

CHAPTER NO. V

CONSUMERS CO-OPERATIVE STORES
IN MALAVAN TALUKA

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CHAPTER NO.5

CONSUMERS' CO-OPERATIVE STORES IN MALAVAN TALUKA

5:0 INTRODUCTION :

This chapter focusses on the performance of consumer co-operatives in Malavan taluka. The systematic account of the working of the consumers co-operative stores has been taken. There were 17 consumer co-operative stores in Sindhudurg district as on 30-6-87, out of which two societies were in Malavan taluka. These two societies and " Malavan Taluka Kharedi Vikri Sangh " dealing in consumer goods and serving as a link society for the taluka were selected for the study. Taking into consideration limited objectives of the study only 3 years' performance of these societies based on their Annual Reports for the years 1983-84, 1984-85, 1985-86 was taken into consideration. Further information was collected through interviews of rural and urban buyers, retailers, Asstt. Registrar of Co-operative stores, social workers etc.

5:1 MEANING AND DEFINITION OF CO-OPERATIVE ORGANISATION:

'Co-operatives' as a form of business organisation means an association of people who come together voluntarily on the basis of equality for the promotion of their common economic interests through joint efforts. The people who come together, try to overcome their individual economic weakness by pooling together their resources and thus try to make self-help

more effective through mutual aid. Dr. C.R.Fay ¹ has described the co-operative society in the following words -

" Co-operative society is an association for the purpose of joint trading, originally among the weak and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership may share in rewards in proportion to the degree in which they make use of the organisation "

Mr.Talamaki ² has defined co-operative society in the following words -

" An association of weak who gather together for common economic need and try to lift themselves and others out of weakness into strength, through business organisation conducted for common benefit of all who join it. "

5:2 SIGNIFICANCE OF CO-OPERATIVE ORGANISATIONS IN THE PROCESS OF DISTRIBUTION:

Significance of co-operation in the process of human development has been recognised by all. In India) co-operative movement was started in 1904 but Co-operative Societies Act 1912 made the real beginning as the Act provided for establishment of non-credit co-operative societies. Govt.of India Act of 1919 made the subject co-operation as 'State Subject' and since then, various attempts have been made to establish 'Co-operative system' in our country.

1 Fay C.R. 'Co-operation at Home and Abroad' Vol.1

2 Talamki S.S. 'Co-operation at Home and Abroad' page 17.

Co-operative societies, particularly in the field of 'distribution' are considered significant on the following grounds.

5:2:1 Elimination of Middlemen:

Long chain of middlemen in the field of distribution is responsible for increased prices of consumer goods and all sorts of malpractices such as profiteering, black marketing, adulteration, cheating in weights and measures etc. In order to ensure supply of goods of better quality at fair prices the chain of middlemen will have to be eliminated through co-operative organisations.

5:2:2 Development of spirit of involvement:

The co-operative organisation promotes the spirit of participation and involvement as the members are expected to participate actively in the process of management, and in making use of the organisation. The development of this spirit is bound to help the whole process of economic development.

5:2:3 Develops communication and understanding:

The process of management of co-operatives promotes communication among the members through 'meetings' and discussions. The process of communication and contacts stimulates and sustains people's interest in the common objectives .

5 5:2:4 Avoids social conflicts:

Co-operative organisations lead to the application of principles of co-operation in the normal life of people. People learn to accommodate each other, understand each other, resolve differences through peaceful deliberations and negotiations. This process brings the people together and helps in avoiding social conflicts.

5:2:5 Promotes interests of small producers:

Co-operative marketing societies help in the process of maintaining reasonable prices, controlling malpractices of middlemen and thus ensure reasonable prices for the goods and services produced by small producers, agriculturists horticulturists etc.

5:2:6 Employment creation:

Economically weak persons can come together and form business organisations through 'co-operatives'. This facilitates the establishment of various types of processing units. These processing units along with marketing co-operatives can provide employment in rural areas.

All India conference on 'Rural Distribution by Co-operatives and the role of N.C.C.F.' organised by National Co-operative Consumers Federation of India on 17th and 18th December 1983 at Delhi has rightly recommended that important consumer goods like wheat, rice, coarse grams, pulses, edible oil,

match boxes, tea, coffee, controlled cloth, washing and toilet soap, kerosene oil, exercise books, sugar, salt, etc. should be distributed through co-operative societies only. The consumers' co-operatives should run 'fair price shops' in the rural areas to save the people from the clutches of village traders who have monopoly in this respect. Therefore, it was considered necessary to assess the prospects of consumer co-operatives in Malavan taluka. The report of the study in this respect has been divided under three heads as under.

- 1) People's involvement in co-operatives.
- 2) Actual participation of the people.
- 3) The performance of the three selected consumer co-operative societies.

5:3 PEOPLE'S INVOLVEMENT IN CO-OPERATIVES:

Co-operatives can play important role in the process of distribution in two different ways. Consumers can form co-operatives to eliminate middlemen and traders can form co-operatives to improve their abilities to serve better by taking advantage of large scale buying, storing, processing, transportation etc. through co-operatives. Enquiries in this respect showed that about 78 % rural consumers and about 60% urban buyers were willing to join consumer co-operatives. Similarly, all respondent traders in the rural areas and about 84 % urban traders have shown their willingness to join co-operatives. (Refer table No. 5:3:1 and 5:3:2).

Table No.5:3:3 shows that buyer-respondents from all occupations were willing to join the co-operative societies. In this regard they felt that -

- 1) Co-operatives will supply better quality goods.
- 2) Co-operatives will ensure equitable supply of scarce goods
- 3) Buyers will be able to raise their voice against poor quality, higher prices, irregular supply etc.

TABLE NO. 5:3:1

TABLE SHOWING WILLINGNESS OF RURAL AND URBAN BUYERS TO JOIN CONSUMERS' CO-OPERATIVES

Class of Resp.	Total Resp.	Willing to join co-operatives	Percentage
Rural	99	77	77.77
Urban	80	48	60.00

TABLE NO. 5:3:2

TABLE SHOWING WILLINGNESS OF RURAL AND URBAN BUYERS TO JOIN CO-OPERATIVES

Class of Resp.	Total Resp.	Willing to join co-operatives	Percentage
Rural	19	19	100.00
Urban	66	65	83.67

TABLE NO. 5:313

TABLE SHOWING OCCUPATIONAL CLASSIFICATION OF RESPONDENTS WILLING TO JOIN CO-OPERATIVES

Occupation	R U R A L			U R B A N		
	Total Resp.	Willing to join co-ops	Percentage	Total Resp.	Willing to join co-ops	Percentage
Agriculture	45	35	77.77	09	05	55.55
Labour	20	13	65.00	16	09	56.25
Fishing	17	14	82.35	16	13	81.25
Artisans	08	08	100.00	11	07	63.63
Other	05	04	60.00	16	07	43.75
Service	04	03	75.00	16	07	43.75
Total	99	77	77.77	80	48	60.00

5:4 ACTUAL PARTICIPATION OF THE PEOPLE

There was no consumer co-operative society in the villages selected for the study. However, about 43 % rural consumer-respondents reported that they used to buy their 'Kirana' from Malavan. (Ref. Table No. 5:3:1:5). They further reported that they bought a few controlled commodities such as foodgrains, fertilisers, kerosene, cloth etc. from Malavan taluka Kharedi Vikri Sangh.

In Malavan town there was one Malavan Taluka Kharedi Vikri Sangh and one consumer co-operative society of Govt. and Semi Govt. Employees . Hence 80 respondents interviewed from the town were specifically interviewed with a view to assess the extent of use they made of co-operative stores. The investigation showed that about 15 % respondents bought most of their requirements from consumer co-operative stores , 20 % respondents reported that they did not buy anything from consumer co-operative stores (Refer table No. 5:4:4). The income classification of the respondents can be studied from table No. 5:4:4 . The table shows that the percentage of respondents buying from the co-operative stores was higher among the low income -group respondents. Further investigation about the non-support to the consumer co-operative stores revealed that the people preferred private kirana traders to the co-operatives for the following reasons.

- 1) Lack of credit facilities from co-operatives
- 2) Non-response of co-operatives about complaints of buyers.
- 3) Unsatisfactory quality of goods supplied by co-operatives.
- 4) Lack of service and indifferent attitude of staff towards buyers.
- 5) Inability of co-operatives to supply all requirements of buyers.
- 6) Limited variety of goods ,limited choice available for buyers.

TABLE NO. 5:4:4

TABLE SHOWING DEGREE OF SUPPORT OF THE URBAN RESPONDENTS TO CONSUMER CO-OPERATIVES

NO.OF RESP.	RESP.BUYING MOST OF THE REQUIRMENTS	RESP.BUYING ONLY FEW CONTROLLED COMMODITIES	RESPONDENTS BUYING NOTHING
80 (100%)	12 (15%)	52 (65%)	16 (20%)

TABLE NO. 5:4:5

INCOME - CLASSIFICATION OF RESPONDENTS BUYING
FROM CONSUMER CO-OPERATIVE STORES

INCOME GROUP	TOTAL RESP.	RESPONDENTS BUYING FROM CO-OPERATIVE STORES	PERCENTAGE
I (Up to Rs. 6,400/-)	48	44	91.66
II (Rs. 6,401 to Rs. 20,000)	19	15	78.94
III (Rs. 20,000 and Above)	13	05	38.46
Total:-	80	64	80.00

5:5 WORKING OF MALAVAN TALUKA KHAREDI VIKRI SANGH :

The Malavan Taluka Kharedi Vikri Sangh was established in 1928 but was reorganised in 1952. By the end of 1986 the Sangh had 16 branches, 13 branches running fair price shops only, and 3 branches at Malavan, Chouke, and Viren dealing also in cloth. Out of its 13 fair price shops 4 shops were in Malavan and the remaining shops were in villages. The sangh supplied foodgrains, building materials/ hardware, cement, rawa, spirit, wheat, minerals, oils and other goods of daily requirements. Out of the total share capital of the sangh of Rs. 1,98,335 as on 31-3-1986, the share holders' contribution was about 19 % only. Table NO. 5:5:1 shows that the sales of the sangh show increasing trends. The sales have increased from Rs. 1,02,53,784 in the year 1983-84 to Rs. 1,17,78,602 in the year 1985-86. G.P. Ratio varies between 3.33 % of sales to 3.46 % of sales. The establishment expense ratio to sales also varied between 3.54 % to 3.78 %. The profits appearing in the accounts for the ^hree years under study were mainly due to interest etc. received on the investment. This part of the income was Rs. 45,270 in 1983-84 but increased to Rs. 61,091 in the year 1985-86. The stock-turnover ratio showed variations between 19.33 times in 1983-84 to 24.80 times in the year 1985-86.

TABLE NO.5:5:5

TABLE SHOWING THE PERFORMANCE OF MALAVAN
TALUKA KHAREDI VIKRI SANGH

PARTICULARS	1983-84	1984-85	1985-86
<u>MEMBERSHIP</u>			
Individual	1671	1674	1685
Pri. Society	39	40	40
<u>SHARE CAPITAL</u>			
Own	37,755	38,105	38,335
Govt.	1,68,300	1,60,000	1,60,000
Total	2,06,055	1,98,105	1,98,335
<u>RESERVES</u>	1,11,682	1,19,000	1,24,837
<u>SALES</u>	1,02,53,784	1,04,56,276	1,17,78,602
<u>TRADING PROFIT</u>	3,39,975	3,62,622	3,89,436
<u>INTEREST AND OTHER INCOME</u>	45,270	54,591	61,091
<u>EST. EXPENSES</u>	3,64,000	3,95,595	4,25,108
<u>NET PROFIT</u>	21,245	21,618	25,419
<u>STOCKS</u>	5,30,408	4,80,451	4,74,869

5:6 THE PERFORMANCE OF BIHARATGAD CONSUMERS CO-OPERATIVE SOCIETY :

The society was established in 1982 at Masure. The society was found dealing in foodgrains, sugar, rice, agricultural inputs etc. The membership of the society remained stagnant at 181 in the three years under study. Member's contribution in the total capital was found to be 54.23 % .

Total sales of the society in the year 1983-84 were Rs.4,09,628 . But the sales decreased by Rs.23,000/- in the year 1984-85. But this declining trend was reversed in the year 1985-86. The sales in the year 1985-86 registered increase by Rs.80,000/- over last year's sales. G.P.Ratio has registered an increasing tendency. The ratio has increased from 2.32 % in the year 1983-84 to 2.73 % in the year 1985-86. Establishment-expence Ratio to sales has registered a declining tendency . The ratio has declined from 2.45 % in 1983-84 to 2.12 % in the year 1985-86. The stock turnover ratio , however has registered ups and downs .It was 63.79 times in 1983-84, 37.22 times in the year 1984-85 and 74.86 times in the year 1985-86. (Refer table No. 5:6:6).

TABLE NO.5:6:6

TABLE SHOWING THE PERFORMANCE OF
BHARATGAD CO-OPERATIVE SOCIETY

PARTICULARS		1983-84	1984-85	1985-86
<u>MEMBERSHIP</u>		182	182	180
<u>SHARE CAPITAL</u>				
Own...	Rs.	11,850	11,850	11,850
Govt..	Rs.	10,000	10,000	10,000
Total.	Rs.	21,850	21,850	21,850
<u>RESERVES</u>	Rs.	181	181	181
<u>SALES</u>	Rs.	4,09,628	3,86,406	4,70,468
<u>TRADING PROFIT</u>	Rs.	9,539	11,115	13,092
<u>EST. EXPENCES</u>	Rs.	10,042	10,083	9,982
<u>NET PROFIT</u>	Rs.	-503 (Loss)	1,032	3,110
<u>STOCKS</u>	Rs.	6,421	10,339	6,284

5:7 PERFORMANCE OF MALAVAN TALUKA GOVT AND SEMI GOVT. EMPLOYEES
CON. CO-OPERATIVE STORES:

The society was established in 1984. During the first three years of operations its sales showed a declining trend. In the first year of its operation/working in 1983-84 sales were ^{Rs} 10,34,566, in 1984-85 sales were Rs. 10,36,118 and in 1985-86 sales were Rs. 8,16,920. Gross Profit Ratio was 5.83 % of sales in the first year but it declined to 5.07 % in the year 1985-86. However expense ratio has increased from 4.49 % of sales in 1983-84 to 5.92 % in the year 1985-86. There was net profit of Rs. 13,814 in the first year of operations but in 1983-84 there was a loss of Rs. 4,875. The loss further increased to Rs. 7,017 in the year 1985-86. (Refer table No. 5:7:7 and 5:8:8)

5:8 COMPARATIVE VIEW OF PERFORMANCE OF CO-OPERATIVES UNDER STUDY:

The comparative study of the above three co-operatives revealed that Malavan Taluka Kharedi Vikri Sangh was financially sound. However, its utilisation of funds was not found satisfactory. Bharatgad Co-operative society, though small, appeared to be proceeding on sound lines, and had shown some sort of consistency. Members' contribution in the total share capital of the society was 54.23 % as against only 19.33% of Taluka Kharedi Vikri Sangh. Gross Profit ratio of the society was found less than that of Govt. and Semi. Govt. Employees Co-operative society (But more than Sangh) but its Establishment Expense Ratio was superior to other two organisations. It has also succeeded in maintaining increasing trends in its G.P. Ratio.

TABLE NO.5:7:7

THE PERFORMANCE OF MALAVAN TALUKA GOVT. AND SEMI.
GOVT. EMPLOYEES' CO-OPERATIVE SOCIETY.

PARTICULARS	1983-84	1984-85	1985-86
MEMBERSHIP	482	486	488
SHARE CAPITAL			
Own Rs.	12,580	12,760	12,800
Govt..... Rs.	10,000	10,000	10,000
Total.... Rs.	22,580	22,760	22,800
RESERVES Rs.	7,862	19,177	19,949
SALES Rs.	10,24,566	10,36,118	8,16,920
TRADING PROFIT Rs.	60,353	52,502	41,480
ESTABLISHMENT EXPENSES Rs.	46,539	57,376	48,497
NET PROFITS/LOSS Rs.	13,814	-4,874 (Loss)	-7,017 (Loss)
STOCKS Rs.	38,945	42,904	27,368

TABLE NO. 5:8:8

COMPARATIVE PERFORMANCE OF CO-OPERATIVES DURING
(1983-84 to 1985-86)

TYPE OF RATIO	MALAVAN TAL. KHAREDI VIKRI SANGH	BHARATGAD CON. CO-OP. SOCIETY	GOVT. AND SEMI GOVT. EMP. CO-OP SOCIETY
GROSS PROFIT TO SALES.. 83-84	3.31 %	2.32 %	5.82 %
84-85	3.46 %	2.61 %	5.06 %
85-86	3.30 %	2.78 %	5.07 %
<u>AVERAGE</u>	<u>3.36 %</u>	<u>2.57 %</u>	<u>5.32 %</u>
EST. EXP. TO SALES 83-84	3.54 %	2.45 %	4.49 %
84-85	3.78 %	2.60 %	5.53 %
85-86	3.60 %	2.12 %	5.93 %
<u>AVERAGE</u>	<u>3.69 %</u>	<u>2.39 %</u>	<u>5.32 %</u>
STOCK TURNOVER RATIO.. 83-84	19.33 Times	63.79 Times	26.56 Times
84-85	21.76 "	37.22 "	24.15 "
85-86	24.80 "	74.86 "	29.84 "
<u>AVERAGE</u>	<u>21.96 "</u>	<u>58.66 "</u>	<u>26.85 "</u>
OWN SHARE CAPITAL TO TOTAL CAPITAL 83-84	18.32 %	54.23 %	55.71 %
84-85	19.23 %	54.23 %	56.06 %
85-86	19.23 %	54.23 %	56.14 %
<u>AVERAGE</u>	<u>18.33 %</u>	<u>54.23 %</u>	<u>55.97 %</u>

5:9 OTHER FINDING :

- 1) Consumer co-operative societies in Malavan taluka have concentrated on the distribution of a few items ,mainly on the distribution of controlled commodities only. They were not aware of quality of goods.
- 2) The societies were not helping for the promotion of local products.
- 3) Role in the employment promotion in the taluka was not note-worthy. They were paying very low salaries to their employees.
- 4) Participation of members in the process of management or making use of the co-operatives was not satisfactory.
- 5) Margin at which the societies were found dealing was not sufficient. There was almost no difference between the G.P. Ratio and Establishment Expenses Ratio.
- 6) Registered objectives of the societies included objectives like development of thrift among members , promotion of processing units, building warehouses and providing the facility on rental basis, price control etc. It was found that the societies were not paying any attention towards them .
- 7) Malavan Taluka Kharadi Vikri Sangh was found earning interest over Rs. 55,000/- .It appeared that the sangh was not able to utilise the available funds for the promotion of its objectives.

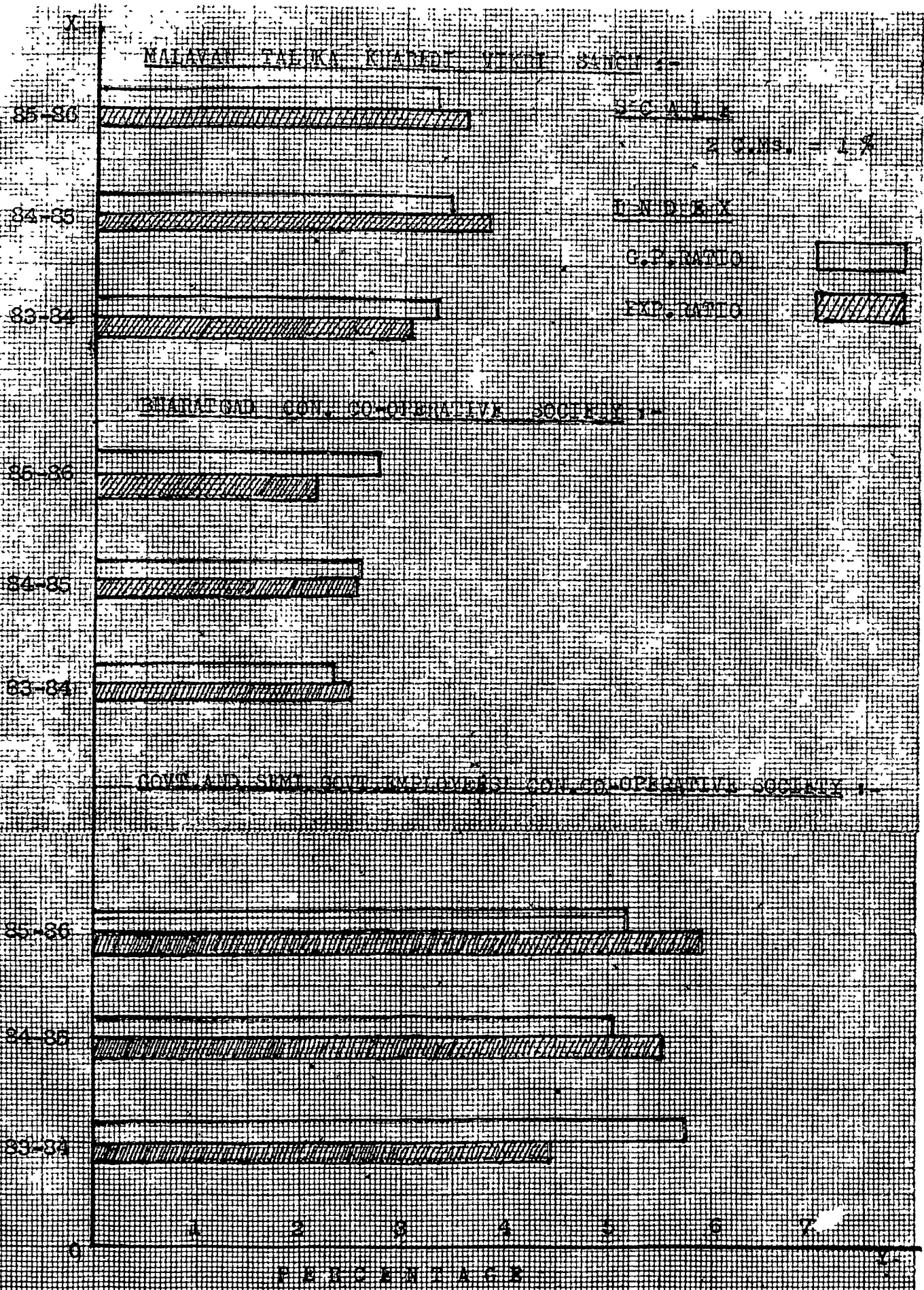


FIG-7