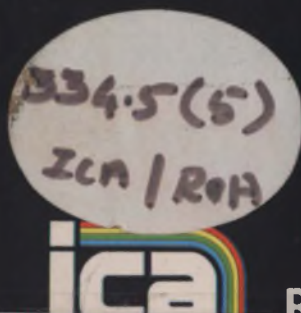


Management of Consumer Cooperatives

for South & South East Asia
– A Workshop Report 1995



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**Report of the
ICA/NCCT/NCCF/Raigad Bazar
Regional Workshop on Modern Management of
Consumers Cooperatives for South
and South East Asia**

November 12-20, 1995, Alibag, India



International Cooperative Alliance

Regional Office for Asia & the Pacific

New Delhi - 110065. India

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Foreword

Recent trends towards liberalisation of economies in South Asia and Indo-China have affected the consumer behaviour and consumption pattern in an unprecedented manner. Many domestic consumer services companies have gone into collaboration with transnational companies resulting a decline of consumer cooperative market. As an example, the market for cooperatives in Vietnam has shrunk to 2% now.

In the circumstances, the consumer cooperative movements in Asia need to find new strategies and direction for their organizations. It is also vital to discuss the possibilities of creating markets, if not increasing the market share.

The Regional Workshop on Modern Management techniques for consumer cooperatives held in Alibag, India has tried to learn from the success stories as well as failures of consumer cooperatives in order to find new strategies.

The workshop has also adopted an approach to learn from each other which makes the experience more realistic and richer. The groups who have discussed the problems have come out with valuable suggestions for consumer cooperatives in the region. Therefore, I feel that the ideas are important and valuable for adoption.

The case studies presented provide a live picture of ups and downs of success stories of consumer cooperatives. Learning from others successes and failures is an effective learning experience for the students of consumer cooperatives.

I do not hesitate to recommend the report presented here for all policy makers and managers of Asian Consumer Cooperative Organizations. I also note my sincere thanks to participants, consultants, organizers and the ICA ROAP staff, who made the workshop a success.

G.K. Sharma
Regional Director

PART I
Workshop Proceedings

ICA/NCCT/NCCF/Raigad Bazar Regional Workshop on Modern Management of Consumer Cooperatives for South & South East Asia

Alibag (India) 12-20 November, 1995.

WORKSHOP PROCEEDINGS

1. Introduction :

The development of cooperatives, especially in the consumer sector, has not kept pace with the developments in other sectors of the economy in Countries in the South and South East Asia. The liberalisation taking place in most of these countries in the economic field has created certain threats in its wake in the proper working of cooperatives. Cooperative institutions with its in-built disadvantages need to be awakened to the realities in the field and to the latest developments in the management area. With this end in view, the International Cooperative Alliance Regional Office for Asia and the Pacific has been organising a number of programmes in different areas/sectors of cooperative movement. The Consumer Cooperative Sector is one of such major sectors which received considerable attention from ICA.

In this effort of development of Consumer Cooperatives in Asia and Pacific regions, the Consumer Project Section of the ICA ROAP, New Delhi, has been organising a series of Workshops/Seminars in different Countries at different places, especially in major cities. Two such Seminars were organised at Bombay, the financial capital of India in April, 1994 and early 1995.

The success and utility of such Programmes encouraged the ICA to organise yet another Workshop on Modern Management of Consumers Cooperative in India, not in Bombay, but at a nearby district place, at Alibag, which is about 100 Kms. away from Bombay in Maharashtra State of India.

In India, the consumers cooperatives have proved to be successful in the State of Maharashtra. The success of consumers cooperatives in a metropolitan city like Bombay has attracted the attention of cooperative leaders in the rural areas of Maharashtra and this has resulted into the gradual development of cooperative department/Super Bazars in different remote rural areas of Maharashtra State. Consumer Cooperatives in Maharashtra have emerged as a learning laboratory for people from India and Indian Sub-Conti-

ment. Alibag is one of such centres with a well developed Cooperative Store, popularly known as “Raigad Bazar”.

Raigad Bazar’s management extended their whole-hearted support in organising such a Workshop and mobilised the support of other cooperative institutions in conducting such “Workshop” in Alibag. The position of Raigad Bazar as a model in a mofusil area like Alibag and the eagerness and anxiety of its management in hosting such a Workshop, encouraged ICA ROAP to organise the Regional Workshop on ‘Modern Management of Consumers Cooperatives’ for South and South East Asian Countries at Alibag for cooperative leaders, managers, cooperative trainers and Government officials in charge of development of consumers cooperatives. This would naturally bring closer and better cooperation and mutual assistance among ICA member Countries within the region in the near future.

The International Cooperative Alliance, ROAP with the active support of National Council for Cooperatives Training (NCCT), National Cooperative Consumers’ Federation of India (NCCF) and Raigad Bazar of Alibag, has designed and organised a Regional Workshop on Modern Management of Consumers Cooperatives for the benefit of member countries in the region, with the following objectives.

2. Objectives:

The main objectives of the Workshop were:

1. To introduce practical knowledge on Modern Management Techniques of Consumer Cooperatives both theory and practices.
2. To discuss and examine the present situation of consumer cooperative movements within the region and the impact of new economic policies on consumers cooperative development.
3. To exchange knowledge and experience of consumer cooperative organisation, administration, operation, management and developmental patterns of each country.
4. To promote cooperation within the country/region.
5. To develop strategy and action plans for consumer cooperative development within the country/region.

3. Organisers/Organising Committee:

The Workshop was planned and organised in consultation with several consumer cooperative experts and institutions in the academic, consultancy, development and practising consumers cooperative managers in India. The following agencies were mainly

associated with the organisation of the Workshop, besides a considerable number of practising consumers cooperative managers.

- i) International Cooperative Alliance Regional Office for Asia and the Pacific (ICA ROAP).
- ii) National Council for Cooperative Training, New Delhi (NCCT). and Dr. Vithalrao Vikhe Patil Institute of Cooperative Management (ICM), Pune.
- iii) National Cooperative Consumers Federation of India Ltd; (NCCF).
- iv) Raigad Bazar, Alibag.

Dr. V.O.Varkey, Faculty Member ICM, Pune, acted as the Technical Coordinator of the Workshop.

With a view to work out and supervise every aspect of the Workshop, a separate organising Committee was constituted with the following members.

- | | |
|------------------------------------------------------------------------------|----------------------|
| 1. Mr. P.A.Kambli,
Managing Director, Agri.Tech, Alibag. | Chairman |
| 2. Mr. P.B.Sarnaik, General Manager,
Raigad Bazar. | Member-
Secretary |
| 3. Mr. Pradit Machima, Consumer Advisor,
ICA ROAP and Programme Director. | Member |
| 4. Mr. P.A. Sawant, Sr. Consultant, NCCF. | Member |
| 5. Dr. V.O.Varkey, Faculty Member, ICM/
NCCT and Technical Coordinator. | Member |

4. Venue:

Unlike the earlier Seminars, this Workshop had the distinction of being organised in a small town, with the active cooperation of all cooperative institutions in the area. The Workshop was organised at Board Room, where the Board of Directors meet, of the Alibag Urban Cooperative Bank at Alibag. The Bank authorities took keen interest in furnishing and modernising the room to conduct such a regional Workshop, thanks to its Chairman, Board of Directors and General Manager.

While the Alibag Urban Cooperative Bank provided the venue for day-to-day conduct of the Workshop, the Raigad Bazar stood as a model for delegates to witness the practice of modern management concepts in consumers cooperatives.

The Alibag town, the venue of the Workshop, was dossed in a

festive mood with all cooperative institutions, hotels etc. taking care of the lodging, boarding and transport arrangements of the delegates. Added to this, the sea beaches provided the much needed scenic beauty to the workshop delegates combined with cultural folk programmes.

5. Participants/Delegates:

While framing the objectives of the Workshop, care was taken to see that the participants included practising managers, leaders, cooperative trainers and Government officials concerned with consumers cooperatives development, so that the Workshop will finally achieve the net result of development of consumers cooperatives in this part of the World. A large number of nominations were received from consumer cooperatives, especially in India, but selection was restricted to only 36 delegates. They included delegates from 7 Countries, including India, Myanmar, Sri-Lanka, Nepal, Thailand, Philippines and Malaysia.

The list of participants is enclosed. There were 3 delegates each from Malaysia and Thailand, 2 from Sri Lanka, 1 each from Myanmar, Philippines and Nepal. The remaining 25 delegates were from India.

The delegates included 13 Trainers including 11 from India. The remaining 23 delegates were either practising consumers cooperative managers, leaders or Government Officials concerned with consumers cooperatives. The nominated delegates from Korea and Singapore could not attend the Workshop, due to certain problems at their end. Out of the 25 delegates from India, 11 were ICM Cooperative trainers, 2 were of Govt. of India Officials and 12 were from Indian Consumers Cooperatives. Keeping the prime aim of development of consumers cooperatives in those states where it is lacking, as a matter of policy, it was decided to invite nominations from consumer cooperatives in the north eastern States of India. Therefore admissions to consumers cooperatives in India were restricted to only those areas.

Secondly, with a view to provide ample opportunity for exchange of experience, selected consumers cooperatives in Maharashtra state working very successfully, were invited to send their delegates for the Workshop. Successful consumers Cooperatives in Maharashtra, such as Shetkari Bazar of Kolhapur, Warna Bazar of Warananagar, Apna Bazar of Bombay, Sahakari Bhandar Bombay and Raigad Bazar, Alibag, deputed their officers for the Workshop.

The combination of delegates provided ample scope for exchange and learning.

6. Background Documentation:

With a view to enable the delegates to gain first hand information about the working of consumers cooperatives in these Countries participating in the Workshop, the delegates were requested to prepare detailed Country Papers regarding the development and working of cooperatives in general and consumers cooperatives in particular in their respective Countries. The delegates were allotted specific time for presentation and discussion of their papers. It was gratifying to note that the papers were presented in a precise and orderly manner and this exercise turned out to be quite fruitful. The Country papers are annexed to this report.

Likewise, delegates were also requested to prepare case studies of consumer cooperatives in their respective localities in a prescribed form which were used for class room discussions. These studies were also circulated to all the delegates for further readings.

Two case studies were presented in the Workshop by NCCF Staff, one study highlighted the weaknesses of a Super Bazar and the other emphasising the success of a Super Bazar.

The Resource Persons were also requested to prepare notes on their topics which were also distributed to the delegates. In addition, the ICA ROAP, supplied a number of published material pertaining to consumer cooperatives and their management, the most important being the manual on Management of consumer cooperatives. This manual discusses the topics such as retail scenario, organisation of consumers cooperatives, sales management, purchase Management, Financial Management, Personnel Management, etc. and also gives the business efficiency norms of a consumers store.

Background material prepared by Dr. V O. Varkey about Department Stores at Phaltan and Akluj were also distributed to the delegates before they visited these institutions.

Copies of the case studies, technical notes, background material, etc. supplied to the delegates are included in this report.

7. Climate setting and Registration:

On 12th November, 1995, the delegates were requested to report at the Workshop venue at 4.00 p.m. They were requested to register themselves by completing the form supplied to them and they were also supplied the study kit. The delegates were then

requested to introduce among themselves.

As a part of the climate setting session, Mr. P.A. Kambli, Chairman of the Organising Committee welcomed them and explained the physical arrangements for lodging, boarding, transport, etc. Mr. Pradit Machima, Programme Director gave a detailed account of the background of this Workshop and the need for it. He also explained the reasons for conducting this Workshop at Alibag.

Dr. V.O.Varkey, Technical Coordinator, gave the details about the day-to-day programme and also the methodology for the conduct of the workshop. He also allotted the time for presentation of Country papers and case studies to the delegates.

The delegates were also requested to clarify their doubts if any. This session provided ample opportunity to the delegates to get acquainted with each other and also share their views.

8. Methodology:

The Workshop was mainly conducted in 3 phases. The first phase consisted of exposure of delegates to modern consumer cooperative management concepts and exchange of experiences. This was possible through discussion by experts/resource persons and by presentation of country papers and case studies.

The second phase consisted of study visits to successful consumers stores and gaining first hand knowledge and expertise by witnessing/observing it.

The third phase was the brushing up of their knowledge and expertise through panel discussion, group work on assigned problems and action commitment.

This step by step systematic approach proved to be quite beneficial to the delegates in their learning process.

9. Inauguration:

The Workshop was inaugurated by Mr. B.D.Pawar, Director of Marketing, Government of Maharashtra, who is in charge of Consumers Cooperatives in the State of Maharashtra and whose whole-hearted support to the consumers cooperatives helped their development in the State, on 13th November, 1995 at 9.00 a.m. Mr. Datta Patil, Chairman, Raigad Bazar, Alibag presided over the function. Mr. B.D. Pawar inaugurated the Workshop by lighting the traditional lamp alongwith Mr. Datta Patil, Mr. Pradit Machima, Mr. S.C. Mishra, Director, Ministry of Civil Supplies, and others.

Mr. P.B. Sarnaik, General Manager, Raigad Bazar, welcomed

the guests and delegates on behalf of the Organising Committee, Raigad Bazar and Cooperatives of Alibag.

Mr. Pradit Machima, Consumer Advisor, ICA, spoke about the conduct of the Workshop and the development of the small district place like Alibag. He eulogised the services of great leaders/cooperators like Mr. Datta Patil who have developed economic enterprises/cooperatives in the district. These experiences prompted us in organising such a Workshop at Alibag, he added.

He further added that people earlier learned the experience of Europe, but now they are going to Japan, Singapore and India. He exhorted that people should learn from Asia, by people coming together from countries of this region. This beginning from Alibag will culminate into a real cooperation of people of these countries and starting point of such a cooperation, he emphasised in his concluding remarks.

Mr. Pawar then delivered his inaugural speech. A brief summary of his speech was as follows:

This is the second time he is associating with this type of programme. He was grateful to all for giving him this opportunity. He was very proud in saying that Mr. Pradit Machima is a living spirit of consumers movement in Asia and Pacific. These Workshops have really proved to be successful. In future, he added, any type of assistance will be given to him in organising such programmes in any part of the region.

In his speech, he further made the following points for consideration.

- After signing of the World Trade Agreements, lots of multinationals are competing for markets in India.
- In Asia and Pacific countries, rural and urban markets are increasing and how these countries will fare in the light of these agreements.
- We should think of organising ourselves to meet these challenges.
- South Korea experience is a well thought of plan/model for rural distribution. Like-wise, the Raigad Bazar model is also equally good in rural areas.
- Cooperatives are different from other forms of organisations. Here members keep a vigilant watch. Management in the sense of proper control should be ensured, through development of systems by using computers and latest softwares developed in India.

- Funds management is another area of management, which needs proper attention. If proper management is there, there will not be any crunch in funds. How funds should be made available for different activities should be properly planned. Government assistance proved to be negative in helping cooperatives.
- Role of middlemen should be minimised by integrating wholesalers and retailers. Cooperation among cooperatives have to be developed.
Human Resources should be maintained and developed to have committed and good people. Government should take the responsibility of funding training activities, instead of financial aid to cooperatives directly.
- Cooperatives should branch out into service areas and service area will bring near to the members. In addition to product range, service area also need to exploited.
Cooperatives should make use of the electronic media in its development.

In his concluding remarks he requested the delegates to send feedback to ICA on the new ideas implemented by them and wished the Workshop a grand success.

Then Mr. Prabhakar Kunte, a Former Minister of Maharashtra State spoke about the need for countries in the Asian region to come together for their economic development. Countries in these regions should cooperate and develop and for this cooperatives are the best alternative. He further mentioned that the efforts made by Mr. Pradit Machima in this direction are praiseworthy and laudable and he hoped that the countries in this region will benefit from this Workshop.

Mr. Datta Patil, President of the function, delivered his presidential address. He mentioned that Raigad district was not developed cooperatively. In 1986 they have started the Raigad Bazar in a small way and now ICA by organising this Workshop here has really honoured this region.

The success of Raigad Bazar is due to its trained personnel and he hoped that such Workshop will definitely help in training the personnel of consumer cooperatives. He then indicated the historic importance of Alibag. He was very particular in praising the hard working nature of Mr. Pradit Machima and the credit for the success of this Workshop goes to him, he concluded.

Mr. P.A. Kambli, Chairman of the Organising Committee

proposed a vote of thanks. Mr. P.B.Sarnaik, then offered flower bouquets to all guests and delegates. With this, the inauguration function came to an end.

The entire inaugural function was ably compered by Ms. Vaishali Patil, a Social Worker from Alibag.

The inaugural function was organised in a special Hall of the Konkan Education Trust in the town and a good gathering of local cooperators attended the function, besides the Workshop delegates.

10. Work Programme:

A copy of the day-to-day programme is annexed to this report. After the inaugural function the Workshop took up the Programme as per schedule. The pre-lunch sessions were engaged by Mr. Pradit Machima and Mr. S.C.Mishra. Mr. Machima discussed the role of ICA and its impact in promoting and developing consumer cooperatives in Asia and the Pacific; This session was chaired by Dr. V.O.Varkey.

The next session was engaged by Mr. S.C.Mishra, Director, Ministry of Civil Supplies and he spoke on the retail scenario and Consumer Cooperative movement in India. This session was chaired by Mr. P.A. Kambli. Mr. Misra indicated that the total retail trade in India was approximately Rs.6,000 billion per year and there are 4 million retail outlets. Out of this, only 1 lakh retail outlets belong to cooperatives. Out of this again, 55000 village level cooperatives are engaged in distribution in rural areas. He also indicated that Corporate Wholesaling has failed in India as compared to other countries and the cooperative share of retail trade comes to about Rs.70 billion. He further dealt upon the scope for development of cooperatives in this area.

The post lunch sessions were utilised for presentation of country papers. The following country papers were presented on the day.

- 1) Myanmar by Mr. U.Khin
- 2) Thailand by Mr. Peerasak Buranasaphone
- 3) Sri Lanka by Mr. S.H.J. Dissanayake
- 4) Nepal by Mr. Rajkumar Bhattarai
- 5) Malaysia by Ms. Norwatim Hj. Abd Latif.

On the third day, i.e. on 14/11/1995, the first session on "How to establish and operate a super market successfully" was engaged by Mr. S.C.Mishra, which was chaired by Mr. Pradit Machima. Mr. Misra quoted several examples, especially the Raigad Bazar of

Alibag as a living example of successful bazar. He emphasised the need for clear vision and objectives for pioneers, management of trade creditors as in Singapore, and less dependence on Working Capital.

The second and third sessions were shared by Mr. S.S.Ganesan and Mr. P.A. Kambli, who were experts in their respective areas. They talked on Modern Management of consumers cooperatives with special reference to sales, purchases, stock control, meeting, decision making etc.

Mr. Ganesan emphasised that the success of consumers stores was due to team work. He indicated the need to institutionalise the systems and procedures, develop consumer friendly image, training, improvement in management in all areas and professional chief executive to man the consumer business.

Mr. P.A. Kambli then dealt with the topics on sales, purchase, stock control and productivity in a consumer cooperative.

These sessions were mutually chaired by each other.

The post lunch sessions were utilised for presentation of country papers. The following papers were presented:

- 1) Philippines by Mr. Oscar C. Balandra
- 2) India (Statewise papers were presented by delegates from each State including Cooperative Trainers).

The last session of the day was utilised for presentation of case studies by Mr. P.A. Sawant and Mr. T.J. Joseph, Consultants from NCCF.

On the fourth day, the delegates were taken to Bombay, to visit selected cooperative stores.

On the fifth day, i.e. on 16/11/95, the session started at 8.00 a.m. and Mr. Bala Bhaskar, I.A.S., Joint Secretary, Ministry of Civil Supplies, Government of India, engaged the session and discussed the importance of Financial Management in consumer cooperatives. He stressed the need for cash flow analysis, use of different ratios, etc. and also the necessity of creating proper understanding through right method of communication.

Mr. Pradit Machima chaired the session.

After completing this session, the delegates were taken to Khopoli, Phaltan, Akhuj, Pune etc. for study visits.

At Pune on 18/11/95, they visited the Vaikunth Mehta National

Institute of Cooperative Management, the only one institute of its kind in India imparting training to top executives of cooperatives in the country. At the National Institute, two talks were arranged for the benefits of the delegates as follows:-

1) Dr. D.P.Garg, Secretary, National Council for Cooperative Training, New Delhi, talked to the participants on the set up of Cooperative Education and Training in India. He gave a detailed account of the training assessment and arrangements for the same in India.

2) Mr. K.K.Taimni, ILO-COOPNET Project, Regional Director for Asia and Pacific, spoke on Cooperative Principles, Basic Cooperative Values, Environment and Cooperation among ICA Member Countries. He brought home the circumstances under which the ICA has formulated new cooperative principles and also explained them vis-a-vis the old principles.

Both these sessions were chaired by Dr. V.O.Varkey.

The delegates returned to Alibag in the evening on 18/11/95.

On 19/11/95, the delegates were busy with panel discussion, Group Work and action commitment.

On 20/11/95, Mr. Masao Ohya, Chairman, ICA Committee on Consumer Cooperation for Asia and the Pacific engaged the session at 9.00 a.m. on "Historical development and achievements of Consumers Cooperatives in Japan". He emphasised the need to adapt and select the best from other countries by saying that Japan is Japan and India is India and one has to select the best from both these countries. Membership in consumers cooperatives is increasing every year in Japan and the consumers expectations are also increasing. In Japan, non-members cannot use the services of consumers cooperatives and the law is very strict on this count. In Japan, housewives are organised in promoting consumers cooperatives.

He then explained the working of consumers cooperatives with the help of slides, numbering about 30, which showed the display, packing, testing laboratory, parking space, etc.

At the end he stressed the need for consumers cooperatives to publish a cooperative newsletter, for consumer education and dissemination of information from manufacturers and others.

He also urged the delegates to organise prototype cooperative Stores in every district as a model with all amenities by making use of ideas gained in the Workshop. In his concluding remarks he

opined that cooperation among cooperatives is very essential to meet the competition in the 21st Century.

Mr. G.K.Sharma, Regional Director, ICA ROAP, New Delhi chaired this session.

The day-to-day programme thus came to an end, with the exception of valedictory function, which is reported later.

11. Study Visits:

The second phase of the Workshop was designed to expose the delegates to the real work situation and witness and learn from Maharashtra success stories. Initially, before finalising or selecting the institutions for study visits, Mr.Pradit Machima, Consumer Advisor, ICA ROAP, accompanied by Dr. V.O.Varkey, Programme Coordinator, visited Pune, Phaltan, Akluj, Kolhapur and Satara and studied the working of cooperative institutions, the boarding and lodging facilities at these centres and selected the institutions and places to make the study visits more fruitful and at the same time more comfortable as well.

1. The first visit was organised on 13/11/1995 to Raigad Bazar, Alibag. Mr. Datta Patil, Chairman, and Mr. P. B. Sarnaik, General Manager, received the delegates and explained the working of the Bazar. The Raigad Bazar also took the advantage of the presence of Mr. Pradit Machima by opening the new "Raigad Bazar Shirt - RB Shirts" Section at his hand and he inaugurated the same by cutting a ribbon in the presence of a large gathering.

Mr. Prabhakar Narayan Patil, the Founder Director of Raigad Bazar and others were also present.

2. On 15/11/1995, the study visits were arranged to the very successful cooperative stores in Bombay. The delegates travelled from Alibag to Bombay and back by sea, which was also a pleasant and exciting experience for most of them.

At Bombay, they visited 3 institutions as follows:-

- 1) Apna Bazar - Fort Branch, Bombay.
- 2) Maharatta Stores, Kulaba, Bombay.
- 3) Sahakar Bhandar, Kulaba, Bombay.

At all these institutions, the office bearers gave a detailed account of their working and the delegates were taken around the institutions.

The Management of the Sahakar Bhandar Stores was kind enough to host a lunch in honour of the participants. Mr. L.B. Desai,

its Chairman and Mr. S.U. Sapre, General Manager, spared no pains in making this visit a great success. The delegates were also given momentos by all these stores at Bombay which they carried back home merrily.

3. On way back from Bombay to Alibag, a dinner was hosted by Mr. A.D.Naik, Sarpanch of Thal village, in honour of the delegates in his house near the sea-coast. The programme ended with musical entertainment by delegates and hosts. Mr. Pradit Machima thanked the host profusely for the wonderful arrangements and his keen interest in the cooperative movement.

4. On 16/11/95, the second leg of the study visits started. The delegates left Alibag for Phaltan at 9.30 a.m. On the way, at 11.00 a.m. they visited the Raigad Bazar Branch at Khopoli, on the Bombay-Pune Highway, which is a very modern branch with all amenities. At Lonawala, a summer hill station, on their way, the Raigad District Central Cooperative Bank Ltd., hosted a lunch in honour of the participants, where the Chairman of the Bank and other Board Members were present.

The delegates reached Phaltan at 18.30 hrs. and straitway proceeded to the Pawarwadi branch of the Shriram Bazar in a very remote village. This branch has opened the eyes of cooperative leaders in Maharashtra that cooperative super markets can become successful even in poor and remote villages of the State. A grand reception awaited there and a large number of rural folks were present there to receive the delegates. After the introduction, traditional welcome was accorded to the delegates.

Then followed the dinner hosted by the Founder Director of Shriram Bazar, Shri Hanumantrao Pawar, at his farm House, which was nothing but a splendid get-together of local people in the traditional Maharashtrian way.

5. On 17/11/95 followed a hectic programme. At 8.30 a.m. the delegates visited the main Shri Ram Bazar at Phaltan, when its Chairman Mr. K.Y.Pokle and General Manager Mr. Arvind Pawar, received the delegates and explained its working. The details of the Bazar are furnished in the background paper attached for further reading.

6. The next visit was planned at Akluj Cooperative Complex. A detailed background paper on "Akluj Cooperative Complex and Shivasankar Bazar" is attached to this report.

The delegates arrived at Akluj at 11.30 hrs. on 17/11/95 and was received at the Cooperative Sugar Factory guest house by Mr.

Jaysingh Mohite-Patil, Chairman of the Sugar Factory. A grand traditional welcome was accorded to the delegates by tying turban on their heads and offering garlands in the age old Maharashtrian tradition.

The delegates were then introduced to the hosts by the Programme Director. Dr. Bhagwanrao Borawike, Director, Shivamrut Dairy, gave a detailed account of the cooperative complex, which is the outcome of the visionary outlook of its founder, late Shri Shankarrao Mohite-Patil, popularly known as "Sahakar Maharshi" (Cooperative Sage).

The delegates were then taken to the following institutions in the Complex.

1. Shivashankar Bazar
2. Smruti Bhavan
3. Sugar Factory
4. Acetic Acid Plant
5. Distillery Plant
6. Administrative Block
7. Green Fingers English Medium School
8. Rajhans Poultry
9. A Private Poultry Unit serviced by Shivakrupa Coop. Poultry.
10. Cooperative Spinning Mill - fully export oriented
11. Shivamrut Milk Union.

The Milk Union has developed a modern lake park in its compound with the help of a modern architect from Delhi and the last farewell dinner was hosted in this garden.

During the formal concluding function of the visit the delegates came out with their first hand information and they could not contain their feelings in mere words. They expressed their desire to visit Akluj again and learn more about it. They were also moved by the dynamic leadership provided by the young cooperative leaders of Akluj and the traditional welcome accorded to them.

Mr. Pradit Machima, Programme Director, Dr. V.O.Varkey, Programme Coordinator and Mr. P.A.Kambli, Chairman of the Organisation Committee, also lauded the remarkable developmental activities undertaken in Akluj and thanked them profusely. Mr. Machima expressed the desire to organise more programmes,

especially, on the rural development with the active support of Akluj cooperative leaders.

The visit ultimately turned out to be a discovery of cooperation and its usefulness to the people in their economic and social development.

7. As scheduled, the delegates left Akluj on 18/11/95 at 7.30 a.m. and reached the Vaikunth Mehta National Institute of Cooperative Management, Pune Dr. A.P. Kansal, Professor of Marketing, explained the working of the National Institute. Besides, discussions by Dr. D.P. Garg, and Mr. K.K. Taimni were also organised at the Institute.

The National Council for Cooperative Training (NCCT), New Delhi, hosted a lunch at the National Institute, in honour of the Workshop delegates.

On their way back to Alibag they also visited one more branch of the Raigad Bazar at Pen City.

The delegates were accompanied by Mr. Pradit Machima, Mr. P.A. Kambli, Mr. P.B. Sarnaik and Dr. V.O.Varkey during their entire study visits and provided timely guidance and clarifications.

12. Panel Discussion:

On their return from Study visits, the delegates were provided an opportunity to listen to practising successful consumers cooperative managers by arranging a panel discussion on 19/11/95 at 8.30 a.m. The panelists included Mr. Nandkumar Naik, the Executive Director of Walwa Cooperative Complex and founder Director of Warna Bazar at Warananagar. He spoke on the need for proper purchasing. Mr. P. A. Kambli, the former General Manager of Apna Bazar in Bombay, the highest cooperative stores in the State of Maharashtra, spoke on sales management and stock turnover, while Mr. P. B. Sarnaik, General Manager, Raigad Bazar, spoke on Personnel Management practices. Dr. V.O.Varkey chaired the panel discussion session.

The Panelists were requested to submit their views in 10 minutes on their respective topics and the floor was open to the delegates to clear their doubts on any aspect of consumer cooperative management. Many raised several questions, such as effect of liberalisation, stock holding, trade creditors management, organisation, incentives, payments etc. The Panelists with their long experience and expertise in those areas could satisfy all the delegates.

13. Group Work:

In order to crystallise the learning process and to encourage exchange of their experience and knowledge, the delegates were formed into four groups of nine members each and given one identified problem to each group to work out solutions. They were assigned one resource person each. They discussed the topics in detail and suggested remedial measures to overcome the problems. The following were the topics identified for the group work.

- Group-I : Main Problems confronting consumer cooperative operations in South and South East Asian Countries and their solutions.
- Group-II : The main criteria and guidelines for organising and running successful consumer cooperatives in each area/region/Country.
- Group-III : Ideal roles of cooperative education and training institutions in promoting consumer cooperatives development in country/region.
- Group-IV : How to build up exchange activities/programmes on general cooperatives and consumers cooperatives among leaders, managers and trainers within the country/region?

The Group reports were presented by the respective Chairman of the Group and they were discussed within the available time. The group reports are annexed to this report.

These reports need considerations by respective authorities responsible for development of consumers cooperatives.

14. Action Commitments:

Finally, in order to ensure that the outcome of the Workshop should contribute to the development or better management of consumers cooperatives, each delegate was requested to plan their line of action on return to their respective Country/organisations and indicate the same as a commitment to be carried out later. Dr. V.O.Varkey discussed with them criteria to be followed in this exercise. They were as follows:-

- 1) Identify the problem
- 2) Suggest solutions based on their exposure in the Workshop.
- 3) The method of implementation/method of convincing all those concerned with the problem.

- 4) Time frame for implementation i.e. period within which they will complete the commitment. It may be short-term or long-term depending upon the problem.

All the delegates have given their commitments in writing and a few were discussed mutually with resource persons and other delegates.

This was a real test of achievement of this Workshop and the actions suggested by the delegates are very encouraging. If the trainers and the managers implement the commitments made in the Workshop on their return, the consumers cooperatives will definitely be benefitted and the Workshop will achieve all its objectives.

15. Resource Persons:

The Workshop took advantage of the expertise of several persons in the smooth conduct of the Workshop. They included academicians and practising consumer experts from different parts. The list of Resource Persons are also annexed alongwith this report.

The topics handled by them were as follows:

<i>Topic</i>	<i>Resource Person</i>
1. Role of ICA and its impact in promoting & developing Consumers Coops.	Mr. Pradit Machima
2. Retail Scenario and Consumer cooperative movement in India	Mr. S.C. Misra
3. How to establish a Super Market and operate it more successfully	Mr. S.C. Misra
4. Modern Management of Consumers Cooperatives	Mr. S. Ganesan Mr. P.A. Kambli
5. Financial Management in Consumers Cooperatives	Mr. Bala Bhaskar
6. Cooperative Education and Training in India	Dr. D.P. Garg
7. Cooperative Principles & basic values	Mr. K.K.Taimni
8. Historical development and achievement of consumers coops. in Japan.	Mr. Masao Ohya
9. Panel Discussion Members.	Mr. Nandkumar Naik Mr. P.A. Kambli Mr. P.B. Sarñaik
10. Action Planning	Dr. V.O. Varkey

In addition to the above, Mr. Pradit Machima discussed and distributed papers on cooperative developments in Mangolia, Korea etc. He was constantly in touch with the participants and resource persons and guided the discussions in the right way inside the class room as well as outside on study visits.

16. Feedback/Evaluation:

The Feedback/Evaluation was planned at intervals. The first informal feedback session was held on the 2nd day of the Workshop to take stock of the previous day's work and also to know the physical comforts of the delegates. This provided an opportunity to the organising Committee to rectify the shortcomings in mess, class room discussion etc. They were very particular in appreciating the personal care being taken by the Organising Committee of each delegate.

On the Penultimate day of the Workshop, the delegates were again given an opportunity to give their views about the conduct of the Workshop. A few delegates made certain suggestions for future improvements which are noted below.

1. A few more cultural programmes are necessary for the international delegates.
2. Good opportunity to mingle with foreign delegates and to exchange views.
3. Journey by bus for long distances may not be comfortable.
4. More time needed for free exchange of ideas informally.
5. This programme very effective. Need repeat programmes of this type.
6. A discussion on MIS and Computer may be included.
7. Number of institutions in study visits may be limited, without comfortable travel arrangements.
8. More time to meet local people to foreigners.
9. Foreigners may be given a chance to visit historical places. This is important for development.
10. First exposure to such a programme and received lots of information. The programme was very tight.
11. Very helpful and need to be organised in countries like Malaysia, Singapore etc. with participants from all countries.
12. For most of them, this was the best programme in all respects.

In addition to this, a separate Evaluation Form was supplied and their views were obtained, on certain points such as admission

problem, travel, stay, food, local transport, workshop's academic contribution and methodology etc. It is gratifying to note that all the delegates gave a positive response to all the questions and they were quite satisfied with the arrangements. However, by way of general remarks, some of the above points were repeated, especially about the tight schedule, sight seeing opportunity, transport etc.

Again on the last day, Mr. G.K.Sharma, Regional Director, ICA ROAP, alongwith Mr. Masao Ohya, Chairman of ICA Committee on Consumer Cooperation for Asia and the Pacific, took special interest and received feedback from the delegates by asking them their expectations when they started from their homes and the actual fulfilment of their expectations in the Workshop. One delegate each from all countries, viz; India, Thailand, Nepal, Malaysia, etc. expressed their views and opined that this was one of the best programmes attended by them.

17. Valedictory Function:

The last part of the Workshop, i.e. the Valedictory function was organised at 10.30 a.m. on 20/11/95.

Mr. Masao Ohya, Chairman, Consumer Committee, ICA ROAP and Mr. G.K.Sharma, Regional Director, ICA ROAP, New Delhi, were the Chief Guests, while Mr. Datta Patil, Chairman, Raigad Bazar, Alibag, presided over the function.

The valedictory function started with the presentation of Workshop report by Dr. V.O. Varkey, Programme Coordinator. Dr. Varkey presented a detailed report on the day-to-day programmes, study visits, the methodology of the Workshop, resource persons etc. He also thanked the institutions, individuals, officials, leaders and all those who helped in the conduct of the Workshop. He also thanked the ICA, NCCT, NCCF and Raigad Bazar authorities in associating him and giving him this opportunity to coordinate this Workshop.

He was greatly indebted to Mr. Pradit Machima, under whose able guidance, he coordinated the Workshop. Working with Mr. Machima is like undergoing a training and he could learn many things from him, Dr. Varkey opined. He also felt indebted to Mr. Datta Patil for his timely guidance and support in all matters.

Mr. P.A.Kambli then made his introductory remarks and praised the hard working and sincere nature of Mr.Machima, which was the cause of the success of this Workshop coupled with the dynamic leadership of Mr. Datta Patil.

Mr. Datta Patil then requested Mr. Machima to express his views. Mr. Pradit Machima said that our journey (future) is too long and for this, we must be quick and disciplined. We have now enabled you to cross the barrier and it is for the delegates to multiply the Alibag model every where.

He further mentioned that he started working for this Workshop in a simple way by surveying the consumers cooperatives in this region, but this workshop turned out to be the best programme the ICA organised. He requested the delegates to multiply the Alibag-Akluj model in all countries.

He was overwhelmed with the support extended by the cooperative institutions in Maharashtra and he felt that the delegates were treated like princes at all places. He hoped that this spirit will continue in future also for the development of cooperatives in all over the World.

He then said good bye to all the delegate and hoped to meet them sometime somewhere.

Mr. G.K. Sharma then delivered his address as one of the Chief Guests. An extract of his address is reproduced later.

Mr. Masao Ohya, the other Chief Guest also delivered his valedictory address. The extract of his address is appended later.

After the address of Mr. Ohya, Mr. Datta Patil, President of the function distributed the participation certificates to all the delegates.

He then delivered his presidential address. In his address, he openly admitted that all credit must go to his team workers for the success of the Workshop. Without cooperation, he stressed, no development is possible. He realised this fact and therefore entered into cooperation and now he is quite happy with its usefulness.

He also gave a brief account of Alibag and Raigad District. He said that after a fruitful company of all delegates for all these days, time of parting has come and all will be parting soon. But he hoped to meet all one day or the other.

He also made a fervent appeal to ICA to make available the services of Mr. Machima for some more time for the development of consumers cooperatives.

Mr. Bapusaheb Deshpande, Vice-Chairman, Raigad Bazar, proposed a vote of thanks. He indicated that this Workshop has provided an opportunity for the Raigad Bazar to come in the international scene under the constructive leadership of Mr. Datta Patil.

He then thanked all individuals and organisations in helping and being hosts to the delegates of the Workshop. The Chief Guests and Mr. Machima were then offered flower bouquets.

The Workshop then came to its end with the singing of a song by the Thailand delegates in praise of Mr. Datta Patil.

Then the delegates and guests were taken to the sea shore full of trees about 7 kms away from Alibag, to join the lunch hosted by the villagers of that area. The local folk dance entertainment and other cultural programmes were also organised there. This was indeed a quite refreshing and wonderful experience for all delegates and guests.

After the lunch Dr. V.O.Varkey, Programme Coordinator thanked all once again and said goodbye to all and also wished them a happy journey.

Part II
Presentations and Annexures

01. Address by Mr. G. K. Sharma

Ladies and Gentlemen,

“I received the news that the Workshop was going on well. My purpose of joining you this morning was to gain first hand information. From what I learnt, I am happy that you all are satisfied. Everything cannot be achieved in one Workshop. But what little you have gained is our achievement.

“Every one is equal partner to this success. The ICA wants to encourage this involvement of others. After your return, if you could improve your job, it is the success of this Workshop.”

“Cooperatives face many problems. But the human aspect is very important. The cooperatives must work to improve the living conditions and political parties should not become a hindrance. Politicians must work as co-operators for the development of cooperatives”.

“The experiments of cooperatives in Alibag and other parts of Maharashtra are difficult to find anywhere in the World. Consumers Cooperatives first started in Japan followed by India. Professor Bokil from Bihar was the first to start a consumers cooperative in 1893. This society registered under the Companies Act had all the ingredients of a cooperative society.”

“In Maharashtra cooperative movement started with credit cooperatives and then agricultural cooperatives and then came the consumers cooperatives. Social reform is very essential for cooperatives than political reforms. In Japan, only members can deal with cooperatives, but in other parts of Asia, anybody can buy goods from consumers cooperatives. In Japan this helped cooperatives to develop systems and keep contact with members by organising HAN, Groups, committees, etc. in addition to developing them financially. It is essential to depend more on members and encourage members' involvement. Cooperatives are for members and members should benefit. The cooperatives should involve members and develop systems so that the members feel benefitted.”

“Cooperatives must not work in isolation. The strong cooperatives must assist weak cooperatives like a father helping son and vice-versa. The developed cooperatives especially urban cooperative banks should provide funds for development of other cooperatives”.

He finally hoped that this Workshop will provide good inspiration for all to develop cooperatives in future.

02. Valedictory Address by Mr. Masao Ohya

Ladies and Gentlemen,

“I came to Alibag this morning and I came to know that this Workshop was a great success. My compliments to Mr. Datta Patil, Mr. Pradit Machima and all others who worked for its success”.

“I must say many thanks to Mr. Pradit Machima for his dedicated and hard work and without him I cannot work as Chairman of Consumers Committee”.

“I feel sub-regional Committees on Workshops should be organised quite frequently. Mr. Machima established very good contacts in Maharashtra and consumers cooperatives here are working very well.”

“Cooperatives must be people’s organisations and should not be Government institutions. We must find out core institutions/centres for these regions. Maharashtra in India is the Centre for this region. Japan and Malaysia can be core Centres for those regions. Fiji should be the Centre for Pacific areas. There should be four sub-Centres as above. This will enable communication and effective coordination.”

“I am very happy with Mr. Machima’s dedication and hard work”.

“In ICA Congress in Manchester recently, the main emphasis was on Human Resources and concern for welfare of members and community. Most of the proposals are coming from Europe and they think of Pacific and not Asia, in spite of historical development of cooperatives in India and other countries. But we must give lessons to Europe and develop fast. We must keep the international vision and become best in future. We must always keep big vision and this will enable the cooperatives to become very strong in future.”

Mr. Ohya concluded his address by requesting the delegates to develop cooperatives on the lines seen by them in Maharashtra and also wished them well in their endeavours.

03. Regional Workshop

GROUP REPORT - I

Topic : Main problems confronting Consumer Cooperatives in South and South East Asian Countries and their solutions.

Resource Person :

Mr. P. B. Sarnaik,
General Manager, Raigad Bazar.

Group Members:

	<i>Name of the Group Member</i>	<i>Country</i>
1.	T.K.Panda Chairman	India
2.	V. Mariappan Rapporteur	India
3.	A.K. Jayasena	Srilanka
4.	Oscar C. Balandra	Philippines
5.	Ms. Lily Mas Matu Lily Binti Mohamed Chee	Malaysia
6.	Chamlaeng Saengohan	Thailand
7.	Sanjiv Basu	India
8.	Shreekant Singh	India
9.	R. S. Mungikar	India

I Problems:

1. The most important problem the Consumer Cooperatives in India and certain other countries face is inadequate finance both for working capital and block capital. But, Malaysia and Thailand are not facing this problem.
2. Poor collection of credit sales results in increasing of Debtors esp. in India and Srilanka.
3. The problem is high with regard to procurement of products, stores, packing and transportation.
4. Lack of professional management results in poor performance.
5. Unscientific Accounting System followed in most of the stores esp. in India and Srilanka leads to confusion and corruption.
6. Lack of Market information and upto date knowledge

about the market results in poor sales performance.

7. Lack of motivation and work culture causes non-cooperation among employees.
8. Poor sales management and out-dated marketing techniques are seriously causing sales performance.
9. Over-staffing in the societies and improper policy on selection and recruitment lead to huge losses.
10. Excessive state intervention in the day-to-day administration as well as policy decisions are adversely affecting the performance esp. in most of the states of India.
11. Lack of communication and consultancy is also a problem in exchanging of ideas, knowledge and techniques among co-operatives.

Solutions :

1. Increase the owned capital by way of increasing membership and share capital, Increase deposits and attain self-reliance.
2. Discourage unsecured credit sales/adopt cash and carry system.
3. Enter into production area where-ever possible and try to have own transport facilities.
4. Adopt standard recruitment and selection policy and provide on the job training.
5. Take step to improve the working conditions and improve the moral of the employees.
6. Strengthening the Accounting System by Adopting Modern Accounting techniques.
7. Introduce Computers in maintaining records.
8. Improve the sales Management by giving training to the salesman and teaching them the Modern Salesmanship.
9. Conduct Market Surveys and keep close watch on the Market to cope with the changing market conditions and study the Buyer Behaviour i.e. Market Research should be given more importance.
10. To reduce overstaffing, voluntary Retirement Scheme may be adopted.
11. Introduce professional management in all functional areas.

12. Co-operative Law needs a change to cope with the changing environment and avoid Intervention of outsiders/state in the Management of Consumer Cooperatives.
13. Promote Co-operative education and Member Education to attain Co-operation among Co-operatives.

GROUP REPORT - II

Topic : The main criteria and guidelines for organising and running successful consumer co-operative in each area, region/country?

Resource Person : Mr. Nand Kumar Naik,
Executive Director,
Walwa Coop Complex Walwa, Kolhapur.

- | | | |
|----|------------------------------------------------|------------|
| 1. | Mr. K. A. Abdul Kuddus | Chairman |
| 2. | Mr. Y. S. Patil | Rapporteur |
| 3. | Mr. Haji Wan Ahmad Nasir
Bin Hj. Wan Hassan | Member |
| 4. | Mr. Peerasak Buranasophone | -do- |
| 5. | Mr. L. C. Singhi ACS | -do- |
| 6. | Mr. Sukhdev Sing Thakur | -do- |
| 7. | Mr. S. J. Kharade | -do- |
| 8. | Mr. A. K. Taneja | -do- |
| 9. | Mr. N. A. Babar | -do- |

Criteria for Organising Consumer Cooperative Store

1. In Malaysia and Thailand good working small consumer societies are functioning but there is no big/consumer cooperative. Hence the suggestion is made to organise big consumer cooperatives by amalgamating small societies together.
2. Instead of organising small societies, branches of the same society can be opened in other places in all South Asia Pacific countries like Malaysia or wherever it is possible on the lines of Indian consumer cooperatives.
3. Before organising the consumer cooperatives the main criteria of viability should be ensured by collecting all the relevant information about the business prospectus including locality.
4. The consultancy should be obtained from National Federation of consumer cooperatives or the expertise of a consultant for preparing the consumer project. This may be a criteria before starting consumer cooperative.
5. The built up area of a consumer store should be of reasonable size.

Guidelines for Organising and Running Successful Consumer Cooperatives

1. The detailed study of successful consumer cooperatives will be useful to understand the various factors for operating a consumer stores, such as purchase, sale, inventory control, assortment, layout etc.
2. For successful running of a consumer cooperatives, Government interference should be restricted i.e. more participation of members in the management is essential.
3. The quality should be maintained both in supply of goods and the service rendered to the consumers.
4. The technological changes in various areas of management like Accounting, Purchase, Stock, Sales, Billing etc. may be adopted.
5. The production of certain consumer goods may be undertaken.
6. The credit facilities may be provided to the Institutions, Govt. offices and various other organisations by linking of credit to the salary.
7. The mobile service may be introduced for the people living in remote areas.
8. Professionalisation of management should be ensured to strengthen the consumer cooperative.
9. Regular need based training programmes may be arranged for various functionaries working in the consumer cooperatives.
10. The regular supply of consumer goods should be ensured by avoiding the stock outs.
11. The behaviour of the staff should attract the consumer by their politeness, sincerity in rendering service.
12. The price image, Range image and cleanliness should be ensured.
13. Some incentive schemes to the consumers and staff should also be introduced from time to time.

GROUP REPORT - III

Topic : Ideal roles of Co-op education and training institutions in promoting consumer cooperative development in the country/region.

Resource Person : Dr. V. O.Varkey, ICM, Pune.

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|--------------------------------|--------------|
| 1. Ms. Norwatim Hj.Abd. Latiff | Chair-person |
| 2. Mr. P.C. Samantaray | Rapporteur |
| 3. Ms. S.H.J. Dissanayke | Member |
| 4. Mr. Pubodin Punsawat | -do- |
| 5. Mr. Rajkumar Bhattarai | -do- |
| 6. Mr. S.P. Singh | -do- |
| 7. Mr. R. Subramaniam | -do- |
| 8. Mr. B.P. Mohite | -do- |
| 9. Mr. M.M. Naik | -do- |

The Group report is prepared taking into account the views of the above mentioned members of the ICA/NCCT/NCCF/Raigad Bazar Workshop on Modern Management of Consumer Cooperatives for South & South East Asia. (12-20th Nov. 1995)

- 1) Clear Mission is to be evolved to conduct training programmes.
- 2) Our Mission must be parallel to Co-operatives.
- 3) Need based Training Programmes, training materials should be prepared according to the level of participants and their job.
- 4) Think - Tank Training programmes should be planned.
- 5) Each training programme must follow a suitable feedback for further development.
- 6) Explore the possibilities to create public awareness (Member Education) to organise Consumers Stores where it is required.
- 7) Training programmes should be conducted by all the Co-operative Institution/organisation shouldering the responsibility of Education and Training.
- 8) Good rapport must be established between training institution and consumers stores.

- 9) An ideal training programme (through modern techniques) should facilitate ideas/thoughts from region to region and country to country to help us sharing experiences and further development of consumer movement (i.e. Developing knowledge, skill and attitude).
- 10) Regular training programmes are to be conducted for the trainers to upgrade their knowledge for which proper planning and allocation are needed.
- 11) Adoption of weaker consumers cooperatives and suggest means and measures for their development.
- 12) Good leaders in institutions needed for conducting successful training programmes with right motivation.
- 13) In-campus and outside campus (spot programme) should be regularly conducted according to their requirements.
- 14) Publicity and distant Education should be popularised.
- 15) The training institution shall have consultancy and promotion cell.
- 16) Ideal training organisational structure shall be established to make the work more effective.

GROUP REPORT - IV

Topic : How to build up exchange Activities/Programmes on General Cooperatives and Consumer Cooperatives among leaders, Managers and trainers within the country/Regions.

Resource Person : Mr. Pradit Machima,
ICA, Advisor Consumer

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|----|-------------------------|------------|---------|
| 1. | Mr. Satish Kumar | Chairman | India |
| 2. | Mr. Sudhir Deshpande | Rapporteur | India |
| 3. | Mr. U.Khin Maung Myint | Member | Myanmar |
| 4. | Mr. Dinesh Kumar Sonkar | Member | India |
| 5. | Mr. H.C. Mishra | Member | India |
| 6. | Mr. Nalinirajan Biswas | Member | India |
| 7. | Mr. V.K. Singh | Member | India |
| 8. | Mr. I. Venkatesh | Member | India |
| 9. | Mr. N.A. Vanjare | Member | India |

The group was excited to note that the topic under discussion related to the most important aspect of Cooperative development. The group felt that the present ICA workshop itself was basically an exchange programme. The topic is suggestive of a huge area of Cooperative development because it is not only touching consumer cooperatives but also the cooperatives in general.

The topic accommodates exchange of ideas, problems, concepts, techniques amongst the officials and non officials of different countries/regions. It was therefore, necessary to frame out the broad objectives which could encompass all the above mentioned objectives in the exchange programmes/activities.

The group has framed the following objectives in the exchange of activities/Programmes.

1. To findout why consumer cooperatives are more developed in a particular region and less developed in other regions or in a specific area of a particular region.
2. To findout the ways and means of overcoming the bottle-necks in the areas which are less developed.
3. To lay-down the total procedure by which the exchange programme may be implemented.

The Resource Agencies Identified for Exchange Programmes :

1. National/Central Cooperative Unions/Federation/International agencies.
2. Consultancy organisations like C & P cell of NCCF of India.
3. The Cooperative training Institutions/Colleges.
4. The Central and State Govts.
5. Collaborative arrangements amongst above agencies.
6. Other voluntary organisations working for benefit of people in general and consumer cooperatives in Particular.

Target Group :

1. The Chairman and Board of Directors.
2. The Administrators from Govt. Agencies.
3. The Managerial Personnel of Consumer Cooperatives and General Cooperatives.
4. The trainers and the consultants.

Resource Arrangements :

For organising the exchange Activities/Programmes we require :

1. Money.
2. Technical arrangements like decision of venue, language, process of communication, programme details, chocking out of field visits, and other arrangements like lodging, boarding, transportation, medical facilities etc.
3. Preparation of background material, communication with the target group, preparation of programme reports, committment and follow up of the effectiveness of the exchange Programmes.

The Agencies which can meet the above requirements

- Techincal guidance may be obtained from ICA and the Coop. Training Institutions/colleges, cooperative consultancy agencies.
- Financial Support may be sought from the National/ Central Cooperative Unions and Federations, good working cooperative societies and/or the target group participating in the exchange programmes and Government agencies.

Conclusion :

Considering the necessity of understanding complexities of internal and external environment associated with the consumer cooperatives, the group felt, the exchange programmes are a must as an efficient strategy to cope with the environment. However, the exchange programmes need to be well planned, co-ordinated and implemented so that the same can act as an efficient and effective tool for betterment of Co-operatives in general and Consumer Cooperatives in particular.

04. New Economic Policy vis-a-vis Retail Scenario and Consumer Co-operative of India-New Challenges

By S. C. Misra*

Since the dawn of history private initiative was the only factor in business. The baker, the butcher and the brewer, who did the work for their livelihood, also contributed to the economic growth of the nation. Till the industrial revolution private ownership in trade industry and commerce was dominant it was only after the industrial revolution. When large industrial houses came up, entailing exploitation of labour, Marxism came as an antithesis of capitalism, However, for various factors, for nearly half a century, the ideas of Marx remained only in books. It was only in 1917, after the Russian Revolution, the first communist regime was established. The quick success of Russia as a world power and its constitutional guarantees to the right to work, health care and social benefits created a bit attraction for socialism and many countries started adoption socialism or socialist ideas partly or fully. Nationalisation of trade, industry and commerce became a regular phenomenon with growing incidence of State control.

Centuries ago, there is an age of saying that in a country where the king (Government) does business, the people become poor. This golden saying clipped with the growing popularity of socialism in the midst of 20th century Govt. of India adopted socialism notwithstanding the democratic set up and either nationalised various aspects of the economy or clamped state control in the forms of license, permit and quota.

In the late 80s, the collapse of communis in Russia and other East-European countries, worked as eye-opener to the Third world countries including India which had hitherto adopted socialism as a vehicle of economic development. In the meantime, GATT was signed and WTO was formed. Now trade barriers are failing and globalisation, free trade and open economy are gaining momentum the world over.

From 1991, the Govt. of India has started economic reforms. Various controls are being lifted and a process of de-nationalisation

* Director (Coopn.), Ministry of Civil Supplies, Government of India, New Delhi.

has begun. The entire economy is being restructured and there has been a growing row of multi-nationals to set up new trade, industry and commerce. The entire process has now been universal phenomenon and die-hard communist countries like china and vietnam have also been following glasnost and perostica. In short, this is the new economic policy of the Government a transition from socialism to capitalism.

In the post-independence, economic development of India was based on planned economy. All the successive five year plans contemplated state support including financial assistance in the form of loan equity and subsidy and this was more so in the cooperative sector. Eighth Five-Year plan, however, does not mention any thing about the co-operative movement. In various confermenose, the Hon'ble Finance Minister has categorically said that cooperatives have to think of viability, stability, profitability and growth on their own.

Consumer Cooperatives :

From the Third Five-Year plan to the 7th Plan, Govt. of India have released financial assistance to the tune of Rs.30.0 crores for the development of consumer co-operatives as a bulwark of consumer protection, perhaps, an equal amount of financial assistance has been released by the State Governments during this period for the purpose. Though consumer cooperative of India are not as successful as their counterparts in the countries like England, Japan and Scandanavian countries, this money has not gone waste. During the last 45 years, consumer co-operative has made rapid strikes, compared to about 1250 consumer stores with a sales turnover of Rs.24.00 crores at the end of 1993-94, there are 25343 primary stores, 756 wholesale stores and 29 State federations including a few composite federations functioning in the consumer cooperative movement. The total sales turnover of the urban consumer cooperative sector amounts to Rs.2578.17 crores during the same year. Urban consumer co-operatives apart, more than 50,000 Village societies are engaged in rural distribution and their sales turnover is another Rs.2500 crores.

Consumer cooperatives in India are the trend setters in pre-packing, price marketing and self service system. Till midisos, there were just 3 department stores in the entire country i.e. the Spenoer in Madras, the Akbar Allys in Bombay and Kamalalya in calcutta and there was not a single super market. During the last 45 years, however, consumer cooperatives have developed a network of super markets' department stores in different parts of the country. Some

of these stores are the biggest retailers in their respective areas of operation. In fact, in all the towns of western Maharashtra and Goa, consumer cooperatives are the biggest retailers.

In some parts like Pandicherry, Goa and some districts of Maharashtra, consumer cooperatives have captured 10 to 20% of the retail trade. The consumer cooperative stores (CCs) have captured more than 50% of the total retail trade of the Andaman & Nicobar Islands. Some outstanding stores like Warana Bazar, Sriram Bazar and Raigad Bazar have captured more than 20% of the retail trade of their area of operation. Most of the consumer stores have been selling wide range of commodities at a price cheaper than the MRP. By this process, several small and big stores have developed range image and price image. Hundreds of stores are now household names in their catchment areas.

The consumer stores have also created a physical impact and different effect on the private traders, common consumers raise objections with reference to quality, quantity and price in private retail shop and refer the price and quality of the co-operatives.

Consumer Cooperatives have also earned a reputation for adopting fair trade practices and in providing employment to lakhs of people and also generating employment revenue to the exchequer in the form of honest payment of income tax, sales tax, octroi etc.

The first self-service shop was set up by Super Bazar, Delhi on 2nd October '66. Though it is comprehensive package of several retail operation system, it did not catch the imagination of the people for years together. However, with the persistent efforts of the consultancy and promotion call of NCCF, from the '80s co-operative started incepting and adopting self service system and now more than 1000 self services shops have come up in the co-operative sector success of these co-operative super markets has inspired the private traders and they have also started setting up various sizes of super-markets and department stores. This development is, however, confined to Tamilnadu, Maharashtra, Karnataka and Delhi.

Retail Scenario

India is a developing country and on account of various factors including countries of foreign subjugator, about 60% of its 950 million people live below the poverty line. In such socio-economic background, retailing operates in a very low margin level. As against the average, retail margin of about 25% in the developed countries of the west, the super markets in India get an average, margin of 6 to 8%. This low margin in retailing has perhaps scared

the intellectuals, large industrial houses and other corporate sectors to enter into retail trade of course, the chain store of Bata and CSC the two famous brands of footwear do operate. There are also a few retail shops of the leading textiles Mills but they are just like a few drops in the ocean.

Until recently, retailing was treated as low grade profession. Only those people who found themselves unsuitable for other business, profession and vocation and cannot do any rigorous labour intensive work like agriculture, they start retailing. By this process, by and large retailing is in the hands of uneducated middle-mass.

The success of co-operative super markets has however, inspired and motivated the private traders and they have during the last 1.5 decade started some super market/department stores. The first crop of super markets that came up in Madras and Bombay have however, failed. The Garware (Rayon Fame) super markets is a classic example in this regard.

The 2nd crop of private super markets has, however, made their presence felt in the retail scenario of India. Food Land Super Markets, Kds Super Markets, Green Card Department stores of Bombay, Kids corner of Bangalore, Nilgiri Super Market and the Pushpa Shoppis of Madras and the NANZ of Delhi are the famous ones. Amongst all these super markets/department stores, however, though the NANZ looks most modern and beautiful, the Nilgiris and Pushpa Shoppie of Madras are the most successful.

Comparative Performance

In India there are about 40 lakh retail shops out of which about 1,25,000 are in the cooperative sector. But it is interesting to note that all the top retailers of the country are in the consumer cooperative sector.

There are about 70 consumer stores with an annual retail sale of Rs. 5.0 crores and more, Apna Bazar of Bombay and Super Bazar of Delhi with an annual retail sale of more than RS.100 crores are the top retailers of the country and they may be the envy of the private sector.

It is strange but true that out of these 40 lakh retail shops, there hardly 400 shops with an annual retail sale of more than a crore of rupees and 50% of this are in the cooperative sector. One outstanding record is that in a vast country like India, there are just 14 shops with an annual retail trade of Rs.5.0 crores and of these 14 shops details of which are given below, are in the cooperative sector:

<i>Sr. Name and Address No.</i>	<i>Amount Rs. (In crores)</i>
a) Apna Bazar, Naigaon Bombay	19.20
b) Apna Bazar, Fort, Bombay	5.51
c) Apna Bazar, Mulund, Bombay	6.32
d) Apna Bazar, Andheri w., Bombay	13.47
e) -do- Vasi, Bombay	12.23
f) Super Bazar, C.C.N. Delhi	18.50
g) Sahkari Bhandar, Colaba, Bombay	12.80
h) -do- Bandra, Bombay	5.87
i) -do- Juhu, Parley, Bombay	5.95
j) Varana Bazar, Kolhapur	5.58
k) Shetkari Bazar, Kolhapur	5.25
l) Raigad Bazar, Alibag	5.58
m) Sahakar Bazar, Bombay	6.00
n) Janta Bazar, K.G. Circle, Bangalore	5.00

(approx)

There are 5 other cooperative super markets which may achieve this Rs.5.0 crore market in the current year, 1995-96. There is not a single private shop with an annual retail sale of Rs.5.0 crores and more and name of them is likely to achieve this elusive figure of Rs.5.0 crores in the foreseeable future except the Nilgiri Super Market of Madras. This is something like a prestige issue this has, however, not received the publicity it deserve. Whenever this statistics is discussed with the private traders, they refuse to believe this.

It is true that about 50% of the consumer stores are running in loss. But the bitter truth is that a great majority of them do not deserve to have been registered. They have neither the premises nor the capital, membership and initiative. They are only blots in the consumer cooperative movement these stores bring a bad names.

As indicated here before, the success of super market cooperative stores as inspired the private traders and the modern super markets/department stores are coming up in the private sector in different parts of the country. In areas where cooperatives have achieved greater success. The private traders of that area are more stipulated. Thus retail revolution is in the offing in the retail

scenario of the country. We may enter the 21st century with a better retailing system.

Another marked difference in the cooperative sector is that while the private super markets/department stores are aiming their guns for close clientele, cooperatives have mass clientele.

Coming to the profitability of the private sector retailing, inform simple survey shows that there is hardly a private shop which is in profit if the normal cost structure is taken into consideration. It is true that they do earn profit on account of a exploitation including self-exploitation, unfair trade practices like adulteration, underweighting and cheating, investment of black money or fore fathers' money and non-payment of interest.

It is erroneously said that private traders have the necessary knowledge and experience in retailing. But the truth is that their experience and expertise is limited to unfair trade practices. The very fact that there is not a single book on retail management in the entire book stalls of the country speaks of the lack of necessary knowledge in retail management.

New Challenges :

Whether we like it or not, we have to accept open economy and globalisation. Market forces are ruthless it open believes in supply, demand and money power and we have to live along with it. We have to forget Government support which was coming forth for the last 30 years. We have draw lesson and inspiration from the consumer cooperatives of developed countries like Japan, Sweden and England. If under market economy and capitalism consumer cooperative could survive and grow in these countries, there is no reason why consumer cooperatives cannot repeat the same in India in an open economy system.

Multi-nationals have started coming to India and at least one multi-national super markets chain NANZ has already arrived. Many more will follow. Consumer cooperatives have to compete with these super markets joints. Professionalism of management, which has been considerably achieved in the consumer stores of the west, is the only penance. Indian cooperators had the mis-giving of having small consumer stores in the name of active involvement and participation of members. In co-operatively developed countries there has been a process of merger of consumer cooperatives to achieve the scale of operation and to achieve modernisation and efficiency. This process has not received the attention it deserves. Cooperators have to think seriously about the merger of small co-

operative stores and to make it big. By this process, they can pool their resources, experience and expertise.

The sounding success of consumer stores in various parts of the country proves that they can face the commodation. While Garware super market backed with the industrial house of Garware has failed. Apna Bazar organised by the mill workers of Bombay is going steadily.

Yet another area which needs consideration immediately is that staff cost in consumer stores is rising very fast on account of better bargaining power of the organised labour. Older and bigger the store, higher the cost of labour. It is becoming unbearable by the consumer cooperatives. This problem has been successfully tackled in the developed countries where the wage structure is very high, by introducing contract labour and part time labour. In India, more often than not, contract labour and part time labour demand to be regular employees after some time. Here lies the mistake of the management. In countries like Japan and Sweden, while recruiting part-time employees. The management ensures that the employees such recruited do not think of a carrier but employment as a subsidy. This aspect has not yet been considered by the consumer stores in India.

In a nutshell, consumer cooperatives can face the new challenges, by merger, professionalism, increased membership and better capital base.

05. How to Run a Consumer Cooperative Successfully

By S. C. Misra*

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

1. Vision

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

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

1.2 Why for this vision and Mission? The objective should be clear. It is very good to say that cooperatives are for survive and for profit. But 'service' is a vague word. It should be spelt out. Poor people want credit facilities from the shop. Should it be given? A consumer wants thousands of items. Can a consumer store sell all these items? Consumers want cheaper price, quality goods, quick service, door delivery facilities, hygiene, cleanliness parking facilities, air conditioned comfort, return/exchange facilities and even funeral facilities including mourners. All the service cannot be provided. So the organisers should be clear about the objective.

1.3 When objectives are quantified, it becomes goals. Number of items to be sold, stock to be maintained, margin to be achieved, how

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

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

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

2. Misgivings

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

Some of the misgiving and realities are as follows:

<i>Misgivings</i>	<i>Realities</i>
a) There is high margin in retailing	a) It is only 5 to 8% in Indian Sub-continent.
b) Net profit can be 5 to 10% in retailing.	b) It is only 0.5 to 1% in Indian sub-continent.
c) Co-operatives can get all help, assistance and cooperation from all agencies and Government departments.	c) Co-operatives have to abide by all license laws taxation laws and labour laws and no special privilege/concessions expected.
d) On account of services motive in cooperatives cost structure is lower.	d) Cost structure in cooperative is higher than the private sector.
e) Private sector has a lot of experience and expertise in retailing.	e) Notion in Indian sub-continent. In this part of the world, their experience is more in hoarding tax evasion and unfair trade practices.

- | | |
|-------------------------------------------------------------------|----------------------------------------------------------------------------|
| f) Cooperatives cannot compete with private retailers. | f) It can compete with the necessary knowledge. |
| g) There is high margin in textile/footwear and consumer durables | g) True. But in these lines, stock productivity and profitability is less. |
| h) Huge shop-lifting in Self-service system. | h) Nominal. |

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

3. The Problem

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

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

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

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

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

It is wrong to think that Self-Service System can be introduced only in large shops. From the eighties onwards indifferent parts of India, consumer cooperatives have introduced Self-Service system

in hundreds of small shops and all of them have been successful. It is however, true that unless a shop is of at least 200 sq. mtrs.(2000sq.ft.) it cannot behave an image and it cannot talk of the town.

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

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

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

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

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

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

4. Implementation

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

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

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

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

- i) Stock productivity = Margin x Stock turn
- ii)
$$\text{Stock productivity} = \frac{\text{Gross Profit} \times 100}{\text{Average Stock}}$$

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

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

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

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

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

equalising the trade creditors payable with stock holding.

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

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

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

4.6 Purchase : Bad purchase and high stock holding are common mistakes in cooperative retailing. Monthly requirement (sale) and their weekly break-up should be the basis of purchase. Stock holding should never be more than a month's sale. It is ideal to have a stock holding to the extent of 50% to 70% of the monthly sales.

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

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

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

Monthly sale should be at least 12 to 15% more compared to the corresponding month of the previous year. Monthly purchases should be never more than monthly sale. Stock holding should be never more than monthly sale. Sale per man per month should be

at least Rs. 50,000, sale per sq.ft. should be at least Rs. 20 per day. Bank loans, if any, should be repaid at least to the extent of surplus. Trade creditors payable should be increased, may be marginally, till it is equalled with stock holding. Lapses if any can be rectified next month. If monthly sale is not increased compared to the previous year, some sales promotion techniques should be implemented.

5. Separate Elaborate Papers

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

06. Modern Management of Consumer Cooperatives

By Mr. S. Ganesan*

Efficient functioning of Consumer Cooperatives depends mostly on the Management's commitment to the objectives of the organisation and its faith on professional and democratic management. Retailing is the most important area of management of Consumer Cooperatives and successful conduct of retail operations will mean proper management in all other spheres to a great extent. Retailing demands much greater attention in view of growing competition in the field. Consumer cooperatives need technical assistance as well as guidance not only to strengthen themselves, but also to introduce and implement modern techniques that help to serve the consumers effectively. Consumer Cooperatives have to be consumer-friendly by remaining sensitive to the needs and preferences of customers/consumers. The growing importance of Retail management is sure to continue, considering the vast scope for expansion of retail business and the emerging opportunities under the new Economic Policy. Perhaps it is time to focus attention on development of Consumer Cooperatives if steps in this regard have not been taken already.

The subject 'Modern Management of Consumer Co-operatives' is proposed to be covered as below:

1. Present working of Consumer co-operatives scope for expansion.
2. Important factors that help achieving the objectives and efficient functioning.
3. Retail Management and its importance-Changes in Retail trade, Consumer tastes, and preferences.
4. Challenges and opportunities before consumer cooperatives.
5. Some important areas requiring attention and concentration, viz. Sales, Purchase, Stock control, involvement and participation of members.
6. Efforts needed to give a thrust for development and expansion of Consumer Co-operatives.
7. Salient points for modern management of Consumer Cooperatives.

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07. Financial Management and Consumer Cooperatives

By Mr. Bala Bhaskar*

Introduction

Financial Management is concerned with the acquisition and use of funds by a business firm. For the sake of convenience we can broadly categorise different aspects of financial management as follows:

- I. The Investment decision
 - (i) Capital budgeting - (identification, evaluation and implementation of capital projects)
 - (ii) Management of current assets - (cash, marketable securities, receivables and inventories)
- II. The Financing decision
 - (i) Identification of sources of finance - debt or equity
 - (ii) The Dividend/Retained Profit decision
- III. Financial Analysis, Planning and Control
 - (i) Analysis of financial condition and performance
 - (ii) Financial forecasting
 - (iii) Financial control

Objective of Financial Management

The objective of financial management is to increase the value of the firm to its owners. It is significant that we use the word "value of the firm" rather than profit". There is a difference between 'profit maximisation' and 'value maximisation' of a firm. Profit is a narrower concept. 'Profit' leaves consideration of timing undefined. Also, you get into difficulties if you try and use this concept for specialised organisations such as Consumer Cooperatives. Why do we form a Consumer Cooperative? Is it for maximising profits of the Consumer Co-operative? The answer is definitely in the negative. A Consumer Cooperative is set up so that the consumers are able to purchase their requirements of common use without having to pay the very

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high and unreasonable margins that a private trader might charge them. If the Consumer Cooperative also charged a high margin on the goods that it sold, it is possible that it may earn a higher profit. As the consumer members are the owners of the Cooperative, higher profits of the Cooperative accrue to the members. This could be distributed to the members at the end of the year. But surely such an approach is not in consonance with the objectives of a Consumer Cooperative. The Consumer Cooperative would rather charge a low and reasonable margin on all goods sold so that the consumers get value for their money every time they make a purchase. The value of the Consumer Cooperative to its owner members increases not only because of the profit it makes but mainly because they stand to gain by purchasing their requirements from it. Thus, defining the goal of financial management as adding more value to the owners of a firm, covers special situations as in the case of Consumer Cooperatives etc.

Time Value of Money

The central concept of all financial management is the time value of money. A rupee earned today is not the same as a rupee earned after a year. This is fairly obvious, as we all know, that we can put the money earned today in a Bank and get interest on it. The interest that the Bank pays on a deposit represents the time value of money. The interest that the Bank pays at the end of the year is a cash flow in the future. If we put in Rs. 100/- as a deposit with a Bank for one year and the Bank pays an interest of Rs. 10/- on this deposit at the end of the year, the future value after one year of the present cash flow of Rs. 100/- is Rs. 110/-. Conversely the present value of a future cash flow of Rs. 110/- at the end of one year period is Rs. 100/-

In capital budgeting or investment analysis, we are more concerned with the present value of future cash flows as present investment can only be compared with the present value of future cash flows. The most commonly used methods of investment analysis are the Internal Rate of Return and the Net Present Value methods.

Important Areas of Financial Management for Managers in Consumer Cooperatives

Financial Management is cast in scope and all aspects of financial management are relevant for a Consumer Cooperative. However, on line managers in a Consumer Cooperative need to concentrate more on working capital management. Their task is all

the more challenging as a Consumer Cooperative operates on low margins. Quick turnover of stocks, tight and efficient inventory management and efficient management of bank borrowing, trade creditors and trade debtors are all very critical for the optimisation of the operations of a Consumer Cooperative.

The core statistics of the three leading stores of India and a copy of the business efficiency norms enclosed to this write-up. These may provide some useful material for discussion, analysis and conclusion.

Since ratio analysis is an important tool of management, some of the important ratios are discussed here under which may be useful to the managers of Consumer Cooperatives:

A. Profitability ratio :

Gross profit ratio (margin i.e. percentage of Gross profit to sale)

In Indian cooperative super market/department store, it varies from 5% to 8%. In developed countries, it varies from 20% to 25%. With the increase in marketing of blended items.

Ratio of Net Profit

In a consumer store, it should be at least 0.5% to 1% of the sale, 5% of the Gross Profit and at least 25% of the paid-up share capital. In developed countries, the Net profit of a consumer store is usually 4% of the sale.

Stock productivity : (margin x stock turn)

In Indian sub-continent it should be at least 100% and preferably 120 to 150%. In developed countries stock productivity is at least 300% and usually 400% to 500%.

B. Turnover Ratio

Stock Turnover Ratio (Sales / Average Stock)

Stock turn rate in Indian Super Market/Department stores should be at least 12 times and preferably 18 to 25 times. In developed countries it is usually 30 to 50 times.

Consumer Co-operatives have to increase their stock-turn rate to have their cooperative edge.

Capital Turnover ratio : (Sales / owned funds)

It should be at least 18 times and preferably 25 to 30 times.

Gross Working Capital Turnover Ratio Sales / current assets.

It should be at least 12 times and preferably 15 times.

C. Structural Ratio

Debt Equity Ratio : (Debt / Equity)

Though the co-operative law provides borrowing to the extent of 8 to 10 times of the paid up share capital plus reserve fund, borrowing should not be more than 2 times of the paid up share capital. In Japan the borrowing is invariably 50% of the paid up share capital and that is why their interest cost is very low.

Fixed Assets Ratio :

Fixed assets of the consumer co-operative store should never be more than owned funds plus term loans if any. Due to violation of this discipline some consumer stores have faced serious problems.

Trade creditors to stock holding:

Trade creditors payable in a consumer cooperative store should be at least 60% and preferably 80% to 100% of the stock holding. Since credit purchase from the wholesaler/manufacturer is an international phenomena these ratio is easily achieved.

Super Bazar of Delhi, a Sahakari Bhandar of Bombay, Nana Chowk Store of Bombay, Sholapur Wholesale Stores have been wipe out their bank borrowings by maintaining this ratio.

Liquidity Ratio: (Current Assets / Current Liabilities)

The ideal ratio is 2:1. But in retailing the most ideal ratio is 1:1 (because of the point discussed in the foregoing paragraphs).

Quick ratio or Acid test ratio

Bank borrowing should never be more than 60% of (cash balance + bank balance + stock balance - Trade creditors).

D. Miscellaneous Ratio

Cost of packing materials plus shopping bags should be more than 1% of the retail sale.

Sale of empties (empty gunny bags, cartoons, empty bags) should be around 1% of the retail sale.

These ratio helps in easy control in empties and packing materials.

In shop advertisements by big companies has been a good source of revenue in big cooperative super markets. It is as high as Rs. 25 lakhs in Delhi Super Bazar. Rs. 10 lakhs in Apna Bazar Sahakari Bhandar of Bombay.

Shortage/leakage should not be more than 0.3% of the sale.

There should not, however, been any written policy in this regard.

Annual growth rate in sale should be at least 5% higher than the rate of inflation.

Situation varies from place to place and store to store. If they differ with the National Norms, they should have their own norms and suit have in-form and inter-form ratio analysis at periodical intervals.

Cooperative Performance of Super Bazar, Kendriya Bhandar and Apna Bazar (1993-94)

(Rs. in Lakhs)

Particulars	Super Bazar (New Delhi)	Kendriya Bhandar (New Delhi)	Apna Bazar (Bombay)
1. Sales	: 11520.34	10002.83	11508.58
2. Closing Stock	: 792.88	390.08	498.07
3. Gross Profit	: 925.40	520.07	764.29
4. Other Income	: 209.70	64.56	16.21
5. Total Income	: 1135.10	584.63	780.50
6. Margin (%)	: 8.03	5.62	6.64
7. Stock-turn (Times)	: 14.75	24.00	25.44
8. Stock productivity	: 118.44	134.88	168.92
9. Total Cost	: 1093.45	335.64	767.90
% of -do- to Sales	: 9.49	3.36	6.67
10. Net profit	: 41.65	248.97	12.60
% of -do- to sales	: 0.01	2.69	0.11
11. Income Tax Provision	: NIL	106.00	13.00
12. Dividend declared in %	: 7%	10%	12%
13. Staff cost	: 825.25	237.85	447.49
% of -do-to sales	: 7.16	2.38	3.89
% of -do-to G.P.	: 89.17	45.73	58.55
14. Staff Strength	: 2222	446	1449
15. Average annual staff cost per employee	: 0.37	0.53	0.31
16. Annual sale per employee	: 5.18	22.43	7.94
17. Rent cost & Depreciation	: 34.56	7.71	86.93
% of -do- to sales	: 0.03	0.08	0.76
% of -do- to G.P.	: 3.88	1.48	11.37
18. Interest, Insurance & Bank Charges	: 34.86	7.64	72.44

% of -do- to sales	:	0.30	0.08	0.63
% of -do- to G.P.	:	3.73	1.47	9.48
19. Other Expenses	:	197.82	82.44	140.79
a) % to sales	:	1.72	0.82	1.22
b) % to G.P.	:	21.38	15.85	18.42
20. Trade Creditors	:	1656.98	(*)1887.82	235.54
% of -do- to Stock holding	:	208.98	(*)483.96	47.29
21. Trade Debtors	:	1019.85	1634.59	214.64
% of -do- to Trade Creditors	:	61.55	86.59	91.13
22. Fixed Assets	:	413.46	49.82	319.06
23. Owned Funds	:	279.78	471.47	241.73
% of Fixed Assets to Owned	:	147.78	10.57	131.99
24. Loan :				
a) Working Capital	:	59.50	56.17	323.65
b) Block Capital	:	62.80	3.00	17.82
25. Deposits	:	NIL	NIL	248.36
26. Growth rate in sale	:	11.81	25.91	12.80

N.B. : 1) Apna Bazar of Bombay has no Govt. Supply/Institutional Supply business at all.

2) Unlike some other stores, Apna Bazar has no concessionary units of consignment arrangements.

3) The Trade Debtors of Apna Bazar relates to Credit Sale of its Sahakar Masala, Sahakar Pickles and dairy products of its own processing units.

4) Apart from its main Department Stores & Retail Outlets in Bombay city, it has also 3 rural retail outlets in fer flung area.

(*) Trade Creditors of Kendriya Bhandar includes other creditors if any, since Trade Creditors figure is not separately available.

Business Efficiency Norms

S.No	Descriptions/ Particulars	Existing Norms		Revised Norms	
		Group A	Group B	Group A	Group B
01. Composition of Sales					
a)	Food & Grocery	50-55%	45-50%	60%	70%
b)	Textiles	15-20%	15-20%	15%	10%

c) General Merchandise	15-20%	20-25%	15%	10%
d) Cosmetics & Drugs	10-15%	10-15%	10%	10%
Total	100	100	100	100

02. GP% to Sale (Margin)

a) Food & Grocery	5.5-6%	5-5.5%	6.5%	5.5%
b) Textiles	10-12%	9-11%	12%	12%
c) General Merchandise	10-12%	10-12%	10%	10%
d) Cosmetics & Drugs	7-8%	6-7%	8%	8%
Average Margin	7.5-8%	5-7%	8%	6.5%
Total cost to sale	7%	6%	7%	5.5%
Total	7%	6%	7%	5.5%

03. Stock Turn Rate (Times)

a) Food & Grocery	20-25%	20-25%	25%	25%
b) Textiles	4-5	4-5	5	5
c) General Merchandise	7-10	5-7	8	6
d) Cosmetics & Drugs	12-15	7-8	12	8
Overall	9-12	7-9	12	12

04. Sale per Sq. Feet (Rs.)

a) Food & Grocery	25-30	18-20	30	20
b) Textiles	12-13	7-8	12	10
c) General Merchandise	9-10	5-6	15	12
d) Domestic & Drug	14-15	7-8	15	10
Overall	15-17	8-10	20	10

05. Sale per Man Day (Rs.)

a) Food & Grocery	2000-2400	1600-2000	3000	2000
b) Textiles	1000-1200	900-1100	1200	1000
c) General Merchandise	1200-1400	1100-1300	1500	1200
d) Cosmetics & Drugs	1300-1500	1200-1400	1500	1000
Overall	1400-1700	1200-1500	2500	1600

06. Allotment of Selling Space (% to floor area)

a) Food & Grocery	30-35%	20-25%	50%	50%
b) Textiles	20-25%	20-25%	20%	20%
c) General Merchandise	30-35%	35-40%	20%	20%
d) Cosmetics & Drugs	10-15%	15-20%	10%	10%
Total	100	100	100	100

07. Cost Structure % to Sales

a) Staff Cost	3-3.75%	3-3.25%	3.5	3
b) Interest, Insurance, bank charges	1.15-1.50	1.35-1.65	1.00	1
c) Rent & Depreciation	0.90	0.50	1.5	1
d) Other expenses	1.25-1.50	1.00-1.25	1.00	1
Overall	7.00-7.5	6.00-6.5	7.00	6

08. Cost Structure % to G.P.

a) Staff Cost	46.44	46.43	50.00	50
b) Interest, Insurance, Bank charges	15-18	20-22	15	15
c) Rent & Depreciation	11-12	7-8	15	15
d) Other expenses	16-18	15-17	15	15
Net Surplus	8-12	8-12	5	5

N.B.

- 1) These norms are for retail units only.
- 2) Debt Equity Ratio should be 2:1
- 3) Fixed Assets should not be more than own funds plus term loan, if any.
- 4) Achieve a stock productivity (Margin x stock turn) of at least 80% and preferably 120-150% per annum.
- 5) Maintain a Current Ratio of at least 1:1 and preferable 1:2
- 6) Avail credit facilities from the suppliers to the extent of at least 60% and preferably 8-100% of the stockholding.

Group 'A' Stores: Department stores in the metropolitan towns and also that in other towns having higher sales (70% plus more) in non-food departments.

Group 'B' Stores: Other stores in non-metropolitan towns.

08. Cooperative Training & Education in India

By Dr. D. P. Garg*

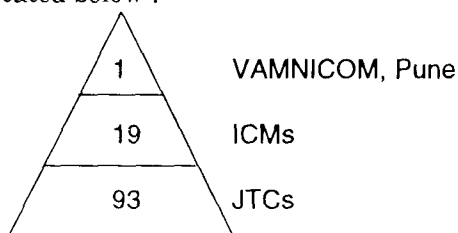
A. COOPERATIVE TRAINING

1. Introduction

The National Council for Cooperative Training of National Cooperative Union of India is responsible for formulating overall policies, organising and managing cooperative training programmes in the country to assess periodical needs of training for cooperative personnel and to establish and manage cooperative training institutes, etc.

II. Training Setup

In India three tier well knit cooperative training set up is functioning as indicated below :



Besides the above, the following arrangements for cooperative training exist :

Financing Institutions	Academic Institutions	Cooperative Institutions
1. College of Agricultural Banking (CAB)	1. National Institute of Bank Management (NIBM)	1. Urban Cooperative Banks Institutes
2. Bankers Institute of Rural Development (BIRD)	2. Institute for Rural Management (IRMA)	2. Apex Banks Institutes
3. Training of Personnel in International Cooperation (TOPIC)	3. Indian Institute of Management (IIM)	3. Apex Agricultural and Rural Development Banks Institutes
	4. Management Development Institute (MDI)	4. Dairy Cooperatives Institutes, etc.
	5. Universities	
	6. Post-Graduate Colleges	
	7. Vasantdada Sugar Institute, Pune	
	8. Management Academics of Central & State Governments.	

* Secretary, National Council for Cooperative Training, New Delhi.

3. Adopting System-S Approach to Training Management (NCCT)

The prime concern of Council is to adopt systems approach to training management. Vigorous and systematic endeavour has been made since its inception in 1962 to adopt the elements of systems approach to training management.

i) Studying Training Problems

- Cooperative Institutions, their federations and cooperative departments are persuaded to study the problems of their personnel with a view to ascertaining whether their personnel are not discharging their assigned responsibilities due to lack of knowledge, inadequate skill and attitude or some other organisational problems exist in the institutions and the department.
- Cooperative training units have to make sincere efforts in their neglected and vital area.

ii) Ascertainment of Training needs

- Holding discussions by the faculty member with the executives of cooperative institutions, their federations and the officials of the cooperative and other departments.
- Cooperative institutions, federations and other institutions ascertaining training needs of their personnel by their own initiative.
- Cooperative business federations and promotional agencies have to play a vital role.
- Training units must assist to provide consultancy in this crucial area.
- Preparation of Training modules (17) by NCCT - Need based & function training.

iii) Preparation of Calendar of Courses

- Circulating guidelines by NCCT to their training units suggesting thrust area of training, fixing priorities, organising programmes for weaker sections and covering all vital sectors. Total number of courses to be organised and number of participants trained every year.

Based on the above guidelines, training units design tentative Calendar of Courses.

- Circulation of the tentative Calendar of Courses among the user organisations to obtain their comments & views, etc.

Convening standing Expert Committee meeting consisting of the Chief Executives of Cooperative Federations and other relating users by the training units for finalising the Draft Calendar of Courses. This meeting is convened twice in a year.

- Obtaining final approval of Management Committee Meeting of the training unit consisting of the Chairman of all Cooperative Sector,
- Sending final Calendar to the Council by training units for further improvements.
- Discussing the Draft Calendar of Courses in the Principals Conference of the training units held twice in a year.
- Obtaining final approval of the Academic & Publication Sub-Committee of the Council.
- Implementing the duly approved Calendar by Council.

4. Development of Scheme & Syllabi of Courses

1. Vamnicom, Pune - Vaikunth Mehta National Institute of Cooperative Management.

a) Core Courses

- i) Diploma in Cooperative Business Management (DCBM)
- ii) Post-Graduate Diploma in Business Administration (Cooperation) (PGDBA) (Coop).

2. ICMs (Institute of Cooperative Management)

- i) Higher Diploma in Cooperative Management (HDCM)
- ii) Sectoral Courses - Diploma & Certificates in 12 Sectors Banking, Industrial, Weavers, Audit, Consumer, etc.
 - All courses are developed by constituting Expert Committee
 - Circulation among users and their respective federations and departments for their comments.
- iii) Short-term Managements Development Programmes (MDP)
 - Evolving the contents by the faculty of the respective training units.

- Obtaining views of the users.
- iv) **Revision in Scheme & Syllabi**
Scheme and syllabi are revised from time to time as per the need of the users.
- v) **Types of Training Programmes**
 - a) **Location-wise**
 - **Outstation Programme - More Emphasis**
 - **In-house Programme**
 - b) **Finance-wise**
 - **Paid Programmes**
 - **Stipendiary Programmes**

Emphasis on paid programmes with a view to make Council self-reliant
- vi) **Development of Teaching Material**
 - a) **Core Courses**
 - **Adoption of centralised scheme by constituting Expert Committee and involving faculty.**
 - b) **Short-term programmes**
Training units faculty, comprising of one Principal, one Vice-Principal and six others having specialisation in disciplines viz; **Management Economics, Managerial Economics, Cooperative Principles and Practices, Cooperative Laws and Business Laws, Business Statistics and Operations Research, Business Accounting and Audit, Human Resource Management, Production and Material Management, Marketing Management, Project Management, Financial Management, Computer Fundamentals and Application**, develop training material consisting of (i) technical notes (ii) case studies (iii) management cases, etc. based on Activity Plan Annual prepared by each.
- vii) **Translation of training material in local language**
Translation work being undertaken by faculty member of different training units.
- viii) **Using Teaching aids**
 - (i) O.H.P. (ii) **Black Board** (iii) **Computer** (iv) **Video Cassettes** (v) **Films etc.**

ix) Use of Training Methods

In training units lecture, discussion, assignment, seminar, debate, syndicate and other methods are used.

The motto of Council is to encourage participative teaching methods and to develop trainer as a facilitator and learning manager.

x) Validation - Three types

i) By training units

- a) Conducting Examination
- b) Presentation of projects/assignments
- c) Organising Viva Voce

ii) Trainees - Evaluation of training programmes

- a) Objectives
- b) Coverage
- c) Duration
- d) Contents
- e) Teaching Techniques
- f) Facilities etc.

Well structured questionnaire has been developed.

iii) User Organisations

- Very little efforts made in evaluating the training programme and its impact on the job assigned to the officers sponsored for training.

x) Follow up

- Visiting organisation by faculty
- No systematic efforts made by all concerned and mechanism developed.
- Now efforts are being made in this direction.

3. *Junior Training Centres*

- Owned and managed by
- State Cooperative Unions
- Registered as Autonomous Body.

NCCT - Concerted efforts have been made to strengthen these Training Centres.

- Renaming the Institute as Centre of Cooperative Management

- Revision of Core Courses
- Developing Training Material
- Organising Faculty Development Programme
- Developing Training Modules
- Inviting Guest Faculty
- Visiting Training Centres.

ILO - Cooperative - Net Scheme Approach to Govt. of India

B. COOPERATIVE EDUCATION

National Cooperative Union of India and 27 State Cooperative Unions are involved in this area.

- i) Cooperative Education Programme for Agricultural Cooperatives
 - Approach - (i) Peripatetic (ii) Intensive approach
- ii) Cooperative Education and Development Scheme (CEDS)
 - a) Focus on Weaker Sections
 - Cooperative Education programme for Scheduled Castes/Scheduled Tribes and other backward classes.
 - Programme for educationally backward minority communities (15 points welfare programme).
- iii) Cooperative Education Programme for Agricultural Cooperatives - Innovative Approach
 - Intensification of cooperative education in under-developed States/under-developed areas of developed States.
 - 20 Cooperative Education Field Projects.
- iv) Cooperative Education and Development Programme for Women
 - Women mobilisation project in collaboration with Swedish Cooperative Centre.
 - Exclusive women's Cooperative Development Projects
 - Cooperative Development Programme for youth.
- v) Industrial Cooperatives.
 - Members Education Programme for industrial cooperatives

vi) Education-cum-Development Programme for Handloom Cooperatives

Member Education Programme for Handicrafts Cooperatives (by National Centre for Cooperative Education)

In India, in the present scenario of economic reforms and market oriented economy, the cooperative ventures have to compete with other organisations, hence they have realised the significance of professionalised management of cooperatives, participation and development of members and others who are involved with the activities of the Institute/Deptts. The NCUI and Council are making sincere efforts to evolve need based, functional oriented training and education programmes and to manage them with system approach so that the productivity per trainee, per course, per trainee may enhance. Also this key area of Human Resource Development may contribute towards the development of personnel, members, policy makers and ultimately reflected in the overall development of cooperatives as cooperative enterprise and social institutions discharging its social responsibilities to all by translating cooperative principles and values in their functioning.

09. The International Cooperative Alliance

Statement of the Cooperative Identity

Manchester, Sept. 23, 1995

Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles

The Cooperative Principles are guidelines by which cooperatives put their values into practice.

1st Principle : Voluntary and Open Membership

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities to membership, without gender, social, racial, political, or religious discrimination.

2nd Principle: Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote), and cooperatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the

following purposes: developing their cooperative, possibly by setting up reserves part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle: Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public particularly young people and opinion leaders - about the nature and benefits of cooperation.

6th Principle: Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

7th Principle: Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

10. Purchase Management in Co-operative Consumer Societies

By Mr. N. K. Naik*

Purchase Management is a matter of vital importance in successful functioning of Co-operative Consumer Societies. Due to faulty purchase system number of Co-operative Consumer Societies have been closed or have become sick units. Therefore, it must be noted that the success or failure of any Co-operative Consumer Society depends on its purchase management.

The following important points are ought to be considered while purchasing commodities.

- 1) What is to be purchased?
- 2) How much is to be purchased?
- 3) When to be purchased?
- 4) Where to be purchased?
- 5) At what rate to be purchased?

1) There should be a perfect plan regarding the commodities to be purchased. It is always advisable to purchase the goods co-related to the commodities which we are supposed to sell. Hence, lists of commodities to be purchased with the help of the sales-men by the respective departments.

Once the lists are made, the Sales Manager/Sales Supervisor should scrutinise the lists, discuss the same with appropriate authority in order to avoid unwanted or extra purchase.

2) The average sale must be taken into consideration while determining the exact quantity of commodities to be purchased. It is also noteworthy to think of the period for which the purchase is to be made. It should be made in such a manner that there should be no shortage or extra stock. Extra stock levies interest on investment resulting in loss. The Availability of the commodities and the time required by the supplier to deliver the same must be considered before placing orders. Extra purchase in anticipation of less production or bad harvest in sometime necessary. In such circumstances the expenditure on bank interest is to be kept aside. While purchasing the goods in such circumstances, necessary information collect-

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ed from various markets and producers will help us to supply the goods to the consumers in a best possible manner.

3) While purchasing the regular goods, it is necessary to make available the goods for certain seasons and festivals. We have to consider it as a bound duty, for e.g. on Diwali, the goods for making Snacks like Karanji, Ladu etc. the necessary material is to be made available to the consumers before a few days of Diwali. The Khajur is to be made available before Dasara festival. Before rains starts the articles like raincoats, umbrellas and before winter season, the Sweaters and Woollen garments are to be made available for sale. In the same way electric fans, Cold-drinks etc. is to be made available during summer. In short seasonal goods are to be in stock before the demand from consumers starts.

A care should be taken while purchasing such seasonal goods and the goods required on festivals. The demand for such goods should not be more than its requirements. The order should be made for such goods if the supplier is going to supply it in time for such supply, there should be time limit, such a supplier should be made aware that if the goods doesn't reach in time, will be rejected. If such goods are not sold during the specific period, it will remain in stock till the next year, and it will be damaged. There is also a danger of causing loss to the Society, due to investment in such goods.

4) We should plan a policy on the place of purchase. The information regarding the production, the growth and proper market for such goods should be available with us. If we have no knowledge on such things, the information be collected from other Societies. Our study in this respect should be continuous. The Purchase Manager and Purchase Committee Members should look into the matter regularly. For e.g. Jawar, Shalu, Turdal - from Barshi Karmala Market - the jire, badishop, methi from Gujarat, Drg. Coconut from Calicut, Supari from Mangalore, Sabudana from Selam, Bicycle spare parts from Ludhiyana, Stainless steel utensils from Pune and Bombay. The goods mentioned if purchased at the specified market places in profitable.

5) While purchasing we should have total calculations at our hand regarding the purchase rate, taxes, packing charges, transportation and the total expenses incurred to reach the goods at the Society. While thinking on the price of the goods its quality should be taken into consideration. Low-price should not be our only criterion. Based on the quality of such goods whether the rate is proper or more should be decided. The purchaser should have knowledge on the type, quality and category of the goods, he is

purchasing. While purchasing the goods at certain rates, the purchaser should enquire about its rates at different places. We should keep in mind that the purchased goods are to be resold to the consumers and the rates should be competing and to some extent less than other shops in the market. While selecting such goods the sales-men, sales Incharge, sales Manager and a purchase committee members, so that their responsibility in sales will increase. As they are directly in contact with the consumers their ideas should be taken into consideration in the enterprise. They will get a satisfaction for such involvement. If such worker have a feeling of they being a part & parcel of the society will share responsibility which will benefit the society. Such workers can become responsible officers of the Society in future.

Some of the companies play many tricks to get more orders for their goods. To attract the customers they give some of the items free on purchase of certain quality giving presents, and also arrangement for visit to foreign countries. At such time we should not make a mistakes of blacing more order then required. If there is possibility of 10 to 12% of more profit from such goods, then at the most double or trible order should be placed. However placing order 5 to 10 times of monthly sale will be dangerous and may cause losses. So we should consider all these matters. We should consider the sale quality while purchasing the goods for a specific period. Based on this the order should be place. Otherwise due to increased investment in such goods will affect on stock productivity.

Purchase should be co-related with the sale. The purchaser should be aware about the type of goods sold, the period, its quality etc. They should also be aware about the quality of goods and comparing its rates with others whether the sale price is appropriate. The help of sales-man and Sales manager/ Supervisors should be taken whenever required, otherwise there will not be co-ordination in purchase and sale. As sales-men are directly in contact and their relationship with the consumers will satisfy them. Consumers satisfaction is our goal in the business.

The purchase system should be that the officers and purchase committee members would closely supervise it. One man's hold on purchase business is dangerous for a society because it may take a bad term. There is possibility of individual selfishness, excess purchase, from relatives etc. which may cause losses. The purchaser if aware of the possibility of enquiry and scrutiny of purchase business, he will not make any mistake. So prevention is always better than cure for the progress of society.

Though it is necessary to purchase the regularly required goods, the purchaser should be aware in purchasing new product, fashionable goods, which are available in the market. It is the responsibility of the purchaser. The shop-keepers in the market makes such goods available immediately, the consumer societies lagging behind in this respect will lead to consumers disappointment. If the consumers feel that new product are not made available in the society, they may stock coming for the purchase. New products arrive the markets regularly. Sometimes its exhibitions are held in the cities like Bombay, so to know about the new products visiting such exhibition is important. Some of the companies arrange introductory sale at concessional price. Such time new goods can be made available for the consumers. It should not be forgotten that consumers demand is the only source of increasing sales in the society.

It is even accepted by the experts that running consumer stores is very difficult comparing other co-operative societies. To shoulder such responsibility and become successful proper purchase is most important.

There should be exchange of thoughts amongst the Consumer Societies in particular region regarding purchase business. So that they can come to know different experiences. Selected goods can be purchased jointly, so that they can put certain conditions on the producers and suppliers, and will get the goods at some concessional rates.

The success and progress of a consumers Society depend on efficient and beneficial purchase of the goods. So purchase transaction is considered to be a backbone of a Consumers Society. In short proper and efficient purchase is important to run a Consumers Society.

10. The Japanese Experience

By Mr. Masao Ohya*

1) Brief History of the Japanese Consumers' Co-operative Movement

The Co-op Movement - Forty Years of Consumer Advances

- 1945 : Co-operative League of Japan (CLJ) established.
- 1948 : Consumer Livelihood Co-operative Society Law enacted.
- 1951 : Japanese Consumers' Co-operative Union (JCCU) succeeds the CLJ as a national centre for consumer co-operatives.
- 1952 : JCCU joins the International Co-operative Alliance.
- 1956 : Co-optrade Japan Ltd. established.
First joint purchase groups (HAN) organised in the Tsuruoka Co-op (now known as the Kyoritsusha Co-op).
- 1957 : National Women's Committee of JCCU established as a forum for women's activities at the national level.
- 1958 : All-Japan Co-operative Wholesale Society established.
- 1960 : JCCU's first Co-op brand product marketed (Co-op butter).
- 1964 : 14th JCCU Annual Congress defines HAN groups as the basic structural unit of the co-op movement.
- 1965 : JCCU merges with the All-Japan Co-operative Wholesale Society.
- 1966 : JCCU starts to develop detergents friendly to the environment.
- 1970 : Member participation stressed at the 20th JCCU Annual Congress.
- 1976 : JCCU Laboratory opens.
- 1984 : UNICEF fund-raising campaign inaugurated officially by JCCU.
- 1987 : JCCU starts to raise funds for the Asian Co-operative Development Fund.
- 1989 : Consumers' Co-operative Institute, Japan established by JCCU.

* Chairman, ICA Committee for Asia and the Pacific

2) Present Situation

(A) Figures

	1994	1993	'94/'93 (%)
Co-op societies	652	649	+0.5
Members (thousand)	18,007	17,287	+4.2
Han groups (thousand)	1,427	1,328	+7.4
Han members (thousand)	7,590	7,337	+5.1
Han member ratio (%)	42.1	42.4	+0.4
Full-time employees	58,995	58,614	+0.7
Sales area (sq.m)	1,383,300	1,307,109	+5.8
Retail outlets	2,947	2,901	+1.6
Retail market share (%)	2.7	2.7	0
Purchase per member (¥) (monthly average)	16,532	17,654	-6.4

(¥ million)	1994	1993	'94/'93 (%)
Total turnover	3,223,792	3,264,972	-1.3
Retail sales	2,921,384	2,973,663	-1.8
Services sales	302,408	291,309	+3.8
Share capital	383,753	350,831	+9.4
Co-op bonds	131,108	133,690	-1.9

Top 10 Retail Co-ops in Japan

	Turnover (¥ million)	'94/'93 (%)	Member- ship	'94/'93 (%)
1. Co-op Kobe	346,532	-3.9	1,148,945	+2.6
2. Co-op Sapporo	168,439	+2.0	731,427	-7.3
3. Co-op Kanagawa	136,932	-5.7	984,208	+2.4
4. Co-op Tokyo	113,116	-2.5	573,019	+6.5
5. Miyagi Co-op	87,799	+4.4	406,296	+6.7
6. Saitama Co-op	82,648	-0.3	388,370	+4.9
7. Kyoto Co-op	68,994	-3.6	396,019	+6.0
8. F Co-op	63,989	-5.5	335,685	+6.2
9. Osaka Izumi Citizen Co-op	61,908	-4.2	275,156	+4.8
10. Toyota Co-op	60,063	-5.1	201,556	+2.8

3) Consumers' Co-op Law and Its Peculiarities

Object : Article 1

This Law purports to enhance the growth in the organization of the livelihood Co-operatives formed by the initiatives of the people, and thereby to bring about security in living and elevation of culture in daily life.

Standards of Co-operative Society : Article 2

1. Consumers' Livelihood Co-operative Societies shall, with the exception of cases provided for otherwise in this Law, fulfil each item of the requirement as listed below:

- (1) It shall be a Union of persons by definite area or occupation;
- (2) It shall have for its purpose only improvement and elevation of the cultural and economical standards of the daily life of its members;
- (3) Any one shall be allowed to join or leave at will;
- (4) Each member shall, in spite of the number of the shares held by him, enjoy one man one vote for decision making or election;
- (5) Surplus shall be distributed to members mainly in proportion to the amount of purchase in the society;
- (6) In case of surplus distributed in proportion to the share of each member, the maximum rate thereof shall be stipulated.

2. Consumers' Livelihood Co-operative Society and Union of Consumers' Livelihood Co-operative Society shall not be utilized for any particular political parties.

Principal of Maximum Service : Article 9

The object of each Co-operative Society shall be to furnish the maximum service to its members and member societies (hereinafter referred to as member or members) through its functions and not profit making.

Kinds of Activities : Article 10

1. The co-operative Society may engage in all or a part of the following activities:

- (1) To purchase and to supply materials needed by the members for their daily life with or without processing;
- (2) To establish useful common facilities for its members, and

- to make these available to them;
- (3) To improve the mode of living and elevate the standards of culture for its members;
 - (4) To aim at the mutual relief of its members;
 - (5) To educate its members;
 - (6) Activities incidental to the accomplishment of each of the preceding items.
2. The Union may, in addition to the activities mentioned in the preceding paragraph, engage in activities relative to guidance, liaison and adjustment of member societies.

Utilization of Activities : Article 12

1. Members shall not be forced to utilize the activities of the Co-operative Society against their will.
2. Except for the case otherwise provided by Law, those who belong to the same household as the members of the Co-operative Society shall be regarded as the members in utilizing the activities of the Co-operative Society.
3. The Co-operative Society shall not make its activities available for those other than its members. This rule, however, shall not be applicable as permitted by the administrative authorities.
4. The administrative authorities shall not approve the application for the approval of the provisional statement of the preceding paragraph at any time when it is deemed that the society will affect and harm the businesses of the medium and small retail traders as the result of supplying commodities (the activities of processing and repairing are included and applicable to the statement in the following paragraphs of this Article) to those other than its members.
5. The administrative authorities, when it is deemed to be necessary, may order the society which has not been approved the provisional statement of the par.3 to take following actions.
 - (1) To make clear indication of not supplying commodities to those other than its members at the place of supplying commodities.
 - (2) Not to supply commodities to those who are indistinct as members unless proper indication of membership is provided.
6. The Minister of Health and Welfare and the Minister of Trade and Industry may order the prefectural governor to take measures

of the preceding paragraph if it is deemed to be necessary.

7. The Minister of Trade and Industry may require the prefectural governor to furnish necessary reports regarding the aspects of supplying commodities to those other than its members, if it is deemed to be necessary.

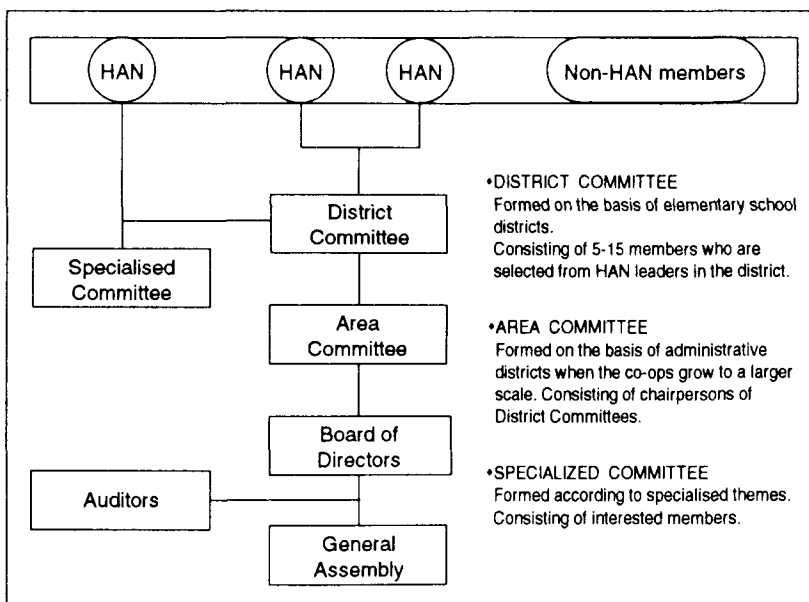
4. Why Could We Grow?

(A) *Dedicated Works by Predecessors with Visions*

(B) *Members Positive Participation and Han Groups*

1. Women's involvement
2. Han Group and several committees
3. Democracy

Administrative Structure of Co-op Society



5) Modernization and Differentiation of Co-op Business

(A) *Store Operation type, chain operation, distribution centre, etc.*

(B) *Merchandise Safety and Hygiene*

1. Test activity and laboratory
2. Daily management
3. Dialogue with suppliers and manufacturers

(C) More Co-op Merchandise and Sanchoku (Consumer-producer direct transaction through dialogue meeting the needs of the both sides)

(D) Modernization and Co-purchasing System

6. Co-ops and Member Activities

(A) Protection of Environment and Merchandise

(B) Care of Aged People

(C) Activities for Health Care and Co-ops

(D) Co-op Education, Dissemination and Publicity

7. Future Perspectives

(A) Establishing Future Plan - Toward 21st Century

(B) Realization and Practice of the Co-operative Identity (by ICA) in the Daily Operation

(C) More Co-operation with Asian Co-operatives

(D) Meeting the Members' Needs Co-op Products

1. Co-op merchandise

2. Sanchoku activity

(E) Employees' Involvement and Their Education

(F) Co-operative Movement as Consumerism

(G) Others

11. COUNTRY PAPER

MALAYSIA

Norwatim Hj. Abd. Latiff*

PART I

1. Malaysia covers an area of about 329,758 square kilometre, occupying the Malay peninsular and the states of Sabah and Sarawak in the north-western coastal area of Borneo Island. The two regions are separated by about 531.1 kilometres of the South China Sea. Peninsular Malaysia has its frontiers with Thailand while Sabah and Sarawak borders the territory of Indonesia's Kalimantan.

The federation of Malaysia consists of the states of Perlis, Kedah, Pulau Pinang, Perak, Selangor, Negeri Sembilan, Melaka, Johor, Kelantan, Terengganu, Pahang, Federal Territory Sabah and Sarawak.

2. *Climate* : Malaysia lies near the Equator and subject to maritime influence and interplay of wind systems which originate in the Indian Ocean and the South China Sea. The year is commonly divided into the South - East and the North - East Monsoon seasons. The average daily temperature throughout Malaysia varies from 21 C to 32 C and humidity is high.

3. *Population* : The estimated population of Malaysia in 1994 was 19.498 millions. The population of Malaysia is multi-racial, multi-cultural, multi-religious and multilingual. Despite this diversity, the people live in unity, goodwill and harmony. The three major races are the Malay, Chinese and Indian.

4. *Constitution and Separation of Power* : Malaysia practices parliamentary democracy and is ruled as a constitutional Monarchy, with His Majesty Yang Dipertuan Agung as the Head of the country.

Executive Authority i.e. the power to govern is vested by article 39 in the Yang Dipertuan Agung but is exercisable by a cabinet of ministers headed by the Prime Minister. The Prime Minister is responsible to the Yang DiPertuan Agung for all the government matters. He is appointed from the leader of the party that has a majority in the House of Representative and hold office at the Royal pleasure.

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Legislative Authority is the power to make laws and also the power to raise taxes and authorise expenditure. At the Federal Level, legislative power is vested in a bicameral parliament headed by the Yang Dipertuan Agung and the senate and House of Representative. The main subjects in the Federal List are external affairs, defense, internal security, civil criminal law and etc. At the state level, each state has unicameral legislature for which elections may be held every five years. The state list comprises matters such as land, agriculture, fisheries, Muslim Law etc.

Should there be inconsistency between federal and state law, federal law takes precedence over state law.

Overview on the Malaysian Economic

The Malaysian economy continues to be robust and vibrant with the real GDP increasing by 8.5% in 1994. With this achievement Malaysia has recorded economic growth exceeding 8% for the past seven consecutive years since 1988. The prospect is brighter in 1995 with the achievement of 9.5% GDP for the last 7 months.

More significantly this rapid growth was attained within an environment of greater price stability, with the increase in consumer price index (CPI) being contained at 3.8%. In addition, the nation's per capita income further increased to reach RM8,856 with all Malaysian benefiting from income growth.

The manufacturing sector is the biggest contributor to GDP growth i.e 48.5% in 1994 followed by 47.4% on the services sector. (See the Table 1 below)

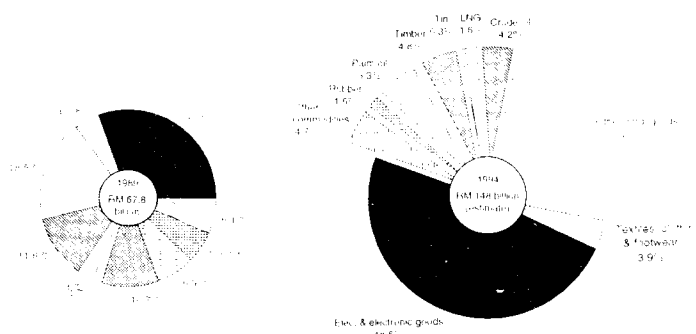
Table 1 GDP : Sectoral performance (%)

	1993			1994e		
	Growth	Share of GDP	Contribution to growth	Growth	Share of GDP	Contribution to growth
Agriculture, forestry & fishing	3.9	15.9	7.8	0.5	14.8	0.9
Mining (of which: petroleum)	-0.5 (-1.7)	8.0 (6.7)	-0.6 (-1.5)	1.8 (0.9)	7.5 (6.2)	1.7 (0.7)
Manufacturing	12.9	30.1	44.6	13.6	31.5	48.5
Construction	11.2	4.0	5.2	13.0	4.2	6.1
Services	10.0	44.4	52.2	9.0	44.6	47.4
Less imputed bank service charge	19.3	6.4	13.3	13.0	6.6	9.8
Plus Import duties	8.4	4.0	4.1	11.0	4.1	5.2
GDP	8.3	100.0	100.0	8.5	100.0	100.0

1 Includes livestock and horticulture
e Estimate

Based on the exports performance manufactured goods constitutes the largest proportion of total export from 74% in 1993 to 77.5% in 1994 of the total export earnings. (Table 2 below shows the structure of Malaysian Exports).

Table 2 : Export Structure



Figures in diagram refer to percentage of total

The composition of manufactured exports continue to narrowly based and is mainly concentrated in export of electrical and electronic, textiles and wood products. This three product as a group account for almost two thirds manufacturing exports. (See table 3)

Table 3 : Manufacturing Exports

	1993 (% share)	% change	
		1993 Jan-June	1994 Jan-June
Electrical and electronic products and machinery	61.5	32.2	39.4
Textiles, apparel and footwear	6.1	7.1	9.5
Food, beverages and tobacco	2.8	3.3	20.8
Wood and wood products	5.3	73.7	41.9
Rubber products	2.7	24.8	13.3
Petroleum products	1.9	53.1	-8.5
Chemicals and chemical products	3.9	13.9	35.6
Non-metalic mineral products	1.2	13.7	36.9
Iron & steel and metal manufactures	3.5	48.3	11.9
Transport equipment	4.1	68.9	56.7
Others	7.0	23.0	7.0
Total	100.0	31.1	32.6

Source: Department of Statistics

Margin destinations of manufactured exports are United States, European Union, Japan and Singapore.

**Table 4 : Major Destinations of Manufactured Exports 1
(% of total)**

	1993	1994
		Jan - June
United States	27.3	26.9
European Union of which:	16.3	15.1
United Kingdom	5.2	4.5
Germany	4.6	3.9
Japan	8.6	8.8
Singapore	23.2	24.1
Others	24.6	25.1
Total	100.0	100.0

1 Includes SITC 1,5,6,7 and 8

Source: Department of Statistics

The service sector shares 44.6% in 1994 and is expected to contribute 46.8% to growth of GDP in 1995. The major contributors to this growth are envisaged from the distributive trade, tourism, financial services and utilities sub-sectors. The increasing share reflects Malaysia's steady progression towards an industrial country status, following the path of the developed nations where services make up 60 to 70% of the overall GDP. (See table 4 and 5.

Table 5 : Services Sector Performance (%)

Sub-sector	Share		Annual growth	
	1993	1994e	1993	1994e
Electricity, gas and water	4.9	5.0	12.5	13.0
Transport, storage and communications	15.6	15.6	8.0	9.0
Wholesale and retail trade, hotels and restaurants	27.5	27.8	10.0	10.5
Finance, insurance, real estate and business services	24.0	24.5	11.4	11.0
Government services	23.2	22.3	9.6	4.7
Other services	4.8	4.8	8.2	8.0
Total	100.0	100.0	10.0	9.0

e = Estimate

Current Challenges Faced by the Rapid Economic Growth

1. Lack of skilled labour

The rapid growth of the economics in the last six years has resulted in high degree of resource utilisation in the economics, particularly in the manufacturing sector.

With the economy already reaching full employment the labour market continues to tighten, particularly for skilled and semi-skilled workers. The continued strong performance of the economy is envisaged to generate greater employment opportunities. Employment is expected to grow at the rate of 3% in 1994 (1993:4.2%) generating about 222 thousands additional jobs (1993:300 thousands). With the labour force anticipated to grow at a slower rate of 2.9% (1993:3.5%), the unemployment rate will decline further to 2.9% in 1994 compared with 3% in 1993 indicating that the economy has reached full employment level. This has led to further tightening of the labour market, with most sector in the economy facing labour shortages.

As an interim measure to ease the shortage of labour the government continues to allow the employment of foreign workers based on specific needs, although the freeze on the intake of semi skilled and unskilled foreign workers imposed in early 1994 is still in force.

While the government has allowed the recruitment of foreign workers as a temporary measure to address the problem of labour shortage a long term solution to the problem must be formulated. Towards this end a part from promoting greater automation and labour saving production devices, efforts are being made to maximise the utilisation of existing labour force, especially the female workforce who constituted some 46% of total labour force.

Efforts are also being made to encourage the employees to provide employment opportunities to the handicapped and rehabilitated drug addicts. In addition, to address the problem of skills training Human Resource Development Fund was launched in January 1993 to provide financial assistance to employers in the manufacturing sector who send their workers for approved training programmes.

The government has also encouraged the establishment of vocational and training institutions and advanced skill development centres especially by the private sector to ensure an adequate supply of trained workforce.

High Wages and Low Productivity

The strong growth of the economy coupled with labour shortage arising from the tight labour market has given rise to upward pressure in wages whereby industries competing, particularly for skilled and semi-skilled labour, are offering better wages and other remunerations to attract the required labour. The survey done by the Department of Statistics Manufacturing Survey showed that during the first seven months of 1994 the average wage increased to 6.7% compared to the same period in 1993 (the survey covering some 660 thousands workers of all level).

However, the increase in wages was not matched by improvement in productivity. The labour productivity showed a change of 2.2% for the period January - July 1994 compared to the same period in 1993. This has resulted in increasing unit labour cost i.e. 4.4% for the period January - July 1994. During the 7 months of 1995 the wages increased to 7% compared to the increase of productivity which is only 2%.

The rising of the wages will not only caused inflation but also can jeopardise the competitiveness of the Malaysian products in the international market as well as the attractiveness of Malaysia as a centre of foreign investment.

The Deficit in Service Account

A major issue facing the economy is the deficit in the service account of the balance of payment. The deficit has widened from RM9.7 billion in 1990 to RM15.0 billion in 1993 and in 1994 expected to increase to RM17.7 billion. The deficit in service account (1994) attributed to net outflows of investment income is 51%, 35% to freight and insurance and 18% to other services such as contract and professional services. The need to address the service deficit has become more urgent as the merchandise account of balance of payment is expected to record a small surplus this year, as a result of higher rate of increase in merchandise imports than exports.

The government, under the cabinet committee on Trade In Service (chaired by the prime minister) have formulated various strategies and measures to reduce the deficit. These include:-

- a) Encouraging Malaysian companies to invest abroad to earn investment income and repatriate income to Malaysia.
- b) Moderating the outflow of investment income by encouraging companies to reinvest their profit in Malaysia. This is

done by increasing the investment allowance to 5% and extending the allowance for a indefinite period.

- c) Building the nation's capability in exporting on a cost, insurance freight (c.i.f) and importing free on board (f.o.b). In this context, efforts are being made to transform the domestic freight forwarding industry into a multi-modal transport industry, which includes the possibility of introducing legislation to ensure that the quality of services provided is of an acceptable standard.
- d) Increasing the retention of reinsurance premiums within Malaysia by allowing financially sound foreign reinsurance companies to operate in Malaysia.
- e) Encouraging exports of other services which would increase receipts of foreign exchange from royalties contract and professional services.
- f) Increasing foreign exchange through tourism.
- g) Reducing the net outflow of foreign exchange through education by encouraging parents to send their children to local institutions of higher learning rather than overseas.

Combating Inflation

Amidst an environment of prolonged and strong growth of the economy, the government overriding priority was to ensure that this rapid growth is sustained with low inflation.

The rate of consumer price Index peaked in the month of February at 5% and remained high in March 1994 at 4.4%, after recording an average increase of 3.6% in 1993. The most notable increase during the period was in food prices which surged by 5.6% from 1.8% in the corresponding period of 1993. The expected buoyant economic performance, accompanied by higher growth in domestic demand further exert pressure on price in 1995. In addition continued labour shortages would also exacerbate wage pressure.

The government being concerned with the threat of higher inflation spares no effort in combating inflationary tendencies. A tight monetary policy is maintained and at the same time the government will continue to undertake prudent fiscal measures. The greater effort is also taken in liberalising import restriction and maximising resource utilisation in food production. The campaign for public awareness of the negative impact of inflation will also be accelerated.

Increasing Linkages Between Industries

The manufacturing sector in particular the export-oriented industries has provided the lead in the rapid growth of the economy. Recognising that the sector's production continues to be narrowly based, the government has to continue to focus its strategies on industrial widening and deepening to achieve greater value added and linkages.

Backward integration especially in the electronics, transport, basic and fabricated metal industries is encouraged. At the same time greater linkages through downstream activities are also promoted, especially for the resource based industries such as wood and rubber product.

The development of the SMIs is important for the creation of inter-linkages and ancillary support among industries. The SMIs can also reduce the dependence of industries on imported parts and component in light of the relatively high import content of Malaysia's export. In the context the Vendor Development programme which is set-up by the government, are given high priority to encourage linkages between domestic SMIs and Malaysia and foreign Anchor Companies. Statistics on July 1994 showed that contracts between the vendors and the anchor companies was RM177.4 million.

Conclusion

Macroeconomic stabilisation measures undertaken to ease the pressures related to sustained and rapid growth have placed the economy on a firmer footing as demand pressures have dissipated, output growth has moderated to a more sustainable level, inflation has abated and the external current account improved significantly. The main policy issues for 1995 continue to be maintaining growth with price stability in an uncertain international environment, whilst addressing the constraints to growth and improving the competitiveness and productive capacity of the economy, towards this end, measures will continue to be undertaken by the Government to alleviate problems associated with labour and skill shortages and infrastructure bottlenecks. Given the increasing competition for funds, the Government will continue to review measures aimed at maintaining the nation's competitive edge, especially with regard to existing incentives, regulations, the cost of doing business and ensuring that productivity gains move in tandem with wage increases. In the meantime, restraint in both monetary and fiscal policies will ensure that price pressures are

under controlled. With price pressures under control and continued investment in upgrading the productive capacity of the economy, the growth momentum of the Malaysian economy is expected to be sustained and the quality of life of the people further uplifted.

PART II

Cooperative Movement in Malaysia

The Cooperative Movement was introduced in Malaysia in 1922 by the British as a response towards meeting the growing financial needs of the rural farmers and government servants, who were heavily indebted to land owners and money lenders. Since then, the Movement has been regarded as a benevolent institution to alleviate the social and economic status of the less privileged sections of the Malaysian society.

The government's interest in boosting cooperative activities in Malaysia seems obvious when she passed the Cooperative Law in 1948, in order to bring about a more systematic development of the Movement. Initially, the cooperative societies in Malaysia were mainly involved in unfunctional activities, especially that of thrift and loan. However in 1966, existing and new cooperatives were encouraged to venture into multipurpose functions (i.e. undertaking more than one activity in order to diversify their activities and satisfy the varied basic needs of the members).

In the early seventies, the rapid growth in size and complexities of the Cooperative Movement in the country had made it necessary for the government to set up the Farmers' Organisation Authority (LPP) in 1973, to supervise all the agro-based societies. Then in 1975, the Fisheries Development Authority (LKIM) was established to assist the development of the fishermen's cooperatives.

In the 1980's, a new dimension in the Cooperative Movement was initiated with the declaration of the 'New Cooperative Era' (1982). This was a timely measure by the Ministry of National and Rural Development (The Ministry in charge of cooperatives) to overcome irregularities in the management of certain cooperatives. It was felt that such cooperatives if left, unchecked could paralyse the Malaysian Cooperative Movement.

The New Era also led to the establishment of new cooperatives initiated by the Government such as the District Development and the Cottage Industry Cooperatives.

The District Development Cooperative or commonly known as

Koperasi Pembangunan Daerah (KPD) have been set up to encourage villagers from the rural areas to undertake development projects on a mutual self-help basis.

To intensify efforts in promoting cottage industries with a view of uplifting the rural economy, the Cottage Industry Cooperatives or Koperasi Industri Kamoung (KIK) were set up.

As a result of the above efforts by the government, within four years of the New Cooperative Era, total assets of cooperatives had increased from RM3,986,307,990 (in 1983) to RM7,977,223,000 (in 1987). Total membership in cooperative too had increased from 2,292 million (1983) to 2,825 million persons in 1987, while the contribution of share capital increased from RM933,344,00 (1983) to RM1,482,657,000 (1987). These figures describe the general statistics of the cooperative societies under the Cooperative Development Department (CDD) throughout Malaysia. Peninsular Malaysia alone has more than 70% of the total number of cooperatives in the country. Table 1 below show the distribution of cooperative societies throughout various states in Malaysia and under the supervision of the respective government agencies.

**Table 1 : Cooperative Statistics for Malaysia
by state 1993 and 1994**

	State	Number		Membership		Shares (RM000)	
		1993	1994	1993	1994	1993	1994
1.	Johor	316	323	256,345	272,513	105,599	123,284
2.	Kedah	241	246	157,358	167,216	78,367	85,529
3.	Kelantan	190	201	195,448	210,066	48,996	57,060
4.	Melaka	106	110	67,945	70,043	18,598	19,111
5.	N.Sembilan	201	214	132,531	146,916	49,852	53,570
6.	Pahang	287	294	176,456	180,244	60,131	74,362
7.	Perak	339	347	221,955	232,307	151,080	158,390
8.	Perlis	52	51	31,902	30,940	16,736	17,462
9.	P.Pinang	153	155	106,617	101,150	100,523	106,445
10.	Selangor	244	247	304,061	331,596	209,386	225,782
11.	Terengganu	151	163	123,157	135,846	48,281	44,004
12.	Wilayah Persekutuan	249	259	1,811,615	1,838,810	1,268,590	1,397,050
13.	Sabah	391	396	131,520	135,832	11,000	62,288
14.	Sarawak	468	467	195,700	209,073	14,000	12,666
		3,388	3,473	3,912,610	4,062,452	2,180,339	2,437,003

Classification of Cooperatives By Activities

Table 2 below shows the classification of the cooperative activities under CDD throughout Peninsular Malaysia. From the table it can be clearly seen that the cooperative Movement in Malaysia provides a wide variety of basic services to members. Such efforts have contributed much towards improving the quality of life of the less fortunate communities in the urban and rural areas.

Table 2 : Cooperative Statistics for Peninsular Malaysia 1993 and 1994 by function

<i>Function</i>	<i>Number</i>		<i>Membership</i>	
	<i>1993</i>	<i>1994</i>	<i>1993</i>	<i>1994</i>
1. Credit/Bank	421	416	1,636,555	1,526,672
2. Housing	69	73	101,402	101,688
3. Consumer	1,308	1,358	1,237,988	1,323,518
4. Transport	398	391	173,703	180,692
5. Insurance	1	1	225,528	195,892
6. Land Development	42	48	105,316	108,072
7. Industries	43	44	4,257	7,030
8. Developer	101	109	41,217	45,924
9. Services	146	170	59,424	217,958
	2,529	2,610	3,585,390	3,717,447

The crediting/banking societies which form the third largest functional group, hold a predominant position in terms of share capital contribution and assets held. They account for approximately 47% and 58% respectively of the total amount found in the Cooperative Movement of the country. Their pre-eminent position is partly due to the fact that such cooperatives were the first to be formed in Malaysia.

Currently, there is much emphasis on the development of school cooperatives. It is envisaged that such cooperatives will form the training ground and backbone for the development and growth of a stable movement. Quite recently the Federal Government has shown her support by allocating about M\$2 million in the form of management subsidies to boost the activities of school cooperatives in our country.

Agro-based cooperatives constitute approximately 27% of the total number of cooperatives in the Peninsular. Their activities are

being complimented by the Farmers' Associations, which are fully backed by the Government in order to meet the needs of the farming community.

The development of fishery-based cooperatives in recent years too has been overshadowed by the Fishermen's Associations which are supported by the Government Agency, LKIM.

Support From The Government

The performance of the Cooperative Movement in Malaysia has improved significantly as compared to the colonial and post war years. The government has contributed much towards the formation, promotion and continued growth of cooperative societies in the country.

Since 1986, steps had been taken by the Government to form worker cooperatives amongst the unemployed graduates. The objective is to pool their limited resources and skills and encourage them to be co-owners and co-workers of some business or economic venture, for collective benefits.

Under the Fifth Malaysia Plan (1986 - 1990), a sum of M\$33.07 million has been allocated by the Government for cooperative development purposes. From this amount about M\$26.36 million have been set aside as loans to financially deserving cooperatives; M\$4.5 million as subsidies to school and other cooperatives initiated by the Government and the balance for the purpose of intensifying member education activities undertaken by the Co-operative Development Department (CDD).

In order to help small cooperatives in overcoming their initial financial burden, various incentives have been provided by the government. For example, under the Income Tax Act of 1968, Cooperatives with less than half a million ringgit in member's funds are exempted from paying tax for the first five years, from the date of registration.

Besides financial support, managerial and technical assistance too have been offered by the government to some cooperatives. As in the case of the government initiated cooperatives (KPD) and (KIK) and those in the land development schemes (under agencies such as RISDA, FELDA, FELCRA), a number of government officers have been seconded to assist such cooperatives during their initial development stage. The officers generally help to supervise and manage such cooperatives with the intention of with drawing their services once the settlers or cooperators are more able to manage their matured societies.

The move towards self-reliance should be the ultimate goal of the Movement. Although cooperative cooperation among the cooperative members, leaders and managers is a sure step towards achieving this goal, yet such internal strength alone is not strong enough to defend the individual society from aggressive, external competition. Thus in the case of Malaysia, state assistance and support are still considered necessary. However, it is hoped that the governments' involvement should be non-restrictive and temporary in nature so as to avoid overdependence.

An Important Lesson

On August 8, 1986 as a result of the Government's attempt to protect the image of the Cooperative Movement from being permanently tarnished, 24 mismanaged deposit taking cooperatives had their assets frozen under the Essential Regulations Act 1986. Investigations undertaken by the Government through Bank Negara, concluded that the deposit taking cooperatives (DTC) were in a bad financial state of affairs. They had encountered bad management practices, either due to lack of expertise and professionalism or the imprudent/corrupt practices of management.

These cooperatives had blatantly disregarded the cooperative ideology and principles, and were found not to be operating within the spirit and framework of the Cooperative Movement. They had instead become purely profit-oriented deposit-takers, housing developers and share speculators.

Sadly, the famed 24 DTCs had brought about massive confidence crisis in the cooperative movement nation wide. Thus the government had to take remedial steps in overcoming some loopholes in the Cooperative Societies Act 1948. For example, all cooperatives are discouraged from taking deposits from their members. With the exception of cooperatives like the Bank Kerjasama Rakyat, Bank Persatuan Kerjasama Seberang Prai Bhd. and the Cooperative Central Bank, all other DTC's are not allowed to provide fixed deposit facilities.

Thus, appropriate legal action has been taken against the directors and staff of the 24 DTCs, found guilty of misappropriating members' funds and for criminal breach of trust or any other illegal acts.

The recent crisis should not be taken to mean that the Cooperative Movement in the country has failed. One should be aware that these 24 cooperatives constitute only about 1% of the prevailing number of cooperatives. Instead, the crisis should be

looked upon as an unfortunate but important lesson to all parties involved in the Movement. It calls for stringent remedial and preventive measures to be under-taken to avoid future recurrence.

Members' Participation and Contribution

Members of cooperative societies should participate more actively for the betterment of their respective societies. Just by contributing materially is insufficient. They must also exercise their rights and responsibility by contributing their time, effort and ideas to the societies. Only with their full-hearted commitment and participation in the cooperative affairs and activities, will it be possible for their societies to succeed in providing the right kind of services in order to fully meet their needs.

Thus it has been the main concern of the Cooperative College of Malaysia, the CDD and ANGKASA, to provide continuous education programmes so as to motivate and educate members on the principles, ideology and objectives of the Movement.

It is hoped that by creating such awareness and understanding, cooperative members will be encouraged to be more involved in the movement.

At the AGM, members are encouraged not only to voice out their opinions but also to use their rights to vote the office bearers, wisely. Leaders with self interest, who lack integrity and ability to lead can bring about the downfall of their societies.

There is no doubt that members must ensure that the right man gets the right job since the destiny of the cooperative society will be determined by the policies which the leaders formulate. Thus the time has come for members to rise up to the occasion to weed out leaders who have not contributed much to the development of their societies and elect only those who are more sincere and willing to contribute their best for the benefit of all. Leaders must pay extraordinary attention to member's requirements, wishes and even be receptive to constructive criticisms.

Need for Professionalism In Cooperative Management

Cooperatives today have grown in terms of size and complexities in the provision of various services to members. Many have converted their unfunctional activity to that of multifunctional so as to meet the needs of members. Hence it would be unwise for such societies to depend solely on the services of part-time managers or the elected board members who serve on a voluntary and honorary capacity only. Full time and experienced professionals are neces-

sary in order to undertake the executive functions. However steps must be taken to prevent any member of the board or the management personal from equating cooperative business practices with that of the private entities.

Cooperative leaders and staff must thereof clearly understand the principles and ideology of cooperatives before fully committing themselves to the movement. Cooperative education programmes are being organised regularly throughout the year by the Cooperative College of Malaysia, ANGKASA and the CDD. All cooperators should take full advantage of such services for the betterment of the Movement.

In addition to providing courses on Cooperative Principles and Law, the College also undertakes the responsibility of conducting management and financial programmes in order to develop the managerial skills of the operative leaders and employees. Some of the popular programmes are : Preparation and Appraisal of Cooperative Projects; Project Management; Work Planning; Problem-solving and Decision-Making Techniques; Supervision, Meeting the Management Challenges; Export Marketing; Marketing of Agricultural Goods; Public Speaking; The Art of Conducting Meeting, Financial Management and Analysis; Cooperative Auditing and Accounting; etc.

Beside these, efforts are also made by the College to conduct seminars; research on cooperative activities; translating, printing, publishing books and articles on cooperation and other related subjects, as well as providing advisory and counselling services to cooperative societies.

Benefits Achieved By Members

There are a number of primary and national cooperative societies through Malaysia whereby members are proud of the various services they have rendered to them. The Armed Forces, Police and Customs Cooperative Societies have brought much benefits to their members by providing personal loans, housing facilities, credit purchases at reasonable prices for electrical products and many other facilities. It is by joining these cooperatives that many of the average income uniformed personnel have been able to raise their standard of living. The National Electricity Board, the Jaffense, various Teachers' and Government Servants' cooperative societies, to name a few, are some of the active societies whose contribution towards their members have been bountiful.

School and university cooperatives, the Malaysian Cooperative

Supermarket and some rural consumer cooperative shops to have provided invaluable consumer services to members by selling a wide variety of quality products at reasonable prices. Cooperatives offering credit facilities have also contributed a great deal in encouraging thrift among members. Credit services at affordable terms and conditions have also been extended to members with financial difficulties.

There are many more successful cooperatives in this country that are commendable for having contributed generously in uplifting the standard of living of their members. However most of the benefits which they have contributed may not have been possible to quantify. Nevertheless they can only be measured by the extent of satisfaction that members have been able to achieve. A recent random survey conducted by the Cooperative College of Malaysia, showed that more than 75% of the respondents had indicated that they have been satisfied with the services provided by their cooperative societies.

Conclusion

Although the Malaysian Cooperative Movement has yet to be as impressive as those in the industrialised and socialist countries, but considering her age and limited population's participation, must has been achieved qualitatively rather than quantitatively in order to wrestle with the difficulties of life through mutual self help ways, i.e. through cooperation. Given more time, coupled with the lesson learnt from past experiences the Malaysian Cooperative Movement has vast potential to perform better and bring more fruitful benefits to existing and potential members and the nation as a whole.

PART III

The Consumer Cooperative in 1920s - 1980s

The first consumer cooperative was registered in 1936. It was the Ulu Langat Malay Cooperative Shop Society. Between 1941 and 1950 the progress was slow and haphazard. By 1950 there were only 21 consumer cooperatives registered.

The development of the consumer cooperative movement was accelerated in the 50's. The Korean War, the Suez Crisis and the Emergency in the country brought about problem such as sharp increase in the prices of essential goods, shortage and adulteration of goods. The cost of living soared. As a remedial measure, the government promoted and encouraged the operation of consumer

cooperative. As a result of the direct and active encouragement given by the government, the number of consumer cooperative rose from 21 in 1950 to 248 in 1956 with a total business turnover of RM 23.5 million.

Cooperative shops were set up in Malay Kampung, places of employment, Chinese New Villages, urban areas and in the land development schemes.

Many of the cooperative retail outlets operated satisfactorily during the period of the Korean War and the Emergency because of their ability to monopolise control of supply of certain goods.

With the end of the Korean War and the Emergency in 1960, and the subsequent lifting of many government restrictions on the supply of goods, cooperative lost their special position and had to compete with private shops that had mushroomed all over the country. From 246 in 1956 the number of retail cooperative stores dropped to 204 in 1962. Most of the existing store when then also not functioning satisfactorily and economically.

The main cause of the setback and the unsatisfactory state of affairs of the retail consumer societies were as follows:-

- * Inefficiency of granting credit and poor credit recovering strategies
- * Inefficient or dishonest managers
- * Lack of sufficient working capital
- * Disloyalty of members
- * Unfair external competition
- * Poor accounting system
- * Unjustifiable leakages
- * High purchasing price of goods
- * Poor goods/assortment
- * Insufficient volume of business with high management and administrative costs.

The situation in the 70s and early 80s also did not record any significant changes. Out of 90,037 retail establishments surveyed in Peninsular Malaysia in 1980, only 389 or 0.4 percent were cooperative owned, with an output of RM94 million representing only 0.8% of the total output of all retail establishment which exceeded RM 12 billion. On the whole, each cooperative retail outlet recorded an average annual turnover slightly more them RM 240,000. In 1981 there were a total of 256 consumer cooperative in Malaysia, howev-

er it dropped to 233 in 1982 and declined further to 224 in 1983. The membership in 1983 was only 77,574, a sharp decline of 38% from the membership of 1982. This sharp decline is due to factors such as follows :

- i) Fierce competition from the private traders.
- ii) Lackadaisical attitude of the member in patronising their own cooperative outlets.
- iii) The cooperatives inability to adapt to suit contemporary requirements in meeting ever-changing patterns of consumer life styles.

Even with the 38% decrease in membership in 1983, the 224 Consumer Cooperatives recorded a 23% increase in turnover compared to 1982 i.e. from RM 137 billion in 1982 to RM168 million in 1983.

This was achieved through only a marginal increase of 5% in the share capital of these consumer cooperative, from RM 17.5 billion in 1982 to RM 18.5 million in 1983. The large increase in turnover is partly attributed to increased purchasing power of members and the extension of credit facilities for purchases.

According to statistics maintained by the Cooperative Development Department, for the year of 1989, the number of cooperative having consumer activities were 489. The share capital of these societies are widely dispersed, with some having less than RM% thousands.

At the other extreme there were some even having over RM 30 million. The membership of these cooperative societies is mainly individual with majority have more than 1000 individual members.

In terms of performance, 331 of the 489 societies ran its consumer actively at a net loss, 47 had a net profit 15% of sale, while no data is available for the remaining others.

The consumer cooperative societies 1990 - 1994

Based on computerised data maintained by the Cooperative Development Department the number of cooperatives having consumer actives were as follows:-

Table 1 : Cooperative with Consumer (retail) Activities by State in Peninsular Malaysia 1992 - 1993

State	1993		1992	
	No. of Coop. Societies	Individual Member	No. of Coop Societies	Individual Member
Johor	204	198,977	199	189,237
Kedah	129	90,738	121	93,563
Kelantan	141	176,907	136	177,693
Melaka	66	53,013	66	43,061
Negeri Sembilan	101	94,849	102	81,425
Pahang	150	126,127	142	107,114
Perak	184	159,576	165	138,937
Perlis	27	21,525	26	18,572
Penang	84	53,357	73	42,894
Selangor	150	187,118	142	182,942
Terengganu	105	103,660	101	99,684
W.Persekutuan	82	216,552	79	195,565
	1,417	1,482,399	1,352	1,370,687

From the above data except for Negeri Sembilan and Melaka the other states shows an increase in the number of cooperative societies having consumer activities. The total increment from 1992 to 1993 was 4.8%. Based on individual member there was a 3.3% decrease in terms of membership in Kedah, and 3% in Kelantan. Other states shows an increase in the number of individual member, with a total increment of 3.08%.

Number of Cooperative Societies with Consumer Activities Based on Grouping

There were 1352 consumer cooperatives societies in 1992 and 1417 in 1993. They are specifically grouped into the following:

Table 2 : The Number of Cooperative Societies with Consumer Activities Based on Grouping

Grouping	1993		1992	
	No. of Soc.	Individual	No. of Soc.	Individual Member
Government Servant				
i) Government Officer	41	104,236	6	97,080
ii) Teachers	15	35,725	13	33,325
iii) Community Development Officer.	8	10,093	9	11,387

Government Agencies				
i) KPD	6	3,869	4	2,387
ii) FELCRA	57	11,390	48	9,583
iii) FELDA	122	50,569	124	51,506
iv) KESEDAR	8	2,034	8	2,034
v) RISDA	14	13,300	37	133,000
vi) Others	7	750	9	794
Semi Government				
i) Semi Government Staff	30	51,818	26	47,719
Private Workers				
i) Private Officers	9	36,852	8	60,067
ii) Factory Workers	10	13,951	10	12,409
iii) Investment Workers	6	5,197	5	3,595
Education & Training Centre				
i) Training Centre	30	37,874	29	35,181
ii) Schools	926	895,788	882	818,674
Union/Affiliate				
i) Affiliate	6	455	4	430
ii) Union	2	-	2	3,980
Civilian				
i) Youth	6	1,431	8	2,130
ii) Small business Enterprise	4	1,832	5	2,006
iii) Farm workers	12	3,654	11	3,528
iv) Women	6	1,842	4	1,359
v) General Welfare	-	-	1	380
vi) Producer	1	71	1	68
vii) Others	60	79,968	62	62,866

From the table above the highest number of individual member of cooperative societies having consumer activities were school cooperatives.

There were 882 school co-operatives in 1992 and 926 in 1996, with individual members totalling to 895,766 in 1992 and 818674 in 1993. Felda Agency was the second highest with 124 co-operatives in 1992 and 122 in 1993.

Table III highlights some key information of the cooperative societies whose main function was consumer activities.

Table III : The Basic Data on Consumer Cooperative Society in Malaysia

<i>Particulars</i>	<i>1994</i>	<i>%</i>	<i>1993</i>	<i>%</i>	<i>1992</i>
No. of Coop. Societies	1,358	3%	1,308	5.5%	1,240
Total membership	1,323,518	3.1%	1,237,988	3.1%	1,154,550
Share Capital	113,651,945	45.8%	77,939,170	3%	7,567,289
Total Asset	315,528,284	22.8%	256,755,265	3.7%	26,409,715

Generally, the number of societies but in terms of percentage it is declining from 5.5% (1993) to 3% in 1994. There was also a sharp increase in the share capital that is from 3% in 1993, to 45.8% in 1994. The total asset also increases from 3.7% in 1993 to 22.8% in 1994.

The Business performance of the cooperative societies with consumer activities 1992 - 1993

The performance of the consumer cooperatives only can be traced down based on 2 years data i.e 1992 and 1993. In 1992 there were 1,520 cooperatives increasing 4% to 1,417 in 1993.

Table IV : Performance of sales, purchases and profit of the cooperatives societies with consumer activities

<i>Activities</i>	<i>1993</i>	<i>1992</i>
i) Supermarket/mini-market/shop		
Sales	333,113,173	329,925,103
Purchases	262,874,746	252,541,646
Profit/Losses	70,035,554	84,048,812
ii) Petrol kiosks		
Sales	140,229,548	129,215,344
Purchases	134,384,951	124,020,336
Profit/Losses	6,005,724	5,290,253
iii) Canteen/Laundry/ Others		
Sales	46,290,618	42,957,168
Purchases		
Profit/Losses	6,379,414	8,526,605

All three activities shown in the table above generally record a profit.

Except for petrol kiosks which have increased to 13.5% in 1993,

the supermarket/minimarket/shop profits have decreased by 6% in 1993 and the canteen/laundry/others by 25% in 1993.

Current Issue

1. One Stop Shopping Centre Concept

The growing affluence of Malaysian consumers as a result of high standard of living, has led towards the growth of air conditioned shopping complexes, with supermarket restaurants, departmental stores and a variety of other type of shop all housed under one roof. Their convenience and the vast range of goods and services offered have made these complexes very popular with the public, and they are fast becoming and integral part of urban life. The one - stop shopping however has never made its appearance in the cooperative scene. The consumer cooperatives only can operate on supermarket activities with the limitation on space and tend to be over crowded. An example is the Malaysian Cooperative Supermarket Societies (KOPASAR) and Johor Cooperative Supermarket Society LTD.

2. The Unfair Price Competition

The existance of hypermarkets in the urban area is a big blow to the supermarket, whether its owned by private of cooperative societies. These supermarkets such as the Carrefour and MACRO, offers at a goods lower price (wholesale price) to the consumer. The Consumers in the urban area noticeably like to shop in this kind of environment for their monthly consumption. Some small private shops and also small cooperative shops purchased their goods at these hypermarket to sell them to the members at a mark-up price.

3. Credit Card Facilities

The use of credit is becoming a way of life among Malaysian in their daily transaction. This can be seen from the increasing volume of business activities executed via credit cards in this country. The use of the card has not only increased the sales of the departmental section of the supermarket but has helped spread sales evenly over the month as customers do not have to wait for pay day to their shopping.

However this facility is still not applicable at any cooperatives supermarkets even though more than a million cards are reported to be in circulation and about 15,000 establishment mainly restaurants, retail outlets, travel agencies and hotels have "linked up" to major cards such as Visa, American Express, Diners Master Cheque, Card Bland, Cheqpoint and Petrocard.

Traditional Issue/Problem of the Cooperative Societies with Consumer Activities

1. Lack of knowledge and cooperative education.

Most cooperative faced the experiences of members who do not understand the role of cooperatives thus inhibiting their active participation in the cooperative's activities.

To some of the cooperatives, their board members do not fully understand their function or have adequate means to exercise them. They hardly meet, thus leaving the management and operation of the store entirely in the hands of its manager.

2. Lack of Motivation

The salary structure offered to some cooperative personnel are not competitive and cannot function as a motivator for them to remain with the cooperative's store or encourage them to perform better. In fact some of the cooperatives are having high staff turnover due to this problem.

With the rapid economic growth over the 5 years. Malaysia experiences labour shortages in all sectors of economy. The unemployment rate as estimated by the Manpower Development Department is expected to decline further to 2.8% in 1994. The demand for labour, particularly for skilled workers is expected to remain strong. If the cooperative societies are not aware on the labour demand and supply, they will face difficulty in term of shortage of staff in the future.

3. Location and Supply

The cooperative stores in the rural area (example in Felda Scheme), due to their remote location and small size of purchases, have to rely on middleman at the end of a long chain of intermediaries for their supplies. The costs of purchases to the co-operatives would consequently be high, thus limiting their ability to compete price - wise, with the low-cost family - run store in their respective market. Furthermore these suppliers provide very little credit facility or no credit at all.

4. Limited Capital

Most of the cooperative stores in the urban area rely entirely on their own funds to finance their operations. The non - availability of outside financing limits a business ability to expand. In addition, the small amount of retained profits made by the cooperatives limits the size of inventory that it can hold to support sales.

5. *Effective Management Team*

An effective management team needed to run the cooperative stores are clearly absent in the rural and semi - urban cooperatives.

Due to lack of management skills, most cooperative stores experience:

- i) No proper trend analysis on the store performance
- ii) Incorrect and poor goods assortments
- iii) Poor salesmanship
- iv) Wrong pricing
- v) Poor business record keeping
- vi) Others

Recommendations

Rural and Semi-Urban Co-operatives in spite of their deficiencies has been able to serve their market with virtually complete financial independence. However, the degree of their success depends very much on the relative openness' of the area served by them. The performance of this type of co-operatives could reasonably be enhanced if the perennial problems faced by them are addressed. In this respect the following steps need to be undertaken.

1. *Publicity Programs on Co-operatives*

Publicity programs to increase the awareness, among current as well as prospective members, need to be undertaken. These programs should focus on the role of co-operatives as self-help organisations, that is the potential benefits on co-operation and the co-operative effort needed from members to actualise them.

2. *More Direct Source of Supplies*

Instead of just relying on shopkeepers in nearby towns more direct supplies ought to be arranged to enable the co-operatives to acquire their supplies at competitive and reasonable costs.

3. *Injection of Adequate Funds*

Adequate funds must be available in the co-operatives to enable them undertake an appropriately - sized business. The funds to be injected should come in the form of additional share and working capital.

4. *Equitable Salary Structure*

The salary structure offered to the personnel should serve the

function of motivating them to remain with the store and encouraging them to attain high sales performance. The co-operatives may want to consider offering them combination of basic pay plus commissions scheme.

5. Symbiotic Relationships Among Co-operatives

An approach which will accomplish the preceding suggestions and enhance the effectiveness and financial viability of consumer co-operatives in general is to encourage the small co-operatives, rural or urban alike, to expand in symbiosis with leading co-operatives such as MCSS and KPJB.

A leading consumer co-operative with good supplier relationships should be encouraged to act as nucleus of consumer cooperatives in a given geographical area. The leading co-operative could then pass on the benefits it enjoys through bulk purchase to the smaller co-operatives by acting as their suppliers.

Such arrangements are mutually benefiting to the nucleus and the smaller co-operatives alike.

The smaller co-operatives gain in terms of reduced cost of supplies while the leading co-operative benefits through increase in its volume of business.

Besides, the leading co-operative is also in position to re-extend to the smaller co-operatives the trade credit facilities that it enjoys with its suppliers. This will alleviate the shortage of working capital currently faced by many of the co-operatives, which generally had to buy on cash term from their current suppliers.

Apart from that the leading co-operative, being in the retail business itself, is in a sound position to provide advisory services to its smaller counterparts. During the supply rounds, delivery staff of the leading co-operative could perform in store advisory services. This will enable the staff of the small cooperatives to undergo training without having to leave their workplace.

Such arrangement had been found to be effective. The NTUC Fair Price of Singapore which currently operate supermarkets in the republic acts as nucleus for its franchisee shopkeepers. Fair price after establishing itself in the retail business, currently acts as a supplier, creditor and advisor to their appointed franchisees. Many of the franchisees, after being served by Fair Price had managed to increase sales substantially – a 100% increase is not uncommon.

The importance of this symbolic relationship had also been

voiced in the earlier mentioned regional seminar which also recommended that strong and large consumer co-operatives be organised in big cities and towns in urban areas. Retail level organisations working at small margin could never become viable without the support and assistance of powerful wholesale organisations.

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12. Thailand Consumer Cooperatives Federation in Educational Institutions

By Peerasak Booranasophone*

I. Thailand – A Profile :

Thailand is situated in the middle of Southeast Asia, between latitudes 6 and 21 north. To the North is Lao people's Democratic Republic, the south Malaysia the east Democratic Kampuchea and the west the Union of Myanmar. It is roughly the size of France—513,115 square kilometres.

Within Thailand the country is divided into five regions, The Central Plains, home to Bangkok; The North, The South, The Eastern and the Northeast. Population is about 60 million.

II. Cooperative Movement in Thailand

The history of cooperative movement in Thailand is almost nearly century old. The first credit cooperative society established in February 26, 1916. Since then varied types of cooperatives have spread throughout the country. Agricultural Cooperatives are the most important segment of Cooperative Movement in Thailand. Thrift and Saving Cooperatives are the second and Consumer Cooperatives are the third.

In Thailand the Cooperatives are divided into 3 levels. They are as follows :

1. Local Level

Thailand has six types of Cooperatives at Local level. They are:

Types	1994		1995	
	Nos.	Members	Nos.	Members
1. Agricultural Coops.	1,357	955,603	2,461	3,717,609
2. Thrift & Saving Coops.	827	1,257,164	1,046	1,770,551
3. Consumer Coops.	417	758,751	363	722,439
4. Services Coops.	288	92,263	323	110,858
5. Land-Settlement Coops.	95	92,491	95	118,486
6. Fisheries Coops.	25	6,039	52	8,833
Total	3,009	3,169,311	4,340	6,448,776

* President, TCFE, Thailand

2. *Provincial level*

The cooperative societies at Provincial level set up the Provincial Cooperative Federation and Regional Cooperative Federation. Now there are 78 provincial cooperative federations and members are 1,261 societies, 1 Regional Cooperative Federation and member are 11 societies.

3. *National level*

Now, there are 12 National Cooperative Federations with membership of 1,602 societies.

III Thailand Consumer Cooperatives Federation in Educational Institution (TCFE)

The history of Thailand Consumer Cooperatives Federation in Educational Institution began in 1983. Four University consumer cooperatives formed these joint-activities in order to produce notebooks and stationery to their members.

The name of 4 University Co-operatives are :

- i) Chulalongkorn University Co-op.
- ii) Thammasart University Co-op.
- iii) Kasetsart University Co-op.
- iv) Ramkhamkhaeng University Co-op.

In January 1989, 15 university Cooperatives organised a National Seminar sponsored by NFUCA, JCCU and ICA in Bangkok, Thailand to expand their activities and join together in cooperation. During 26 September to 1 October 1989, a Follow-up seminar took place in Tokyo, Japan. After the seminar, the delegates from 10 University Cooperatives agreed to form an organisation called "University Cooperatives Association".

From 1990-1993, the Association had organized their activities, meetings and seminars in order to develop themselves. On February 1, 1994 the Thailand Consumer Cooperatives Federation in Educational Institution was registered by the Government.

IV. Summary of TCFE

Board of Directors

President	:	Mr. Peerasak Booranasophone
Vice President	:	Mr. Chareon Chochai
Manager	:	Ms. Supunee Jeeratanamethakorn

Members of TCFE

1. Sukhothaithammathirat Open University Consumer Co-op Ltd.
2. Thammasart University Consumer Co-op Ltd.
3. Srinakharinharavivot at Bangkok University Consumer Co-op Ltd.
4. Kasetsart at kampaengsaew University Consumer Co-op Ltd.
5. Eastern University Consumer Co-op Ltd.
6. Patchaburi Teacher Training College Consumer Co-op Ltd.
7. Chulalongkorn University Consumer Co-op Ltd.
8. Chiangmai University Consumer Co-op Ltd.

Foundation

February 1, 1994 Registration

Share Capital : 80,000 Baht. (25 Baht = 1 US\$)

Fiscal Year : July 1 - June 30

At June 30, 1994-1995

Total Assets : 788,257.90 Baht

Total Liabilities: 646,089.05 Baht

Profit/Loss

	<u>1994</u>		<u>1995</u>	
Sales :	461,402.87 Baht	100.00%	961,585.79 Baht	100.00%
less Cost of sales :	418,789.26 Baht	90.77%	820,997.55 Baht	85.38%
Surplus :	42,613.61 Baht	9.23 %	140,588.24 Baht	14.62%
other income :	68,841.50 Baht	14.92%	23,393.13 Baht	2.43%
Total Surplus :	111,455.11 Baht	24.15%	163,981.37 Baht	17.05%
less Selling & Administrative Expenses :	110,011.21 Baht	23.84%	132,684.23 Baht	13.28%
Profit (net) :	1,443.90 Baht	0.31%	31,297.14 Baht	3.25%
	(as of June 30,1994)		(as of June 30,1995)	

Future Plan 1995-1996

Product

1. Producing full scheme of paper merchandises to Educational Co-ops and government units sector.
2. Producing stationery and co-op brand office merchandises, and distribute them to the members of the association.
3. Producing other types of services that differ from present Co-op store services.
4. Product survey of member co-ops.
5. Joint Buying of Products. (Non Co-op Brand)

Price

1. Price should be cheaper or equal to other suppliers.
2. Maximum Sales Price in Co-op store should be 5-10% cheaper than competitors.
3. Credit term should be same or longer period than others.

Promotion

1. Set up advertisement for co-op product promotion.
2. Set up best selling position for co-op product.

Education

Product :

1. Study and develop the utilization of the product.
 - By manager through monthly meeting.
 - Core Co-op staff meeting.
2. Exchange the detailed data of products.

Co-op Ideology in Hyper Level (National) :

1. All Co-op Directors and Managers Seminar.
2. All Co-op Student Directors Seminar.
3. Regional Co-op Seminar for Core Staff.

Co-op Ideology in Lower Level (Local Co-op) :

1. Active Member Course.
2. Co-op Staff Seminar.
3. Co-op Staff Training Course.

Financial

1. Securing loans from Co-op Institutions both inside and outside Thailand in order to support the business association expansion.
2. Collecting funds by increasing the holding of shares per member co-ops.

Target for 1995-1996

Member :

1. Increasing number of member co-ops to 15-20 co-ops.
2. Increasing membership in primary co-op to over 50% of Educational Institution population.
3. Decline the strict of qualification of co-op member.
4. Increasing number of primary co-op member of TCFE member to 100,000 members.

Product and Service :

1. Increasing quantity of Co-op brands to more than 50 items.
2. Increasing Joint Buying Products to more than 3 million bahts.
3. Bring out Product and Service catalogue once a year.
4. Start Co-op Bookstore and Canteen.

Co-op Director & Co-op Staff :

1. Understand the policy of TCFE.
2. Active participation of TCFE in their co-op activities.
3. Encouraging the young generation to develop TCFE.

Seminars in 1996 :

<i>No.</i>	<i>Topics</i>	<i>Month</i>	<i>Organizer</i>
1.	Seminar on Student's Leaders 1996	March	TCFE CPD.
2.	Seminar on Expanding Business Activities	August	TCFE NFUCA CPD.
3.	Seminar on Consumer Co-op Leaders	November	TCFE CLT.

13. COUNTRY PAPER

PHILIPPINES

Recent Trends and Developments in Philippine Consumers Coops.

By Oscar Balandra*

Introduction

The Philippines is strategically situated between the South China Sea, the Pacific Ocean and the Philippine Sea, bounded by its neighbouring countries; Taiwan 105 kms. in the North, Sabah, 48 kms. to the South-West, Vietnam, 965 kms. to the West, and the Belau (Palau Islands), 600 kms. to the East. The Philippines is the Regional trading centre, and the cultural, as well as the social meeting ground of the East and West. It has a land area of 300,439 sq.kms. roughly the size of Italy. Next to Indonesia, it is the world's second-largest archipelago, with a long coastline, stretching to 18,500 kms. making its marine area over five times larger than its land area. Along its South West shores lies the Philippine Trench or the Mindanao Deep, which is 10,057 metres below sea-level, the world's deepest.

One of the most severe social and economic problems in the Philippines is the poverty caused by the inequality of income distribution. The Philippine government has in the past considered the eradication of poverty and the elimination of socio-economic inequalities to be two of its most important problems on the road to national development. The largest and most important measure taken toward solving these problems is agrarian reform.

The Aquino government expressly set forth a basic policy for agrarian reform in the new constitution enacted immediately following its establishment in 1987, and had been promoting the three stage Comprehensive Agrarian Reform Program (CARP) in accordance with the Comprehensive Agrarian Reform Law (CARL) which was approved in June 1988.

The previous law governing cooperatives in the Philippines was Presidential Decree No.175-strengthening the cooperative movement issued in April 1973. By this law, the Government of the

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Philippines tried to promote cooperative movement mainly by encouraging the growth of Samahang Nayan and foster them into the full-fledged cooperatives. In the law it is clearly stated that "it is the policy of the State to foster the creation and growth of cooperative as a means of increasing income and purchasing power of the low-income sector of the population in order to attain a more suitable distribution of income and wealth". Some of the measures for attaining this purpose were described in the Letter of Implementation No.23-Rules and Regulations Implementing Presidential Decree 175. For capital formation, such as Barrio Savings Fund and Barrio Guarantee Fund were implemented in conformity with this LOI No.23. These ideas, some of which are very good, and others are not, contributed to the failure of the Samahang Nayan.

In 1986, the New Constitution of the Republic of the Philippines was promulgated. In formulating this new constitution, cooperators exerted every possible effort to include the cooperative clause into the document. Multi-sectoral cooperative consultations were held, and earnest efforts were continuously made. As a result, cooperators eventually succeeded to have the following phrase included in the new constitution: "In pursuit of this goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Private enterprises, including corporations, cooperatives and similar collective organizations, shall be encouraged to broaden the base of their ownership." "Congress shall create an agency to promote the viability and growth of cooperatives as instruments for social justice and economic development."

In 1990, a new cooperative law (The Cooperative Code of the Philippines, RA 6938) was create an agency to promote the viability and growth of cooperatives as instruments for social justice and economic development."

In 1990, a new cooperative law (The Cooperative Code of the Philippines, RA 6938) was enacted, and CDA was set up in the Office of the President of the Philippines to supervise the administration of cooperatives.

A new cooperative law defines the general concept of cooperatives as "a cooperative is a duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles (Article 3)." The cooperative principles are "Open and Voluntary Membership,"

Democratic Control,” Limited Interest on Capital,” Division of Net Surplus, “Cooperative Education,; and “Cooperation Among Cooperatives.”

The Philippine Medium-Term Cooperative Development Plan 1993 - 1998, which was established by CDA, set up general goals for strengthening cooperatives as follows:

- 1) To establish and put into operation a mechanism that will integrate production, marketing, financing, and other support activities that will lead to agro-industrial development.
- 2) To promote participation of the agricultural cooperative sector in the formulation of a rural development agenda, plans and policies for agro-industrial development.

To achieve these goals, the following programs were designed to be implemented in the next six years:

- 1) Area focused and cooperative-led-agro-industrial enterprise development program
- 2) Organisation and development of agrarian reform beneficiaries cooperatives program
- 3) Program to establish cooperatives for exporting products
- 4) Training and education program
- 5) Capability building on infrastructure development program
- 6) Research and development program
- 7) Development of the cooperative banking system and strengthening of the financial base of the cooperative movement program.

Population and household trends

Despite its observed declining trend, the country's total population continue to grow at a rapid rate (2.69% from 1975 to 1990). Thus, the Philippine total population remained large relative to its total output. In addition, majority of its total households continue to live in the rural areas.

In 1988, more than 60 percent of the 10.67 million households were considered rural households. In 1990, the total population was estimated at 61.5 million. This grew to 64.3 million in 1992, of which, more than 56 percent were found residing in the rural areas.

Production and income trends

- (1) Production :

The chief staples in the Philippines are rice and corn. The major

crops for export are coconuts, sugar, pineapple, banana, coffee and mango. The livestock are made up largely of hogs and poultry. Cattle, carabao, and other animals have limited production.

The crops and livestock production in 1990 reached a total of only 63.7 metric tons. The bulk of the crop production (61% million metric tons) came from the major export crops (57.02%). The share of rice and corn was 23.05 percent. As for livestock (2.22 million metric tons), 48.3 percent came from hogs and 26.5 percent came from chicken or poultry.

(2) Income :

In 1990, the country's per capita income was placed at P1,891.00. This grew to P2,064.00 in 1992 for an average annual growth rate of 9.15 percent. In 1988, the urban households earned an average annual income of P58,948.99, while the rural households earned an average of only P27,826.00 - yielding an average rural to urban income ratio of 0.47. In 1989, this rural to urban income ratio decreased to 0.30, implying that the rural households earned an average income equivalent to only 30 percent of what the urban households are making.

Recent Trends & Developments Affecting Consumers Cooperatives

The following update on recent development in the national scene has its implications (direct & indirect) to Philippine Consumers Coops.

A. Advocacy and Policy Initiatives :

In consonance with its mandate under the Cooperative Code, CUP exercised vigilance in reviewing government laws and policies to ensure that the atmosphere remains conducive to the growth and development of cooperatives.

It contested the inclusion of non-electric cooperatives under the Expanded VAT Law, and although eventually reversed by the Supreme Court, CUP was able to obtain a commitment from government leaders including Congress to correspondingly free all cooperatives from the paralyzing effects of the Expanded VAT Law by way of amendments to the Code.

To protect the interest and welfare of all types of cooperatives, regardless of affiliation, CUP participated in high-level dialogues and fora to ensure that the Cooperatives are heard in the process of policy formulation and legislation.

CUP likewise requested the Supreme Court and the Secretary of Justice to issue implementing guidelines for the implementation of pertinent privileges of Cooperatives under RA 6938. It also assists cooperatives by providing liaison work with private and public agencies both locally and abroad. Congressman Leonardo Q. Montemayor filed House Bill No. 3435, amending R.A. 6938.

B. Education and Training :

During the year, CUP gave special emphasis on education and training for livelihood enhancement of cooperative members. Cooperatives are being encouraged to participate in or undertake resource or industry-based training programs to generate employment and self-employment opportunities for the unemployed and underemployed coop members and their dependents.

Continuous education and training activities for members, officers and management staff are undertaken by the NFs, RCUs and PCUs, for their constituents at their respective jurisdictions. CUP has been able to provide 10 foreign training to 20 cooperative leaders and managers during the year. Most of the participants came from the affiliates in the provinces.

The transfer of the appropriate and adaptive technologies to cooperatives was given more attention and priority to help cooperatives upgrade their competencies in production, processing and marketing. Study visits and exchange of expertise between the more developed and the developing coops are being arranged and facilitated by CUP.

Two consumer cooperative workshops were conducted in Cagayan de Oro and were attended by around 40 participants who are managers and/or chairmen of their respective consumers cooperatives.

The workshops were handled by RCU X with Mr. Pradit Machima, ICA Consumer Specialist as one of the resource persons.

Federations and primaries were given assistance in determining the appropriate livelihood projects based on their resources and capabilities. Consultations and opportunity scanning conferences were held in various regions for leaders and managers of thousands of cooperatives during the past two years. Consultants were also fielded to conduct project orientation conferences in the countryside.

C. Cooperative Business Consultancy Program (CBCP) :

CUP has invited and enlisted the services of 59 consultants of

various disciplines and expertise. Once a project has been identified, the CUP fields a consultant to assist the beneficiary cooperative in business planning and feasibility study preparation including access to financing. Model feasibility study briefs are given free to cooperatives who come to CUP or attend opportunity scanning conferences.

The Cooperative Management Consultancy Group for Central Visayas under the CUP-CBCP became fully operational and is assisting cooperatives establish or expand their business enterprises. During the year, the CMC has accessed and helped implement P11.38 M worth of cooperative projects. Likewise, CUP assisted the CMC in establishing linkages with local and foreign markets. Under this project, more than twenty Coop leaders from Cebu successfully finalized marketing linkages with market vendors and other coops in Laguna, Benguet, Cavite and Metro-Manila.

D. Promotion, Organization and Development of Cooperatives :

CUP continues to assist low-income groups in organising themselves into cooperatives. A special program for returning OCWs resulted in the registration of the Philippine International Multi-Purpose Cooperative for Overseas Workers.

Workers groups of various companies were assisted by CUP in organizing their cooperatives for free. Assistance to fledging cooperatives were also extended to revitalize their operations. Notably, the Filipino Inventors Multi-Purpose Cooperative (FIMCOOP) which for some time were not able to land contracts for their copyrights and patents, is now being assisted to undertake fairly large contracts for its members. The FIMCOOP is now supplying 106 branches of PNB with state-of-the-art automatic voltage regulators and uninterruptable power supply units worth P2.527 million.

CUP, in partnership with LGUs, have organized small junk shop operators' cooperatives in the Metro-Manila area. Assistance in the form of training, documentation, registration and setting up of operating systems are being extended to these Cooperatives.

The CUP is now the regular venue for Board and Committee meetings of various cooperatives in the Metro-Manila area. In these meetings, CUP provides resource persons and consultants in their policy-formulation and planning.

E. Koop Health Care Program (KHCP) :

In our efforts to promote the poor's access to affordable quality

medicine and health services, CUP has assisted cooperatives in establishing Koop Drugstores and health centres in municipalities nationwide. Around 80 Koop Drugstores are now operating nationwide and the number is growing every month. The CUP, as a member of the Technical Working Group, is currently assisting DOH in revitalising their “Botika sa Barangay” Project.

CUP is also participating in the Iodized Salt Program by assisting UNICEF and DOH in establishing iodized salt processing plants to be operated by identified federations and primaries. The KDs will be tapped to serve as outlets for iodized salt. DOH has committed for the grant of 3 demonstration iodizing machines and two 300-ton capacity machines for Western Pangasinan Federation of Coops and PAVEMCO of Cebu.

F. Rice Strawboard Project (RSBP) :

A Letter of Intent between CUP and ORTECH Industries of Australia to accelerate the financing and transfer of technology for the processing of waste rice straw into versatile construction boards was signed during President FVR's state visit to Australia. A technical team from DOST, HUDCC and CDA visited and evaluated the manufacturing facilities of ORTECH Industries of Australia including the utilization of the product in various building systems. The team has given its endorsement and green light for the project.

A steering committee and a technical working group were organized by DOST and HUDCC to expedite the implementation of the project in key rice-producing areas. FIAMCI has completed the equity and subscription requirements for the plant while NECOCO has entered into a joint venture agreement with KABAGI for the establishment of the processing plant in Guimba, Nueva Ecija. The Executive Committee and the technical working group are meeting regularly to fast-track the establishment of the Plant. The House Insurance and Guaranty Corporation has offered to guarantee the loans obtained by the Coops from government lending institutions. Australian government financing institutions like the EFIC, DIFF and AUSAID may be tapped to finance part of the foreign costs of the project. The FIAMCI plant is being supported with funding from the Office of the President, the Provincial Government of Iloilo, from former Senator Buiz Aquino and CDF of Congressman Alberto Lopez of Iloilo. The NECOCO plant is being supported by CDA-CDLF funding.

Eighteen other plants in major rice producing provinces are earmarked for establishment in the next five years.

14. COUNTRY PAPER

SRI LANKA

By A. K. Jayasena*
S. H. J. Dissanayaka**

I. Country Background

Land : Sri Lanka is an island situated in the Indian Ocean to the south of India, and is 65610 sq.km. in extent. For the purpose of convenient administration it has been divided into 9 provinces. Colombo is the capital city. Nature has gifted all her creations such as rivers, lakes, high mountains, jungles and all climatic conditions to this tiny island.

People : Sinhalese, Tamil, Muslim, Burgher and other communities reside here in harmony as peace loving citizens. Sinhalese community resides in all parts of the country except in the Jaffna Peninsula, whilst Tamils are in sole occupation of the same in addition to the Up-country estates in particular and other areas in general. All citizens are free to observe any religion they prefer.

Population : A total population of 17,600,000 can be categorized in the following manner :

<i>Nationality</i>	<i>Percentage</i>	<i>Religion</i>	<i>Percentage</i>
Sinhalese	74.0	Buddhists	69.3
Sri Lankan Tamil	12.6	Hindu	15.5
Indian Tamil	5.6	Muslim	7.6
Moor	7.1	Catholics	7.5
Others	0.7	Others	0.01
	100.0		100.0

Population : territorialwise

Towns and suburbs	22%
Rural areas	72%
Estates	06%

Population as per sex

Male	51%
Female	49%

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** Co-op. Inspector, Uva Province, Sri Lanka

Occupation and employment : Sri Lanka is an agricultural country. Industry, Transport, Govt. service, business and labour are the spheres in which the majority have sought employment. In addition there are Engineers physicians and Gem merchants among the self-employed category yielding high income. Further in order to provide more employment opportunities. Free Trade Zones have come up in Katunayake, Biyagama and Koggala areas. A considerable number of job opportunities have been offered to Sri Lanka in Middle East Countries thus earning foreign exchange.

Economic conditions and income levels : Economy of Sri Lanka is based on mixed economic principles accepting open economy. The Govt. has also accorded tax relief for the investors.

Education : Since 1956 Sri Lanka enjoy the privilege of Free Education from the primary level to the University standard in all fields of education. There are Open Universities as well as Technical Institutes available for the student.

There are 3791 Primary Schools,
4041 Junior Schools,
1953 Senior Schools,
427 Piriven Vidyalayas,
473 Maha Vidyalayas (Science)
1436 Maha Vidyalayas (Arts)

Maintained at the government expense. A large proportion of the annual government income is spent on Education.

Government policy towards cooperative development : Since 1911, the government has been directly involved in the development of the cooperative movement in the country. Initially the registration of Cooperative societies and the expeditious disposal of disputes were facilitated by the government. However the coop. societies became an indispensable feature of the government.

Towards the development of the Coop. movement the government has created the office of a Minister, the Coop. Department and the Sri Lanka Coop. College at the government expense. Also the government has conceded the position that it should lead the movement and also grant economic aid.

Brief History of Cooperative Movement

In 1911, vide first Coop. Ordinance, the Credit Coop. societies were formed in this country. Under Ordinance No.34 of 1921, opportunity was made available to register the other Coop. societies

as well. Though the Consumer Coop. societies were in existence since 1922, the first such society was registered only in 1927. While the Consumer Coop. societies were established in 1945, law was enacted in 1947 to form the Coop. Unions.

Statistics re development of Coop. societies in Sri Lanka :

<i>Period</i>	<i>No. of societies</i>	<i>Membership</i>
1927 - 1942	58	17500
1942 - 1943	845	239313
1943 - 1944	3627	826814
1944 - 1945	4004	1010575

In 1968, 5804 Consumer Coop. societies and 124 Coop. Unions were in force in the country. In 1971 the Coop. movement was reorganised and large scale Primary Societies came into being. In addition to the Multipurpose Coop. societies, Lending Societies, Textile, Milk products, agricultural and industrial Societies are in existence today. Apart from these, the other major institutes in operation today are the National Coop. Council, Sri Lanka Coop. Consumer Federation, Coop. Marketing Federation, Coop. Industrial Federation, Sri Lanka Coconut Producers Coop. Union and the Coop. Federation.

Types and number of cooperatives and membership of cooperatives in the past 3 years.

Coop. Societies are classified as Primary Coop. Societies and Top Level Coop. Societies.

Type of Coop. Societies and their membership during the past 3 years :

<i>Type of the Society</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>
1. Multipurpose	292	300	298
2. Credit	6940	7510	8110
3. Tea, Rubber, Coconut	86	68	68
4. Milk products	230	253	253
5. Animal husbandry	56	37	37
6. Other agricultural	206	229	229
7. Textile	29	29	29
8. Fisheries	845	769	766
9. Small Industries	344	336	340

10. Schools	1456	1450	1450
11. Hospitals	7	7	7
12. Labour	64	36	36
13. Youth Services	25	25	25
14. Others	384	929	925
	10964	11978	12597

Membership :

<i>Type</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>
Multipurpose Coop. Societies	2604200	2674900	2763700
Other Societies	1830000	1833100	1836200
Total	4434200	4508080	4599900

Levels of cooperative organisations (Primary, Secondary, Territory) In Sri Lanka there are Top Level, District Level and Primary Level Coop., Organisation.

Top Level Coop. Organisation :

	<i>Members</i>
Sri Lanka National Coop. Council	35
Sri Lanka Marketing Fed.	307
Sri Lanka Textile Coop. Union	29
Sri Lanka Rubber Production Coop. Union	77
Sri Lanka Coconut production Union	10
Sri Lanka Fishers' Coop. Union	170
Sri Lanka Industrial Coop. Union	27
Sri Lanka Youth Services Coop. Union	25
Sri Lanka Pork Production Coop. Union	04
Sri Lanka Poultry Production Coop. Union	20
Sri Lanka consumer Coop. Fed.	211
	915

District Level Coop. Societies :

District Coop. Unions and Consumer Coop. societies formed within some districts fall into this category.

Primary Societies :

Multipurpose Coop. Societies, Coop. Credit Societies, Milk producers Coop. societies, Labour Societies, hospital societies, Textile Societies and Farming are included in this group. They are organised within the A.G.A. Divisions or Electoral districts.

Situation of Cooperative in general :

Various types of Cooperative societies established to meet the demands of the people are existing today. Multipurpose, Credit, Milk Producers and Hospital societies are income yielding societies. Though they provide services to their members they operate as commercial institutes. Top level Unions attend to the requirements of their membership.

3. Consumer Cooperatives

History : The Consumer Cooperative societies were originally established in the estate sector, by its management in seeking solutions to the grave problems confronted by them as the labour forces were subjected to indebtedness, poverty, malnutrition and being constant victims of various illnesses due to their not receiving a substantial wage for the labourious work gendered. During the Colonial regime the estate owners neglected the estate workers and obtained the maximum out of them for a very nominal payment. Cooperative Ordinance No.34 of 1921 was introduced as a result.

With the out break of the 2nd world war, in order to facilitate the distribution of food rations to the public, Cooperative societies were operated in the rural areas. By Ordinance No.16 of 1936, No.45 of 1945 and No.21 of 1949 action was taken to dispose disputes expeditiously and in 1957 Multipurpose Cooperatives were formed. With the amalgamation of several such societies within a stipulated area, large scale Primary Societies were established, with sound financial footing under Ordinance No.34 of 1970 and also No.5 of 1972.

Organisational Structure : Today the Multipurpose Cooperative societies and the Estate Coop. societies are executing the consumer activities as Primary Societies. The Sri Lanka Consumer Cooperative Societies Union functions as the National Level Organization of the multipurpose cooperative societies. The wholesale Establishment attached to the main office of the Union supplies commodities to the retail shops of the rural level.

All requirements of the wholesale establishment are purchased from the Sri Lanka Consumer Cooperative Society Union, C.W.E.,

paddy Marketing Board and the open market to distribute when in need.

Estate Cooperatives too obtain their requirements from the wholesale Stores and from the Open Market as well. 300 Multipurpose Coop. Societies in the country conduct trade through 638 Wholesale Stores 8070 retail shops.

Business activities : The Consumer Cooperative Societies are engaged in the wholesale trade in addition to their retail trade in rice, flour, sugar and other consumer goods. Also the modernized Self-Service stalls have entered the consumer commodity trade. Several cooperative Societies operate Fuel Filling Stations, as well as Bakeries and Canteens. The turnover of the multipurpose cooperative societies has been calculated at Rs 17020 millions, per year.

Type and number of consumer cooperatives at all levels during the past 3 years :

<i>Type of Society</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>
Sri Lanka Consumer Coop. Societies Union	01	01	01
Multipurpose Coop. Societies	292	300	298

Membership of Consumer Cooperatives in last 3 years :

<i>Type of Society</i>	<i>Membership</i>		
	<i>1992</i>	<i>1993</i>	<i>1994</i>
i. Sri Lanka Consumer Coop. Societies Union Ltd.	211	211	211
ii. Multipurpose Coop. Societies	2604200	2674900	2785100

Classification of Consumer Cooperatives - A, B, C and D class :

	<i>No. of</i>
A - National Cooperative Council	01
B - Sri Lanka Consumer Cooperative Societies Union Ltd.	01
C - Multipurpose Cooperative Societies	298
D - Estate Cooperative Stores Society	190
Total	490

*Results of Operations in 3 years :
(only for Consumer Coop)*

<i>Items</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>
No. of Primary Societies	10964	11978	12026
Total membership	4434200	4508000	4513000
Total No. of employees	30764	30805	32693
Share Capital	118.3	129.7	149.4
Reserve Funds	1226.4	1807.1	2202.8
Working Capital	1344.7	1936.8	2352.2
Total volume of business	2475.0	2476.2	2464.4
Total Profits 118.6	202.3	318.1	
No. of Societies in profits	7502	7725	8233
No. of Societies in Losses	3462	4253	3793

4. Govt. Plan, Policy and Direction :

The Govt. has granted equal status to the coop. as has been extended to the Private sector and Govt. Cooperations. This was revealed by the Throne Speech delivered by Excellency the President. Cooperatives have been selected as the leader in distributing Govt. Grants and subsidies. Also the Govt. is making a tremendous effort to remove the B.T.T. from the Cooperatives. The aim of the Govt. is to make the Cooperatives a self governed free establishment.

5. 3-Year Development and Results :

Following are the significant events of the past 3 years:

- i. Issue of self ruling power to Coop. societies by virtue of Coop. ord. Amendment No.11 of 1992.
- ii. Involvement of youth participation consequent to Amendments of By-Laws.
- iii. Women participation in the Coop. movement.
- iv. Organisation of Coop. societies at schools and educating students on this subject with a view to making future leaders.
- v. Creation of Agricultural Model villages.
- vi. Effecting the Janasavi Grants through Coop. societies.
- vii. Setting up of clean and nutritious rice processing centres.

- viii. Development of Milk Producers Coop. Societies.
- ix. Establishment of Milk Producers "Coop.City" for the disposal of Agricultural and other regional products.
- x. Opening up of Purchasing Centres.
- xi. To allocate funds to purchase agro products.
- xii. Setting up of District Rural Bank Unions.
- xiii. To establish a Coop. Insurance Scheme.
- xiv. To implement the Coop. Rehabilitation Programme.

6. Problems :

- i. With the inception of the Provincial Councils in 1988, the Coop. movement which functioned under a common set of regulations, began to administer laws and principles varying from province to Province thus deviating from a common track.
- ii. Insufficiency of the current working programmes to get over the weaknesses of the management in Coop. societies.

7. Measures for correction or improvement :

- i. The Central Govt. should in consultation with the Provincial Councils, enact necessary regulations on a National basis for the entire country.
- ii. In order to get over the weaknesses now prevalent in the Coop. Societies, the Sri Lanka Institute of Coop. Management should be directed on an active Programme.
- iii. Strengthen the Coop. Federation and train Board members and Managers.

8. Needs for immediate assistance :

- i. To set aside the B.T.T. (business turnover tax) imposed on the Coop. societies.
- ii. Amending laws enabling the active membership to enter management.

9. Suggestions for long term development :

- i. To direct the Coop. Societies to encourage a method of working membership.
- ii. To implement a long term programme towards turning out future Coop. leaders.
- iii. To establish Organizations to do Import & Export trade.

- iv. Introduction of Barter system with countries of the Region.
- v. Provision should be made available to aim at a planned target having remedied the existing weaknesses in the management.

10. Other Suggestions :

- i. Though at present the localities of the Coop. societies have been determined on an Electoral district basis, they should be re-divided giving consideration to the geographical conditions and the population of the area.
- ii. The entire structure should be re-organized in such a manner that the responsibility and power be devolved on the committees, to some extent.
- iii. Compulsion of profit distribution.
- iv. To finance the societies in order to maintain them attractively by providing with necessary equipment and a pleasing environment.

11. Conclusions :

It is necessary to prepare the footing (Foundations) for an independent Coop. movement under the guidance of active membership, and trained skilled management, without being nurtured by the government, to fulfil the requirements of the membership.

15. COUNTRY PAPER

MYANMAR

By U. Khin Maung Myint*

Mr. Chairman, Distinguish guests, Fellow Participants,

It is indeed my honour to have this opportunity to participate in this international seminar. Before I go on with my presentation, please allow me to thank the personnel from ICA-ROAP, NCCT, NCCF, and Raigad Bazar for organising this Seminar and inviting Myanmar to participate.

Mr. Chairman, Myanmar, my country was formerly known as Burma. Our cooperative movement is nearly 90 years old and the consumer cooperative itself is 77 years old, with the first consumer type Stores Limited established in 1917. In its life span the consumers have many ups and downs and the fifties and the early sixties were the prime days for them. And now with the change of economy- from the centrally planned to market economy- the cooperatives were on their own and their heads rolling. Members participation get lesser and lesser day by day and private stores mushroomed and engaged cooperatives in fierce competitions.

To safeguard the cooperative movement and to encourage cooperatives in accordance with the market economy new Cooperative Law was enacted in 1992. With this law new cooperatives were formed and old ones were reconstructed in accordance with the law. But the performance of the consumers, now known as Trading Cooperatives were not satisfactory, although consumer type GECs - Government Employees Cooperative Society Limited - were better off. The stagnation of these Trading Cooperatives which are our Consumers, are due to many serious drawbacks. In today's open economy and free market competition, the name of the game is "survival of the fittest". At this stage our consumer type cooperatives are not only weak but they are too small to be viable. We have to become bigger and adapt to modern methods and techniques of retailing, then only we will be able to withstand the competition. In my country we are encouraging cooperatives to merge so as to increase the volume of business, to increase memberships and to make good profits, by retailing safe and reliable products at fair price. Without profits cooperatives will not be able to survive nor it can sustain development.

* Chairman, Govt. Employees Co-op. Ltd., Yangon, Myanmar

In September 1993, our apex organisation, the Central Cooperative Society joined the International Cooperative Alliance and since then Myanmar cooperative movement has been actively engaged in the field of international cooperation. With the collaboration of ICA ROAP and JCCU we have held one Workshop and one Seminar for the development of cooperatives and consumers. And this Seminar is our second participation for consumer cooperative development. If everything goes on accordingly we will be having a “consultancy-cum-debate” for Trading Cooperatives in collaboration with ICA ROAP in the near future. Myanmar cooperatives welcome these kind of exchanges, because we need exposures to the outside world and technical assistance. At this stage also, we are encouraging our cooperatives:-

- to encourage members participation
- to supply safe and reliable products
- to sell their products at a price lower than the prevailing price or else at fair price
- to review monthly the performance of the society in terms of sale, purchase, stock, expenses etc., and to take effective action for any changes.

All our efforts have been utilised for the development of cooperatives in Myanmar. The cooperatives are also urged to abide by the cooperative principles and values. But like most of other cooperatives in the region, Myanmar Cooperatives need good and strong leadership. Also as I have stated earlier small cooperatives should be merged, so that the outcome will be stronger cooperatives, financially as well as economically. But the need of the day is external exposures and technical assistance. I wish and hope effective resolutions will be adopted by this seminar. My country report has been circulated to the participants, and any query is welcome.

In conclusion, I extend my sincere thanks again to all those who have helped to organise this seminar. And on behalf of consumer type cooperatives of Myanmar and on my own, I wish all of you for harmonious cooperation among cooperatives and for the development of consumer cooperatives in our region.

16. COUNTRY PAPER

NEPAL

By Rajkumar Bhattarai*

Country Background

Nepal is a landlocked country with an area of 1,47,181 sq.km. The country is situated between China in north and India in the east west and south. Ecologically the country divided into three regions: Mountain, Hill and Terai (plain). The Mountain, Hill and Terai regions contain 7.8%, 45.5% and 46.7% of area respectively. One third of total land is occupied by the Mountain region. Only 2% of the land is suitable for cultivation in this region. Hill region is located in the middle part of the country, containing a number of valleys including the capital city Kathmandu. In this region only 10% of the area is suitable for cultivation. Agriculture and Animals husbandry is main occupation of the people of this region.

The Terai region is situated in southern part of the country. It contains most of fertile lands and forest areas. Agriculture is the main occupation of the people living in this region. Paddy, wheat, maize sugarcane, jute, tobacco, vegetables etc. are the main crops growth in this region. Besides these, there are a number of agro-based industries in this region.

Nepal has population about 20 million. According to world Development Report 1995 her per capita income is estimated around US\$ 190.

In Nepal, more than 90% of the people depend upon the agriculture but, it generates only 59% of the country's gross domestic product (GDP). Industrial sectors generate only 13% of GDP. Trade and services (mostly tourism) make up the remaining 28% of GDP. According to latest data provided by the Central Bureau of Statistics, The Growth rate of GDP is 4% per annum. The population growth rate is 2.1% per year. This high growth rate of the population has created a number of problems, such as unemployment, rapid migration from rural to urban, etc. in this country.

About 60% of the population of this country is below the poverty line and the literacy rate is only about 40%. Administratively the country is divided into 14 Zones and 75 districts. The zones have been regrouped into five development regions. Every district has

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been further divided into several village development Committees/Municipalities. At present, there are 3995 village development committees and 36 municipalities.

History of Cooperative Movement

The concept of cooperative movement is started after the dawn of democracy in 1951. The Government of Nepal created a Department of Cooperatives under the Ministry of Planning, Development and Agriculture in 1954. For the first time, credit cooperatives were organised in 1955 under a resettlement plan for the flood stricken people in Rapti Dun Valley. The major objectives of the plan was to provide agricultural loan to the affected farmers. The first elected Government (1958) promulgated the Cooperative Act 1959 which gave formal recognition to all cooperatives registered till then under the executive order.

During the period of 1955 to 1960, the cooperative movement becomes very much popular from which a number of people benefited. Till 1960, The cooperative development programme were run in 34 districts. Till then, there were 378 societies. During that period the member of cooperatives reached 1059. In 1963 a cooperative Bank was converted into Agricultural Development Bank. This action of the Government was, to some extent, setback to the cooperative movement.

From 1969 the Government took control of the cooperative program. Under this program a number of cooperative societies were merged and their number was reduced.

By the end of 1971 there were 17352 members and 72 cooperatives. The management of all the Agricultural Cooperatives were taken up by Cooperative Department. After one year, the management of cooperatives were again transferred to the Agricultural Development Bank.

In 1976, the Government changed the name of cooperatives from Sahakari to Sajha. Under the Sajha Program, numbers of new cooperatives societies were organised and reached up to 549. Again, the Government changed the policy of management and transferred the management to the Executive Board. But the Executive Chairman and members were made from the elected officials of the Village Panchayat.

In 1981, the Government again changed the system of forming the Executive Board. In this new system the members of the Board were elected by the societies members. In 1981, the number of societies increased and reached 711 having 11,93,765 members.

In 1985, a new Cooperative Society Act 1985 was promulgated to gear up the movement more effectively. But this act was unable to improve the management and condition of the societies.

After the restoration of democracy in 1990, the Interim Government formed a National Cooperative Federation Advisory Committee. The committee submitted its report in 1991 and the new Cooperative Act was promulgated in May 1992. The new act was enforced for the formation and operation of various types of cooperative societies and Unions for farmers, consumers, artists and low income groups. In 1993, new Cooperative Rules was promulgated by the Government. The National Cooperative Development Board (NCDB) was established Under a special act in 1992.

The new Cooperative Act 1992 build up a 4-tier structure of the cooperative movement as follows.

1. Primary societies.
2. Secondary level.
 - (a) Single purpose (specific) Union
 - (b) District Cooperative Union
3. Central single purpose union, and
4. National Cooperative Federation.

Basic Information on Nepalese Cooperative

<i>S.No</i>	<i>Types of Coops.</i>	<i>1992/93*</i>	<i>1993/94*</i>	<i>1994/95*</i>
1.	Agricultural	1305	1507	1634
	(a) Multiple	(980)	(1130)	1192
	(b) Diary	(325)	(377)	422
2.	Consumer trade	206	297	341
3.	Saving & credit	97	155	207
4.	Others	70	119	276]
5.	Secondary unions	61	62	64
	(a) Agricultural	(56)	(57)	(57)
	(b) Consumers	(3)	(5)	(5)
	(c) Saving & credit	(2)	(2)	(2)
6	Central unions	3	3	3
	(a) Agricultural	(1)	(1)	(1)
	(b) Consumers	(1)	(1)	(1)
	(c) Saving & credit	(1)	(1)	(1)
7	National Federation	1	1	1

* *Fiscal year of the HMG Nepal begins from 16 July.*

Co-operative Societies Business Report

(NRs. in Thousand)

S.No. Particulars	1992/93	1993/94	1994/95	Remarks
01 Total No. of Members	1448000	1129000	1522744	
(a) Female	-	-	99596	
(b) Male	-	-	1423148	
02 Share Capital	1445923	115771	218161	
03 Agricultural input sold	513326	382360	365764	
04 Consumers goods sold	36525	74069	106636	
05 Agriculture product sold	7722	25672	3040	
06 Milk Collection (in ltr.)	-	-	3675272	
07 Loan flow	90069	72821	124179	
08 Loan return	70952	100370	97203	
09 Loan taken	156078	117548	54114	
10 Loan payment	122732	110615	30507	

History of Consumer Cooperative :

There is a short history of consumers cooperative in Nepal. In 1966, Sajha Bhandar was established in the name of departmental store. But, it was unable to attract consumers due to lack of advertisement, daily need goods and service oriented management. Some multiple cooperatives were tried to trade consumer items but they were also unable to supply goods regularly.

After the promulgation of Cooperative Act 1992 and Cooperative Rules 1993, the number of consumer cooperative increased and their business improved. As a result, up to 15 July 1993, the number of consumer cooperative societies in Nepal were reached 206 and District Consumer Cooperative Union (secondary level) were 3. Thus the consumer cooperative movement formed its own organisational structure right from the primary to the secondary level.

We know, more than 200 consumers cooperative societies were came in existence after the promulgation of new Cooperative Act 1992 but, they had not inter cooperative relation then and related Government Agencies and Cooperative Department did not provide sufficient support to them. In such a condition 25 different Consumer Cooperative Societies founded over the Central Consumer Cooperative Federation on 19 August 1993 under the chairmanship of Mr. Tulasi Dahal.

The main business of consumer cooperatives is supply of daily need goods like rice, edible oil, pulses, cereals, sugar, salt, ghee

(Dairy and vegetable both), Kerosene oil, etc. These goods are bought from agencies such as Nepal Food Corporation, Salt Trading Corporation, National Trading Corporation, Dairy Development Corporation, Nepal Oil Corporation and private businessmen. Most of the consumer cooperatives operate in large cities.

In 1995, the Government instructed cooperative societies and private businessmen to run fair-price shops. But most of the fair-price shops were given to the private sector and only few number of Fair-price shops to the consumer societies. In 15 October 1995 the newly formed coalition Government presented budget for 1995/96. In this budget the Government gave higher priority to the cooperative movement. They promised to provide training, grants, and open Cooperative Bank soon.

The basic information on Nepalese consumer cooperative is given in annex.

<i>Type of Cooperatives</i>	<i>1992/93</i>	<i>1993/94</i>	<i>1994/95</i>
1. Consumer societies	206	297	341
2. District level unions	3	5	5
3. Central Federation	1	1	1
Total	210	303	347

Government Plan, Policy & Direction :

In the process of eliminating poverty from the country His Majesty's Government had taken initiation promoting to the cooperative societies since the First Five Year Plan (1956-61). After the promulgation of a new policy in 1969, which took the societies under government control. The cooperative movement in Nepal departed from its established principle and norms.

After the restoration of democracy in 1990, the elected Government promulgated Cooperative Act 1992. And Cooperative Rules 1993. The main features of the Act are as follows:

- (1) A primary society can be registered with just 25 members, secondary union can be registered with 5. Primary societies and a central level union can be registered with 25 societies or 5 secondary level unions.
- (2) A cooperative society or union can accept deposit from both members and non-member with the permission of Nepal Rastra Bank (Central Bank).
- (3) Board of Directors are elected by the members.

- (4) Full operational autonomy is given to cooperatives.

Three Years Development & Results :

- (i) The Government promulgated the new Cooperative Rules 1993 which positively assists the Cooperative movement. Because of the rules, various co-operative were come in existence and resulting fruitful.
- (ii) The Department of Cooperative organized a National Seminar on Consumer Cooperative Development in Nepal in Collaboration with Japanese Consumer Cooperative Union and International Cooperative Alliance Regional office for Asia and the Pacific. This seminar acquainted participants to the systematic management and developing strategies to face the challenging of free market economy.
- (iii) The former Government announce the policy of fair-prize shops. The Government gave least opportunities to the cooperative societies in this purpose.

Problems

- (1) *Lack of Capital* : Most of cooperatives have been facing the difficulties due to deficiency of capital to meet expenditure and to diversifying their business.
- (2) *Lack of Trained Management* : There are only few people who know the cooperative management and business. In the absence of trained management, the society can not run smoothly and keep the record of their business clearly.
- (3) *Lack of Physical Means of Facilities* : Consumer cooperative society have not been able to carry on and diversify their business as the lack of necessary physical means and facilities such as, means of transportation godowns, cold-stores, etc.
- (4) *Inadequate Support from Consumers Agencies* : The suppliers of the main consumer products to the cooperative are governmental, semi-governmental and non-governmental agencies. The cooperatives have been facing various difficulties in getting goods and services in an easy way.

Needs for Immediate Assistance

- (1) Consumers cooperative should be increased in number and membership to increase the capital.
- (2) The main decision making body of the societies, the Board of Directors should be trained properly in all aspect of cooperative management.

- (3) There is need to develop suitable policy and strategy for development of consumer cooperative. For this purpose, it should hire the service of some experienced consultants.
- (4) Central Consumer Cooperative Federation should play the role of cooperative wholesaler.
- (5) Societies must sell other essential goods besides goods of daily needs.
- (6) The record of the activities of consumer cooperatives should be kept systematically and made up-to-date.

Suggestions for Long Term Development

- (1) The Central Federation must develop its infrastructure like godowns, means of transport, cold storage etc. by taking soft loans and grants.
- (2) There should be a publicity drive through media about quality, price and services offered by consumer cooperative stores.
- (3) Inter-cooperative relation both consumer cooperatives and producer cooperative societies should be developed.

Conclusions

We have very short history of consumer co-operative movement in Nepal. With this short period we have done some notable works which, we think, will help to develop and strengthen our movement in coming future. The number of co-operatives shows that here is great necessity of this movement. We will be successful if we manage our movement systematically and diversify the business ourselves. We hope, gradually we may over come the inadequate funds problem, and we may achieve the target goals of consumer co-operative federation. It must play the dynamic and effective role to meet target goal of the movement.

17. Consumer Cooperation in Rural Korea

Introduction

Urban consumer cooperation on a national scale is virtually non-existent in Korea. There is no legal basis for consumer cooperation. Only in quite recent years, the government began to work on the legislation concerned.

However, even with no legal framework for consumer cooperation, there have emerged a great number of voluntary consumer cooperatives organized either on the basis of regional example. Agricultural cooperatives, credit unions and the Government Pension Fund have organised consumer cooperatives of their own for the exclusive benefit of their member consumers.

In the early 1970s, the multi-purpose agricultural cooperatives and their federation (National Agricultural Cooperative Federation; NACF) introduced a nationwide chainstore system as one of the most important services for their member farmers. It represents the first organised effort on a national scale for consumer cooperation in rural Korea. Since then, the chainstore system has recorded a rapid rate of growth in the number of stores and the sales turnovers.

The purpose of this short paper is to present a broad picture of the agricultural cooperative chainstore system, along with its future prospects in an increasingly competitive business environment.

Agricultural Cooperative Chainstore System : Its Organisation and Operation

The nationwide multi-purpose agricultural cooperative organisation we have today was inaugurated in 1961 by merging the Agriculture Banks and the Agricultural Cooperatives, both of which had existed since 1956. It soon turned out that the primary cooperatives, being organised on village basis and thus too small in size (with an average membership of 150 farmers), could not function effectively to serve their member farmers. They existed in name only and without any direct business dealings, merely acted as intermediaries between their member farmers and the country cooperatives at secondary level. The country cooperatives practically handled most of the cooperative businesses directly, including the supply of farm credit, farm inputs and consumers goods, the marketing of farm produce, mutual insurance, extension and education, etc.

In order to cope with the problem of “sleeping” primary cooperatives. We launched a nationwide merger drive in the late 1960s, successfully consolidating all the small-scale cooperatives into operationally viable units of township-level cooperatives by the mid-1970s.

Expanding the operational scale of a primary cooperative alone would not automatically assure its viable operation. Therefore, we developed two new strategic business ventures to be undertaken by the consolidated cooperatives: the chainstore business and the mutual credit or cooperative financing scheme.

Since the opening of the first chainstore by a cooperative in the central part of Korea and the completion of the NACF central depot in 1970, the chainstore system has recorded a rapid and steady growth. This reflects its overwhelming acceptance and patronage by the farmer-consumers as well as its competitive strength in the rural consumer markets.

Today, the nationwide chainstore system consists of a central depot at NACF, six provincial depots, 2,050 chainstores, and 220 supermarkets. Over 1,500 chainstores or 73 percent of the total are located in the rural areas. A total of 6,000 full-time workers are employed by the chainstore system.

For centralized procuring and distribution, the NACF has made contracts with 532 manufacturer-suppliers for nearly 34,000 commodities. The supply contracts are renewed annually.

The total annual sales turnovers in recent years are shown in Table 1.

**Table 1 : Total Annual sales by Cooperative Chainstores
in billion Korean Won (1)**

<i>Year</i>	<i>Total sales</i>	<i>Annual growth (%)</i>
1990	705.9	29.0
1991	928.0	31.5
1992	1,150.8	24.0
1993	1,277.1	11.0

At current exchange rates, one U.S. dollar is equivalent to 800 Won.

As shown in Table 1, after a long period of continuing rapid growth with an annual average increase of over 30 percent, the growth rate of total sales tended to decline in the early 1990s.

A sudden fall in 1993 reflects the general economic recession. However, it also reflects the deterioration of price competitiveness, the decline of farm population and their purchasing power, and the fall in the consumer demand for electronic products like colour TV sets, refrigerators and gas ranges.

Table 2 shows the total sales by commodity groups in 1993. Food products accounted for half of the total sales, followed by durable consumer goods (20.6%) and sanitary goods (15.1%).

Table 2 : Total sales(1) by commodity groups in 1993, in billion Korean Won(2)

<i>Commodity group</i>	<i>Total sales</i>	<i>Percent share</i>
Food products(3)	491.6	50.2
Clothing	56.3	5.8
Utensils	26.5	2.7
Sanitary goods(4)	148.4	15.1
Building materials	4.4	0.4
Stationeries	2.5	0.3
Durable consumer goods(5)	201.8	20.6
Miscellaneous goods	48.5	4.9
Total	980.0	100.0

- (1) Sales of those commodities supplied through the NACF central depot and six provincial depots.
- (2) One U.S. dollar is equivalent to 800 Won.
- (3) Include liquors, beverages, coffee and soft drinks.
- (4) Include toilet papers, detergents and soap.
- (5) Include electronic goods and furniture.

Future Prospects

Over the last 20 years, the cooperative chainstore system has made a great contribution to the improvement of farmers welfare and the stabilization of consumer prices in the rural markets. Through its direct contracts with manufacturers and its "bottom up" system of supply upon orders from individual member cooperatives, the chainstore system has benefited from a number of advantages: reduced prices, savings in distribution costs, timely supply of quality goods, and reduced inventories, among others.

In addition, the cooperative chainstore system has had two

major competitive advantages: one was the high level of consumer confidence and loyalty; another was the tax privileges the exemption from value added tax of 10%.

In recent years, however, we are beginning to lose most of the past advantages because of an increasingly competitive business environment. Big manufacturers with national brand names has set up their own stores and distribution agents in increasing numbers. Many convenience stores and supermarkets with modern facilities and advanced management have invaded the rural consumer markets.

The after-sales service for durable consumer goods, a serious weakness inherent to the cooperative chainstores, is becoming an increasingly important factor in consumer choice. The tax privileges of the cooperatives are no longer accorded to those chainstores operating in the city areas, effective from July 1, 1994.

In order to cope with this new competitive environment, we are trying very hard to streamline the nationwide chainstore system, train professional store managers, and develop new promising commodities and equipment related to housing, kitchen, toilet and heating improvement. We also plan to modernize the NACF central depot by installing an advanced system of automation.

We will pursue product differentiation by focusing on strategic commodities with our own brand names. The system of transportation and after-sales service will also be given an increasing attention for continuing improvement.

18. COUNTRY PAPER

INDIA

By K. A. Abdulkuddus*

1. Country background

Tamilnadu has the privilege of being one of the pioneer states in cooperative movement in India. The area of Tamilnadu state occupies 130058 (sq.km.). The population of the state is 55859046. The literature persons come to 27559971 and the workers are 24194343. Main workers are as given below:

a) Cultivators	57,29,489
b) Agricultural labourers	78,46,190
c) Household Industry	10,69,751
d) Other workers	83,26,267

Land Utilisation 92-93 :

Total Geographical Area	Hectare
	13012321
1. Forest lands	2151168
2. Barren and unclutivable lands	510075
3. Land put to new agricultural uses	1868478
4. Cultivate waste	304402
5. Grossing lands	120860
6. Land under Miscellaneous tree crops and groves not included in the net area sown	231028
7. Current fallow land	961916
8. Other fallow land	1050853
9. Net area Sown	5813541
Total cropped Area	7067217

The production of Foodgrains, sugarcane (Gur) and groundnut are anticipated to reach new heights. Production of Foodgrains is placed at 85.65 lakhs tonnes in 1993-94 which would be 2.5 percent higher than 1992-93 level of 83.58 lakh tonnes.

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<i>Production</i>	<i>1992-93</i>	<i>1993-94</i>	
Millets	12.09	15.66	Lakh tonnes
Pulses	3.43	3.77	“
Sugarcane	26.78	32.04	“
Groundnut	17.66	19.12	“
Productivity Rice	4.54	4.21	“

Employment :

The positive growth in employment in the organised sector during the year 1992-93 meant more than making good the fall registered in previous year.

Against a reducing 15.1 jobs in 91-92 an addition of 38.9 thousand jobs featured 93-94. To this increase the public sector had contributed in a greater measure (71%) than the private sector (29%).

While a higher 61% of the increase in total employment was on account of females only 39% is traceable to males.

The number of industry groups recording a negative growth in employment this year was only four agriculture, hunting, fishing etc. mining and quarrying electricity, gas, water and sanitary services and whole sale and retail trade and restaurants against large no. of given in 1991-92.

Public sector employment had grown to 1600.6 as at March'93.

Women employment : The cause of 1991 spoke of women contributing to 49% of the total population of India of the total female population 6.77% occurred in Tamilnadu.

The proportion of women in total workers increasing from 26.5% in 1981 to 30% in 1991 in Tamilnadu. By the work participation rate for woman (40.82%) the state took the fifth place in the country as on 1991.

Income Generation in Primary Sector (Rs.in lakhs) :

<i>Sub-Sector</i>	<i>Income levels in 1992-93</i>
1. Agricultural and allied activities	301883
2. Forestry and Logging	8700
3. Fishing	4311
4. Mining and Quarrying	7546
Primary sector	322440

2. Brief History of the Cooperative Movement

During the British Period Madras Government deputed Sir Fredric Nicholson to Europe to study the Cooperative movement. On the basis of his study he gave a report in the year 1897 to start agricultural credit cooperatives in the model of Raiffesen rural cooperatives of Germany. He said in his report "Find Raiffesen".

Madras Government took initiative in passing a First Cooperative Societies Act of 1904. Under this Act primary agricultural credit cooperatives were organised all over India. The Second Cooperative Societies Act of 1912 paved the way for starting Non-agricultural credit cooperatives, taluk, Central and Apex level cooperatives in the country. Cooperation became the state subject later 1919. Each state in India enacted its own Act. Madras State enacted the First state Cooperative Societies Act in 1932. There was rapid increase in various types of cooperatives. Such as Consumer Cooperatives, Marketing Cooperatives, Industrial Cooperatives, Workers Cooperatives, Processing cooperatives, Milk, Poultry, Sheep breeding, Fishery cooperatives, cooperative banking structure and any other cooperative societies with rapid expansion of cooperative department.

Upto 1955, all types of cooperative societies in the state were under the administrative control of the Registrar of Cooperative Societies. Since 1956-57, certain types and functions of societies were transferred to the control of other Departments and statutory Boards from time to time, conferring on the heads of these departments or Boards, as the case may be, the powers that of the Registrar. There are now thirteen such Functional Registrars, besides the Registrar of Cooperative Societies.

3. Consumer Cooperatives

Types, number of cooperatives in the State

	92'	93'	94'
A) Apex Cooperatives	7	7	8
1. State Apex Coop. Bank			
2. State Land Development Bank			
3. Tamilnadu Coop. Marketing Federation			
4. State Consumer Federation			
5. Tamilnadu Cooperative Union			
6. Tamilnadu Federation of Coop. Urban Banks			

7. State Housing Cooperative Society
8. State Milk Producers Federation

B) Central Societies

1. District Central Coop. Banks	18	19	24
2. Tanjore Coop. Marketing Federation	1	1	1
3. District Coop. Wholesale Stores	29	29	29
4. District Coop. Unions	16	16	20
5. Printing Presses	18	18	18
6. Cooperative Training Institutes	9	9	9
7. Institute of Coop. Management	2	2	2
Total	93	94	103

C) Primary Societies

1992 - 93

1. Primary Agricultural Coop. Banks (Including FSCS, Lamps and Rural Banks)	4587
2. Primary Coop. Land Development Banks	181
3. Urban Coop. Banks	131
4. Employees Coop. Credit Societies	1666
5. Multi unit Employees Coop. Credit Societies	41
6. Other urban Credit Societies	49
7. Agrl. producers Coop. Marketing Societies	112
8. Vegetables Growers Coop. Marketing Societies	192
9. Hill Tribe Coop. Marketing Societies	3
10. Primary Coop. Stores (including rural, Urban, Semiurban, Employees, Students and Women stores)	3891
11. Automobile spare parts coop. stores	4
12. Coop. Canteens	72
13. Washerman Coop. Societies	8
14. Barbers Coop. Societies	7
15. Salt Manufacturing Coop. Societies	14
16. Land colonisation coop. Societies	46
17. Tenant Farming Coop. Societies	24

18. Life Irrigation Coop. Societies	33
19. Labour contract Coop. Societies (including stone crushing societies)	213
20. Rural Electric Coop. Societies	3
21. Other Miscellaneous types of Societies	26
Total	11303

Tamilnadu has got a very long history of consumer Cooperative Movement. Infact the oldest consumer coop. in Tamilnadu i.e. Triplicane Urban Cooperative Society is old as the origin of the cooperative movement in this state. Beginning from the year 1904, this society has become a premier institution in the city of Madras and the various outlets are now functioning under the trade name of Kamadhenu. Over the years we are now having 29 cooperative wholesale stores functioning throughout the state having a total turnover of Rs.57866.91 lakhs during the year 1992-93. During the year 1993-94 upto November 1993 the cooperative wholesale stores effected a total sales of Rs.37894.10 lakhs. These stores also have been playing a major role in implementing public distribution system.

The first Five Year Plan recognised the importance of consumer cooperative trade. A systematic structural pattern as well as substantial Financial assistance for development of consumer cooperatives was initiated by government. From Third Five Year Plan onwards.

Following the Chinese aggression in 1962, and war with Pakistan in 1971 and resultant scarcity, Govt. of India have recognised the need for building up of a large network of consumer coop. for ensuring equitable distribution of consumer goods. In consumer coop. Govt. have found a dependable arm for entrustment of distributive function under various ameliorative schemes. Accordingly, public distribution system was entrusted to consumer cooperative stores by abolishing the private agencies from the year 1972, and they are distributing commodities through their 20957 PDS. Outlets benefiting 125.29 lakhs card holders.

Types, structure and number of consumer cooperatives

Consumer cooperatives in Tamilnadu consist of three tire structure viz. : State Consumer Federation at the Apex level, district consumer wholesale stores at the Middle level, and Primary consumer stores at base level.

S.No. Types	<i>(Rs. in lakhs)</i>		
	1992	1993	1994
1. Tamilnadu Consumers Coop. Federation	1	1	1
a) No. of members	273	273	273
b) Paid-up share capital			
i) Government	87.11	87.11	87.11
ii) Institutions and others	45.23	45.23	45.23
Total	132.34	132.34	132.34
c) Reserve fund	16.74		
d) Working Capital	571.88		
e) Borrowings	422.80		
f) Purchases	189.76		
g) Sales	224.70		
h) Profit/Loss	(-) 34.70		

2. *District Cooperative Wholesale Stores :*

	<i>Rs. in lakhs</i>		
	1992	1993	1994
a) No. of stores	29	29	29
b) No. of branches	2794		
c) No. of members (in lakhs)	7.96		
d) Paid up share capital	862.25		
e) Reserve and other funds	1089.88		
f) Deposits	538.99		
g) Borrowings	3231.15		
h) Working capital	5766.01		
i) Purchases	52139.02		
j) Sales	57170.06		
k) No. of stores worked at profit	18		
l) Amount of profit	146.44		
m) No. of stores worked at loss	10		
n) Amount of Loss	314.12		

3. Primary Consumer Cooperative Stores

Primary Consumer stores are meeting the needs of consumers in Urban, Semi urban, and rural areas. They also serve for the benefit of workers in the Industrial establishment, to the students of high schools and colleges by organising students coop. stores. In order to uplift the social status of women separate coop. stores have also been organised in the state.

3. Primary Coop. Stores : (Rs. in lakhs)

	1992	1993	1994
a) Number of stores (including student stores)	3755		
b) No. of members (in lakhs)	7.74		
c) Paid up share capital	483.10		
d) Working Capital	2109.76		
e) Purchases	17275.85		
f) Sales	19082.55	25256.57	
g) No. of stores worked at profit	394		
h) Amount of profit	129.28		
i) No. of stores worked at loss	232		
j) Amount of loss	97.93		

4. Government Policies

The Consumer Stores have been assisted by Govt. in the form of share capital, loan and subsidy for the purchase of vehicles, furnitures and to meet managerial cost. They avail cash credit accommodation from the district central cooperative Banks. Distribution of essential commodities on Family cards has been in vogue in Tamilnadu since 1964. There was statutory rationing in Madras city and its belt areas and Coimbatore town and its belt areas from 1966 to January 1970. In 1975, family cards were issued to all the Families after enumeration. Rice was freely available in the open market and levy on sugar was abolished in August 1978. Practically, the fair price shops were not having any business during the years 1977 and 78. Distribution of Kerosene was brought under control in the middle of 1979 and levy on sugar was reintroduced in December 1979. The Fair price shops became active since then.

As per the instructions issued by the Registrar of Cooperative Societies the joint purchase system is adopted by the wholesale stores in purchase of various consumer goods like textile, groceries, etc.

Village shop programme :

During the year 1978, the Govt. took a policy decision to open a village shop in every revenue village to distribute essential commodities. At that year the cooperatives were running 1492 fair price shops in Urban area and 4441 shops in the rural area. The Govt. ordered in 1984 to transfer, all the fair price shops run by the Tamilnadu Civil supplies corporation to the Cooperatives. As on 31.3.93 there were 20047 fair price shops functioning in Tamilnadu of which 3531 shops are functioning in urban areas and 16516 shops are functioning in rural areas.

5. Development of Business

The Consumer cooperatives have effected retail sales during the last four years as below:

(Rs. in crores)

<i>Year</i>	<i>Achievements</i>
1991-92	1267.35
1992-93	1236.10
1993-94	1403.17
1994-95	1539.86

6. Problems

1. Heavy establishment costs
2. Heavy stock deficits
3. Heavy incidence of misappropriation
4. Heavy interest commitment on borrowings
5. Imprudent purchases
6. Lack of commitment and sense of belongingness on the part of employees
7. Inadequate of margins available on PDS
8. Heavy outstanding on credit sales resulting in locking up of funds borrowed at high rates of interest.

7. Measurers for correction or improvement

In 1980 steps were taken to secure financial assistance under centrally sponsored scheme for revitalisation. Presently 11 Coop. wholesale stores have been indentified for rehabilitation. The stores are advised to draw up an action plan for 5 years starting from the year 1994-95 so as to wipe off their accumulated loss.

All the cooperative wholesale stores are advised to diversify their activities on the following aspects.

Diversification of Business :

All the Cooperative wholesale stores are advised to diversify their activities on the following aspects:

- i. To obtain wholesale license for distribution of open market sugar.
- ii. Distribution of stoneware and construction materials
- iii. To obtain dealership for petroleum products
- iv. To open more no. of retail outlets.
- v. To boost the sale of identified non controlled commodities through PDS outlets
- vi. To take up innovative ventures like setting up of ISD1/4STD, KIOSKS, Eve's Shopper, Children's corner, Magazine section, Gift Paradise, Toys Land, sports goods counter, etc.

Staff Control :

In order to reduce overheads, cooperative wholesale stores have been advised to refrain from making fresh appointments and examine the possibility of reemployment of surplus staff to other cooperatives.

General :

A) Purchase Policy :

With a view to make prudent purchase of commodities which enables best bargain in the matter of purchases and retail sales at fairly reasonable rates so as to keep the price line, the system of joint purchase was introduced.

B) Joint Purchase Committees :

At present there are four joint purchase committees with head quarters at Madras, Trichy, Madurai and Coimbatore, with a group cooperative wholesale stores attached to each of them.

C) Central Joint Purchase Committee :

As apart of rehabilitation programme of Tamilnadu Consumers cooperative Federation, a Central Joint Purchase committees has been constituted, to take purchase of selected commodities to benefit the cooperative wholesale stores.

D) Negotiation Committee :

A negotiation committee is functioning under the Chairmanship of Additional Registrar (Consumer Activities) and six other members to approve the list of manufacturers and dealers and also to finalise terms and conditions to supply various commodities to cooperative wholesale stores.

Price Fixation :

The main object of the consumer cooperatives is to supply goods at reasonable prices. To achieve this objective the consumer cooperatives are advised to adopt only reasonable margin and to continue to follow "Active pricing policy" under this scheme.

8. Needs for Assistance

1. Strengthening share capital base.
2. Sanctioning or working capital loan.
3. Preparation of consumer business plan and establishment of super markets/mini super markets.

9. Suggestions and Conclusions

It is felt necessary that the inventory of Man power existing in consumer cooperative societies should be under taken immediately. A sound and scientific recruitment policy based on needs of the organisation will be more useful.

The training of the staff has to be continuous. There should be further training which has to be tied up with career development and promotion.

A system of performance Audit of Cooperatives either by an independent body consisting of members of cooperatives or audit group selected by the general body may be arranged to pin point the areas of deficiencies in management.

The consumer cooperatives in Tamilnadu play predominant role in providing quality articles at reasonable prices to consuming public ever since their inception. Effective steps are being taken to professionalise the stores to face competition from local traders to survive and grow in steady manner. Utmost importance is being given by the govt. and other quasi govt. institutions to strengthen the consumer coop. in all aspects. Hence the future of consumer cooperative sector is very bright.

Women Cooperative Stores

(Rs. in lakhs)

S.No.	Particulars	1991-92 (31-3-92)	1992-93 (31-3-93)	1993-94 (31-3-94)
1.	No. of Stores	13	13	13
2.	No. of Members (in lakhs)	0.10	0.11	0.11
3.	Paid up Share Capital	6.52	5.24	8.64
4.	Reserve and other Funds	12.00	19.13	4.86
5.	Working Capital	NA	35.00	23.75
6.	Purchases	638.83	616.41	659.92
7.	Sales 675.98	651.46	808.02	
8.	No. of Stores worked at Profit	10	10	9
9.	Amount of Profit	5.96	8.88	4.65
10.	No. of Stores worked at Loss	1	2	3
11.	Amount of Loss	0.23	0.82	1.33
12.	No. of Stores worked neither at profit nor at loss	2	1	-
13.	Number of Dormant Stores	-	-	1

Primary Cooperative Stores

(Rs. in lakhs)

S.No.	Particulars	1991-92 (31-3-92)	1992-93 (31-3-93)	1993-94 (31-3-94)
1.	No. of Stores	656	787	788
2.	No. of Branches	3030	1736	1767
3.	No. of Members (in lakhs)	7.74	7.60	7.88
4.	Paid up Share Capital	483.10	472.02	511.97
5.	Working Capital	2109.76	NA	NA
6.	Purchases	17275.85	21003.47	NA
7.	Sales 19082.55	30455.73	32412.81	
8.	No. of stores worked at Profit	394	495	486
9.	Amount of Profit	129.28	111.15	147.09
10.	No. of Stores worked at loss	232	227	235
11.	Amount of Loss	97.93	123.19	189.81
12.	No. of Stores worked neither at profit nor at loss	-	10	8
13.	Dormant Stores	30	55	59

Students Cooperative Stores

(Rs. in lakhs)

S.No.	Particulars	1991-92 (31-3-92)	1992-93 (31-3-93)	1993-94 (31-3-94)
1.	No. of Stores	3222	2889	3015
2.	No. of Members (in lakhs)	12.07	7.99	7.99
3.	Paid up Share Capital	144.39	144.95	144.95
4.	Purchases	530.91	NA	NA
5.	Sales	548.55	510.28	NA
6.	No. of Stores worked at Profit	1852	1563	NA
7.	Amount of Profit	19.08	34.96	NA
8.	No. of Stores worked at loss	1039	1020	NA
9.	Amount of loss	12.80	39.29	NA
10.	No. of Stores worked neither at profit nor at loss	153	123	NA
11.	No. of Dormant Stores	178	183	NA

Cooperative Wholesale Stores

(Rs. in lakhs)

S.No.	Particulars	1991-92 (31-3-92)	1992-93 (31-3-93)	1993-94 (31-3-94)
1.	No. of Stores	29	29	29
2.	No. of Branches (including fair price shops)	2794	2719	3002
3.	No. of Members (in lakhs)	7.96	8.60	8.49
4.	Paid up Share Capital	862.25	852.10	1042.61
5.	Reserve and other Funds	1089.88	NA	NA
6.	Deposits	538.99	NA	1343.78
7.	Borrowings	3231.15	4301.51	NA
8.	Working Capital	5766.01	6387.34	7399.26
9.	Purchases	52139.02	54543.26	60156.08
10.	Sales	57170.06	58069.71	63623.40
11.	No. of Stores worked at Profit	18	19	16
12.	Amount of Profit	146.44	29.31	75.06
13.	No. of Stores worked at loss	10	10	13
14.	Amount of Loss	314.12	367.10	645.41
15.	No. of Stores worked neither at profit nor at loss	1	-	-

19. WORKING PAPER ON BHUBNESWAR
Wholesale Cooperative Societies Ltd., Alaka
P. C. Samantaray*

Introduction

Despite being rich in natural resources, Orissa is one of the poorest States in the country. Due to low level of literacy, concentration of backward communities, general inertia, inadequate infrastructural facilities and land reforms the per capita domestic product in the State i.e. Rs.353 is much less than the All India average. As a percentage of the total, domestic product originating in Agricultural sector is the highest, indicating low level of development of secondary and tertiary sector.

The State comprises 30 districts, 58 sub-divisions, 31 Blocks, Covering 50,972 villages. Its population as per Census is 3,15,12,070. The percentage of S.T. and S.C. population are 14.7% and 22.3% respectively. The literacy percentage is 48.55% out of a total of 15.4 million hectares, 37% is covered under forest, net sown area is 47.3%, 28.5% of the sown area is irrigated. The average holding per cultivation is 1.47% hectares. The average growth rate in production is 15 against all India growth rate 2.4%.

The Cooperative movement in the State had its beginning in the year 1904 simultaneously when the movement witnessed in the country and the first Cooperative Credit Societies Act was enacted in India. At the initial stages the movement was started primarily as a credit movement and subsequently diversified its activities into different spheres of the states economy.

This Paper was prepared for presentation in the Regional Workshop on "Modern Management in Consumers' Cooperatives" for South and South-East Asia Alibag, Maharashtra from 12-21 November, 1995.

Consumer Movement in Orissa

The Consumer Cooperative Movement in the State actually picked up in the early part of sixties. The main objective of consumers' cooperatives are to make available qualitative essential and non-essential and other requisites to members and public in large at reasonable price, check the price rise, save the consumers from

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hoarding, black marketing and undue exploitation of the private traders. To cater to the needs of consumers, wholesale cooperative stores were organised at district head quarters level and sub-divisional head quarters level.

Orissa has a three - tier structure under consumer cooperative societies in the State with Orissa Consumers' Cooperative Federation at the Apex level 35 wholesale consumer cooperative stores at the intermediary level and 726 primary consumers' cooperative stores which includes 186 students consumer cooperative stores.

Under Public Distribution System 89, lead societies with 384 urban outlets and 3745 link societies with 3224 outlet were functioning in the State as on 31-3-93.

The Bhubneswar W.C.S. Ltd. (Alaka)

With the above back drop a work paper on the Bhubneswar W.C.S.Ltd. (Alaka) is prepared as per the prescribed proforma which is enclosed herewith for discussion in the workshop.

1. *Name of the Society* : The Bhubneswar W.C.S. Ltd. (Alaka)
2. *Registration No.* : 248KH dated 31.12.1962.
3. *Address* : At/Po-Bhubneswar, P.S. - Bhubneswar Sub-Divn. Bhubneswar, Distt. Khurda.
4. *Brief History* : The store was organised by Sri Sarbeswar Rath SARCS of the ARCS Khurda and was duly registered on 31.12.62. The area of operation of the society was confined to Bhubneswar sub-division in the then Puri district (Now Khurda district).
5. *Main Objectives* :
 - 5.1 To arrange for the Purchase on wholesale basis at reasonable rates and sell to its members.
 - 5.2 To promote the economic status of members by assisting them in supply of consumer goods.
 - 5.3 To carry on business for the benefit of its members, the trade of general dealer on wholesale subject to sanction of Registrar.
 - 5.4 To encourage self-help, Thrift and Cooperation among its members.
 - 5.5 To raise funds for the conduct of its business.

5.6 To Act as an Agent of Government to the sphere of procurement and sale of controlled commodities.

5.7 To organise cooperative stores and promote self-help and mutually among that the members to bring about better living and better business.

6. *Organisational Structure :*

The Organisational structure of the store comprises 14 branches functioning in the area of operation of Bhubneswar. This WCS being a lead society serves the Link - PACS functioning in this district. To organise the business, the authorised share capital of the store shall be made as follows:

- a) 5000 "A" Class shares of Rs.10/- each allowed to individual.
- b) 500 "B" Class shares of Rs.100/- each allowed to PACS.
- c) 100 "c" Class share of Rs.1000/- each allowed to Government.

7. *Membership :*

The membership position of the store for the last three years consisting of male and female are as under :

	1992	1993	1994
Male	3009	3011	3011
Female	2320	2320	2320
Total	5329	5331	5331

8. *Board of Directors and Term of Office :*

As per the recent amendment of the O.C.S. Act and Rules, the tenure of the store extends for a period of four years. The Board of Directors for the last three years are as under:

	1992	1993	1994
Elected	x	x	1
Appointed	1	1	x
Total	1	1	1

Term of office - 4 years

9. *No. of Employees :*

The total employees of the store for the last three years comprising men and women are as follows :

	1992	1993	1994
Men	52	52	62
Women	1	1	1
Total	53	53	63

10. *Physical facilities :*

(Land/building/godown/office and space in sq.mt.) including number of department store/super market and branches.

1. The store having one rented shop provided by Government in the Central place of the city coming approximately about 2500 sq.ft. area facilitated with different counters such as grocery, Crockery, Stationary, Textiles etc.
2. The store is having in 14 branches situated in different parts of the city caters the requirements of its members.

11. *Cooperative Funds :*

The funds position of the store relating to share-capital. Reserve Funds, Member deposits, Borrowings, grants, profits etc. for the last three years are as under.

	1992	1993	1994
1. Share Capital	44,43,742.60	44,43,742.60	52,27,242.60
2. Reserve Funds	1,66,506.83	1,66,506.83	1,66,506.83
3. Member Deposits	4,50,429.04	4,59,528.28	4,66,953.87
4. Borrowings	6,89,617.23	10,12,431.27	12,90,851.40
5. Grants	2,31,500.00	2,31,500.00	2,31,500.00
6. Profits	x	x	x
7. Others	17,35,708.85	20,87,784.28	21,07,917.74
Total	77,17,504.55	84,01,493.26	94,90,972.44

12. *Main Functioning :*

- (i) The store deals in a wide range of essential commodities viz; cereals, pulses, edible oils, and other food/grocery items, hosiery, cosmetics, stationary, gas and textiles including both controlled and non-controlled cloths.
- (ii) Prepacking food and grocery items.
- (iii) Opening department stores and large size retail outlets.
- (iv) Launching on Monopoly business in selective items for maintaining balance in pricing system.

- (v) The store has been renovating their outlets on commissioning new outlets with better facilities.

13. *Sales :*

The sales position of the store for the last three years are as follows:

	1992	1993	1994
i) Opening Stock	10,34,732.94	13,11,232.70	12,80,276.51
ii) Purchased	69,48,423.73	58,01,302.49	71,56,592.06
iii) Goods sold	71,86,504.00	61,95,465.95	75,24,527.98
iv) Closing stock	13,11,232.70	12,80,276.51	9,12,340.59
v) Gross Margin (G.M.)	5,11,833.45	3,43,490.46	5,20,731.03
vi) Stock turn* over rates	NA	NA	NA
vii) Stock ** productivity	NA	NA	NA

* The store is not allowing any prescribed turnover rate

** The store is also not involved in any kind of productive activities.

14. *Volume of Business :*

The business position of the store reflecting its sales and services etc. are as under -

	1992	1993	1994
i) Sales	71,86,504.00	62,95,465.95	75,24,527.98
ii) Services	x	x	x
iii) Others	x	x	x
Total	71,86,504.00	61,95,465.95	75,24,527.98

15. *Results of Operation :*

The business operation of the store consisting of Income, Expenditure profit and loss etc. are as follows:

	1992	1993	1994
(i) Income (Gross)	10,968.25	7,243.00	1,97,392.20
ii) Other Income	x	x	x
iii) Total Income	10,968.25	7,243.00	1,97,392.20
iv) Expenditure	10,84,513.96	11,19,086.59	15,97,845.92

v) Net profit/losses	5,61,712.26	7,68,353.13	8,86,161.72
vi) Accumulated losses	33,46,927.57	41,15,280.70	44,96,988.60

16. 3 Year Development :

The developmental activities undertaken by the store for the last three years are as follows:-

- i) The gas business of the store has gone up.
- ii) Business in foreign liquor has also increased.
- iii) Stationary supply to Central/State Government offices and other organisations has been in progress.
- iv) The stores performance in the public distribution system safe-guarding Consumers' sovereignty and making available qualitative goods at reasonable process at their door steps is very much encouraging.
- v) The Lead-link scheme of the store has also strengthened the activities of the store.

17. Problems Faced :

The problems faced by the store are given below :

- i) The store, quite many times suffered serious set back in their operational viability on account of unsteady controlled business due to Government policy changes.
- ii) Though there has been increasing awareness for modernization of the store and renovating the outlets there is not sufficient funds available.
- iii) Government interference causes a major set-back in the progress of the business.
- iv) Payment of E.S.I. dues creates yet times problem.
- v) Problems due to Payment of Sales Tax may be exempted.
- vi) The problem of investments in stocks and the possibility of stuck-up and slow - moving stocks can be controlled by taking purchase decisions at regular intervals and speeding up stock rotations.
- vii) Problems of different types of branded items calls due expertise and experience on the lines.

18. Needs for changes and development :

The possible changes for further development of the store are as follows:

- i) Monopoly business in selective areas are to be extended viz. Pulses, edible oil etc.
- ii) Opportunity to enter into the business of confiscated goods, drugs and medicines, toiletries, books & concessional paper are to be given.
- iii) Selling certain items at a less than the marked maximum Retail Price (MRP) is to be facilitated.
- iv) Since the store is dealing with a wide range of commodities exemption from local tax/Octorai tax/Municipality tax etc. may be extended which the private traders often evades.
- v) Introduction of Self-Service system will strengthen its activities.
- vi) Mobile van for door delivery shall be introduced in respect of grocery items.
- vii) Modernisation in Billing System needs to be introduced.

19. Future plan for Development :

The future plan of activity of the store may be as follows:

- i) Proper Coordination and adequate linkage have to be established between the Orissa State Consumers Cooperative Federation, the Wholesale Consumer Cooperative Stores, Primary Consumers Store, RCMS & PACS so as to ensure their effective participation in the expansive public distribution system.
- ii) The store plans to enter into medicine and drugs business.
- iii) Wholesaling for Rice, Sugar, edible oil and confiscated goods may be given.
- iv) Agricultural Commodities form a sizable share of the food and grocery group of consumer cooperatives. This group provides high stock - turnover rates though the profit margin is comparatively low. Hence in spite of the risk of frequent price fluctuations involvement in this business activities may be geared up.
- v) Development of existing infrastructure is proposed.

20. Suggestions & Recommendations :

The main suggestions and recommendations to protect the consumer development in the state are discussed as under :

- i) Like other states, our Government should patronise the consumer stores by directing the Government depart-

ments, Public undertakings, etc. to purchase goods compulsorily. For example, A.P. Government has directed the Administrator T.T.D., Tirupati to purchase 20% of its necessities from Tirupati Consumer Cooperative Store. By this way the annual stores turnover has been constantly increasing.

- ii) Government should give monopoly to procure and distribution of certain commodities.
- iii) Recruitment considering, professional education and training are essentially required to develop the business of the store.
- iv) In no way the WCS should depend upon Civil Supply Department.
- v) The district administrators should treat consumers cooperatives as one of the important subjects like Revenue and Excise.
- vi) The department should act immediately on the confidential reports of the executives.
- vii) The Committee & the Chief Executive should be empowered to dispose off damaged, slow moving and non-moving items.
- viii) The Department should strictly direct all cooperative organisations to purchase goods from consumer cooperatives only and similarly the consumer cooperatives should undertake the marketing activities of products of other cooperative societies.
- ix) As almost all the stores are highly indebted the government should stand as guarantor to raise funds from commercial banks and at the same time government should monitor the realization of fund in proper way.
- x) Stock out in the stores should be strictly prohibited.
- xi) A store should strictly maintain a full range of assortments, the working hour should be strictly observed and the salesman should be amiable and possess good personality, neat and clean etc.
- xii) The most important aspect of a store is its get up. Now a days consumers are attracted by magnificent lighting arrangement, colourful assortments and other infrastructures like Airconditioner and Air cooler etc.
- xiii) Wide advertisement through telecast and broad cast to attract customers is required.

- xiv) Incentives to the members/customers on their total purchase may be given.
- xv) Change of salesman at regular intervals to check pilferage and leakages is required.
- xvi) Stock Register and NCCF liability register are to be maintained properly.
- xvii) Training to staff members at regular intervals on modern management/professionalisation of management needs to be imported. The Chief executives/Board of management should cooperate and direct their untrained staff for training and should give importance to this aspect.
- xviii) Scientific purchase should be made keeping in view the business trend of the store.
- xix) Reimbursement of actual transportation cost and provision for reasonable profit margin would boost up the morale of store should be taken care.

20. WORKING PAPER ON MAHARASHTRA Consumer Cooperatives in the State of Maharashtra

Y. S. Patil*

Introduction

The State of Maharashtra is one of the leading States in all respects in the Country. The state has dominated in the industrialisation & Bombay the capital city of Maharashtra is known as commercial capital of India. The big projects in collaboration with foreign Countries are coming up with rapid speed for various products. The Cooperative sector in Maharashtra is also no exception for the dominance in the Country.

A variety of projects on Cooperative basis are running successfully. The Western Maharashtra has dominated in Cooperative sector with integrated Cooperative complex like Warananagar, Akluj, Pravaranagar, etc. The sugar Factories, Spinning Mills, Dairy Cooperatives, Handloom & Weavers Cooperatives, Urban Cooperative Banks, District Central Cooperative Banks are some of these. The Warananagar sugar factory has set an example for running a Cooperative Consumer Store in a rural area. The success of Warana Bazar has given boost for rapid growth of Consumer Stores in Maharashtra.

At present there are many Consumer Stores successfully running on Cooperative basis not only in cities like Bombay, Pune, Kolhapur, Sangli & Satara but also in the rural places like Warananagar, Akluj, Shirol, Phaltan etc. When we consider the number of successful Department stores in the Country, Maharashtra has the maximum number of such stores, like Apna Bazar, Sahakari Bhandar in Bombay, Grahak Peth in Pune, Shetkari Bazar in Kolhapur etc.

The following table shows the Consumer Societies in Maharashtra State and its details.

Item	<i>(Rs. in lakhs)</i>		
	1990	1991	1992
Societies	2,789	2,919	3,127
	(112)	(114)	(121)

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Branches of Wholesale Consumer Societies	429	435	504
Membership	14,199	13,138	14,790
(00)	(2,854)	(2,917)	(3,285)
Share Capital	676	774	876
	(528)	(543)	(693)
Government Contribution	73	93	91

* Information in bracket relate to wholesale societies/figures outside bracket are for Primary Societies.

From the above table it is clear that there is considerable increase in number of Primary societies in the year 1991 & 1992. Also it may be observed from the table that the number of branches have increased moderately in the year 1992. The membership of Primary societies was 13,13,800 in the year 1991 and again increased to 14,79,000 in the year 1992.

Table 2 : Financial Position

(Rs. in Lakhs)

Item	1990	1991	1992
Owned fund	1,306	1,529	1,649
	(797)	(821)	(1,124)
Borrowing	382	420	490
Outstanding	(659)	(629)	(821)
Working	3,569	3,740	4,738
Capital 1	(2,327)	(2,498)	(3,778)

* Information in bracket relates to wholesale societies/figures outside bracket are for Primary Societies.

From the above table, it may be observed that the owned funds of wholesale societies increased by Rs.1.20 crores as compared to the year 1990 & 1991. Because of increase in number of societies in the year 1992 the borrowing amount had also increased as compared to the last two years.

Table 3 : Purchases By Consumers Stores

(Rs. in Lakhs)

Item	1990	1991	1992
Purchases	15,499	12,650	26,011
	(13,657)	(16,723)	(22,519)

* Information in bracket relate to wholesale societies/figures outside bracket are for Primary Societies.

From the above figures we can see that the Purchases made by the Consumer Societies both wholesale and Primary had increased in 1992 considerably as compared to the year 1990 and 1991.

Table 4 : Sale By Consumers Societies

<i>Item</i>	<i>(Rs. in lakhs)</i>		
	<i>1990</i>	<i>1991</i>	<i>1992</i>
Sales	14,723	14,897	30,149
	(12,932)	(13,389)	(23,722)

* Information in bracket relate to wholesale societies/figures outside bracket are for Primary Societies

The Sale of primary and wholesale societies was almost stagnant in the year 1990 and 1991. But both have achieved more sales in the year 1992.

Table 5 : Working Results

<i>Item</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>
Societies in profit	1,509	1,531	1,763
	(65)	(69)	(73)
Amount of profit	179	289	229
	(49)	(50)	(87)
Societies in loss	869	891	791
	(44)	(34)	(38)
Amount of loss	42	54	45
	(54)	(52)	(28)

* Information in bracket relate to wholesale societies/figures outside bracket are for Primary Societies.

From the above table it may be noted that the number of societies in loss are more in the year 1991 and the position had slightly improved in the year 1992.

But during the year 1991 the amount of profit and loss was higher as compared to the year 1990 i.e. 61% increase in the profit amount. But the profit amount had again come down in the year 1992.

**Table 6 : Present Status of Coop. Consumers Federation
in Maharashtra**

<i>Item</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>
Branch 13 13	13		
Membership (Actual)	542	516	539
Share Capital	250	249	249
Govt. Contribution	196	196	196
Owned funds	304	304	309
Borrowings outstanding	142	158	60
Working Capital	944	1,003	1,063
Purchases	2,224	2,023	2,202
Sales	2,363	1,901	2,328
Profit	-	-	-
Loss	53	21	46

From the above table it is seen that the borrowed amount had come down considerably in the year 1992 which was almost stagnant for the year 1990 & 1991. The sale did not make any improvement in 1991 and 1992 as compared to 1990. In fact the sales went down considerably in the year 1991, from Rs.23.63 crores to Rs.19.01 crores, whereas purchases were higher than the sales in 1991.

The Federation had increased losses during the period 1990 to 1992.

However, the working of individual department stores in the state is quite satisfactory and to self service stores business is picking up quite fast in the State.

21. WORKING PAPER ON GUJARAT

Business Development through 'Departmental Store' in the light of Present Diversified Business Profile

By Sudhir Y. Deshpande*

Introduction

Gujarat which is a cooperatively progressive state has ushered in white revolution in the country through its dairy cooperatives which is now acclaimed as a model to be mulated and multiplied in other parts of the country. Its Urban Coop. Banks, Marketing Societies have also success stories to tell. Some say in Gujarat, Producer's Cooperatives have been successful. But success of consumer cooperatives has higher to been elusive.

Whatever may be the case, the bitter truth is that in Consumer Cooperative Sector, Gujarat is lagging behind Maharashtra. Gujarat is an affluent State with a higher per capita income and the people has an international outlook which inter-alia speaks of the huge potentially for development of consumer cooperative.

Co-operative Profile of the State

The State 'Gujarat' has around 50,000 registered Cooperative Societies highest being the housing cooperatives followed by the Milk Cooperatives (see Annexure - 1).

As on 31st March, 1995, Gujarat had 1774 registered consumer cooperatives made up of one State Cooperative Consumers Federation, 26 central wholesale cooperative consumer stores and 1747 Primary Cooperative Consumer Stores.

Genesis of the Case Study

In the background of the success achieved by the Dairy Cooperatives, Marketing Cooperatives, Oilseeds Processing Cooperatives of Gujarat, it was thought appropriate to understand the present business profile of a primary consumer cooperative store and also the further business expansion perceived by the management of the Society.

In the present case study on attempt has been made to understand the organisational strength and present business profile of

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the Unjha Consumer Cooperatives Stores Ltd., Unjha with a view to assess Society's move towards starting a departmental store at Unjha - a highly commercial place known for the agricultural marketing.

History of the Consumer Store

During mid fifties, the period when on account of decontrol large number of consumer cooperatives were pulling down their shutters and undergoing some kind of merger and amalgamation, the Unjha Consumer Cooperative Stores Ltd., undertook consumer business and got registered through registration No.C/1884 dated 29/6/1954.

The head office of the Unjha Consumer Cooperative Store is housed in a rented building at Gandhi Chowk, Unjha. It has telegraphic address "Consumers" and its phone number - 3660.

The area of operation of the society extends to the major pockets of the Unjha town. Though there are other private and cooperative consumer stores, none of the other cooperative consumer store have any image, impact and coverage the one Unjha Consumers Possesses.

Membership & Share Capital

The Management of the Society believed in self reliance and they occasionally sought the financial assistance from Apex institution and banks. It has only individual members and the position of membership and share capital during last three years is as follows

<i>Year</i>	<i>Membership</i>	<i>Share Capital</i>
1993-94	7571	4,00,000
1992-93	7560	4,00,000
1991-92	7547	4,00,000
1990-91	7416	4,00,000

It is to mention here that share capital of the society comprises of 16,000 shares of Rs.25/- each.

Management Committee

The managing committee of the society comprises of 12 elected members and one third retires every year by rotation. Managing Committee meetings are held monthly or bimonthly. As the store has not availed any assistance from the Government or the Bank. It has no representative of the Government or the Bank in the Managing Committee.

Personnel Profits

The Society has 7 employees on its payroll, drawing monthly salary of Rs.870/- to Rs. 1500/- maximum. Out of 7 staff members, 6 are involved in operational type of work headed by a single person as a Manager. The supervisory arrangements are lacking hence operational staff directly reports to the Manager.

Following table thrown light on the present manpower position of the Society :

<i>Designation</i>	<i>Type of work</i>	<i>Experi- ence ranged</i>	<i>Quali- ficat- ions</i>	<i>Present salary (Rs.)</i>	<i>Profes- sional Training</i>
Manager-cum- Cashier(01)	Supervisory/ Managerial, Cash Handling	14 Yrs	SSC	1500/-	Diploma in Cons. Coop.
Bill Clerk Cum Shop Incharge (6)	To manage the Shop, Selling, Bill collection Inventory Man- agement etc.	1 to 7	2 SSC 1 HSC 3 B.Com.	870/-	Nil
Peon (1)	Supportive Work at HO.	1 Year	SSC	870/-	Nil

The Society follows contributory provident fund and yearly Bonus. However, no other benefits are given such as Gratuity, Interest free loans, Leave Trave Concession, Incidental advances, etc. which seems to be a common practice in Primary Cooperatives. Society has no structured payscale for its employees nor timebound increments are given to the staff. Considering the type and quantum of work handled by the employees and the responsibility associated with it, society might be paying at par with payscale offered by the Private traders or to say industry. It appears, society follows minimum wages fixed by the State Government.

Progress at a Glance

The steady progress of the Society can be seen at Annexure-2 (annexed). During the period 1990-91 to 1993-94, annual sales shows increasing trend. However, during the period 1981-82 to 1969-90, sales fluctuations are frequent showing un uniform growth in the annual sales. The year 1985-86 witnessed sudden rise in the membership (2 times) however, subsequent year shows uniform growth in the membership development process. More than 100% growth is achieved in share capital during the year 1985-86. During last three years, i.e. from 1990-91 to 1993-94, annual sales fluctu-

ates in between Rs. 75,00,000 to 1,25,000,00. However, highest sales is recorded in the year 1982-83. Fluctuations in annual sales was mainly due to undertaking of commission agency in marketing of agri. produce coupled with wholesale business of non-controlled item particularly "Rice". Society is not incurring losses except in the year 1974-75, 1975-76 & 1978-79, the years in which annual sales is below 42-00 lakhs. During the period 1971-72 till 1992-93, society has declared dividend only for 7 years. On the contrary, society distributes gifts to the members which in monetors terms will be more than 12% of the share value. Society has obtained "A" Grade audit since 1982-83 however, previously its audit grade was "B".

Present Infrastructure

The details of the presently available infrastructure of the society are as follows :

<i>Particulars</i>	<i>Owned/ Rented</i>	<i>Area in Sq.ft.</i>	<i>Location</i>	<i>Yearly Rent (Rs.)</i>	<i>Assortment</i>
HO & Shop Cum Godown	Rented	Office 240 Shop 360 Godown 390	Market Area Unjha	12,000	Retail grocery and Textiles & Wholesale busi- ness.
Shop	Rented	84	APMC Unjha	1,500	Grocery & Textiles.
Shop	Rented	150	Semi Comm. Area, Unjha	2,400	Controlled Retail.
Shop Cum Godown	Owned but Rented out	780	APMC, Unjha	-	Nil
Godown	Owned	780	Residential - Area, Unjha.	-	Godown & Packaging Unit.

Societies business Transactions takes place in rented accommodation and owned accommodation is either rented out or used for godown purpose.

Business Profile

The Unjha Cooperative Consumer Stores business can broadly be divided into following segmentation.

1. Non-controlled items wholesale business.
2. Non-controlled items retail business.
3. Controlled items wholesale business.
4. Controlled items retail business.

5. Input items retail business.

Other supplementary activities includes Light bill collection and commission agency business for purchase and sales of agricultural produce on behalf of the Gujarat State Cooperative Marketing Federation Ltd.

In order to understand the business segmentwise contribution to the total annual sales, let us study the following table.

Business segmentwise contribution to total Annual Sales

Business Segment & Major Product assortment	(Rs. in Lakhs)			
	1990-91	1991-92	1992-93	1993-94
1. Non-control items Wholesale business (Rice)	3.57 (4.80%)	13.22 (10.59%)	31.23 (27.39%)	27.24 (24.29%)
2. Non-control items Retail business (Grocery Provision & Customers goods)	13.24 (22.61%)	18.17 (14.59%)	15.60 (13.68%)	14.61 (13.03%)
3. Control items Wholesale business (Sugar)	29.69 (37.60%)	24.93 (19.97%)	35.01 (30.71%)	34.03 (30.36%)
4. Control Retail (Rationing Shop)	6.69 (8.78%)	11.19 (8.97%)	6.89 (6.06%)	6.01 (5.37%)
5. Retail Agri. Input Items (Fertilizer, Seeds, Pesticides)	5.79 (7.60%)	6.36 (5.06%)	8.63 (7.57%)	8.63 (7.67%)
6. Commission agency busi. for sale & purchase of Agri. Produce in behalf of State Marketing Federation.	17.18 (18.61%)	50.99 (40.02%)	16.63 (14.54%)	21.62 (19.28%)
Total	76.16	124.86	113.99	112.14

Note: Figure in percentage indicate % to total sale of the respective year.

From the above table, among other things, it may be observed that :

- Though total sales does not reflect uniform yearly growth, it is remained above 112 lakhs after 1991-92.
- The Society concentrates heavily in wholesale business of Rice and Sugar.

The other aspects includes :

1. The Society is operating a network of 2 retail outlets and one wholesale cum retail point and Two electricity bill collection centres as an allied activity.
2. All the sales counters are Non Self Services Shops.
3. Society's Commission agency business is in the area of sale and purchase of agri. produce and also through the collection of monthly domestic electric bills.
4. Society generates substantial amount of earning through rental income.
5. For the retail outlets the society incurs less rental expenses compared with present market rate. Prime locations of the retail outlets is an added advantage to the society areas.
6. The society has custom goods business which is of irregular nature and promises rare developmental chances in the changing economic scenario.
7. The top management believes in service approach for all of its business activities.
8. Society mainly deals in cash. All the staff members who are directly involved in business transactions have to deposit the cash with the Manager.
9. Management of the Society believes in self sufficiency. In spite of the availability of external financial sources, society has mainly dependent on internal financial sources so far it has not sought major finance from the external agencies except the cash credit facility which is used for the working capital needs.

Personnel Vis-a-Vis Business Performance

The related data of personnel vis. a vis. business are as follows:

<i>S.No. Particulars</i>	<i>(Amount in lakhs)</i>			
	<i>1993-94</i>	<i>1992-93</i>	<i>1991-92</i>	<i>1990-91</i>
1. Staff Strength	7	7	6	5
2. Sales	112.14	113.99	124.86	76.16
3. Sales per Employee	16.02	16.29	20.81	15.23
4. GP per Employee	0.78	0.80	0.56	0.47
5. NP per Employee	0.24	0.25	0.20	0.17
6. Cost per Employee	0.16	0.16	0.14	0.14

Member Involvement

Even though the society does not maintain continuous practice of declaring dividend with uniform rate, it distributes gifts worth Rs.50/- to Rs.70/- per member.

Further, the society deals heavily in wholesale business of Rice and make is available to the members at the reasonable prices. This is performed with an intention to provide services to the members.

Fixed Assets

Fixed assets of the store comprises of the following:

Particulars	1992-93
Building	1,48,565
Furniture-Fixtures	43,488

The Society earns rental income to the tune of Rs.52,974/- from its owned buildings.

Working Capital

If the total current assets are taken into consideration as gross working capital then it can be observed from the following table that with a share capital base of just Rs. 4-00 lakhs, the society has been able to maintain a gross working capital of Rs.10.00 lakhs.

This also indicates that the stock turns 7 times to 12 times during the last four years.

	1990-91	1991-92	1992-93	1993-94
Gross Working Capital	10,07,397	10,87,052	10,29,635	10,16,300

Business Development Programme

Besides wholesaling and retailing of the controlled and non-controlled consumer items coupled with retailing of agri.input and commission agency business, the society has recently introduced pre-pack items exclusively for retailing. All the prepacked items bear the society's own brand "Unjha Consumers". The items that are prepacked and marketed are Jeera, Souff, Methi, Rai & Tilly. All the prepacked items bear the brand name Unjha Consumers. All above referred items are packed in 200 gm., 500gm. and 1 kg. packages. During an informal discussion with the Chairman Shri Amratbhai Karasandas Patel, it is learnt that the society proposes to undertake a departmental store with its location near to APMC, Unjha. This departmental store will also be having home delivery system. This way, the society wishes to expand its non-controlled items retail business.

ANNEXURE - 1

Number of Cooperative Societies in Gujarat

(As on 30-6-1994)

<i>S.No.</i>	<i>Type of Societies</i>	<i>No. of Societies</i>
1.	State Cooperative Bank	1
2.	Central Co-operative Banks	18
3.	State Industrial Co-operative Bank	1
4.	Central Industrial Co-operative Bank	1
5.	Gujarat State Agricultural & R.D. Bank	1
6.	Primary Land Development Bank	1
7.	Primary Non-Agril. Credit Societies	- Total 3901 (A + B)
	A. Primary Cooperative Banks	291
	B. Credit Societies	3610
8.	Primary Agril. Credit Societies	- Total 7019 (A + B + C)
	A. PACS	6734
	B. FSS	37
	C. LAMPS	248
9.	Marketing Societies	- Total 2300 (A + B)
A.	General (1 + 2 + 3)	- Total 186
	1. State	1
	2. Central	18
	3. Primary	167
B.	Special (1 + 2 + 3)	- Total 2114
	1. State	6
	2. Central	24
	3. Primary	2084
10.	Cooperative Sugar Factories	25
		- Total 179 (A + B + C)
11.	Processing Societies	
	A. State	1
	B. Central	4
	C. Primary	174
12.	Milk Societies	9966

13. Other Livestock/Livestock Product Societies	Total (A + B)	617
A. Poultry		128
B. Other Livestock		489
14. Farming Societies	- Total (A + B)	540
A. Joint		65
B. Collective		475
15. Irrigation Societies		1169
16. Fisheries Societies		418
17. Consumer Societies	- Total (A + B + C + D)	1770
A. State		1
B. Central		26
C. Primary		1521
D. Pure Primary		222
18. Housing Societies		14260
19. Labour Contract Societies	- Total (A + B)	2168
A. Union		2
B. Primary - Tribals		340
Non Tribals		1826
20. Forest Labourers Societies	- Total (A + B)	147
A. Tribals		124
B. Non Tribals		23
21. Transport Societies		113
22. Other Non Agri./Non-Credit Societies		654
23. Electricity Societies		1
24. Supervising Unions		4
25. Cooperatives Union & Institutions		20
26. Federation Policy making for Advisory		35
27. Industrial Societies		4265
Total :		49594

Source : Statistical Officer to the Registrar of Co-operative Societies, Gujarat State, Gandhinagar.

ANNEXURE - II

Last 23 years Progress at a Glance – The Unjha Consumer Cooperative Stores Ltd.

Year	Total Members	Share Capital	Reserve Fund	Sales	Profit	Loss	Dividend	Audit Class
1971-72	1566	100625-00	36374-29	1883076.02	11291-07	-	-	B
1972-73	1569	100700-00	36781-79	2617224-30	53465-40	-	9%	B
1973-74	1779	101625-00	43693-16	2336043.38	23778-36	-	9%	B
1974-75	2005	128100-00	50075-25	2359233-66	-	64478-40	-	B
1975-76	2077	130025-00	50147-25	3996821-60	-	85987-25	-	B
1976-77	2081	130250-00	50169-25	7938290-17	3734-60	-	-	B
1977-78	2085	130250-00	50189-25	7175778-94	5530-32	-	-	B
1978-79	2085	130300-00	50200-25	4118461-50	-	31819-76	-	B
1979-80	2097	130300-00	50217-25	7274631-74	28232-90	-	-	B
1980-81	2101	130300-00	56967-00	6553971-00	19338-00	-	-	B
1981-82	2098	130300-00	56948-00	13473933-00	11600-00	-	-	B
1982-83	2099	130300-00	56952-00	15242267-00	23800-00	-	-	A
1983-84	2124	130900-00	56984-00	11490657-00	106682-00	-	12%	A
1984-85	2869	168075-00	65358-35	9906194-63	58232-03	-	12%	A
1985-86	6558	371275-00	83908-00	12089146-00	7104-00	-	-	A
1986-87	6978	377650-00	84056-00	8110813-00	65535-88	-	9%	A
1987-88	7092	383750-00	102362-32	6903844-00	41834-81	-	-	A
1988-89	7098	369000-00	102375-82	4167884-30	41269-73	-	9%	A
1989-90	7111	383975-00	131077-00	55572870-00	38037-85	-	-	A
1990-91	7416	400000-00	131377-00	7614881-00	85354-73	-	-	A
1991-92	7547	400000-00	165718-81	12486298-00	119606-05	-	-	A
1992-93	7560	400000-00	165782-81	11399305-00	173984-30	-	-	A
1993-94	7571	400000-00	166985-82	11214251-51	167895-40	-	9%	A

22. Non-feasible turned into Great Success (The Shriram Bazar Case)

By Dr. V. O. Varkey*

Introduction

“When we prepared the entire project, we were eligible to get Rs.2.7 million financial assistance from the funding agencies and accordingly we ventured into it. But when the Project report was submitted those agencies visited Phaltan and made on the spot study. With great difficulty they sanctioned financial assistance of Rs.0.85 million with the remark that a department store in Phaltan is not a feasible Project and it can never succeed. But contrary to this remarks, we proved that it is feasible and viable within one year”. These were the introductory remarks of Mr. Hanmantrao D. Pawar, Founder Chairman of Shri Ram Bazar in Phaltan. However, when one, who is new to the area, analyses the situation and takes a look around the Phaltan town, he will naturally agree with the remarks made by the Financing agency officials due to several reasons.

Phaltan, a taluka place in Satara District of Maharashtra State, in India, has its own historical background because of Shivaji Maharaj's (the famous King of Maharashtra) relationships with the place. Many events took place at Phaltan during his rule. However, still this place remains under-developed compared to other places in this part of the State.

More than 65 percent of this taluka come under dry belt and just the remaining areas are irrigated through canal waters. The main activity is agriculture. Industrially, the Taluka did not make much progress except the establishment of the Shriram Cooperative Sugar Factory at Phaltan with a 2000 metric tonne crushing capacity.

Phaltan is a rural taluka with population of about two lakhs, of which about forty thousand people live in Phaltan town. A number of village traders are operating in the Taluka, as is the case with other parts of the Country. The main markets are away from Phaltan, at a distance of 75 to 80 Kms., at Pune or at Satara.

The agricultural production of the area included sugarcane, onion, jowar, pomegranate, etc. A majority of the population depends upon agricultural income, with low consumption require-

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ments and low income. The remarks of the financing agencies noted earlier were based on these factors.

Shriram Bazar

However, the founders of this Store were determined in their endeavour and decided to proceed further. They established the Shriram Shetkari Kamgar Sahakari Grahak Sanstha Ltd., (Shriram Agriculture Labourers Cooperative Consumers Stores Ltd.) in March 1986 and named it as Shriram Bazar. The cooperative sugar factory leadership took initiative in developing many cooperative enterprises in the area and there are now 8 such institutions already working in the area. Shriram Bazar is one such enterprises.

The Shriram Cooperative Sugar Factory gave on lease a piece of land admeasuring 57000 Sq.ft. for a nominal rent of Rs.1000/- per month, on which a building costing Rs.2.3 million with an area of 16,600 Sq.ft. was constructed. The Society availed financial assistance to the tune of Rs.2.00 million from District Central Cooperative Bank of Satara. Thus the Society could start its business operations from July, 1987.

This was the first Cooperative Department Self-Service Store in the District of Satara started on an experimental basis and it turned out to be a very successful endeavour. The location of the store was away from the main town and the Store could succeed because of the active patronage of the people from mofusil areas, for whom self service in a cooperative department store was a novelty.

Area of Operation

Initially, the area of operation of the Store was limited to only Phaltan Taluka. But due to the demands of the people from areas close to the Phaltan Taluka, the area of operation was extended to cover neighbouring places in other talukas viz; Man, Khandala and Malshiras. The Store has opened 4 branches to cover these areas and now plans to open branches in all villages with population above 5000. The present four branches are at Taradgaon, Lonand, Dahiwadi and Pawarwadi.

Membership

The membership of the Store consisted of 4811 individual members, of which more than 500 were labourers as on August 1995. Most of the members are farmers. The membership also consisted of certain cooperative Societies in the Taluka. The details of membership for the last two years is given in the Table-I.

Table - I : Details of Membership

<i>S.No.</i>	<i>Particulars</i>	<i>1993-94</i>	<i>1994-95</i>
1.	Individuals	4731	4799
2.	Cooperative Societies	19	19
3.	Government (State & Central)	2	2
	Total	4752	4820

It is also worth noting that the individual membership consisted of more than 1300 female members, accounting for 27 per cent of total individual membership. Likewise the poor agricultural labourers also accounted for more than 10 percent of the individual membership. Any person in the area can become a member of the society by taking a share of Rs.50/-. The store had a membership of only 2700 when it started its operations in 1986.

Share Capital

The share value of each share is Rs.50/- and the share capital contribution by individual members alone came to Rs.1.12 million in August, 1995. The total share capital of the Store as on 31.8.95 was Rs.2.02 million, of which individual members' contribution accounted for 55.48 percent. The Central Government as well as the State Government also contributed to the Share Capital of the Store under their special scheme amounting to Rs.8.13 lakhs, of which Central Government Contribution was Rs.6.23 lakhs. This worked out to 30.75 percent of the total share capital, while the State Government Contribution was only to the extent of 9.38 percent. The remaining amount was contributed by other member societies which was only 4.39 percent. Table - II gives the details of Share Capital for the last two years.

Table - II : Share Capital Details

<i>S.No.</i>	<i>Particulars</i>	<i>1993-94</i>	<i>1994-95</i>
			<i>(Rs. in lakhs)</i>
1.	Individual Members	9.65	10.86
2.	Coop. Institutions	0.89	0.89
3.	Central Government	6.63	6.23
4.	State Government	1.00	1.00
	Total	17.17	18.98

The Share Capital contributions by members are increasing every year which indicates that the Store could establish its usefulness amongst the local population.

Loans and Deposits

It is a record that the loan of Rs.2.02 million taken for building the Store in 1986 was completely paid back by 1995 and the Store now plans to build rural outlets in villages covering 5000-10000 populations.

The Store avails cash credit facility from the Satara District Central Cooperative Bank to the extent of Rs.15/- lakhs and it availed Rs.13.47 lakhs in 1994-95 and Rs.10.82 lakhs in 1993-94. The total loans availed by the Store stood at Rs.18.11 lakhs in 1994-95 and Rs.22.38 lakhs in 1993-94.

In order to encourage the members to participate in the business of the Store and to avoid undue reliance on outside finance, the Store Management accepts deposit from individual members and cooperative institutions. The Store accepts term deposits and also free goods deposits from members and non-members.

Under the term Deposit or Fixed Deposit Scheme, a member or non-member can deposit the amount with the Store and it pays interest above bank rate. The present rates of interest are the following:

- | | | |
|-----------------------------|---|--------------------|
| 1) For one year | - | 13% p.a. |
| 2) For one year to two year | - | 13.5% p.a. |
| 3) For three years | - | 14% p.a. |
| 4) For 5 years period | - | Double the amount. |

Under the Free goods deposits Scheme the customers can deposit Rs.10,000/- and avail free goods worth Rs.150/- per month or Rs.1800/- per annum. The Store has received good response under both schemes and the Working Capital requirements of the Store are met with these funds to a great extent. The total deposits were to the tune of Rs.33.17 lakhs, out of which Free goods scheme deposits amounted to Rs.13.70 lakhs (41%). This Scheme had become very popular in the area and therefore a rapid increase of deposit under this scheme from Rs.1.25 lakhs in 1993-94 to Rs.13.70 lakhs in 1994-95. The fixed deposits during 1993-94 was Rs.12.13 lakhs which also increased to Rs.19.47 lakhs in 1994-95.

Reserve and Other Funds

The reserve and other funds of the Store were Rs.14.16 lakhs in

1994-95 as compared to Rs.11.21 lakhs in 1993-94. Out of this depreciation fund alone amounted to Rs.11.17 lakhs in 1994-95, i.e. 79 percent of the total funds under this head.

Fixed Assets & Investments

The Store had created its own assets in the form of land and buildings, furniture etc. The Store has its own investments also.

The details of investments and fixed assets are given in the following Table.

Table - IV : Details of Assets and Investment

<i>S.No.</i>	<i>Particulars</i>	<i>1993-94</i>	<i>1994-95</i>
1.	Investments	1,85,382/-	2,04,308/-
2.	Fixed Assets	40,81,524/-	44,48,813/-

The value of buildings alone came to Rs.23.04 lakhs and furniture and fixtures accounted for Rs.16.37 lakhs.

Business Operations : Purchases

With a net work of 4 branches and a large Store at Phaltan, providing self-service as well as loose selling areas, the Store was able to increase its business every year. This had prompted the Store to keep a variety of products in rural retail outlets on par with the retail outlets in metropolis of the Country. The Store make purchases on a regular basis on the basis of the indents received from branches and main Bazar. These indents are analyzed and put up to the Purchase Committee consisting of 5 managing committee members, which meets every month.

The Purchases are made directly from producers, dealers, Cooperative Stores and other agencies. A Purchase budget is prepared well in advance indicating the amount, quantity and items to be purchased. The purchases made during 1994-95 were to the tune of Rs.569.80 lakhs, while the same amounted to Rs.427.89 lakhs in 1993-94. Utmost attempt is made as a matter of policy, to avoid stock out of any item at any time at any sales outlet. This was possible due to the systematic methods of purchasing followed by the Store. A central purchasing system is followed for all the branches.

Sales

The most noteworthy feature of its business operation is the preparation of a Sales Plan for each section and branch. These sales

figures prepared on the basis of a business plan are compared with actual sales and remedial measures are resorted at frequent intervals to pluck the loopholes, if any. This has helped the Store to fix responsibility and a target for each section/branch.

The total selling area for all the units came to 14800 Sq.ft., the largest being the main Store with 10800 Sq.ft. The Lonand Branch has a selling area of 1700 Sq.ft. followed by Pawarwadi branch with 900 Sq.ft. selling area. The other two branches have a selling area of only 700 Sq.ft. each.

Table - V gives details about the Sales operations for the last two years.

Table - V : Details of Sales

<i>S.No.</i>	<i>Particulars</i>	<i>1993-94</i>	<i>1994-95</i>
1.	Sales (Rs.in lakhs)	456.49	608.98
2.	Percentage increase over the last year	42.97	33.40
3.	Average Daily Sales	1.50	1.92
4.	Daily Sales per Sq.ft. Area (in Rs.)	10.13	12.97
5.	Daily Customer Flow (in Numbers)	2050	2625

During 1987-88, the total sales turnover was only Rs.73 lakhs, which has crossed Rs.6 Crores in 1994-95, accounting for an increase of 103 percent on an average per year. The average daily sales has already touched Rs.2 lakhs and it is expected that the total sales turnover during 1995-96 will be around Rs.7.5 crores. The average daily sales per sq.ft. area was Rs.7.5 crores. The average daily sales per sq.ft. area was Rs.12.97 during 1994-95 and it is expected to be around Rs.14/- during 1995-96. This achievement is far above the efficiency norms prescribed for the department stores under B Category.

The Shriram Bazar is patronised by over 2500 customers per day, which indicates the involvement of the local population in the area. It is gratifying to note that the branches in rural areas have high rate of sales turnover and are far above the efficiency norms of retail outlets.

The Stock-turnover ratio was more than 12 times and the sales per sales staff worked out to Rs.2068/- per day during 1994-95.

Working Results

The Store made gross profit of Rs.29.79 lakhs in 1993-94 and Rs.36.60 lakhs in 1994-95. The percentage of Gross Profit to sales worked out to 6.52 percent and 6.01 percent respectively in 1993-94 and 1994-95. After making necessary provisions and meeting all expenses, the Store made a net profit of Rs.2.38 lakhs and Rs.2.53 lakhs in 1993-94 and 1994-95 respectively.

The Store was awarded audit classification 'A' for the last several years, due to its good management and working results.

Management

The Store is managed by a Managing Committee headed by its Chairman. The Committee consists of 20 members elected from the members. The managing committee meets every month. Most of the members attend the meeting regularly.

The managing committee has appointed two Sub-Committees from amongst themselves. The Committees are (1) Executive Committee and (2) Purchase Sub-Committee. While the Executive Committee manages the administrative matters, the Purchase Committee takes care of the Purchasing activities.

The Staff

The Managing Committee is assisted by a General Manager. The General Manager is assisted by Chief Accountant, Supervisor and Assistant Purchase Officer. They are assisted by 119 other staff, including 84 Sales Staff.

The management of the Store also avails the expertise of Consultants in department store management.

Marketing Efforts

When in looks at the working of the Shriram Bazar, it will be noticed that the modern marketing concept is very much in practice. The success of this Bazar was mainly due to its proper marketing mix of four ingredients, viz. Product, Price, Place (distribution) and Promotion.

The product line comprises a variety of items needed by the local people, with a view to meet the present and latent needs of the rural people. The products are cleaned wherever necessary and are of good quality.

Likewise, the pricing is also done to keep the price below the market rate. This was confirmed by the customers who were

personally interviewed in the rural branches. The average gross profit worked out to only 6.01 percent during 1994-95. This is also an indication of the pricing strategy of the Bazar.

The distribution arrangements and establishment of new branches at different locations and indicate the eagerness of the management in reaching out to the customers with their daily requirements.

The Bazar has undertaken many activities to promote sales. The sales promotion methods include.

1. Offering occasional discount on certain items.
2. Purchase rebate of 25 percent of share capital contribution to its members, per annum.
3. Festival allowance of 10 percent to members.
4. Coupon system is practised.
5. Lottery/Lucky Draw.
6. Free sale on any day.
7. Free goods supply on deposit of Rs.10,000/- upto Rs.150/- per month.
8. Attractive Display at all sales outlets.

Besides, the Bazar tries to develop personal contracts publicity and also issues occasional advertisement, the special concessions given to members have helped to attract people to become members and thereby increases the share capital as well as sales.

Conclusion

It is quite encouraging to note the progress made by Shriram Bazar in its activities. A Store branded by experts as a non-feasible proposition for financing, has been turned into a successful model Bazar, thanks to the commitment of the management and employees and the overwhelming support of the rural population.

Discussions with the customers in the rural branches indicated the goodwill created by this Bazar amongst the rural population in regard to reliability, quality, price, etc.

The Shriram Bazar management is well aware of the minimum efficiency norms and it is far above these norms in all respects, i.e. use of area, sales, man day sales, sales turnover, stock turnover, working capital utilisation, gross profit ratio, etc. In all its activities it has not only proved to be a feasible and successful one, but has also become an ideal one in rural areas of this Country for others to emulate.

23. Akluj Cooperative Complex and Shivshankar Bazar

By Dr. V. O. Varkey*

Introduction

Akluj in Malshiras Taluka of Sholapur District in Maharashtra State of India had the rare fortune of having one of the great leaders of Cooperative Movement who believed in cooperative ideology and practised the same for the development of Akluj and its people. Late Shri Shankarrao Mohite-Patil, who is popularly known as “Sahakar Maharshi” (Cooperative Sage), was this great doyen, who could change the face of Akluj from a drought prone remote rural area into a centre of economic activity providing employment, income and modern life facilities to thousands of people through cooperation. The concept of integrated rural development was the basic idea behind the development activities undertaken by the Sahakar Maharshi of Akluj and now Akluj has emerged as one of the best rural centres in India, which is worth visiting (to study the developmental activities).

With his deep rooted conviction that cooperatives can become successful business enterprises, if they are managed well, Sahakar Maharshi Shankarrao Mohite-Patil exhibited his business acumen in all the Projects undertaken by him in planning implementation and long term vision. It is said that while planning the marketing strategy of Rajhans Cooperative Poultry Products, he cancelled the business contract of one business firm at Bombay for a price difference of one paise per egg and made alternative arrangements for distribution of eggs. His colleagues then considered this as a very silly decision, but he proved to them the value of one paise per egg for lakhs of eggs per day. He taught them how “drops of water make an ocean” Success naturally followed him in all his projects and the present Akluj is the result of this visionary’s long-sightedness.

He is no more, but he is everywhere in Akluj. His successors continued to keep the same spirit in their activities with more professional touch and the Shivshankar Bazar is the outcome of this outlook.

A brief discussion on some of the major cooperative institutions in Akluj Complex is attempted on the next page.

* Faculty Member, I.C.M., Pune - 4. India.

1. Cooperative Sugar Factory :

Like in any other major cooperative complexes in Maharashtra, Akluj started with the Cooperative Sugar Factory in the first instance. Named its founder, the Sahakar Maharshi Shankarrao Mohite-Patil Cooperative Sugar Factory, Akluj was registered in the year 1960 and production started in 1963. Started with membership of 1,356 producer farmers in 1963, the Sugar Factory had 11,144 members in 1993. Out of this 9867 (88.5%) was marginal farmers. The total farmer members came to 10,968 (98.42%) in 1993.

Likewise the initial crushing capacity was only 1000 MT per day which was 4500 MT per day in 1993. The factory could achieve 10.53 per cent recovery in 1993.

The Sugar Factory provided employment to more than 12000 workers of which about 1500 were directly employed by the sugar factory and remaining were indirectly employed. The yearly turnover in 1993 was to the tune of Rs.100 crores.

Bye Product Units :

The Factory is having various bye product units like Distillery, Acetic Acid, Extra Neutral Alcohol, Methane gas. The Distillery unit of the factory was started in the year 1984 with capacity of 30,000 litres per day of rectified spirit. With excess availability to molasses due to expansion of sugar factory Distillery increased its capacity to 60,000 litres per day. The Extra Neutral Alcohol plant was started in the year 1993 with production capacity of 20,000 litres per day. The Methane gas is aimed to control atmospheric pollution of air and water and to provide steam for boiler. This plant has a capacity of 500 Metric cubes per day.

2. Shivamrut Milk Producers Cooperative Union (Shivamruth Dud Utpadak Sahakari Sangh Ltd: Dairy Unit)

“Shivamrut Milk” has become a pet name in most of the households not only in Sholapur district but also in Pune and Bombay Cities and other parts of Maharashtra. Established in the year 1976 on a small scale, the Shivamrut Dudh Utpadak Sahakari Sangh had the following objectives:-

1. To organise and arrange the activity of milk procurement from milk producers to the Sangh.
2. To process milk by Homogenisation and Pasteurisation in a highly sanitary condition.

3. To find assured and remunerative market for milk and milk products.
4. To provide veterinary and breeding services by undertaking A.I. Programmes with the use of high quality germ plasma.
5. To perform a role of catalyst in the process of securing financial inputs and purchasing dairy animals for the beneficiaries in the areas.
6. To make available medicinal and biological inputs for the dairy animals in the area.
7. To undertake production and supply of nutritious and balanced cattle feed.
8. To work as an agency for insuring the dairy cattle and for pursuing the insurance settlement claims of cattle owners with insurance Companies.
9. To perform a function of disseminating modern technical know how to the dairy farmers in the area by organising farmers training programmes at regular intervals.

With the above objectives, the Milk Union was able to purchase milk from farmers, processing/marketing of milk, provide veterinary services, cattlefeed, etc.

Member Societies and Share Capital :

The area of operation of this Union extends to the entire Malshiras Taluka and there are 311 Primary Milk Societies which are members of this Union and each society collects 500 litres of milk per day.

The total share capital of this Union is about Rs.4.00 crores.

Milk Collection and Transport :

The initial milk collection was only about 2500 litres per day. But due to the constant support and assistance provided by this Union, the "White Revolution" has ushered in and the present daily milk collection is above 1,80,000 litres per day.

Instead of depending on-hired vehicles, the Union has developed its own fleet of vehicles and it possess 36 trucks and 42 tankers of 9000 litres capacity. The tankers are used for transport of liquid milk to Bombay, Pune, Palghar, Latur, Nanded, Miraj, etc.

Cattle Development :

Besides the production and supply of cattle feed, the Union has developed a system whereby farmers are assured of animal health care and high breed cows are provided at their door steps. At present 18 Artificial Insemination Centres and 10 Veterinary Clinics have been opened manned by qualified people with all modern facilities.

The Milk Union's Cattlefeed Plant capacity is 80 M.T. per day with pelleting facility. The Union is able to provide the required cattlefeed to the farmers at a concessional rate. During 1994-95 the Milk Union supplied its "Shivamrut Feed" totalling about 20,000 metric tonnes.

The Milk Union also undertakes training of farmers, production of ice for its use, and also production of milk products such as sweet products, ghee, etc. The sweet products include Shrikhand, Pedha, Barfi, Gulabjamun, etc.

Employment :

The Union's business turnover during 1993-94 was to the tune of Rs.64.36 crores and provided direct employment to 500 persons and indirect employment to 1000 persons, besides benefitting about 53,000 people in the area.

Shivamrut Dairy :

The Dairy Plant at Akluj managed by professionally qualified managers is a heart-throb of any visitor for its architecture, layout and construction.

3. Shivshankar Bazar :

In their attempts to provide integrated development of the area, the Sugar Cooperative Factories in Maharashtra are vying each other in undertaking all-round development of the area by providing employment and income generating activities. At the same time they are also conscious of the various needs of the people in the area. Cooperative Consumers Department Stores at Warananagar, Phaltan, etc. have proved their success in providing daily consumption requirements of the people in the rural areas. This has prompted the Akluj Cooperative leaders in establishing a modern consumer department stores at Akluj called Shivshankar Bazar.

Though the consumer cooperative society was registered in the year 1989, the Department Store was developed in the year 1995. The present structure and departments started working quite recently, viz; on 29th June, 1995. The Shivshankar Madhyawarti

Sahakari Grahak Sanstha Ltd; Akluj (Shivshankar Central Cooperative Consumers Society Ltd.) has now emerged as one of the leading institutions in the area which is patronised by as many as 3000 people in a day.

The Building :

The Department Store has 12,000 Sq.ft. area constructed with a cost of Rs.89.50 lakhs. The building houses a most modern self-service store having 20 sections. The Bazar is designed in such a way that it takes care of all the requirements of the customers with snacks, canteen, parking, etc.

Share Capital and Deposits :

The Store could raise its own share capital amounting to Rs. 33.70 lakhs, besides the Government Contribution of Rs. 10,000/-.

The store also accepts deposits from members and this came to Rs.5.60 lakhs at present.

Besides the State Government the membership consists of individuals mainly local farmers and cooperative institutions.

The Store is allowed cash credit facility by the bank to the extent of Rs.20 lakhs.

Sales :

The Bazar has 20 sections dealing with different products/ product range, such as Grocery, households instruments, stationery, crockery, footwear, hosiery, medicines, bakery, furniture etc.

The average daily sales now amounted to Rs.67,000/- to Rs.70,000/-.

Promotion Methods :

The Bazar has now focused its attention on increasing the customers' convenience as one of the promotion tools. Facilities such as grain grinding, free door delivery, credit card, S.T.D., Fax, xerox facilities, gift cheques, etc. The gift cheques are given to the customers who can present the same for marriage, birthdays, etc. They can do shopping with these gift cheques at their convenience. This avoids presentation of unwanted articles.

The Bazar accepts deposits at the rate of 15% per annum and allows credit facility upto 75 percent against such deposits for every month.

This Bazar also accepts Rs.10,000/- as deposit and allows free

purchase of goods worth Rs.150/- per annum.

The present daily figures clearly indicate that the project is definitely going to be a great success like all other activities in Akluj Complex.

Poultry :

Keeping in view the need to increase the income of every household in the region, the other major area developed by the cooperative leaders in Akluj is Poultry. There are four major poultry farms operating in the area. The total sales turnover of these four Poultry farms alone amounted to Rs.21.77 crores in 1993.

These four poultry farms provided direct employment to 194 persons and indirect employment to 456 persons.

They have made elaborate arrangements for marketing of poultry products in other parts of the State. These projects also proved to be a great success.

4. Other Projects :

The other major institution developed in the area are given in the table below. These include transport cooperatives, Spinning Mill, Fruits and Vegetables Cooperatives, Cooperative Bank, Educational Trust, Sports, Sale and Purchase Cooperative Society, etc.

The total business transactions in the cooperative complex came to Rs.358 crores in 1993 and provided direct employment to 5928 persons and indirect employment to 23,912 persons. Indeed it is a great achievement in a mofusil area.

Statement Showing Information of Societies in Akluj Area

Sl. No.	Name of the Institution	Members upto 1993	Yearly turn-over in lakh upto 1993	Direct	Indirect	Total	Beneficiaries
1.	S.M. Shankarrao Mohite-Patil S.S.K.Ltd., Shankarnagar-Kaluj	11,144	10,000.00	1485	10570	12055	35,000
2.	Shri Shankar S.S.K. Sadashivnagar	2,693	3,128.00	962	6500	7462	15,500
3.	Shikshan Prasarak Mandal, Akluj	-	529.52	923	10	923	-
4.	Akluj Vividh K.S.S. Society Ltd.,	1,455	92.52	24	-	24	6,000
5.	Agriculture Produce Market Comm.Akluj	-	2,105.00	32	14	46	27,105
6.	Shetkari Sah. Purchase Sale Sangh Ltd., Akluj	796	125.00	15	-	15	7,000
7.	Rajhans Sah. Kukkutpalan Sangh, Shankarnagar.	2,185	750.00	88	152	240	2,975
8.	Jawahar Co-op. Engg. & Mech. Workshop Ltd. Akluj	167	75.81	30	25	55	200
9.	Shiv - Parvati Sarjanik Vikas Trust (Green Fingers)	-	33.25	70	-	70	380
10.	Shivamrut Doodh Sangh Ltd. Akluj	255	5,385.00	500	1000	1500	53,000
11.	Shankarrao Mohite-Patil Sah.Bank Deposits Ltd., Akluj	4294 605.00	606.00	29	-	29	12,094

12.	Shivratna Shikshan Sanstha, Shankarnagar - Akhuj Pratap Krida Mandal	21	19.10	29	-	29	698
13.	Shankarnagar - Akhuj	120	2.00	-	-	-	-
14.	Mohite-Patil Sugarcane Transport Sahakari Sangh	232	25.00	1	2	3	300
15.	Shankarrao Mohite-Patil Sah. Soot Girmi, Akhuj	5,755	729.00	135	30	165	6,500
16.	Rajmit Sah. Kukkupalan Sangh, Ltd., Sadashivnagar	2,404	127.00	7	39	46	2,609
17.	Vijay Sah. Kukkut Palan Sangh Ltd., Vijaynagar.	1,574	300.00	20	43	63	1,910
18.	Shivmruti Falotpadak Sah. Sangh Ltd., Akhuj	519	276.42	10	50	60	579
19.	Shivkripa Kukkupalan Sah. Sangh Ltd.	450	1,000.00	79	252	331	1,785
20.	Vijaysinh Mohite-Patil Doodh Transport Sah. Sangh	79	357.85	6	184	190	250
21.	Vijaysinh Sah. Pashupalan Sangh Ltd. Shankarnagar.	5	2,500.00	1	5	6	50
22.	Nagri Sah. Patsantha in Akhuj Area	16,184	494.30	27	36	63	38,066
23.	Pandurang Sah. Sakhar Karkhana Ltd., Shreepur	4,383	3,500.00	738	3000	3738	10,000
24.	The Saawad Mali Sugar Factory Ltd., Malinagar	711	2,914.90	734	2000	2734	7,000
	Total	55,486	358 Crore	5928	23912	29,893	2,28,701

29. Shetkari Sahakari Sangh Ltd., Kolhapur

By Mr. S. J. Kharade*

Introduction

The Shetkari Sahakari Sangh Ltd. was established on 23rd October 1939 with the object of serving, safeguarding and promoting the interests of the cultivators by securing better prices for their produce and by providing quality agricultural inputs at the minimum possible prices, as far as possible near their homes, with principle objective of the betterment of the economic life of the cultivator. For this purpose, the Sangh is supplying quality seeds, fertilisers, modern agricultural implements and imparting better techniques of cultivation. This has helped to promote agricultural development.

Consumer Activities

Realising that the agriculturist has to be protected as a consumer, the Sangh started supply of consumer goods. Its consumer activities have grown enormously and now they range from Medicines to Cloth and Readymade Garments. Its policy and practice of charging the absolute minimum price has been a great boon to the consumers, resulting in successful protection of the interests of the consumer in general. For this purpose the Sangh determines and pursues the price policy to which private traders have many time to conform. The policy the practice generally followed-has always been bulk purchases directly from the manufacturers, securing wholesale dealership, minimum margin of profit, minimum prices and maximum services to the consumer.

It has been recognised these days that to be effective the Sale and Purchase Unions and Consumer Stores should take to manufacture of articles they deal in. The Sangh has been doing this in respect of Aluminium. Utensils, Chilli Powder and Granulated fertilisers, for the past several years, through its own processing plants.

The Sangh handles multifarious activities like marketing of agricultural produce, manufacture and distribution of agricultural requisites, processing of agricultural produce and a large variety of consumer services, all on a very big scale. In the co-operative year 1991-92, its total turnover was over Rs.139 crores, share capital

* Asst. Manager, Shetkari Sah. Sangh Ltd., Kohlapur, Maharashtra, India

Rs.121 lacs, Reserve and other funds exceeded Rs.294 lacs and the working capital was over Rs.20 crores. It conducts its operations through 21 sections, 92 branches and 50 centres. It has over 1133 employees on its regular staff.

Board of Directors

The Sangh has a very large membership of 996 Co-operative Societies 41,139 Individual 'A' class and 11,612 'B' class individual members spread all over the Kolhapur District.

It is managed by the Board of Directors, elected for a period of 5 years, the composition of which is as follows:

- 6 Directors elected by Society members.
- 4 Directors elected by 'A' class Individual members.
- 1 Director from backward class elected by 'A' class individual members.
- 1 Director from Weaker Section elected by 'A' class individual members.
- 1 Managing Directors elected by all 'A' class members i.e. Society members and 'A' class individual members.
- 1 Director who is a nominee of the Dist. Central Coop. Bank.
- 14 + 2 Women Directors from a class Individual & Society Members.

The Board of Directors lays down policy, takes vital decisions and formulates programmes of development. Their implementation is the responsibility of the Managing Director who directs and controls the business operations assisted by the Managerial staff.

Monthly meetings of the Board of Directors are held regularly on the 11th of every month without fail. This record has been maintained since 1943.

Continuity in tenure and good team spirit have made it possible for the Board of Directors to have a long term perspective, take bold decisions and implement them forcefully.

Organisation & Administration

The Sangh has evolved a sound system of management and highly disciplined and streamlined administration. Experienced and dedicated directors, who have always worked as a team, disciplined managerial, supervisory and other staff with long and continuous records of service, contribute to its financial, organisational and operational strength. Procedures and practices regard-

ing the conduct of business operations, maintenance of accounts, regular checking of accounts, monthly balance sheets and Profit & Loss statements, periodical inspection and supervision, etc. are firmly established and scrupulously followed.

Managers of Sections and Branches have to send their monthly Balance Sheets to the Managing Director so as to reach him before 5 p.m. on the 5th of every month. The Managing Director presides over the meeting of the Managers of the Sections and Branches is held on the 6th of every month to review the work done in previous month and to discuss their problems and issues instructions wherever needed. These procedures have helped to establish its reputation for punctuality and reliability. In this context, reference may be made to its Transport Section and its Bombay Branch. Its operations in the district as also outside the district and its commitments to other Co-operatives involve transport of a very large volume of goods. The transport section has greatly facilitated quick, reliable and cheap transport. The section has a fleet of trucks and tankers which are always on the move and is kept in good-condition by the Sangh's own workshop. The Branch in Bombay was started with the object of establishing commercial relations in the terminal market of Bombay and to build up a large volume of business in the Bombay market. It has established trade relations with Companies, Merchants and Co-operative Societies, to facilitate the purchase commodities to the progress and smooth, efficient and economical operation of the Sangh.

Sound and successful business has enabled it to build up reserve and other funds. This constant and continuous augmentation of owned funds has broadened and strengthened its financial base. Besides, as and when required it is attracting on a fairly large scale short and long term deposits from its members. Additionally, it has been getting credit facilities from the District Central Co-operative Bank on the scale commensurate with its requirements.

Mission and business

Co-operation in practice, is first and foremost a method of doing business. If the Co-operative sector is to succeed and expand, co-operative societies have to succeeded as business organisations. At the same time, they have to be true to their co-operative character. They have to render social service. This mission has to be translated into action. The noble principles and ideals of co-operation have to be concretised with business acumen. The Sangh has been doing this with meticulous care. Its success as a co-operative is as impressive as its success as a business enterprise.

The Sangh and the Co-operative Movement

For the Co-operative Movement to grow and gather strength and momentum, smaller and upcoming Co-operatives have to be helped by bigger and established co-operatives. The Sangh has adopted this principle of co-operation amongst co-operatives. This has proved crucial to the expansion and efficiency of the co-operative sector in Kolhapur District.

The Sangh has encouraged Taluka Co-operative Marketing Societies and Primary Co-operative credit (service) Societies in the marketing of agriculture produce, distribution of agricultural inputs, distribution of consumer articles and helped them by providing managerial expertise.

It has played an important role in promoting and organising the Co-operative Sugar Factories in the district. Its investments in the shares of 10 Co-operative Sugar Factories are of the order of Rs.1.87 lacs. It has developed close business connections with them. The Sangh is a share holder of 28 different types of Co-operatives in the district, the total amount so invested is Rs.17,07,230/-

Shri Tatyasaheb Mohite

The Sangh has been described by several visitors as magnificent, gigantic Co-operative enterprise. It has developed from humble beginnings with 17 Society members, 213 individual members and a share capital of Rs.4,564/-. The first three years were very difficult and the promoters took a rather pessimistic view of its prospects. It was under such trying circumstances that the late Shri Tatyasaheb Mohite took over as Managing Director, in 1942. He worked as Managing Director of the Sangh for 17 fruitful and eventful years from 1942 to 1959 and proved himself a man of vision, imagination, tremendous drive and remarkable organisational ability. The Sangh, whose Chief Architect he was, is a living example of what one man of devotion, discipline and determination, supported by co-operative and appreciative colleagues, can do to build up a model co-operative. Managing Directors who followed him have followed his principles and concepts with needed modifications to promote the business of the Sangh. Tatyasaheb Mohite died on 29.6.1959. His death anniversary is observed by the Sangh every year.

Shetkari Bazar Department Store

The Sangh inaugurated 'Shetkari Bazar' a department store on 4th April 1992 in the Kolhapur city. This latest project involved an investment of Rs.1.8 crores. This project received Rs.27 Lakhs

financial assistance from Govt. of India. The store is housed in 3 floors & measuring 3000 sq.meters of selling area, catering wide variety of consumer needs under one roof. It has 150 staff on its roll and deals in more than 3500 commodities including consumer durables. The store attracts huge crowd of consumers on festive occasions indicating the appreciation of service provided by the sangh.

Our Visitors

Co-operators, Public Workers, Government Officials and Co-operative trainees not only from different parts of the country but also from foreign countries, visit the Sangh. It has been our pleasure and privilege to welcome them and explain our working. These visits are a rich experience which we treasure. They build bridges of under-standing and co-operation.

The Sangh has been a success. It has seen its success in the success of other co-operative as also in its contribution to several public institutions and causes. It has been closely associated with the work of the Kolhapur District Co-operative Board, the Tatyasaheb Mohite Co-operative Training Centre, the Agricultural Produce Market Committee, etc. Its services have been availed of by the Government of Maharashtra and the Zilla Parishad.

Shetkari Sahakari Sangh Ltd. Kolhapur

Balance Sheet as on 31st March 1995

(Provisional)

(Figures in Rs. Lakhs)

Liabilities	Amount	Assets	Amount
Ordinary Share Capital	61.16	Cash & Bank	55.87
Govt. Share Capital	54.93	Investments	30.98
General & Other Reserves	289.22	Staff Fund Investments	487.16
Staff Funds	487.16	Loans	10.47
Secured Loans	65.49	Sundry Debtors, Advances	534.02
Bank Loans	363.00	Stores, Stationary	11.92
Deposits	288.76	Current Assets	849.83
Current Liabilities	696.77	Fixed Assets	323.66
Provisions	22.66	Prepaid	119.52
Outstandings	51.27		
Interest Payable	45.35		
Net Profit	17.66		
	2443.43		2443.43

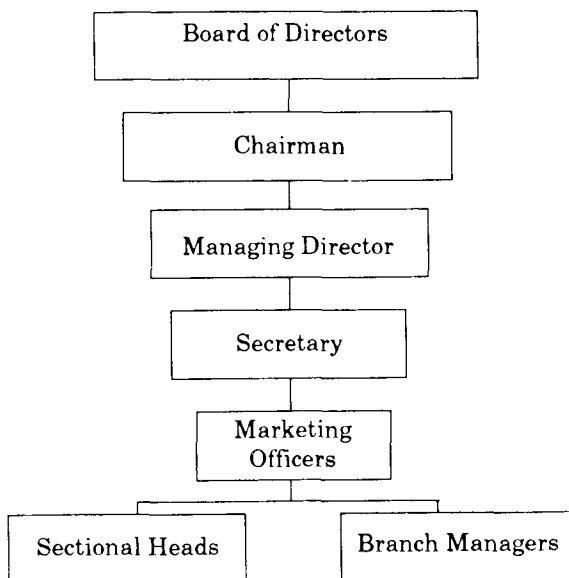
Shetkari Sahakari Sangh Ltd. Kolhapur

Profit & Loss Account for the Year Ended March 1995 (Provisional)

(Figures in Rs. Lakhs)

Expenses	Amount	Income	Amount
Interest and Bank charges	136.76	Interest	3.73
Employee Salary, allowances	316.03	Dividend	1.42
MD's allowance	0.89	Commission	23.46
Director's allowance	2.52	Land	0.02
Rent, Rates & Taxes	37.05	Oil mill, press, transport	68.97
Postage, Telephone	9.97	Other Income	88.87
Printing Stationary	11.03	Gross Profit	513.68
Govt. Audit Fees	10.55		
Depreciation, Repairs	38.16		
Land, Nursery	0.65		
Oil mill, Press, Transport	58.03		
Miscellaneous	60.86		
Net Profit	17.66		
	700.16		700.16

Organisation Chart



Shetkari Bazar

Information as on 31.3.1995

Inception	:	4.4.1992
Floor area	:	52854 sq.ft.
Selling area	:	25000 sq.ft.
Investment	:	Rs.185.00 Lakhs
Total sales	:	Rs.5.43 crores
Average daily sale	:	Rs.1.81 Lakhs
Sales per day/sq.ft.	:	7.25

25. A Note on Working of Sahakari Bhandar

By S. U. Sapre
General Manager

After the Chinese War, in order to hold the priceline the Central Government formulated a scheme under which an extensive network of Co-operative Stores was to be built in the Country. Under this scheme the Sahakari Bhandar started functioning from 26th Jan, 1967. The then Chief Minister of Maharashtra allotted the present premises in Hotel Majestic and the Central Government provided Rs.16 lacs and Rs. 9 lacs share capital contribution and loan respectively which stands repaid in full.

The first Managing Committee was nominated by the Government under the Chairmanship of Late Shri K.S. Dharria but thereafter every 3 years election were held. However, most of the members of the first Managing Committee continued to be elected and even after 27 years some of them continued to be the member of the Managing Committee. This ensured continuity of Management policies and also shows the confidence the shareholder has in these veterans. The Bhandar has over 10789 individual shareholders and 34 affiliated primary Co-operative Societies.

From the humble beginning of annual sales of Rs.52 lacs during first year the Stores has reached a sale of over Rs.46 crores (460 millions) during the year ended on 31st March, 1995 and during the current year we expect to achieve a sale of Rs.55 crores (550 millions). The Bhandar has now 10 Stores spread all over Bombay. All this expansion was carried out without any Government assistance or outside borrowing by ploughing back profits and extracting maximum credit facilities from the suppliers. We not only satisfy our requirement of working capital but also utilize suppliers money for expansion which is evident from the fact that as compared to the value of Stock-in-trade the amount payable to suppliers is in nearly double. Thus not only we have no outside borrowing but have fixed deposits with Bank.

The Bhandar has avoided heavy block investment in Land and Building. We acquired premises on deposits and instead of fixed rent the owners are paid a fixed percentage of commission on sales in this respective premises. Thus without huge investment we have acquired commercial premises in various parts of the city in prime locations.

It has been our policy, as far as possible to procure manufactured foods directly from the producing companies. All the manufacturing including multinational like Hindustan Lever, Colgate, Nestle, Britannia, etc. and Indian giants like Tatas, Godrej, Edible Oil companies like Ahmad Omer, I.T.C. Raj Oil Mills etc. are supplying their goods directly to us. This gives us competitive edge over the private retailer who buy their requirements from the stockist or sub-stockist.

From the very beginning we had maintained a strict control over stock level as well as on the amount of non-moving and slow moving stocks. We ensuring that the amount of stock-in-trade does not exceed 20/22 days of the sale and have thus always achieved stock turnover of 18 to 20 times.

Similarly, because of judicious purchases we could always achieve gross profit of over 9.5% which is far above the national average.

All our Stores have Self-Service system and the Stores has never incurred loss during any financial year and has become a house-hold name in the City because of quality and prices of goods sold. We are the 3rd largest retailing unit in the Country. The Bhandar has always been a major source of supply whenever there were shortages of essential goods. We were first to undertake distribution of 'Palm Oil' when it was introduced in the Country for the first time by the Government. During the first year we sold Palm Oil worth more than Rs.1.20 Crores (12 millions). During the communal disturbances in the City in December'92, and January'93 all the 10 Stores were opened and provide great relief to the consumer public.

We organise various periodical discount schemes. We accept Gift Coupons of various well popular and prominent organisations presented to their employees, we also offer Sahakari Bhandar Gift Coupons to our well wishers.

We organise Staff Welfare activities by way of Annual Gathering offering them lunch and entertainment programme. During this period even inter-sports competitions are organised. Each employee who completed 25 years service in the Bhandar, is honoured in this Annual gathering.

The Bhandar was the first organisation in the Co-operative Sector to receive 'Jamnalal Bajaj Award' for fair trade practices.

The Bhandar has exceeded, most of the norms, such as sales per

man per day, sales per square foot per day, stock turn over, gross profits etc. and its working was highly appreciated by the International Co-operative Alliance in their letter addressed to us.

The Bhandar have over 650 staff which included 150 woman engaged in packing of grains and pulses. Our staff is better paid than staff working in most of the retail organisation in the City.

Besides Provident Fund, Gratuity. Employees States Insurance Scheme, the staff has been paid 20 % bonus for the 22 years. It has been our policy to promote existing employees whenever we opened new branches and out of total Officers and Supervisory staff nearly 90% are promotees. Thus there has always been a very cordial relation between the staff union and Management.

The Bhandar is searching for suitable premises in Suburbs of Bombay for opening new branches as there is demand from consumer public.

Statistical Information

	1990-91	1991-92	1992-93	1993-94	1994-95
Sales	3252.49	3655.08	3792.32	4090.73	4640.19
Purchases	2990.46	3333.76	3412.72	3717.03	4209.63
Closing Stock	169.83	203.54	195.38	229.30	259.99
Gross Profit	283.90	352.35	367.21	401.15	453.76
G.P.%	8.73%	9.64%	9.68%	9.80%	9.78%
Other Income	11.49	12.91	18.38	29.38	36.58
Expenses	276.65	353.03	372.05	413.21	466.11
Net Profit	2.15	9.04	9.55	12.32	15.23
Share Capital	17.11	6.67	6.81	6.93	7.03
Sundry Creditors	337.35	383.21	363.08	408.59	496.06
Investment	36.16	36.16	86.15	119.15	172.15
Advances & Deposits	110.90	102.41	100.40	108.59	109.56
No. of Branches	10	10	10	10	10
Total Area	67488	67488	67488	67488	67488
Actual Settling Area	40814	40814	40814	40814	40814

Sales

<i>Branches</i>	<i>1995-96 Apr.95-Oct.95</i>	<i>1994-95</i>	<i>1993-94</i>
H.O.	739.78	1204.89	1083.37
Breach Candy	272.96	456.70	401.94
Matunga	210.15	330.43	291.17
Juhu Parle	379.31	583.70	481.14
Vile Parle (E)	281.68	441.29	381.90
Brivli	145.74	230.22	205.96
Chembur	176.17	268.57	238.97
Ghatkopar	120.19	182.99	164.73
Bandra	380.38	584.50	481.33
Worli	120.65	193.02	173.75
Bhayandar	27.27	-	-
	2854.28	4476.31	3904.26
Credit Sale	100.26	165.92	186.48
Total	2954.54	4642.23	4090.74

Outstanding Features :

- a) Third largest retailer of the Country.
- b) Its shop of 120 sq.mtrs. at Breach Candy is the national topper with an annual sale of Rs.4.6 Crores (Among less than 200 sq.mtrs. shop)
- c) Its main Dept. Stores at Colaba with an annual sale of Rs.12.50 Crores is the second largest dept. store of the country in sales.
- d) It is one of the fewest consumer Stores of the Country which has not external finance No. Govt. money or Bank Loan.
- e) It has got "Jamnalal Bajaj Award" for fair trade practices.

28. Another Rural Glory

(Case Study of Shri Ram Bazar, Phaltan)

By P.A. Sawant*

Introduction :

In the Consumer Cooperative Sector/field just by mention of words "Rural Glory", immediately and unmistakably everyone refer and think of WARANA BAZAR, a big and successful rural Department Store. Shree Ram Shetkari Kamgar Sahakari Grahak Sanstha Ltd., Phaltan 415523, Dist. Satara, very popular known as "Shreeram Bazar" is yet another Rural Glory. Improved business performance year after year in terms of sales, service and profitability, has made Shreeram Bazar as the second largest Rural Department Store of the Country and one of the top successful Department Stores.

Though the Co-operative Movement in India suffers from an uneven progress, as is evident in different parts of the country, fortunately, Maharashtra has been blessed with renowned Cooperators like Shri Vaikunthbhai Mehta, Dr. D R Gadgil and a score of others. These eminent missionaries with their vision, mission and devotion and determination inculcated certain moral, educational and intellectual standard in the co-operative movement. Success of coop sugar factories heralded an era of inspiration and a number of cooperative institutions came up throughout Maharashtra. The cooperative movement received political support as well. Today, Maharashtra has the pride and honour of possessing some of the most successful cooperative stores of the country and Shreeram Bazar, Phaltan, is one of them. It is a most modern Department Stores, with 1080 sq.mtrs. of area of the building as selling space. Their Registration No. is SAT/PLN/CON/1128 21-3-1986. Their sales turnover for the year 1994-95 is Rs. 609.00 lacs.

Objectives :

The society has set the following objectives:

- 1) To provide quality goods at reasonable price;
- 2) To prevent exploitation of the common man by the private traders;
- 3) To encourage marketing, processing and industrial cooperatives;

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- 4) To help in developing the consumer cooperative movement;
- 5) To control the market price-line.
- 6) To introduce a variety of items to the consumers.

The society has set all ideal objectives in line of the noble principles and in terms of the cooperative ideology. Shreeram Bazar is yet another gift of Shri Hanumant Rao Pawar, the founding father of this institution to the public. Earlier, he was instrumental in organising a successful co-op sugar factory at Phaltan, which helped to usher the momentum of the cooperative movement in the surrounding area. For this venture he received all round support from eminent Cooperators and his supporters. Shreeram Bazar commenced its sales though from 15th November 1987. It was inaugurated on 27th July 1985.

Organisational Structure :

The Board of Directors comprises of 20 members including General Manager, one representative from Co-op Department. 18 are elected by the General Body. There are three women Directors. The elected Board in turn selects the Chairman, Vice Chairman. The General Manager being at the helm of the affairs, is assisted by Sales Manager, Purchase Manager and Accounts Manager. These, in turn as assisted by the support staff. Out of 125 staff employed, 50 are females. In tune to the Government's endeavour to provide scope for women in all the spheres of life, the society has provided adequate representation for women both in the Board of Directors and in Staff. The staff get a reasonably good salary with 10% provident fund, 5% HRA (House Rent Allowance), 20% Bonus, Gratuity Linked Insurance, 30 days Leave, one time tea etc., besides staff medical assistance scheme.

Membership & Equity Base & Funds :

In the very year of its inception, Shreeram Bazar's membership base was 3620 - a large membership base, which is a notable feature, and a core essential factor. This large membership has helped them to get the required capital.

For achieving this goal, the founding father, Shri Hanumant Rao Pawar, deserves a word of praise for his leadership, vis-a-vis clarity of vision and his ability to transform it into a reality. Now apart from 4799 individuals, they have 18 co-op. institutions and Government as members (both State and Central).

The break up of their share capital is as follows :

(As on 31-1-1995) :

a) Individuals	Rs. 10.87 lacs
b) Co-op Societies	Rs. 0.89 lacs
c) Government	Rs. 7.23 lacs
d) Others	Rs. 0.01 lacs

Their authorised share capital is Rs. 50 lacs, and paid up capital is Rs. 19.00 lacs. They have reserve funds of Rs. 14.16 lacs, bank loan of Rs. 18.11 lacs and current account liabilities of Rs. 39.33 lacs and deposits of Rs. under (interest free deposit and others) are to the tune of Rs. 33.17 lacs.

Shreeram Bazar has fixed assets of Rs. 44.48 lacs, investments of Rs. 2.04 lacs, Stock Holding of Rs. 54.86 lacs (Rs. 30.36 lacs being Trade Crs) and receivables of Rs. 5.25 lacs. Their debt equity ratio is 2 : 1. Current ratio which relates to comparison of current liabilities with current assets is also ideal. They have a sound financial footing.

Infrastructure :

Shreeram Bazars main department store at Phaltan has a floor area of 1660 sq. mtrs. of which the selling area comprises of 1080 sq. mtrs. As indicated earlier, the building has glorious get-up, ultra-modern looks, and it one of the most beautiful departmental stores in India. It has standard furniture and a scientific layout as prescribed in theory. The town of Phaltan has its own historical background and is an Ex-Princely Place. With no major industry around, except a co-op. sugar factory, about 40% of the area of the taluka is irrigated. In this rural area, the founding fathers have weaved a net-work of cooperatives in different sectors of the area to improve the lot of the people living in that area. Taluka area population is about 3 lacs. A fabulous building, built at a cost of Rs. 22 lacs is located in a picturesque location, flanked by lush greenery all around. The building is encircled by a well developed and maintained garden.

Apart from their main department store at Phaltan, they have 4 branches located at Taragaon, Lonand, Dahiwadi, Pawarwadi. These branches are also located in the rural area and all of them are performing well. The physical facilities include 203 sq. mtrs. of packing godown, 80 sq.mtrs. of office (at their HO Phaltan), with basement area of 80 sq.mtrs., unloading platform of 32 sq.mtrs. with adequate space for basic amenities. The following table gives a clear picture of the physical facilities :

<i>Sl. No.</i>	<i>Name of Branch</i>	<i>Date of Inauguration</i>	<i>Selling Area</i>	<i>Godown Area</i>	<i>Total (in sq.mtrs.)</i>
01	Shreeram Bazar(HO)	29.07.87	1080	580	1660
02	Taragaon Branch	16.10.91	80	20	100
03	Lonand Branch	19.02.93	170	30	200
04	Dahiwadi	10.11.93	70	10	80
05	Pawarwadi	24.10.94	90	10	100

While their main department store is located in their own building, other branches, godowns etc. are taken on lease/rent basis.

Business Activities :

The society, which commenced its business operations in 1987 with a turnover of Rs. 73.00 lacs during the year of inception itself has grown both in size and turnover alike. The annual sales for 1994-95 were Rs. 609.00 lacs of which their HO's contribution is Rs. 440.00 lacs approx. And judging by their earlier consistent performance, they may be able to achieve much more impressive performance during 1995-96. Their sales for the current year (upto August 1995) are to the tune of Rs. 207.46 lacs. With festivals seasons commencing from September 1995 onwards, the monthly sales will be much more than Rs. 40 lacs (average) recorded till August 1995. The society has the distinction of achieving a sales turnover of Rs. 9 lacs per day during the earlier Deepawali Season, which is a record for rural areas and is a creditable achievement.

Their product range is broad-based with more than 2500 items in self-service section. Apart from this, the society sells items of household, stationery, footwear, textiles, readymades, towels and bedsheets, cosmetics, bicycles, electrical appliances/goods, loose grocery, sugar, agro-service items, cold drinks, watches, moulded luggage, plastic goods, toiletries etc., thus encompassing full range of consumer goods and the entire requirements of a family under one roof, thereby attracting a large number of customers to this departmental store. This can be appreciated from the fact that the average daily flow of customers is around 1800. The society besides having four branches have their business activities spread in about 119 villages around. Except for the year 1989-90, the growth rate in sales turnover recorded by them is quite impressive. The average growth rate (in sales turnover) works out to be 35% and this is a good performance. Their sales, service and profitability have been increasing year after year. The loss suffered in the earlier years is

gestation loss and the loan it had availed for constructing the building has now been fully repaid. Except for the period from 1987-90 and 1992-93, the society has regularly earned net profit and this is a creditable achievement. As part of their business strategy, the society has introduced several attractive sales promotion techniques as suggested by the CP Cell of NCCF, which have helped them to increase their sales turnover. From the following table the progress made by the society can be appreciated :

(Rs. figures in lakhs)

<i>Sl. Particulars</i>	<i>87-88</i>	<i>88-89</i>	<i>89-90</i>	<i>90-91</i>	<i>91-92</i>	<i>92-93</i>	<i>93-94</i>	<i>94-95</i>
01 Membership	3620	3807	3949	4378	4453	4507	4752	4816
02 Share Capital	9.13	11.30	11.45	13.81	13.96	16.05	18.18	19.00
03 Purchases	77.07	104.23	103.49	174.55	225.46	305.53	439.24	586.10
04 Sales	73.12	110.58	114.68	189.74	243.11	319.27	456.49	608.98
05 Gross Profit	5.82	7.06	8.34	13.97	16.26	20.29	29.79	38.33
06 Net Profit	-	-	-	1.40	1.48	-	2.38	2.53
07 Margin (%)	7.96	6.38	7.27	7.36	6.68	6.34	6.37	6.01
08 Growth (%-Sale)	-	51.23	3.71	64.45	28.13	35.51	43.85	33.40
09 Avg. Daily Sales	0.35	0.35	0.49	0.62	0.78	1.03	1.50	1.92

Margin, Stock Turn and Stock Productivity :

Margin, stock turn and stock productivity are important performance indicators. They work out as under :

<i>Sl. Particulars</i>	<i>1993-94</i>	<i>1994-95</i>
01 Margin (%)	6.21	6.01
02 Average stock (Rs. in Lacs)	38.59	48.00
03 Stock turn (Times)	12.83	12.09
04 Stock Productivity (%)-(Stock turn x %)	79.67	76.26

From the above table it may be seen that margin, stock turn rate and stock productivity are fairly satisfactory considering the rural background. However, there is scope for improvement in all the four important performance indicators.

Cost Structure :

Cost structure analysis is a devise wherefrom expenses vis-a-vis earnings, profitability, etc is analyzed. Their cost structure is as follows :

Sl. Particulars No.	1993-1994			1994-1995			(Rs. lacs)	
	Amount	% to Sale	% to GP	Amount	% to Sale	% to GP	B.E.N's Sale GP	
01 Staff Cost	10.59	2.34	37.57	14.32	2.35	39.13	3.5%	50%
02 Interest/Inc/ Bank Charges	5.19	1.14	18.31	7.19	1.18	19.64	1%	15%
03 Rent/Depreciation	2.79	0.61	9.84	3.95	0.65	10.79	1%	15%
04 Other Expenses	7.32	1.60	25.03	9.00	1.48	24.59	1%	15%
05 Rebate to Members	1.01	0.22	3.56	0.85	0.14	0.36		
06 Share Capital Red.	0.50	0.11	1.96	0.50	0.08	0.22		
Total	27.40	96.67	6.00	35.81	94.75	5.88		
Net Profit	2.39	8.43	0.52	2.53	6.91	0.42		

From the above table it could be seen that for both the years, barring, interest, insurance and bank charges and other expenses, all other cost components are within the Business Efficiency Norms (BEN). The strategy of the management should be to ensure that cost components ratio to sale and gross profit do not increase. This is possible by achieving higher rate of growth in sales. An ideal cost structure would add to the stability and profitability. Their cost structure, by and large is fairly satisfactory.

Members Participation :

The very fact that as many as 3620 members were enrolled in the year of inception itself is an ample proof of their evincing keen interest in the society's affairs. Membership is increasing year after year. This is a clear indication of the confidence of the members in the management and their ability to attract more and more members by actively involving them with the functioning of the society. Members participate in the meetings, give suggestions for improvement and keep an alert eye. Management's relations with members are cordial and members enjoy certain benefits as well.

Image Impact and Coverage :

Shreeram Bazar, Phaltan, are the largest retailers of entire Satara District. This speaks of the image they have created for themselves, despite being located in the rural area. They are a house-hold name in the entire surrounding area. Their Branches too have earned image in their respective area of operation. Their name image, price image and range image have created an indelible impact on the public minds. It has instilled confidence in public mind in such a way that the people of not only Phaltan town, but also from villages around, prefer to buy goods from Shreeram bazar than

from private retailers. Such is the impact of Shreeram Bazar. With main departmental store at Phaltan and 4 branches in different places, business activities in 119 villages around, they have a wide coverage of the area. Besides their main department store, Phaltan, all other branches are also the top-most retailers in their respective area of operation.

Factors Contributing to the Success :

1. Shreeram Bazar is blessed with selfless and dedicated Directors, managers and Staff who work as a team.
2. It has a large membership base from inception, which have helped them to get the much needed funds to establish a society of the magnitude and size.
3. Their General Manager is a seasoned Executive, a disciple of veteran cooperators.
4. It has accepted new challenges and introduced various new schemes for strengthening the society.
5. Relationship with the staff is very cordial and they are periodically given exposure to the training/workshop/seminars etc.
6. Right purchasing policy/system, stock holding and inventory control.
7. Attractive business promotion schemes/activities.
8. Range image/price image.
9. Good trade relations with companies, merchants, traders and alike.
10. Sound and successful business activities since inception.

Conclusion :

Ever since 1992, when our Government introduced open economy system, there have been many vital changes in our marketing system. It may not be wrong to say that our economy is being transformed as “Market Economy” from its original concepts of social economy. In the changes economic scenario, the traditional concepts and dimensions of marketing are rapidly changing.

In order to survive, grow and sustain the competition, the cooperatives need to devise certain ways such as to modernise the shop, ensure availability of adequate quantity, good quality with reasonable prices. The foremost and important factor is that, the cooperatives have to raise/generate funds and special attention needs to be given and efforts made in this direction. In these circumstances, emergence of a cooperative store such as Shreeram

Bazar with determined mission to protect and safeguard the interest of consumers, is a praiseworthy adventure. The management of the society is very conducive to accepting new challenges. It is set to carry on its activities with the same thrust and zeal. It has succeeded as a Business Organisation. They have raised funds and have reduced bank loan. They have been successful in their endeavour to serve the common man by breaking the vicious circles of private traders.

The societies financial position is sound. With the experience and expertise it has gained in the retail management and with the seasoned Executive like Shri Arvind Pawar, and also with a comfortable cash surplus, the should be able to expand further. There is no doubt that Shreeram Bazar is all set to scale the new peaks in rural area. It would be most proper to term Shreeram Bazar as another "Rural Glory."

29. A Case Study of the Satara District Central Consumers Coop. Society Limited, Satara

By T. J. Joseph*

Introduction :

Consumer Cooperative Movement has taken deep roots in Maharashtra, especially in western parts, where a galaxy of beautiful and successful stores have come up. Satara district falls in western Maharashtra, which is a well developed district both industrially and cooperatively. In the district there are a number of cooperative institutions such as sugar, dairy, credit, marketing and consumer cooperatives. It is gathered that there are about 3800 different cooperatives in this district which includes 485 Dairy Cooperatives, 8 Coop. Sugar Factories and 71 Primary Consumer Societies.

Encouraged by the success of the cooperative movement, as envisaged in the Cooperative Philosophy to make available consumer goods at a competitive rate, supported with quality and quantity, the founding fathers, Shri Krishan Rao Patil, Shri Keshavrao Patil and a few others organised a Central Wholesale Co-op. Store and thus the Satara District Central Consumer Cooperative Society Ltd., Satara commenced its operations in the year 1966 under the registration No. Sat/Con/119/dt 12-8-1966.

Objectives :

The objectives can be summarised as follows :

- 1) To procure goods in wholesale and supply the same to the primary Cooperatives and also to engage in retailing.
- 2) To encourage marketing, processing and industrial cooperatives by procuring goods for them for its onward distribution through consumer cooperatives.
- 3) To undertake processing, manufacturing and even storage of goods for making them available to the needy public in time.
- 4) To provide facilities to the customers as may be necessary.
- 5) To encourage self-help, thrift and mutual aid among its

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members and to help members to build-up trade deposits against which consumer goods can be supplied.

Thus it can be seen that the society has set all ideal objectives in the true letter and spirit of consumer cooperative movement. This also signifies the clarity of vision and mission of the Founding Fathers/Organisers.

Organisational Structure :

Since inception of the society the affairs of the society were managed by Officers from Government Department. Despite ambitious objectives somehow or the other, the stores could not become successful and profitable and this trend continued till 1992. Their accumulated loss as on 31.3.95 was Rs. 8.35 lacs. However, after 1992, with Shri Nanadkumar Shinde, an employee of the society taking over the charge of the society as manager, and active consultancy support from the CP Cell of NCCF, the situation started to improve and thereafter the society is regularly in profit. The Manager being overall incharge of the entire affairs, is assisted by the Accountant and other supervisory and support staff, while the purchases are coordinated by the Purchase Officer, Shri U. B. Shinde. The manager is reporting to the Elected Board of Representatives consisting of 10 Directors including a Lady Director with representatives from the Government and bank alike in all other Cooperatives of the state. There are now 26 staff members, out of which 3 are female. They are paid a reasonable salary with all the statutory benefits.

Membership and Equity Base :

From the following table it can be seen that the society which initially had 137 individuals, 5 primary societies and State Government as Member, has now been able to enrol as many as 1551 members as on 31-3-95 which includes 182 marketing societies as well. Thus it can be seen that the society has been able to enlarge its membership base.

<i>Sl. Particulars</i>	<i>1986</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>
01 Individuals	137	1334	1338	1338	1345
02 Primary Consumer Coops.	5	25	24	24	23
03 Marketing/Processing Vikas Societies	-	182	182	182	182
04 Government (State)	1	1	1	1	1

It was informed by the society that each member has 4 shares of Rs. 25/- each. As on date, their share capital is Rs. 10.06 lacs.

Funds and Borrowings :

As stated above, the society has a capital base of Rs. 10.06 lacs against authorised Share capital of Rs. 20.00 lacs, the break up of which is as follows :

- | | |
|---------------------------------|---------------|
| 1) Individuals and Co-op Stores | Rs. 2.73 lacs |
| 2) State Government | Rs. 7.33 lacs |

From the obvious reasons, the bulk of the subscription comes from the State Government. Apart from this, they have reserve Funds to the extent of Rs. 1.41 lacs, investments to the tune of Rs. 2.55 lacs and a bank loan of Rs. 4.93 lacs.

Infrastructure :

Their main office is situated in the building owned by them, a portion of which has been rented out to the District central Co-op. Bank. One of their godowns is also located in the same building besides textile shop. Two of their department stores in the city of Satara are on rental basis. They have one more godown in MIDC area. The store has, in all 10 branches located in different parts of Satara District. Earlier, they had 15 branches, but now only 10 are functioning.

Business Opportunities :

Prior to 1992, i.e., setting up of Department Store, they had traditional Kirana Shop with Textiles Division. The societies business activities comprise of Controlled/Sheltered commodities like, levy sugar, rationing, controlled cloth, confiscated goods etc. Thus it can be concluded that their thrust was more on controlled/sheltered business rather than in free-market commodities.

Normally in sheltered business, margin is very meagre and business with credit sales, naturally the profitability of the store was eroded. This is one of the reasons of the sickness of the society. However, after setting up of Department Stores, they are gradually concentrating on the free market commodities, which is the right step and need of the hour.

The following table shows the business activities of the society for the last 4 years, alongwith sales mix analysis and margin :

<i>Commodity</i>	<i>Rs. in Lakhs</i>			
	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>
Levy Sugar	99.13	101.13	94.69	98.77
Grocery	67.38	66.70	63.50	80.09
Controlled cloth	14.34	-	13.13	0.26
Confiscated cloth	0.58	0.03	-	-
Non-controlled cloth	7.37	5.54	6.30	6.24
Stationery/Stainless steel items	5.03	4.84	4.98	6.68
Other (Seasonal goods)	2.17	0.88	0.95	0.03
Rationing	15.42	11.86	12.90	16.13

Sales Mix and Margin

	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>
% of sheltered business to total sales	61.08	59.10	61.48	55.19
% of other business	38.92	40.84	38.55	44.81
Margin (%)	2.89	3.45	3.64	4.43

From the above table it may be seen that too much dependency on the controlled/sheltered business with meagre margin thereon has had its effect on the overall performance of the store. Thus, there is a need for the society to enter into free market commodities trading and expand their retail activities for which there is enough potential in the area. Their two departments stores at Satara town are situated in juxtaposition where the average daily sales is Rs. 30,000/- compared to the market potentiality, the sale appears to be fairly satisfactory. In case the society introduces a few sales promotion techniques they can achieve higher sales turnover. The store has to consider the possibility of improving higher sales turnover and also their product range (sales mix in their self-service sections) for higher margin. Besides, the business thrust has to be more on free market commodities trading while continuing with the sheltered business. It may be seen from margin analysis that in view of the bulk of their business turnover was from sheltered business, the margin was very low. It was however improved subsequently year after year. For higher margin, improvement in sales mix is desira-

ble. Also the society has to review its pricing policy on the retail front as these days in Indian retail scenario, a margin of 6-8% can be easily earned. This will add to their profitability.

From the annexure, it may be observed that margin has improved year after year and also the stock turn. This has helped the store to achieve a stock productivity level of 80.89% in 1994-95, and this level of stock productivity has to be guarded and maintained in the years to come for stability and growth.

Cost Structure : (see annexure)

From the annexed table of Cost Structure of the society for the last 4 years it may be seen that their staff cost component was 60.20% of GP for 1992, 50.90% of GP in 1993, 45.32% of GP in 1994, while it has decreased to 36.86% in 1995. Higher staff cost was yet another major factor that has affected the profitability of the society. For stability and growth, the ideal cost structure should be as under for a coop. store/society :

01 Staff Cost	50% of the GP
02 Interest/Insurance/Bank charges	15% of the GP
03 Rent/Depreciation	15% of the GP
04 Other Expenses	15% of the GP
05 Net Surplus	5%

From the annexed table it may be further seen that on account of bank borrowing, their interest cost is as high as 37.02%, 30.46% and 27.83% and 17.62% for the years 1992, 1993, 1994 and 1995. Similarly, other expenses are also on higher side. Except rent and depreciation, all other cost components are very much on the higher side. High cost structure, fluctuating sales turnover, meagre margin, unplanned recruitment etc are the factors that have contributed to the loss of the society. However from 1992 onwards on account of reduction in staff strength and fall in other cost components in terms of their ratio to gross profit, the store is now in profit.

A close analysis further reveals that though sales turnover has fallen on account of fall in controlled/sheltered business turnover, the margin has been regularly increasing. This is one of the factors of their recovery. This also inter-alia proves that thrust on retail sale has helped the society to regain its profitability. In the present Open Economic scenario of India, concentrating on free-market trading is highly desirable for survival and growth of the cooperatives.

Factors Contributing to the Loss :

- 1) Meagre margin in sheltered business;
- 2) Higher cost structure vi-s-vis business efficiency norms;
- 3) High stock holding - bad purchases;
- 4) Excess Bank borrowings resulting in heavy interest cost;
- 5) Not maintaining Trade Creditors Payable A/c to 80% of stock holding;
- 6) Credit sale - Non recovery of dues (from members) and last but not the least;
- 7) Unplanned, unscientific expansion programme undertaken without conducting feasibility study, project report and ignoring the principles of long range (LRP).

Suggestion for Improvement :

- 1) Thrust on free-market commodities trading and expansion of retail business duly considering principles of LRP.
- 2) All the cost components of the cost structure should be restricted in terms of their ratio either to sales or gross profit as per BEN.
- 3) The store should adopt rational stock holding policy by rationalising their purchase policy. Old/damaged/non moving items (presumably textiles) should be disposed off with discount to save interest cost or if possible returned to the supplier.
- 4) Maintain Trade Creditors Payable at 80% of the stock holding and to reduce their expenses to the extent possible and prudently manage the affairs, to reduce bank borrowings.
- 5) A few sales promotion techniques need to be implemented to achieve desired level of growth rate in retail sales.

Conclusion :

The society is now on the path of recovery. It has all the potentiality and infrastructure to improve its business performance. From 1994-95, the society is earning profit and if they maintain this trend, presumably they can come out from the present predicament and emerge as one of the successful stores in the country.

Even though the book value of their Land and Building is shown as Rs. 7.12 lakhs, the present market rate is around Rs. 115 lacs and thus the liquidity position of the society alongwith their other assets and funds is good.

ANNEXURE

Satara District Central Consumers Cooperative Society Ltd., Satara

Cost structure for the last four years :

Sl. Particulars	1991-92			1992-93			1993-94			1994-95		
	Amount	% to Sale	% to GP	Amount	% to Sale	% to GP	Amount	% to Sale	% to GP	Amount	% to Sale	% to GP
01. Staff Cost	3.69	1.74	60.20	3.36	1.76	50.90	3.24	1.65	45.32	3.41	1.63	36.86
02. Interest/Insurance/ Bank charges	2.27	1.07	37.02	2.01	1.05	30.46	1.99	1.01	27.83	1.63	0.78	17.62
03. Rent & Depreciation	0.26	0.12	4.24	-	-	-	0.60	0.31	8.39	0.28	0.13	3.02
04. Other Expenses	2.14	1.01	34.91	2.47	1.29	37.42	2.51	1.28	35.10	2.86	1.37	30.92
Total	8.36	3.94	136.37	7.84	4.10	118.78	8.34	4.25	116.64	8.18	3.92	88.43
Net Loss	1.78	0.83	29.03									
Profit				0.04	0.02	0.60	0.24	0.12	3.36	3.44	1.64	37.18

(Rs. in lakhs)

Cost Statistics for the last four years :

Sl No.	Particulars	1991-92	1992-93	Growth Rate%	1993-94	Growth Rate%	1994-95	Growth Rate%
01	Sales	211.95	190.98	(-) 9.89	196.45	2.86	208.67	6.22
02	Closing Stock	13.92	11.49	(-) 17.45	10.84	(-) 5.66	12.02	10.88
03	Gross Profit	6.13	6.60	7.67	7.15	8.33	9.25	29.37
04	Net Profit	(-) 1.78	0.04	102.25	0.24	83.33	3.44	1333.33
05	Margin (% to sale)	2.89	3.45	19.38	3.64	5.50	4.43	21.70
06	Average Stock	13.15	12.70	(-) 3.42	11.65	(-) 8.27	11.42	(-) 1.89
07	Stock Turn (Times)	16.12	15.03	(-) 6.76	16.86	12.17	18.26	8.30
08	Stock Productivity (%)	46.59	51.85	11.28	61.37	18.36	80.89	31.80

**ICA/NCCT/NCCF/Raigad Bazar Regional Workshop
on Modern Management of Consumer Co-operatives
For South and South-East Asia**

Alibag, Maharashtra (India) 12-20 November, 1995

PROGRAMME

Day 1 - Sunday, 12 November, 1995

Arrival of participants :

14.00 - 16.00	Registration (at Alibag Urban Co-op Bank)
16.00 - 18.00	Orientation and introduction of participants.
18.00 - 19.00	Free
19.00 - 20.00	Dinner

Day 2 - Monday, 13 November, 1995

07.00 - 08.00	Breakfast
09.00 - 10.00	Inauguration
10.00 - 10.30	Tea break
10.30 - 11.30	Role of ICA and its Impact in Promoting and Developing Consumer Co-operative Movements in Asia and the Pacific by Pradit Machima, ICA Consumer Advisor.
11.30 - 13.00	Retail Scenario and Consumers Cooperative Movements in India by S.C. Mishra, Director, Ministry of Civil Supplies Government of India.
13.00 - 14.00	Lunch
14.00 - 16.00	Presentation of country papers.
16.00 - 18.00	Visit to Raigad Bazar (Co-op Department Store), Alibag.
19.00 - 20.00	Welcome party.

Day 3 - Tuesday, 14 November, 1995

07.00 - 08.00	Breakfast
09.00 - 10.00	How to Establish a Supermarket and Operate it More Successfully by Mr. S.C. Misra, Director of Co-operation, Ministry of Civil Supplies.

10.00 - 10.30	Tea break
10.30 - 13.00	Modern Management of Consumer Co-operatives (Sales, purchase, Stock Control, Meeting, Decision Making etc.) by Mr. S. Ganesan and Mr. P.A. Kambli.
13.00 - 14.00	Lunch
14.00 - 15.30	Presentation of country and state papers.
15.30 - 16.00	Tea break
16.00 - 17.30	Presentation of Case Studies of Consumer Co-operatives in India (success and failure) by NCCF staff.
19.00 - 20.00	Dinner

Day 4, Wednesday, 15 November, 1995

07.00 - 07.45	Breakfast
08.00 - 20.00	Field Visits to Consumer Co-operatives in Bombay : - Apna Bazar - Sahakari Bazar - Kalva and some interesting places in Bombay.

Day 5 - Thursday, 16 November, 1995

07.00 - 07.30	Breakfast
08.00 - 09.00	Financial Management in Consumers Cooperatives by Mr. Bala Bhaskar, Chairman, Mr. Pradit Machima.
09.30	Leave Alibag for Khopoli
11.30 - 12.00	Visit to Raigad Bazar, Khopoli Branch.
12.00 - 12.30	Reach Lonawala
12.30 - 13.30	Lunch at Lonawala hosted by Raigad Dist. Central Cooperative Bank.
13.30	Leave for Phaltan
18.00	Arrival at Hotel in Phaltan
19.00	Visit to Pawarwadi Branch of Shriram Bazar.
20.00	Dinner, hosted by Mr. Hanmantrao Pawar, Chairman of Shriram Cooperative Sugar Factory at his farm estate.

Day 6 - Friday, 17 November, 1995

07.00 - 08.00	Breakfast
08.00 - 09.00	Visit Shri Ram Bazar (Co-op Department store)
09.00	Departure for Akluj
12.00	Arrive at Akluj
12.00 - 13.00	Lunch
13.00 - 17.00	Visit Co-operative Complex (co-operative department store, Co-operative Bank, Co-operative Community Hall, Dairy Co-operative Federation, etc.)
19.00 - 21.00	Dinner party hosted by Co-operative organisations of Akluj.

Day 7 - Saturday, 18 November, 1995

06.00 - 07.00	Breakfast
07.00	Leave Akluj for Vaikunth Mehta National Institute of Co-operative Management (VAMNICOM) at Pune.
11.00	Arrive at VAMNICOM, Pune.
11.00 - 12.00	Briefing on VAMNICOM activities by VAMNICOM staff.
12.00 - 13.00	Co-operative Education and Training in India by Prof. D. P. Garg, Secretary, NCCT.
13.00 - 14.00	Lunch
14.00 - 15.00	Co-operative Principles, Basic Co-op Values, Environment and Co-operation among ICAM member countries, by Prof. Dr. K. K. Taimni, ILO COOPNET Expert.
15.00	Leave VAMNICOM for Alibag.
20.00 - 21.00	Dinner at Alibag.

Day 8 - Sunday, 19th November, 1995

07.00 - 08.00	Breakfast
08.30 - 10.00	Panel Discussion on Modern Management of Consumer Cooperatives by Mr. Nandakumar Naik, Mr. P. A. Kambli, Mr. P. B. Sarnaik, Chairman, Dr. V. O. Varkey.

10.00 - 10.30	Group Discussion
10.30 - 10.45	Tea Break
10.45 - 12.00	Group Discussion
12.00 - 13.00	Group Report Presentation
13.00 - 14.00	Lunch
14.00 - 15.00	Action, Plans and Commitments By Dr.V.O. Varkey
15.00 - 17.40	Workshop Evaluation and Recommendations for future.
19.00	Farewell Dinner, hosted by Coop. Network.

Day 9 - Monday, 20 November, 1995

07.00 - 08.00	Breakfast
09.00 - 10.00	Historical Development and Achievement of Consumer Co-operatives in Japan, by Mr. Masao Ohya, Chairman of ICA Committee on Consumer Co-operation for Asia and the Pacific.
10.00 - 12.00	Presentation of Action Plans by a team leader of each country.
	<i>(Tea served in between)</i>
12.00 - 13.00	Valedictory function
13.00 - 14.00	Lunch
16.00 onwards	Departure.

**ICA/NCCT/NCCF/Raigad Bazar Regional Workshop
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For South and South-East Asia**

Alibag, Maharashtra (India) 12-20 November, 1995

LIST OF RESOURCE PERSONS

<i>Sl.. Name</i>	<i>Designation</i>	<i>Institution/Address</i>
01. Mr. Masao Ohya	Chairman	ICA Committee on Consumer Cooperation for Asia and the Pacific, Advisor, Japanese Consumer Co-op. Union, ICA Regional Office, New Delhi.
02. Mr. G. K. Sharma	Regional Director	ICA ROAP, 43 Friends Colony New Delhi - 110065 Phone No. 6835123, Fax. 6835568
03. Mr. Pradit Machima	Consumer Advisor	- do -
04. Mr. P. A. Kambli	Chairman Organising Committee, Raigad Bazar, Alibag.	
05. Mr. P. A. Sawant	-	-
06. Mr. S. C. Misra	Director	Ministry of Civil Supplies & Consumer Affairs and Public Distribution, New Delhi.
07. Mr. M. S. Ganesan	Consumer Co-op. Expert	-
08. Mr. Bala Bhaskar,	IAS	Joint Secretary, Ministry of Civil Supplies Govt. of India, Krishi Bhawan, New Delhi.
09. Mr. K. K. Taimni	Regional Director	ILO Coopnet for Asia and the Pacific, D-2, Kumar Classic, 155/ IA Aundh Pune - 411007 Tel. 347049
10. Dr. D. P. Garg	Secretary	National Council for Coop. Training, 3 Siri, Institutional Area, New Delhi-110016.
11. Dr. V. O. Varkey	-	Institute of Co-op. Management 43/16-A, Erandwana, Karve Road, Pune-411004. Tel. 333816 Res. 664534

LIST OF DELEGATES

- SRI LANKA**, 01. Mr. A. K. Jayasena
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02. Mr. S. H. J. Dissanayke
Co-op. Inspector,
Dept. of Co-op Development
Monaragala Sri Lanka
- PHILIPPINES** 03. Mr. Oscar C. Balandra
Vice President & Chairman,
DMPI Employee's Consumers
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- MALAYSIA** 04. Mr. Hazi Wan Ahmad Nasir Bin Hj. Wan
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05. Ms. Lily Mas Mutu Lily binti Mohd Chee
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08. Mr. Chamlang Sangehan
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09. Mr. Peerasak Boornasophone
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- MYANMAR**
10. Mr. U. Khin Maung Myint
Chairman,
Govt. Employee Co-op. Ltd.
Yangon Southen District.
- NEPAL**
11. Mr. Bhattari
Central Consumer Co-op. Federation
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Kathmandu, Nepal.
- INDIA**
12. Mr. L.C. Singhi ACS
Managing Director,
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Marketing & Consumer Fed. Ltd.,
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13. Mr. T. K. Panda
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14. Mr. Sukhdev Singh Thakur
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15. Mr. Dinesh Kumar Somkar
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16. Mr. H.C. Mishra
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