CHAPTER - II

CONSUMER COOPERATION IN SELECTED FOREIGN COUNTRIES, INDIA AND TAMIL NADU

INTRODUCTION

Cooperatism, like socialism and capitalism is also considered to be one of the concepts aiming at the betterment of the people. People, whether live in developed countries or developing countries or under developed countries, believe that the cooperation would provide them capital at low cost, goods of quality at low price, cheap money for construction of houses, a way to distribute their agricultural produce and employment. Such belief bring more and more number of people into the fold of cooperation. Today one of the most successful economic and social movements of the world has grown into a world-wide organisation of 700 million cooperative members in over 70 countries.¹

Though the concept has permeated in every walk of life, it plays a strategic role in fulfilling the needs of consumers particularly. Next to credit or agriculture, consumer cooperation utilises the principles of cooperation for providing consumers their day to day consumption goods. In this chapter, the present position of the consumer cooperation in foreign countries, India and Tamil Nadu has been discussed.

¹ "News in pictures, Rochdale - 150 Years of Progress", Tamil Nadu Journal of cooperation, Vol 84, No.8, Nov. 92 p.454.
ENGLAND

United Kingdom, the Kingdom of many revolutions, consists of England, Scotland, Ireland and Wales. The country has a land area of 130,357 sq k.m. and has more than 46 million people. It was the pioneer to establish the first consumer cooperative store of the world. England is one of the most advanced countries of the world following capitalism.

The industrial revolution had created many problems for the working force such as migration of rural workers to urban areas, poor living conditions, unhygienic surroundings and child labour. So the distribution of consumption goods became problematic. Traders around the industrial area slowly started exploiting the workers by charging higher prices, supplying goods of poor quality and under measurements. To alleviate the problems of the workers great thinkers and philanthropists like Robert Owen, the father of cooperation, came forward. His writings and services inspired the promoters of Rochdale Society in England.

Rochdale is an old town situated on the boundary of Lancashire and Yorkshire. Flannel Manufacturing had been its staple trade for centuries. In the town, in 1830, the Rochdale Society was formed with 100 flannel weavers. This society started a retail store in 1833 at No.15, Toad Lane for the benefit of the workers. The store survived up to 1835. Charles Howrath, James Standring, John Aspden were some of the persons associated with this store. Later they joined the Rochdale Pioneers.
The Pioneers

28 pioneers of the Rochdale joined together and contributed 1 pound each towards capital and started a tiny business at 31 Toad Lane, Rochdale. In the beginning, the store supplied essential goods such as flour, butter, sugar, oatmeal and candles. For the first three months, the store functioned 20 hours. Later the store functioned for 5 days a week for a total of 20 hours. Samuel Ashworth and William Cooper were hired as staff and agreed to be paid only if the store was profitable after the first three months. In 1845, the sales amounted $1050 and net profit was $33. Thus the light lit that night in Rochdale now shine all around the world and nearly 700 million people enjoy the light after 150 years.

Present Position of Rochdale Pioneers

In 1994, the country celebrated the 150th year of Rochdale Pioneers. Today the Rochdale Pioneers is the biggest commercial farmer, a leading food manufacturer and supplier, and provides major financial services such as insurance and banking. It opened a school for members and their children. It also runs a free lending library for the members and their families.

Organisation of Consumer Cooperative Movement

The organisation consists of Cooperative Union, Cooperative wholesale society and Cooperative Retail Societies.
Cooperative Union

It is the apex body of consumer cooperative movement in U.K. and acts as coordinator, advisor and spokesman of the cooperative movement. It was started in 1869. The total membership of cooperative union is about 170 societies.

THE COOPERATIVE WHOLESALE SOCIETY

The Wholesale Society was established for enabling the stores enjoy the economies of large scale trade and all the retail stores are affiliated to CWS. In 1863, the first society, ‘The North of England Cooperative Wholesale Agency and Depot’ was registered which started its business on 14th March 1864. In 1867, its name was changed to Cooperative Wholesale Society. The CWS established several branches, depots and salesroom to serve the retail societies. In 1889, it started cooperative dairy, in 1900, bacon factories and in 1913 purchased tea estates in Ceylon; in 1976 it had total sales of $2,167 million. The CWS is the largest production organisation in England. It owns 200 factories, it is the largest flour miller, soap and margarine producer; has a farm of 10000 acres in Canada, a number of bacon factories and a fleet of ships for transporting merchandise. In 1971 their production amounted to 21 million pound, share capital 33 million pound, loan capital 21 million pound, reserves 71 million pound and personnel expenses amounted to 30 million pounds.

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2 Hajela, T.N., Cooperative Principles, problems and Practice, Konark Publisher Pvt ltd, p.69.
3 Ibid 69-70.
In 1957, cooperative retail services limited, a subsidiary of CWS was started with the main aim of establishing retail stores at those places where such stores were not in existence.

**COOPERATIVE RETAIL SOCIETIES**

The retail societies are very famous and form the base for cooperative movement in U.K. In Britain one store is functioning in one area deciding the area of operation among themselves under the guidance of National Cooperative Union which imposes restrictions in respect of area of operation, delivery of goods and location of the store. These societies run supermarkets, departmental stores, superstores, hyper markets and specialised shops such as perfumes, footwear, mens wear, ladies wear, leather goods and consumer durables.

The working capital of the store is raised through shares, loans and deposits. Member fee is only 5 pence. Dividend is transferred to share capital. Dividend stamps are also issued which may be encashed or used to buy goods from the society. Dividend stamp is issued to all customers but members receive an additional dividend which is also added to share capital. The retail stores deal in food products and also run their own landries, cafes, hotels and cinemas. The price policy differs from store to store and as a result in some areas prices are higher than the market rate. The rate of dividend also differs from store to store and dividend is paid to members on the volume of purchase. Though the retail stores follow the Rochdale principles certain deviations are
also found such as allowing the employees to become members, paying honorarium to committee members and allowing credit. The hours of work are less and wages high in cooperative organisations and therefore, strikes and lockouts are rare. The stores with large business and membership gives publicity and propaganda to attract new members, preserve their loyalty and acquaint themselves with the available services. At present there were 135 societies employing about 100000 people in more than 700 shops and stores with a turn over of 4260 million pounds.

 Reasons for Success

The store movement in England is a great success and the following reasons can be attributed for their success.

* England is a highly industrialised country and the majority of the population are wage earners who require protection against higher prices and poor quality.
* The existing worker population has uniform standard of living and common wants.
* It deals only in finished products adding substantial margin of profit and makes the stores financially strong.
* Coop. Stores have been set up in large number in industrial towns.
* Sincere adherence to the Rochdale principles.
* It has been a movement of the people for the people and by the people not requiring any Government support.
Economies in administration.

Special Features

* Membership fee is only 5 pence.
* Dividend is transferred to Share Capital. Dividend stamps were issued which may be encashed or used to buy goods from society. It is issued to all customers but members receive an additional dividend which is also added to Share Capital.
* The cooperatives are registered with the Registrar of Friendly Societies under the Industrial and Provident Societies Act.
* The Government has no separate department for cooperation but a cooperative development agency is set up.
* No member can have shares more than 5000 pounds.
* Cooperatives are liable to pay tax to Government.
* Dividend on purchase is paid and treated as business expenses.
* Cooperatives are liable to pay corporation tax.
* Trading with non-members is allowed.

Recent Trend

During 1988 the total retail turnover rose to 113 billion pounds, an increase of 10% over 1987. Abnormal expansion of consumer credit and tax concessions are the reasons for such growth. The total surplus in 1988 amounted to 96 million pounds of which 20 million pounds were distributed as members benefits, 46 million pounds as share interest, 30 million pounds to
be allocated as reserve. The total membership stood at 8.1 million and the number of societies were 85 in 1988 ⁴.

**Consumer Protection in Britain**

Cooperative store was started to protect the consumers from exploitation. The Govt. has undertaken several steps to protect them from exploitation. The Govt. constituted a twelve member National Consumer Council which has designed an informative label called ‘tell tag’ which contains informations relating to size, weight, and performance under test conditions. The Govt. has also enacted legislation to control prices of commodities and services. Besides, the British Standards Institute has prescribed the standards for different articles. Unfair Contract Terms Act has also been passed to prevent manufacturers from providing faulty products and services.

Apart from the Government, the consumers themselves have taken many steps to get protection against exploitation. An active organisation has been formed known as ‘Consumer Association’ which publishes a monthly magazine called ‘WHICH’, which is subscribed by 600000 members. The association operates a Research institute to test the goods. Housewives have formed a group called ‘house wife trust’ to help the house wives to prepare monthly budget and shop wisely and also publishes a fair price guide. Another

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⁴ Ibid pp 74-75
organisation called “Boycott” conduct boycotts when goods are priced unjustifiably high\(^5\).

**Drawbacks**

Though the cooperative stores have achieved tremendous success, they also suffer from drawbacks. Provision of credit, tendency of stores to earn profit, acting purely as grocery stores and not providing any services, indifference of members to participate in management, existence of cooperative deserts, overlapping in area of operation, appointment of paid agents, and bureaucratic management are some of the deficiencies which hinder their development.

**JAPAN**

The land of rising sun, Japan, has a land area of 377.8 sq km with a population of 122.7 million as on 1988. The adult literacy ratio of the country is 99% Japan was transformed into a modern society from a feudal one after Meiji Restoration in 1868. The first Cooperative Society Law was enacted in 1900 which gave legal status for 4 types of Primary Societies ie., credit, marketing, purchasing and processing.

The consumer movement was started during the Meiji Restoration period. In 1879, 4 cooperative societies were found. In 1921 two cooperatives were founded by evengelist Kagawa Toyohiko, Nada and Kobe which were

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merged in 1962 to become the world’s fourth largest consumer cooperative society. Since then many cooperatives sprang up throughout Japan. But the great depression and outbreak of second world war checked the momentum of the consumer movement. During the Second World War these consumer cooperatives were used by the Govt. to distribute essential goods to the public.

During 1948, consumer cooperative law was promulgated with a motto of promoting voluntary organisation of consumer cooperatives and thereby stabilise living conditions and increase popular living standards.

1950s were a breaking point for the consumer movement. During this decade the movement witnessed many improvements. For e.g. Japanese Consumer Cooperative Union was formed in 1951, Workers Consumer Cooperative was formed, National Women’s Council was set up in 1957 and Han Groups were formed in 1956.

Another milestone of the movement was the formation of Consumer Cooperatives in Universities and Colleges to provide catering facility, book shops, travel agency, medical facility to member university students during 1965-77.

The participation by the consumer cooperatives in the socio economic field is also worth mention. The consumer Cooperatives take up issues such as environmental pollution, nuclear arms and other related production, campaigning and lobbying for the betterment of consumers.

**Present Position**
Table 2.1 gives the recent position of Consumer Cooperatives in Japan\(^6\).

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\(^6\) Cooperative Movement in Japan, International Cooperative Alliance, p.40.
### TABLE 2.1
**CONSUMER COOPERATION IN JAPAN**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Particulars</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of cooperative society</td>
<td>658</td>
</tr>
<tr>
<td>2</td>
<td>No. of members</td>
<td>11801752</td>
</tr>
<tr>
<td>3</td>
<td>Han groups</td>
<td>746474</td>
</tr>
<tr>
<td>4</td>
<td>No. of Han members</td>
<td>4685397</td>
</tr>
<tr>
<td>5</td>
<td>Han members ratio</td>
<td>39.7</td>
</tr>
<tr>
<td>6</td>
<td>Total turn over (Y mil)</td>
<td>2209894</td>
</tr>
<tr>
<td>7</td>
<td>Retail sales (Y mil)</td>
<td>1959206</td>
</tr>
<tr>
<td>8</td>
<td>Share capital (Y mil)</td>
<td>162149</td>
</tr>
<tr>
<td>9</td>
<td>No. of retail outlet</td>
<td>2190</td>
</tr>
<tr>
<td>10</td>
<td>Cooperative retail share in Japan (%)</td>
<td>2.58</td>
</tr>
</tbody>
</table>

Table 2.2 below gives the data relating the turnover and members of Top 10 cooperatives in Japan.

### TABLE 2.2
**TURNOVER OF SELECTED COOPERATIVE STORES IN JAPAN**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name</th>
<th>Turnover (Y.mil)</th>
<th>Members No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nada Kobe</td>
<td>266559</td>
<td>896150</td>
</tr>
<tr>
<td>2</td>
<td>Kanagawa</td>
<td>128105</td>
<td>692776</td>
</tr>
<tr>
<td>3</td>
<td>Sapporo Citizen</td>
<td>120881</td>
<td>561144</td>
</tr>
<tr>
<td>4</td>
<td>Tokyo citizen</td>
<td>67876</td>
<td>314232</td>
</tr>
<tr>
<td>5</td>
<td>Toyota</td>
<td>56921</td>
<td>152275</td>
</tr>
<tr>
<td>6</td>
<td>Saltama</td>
<td>55111</td>
<td>221670</td>
</tr>
<tr>
<td>7</td>
<td>Miyagi</td>
<td>51641</td>
<td>258483</td>
</tr>
<tr>
<td>8</td>
<td>Efu</td>
<td>49022</td>
<td>210565</td>
</tr>
<tr>
<td>9</td>
<td>Kyoto</td>
<td>46220</td>
<td>247619</td>
</tr>
<tr>
<td>10</td>
<td>Osaka Izumi citizen</td>
<td>38846</td>
<td>155032</td>
</tr>
</tbody>
</table>

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7 Ibid., p.40.
In 1990, there are about 674 consumer cooperatives with 14.14 million membership which works out to 20% of Japanese population. Many products are being produced by cooperatives under cooperative brand. There are about 7000 cooperative brand consumer products in Japan. The largest consumer cooperative society which supplies from Womb to Tomb is Kobe consumer cooperative which has a membership of 930,000, of which 78% are women. Sales of these cooperatives in 1990 amounted to Rs. 2700 crores earned through 2400 retail outlets. It employs nearly 12,000 employees.

Special Features

Some important features of Japanese consumer cooperatives have been discussed below.

Han Group

The success of consumer cooperation in Japan mainly depends upon Han group. It is a group of 5 to 10 women members who meet every week to decide their weekly needs and place orders to the van driver of the cooperative store in which they are members. The van driver collects all such orders from all the Han groups, hands over them to the store, collects goods and gives delivery to the Han group within a week. Thus the members get their requirements regularly every week without visiting the store. The group purchase contributes more to the success of the store.

8 Consumer Cooperation in Japan, The Tamil Nadu Journal of Cooperation, Vol.84. No.5, August '92, pp.270-278.
For example, a typical Han group is the No.1. IMAIZUMI HAN in KAWAGOE, SAITAMA PREFECTURE, north of Tokyo. It consists of eight members belonging to Saitama cooperative store. They meet every Saturday afternoon at one member’s home to decide their purchase and to take delivery after a week. This Han group purchase alone accounts for 44% of the total revenue of Japanese consumer Cooperative Union.

**Health Consciousness**

The members of consumer cooperatives are conscious of their health and family. Environment pollution due to large scale industrialisation, use of food additives by distributors, use of pesticides and fertilisers by farmers, use of toxic substance in food items etc. caused serious worries among the housewives as it affected the family health. When the housewives started looking for the alternatives, the cooperative stores capitalised the chance by providing chemical free, toxic free, fresh and safe goods. Thus the consumer cooperatives won the loyalty of housewives. In 1989, 65% of total sales of Japanese Consumer Cooperative Union consisted of food products.

**Environmental Consciousness**

The members are not only health conscious but also environmental and peace conscious. The tragedy of Hiroshima during second world war made them to realise the importance of peace and environment. As a result, since 1977, the members have been participating in anti nuclear weapon and anti war procession. To cite an example, nearly 5500 members of Japanese consumer
cooperative union participated in the August ’91 meeting in Hiroshima and Nagasaki. JCCU President EMERITUS NAKABAYASHI SADAU, Father of Japanese coop. movement received Gold medal from Swedish Federation of consumer cooperatives, for his contribution to anti nuclear activities. On May 9th, 1991, the JCCU celebrated its 40th anniversary where its chairman TAKAMURA ISAO has requested the members to work together to protect the society and its environment.

Living Cooperatives

To reduce the cost of operation living cooperatives have been formed in Japan in which members perform voluntary services, and participate in the food preparations.

Problems

The achievements of Japanese Consumer Cooperatives are though commendable, they are not free from problems. Some of the problems are outlined below.

♦ The imposition of consumption tax by the Govt. has affected the turnover of consumer cooperatives.
♦ The growth rate of consumer cooperatives is not on par with National growth rate.
♦ Agricultural cooperatives have been promoting parallel consumer store in the vicinity of stores promoted by consumer cooperatives.
SWEDEN

The 'Land of Midnight' Sweden has 4,50,000 sq km. land area with nearly 8.3 million population. Sweden has a constitutional monarchy system of Govt. Prime Minister is the chief executive.

History

The Swiss consumer cooperative society was the first consumer society established on 25th Jan 1868 with the aim of mutual help and achieving economic solidarity. It was started with a capital of 10000 Francs. The society opened its first shop on 21st March 1868 to sell flour, pasta, potatoes, rice, pulses, coffee, sugar, oil, soap, food, bread, meat etc. Edmond Pictet was the first to become its President in 1868.

Developments

The growth of consumer cooperatives in Sweden can be discussed under three phases.

First Phase

1868-1918: During these years the cooperative idea developed vigorously and the movement was able to maintain its political neutrality besides establishing legal and commercial structures. In 1885, there were four shops selling wine, food, bread, wood, and meat. Goods were sold to non members also. At the end of the year clients were given a rebate of 10% of their purchases. In 1890, the movement entered the manufacturing field.
same year Swiss Union of consumer cooperatives was established at Basel. In 1899, a central store, known as Kooperative Forbundet, (KF) was established to undertake production activities, wholesaling, insurance, publishing and printing along with monitoring the work of the cooperative union. As a wholesaler, it supplies 12 to 15 per cent of the total turnover of goods to various retail points in Sweden. In 1918, the Geneva cooperatives owned 28 retail shops and 2 warehouses.

**Second Phase**

1918-68 : In 1920 the coop. society started selling non food items through a specialist shop opened in the rue du commerce which was renamed as AUX EPIS d 'or' in 1928. Due to economic crisis in 1921 no rebate was paid. In 1927 a novel scheme was introduced under which dividend stamp book was given to enable the clients to enjoy an immediate discount of 5% followed by an additional rebate of 7%.

During 1930, an exgratia payment was given to unemployed members facing financial crisis. Door delivery facility was also provided to the rural people, but, subsequently the facility was withdrawn as stores were opened in the rural areas. In 1950, self service shop was opened in de consenne. In 1963 rebate and discount stamp system were replaced by a new pricing policy called Net Pricing Policy.
**Third Phase**

1968-92: The withdrawal of discount and rebate landed the cooperatives into the market economy where competition was heavy. To withstand such competition from private traders the cooperatives followed selling best quality goods at best price policy. The cooperatives took participation in the social activities. To promote the economic and social interest of the members cultural activities were also provided by the society. During 1968 computers and electronics equipments were introduced by Cooperative Geneva.

Cooperative Geneva, besides running small shops started giving importance to large stores. Resultantly large department stores were opened during this period. Florissant, onex Eaux-vives 2000, Montbrilliant are some of the important departmental stores. The coop. of Geneva extended its participation in other fields also such as cultural centres, public restaurants, commercial canteen, coop. travel agency, gourmets, home catering service, do it yourself stores, selling books, audio visual equipments, 24 hours self service petrol stations, hyper markets, ready-made garments, jewels, shoes, hair dressing, perfumes, bakery and opticians.

**Present position**

In 1993, the Geneva Consumer cooperative owns 40 shops, 2 Gourmets, 2 forums, twelve OK coop. petrol station, 4 travel agency, a leisure centre, a fuel service, and twenty nine restaurants. 2200 workers were in its enrolment
75500 members were in the shareholders list. The total sales amounted to more than 6000 million Kroner in 1992.  

SOCIALIST GERMANY

German Democratic republic lies in the middle of Europe having a total land area of 108178 sq. km. The population was 16.85 million in 1975. The Govt. follows Marxist Leninist principle.

Origin

The cooperative movement mainly spreads in the fields of consumers, agricultural production, credit and house construction. Of these consumer cooperatives are in the forefront.

The first consumer cooperative society was formed in 1845 by Textile workers and craftsmen in CHEMNITZ. But it was destroyed by Fascist regime. Again it was reconstructed and in 1946 the membership of consumer cooperative stood at 1.3 million with 15831 shops. These shops transacted a total business of 662 million marks. The retail trade of consumer coop account for 35% of total retail trade of G.D.R.  

Organisational Structure of Consumer Cooperatives

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Consumer cooperation has a three tier system. National Consumer Cooperative Union function at the apex level, the county unions function at the central level and primary consumer cooperative societies function at the base level. The NCCU manages 13 department stores, 9 clothing factories, one furniture factory, one wood working factory and a studio for advertising. Besides, 19 industrial units manufacturing consumption goods such as sweets, bakery, drinks, printing, soap, matches, food stuff and spices are run by the apex organisation. County unions at the central level control 13 bakery and meat processing units, 9 industries for meat and fish processing, bakeries and breweries. At the base level 197 primary consumer cooperatives run 32083 shops, 6108 restaurants and 217 production units.

At the primary level shop committees have been established to manage the shops. These shop committees are considered on par with Hans in Japan. The shop committee consists of eight members each representing 100 members. The committee is headed by a chairman, deputy chairman and vice chairman. The committee is responsible for convening the members meeting. If the performance of the committee is not satisfactory members can recall the committee. Members are given purchase bonus. As on 31.12.75 consumer cooperative membership stood at 4275141. Share capital amounted to 227.8 million Marks. Annual retail trade was more than 27899.7 million Marks.
Features of Cooperative Management

As the country follows communist principles there is a slight change in the principles of cooperation compared to the principles in a capitalistic country. The system of management followed for cooperation also differs from that of others in the following ways.

There is only one coop. society Act for the whole country. Only one set of byelaw is framed for one type of society. For e.g. the byelaws of all the primary cooperative stores are identical. Society is managed with reference to byelaws. No Registrar is appointed to administer the cooperative Act and rule. The responsibility of managing the coop society is given to Govt. department or local bodies. No society is dormant. No disparity exists in wage structure for similar work between Govt. and cooperative organisations. Cooperatives are treated on par with the Govt.

Present Position

After reunification of West Germany and East Germany great thinkers think that the principles of cooperation promulgated during the 19th century needs revision Prof. Hans H. MUNKNER, University of Margburg. Germany is of the opinion that the country has undergone many changes such as demographic changes, social changes, economic changes, ecological changes
and technological changes. Under these changed circumstances coop. principles need revision\textsuperscript{11}.

Consequently a new concept known as ‘social economy’ has come into usage in Germany. The new concept aims at public interest and general well being of the members\textsuperscript{12}.

**POLAND**

The land of the Great Astronomer, Copernickus has a land area of 312700 sq km.

**History**

Cooperative movement in Poland existed since 16\textsuperscript{th} century when STANISCIW STASZIE, a thinker and economist who divided his estate among the farmers who worked for him and set up a collective of farmers who had to observe rules framed by him. The rules had a lot in common with cooperative rules of modern days.


\textsuperscript{12} Hans - Dettef Wulker, The Social Economy and Cooperatives, A German perspective Review of Queerliated Cooperation, Vol 88 No.2/95, p-134.
Organisational Structure

Supreme cooperative council is the supreme body to which 8 central unions covering various fields such as consumers, workers, productive, housing, handicrafts, peasant self aid, farming, agriculture, and credit have been affiliated. At the basic level primary cooperatives are classified into rural and urban. Consumer cooperation comes under urban cooperatives.

The first consumer cooperative was formed in Warsaw in 1869. The SPOLEM Consumer Cooperative Federation was founded in 1911. Spolem operates in towns and in places where the population exceeds 5000. Consumer cooperatives sell food, essential commodities, run canteens, restaurants and bars.

The management of consumer cooperative was placed in the hands of communist leaders. The main reason for the success of cooperation is due to better management, better training and better understanding of consumers’ psychology. 49 consumer cooperatives are functioning in Poland having branches at various places. The branches are given autonomy relating to administration, finance, social and educational activities. The sales of consumer cooperative account for 35% of the total retail trade in towns.

FRANCE

France, one of the oldest countries of the western world has a land area of 547026 sq.km. with a population of 54 million. It is a democratic republic country.
Origin and Development

Cooperative movement in France is well developed and it covers agriculture, consumer, industries, and housing. Consumer cooperative emerged during 1885 on the Rochdale principles. But members did not agree to the ideas of Rochdale and were of the opinion that the cooperatives should use a portion of their profit to social developments—emphasising the socialist character of consumer cooperation. Consequently left wing of the consumer cooperatives broke away in 1895 and formed a separate union of socialist cooperatives knowns ‘La Boures’. In 1905 a wholesale society was formed known as ‘Magasin Degros’ which continued to maintain the momentum of progress with sporadic setbacks during 1934 crisis and second world war.

Organisational Structure

The cooperative movement has three central organisation as follows.

- The National Federation of consumer cooperation.
- The general society of consumer cooperation
- The central bank.

The National Federation of consumer cooperation was established in 1963. It is managed by an administrative council consisting of 18 members elected by National Congress. It is responsible for propaganda, education and
publicity of consumer movement. It has 500 affiliated societies with 3.5 million membership; there are over 10000 shops and 44 developed societies.  

The General society of consumer cooperation next to National Federation, was organised to achieve economy by wholesale buying and organising production of goods. It sells to primary societies whether affiliated or not. The society is managed by a committee consisting of 12 members of which one is elected as president. The administration of the society is assigned to committees such as equipment, publicity, advertising, statistics and advisory. The functions of the society includes purchase, production, import and sale of consumer goods and credit finance for member societies.

RUSSIA

History

The first consumer cooperative appeared in 1864 in Russia. Moscow Union of consumer cooperative was established in 1898. At present the Union is called as ‘centrosoyus’ the wholesale cum union of all consumer stores in Russia District Unions were formed in 1915. During the first world war the movement enjoyed a boon. Soviet Govt. was established in 1917, after the Great October Revolution that took place in 1917. By June 1918, there were 25000 cooperatives with 9 million members. The Govt. nationalised banks, railways, industries as a means to achieve socialism. The main aim of trade

after October revolution was satisfying the workers' requirements and improving their living and cultural standards by ousting private trade from the trade arena. To achieve this end, consumer cooperatives were found to be the only alternative, and considered as a most suitable form of distribution by Lenin - the founder of Soviet State. He considered cooperative as a movement of peoples' initiative. He declared in 1918 "there are many live wires among the people who can display tremendous ability, far greater than might be imagined that it is therefore, the duty of workers cooperative to enlist the people, to nose them out, and give them direct work, in the supply and distribution of food and that the socialist society is one single cooperative".

Recognising cooperation as a tool in the organisation of socialist economy, private trade was liquidated through the following ways:

- The Govt. recognised the free development of cooperation.
- Sale of industrial goods were stopped to private traders in a phased manner.
- Restrictions were imposed on the transport of goods by private traders.
- State bank provided cheap loans at the interest rate varying from 1% to 2% whereas the private traders were not given such loans.
- Vantage points were provided at reduced rates.
- A special tax policy was followed for cooperatives whereas more tax was collected from private traders.

As a result of liquidation of private traders the cons. Coop. were able to handle 75% of total retail trade in June 1932 as against 3% to 4% before the
Great Revolution. At the present there are about 16000 consumer cooperatives with a membership of 58.8 million people.\textsuperscript{14}

\textbf{Features}

Any person above the age of 16 can become a member by paying an entrance fee of three roubles. Non member can also do business at the store. Administration of the store is vested in the hands of Board of Management and Audit Commission. The cooperatives are not bound to buy from the 'centrosoyus', the apex body. They can buy directly from the state, peasants, handicraft cooperatives etc. The price of the goods is fixed by the Government.

\textbf{Organisational Structure}

The structure of consumer cooperation consists of centrosoyus, the apex body at the top level and unions at the district and regional levels.

\textbf{Centrosoyus}

It is the wholesale union, guide and spokesman of the movement. It directs and coordinates the activities of District and Regional Unions. The

wholesale trade of centrosoyus is conducted through six departments and goods delivered directly to the concerned units avoiding middleman. Centrosoyus controls thousands of bakeries, canneries, slaughter houses, beverage plants, food and vegetable processing units, ready made garment factories, plates and dishes and footwear factories.

**Unions**

Primaries are federated into District Unions and District Unions are federated into Regional Unions which are headed by centrosoyus. Unions at the District and Regional level are responsible for audit, planning, training, establishment of farms, schools, colleges, regional depots and collection of statistics. In 1950, there were 3674 unions.

**Achievements**

- By 1983, there were about 59000 economic organisations, 37000 shops, 1000 wholesale centres handling various types of goods like wool, eggs, wild fruits, berries, potatoes and vegetables.
- Consumer cooperatives of Russia run public catering units viz. canteens, cafes and restaurants throughout the country. In the country side there are about 95000 eating establishments catering to more than 23,60,000 people at a time and it is estimated that the provision of catering service saves about 25,00,00,000 work days, about 10000-15000 tonnes of flour and upto 4,00,000 tonnes of fuel.
• Consumer cooperatives through their network of economic organisation serve about 50% of the total population of the country and 94% of the total population in the rural areas.

**Recent Trends**

• During the late 'eighties, the Govt. encouraged privatization under new economic policy in order to achieve market economy through the development of cooperative and private sector, creating a new economic structure and giving vigorous support to entrepreneurship. By July 1993, nearly 70% to 80% of the retail trade, public catering, repairs and other services have been privatised in Moscow city.

• The law on cooperatives adopted in 1988 provides for tax advantage and other support to production and service cooperatives.

• In 1992, the Supreme Council of Russia adopted a Law on “Consumer Cooperation in the Russian Federation” in which it proclaims that the assets of the consumer cooperatives belong to their members and can be disposed of by democratic decision.

• Though the consumer cooperatives play a vital role in the establishment of a socialist state they are not free from problems. Many people were using cooperatives for their personal enrichment, deforming the market tools and abusing the general shortage and lack of competition.
UNITED STATES OF AMERICA

U.S.A had the experience of the cooperative movement first in the field of agriculture. The movement attained legal status when the first cooperative law recognised the sale and purchase cooperatives. Today the movement covers agriculture, credit, electrical, farms, fishing, funeral, handicraft, health care, housing, insurance, students and telephones. Though the State Governments and Federal Government support the cooperative movement, it has not made much success especially in the field of consumer cooperation.

History

The first consumer cooperative society was formed in 1845 by Boston Germans. By 1857 the number of societies increased to 700 and thereafter there was a decline. By 1890 only 3 stores had survived. But during 1920s the cooperative league was established, first cooperative congress was convened and the movement was linked with International Cooperative Alliance. These landmarks gave a stimulus to the growth of the cooperative movement. During 1930s, the great depression, a number of wholesale stores were floated and during 1940s consumer cooperatives were doing a billion dollar business with 2½ million members. In 1953-54, 10000 marketing and purchase organisation including stores with 9½ million members were doing business worth 9½ billion dollars.
Organisational Structure

At the National level the movement has two apex organisation, the Cooperative League of USA as the educational Federation and the National Cooperatives as trading wholesale. The League publishes monthly periodicals, weekly bulletin, and educational literature. It is the chief spokesman of the movement. It also provides financial help to the cooperatives of many foreign countries. The National Cooperative acts as the assisting body of cooperative wholesale stores.

Features

Today the consumer stores take the form of chain stores consisting of department stores, super stores, and petrol stations. The procedure adopted for business of these stores differs from the procedure adopted in other countries in which the consumer stores carry on business on commission basis. These stores enter into agreements with private traders for supplying certain goods and services which are supplied by them and a fixed percentage is remitted to the stores by way of commission.

Retail cooperative stores have established their own wholesale stores. They deal in groceries, oil, greases, tyres and batteries. Another feature of American consumer cooperatives is that they have not entered into production and manufacturing whereas the cooperatives of other countries do. But they get costly machines and equipments produced by private traders and sell with
cooperative brand. In 1980, 560 consumer goods societies were functioning in USA with a membership of 1.5 million\(^{15}\).

Low price due to keen competition among private traders, absence of homogeneous population, etc. are some of the reasons for the limited success of consumer cooperation in America.

**CANADA**

Canada, an agricultural country, is the second biggest country in the world where the cooperative movement first started after 1870 with the establishment of cooperative marketing organisation.

**History**

The first cooperative store was established in 1861 at Stellarton, Nova Scotia. Though several stores were started none of them could survive. In 1906, British Canadian Cooperative Society was organised at Sydney and later Sherwood Cooperative Organisation was established at Regina. These stores were successful.

**Organisational Structure**

The consumer cooperation operates at three levels i.e., at local level, regional level and National level. At local level two types of retail cooperatives are functioning. The first and the traditional type is known as

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\(^{15}\) Hajela, T.N., "Cooperation: Principles", Problems and Practice, Konark publishers private limited, Delhi, p.155.
'patronage refund cooperatives' where members buy goods at market price, whether the price is low or high, but receive a dividend at the year end based on volume of purchase. The second type is known as 'direct charge cooperatives', where costs are reduced to minimal mark ups on goods right off the shelf. This type of retail cooperatives do not give patronage refund. The retail cooperatives satisfy the needs of more than a million Canadians. One of the speciality of Canadian retail cooperative is that it has both the producers and consumers as members which help the producers and consumers to understand each others' problems and needs.

Consumer cooperatives at regional level are known as wholesale organisation to which all the retail cooperatives are affiliated. These wholesale organisations supply farm products to the retailing cooperatives. Wholesale organisation owns seed mills, bakeries, dairies, refineries and fertilizers. It provides services such as audit, income tax advise and management to its affiliated members.

Regional cooperatives together establish National cooperatives which is made responsible for buying farm products and consumer goods. In 1940, eight regional cooperatives joined together and established a National buying organisation known as Inter Provincial Cooperatives Ltd. It acts as the educational body and spokesman of the Canadian Cooperative Movement.

Features

One of the features of Canadian movement is the formation of cooperative companies. They have been empowered to approach money
market to raise capital and thereby establish bigger stores to face competition from giant stores. 'Cooperative Federee' shares are quoted on the Montreal stock exchange.

* Canadian Government gives significant help to the Canadian Cooperative Association.

* Lot of stress is given on training of officials and developing modern cooperative management practices.

* Cooperative union of Canada Celebrates cooperative week with sincerity of purpose and not for formality.

* Cooperators in Canada are dedicated in the movement because not only their community is educated but also the government, politicians and academicians.

* Cooperators in Canada not only have faith in but also participate in its activities.

* In Canada open houses, essays and debating contest are organised on cooperative themes. It gives scholarships.

* In Canada social events like breakfast, lunches served by managers to staff, childrens with balloon, contest and honouring dedicated staff are organised.

* Owing to such steps the Canadian movements has grown into a potent economic and social force.

* Strong women organisations take active part in the movement.

* The Canadian Government has recognised the movement as a third sector besides public and private.
* The Government has set up its own cooperative secretariat. There is a standing advisory committee on cooperatives to advice it from time to time.

**INDIA**

The biggest democratic country in the world, India, has a land area of 3.29 million square km. The population is around 82 crores. The federal structure consists of 24 states and 8 union territories.

**Origin of the Movement**

In India the movement was not a spontaneous and voluntary one. It was sponsored by the Government. The movement was given birth in 1904 by the Govt. with the passing of Cooperative Credit Society Act. At that time, it covered only the credit cooperatives. Non credit cooperatives were given legal status with the passing of Cooperative Society Act in 1912. Since then the movement has become an instrument of economic and social development and has spread over the various sections of the economy. At present the movement covers agriculture, consumers, credit, housing, fertiliser, sugarcane, spinning, industrial, fisheries, dairy, banking, heavy engineering, services and artisans. There are about 3,50,000 societies with a membership of about 16.5 crores in India. The movement has a dominant role in the field of consumer cooperation.

**History of Consumer Cooperation**

The first cooperative store in India was established at Madras in Madras province. It was named as Triplicane Urban Cooperative Store which even now occupies a pivotal position in fulfilling the needs of consumers. Subsequently
Khasi society at Banaras, Nookhali Bank Store in East Bengal and All India Brotherhood Society in Bombay were opened. But the only remnant of this period is the Triplicane Urban Cooperative Society at Madras. During 1912, 23 stores and at the close of first world war 78 stores were functioning in India.

The post war period of the first world war was characterised by high prices and scarcity of goods. This situation gave a filip to cooperative stores for their upward march.

But this trend did not last long. The onset of great depression during 1930s retarded its growth. In 1919 steps were taken to set up a wholesale society in Bombay and it recorded a turnover of Rs 49000. However the first cooperative wholesale society was formed in December 1939 at Madurai, in Madras State.

**Second World War and After**

During this period the consumer cooperatives were given a new assignment to discharge. During 1943, due to outbreak of second world war consumption goods became scarce. This necessitated the Govt. to ensure even distribution of goods. The coop. stores were selected to ration the essential goods. For each shop 600 ration cards were attached.

**Development under Five Year Plans**

When Pandit Jawaharlal Nehru, the architect of modern India, became the first Prime Minister of free India, cooperatives were considered to be a
panacea for the consumer problems. He declared, in his words, "my out look is to convulse India, with the cooperation movement or rather with cooperation, to make it, broadly speaking, the basic activity of India, in every village as well as everywhere, and finally indeed, to make the cooperative approach, the common thinking of India". Five year plan system was introduced as a tool to achieve economic growth of India. So far eight Five year plans have been completed. During these plans consumer cooperation was given all encouragement for growth.

In the first five year plan document, special importance was given to the consumer cooperatives in urban areas. The second five year plan also insisted the role of consumer cooperatives but no precise programme was implemented. During the 3rd five year plan a sum of Rs 2 crores was allotted to assist 400 primary stores and for the organisation of 100 wholesale stores. In 1960, Natesan Committee was constituted to study the working of the consumer cooperatives and to recommend measures to make the structure more effective. This committee suggested a four tier system of organisation for the movement, state partnership and financial assistance for setting up of consumer stores. Chinese aggression during 1962 caused price rise, scarcity and hoarding of essential commodities. Again the consumer cooperatives were given importance so as to assume responsibility for holding the price line. During 1962-63, the Central Government sponsored a new scheme known as 'centrally sponsored scheme' for the development of cooperative stores in India. Under this scheme large financial assistance was given to start consumer cooperatives in 200 cities having a population of more than 50000 covering the length and
breath of the country. At the end of third five year plan there were 246 wholesale stores, 7649 primary stores, 20 lakhs members, Rs.114 crores and Rs.132 crores turnover of wholesale and retail stores respectively. Another milestone of the Indian consumer cooperative movement was the establishment of State Consumer Cooperative Federation and National Consumer Cooperative Federations during this period. The war with Pakistan in 1965, and devaluation of rupee in 1966 again reflected on the rising price level and inflation. To arrest this trend an accelerated programme was introduced by the central Government for the development of consumer cooperatives: 100 new stores were set up in 100 districts along with 43 departmental stores. The departmental stores were given financial support through capital contribution, loan and managerial subsidy of Rs.25000 each.

In the fourth Five year plan 2000 primary stores, 100 central stores and 30 departmental stores were proposed to be rehabilitated. By June 1978, there were 440 central consumer stores with 2835 branches and 200 departmental stores, 16152 primary consumer cooperatives, 14 state federations and one National Federation. The total turnover handled during 1975-76 amounted to Rs. 550 crores.

During 6th five year plan, the Government of India entered into an agreement with selected manufacturing companies, providing 20% of the manufactured items should be made available to the consumers through coop. net work. Items included in the agreements were vanaspathi, cycle tyres and tubes, controlled cloth, lamps, drugs, baby food, and matches. At the end of
1984-'85, 590 wholesale stores and 18690 primary consumer stores were functioning in India.

In the seventh plan, emphasis was given to cooperatively backward and hilly areas. Upto 1985 National Cooperative Development Corporation had sanctioned assistance to 3060 projects covering 45689 villages. Rs 71.75 crores were given as financial assistance. During 1988-1989 total turnover amounted to Rs.23397.8 millions.\textsuperscript{16} Besides, during the plan periods special programmes were also introduced by the Govt. The then Prime Minister, Mrs. Indira Gandhi declared 20 point programme. Under this programme much importance was given for the distribution of essential commodities such as wheat, sugar, rice, kerosene, palm oil and controlled cloth, through fair price shops run by cooperatives. Nearly 1/3 of 0.3 million fair price shops have been controlled by consumer cooperatives. The Government also encouraged the formation of cooperative stores by industrial workers in industries, by mining labour in mines, by railway employees in railways quarters, by post and telegraph employees in their offices. The students of educational institutions were also enabled to enjoy the fruits of cooperation by establishing students cooperative stores in Educational Institutions. They distributed text books, note books and stationery. The scheme was given financial assistance by the National Cooperative Development Corporation. The central Government had introduced another programme in 1975 for the welfare of the students residing

in hostels run by colleges and Universities through consumer cooperative stores.

Further to help the poor students who cannot afford to stay in hostels a scheme called ‘common kitchen centre’ was set up by the university and college consumer stores. Apart from these, the consumer cooperatives have entered into the field of production to ensure good quality of the goods. The cooperatives produced goods such as bakery, woollen and cotton hosiery, tooth paste, brush, razor blades, ready made garments, utensils, plastic goods, matches, exercise books, washing and toilet soaps, detergents and umbrella under cooperative brand. Under public distribution system various schemes such as desert development programme, drought prone area programme, integrated tribal development project, and designated hill area programme were introduced.

Organisational structure

At the National level National Cooperative Consumers Federation functions and is responsible for planning, coordination, finance and advice. At the state level State Cooperative Consumer Federation acts as an affiliating organisation to which all the wholesale stores are affiliated. At the district level, District Wholesale Stores function to which all the primary stores have been affiliated. The district stores procure all the merchandise from the traders and NCCF and sell to the primary stores. Primary stores at the gross root level
consist of urban stores, rural stores, ECS, women stores, students stores, and Govt. employees stores.

**Administration**

In India the movement is not voluntary. Only on the initiative of the Government, cooperatives have ramified. As such the Govt. is responsible for the management and administration of the stores. In each state the department of cooperation comes under the control of a Govt. officer called Registrar of Cooperative Societies. He is responsible for the registration, byelaws, control of assets, deciding the maximum number of members for management, conducting election, taking actions against erring societies, maintenance of accounts and audit, order for enquiry into malpractices and winding up of societies. "The Registrar has been given the position of Brahma, Vishnu and Mahesh of cooperative movement in India". 17 Thus the cooperation has become a subordinate limb of the State administration.

**Profile of Primary Stores in India**

As already indicated primary stores function at the gross root level consisting rural stores, semi urban stores, urban stores, employees coop. stores, women consumer stores, and student stores. Primary stores are again classified into pure primary consisting of students store, industrial and mining workers store, railway store, public and private enterprises stores. Of these except

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17 Dr. Dhubashi, P.R., "Cooperatives in a New Era of Liberalisation", Administration of Consumer Cooperatives In India, National Bank News Review, Vol., No.7, p.34.
students stores other stores can be referred as employees coop. stores. Primary stores includes urban, semi urban, rural and women stores.

**Number of Stores**

Table 2.3 gives the total number of primary stores and membership for 5 years. The total number includes dormant stores, and stores doing processing work and membership includes both individuals and institutions.

**TABLE 2.3**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of stores</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>23,546</td>
<td>1,21,36,328</td>
</tr>
<tr>
<td>1988-89</td>
<td>24,544</td>
<td>1,29,59,632</td>
</tr>
<tr>
<td>1889-90</td>
<td>24,764</td>
<td>1,39,40,200</td>
</tr>
<tr>
<td>1990-91</td>
<td>26,416</td>
<td>1,36,99,366</td>
</tr>
<tr>
<td>1991-92</td>
<td>27,552</td>
<td>1,36,54,387</td>
</tr>
</tbody>
</table>

*Source: NABARD Report*

Table 2.3 shows that the number of stores increased by 17 percent and the membership shows an increase of 13% from 1987-'88 to 1991-'92.

**Paid-up Capital**

The capital of the primary stores was contributed by the Government, consumer stores, other coop. institutions and individuals. The following table shows paid up capital and working capital of primary stores for five years.
TABLE 2.4
CAPITAL OF PCS IN INDIA
Rs. Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Paid-up capital</th>
<th>Working capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>2,88,091</td>
<td>15,58,020</td>
</tr>
<tr>
<td>1988-89</td>
<td>3,27,742</td>
<td>17,10,950</td>
</tr>
<tr>
<td>1989-90</td>
<td>3,23,103</td>
<td>21,85,555</td>
</tr>
<tr>
<td>1990-91</td>
<td>4,60,489</td>
<td>24,42,924</td>
</tr>
</tbody>
</table>

Source: NABARD Report

Table 2.4 shows that the paid up capital of the primary stores in India had increased by 94% and the amount of working capital has also increased by 81% during the period of study.

Deposits and Borrowings

The primary stores accept deposit from the public and others. Besides it has its own reserve fund. The term deposit includes reserves. Primary stores borrow from central financing agency, commercial banks, Government and others. Table 2.5 gives details of such deposits and borrowings for 5 years.

TABLE 2.5
DEPOSITS AND BORROWINGS OF PCS IN INDIA
Rs. Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Deposits</th>
<th>Borrowings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>3,46,778</td>
<td>2,04,648</td>
</tr>
<tr>
<td>1988-89</td>
<td>3,69,198</td>
<td>2,38,038</td>
</tr>
<tr>
<td>1989-90</td>
<td>4,24,597</td>
<td>2,87,561</td>
</tr>
<tr>
<td>1990-91</td>
<td>5,30,135</td>
<td>2,92,111</td>
</tr>
<tr>
<td>1991-92</td>
<td>5,85,334</td>
<td>3,39,786</td>
</tr>
</tbody>
</table>

Source: NABARD Report
Table 2.5 shows an increase of 69% in deposits and an increase of 66% in borrowings during the study period.

**Total Assets and Total Liabilities**

Table 2.6 gives the details regarding the total assets and total liabilities of the primary stores for 5 years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets (Rs.)</th>
<th>Total Liabilities (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>15,58,020</td>
<td>16,26,953</td>
</tr>
<tr>
<td>1988-89</td>
<td>17,10,950</td>
<td>16,92,030</td>
</tr>
<tr>
<td>1989-90</td>
<td>21,85,555</td>
<td>20,18,623</td>
</tr>
<tr>
<td>1990-91</td>
<td>24,42,924</td>
<td>22,82,991</td>
</tr>
<tr>
<td>1991-92</td>
<td>28,20,931</td>
<td>26,71,997</td>
</tr>
</tbody>
</table>

Source: NABARD Report

Table 2.6 shows that the total assets and total liabilities of the primary stores have increased respectively.

**Purchase and Sales**

Primary stores buy their requirements from wholesale stores, SCCF and sometimes from private traders. They have been instructed to buy only from particular source. The stores sell goods to all persons irrespective of membership institution and private retailers. Goods are sold both on credit and cash basis. Table 2.7 shows the total purchase and sales of primary stores for 5 years.
TABLE 2.7
PURCHASES AND SALES OF PCS IN INDIA
Rs. Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Purchases Rs.</th>
<th>Sales Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>67,66,307</td>
<td>69,98,420</td>
</tr>
<tr>
<td>1988-89</td>
<td>82,44,726</td>
<td>1,37,26,109</td>
</tr>
<tr>
<td>1989-90</td>
<td>67,50,544</td>
<td>70,15,502</td>
</tr>
<tr>
<td>1990-91</td>
<td>67,03,082</td>
<td>83,28,997</td>
</tr>
<tr>
<td>1991-92</td>
<td>1,23,26,680</td>
<td>1,34,64,317</td>
</tr>
</tbody>
</table>

Source: NABARD Report

Table 2.7 reveals that the purchase and sales of primary stores have increased by 82% and 92% respectively during the study period.

Sale of Controlled and Non-Controlled Goods

The primary stores sell essential goods which are classified into controlled and non controlled goods. Controlled items include sugar, wheat, textile, palm oil, kerosene, rice etc. Table 2.8 gives an idea about the distribution of controlled and non controlled goods during the study period.

TABLE 2.8
DISTRIBUTION OF CONTROLLED AND NON-CONTROLLED GOODS OF PCS IN INDIA
Rs. Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales of Govt notified items Rs.</th>
<th>Sales of Govt non-notified items Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>1,49,248</td>
<td>16,727</td>
</tr>
<tr>
<td>1988-89</td>
<td>1,73,696</td>
<td>22,384</td>
</tr>
<tr>
<td>1989-90</td>
<td>1,93,641</td>
<td>4,34,259</td>
</tr>
<tr>
<td>1990-91</td>
<td>3,63,752</td>
<td>2,06,411</td>
</tr>
<tr>
<td>1991-92</td>
<td>3,70,436</td>
<td>1,53,743</td>
</tr>
</tbody>
</table>

Source: NABARD Report
Table 2.8 shows that the sale of controlled items is more than the sale of non controlled items during the study period except in 1989-'90 during which year sale of non controlled item is more than the controlled items.

Gross Margin

The C and P cell of NCCF has prescribed the following gross margin norms for stores working in metropolitan centres and other centres, not dealing in controlled goods. However the same norms are being followed by stores dealing in controlled goods. Table 2.9 gives the details.

<table>
<thead>
<tr>
<th>Commodity Group</th>
<th>Stores in Metropolitan centres</th>
<th>Other centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Grocery</td>
<td>5.5 - 6%</td>
<td>5 - 5.5%</td>
</tr>
<tr>
<td>Textiles</td>
<td>10 - 12%</td>
<td>9 - 11%</td>
</tr>
<tr>
<td>Cosmetics &amp; drugs</td>
<td>7 - 8%</td>
<td>6 - 7%</td>
</tr>
<tr>
<td>General merchandise</td>
<td>10 - 12%</td>
<td>10 - 12%</td>
</tr>
</tbody>
</table>

Source: Manual published by C & P Cell of NCCF

Fair Price Shops

Fair price shops scheme was introduced during the war period to distribute essential goods to the ration card holders under public distribution system. Fair price shops are mainly controlled and managed by civil supplies corporation. Besides the corporation, primary stores also run the shops to distribute ration goods. Table 2.10 shows the number of such shops during the study period.
Table 2.10 shows that the number of fair price shops controlled by the primary cooperatives was on the increase up to 1989-90 and then shows a decreasing trend from 1990-91 onwards.

**Cost of Management**

The major expenses of primary stores are salary, rent and depreciation. The employees of the store are appointed by the store and they are paid from the profit of the store. The next important expense is rent. Most of the primary stores are functioning in rented building. Some stores are functioning in their own building, some stores in rent free building provided by the institution. Depreciation is made on assets such as furnitures, fixtures and vehicles. Table 2.11 exhibits the expenses incurred by the stores during the 5 years.

**TABLE 2.10**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of fair price shops</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>7872</td>
</tr>
<tr>
<td>1988-89</td>
<td>11600</td>
</tr>
<tr>
<td>1989-90</td>
<td>19398</td>
</tr>
<tr>
<td>1990-91</td>
<td>8868</td>
</tr>
<tr>
<td>1991-92</td>
<td>7762</td>
</tr>
</tbody>
</table>

Source: NABARD Report

**TABLE 2.11**

<table>
<thead>
<tr>
<th>Year</th>
<th>Salary (Rs. Thousands)</th>
<th>Rent (Rs. Thousands)</th>
<th>Depreciation (Rs. Thousands)</th>
<th>Other expenses (Rs. Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>1,56,448</td>
<td>53,158</td>
<td>7398</td>
<td>1,15,598</td>
</tr>
<tr>
<td>1988-89</td>
<td>2,28,589</td>
<td>88,904</td>
<td>23,707</td>
<td>2,14,912</td>
</tr>
<tr>
<td>1989-90</td>
<td>1,91,388</td>
<td>56,142</td>
<td>9494</td>
<td>1,24,422</td>
</tr>
<tr>
<td>1990-91</td>
<td>1,92,067</td>
<td>63,582</td>
<td>8498</td>
<td>1,66,663</td>
</tr>
<tr>
<td>1991-92</td>
<td>2,66,918</td>
<td>71,192</td>
<td>140,68</td>
<td>1,65,063</td>
</tr>
</tbody>
</table>

Source: NABARD Report
Table 2.11 shows that expenses such as salary, rent, depreciation and other expenses increase gradually year by year except in 1988-89 when they show an abnormal increase.

**Profit and Loss**

The table gives the details regarding total number of primary stores earning profit and loss and the extent of such profit or loss.

**TABLE 2.12**

**PROFIT AND LOSS OF PCS IN INDIA**

<table>
<thead>
<tr>
<th>Amount Rs. Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>1987-88</td>
</tr>
<tr>
<td>1988-89</td>
</tr>
<tr>
<td>1989-90</td>
</tr>
<tr>
<td>1990-91</td>
</tr>
<tr>
<td>1991-92</td>
</tr>
</tbody>
</table>

Source: NABARD Report

Table 2.12 shows that the average profit per store ranges from 7,760 to Rs.14,870 during the period of study. Further the average loss per store ranges from Rs.9750 to Rs.11690 during the 5 years. From the table it may be construed that the profit and loss per store is more or less constant during the 5 years. The federation deals mainly in textiles, groceries, manufactured goods, general merchandise and cosmetics. It is also the coordinating the activities of
primaries for controlled cloth, text books and concessional note books. The federation has 4 branches at Madurai, Trichy, Salem and Coimbatore.

CONSUMER COOPERATIVE MOVEMENT IN TAMIL NADU

Tamil Nadu is the eleventh largest State in India having a population of about 5 crores. It was the pioneer of consumer cooperative movement because the first consumer store known as Triplicane Urban Cooperative Store was opened in Madras as early as in 1904. The Registrar of Cooperative Societies has fixed the following norms for economically viable stores.

* Minimum population to be served is 10000
* Initial membership of 300.
* Initial share capital Rs.7500.
* Business transaction Rs.200000 per month.
* Appointment of a qualified Secretary.

Structure

The structure of consumer cooperatives consists of a three tier system. At the state level, it has Tamil Nadu consumers cooperative federation, registered on 29th June 1966 and started functioning from 30th July 1966. The objects of the federation are to coordinate and facilitate the working of its affiliated societies and to assist in the organisation and development of consumer cooperatives. The federation has 29 wholesale stores, 10 large sized industrial employees cooperative stores and the state Government as ‘A’ class
member and 148 cooperative primary stores as ‘B’ class member. The total paid up capital of the Federation is Rs.101.31 lakhs including Government contribution of Rs.56.97 lakhs.

**Cooperative Wholesale Stores**

At the district level 28 wholesale stores are functioning in Tamil Nadu. The functions of wholesale store include procuring and selling consumer goods to primaries, managing and coordinating the activities of manufacturing industries, manufacturing consumer articles and distributing controlled goods. They undertake bulk purchases and distribution of consumer goods at reasonable prices through branches, 30 super markets and 184 mini super markets. They deal in all essential commodities like food grains, pulses, oil, textiles, drugs and sugar and other consumer goods like house hold articles, electrical goods and stationery articles. As on 31.3.94 there were 28 wholesale stores with a membership of 2300, paid up capital of Rs.1243 lakhs, working capital of Rs.5489 lakhs and sales Rs.6195 lakhs, functioning in Tamil Nadu.

**Primary Stores**

At the base level, primary cooperative stores undertake retail selling to the consumers. As on 31-3-94 there were 2030 primary stores with a total membership of 30,13,000, paid up capital Rs.606 lakhs working capital of Rs.3872 lakhs and business operations of Rs.20,317 lakhs. As already explained, employees cooperative store is also considered as primary cooperative store.
**State Government Assistance**

The Government of Tamil Nadu has been extending financial assistance to consumer cooperatives by way of subsidy towards cost of managerial staff, setting up of quality testing lab, share capital, loan for working capital, for purchase of trucks and for purchase of furniture. Under one village one shop scheme one fair price shop was opened in one revenue village for the supply of rice, wheat, wheat products, sugar, chillies, tamarind, coriander, groundnut oil etc., at reasonable price in rural areas in the districts of Chengalpattu, North Arcot, Salem, Coimbatore, Periyar, The Nilgris, Trichy, Pudukottai, Madurai, Ramanathapuram and Kanyakumari. 11105 shops are being run by cooperatives in the state.¹⁸

**Share of Tamil Nadu**

It would be worthwhile to compare the performance of consumer cooperatives in Tamil Nadu with that of consumer cooperative in the country as a whole during the study period.

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Table 2.13 shows that the number of stores in Tamil Nadu had increased by 3.53% from 1987-88 to 1991-92. The share of Tamil Nadu, in the whole of India was 15.99% during 1987-88. But the share was decreasing year by year. The overall decrease was only 1.84% which is insignificant.

Table 2.14 Membership in PCS in Tamil Nadu and India

Source: NABARD Report.
Diagram 1

The Number of Primary Consumer Stores in Tamil Nadu and India
Diagram 2

Membership in the Primary Consumer Stores in Tamil Nadu and India
Table 2.14 indicates that the membership in the stores had increased by 5.50% at the end of the period of study. At the same time the share of Tamil Nadu had decreased from 10.30% to 9.66% which is insignificant.

**TABLE 2.15**
THE PAID UP CAPITAL OF PCS IN TAMIL NADU AND INDIA
Rs. Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Paid-up capital in Tamil Nadu Rs.</th>
<th>Paid-up capital in India Rs.</th>
<th>% of share of Tamil Nadu</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>43165</td>
<td>288091</td>
<td>15</td>
</tr>
<tr>
<td>1988-89</td>
<td>58377</td>
<td>327742</td>
<td>18</td>
</tr>
<tr>
<td>1989-90</td>
<td>49644</td>
<td>323103</td>
<td>15</td>
</tr>
<tr>
<td>1990-91</td>
<td>44587</td>
<td>460489</td>
<td>10</td>
</tr>
<tr>
<td>1991-92</td>
<td>42639</td>
<td>559883</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: NABARD Report.

Table 2.15 reveals that the paid up capital of PCS during the period of study had decreased by 1.2% whereas the share of Tamil Nadu had increased by 5%.

**Working Capital**

The working capital for the consumer stores have been provided by the cooperative banks and Government. Table 2.16 reveals the position during the study period.
Table 2.16 indicates that the working capital of PCS in Tamil Nadu has increased by 47% but the share of Tamil Nadu was not constant. During the first three years, the share has increased and during the last two years it had decreased by 5%.

Deposit

Consumer store deposits money with the cooperative banks and suppliers. Table 2.17 gives the position of such deposits and the share of Tamil Nadu in India for the study period.
Table 2.17 shows that the deposits by the public, members, Govt and other institutions with PCS have doubled at the end of 1991-92. The share of Tamil Nadu in India has increased only by 2% during the five years.

Borrowing

Primary consumer stores borrow from central cooperative banks to meet their working capital. They were allowed to borrow up to eight times of share capital and reserves. But this was raised to ten times with effect from 29-10-1979. ECS are given a special concession to borrow more as they get their funds locked up in credit sales. As such they are allowed to include non overdue credit sales as cover for hypothecation advance granted by banks. Table 2.18 shows borrowings of primary stores in Tamil Nadu for five years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Borrowing in Tamil Nadu Rs.</th>
<th>Borrowing in India Rs.</th>
<th>% share of Tamil Nadu</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>37819</td>
<td>204648</td>
<td>18</td>
</tr>
<tr>
<td>1988-89</td>
<td>42653</td>
<td>238038</td>
<td>18</td>
</tr>
<tr>
<td>1989-90</td>
<td>110606</td>
<td>287561</td>
<td>38</td>
</tr>
<tr>
<td>1990-91</td>
<td>86013</td>
<td>292111</td>
<td>29</td>
</tr>
<tr>
<td>1991-92</td>
<td>120133</td>
<td>339786</td>
<td>35</td>
</tr>
</tbody>
</table>

Source: NABARD Report.

Table 2.18 indicates borrowings by the primary stores in Tamil Nadu have doubled during the period Tamil Nadu is the largest borrower of all the
states in India. At the end of 1991-92 the share of Tamil Nadu was 35% as against 18% in 1987-88.

Assets

Table 2.19 gives the value of assets owned by primaries in Tamil Nadu and India along with share of Tamil Nadu.

TABLE 2.19
ASSETS OF PCS IN TAMIL NADU AND INDIA
Rs. Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets in Tamil Nadu Rs.</th>
<th>Assets in India Rs.</th>
<th>% share of Tamil Nadu</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>409837</td>
<td>1558020</td>
<td>26</td>
</tr>
<tr>
<td>1988-89</td>
<td>437903</td>
<td>1710950</td>
<td>26</td>
</tr>
<tr>
<td>1989-90</td>
<td>472791</td>
<td>2185555</td>
<td>22</td>
</tr>
<tr>
<td>1990-91</td>
<td>508701</td>
<td>2442924</td>
<td>21</td>
</tr>
<tr>
<td>1991-92</td>
<td>1002076</td>
<td>2820931</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: NABARD Report.

Table 2.19 indicates that the assets possessed by primary stores in Tamil Nadu had increased by 145% at the end of 1991-92 as against 1987-88. The share of Tamil Nadu in India had increased during the 5 years by 10% from 1987-88.

Liabilities

The total liabilities of primaries in Tamil Nadu and India have been given along with share of Tamil Nadu for five years in Table 2.20,
TABLE 2.20
TOTAL LIABILITY OWED OF PCS IN TAMIL NADU AND INDIA
Rs. Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Total liability TN Rs.</th>
<th>Total Liability India Rs.</th>
<th>% share of TN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>497786</td>
<td>1626953</td>
<td>31'</td>
</tr>
<tr>
<td>1988-89</td>
<td>443859</td>
<td>1692030</td>
<td>26</td>
</tr>
<tr>
<td>1989-90</td>
<td>694496</td>
<td>2018623</td>
<td>34</td>
</tr>
<tr>
<td>1990-91</td>
<td>486253</td>
<td>2282991</td>
<td>21</td>
</tr>
<tr>
<td>1991-92</td>
<td>621348</td>
<td>2671997</td>
<td>23</td>
</tr>
</tbody>
</table>

Source: NABARD Report.

Table 2.20 shows that the total liability of primary stores had increased by 25% at the end of 1991-92 whereas the share of Tamil Nadu in India had decreased by 8%.

Purchases

Primaries mainly buy from wholesale stores with a few exceptions. Table 2.21 gives the total purchases of primary stores of Tamil Nadu and India for five years.

TABLE 2.21
TOTAL PURCHASES BY PCS IN TAMIL NADU AND INDIA
Rs. Thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Purchases in Tamil Nadu Rs.</th>
<th>Purchases in India Rs.</th>
<th>% share of Tamil Nadu</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>1697253</td>
<td>6766307</td>
<td>25</td>
</tr>
<tr>
<td>1988-89</td>
<td>2829807</td>
<td>8244726</td>
<td>34</td>
</tr>
<tr>
<td>1989-90</td>
<td>1536960</td>
<td>6750544</td>
<td>23</td>
</tr>
<tr>
<td>1990-91</td>
<td>1761379</td>
<td>6703082</td>
<td>26</td>
</tr>
<tr>
<td>1991-92</td>
<td>5402705</td>
<td>12326680</td>
<td>44</td>
</tr>
</tbody>
</table>

Source: NABARD Report.
Table 2.21 shows that the purchases made by primary stores in Tamil Nadu had increased by 218% and the share of Tamil Nadu in India had increased by 19% in 1991-92.

Sales

Primary stores sell goods both credit and cash basis. Table 2.22 reveals the sales of primaries in Tamil Nadu and India along with share of Tamil Nadu for five years.

**TABLE 2.22**

SALES OF PCS IN TAMIL NADU AND INDIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales in Tamil Nadu Rs.</th>
<th>Sales in India Rs.</th>
<th>% share of Tamil Nadu</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>1820383</td>
<td>6998420</td>
<td>26</td>
</tr>
<tr>
<td>1988-89</td>
<td>2911559</td>
<td>13726109</td>
<td>21</td>
</tr>
<tr>
<td>1989-90</td>
<td>1830539</td>
<td>7015502</td>
<td>26</td>
</tr>
<tr>
<td>1990-91</td>
<td>1772379</td>
<td>8328997</td>
<td>21</td>
</tr>
<tr>
<td>1991-92</td>
<td>5624947</td>
<td>13464317</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: NABARD Report.

Table 2.22 indicates that the sales effected by primary stores had increased by 208% and the share of Tamil Nadu in India had also increased by 16% at the end of 1991-92.
Diagram 3
Sales of Primary Consumer Stores in Tamil Nadu and India

Sales in Rs. thousands

<table>
<thead>
<tr>
<th>Year</th>
<th>Tamil Nadu</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>2000000</td>
<td>14000000</td>
</tr>
<tr>
<td>1988-89</td>
<td>2000000</td>
<td>13000000</td>
</tr>
<tr>
<td>1989-90</td>
<td>2000000</td>
<td>12000000</td>
</tr>
<tr>
<td>1990-91</td>
<td>2000000</td>
<td>11000000</td>
</tr>
<tr>
<td>1991-92</td>
<td>2000000</td>
<td>14000000</td>
</tr>
</tbody>
</table>
Profit

Table 2.23 shows number of stores earning profit, amount of profit and average profit per store in Tamil Nadu and its share in India for 5 years from 1987-88 to 1991-92.

**TABLE 2.23**

**PROFIT OF PCS IN TAMIL NADU AND INDIA**

<table>
<thead>
<tr>
<th>Year</th>
<th>No of stores earning profit</th>
<th>Amount of profit Rs.</th>
<th>Average profit per store Rs.</th>
<th>Amount of profit Rs.</th>
<th>% share of Tamil Nadu</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987-88</td>
<td>2239</td>
<td>21033</td>
<td>9</td>
<td>84339</td>
<td>25</td>
</tr>
<tr>
<td>1988-89</td>
<td>2154</td>
<td>13696</td>
<td>6</td>
<td>85682</td>
<td>16</td>
</tr>
<tr>
<td>1989-90</td>
<td>1852</td>
<td>19867</td>
<td>11</td>
<td>90224</td>
<td>22</td>
</tr>
<tr>
<td>1990-91</td>
<td>1752</td>
<td>36342</td>
<td>21</td>
<td>160649</td>
<td>23</td>
</tr>
<tr>
<td>1991-92</td>
<td>1872</td>
<td>11837</td>
<td>6</td>
<td>98788</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: NABARD Report.

Table 2.23 indicates that the number of stores earning profit had decreased, the amount of profit had decreased by 44%, the average profit per store had decreased by 3% and the share of Tamil Nadu in India in profit had also decreased by 13% at the end of 1991-92.
Diagram 4
Profit of Primary Consumer Stores in Tamil Nadu and India

Profit in Rs. thousands

Tamil Nadu
India

Table 2.24 shows number of stores incurring loss, amount of loss, average loss per store in Tamil Nadu and its share in India for 5 years from 1987-88 to 1991-92.

**TABLE 2.24**

LOSS OF PCS IN TAMIL NADU AND INDIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Tamil Nadu</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No of stores incurring loss</td>
<td>Amount of loss Rs.</td>
</tr>
<tr>
<td>1987-88</td>
<td>878</td>
<td>26972</td>
</tr>
<tr>
<td>1988-89</td>
<td>829</td>
<td>19732</td>
</tr>
<tr>
<td>1989-90</td>
<td>1121</td>
<td>27096</td>
</tr>
<tr>
<td>1990-91</td>
<td>1991</td>
<td>25156</td>
</tr>
<tr>
<td>1991-92</td>
<td>744</td>
<td>11366</td>
</tr>
</tbody>
</table>

Source: NABARD Report.

Table 2.24 shows that the number of primary stores incurring loss had reduced, the amount of loss had decreased by 58% the average loss per store had decreased by 16% and the share of Tamil Nadu in India had also declined by 25% as far as amount of loss is concerned.

**Summary**

In this chapter, origin, history, development, present position and features of consumer cooperation in selected foreign countries, India and Tamil
Nadu have been discussed. Consumer cooperation has achieved a great success in U.K., Japan, Canada and Sweden. Factors such as literacy, consumers' awareness, women's participation, willingness to get protection against exploitation by private traders and interest in protecting the environment have contributed to the success of the movement.