,383	276,486	328,778	342,410
22. Working Capital	162,353	179,802	206,313	219,604

	1964-65	1965-66	1966-67	1967-68
Paid up share capital	53,363	61,593	73,015	76,665
- do - by individual members	NA	54,004	61,954	64,825
- do - by institutions	NA	965	2,049	1,106
- do - by government	NA	6,624	9,012	10,734
Reserve and other funds	41,871	46,861	49,889	58,858
Borrowings and other liabilities	132,150	168,631	205,437	206,451
Total assets	240,362	293,006	343,635	360,861
Value of outgoing stock cost price	88,572	97,924	112,522	114,005
Stock turnover per year	13 times	17 times	17 times	16 times
Amount outstanding under credit sales	26,084	24,229	36,538	38,897

11.10 The number of primary stores has been growing at the rate of approximately 10% during the period under study. The number has increased from 12,352 in 1964-65 to 13,950 in 1967-68. Of the above there is also a steady increase of dormant societies e.g. from 803 in 1964-65 to 3,712 in 1967-68 resulting in that out of 13,950 registered societies in 1967-68, only 10,238 are reported to be in operation. About 50% to 60% of the primary stores registered are those promoted under the Centrally Sponsored Scheme. The branches operated by the primary stores were 1,489 in 1964-65, 1,901 in 1965-66, 2,234 in 1966-67 and 2,255 in 1967-68. The increase during the year 1967-68 was small viz., 21 compared with the previous years.

11.10.02 The total sale of the primary stores amounted to Rs.1,181 million in 1964-65, increased to Rs.1,623 million in 1965-66, Rs.1,954 million in 1966-67 but declined in 1967-68 to Rs.1,832 million. Roughly two-thirds of the total sales was of foodgrains. Approximately 93% of the total sale was in retail the remaining 7% in wholesale business.

11.10.03 The average total sale per primary store and year amounted to approx. Rs.102,000 in 1964-65, increased to approx. Rs.152,000 in 1965-66, further increased to approx. Rs.185,000 in 1966-67 but slightly declined in 1967-68 to approx. Rs.180,000. The average sale per retail unit and year operated by the primary stores amounted to approx. Rs.90,000 in 1964-65, increased Rs.130,000 in 1965-66 increased to Rs.155,000 in 1966-67 but declined in 1967-68 to approx. Rs.145,000.

11.10.04 The gross profit of the store reached 4.1% of total sales in 1964-65, declined to 3.8% in 1965-66, slightly further declined in 1966-67 to 3.7% but increased to 4.7% in 1967-68. The cost of management has been slightly above 3% for the first three years reported but increased to 3.9% for the year 1967-68, mostly due to increase in salary expenses from approx. 2% in the three first years reported to 2.4% for the year 1967-68.

11.10.05 The number of stores in profit has increased from 5,991 in 1964-65 to 6,834 in 1966-67; but, for the year 1967-68 the number declined to 6,136. The ratio of stores in profit to total number of stores registered amounts to approx. 50% during the first three years under report while for the year 1967-68 it stood at approx. 44%. Approximately 23% of the stores registered were in loss during the period 1964-1967 and 30% in 1967-68. The total profit in percentage of total sale amounted to 0.8% except for the year 1966-67 when it was 0.6%.

11.10.06 The number of individual members has increased from 2.9 million in 1965-66 to 3.4 million in 1966-67 and 3.5 million in 1967-68. The number of institutions as members increased from 834 in 1965-66 to 2,943 in 1966-67 but declined to 2,749 in 1967-68.

11.10.07 The total average retail sale per individual member amounted to approx. Rs.500 for the years under study and was slightly decreasing in spite of increased costs of living and broader assortment in the stores.

11.10.08 The total average liability per store in operation amounted to approx. Rs.20,000 in 1964-65, increased to approximately Rs.25,000 in 1965-66, further increased to Rs.31,000 in 1966-67 and still further increased to approx. Rs.33,000. in 1967-68.

11.10.09 The average working capital per store in operation amounted to approx. Rs.14,000 in 1964-65, increased to approx. Rs.17,000 in 1965-66, further increased to approx. Rs.19,500 in 1966-67 and still further increased in 1967-68 to approx. Rs.21,500.

11.10.10 The paid up share capital has increased from all the three categories of members and the average share capital per store in operation amounted to approx. Rs.4,600 in 1964-65, increased to approx. Rs.5,800 in 1965-66, further increased to approx. Rs.6,800 in 1966-67 and still further increased to approx. Rs.7,500 per store in 1967-68. The individual members part of the share capital amounts to approx. 85% while the government's part of the share capital amounts to approx. 13% for the period under report.

11.10.11 The average amount of reserves per store in operation amounted to approx. Rs.3,600 in 1964-65, Rs.4,300 in 1965-66, Rs.4,600 in 1966-67 and Rs.5,700 in 1967-68.

11.10.12 The average value of assets per store in operation amounted to approx. Rs.21,000 in 1964-65, increased to approx. Rs.27,500 in 1965-66, further increased to approx. Rs.32,500 in 1966-67 and still further increased to approx. Rs.35,000 per store in 1967-68.

11.10.13 The average stock turnover has increased from 13 times in 1964-65 to 16-17 times for the other years reported.

11.10.14 The average amount per store in operation outstanding under credit sales amounted to approx. Rs.2,300 in 1964-65 but increased to approx. Rs.3,500 in 1966-67 and approx. Rs.3,800 in 1967-68.

DEPARTMENT STORES

12.01 As indicated previously, the department stores were started as a part of the accelerated scheme to meet the emergency conditions created by the devaluation of the Indian Rupee, so as to check the price line and give relief to the economically weaker sections in the urban areas.

12.02 The department stores are mostly run as branches of wholesale stores, but in some cases also as a separate cooperative society. In two cases the department stores are run as branches of the State Federations. They are named differently in different states, for example Super Bazars, Apna Bazar, Janatha Bazar, Chintmani Department Stores, etc.

12.03 Except in a few states, the department stores are fairly well spread over the country. Usually there is one department store in each of the big town/city except in the metropolitan cities where more than one store is in operation, e.g. New Delhi 4 stores, Bombay 5 stores, Calcutta 2 stores, Bangalore 3 stores, Hyderabad 3 stores and Madras 2 stores.

12.04 Most of the Department stores are occupying a floor area ranging from 5000 sq.ft. to 15,000 sq.ft. and have yearly sales around Rs.2 to 10 million. Approximately 10 stores occupy space from 15,000 sq.ft. to 40,000 sq.ft. and have a yearly sale around Rs. 10 to 20 million, while the giant store in New Delhi has about 90,000 sq.ft. selling area with a yearly sale around Rs.35 to 40 million.

12.04.02 The department stores are mostly housed in rented buildings constructed for domestic or office purposes, but in some cases the buildings in which the department stores are housed are rather functional from the retail distribution point of view.

12.05 The department stores deal in a wide range of consumer articles, which include basic necessities such as groceries and provision, cosmetics and toiletries, textiles and ready made garments, drugs and medicines, and household goods and utensils under one roof. A number of them sell fruits and vegetables, eggs, fish and meat, and run cafeterias. A few of them sell articles such as furniture, footwear, radios and records, scooter parts and motor parts, opticals etc. The Super Bazar in Delhi runs a dental clinic. Some of the stores provide services, such as drycleaning, tailoring, repairing of radio and electrical equipment and watches, and distribution of cooking gas.

12.05.02 Some of the sections in some department stores are not operated by the store itself but are given to contractors on a lease basis, e.g. in New Delhi Super Bazar. Four department stores are providing banking facilities under their roof, in collaboration with scheduled banks/cooperative banks while one of them has a post office in its premises. The Coimbatore Department Store has opened a separate section for supplying agricultural requisites, such as, seeds, implements, pesticides etc. to consumers in the rural areas.

12.06 The Department stores have generally given a lead in modern retailing techniques by providing attractive layout and shop design, artistic display of goods and fixed prices. They have introduced consumer aids and facilities, such as pre-packing of goods, informative labelling and correct weight. About 10 department stores have introduced self-service in the groceries section. The Coimbatore Department Store provides free transport to its member customers residing in the outskirts of the town if they purchase goods of the value of Rs. 15 to Rs.25.

12.07 The gross profit varies from store to store, depending on the assortment, but generally the gross profit ranges from 6 to 10% of sales, while the staff costs range from approximately 3 to 5%.



The fleet of transport vehicles, owned by T.U.C.S. which are constantly on the move to maintain the supply line for better service to the Consumers.

12.08 Efficiency Norms have been worked out by the government¹ as guidelines for the stores and they are as follows :

- | | |
|---|----------------|
| 1. Sales per sales-employee and day in a grocery section. | Rs. 400 |
| 2. Sales per sales employee and day in other sections. | Rs. 300 |
| 3. Sales per sq.ft. and day (selling area): | |
| Good performance | More than Rs.5 |
| Fair performance | Rs.2 to Rs.4 |
| 4. Stock turnover (number of times per year) : | |
| Good performance | 12 - 15 times |
| Fair performance | 8 - 11 times |

12.08.02 Many of the department stores had difficulties in achieving these norms.

12.09 The department stores have generally made an impact on the retail trade and the price level of consumer goods in their areas of operation. A number of these department stores have, however, sustained operational losses and some of the stores started have been closed down due to declining sales and consequent operational losses.

12.10 There are a number of reasons for the unprofitable working of many of the stores, such as declining sales, wrong purchases, untrained employees, poor salesmanship, wrong location, etc. The causes for these can often be traced to the very tight time programme and consequent limitations in planning at the time of opening the stores, e.g. the New Delhi Super Bazar - the first one opened - was planned and started during a period of 6 weeks or so, which, in itself, is a remarkable achievement, and the sales once amounted to approximately Rs.50 million. Since then inspite of adding new sections etc. the sales have been declining to approximately Rs.35-40 million due to the reasons indicated above, with corresponding operational losses and other problems.

12.11 The department stores have been advised to streamline purchase policies, exercise proper control over inventories, adopt a regular system of stock verification, increase their business turnover and reduce the establishment and operational costs to make them function as viable units. Proposals have also been made to create a staff cadre of qualified managerial personnel to run the stores.

12.1 In many wholesale stores there are plans to close unprofitable small retail outlets and concentrate the business of these closed units in "Mini Super Bazars" which, as the name indicates, are small department stores.

SOME STATISTICS

Agenda Notes for the Conference of Registrars of Cooperative Societies
18-19 September, 1970. Page 208.

(Amount in thousand of Rupees)

	1966-67	1967-68	1968-69	1969-70
1. Number of stores and branches	38	60	80	101
2. Total sales	117,200	223,500	260,000	3,00,000 ^s
3. Average sales per store and branch	3,100	3,700	3,250	3,000

12.13 As most of the department stores are operated as branches of wholesale stores, their separate statistical details are not readily available. The above statistics however indicate that the number of stores and the sales turnover of department stores have increased, but that the sales per unit are declining affecting the stores efficiency in an unfavourable manner.

12.14 The Department stores have a vital role to play in toning up the retail trade as a whole; but adequate selling techniques and sale promotion activities are yet to be applied in a big way.



Super Bazar, run by the Cooperative Stores Limited, New Delhi, is one of the largest consumers cooperative markets in India. The frontage of the Super Bazar, Connaught Circus main branch.

SUPER BAZAR

FOR THOSE WHO DON'T KNOW
WHAT THEY ARE LOOKING FOR

A Store Full of Bright Ideas !

Walk around the five floors of the SUPER BAZAR in
Connaught Place.

You will find a whole rang of arractive buys
CARPETS FROM KASHMIR AND MIRZAPUR
HANDLOOMS FROM ALL OVER INDIA
SAREES AND KURTAS. SWEATERS AND SHIRTS
WOODEN TOYS AND DAINLY-DRESSED DOLLS
FRESH FRUITS AND NUTS AND LOVELY INDIAN SWEETS
A FLOOR FULL OF GIFTS

A HUNDRED LOVELY THINGS TO GIVE OR TO GET

Take a break now.
Relax in the cool, restful coffee bar.
Think things over.
Then go back and buy.
You'll love the low prices too !

SUPER BAZAR

APNA BAZAR

The Cooperative Stores Ltd., New Delhi.

The Super Bazar undertakes publicity through various journals and newspapers. A specimen of the advertisement released by the Super Bazar.



A view of two Modernised Branches operated by the Cooperative Super Market, Madras.

CHAPTER XIIIGENERAL PLANNING

13.01 A Committee to suggest measures for developing the Consumer Cooperative Movement in the country was appointed by the National Cooperative Development and Warehousing Board in February 1961. This Committee consisting of five members, studied the consumer cooperatives in India, the reasons for their slow progress, and the need for consumer cooperative stores. Based on these findings, they prepared a programme of development of consumer cooperatives during the Third Five-Year Plan. In their report they gave many valuable suggestions for improving the performance of consumer cooperatives with regard to organisational set-up, size and viability, establishment costs, finance, business techniques and operations, democratic control and management, government assistance and other essentials before opening a store. It was this Committee's report and recommendations which formed the basis for the planning and implementation of the Centrally Sponsored Scheme.

13.02 At the government level, the overall planning, namely, finance, areas to be covered under the scheme, time schedules, etc. were worked out, taking into consideration the recommendations in the above report and the urgency in implementing the consumer cooperative scheme (Centrally Sponsored Scheme). However, often the limitations of know-how and the causes for the slow progress and failures of previous consumer cooperative schemes were missed. The overall planning was neither coordinated nor followed up with a more detailed planning at the store level, with the result that the problems were approached and suggestions implemented more on an ad hoc basis than in a planned way. The same was the case with regard to the planning and

implementation of the Accelerated Scheme. The stores were often started without a proper feasibility study.^{1/} The lack of detailed planning at the store level resulted in more or less a repetition of the causes responsible for the slow progress of the previous schemes, as pointed out by the Committee in their report of 1961, which were as follows :

- i. Weak organisational structure;
- ii. Small and uneconomic size;
- iii. Dependence, to a large extent, on controlled commodities;
- iv. Inadequacy of funds and heavy working costs;
- v. Lack of business knowledge or experience on the part of members of the Managing Committee;
- vi. Inadequate loyalty on the part of members;
- vii. Lack of properly trained and experienced staff and inadequate supervision of personnel; and,
- viii. Keen competition from private trade and a very low margin of profit.

13.03 Another cause for slow progress in the previous schemes was said to be "dependence on honorary services and lack of interest in management." In the present scheme there is instead high dependence on government officials on deputation to the stores. This again is the result of limited time available for starting the scheme and absence of an awareness of the seriousness and consequences in putting the scheme into operation without adequate planning and preparation.

Present situation

13.04 Even today, eight years after the Centrally Sponsored Scheme was started, and four years after the Accelerated

^{1/} For details as to how a Feasibility Study is undertaken the readers are referred to (a) "Sale - A Profile" by R. Arvidsson & S. Dandapani, ICA, 1971 and (b) "Supermarket on Cooperative Lines in Malaysia - A Feasibility Study by R. Arvidsson, ICA, 1970.

scheme came into being, the planning - both short-term and long-term - at the store level is inadequate, and with a few exceptions, is more or less completely absent. Often the yearly budget is not prepared and in stores where such budgets are prepared, they are not used as important managerial tools, but, instead are maintained for the sake of keeping the records complete. Thus, personnel planning (recruitment, training, development of employees), purchase planning, sales planning, etc. are just not undertaken.

13.05 In the initial stages of the stores' operation, certain objectives were framed for the stores, namely, selling quality goods at low prices and introducing sober and new techniques of retailing. These objectives have not been supplemented with other objectives of a consumer cooperative organisation nor adapted to the new conditions in which the stores have to operate.

13.06 On the state and national levels also, there is no overall planning nor a quantified approach with regard to the stores operation, or its future performance. The role of the consumer cooperative movement in the Indian economy has not yet been spelt out in clear quantified terms.

13.07 There are also no "control tower functions" within the consumer cooperative movement where the experiences and know-how could be pooled and transferred back to the stores so as to improve their planning and operation, often resulting in the same mistakes being repeated in several stores, and the achievements good in themselves are not properly communicated among other stores for emulation. Consequently much of the experience gained is not accumulated and ploughed back in a systematic manner to the stores at the time of starting new units or for use in the day-to-day business of the present ones.

13.07.02 There is also a tendency on the part of the stores and the federations to function in isolation, and try to solve their problems in their own way without either seeking assistance or getting much assistance from other consumer stores and federations.

13.07.03 Consultancy services/assistance regarding various aspects of planning is also not made available to the stores and the federations. A "Control Tower" function could be established, and experiences pooled in a planning cell for overall planning of the Consumer Cooperative Movement, and for rendering assistance to the stores and federations in their detailed planning. The accumulated know-how should reach the unit level at a time when it needs it.

13.07.04 It has to be realised that a proper and integrated planning is a must without which the cooperative movement will not be able to utilise its total strength and develop its business.

13.08 The consumer movement is now passing through a stage when each large sized store must have a planning cell and prepare a quantitative programme taking into consideration resources on the one hand and objectives on the other. Such planning cells should also function at other levels - viz., district, State, and Centre - with adequate consultancy service and feed-back mechanisms in-built - closely linked with the control tower functions and accountability for results. This is non-existent at present.

L E A D E R S H I P

14.01 The importance of qualified leadership, both elected and paid, in Cooperatives has been stressed time and again in various seminars and conferences. In spite of this, cooperatives are experiencing difficulties in finding suitable leadership. The measures suggested in the past to improve the quality of the leadership in cooperatives have either not been introduced or if introduced, have not been adhered to.

14.02 Elected and nominated leaders

The Cooperative Act lays down that the General Body Meeting should be held within three months of the close of the fiscal year. In this meeting the General Body will elect by secret ballot, the Board of Directors other than those who are to be nominated by the Registrar of Coopeaative Societies. Exception is made in the case of societies which have been started anew or societies which have been superseded in which circumstances the Registrar is required under the law to nominate the entire body of the Board of Directors for a specified period. However, the experience has been that these General Body Meetings are generally not adequately attended by members, and therefore the representation on the Board of Directors is not always as representative as one would like under ideal circumstances. In many wholesale stores it is seen that the retail sales are more than the quantum of sales to primary societies. But in spite of this fact, individual members of wholesale societies are represented on the Board by a few Directors only.

14.02.02 In the case of State Federations where each member-society is sending one representative to the General Body Meeting irrespective of the volume of purchases it makes from the State Federation. This position prevails even in the case of the National Federation whose General Body consists of

one representative (generally the President) from each State Federation. This General Body elects itself to be the Board of Directors with the result that the same persons are represented both in the General Body as well as on the Board.

14.02.03 The elected leaders in the Cooperatives are often politicians or other eminent persons in the locality. As a consequence, vested interests and politics have crept into the cooperative movement. The recommendations of the Mirdha Committee appointed in 1964, for elimination and prevention of such vested interests from entering into this field have not led to any changes or measures in this regard. The observations made by the Prime Minister while inaugurating the Fifth Indian Cooperative Congress are significant in this context. The Prime Minister said "the Indian Cooperative Movement must be de-politicalised." To this it may be added that the movement needs to be "professionalised increasingly within the existing framework to obtain results. The subsequent State Chief Ministers' Conference held at Madras in June 1968 reiterated the same thinking and a series of legislative and promotional measures calculated to curb the entry of vested interests in the Cooperative Movement were suggested. As a result of these suggestions, amendments to the existing Cooperative Laws have been made in most of the States.¹

14.02.04 The amended law prevents a Chairman or a President or any other designated officer (the State Governments can declare from time to time what post/officer should be regarded as a designated officer) from occupying the post of a designated officer of more than one National, State or Regional Cooperative Society at one and the same time. The law also prohibits a person to occupy more than two posts in the above three categories of societies together. The law further stipulates that no person shall be or continue to be a designated officer of any society of any category for a consecutive period of more than six years

1. The Madras Journal of Cooperation, July, 1969, pp. 16-17

(two terms), and shall not be re-elected or appointed to such office until a period of three years has elapsed after the expiry of the said period of six years. Under the amended law, the Registrar is given powers to issue such instructions to cooperative societies as are deemed necessary for improving their working.

14.03 The Board of Directors is responsible for proper management of the society and shall exercise such powers and perform such duties as may be conferred or imposed by the Cooperative Act, and the rules and bye-laws framed thereunder on it and shall appoint a Manager, Paid Secretary, Accountant or any other officer of the society as may be necessary.

14.03.02 Generally, the Board members and the President/Chairman in particular, take an active part in the society's day-to-day business and often unnecessarily interfere in the duties and responsibilities of the Chief Executives, such as purchasing, recruitment, etc. This has given rise to an unhealthy relationship between the Board and the paid executives in many societies and has placed the paid executives in a difficult position affecting ultimately the proper operation of the society.

14.04 The Consumer Cooperative Movement in India has been initiated by Government mainly for the purpose of using it as a distributive channel for consumer goods. But the movement has been started without a careful preparation through member education etc. before or even during the implementation of the scheme of Consumer Cooperatives. The ideas contained in the Consumer Cooperative Movement such as the importance of individual members' involvement in the society's operations, the individual members' identification with the consumer cooperative movement have not been properly "sold" to the members and therefore their participation in the working of cooperative societies is not real and meaningful. The apathy and lack of interest on the part of the members in the working of societies and the consequent

failure of members to use their rights intelligently and consciously has resulted in an unsatisfactory base from which leaders are chosen affecting in turn the efficiency of the leadership.

14.05 The leadership training given in the consumer cooperatives to leaders and potential leaders is inadequate. There has been no plan of action to intensify member-education through consumer information and other pragmatic approaches. Leadership training programmes to "de-politicalise" the movement and check the vested interests from assuming leadership of Consumer cooperative societies in particular and the Cooperative Movement in general are yet to come in a big way. On the other hand, in the successful societies and cooperative organisations their success is, to a great extent, attributable to the devoted and dedicated leadership combined with a degree of business competence acquired through costly and time-consuming trial and error methods.

14.05.02 The elected members of the Board are usually paid honoraria as a token reward for their services and in a few cases where the Chairman/President has taken a more active part in the day-to-day business, such honorarium has amounted to almost the same as the Chief Executive's salary.

14.06 Paid Executives

The urgency with which the scheme of Consumer Cooperatives, was started left no time for planning and training of executives. As a result of the deep involvement of government in the Consumer Cooperative Movement, both financial and otherwise, the Chief Executive posts were initially filled by government employees from the Cooperative Departments on deputation. In spite of many proposals and much talk about the development of a managerial staff cadre for consumer cooperatives, no efforts have been made so far to establish such a cadre. The result is

that most of the chief executives in cooperatives till today are government employees on deputation. The establishment of such a staff cadre for consumer cooperatives has now been envisaged in the Fourth Five Year Plan.

14.06.02 Government employees on being seconded to cooperatives lacked the necessary experience and expertise required for running the complex wholesale and retail business. Moreover these employees are bound by two codes of conduct; that of the society/store and that of the parent department. For promotion and advancement in their careers they have always to look to their parent departments. Therefore, they do not take any risks (which are so necessary in business) which might jeopardise their chances of promotion. Even if they show outstanding performance as a Chief Executive in a cooperative store/society they are not properly rewarded.^{1/} Their compensation is linked with their pay-scales in their parent departments to which a percentage of their pay is added as an incentive (deputation allowance) to work in cooperative societies/stores.

14.06.03 The deputation period of government employees on secondment to cooperative stores/societies varies from 1 to 3 years. As there is no planned "Management Succession" programme in cooperatives such as putting a new recruit to understudy an outgoing executive, often a vacuum is created in managerial functions.^{2/} In the Consumer cooperatives there are no qualified hands ready to occupy the managerial position falling vacant as a result of a person on deputation going back to his parent department or to some other organisation. There are stores which have been without a Chief Executive for as much as a year.

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1. For further details, the reader may refer to "A Study on Personnel Management on Selected Super Markets in India" by R. Arvidsson and K.K. Taimni, ICA, 1970.
 2. "Rationalisation of Consumer Movement in Western Europe" by S. Dandapani, published by Ministry of Railways, Government of India, p. 89

The new Chief Executives who come on deputation generally lack the necessary know-how and experience and start more or less from a scratch. When a Chief Executive has gained experience and acquired the necessary know-how, he is often transferred and withdrawn from the store and a fresh man takes over. There is thus a very high turnover of chief executives in stores which has made training of executives a difficult task, for they do not stay long enough in stores to translate and put into practice what they have learnt during their training.

14.06.04 The easy availability of government employees for filling in executive posts in cooperatives has also resulted in overlooking the importance of grooming the store's own employees to take up executive positions creating further grievances among the store employees.

14.06.05 The smallness of the store and limited scope for promotions are some of the factors which have made it difficult for the societies/stores to attract and retain qualified and able executives from the open market.

14.07 As mentioned earlier, there is also a good deal of interference from the elected leaders in the day-to-day operations of the stores. The Chief Executives are often not given adequate authority or delegation to carry on the daily operations of the stores. It has been stressed again and again in many seminars and conferences that the Board of Directors should confine their functions to policy-making and delegate the power and authority to Chief Executives for the day-to-day management of stores.

14.07.02 In spite of the recommendations of seminars and conferences, the Chief Executives have generally not been delegated with necessary powers and authority to properly carry on the day-to-day administration and management of stores. Of course, if the Chief Executive is not competent, it is not wise to delegate full authority to him to deal with the day-to-day operations of the store. But this fact should not make the

Board of Directors to plunge themselves in the day-to-day management of stores; but, they should try to find a qualified and competent executive to perform these functions in whom they have full confidence. The involvement of the Board of Directors in the day-to-day working of the store will do more harm than good for the development of the store.

14.07.03 The present practice of employing government employees on deputation as chief executives and investing money in their training and the experience gained by these executives in the operation of cooperative stores has not been accumulated within the movement and ploughed back into the stores' operations has not been of much help to the Movement. The valuable experience and know-how thus generated, on the contrary it is being drained out. A newly born Movement as the Consumer Cooperative Movement cannot afford to continue with such a practice, as the success of the cooperative stores largely depends on the quality and skills of their paid executives. Therefore, the consumer cooperatives with the wisdom and experience of the past must start grooming and training their own employees to occupy executive positions. The business volume of the stores should also be expanded in order to make the store viable enough to recruit, train, develop and retain qualified executives who can develop and implement new techniques and new practices in improving the stores' operations on efficient lines and thus enjoy the confidence and satisfaction of their members.

14.07.04 The policy of recruitment and posting of personnel should generate un-obtrusively the inducement for their identification with the stores to enable them give their best.³

3. Reader may refer to "Sale-A Profile" - An introduction to Sales Management by R. Arvidsson and S. Dandapani, ICA, 1971, pp.68/131 for further details.

MEMBER EDUCATION/MEMBER ACTIVITIES

15.01 Cooperative education and training in India has its roots somewhere between 1914-1917, through the registration of the Tamil Nadu Cooperative Union at Madras. Also the MacLagan Committee stressed the need for cooperative education and training in 1915.¹ In 1918 the Bombay Cooperative Institute was established and the All India Cooperative Institutes' Association was established in Madras in October 1929.² In 1946 the Madan Committee Report gave an analytical study of the subject and made a few suggestions.

15.02 In 1946 the All India Cooperative Union (AICU) was founded as a result of amalgamation between the All India Cooperative Institutes' Association and the Indian Provincial Bank Association. In 1956 the AICU became responsible for the member education activities and started a pilot project in four states with the following objectives :

- i). To orient the present and prospective members in the principles, practices and policies of cooperation.
- ii) To conduct short courses of training for selected members to bring home to them the nature and extent of their duties and responsibilities.
- iii) To train elected and appointed office bearers to meet the requirements of their particular posts.

15.03 The need for member education increased with the increasing development of cooperatives. In 1957, the pilot scheme³ was programmed to be extended to 55 districts every year.

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1. Review of Cooperative Training in India, 1962-1967, p.1
 2. Review of Cooperative Training in India, 1962-1967, p.1
 3. Cooperation in India, pp. 209-210.

15.04 The policy, programme and content of member education underwent some changes in 1963. The revised scheme was intended to :

- a) cater to the needs of the agricultural communities in improving their agriculture production and standard of living,
- b) create cooperative consciousness among participants,
- c) develop in the participants skills of management and encourage rational thinking and logical decision making, and
- d) make cooperative education, situation and problem-oriented.

15.04.02 This scheme was to be carried out by the National Cooperative Union of India (NCUI) (previously known as AICU) through the state and district cooperative unions. The methods of training were lectures, discussions, study circles etc. During 1967-1968, 181,000 Secretaries/Managers, 1.17 million managing committee members (Board of Directors), 2.75 million members and potential members attended courses, seminars meetings, etc. under the scheme.^{4/}

15.04.03 The administration and coordination was done by the NCUI and the schemes were implemented by the state and district unions. Approximately 600 Cooperative Education Instructors were working in about 325 districts to implement the programme. In 1964 a more integrated approach was adopted when the Cooperative Education Officers were appointed to give additional support and guidance to the instructors. The scheme was mostly financed by the government. But some of the societies running on profit passed on some funds from the "fund for charitable purposes" which was statutory obligation under the law, particularly to meet the activities undertaken by the societies themselves.

4. Statistical statements relating to the Cooperative Movement in India; Reserve Bank of India, 1967-1968, p.163

15.04.04 The above schemes are, however, mainly for Agriculture Cooperatives and lately some activities for women and the youth have also been undertaken. In a few of the States the local governments have withdrawn their support to the scheme in view of their poor performance.

15.05 Member activities within Consumer Cooperatives

In the report by the Committee appointed by the National Cooperative Development and Warehousing Board, the importance of participation by members in the stores' management was stressed.⁵ Mr. Shubert stressed the importance of member activities and member education in his report published in 1967. The Department of Cooperation of the Central Government and the Planning Commission have been laying emphasis on this time and again. However, not much progress has been made with regard to member education and member activities within the consumer cooperatives.

15.05.02 The International Cooperative Alliance (ICA) in collaboration with the NCUI conducted in 1963-64 a pilot project in organising study circles in consumer stores. Similar experiments were started in four more states without much success.

15.05.03 Delhi Super Bazar is having regular meetings with representatives of the members and is also publishing a magazine for them. A few more stores are having similar activities but most of the member activities are limited to a yearly general meeting of the stores, largely for the purpose of election and passing the annual report. The V.L. Mehta National Institute of Cooperative Management in Poona is regularly conducting conferences and seminars for Presidents etc. of cooperative stores, but the number covered is so limited that it has created no impact.

15.05.04 It seems that the importance of member activities and member education within consumer cooperative stores has not been realised by the stores, their executives, the business federations, the cooperative unions and other cooperative leaders. Even the present available resources have not been utilised to the advantage of the movement.

15.05.05 While large sums of Government money have been spent on these activities, there has been no systematic evaluation in regard to their efficacy or usefulness. From the point of view of consumer movement, these large investments and efforts have practically been of no use.

15.05.06 It is important that the business federations at the National and State levels realise the importance of Member activities/Member education and consumer information. They should start propagating the importance of the same and implement these activities in close collaboration with the cooperative unions which have some experience and resources in this regard. The Unions on their side should realise the importance of member education/member activities and consumer information within the consumer cooperatives and should in collaboration with Consumer Cooperative business federations plan and implement suitable programmes. This will only be possible if they appreciate and realise the mutual dependence for survival reasons and pull their weight with a full sense of responsibility and involvement. For this purpose strengthening of their resources both with regard to finance as well as personnel may be needed, but can be found from the stores and other sources.

15.05.07 At the store level, the importance of the said activities should also be realised and a comprehensive programme should be properly planned and implemented in each store. Money for this purpose should be regularly allocated out of the stores' funds.^{5/}

^{5/} Member activities are carried out very successfully by the Cooperative Movement in Japan. For details the reader may refer to "Distribution of Consumer Goods through Cooperatives" by R. Arvidsson and S. Futagami, ICA, 1971.

SALES MANAGEMENT

16.01 In the report of the Committee appointed by the National Cooperative Development and Warehousing Board a number of valuable suggestions with regard to sales management were made. Mr. Shubert in his report published in 1967 dealt with some of the matters related to sales management. The National Cooperative Consumers Federation (NCCF) and the National Training Institute as well as the Ministry have stressed their importance. Most of these suggestions very valuable in themselves did not carry the needed tools to the cooperative stores for actual implementation.

16.02 Most stores have not adopted a sales-oriented approach but instead have been acting as a distribution agency. Sales management has not been playing its role, though some of the executives are aware of its importance. The cooperative stores have no option but to adopt a sales-oriented approach by the introduction of sales management techniques to stand the competition from the private traders, as in all probability the goods sold in cooperative shops in future will be freely available in private shops, and the monopoly enjoyed by the cooperatives in respect of scarce commodities may not last long.

16.03 Assortment Price-quality

The assortment in the cooperative stores depends, of course, on the type and size of the retail outlets: but, as can be seen in the statistics, roughly 60% of the sales of the consumer cooperatives are from controlled commodities. The sale of controlled commodities which stood at 80% has come down to 60% of total sales mostly as a result of the establishment of additional units such as Department Stores and not by effective diversification of trade pattern in individual stores.

16.03.02 The diversification of assortment was stressed in the Committee's report of 1961 as well as the government several times. The consumer cooperatives, particularly the primary stores, to a large extent still depend upon controlled commodities. When controls are lifted, as is the present development, they will not be able to build up a regular business of non-controlled goods.

16.03.03 Therefore, their future is, generally speaking, very uncertain. Further the sale of controlled goods, due to low margin of profit, is often a losing proposition. The time is opportune for the societies to use the controlled commodities, the scarce items, the imported and confiscated goods as "magnets" to attract more customers to the stores and in the process sell other goods and build a more regular business of consumer goods. With few exceptions, this has not been the case. As the sale of controlled goods, confiscated and imported goods etc. has been an easy business, the stores have concentrated much on these lines of goods forgetting the importance of others.

16.03.04 The small shops mostly deal in foodgrains, spices, sugar, tea, biscuits, soap, blades and a few other essential items and have not been able to expand business and cover other consumer goods.

16.03.05 The department stores and large branches of wholesale stores are exception in this regard and particularly in the department stores the assortments are diversified (See Department Stores). Often the Department Stores do not deal in controlled goods. This easy approach has denied the societies the chances of a valuable preparation for a sales oriented approach which is unfortunate.

16.03.06 The dealings in controlled goods, scarcity items imported and confiscated goods, which are easy to sell, have resulted in an approach of "distribution of goods" instead of "selling the goods" with the result the various modern techniques and important practices of sales management have not found their way to cooperatives in the country.



Kamadhenu

—The Cooperative Super Market, Madras.

Main building of the Super Market

Vegetable department



Drug Department

16.04 The primary policy of the consumer cooperatives was, from the very beginning of the present schemes, to sell slightly below market price, if possible. Many stores have now difficulties to follow this policy due to high costs of distribution and declining sales. The cooperative stores have also to charge and pay sales tax to the government which is often not the case with small private shops since these shops are not being compelled to maintain proper books and records and as a result are able to avoid payment of full sales tax to the government. This addition of sales tax in the price in the cooperative stores together with the high costs makes it sometimes difficult for cooperative stores to compete with the private retailers.

16.04.02 The cooperative stores often pre-pack the goods, e.g. dhals, etc. in plastic bags and often cleaning and grading these types of goods resulting in that the quality of goods sold in cooperative stores generally is very competitive. This additional service adds to the costs compared to the private shops which sometimes adulterate the goods in one way or another making it still more difficult for the cooperative stores to have competitive prices.

16.04.03 The prices for controlled commodities are often fixed by the government. However, the private shops have possibilities to adulterate and or give incorrect weights of the goods which is followed unfortunately in a few cases even in the cooperative stores creating a bad image not only for the store but also to the movement as a whole.

16.04.04 The goods in the cooperative stores, department stores included, are, as a rule, not properly price marked causing embarrassment to the customers as well as to the employees.

16.05 Location, Layout and Display

The cooperative stores are generally located in markets where they have to compete with private stores. Excepting the department stores, the private stores give generally an impression of being more attractive with a better layout and display.

16.05.02 These small cooperative stores are counterdesk stores furnished in a simple manner with display of goods not very attractive when compared to the private shops in the same area. The stores are also not kept as neat and clean as one could expect them to be. The display is not good. There are often rats in the stores damaging the pre-packed packages of foodgrains and other articles. The lighting arrangements are insufficient and poorly maintained.

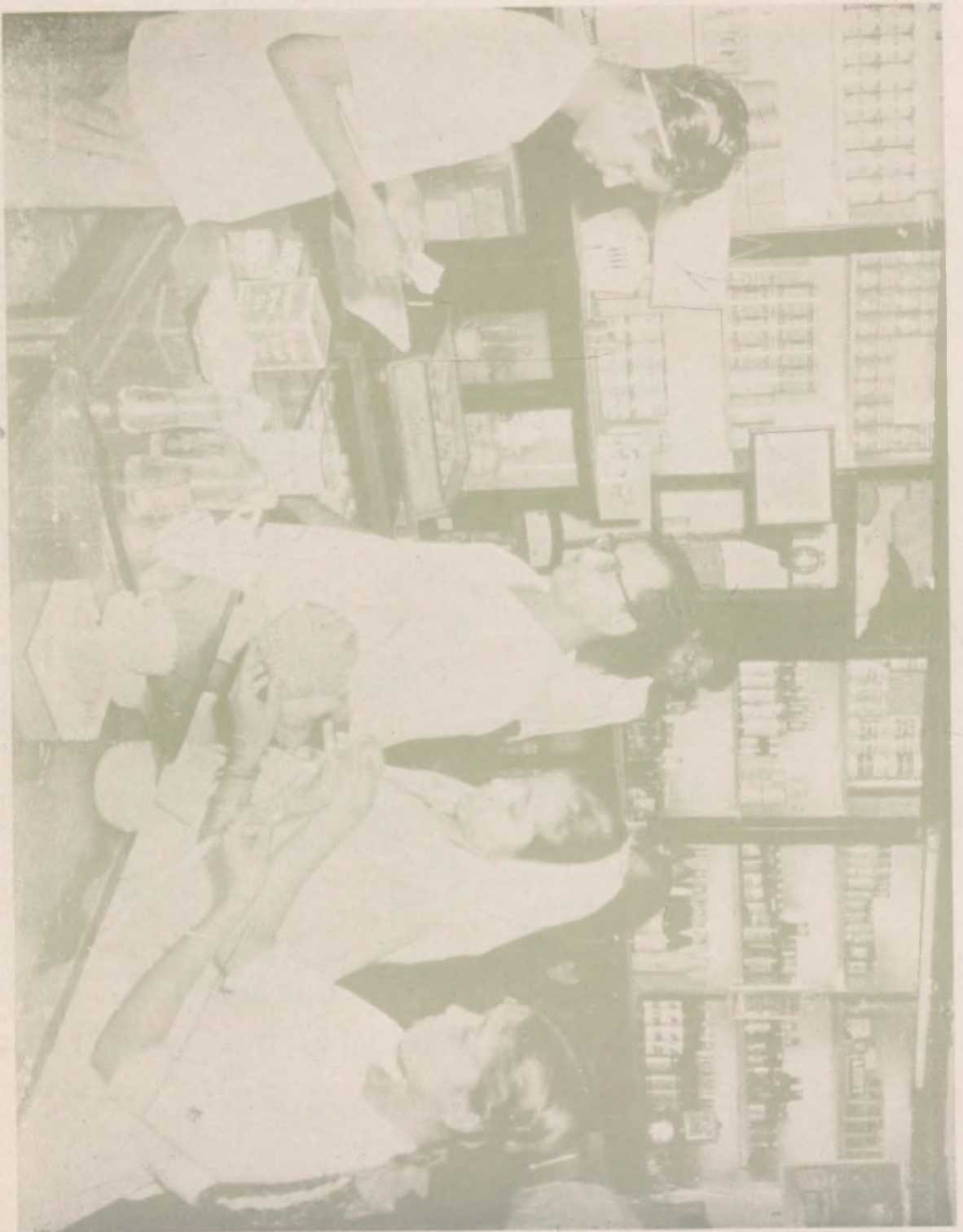
16.05.03 The cooperative department stores are on the other hand generally dominating the market in which it is located and in some cases a new market has grown up around a department store. In some cases, however, the department stores have been wrongly located mostly due to the fact that no other accommodation was available in a more suitable place. This was also due to lack of feasibility studies in most cases.

16.06 The layout of the department stores is generally more attractive as compared to the private retailers with the added advantages of the store offering a variety of goods under the same roof. Some of the stores have started self-service sections particularly for groceries. These are well received by the customers.

16.07 In some stores the show-windows, parts of the facades and other display areas have been leased out to manufacturers gaining an extra income to the store.

16.07.02 The furniture items in these big stores are often standardized with prefabricated steel structures capable of storing a lot of goods. They are, however, not attractive enough for textiles and other durable goods.

16.07.03 Cash registers are used only in a very few department stores. Weighing scales etc. used are of simple design. It is a fact that private shops have also not introduced cash registers in a big way. Very few stores have cold storage desks and or rooms for perishables. The lighting arrangements are fairly good in the department stores but often not properly maintained.



Jamshedpur Consumers' Cooperative Store Sales activity in progress.

DISPLAY

An Indispensable Element in Modern Salesmanship



Display in the Grocery Department of the Kamdhenu Super Market, Madras.

16.008 The display is not attractive. The internal decorations are often missing and in only a very few department stores an artist is engaged to deal with internal decoration, window display etc. Some attention is paid for hygiene, but, the cleanliness in the shelves etc. could be improved. The employees are provided with uniforms only in a very few cases.

16.09 Salesmanship

The salesmanship in the cooperative stores including the department stores is generally lagging behind the private shops. Cooperative employees are unfortunately known for poor salesmanship in their dealings with the customers due to incorrect recruitment policy, lack of induction and training. The employees do not have a close identification with the store as is the case with the private traders and their employees. The supervision in this regard in a private shop is much stricter than in a Cooperative Shop.

16.10 Sales budgeting, sales planning and sales promotion activities

The above aspects are completely absent in the small stores as well as in the department stores. Of course in some of the large department stores, sales promotion activities are sometimes implemented in a half-hearted manner.

16.10.02 One of the department stores, as a part of public relation and sales promotion drive has bought a bus for carrying customers from distant areas to and from the stores free of cost if they make purchases in the store for approx. Rs.25 per visit. Other minor sales promotion activities, where manufacturers are allowed to sell goods in the Department store during a particular period, are sometimes also undertaken. A few of the department stores insert advertisements in the newspapers fairly regularly. Delhi Super Bazar, in addition, publishes a small magazine for its members. Some stores have started home delivery service as well.

16.10.03 But in general, sales promotion as an activity has neither been adequately understood nor implemented in an organised and integrated manner to the advantage of the movement.

16.11 Cash and credit sales

The Committee appointed in 1961 recommended strictly cash trade except in those cases where the stores are in a position to ensure weekly or fortnightly payment from member workers and employees.

16.11.02 The above practice is followed and credit sales to individual members are more or less only allowed in the cases where the employer has given a guarantee to the store that the employees can buy a certain percentage of their weekly/fortnightly income on credit from the store and the store can recover it regularly from the employer. Credit sale as an instrument to boost sale of consumer durables has not been undertaken so far.

16.12 Sales to non-members and distribution of Patronage Refund

Except some of the institutional type of stores, all have a policy to sell to non-members also and particularly the department stores are to a very great extent selling to non-members. The facilities given to non-members are generally the same as to the members because not many stores are in a position to distribute any patronage dividend to the members on their purchases. This is also one of the reasons why there are difficulties to enrol more members.

16.12.02 To make the membership more attractive some stores, particularly some of the department stores, are giving some discount to them during a particular period of the year on some kind of goods e.g. textiles, or household goods.



Prepacked articles, mostly pulses, are kept in racks in the self-service area of a cooperative super market.



Super Bazars or the cooperative super markets were largely responsible for the introduction of electrically operated cash registers. This cash register is installed at one of the exits of a self-service corner in a Cooperative Super Market.

16.13 Consultancy services in Sales Management

The NCCF extended some consultancy services to a few stores within the field of sales management for a short period on ad hoc basis. As sales management is the most important field of retail management, particularly when the expenditure in the stores is more or less fixed, serious efforts in a planned way have to be made to improve this part of retail management in order to make the stores competitive in future. This is necessary both with regard to the small stores as well as the department stores. The steps suggested for improvements in various reports and seminars have not been implemented. The Business Federations should undertake this responsibility as in the ultimate analysis it will not only be in their interest but also in the interest of the movement.

16.14 The strange paradox¹ of increase in the number of wholesale stores, Department Stores, etc. during the years 1967-69 with declining sales resulting in losses during the same period is largely due to the failure to introduce the sales promotion activity with the accompanying selling techniques. If the trend is not arrested immediately, this will assume dangerous proportions ultimately leading to their fall one by one with no chances of meeting of the challenge of the future.

16.14.02 With the imperative need to shift gradually the dependence on controlled commodities to non-controlled, the stores will have to shed their "easy-to sell" distribution approach to one of selling. Selling is "distribution plus" which has to be understood skills acquired the hard way and practised in the market with all what it means.²

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1. See paragraphs 4.09, 4.18, 4.19, 4.28 and 4.29 of Chapter IV - Accelerated Programme.
 2. For a fuller treatment, the reader may refer to "Sale - A Profile" by R. Arvidsson and S. Dandapani, ICA, 1971.

INVENTORY MANAGEMENT

17.01 The report prepared by the Committee appointed by the National Cooperative Development Warehousing Board in 1961, the report by Mr. Shubert and circular letter etc. issued by the Ministry and the National Cooperative Consumers Federation contain valuable suggestions relating to inventory management but there have not been very much adhered to.

17.01.02 One of the main reasons for the decline in sales and losses to cooperative stores is due to lack of proper inventory management - wrong purchase policy and absence of an intelligent planning in the purchase of consumer goods. The fundamental principle of a good purchase technique viz., buying the right goods in the right quantity at the right price, at the right time and place has neither been understood nor followed by many of the stores due to lack of experience and know-how resulting in heavy inventory costs and blocking up of precious working capital on slow-selling and unsaleable goods. Further, the stores have not been able to buy fresh stocks demanded by customers for want of working capital.

17.02 Authority to make purchases.

In most of the cooperatives in India, today, purchasing of goods is in the hands of a committee consisting of a few members of, the Board of Directors who do not, often, possess a specialized knowledge of the merchandise for their cooperatives. They do not have the necessary knowledge about customers demands, their buying habits and preferences, tastes, fads and fashions and other necessary market intelligence to make a good bargain. In many stores these purchase committees do not consult the sales staff regarding customers demands and preferences in goods, which could provide them an intelligent guide and clue to buy the right goods. As a result, many cooperative stores are faced with the problem of outstanding of slow-selling and unsaleable goods lying

in their stores and godowns. In the department stores also the above situation often prevails. This has adversely affected their business and profitability.

17.03 Source of supply

Since many of the cooperative stores/organisations want to do their own purchasing from the open market, as can be seen from the statistics given at other places in this report, the benefit of bulk buying is lost. There is no proper coordination and support between the national federation, the state federations, the wholesale stores and the primary stores in regard to purchasing activity. As a result of too many buyers in the consumer cooperative movement, the bargaining power of any one store or organisation is diluted.

17.03.02 It is therefore essential to centralise most of the buying activities in only a few hands which have the necessary experience and know-how. These bodies should also have the facilities to buy in bulk, stock the goods and make them easily available to the stores. This is what the state federations have been advised to do. The National and State federations together have not been able to arrange supplies for more than 5% of the requirement of the wholesale/retail stores resulting in 95% of the purchases being handled by a large number of individual stores. This also results in dilution of bargaining power, larger leads, higher handling costs greater storage costs including losses, etc.

17.03.03 In the cooperative store itself one can often observe lack of coordination between the Godown staff and the sales staff with the result that while stocks of a particular item of goods are available in plenty in the godown, the sales staff send back their customers for that particular item with a curt "out of stock" reply. Proper coordination between those doing purchases and those effecting sales is also a must. There should also be continuous consultations and dialogue between the two sections effectively coordinated by the supervising staff.



The idea of pre-packing was introduced in India on a large scale with the opening of cooperative super markets. Here pulses are being weighed in plastic bags before sealing them.

17.04 Reasons for faulty purchases

In a recent study conducted by the National Institute of Cooperative Management in a few societies which had incurred losses during the year 1967-68, faulty purchases were one of the reasons for the losses.

17.04.02 The study lists a number of reasons for losses on account of bad purchases which are as follows :

- a. Buying of goods without any relevance to requirements or needs of members/customers.
- b. Buying excessively large quantities.
- c. Buying at wrong prices.
- d. Buying goods at the wrong time which generally results in paying excessively high prices.
- e. Buying wrong quality of goods.
- f. Inability to estimate future demands with any degree of accuracy.
- g. Lack of know-how for determining the economic ordering of quantity.
- h. Corruption on the part of persons who are expected to do purchases.

17.04.03 It would be relevant to cite from the above study report a few examples of bad purchases made by a few cooperative stores.

- a. One society had purchased a quantity of Toor-dal (Pulses) equal to its three years' sale in the society. Toor-dal if stored for three years would deteriorate in quality, causing loss to the society and spoiling its image besides blocking working capital.
- b. Another store had bought Lux toilet soap in a quantity which would last for five years, thus blocking up working capital.
- c. Yet another cooperative society had purchased electric lamps in quantity which was sufficient for six years.
- d. There was also an instance of a store buying talc powder in quantity sufficient for three years.

17.05 Ordering of goods and storage

At present no systematic procedures seem to have been evolved for buying and ordering of goods and this function is often done in a haphazard manner resulting in situations where stores run out of stock of a particular line of merchandise and lose valuable sales from people who come to buy that particular item of goods. A retail store suffers also an irreparable damage to its reputation and image if it sends back its customer with a reply "out of stock". Fixing of ordering levels for different types of goods is one of the fundamental rule in any intelligent purchase programme. The most important factor to be taken into account in the fixation of ordering levels is the normal time lag between the ordering and the arrival of goods at the sales counter which is often overlooked or ignored by those responsible for keeping the store well supplied with goods.

17.06 Stock shortages/leakages

One of the serious problems confronting the managements of cooperatives and defying solution is stock shortages on account of shrinkage and drying, pilferage by employees and customers and short-weights and measures given by suppliers. Shortages in stocks has reached alarming proportions in many stores sometimes placing the stores in heavy losses. Various systems to reduce the shortages of goods have been evolved, the most common one being to recover shortages from employees concerned. One department store has overcome this problem through strict supervision monthly stock-taking and recovery of shortages above what is agreeable as incidental to business.

17.06.02 Leakages/shortages to be recovered from the employees are also in some stores shown on the assets side of the Balance Sheet, in spite of the difficulties in recovering the same from them. Thus the balance sheet does not always show a proper financial position of the stores.



A view of the pre-packing work in progress in a T.U.C.S. Godown.

17.06.03 Usually the stores have a yearly stock verification but the verification lists are generally tallied after a long time that no proper action can be taken to find out the reasons for leakages/shortages.²

17.06.04 The working capital of many of the stores is blocked in slow sellers with no capital for further addition of goods. Unfortunately, many of the stores have adopted a policy to keep the slow-sellers in stock instead of clearing them out regularly for fear of price losses which can be incurred. As a result, the value of stock-on-hand shown in the Balance Sheets does not give the right position in view of the fact that goods may be listed at purchase prices while the current value has fallen.

17.07 Consultancy service in inventory management

The NCCF extended some consultancy service within the field of inventory management in a limited way. There were other reports which gave valuable suggestions in this regard.

17.07.02 In cooperative stores, all categories, it is very important that various aspects of inventory management are streamlined and improved. The big organisational set-up of federations etc. are meant to be utilised in the matter of bulk-purchases, storage facilities and consultancy services. But the federations have not equipped themselves for this task so far. It is also important that many of the suggestions given in reports and seminars are put into practice.

17.08 The stock turnover ratio which stood at 11 during 1965-66 has fallen to 7.5 times during 1967-68 indicating a heavy stock of slow-sellers and unsaleable goods. Unsatisfactory inventory management leads to loss in productivity and profitability and unless checked promptly - will lead to dangerous consequences.

-
2. Stock taking is done every month in Cooperative Super Markets in Japan which usually takes about 2 hours. The permissible norm for shortage in Japan is 0.2% and many stores maintain well below this level to earn awards from the Management. For more details, the reader is referred to "Distribution of Consumer Goods through Agricultural Cooperatives in Japan" by R. Arvidsson and S. Futagami, ICA, 1971.

17.08.01 Effective inventory control will call for backward integration with the wholesale and federations - each playing their part fully with oneness of purpose. This is non-existent at present.

17.08.02 In States where multipoint sales tax is operating it will be necessary to sort out details with the local tax authority to indicate that the different transactions are one, and the same to avoid payment of additional tax. In some cases this may come in the way for effective integration envisaged earlier.



A view of the pre-packing unit of the Super Bazar.
Here pulses are being weighed in plastic bags before sealing them.

PERSONNEL MANAGEMENT

18.01 A business enterprise stands or falls by the quality of the personnel it employs, for, an organisation is not different from the people who create it. Their enthusiasm, efficiency and loyalty determine the success or failure. The function of personnel management, therefore, assumes importance in any business enterprise and no organisation big or small can ignore or neglect this aspect of management. May be a small organisation cannot afford to have a separate department to deal with personnel matters, but it must have some functionary to handle personnel matters such as recruitment, placement, compensation, staff training and staff welfare.

18.01.02 The importance of proper personnel management has been stressed in various reports and some of the reasons for the slow progress and failures of previous schemes are said to be due to problems related to personnel.

18.01.03 In spite of the above, matters related to personnel management have not been given adequate attention due to the very short time in implementing the recent consumer cooperative scheme,, lack of experience and know-how etc. The managements often seem to be preoccupied with day-to-day problems usually do not realise the importance of proper involvement of the employees in solving these problems.

18.02 Personnel Planning

Matters related to personnel planning such as organisational set-up, job analysis, job description, work organisation, personnel budgeting, career development, promotion and job-evaluation, have not been given much thought in the stores due to inadequate overall planning and budgeting, easy availability of personnel from the open market for lower positions and from the government for managerial positions and a general lack of appreciation of the part played by sound Personnel Management and Industrial Relations.

18.03 Recruitment

The recruitment of employees is often ad hoc in nature resulting in enrolment of unqualified and unsuitable hands. Although some qualifications are laid down, they being general in nature are not much helpful to the appointing authority - often the Board of Directors. Depositing of cash security and security bonds by new recruits from which cash and stock deficits, if any, might be deducted is, in most cases, one of the conditions of employment. The selection procedure is often simple and informal and after selection, generally no proper induction takes place. A few of the department stores have, however, adopted some better practices with regard to the above matters and have even in a few cases conducted induction courses. A 3-6 month probation period for new recruits is now common to most of the stores.

18.04 Compensation

The compensation paid to the employees in the department stores and bigger stores is often higher than that in the private shops in the open market. A salesman in a cooperative store earns approximately Rs. 75-150 per month. A branch manager of a small branch of a store earns approx. Rs.150-250 depending of course upon the location of the store in the country and also the size of the branch. The General Managers etc. are often government employees on deputation having the same pay scale as in the government but are generally paid some additional deputation allowance.

18.04.02 The Minimum Wages Act stipulates minimum wages for -

- | | |
|---|-------------------|
| a. Unskilled worker | Rs. 75 per month |
| b. Semi-skilled (Junior salesman) | Rs. 93 per month |
| c. Skilled (Supervisor, Salesman, Cashier etc.) | Rs. 112 per month |

18.04.03 : Some stores pay dearness allowance and house rent allowance in addition. The employees of bigger stores are often members of the statutory Provident Fund (a kind of pension fund) to which they contribute a maximum of 8½ per cent of their salaries/wages while the employers contribute the same amount.

18.04.04 A yearly bonus is given to the employees as per Bonus Act. The other working conditions such as, leave, working hours etc. are according to the stipulations in the various enactments.

18.04.05 Some of the more successful stores have given some additional facilities such as gratuity, medical aids, canteen, credit facilities, incentive pay etc. In view of the cost of living, the employees feel that they have difficulties to get both ends meet with the present remuneration. The managements are generally aware of the above opinion held by the employees but stress that with the present volume of business it is not possible to improve the emoluments of employees without corresponding increase in efficiency. They are also aware that the compensation to the employees is in line with that in the private retail shops and even often better. Nevertheless, they cannot attract and retain the best employees with present pay scales, promotion facilities, etc.

18.05 Staff Training

Mr. Jawaharlal Nehru remarked in 1959, "All the enthusiasm in the world will not be enough unless we have trained personnel to run our cooperative societies. That training has not only to be high level training for top functionaries in the movement, but should include some kind of limited training for middle level personnel...." The need for proper staff training in the consumer cooperative stores was also stressed by the Committee appointed

by the National Cooperative Development and Warehousing Board in 1961 as well as by Mr. Schubert in his report published in 1967. ^{1/}

18.05.02 The managements of the stores are well aware of the importance of trained employees and the employees are also keen to undertake training to get a better chance of promotion. In spite of that, matters related to staff training have generally not received adequate attention and the available facilities have not been fully utilized though the facilities are also not adequate.

18.05.03 The inservice training adopted in the stores is usually through "learning through own mistakes and experiences" and personal contacts. Some of the larger stores conduct staff meetings. Available written materials such as by-laws, annual reports, publications etc. are rarely utilised in the inservice training programme.

18.05.04 The institutional training is for managerial personnel undertaken by the Vaikunth Mehta National Institute of Cooperative Management at Poona (VMNICM) which has a wing dealing with consumer cooperation. This consumer cooperative wing was started in 1964 with the assistance of three teachers from Sweden. This wing conducts regular courses for managerial personnel in consumer cooperative stores and has, during 1964 to 1970, conducted 15 Managers' Courses (8 weeks each) with a total of 425 participants and has also undertaken specialised courses within the field of purchasing, inventory management and control etc. In addition to this, it arranged conferences for chairman of wholesale stores etc. The Consumer Cooperative Wing has trained, during 1964 to 1970, a total of 1500 chief executives and cooperative leaders. The Institute has also published some manuals for use by the stores and is issuing a quarterly magazine "Cooperative Information Bulletin".

^{1/} Report to the Govt. of India on The Development of Consumer Co-operation, by R. Schubert, ILO Expert on Coop. Dept. Stores: National Cooperative Consumers' Federation Ltd., New Delhi-14

18.05.05 In this context it may be mentioned that the number of top Managers to be trained is approximately 600. The number falling under the various other categories - Dy. Managers (3,000), Supervisors (15,000), and sales personnel (50,000) etc. - is of the order of 70,000. Any training programme should plan to cover this number in a phased manner in as short a time as possible. To this refresher courses should be dovetailed. An adequate margin for mobility of personnel in other jobs should also be made while designing the training programme. The number trained has no relation to the number required to be trained for the movement.

18.05.06 At the regional level there are 13 cooperative training colleges administered by the CCT which impart training to intermediate personnel, mostly through conducting a general basic course of 36 weeks duration. However, in this course only 4 hours are allocated for discussing matters particularly related to consumer cooperatives. During these 36 weeks the participants are expected to organise and run a cooperative store in the training centre to meet the participants' needs of daily requirements.

18.05.07 The training centres conduct special courses of which none is related to consumer cooperatives in particular. Hence, the consumer cooperatives do not use this channel of training.

18.05.08 The 65 Cooperative Training Institutes are run by the Cooperative Unions and in some cases by the State governments. These Institutes are to conduct training for junior personnel of government and cooperative institutions. These Institutes also conduct special courses for consumer cooperation in collaboration with the stores and upto 1970 approximately 2600 junior personnel have been trained in these Institutes.

18.05.09 A few of the bigger stores have approached other training institutions outside the cooperative movement for training their employees.

18.05.10 The training given to the top management has not been of immediate help to them in their day-to-day operation of the Stores due to, among others, the following reasons :

- a. The employees who received training in the National Institute themselves were not keen to apply the knowledge in their work in the stores as such services would not be properly recognised.
- b. The managements did not evince any interest in the trainees putting their knowledge into practice in the stores.
- c. Many of the employees who received training at this Institute were government employees on deputation, and were withdrawn by government before the stores could derive benefit from the training received by these employees.
- d. Due to improper working of effective communication system and in-service training in the stores, the knowledge gained by some employees could not spread to other employees and thus did not have the multiplication effect.
- e. The training at the Institute is largely theoretical.

18.05.11 The National Institute should concentrate on the training of top level personnel and teachers for the Regional and local training institutions and prepare suitable manuals and lecture materials for their use with case studies drawn extensively from the country's private and cooperative shops practices.

18.05.12 The training facilities for middle management, supervisory and junior personnel are at present inadequate and cannot meet the specific requirements of the cooperative stores, mostly due to lack of qualified teachers to handle the various aspects of retail management. There is an acute shortage of suitable lecture-material and manuals including text-books for use in the colleges and training centres.

18.05.13 The training offered in the field of retail management in these colleges and centres is too theoretical and not integrated with the day-to-day working nor is it helpful in meeting the problems faced by the stores. The training given should be field and problem-oriented, devoid of monotonous lectures. Short-term specialized and highly intensive courses in specific areas of retail management should be conducted.

18.05.14 The business federations are not involved in formulating the training programmes for the employees of consumer cooperative stores nor do they have a close collaboration with the various training institutions.

18.05.15 On the other hand, the managements of the stores have not fully utilised even the existing training facilities. A more positive attitude by the managements would probably also result in a better collaboration between the stores and the cooperative training institutions so that more tailor-made training for employees of stores could be drawn up. It is also time that the managements of stores realise the great and biggest need for training of employees and try to utilise and develop even the present available resources both with regard to in-service training as well as institutional training.

18.05.16 The managements should also start recognising employees who have undergone training and make use of their increased knowledge by giving them opportunities to implement what they have learned, and to give lectures to other employees. This will enable them share the experience gained in the training and enrich the same further by the process of teaching. Incidentally this will stimulate them to continue their work in the store and study further so as to give them a chance in their career development. It should be remembered that training is a continuous process and is never complete.

18.06 Communication

In the stores, the flow of communication is generally neither adequate nor proper. Staff meetings, officers

meetings, staff councils and suggestion schemes are channels of communication in only some of the most successful stores. Orders and notices and informal contacts are the most common channels of communication. Due to the gap in communication/information and the lack of proper induction the employees are usually not well informed about the stores' goals, objectives, problems, future plans and the managements' expectations from the employees etc.

18.07 Motivation and Loyalty.

The employees in the cooperative stores seem generally to lack motivation and job-satisfaction due to various reasons such as limited scope for promotion, lack of training, inadequate flow of communication/information etc. This has resulted in a fairly high staff turnover with the consequent loss of valuable experience. For the same reason and on account of over-staffing retrenchments have taken place in some stores. This was also due to inadequate planning at varying stages.

18.07.02 The above have adversely affected the salesmanship and loyalty of the employees which in turn have affected the sales and performance of the stores.

18.07.03 Employees grievances and discipline are mostly dealt with by the Board or a Sub Committee and in a very few department stores there are Employees Unions with which the managements can discuss and negotiate terms etc.

18.08 The present problems with regard to personnel administration can be removed by adopting, among others, the following measures :

- i. Implementing proper personnel management techniques in the stores by establishing a separate and independent section or department to deal with personnel matters.

- ii. Undertaking proper job analysis, preparing job descriptions and defining duties and responsibilities of each employee.
- iii. Formulating proper recruitment policies.
- iv. Introducing suitable training programmes for each category of employees both institutional and inservice and affording promotion facilities.
- v. Offering attractive and comparable compensation and other terms and conditions of service.
- vi. Establishing effective communication system between the employees and the management and fostering cordial and harmonious relationship between the managements and employees.
- vii. Establishing a machinery for prompt redressal of employee grievances.
- viii. Providing a congenial atmosphere for employees to work in so that their productivity and efficiency may increase.

18.09 To introduce and implement the above personnel management techniques¹ with success two things are necessary, (a) the size of the cooperative store should be reasonably big, and (b) assistance from the apex organisation in matters of personnel management should be readily and regularly available.

18.10 With salary costs going up due to increases in cost of living and other factors, demand for further wage increase cannot be resisted. In the circumstances, it will be necessary to ensure the efficient use of the manpower resources by proper motivation and training both by formal and informal methods. In retailing each member of staff plays an important role and the Management's effort should be to secure "the whole man as against the part man for wages."

1. Personnel Management is a highly involved and specialized subject. The subject is dealt with only briefly here. For greater details, the reader is referred to "A Study of Personnel Management in Selected Cooperative Supermarkets in India" by R. Arvidsson and K.K. Taimni published in 1970 by the ICA.

CHAPTER XIXFINANCIAL MANAGEMENT AND CONTROL

19.01 The importance of proper financial management and control has been stressed in various reports, conferences and seminars. The Cooperative Acts provide for a Balance Sheet and Profit and Loss Account together with various reports showing the state of affairs of the society to be presented and placed before the General Body for approval and adoption.

19.01.02 In spite of the statutory regulations, the society's accounts are generally not up-to-date. The Balance Sheet often does not show the correct position of the societies. (See Audit).

19.01.03 The concepts of budgets and monthly and quarterly financial reports are little known to the managements much less used. Even in stores where such budgets and reports are prepared, they are often not used as important tools of management. In many States, the Registrars demand a kind of a quarterly progress report of the stores' operations, but these reports are not made use of by the Registrar's office in a manner either to improve the working of the stores or to communicate useful data for others to emulate.

19.01.04 The various reports prepared in the stores do not reach the managements and Registrars' offices in time. Often they reach three months after the actual period, and it becomes too late to take any remedial or corrective measures.

19.02 Control

The cash control system in the stores is usually good but the present common system of payment first and then

delivery of goods to customers is not conducive to promotion of sales. In the present system while some employees are solely in charge of cash, others are attending to customers assisting them to select goods, prepare cash memos etc. Some times there are other employees in charge of packing and delivery of goods to the customers. The customers have therefore to go to two and sometimes three different employees in the store for making a purchase.

19.02.02 Systems where the customers have to go to one sales employee for all the various functions from collection of goods to payment and delivery etc. have been successfully introduced in many of the bigger stores and the Department Stores in particular.

19.02.03 Cash deficits, if any, are usually recovered from the employees. For this purpose, employees have to furnish cash security or other similar securities. Cash Registers are used only in a very few stores. (five stores or so).

19.02.04 The stock control system in operation in the smaller stores is often the Unit Control System, while in the bigger stores the Value Control System is more common. The value control system is however becoming popular and is being adopted by more and more stores.

19.02.05 Due to incomplete maintenance of the books of accounts, stock-taking is done annually in the cooperative stores. Stock control is not satisfactory due to inadequate supervision, shortages and leakages have assumed large proportions and are posing a serious problem to the managements of stores. The results of stock-taking are also made known to the management too late to take any remedial action.

19.02.06 Since the sales employees are usually held responsible for shortage/leakage, and the amount of shortage and leakage are often recovered from them, they have a tendency

to inflate the value of the stock-in-hand by devious ways.

19.02.07 The managements are aware of such inflated values of stocks, but do not take effective action to control the situation. Such inflated stock value will of course give a more favourable picture of the store's financial position in the balance sheet leading to sudden collapse of the store one fine morning. (See chapter on "Audit").

19.02.08 The supervision of the Store is generally weak and unsatisfactory due largely to lack of trained and experienced supervisors.

19.02.09 The reasons for this state of affairs are :

- a. the accountants are often not properly trained;
- b. the stores cannot attract and retain qualified hands as a result of the smallness of business, and poor remuneration paid; and
- c. the management does not seem to pay adequate attention to this important part of management function.

19.03 The National Cooperative Consumers' Federation of India has worked out and introduced a management accountancy system in the stores in collaboration with an ILO Adviser. In this system, the maintenance of books, budgets and various monthly reports as well as cash and stock control procedures have been integrated. The Vaikunt Mehta National Institute of Cooperative Management in Poona has also come out with a similar accounting system. These systems have, however, not found their way into cooperatives. While there may be some resistance on the part of managements, the authors of these systems have not made special efforts to sell the idea in an effective manner so far.

19.03.02 It is important that the accounts and the control of the stores are kept up-to-date and that necessary budgets and reports are introduced as an important tool for the management.

19.04 The managements should make efforts to clear out slow-sellers which are now blocking the working capital and also make efforts to increase membership and share capital. This is all the more important because financial assistance from government will gradually shrink in the years to come and the stores will be left to raise the working capital needs on their own for expansion of business or even for maintaining the present volume of business. Such additional funds will have to come from within the store, namely, from the members, as governments may not be able to give the same priority to consumer cooperatives as they previously did. The cooperatives have now to develop as peoples' movement and reach quickly a stage when self-generated capital and know-how will play a decisive role.

19.05 To achieve a self-sustaining and self-generating stage, the cooperatives should develop norms, ratios and percentages for periodical comparisons. Comparisons of the same society/store with figures/ratios worked out separately for each department or group of commodities for periods of one year, six months, three months, every month, and if possible every week should be readily available. While the weekly review should be conducted by supervisory staff and Manager of the store, monthly review should be placed before the managing committee for a detailed discussion and decision.^{1/}

19.05.02 It is not enough to compare ratios of the performance of the same society and it is necessary to compare the ratios, norms etc. of other similar societies/retail outlets in the area. This is known as Inter-Firm Comparison. The collection and compilation of data for this should be the

^{1/} For greater details the reader may refer to "The Role of a Nominated Director in a Consumer Cooperative Society" by S.Dandapani, published by the Ministry of Railways, Government of India, 1970.

responsibility of the State/National Consumer Cooperative Federation which should systematically forward the same to the stores for further examination and action.

19.05.03 The norms so developed , or the figures of Inter-Firm Comparison so obtained should be compared with the society's norms and placed before the monthly meetings of the Board of Directors. The consultancy service controlled by the Federation is pressed into action at this stage to further discuss the problem and evolve a decision.^{2/}

19.05.04 A conscious effort to pool resources of buying power, know-how and finance is conspicuous by its absence. Techniques of cash inflow-outflow, capital turn round, Break-even Analysis, etc. are common to any business organisation, and they should be freely used by the cooperatives with advantages accruing to the store, the movement and the community.

^{2/} Such functions are undertaken by the Danish Consumer Cooperative Movement. For details the reader is referred to "Rationalisation of Consumer Movement in Western Europe" by S.Dandapani, Ministry of Railways, Government of India, 1971, p.92.

CHAPTER XXA U D I T

20.01 Under the Cooperative Act, auditing of the societies through authorised auditors at least once a year is the responsibility of the Registrar of Cooperative Societies.

20.02 In most of the States, a Joint Registrar is deputed by the Registrar for the work of auditing cooperative societies. In a few states, audit of cooperative societies is carried out by a separate Audit Department headed by a Chief Auditor to ensure a degree of independence. In the States where the Registrar is in charge of audit, it is argued that the Registrar can have effective control over the working of cooperatives.

20.03 In the smaller stores, audit usually takes place once a year by a team of auditors. In bigger stores, there is a continuous audit by a team of auditors deputed by the Department. The auditors are actually attached to the store only for the purpose of auditing the accounts of the store. The Department sends out regularly senior auditors to bigger stores to inspect the work of audit carried out by the auditors attached to the stores. The audit objections and comments on the working of the stores in regard to the maintenance of books of accounts are communicated to the senior auditors inspecting the stores who then take up these matters with the management of the stores.

20.04 In only a very few cases the audit of cooperative stores is done by private Chartered Accountants authorised by the Registrar.

20.05 The Cooperative Audit (audit done by auditors from the Cooperative or Audit Departments) is an integrated audit

in which not only the figures in the accounts are audited, but also the store's overall performance is evaluated. (The audit done by Chartered Accountants is usually confined to the financial matters of the store).

20.05.02 Cooperative audit is expected to be suggestive of ways and means to improve the store's operations. The continuous audit should give monthly observations and a quarterly audit reports as well as a yearly final audit report.

20.06 The audit in general and the continuous audit in particular is a costly affair for the store.

20.06.02 An audit fee is levied and is calculated differently in different states, some states charge audit fee in relation to the working capital of the store concerned, some on business volume and yet others in relation to profits. Maximum and minimum audit fee is also fixed.

20.07 Auditing of the stores is a difficult and time-consuming work, as often the accounts of the stores are not complete nor are they kept in good order resulting in the auditors often performing the job of the accountant as well. They have, therefore, limited time and interest in performing their real duty, viz., auditing.

20.08 The auditors attached to cooperative stores do not want to stay long and are often transferred to another cooperative organisation as there are no specialised auditors for cooperative stores.

20.08.02 The training and field experience of the auditors are not adequate to evaluate the overall performance of the store and to suggest ways and means to improve its working. In fact, the audit reports do not give many suggestions or recommendations for improvement of the working of the store. The audit reports are often not studied carefully by the

managements nor serious attempts made to remove the defects pointed out in the report. The managements find an excuse for not being able to attend to the observations made by the auditors in their reports.

20.08.03 The auditors' salaries do not compare favourably with those in the open market. A senior cooperative auditor earns approximately Rs. 300-500 per month.

20.08.04 It is difficult to find qualified hands, and the auditors do not have specialized training or field experience in running a cooperative store. Many of the present auditors do not have specialised training and this has affected their work.

20.09 The balance sheets of the stores do not often reflect the correct financial position : (a) the stock-in-hand does not indicate current value; (b) credit purchases are not correctly accounted; (c) credit sales often include bad debts; and (d) recoveries from employees indicated in the balance sheets turn out to be irrecoverables.

20.10 The auditors are aware of the above defects and sometimes do point them out in their reports. But as stated earlier, the managements often underestimate the importance of audit reports and continue preparing the balance sheets in the same old way. The auditors continue to certify the balance sheets subject to the comments made in the audit report.

20.11 In spite of the heavy expenditure incurred by the stores on the audit of stores, the results gained are limited as the audit reports are generally not up to the expectations. The managements also do not make use of the audit reports intelligently and act upon the suggestions and comments made in the audit reports. The policy of most of the managements seems to be not to disclose the correct picture of the store's operations as revealed by the audit report, as it is usually more unfavourable than what it is made out in the Balance

Sheets prepared by the Stores.

20.12 The auditors of cooperative stores should realise that they carry a very important responsibility towards the members of cooperatives which they audit. The audit reports should therefore reflect the true and correct picture of the store's financial position as well as point out defects and offer suggestions for improvement of store's operations. The managements of cooperative stores and the Cooperative Departments should also adopt a more positive attitude towards this important tool of management, and take steps to improve the store's operations.

20.13 A few stores have introduced a system of internal audit carried out concurrently. In such cases, not only the defects are set right at the initial stages, but also they help the management in timely decision-making. The system of internal auditing has several advantages and all stores should introduce this system to avoid financial loss to stores.

CHAPTER XXIA LOOK AHEAD

21.01 In India, Consumer Cooperatives have been initiated by the government with a liberal grant of concessions and facilities. Consumer cooperatives have been used as distributive channels for controlled and scarce commodities to overcome certain socio-economic problems and achieve national goals of public justice and welfare.

21.02 The Chinese aggression in 1962 gave a phillip to the movement when ^abig beginning was made with massive government effort, support and financial help. The devaluation of the Indian Rupee in 1966 gave further importance to the movement. Besides financial assistance, government extended free training facilities for cooperative leaders including employees, a regular supply of rationed and scarce commodities deputation of government employees to consumer cooperatives to man the executive positions etc.

21.03 From 1962 to 1970, the movement has handled approximately Rs.15,000 million of retail trade. Assuming that 70 per cent of the business fell under controlled commodities, the remaining 30 per cent has been on non-controlled goods. Sales tax calculated at 3 per cent (as an average) amounts to Rs. 135 million in addition to payment of income-tax by a few large societies. The amount gained by way of taxes is approximately Rs. 140 million as against Rs.230 million invested so far in consumer cooperatives by the government. This in itself is an achievement particularly in the context of large scale tax evasion practised by private shop keepers.

21.04 The total retail sales through consumer cooperatives registered a steady rise in the first few years of their working. The sales rose from Rs. 1,800 million in 1965-66 to

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Rs. 2,400 million in 1966-67, but declined to Rs. 2,300 million in 1967-68 and the sales figures for the subsequent years 1968-69 and 1969-70 indicate a further downward trend in spite of increase in the cost of living, introduction of additional units, etc.

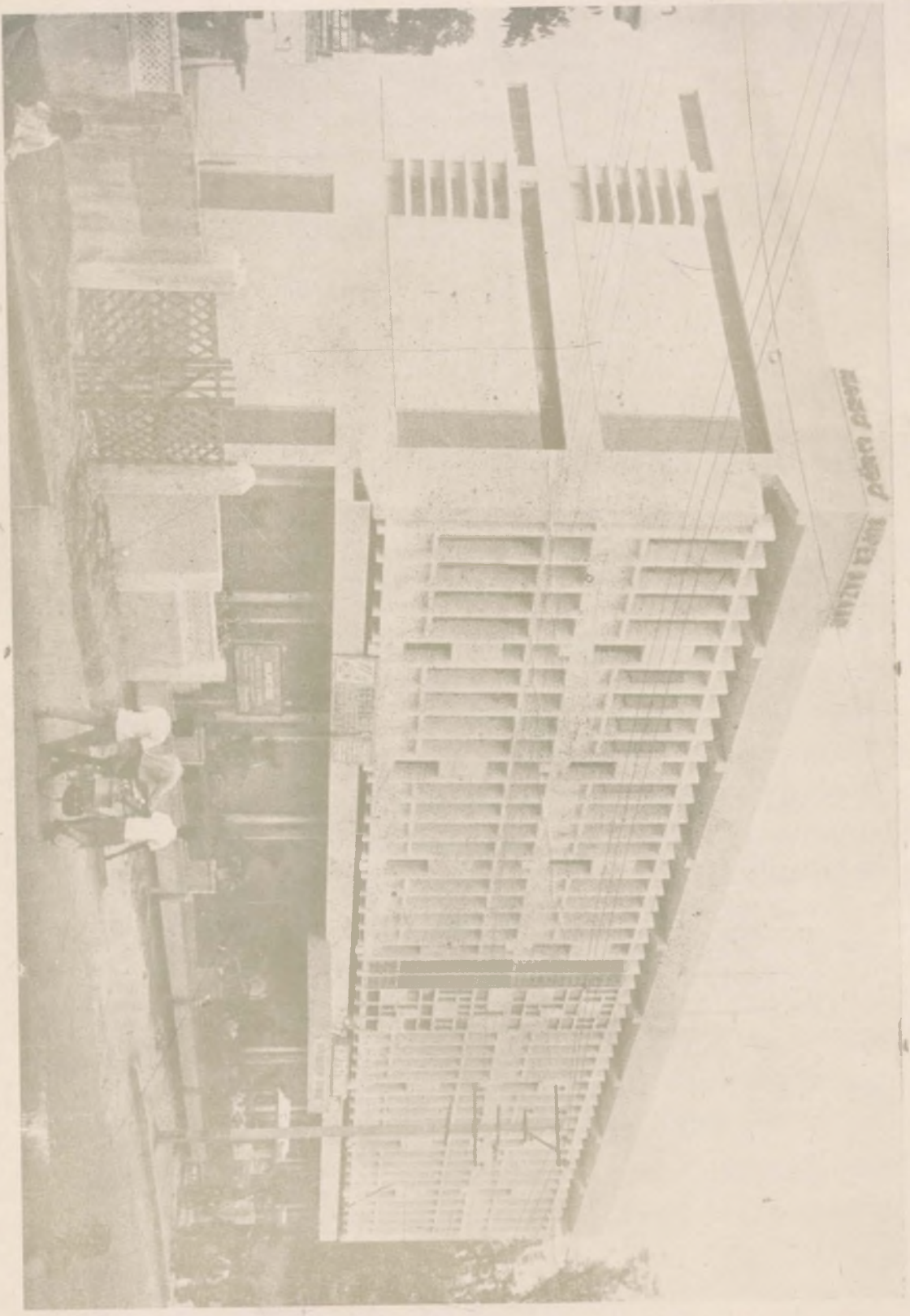
21.04.02 The number of individual members of cooperatives has increased to approximately 4.3 million in 1967-68 thus covering approximately 5 per cent of the total Indian families as members of consumer cooperatives.

21.05 The average sale per member has declined from Rs. 575/- in 1966-67 to approximately Rs. 530/- in 1967-68. Assuming the family size to be 5 and the annual family income to be about Rs. 2,750/-, the average of the consumer cooperative is less than 20 per cent as against an average consumption expenditure of 60 per cent. This indicates the scope even in respect of persons who are already members of cooperatives - much less a share in retail trade.

21.06 The average paid-up share capital per individual member amounts to about Rs. 18/- only. The need for stimulating special schemes to enable growth of capital has assumed importance but this is largely linked with the business efficiency through provision of goods and services.

21.07 The consumer cooperatives' share of the total retail trade in India works out to approximately 2 per cent. The consumer cooperatives are mostly functioning in the urban areas, their share of the total food consumption in the urban areas may be approximately 8 per cent of the total food consumption in the area.

21.08 Keeping in view the consumer cooperatives' limited share in the total retail trade in India, and the fact that a great deal of business volume of consumer cooperatives comes from the sale of controlled goods which are slowly being lifted by government and the declining trend in sales and



KALPATHARU—The Cooperative Super Bazar in Bangalore.

profitability in the consumer cooperatives, the future of consumer cooperative is not very encouraging - to say the least. Serious and urgent efforts in a planned way are necessary to improve the working of consumer cooperatives.

21.08.02 Based on the experience of the past, future objectives and the strategy of the consumer cooperatives should be worked out and properly sold to the persons working in the field and to the public at large.

21.09 At several levels a feeling has generated that the primary consumer cooperatives are the weakest link in the movement. While the figures in respect of the number of dormant societies may influence such an opinion, the data regarding share capital, business turnover and business participation of the primaries with wholesales indicate a favourable trend. Whereas the similar figures for the wholesales as a whole confirm that they are the weakest link and need quick improvement.

21.10 The process of revitalisation of the movement is laborious. Any single attempt cannot obtain the desired objectives. A multi-pronged, time bound attack with quantified objectives will be needed as follows :

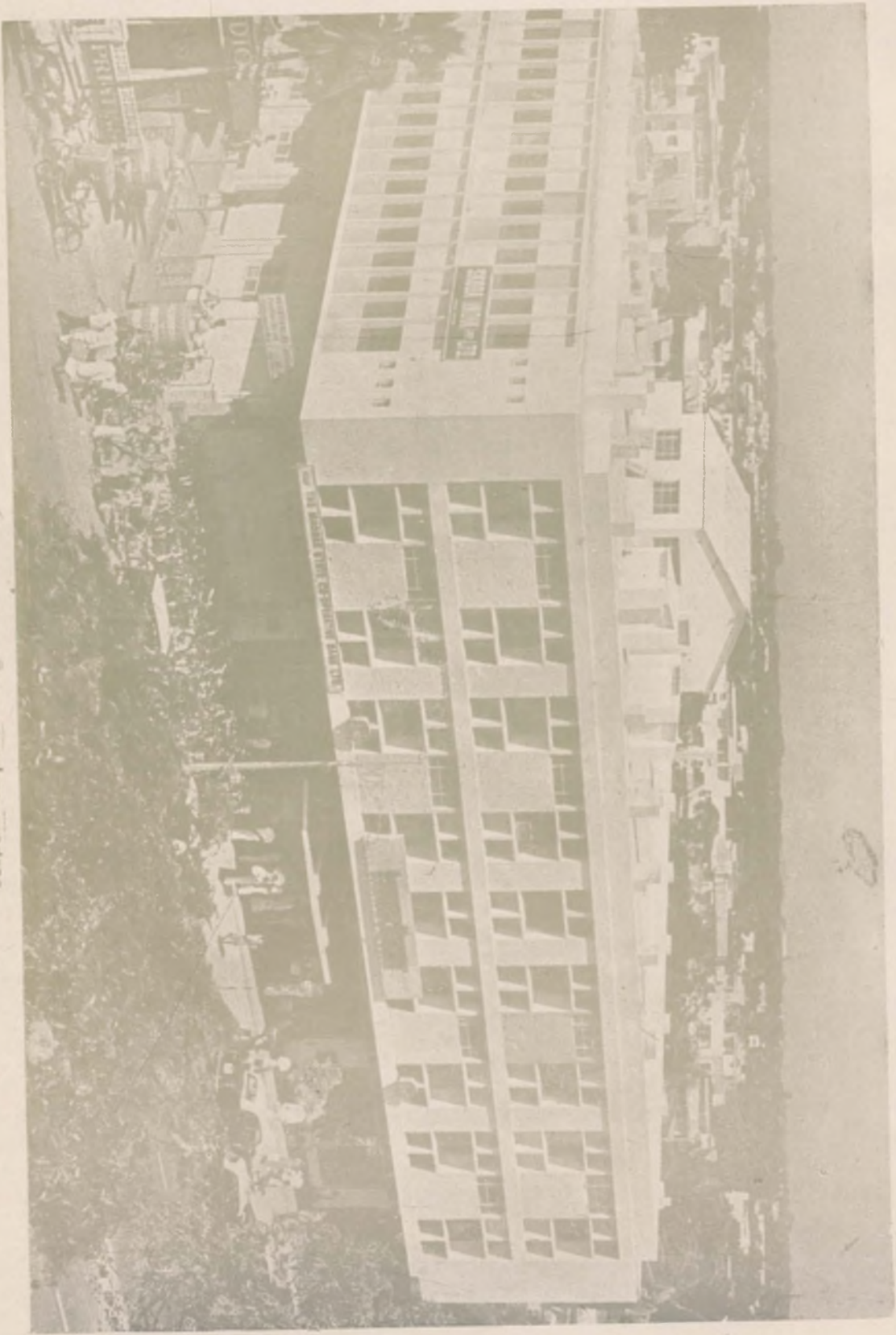
<u>Year</u>	<u>Aim</u>
1971)	Present level of coverage should be maintained.
1972)	This will call for a yearly increase of 10 per cent - or 20 crores in the sale - partly for price increase and partly for increase in consumption.
1973)	An attempt to increase 1/4 per cent of the coverage i.e. increase the average from 2 to 2 1/4 per cent, which would mean an increase of 25 crores, (to cover the 10 per cent year to year increase) and 25 crores being the share of 1/4 per cent average making a total of 350 crores of sale at the end of 1974.
1974)	

Note : A crore is 10 million

<u>Year</u>	<u>Aim</u>
1975	An attempt to increase $\frac{1}{2}$ per cent of the coverage - which would mean an increase of 35 crores (to cover the 10 p.c. year to year increase) and 90 crores to cover $\frac{1}{2}$ p.c. coverage making the total sale to 475 crores.
1976) to) 1980)	An attempt to increase $\frac{1}{2}$ p.c. of the coverage every year - which would mean an increase of 50 crores (to cover 10 per cent year to year increase) and 100 crores to cover $\frac{1}{2}$ p.c. coverage resulting in a total sale of a little over 1,350 crores at the end of 1980.

21.10.02 A quantified aim of this nature would at once call for a detailed examination of the resources, assortment, the layout, the location, the pricing policies and so on. It will also be necessary to work out similar quantified programmes for each State, district and society separately based on their present turnover and other resources at their command. It will also call for the establishment of a network of consultancy services with a clear accountability at varying levels for ensuring this achievement of quantified aim.

21.11 Steps are also necessary to improve the organisational structure of the Movement with a view to ensuring adequate business integration to meet the competition of the market and the future challenges. Steps are also necessary to improve the quality of leadership, step up and intensify member education programmes and member activities. Modern and scientific management techniques have to be applied in overall planning, in sales management, inventory management, personnel management, financial management, control and budget in the consumer cooperative stores. The role of the Consumer Cooperative Movement should be clearly spelt out and efforts made to achieve it in a given period of time.



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