

CHAPTER V

CONSUMERS' COOPERATIVE MOVEMENT IN MAHARASHTRA

- 5.1 Introduction
- 5.2 Cooperative Movement in Maharashtra
- 5.3 Consumers' Cooperative Movement in Maharashtra
- 5.4 State Cooperative Consumers' Federation
- 5.5 Wholesale (Federal) Consumers' Cooperative Societies
- 5.6 Primary Consumers' Cooperative Societies
- 5.7 Report of the Expert Committee on Consumers' Cooperative Societies, Maharashtra, 1972
- 5.8 Various Government Schemes of the Government of Maharashtra for the Development of Consumer Cooperatives
- 5.9 State Level Conference of Consumers' Cooperative Societies, May 1984.
- 5.10 Conclusions ~~and Findings~~ 9

CHAPTER V

CONSUMERS' COOPERATIVE MOVEMENT IN MAHARASHTRA

5.1 Introduction

The State of Maharashtra is regarded as one of the leading states in the cooperative movement in the country. It has made a significant contribution in the strengthening of cooperative movement. It has provided sound leadership and ideology of cooperative philosophy to the people. It has really a systematic network of all types of cooperative societies working in the fields of production-processing and marketing. It has done a pioneering work in the cooperative sugar factories which can serve as a 'model' to other cooperatives.

5.2 Cooperative Movement in Maharashtra

The State of Maharashtra has a long history of more than 75 years in the cooperative movement. It is one of the leading states in the Indian cooperative movement. In our country there are more than 4 lakhs of different types of cooperative organizations working in the fields of production, distribution, marketing, agriculture, housing, transport, labour and consumers, etc. In the state there

is a network of more than 67 thousand cooperative societies which constitutes more than 16 per cent of the total co-operative movement, more than 13 per cent of membership, 20 per cent share capital, 18.5 per cent of working capital and it has provided more than 12.5 per cent of the total employment in the country.¹

The Table 5.1 shows the progressive trends of cooperative movement in the State of Maharashtra from 1961 to 1983. The total number of societies has increased from 31565 in 1961 to 67458 in 1983 which is 213 per cent increase. The membership increased from 42 thousand to 180 thousand in 1983 which shows 438 per cent increase. Share capital has increased from 53 lakhs in 1961 to 800 lakhs in 1983 which shows 1509 per cent increase of which Government contribution has increased from Rs.8 lakhs in 1961 to Rs.125 lakhs in 1983. It shows the progressive trend in the consumers' cooperative movement in the State during the period.

Table 5.2 outlines the network of cooperative movement in the State of Maharashtra. It shows that of the total number of cooperative societies (67,458), 27.20 per cent of societies are agricultural primary consumers' cooperative societies, 27.08 per cent societies are housing,

1 Economic Survey of Maharashtra, 1982-82, p. 56.

Table 5.1 : Trends in the cooperatives in Maharashtra State

I t e m	1961	1971	1981	1982	1983*
Total number of societies	31565	42603	60747	64201	67458
Membership	42	86	148	164	180
Share capital	53	238	600	692	800
Of which Government	8	39	105	118	125
Owned funds	73	345	1207	1332	1460
Deposits	76	315	1939	2362	2770
Working capital	326	1490	5210	6096	7000
Loans and Advances	95	348	1116	1376	1630
Auditwise - A	3110	3600	3671	3700	3710
B	10921	12343	11670	12000	12500
C	7515	16122	18854	18100	19400
D	3088	3886	3477	3550	3600
Not audited	6640	5787	2230	26101	27448

Rs. in lakhs.
Membership in thousands.

* Figures are provisional

Table 5.2 : Development of Cooperative Movement in Maharashtra as on 1983

	Number	Percentage
1. Agricultural Primary Societies	18353	27.20
2. Cooperative Banks	358	.53
3. Credit Cooperatives	4551	6.75
4. Marketing Societies	453	.67
5. Cooperative Sugar Industries	88	.13
6. Consumer Cooperatives	1990	2.95
7. Housing Cooperatives	18270	27.08
8. Fisheries Cooperatives	902	1.33
9. Dairy Cooperatives	9173	13.60
10. Other Cooperatives	13330	19.76
Total	67458	100.00

Source : Cooperative Movement At a Glance in Maharashtra State, 1983, Commissioner of Cooperation, Pune.

cooperatives and only 2.95 per cent of societies cover consumers' cooperatives.

5.3 Consumer Cooperative Movement in Maharashtra

The consumer cooperative movement is old as the cooperative movement itself. The first consumers'

Table 5.1 : Trends in the cooperatives in Maharashtra State

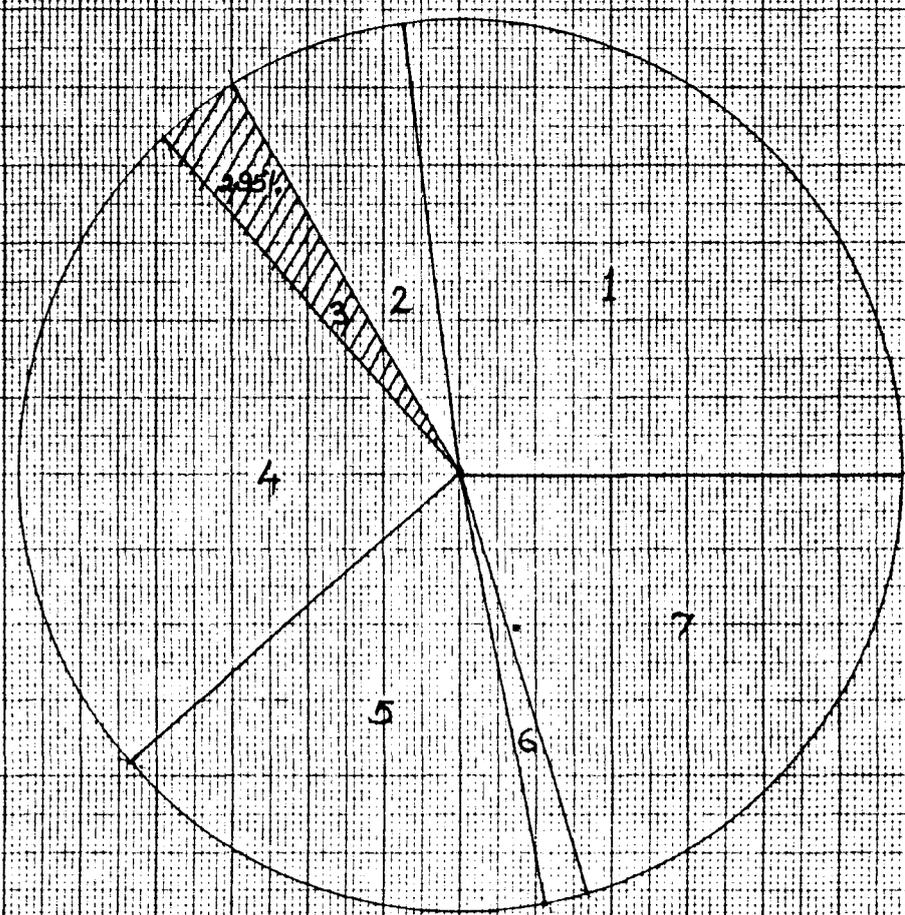
I t e m	1961	1971	1981	1982	1983*
Total number of societies	31565	42603	60747	64201	67458
Membership	42	86	148	164	180
Share capital	53	238	600	692	800
Of which Government	8	39	105	118	125
Owned funds	73	345	1207	1332	1460
Deposits	76	315	1939	2362	2770
Working capital	326	1490	5210	6096	7000
Loans and Advances	95	348	1116	1376	1630
Auditwise - A	3110	3600	3671	3700	3710
B	10921	12343	11670	12000	12500
C	7515	16122	18854	18100	19400
D	3088	3886	3477	3550	3600
Not audited	6640	5787	2230	26101	27448

Rs. in lakhs.
Membership in thousands.

* Figures are provisional

CONSUMER COOPERATIVE MOVEMENT IN MAHARASHTRA 1982-83

- 1 - AGRICULTURAL PRIMARY SOCIETIES - 27.2%
- 2 - CREDIT SOCIETIES - 6.75%
- 3 - CONSUMER COOPERATIVES - 2.95%
- 4 - HOUSING COOPERATIVES - 27.08%
- 5 - DAIRY CO-OPERATIVES - 13.60%
- 6 - FISHERS COOPERATIVES - 1.33%
- 7 - OTHER COOPERATIVES - 21.09%



cooperative store was organized by late Shri G.K. Deodhar in Pune in the year 1913-14. The famine conditions during World War I gave a great impetus to the movement and a number of stores were organized. The number of societies increased from 29 societies in 1919 to 88 societies in 1921. But these stores could not compete in the open market and naturally their number fell to 25 by 1937. During World War II shortage of food stuff and other essential commodities and steep rise in their prices made the people to turn to the consumers' cooperatives. The then Government also provided all type of assistance and appointed the consumers' cooperatives to run authorized fair price shops. There was a steady rise in the number, membership, capital and turnover of consumers' cooperatives till 1952. But subsequently with the decontrolling policy of Government there was a setback to the movement and even the Bombay State Consumers' Cooperative Society went into liquidation due to sudden decontrol of cloth and heavy losses/accumulated stocks. The Government did not have any special schemes for the consumer cooperative movement during First and Second Five Year Plans. At about the same time during the national emergency after ^{the} Chinese attack on India in 1962, there was sharp rise in the prices and scarcity of consumer goods. The Government of India launched the centrally sponsored scheme of consumer cooperatives and the present structure of movement in the

state is evolved under this scheme. It consists of state federation of central consumers' cooperative societies, retail shops in each district and each town with the population exceeding 50,000 and primary consumer cooperatives in towns with the population exceeding 10,000. These stores were provided all type of financial assistance in the form of share capital, contribution, working capital, management subsidy as well as loans and subsidies for construction of godowns and purchase of trucks. The Maharashtra State Cooperative Consumers' Federation was registered on 12th September 1964. The State Federation provides all types of guidance, training, information to the consumers' stores for their development. The Federation makes bulk purchases and makes necessary arrangements to sell goods and services to the primary consumers' cooperative stores. It also sales to wholesale and primary stores and arranges conference at the State level to review the progress of the movement and formulates plan for further development. At present there are 8 branches of the Federation situated at different places in cities like Pune, Nagpur, Kolhapur, Akola, Aurangabad, etc. in the State to meet the needs of the consumers' stores. There are 77 wholesale consumers' cooperative stores in the State and they have more than 470 branches working under the Federation. There are 1,903 primary consumers' cooperative societies which are scattered at

different towns and small villages in the State.

It appears from Table 5.3 that in 1961 the membership was only 28 while in 1983 the membership increased upto 226.

Table 5.3 : Progress of Maharashtra State Cooperative Consumers Federation from 1961 to 1983

I t e m	1961	1971	1981	1982	1983
1. Branches	-	-	7	8	8
2. Membership	28	41	192	208	226
3. Share capital	3	14	146	158	217
4. Government share	1	6	97	107	129
5. Owned funds	SNA	17	190	203	230
6. Borrowings	SNA	18	173	295	166
7. Working capital	6	38	647	763	700
8. Purchases	48	313	2078	1232	1607
9. Sales	46	336	2184	1276	1664
10. Amount of profit	Neg.	0.08	1	-	N.A.
11. Amount of loss	-	-	-	02	N.A.

Rs. in lakhs Membership in hundreds
SNA : Separately not available

Source : Cooperative Movement at a Glance 1982-83,
Office of the Commissioner of Cooperation,
Government of Maharashtra, Pune.

It shows that the Federation is strongly supported by the members. The share capital of the Federation at the

beginning was Rs.3 lakhs of which the Government of Maharashtra had contributed Rs.1 lakhs. But in the year 1983 there is an increase in the share capital of Rs.217 lakhs out of this amount the State Government has contributed Rs.129 lakhs. There is a considerable progress in the sales volume from Rs.46 lakhs in 1961 to Rs.1664 lakhs in 1983; total working capital has increased from Rs. 6 lakhs in 1961 to Rs.700 lakhs in 1983. Thus the State Federation has been working successfully and organizing consumers' cooperative movement in proper direction.

Th.7121

5.5 Wholesale Consumers Cooperative Societies

It appears from Table 5.4 that there are 77 wholesale consumer cooperatives in the state and more than 470 branches working under the State Federation. In 1961 the share capital was Rs.3 lakhs and in 1983 it has increased to Rs.330 lakhs of which Government has contributed Rs.170 lakhs which is a sizeable contribution in the share capital. Total purchases of the societies have increased from Rs.189 lakhs in 1961 to Rs.9000 lakhs in 1983, while total sales also increased from Rs.187 lakhs to Rs.9500 lakhs in 1983. The information in the table shows a satisfactory progress of the wholesale societies in the State.

Th.7121

Table 5.4 : Wholesale consumers' cooperative societies in the state

I t e m	1961	1971	1981	1982	1983
1. Stores	1	43	75	72	77
2. Branches	9	360	461	442	470
3. Memberships	2	1350	1232	2092	2100
4. Share capital	3	133	249	309	330
5. Government contribution	N.A.	97	150	156	170
6. Owned funds	3	195	423	503	575
7. Borrowing	2	205	283	359	400
8. Working capital	4	763	1100	1468	1750
9. Purchases	189	2833	2856	7815	9000
10. Sales	187	3031	6396	7814	9500
11. Stores in profit	-	28	45	45	50
12. Stores in loss	1	15	17	19	20
13. Amount of profit	-	9	16	25	30
14. Amount of loss	Neg.	17	25	17	18

5.6 Primary Consumers' Cooperative Societies

It is evident from Table 5.5 that at present there are 1903 primary consumer cooperatives (616 per cent increase). The membership has been increased from Rs.1.75 lakhs in 1961 to Rs.10.80 lakhs in 1983. The share

capital is increased from Rs.52 lakhs in 1961 to Rs.480 lakhs in 1983 (923 per cent increase). Total sales volume has increased from Rs.9.31 crores in 1961 to Rs.142 crores in 1983. Working capital has increased from Rs.1.69 crores to Rs. 22 crores in 1983. It shows that there is a continuous progress in the primary consumer cooperative societies in the State.

Table 5.5 : Primary consumers' cooperative societies

I t e m	1961	1971	1981	1982	1983*
1. Stores/Societies	1140	1358	1737	1844	1903
2. Membership	1752	3835	10062	10418	10800
3. Share capital	52	124	345	433	480
4. Of which Govern- ment	N.A.	6	27	54	60
5. Owned funds	102	234	710	874	1020
6. Working capital	169	355	1685	1950	2200
7. Borrowings	24	83	306	276	310
8. Purchases	887	3435	9330	11386	13500
9. Sales	931	3544	10103	11950	14200
10. Stores in profit	489	781	1051	1104	1150
11. Amount of profit	16	35	106	113	125
12. Stores	182	327	419	491	500
13. Amount of loss	2	22	22	25	30

Rs.in lakhs Membership in hundreds Figures are provisional
Source: Cooperative Movement at a Glance in State of Maharashtra
Office of the Commissioner of Cooperatives and Registrar
of Cooperative Societies, Maharashtra State, Pune

Table 5.6 gives the comparative figures of the consumers' cooperative movement. Out of 500 wholesale stores in the country, 70 wholesale stores (14 per cent) are working in the state. Out of 15339 primary stores, 1670 units (11 per cent) are working in the State. Out of the total membership of wholesale stores and primary stores in the country, the state represents 10.51 per cent and 13.22 per cent respectively. Out of the total sales in the country, 19.04 per cent sales volume in the wholesale stores and 23.59 per cent sales volume are made in the State of Maharashtra.

Table 5.6 : Consumers' cooperative movement in India and Maharashtra as on 30th June 1980

Sr. No.	Particulars	India	Percentage	Maharashtra	Percentage
1.	Wholesale stores	500	100.00	70	14.00
2.	Primary stores	15339	100.00	1670	11.00
3.	Membership :				
	a) Wholesale stores	1950000	100.00	205000	10.51
	b) Primary stores	4385000	100.00	580000	13.22
4.	Sales (in lakhs)				
	a) Wholesale stores	40439	404	7700	19.4
	b) Primary	31998		7550	23.59

Source: Article on Consumers' Cooperative Movement, by S.C. Mishra, State Level Conference on Cooperation, Pune, 1984.

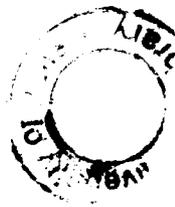
5.7 Report of the Expert Committee
on Consumer Cooperatives,
Maharashtra, 1972

The Government of Maharashtra appointed an expert committee in 1971 to review consumers' cooperative movement in the State and recommend some measures to improve their performance and further development of consumers' cooperative in the State. The Expert Committee was appointed under the Chairmanship of Shri A.U. Shaikh, the then Secretary of Cooperative Department, Maharashtra State. Accordingly, the committee reviewed the consumers' cooperative movement in the State and visited some consumers' cooperative societies in the State, interviewed several people and institutions, issued the questionnaire and collected information through the questionnaire and has drawn valid and valuable conclusions in the report and made recommendations to improve the performance of consumers' cooperatives. These recommendations are stated below.

1. The membership of the State Federation should be thrown open to primary consumers' cooperatives with sales turnover exceeding Rs.2 lakhs per annum in controlled goods.
2. There should be coordination and clear allocation of the areas of business operation between marketing societies and consumers' cooperatives and former should

not do consumer business in urban areas where consumer cooperatives exist.

3. The gross profit margin of 2 to 3 per cent in the case of societies in Bombay, Nagpur, Pune cities and district towns respectively would be reasonable and the societies could make a net profit of 0.5 per cent.
4. There should be proper record of shortages and fix up limits of shortages for each section/commodity which should be taken as a part of working expenses. Shortages beyond expenses should be recovered from the salesmen. Shortages would be reduced by frequent physical stock taking and prepacking of goods.
5. In a retail shop there should not be any credit sales. In a store run by employees of an industrial concern etc. there could be credit sales provided repayment of the amount is guaranteed by the employer through deduction of dues from pay bills of employees.
6. Limits should be prescribed for investment in each line of commodities or each section with the general limit for the total investment in all inventories taken together.
7. The stores should undertake sale of seasonal goods with due care and ensure that no stocks remain after the seasons.
8. As far as possible the purchases should be made by the Federation. All agricultural commodities should, as far



as possible be purchased by the State Marketing Federation and supplied to the consumer cooperatives directly or through the State Consumer Federation without increasing the price.

9. The State Trading Corporation should give first preference to consumer cooperatives while selling of imported consumers goods. The Food Corporation of India should consult consumer cooperatives before putting to auction waste foodgrains and pulses. The Indian Oil Company should give preference to consumer cooperatives for distributing agency of kerosene, oil, petrol, etc.
10. The State Federation should collect and disseminate market information periodically covering wholesale and retail prices, quantity available in the market, etc.
11. All wholesale agencies for commodities distributed by Civil Supply Department should be given exclusively to wholesale consumer stores for urban areas and marketing societies for rural areas.
12. The State Federation should have a Public Relations Officer or a Labour Adviser who should go round the stores.
13. The Federation should also open a small consultancy cell consisting of experts coopted from other organizations. It should also maintain information cell which should watch the trends of prices of consumer goods.

14. Government and Municipalities should allot vacant plots belonging to them to consumer cooperatives. In town planning for new suburbs plots should be reserved for consumer cooperatives. Housing Boards should allot shops in housing colonies to consumer cooperatives only.
15. Consumer cooperatives should receive finance at a concessional rate of interest of 2 per cent above the bank rate.¹

5.8 Various Government Schemes of the Government of Maharashtra for the Development of Consumer Cooperatives

The Government of Maharashtra has been launching following schemes for strengthening the network of consumers' cooperative movement in the State. Following are the attractive schemes.

I. Special Component Plan :

A. Under this scheme, Government provides finance to the weaker sections of the society i.e. scheduled castes and neo-buddhist. Every individual has to pay Rs.100 for becoming a member of the consumers' cooperative society and Rs.100 as consumption needs. This amount has to be returned to Government within a period of 7 years.

¹ Report of the Expert Committee for Consumer Cooperatives Maharashtra, 1972, Maharashtra Rajya Sahakari Sangh, Pune.

B. Management Subsidy to Consumers'
Cooperative Societies

1. Rs.400 for opening branches of the consumers' cooperative societies in the Harijan basties.

2. Share capital to state consumers' cooperative federation as per the requirements of the Federation.

3. Financial assistance to wholesale stores.

a) Share capital - Rs. 1 lakh

b) Managerial subsidy within 3 years on temporary basis - Rs.0.10 lakhs

c) Purchase of truck - 75 per cent loan

d) Godown construction - 25 per cent subsidy

e) Furniture and fixture - upto Rs.1 lakh for cash purpose.

C. Financial Assistance to
Primary Stores

1. Share capital - Upto Rs.10,000

2. Managerial subsidy - Rs.2,000

D. Financial Assistance to Consumers'
Stores working in Rural Areas

1. Share capital - Rs.10,000

2. Managerial subsidy - Rs,5,000 for 3 years.

National Cooperative Development Corporation (NCDC) has sponsored the following schemes:

I. Rural Consumers' Cooperative
Societies Scheme

	<u>Lead Society</u> Rs.	<u>Link Society</u> Rs.
A. Margin money in the form of share capital	50,000	50,000
B. Furniture and fixture:		
Loan	9,000	3,750
Subsidy	3,000	1,250
C. Purchase of Vehicles:		
Loan	1,50,000	-
Subsidy	50,000	-

Students' Consumers' Cooperative Societies Scheme

The membership of student's consumers stores would be open to the students as well as teaching and other staff and employees of the educational institution to make the store viable as students cannot be permanent members. As the membership is limited to the institutional staff or students the condition regarding minimum population of the town in which the society is to be registered will not be applicable to the students' consumers stores.

The student's consumers stores are classified into three categories in view of the quantum of the staff, the financial position of the members and the business that can be transacted by the store.

- I. University student
- II. College Student
- III. School Student

I. University Student's Consumers' Cooperative Stores

A. Minimum membership the time of registration - 250 - to be increased upto 500 in first three years.

B. Minimum share capital - Rs.5,000 to be increased upto Rs.10,000 in first three years.

C. Minimum 50 per cent of the members should be students.

D. As the student's membership is floating membership, the percentage of students' membership should be maintained at all the time.

II. College Student's Cooperative Consumer Stores

A. Minimum members 100 to be increased upto 200 in first three years.

B. Minimum share capital Rs.2,000 to be increased upto Rs.5,000 in first three years.

C. 50 per cent of the membership should be that of students and this percentage should be maintained.

The scheme is applicable to Cooperative Training Colleges also.

III. School Students Cooperative Consumer Stores

A. Minimum membership 100 to be increased upto 200 in first three years.

B. Minimum share capital Rs.1,000 to be increased upto Rs.2,000 in first three years.

C. As the students in schools are below 13 years of age, the stores can be allowed to be organized by teaching and other staff and these staff members should educate the students about the working of the cooperative consumers stores in particular and cooperative movement in general.

Financial assistance to consumers' cooperative societies in urban and rural areas : In order to encourage and strengthen the consumers' cooperative movement in the state, the State Government has played a vital role by providing financial assistance as well as administrative machinery to the consumers' cooperative societies.

It is evident from Table 5.6 that the State Government provides financial assistance for opening departmental stores. For opening departmental stores in the town it provides Rs.2.50 lakhs as share capital, Rs.0.75 thousand loan and Rs.25 thousand as subsidy for furniture, Rs.15 thousand as managerial subsidy. For opening departmental stores in the cities, it provides Rs. 5 lakhs as share capital, Rs.1.125 as a loan and Rs.37,500 as subsidy for furniture and Rs.2.20 thousand as a managerial subsidy and for opening stores in metropolitan stores it provides Rs.10 lakhs as a share capital, Rs.25 lakhs as loan and Rs.75 thousand as subsidy and Rs.25 thousand as managerial subsidy. For large size retail outlet,

Rs.50 thousand as capital, Rs.25 thousand loan, Rs.10 thousand as a subsidy and Rs.5000 managerial subsidy and for opening small retail shops, it provides Rs.30 thousand as a share capital, loan Rs.2 thousand, as loan and subsidy and managerial subsidy Rs.2 thousand.

Following are the various schemes for which the State Government has provided financial assistance.

Table 5.6 : Centrally sponsored schemes for development of consumers' cooperative societies

Name of the scheme	Share capital	(Rs. in lakhs)		Managerial subsidy
		Furniture and Fixture		
		Loan	Subsidy	
1. Opening of Departmental store :				
a) For the population above 1 lakh (town)	2.50	0.75	.25	0.15
b) For the population above 4 lakhs (cities)	5.00	1.125	0.375	0.20
c) For the population above 8 lakhs (metropolitan)	10.00	2.250	0.750	0.25
2. Large size retail outlet	0.500	0.250	0.100	0.050
3. Small size retail outlet	0.300	0.020	0.020	0.020
4. Common kitchen	0.150			

Rehabilitation of weak consumers' cooperative stores selected and identified by "Consultancy and Promotional Cell" by Civil Supplies Department of Central Government.

75% of the total project cost by Central Government

25% of the total project cost by State Government

50% by way of share capital

50% by way of loan for working capital

Regional Distribution Centres organized by the State Consumers' Federations:

75% of the total cost by Central Government

25% of the total cost by State Government

For the regional distribution centres, the financial assistance will be provided for furniture and fixtures, vehicles and warehouses.

Strengthening of the State Consumers' Cooperative Federation:

The State Government has prepared the scheme for strengthening the state consumers' cooperative federation.

- i) Working capital for increasing business and opening branches-cum-distribution centres
- ii) Financial assistance for godown
- iii) Financial assistance for starting consumer industry - 15% of total cost as share capital

and 85% of the total cost as loan.¹

5.9 State Level Conference of Consumers' Cooperative Societies, May 1984

The state level conference was recently held on 8/9th May 1984 in Pune under the Chairmanship of Shri Keshavrao Patil, M.L.A. and Chairman, State Federation, in May 1984 at Pune. Participants from various districts attended this conference and expressed their views on the present working of the Federation. The group discussions on various aspects of consumers' cooperation were organized on the following points:

1. Rural distribution system
2. Students' consumers' cooperative societies
3. Public Distribution system under 20-point economic programme
4. Management problems of consumers' cooperative societies
5. Financial problems of consumers' cooperative societies.

This conference passed a number of resolutions to protect the interests of consumers' cooperative societies and sent to the concerned authorities for further action.

¹ Resolutions collected from the office of the Joint Registrar, Cooperative Societies, Pune

5.10 Conclusions and Findings

Following are the main conclusions of this topic.

1. There is a wide network of cooperative movement in the State of Maharashtra. Of the total number of societies, consumers' cooperatives are 1990 which is about 3 per cent of the total societies.
2. A separate state federation of consumers' cooperative societies (~~Estd.~~ 1964) which provides necessary guidance, training and information to the member institutions for their development.
3. Wholesale consumers' cooperative societies are working satisfactorily.
4. Primary consumers' cooperative societies are widely spread all over the state.
5. The State Government has been implementing various important schemes for the sound development of consumers' cooperative societies in the State. The State Government offers all types of assistance both financial aid and administrative guidelines to promote and develop consumers' cooperative movement throughout the State.
6. State level conferences are held regularly to discuss problems of consumers' cooperative societies in the State. The last conference was held at Pune in the

month of May 1984 to discuss their management problems of consumers' cooperative societies in the State.