

**EVALUATION OF CONSUMER COOPERATIVES, 1967**

**1. The Study**

The Centrally Sponsored Scheme of Consumer Co-operatives was sanctioned with a view to organise a net work of such stores in all important towns and cities so as to ensure an equitable distribution of consumer goods at fair prices. An evaluation study was undertaken by the Programme Evaluation Organisation at the instance of Ministry of Community Development and Cooperation (Department of Cooperation) in 1964 to evaluate the organisation and operation of the consumer stores set up under the Centrally Sponsored Scheme sanctioned in November, 1962.

**2. Objectives**

- i) To find out how the consumer stores were organised and managed;
- ii) To study their financial structure;
- iii) To enquire into the various aspects of business operations; and
- iv) To study the extent of patronage of the stores by members and their reactions about some important aspects of the working of the stores.

**3. Sample Size/Criteria for Selection of Sample**

For the purpose of the study 32 wholesale stores located in 14 states were selected. For each of the selected wholesale stores, three primary stores or branches were chosen from amongst those that had done business for at least nine months upto June, 1964 except in Bihar, Orissa and West-Bengal where business started later.

In each of the selected primary store or branch, ten consumer members were selected, the selection was confined to the members of the primary stores on roll as on 31-12-1963. In case of branches, the selection was made from among members who came to make purchases on the date of visit and had been members for at least six months. In all 31 wholesale stores, 93 primary stores/branches and 927 consumer members were selected.

#### 4. **Reference Period**

The study was conducted in 1964-65 and the data were collected for the period January 63 to December 64.

#### 5. **Main Findings**

1. In majority of cases real initiative to organise the consumers' stores came from the officials specially of the cooperative department of the concerned State.

2. The group meetings had been the most popular method for promotion of the wholesale stores and next was reported to be the house-to-house visits.

3. Nineteen, out of reporting 30 wholesale stores, confined their jurisdiction to the cities or towns in which they were located. Nearly one fifth covered their adjoining areas also and the remaining stores had the whole district as their jurisdiction. The primary stores, and the branches, being smaller units, confined operations to their localities only.

4. The analysis of time-lag revealed that nearly 70 per cent of the wholesale as well as primary stores faced difficulty in starting their operation immediately after the registration. The time-lag in such cases varied from more than one month to 11 months in the case of wholesale stores and 3 to 6-months in primary stores. The difficulty in getting suitable accommodation was the most important reason for the delay., The other important reasons had been the delay in the availability of staff and also the release of the Govt. grants.

5. Growth of membership of the wholesale stores had been quite encouraging during the year 1963-64. This trend was maintained upto December 1964.

6. On an average a managing body of the wholesale store had 12 members. This number, in different areas, varied from 5-23. Official representation had been reported from all the States while in case of women their representation was found to exist in Orissa and Maharashtra. Majority of the members on these bodies were in the age group of 36 to 50 years and about 75 per cent of them were matriculates and above.

7. official representation on the managing bodies of primary stores had been reported only in 8 of the 65 stores.

8. Executive Officers of the wholesale stores and a few other Senior officers had come on deputation from the cooperative department. In significant number of cases, it was observed that favouritism was the main basis for recruitments.

9. Except for Bihar and Mysore, in all the states the average share capital per share on the date of registration was equal or more than the prescribed limit. The members' contribution towards share capital per new share also increased by about 87 per cent at the end of 1964 as compared with figures as on 30th June, 1963.

10. For all type of wholesale stores the proportion of share to working capital was 45 per cent on 30.6.63, which came down to 33 per cent on 30.6.64 and 27 per cent in December, 1964. The performance of the mixed type of stores had been the best and unitary type showed largest dependence on share capital. As regards the primary stores, the old ones depended less on share capital as compared to the new stores on all the three dates, but the new stores had shown improvement and the proportion of share to working capital was gradually reduced during the period under reference. Other sources such as borrowings, deposits etc had not been tapped by the primary stores to the extent the wholesale stores had done.

11. By and large diversification of business to include not only food grains but also spices, oils and toilet goods had been achieved by about three fourth of the stores.

12. The majority of the wholesale stores charged a margin of less than two percent over their purchase prices for all the important commodities except pulses and spices. For spices, in three wholesale stores, a margin of more than 7.5 per cent was charged. On the whole, margins were lower for controlled commodities as compared to the non-controlled items.

13. Of the 18 stores, which had their own transport, 13 reported having utilised it fully, while the other five could not make full use of it.

14. In the 19 of the 30 reporting **wholesale stores, it was** found that the existing storage facility was adequate.

15. As regards foodgrains, specially rice and wheat, the stores generally complained of inadequate and untimely supplies.

16. Comparison of the prices charged by the store with the corresponding market prices for some commodities revealed that the store price were in no case higher than the market prices and were often appreciably lower.

17. A significant proportion (34 to 39 per cent. of the members) did not purchase their requirement even of foodgrains from the stores and this percentage was rather high (41.65 per cent) in respect of purchase of non-controlled goods.

18. Commenting on quality, price and availability of rice wheat and pulses at the store, the majority of the respondents reported the quality as either pure and graded or better than with the outside sources, and the prices as lower than in the open market. As for availability of rice and wheat, a good proportion reported that these were available on some occasions. As for pulses, these were reported to be available at all times by a large number. As between primary stores and branches, the percentage of those reporting poorer quality was **higher** for the primary stores than for the branches. On the other hand, the percentage reporting lower prices was higher for the primary stores than for the branches.

#### 6. Major Suggestion

1. The management and supervision of the stores should be improved.

2. All essential commodities should be stocked in adequate quantities.

3. Facility of credit purchase and home delivery should be provided.

4. The stores should have better and more accommodation.