
CHAPTER IV

CHAPTER IV

CONSUMERS' COOPERATIVE MOVEMENT

IN INDIA

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CHAPTER IV
CONSUMERS' COOPERATIVE MOVEMENT
IN INDIA

4.1. Introduction

Our country is the seventh largest and second most populous country in the world. After its Independence in 1947 we have adopted a definite strategy for systematic economic development through Five Year Plans. Due to this strategy of economic development which is based on agricultural and industrial development, domestic and external sources are properly utilized. We have also accepted 'mixed economy' in which private sector, public sector and cooperative sector all are working together with socio-economic goals.

In our country, cooperative movement is not new. It has a long history of more than 80 years and has passed through different stages. In fact cooperative movement was started in India by the British Government by making a separate Cooperative Societies Act, 1904. The basic objective of the movement was to start cooperative societies for economic development of rural India by providing agricultural credit to farmers. Consumers' cooperation

is the integral part of entire cooperative movement. The first consumers' cooperative society in India was organized in 1904 even before the first Cooperative Societies Act of 1904 was passed. But in this Act there was no special provisions for registration of consumers' cooperative societies. Since then a number of consumers' cooperatives were organized by the social workers voluntarily on their own.

Cooperative Societies Act, 1912

Fortunately another Cooperative Societies Act, 1912 was passed and came into force under British Rule. In this Act special provisions were incorporated for registration of consumers' cooperative societies. The Cooperative Societies Act 1912 gave legal status to consumers' cooperatives. There was a rapid growth and development of agricultural credit cooperative societies while consumers' cooperative societies did not receive much attention. Therefore for a long period of time, consumers' cooperatives did not take root in the country.

Consumers' Cooperative movement in the First World War Period

The abnormal conditions created by the First World War gave great impetus to the consumers' cooperative movement and a number of consumer stores came into existence.

It increased from 11 in 1914 to 103 in 1920-21. But this was a temporary phase and subsequently many consumer stores could not function. The number was reduced from 103 in 1920-21 to 85 in 1939[†]. Due to the world depression, development of consumers' cooperative was also suffered. After the First World War, under the new scheme of 'Montago-Chemsford Reform' in 1919 pointed out need for other form of non-credit cooperative in addition to agricultural cooperative societies, to supply essential commodities to the public with the fair price. Naturally it gave impetus to the consumers' cooperatives and a number of stores were established to meet day-to-day needs.

Consumers' Cooperative movement in the Second World War Period

With the outbreak of Second World War there was scarcity of essential consumer goods and the prices were increased tremendously. Naturally the consumers' co-operative societies suddenly got pushed up. The then British Government used consumers' cooperative societies as agency for distribution of essential commodities to the public. With the active support of the British Government a large number of consumers' cooperatives came into existence to supply essential consumer goods at the fair prices

1. Review of Cooperative Movement in India, 1939-46, Reserve Bank of India, p. 43.

as per rules laid down by the Government.

Table 4.1 shows that on the eve of Second World War there were 408 consumers' cooperative societies in India with the membership of 16 thousand and annual sale of Rs.57 lakhs. By 1950-51 their number had gone up to 9757 with a membership of 1845 lakhs and the sales turnover of Rs.8187 crores. Progress made by consumers' cooperative societies during this period can be attributed to the preferential treatment given by the British Government.

Table 4.1 : Progress of consumers' cooperative societies during the First War and Post-War Period

Year	Number of societies	Membership*	Annual Sales**
1939-40	408	16	57
1944-45	3539	60	2000
1950-51	9757	1845	8187

* Membership in thousand

** Sales in lakhs

Source : Cooperation in India,
Dr. B.S. Mathur, p. 388

Second World War (1939-46)

The high prices, black-marketing, income generating effects of increased employment, a highly inflationary

situation, artificial and real shortage of goods, failures of internal transportation system, setback to import trade, introduction of control and rationing system increased the hardships during the Second World War. This accelerated the growth of consumers' cooperatives for distribution of rationed goods. The Government favoured them by granting licences for stocking and selling of controlled goods and extended them financial assistance for expansion¹.

The next land mark in the progress of cooperative movement in this country was setting up a Cooperative Planning Committee appointed in 1945. The Committee recommended conversion of primary societies into multi-purpose societies and suggested that efforts should be made to bring 50 per cent of villages and 30 per cent of rural population within an ambit of the reorganized societies within a period of three years. The Planning Committee also urged greater financial assistance to the cooperatives by Reserve Bank of India. During this period the movement was entirely supported by Government officials².

Development of Consumers' Cooperative Societies during the Five Year Plan (1951-1956)

During the period of first two Five Year Plans

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1. Consumers' Cooperation in India during war-time, Reserve Bank of India Report, p.4
 2. Consumers' Cooperation in India during war-period, Reserve Bank of India Report, p. 4

importance of consumers' cooperation was totally ignored. After 1952 Government lifted controls on consumer goods and foodgrains. Naturally consumer stores could not receive active support from public and business of these consumers' stores reduced to a great extent.

From Table 4.2 it appears that every year there has been a decline in the number of societies. During the period 1955-56 the number of stores and their membership came down. The average working capital also showed a downward trend and the profits were reduced to about 20 per cent. The annual sales declined during this period.

It is evident from Table 4.3 that there was tremendous decline in the number of wholesale stores, membership, total sales and profits of the wholesale stores while loss has gone up from Rs.5 lakhs to Rs.12 lakhs which clearly indicates failures of the movement.

Although the Government of India and Planning Commission have been conscious of the need for organizing consumers' cooperative societies no precise programme could be worked out until the beginning of the third plan.

First Five Year Plan (1951-56)

The first five year plan covering the period from 1951 to 1956 pointed out the importance of developing consumers' cooperative societies in the interest of planned

Table 4.2 : Position of primary consumers' cooperative societies during the First Five Year Plan

Year	No. of soci-eties	No. of members	Working capital	Turnover	Profit	Loss
1951-52	9579	18.40	556.07	8232.57	+80.87	-37.64
1953-54	8251	17.94	667.24	3204.19	+27.91	-81.44
1955-56	7359	14.14	490.00	1448.18	+28.56	-30.34

Source : Report on All India Seminar for Cooperation, Bombay, National Cooperative Union of India, New Delhi, p. 93.

Table 4.3 : Position of wholesale societies during the First Five Year Plan

Particulars	1951-52	1952-53	1953-54	1954-55	1955-56
No. of societies	95	93	86	84	74
Membership (in '000)	29	27	22	26	23
Paid-up capital and Reserve (in lakhs)	190	187	137	148	164
Purchases (in lakhs)	2704	1198	468	406	164
Sales (in lakhs)	2818	1464	526	434	419
Profit (in lakhs)	21	9	2	7	6
Loss (in lakhs)	5	16	19	22	12

Source : 'Theory and Practice of Cooperation', K.R.Kulkarni Vol. IV, 1962, p. 76.

development of the distributive trade over as wide a field as possible. But this view was not properly implemented in practice. Consumers' cooperatives could not progress (came-up). No efforts were made to change declined trends of consumers' cooperative in this period.

Second Five Year Plan
(1956-57 to 1960-61)

The Second Five Year Plan covering the period from 1956 to 1961 stated that 'there should be a network of consumers' cooperative stores in urban area as well as in the rural area'. There should be an effective linking between producers' cooperatives and consumers' cooperatives which will lead to increasing income and employment. Even during this period no solid efforts were made to improve the position of consumers' cooperatives but the decline was arrested, they began to recovery slowly.

It is surprising to note that no specific targets or programme were laid down even though the planners were aware of the important part played by the cooperative stores. The position of the primary consumers' cooperative stores at the end of the Second Five Year Plan is evident from the following table (Table 4.4).

It is apparent from Table 4.5 that the number, membership, paid-up capital, sales and revenues increased

Table 4.4 : Progress of the primary consumer cooperative stores in India during Second Five Year Plan period

Particulars	1956-57	1957-58	1958-59	1959-60	1960-61
No. of societies	6578	6407	6857	7168	7058
Membership (thousands)	1116	1373.61	lakhs 13.76	lakhs 13.90	1341
Paid-up share capital and reserves (Rs. lakhs)	510	482.64	404.67	570.20	587.90
Purchases (Rs. lakhs)	2026	2160.54	-	-	-
Sales (Rs. lakhs)	2098	2251.75	2708.65	3900.02	4423.22
Profit (Rs. lakhs)	+40	+41.69	49.84	+77.64	+76.61
Loss (Rs. lakhs)	-10	-41.81	40.73	-27.42	-31.70

Source : Theory and Practice of Cooperation, K.R. Kulkarni, Fourth Edition, 1962, p. 91.

from 1956-57 to 1960-61. The number of primary societies accounted for 8 per cent increase. The average membership, sales and revenue also increased.

The following table reveals the position of the whole-sale stores during the Second Plan period.

At the end of Second Five Year Plan, the National Development and Warehousing Board (at present called National Cooperative Development Corporation) appointed a Committee

Table 4.5 : Progress of the wholesale stores in India during Second Five Year Plan period

Particulars	1956-57	1957-58	1958-59	1959-60	1960-61
No. of societies	75	75	62	65	75
Membership (thousands)	25	23.5	23.1	12.4	26.4
Paid-up share capital and revenue (Rs.lakhs)	109	42.9	41.32	37.67	157.03
Sales (Rs.lakhs)	574	597.70	699.54	899.10	1582.06
Profit (Rs.lakhs)	9	7.29	4.55	5.22	10.12
Loss (Rs. lakhs)	10	10.21	-	1.97	4.30

Source : All-India Cooperative Review, 1963-64, (All-India Cooperative Union, New Delhi), p. 185.

under the Chairmanship of Dr. Natesan to review the position of consumer cooperatives and suggest measures for improvement of consumers' cooperative movement and to ensure their sound and speedy development under the Third Five Year Plan (1961-66). In 1961 this Committee after detailed study found out the reasons as to why these consumer stores were not functioning well in spite of ~~the~~ utmost need and importance. The Committee made a number of recommendations regarding organizational structural set up and size, viability, modern business techniques and Government assistance. The Committee strongly recommended that consumers' cooperative movement

should be attached to national economy as an integral part of the economic development. These recommendations were generally accepted by the Government and implemented in the Third Five Year Plan.

Third Five Year Plan (1961-1966)

In the First and Second Five Year Plans a mention was made of the need for the development of consumers' cooperative societies but no precise programme was included in the plans. But in this plan Government made the scheme in which there was a provision of Rs.2 crores for the organization of 400 primary and 100 wholesale stores. On the basis of recommendations made by the Natesan Committee, it was decided to strengthen consumers' cooperatives and to build up network throughout the country.

In October 1962 emergency was declared in the country due to the Chinese aggression. It gave fillip to the development of consumers' cooperative movement. It was decided to distribute essential consumer articles, foodgrains, through consumer cooperatives at fair prices and to check inflationary trends and high prices of consumer goods. The Central Government sponsored a scheme for accelerating the growth of consumers' cooperative in urban areas. The scheme is called as 'Centrally sponsored scheme'. Under this scheme it was decided that the wholesale stores would be

organized in 200 cities having a population exceeding 50,000 each, and 400 primary stores or 20 primary societies in each of the cities, affiliated with the wholesale stores. Under this scheme the Government of India provided financial assistance of Rs.1 lakh each, clean credit upto Rs.2 lakhs, loan for godown, truck and other equipment upto Rs.1 lakh, and subsidy for managerial expenses and rent upto Rs.10,000.

With this financial assistance the number of wholesale and primary stores rose to 246 and 7649 respectively by the end of Third Five Year Plan. Their turnover was also went upto 114 crores in the case of wholesale stores and 130 crores in the case of primary stores.

During this period a sound network of consumers cooperative was established. The State Federations were established in the States and National Consumers' Cooperative Federation was organized. Due to the devaluation of Indian currency in 1966, prices of consumer goods started increasing. Therefore Government of India decided to strengthen consumers' cooperatives. An accelerated programme of consumers' cooperatives was prepared. Under this programme, it was proposed to set up 100 new stores in 100 additional districts which were not covered in the Centrally sponsored scheme. It was also decided to set up 2000 primary stores which would be affiliated to above wholesale stores, 43 departmental stores were also proposed to be set up in the towns having a population

of 2 lakhs or more. Government of India also decided to provide financial assistance in the same pattern of Centrally sponsored scheme. Financial assistance was also provided to the departmental stores in the form of share capital ranging from 3 lakhs to 10 lakhs. Loan-cum-subsidy was made available to them for furniture and fittings. Managerial subsidy was Rs.25,000 each was also given.

It can be revealed from Table 4.6 that the number of primary stores and working capital increased by about 80 per cent. The membership had made tremendous increase. The sales increased more than 50 per cent and created a new record.

Table 4.6 : Progress of primary consumer cooperative societies during Third Five Year Plan

Year	Number	Membership (lakhs)	Working capital	Sales	Stores in profit
1961-62	7266	13.95	9.82	35.40	2817
1962-63	8407	16.06	10.47	38.21	3236
1963-64	9900	19.33	12.61	60.05	4517
1964-65	12352	26.09	16.24	118.21	5091
1965-66	13077	29.27	20.63	179.00	6709

Source : Cooperative Movement in India, Imported Statistics, 1965-66, 1967 (Ministry of Food, Agriculture and Community Development and Cooperation), Table 3, Bulletin.

Progress of Wholesale Consumers
Cooperative Societies

Progress of wholesale consumers' cooperative societies during Third Five Year Plan was as follows.

Table 4.7 : Progress of wholesale consumers' cooperative societies during Third Five Year Plan

Year	Number	Membership (lakhs)	Working capital	Sales (lakhs)
1961-62	107	31.0	1.85	7.98
1962-63	175	121.3	3.42	11.42
1963-64	271	239.3	7.86	33.21
1964-65	297	372.9	14.96	85.69
1965-66	351	546.9	21.88	91.39

Source : Cooperative Movement in India, Important Statistics 1965-66, November 1967, Ministry of Food, Agriculture, Community Development and Cooperation, Table 3, Bulletin.

The above table (Table 4.7) indicates that an around appreciable increase due to the sympathetic and liberal attitude of the Central and the rises in prices which extended their cooperation to the movement. The sales, working capital and total sales indicate a progressive trend during the Third Five Year Plan.

Fourth Five Year Plan (1966-71)

During this period consumers' cooperatives received

proper attention and importance. The consumer cooperatives movement made fairly good progress. In order to check inflationary trends in the business, it was stated the importance of strengthening and expanding the volume of business of consumer cooperatives in the country.

In the Fourth Plan a provision of Rs.18 crores was made to further develop and strengthen the consumers cooperative stores. During this plan period, in all districts having urban population of more than 50,000 and above, the central/wholesale consumers cooperative stores have been organized. By the end of June 1974 there were about 400 central wholesale consumers cooperative stores and about 13,150 primary consumers cooperative societies, 14 state federations of consumer cooperatives and the National Consumers Cooperative Federation at the national level. The central stores had opened about 2,300 branches and were also running 134 departmental stores. But they could not achieve the target of Rs.400 crores of retail sales during this plan period, the actual retail sale was Rs.325 crores. This is due to the relaxation of controls of foodgrain and sugar.

Consumers Cooperative Societies in Universities and Colleges

During this plan period a scheme for the establishment of consumer stores in universities and colleges was

started as a part of accelerated programme of consumers cooperative stores in the wake of devaluation, to meet the requirement of students in respect of text books, imported books, scientific instruments, etc. During the two years i.e. 1967-68 and 1968-69, 30 university stores and 75 college consumers stores were registered with the financial support of Government.

Fifth Five Year Plan (1971-76)

During the Fifth Five Year Plan, one of the important objectives was to build up a viable consumer cooperatives movement to enable to function as an important element in a consumer oriented distribution. It was stated that a 'consumer cooperative can serve as an instrument of consumer protection in the sphere of retail distribution' and 'have a vital role to play in the task of stabilization of prices'. It was decided to organize 50 large departmental stores, 150 small departmental stores and 1,300 retail shops/stores. It was estimated that the total sales of these cooperatives would be Rs.600 crores. The State Government made financial help of Rs.10.91 crores while Central Government provided Rs.9 crores under the Centrally sponsored scheme. Due to these efforts and various steps taken by Government and N.C.C.F. the consumer cooperatives movement made a significant progress during this plan period. The share capital of central stores increased

from Rs.15.57 crores in 1974-75 to Rs.24.5 crores in 1977-78. The volume of retail trade by these societies increased from Rs.400 crores in 1974-75 to Rs.550 crores during 1975-76.

Sixth Five Year Plan (1976-77 to 1981-82)

The Sixth Five Year Plan envisages a retail sale target of Rs.1250 crores by consumer cooperatives during 1983-84. There is a proposed scheme to improve sick units and organize new consumer cooperatives to cover all the cities having population of 50,000 or more. It also envisages to strengthen State Federation of consumers cooperative societies as well as N.C.C.F. In order to purchase consumer goods directly from manufacturers, the Government of India has entered into an agreement with manufacturers; according to this agreement 20 per cent of the production is to be made available through cooperative net work. The consumer items cover Vanaspati, matches, cycle-tyres and tubes, electric lamps, drugs and medicines and baby-food. Thus it has been decided to build the net work of consumer cooperatives of different types and play a vital role in the Public Distribution System. The main objective of this system is to supply essential commodities of mass consumption at reasonable prices to the public.

Table 4.8 : Position of the consumer cooperatives during 1971-72 to 1979-80

	1971-72	1975-76	1979-80
1. <u>Wholesale/central consumer cooperatives</u>			
(a) Number	383	449	500
(b) Membership (in thousand)	955	1558	1950
(c) Total sales (Rs.in lakhs)	132.81	329.38	404.39
2. <u>Primary consumer cooperatives</u>			
(a) Number of stores	12883	18093	15539
(b) Membership (in thousand)	34.31	55.05	43.65
(c) Total sales (Rs.in lakhs)	144.37	307.17	319.98

Source : Article on Consumers Cooperatives - A Management Perspective, by Prof. S.B. Rao.

From Table 4.8 it appears that in the case of federal or wholesale societies the number of stores has been increased by 130 per cent, the membership and total sales have also been increased by 204 per cent and 304 per cent respectively whereas in the case of primary consumer cooperatives the number of stores has been increased by 120 per cent, the membership and total sales have been increased by 127 per cent and 221 per cent respectively. This shows the progressive trends of consumer cooperative

societies in the country.

Seventh Five Year Plan

The cooperative movement in the country is expected to take a big leap during this plan period. NCCF is the prime body of the consumer cooperatives which plans to increase the number of retail outlets from 75,000 to 400000. By opening such large number of retail outlets with a view to satisfy customers by providing essential commodities and to check the inflationary tendencies in the market/economy of the nation. The annual turnover was 160 crores which is expected to be doubled by the end of Seventh Five Year Plan. The NCCF is planning to expand its tea trade during the Seventh Plan so that market share could go up to 10 per cent from the present level which would definitely bring down the tea prices in the market. NCCF is planning to build up a buffer stock of pulses to check the rising trends in the prices of pulses. It also proposes to register traders, millers and stockists at all regional centres to ensure them easy access to the essential commodities at a short notice.

Public Distribution System and Consumers' Cooperative Societies

A public distribution system has been functioning in the country since 1977 covering rural and urban areas.

It has been made an integral part of the socio-economic structure of our country. During the year 1982-83 there were 2.84 lakhs fair price shops functioning in the country, for distribution of certain essential commodities to the consumers in the rural and urban areas. The commodities supplied for distribution by the Central Government are such as wheat, rice, sugar, kerosene, controlled cloth, cycle tyres and tubes, pulses, etc. These essential commodities are being procured and supplied to the States through the important agencies such as State Trading Corporation of India Ltd., Food Corporation of India, Coal Corporation of India and National Consumers Cooperative Federation, etc. The consumer cooperatives in urban areas and primary agricultural societies in rural areas are also being strengthened with central assistance for stepping up consumer distribution activity in a larger way. The Sixth Five Year Plan also envisaged the bigger role of consumer cooperatives in the distribution system, so that over a period of time entire network of retail outlets under the Public Distribution System could be effective. Thus consumers cooperative societies are regarded as the backbone in the public distribution system in our country.

Unfortunately the response from the students

consumer cooperatives is not very satisfactory. During the year 1982-83 an outlay of Rs.3 lakhs is proposed for another 20 stores under the cooperative sponsored scheme.

Role of Consumer Cooperatives in 20-point Economic Programme

Twenty-point Economic Programme is the economic policy of the Central Government formulated by our late Prime Minister Mrs. Indira Gandhi. The main objective of this new economic programme is to uplift socio-economic life of the weaker sections of the society through democratic process. Under the revised 20-point economic programme the public distribution system has given right place". The strengthening of consumer cooperatives to promote a strong consumer protection movement in the wake of revised 20-point economic programme has assumed a special significance. Under this programme the Government has decided to start mobile shops system to supply goods to industrial workers, students' hostels and weaker sections of the society.

Schemes for Students Consumers Cooperative Societies

The scheme of supplying essential commodities to the students' hostels was implemented through State Government since 1975. Under this scheme arrangement has been made to supply essential goods such as foodgrains, pulses,

There is well defined organizational set up of co-operative consumer movement right from the primary co-nsumer cooperatives to the National Consumer Cooperative Federation working at national level.

National Consumers Cooperative Federation is the apex body of all consumer cooperatives working in the country. It is the national level organization constituted by the State Federations central/wholesale stores. It was registered in 1965. The main object of the N.C.C.F. is to assist, aid and counsel its member institutions and to facilitate their working and generally act as spokesman of consumer cooperative movement in the country.

It undertakes following activities.

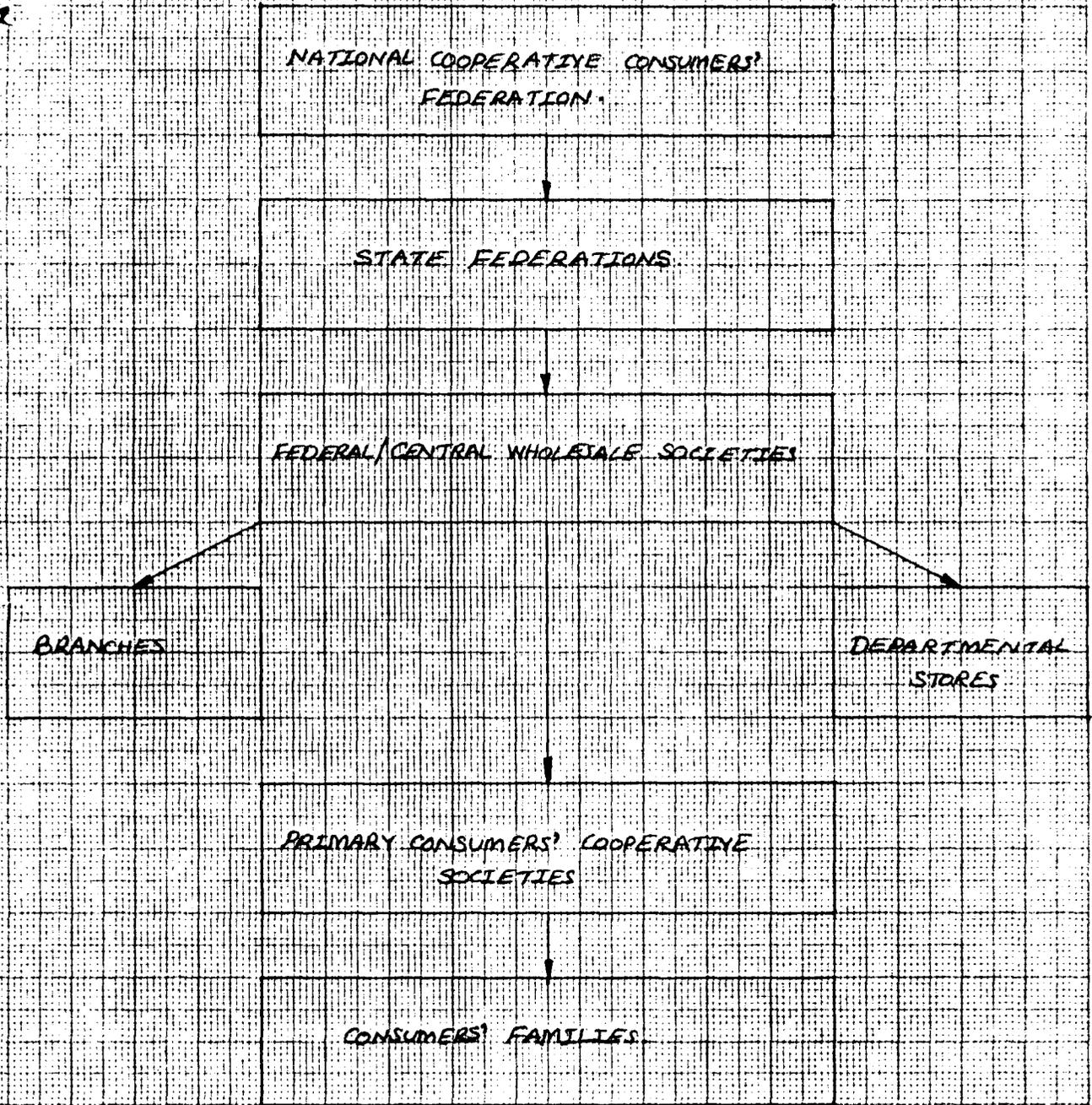
1. To render technical guidance and assistance to the member institutions regarding packing, standardization, storing, pricing, account-keeping and other business techniques and management methods to improve and increase their operational and managerial efficiency.
2. To establish trade connection with suppliers manufacturers and other dealers preferably cooperative organizations and arrange for the procurement and distribution of consumer goods.
3. To arrange import and export of consumer goods.
4. To create and promote formation of cadre of employees

- of N.C.C.F. and member institutions and arrange for their proper training.
5. To build cadres of employees of affiliated whole consumer cooperatives.
 6. To establish and run manufacturing and processing units for the production of consumer goods in collaboration with other cooperatives or directly by itself.
 7. To arrange for the training of the employees of consumer cooperatives with the help of the state cooperative union and concerned agency.
 8. To hold seminars, conferences, meetings and undertake publicity and propaganda and education campaign and similar other functions as may help the development of consumer cooperative movement within the state.
 9. To hold seminars, conferences, meetings and to undertake publicity and propaganda and similar other activities to help the development of consumer cooperative movement in the country.
 10. To establish, run processing and manufacturing units for consumer goods, if necessary, in collaboration with other agencies.

General Review and Present Position (June 1982)

N.C.F.C.	1	Branches of whole-	
State Federations		sale stores	3903
Consumer Coopera-		Departmental stores	200
tive Stores	15	Primary consumers	
Central/Wholesale		cooperative	
stores	488	societies	16348

ORGANISATIONAL STRUCTURE OF CONSUMER COOPERATIVE
MOVEMENT IN INDIA



A review of the working of N.C.C.F. in the past few years reveals that it has done a very little promotional and developmental work. It has set up branches at Bombay, Nagpur, Madras, Calcutta, Ahmedabad, Kanpur, Chandigarh, Jaipur, Cuttack, Gauhatti, etc. It has also set up processing and manufacturing units at different places in the country. It also publishes and circulates monthly news-bulletins containing information about market rates, availability of goods, sales turnover.

State Federations of Consumer Cooperative Stores

All State Federations are working at the state level and affiliated to N.C.C.F. The main objectives of the Federations are to coordinate and facilitate the working of the affiliated wholesale consumer cooperatives goods and to assist in the promotion, organization and the development of wholesale consumer cooperative societies. It undertakes the following major activities:

1. To make bulk purchases from within states or other states for supply of consumer goods to affiliated societies.
2. To import consumer goods from abroad on suitable terms and conditions on behalf of the affiliated societies.
3. To render technical guidance and assistance to affiliated wholesale consumers cooperative stores in packing,

grading, standardization and also management methods to improve and increase their operational efficiency.

4. To supply consumer goods to the wholesale societies as well as primary societies on wholesale basis at reasonable rates.

Central/Wholesale Stores

The central/wholesale consumers cooperative stores are organized at district level or in towns or cities having population of more than 50,000. Under the centrally sponsored scheme, 1962, number of wholesale consumers stores have been set up in the different parts of the countries. These stores sell their consumer goods to the primary consumers cooperative societies under their jurisdiction; they also run their retail business to their individual members. Such stores are constituted by primary societies as well as individual members. They provide guidelines to the primary stores.

Departmental Stores

Departmental stores are those shops which provide all types of consumer goods to their large number of customers/members under one roof and the same management. In this type of stores consumers need not go to other stores, they can make their purchases as per their choice in the same stores, where variety of goods are kept in

the different sections. Departmental stores were established in our country after 1966. It is the landmark in the consumer cooperative movement. Such stores are opened in those cities in which population is more than 2 lakhs. It is expected that these stores should act as a tool to settle price of consumer goods and equitable distribution of essential goods.

Primary Consumer Cooperative Societies

The primary consumers stores are the last link in the structure of consumer cooperative movement in India. They are opened in the locality or ward of the city to provide essential consumer goods to the cities, and they work under wholesale stores. They make their purchases from wholesale stores and sell the same to the ultimate consumers. Generally such stores are opened in the locality, where the population is more than 10,000. They provide rationed commodities or other necessities to members in their locality. These societies are formed by the members residing in the same localities.

Conclusions

The consumers cooperative movement in our country has not been able to hold the price line of essential consumer goods. It has not been successful in checking the inflationary tendencies in our economy. In spite of

rapid growth of consumers' cooperative movement over the last 20 years, the progress is not satisfactory as we would like it to be especially in the qualitative terms. It is revealed from the various reports published by Government of India and Reserve Bank of India that more than 20 per cent consumer cooperatives are in loss, a large number of societies have been declared as defunct units on the grounds of inefficiency and poor performance. They have pointed out in brief the following weaknesses in the consumers' cooperative movement.

1. Low margin of profit
2. Weak financial position
3. Low membership
4. Small and uneconomic size
5. Weak organizational structure
6. Insufficient training to the employees in the organizations
7. Lack of sound leadership
8. Limited business operations/transactions
9. Lack of professional management.