

946

R E P O R T
ON
COOPERATIVE SELF-SERVICE SHOPS
IN
MADRAS (TAMILNADU) AND CALCUTTA (WEST BENGAL)

R.S. UMRE
Consultant to ICA ROAP

334:382
ICA-R.

INTERNATIONAL CO-OPERATIVE ALLIANCE
Regional Office for Asia & the Pacific,
"Sangha House", 43 Friends Colony (East),
New Delhi-110065, India.

(June, 1991)

ICA Library
334:382 UMR-R
ICA 00177

STUDY OF CONSUMER COOPERATIVE SELF-SERVICE SHOPS

CONTENTS

<u>CHAPTER NO.</u>		<u>PAGE NO.</u>
-	Introduction	i-iii
i	Scope and objectives of the study	1-2
II	Present position of the Consumer Cooperative Movement	3-6
III	Overall position of parent institutions (in Madras & Calcutta)	7-15
IV	Working of Self-Service shops	16-24
V	Productivity in Retailing	25-28
VI	Education and Training (HRD)	29
VII	Impact-Benefits to consumers, Managements and Sales personnel	30-32
VIII	Problems	33
IX	Summary of Findings	34-39
X	Suggestions for improvement of Self-service shops	40-43
	Abbreviations used in the Report	44
<u>ANNEXURES</u>		
I	Terms of Reference of the Study	45-46
II	Working results of Wholesale Consumer Coop. Stores (Institutions as a whole)	47-48
III	Working results of Self-Service shops	49-50
IV	Sales per square foot of Self-Service shops	51
V	Sales per Man-day of Self-Service shops	52
VI	Stock Turnover rate of S.S. Shops	53
VII	Stock Deficits of S.S. Shops	54



123 4567

I N T R O D U C T I O N

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

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

3. The need for organisation of such consumer cooperatives was felt in the past in India and efforts were made to organise consumer cooperatives from time to time but the real impetus for the development of consumer cooperatives was received during the Third Five Year Plan period, 1961-1965 with the financial support and encouragement from the Government. The concept of setting up a Department Store by a Consumer Cooperative and later on Self-Service (section) in the Department Stores was introduced in 1966 i.e. the beginning of the Fourth Five Year Plan. This shows that the planned efforts were made in India to develop and modernise the consumer movement.

4. With the continued Government assistance, most of the areas of the country have been covered by consumer cooperatives at the primary level in cities and towns and Wholesale/Central Cooperative Consumer Stores at the district level. Cooperatives have been pioneers in introducing the concept of Department Stores which has made it possible for consumers/customers to make complete shopping under one roof. The Department Stores are generally known as Super Bazar, Apna Bazar, Sahakari Bhandar, Samvaika and Janta Bazar in different parts of the country. These Department Stores are now being run on modern lines providing better and improved services like self-service shopping system to consumers.

5. Upto the end of 1989, 418 Department Stores have been organized and are working in different parts of the country. These stores handle all essential and common commodities like household goods, groceries, textiles, drugs and medicines, cosmetics etc. Some of the Department Stores provide round the clock service for sales of drugs and medicines, while others run fruits and vegetable shops.

6. The concept of self-service shop was first of all introduced in Department Stores called 'Super Bazar' in New Delhi in 1966. In many places, self-service shops are running as independent units of consumer cooperatives. Today there are nearly 250 self-service shops run by consumer cooperatives. The self-service system is modern and becoming popular as the customers prefer to pick and choose goods as they like without bothering sales personnel to tell them the contents, price, quality and weight of the goods.

7. The results of working of some of the self-service shops are impressive like Apna Bazar and Sahakari Bhandar in Bombay, Triplicane and Chintamani Stores in Tamilnadu, Super Bazar of Delhi to name a few but then there are others whose working is unsatisfactory in spite of the fact that they have got potential for development. The International Co-operative Alliance, New Delhi, wanted to know the present position of working of self-service shops in Madras and Calcutta on a sample basis concerning their objectives, locations, organisational set-up funds, business operations and results of their operations.

8. The IOA has, therefore, entrusted the study to me to study the following aspects:

- i) To assess the impact of operations of self-service shops on the benefits and welfare of cooperative members, the community and the cooperatives.
- ii) To evaluate the impact of Government assistance on cooperative operations, initiative and future development.
- iii) To identify problems and solutions.
- iv) To find ways and means of improving their operations.

9. To the best of my ability, I tried to study the above aspects. As the welfare of consumer is nearest to my heart, it was my endeavour to know the real problems of consumer cooperatives in running the self-service shops successfully and the strategy they can adopt to improve their working. In doing so, I received the help and cooperation from all concerned.

10. The experience of working as a Chief Director, in-charge of Consumer Programmes in N.C.D.C. and later on as a Consultant/Project Director in the Council for Rural and Co-operative Development, New Delhi, was helpful to me to identify the problems of consumer cooperatives and suggest some measures to solve them.

11. I am grateful to the Chief Executives, Special Officers and staff of Cooperative Wholesale Consumer Stores of Madras and Calcutta for furnishing me the required information about the working of Self-Service shops and their parent institutions.

12. My thanks are due to Mr. Pradit Machima, Consumer Advisor, ICA ROAP, for his valuable advice in preparation of this report.

13. And above all, I am thankful to Mr. G.K. Sharma, Regional Director, ICA ROAP, New Delhi, who was a continuous source of inspiration to me.

New Delhi
June 1991.

R.S. Umre
Consultant to ICA ROAP

CHAPTER-I

Scope and objective of the study

1.1 The ICA Sub-Committee on Consumer Cooperation in South East Asia in its meeting held in June, 1987, advised the member-movements that the consumer cooperatives in their countries should not only confine their activities to distribution of consumer goods but should also function as movement of mutual assistance in daily life and try to improve the quality of life for the consumers. In the context of these expected socio-economic developments through consumer cooperatives, it has been considered necessary to assess the present position of the working of self-service shops of consumer cooperatives and the extent of benefits derived by consumers and the scope for future development.

1.2 The study has, therefore, been commissioned to assess the present situation of working Self-Service shops of Consumer Cooperatives in Madras and Calcutta on a sample basis and to know their problems and prospects for future development.

Mode of study

1.3 For the purpose of this study, the following three cooperative wholesale Consumer Stores from each of the two cities have been selected and operational study of one each of their self-service shops has been made.

The following 3 wholesale consumer stores and self-service shops run by them have been selected.

<u>Name of Wholesale Cons. Coop. Stores (Parent Institution)</u>	<u>Name of Self-Service shop (S.S. Shop)</u>
<u>Madras</u>	
1. Triplicane Urban Coop. Society (TUCS)	1. Kamdhenu Coop. Super Market S.S. Shop.
2. Park Town C.W.C. Stores	2. Chintamani Coop. Super Market S.S. Shop.
3. Chingleput Distt. CWCC Stores Ltd.	3. Purusawalkam S.S. Shop

<u>Name of Wholesale Cons. Coop. Stores (Parent Institution)</u>	<u>Name of Self-Service shop (S.S. Shop)</u>
--	--

Calcutta

- | | |
|--|------------------------------|
| 1. Calcutta C.W.C. Stores
Hazra Road. | 1. Lindsay Street S.S. Shop. |
| 2. Behala C.W.C. Stores
Behala. | 2. Behala S.S. Shop. |
| 3. Bidhannagar C.W.C. Stores | 3. Bidhannagar S.S. Shop. |

1.4 The detailed information on various aspects of working of the parent organisations and the self-service shops run by them was collected in the questionnaire. These institutions were visited and discussions were held with the Chief Executives of Wholesale Consumer Stores and Managers in-charge of S.S. Shops. The customers visiting self-service shops were interviewed and their opinions sought. The sales personnel and the Management also gave their views on the working of self-service shops and the benefits derived by them.

CHAPTER-II

Present position of Consumers Movement

2.1 India's Consumers Cooperatives have 4-tier structure. At the grassroot level, there are 23048 urban based primary societies and they have over 7000 branches, retail outlets and 68 Department Stores. At the district level, there are 631 Wholesale/Central Stores. They have about 5570 branches and 314 Department Stores. At the State level, there are 26 State Cooperative Consumers Federations and State Cooperative Marketing Consumers Cooperative Federations with 103 branches, 36 Department Stores and 333 other retail units. At the Apex is the National Cooperative Consumers' Federation of India.

2.2 The membership position is as under:

1. Primary Consumer Societies	-	73.04 lacs
2. Wholesale Stores	-	23.65 lacs*
3. State Federations	-	16,587 societies
4. National federation	-	108 societies

* Of this, 22.30 lacs are individuals.

(Source: Annual Report of Ministry of Food & Civil Supplies)

2.3 The total share capital contribution of the State Federations is about Rs.370 million. 86% of this share capital has been contributed by the Government. The wholesale stores have a share capital contribution of Rs.454 million. About 70% of this share-capital has been contributed by the Government. The primaries have a total share capital of Rs.360 million. In their case, the Government contribution is about 25%.

2.4 The growth of business of the Primary Consumer Stores and Wholesale Consumer Stores from 1983-84 to 1988-89 is as under:

Table No. 2.1

Growth of business for the country as a whole

(Rs. in lacs)

Year	Primary Cons. Stores	Wholesale Coop. Cons. Stores.
1983-84	61,546	72,206
1984-85	65,673	86,642
1985-86	75,274	94,941
1986-87	78,797	95,751
1987-88	76,302	106,888
1988-89	88,707	108,955

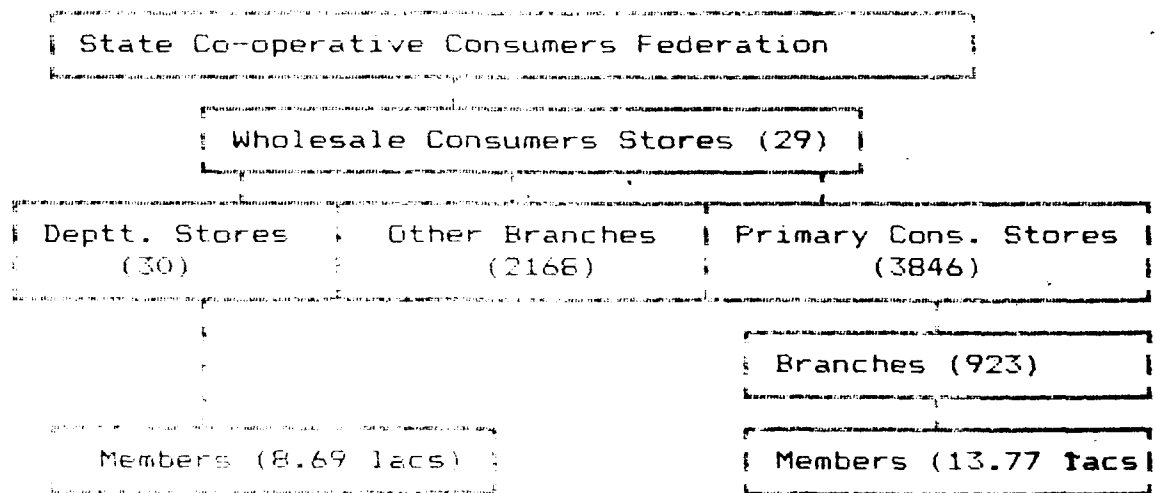
The above table shows that there has been gradual growth of business.

2.5 Overall scenario of Coop. Consumer Movement in Tamilnadu and West Bengal as well as in Madras and Calcutta has been indicated below:

The structure of the Consumer Cooperatives in Tamilnadu at the end of 1990 was as under:

Figure No. 2.1

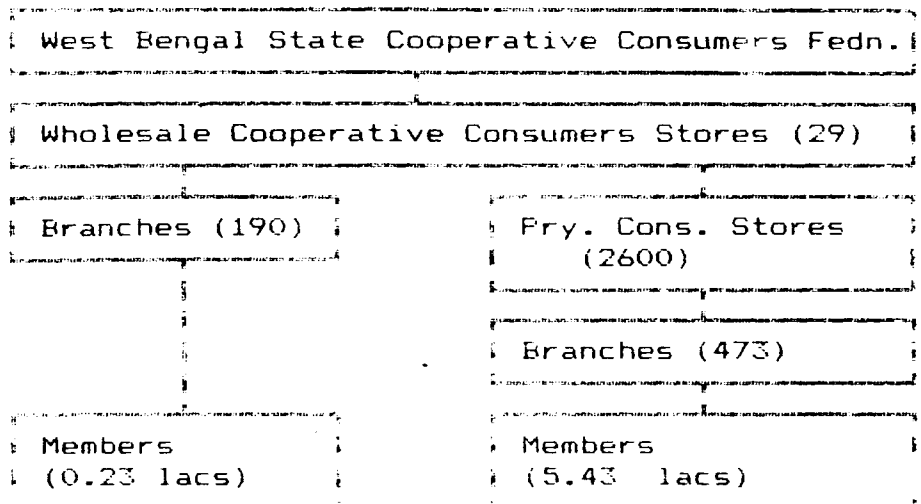
Tamilnadu Organisational Structure



2.6 The structure of the Consumer Cooperatives in West Bengal at the end of 1990 was as under:

Figure No. 2.2

West Bengal Organisational Structure



Source: Annual Report of Ministry of Food & Civil Supplies, Govt. of India.

2.7 In both the States, the membership of wholesale consumer stores consists of primary consumer stores as well as individuals. They have also opened branches through which they make retail sales. Similarly, Primary Consumer Stores, which are the members of wholesale consumer stores, have opened the branches and membership consists of individuals.

The total individual membership of wholesale as well as primary consumer stores in Tamilnadu was 22.46 lacs while in West Bengal, it was 5.66 lacs in 1988-89.

2.8 So far as business operations are concerned, 29 wholesale stores of Tamilnadu have retail business of Rs.367.25 crores; the same number of wholesale stores in West Bengal have retail business of Rs.105.38 crores in 1988-89. The retail business of primary consumer stores in Tamilnadu is Rs.186.64 crores while in West Bengal it is Rs.106.35 crores in 1988-89. This shows that although the stage of development of Consumer Movement differs in two States, the retail business of consumers stores, both primary and wholesale consumer stores is substantial. The importance of cooperative business operations may be judged from the fact that in metropolitan cities like Madras and Calcutta, there are quite

a large number of private shops whose assortment of goods and consumer service are as efficient as that of cooperative consumer stores.

CHAPTER-III

Overall position of parent institutions (in Madras & Calcutta)

3.1 In Madras city, there are four cooperative wholesale consumer stores and in Calcutta, there are three wholesale consumer stores which are running self-service shops. Their names are as under:

<u>Store/Society</u>	<u>No. of self-service shops</u>
<u>MADRAS</u>	
1. Triplicane Urban Coop. Society Ltd. (TUCS)	9
2. Chingleput Distt. Cons. Coop. W/S Stores (CDDCCWS)	1
3. Park Town Coop. W/S Stores Ltd. (PTCWS)	2
4. North Madras Coop. W/S Stores Ltd. (NMCWS)	1
<u>CALCUTTA</u>	
1. Calcutta W/S Cons. Coop. Society Ltd. (CWCCS)	6
2. Behala W/S Cons. Coop. Society Ltd. (BHWCCS)	1
3. Bidhannagar W/S Cons. Coop. Society Ltd. (BNWCCS)	1

3.2 For the purpose of study, however, we have selected the first three Whole Sale Stores in Madras, namely Triplicane, Chingleput and Park Town W/S Consumers Stores and in Calcutta, all the three above-mentioned W/S Consumer Stores have been taken. For the purpose of study of working of self-service shops, one each of their shops has been selected, the working details of which are given in a subsequent chapter.

Structure

3.3 There is a mixed structure i.e. Unitary as well as Federal, as has been mentioned in the earlier chapter, both in Madras and Calcutta.

Membership

3.4 The membership of wholesale stores consists of primary consumer stores and individuals. Actually from the federal structure point of view, only primary consumer stores should have been admitted as members of wholesale consumer stores. But the position is there otherwise. The individuals are admitted as members in the wholesale consumer stores in addition to Primary Consumer Stores. The Wholesale Consumer Stores deal in both retail and wholesale consumer business. The retail business is through Department Stores, self-service shops, branches and retail centres.

3.5 The position of number of members (primary consumer stores and individuals) in wholesale consumer stores is as under:

Table No. 3.1

Membership position

<u>City</u>	<u>Name of W/S Cons. Stores</u>	<u>No. of members</u>
Madras	TUCS W/S C.S.	103,179
	Chingleput W/S C.S.	33,062
	Park Town W/S C.S.	71,845
Calcutta	Calcutta W/S C.Stores	1,738
	Behala W/S C. Stores	61
	Bidhannagar W/S C.Stores	246

3.6 The three stores in Madras have significant membership compared to their counterparts in Calcutta. The membership base of three stores in Madras is better than the 3 stores in Calcutta. Although, there is a provision for individual membership, the members have no representation on the Managing Committee. This has deprived the growth of cooperative leadership.

3.7 In Madras, the wholesale consumer stores have opened a number of retail outlets, self-service shops, branches etc. In Calcutta also some wholesale stores opened retail outlets/S.S. shops. In a few places where the retail outlet of wholesale stores and primary consumer stores are located in the same area of operation or in the vicinity, the primary consumer store gets a set-back in its business. It was reported that some primary consumer stores in Calcutta have been closed on account of this reason to a large extent.

Funds

3.8 The funds of the wholesale consumer stores comprise of the following:

1. Share capital from:
 - a) Members (individuals and institutions);
 - b) Government.
2. Borrowing from:
 - a) Government loan;
 - b) Cooperative Bank-Cash Credit accommodation.
3. Deposits from members and others.

3.9 At the end of 1989-90, the financial position of the wholesale consumer stores was as under:-

Table No. 3.2

Financial position of Wholesale Cons. Stores in 1989-90
(Rs. in lacs)

	<u>Share Capital</u>			<u>Loans from</u>	<u>Deposits</u>
	<u>Members</u>	<u>Govt.</u>	<u>Total</u>	<u>Govt.</u>	
<u>Madras</u>					
1. TUCS	9.72	94.63	104.35	55.41	64.00
2. Park Town	7.53	42.12	49.65	Nil	-
3. Chingleput N.A.		N.A.	33.34	Nil	-
<u>Calcutta</u>					
1. Calcutta CWS	7.82	57.39	65.21	8.45	-
2. Behala CWS	3.10	23.25	26.35	14.00	-
3. Bidhannagar CWS	0.06	7.00	7.06	3.5	-

The percentage of share capital of members as well as of Govt.'s contribution to total share capital of each of the above wholesale stores is given in the next table i.e. 3.3

3.10 It will be seen from the above table that the members' own contribution to share capital was quite less compared to the State Govt.'s contribution. It is shown below in the form of percentage ratio:

Table No. 3.3

Percentage of Members' share capital contribution

Store	Members		Govt.'s		Total	
	Amt.	%	Amt.	%	Amount	%
TUCS CWS*	9.72	9.31	94.63	90.69	104.35	100
Park Town CWS	7.53	15.17	42.12	84.83	49.65	100
Changelput CWS	N.A.	-	-	-	33.34	
Calcutta CWS	7.82	12.00	57.39	88.00	65.21	100
Behala CWS	3.10	11.76	23.25	88.24	26.35	100
Bidhannagar CWS	0.05	0.85	07.00	99.15	07.05	100

*CWS: Consumer Wholesale Stores.

3.11 Except in the case of Park Town Stores in Madras, the member's contribution towards share capital of the stores is less than 14%. It is less than 1% in Bidhannagar Stores in Calcutta.

3.12 In addition to share capital contribution, the Govt. has provided long term loan to four Wholesale Consumers Stores to set up self-service shops. The stores have also received cash credit accommodation from Cooperative Banks for financing their business operations.

3.13 The Triplicane Urban Coop. Society (TUCS) Stores in Madras is the only Stores which have received an amount of Rs. 64 lacs as deposits from members. This amount enabled it to raise more working capital from the Banks for expansion of its business operations.

Business operations

3.14 Of Wholesale Consumer Stores as Institutions as a whole is shown in the following two tables:

Table No. 3.4

Growth of business operations of W.S. Consumer Stores
in Madras City and Calcutta City

<u>(A) Madras City</u>		Rs. in lacs		
<u>Year</u>	<u>TUCS</u>	<u>Chingleput</u>	<u>Park Town</u>	
1987-88	4635.83	2492.15	3158.15	
1988-89	5553.49	2764.71	3688.30	
1989-90*	4566.69	2935.72	1984.04	

<u>(B) Calcutta City</u>		<u>Table No. 3.5</u>		
<u>Year</u>	<u>Calcutta</u>	<u>Behala</u>	<u>Bidhannagar</u>	
1987-88	592.00	210.73	17.66	
1988-89	698.00	243.89	47.00	
1989-90*	338.00	190.07	25.44	

*These figures are for 9 months only (from July '89 to March '90).

3.15 It will be seen that there has been growth in sales of all the wholesale consumer stores in the first two years. The sale figures for third year are only for 9 months (from July '89 to March '90).

The Wholesale Consumer Stores' activities consist of:

- i) Sale of goods to Primary Consumer Stores on Wholesale rate.
- ii) Sale of goods through its retail outlets/branches.
- iii) Sale of goods through its self-service shops.

3.16 In addition, they are engaged in distribution of ration articles like sugar, wheat, rice, kerosene to Fair Price Shops under the Public Distribution Scheme of the Government.

The assortment of goods sold by Department Stores/S.S. shops comprise of more than 1,000 items which can be divided into four major heads as under:

- i) Food & Groceries.
- ii) General Merchandise.
- iii) Textiles.
- iv) Cosmetics and Drugs.

Profitability

3.17 The details of net profit earned by these stores are as under:

Table No. 3.6

The net profit earned and its percentage to sales

<u>Year</u>	<u>Madras City</u>		<u>Rs. in lacs</u>			
	<u>T.U.C.S.</u>		<u>Chingleput</u>		<u>Park Town</u>	
	<u>Amt. of profit</u>	<u>% to sale</u>	<u>Amt. of profit</u>	<u>% to sale</u>	<u>Amt. of profit</u>	<u>% to sale</u>
1987-88	24.82	0.53	5.40	0.22	11.52	0.37
1988-89	4.14	0.08	9.99	0.36	12.11	0.33
1989-90	4.12	0.09	4.90	0.17	(16.39)	(0.82)

Table No. 3.7

Calcutta City

<u>Year</u>	<u>Calcutta</u>		<u>Behala</u>		<u>Bidhannagar</u>	
	<u>Amt. of profit</u>	<u>% to sale</u>	<u>Amt. of profit</u>	<u>% to sale</u>	<u>Amt. of profit</u>	<u>% to sale</u>
1987-88	0.20	0.03	0.20	0.09	(0.91)	(5.16)
1988-89	0.48	0.07	0.41	0.17	1.24	2.64
1989-90	1.63	0.48	0.59	0.31	0.77	3.03

3.18 In Madras city, all the three wholesale stores have earned profit during the last three years except the Park Town Stores which incurred substantial loss (Rs.16.39 lacs) during 1989-90 from July '89 to March '90. The reason for loss is attributed mainly to stock deficit.

3.19 In Calcutta city too, one store namely Bidhannagar incurred loss of Rs.91000/- in the first year i.e. 1987-88 but then there has been profit in all the years subsequently. The reason for loss is attributed to stock deficit.

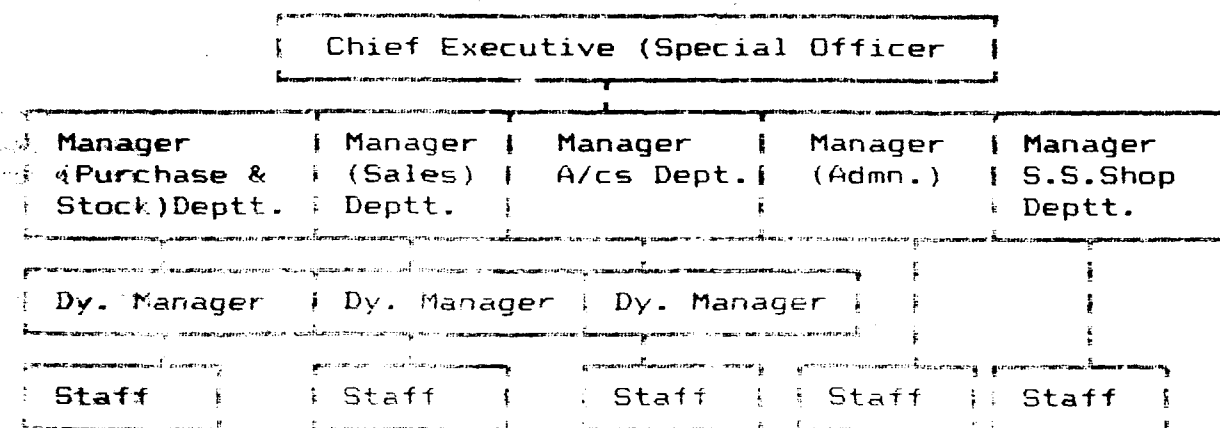
3.20 By and large, there has been growth in business operations as well as in profitability. The reason for loss is also attributed to handling of business under the public distribution scheme. Under this scheme, the margin of profit is so less that their income is less than expenditure.

Management: Board of Directors.

3.21 There is no elected Board of Directors of wholesale consumer stores - both in Madras and Calcutta. In Madras, the Chief Executive, a senior government official (Joint Registrar of Cooperative Societies) is appointed as a Special Officer. Under him, there are two or three government officials on deputation to manage the different Departments.

Figure-3.1

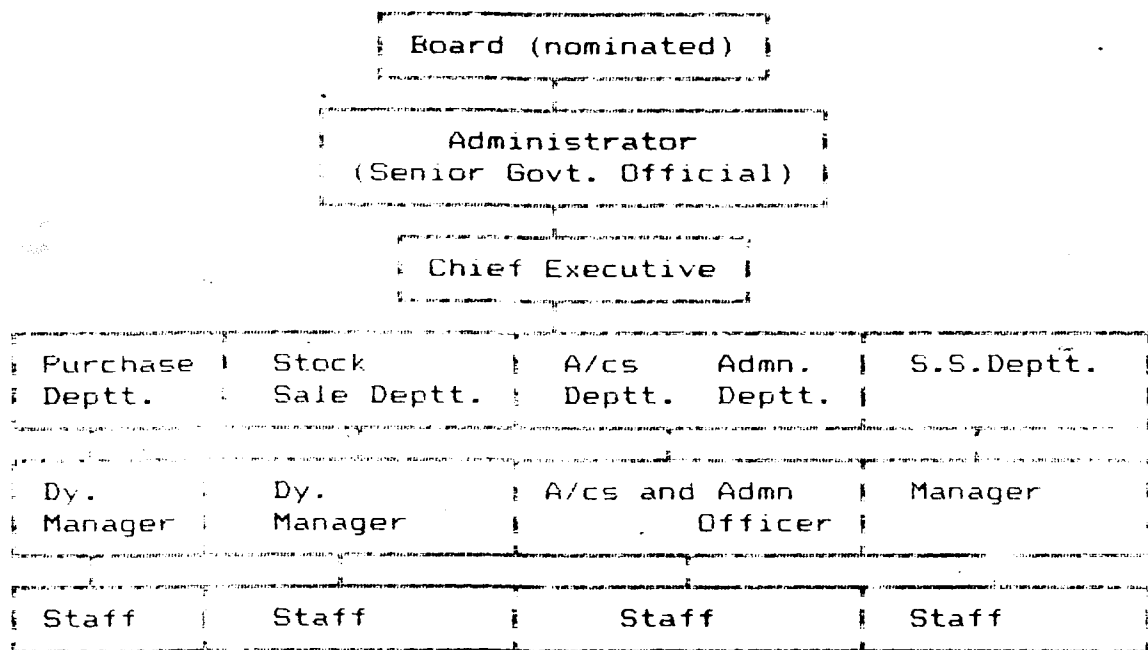
Organisational Chart of Wholesale Consumers Stores in Madras



3.22 In Calcutta too, there has been no elected Board of Directors. Instead, a Board of 2 to 3 persons, of which one is non-official has been nominated by the Government. There is an Administrator appointed by the Government, who serves like a Chairman of the nominated Board. The W/S Stores is headed by the Chief Executive, who is a Government official appointed by the Government. He takes decision, after consulting the Administrator. The nominated Board decides the broad policy framework. The structure is as under:

Figure-3.II

Organisational Chart of Wholesale Stores in Calcutta



3.23 Each of these Departments is headed by a Manager. Some of these Managers are on deputation from the Government. But by and large the society's business operations, Accounts, Administration, etc. are managed by the Society's own permanent officers and staff. There is a strong trade union of staff of the Stores. The reason for supersession of the elected Board and appointment of Administrator and nominated Board in their place is reported to be due to allegations against the elected Board members. The Board members have gone to the court to fight their case.

3.24 It will be seen from the Management position, explained above, that the societies/stores have no democratic character. The Government officer(s) manage the whole show. In the absence of democratic character, there is no member participation in the activities of the Stores.

3.25 A statement showing the working results of all the wholesale consumer cooperative stores i.e. Institutions as a whole is at Annexure-I.

CHAPTER-IV

Working of Self-Service Shops

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

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

4.3 The consumer of today, particularly in urban areas, has become more choosy in selection of goods. He requires the convenience of time and distance. In a counter service shop, a customer has to depend completely on a salesman. If a salesman is busy with other customer, the second customer becomes little disappointed and the customer's disappointment is fatal to the store. Customers have a full choice for selection of the items in self-service shops. Undoubtedly this pattern is far more useful not only to promote sales but also to satisfy the customer/consumer.

4.4 In view of numerous advantages to various sections of the society and modernisation of shopping system, the system was introduced in the cooeprative sector in India in sixties. Self-service shopping is a new idea in India. It was already in vogue in Europe, USA and Japan and other developed countries. Although initially there were doubts whether this system would work well in India but the results showed that the system worked successfully and there was a good response from consumers, particularly to housewives, the system proved very useful.

4.5 Let us see how the self-service shopping system fared in the cosmopolitan cities of Madras and Calcutta.

4.6 For the purpose of study, one self-service shop of each of the six wholesale cooperative consumer stores has been selected i.e. three in Madras and three in Calcutta and their various aspects of working including business operations have been studied.

S.No.	Name of the W.S.C. Stores	Name of S.S. Shop
1.	TUCS Madras	Kamdhenu
2.	Park Town Madras	Chinthamani Annanagar
3.	Chingleput Madras	Purasawalram
4.	Calcutta Calcutta	Lindsay Street
5.	Behala Calcutta	Behala
6.	Bidhannagar Calcutta	Bidhannagar

Objectives

4.7 The main purpose of opening a self-service shop is to provide modern facilities of buying consumer goods under one roof to the consumer by self-service, to reduce cost of retailing and finally to increase sales. The fairness in price, quality and weightment etc. of the goods sold have to be the basis of business policy of a Cooperative Store.

Locations

4.8 The location and layout of a self-service shop play a very important part in the business strategy of a consumer stores. The location of a shop in a market place with good approach roads is preferred. As regards placement of merchandise, the following principles are generally observed:

- Service to the customers is available in the minimum possible time;
- Sales personnel are able to present the goods promptly with minimum movement and physical exertion.
- The overall arrangement of placement takes care of the informative aspect, which essentially means that it takes care of salesmanship.
- Heavy articles are placed at the bottom and light articles upon the shelves.

4.9 These are the simple rules of placement of goods which all the S.S. shops under study have observed. As far location is concerned, except Bidhannagar S.S. Shop, all the shops are located either in the market place or near it.

Selling Area

4.10 The selling area of these S.S. shops are as under:

1.	Kamdhenu	5673 Sq.ft.
2.	Chinthamani	1650 Sq.ft.
3.	Purasawalkam	1630 Sq.ft.
4.	Lindsay Street	8800 Sq.ft.
5.	Behala	2994 Sq.ft.
6.	Bidhannagar	1500 Sq.ft.

4.11 The Kamdhenu S.S. Shop in Madras and Lindsay Street S.S. Shop in Calcutta are having quite big selling area and others have ranging from 1500 to 3000 sq.ft. The productivity of the area is related to annual business handled by them which we will discuss later on when we report on the productivity in terms of per sq. foot sales, sales per man-day, stock turnover rate etc.

Organisational set-up

4.12 A self-service shop is a part of Department Store which sells food and groceries, textiles, general merchandise and cosmetics and drugs. The self-service shop confines to the sale of food and groceries, cosmetics and toiletries and a few items of general merchandise. These items alone run into 500 to 1000 or even more.

4.13 The self-service shop is headed by a Manager who receives directions from a Chief Executive of the Wholesale Consumer Stores. The functions of a Manager are not only to sell and supervise the sale operations of the shop but to associate with purchase and stock Department and decide the pricing policy. He has got under him 3-4 sales personnel depending upon the size of operations of the shop. The computerised cash/sale register at each exist counter is fixed and operated by a sale personnel/cashier.

4.14 The consumers/customers are not essentially members of the Store. The sale of goods in self-service shop is open to all consumers. The majority of customers are non-members, about 80 to 90% approximately.

Funds

4.15 As explained earlier, the C.W.C. Stores have two sources of funds viz. share-capital contribution from members (individuals and primary consumer stores) and the Government. In Madras, deposits have been received by TUCS Stores. In addition, they get cash credit accommodation from Cooperative Banks for financing their business operations.

4.16 As the Government wants to promote the Cooperative Consumer Stores, they have provided funds for setting up Department Stores and subsequently for establishment of self-service shops by the Wholesale Consumer Stores. The assistance is from the Central Government to State Government and from the latter to Consumer Stores for various business activities including self-service operations.

4.17 The following assistance has been received from the Government, specifically for setting up self-service shops in the form of additional share capital and long term loan.

Table No. 4.1

Financial assistance received from the Govt. upto 1988-89

<u>S.No.</u>	<u>S.S. Shop</u>	<u>Amount (Rs. in lacs)</u>
1.	Kamdhenu	19.90
2.	Chinthamani	-
3.	Purasawalkam	-
4.	Lindsay Street	8.45
5.	Behala	28.00
6.	Bidhannagar	4.50

Source: Concerned Co-op. Wholesale Cons. Stores

4.18 It will be seen from above table that except two self-service shops in Madras, all other stores have received Government assistance for setting up self-service shops. The Kamdhenu of Triplicane C.W.C. Stores, Lindsey Street of Calcutta C.W.C. Stores and Behala S.S. Shop of Behala C.W.C. Stores received Government assistance under the scheme of Rehabilitation of Cooperative Consumer Stores. It was felt that by setting up S.S. Shops by these Stores, they would increase their business operations, earn profit and reduce the accumulated losses. This has been actually achieved to some extent.

Business operations

Assortment

4.19 Triplicane Society (TUCS) (Kamdhenu S.S. Shop) is handling around 2000-3000 items. The assortment range of S.S. shop of Park Town and Chingleput W.S.C. Stores is much less, say about 1000 items. Range of assortment of the S.S. Shops in Calcutta is around 800 to 1200 items.

S.S. Shops

Table No. 4.2

Position of sales of self-service shops

(A) <u>Madras City</u>		<u>(Rs. in lacs)</u>		
Year	Kamdhenu	Chinthamani	Purasawalkam	
1987-88	200.76	51.68	11.85	
1988-89	184.37	56.04	07.68	
1989-90*	165.82	48.17	14.28	

Table No. 4.3

Position of sales of self-service shops

(B) <u>Calcutta City</u>		<u>Rs. in lacs)</u>		
Year	Lindsay Street	Behala	Bidhannagar	
1987-88	129.42	39.85	17.64	
1988-89	122.35	67.43	30.23	
1989-90*	56.46	64.66	15.05	

*The figures for 1989-90 are for part of the year - July '89 to March '90.

In some cases the sales have gone down in the second year because self-service system being new to people, the sales have not picked up fast.

4.20 The Kamdhenu and Lindsay Street S.S. shops being big in size, their annual business operations are quite big running in 120 lacs to over 200 lacs. The Purasawalkam and Bidhannagar S.S. Shops are having low turnover ranging from 8 lacs to 30 lacs.

4.21 The sales have increased in 1988-89 over to previous years in the case of Chinthamani, Behala and Bidhannagar S.S. Shops. In other cases, sales have gone down.

4.22 On the whole, the self-service shops, both in Madras and Calcutta, are showing good business operational results. Most of these shops have run only for a few years. As they grow in years, their business is bound to expand. By and large, the sale trends suggest customer acceptability of the systems inducted by the stores.

Profitability

Table No. 4.4

Statement showing profit & loss position of self-service shops

(A) Madras City

(Rs. in lacs)

Year	Kamdhenu	Chinthamani	Purasawalkam
1987-88	2.13	0.98	(1.3)
1988-89	0.40	2.14	(1.65)
1989-90	1.63	1.50	(0.66)

Table No. 4.5

(B) Calcutta City

Rs. in lacs)

Year	Lindsay Street	Behala	Bidhannagar
1987-88	0.99	0.06	(0.66)
1988-89	1.06	0.14	0.68
1989-90	1.01	0.26	0.50

Source: Information received from the individual societies.

4.23 Except Purasawalkam and Bidhannagar Stores showing loss in the first year, all the S.S. shops are working on profit. The profit is generally on the increase. The primary purpose of a consumer stores is to serve the consumer community by making available the unadulterated goods at a reasonable price and keep the customer's convenience paramount in view. With all this, if the store/S.S. shops make some profit and that too in the initial years, it is creditable and to a large extent the cooperative purpose is served.

Sales operations after conversion into S.S. shops

4.24 One of the objectives of conversion of counter sale shop into S.S. shop is to increase the sales. Actually, there are many advantages to the consumer, management and sales staff from the S.S. shops which we would discuss a little later. Presently, let us compare the position before and after conversion of counter sale shop with self-service shops.

Table No. 4.6

Sr No	Name of shop	Average Sales per month prior to (1985-86)	Average sale per month after (1989-90)	No. of time increase
1.	Tripticane	80,000	6,00,000	7.5
2.	Basant Nagar	90,000	5,70,000	6.3
3.	Ashoknagar	30,000	4,70,000	15.6
4.	Nugambakkam	1,00,000	4,80,000	4.8
5.	Raja Annamal Puram	80,000	5,10,000	6.4

4.25 The above self-service shops were set up by the Triplicane Urban Cooperative Society Ltd. (TUCS). It will be seen that in four years period, there has been substantial increase in all the service shops after conversion from counter sale shops. The position of Ashoknagar S.S. Shop is much better than others.

4.26 The position of Furaswalkam S.S. shop of Chingleput Wholesale Consumers Stores before and after conversion of counter sale section is as under:

Table No. 4.7

Average Daily Sales before and after conversion of Puraswalkam S.S. Shop.

Year	Average Daily Sales before conversion	Year	Average Daily sales after conversion	No. of time increase
1982-83	Rs.1725	1985-86	Rs.4800	2.8
1983-84	Rs.1920	1986-87	Rs.5200	2.7
1984-85	Rs.2269	1987-88	Rs.6000	2.6

4.27 Since the Puraswalkam Self Service Shop is small, the growth percentage is less. Nevertheless, the growth is there. It is, therefore, clear that S.S. Shop puts up a better performance. This also shows that the self-service system is acceptable and convenient to the members and public from their shopping point of view.

Purchase and Pricing Policy

4.28 A systematic procedure is adopted in the matter of purchases in Madras. This procedure is in force throughout Tamilnadu State. There are three sources for purchase of goods namely:

- i) Direct from manufacturers.
- ii) National Cooperative Consumer Federation.
- iii) State Cooperative Consumer Federation.

4.29 The groceries and foodgrain items are purchased through Joint Purchase Committee. Again the cosmetics, toiletries, etc. are from manufacturers. Certain items like rice, tamarind, soap, nut, coffee, seeds from State Consumer Federation. A very few items like pulses, onion, pepper, basmati rice which are imported from outside the State, are purchased from the National Cooperative Consumer Federation. The share of purchases from different agencies, by and large, is as under:

i) Direct from manufacturers	-	65%
ii) N.C.C.F./State Cons.Fedn./MKT	-	25%
iii) Through dealers	-	10%

Total	-	100%

4.30 The Joint Purchase Committee comprising the representative of the Govt., the Chief Executive of the Stores and representative of Stores decides the broad purchase policy. The Joint Purchase Committee is appointed by the Registrar of Cooperative Societies.

4.31 They follow the scientific ordering system for purchases. Stock in hand, sales of last month and indents for purchases are taken into account before making purchases of any item.

4.32 Proper purchases has a direct link with pricing and determination of margin of profit.

4.33 Once in a week, salesman places indents with godown-keeper. The godown keeper consolidates the indents and forwards to Purchase Department.

4.34 On examining the selling price of a few items sold by private shopkeeper and S.S. Shop, it was found that price of a

product, say Sunlight Soap or Tooth paste sold by the S.S. shop of the stores compared with the same product sold by a private shop-keeper in the same locality is lower. In a few cases, the price was found to be 2-3 paise less. This is possible due to lower margin of profit charged by the S.S. shop.

4.35 In Calcutta also, the Registrar of Cooperative Societies has appointed a Business Sub-Committee which consists of four persons viz. a Director of the Society (a non-official), Chief Executive Officer of the Society (W/S Consumer Stores), Manager of the Self-Service Shop and an Inspector of Cooperative Societies, which meets periodically and decides about purchases. The systematic ordering system, as in Madras, is followed in Calcutta also. The Stores make purchases from the manufacturers direct or from the authorised dealers. The purchase from cooperative organisations like NC.C.F. and State Consumer Federation is about 10% and the balance is direct from manufacturers.

4.36 As regards the pricing policy, the Business Sub-Committee decides the mark-up over cost for different agencies. To give an example, the Bidhannagar Consumer Stores' policy is as under:

- i) 2% mark-up over cost for supplies to primary consumer stores.
- ii) 5 to 8% on most items in the Self-Service Shops.
- iii) 10% on groceries.
- iv) 10 to 12% on office supplies.

The Stores follow the pricing policy, as per decision of the Business Sub-Committee.

A Statement showing Working Results of Self-Service Shops is at Annexure-III.

CHAPTER-V

Productivity in Retailing

5.1 Productivity in retailing depends to a considerable degree, on the location of the shop. It tends to increase as it approaches the central shopping area of the town. Productivity is also influenced by the type of ownership of the retail outlet. The common techniques employed to measure productivity in retailing are to find out the following:

- i) Sales per square-foot.
- ii) Sales per-man per-day, and
- iii) Rate of stock turnovers.

5.2 The position of productivity, as per techniques suggested above in sale service shops is as under:

Sales per sq. foot.

5.3 Sales per sq.ft. of floor area of the shop per day is one of the main indicators about the efficiency of performance of the Self-Service Shops. Improvement of the floor productivity of the shop is one of the objectives of converting counter service shop into self-service shop, as this goes to improve the profitability of the business. The position of sales per square ft. of the six S.S. shops is shown in the following table:

Table No. 5.1

Table showing sales per sq. ft. of Self-Service Shops

S.No.	Name of S.S. Shop	Selling Area	Sales in 1988-89 (Rs.in lac)	Sales per sq.ft.per day.
1.	Kamdhenu	5673	184.37	Rs.10.83
2.	Chinthamani	1650	56.04	Rs.11.32
3.	Purasawalkam	1630	7.68	Rs. 1.57
4.	Lindsey Street	8800	122.35	Rs. 4.63
5.	Behala	2994	67.43	Rs. 7.50
6.	Bidhannagar	1500	30.23	Rs. 6.72

Source: C.P. Cell, NCCF, New Delhi.

5.4 It is estimated that for a self-service shop has to become viable, it has to achieve a minimum daily sales of not less than Rs.10/- per sq.ft. of its floor area. So, the minimum daily sales expected of any self-service unit is Rs.10/- per sq.ft. per day on an average. It will be seen from the above table that

excepting the first two shops, the others could not achieve this minimum during the year. Lindsay Street S.S. shop has very big area (8800 sq.ft.) while its business turnover is not commensurate with it with the result the per sq.ft. sale is Rs. 4.63 only. Availability of large floor area for a shop demand large sales turnover to become the unit viable.

A statement showing the sales per sq.ft. of all the S.S. shops is at Annexure-IV.

5.5 Another objective of the Management in converting counter service shop into self-service shop is to achieve better labour productivity. In a counter service shop, the suggested standard of sales per salesman per day is Rs.1200 to Rs.1500 for different commodity groups. Self-service shops, by and large, sell grocery and other goods of daily requirement. Therefore, they should be able to achieve better return per salesman as the efforts of the salesmen are minimum in such shops. The position of sales per man per day of six S.S. shops is as under:

Table No. 5.2

Sales per-man per-day in 1988-89

S.No.	Name of S.S. Shop	Average No. of staff	Sales per-man per-day (Rs.)
1.	Kamdhenu	20	3073
2.	Chinthamani	4	4670
3.	Parasawalkam	6	426
4.	Lindsay Street	28	1456
5.	Behala	14	1605
6.	Bidhannagar	3	3360

Source: C.F. Cell of NCCF, New Delhi.

5.6 Achievement above Rs.4000/- sales per-man per-day is considered very good, above Rs.3000/- good and between Rs.2000/- and Rs.3000/- fair. Thus the performance-wise position of self-service shops can be rated as under:-

1.	Chinthamani	-	Very good
2.	Kamdhenu	-	Good
3.	Bidhannagar	-	Good
4.	Lindsay	-	Just fair
5.	Behala	-	Just fair
6.	Purusawalkam	-	Below normal

5.7 Purusawalkam is not even keeping the standard of counter service shop. By and large, the position is quite satisfactory. The Lindsay Street S.S. shop has employed a large number of employees, which, it appears, are not needed for the present size of business.

5.8 Generally, the units are keeping fixed number of sales staff irrespective of the sales. In some cases, the additional staff is provided during the peak days of the month. For better sales per-man per-day, the measures like the enlargement of the range turnover are suggested.

A statement showing sales per man-day of all the S.S. shops is at Annexure-V.

Stock productivity:

5.8 Frequency of stock replenishment is supposed to be more in self-service shops. As the volume of business of these shops is larger, compared to the traditional shops, the stock productivity is higher in S.S. shops.

The achievement of stock rotation in different units is as under:

Table No. 5.3

S.No.	Name of the shop	Stock turnover
1.	Kamdhenu	19
2.	Chinthamani	13
3.	Purasawalkam	3
4.	Lindsay	8
5.	Behala	8
6.	Bidhannagar	10

5.9 Usually, the self-service shops are expected to achieve a stock turn-over of not less than 24 times a year. But in this case, none of the shops has reached this standard. The Purasawalkam S.S. shop's annual turnover is just 3.

5.10 Lower stock turnovers result in excess stock holding and higher interest cost besides the problem of slow moving stocks. The units have, therefore, to improve the existing arrangements for replenishment of stocks from the main godowns on the basis of demand pattern.

A statement showing stock turnover rate of all S.S. shops is at Annexure-V.

Stock Deficit

5.11 The main apprehension of the executives about the self-service system, where the merchandise is thrown open for handling by the customers, is the possibility of higher stock leakages by way of shop-lifting etc. In order to exercise the strict vigilance by sales personnel, they are jointly made responsible for the stocks entrusted to them.

5.12 The stock deficit position in these shops is as under:

Table No. 5.4

Stock Deficit position

S.No.	Name of the shop	Sales	Stock deficit	% to sales
1.	Kamdhenu	184.37	0.26	0.14
2.	Chinthamani	56.04	0.18	0.32
3.	Purasawalkam	7.68	0.15	1.95
4.	Lindsay	122.35	0.30	0.26
5.	Behala	67.43	0.03	0.05
6.	Bidhannagar	30.23	0.04	0.08

Source: C.P. Cell of NCCF.

5.13 It will be seen from the above table that percentage of stock deficit to sales is on the high side in the case of Purasawalkar, Chinthamani and Lindsay Street S.S. shops. Management of these units where the deficit is more than 0.25% has to be alert on the point and reduce the incidence. It was reported that stock deficit occurs due to theft or misappropriation or sometimes both.

A statement showing stock deficits of all S.S. shops is at Annexure-VII.

CHAPTER-VI

Education and Training

6.1 The education of the consumer member is an integral part of the Consumer Cooperative Movement. Indeed, maximum possible consumer education is a part of the cooperative philosophy itself. The doors of consumer cooperatives are open to all citizens. Member-education, therefore, potentially covers the education of all the citizens.

6.2 The steps taken by the State Cooperative Unions/Distt. Cooperative Unions in Madras and West Bengal for education of members of consumer cooperatives are not adequate. Active member participation depends upon their education in basic elements of cooperative philosophy and business operations. It is suggested that the Unions may bring out suitable literature on the working of consumer stores and self-service shops, their benefits in terms of consumer protection, consumer convenience, price factor, etc. and circulate among the consumers/customers. This would create the awareness among consumers about the benefits of buying from cooperative consumer stores/self-service shops.

Training of staff

6.3 Staff development is the primary duty of each consumer store. For running a self-service shop properly requires guidance and knowledge in the display of assortment by the sales staff on the training in business management i.e. how to reduce selling cost, increase sales, reduce stock deficit etc. and other related matters. The Cooperative Training Colleges - both in Madras and Calcutta - have done very little in this regard. They may, therefore, take suitable steps to impart training to sales personnel of consumer stores. The Management of the store should also cooperate with the Colleges in getting their concerned people trained in business management.

CHAPTER-VII

Impact - Benefits

7.1 Let us examine the impact of the system and benefits derived by various agencies including consumers. It is also necessary to know the impact of financial assistance provided by the Government to Consumer Stores for self-service shops on their initiative to be self-dependent.

New Modern Shopping System

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

Impact of Govt. assistance

7.3 The impact of Govt. assistance to Cooperative Consumer Stores to open self-service shops was good and helpful to cooperatives to set up self-service shops. Since it was a new concept to be introduced by consumer cooperatives, the financial assistance and know-how were found essential pre-requisites. It is, therefore, necessary that the Govt. as well as the consultancy and promotional cell of National Cooperative Consumer Federation should continue to provide financial assistance and consultancy advice respectively to such consumer cooperatives who intend to set up self-service shops. As the Govt. funds are limited, it may have to take up this programme in a phased manner and provide financial assistance to a few selected viable organisations.

7.4 The Govt. may also lay down the condition that such self-service shops will have to become self reliant within next 3 years and increase their business turn-over without seeking the Govt.'s further financial assistance. The C & P Cell of National Cooperative Federation would, however, continue to give consultancy advice for improving the business efficiency. The Govt.'s second condition should be that these Cooperative Consumer Organisations having received financial assistance for setting up self-service shops would follow the democratic principles and hold elections at the earliest to ensure member participation. The deputation of Govt. officers if at all required in the Stores/S.S. shops should be in the form of advisory capacity and not as Managers or Managing Directors. The reason often quoted for deputation of Govt. officers on Cooperative Organisations as Chief Executives is that the Govt.'s funds are involved in these organisations. In Maharashtra and

Gujarat in spite of Govt.'s large funds given as financial assistance in the form of share capital and loan and subsidy, the democratic procedure is followed and the Board of Directors is elected. There is no problem there.

Benefits

7.5 From the discussion held with the Chief Executives/Special Officers of Wholesale Consumer Store and on the basis of interviews with the sales personnel and customers of self-service shops, the benefits derived by consumers, Management and sales personnel are as under:-

Benefits to consumers (customers)

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

Advantages to Management

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

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

mix and margin improve.

Benefits to sales-personnel

- 7.7 i) In a counter service, a salesman has to walk or run several steps to show alternative items and again to put them back in the shelves and to pack and deliver a few of them to each customer. In this process, he walks several miles a day inside the counter alone and in that process he gets physically tired un-knowingly. A salesman in a S.S. shop is free from all these botherations.
- ii) Again, a salesman has to talk to each customer about the price, quality, make and maker of the different products.
- iii) Simultaneous calculations and billing work add to his problems. At the end of the day, he has to prepare the sales-summary, daily sales report and to reconcile his cash with the summary which often remains pending. Most of these problems are solved in the S.S. shop with the help of cash-register.

Impact on the community in general

7.8 The presence of the Cooperative Consumer Stores, for that matter, a Department Stores or Self-Service Shop assures consumer community that a private trader in the locality will not deceive the customer in respect of quality and price of goods as he has always freedom to go to any consumer shop and compare the price etc. Since the private shop-keeper knows this fact, there are less chances of deceit.

7.9 Convenience of buying a number of items under one roof is another advantage.

7.10 The housewives who are free in day time find it very convenient to make monthly purchases from such stores.

7.11 Consumer Stores are pace setters in price, quality, etc. and the private dealers have to follow their practice if they have to survive.

7.12 The impact of Govt. assistance to Cooperative Consumer Stores to open Self-Service Shop is helpful. Initially, for introducing new and modern system of shopping, the Govt. encouragement in the form of finance and know-how are essential. However, two consumer stores in Madras who were financially sound did not take the Govt. assistance for starting self-service shops and they are doing well.

CHAPTER-VIII

Problems

8.1 The stock deficit is a common problem with almost all the self-service shops. This has resulted into loss to the Consumer Stores in spite of good sales. The pilferage is a common cause. Suitable steps are being taken to reduce the pilferage by enforcing strict vigilance.

8.2 All the stores are headed by Govt. officials. The management and control of stores is naturally in their hands. It looks as if the Stores is a Govt. organisation. To bring up the democratic character of the society, elections of Board of Directors, Chairman etc. is an urgent necessity.

8.3 The self-service shops system has been introduced only a few years back with the help of Consultancy Cell of the National Cooperative Consumers Federation. They need continuous guidance for further modernisation and introduction of modern selling techniques.

8.4 The problem with sales personnel and the executive staff concerned with buying and selling is that they are not trained in Business Management. The Govt. officials posted to the consumer stores and Self-Service Shops have no training in business management and are transferred after a period of 2 to 3 years. This results in discontinuity in business administration.

8.5 The absence of democratic character in a Consumer Society does not allow the non-official leadership to develop. And if such a situation continues for a long time, the cooperative leadership will gradually disappear. This problem needs to be looked into. The solution lies in holding the elections of consumer societies early.

8.6 In some Stores/Self-Service Shops, over-staffing is a problem. To make the best use of over-staffed man-power is to increase the sales by introducing attractive sale practices.

8.7 There is no annual meeting for many years as there is no elected Board.

8.8 There is no financial analysis.

8.9 No annual plans with targets and financial outlays are made.

8.10 There is poor member education, member relations and member participation.

CHAPTER-IX

Summary of findings

9.1 Consumer Cooperatives create the most reliable shopping centres where Consumers can go and make purchases at ease without any apprehension of being cheated or deceived in respect of prices or quality of goods. A Department Store or a Self-Service Shop which is generally a part of the Department Store is set up for the convenience of consumers.

9.2 The idea of setting up Self-Service Shop by a Cooperative Society is a recent innovation in the field of shopping in India. The Government have, therefore, provided funds to the selected wholesale consumer stores to set up self-service shops. The consultancy cell of the NCCF provided the know-how in setting up these units.

9.3 Today in India, there are 230 self service shops working either as an independent unit or a part of Department Store. These are retail centres run by Cooperative Wholesale Consumer Stores.

9.4 The self-service shops of Cooperative Consumer Stores have been working in India for 25 years. By and large, they have produced good results. As they grow, they are facing some problems.

Objective

9.5 In order to assess the present position of working of self-service shops in the cosmopolitan cities of Madras and Calcutta, to identify their problems and to find ways and means of improving their operations, the International Cooperative Alliance, ROAF, New Delhi, commissioned the study.

Infra-structure

9.6 There is a well-built infra-structure for Consumer Cooperatives in India. At the national level, there is a Consumer Federation, of which State Consumer Federations are members. Further down, wholesale consumer stores at the district level have been organised to support primary consumer stores. A primary consumer store is organised by consumers.

Board of Directors

9.7 As cooperative institution is a democratic institution, the members elect their Board of Directors and the Directors in turn their Chairman.

9.8 However, in the wholesale consumer stores, which have established self-service shops in Madras and Calcutta, there is no elected Board. A special officer of the rank of Joint Registrar is appointed as a Special Officer. In Calcutta too the stores have nominated Board and the Chief Executive of a Consumer Stores is a Govt. official.

9.9 The membership of wholesale stores consists of individuals and primary consumer stores. Actually at the time of formation of W.S. Consumer Stores, the individuals were admitted as Members. After that they had not much role to play in the affairs and business activities of the Stores.

Funds

9.10 The Govt. provided funds in the form of share capital and loan to the Wholesale Consumer Stores for business operations and to set up a self-service shop. Some shops used their own funds to establish and run self-service shops. The impact of Govt. assistance was good in the sense the consumer stores were encouraged to expand their consumer business and set up Department Stores, Self Service Shops, etc.

Location and Layout

9.11 Working of S.S. shops by and large is satisfactory. Locationally, one store in Bidhannagar (Calcutta) was little handicapped as it is not located in the Central Market place. Otherwise other stores have not much such problem. For fixing the layout, the advice of Consultancy cell of National Cooperative Consumer Federation was taken. There is an uniformity in the layouts of S.S. shops both in Madras and Calcutta.

W.S.C. Consumer Stores

9.12 The W.S. Cooperative Consumer Stores i.e. a parent organisation of S.S. shop handles multiple activities, namely running a Department Stores/S.S. shop, supply of goods to consumers under the public distribution system, buying stocking, running transportation department and diesel oil pump, etc.

9.13 The self-service shop is one of such departments. In Calcutta, Calcutta W.S.C. Consumer Stores runs 8 S.S. shops while in Madras TUCS runs 13 shops besides other retail outlets.

Growth of sales

9.14 There is definitely a growth in sales in S.S. shops; the percentage of growth is marginal in some and appreciable in others. There are, of course, few whose sales have gone down. After conversion of counter sale service to self-service shop, the increase of sale was higher.

Profitability

9.15 The S.S. Shops are set up with the primary object of providing facilities of buying all types of household goods under one roof. A consumer is sure that he will not be cheated price-wise or quality-wise. Apart from this, the S.S. shops keep in mind the profitability factor. It has been observed that all the shops except one, earned profit. Those which could not earn profit, were due to stock deficit, pilferage, high cost of operations, low rate of business, etc. Another reason is over staffing of the stores/S.S. shops.

Productivity

9.16 Productivity in retailing depends upon various factors. Location of the shop is an important factor. Productivity is dependent on the floor area utilised for sale, man-power employed and rate of stock-turnover. These factors are in relation to sales made by the shop in a particular period say a day/month or a year. Let us examine the position of these shops.

Table No. 9.1

Sales per sq.ft. and per man-day - Norm and actual

Figures in rupees

Sr (No)	Shop	Sales per sq.ft.		Sales per man-day	
		Standard Norm	Actual 88-89	Standard Norm	Actual 88-89
1.	Kamdhenu	10-15	10.83		3073
2.	Chinthamani	"	11.32	1200-1500	4670
3.	Purasawalkam	"	1.57	"	426
4.	Lindsay St.	"	4.63	"	1456
5.	Behala	"	7.50	"	1605
6.	Bidhannagar	"	6.72	"	3360

9.17 Improvement of the floor productivity of the shop is one of the main objectives of converting counter service shop into self-service shops. As far as management is concerned, as this goes to improve the profitability of the business. In the above table, only two shops conform to the standard. In case of Purasawalkam shop, the sales are poor and in case of Lindsay, although the sales turnover is reasonably high but floor area occupied by the shop is much more than required. In both the cases, there is need for improving the sales.

9.18 Sales per man-day position is good in all the shops except the Purasawalkam shop.

9.19 The stock-productivity has got direct relationship with profitability of the shop. For quick turnover 24 stock turn-over rates a year are suggested. In the case of shops under study, Kamdhenu and Chinthamani stores had 19 and 13 annual turnover rates. Out of remaining, Bidhannagar S.S. shop had 10 turnover rates and others had less than 10.

Stock Deficit

9.20 Stock deficit is a chronic problem with most of the shops. It ranges from 0.05% to 1.95%. The Purasawalkam S.S. shop's stock deficit is 1.95% which has resulted into low productivity and ultimately loss to the shop.

Staff Development

9.21 For development of staff, training input is necessary. This is missing. The Cooperative Training Colleges conduct very few courses in consumer cooperation for staff of the stores. The Management of W.S.C. consumers Stores also do not show their keenness on getting their staff trained in cooperative philosophy and business management. The consultancy and promotional Cell of National Coop. Consumers Federation Ltd. provides necessary consultancy for setting up of self-service shops and advises them from time to time. This is not enough. There should be arrangement for regular training of staff of S.S. shops.

Member Education

9.22 As the members have no say in the management nor any elections have been held for a long time, hardly any thought is given to their education in cooperative philosophy or the need for their active participation.

Impact

9.23 The impact of the self-service shop of the Cooperative Store on the consumer community in general is seen in the fact that every consumer whether she/he who goes to SS shop for purchases,

speaks good about these shops. It has made an impact on private consumer shops also. They try to improve their working in terms of layout, cleanliness, proper arrangement and display of goods etc. to match with the standards set out for the cooperative self-service shops.

Benefits

9.24 Benefits of self-service shops are not only to consumers but also to Management and sales personnel. The consumer, no doubt, is benefitted in various ways. It has become a practice among most of house-wives, to buy their grocery provisions only from the self-service shops of a Cooperative Store.

9.25 The Management feels that the staff cost can be reduced by increasing sales per man-day. Further by putting wider assortment range of goods in a self-service shop, margin of profit improves. This is what the managers of S.S. shops have expressed while soliciting their views on working of the S.S. shops. The S.S. shops have got already enough funds. The efficient Manager can improve the profitability of shops.

9.26 The sales personnel feel that they have not to exert much in selling the products of S.S. shops. Price, quality, description of goods etc. have already been mentioned outside every packaged material. The Cash Register is used by all the S.S. shops both in Calcutta and Madras. This reduces a great deal of work of salesmen in billing for every customer.

Problems

9.27 Problems are common to all Stores in one respect i.e. stock deficit due to pilferage and shop-lifting. Initially, the S.S. shops did not anticipate such a situation. But as it started affecting their profitability, the Stores have started taking strict measures to control shop lifting. These measures have resulted in reduction of shop lifting to some extent. Continuous vigilance is, however, necessary in this regard.

9.28 The Management who is responsible for running self-service shops requires continuous guidance and advice for improving the working of shops. Those who come from the Govt. Department for managing the activities of the Stores and business activities of S.S. shops should be given some training in business management initially for a few weeks.

9.29 There are no elections, no member participation and no cooperative character. It looks as if it is a Govt. run shop. Early elections of Board of Directors etc. would give a better image to these Cooperative Institutions.

Staff Development

9.30 For improving the working of S.S. shops, staff development is necessary. Cooperative Training Colleges both in Madras and Calcutta, which are responsible for imparting training in business management should organise a few courses in a phased manner for the executives and sales personnel of Coop. Consumer Stores/Self Service Shops. The Management of the stores should also cooperate in this.

Publicity

9.31 Similarly State and Distt. Cooperative Unions should prepare some literature for education of consumers in general and the staff of the stores in particular. The proposed literature may bring out the advantages of purchases from the Self Service Shops just like fair price, good quality, no adulteration, no cheating in weights and measures etc.

CHAPTER-X

Suggestions for improvement of working

i) Annual plan of Action for improving the sales, budgetary provision, forecast of sales and the funds required for purchases etc. should be prepared by each Wholesale Cooperative Consumer Stores for its self-service shop.

ii) By making periodical survey the requirements of customers, their opinions about the products sold, likes and dislikes should be found out.

iii) Member participation is totally missing. Members participation is possible by educating them in the values of cooperative activity and by giving them some rebate, discount etc. so that they would not only buy their requirements from the S.S. shops but take interest in the working of the shop.

iv) Sales personnel should be given some incentive to increase the sales.

v) Consumer Stores should create its own assets like building of its own in order to give stability to the organisation.

vi) The continuous guidance for implementation of self-service scheme is required. One cannot be content with what one has already done. Modernisation is a continuous process.

vii) The Consumer Stores must create a service cadre for staff from the Chief Executive down-ward so that one can aspire for a higher post within the organisation.

viii) In order to improve the efficiency of working of Stores, particularly S.S. shops, computer system should be introduced. With the help of computer they can keep the record of assortment, purchases customers, their total purchases in the year etc. It is suggested that in those stores whose annual turnover is Rs.50 lacs and above and have the prospects of further increase in sales should introduce computer system in their stores.

ix) Instead of manual packaging, automatic packaging system should be introduced.

x) The publicity drive through radio/television about the quality, price and service of consumer stores should be made vigorously so that a large number of people come to know about the advantages of buying from the Department Stores/Self Service Shops.

x1) Self-Service Shop of the Consumer Cooperative is a service oriented shopping centre. It is suggested that the free medical consultation by a medical practitioner once in a week to the members or regular customers as the case may be, should be organised by the Cooperative Consumer Stores. This is only an example. The Stores can introduce such socially benefited schemes.

xii) Except TUCS, no other stores have started any manufacturing unit. If the stores have to be self-sufficient, they should set up a number of manufacturing units of daily requirements. The Govt.'s assistance is available.

xiii) Booking of customer's orders over phone and making available required goods at their door-steps will facilitate many customers in big cities like Madras and Calcutta.

xiv) Seminars by State Cooperative Unions wherever they can organise or otherwise on the self-financing basis may be organised to focus the attention on the problems of working of self-service shops and exchange experiences by executives and sales personnel regarding working of such shops. Those Cooperatives interested in starting self-service shops should be invited so that they can understand working of the system and the problems faced by them initially.

xv) Since these shops proved useful to the consumer community, there is a need to set up a large number of units throughout the country. Care will have to be taken to avoid such faults which have come to our knowledge.

xvi) By now it has been proved that the Self-Service Shopping System adopted by Consumer Cooperatives is useful to the Consumer Community in general as well as to the Management and Sales Personnel of Consumer Cooperative.

xvii) During 1987-90, the sales range of the Stores in Madras was between Rs.1984.04 lacs and Rs.5553.49 lacs and in Calcutta it was between Rs.17.66 lacs and Rs.698.00 lacs. The Park Town and Bidhannagar wholesale stores were in losses in 1989-90 and 1987-88 respectively. They have to improve their performance to achieve viability.

xviii) The three self-service shops, namely Purasawalkam, Lindsay and Behala have very small turnover rates. It ranges between 3 and 8. Lower stock turnovers result in excess stock-holding and higher interest cost. Besides there is a problem of slow moving stocks. The units have, therefore, to improve the existing arrangements for replenishment of stocks from the main godowns on the basis of demand pattern.

xix) Stock deficit is a common problem with all the self-service shops. In order to reduce it, the strict vigilance by sales personnel should be exercised. They should be jointly made responsible for the stocks entrusted to them.

xx). In order to avoid stock out situation in self-service shops, the concerned wholesale stores should enlarge the range of assortment.

xxi) Chingleput, Calcutta, Behala and Bidhannagar wholesale stores are not giving any discount/rebate to members on their purchases to retain their patronage. They have to consider extending some incentives to the members.

xxii) Sales per man-day of Furasawalkam and Lindsay Street self-service shops is not picking up. The Lindsay Street and Kamdhenu self-service stores are having more sales staff. The self-service shops have to regulate employment of sales staff keeping in view a sales per man-day of Rs.3500-4500.

xxiii) Sales per sq.ft. of Lindsay Street, Furasawalkam, Behala and Bidhannagar S.S. shops is not to the expected level. The self-service shops have to aim at achieving a sales per sq.ft. of Rs. 20 or more.

xxiv) There is already the customer acceptability of the self-service system introduced by the Wholesale/Primary Consumer Stores. They can increase their sales by putting a better performance in terms of consumers convenience and by introducing rebate, discount schemes etc.

It has, therefore, become necessary that all concerned with the development of this sector should join hands and make it a success. The parties involved are Members, Management of the society, State Cooperative Union, Cooperative Training College and above all the Govt. Each one has to play its role effectively. The Govt. should continue to provide initial financial assistance to consumer cooperative stores to set up new self-service shops. The consultancy service of the C & P Cell of National Cooperative Consumer Federation to set up these units and follow-up advice for development of business efficiency would be needed. However, the Govt. may lay down the condition that such self service shops would become self-reliant within next 3 years and increase the business without seeking the Govt.'s further assistance. Secondly, these stores/S.S. shops would follow the democratic principles so that member participation can be ensured. The deputation of Govt. officer in the stores should be in the advisory capacity and not as Managers or Managing Directors.

The ICA ROAP which is taking keen interest in development of Consumer Cooperative Sector in India and other developing countries in Asia and the Pacific, may organise one or two Conferences/seminars in India and other countries to highlight the working of self-service shops of consumer cooperatives and the factors for success and failure. The ICA may also prepare a Model Project and discuss in these meetings, how such a model will be viable and profitable one. Although initially Govt. assistance would be needed but in the course of next 3 years, it should become self-reliant. This would enable the leaders and the Management personnel to interact with others, learn the working of successful cooperative consumer stores as well as problems and difficulties faced by them. This would finally help the development of consumer cooperative stores in India.

ABBREVIATIONS
used in the Report

ICA ROAF	-	International Cooperative Alliance Regional Office for Asia & the Pacific
TUCS	-	Triplicane Urban Co-op. Society.
CDDCWS	-	Chingleput Distt. Consumers Coop. W/S Stores Ltd.
PTCWS	-	Park Town Co-op W/S Stores Ltd.
CWCCS	-	Calcutta W/S Consumers Coop. Society Ltd.
BHWCCS	-	Behala W/S Consumers Coop. Society Ltd.
BNWCCS	-	Bidhan Nagar W/S Consumers Coop. Society Ltd.
W/S C.S.	-	Wholesale Consumers Stores.
A/cs & admin.	-	Accounts and Administration.
S.S. Shop	-	Self-Service Shop.
C & P Cell	-	Consultancy & Promotional Cell.
Rs.	-	Rupees
Lac	-	Lac is equal to 100,000.

Study of Cooperative Self-Service Shops

Terms of Reference of the Study

Study by: Mr. R.S. Umre, Consumer Consultant, on behalf of International Cooperative Alliance, Regional Office for Asia and the Pacific (ICA ROAF).

- Objectives:
- i) To assess the present situation of Self-Service Shops in Tamilnadu and West Bengal concerning their objectives, locations, organisational set up, funds, business and results of their operations.
 - ii) To assess the impact of their operations on the benefits and welfare of Coop. members, the community and the Cooperatives.
 - iii) To evaluate the impact of Govt. assistance on Cooperative Operations, initiative and future development.
 - iv) To identify problems and solutions.
 - v) To find ways and means of improving their operations.

Places of Study: Two - one in Tamilnadu (Madras) and another in West Bengal (Calcutta).

- Scope of study: The study will cover:-
- i) Coop. objectives, locations, organisational set up, business organisations, cooperative operations and results of operations.
 - ii) Govt. assistance regarding policy, finance, personnel, education and training and its impact on the success and failure of Cooperative operations.
 - iii) Impact of self-service operations on the benefits and welfare of members, the community and the cooperatives.
 - iv) Factors affecting the success and failure of coop. operations.

- v) Problems faced in Coop. operations.
- vi) Strategic plan of action for the improvement of Coop. operations.

Annexure-II

Working Results (Institutions as a whole)

(Rs. in lacs)

MADRAS

	1987-88 (Rs.)	% to sales	1988-89 (Rs.)	% to sales	1989-90* (Rs.)	% to sales
<u>1. TUCS</u>						
Sales:	4635.83	-	5553.49	-	4566.69	-
Income:	234.13	5.05	263.62	4.75	264.67	5.79
Cost:	209.31	4.52	259.48	4.67	260.55	5.70
Net Profit:	24.82	0.53	4.14	0.08	4.12	0.09
<u>2. CDCWS</u>						
Sales:	2492.15	-	2764.71	-	2933.72	-
Income:	104.80	4.21	119.25	4.31	95.21	3.25
Cost:	99.40	3.99	109.26	3.95	90.31	3.08
Net Profit:	5.40	0.22	9.99	0.36	4.90	0.17
<u>3. PICWS</u>						
Sales:	3158.15	-	3688.30	-	1985.04	-
Income:	140.75	4.46	177.68	4.82	107.30	5.41
Cost:	129.23	4.09	177.68	4.82	128.82	6.49
Net Profit:	11.52	0.37	(No profit-no loss)		(21.52)	(1.08)

* (9 months upto March '90)

Working Results (Institutions as a whole)

(Rs. in lacs)

CALCUTTA

	1987-88 (Rs.)	% to sales	1988-89 (Rs.)	% to sales	1989-90* (Rs.)	% to sales
1. CWCCS						
Sales:	592.00	-	678.00	-	338.00	-
Income:	47.86	8.08	54.93	8.10	33.62	9.94
Cost:	47.66	8.05	54.45	8.03	31.99	9.46
Net Profit:	0.20	0.03	0.48	0.07	1.63	0.48
2. BHWCCS (9 months upto March '90)						
Sales:	210.73	-	243.89	-	190.07	-
Income:	11.48	5.43	13.73	5.62	10.80	5.68
Cost:	11.28	5.34	13.32	5.45	10.21	5.37
Net Profit:	0.20	0.09	0.41	0.17	0.59	0.31
3. BNWCCS (From November '87)						
Sales:	17.66	-	47.00	-	25.44	-
Income:	1.97	11.15	5.68	12.08	2.83	11.12
Cost:	2.88	16.31	4.44	9.44	2.06	8.09
Net Profit:	(0.91)	(5.16)	1.24	2.64	0.77	3.03

* (6 months upto December '89)

Working Results (Self-Service Shops)

(Rs. in lacs)

MADRAS

	1987-88 (Rs.)	1988-89 (Rs.)	1989-90* (Rs.)
<u>1. Kamdhenu (New)</u>			
Sales:	200.36	184.37	165.82
Income:	13.05	11.98	10.78
Cost:	10.92	11.58	9.15
Profit:	2.13	0.40	1.63
<u>2. PTCWS (Annanagar)</u>			
Sales:	51.68	56.04	48.17
Income:	4.13	4.48	3.85
Cost:	3.15	2.34	2.35
Profit:	0.98	2.14	1.50
<u>3. Lindsay Street</u>			
Sales:	120.42	122.35	56.46
Income:	9.58	9.06	5.02
Cost:	8.59	8.00	4.01
Profit:	0.99	1.06	1.01

* (From July '89 to March '90)

Working Results (Self-Service Shops)

(Rs. in lacs)

CALCUTTA

	1987-88 (Rs.)	1988-89 (Rs.)	1989-90* (Rs.)
<u>1. PTCWS (Tirumangalam)</u>			
Sales:	9.50	13.63	11.92
Income:	0.76	1.09	0.95
Cost:	0.50	0.67	0.71
Profit:	0.26	0.42	0.24
<u>2. BHWCCS Store (From July '89 to March '90)</u>			
Sales:	39.85	67.43	64.66
Income:	1.99	3.37	3.23
Cost:	1.93	3.23	2.97
Profit:	0.06	0.14	0.26
<u>3. BNWCCS</u>			
Sales:	30.85	67.43	64.66
Income:	1.99	3.37	3.23
Cost:	1.93	3.23	2.97
Profit:	0.06	0.14	0.25

* (From July '89 to March '90)

Self-Service Shops
Performance Trend (Sales per square foot)

<u>Madras</u>		<u>(Sales per sq.ft.)</u>		
	Selling Area (Sq.Ft.)	1987-88 (Rs.)	1988-89 (Rs.)	1989-90* (Rs.)
<u>TUCS</u>				
1.	Kamadhenu (new) 5673	11.80	10.83	12.99
2.	<u>FTCWS</u> Annanagar 1650	10.44	11.32	12.98
3.	<u>CDCCWS</u> Furasawalkam 1630	2.42	1.57	3.89
<u>Calcutta</u>				
1.	Lindsey Street 8800	4.90	4.63	4.27
2.	BHWCCS 2994	5.32	7.50	9.59
3.	BNWCCS 1500	6.72	6.72	6.44

* (upto March '90)

Self-Service shops
Performance Trends (Sales Staff)

(SPMD : Sales per man-day)
(ANS : Average number of staff)

Madras

	<u>1987-88</u>		<u>1988-89</u>		<u>1989-90</u>	
	ANS	SPMD (Rs.)	ANS	SPDM (Rs.)	ANS	SPMD (Rs.)
<u>TUCS</u>						
1. Kamadhenu (New) (Sq.Ft.5673)	20	3346	20	3073	20	3685
2.. PTCWS Annanagar (Sq.Ft. 600)	4	4307	4	4670	4	5352
3. CDCCWS Purasawaikam	6	658	6	426	6	1058

Calcutta

<u>CWCCS</u>						
1. Lindsey St. (S.Ft.8800)	28	1541	28	1456	28	1344 (upto Dec.'89)
2. BHWCCS (S.Ft.2994)	14	1138	14	1605	14	2052 (upto March'90)
3. BNWCCS (S.Ft.1500)	3	3360	3	3360	3	3220 (upto March'90)

Self-Service Shops
Performance Trend (Stock Turnover Rate)

Madras

	<u>Yearly Stock Turnover Rate (Times)</u>		
	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>

TUCS

1.	Kamadhenu	21	19	21
2.	<u>PTCWS</u> Anna Nagar	15	13	16
3.	<u>CDCOWS</u> Purasawalkam	5	3	5

Calcutta

1.	Lindsey St.	12	8	7
2.	BHWCCS	7	8	16
3.	BNWCCS	11	10	9

Self-Service Shops
Performance Trend (Stock Deficits)

(Rs. in lacs)

	<u>1987-88</u>			<u>1988-89</u>			<u>1989-90*</u>		
	Sales	Stock Deficit	% to sales	Sales	Stock Deficit	% to sales	Sales	Stock Deficit	% to sales
<u>Madras</u>									
Kamdhenu	22.76	0.02	0.01	184.37	0.26	0.14	165.82	0.12	0.07
PTCWS (Annanagar)	51.63	0.12	0.35	56.04	0.18	0.32	48.17	0.01	0.02
CDCCWS (Purasawalkam)	11.85	0.01	0.07	7.68	0.15	1.95	14.28	0.01	0.08
<u>Calcutta</u>									
CWCCS Lindsey St.	129.42	N.A.	-	122.35	N.A.	-	56.46	N.A.	-
BHWCCS	39.85	0.02	0.04	67.43	0.03	0.05	64.66	0.04	0.07
BNCCWS	17.64	N.A.	-	30.23	N.A.	-	21.72	N.A.	-

* (upto March '90)