

CHAPTER IX

PURCHASE MANAGEMENT PROBLEMS OF CONSUMERS' COOPERATIVE SOCIETIES

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CHAPTER IX

PURCHASE MANAGEMENT PROBLEMS OF CONSUMERS' COOPERATIVE SOCIETIES

9.1 Introduction

Purchase management is an important area of the management of consumers' cooperative societies. The previous chapter dealt with aspects of purchase management, its procedures and rules. The present chapter mainly deals with the management problems of consumers' cooperative societies in Pune city on the basis of collected information.

9.2 Purchase Committee

The purchase committee should include professional persons to make the purchases of commodities more effectively and efficiently. From Table 9.1 it appears that 80 per cent of the federal societies have purchase committees. But in the case of primary societies more than 68 per cent societies do not have purchase committees which is not a good sign of healthy practice. The average membership of the purchase committee was found ranging from five to seven members. It was also found during visits that powers and functions of these purchase committees are not

Table 9.1 :

	Federal/ Central/ Wholesale	Percen- tage	Primary coopera- tive so- cieties	Percen- tage	Total	Percen- tage
Yes	4	80.00	11	34.37	15	40.50
No	1	20.00	19	59.38	20	54.00
Not given	-	-	2	6.25	2	5.50
Total	5	100.00	32	100.00	37	100.00

well defined. Meetings of purchase committees are not held frequently. There is always a difference of opinions among the members about purchase of goods. Hence such purchase committees are ineffective in purchasing consumer-oriented goods. Generally these are guided not by the calculated attitudes or practical approaches but by decisions taken at the spur of the moment, or whims and the vested interests leading to nullify the role assigned to the purchase committees in realisation of the objectives of the consumer cooperatives.

9.3 Mode of Purchases

Table 9.2 points out that 29 out of 37 consumer co-operatives i.e. about 78 per cent of societies make their purchases in the open markets without following any proper procedure. Only 8.30 per cent of societies buy consumer goods through calling tenders.

Table 9.2 : Mode of purchases, 1982-83

Purchases mode	Federal/ Central Whole- sale	Percen- tage	Primary socie- ties	Percen- tage	Total	Percent- age
By calling tenders	1	20.00	2	6.26	3	8.20
In market	4	80.00	25	78.12	29	78.30
Other	-	-	5	15.62	5	13.50
Total	5	100.00	32	100.00	37	100.00

9.4 Maintenance of Stock List

For making effective purchasing of consumer goods, maintaining a basic stock list is necessary. Table 9.3 shows that more than 50 per cent of the consumer cooperatives do not prepare anything like basic stock list. It shows that there is neither basic thinking nor planning before making purchases of goods.

9.5 Frequency of Purchases

From Table 9.4 it can be observed that (i) of the 37 consumer cooperatives, 10 societies including 2 federal and 8 primary societies purchase goods once in a week, (ii) 11 societies including 1 federal and 10 primary societies respectively make purchases daily, (iii) 1 federal and

Table 9.3 : Maintenance of stock list

	Federal/ Central Wholesale	Percen- tage	Primary socie- ties	Percen- tage	Total	Percen- tage
Yes	2	40.00	16	50.00	18	48.64
No	3	60.00	16	50.00	19	51.36
Total	5	100.00	32	100.00	37	100.00

Table 9.4 : Frequency of purchases

	Federal/ Central wholesale	Percen- tage	Primary socie- ties	Percen- tage	Total	Percen- tage
Daily	1	40.00	3	9.37	4	10.80
Weekly	2	40.00	8		10	27.00
Monthly	1	20.00	10	31.25	11	29.70
Quarterly	-	-	4	12.5	4	10.80
Half-yearly	-	-	-	-	-	-
Yearly	-	-	1	3.12	1	2.70
Not regular	-	-	1	3.12	1	2.70
Not given	1	20.00	5	15.62	6	16.20
Total	5	100.00	32	100.00	37	100.00

5 primary societies did not furnish information in this regard. Thus it will be clear from the above table that 57 per cent of societies prefer weekly and monthly purchases. This may be due to the perishable nature of some of the consumers' goods and some seasonal commodities.

9.6 Sources of Supply

Table 9.5 shows that (i) 4 federal societies and 29 primary societies constituting more than 78.30 per cent of societies make their purchases from private traders and

Table 9.5 : Sources of supply

Source	Federal/ Central wholesale	Primary societies	Total	Percentage
1. N.C.C.F.	1	1	2	5.40
2. State Federation	2	7	9	24.30
3. Wholesale Society	-	6	6	16.20
4. Marketing cooperatives	2	5	7	18.90
5. Private Traders	4	25	29	78.30
6. Private Companies	4	12	16	43.20
7. Public Companies	-	6	6	16.20
8. Government	-	3	3	8.10
Total	5	32	37	100.00

companies, (ii) 24.30 per cent of societies make purchases from the state federations, (iii) 8.10 per cent of societies make purchases from Government agencies, (iv) 18.90 per cent societies make their purchases from the marketing cooperative societies in the city. There is no cooperation among cooperative organizations, and the basic concept of cooperation is defeated.

9.7 Joint Purchases

It appears from Table 9.6 that 86.5 per cent of consumer cooperatives do not make their purchases jointly with other cooperative organizations, and only one federal society reported that it makes efforts for joint purchases

Table 9.6 : Societies and joint purchases

	Federal/ Central Wholesale	Primary coopera- tive so- cieties	Total	Percen- tage
Yes	-	-	-	-
No	5	27	32	86.5
Not given	-	5	5	13.5
Total	5	32	37	100.0

of very limited number of goods such as foodgrains, cloth or papers for manufacturing notebooks. It seems that though cooperative buying is beneficial to every unit in getting benefits of economies of large-scale buying such as low price, discount, better services from suppliers, due attention has not been paid to this important aspect of purchasing goods.

9.8 Seasonal Purchases

Table 9.7 shows that 67.59 per cent of the consumer cooperatives do not deal in seasonal commodities. It means

Table 9.7 : Seasonal purchases

	Federal/ Central Wholesale	Percen- tage	Primary socie- ties	Percen- tage	Total	Percen- tage
Yes	-	-	3	9.37	3	8.10
Sarees	-	-	1	3.12	1	2.70
Umbrellas	1	20.00	-	-	1	2.70
Blankets	1	20.00	4	12.5	5	13.51
Sweets	1	20.00	-	-	1	2.70
Umbrellas and Blankets	-	-	1	3.12	1	2.70
Nil	2	40.00	23	71.87	25	67.59
Total	5	100.00	32	100.00	37	100.00

that they do not take into account changing needs and seasonal requirements of the consumers. If this is so how can they expect better sales? Those societies deal in seasonal commodities, 20 per cent federal societies and 3.12 primary societies deal in sarees, only 20 per cent federal societies and 2.70 per cent primary societies deal in umbrellas and 20 per cent federal and 12.5 per cent primary societies deal in blankets.

Purchases of Controlled Goods

Consumer cooperatives work as an agent for distributing controlled commodities as per government rules. They are assigned by the Government to distribute essential commodities such as kerosene, foodgrain, sugar, cloth, soaps, etc., at reasonable rates. It can be seen from Table 9.8 that (i) of the total consumer cooperatives, more than 65 per cent of societies mainly deal with the controlled goods. (ii) Of the five federal societies, 80 per cent of societies and 59 per cent of primary societies are engaged in supplying controlled goods. This shows that they do not sell non-controlled consumer articles and fail to attract large number of customers, which leads to their failure in the total performance of their working.

Table 9.8 : Purchases of controlled goods

	Federal/ Central Wholesale	Primary societies	Total	Perce- tage
Yes	4	20	24	64.9
No	1	8	9	24.3
Not given	-	4	4	10.8
Total	5	32	37	100.0

9.9 Inventory Control

As pointed out in the previous chapter, the inventory control is one of the important techniques of management to ensure adequate quantity of goods available in the stores. Table 9.9 points out that this system is followed only in 32.50 per cent of primary societies and the remaining do not have inventory control system. Naturally it affects the healthy progress of the consumer cooperatives. It was surprising to observe that none of the federal societies have inventory control system to ensure their efficient performance.

9.10 Conclusions

Following are the main findings in the management problems related to the purchase management based on the

Table 9.9 : Inventory control

	Federal/ Central Wholesale	Primary societies	Total	Percentage
Yes	0	12	12	32.50
No	5	20	25	67.50
Total	5	32	37	100.00

the above mentioned data given in the tabular forms.

1. In a large number of primary consumer cooperatives purchases are made without following any proper procedure. They do not have purchase committees to make their purchases in the federal societies the position is satisfactory.
2. In most of the consumers' cooperative societies purchases are made in the open market from the private traders. It was found that there is no cooperation among cooperative organizations such as marketing cooperatives, producers cooperatives, etc.
3. It was found that due attention has not been paid by the consumers' cooperative societies in the research study for preparing basic stock list of consumer goods before making purchases from the market.
4. Most of the consumers' cooperative societies purchase

independently and there is no cooperative buying or joint buying policy among these business units.

5. Very few consumer cooperatives deal in seasonal commodities, a large number of societies deal only in controlled goods. Naturally it affects the performance of the societies as they cannot attract the large number of customers.
6. Inventory control is one of the important aspects of purchase management. But unfortunately most of the societies are totally away from maintaining effective inventory control system in their organization. Thus there is a defective policy which creates management problems of consumers' cooperative societies.