Chapter 2
Review of Literature

2.1 Introduction

Cooperation is a form of economic organization based on certain human values. The International Cooperative Alliance has defined cooperatives as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”

Cooperatives are service oriented institution based on principle of each for all and all for each. It is an organization of the people, by the people and for the people. The basic objective of the cooperative movement is to achieve the welfare of the members concerned and to protect them from exploitation. In developing countries, cooperatives have been assigned an important role as instruments of economic and social transformation. Cooperation aims to remedy the economic inequality and the evils of concentration of income and wealth and thereby prevents the exploitation of the weaker sections by the stronger.

The first workable model society was founded in England by the Rochdale Pioneers, a group of weavers. The policies and organization they adopted later became the principles of cooperation. The principles of cooperation formulated by Rochdale Pioneers were: democratic control, open membership, limited interest on capital, patronage dividend, cash trading, sale of pure and unadulterated goods, education of the members and political and religious neutrality. The London Congress (1934) and the Vienna Congress (1966) of the International Cooperative Alliance had revised the principles of cooperation formulated by Rochdale Pioneers. The ICA General Assembly, met in the occasion of the ICA’s Centennial Congress in Manchester in September 1995 approved the “ICA Statement on Cooperative Identity” and decided that the statement should replace the “Cooperative Principles”, as adopted by the ICA congress in 1966.
Cooperative societies may be broadly classified as primary societies and secondary societies. Primary societies are of two types viz credit societies and non-credit societies. Both credit and non-credit societies can be further classified as agricultural and non-agricultural, depending on the class of people who constitute these societies. The cooperatives have enlarged its activities in all spheres of human life, viz. production, distribution, housing, health, education etc.

2.2 Consumer Cooperative Societies

Since time immemorial, middlemen have been exploiting the consumers. It is consumer who ultimately bears all the burden of the various middlemen engaged in distributive channel of trade. These middlemen also indulge in a variety of malpractices such as underweighment, adulteration, black marketing, hoarding and profiteering. As long as these nefarious activities of the middlemen are not checked, price line can not be brought under control (Himachalam, 1991). Under this situation, the consumer cooperatives were found to be the only answer to protect the interests of consumers at large. A consumers’ cooperative store is voluntary organization of consumers organized to obtain their requirements of consumer goods and services on terms of greatest advantage to them ( Mathur, 1991). Consumer cooperatives are supposed to serve as the best custodians of the consumers by supplying quality products and services at reasonable prices and in correct weights.

The history of the growth of consumer cooperative movement at the international level shows that consumers was thought of as a means of perfecting and strengthening the capitalistic economic regime of free enterprise through the protection of the interests of the consumers. It also sought to get the distributive machinery out of the hands of exploitative traders and place it with the consumers (Adhikari, 1996).

Governments of several countries enacted much legislation to curb malpractices and offered necessary protection to the consumers. In course of time, experiences with the implementation of these legislations have proved that the controls were not very effective (Himachalam and Narendra Kumar, 1994). Hence consumer cooperatives are inevitable to check the exploitation of consumers in developing countries like India. In addition, the consumer cooperatives can play a
vital role the maintenance of targeted public distribution system in an efficient manner. Thus any study on consumer cooperatives is relevant and appropriate.

A scholarly study can be conducted only if there is a clearly identified and well defined research problem. A research problem can be identified only if the critical review of the available literature on the topic is done. Hence, in the following section, an attempt is made to review the available literature on consumer cooperatives and to arrange them chronologically.

### 2.3 Review of Literature

All India Seminar on Consumer’s Cooperation (1960) pointed out that the consumer societies suffer from several problems a slow membership, lack of adequate working capital, inability to withstand competition from private traders due to limited business experience, ignorance of appropriate business practices, disproportionate overhead expenses, want of planned regulation of trade, failure to develop other lines of business to cater to the needs of their members, inability to allow credit, lack of trained personnel, want of loyal members and absence of planned programme of development.

The national cooperative development and warehousing board (1961) brought out a report mentioning about their survey, which was on the existing environment of the consumers’ cooperative movement mainly in relation to the organization, structure, finance, business techniques and operations. The committee also identified main deficiencies of the consumer stores as inadequate share capital, dependence on honorary services, lack of loyalty of members and cut throat competition from private traders.

Marian Radetzki (1965) examined the role of consumer cooperatives and started that the role of consumer cooperation is to act as a check to prices charged by private agencies and to contribute to lower distribution costs through rationalization which will eventually benefit the ultimate consumer. He also opined that it is necessary to acquire a certain amount of market knowledge in order to operate actively.
Schubert (1967), an ILO – expert, submitted a report to the government of India on the development of consumer cooperation and the report examined the organizational and operational problems faced by the consumer cooperatives. Several suggestions were also put forward including the need for centralized purchasing system, formulation of effective purchase policy, scientific inventory management, better sales management, and a more effective control of expenditure and accounting practices.

Government of India’s Planning Evaluation Organisation (1967), Planning Commission brought out an evaluation report on consumer cooperatives. The report evaluated the working of the consumers’ cooperative stores promoted under the centrally sponsored scheme. The report highlighted number of crucial issues relating to the organizational structure, management, staffing, finance and business operations and the patronage by members.

Kamat (1969) suggested that the retail societies have to be economically viable in tune with modern standards to be able not only to defend consumer interests against exploitation but also to pursue an active price policy capable of influencing the retail market without special aid or support from the government. It is desirable for the retail societies to develop trade in various lines and not to be satisfied only with the distribution of goods which is assured to them by the government on a preferential basis and at subsidized rates.

International Cooperative Alliance (1976) in the report on consumer cooperation in South East Asia covers three dimensions of consumer cooperatives 1) the role of consumers’ cooperatives in consumer protection. 2) the structure of cooperatives at the retail level, and 3) production, importation and wholesaling for supporting consumers’ cooperatives and for international cooperative trade.

Kulandaiswami and John Winfred (1980) tried to educate various aspects of consumer cooperatives management to the managers, management trainees and students. The important areas covered include merchandising policies, sales promotion, inventory management, financial management, personnel management, democratic management and member participation.

Bhagavathyram (1985) in his report on Chinthamani Cooperative Super Market explained the need for fixing sales target on a scientific basis. The study recommended (a) provision of
purchase rebate (b) provision of welfare measures to employees (c) effective inventory management to avoid stock deficit and (d) improvement of the self-service sections.

International Cooperative Alliance (1988) Regional seminar on member participation and housewives’ involvement in consumer cooperatives – (Kuala Lumpur and Singapore) viewed that in most of the developing countries in Asia. Membership participation and housewives’ involvement in consumer cooperatives are very passive. Hence the seminar made some specific recommendation such as 1) educating and training of members on cooperative principles and important consumer issues involved 2) Members of consumer cooperatives should be made aware of their rights and obligations. 3) Redefine the objectives of consumer cooperatives 4) Provide opportunity for social and cultural advancement of members. 5) Extend facilities and activities to members.

Saxena (1988) identified major deficiencies of consumer cooperatives in Uttar Pradesh. The major deficiencies identified were wrong location, weak organizational structure, wrong purchases, weak operational mechanisms and poor personnel management practices.

Thiruvasagam (1989) pointed out that the consumerism in India is still in its infancy and is social phenomenon caused by the conditions of stress and strain. It is opined that the consumer cooperatives are expected to take a welfare oriented approach towards its members rather than a business oriented approach.

Sasikumar (1989) attempted to identify the bottlenecks in the proper functioning of the cooperative distribution system. The study also covered the consumer’s preferences, tastes, and their views on the effectiveness of each of the various agencies engaged in the system of public distribution of consumer goods.

International Regional Alliance, Regional Office for Asia and the Pacific (1989) in the workshop on “Development of consumer cooperative movement in Bangladesh” attempted to probe into the factors responsible for the preset situation of consumer cooperative movement in Bangladesh and to consider and suggest remedial measures for its reorganizing and strengthening.

International Cooperative Alliance Regional Office for Asia (1989) had the ICA Regional Follow Up Workshop on Housewives’ Involvement in Consumer Cooperatives at Osaka – Japan
in 1989 with the objectives to 1) assess the level of application of the recommendations adopted during the previous ICA regional seminar on member participation and housewives involvement in consumer cooperatives. 2) Identify the problems of involving housewives in consumer cooperative activities in participating countries. 3) Identify and select proper strategies from the Japanese experience in housewives involvement in consumer cooperatives and 4) prepare the action plan for the interaction of such strategies and methods in participating countries.

Kamalam (1989) highlighted the achievements made by the consumer cooperatives in India in protecting the interests of the consumers. The major achievements were 1) cooperatives are the only organized retail outlets with people’s participation spread over the remotest corners of India. 2) in India cooperatives are pioneers in price marking, pre-packing and self service which have been appreciated by the urban middle class consumers. 3) Cooperatives have earned a name in adopting fair trade practices.

Mlathi Sarin (1989) identified some of the factors responsible for the low participation of women in cooperatives as illiteracy, inadequate financial support, improper education and training facilities, social taboos and lack of appropriate policies. Women’s participation in consumer cooperatives have to be strengthened by enrolling them as members in the existing cooperatives and organizing women’s cooperatives, wherever it is felt necessary. Further housewives play an important role in determining the consumer pattern of the family. Hence their participation in consumer movement should be active and meaningful.

Johann Brazda and Robert Schediwy (1989) stated that the present crisis in consumer cooperatives is due to a variety of reasons such as 1) the increasing competition in retailing which led to a download pressure on margins 2) the downward pressure on margin which made it difficult to earn the traditional dividend and 3) members tend to become pure customers and to judge cooperatives mostly by their performance compared to other private shops. They also feel that the old ideological commitment among the members seem to be dying out.

Saxena (1990) attempted to analyse the reasons behind the collapse of consumer cooperative movement in France. In his study he divided the entire cooperative movement history into four phases and identified the factors responsible for the failure.
Absence of active member participation is identified as the main reason for the failure of the movement.

Reddy and Hampanna (1990) viewed that consumers’ cooperative movement in India has failed because of weak wholesale organizations, disintegration in the existing cooperative structure and mismanagement in the existing cooperatives. Moreover the cooperatives have not become peoples’ movement.

Satya Sundaram (1990) underlined the need for assigning an enlarged role to the rural consumer cooperatives. Consumer goods routed through the cooperatives in 1990 were valued at Rs. 3,000 crore a year, sales being accounted for equally by the rural and urban cooperatives. Consumer cooperatives cover about 40 per cent of the fair price shops. Consumer cooperatives handle variety of items like food-grains, groceries, oil, textiles, cosmetics, toiletries, vegetables, medicines, cooking gas, novelties, footwear and stationery.

Ushadevi (1990) was of the opinion that public distribution system in Kerala is effective and the benefits of PDS to consumer are substantial and real. She also suggested that the role of cooperatives in the PDS net work is to be further strengthened.

Himachalam (1991) made an attempt to study the working of consumer cooperative stores at the micro level by selecting Chittoor District, one of the backward districts in Andhra Pradesh. The objective was to identify the various problems and deficiencies in the functioning of consumer cooperative stores. Another objective was to suggest feasible ways and means to overcome all these problems and deficiencies to place the consumer cooperatives on an economically viable footing.

Omholt (1991), based on the investigations of the activity among the members of three consumer cooperative societies, stated that the more the members expectations of the cooperative are fulfilled, the more active is the member. The longer the person has been a member, the more active he is; old members are more active than young; men more than women; the more educated the person; the less active he is.
Hodis (1991) explains the growth and development of cooperatives in Czechoslovakia. He also underlines the role of consumer and marketing cooperatives in oppressing a black market in farm products developing countries.

Basant Lal Bhatia (1992) emphasized the role of the consumer cooperatives as a potential instrument of consumer protection against rising prices, adulteration and other forms of exploitation by the private traders. The main objective of his investigation was to analyse the attitudes and reactions of members and office-bearers of consumers cooperative stores and societies in the urban areas of Meerut district in Uttar Pradesh.

Das (1993) is his article “public distribution system: a study of Bihar” emphasized that there is no place for profit maximizing intermediaries in the public distribution system, which is very crucial to protect the interests of the consumers, specially the weaker/ vulnerable section of the society. Public distribution system was instituted as an integral part of the National Food Policy for consumer protection. But with new agricultural strategy, it became intimately linked with the incentive price policy, anti-poverty programmes and finally to deal with what came to be called as the problems of plenty.

Geetha and Suryanarayana (1993) carried out an analysis on PDS covering the period 1973 to 1989. Their study confirmed that there have been significant disparities in the state-wise PDS quantities, with respect to total population or population covered by the PDS. Thus PDS revamping is not merely a question of targeting but also involves the creation of the necessary infrastructure, like storage facilities and distribution network, particularly in states like Bihar and Orissa. PDS revamping would involve not only targeting but substantially increasing the total quantum of cereals distributed by the PDS so that, the poor obtain a substantial increase in their PDS entitlement.

Sapre (1993) examined the growth of consumer cooperatives in India. The problems faced by consumer cooperatives have been categorized as 1) structural problems 2) management problems 3) member’s related problems 4) employees related problems. It is also observed that the structural linkages came into existence only with regard to the supply of essential commodities of short supply. There is no infrastructural loyalty between the various tiers.
Sakthivelmurugan and Srinivasan (1993) in their article “Consumer Legislation in India: an overview” attempted to assess customer legislation in India.” According to them the success of consumer protection squarely links on the shoulders of every consumer who must realize the succinctly and created an atmosphere of awareness in the minds of consumers that they should not give room for deceitful action of the traders.

Edgar Parnell (1993) emphasizes that in cooperatives, there is a need to sacrifice priorities so as to achieve the mutual benefits which are seem to be of greater value. If a cooperative is to work effectively, It needs to have very strict rules to ensure that the business operates in the mutual interests of all the members and focuses upon the achievement of its true purpose of delivering benefits to the members in whatever capacity they choose to cooperate.

Shammugasundaram and John Gunaseelan (1993) studied the attitudes of the consumers of Karpagam Cooperative Sugar Market, Vellore. With regard to the location of the store, assessment of goods, the consumers were extremely satisfied. Regarding the services provided by salesman, the time required for purchases and advertisement made by the store, the consumer were moderately satisfied.

Perumal (1994) made an investigation into the functioning of consumer cooperatives in Tamil Nadu in general and wholesale stores in particular to examine the existing state of affairs with a view to make suggestion for further improvement.

Sukhpal Singh (1994) stated that the supremacy of the cooperatives over other forms of organizations can hardly be overemphasized as far as their distinct advantages in terms of democratic functioning, social objectives, pooling of resources for better productivity are concerned. It is important to look into the relative economic performance of the cooperative vis-à-vis other forms of organizations because economic viability is a must for any enterprise to perform in the market as well as to meet other objectives which may be non-economic in nature.

The workshop on consumer cooperatives in educational institutions of Kerala (1994) recommended that in order to avail economies of scale, the student cooperative stores should have networking at district levels. The seminar called for business diversification, active member
involvement and eliciting patronage of the parent educational institutions. The need for professionalization in the management of student stores was also highlighted.

Third Asia Pacific Cooperative Ministers’ Conference on Cooperative Government Collaborative Strategies, Colombo, Sri Lanka (1994) declared that the cooperative sector is as important and imperative as public and private sectors in its contribution to the socio-economic well being of the people, especially in view of rapid and drastic changes in the environment arising from deregulation, privatization and globalization of the economies in the Asia Pacific Countries.

Ayush Singh (1994) examined the performance of Nana Chowk Gamdevi Consumer Cooperative Society Ltd. in South Mumbai. Since 1987-88, the store has introduced self-service system and the sales have been growing steadily by around 40 percent. This society, over a period of time has generated a visible image, impact, coverage and acceptance amongst the people. Today Nana Chowk store considered as a model because it proved that even “small can grow” and showed a path for other primary consumer stores to follow.

Himachalam and Narendrakumar (1994) are of the opinion that the consumer cooperative movement with all its potentialities has not grown well in India. To tone up the performance of consumer cooperatives, suggestions were given to improve the financial structure, managerial efficiency, customer services, inventory control and sales promotion. They also suggested that the consumers should come forward to form and strengthen their cooperatives as a means to check the unscrupulous middlemen and to safeguard themselves from the clutches of the middlemen.

Herath (1994) emphases that decision making in consumer cooperative should be the primary concern of members. They should decide on the future directions of the society. It is vital to eliminate passivity of members and they should be given opportunities to develop their own planning procedures, set priorities and decide on implementation of strategies and schedules.

Daw Khin San Yi (1994) is of the opinion that the limitations of consumer cooperatives to compete with large national and multinational enterprises will only be overcome through integration among cooperatives, horizontally and vertically of the same and of different kinds.
The government of India appointed an expert committee on Consumer Cooperatives in 1993-94 headed by G. K. Sharma, the then Regional Director, and International Cooperative Alliance. The Expert committee in its report has come out with the discovery that 57 percent of primary societies are either in loss or in defunct condition. The remaining 43 percent are in profit that too most often only marginally. At the District / Central level, 61 percent societies are in loss and only 39 percent are running viably. Out of 32 state federations, only 16 are in profit and the remaining is in loss. The committee has identified the following factors which have affected their growth such as registration of societies without proper scrutiny, lack of member participation, lack of democratic functioning, lack of professional management, unplanned business operations and discontinuation of Centrally Sponsored Scheme for providing financial assistance for the development of consumer cooperatives.

Nilkanth and Sanjay Shankar Kaptan (1994) in their paper, ‘Consumer Cooperatives: Role of voluntary organizations to combat consumer exploitation’ stated that the need of the hour is to strengthen and promote consumerism. Consumer cooperatives being consumers’ organisations, have a duty and responsibility to provide protection to their consumers, without entirely depending upon the governmental function of consumer protection.

International Cooperative Alliance Regional Office for Asia and the Pacific (1995), attempted to review the cooperative development in South Pacific with special emphasis on consumer cooperatives. The report examined the cooperative movement in Fiji, Tonga, Vanuata, Solomonislands and Papua New Guinea. The report felt that majority of consumer cooperatives are too small to be viable in a competitive situation. Further the nature of business conducted by consumer cooperatives is more distribution oriented than retail trading organizations.

International Cooperative Alliance Regional Office for Asia and the Pacific (1995) in the Report on the workshop on strategy for competitive development in Vietnam provided a tentative assessment of the cooperative sector in Vietnam. Based on the assessment, the report offered recommendations as to the objectives to be pursued in the future by the Vietnamese government and cooperative movement. The recommendations of the workshop concerns the areas like cooperative policy, legislation, training, cooperative education, cooperative advisory services, structure and business operations.
Edgar Parnell (1995) states that cooperators are obsessed with their cherished Rochdale principles and the time has come to reinvent the cooperative if it is to survive into the next millennium. Deploring that in many cases the cooperative model of enterprises have become ‘frozen in time’, he opined that it still offers untapped potential to contribute significantly to human development.

Misra (1995) stated that if we study the development of consumer cooperatives in Japan, Sweden, England, Thailand and Singapore we may observe that in all these countries, where there has always been a free market system, consumer cooperatives have thrived along with the private super markets/department stores. He is of the opinion that in India, the multitude of little consumer stores, dependent upon spoon feeding by the state, may wither away with their obsession of cooperative principles unless they grow or amalgamate with leading consumer stores in the neighbourhood.

Gurumoorthy (1996) in his article ‘Role of Cooperative Societies in Public Distribution System in Tamil Nadu’ concluded that i) 95 percent of fair price shops in Tamil Nadu are managed by the cooperative societies. ii) Apex cooperatives take steps to procure the essential commodities from the Civil Supplies Corporation and supply to the fair price shops. iii) Effective supervision is ensured in cooperative fair price shops and iv) professionalism is practiced in the management of cooperative fair price shops.

Indrasena Reddy and Someshwar Rao (1996) state that in many places cooperatives have been instrumental in preventing the private shops from taking advantage of supply shortages and charging exorbitant prices. In their study entitled ‘consumer protection through cooperatives – A case study’ an attempt was also made to access the role of credit cooperatives in consumer protection.

Adhikari (1996) emphasized that in the context of open economy and globalization the consumer cooperative should improve the quality of goods and their services so that the loyal clientele of consumer cooperatives do not switch over to the private sector. To survive against the stiff competition with the private trade, it is necessary for the consumer cooperatives to minimize their cost in every sphere of activities. It is also reiterated that the consumer
cooperative should work out a common strategy to develop consumer awareness and work in the field of consumer protection and consumer education.

Raman and Halbhavi (1997) in their article ‘some aspects of Public Distribution System in Tamil Nadu: A study of Cooperatives’ state that the role of cooperative assumes a greater significance in the context of structural adjustment programme as the latter would imply deregulation and removal of price controls on the essential commodities consumed by vast population in India.

Ravichandran and Padmanabhan (1998) conducted a study in Chinthamani Cooperative Super Market in Coimbatore city in order to examine the purchase behaviour and constraints in purchase. The factors that are influencing the purchases at supermarkets were quality of commodities, reasonable prices, availability of unadulterated commodities and availability of full range of commodities. The major constraints of the consumers store were found to be lack of credit facilities, distance to the super market, odd behaviour of the employees and lack of customer services.

Asthana (1998) analysed the trends and pattern of development of consumer cooperatives in Gujrat and opined that 1.5 consumer cooperative stores per 50,000 population is not a significant development and much more is required. According to his study seeing the success of consumer cooperative stores, a number of private consumer store and big departmental stores are coming up which is posing challenges to the cooperative stores.

Kusumkara Hebbar (1999) in his paper entitled ‘Role of Consumer Cooperatives in Public Distribution System’ emphasized that the scope should be widened to increase the range of articles to such an extent that it covers almost entire consumer basket of an average rural household. He also suggested that there should be change in the orientation and motivation of the management and staff of cooperatives.

Madhavi (1999) et.al. attempted to examine the customer satisfaction Annamalainagar Consumer Cooperative Stores and observed that in consumer cooperative stores, the high income segment are less satisfied compared to the less income group. Respondent were also not satisfied with the approach of sales personnel, system of service, time taken for service, and timely availability of brands. It was also felt that the respondents were not loyal to the cooperative movement.
Sanjib Kumar Hota (2000) states that the ‘rural market’ is the appropriate ‘target market’ for cooperative business and its development. He is of the opinion that the weak and insufficient societies should be wound up or merged with strong or efficient societies. Otherwise the weak societies would undermine people’s confidence in the movement and cause a setback to it from a long term point of view.

Ram Iqbal Singh (2000) in his article ‘Development of Consumer Cooperative Movement – Its future needs in the light of global changes in the economy has explained the organizational setup of the consumer cooperatives in India and the reasons for set back to the consumer cooperatives in 1990s. he suggests that the consumer cooperatives have to stand on their own without looking forward to financial aid and assistance from the government by changing their structure, system of purchases, sales, inventory/assortments and building of regular clientele.

Madhu Pahuja (2000) brings out the critical issues for the survival and growth of cooperatives as up gradation of managerial and operational system: building up strong member loyalty by efficiently servicing their requirements, sustained efforts to build up own resources and greater inter and intra-sectoral cohesion to make cooperatives a system rather than merely a collection of institutions each working for its own. A strong and dedicated membership base could prove to be valuable asset in a competitive market, which is presently lacking in most cooperative institutions.

Adhikari (2000) attempted to present the recent profile of consumer cooperative movement in India. The consumer cooperative achieved a sales turnover of Rs. 95 billion during the year 1999-2000, which is around 2.5 percent of the total retail sales of the consumer goods in the country. Although the sales coverage is not very significant, the very presence of the consumer cooperatives create an impact in the market to stabilize the prices and availability of consumer goods.

Thomas and Mani (2000) state that in the liberalized economic regime panchayathi raj institutions have the primary responsibility to protect the interests of consumers. They suggest that panchayath raj institutions should impart legal literacy to consumers through the
neighborhood groups, undertake effective supervision of fair price shops and grant financial assistance to consumers’ cooperative stores etc.

Himachalam (2001) observed that many consumer cooperatives have failed to cope with the changed environment as revealed by the empirical study of consumer cooperatives and their performance in Aandhra Pradesh. In order to compete they have to improve their size of operation, structure, composition of products, marketing strategy and efficiency of workforce, in addition to improving their essential capital base with the government support.

Anita Manchanda (2001) is of the opinion that in the cooperative sector, women need to be empowered through increased membership and employment because women are the prime consumers and the prime producers of cooperative services. To involve women in the changing process, cooperative have to create an inspiring environment in which they can develop their creativity and actively support the organizational change process.

Thomas and Mani (2001) state that whenever people are directly involved in the affairs of consumer cooperative societies at the grass root level, these institutions will become viable and vibrant organizations to act as an effective channel of public distribution system.

The 14th Indian Cooperative Congress (2001) noted with great concern that the effect of liberalization has been strongly felt in the cooperative consumers sector in which many institutions are facing the threat of liquidation. The congress also felt that the consumer cooperatives have been utilized by the government machinery for implementing various welfare measures like distribution of essential commodities. The Congress recommended that the consumer cooperatives may be compensated adequately for undertaking such uneconomic activities.

Thomas and Mani (2001) in their paper on Revamping Public Distribution System through Consumer Cooperatives in Kerala: Role of Panchayathi Raj Institutions, also inferred that the three tiers of panchayaths in Kerala are apt network to empower the consumer cooperative societies so as to strengthen the public distribution system.
In the above pages, we tried to critically evaluate the available literature on consumer cooperatives and financial distress. However, detailed and microscopic examinations of the literature for consumer cooperative revealed that majority of the materials are merely in the form of popular articles, lack of rigour, and not based on any scientific and systematic methodology. A few serious works available were not related to the Maharashtra State or to be more precise in Mumbai region. Further, so far, there is no research being done on Apna Bazar consumer cooperative, which is one of the leading consumer cooperative societies in Mumbai region. **Hence, research gap is identified in the working of consumer cooperatives in Mumbai and this study is undertaken with the following research problem.**