
CHAPTER SEVEN : SUMMARY AND CONCLUSIONS

Chapter - 7

SUMMARY AND CONCLUSIONS

7.1 INTRODUCTION

In the post-Independence India there has been speedy growth of consumer cooperation at both the state and national level. But the progress is not satisfactory as one would like it to be especially in the qualitative terms. More than 20 percent consumer cooperatives are in loss while a large number of societies have been declared as defunct units on the grounds of inefficiency and poor performance. The principal objective of the consumer cooperative movement is to protect the interest of consumers from exploitation by the private traders. But unfortunately consumer cooperative movement has failed in the cause of holding the price line of essential goods and thereby checking the inflationary tendencies in our country. The main weaknesses in consumer cooperative movement which are pointed out by experts are as follows:

- (1) Low membership
- (2) Small and uneconomic units
- (3) Low margin of profit
- (4) Weak financial position
- (5) Limited business
- (6) Lack of sound leadership
- (7) Lack of trained staff and professional management.

Quantitative progress of consumer cooperation in Maharashtra has been impressive. There is a wide network of consumer cooperatives with a separate state level federation (1964) which provides necessary guidance, training and information to the member institutions. The state government offers all types of assistance, both financial aid and administrative guidelines, to promote and develop consumer cooperative movement throughout the state. Notwithstanding this, at the state level also the problems enumerated above are very common.

7.2 CONSUMER COOPERATION IN SOLAPUR DISTRICT

A study of consumer cooperatives in Solapur district revealed that the district ranks second after Pune in both total number of cooperative societies and consumer societies in Pune Division which consists of five districts i.e. Pune, Satara, Sangli, Kolhapur and Solapur.

In Solapur district there are 11 talukas. Referring to the individual talukas, primary consumer stores were concentrated largely in North Solapur taluka with 96 (75.59 percent) and 109 (63.74 percent) societies in 1981 and 1986 respectively. Rest of the talukas shared less than 10 percent of the total primary stores. Barsi taluka ranked second with 12 (9.44 percent) and 16 (9.36 percent) societies in 1981 and 1986 respectively.

As regards central/federal stores, they existed in North Solapur and Barsi taluka only with major concentration in the former taluka. They were 8 in 1981 and 10 in 1986. In 1986, Barsi taluka continued with the 2 societies but North Solapur had 8 in place of 6 earlier.

All these details point out that the consumer cooperative movement in Solapur district is highly concentrated and has as yet failed to be comprehensive over the entire district.

7.3 CONSUMER COOPERATION IN BARSII TOWN

There were total 14 registered consumer cooperative societies in Barsi town in 1987 but 4 of them were dormant out of the active 10 societies, 3 students' consumer stores were recently opened. Out of the remaining 7 societies 5 were primary stores in which only 2 stores viz., Shivaji Grahak and Hotel Malak Sangh were much better placed. Out of the 7 societies, 2 were Central Stores and both of them belonged to the 'Bhagwant Group'. Of the 2 Central Stores, Shree Bhagwant Sahakari Puravatha Mandali Ltd., Barsi, was prominent. Bhagwant Society is the pioneering consumer cooperative society in Barsi town with long and successful history of about four decades. So it has been picked up for the present study.

7.4 A FLASH-BACK OF BHAGWANT GROUP

The Bhagwant Society is the pioneering consumer cooperative society in Barsi town. The pioneers of the society were interested in developing the organisation into almost a monolithic institution after getting well-set into the activity. As and when the opportunities arose, the Society strove to cast its net work wider by developing new organs. The monolithic superstructure of a network of cooperative institutions that has emerged as a result is known as the 'Bhagwant Group'.

The Bhagwant Group, by end of 1987 consisted of in all 10 institutions of which 2 were Central Consumer Stores, a primary consumer store, a milk cooperative, a dal cooperative mill, a housing cooperative, a credit cooperative, a powerloom cooperative and 2 public trusts.

All the 10 institutions of Bhagwant Group had independent statutory existence. But they were working under the directives of the parent body Shree Bhagwant Sahakari Puravatha Mandali. The Bhagwant Group has built a sound base for cooperative activity not only in Barsi town but also in Barsi taluka.

Overall performance of the individual societies of 'Bhagwant Group' differed from each other. Some of the societies have to be on their toes to improve their financial gains if they desire to contribute their mite

to provide a strong cooperative movement under the banner of Bhagwant Group. They should not remain content beneath the shelter of the parent body irrespective of their weaknesses. The Group as a whole has to remain strong all the while.

7.5 PROGRESS OF THE BHAGWANT SOCIETY

The Bhagwant Society has its existence for nearly four decades. Over this long span of time, on various counts, it has exhibited signs of steady progress. Initial decade of the Society reflected slow progress, but after 1968-69, the Society progressed with greater pace.

7.5.1 Membership

The total membership of the Society increased from 22 in 1949-50 to ~~XX~~ 1344 in 1984-85 during the period of 36 years. It increased by 61.09 times, or by 6009.09 percent. Except the 6 society members, rest of the membership belonged to the consumers. During the first decade of the Society, the growth rate of the membership was very slow. During the second decade of the Society, particularly from the middle of the decade the membership grew rapidly. Third decade is important one because the status of the Society was elevated from primary store to wholesale store, so membership was extended to cooperative societies too. Though the change was striking during this decade, it was little less than

half that of during the previous decade. The first half of the fourth decade indicates almost near stagnancy situation. Thus, growth by leaps and bounds noticed during the past two decades was absent down during the first quinquennium of the eighties. Though the membership of Bhagwant Society is greater than all other consumer stores in Barsi town, it constituted hardly 0.013 percent of the total population of Barsi town.

7.5.2 Paid-up Capital

The Bhagwant Society began in 1949-50 with paid-up share capital of Rs.8.95 thousands and rose to the level of Rs.599.20 thousands by 1984-85. It has been able to build-up a sound capital base throughout this period. Its paid-up capital was 59.92 percent of its authorised capital i.e. Rs.10 lakh in 1984-85.

7.5.3 Working Capital

The amount of working capital was Rs.13.41 thousands in 1957-58 which got into three digits (130.60 thousands) in 1965-66 and Rs.404.32 thousands in 1968-69. Thereafter it was fluctuating. A big push, again, was given in 1978-79 with the elevation of the Society into a central store. The working capital marked the height of Rs.987.21 thousands in 1979-80 and Rs.1,330.69 thousands in 1982-83. Then upto 1984-85 it slashed to Rs.704.32 thousands. Thus, the position of Bhagwant in respect of working capital was sound since

1965-66 to 1982-83. The activities of the Society widened continuously during this period (1965-66 to 1982-83). But since 1983-84 the position of working capital and also regular activities of the society shows downward trend.

7.5.4 Turnover

Total sales of the Bhagwant Society over the span of 36 years depicts a rising trend. Sales in founding year amounted to Rs.0.05 lakh only. A noteworthy lift was taken in 1963-64 with sales of Rs.10.29 lakh. In 1970-71 there was a substantial rise to the level of Rs.74.25 lakh and in the end year of the seventies sales reached the figure of Rs.141.55 lakh. They were further pushed upto Rs.154.53 lakh in 1982-83. But last two years were of decelerating sales. Thus, the Bhagwant Society progressed with great strides by hiking its sales substantially from time to time.

7.5.5 Income and Expenditure

Over 16 years from 1969-70 to 1984-85 both the income and expenditure of the society increased slowly during the initial 7 to 8 years and thereafter by leaps and bounds. It is worth noting that last four years in the time series, viz., 1981-82 to 1984-85 recorded significantly lower profit, except 1982-83, compared to the previous years. Finally, a careful look at the

figures relating to the absolute amount of surplus and its indices reveals wide fluctuations from year to year.

7.5.6 Allocation of Profit

For the 15 years from 1970-71 to 1984-85 the Society could not accrue net profit during 5 years, viz. 1971-72, 1975-76, 1977-78, 1979-80 and 1983-84. The amount of allocable profit which stood at Rs.30.80 thousand in 1970-71 touched the height of 60.26 thousand in 1980-81 and thereafter showed erratic variations due to similar experience in case of surplus of income over expenditure. By 1977-78, the Society could contribute annually nearabout Rs.4 thousand to its reserve fund but since 1978-79 this contribution spurted to Rs.11 to 15 thousand. The share of the dividend amount in the total allocable profit ranged between 46 percent and 84 percent over the period. Contribution to special development fund was discontinued after 1974-75 and to other funds after 1973-74. Dividend equalisation fund was casually strengthened. A part of the profit carried forward to the succeeding years was a recent phenomenon, viz. 1981-82, 1983-84 and 1984-85.

7.5.7 Reserve Fund and Other Funds

Reserve Fund and other funds, maintained by the Bhagwant Society showed a noteworthy progress from a paltry amount of Rs.20 in the initial year to 280.02

thousand in 1984-85. Reserve fund constituted the largest single item of the components of the accumulated funds of the Bhagwant Society. The share of other funds in the aggregate remained between 77 percent and 83 percent over the long span from 1952-53 to 1973-74. Thereafter, a declining trend was set and the proportion declined from 77.62 percent in 1973-74 to 45.03 in 1984-85. By implication, the proportion of reserve fund was moving between 17 percent and 23 percent till 1973-74 and thereafter exhibited a rising trend reaching finally to 54.97 percent in 1984-85.

It was able to strengthen its membership and consequently its capital base. It could gradually enhance its annual sales. So that with a solitary exception in all the years its income exceeded its expenditure leaving some surplus. The Society could not earn net profit every year, because profit-making was never its principal motive. On the whole, therefore, the Society had a good going as a consumer store. Its elevation as a central store a decade ago can be considered as a recognition of its useful and efficient functioning. However, a deeper look, into the financial management with the help of ratio analysis would not present a very rosy picture.

7.6 PERFORMANCE EVALUATION BASED ON RATIO ANALYSIS.

The following ratios were taken into account:

- (1) Current ratio, (2) Working capital ratio,
- (3) Operating Expenses ratio, (4) Net Profit ratio,
- (5) profitability ratio, (6) turnover inventory ratio
- and (7) efficiency ratio.

The ratio analysis of the Bhagwant Society reveals glaringly that the society's financial management was reasonably good upto the mid-seventies, but thereafter the base of its financial operation appeared to be weakening gradually in spite of its conversion into a Central Store. Of course, the things were not totally out of order. The Society was earning profit and was economically viable. That is a great solace. In addition, the society has all the potentialities to grow to a stronger position. What is needed is more careful operation of its activity in addition to due concern to the behaviour of various financial ratios which are the lamp-posts for mending the affairs.

7.7 PRESENT POSITION OF BHAGWANT SOCIETY

Shree Bhagwant Sahakari Puravatha Mandali Ltd., Barsi, is a pioneering consumer store with a long and successful existence for nearly four decades. The initiative and efforts of its pioneers, who were well

aware of the benefits of cooperation and had firm conviction in the ideology of cooperation, made them to enter into many-fold and diversified activities like processing, manufacturing, credit, etc. During the span of 38 years in all 10 institutions were established which, as a cluster, are known as Shree Bhagwant Sahakari Sanstha Samuha or 'Bhagwant Group.' All the organs of the Bhagwant Group are working under the directives of the parent body 'Shree Bhagwant Sahakari Puravatha Mandali.' Notwithstanding its success in the past, the Bhagwant Group as a whole and the Bhagwant Society particularly has, of late, come into limelight due to the suspected malpractices which became almost a scandal, highlights of which follow.

According to audit report^{of} Cooperative Department, Solapur, there are suspicious economic affairs in Bhagwant group and Bhagwant Sahakari Puravatha Mandali. They concluded this on the basis of audit of the Sanstha from 1st July, 1984 to 30th June, 1986. The audit report has levelled following charges against the society¹: non-availability of certain records, improper maintenance of office records and registers, increasing burden of bank loans and government loans, illegal travelling expenditure, annual budget not sanctioned by Board of Directors and managing committee, misappropriation of society's funds, non-maintenance of telephone and

trunk-call register, and so on. The audit report has identified persons who together are said to have committed a fraud of Rs.1,04,844. The economic position of Bhagwant Society is dwindling. The Society has closed down the Yantramag organ and petrol pump. A criminal case has been filed and the matter is in courts now. The Society sources, however, have publicly defended the charges against the persons and the society.² These developments have no doubt affected adversely the functioning of the Bhagwant Society. A long-standing Society is in difficult situation now creating doubts about its future status and even its existence. Since the matter is in courts now, the outcome would have a strong bearing on the future working of the Society. But presuming that the court judgement would clear the dark clouds over the Society and the Society continues to function with renewed strength, a few suggestions can be offered.

7.8 SUGGESTIONS

(1) Membership (1341) of the Bhagwant Society constituted hardly 0.013 percent of the total population of Barsi town. It must be strengthened considerably by covering maximum possible population of Barsi. For this purpose, the Society should undertake membership drive as a special programme for which the office-bearers and

members of the Board of Directors should make special efforts. They should personally make house-to-house visits in chosen areas and get new members enrolled through systematic canvassing. Membership should come not only from better off classes but also from the weaker sections of the society. Membership of women folk too should be encouraged. Perhaps they would be better convinced, of the benefits of the store. Cooperative Societies also should be covered in greater number.

(2) Sales promotion is another measure to which the Society should give special attention. In fact, increased membership by itself will help in increasing sales. That is a good outlet. But besides that special sale activities have to be undertaken to attract non-members. Rebate on purchases to the members, festival discounts to the general buyers, advertisement, adopting departmental store pattern, and so on are some of the measures which can be suitably adopted. Improvement in sales performance by the Society would help in strengthening its financial strength by generating adequate surpluses every year.

(3) The Society has been accumulating substantial inventories which is a bad reflection on its functioning. A rational policy for maintaining adequate but minimum

possible reserves needs to be adopted by the Society so as to avoid over-stocking or under-selling.

(4) It was the good fortune of the society that it extended its functioning to various activities. But recent happenings have resulted into discontinuation of a couple of its activities. It is certainly a backward step. Hence, necessary steps should be taken to activate the discontinued undertakings. And, in future, before launching upon any new plans, the society should be careful to see that existing undertakings have a smooth sailing.

(5) The Society's assets were increasing but the liabilities were increasing much faster so that there was a downtrend in current ratio since the eighties. More attention should be given to reduce the liabilities at the earliest.

(6) With increasing sales, the operating expenses of the society also were going up but more than proportionately operating expenses should be minimised as far as possible to improve society's profitability.

(7) Net profit of the Society was not satisfactory in comparison with gross profit. Society must try to minimise the gap between gross profit and net profit. In fact, the Society must strive to push up its gross profit by which it would succeed in raising its net profit.

(8) Larger amount of capital has been laying idle which shows inefficiency of the Society in utilization of funds. So the Society should try to utilize its capital more efficiently by making each rupee earn its maximum.

(9) There should not be concentration of power in the hands of few people. Proper delegation of powers is essential.

(10) The Society should publish its annual report every year for the benefit of the members and non-members. It helps in keeping the working of the society on proper tracks.

(11) There should be proper system of cash control and stock verification.

(12) Proper maintenance of all records is a must.

(13) A sound financial base is a pre-requisite of efficient functioning of the Society. Therefore, an efficient management of finances with due attention to important financial ratios, is badly needed. The society has to be alert to this requirement. For the purpose, the store should have qualified and competent staff to enhance its managerial and operational efficiency.

7.9 CONCLUSION

The Bhagwant Society has had to its credit nearly four decades of noteworthy functioning. It has,

certainly established itself with sound foundation. Luckily the Society was brought up very carefully by the founding fathers so that it could make its name in Barsi town as well as Barsi taluka. But in an effort to grow stronger and broader, the Society, especially during past decade or so, ignored the need to observe safe limits of financial management. Actually, proper financial management has to be carefully done when any enterprise attains multi-dimensional growth. Bhagwant Society neglected this responsibility and as a consequence landed into troubles of suspicious economic affairs. This development and performance of the Society in financial management has, in a way, emphasised the fact that satisfactory performance of a cooperative organisation depends largely on the leadership, members' support, proper management of finances, competent staff and strong belief in the ideology of cooperation. It is not too late for the Bhagwant Society and Bhagwant Group to mend themselves. Having attained the present stature, they can certainly do better in future and confirm the belief of the public in the benefits of cooperation.

REFERENCES

1. 'Kesari' (Solapur edition), Date 6th June, 1987.
2. 'Kesari' (Solapur edition), Date 3rd June, 1987 and 11th June, 1987.

BIBLIOGRAPHY

I. BOOKS

1. Allen, V.S., Fundamentals of Consumers' Cooperation, Cooperative Publishing Association, Wisconsin, 1948.
2. Bonner, Arnold, British Cooperation, Cooperative Union Ltd., Manchester, September, 1961.
3. Goyal, S.K., Consumers' Cooperative Movement in India, Meenakshi Prakashan, Delhi, 1972.
4. Hamilton, David, The Consumer in Our Economy, Houghton Mifflin Company, Boston, 1962.
5. Hampton, John J., Financial Decision Making, Prentice-Hall of India Private Limited, New Delhi, 1980.
6. Kamat, G.S., Reorganisation of the British Consumer Movement - A Guideline for India, VMNICM, Pune, 1969.
7. Kamat, G.S., New Dimension of Cooperative Management, Himalaya Publishing House, Bombay, 1971.
8. Karnik, V.N., Sahakari Grahak Sansthanche Vavasthapan, Samarth Cooperative Consumer Central Store Ltd., Thane, 1987.
9. Kulkarni, K.R., Theory and Practice of Cooperation in India and Abroad, Cooperators' Book Depot, Bombay,
10. Mathur, B.S., Cooperation in India, Sahitya Bhawan, Agro, 1975.
11. Mehta, S.C., Consumer Cooperation in India, Atmaram and Sons, Delhi, 1964.
12. Readings in Consumers' Cooperation, Asia Publishing House, Bombay, 1972.
13. Tapkir, Mukund M., Management Problems of Consumer Cooperative Societies in Pune City, Ph.D. Thesis (Unpublished), University of Poona, June, 1985.

II. PERIODICALS, REPORTS, YEAR BOOKS

1. Annual Reports of Shree Bhagwant Sahakari Puravatha Mandali Ltd., Barsi.
2. Annual Reports of Barsi Madhyavarti Sahakari Grahak Bhandar, Maryadit, Barsi.
3. Annual Reports of Welfare Centre, Barsi.
4. Annual Reports of Shree Bhagwant Sahakari Doodh Vyavasaik Sanstha, Maryadit, Barsi.
5. Annual Reports of Bharatiya Sanskar Kendra, Barsi.
6. Annual Reports of Shree Bhagwant Sahakari Dal Prakriya Sanstha Maryadit, Barsi.
7. Annual Reports of Shree Bhagwant Yantramag Seva Sahakari Sanstha Maryadit, Barsi.
8. Annual Reports of Shree Bhagwant Sahakari Gruha Nirman Sanstha Maryadit, Barsi.
9. Annual Reports of Siddhartha Sahakari Grahak Sanstha Maryadit, Barsi.
10. Annual Reports of Shree Bhagwant Sahakari Nagari Pat Sanstha Maryadit, Barsi.
11. Commerce, Bombay.
12. Cooperative Movement at a Glance in Maharashtra State, Commissioner and Registrar for Cooperatives, Pune.
13. Cooperative Perspective, VMNICM, Pune.
14. Economic Survey of Maharashtra, Commissioner for Cooperation and Registrar, Cooperative Societies, Government of Maharashtra, Pune.
15. Facts for you, New Delhi.
16. Important Items of Data : Credit and Non-credit Cooperative Societies National Bank for Agriculture and Rural Development, Bombay.
17. Indian Consumer Cooperator, NCCF, New Delhi.

18. Indian Cooperative Review, National Cooperative Union of India, New Delhi.
19. Maharashtra Cooperative Quarterly, Maharashtra Rajya Sahakari Sangh, Pune.
20. Report of the Expert Committee for Consumer Cooperatives in Maharashtra State, Maharashtra Rajya Sahakari Sangh, Bombay, 1972.
21. Sahakari Vishwa, Kolhapur.
22. The Cooperator, The National Cooperative Union of India.

III. ARTICLES

1. Bose, K.C. "Distribution of Consumer Articles in Rural Areas Through Cooperatives," The Cooperator, Vol.20, No.16, 1983.
2. Desai, N.K., "Consumers' Cooperative Movement - Remedy for Holding the Price Line," Sahakar (Annual), 1977.
3. Doshi, V.S. "Rehabilitation of Consumers Through Consumers' Cooperatives", Sahakar (Annual), 1978.
4. Fakhruddin Ali Ahmed, "Consumer Cooperatives - Problems and Prospects", Indian Cooperative Review, Vol. IX, No.4, 1971-72.
5. Gadgil, D.R., "The Cooperative System A Look at the Future", Indian Cooperative Review, Vol.VIII, No.3, April, 1971.
6. Gandhi, Indira, "Cooperation - An Ideal Instrument for Development", Indian Cooperative Review, Vol. VIII, No.3, April, 1971.
7. Joshi, Bindumadhav, "Bharatatil Grahak Chalvalichi Navi Disha", Sahakari Vishwa, July-August, 1986.
8. Mukherjee, A.K., "Role of Consumer Cooperatives in Consumer Protection," The Cooperator, Vol.20, No.10, 1982.



9. Namjoshi, M.V., "Seventh Plan Approach to Cooperative Sector," Cooperative Perspective, A Journal of Cooperative Management by VMNICM, Vol.20, No.3, Oct-Dec.,1985.
10. Rao, S.B., "Consumer Cooperatives - A Management Perspective," The Cooperator, Vol.20, No.12, 1983.
11. Sarkar, A., "Consumers' Problems and Consumers' Protection in India", Indian Cooperative Review, Vol.X, No.3, 1972-73.
12. Saxena, A.K., "A Study of Consumer Cooperative Movement in India," Indian Journal of Marketing, Sep-Oct., 1979.
13. Taimni, K.K., "Can Consumers' Cooperatives Survive?" Cooperative Perspective, Journal of Cooperative Management by VMNICM, Vol.20, No.4, Jan-March, 1986.