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Abstract

Because of its narrow and negative perspective of safeguarding the interests of only poor consumers against unethical practices of the private traders, consumer cooperation in India seems to have failed, except probably in some isolated pockets. A number of social welfare functions like poverty alleviation and public distribution of essential items of consumption have been imposed on them at the cost of their basic economics. With the basic micro and macro-economic rationale for consumer cooperatives as a positive form of economic organization being lost sight of, they seem to be facing enormous problems both historically as well as currently in an era of economic liberalization. Their worries seem to have been compounded with the threat of impending competition from large private enterprises – both domestic and foreign, which highlights the need for evolving strategies to rectify their systemic weaknesses and tackling the competition head on. This case has attempted to document just such an initiative through a round table conference with several doyens of the consumer cooperative movement in India such as Warana Bazar and Amalsad Mandali as well as some fledgling consumer cooperatives from West Bengal which are already in existence for some time or contemplating entry into this field. The roundtable conference organized in the spirit of 'Cooperation among Cooperatives' attempted to evolve strategies to capture economies of scale and scope in order to take on the competition, as well as to facilitate dissemination of ideas and information across the country.

1. Introduction

1. Consumer Cooperative International (CCI), an arm of the International Cooperative Alliance believes that "...the consumer has a right to a reasonable standard of nutrition, clothing and housing; adequate standards of safety and a healthy environment; unadulterated merchandise at fair prices with reasonable variety and choice; access to information on goods and to education on consumer topics; and that s/he should have an influence in economy through democratic participation."¹. Consumer cooperatives aim at fulfilling some or all of these objectives through the cooperative form of organization. The CCI's conceptualization of the consumer's rights is extremely comprehensive and highlights the tremendous scope of action for consumer cooperatives.

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2. At this stage, it is important to highlight the operating guidelines provided by ICA to consumer cooperatives to improve performance. These are:

1. The first and foremost aim is to achieve economic viability - not through privileged treatment by the government with consequent loss of autonomy, weak structure and non-robust growth, but through sound and competitive management vis-a-vis the private enterprises. So, Porter's (1990) competitiveness analysis becomes squarely applicable to consumer cooperatives.
2. Whereas the members should receive a return proportional to their patronage services and also the suppliers of capital should receive a competitive rate of interest, ICA highlights the need for first setting aside adequate funds out of profits for future growth.
3. Being member driven organizations, consumer cooperatives must cater to the changing lifestyle needs of the members.
4. Consumer cooperatives must retain in the market place their two traditional but distinctive features - namely, honesty and openness. They must follow good business practices selling fresh and wholesome goods with the right weight and the right quality. At the same time, information about their operations must be regularly revealed to their members.
5. Ongoing education and training are must for the members, the leaders, the managers and the employees for effective discharge of their responsibilities and also for realization of their full potential.
6. Elected leaders as representatives of the members must lay down clear policies and guidelines to distinguish the role of professionals from that of the elected representatives, thus giving to the professionals considerable scope for exercise of initiative, judgment and enterprise.
7. Besides following business practices that are respectful of the environment, the consumer cooperatives with large mass bases should mobilize public opinion in favor of environmental care. After all, consumer cooperative must behave like responsible corporate bodies with the utmost concern for local community causes. This is how a consumer cooperative can maintain its distinctive characteristics.
8. Consumer cooperatives must coordinate and collaborate with each other at all levels if they are to gain further economies and to better serve the interests of their members.

3. In most developed capitalistic countries of the world, consumer cooperation is looked upon as an essential institutional device for organizing the consumers before they confront the organized business in the free market. In those countries, therefore, the consumer cooperative movement is looked upon on a broader angle as an essential ingredient for perfecting the functioning of the free enterprise system. In India, although a number of state and central government schemes have been devised in the post-Independence period to promote and develop consumer cooperatives all over the country, these have always been launched with a value-based approach and narrow objective of safeguarding the interests of poor consumers against unethical practices like boarding, black-marketing, adulteration etc. of the private tradersⁱⁱ. The result has been a high degree of government support for and control over the consumer cooperatives in the initial post-Independence years, and even though the government started withdrawing its support following the policy of economic liberalization, it has been done rather prematurely without completing the task itself and what is even worse, the government is dragging its feet in relaxing the controls vis-à-vis the cooperatives. It is true that before enactment of the Consumer Protection Act in 1986, there was no mechanism other than organizing the consumers through cooperatives to protect them against the various 'exploitative' devices of private trade, but it is also true that the need for organizing the consumers for having access to consumer education and information, for having low-cost consumer protection, and over and above for reaping economies of scale and scope in large-scale and organized purchases and sales has not at all evaporated with the passing of this Act. It is therefore no wonder that when consumer cooperatives are looked at with such a narrow perspective, a number of social welfare functions like poverty alleviation and public distribution of essential items of consumption will be imposed on the consumer cooperatives at the cost of their basic economics. When the basic micro and macro-economic rationale for

consumer cooperatives as a positive form of economic organization is thus lost sight of, it is no wonder that they have been facing problems both historically as well as currently in an era of economic liberalization of the country and the world.

4. In spite of a fairly impressive quantitative spread of the consumer cooperation movement in India, in both the rural and urban spheres, the movement has been and continues to suffer from several systemic weaknesses on both the scale and scope fronts. On the scope front, the most serious problem is an overall inability to diversify out of the supply of essential and controlled commodities into provision of services, consumer education and consumer protection. On the scale front, the vast majority of consumer cooperatives operate on too small a scale to influence the economy through democratic participation and suffer from the usual cooperative problems of lack of sufficient working capital, human resources etc.

5. In a liberalized era, the consumer cooperative movement is now facing a new threat – the entry of large private sector corporate organizations – both domestic as well as multinational – into the retailing sector in both the urban as well as rural areas. These entities such as Godrej, Walmart etc. whose strategy is to grab the ‘first-mover’s advantage’ besides tapping their huge economies of scale are perceived to threaten the consumer cooperation movement as well as the traditional “*kirana dukaans*” with employment as well as consumer coverage ramifications. So, relatively small consumer cooperatives mainly catering to consumers within their limited geographic boundaries confront serious disadvantages not only because of their failure/inability to tap scale economies, but also because of their failure to provide innovative consumer services in order to retain their existing customer base. The existing cooperative consumer stores, even when they have the ‘first-mover’s advantage’, have generally failed to diversify enough in provision of consumer services to tap the economies of scope. It is in this context that consumer cooperatives need to find out strategies to sustain themselves in the face of imminent threat of entry and competition by addressing the twin problems of scale and scope.

6. The purpose of this case is to attempt to evolve pre-emptive countervailing strategies through opening up dialogues across a representative cross-section of cooperative consumer stores in a roundtable discussion, held at Kolkata, where representatives from two well-established cooperative consumer stores from the states of Maharashtra and Gujarat – namely, Warana and Amalsad, joined those from lesser known (existing/potential) cooperative consumer stores at Sridharpur, Sandeshkhali, Subhasnagar, Mudiali and Bon Hooghly under the celebrated cooperative principle of ‘Cooperation among Cooperatives’ – a principle, which has remained largely unaddressed and non-operational in the cooperative literature at least in this country.ⁱⁱⁱ Needless to add, evolving suitable competitive strategies to tap economies of scale and scope, the precise objectives of this case, is a must at this stage for survival of the consumer cooperative movement in this country.

7. The case is organized as follows. Section II provides a brief statistical profile of consumer cooperation in India and in the rest of the world and highlights the threats to consumer cooperation from possible entry of large private sector entities into rural and urban retailing. Section III provides a short profile to the participating organizations to the roundtable conference. Section IV reports the proceedings of the roundtable discussion in a dialogue mode – and attempts to evolve strategies for consumer cooperatives to survive and even flourish in the face of threatening and actual entry of these large private sector entities. Section IV summarizes and concludes the case.

2. Consumer Cooperation in India and the World

8. Consumer cooperatives in India are engaged in distribution of a large number of essential commodities including food grains, pulses, edible oil, tea, sugar, salt, textiles, toiletries and cosmetics, books and stationary, drugs and medicines, and household and general merchandise items. Some of these are also engaged in processing and/or manufacturing activities like

processing of pulses and spices, manufacturing of exercise notebooks, edible oil etc. The fortunes of consumer cooperatives through the plan period are charted below. Consumer cooperation was a part of plan policy till the 6th Five Year Plan, after which it seems to have dropped off the government's radar until 1993 when an expert committee under the chairmanship of Dr. G.K. Sharma, Regional Director, ICA revisited consumer cooperation.

9. The major developments during the First Five Year Plan^{iv} were:
 - A number of consumers' societies came into existence in urban and rural areas in response to post-war rationing and governmental distribution of scarce goods.
 - In 1951-52 there were 9757 primary stores with a membership of 1.85 million and a total business exceeding Rs.82crores.
 - They still did not expand the scope of their operation beyond controlled commodities and therefore their continued existence was in doubt in the event of removal of controls on distribution of essential articles
 - Consumer cooperatives were recognized as an important component of the "distributive trade" – development over as wide a field as possible was envisaged.

10. Notable developments during the Second Five Year Plan were:
 - Removal of controls imposed during the post war period resulted in a fair proportion of the cooperative distributive societies ceasing to exist.
 - In 1959-60, there were 7168 primary stores with a membership of about 1.4 million, a total paid up capital of Rs.2.4crores, indulging in retail trade of around Rs.57crores^v (Rs.17crores in rural areas and Rs.40crores in urban areas). Of these stores less than a third were running on profit.
 - Importance of consumer cooperation in urban areas was recognized as (i) a source of strength to consumer cooperation in rural areas and (ii) a marketing outlet for producer cooperatives.
 - Development of co-operative marketing of agricultural produce was recognized as paving the way for the re-organization of the rest of rural trade on co-operative lines.
 - It was thought that villagers could subsequently organize schools, dispensaries and other amenities for themselves on a much larger scale than envisaged so far.
 - Profits from rural trade could help develop agricultural production and promote the well-being of villagers.
 - Close linking up of producer co-operatives and consumer cooperatives was considered an important factor for increasing rural incomes and employment and for raising rural levels of living.

11. Landmark developments on consumer cooperation during the Third Five Year Plan can be summarized as follows:
 - A Committee on Consumer Cooperatives submitted its report.
 - The Committee suggested in each State an apex wholesale store linked with primary stores mainly in the urban areas.
 - At this stage, it was thought that for areas smaller than a State there may not generally be sufficient business to justify a wholesale store.
 - Participation by the State in the share capital of the apex wholesale store and the primary stores started.
 - Rural consumer cooperation was envisaged to perform these tasks: (a) distribution of essential consumer goods; (b) supply of manufactured consumer goods of standard variety which are in common demand as a subsidiary function of primary marketing societies or such other agencies as may already exist; (c) consumer cooperation recognized as crucial for stabilization of retail prices and prevention of adulteration of foodstuffs.

12. During the 4th Five Year Plan, the following features were noticed:

- Vast expansion of volume of retail trade (measured by turnover) handled by consumer cooperatives in rural and urban areas.
 - Rural areas recorded an increase in consumer business turnover from Rs.17 crores in 1960-61 to Rs.275 crores in 1968-69.
 - Urban areas recorded an increase from Rs.40 crores in 1960-61 to Rs.270 crores in 1968-69.
 - The network consisted of a National Federation to which 14 State Federations were affiliated. The state federations, in turn, comprised of 371 central or wholesale consumer cooperative societies. Linked to the central cooperatives were about 2800 branch stores (including department stores). There were also about 14,000 primary consumer cooperatives
 - With the organization of various central and wholesale stores, practically all districts with an urban population of 50,000 or above were brought within the area of operation of such stores
13. The vast expansion of the network of urban consumer cooperatives was attributed to the following factors
- Impetus for this development came from the emergency of 1962 (declared after the Indo-China War started).
 - Arrangements were made by the government to facilitate flow of supplies directly from the manufacturers.
 - In order to secure working capital accommodation, the Central Government introduced a guarantee scheme under which central or wholesale consumer cooperatives and consumer federations became eligible for financial accommodation against a margin not exceeding 10 per cent.
14. However, the primary consumer cooperatives continued to be the weakest links in consumer cooperation movement, as brought out by the following facts:
- 3500 of the over 14000 registered primary consumer cooperatives were lying dormant.
 - Many consumer stores were still heavily dependent for their business on distribution of rationed and controlled food grains and other commodities.
 - Expansion of rural consumer cooperation largely accounted for by distribution of food grains and other controlled articles.
15. Hence, structural reforms of the consumer cooperative sector were envisaged along the following lines:
- Reorganization and strengthening of central wholesale consumer cooperatives with a view to building them up as large-sized multi-retail unit cooperative societies.
 - Strengthening of state federations and the National Federation with a view to enabling these institutions to play an effective role in procurement of supplies, besides promotional and service functions.
 - Developing retail outlets of the intermediate size, diversifying the range of business of consumer cooperatives and improving their operational efficiency and economic viability in order to rectify lopsided retail structure.^{vi}
 - Overcoming unevenness of urban retail structure having big retail outlets in the form of department stores with a large assortment of goods, on the one hand, and very small retail outlets in the form of single-roomed shops primarily dealing in rationed and controlled items, on the other.
16. The weaker category of cooperative consumer stores however accounted for over 96 per cent of the total outlets. As a result, these stores had practically no impact on normal consumer trade. So, there was hardly any fresh boost up to the consumer cooperative movement during the Fifth Five Year Plan. Rather a critical process of introspection started and continued during this period.

17. During the Sixth Five Year Plan, the network as on 30th June 1979 expanded into a National federation, 14 state consumer cooperative federations, 8 state cooperative marketing-cum-consumer federations, 481 central/wholesale consumer societies at the district level and 16348 primary consumer cooperatives at the base level. The district level wholesale societies were operating 3690 branches including about 700 departmental stores. During 1979-80, urban consumer cooperatives handled an estimated at Rs.800crores (up from Rs.270crores in 1968-69), while in rural areas the total value of consumer articles sold by the cooperatives was estimated at Rs.800crores (up from Rs.275crores in 1968-69). The major problems of rural and urban consumer cooperatives were at this stage considered to be

- Inadequate marketing finance;
- Uncertainties in the procurement of supplies; and
- Lack of trained and skilled manpower.

18. Dissatisfied with the progress of consumer cooperation, the Government of India, Ministry of Civil Supplies, Consumer Affairs and Public Distribution constituted in November 1993 an expert committee under the chairmanship of Dr. G.K. Sharma, Regional Director, ICA, New Delhi with the following terms of reference:

- To find out the extent of sickness of consumer cooperatives at all tiers together with an analysis of the contributing factors,
- To study the effect of liberalization on the present as well as future functioning of consumer cooperatives,
- To suggest strategies to be adopted for serving the weaker sections of the society located in backward, non-traditional and vulnerable parts of the country,
- To suggest measures to remove the existing bottlenecks and hurdles for revitalizing the consumer cooperative movement in the country, and
- To draw an action plan for implementation of the recommendations by both central and state governments.

19. The Sharma Committee highlighted the need for a clear statement of national policy with respect to the consumer cooperatives at this critical stage of continuing sickness of a large number of such bodies, on the one hand, and increasing liberalization of the country's economic policy, on the other hand. The Committee observed that unlike the Department of Agriculture and Cooperation of the Central Government and its promotional agency for agricultural cooperatives - namely, National Cooperative Development Corporation (NCDC), the Ministry of Civil Supplies, though responsible for consumer cooperatives, had no similar plans and programs for promoting consumer cooperatives. The Committee felt that revival of the centrally sponsored scheme was a priority requirement in the context of the country's retail trade scenario and in the interest of developing professional cadres and appropriate cells in the offices of the Registrars of Cooperative Societies (RCSs) and same consumer federations for organizing, assisting and monitoring consumer cooperatives in the country.

20. The Committee felt that the lack of a well-conceived strategy to develop own business rather than depending on government-sheltered business, on the one hand, and also lack of professional management instead of the prevailing management by government officials without any business flair, on the other, were the root causes of the continuing sickness of the state federation as well as their national counterpart, the NCCF. The Committee therefore recommended a phased program of withdrawal and replacement of government officials on deputation by professional management in the next three years and replacement of nominated Boards/Management Committees by elected bodies at the earliest. To ensure democratic functioning, the Committee even suggested incorporation of penal measures in the State Cooperative Societies Act, as in the case of Maharashtra, against failure to convene AGBM and against failure to hold elections on time.

21. The Committee recommended one week's orientation course for the newly elected board members and a three months' training for Chief Executives, wherever the government cannot avoid deputing a government official. Both central and state governments are urged to provide funds for preparation of necessary orientation/training materials with assistance from ICA and the existing cooperative training institutes.

22. The Committee also recommended enrolment of public distribution system (PDS) customers as members/associated members in the relevant consumer cooperatives and formation of an advisory committee of patronizing PDS customers with adequate representation of women to continuously review and oversee the functioning of the PDS supplies. The Committee also recommended adequate compensation to the consumer cooperatives by the state governments whenever the former are required to participate in government social welfare programs including the PDS.

23. The Committee called for possible vertical and horizontal merger of small and non-viable consumer cooperatives in the states after a through review of their structure. It suggested appointment of two expert groups to study promotional and functional roles of the higher tiers, and also to study demarcation of functions between the Chairman, the Board Members and the Chief Executive at various levels.

24. To improve upon member participation, the Committee called for necessary amendment of byelaws to disqualify members not purchasing a minimum quantity of articles from the cooperative store for voting and election as a board member. To increase member loyalty the Committee also favored giving preference to the members in the purchase of scarce commodities or giving patronage rebate at the end of the year on quantum of sale. In this context, the Committee further advised constitution of Branch Advisory Committee comprising of housewives to suggest improvements in branch functioning. As far as possible and feasible, the Committee also favored gradual replacement of counter service by self-service. It felt the need for closer tie-ups and coordination between marketing and consumer cooperative federations.

25. As purchase procedure is found by the Committee as the single major contributor to sickness of consumer cooperatives, it insisted that supplies by the state federations should by mutual consent be based on prevailing local prices rather than being imposed by the federations on lower-tier bodies. While the Committee is in favor of evolution of own purchase systems by individual stores, it has prescribed conditions of accountability and even penal action against errant personnel.

26. The Committee noted that while the private sector too enjoyed a number of concessions from the government, there was no government involvement in the management. So, it argued that government participation in equity was no reason for government management of the affairs of consumer cooperatives. The Committee was anxious to reverse the observed low priority being accorded to allocation of funds for consumer cooperatives by the state governments.

27. The Committee suggested election of a three-member independent (of Management Committee (MC) or Board of Directors (BOD)) Audit & Control Committee by the AGBM of each consumer cooperative, if necessary through amendment of byelaws, for periodic review and reporting to the AGBM of the working of the society.

28. The Committee also suggested several measures to make a large number of non-viable consumer cooperatives viable. When trend towards viability could not be seen in three years, the Committee favored amalgamation with neighboring consumer cooperatives through mutual consent, failing which a non-viable unit could be converted into branch of a nearby well-functioning wholesale store. If none of these steps were feasible, the Committee recommended complete winding up. In order to prevent addition of non-viable units in the future, the Committee recommended provisional registration of primaries during the initial one year period, beyond which the registration would automatically expire unless definite trend towards viability could be established. Unfortunately, the Government of India is yet to appreciate and implement these recommendations.

29. The current structure of consumer cooperation in India is reflected in Table 1. Many of the problems of the consumer cooperative sector noted in the plan documents still persist in the current day, with new problems cropping up as well. The major concerns continue to the following features:

- Large percentage of stores at all levels running at losses;
- Membership coverage of only 12.84 million people (out of the country's population of more than one billion);
- Higher level bodies (wholesale/central consumer stores and state cooperative consumer federations) being practically para-statal entities (with all the problems of excess governmental interference that it entails);
- Extremely high working capital to sales ratios (as opposed to a reasonable 10-15% for retail stores) that indicate extreme inefficiency;
- Large percentage of controlled commodities in sales;
- Low percentage of trained employees at all levels;
- Membership per store, sales per member low at primary level;
- Share capital per member even inclusive of government contribution and sales per store pathetically low;
- At wholesale stores level, share capital per member, sales per store or member very low;
- When one moves to the state federations, things hardly improve with respect to share capital per member and sales per store or member. On the other hand, the percentage of government share capital contribution increases significantly, as one moves from primaries to wholesale stores and especially to state federations.

The lack of penetration of the consumer cooperative sector can be understood from the fact that it services barely Rs.5104crores out of the estimated Indian retail market size of Rs.9 lakh crores – only 0.56% market share in the retail industry.

Table 1: Structure of Consumer Cooperatives in India as on 31st March 2005

Particulars	Primary Consumer Stores	Whole sale/Central Consumer Stores	State Cooperative Consumer Federations
No. of Stores	24,078.00	794	30
Stores in Profit	8,820.00	449	10
%age of Stores in Loss	63.37	43.45	66.67
Braches (Incl. Deptt. Stores)	7,484.00	5,001.00	737
Membership (Rs. in Lakh)	105.74	22.29	0.21
a) Coop. Stores	-	0.29	0.05
b) Others	-	22	0.16
Membership per Store	1,198.87	4,964.37	2,100.00
Share Capital (Rs. in Lakh)			
Total	16,552.41	6,894.42	13,273.41
Govt. Participation	1,808.76	4,769.79	12,235.07
%age of Govt. Participation	10.93	69.18	92.18
Share Capital per Member	156.54	309.31	63,206.71
Working Capital (Rs. in Lakh)	127,214.55	48,293.38	32,230.72
Sales (Rs. in Crore)			
Total Sales	1,602.43	2,065.60	1,437.12
a) Controlled Commodities	745.39	1,245.77	108.43
b) Non-Controlled Commodities	857.04	819.83	1,328.69
Sales per Store (Rs.Lakhs)	6.66	260.15	4,790.40
Sales per Member (Rupees)	1,515.44	9,266.94	684,342.86
Working Capital to Sales Ratio	79.39	23.38	22.43
%age Controlled Commodities in Sales	46.52	60.31	7.54
Total No. of Employees	22,068.00	15,000.00	5,518.00
Trained Employees	2,455.00	3,163.00	289
%age Trained Employees	11.12	21.09	5.24
No. of defunct societies	2961	48	-

Source: www.indiastat.com as on 10th July, 2005

30. One may like to compare at this stage the Indian situation with that obtaining in the rest of the world – especially the developed countries. In USA, over three million Americans (out of an estimated population of 295 million – coverage of roughly 1% of the population) stretch their food dollars through membership in nearly 5,000 food cooperatives^{vii}. Food cooperatives have also been pioneers in unit pricing, nutritional labeling and the sale of bulk and natural foods^{viii}. The EU^{ix} has 3305 consumer cooperatives covering 24 million members (twice as many as that covered by Indian consumer cooperatives for a far smaller population!), with a market share in the retail industry ranging from 0.9% in UK to a whopping 38% in Denmark, over 50% in Switzerland 30% in Finland, and 25% in Norway (as opposed to 0.56% for India). Japan^x has 160 consumer cooperatives with 1115 retail outlets covering 15.6 million members out of a country population of 127 million with a market share of 2.5% of the retail sector. Korea^{xi} however has a rather small 58 consumer cooperatives covering 105,403 persons out of a country population of 44 million persons. Clearly the Indian consumer cooperative scene is lagging behind the rest of the (developed) world in terms of lacking coverage in terms (i) of the number of members covered proportional to the country's population as well as (ii) market share of consumer cooperatives in the retail sector.

31. The Indian consumer cooperative sector, already a laggard in the world context now seems to be facing twin threats in an era of “liberalization-privatization-globalization” – entry from large private sector entities (LPSEs) – both domestic and foreign – into rural and urban retailing. This has serious repercussions for the survival of the consumer cooperation movement – in terms of provision of goods and services to members, upstream effects on producer cooperatives and rural employment and incomes, employment in the consumer cooperative sector itself^{xii} (roughly 42,576 persons), and most seriously on consumer education and protection.

32. LPSEs which practice a first-mover strategy (epitomized by Wal-Mart), move in a pre-emptive manner into a potential market in order to create a natural monopoly and set up impenetrable price barriers to entry to competing retailers like cooperatives who do not have pockets deep enough for a price war. Those who enter into a market where competition in the form of say a cooperative already exists can out-compete the competition on the price front by virtue of their economies of scale, which permit them to reduce margins and pass on some part of the savings to their customers. Cooperatives, with their geographical restrictions on operations cannot raise sufficient funds nor increase scale of operations beyond their geographical jurisdiction to the required size in order to take on the LPSEs. Even the higher tiers at the district and state level sometimes cannot compete with the LPSEs in terms of access to financial resources or scale of operations.

33. Urban consumer cooperatives are particularly vulnerable because urban areas are the first places that will be targeted by LPSEs. Rural consumer cooperatives however cannot afford to be complacent anymore because increasingly rural retailing is attracting the interest of at least domestic LPSEs^{xiii} – at the least they will pose a threat to the district level wholesale/district consumer stores at the district headquarters – both in terms of retail as well as wholesale operations of these cooperative stores. In this situation it is imperative for consumer cooperatives to take stock of their situation and come up with strategies on a war footing in order to address this threat of entry. While the next section briefly introduces the cooperative organizations involved in this study, the following section reports the proceedings of a roundtable discussion among such cooperatives – whether already engaged or likely to be engaged in the near future - in just such a stocktaking and strategizing session.

3. Brief Profiles of the Participating Organizations

34. Given the philosophical foundations of consumer cooperation on the one hand and the lackluster approach towards consumer cooperation and its indifferent performance in India over the years on the other, an attempt is therefore made in this paper to finding out the doyens of

consumer cooperation in India such as Warana Bazar and Amalsad Mandali are looking at the scenario in general and specifically with respect to a small cross-section of consumer cooperatives in West Bengal, who do not have a glorious past but are eager to pursue endeavors in this field. An attempt is therefore made in the next section to evolve pre-emptive countervailing strategies through opening up dialogues across a representative cross-section of cooperative consumer stores in a roundtable discussion, held at Kolkata in March 2005 with representatives from two well-established cooperative consumer stores from the states of Maharashtra and Gujarat – namely, Amalsad and Warana, who joined those from lesser known cooperative consumer stores at Sridharpur, Mudialy, and Subhasnagar, and a couple of potential cooperative consumer stores at Bonhooghly and Sandeshkhali (all from West Bengal) under the celebrated cooperative principle of ‘Cooperation among Cooperatives’. Before we report the proceedings of the dialogue, it is important to provide a short profile of the participating organizations in this section on the basis of their available records^{xiv}.

Warana Bazar^{xv}

35. Warana Bazar is probably the most prominent cooperative consumer store in India, which came into being in 1978 as a logical outcome of the process of rural development in and around the Warana Sugar Complex. The Warana Cooperative Complex has become famous as one of the forerunners of successful integrated rural development through the cooperative route. The Warana Co-operative Sugar factory which was registered in 1955, has led this movement resulting in formation of over 25 successful co-operative societies today with an annual turnover exceeding 600 crores, within the Warana valley (see, pictures W1 to W3 under Appendix 1), as listed below :-

1. Warana Co-operative Sugar Factory Ltd.
2. Warana Co-operative Milk Produce Processing Society Ltd.
3. Warana Co-operative Bank
4. Warana Region Co-operative Grahak Mandal
5. Warana Poultry Co-operative Society
6. Sahyadri Co-operative Poultry Society
7. Vishwanath Co-operative Poultry Society
8. Warana Worker Vividh Working Co-operative Society
9. Warana Agriculture Goods and Processing Society
10. Warana Cooperative Industrial Colony
11. Warana Women Cooperative Credit Society
12. Savitri Women Co-operative Industrial Society
13. Amrit Sevak Co-operative Society
14. Satyavathi Co-operative House Construction Society
15. Nivritti Co-operative Housing Society
16. Educational Institute
 - Warana Vibhag Shikshan Mandal
 - Tatyasaheb Kore Institute of Engineering and Technology
 - Yashwantrao Chavan Warana University
 - Tatyasaheb Kore Industrial Training Centre
 - Tatyasaheb Kore Training and Production Centre
 - Warana School
 - Warana Vidyamandir
 - Warana Nursery School
 - Warana Satkarya Savanrdak Mandal
17. Warana Foods Private Ltd.
18. Mahatma Gandhi Medical Trust
19. Warana Bhagini Mandal
20. Lijjat Pappad Centre
21. Warana Sugar Worker's Society
22. Warana Exercise Centre

23. Warana Youth Centre
24. Sharada Wachak Mandir
25. Warana Printing Press

36. Tatyasaheb Kore, the illustrious leader of the cooperative movement, duly aided by his MD, Nandkumar Naik, family members and comrades gradually unfolded the serial success story. He followed a model of integrated bio-mass use, making full utilization of the bio-mass of sugarcane. After extraction of juice, baggase, the fibrous biomass of sugarcane, is being utilized for co-generation of power to run the sugar factory as well as to power the local area endeavors (pictures W6 & W7). Molasses are being used to produce alcohol (picture W8) and biological manure. Sugarcane being an irrigation-intensive crop, Tatyasaheb arranged a dam (picture W9) on river Warana to help farmers, without praying and waiting for government grant. To make sure that non-landowning households of his area too can participate in the rural development process, he floated one cooperative milk enterprise (pictures W10-11) and poultry society (W12) along cooperative lines. When he found that the people of Warananagar were spending quite a lot on outside goods and services, he floated with help of ILO experts the famous Warana Bazar (W13-14) to organize his consumers to exercise their right of educated choice on purchase of outside items, on the one hand, and to provide a link between production and consumption activities, by placing the Warana producers and consumers on the same platform, on the other. Organizing women's activities became a cornerstone of his strategy of rural development (W15-16). He launched Warana Cooperative Bank to make sure that the people of Warananagar can themselves make a judicious choice of where to deposit their savings and how to make use of them in supporting local endeavors (W17). He left no stone unturned in organizing children education and training activities - even to inspire them to become soldiers (W18-21). He promoted engineering and medical colleges with facilities of mobile vans (W22-25), training centers (W26). His followers realized his dream of application of tissue-culture to promote horticulture (W27-29). Warana Wired Village Project, the first of its kind in India, has been a fitting gratitude to Tatyasaheb Kore's dream of empowering his people with IT-based information (W30-32).

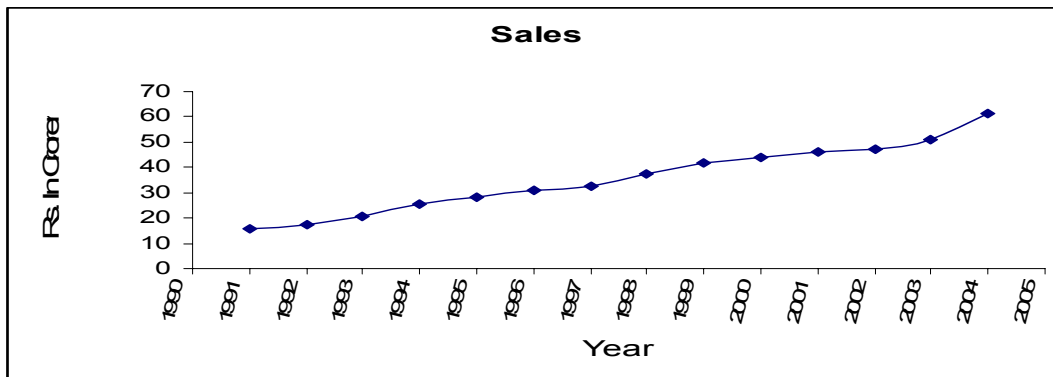
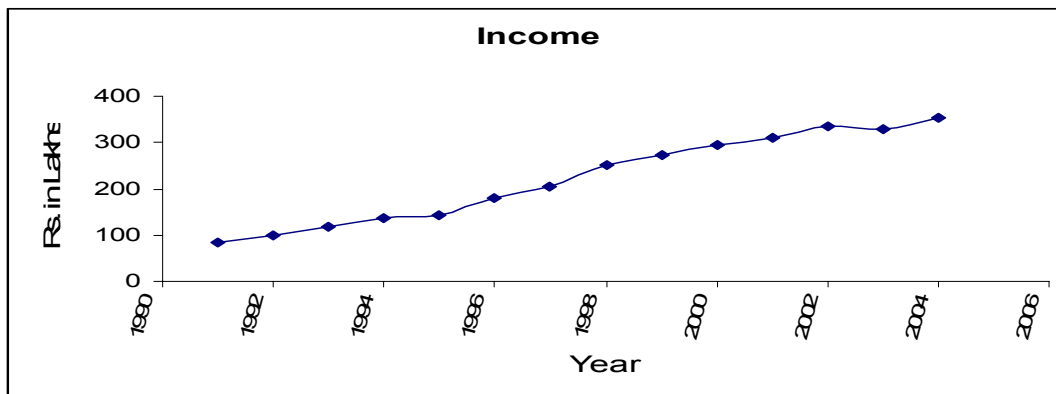
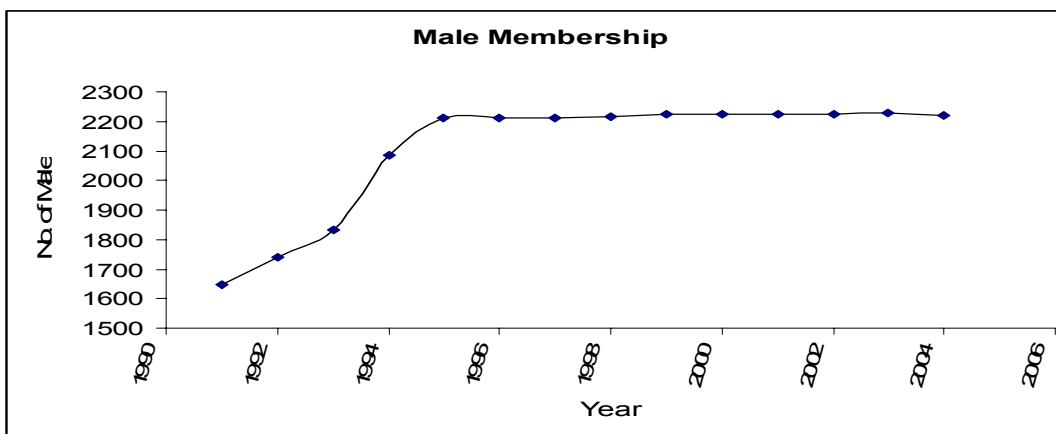
37. The famous Warana Bazar has a geographic operational area of 87 villages from two districts of the state of Maharashtra (details given in Table 2 below). The working results of Warana Bazar over the last several years, which display its continuing success, are reported in Table 3. Steady growth in sales and net income of Warana Bazar is displayed in Charts 1-2. Growth in membership has reached a plateau (Charts 3-4)

Table 2: Area of Operation of Warana Bazar

Sr. No.	District	Tehsil	No. of Villages
1	Kolhapur	Panhala	19
		Hatkanangle	26
		Karveer	05
		Shirol	02
		Gandhinglaj	01
		Shahuwadi	01
2	Sangli	Shirala	07
		Walwa	25
		Miraj	01
		Total No. of Villages	87

Table 3: Working Results of Warana Bazar

Sr. No.	Particulars	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
1	Sales (Rs. in Crores)	41.56	44.14	46.36	47.22	51.00	61.44
2	Gross Profit (Rs. in Lakhs)	262.65	278.13	294.18	317.55	309.97	330.51
3	Provision (Rs. in Lakhs)	26.76	30.41	33.34	37.94	42.99	46.26
4	Net Profit (Rs. in Lakhs)	05.81	06.08	04.65	05.47	06.63	07.31
5	Gross Profit % to sales	06.32	06.30	06.34	06.72	06.07	05.38
6	Audit Class	"A" Class since beginning					

**Chart 1: Growth in sales/turnover in Warana Bazar****Chart 2: Growth in net income in Warana Bazar****Chart 3: Growth in male membership in Warana Bazar**

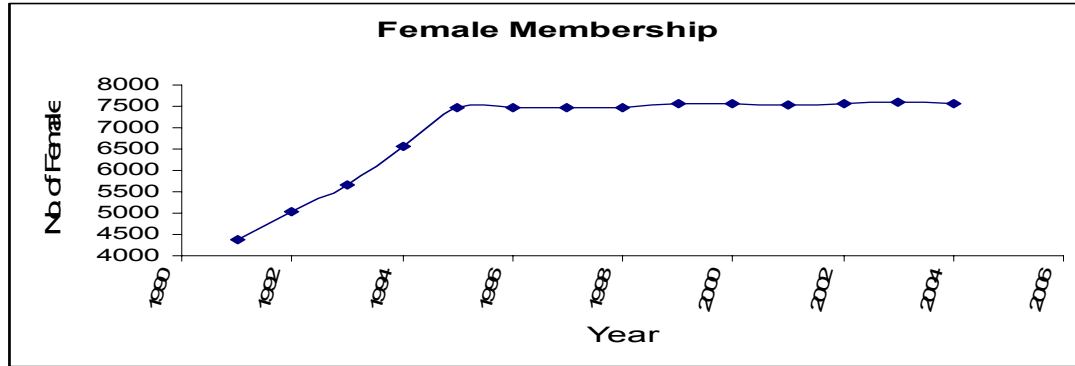


Chart 4: Growth in female membership in Warana Bazar

38. The following features seem to capture the strengths of Warana Bazar:

- While the Society has experienced steady growth in share capital (Chart 5), it has been able to keep government involvement in share capital at the minimum, unlike cooperative consumer stores in the country (Table 4). Even a major portion of working capital requirement is met from members' deposits (Table 5)

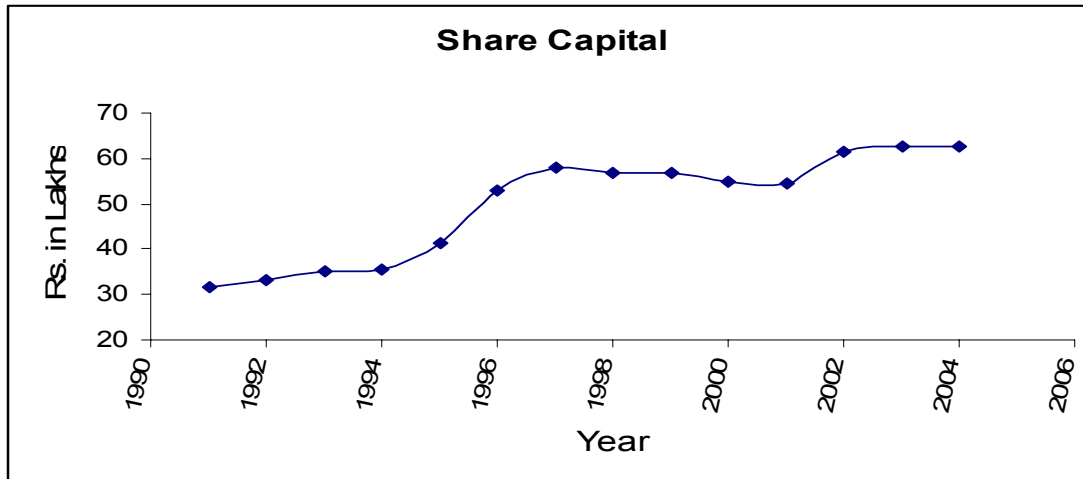


Chart 5: Growth in paid up share capital in Warana Bazar

Table 4: Paid up Share Capital Position as of 31/03/2005

Sr. No.	Members	Rs. in Lakhs
1	Individual	47.02
2	Government	13.50
3	Warana Co-op. Sugar Factory	02.00
4	Other Institutions	00.26
		62.78

Table 5: Working Capital Arrangement at Warana Bazar

Sr. No.	Members	Rs. in Lakhs
1	K.D.C.C. Bank Ltd. Hypothecation cash credit (sanctioned) clean cash credit (sanctioned)	40 10
2	Deposit from members/Non members Attractive Interest rates 10%, 10.5%, 11%	189
3	Consumer's Deposit Scheme (11% Benefit given in the form of goods to the members of this scheme)	61

- The Society provides incentive benefits and undertakes special activities to win over members' loyalty (Table 6). Even additional activities, as reported in Table 7, are undertaken.
- Members are involved as much as possible to improve upon member participation (some examples cited in Table 9)

Table 6: Incentive Benefits & Activities for Members at Warana Bazar

Sr. No.	Description
1	10% rebate on the purchase of festival goods at the time of <i>Dipawali</i> .
2	10% rebate on the purchase of festival goods at the time of <i>Gudhi Padva</i>
3	10% cash rebate coupons for use throughout the year.
4	Total 30% of their investment in shares in the society.
4	<i>Haldi-Kunkum</i> Ceremony for lady members at the time of <i>Makar Sankranti</i>

Table 7: Additional Activities of Warana Bazar

1. Barcode system
2. STD/ISD/PCO Booth at Warana Nagar & Vadgaon
3. Xerox Services at Warananagar & Vadgaon
4. Organization of demonstration of various types of goods
5. Consumers' meeting every year
6. Organization of 'Save-Oil-Save Nation' seminar
7. Organization of seminar on Weights & Measurement Precautions etc.
8. Implementation of different schemes for sales promotion
9. Food Testing Laboratory
10. Sale of cotton seed oil under Warana brand
11. Staff training & development
12. Consultancy services (other coops benefited from this service are listed in Table 8)

Table 8: Other Consumer Cooperatives benefited from Consultancy Services from Warana Bazar

- | | |
|----------------------------------|--------------------------------|
| 1. Raigad Bazar, Alibag | 10. Bagayat Bazar, Goa |
| 2. Raigad Bazar, Pen | 11. Adarsh Bazar, Goa |
| 3. Raigad Bazar, Khopoli | 12. Vedganga Bazar, Gargoti |
| 4. Shreeram Bazar, Phaltan | 13. Jawahar Bazar, Dhule |
| 5. Tarun Bharat Bazar, Sangli | 14. Sattari Bazar, Valpoi, Goa |
| 6. Urban Bazar, Karad | 15. Rayat Baza, Karad |
| 7. Lonavala Bazar, Lonavala | 16. Mahalaxmi Bazar, Satara |
| 8. Bardes Bazar, Goa | 17. Shivshankar Bazar, Akluj |
| 9. Sagareshwar Bazar, Devrashtre | |

- A number of steps are taken to improve upon stakeholder cooperation with employees. The employees enjoy a high % share of Warana Bazar's income (Table 10). There are also large incentive benefits to the employees (Table 11). The employees also run a credit coop of their own, the basic information about which is shown in Table 12.

Table 9: Manpower Involvement at Warana Bazar as of 1/03/2005

Sr. No.	Manpower	Male	Female	Total	Female %
1	Individual Members	2219	7776	9795	77
2	Board of Directors	8	10	18	56
3	Purchase Committee Members	4	3	7	43
4	Staff Committee Members	4	3	7	43
5	Branch Committee Members	5	2	7	28
6	Audit Committee Members	4	2	6	33
7	Recovery Committee Members	3	2	5	40
8	Franchise Committee Members	5	3	8	38
9	Total Staff	374	116	492	24

Table 10: Percentage Distribution of Gross Income at Warana Bazar in 2004-05

1. Administrative expenses	30.69%
2. Members Rebate	2.10%
3. Depreciation	4.59%
4. Share Redemption	0.59%
5. Salary & Wages	60.00%
6. Net Profit	2.03%

Table 11: Incentive Benefits to the Staff at Warana Bazar

Sr. No.	Description	Percent	
1	Provident Fund	12.0	<ul style="list-style-type: none"> • 34 Days leave. • Three months Maternity leave. • Tea, two time per day • On the job training for the trainees • Part time job provided for college students. • Mediclaim & personal accident insurance policy for all staff. • Workers Welfare Trust registered under the trust act • Gratuity Trust registered under the trust act. • Uniform
2	Bonus	25.0	
3	Incentive	12.5	
4	House Rent Allowance	05.0	
5	Pension Scheme	05.0	
	Total	59.5	

Table 12: Basic Information on Warana Bazar Employees' Credit Co-op Society Ltd.

1. Established – Reg. No. KPR/PLA/RSR/CR/103/86-87 7.8.86
2. No. of Members: 295
3. Loan from any bank : Nil
4. Members Deposit: 26.40 Lakhs (Interest: 11% half-yearly payment)
5. Advance to members as members' loan: 21.77 Lakhs
6. Advance to members against their deposit: 5.42 Lakhs
7. Dividend: 15%
8. Recovery: 100%

- the former enjoys not only on its own merit but also as part of the world-famous The Society undertakes specific measures to provide staff training and development: It has come up with one Vilasrao Tatyasaheb Kore Consumers Co-op. Training Centre in the year 1995. Every year salesmen training program of one month duration is conducted in the Centre. Shivaji University, Kolhapur has approved this program. The top five students, of every batch are absorbed in the service at Warana Bazar. Employees who are already in service with various Bazars in Maharashtra are eligible for admission in this training program.

Amalsad Consumer Store^{xvi}

39. Unlike Warana Bazar, the Amalsad Coop Consumer Store doesn't have an independent existence, nor does it have the distinction or hallow as Warananagar Sugar Cooperative Complex. Nevertheless, the Amalsad Society has long been recognized as one of the best in the state of Gujarat, which culminated in it being awarded the 'NCDC Best Cooperative Award' by the Prime Minister of India in 2004 as one of the best cooperative organizations in the whole of India. The Amalsad Coop Consumer Store is part of a primary multipurpose cooperative credit society, which came into existence in 1941. The Amalsad Society is located in cooperatively vibrant area – namely, Gandevi taluka of district Valsad in South Gujarat. It has jurisdiction over 17 villages (see, map of the Society's geographic area in A1 in Appendix 1. This multipurpose cooperative not only acts as a full-fledged bank to its people, but also takes care of the marketing needs of its farmers (producing Chickoo, Mango, Paddy, Banana, Elephant Fruit etc.), besides their consumer needs. The pictures inside Appendix 1 (A1 to A30) provide a glimpse of the activities and achievements of this Society. The Society's emblem and its main office campus are displayed in pictures A2 and A3, respectively. The Society has two collection centers – one at Amalsad (picture A4) and the other at village Kacholi, where the farmers bring in their crop produce for sale through the Society (pictures A5-6). Each produce is carefully sorted and graded (i.e., primarily processed in case of Chickoo, as pictures A7-8 show), before being dispatched to premium markets for sale. The Society is also engaged in sale of fertilizer and building materials for its farmer-customers (pictures A9 & A13). The other collection center of the Society at Kacholi is located in a picturesque place on the bank of a river, which makes it a potential area for promoting eco-tourism (picture A10). The Society has now come up with a newly constructed groceries shop on the main road at a stone's throw from the Amalsad Railway Station (picture A17), which is well-furnished (picture A18). It is engaged in sale of packaged grocery item, as in case of Warana Bazar (picture A11-12), besides sale of clothes (picture 19) and special ceremony items like fire-crackers (picture A20). The Society is quite transparent in openly displaying the prices of all items it purchases and sells (pictures 21-23). Not only the Society is well-furnished (see, for example, its Board room in picture A14), but also it is quite advanced as it computerized all its operations as back as in 1991 (picture A15). It has its own gas station (picture A16) and medicine shop (picture A24). It is also engaged in a number of welfare activities for its members (pictures A25-26 display their homeopathic dispensary and conducting of eye-camps, respectively). For marketing another major produce of this area – namely, mango, the Society has gone ahead to pool together the produce alongside other societies of this area and come up with a fruit-processing federation, where it is producing a number of canned and packaged products of mango and other fruits (sometimes procured from outside to ensure maximum capacity utilization of their plant) under a common brand name (pictures A27-32).

40. Table 13 shows steady performance of Amalsad Society's consumer section over the years. Maintaining a steady profit level of around 4% on consumer activities is a commendable performance. Table 14 displays the spread of consumer activities of this society and thus volumes for the 'member-centrality' of their consumer activities – almost everything of the consumer needs is provided by the Society! Amalsad is a rare organization, whose MIS and commitment to transparency are so strong that it calculates and also openly displays estimated profit over

conducting of business over each consumer item. To the knowledge of the authors, no consumer society in this country has so far been able to match this characteristic of this Society.

Table 13: Performance of Amalsad Society's Consumer Section over Time

Year	Sales	Profit
1995-1996	10,55,77,201	44,78,480 (4.24%)
1996-1997	11,45,45,895	46,26,942 (4.04%)
1997-1998	12,11,46,023	46,89,092 (3.88%)
1998-1999	13,16,50,787	51,03,574 (3.88%)
1999-2000 ^{xvii}	9,51,61,370	37,97,723 (3.99%)
2000-2001	12,73,51,932	50,48,254 (3.96%)
2001-2002	12,56,71,645	50,48,773 (4.02%)
2002-2003	14,17,07,195	57,11,745 (4.03%)
2003-2004	14,20,39,873	57,71,036 (4.06%)
2004-2005	16,05,47,898	60,69,797 (3.78%)

Mudialy Fishermen's Cooperative Society^{xviii}

41. Mudialy Fishermen's Cooperative Society, located in outskirts of the city of Kolkata and known for its indigenous technology-based sewage water fisheries, was also awarded 'NCDC Best Cooperative Award' by Prime Minister of India in 2004 (see, picture M42). It also received a number of awards in the past for its proficiency in productivity improvement, farm forestry, horticulture, floriculture etc (pictures M40-41). This Society has a small consumer store in a densely populated fishermen community locality close to the Kolkata Port, which caters to the needs of mainly its member households picture M31). While this small consumer store is recognized as one of the best in the district of South 24 Parganas, where it is located, it is never as famous as its main campus, popularly known as the 'Nature Park' (pictures M1-3) . Still the petty fishermen members of the Society are bent on realizing lofty goals not only with respect to their Nature Park, but also with respect to the other campus, which includes this consumer store. That is how this Society became an important partner to this study.

Table 14: Sales & Profit of the Consumer Section of Amalsad Society in Last 3 Years

Schedule	2002-03		2003-04		2004-05	
	Sales	Profit	Sales	Profit	Sales	Profit
Retail Consumable	4,71,88,011	19,79,919	4,57,60,049	20,32,865	5,19,84,021	20,11,346
Grains	1,69,39,938	8,58,627	1,67,90,268	8,46,365	1,63,95,509	8,32,796
PDS Sugar	7,20,653	9,033	5,66,408	6,124	11,83,925	11,918
PDS edible Oil	71,782	2,191	2,27,531	4,877	79,200	1,912
PDS Fair-Price Shop	12,41,608	91,346	13,10,871	1,10,072	18,57,149	1,13,767
Clothes	63,47,829	6,03,730	56,33,675	5,75,841	67,84,912	6,92,334
Fertilizers	97,42,905	3,17,313	93,23,760	3,51,444	88,42,236	3,24,661
Castor Cake	11,01,049	77,303	9,75,037	70,573	10,30,481	76,167
Seeds	1,88,125	12,946	2,06,425	14,015	1,44,910	12,400
Insecticides	28,69,211	3,98,073	43,83,829	5,06,747	50,75,261	5,10,788
Agr. Implements	19,230	2,694	20,930	3,341	21,950	3,919
Medicines	6,49,461	84,871	6,13,124	81,745	6,21,981	66,855
Building Steel	79,51,547	1,47,115	84,07,455	1,90,225	1,19,81,032	2,57,176
Cement Sheets	3,20,597	20,890	3,46,235	23,424	8,17,992	52,921
Free Sale Cement	36,50,139	82,200	48,75,916	1,09,713	69,50,674	1,56,793
Lime, Sagol etc,	14,048	2,092	21,169	3,240	26,550	4,398
Petrol	2,19,99,119	2,21,113	2,26,88,991	1,74,198	2,54,02,913	2,77,957
Diesel	1,65,76,519	2,75,175	1,59,52,048	1,59,888	1,78,90,870	2,17,231
Lubricant	11,01,110	1,43,541	10,08,010	1,24,833	8,97,165	78,182
Departmental	3,32,780	38,476	3,39,465	40,744	2,94,544	34,665
Stationary	11,40,314	81,360	9,70,419	49,018	7,83,930	41,196
Firecrackers	14,76,715	2,54,738	15,51,474	2,82,836	13,95,738	2,80,275
Kites	64,505	7,001	66,784	8,907	84,954	10,138
TOTAL	14,17,07,195	57,11,744 (4.03%)	14,20,39,873	57,71,036 (4.06%)	16,05,47,898	60,69,797 (3.78%)

42. The Society is located on the wetlands of Kolkata city, which belongs to the Kolkata Port Trust (KPT). The Society operates on a lease agreement with KPT. A brief profile of this Society is provided herein with the help of several pictures (M1-M42 in Appendix 1). The Society is engaged in purification of urban and industrial refuse water, it gratuitously receives from the city and neighboring industrial belt (see, pictures M4-5), into smiling natural beauties (pictures M6-8), which attracts not only birds, but also visitors for recreation (pictures M9-12 & M25). The natural fertility of the Indo-Gangetic wetlands, preserved by the poor fishermen in their own interest at Nature Park, is also found to be an excellent place to pursue horticulture (pictures M13-18) and to raise animal husbandry and birds (pictures M26-29). The Society is mainly engaged in production of fish fingerlings, which provide quick turnover to the fishing community (pictures M19-20). The aesthetic sense of the poor fishermen and their lofty dreams are reflected in the constructions they have initiated for Folk Laboratory and Observatory Tower (pictures M22-24) and the newly constructed office building cum rest house (pictures M36-38). It goes to the credit of the Society that it has always won over the hearts of its Executive Officers, who are always engaged in articulating and fulfilling the dreams of the fishermen-members (picture M24), besides roping in private companies to serve the cause of the Society (picture M39). The Society spends a large chunk of its profit for member welfare – for example, on organizing free evening schools for the children and cheap medical facilities for its community, which these people couldn't have afforded otherwise (pictures M32-35). The imaginative business motivation of the members of the Society is reflected in the fact that it has started taking initiative in organizing conducted tours on holidays for its visitors (M30).

43. Out of a total turnover of the Society of roughly 67 lakhs, its consumer store has an annual sale figure of modest 3.5 lakh rupees with a net profit of only about 8 thousand rupees. This store is currently confronting acute shortage of essential items from government sources, on which it is mainly concentrating on. As much as 80% of its sale is directed towards non-member

families, which generally look for purchase on credit. Currently the Society allows credit purchase to member families only to a maximum limit of Rs.2000/-.

Sridharpur Cooperative Bank^{xix}

44. Sridharpur Cooperative Bank is probably the oldest and most well-known multipurpose primary cooperative credit society in West Bengal which came into being as early as in 1918. Thanks to a number of innovative measures undertaken by its founding fathers as well as by its continuing leadership from an elite section of the community, it grew steadily in spite of its small geographic coverage of only three interior villages of an agriculturally prosperous area in the district of Burdwan in West Bengal. The trust and confidence earned by Sridharpur Bank created such a strong brand name that it soon occupied a major share of fertilizer, pesticide and banking business in the nearby areas much beyond the narrow geographical boundary of the Society as stipulated by Cooperative Laws of the country. Based on this goodwill, Sridharpur succeeded in opening branch offices of its banking segment even in the block headquarters at Memari and at the district headquarters at Burdwan, which have been functioning well even in highly competitive environments with other cooperative and commercial banks working side by side.

45. Like Amalsad, Sridharpur too has a large consumer segment. But out of its annual turnover over 47 crores of rupees, as much as 79% comes out of fertilizer and pesticides business, which is directed more towards non-members outside the narrow geographic boundaries of its three villages rather than towards the members within these three villages. Most other consumer items (e.g., items 6 to 9 in Table 15) have only marginal significance, though L.P. Gas and related items (items 16-19 in the same table) contribute more than 12% of total sales. So, given its status and eagerness to expand, on the one hand, and its untapped potential to promote consumer activities in its locality using its strong goodwill, on the other, it was no surprise that Sridharpur joined this roundtable conference, especially to learn from the doyens of consumer cooperation like Warana and Amalsad.

Subhasnagar Cooperative Consumer Store

46. This small and rather unknown consumer store is located inside a crowded locality within Dumdum cantonment area near the city of Kolkata. Not unlike most small consumer cooperatives across the country, Subhasnagar Consumer Store is engaged in sale of mostly rationed items, sale of such traditional items constituting nearly 79% of its total turnover (Table 16). The novelty of this consumer cooperative lies in its innovative approach towards diversification of consumer activities towards services – specifically towards supply of cable TV services to end the monopolistic exploitation of the local customers in the hands of private cable operators. The leadership of this Society had to fight a fierce battle with the private cable operators to establish a local cable operating system merely on the strength of local engineering talents, dedicated social workers and supporting customers. It has found that a large number of channels are available free of cost, provided one has the requisite skill and hardware to capture signals from such channels, and it is possible to provide customers living in a densely populated region like Subhasnagar access to such channels at a much cheaper cost. The Society is not yet been able to access to paid private channels like Zee, Sony, Star etc., allegedly in spite of making necessary licensing payments and procuring the official authorization letter, because of coercive powers of the private cable operators. However, it has still been able to provide access to as many as 30 channels to its customers at a very moderate service charge of only Rs.40/- per month per customer under its brand name called ‘Samavay Darpan’. Considering a nominal installation charge (currently, Rs. 400/-) and monthly service charge, the local members still find it pragmatic to subscribe to this cable connection for several reasons. First, it telecasts useful and educative programs to make a good society (e.g., environmental programs, consumer protection laws), appropriate for the local community and as per their

demand. Second, it advertises for the local community members, who can't afford, nor even need wider and costlier channels to publicize their demand or supply. Third, it telecasts all important decisions of the consumer society, thus facilitating transparency, member awareness and thus educated member participation – which most cooperatives around the world are finding very hard to maintain. Given this innovative approach to member services, it was thought absolutely necessary to rope in this Society in this study. The Society too felt the urge to get in touch with nationally acclaimed consumer cooperatives like Warana or Amalsad for getting necessary advice and suggestions for taking its business forward. As most banks including cooperative banks are reluctant to meet the huge fixed and working capital requirements of this Society, it is running its cable TV service solely based on member support in the form of fixed deposits. In other words, the Society is sustaining this activity solely on the basis of strong local-level goodwill it has created in a highly densely populated locality. Nevertheless, this activity has started becoming an important component of this Society's portfolio of activities (see, Table 16).

Table 15: Economic Activities of Sridharpur Coop Bank during 2002-03

I. Sales Account	Amount (in Rs)	%
1.Fertilisers	365718446	76.45199
2.Pesticidies	14419505	3.01434
3.Essential trade goods	964659	0.201658
4.Potato	14193428	2.96708
5.Mill Paddy	16215	0.00339
6.Cloth	360251	0.075309
7.Grocery goods	1447038	0.302498
8.Mustard Oil	226263	0.047299
9.Dust	20815	0.004351
9.Rice	1430046	0.298945
10.Rice (levy)	261570	0.05468
11.Husk	1239253	0.259061
12.Bran	901926	0.188544
13.Paddy seeds	405603	0.08479
14.Potato seeds	9679807	2.023525
15.Oil cake	114670	0.023971
16.L.P.Gas	58158610	12.15783
17.Gas lighter	30205	0.006314
18.Rubber tube	29999	0.006271
19.L.P.G.stove	422520	0.088326
10.Total	470040829	98.26017
II. Others		
1.Contingency	1485256	0.310487
2.Commission	18164023	3.797117
3.H & T Charges	2321629	0.485327
4.Godown Rent	551875	0.115367
5.Warehouse	3450	0.000721
6.Rent (C.S)	7281450	1.522158
7.Pisciculture	60000	0.012543
8.Cultivation	29920	0.006255
9.Closing stock	3076869	0.643207
10.Total	47,83,63,555	100

Table 16: Sales A/C for Subhasnagar Consumer Store as on 31-03-04

I. Sale :	Amount(in Rs)	Percentages (in Rs)	
1.Ration goods	377020		
2.General goods	988340		
3.Textile goods	3776		
4.K.oil	485559		
5.Rice	50961		
6.Misce.Sales(Old van and Old Tin) and empty gunny bag	1661		
Sub-total		1907317	78.69339514
II. Others			
7.Service charges (LPG)	135020		
8.Subscription (Cable)	276495		
9. Shifting charges (Cable)	3500		
10. Share capital	97300		
11.Installation charges	109800		
12. Deposit (Cable)	9600	500595	20.78958866
11.Total		24,07,912	100

Bonhooghly Fishermen's Cooperative Society^{xx}

47. This is again a fishermen's cooperative society, like Mudialy, located on a small slice of wetland on the northern part of the Kolkata city. It is located precisely on the opposite (eastern) side of Indian Statistical Institute, Kolkata in a densely populated locality. Though its main business is sewage-fed fisheries, it is keen on progressive diversification of its activities, as it can be seen from the sample photographs of this Society (pictures B1-11) in Appendix 1. Especially because this Society has a tiny piece of pond (pictures B1-2), it is in a sense compelled to look for complementary business activities like pedal boat rides (picture B3)^{xxi}, recreation gardens around the pond (picture B4), growing of lotus flower for sale (picture B5), bio-gas plant to produce energy and manure for the pond (picture B6), production of spirulina – a bio-fertilizer currently being used to manure fish pond (picture B7), raising poultry birds (pictures B8-9), construction of a meeting hall, which can also be rented out to hold private celebrations supported by the Society's catering services (picture B10) and sale of aquariums (picture B11). Given its location in a densely populated city area as well as the local goodwill it has built up, it is therefore no wonder that it is now keen on starting a consumer store for their members as well as the neighborhood in spite of their major constraint, capital. It is against this background this Society too joined the roundtable conference organized under this study.

Sandeshkhali-II SHGs^{xxii}

47. Although nearly one thousand women SHGs in Sandeshali-II block of North 24 Parganas district in West Bengal have recently formed a Cooperative Federation to spearhead marketing activities, they are still in a preparatory stage, as it can be seen from the infrastructural investments they are making towards reaching that goal (pictures S1-32 in Appendix 1). The SHGs are located in small islands surrounded by rivers in this Indian side of Sunderbans. For reaching Sandeshkhali the gateway is a place called Dhamakhali, located about 60 kilometers south of the city of Kolkata (pictures S1-2). Being cut off from the rest of the world and having very little infrastructure and employment opportunities, most of the people in this area became traditionally dependent on catching shrimp fish seed from the sides of the rivers, which produced only tiny incomes against huge environmental degradation, including breakage of the embankments due to human movements along the fragile sides of the

rivers (pictures S3-4). Growth of the women SHGs and their activities supported by one NGO called Youth Development Center (YDC) (pictures S14-15), the progressive leader of the *Panchayat Samiti*, and several officials posted in that area started changing the scenario very rapidly. Though there were a handful of concretized jetties in existence (like those shown in pictures S5-6), many more flexible and floating type bamboo jetties were added through local endeavors. Progress of the SHG movement led to increased trips of visitors in the islands by rickshaw vans and greater exposure of the SHGs to outsiders (pictures S7-13). The villagers started storing sweet rain water to grow fish, vegetables etc. (pictures S16-19), crab culture (picture S20) and ornamental fish culture (pictures S21-23). The volunteers of the YDC started indigenous planning through collection, tabulation and representation of such data on wall papers for discussion in groups (picture S24). Based on folk planning at grassroots level, a training-cum-shopping complex came into being at Dhamakhali (pictures S25-27), besides a fairly modern guest-house for visitors (pictures S28-32). It is no wonder therefore that against this background the SHG members and their promoters from YDC, officials and *Panchayati Raj* institutions started dreaming of a large cooperative consumer store to be established at Dhamakhali marketing complex, which can cater to the needs of the islanders. With this dream in their mind several SHG members joined this roundtable conference under this study.

4. The Roundtable Conference

49. The broad objective of this round-table was to demonstrate how several consumer cooperatives currently at different stages of development in terms of their enjoyment of economies of scale and scope in their operations, can speed up their development process through networking and learning from each other under one of the most celebrated principles of cooperation – namely, Cooperation among Cooperatives. The precise objectives of the round-table were:

- To evolve strategies for consumer cooperatives to scale up their operations matching with the size of the market; and
- To evolve strategies for consumer cooperatives to diversify into hitherto mostly unexplored fields – namely, consumer services, so that they can also tap economies of scope.

To provide a bird's eye view of the context, a short description of the participating cooperative consumer stores together with the major problems constraining their expansion along the scale and scope economies is provided in Table 17 below.

Table 17: Consumer Cooperative Stores Participating in the Round-Table

Names of consumer cooperative stores	Scale economies	Scope economies	Apparent Major constraint
Warana Bazar (Dist: Kolhapur, Maharashtra): established in 1978 and located within Warana Coop Sugar Complex; believed to be the most successful consumer cooperative in this country. About 10,000 members, 32 branches with total yearly sales of Rs.61.44 crores in 2004-05.	Fairly large, but brand name has tremendous unexploited potential	Seems in innovative services	Availability of capital to some extent, but mainly skilled, trained and dedicated manpower (especially, entrepreneurial capabilities with vision and strong instinct for expansion)
Amalsad (Dist: Navsari, Gujarat): in existence for more than 50 years as a part of the Amalsad Multi-purpose Cooperative Society; though not as well-known as Warana Bazar, achieved a fairly high level of success. 7082 members, 17 branches with total yearly sales of Rs.16.05 crores in 2004-05.	Fairly good, but brand name has tremendous unexploited potential	Seems in innovative services	Availability of trained & dedicated manpower (especially, entrepreneurial capabilities) to seize first-mover advantages

Names of consumer cooperative stores	Scale economies	Scope economies	Apparent Major constraint
Mudiali (Kolkata): consumer store is in existence since mid-80s as part of the famous Mudiali Fishermen's Coop Society; though popular within the community and recipient of several awards, operates on a low scale. 132 members and one branch with about Rs.3.5 lakhs annual sales.	Enormous, especially in the Nature Park campus, with strong brand name	Yes, in innovative services, as it has already begun providing, especially in Nature Park campus	Availability of both capital and skilled and trained manpower (especially, entrepreneurial capabilities) to seize first-mover advantages
Sridharpur (Dist: Burdwan, W. Bengal): in existence since 1918 as a part of the Sridharpur Bank (actually, a Multipurpose Cooperative Society), which is believed to be the best in the state; a very popular consumer store in its area, though not as well-known outside its area as its banking segment (having several branches outside). Society's total consumer activities totaled Rs 46.31 crores, inclusive of fertilizer & pesticide business in 2003-04.	Small, but brand name has good potential in neighborhood areas, provided it can expand consumer business through suitable strategic alliances.	Yes, some innovative services even within Sridharpur & Memari campus	Availability of skilled and trained manpower (especially, of entrepreneurial capabilities) to seize first-mover advantages
Subhasnagar (Kolkata): the store has only a marginal existence in a densely populated region of Kolkata with Rs 23.07 lakhs as annual turnover in 2004-05; so, it diversified itself into an innovative service – providing cable TV service at unbelievably low price, Rs. 40/- per customer, and running a TV channel called 'Samabay Darpan'	The goodwill built up through successful cable TV operation can be used to build up scale advantages	Yes, in fresh innovative ideas, already with its leadership	Availability of mainly capital; enough talent and skilled young professionals have been brought into its fold.
Sandeshkhali-II SHGs (Dist: North 24 Parganas, W. Bengal): Coop Federation of SHGs contemplating establishment of a modern coop consumer store, based on the tremendous success of the women's SHG movement	Brand name has tremendous potential for scale expansion	Yes, huge potential to supply innovative modern services like eco-tourism, old-age home etc.	Availability of both capital and trained manpower (especially, entrepreneurial capabilities) to seize first-mover advantages
Bon Hooghly (Kolkata): as a part of the Fishermen's Coop society, contemplating beginning of a consumer store at a very small scale	Brand name has tremendous potential for scale expansion	Yes, in innovative services, in which a small beginning is made	Availability of both capital and trained manpower (especially, entrepreneurial capabilities) to seize first-mover advantages

49. Table 18 reports below the proceedings of the round-table format in dialogue mode and looks at the issues facing consumer cooperatives in general. Only the moderators (the authors to be henceforth denoted by A), and the representatives of Amalsad (namely, Mr. Hemantbhai Naik to be henceforth denoted by HN), Warana (namely, Mr. Sharad Mahajan to be henceforth denoted by SM), Mudialy, Bonhooghly and Sandeshkhali (all four represented by the same person, Mr. Mukut Roychaudhuri^{xxiii} to be henceforth denoted by MR), and Additional District Magistrate (Development) of Burdwan District (namely, Mr. Tapas Roy to be henceforth denoted by TR) took active part in the deliberations.

Table 18: Proceedings of the Round-table Conference – General discussion

Speaker	Contribution
A	What are the strategies of well-established consumer coops like SM and HN to handle the threat of competition from big fish like Wal Mart, Big Bazar etc. which seem to be crushing others through scale economies? Let us stick to general strategies first before going into the specifics of how to operationalize these strategies in the context of the West Bengal consumer cooperatives under reference.
HN	The first step is to educate the cooperative societies about the nature of the challenge confronting them. Then through cooperation among cooperatives the sector as a whole can gear up to meet the challenge.
A	What do you mean by ‘Cooperation among Cooperatives’ – how will you operationalize it?
HN	I will first elaborate on the scale economies aspect of cooperation. Cooperatives are restrained by geographical restrictions on their area of operation, which puts a natural upper limit on their size – thus preventing them from being able to fully exploit scale economies especially in purchases and sales on our own. We can overcome this handicap through cooperation among cooperatives by pooling, for example, purchases among ourselves in order to achieve scale economies. We already follow this practice in the purchase of fertilizers, firecrackers, edible oils etc where Amalsad Mandali makes the purchases on behalf of all cooperatives in the Taluka (Gandevi). This enables us to get sizeable bulk discounts that we can pass on to our members. We do the same thing in hiring truck/railway freight services through a created Fruit Federation to dispatch our <i>chickoo</i> for sale in the <i>Azadpur Sabji Mandi</i> in Delhi. Pooling mangoes of all <i>mandalis</i> under this Federation to process the fruits into pickles, pulp, juice etc. to sell under a common brand name called ‘Amidhara’ is another example of ‘Cooperation among Cooperatives’.
A	Will this type of pooled purchasing lead to unnecessary and unwanted competition amongst consumer cooperatives, all of whom are purchasing the goods at the same prices, and therefore can try to undercut each other in sales?
HN	This is a concern for HN Mandali – we don’t want to encourage unhealthy competition among cooperatives – let the competition be between the cooperative and the non-cooperative sector. In order to prevent price under-cutting we enter into an agreement amongst ourselves that all goods purchased in the pool will be sold at the same price by all cooperatives. Also, fixing rate of all pool-purchased products enables barter between cooperatives – i.e. movement and exchange of shortage and surplus products among cooperatives, so that the requirements of customers can be met in a timely and orderly manner.

Speaker	Contribution
A	Pooled purchases give you scale economies in purchases. However, given your geographical restrictions how do you plan to grow your business in terms of sales?
HN	To tap economies of scale in sales, it is not enough to target only the member base, as there is a limit on the number of members that a coop can have, based on its geographical restrictions and other constraints – after all not everybody wants to be a member of a consumer cooperative even if it offers better prices! Anyway, members’ hearts and minds are already with the cooperative, so it is just a matter of expanding our product range in order to increase sales to members, thus achieving more member-centrality of our organizations. At the same time, however, we need to focus more on non-members because they are the main source of growth when many households within our geographic areas of operation are still not members of our cooperatives for one reason or the other. Ideally, all consumers in our geographical jurisdiction should either be members or should be our customers. We must overtly discriminate between members and non-members in order to create an incentive structure for non-members to become members.
A	How do you plan to attract more customers, especially those who are not your members?
HN	As far as members go, not all of them patronize the cooperative as much as we would desire. So, we plan to go door to door among members encouraging them to avail of our services and explain to them the benefits they get from doing so. We also need to create an incentive structure (for example, through stronger discounts or other benefits, as Warana and to a lesser extent we too have done, to win over greater member-loyalty and member-business, We also need to attract non-members by advertising, especially through stronger messages using internet and the “.coop” route. We can also follow the Subhasnagar example to run a TV channel of our cooperative, through which we can become more intimate to our member-customers as well as rope in the non-members. We can ourselves launch our websites to tell the world about our struggles and stories to draw special attention of our members and non-members alike, if our higher-tier organizations at the state or national level cannot do that job even at this late stage for some unknown reason. The business practices of a cooperative tend to inspire confidence in consumers that they will not be cheated in a blind race for profit maximization. If this level of trust in the cooperative extends to the goods that the cooperative manufactures itself then there will be no problems for cooperatives at all!
MR	I agree. In fact, I feel that we should go for value addition in producer coops and then sell the same under its brand in the consumer division at lower prices and higher quality like how major retail chains do (e.g. Food World does for its own jams, pickles etc.) – that will leverage the goodwill of the members towards the coop to hook them as consumers, as well as keep the margins with the members
A	Thus, to sum up, you are talking of six broad strategies to tap scale economies. First, having more diversified products for example in a single departmental store to attract more customers – both members and non-members. Second, to offer stronger benefits to more loyal members as compared to non-members or marginally significant members. Third, to rope in non-members even through the SHG route, as Sandeshkhali seems to be doing. Fourth, providing innovative services like cable TV, as Subhasnagar has started. Fifth, through pooled purchases and even sale under a common brand name. And finally, linking producer cooperatives with consumer cooperatives, as MR just mentioned.
MR	Yes, precisely these can be our strategies. In fact, bringing the local population under fold of an organization is much easier through the consumer cooperative route, than through the producer cooperative route for the simple reason that all the inhabitants in a locality may not be producers of goods and services, where a cooperative can chip in, but all inhabitants are consumers of some good or service or the other. It is rather unfortunate that our NGOs have not pursued this route to organize local people.

Speaker	Contribution
A	You seem to be absolutely correct on the last point. Now let us know why you don't tap the huge goodwill and brand name you have already created in your neighborhood areas – Sridharpur, for example, has already gone ahead to tap this benefit by establishing bank branches at Memari and Burdwan towns – to attract customers even outside of your geographic boundaries. Isn't it possible under the existing laws like Multi-state Coop Societies Act or Amended Companies Act, which permits launching of Producer Companies under this Act, or the recently published Vaidyanathan Committee's report, which seems to allow for formation of even private organizations by cooperatives and vice versa (i.e., encouraging formation of cooperatives by private sector)? Are the existing state laws on cooperatives a barrier towards expansion of existing cooperatives to tap economies of scale?
MR	Sridharpur may have been able to do it for some historical reasons – maybe by virtue of a court order, when they were contested on this point. We must study this judgment carefully. But as far as my knowledge goes, cooperatives can't go out of their jurisdiction to take away the business of other coop, especially if the latter object, unless cooperative laws are changed to avoid the mismatch between their statutory jurisdiction and natural size of the market based on economies of scale. Given the fact that cooperation is a state subject, it is very difficult to overcome this <i>fait accompli</i> of the cooperative sector, unless there is constitutional amendment to put the subject of cooperative business on the same footing as private business. Even if progressive legislators may want such constitutional amendment, local leaders surviving only on local strength may not like such broad-based competition leading to merger and acquisition of cooperatives, just like private business. Precisely for the same reason, even if an existing cooperative organization, registered under state laws, wants to come out of it and join Producer Companies' Act may not be given the requisite permission by the relevant state Registrar of Cooperative Societies. But one has to remember that the provision under the Companies Act is for producer and not consumer cooperatives. Of course, national names like Warana Bazar can probably re-register itself under Multi-State Act and start branches across the country on its own or through strategic alliance with a locally reputed cooperative like Sridharpur or District Central Cooperative Bank (DCCB), Burdwan, if they have a such nation-building vision and animal spirit, like private business, to conquer or spread the message of cooperation across the country. If such a thing happens, before national or multi-national business chains occupy the vacant space, that will be a great achievement and perfect application of the principle of 'Cooperation among Cooperatives' to promote the cause of cooperation.
A	What about the scope economies aspect?
HN	We must aim to ultimately follow a one-stop-shop approach. We want our members to be able to purchase all their requirements at our stores. So we are slowly increasing not only the size of our operations but also the range of goods that we stock.
MR	I feel that we should go beyond mere provision of goods to look at the provision of services as well. Service cooperatives can, for example, make use of the skills of young retirees who are put out to pasture while they still have some skills and knowledge left – let them be teachers and advisers so that their experience doesn't go waste. Let them be on the board without voting power (if they are not members) of the coops to give a better perspective or be used as teachers/trainers – that way coops get best skills at low prices. Utilization of the services of skilled retired personnel is a strategy, which is probably being followed in varying degrees at Warana, Amalsad and Subhasnagar, as far as my knowledge goes.
A	What sort of services do you have in mind, where consumer cooperatives can chip in or even become initiators?

Speaker	Contribution
MR	One idea close to my heart is that of Old Age Home. It may provide only day care facilities with a home pick up and drop only so that the burden of taking care of elders does not fall on family, but the elders and family can enjoy the company of each other without the attendant burdens. Also we can provide shopping assistance and home delivery services for elderly members. Cooking services for elder members and others via the consumer cooperative – for example, through a <i>dabba</i> supply scheme is also a possibility especially in busy cities. Providing culinary services, night schools, tutorial services, paying for utility bills for customer-members, buffet lunch/dinner on holidays and important festival days (as Mudialy and Bonhooghly have started), pot lichen or food fair among members/community households etc. are real possibilities. The main idea is to capture the hearts and minds of consumers so that even if the cooperative cannot match Wal-Mart or Big Bazar in either range or prices, it can still retain its members through the services it provides.
A	Speaking of big cities, there is a big market for domestic services – i.e. those that are provided by maidservants. There is a shortage of reliable and trustworthy help, with the crime rates increasing as well as being more and more perpetrated by insiders. Why cannot cooperatives provide maidservant services – the cooperatives assuring the reliability of the servants and the servants get the benefit of collective bargaining? In fact, such cooperatives are already starting to come into existence in Mumbai. Let consumer coops also expand to serve citizens as consumers of government services! They can then interface between the citizen and the government – a new type of consumer service! This reduces the information asymmetry of the citizen vis-à-vis the government – make them aware of and allow them to avail of government schemes and government services e.g. RTO, ration card, <i>Annapurna Anna Yojana</i> , electricity, telephones etc. By providing all types of government services they can attract non-members who will inevitably become members. Even divesting of the provision of local level public goods/services to the cooperatives will also reduce the level of corruption and improve the efficiency of service delivery because of the member oriented nature of the organization. Already several fair price shops are there in most states under the cooperative fold.
MR	However, our experience with fair price or ration shops is not too good mainly because of existence of vested interests in government supplying departments as well as in the cooperatives themselves. Moreover, managing ration shops doesn't constitute core competencies of cooperatives, while the margin of profit is so low that it is probably not worthwhile to take up so much trouble! However, most consumer cooperatives can't give up ration/fair price items because of member interests.
TR	If consumer cooperatives don't want to undertake activities of ration/fair price shops, they can delegate this function to SHGs of below poverty line households, who will have the maximum stake in running such activities in their own interests.
SM	I agree entirely with the idea of diversifying into the provision of services. But I would like to point out a very important service that we in Warana provide to our members – that of consumer education. By consumer education I mean how to distinguish good business practices from bad so that the consumer can never be cheated regardless of where he/she shops. Our consumer education workshops are mainly through organization of product quality assessment training for consumers in order to remove the information asymmetry between consumers and producers and therefore empower the consumers – the best way to retain them for ever. For example, our ' <i>jeera</i> ' (cumin seed) characteristics appraisal training is quite a hit amongst our members and has put quite a few unscrupulous ' <i>jeera</i> ' traders out of business. Consumer education prevents members from being exploited by private traders and helps to develop a sense of trust in the consumer coop store – a sure way to retain our members! This is a way for us to work on our customer relationship management – a stakeholder relationship with customers that is a win-win situation and lasts over the long term.

Speaker	Contribution
A	It appears that consumer education, as a tool to reduce information asymmetry and gain hearts and minds of customers, is a stakeholder cooperation approach towards retaining consumers and sharing benefits. The specialty of buying from a consumer coop in full information – cooperatives can follow a product catalogue approach with product information and product ratings e.g. Manubhai Shah's 'Insight' magazine. Cooperatives can also give consumers information about competing prices in all other shops and also about margins of the consumer coop as well as the disposition of the margins. In fact, why cannot consumer cooperatives promote the consumer movement – education about consumer's rights as well as protecting and enforcing those rights in consumer courts e.g. Grahak Peth of Pune that started as a consumer movement and ended up as a consumer cooperative. This is all the more important in the case of MNCs or large players like Big Bazar, Star Bazar etc. that have huge market power vis-à-vis customers – the consumer coop is a way to rectify market power imbalance and protect the consumer. As an added attraction for the cooperative, providing these services attracts non-members to become members also, as it happened in case of Grahak Peth ^{xxiv} .
MR	One way to operationalize consumer education, which I have done in the consumer cooperative, I set up in Kolkata (namely, at Subhasnagar) is to incorporate all the provisions of the consumer protection act in the bye-laws of the cooperative society and to propagate it further through telecasting the same through discussion and debate on such provisions with the help of our own cable channel. This increases the awareness of staff and members about consumer's rights and responsibilities.
HN	This is a very good idea, which we can follow. Here I must add another point while speaking of information. Cooperatives must leverage the extra knowledge they (as opposed to say supermarkets) have about their members in order to better serve their tastes and preferences. By virtue of interacting along many fronts with their members, cooperatives have a unique opportunity to understand them better and thus be in a position to fulfill all their requirements. In fact, Amalsad Mandali categorizes our consumers by background – we segment the market by the nature of the consumer in order to better understand their tastes and preferences. We also regularly seek our customers' feedback in order to better our operations.
SM	Not only should we seek information about our customers but also about our competition. I make it a point to visit every major supermarket in every place that I go, so that I can find out the latest schemes and innovative ideas in the retailing field. In fact, once I went to a supermarket and started writing down the prices of the goods on display. One of the sales attendants became suspicious of me and said that copying prices was not permitted, and that if I was not going to buy anything I should leave the shop. Thinking quickly, I said that I was only copying the prices to show to my wife, who would later come and place a mega order! I also interact continuously with private traders and other market participants in order to keep abreast of all the market news and views, thus highlighting the need for networking by us and actively promoting a network organization to serve this purpose. Whenever I go out, I try to find out the incentive schemes and human resource development procedures of the competitors – a happy workforce is essential for the success of any business. Fortunately, cooperatives have an ingrained advantage that all workers are simultaneously members of the cooperative – so a feeling of ownership comes and they give their heart and soul to the business. The issue is how we can drag people into our fold and train them to extract market intelligence, on the one hand, and communicate to them about our points of strength vis-à-vis the consumers, on the other. I am even thinking of instituting a formal training program for my staff in order to extract market intelligence from competitors and business partners based on my own knowledge and experience. Will IIMs teach and train us at affordable prices about how to extract commercial intelligence, do networking, build up marketing strategies, and manage customer relations?

Speaker	Contribution
A	We have 2-3 suggestions. At least at IIMA, there is one Faculty Development Program (FDP) of nearly 3-months' duration at highly subsidized and affordable prices, where you can send faculty of management institutes for training. People like SM, HN, MR can together float a small management training institute for in-house training of your employees in rotation, by holding such programs across the country, where you can invite interested IIMA faculty against a small token honorarium. Besides, once people like you become faculty of such training institute of your own, you can send them to IIMA for training under FDP. You can also conduct 2-3 days in-house program for your selected top level employees with help of IIM faculty or even faculty from lesser-known management institutes. If you do it together in an appropriate venue (like Warana, where there will be learning by seeing as well), your costs will be shared without loss of value. This is an area where you can practice the principle of 'Cooperation among Cooperatives'
MR	I have another point to make about expanding both producer and consumer business through the SHG route. If private business can aggressively diversify their portfolio by capturing fresh business activities, or even conquering existing businesses of others, why cooperatives can't learn from them and use the SHG route to rope in more production and consumer activities without very much disturbing their core competence. Sandeshkhali SHGs, for example, are diversified into various activities and they are being monitored and promoted by a handful of people from the supporting organizations – banks, <i>panchayats</i> and NGOs (YDC in this context). The officials or volunteers from these organizations are stretching their capacities and some of them are specializing in management of certain activities, in stead of remaining confined to a narrow band of core competencies, to shape up their future as well as the local inhabitants. It is only now these SHGs are feeling the need to work under a federated cooperative body, so that their common and higher-level needs are better served by the latter. Many cooperatives like Amalsad have extended A class producer membership only to people holding agricultural land, and B class consumer membership to families known to have regular commitments to their consumer section, but a large % of local landless inhabitants, who have not yet been able to purchase regularly from Amalsad consumer store, are left out, thus forcing Amalsad to lose a very large (when summed over all such households) size of potential business. When I had visited Amalsad 2-3 months back, I was amazed to see one ice-cream seller at the nearby town on Bilimora, who has established a huge reputation for his quality so much so that the whole day the family remains engaged in preparing ice-cream, whereas the entire evening till mid-night the several brothers and even their friends remain busy in selling ice-cream products to the flocking customers. They even pack products for carrying back home. This person, I understand, has also served ice cream to Amalsad Board members during their meetings. In others, his reputation has gone beyond the place where he is born. This fellow is facing a limit to the expansion of his business, due to shortages of capital, courage, knowledge, know-how to operate on a larger skill and after all, due to his limited risk-taking capability. Can't Amalsad rope him or some of his near friends/relatives in by forming an SHG group with such people and persuading them to open such an ice cream parlor in front of their new consumer store almost in front of the railway station? Amalsad may even charge a small token rental and claim credit by promoting this fellow's expansion under the Society's banner.
HN	Very good point, which needs to be appropriately conveyed to our Board Directors. There are many such examples of talents. Prof. Datta always insists on telling us that these are valuable features within our domain, through promotion of which both the sides can grow. Let me add a few more examples. There is a lady in Navsari, who produces top-quality ' <i>Khagra</i> ', which I carried with me and probably passed on to you for sample tasting. Her prices are a bit high, but reasonable considering quality. Whosoever visits her and her women's group manufacturing these products becomes her customer. We can certainly promote her business using the SHG-route.

Speaker	Contribution
A	We must also mention in this context of an idea of promoting laundry services using the SHG-route, considering the fact the opportunity cost of women's time is rapidly increasing and we also feel their pains in cleansing household clothes. Though poor households can't afford modern laundry machines, they can afford to pay a few rupees for access to such facilities at convenient times of the day/week. So, if an SHG-group can run a Laundromat, as we see such facilities in the US (several pictures of one such Laundromat attached in Appendix 3), it will be a gain to both the sides – users and suppliers of such services. Cooperatives will be the third party to benefit for bringing about the social change. But you must do it fast if you don't want to lose the first mover's advantage.
SM	I must add one more service which our consumer stores can promote. Considering the fact that a lot of consumer durables are fast becoming obsolete in terms of style, facilities and design, on the one hand, and that an affluent middle class has developed a craze for the newest model, on the other, there is a tendency on the part of the neo-rich to get rid of their second hand durable goods. As Warana has done it several times, we can promote a secondary market for such second-use durable goods against a small fee to our members and probably a higher fee to our non-members. One or two employees or even an SHG under us can be trained to handle such business. Along the same lines, I often feel amazed by thinking of the size of the vast Indian market among our more educated people, where used books can be purchased and sold using the cooperative route, if a well-known name like NCCT or Warana gets into this business making use of the already existing vast cooperative network in the country ^{xxv} .
A	So, it looks like you are ready and waiting to take on the big boys! Shall we now move into the specifics of the matter, with the representatives from various participating organizations giving their observations, comments, and specific suggestions to each other, and especially to the cooperatives of West Bengal, which have probably a much longer distance to travel to reach their goal? Since all of you have seen the latest available annual reports of each society, besides having an opportunity to know and interact with each other, we may therefore request all of you to provide friendly criticism to each other in a positive and constructive spirit.

50. Table 19 below sums up the observations and friendly criticisms received in course of this roundtable conference on each of the participating societies, which they may like to follow up and respond to through action in the near future.

Table 19: Specific Comments & Suggestions on Participating Societies

<i>1. Warana</i>
<p>While Warana was recognized as the undisputed leader of the consumer cooperative movement with enormous things to teach and train to others, besides providing a lead in a number of respects, the following points were nevertheless made to improve upon its functioning:</p> <ul style="list-style-type: none"> • Although gross profit was found to be quite good, a net profit of only 7.39 lakh rupees in 2004-05 against about Rs 70 crores turnover (i.e., only 0.12% and even if 0.35%, even if creation of durable capital is included, as against 1.34% of Amalsad) was found to be rather low and a matter of concern for the future. This is especially alarming, when no major funds were being created. Even most of the branches were still running in rented buildings. • A lot of headings in the balance sheet without adequate explanatory notes for the outsiders, at least, seem not at all contributing to transparency to the operation of this organization. There must be some standardization of expenditure heads not only from the official side, but also from the side of natural leaders like Warana. • Warana seems to be paying too much on interest cost. It may be holding too much in stock, or paying too high interest rate (11%) on member deposits, while the market rate has already come down. There is also need for making cash purchases for a stalwart like Warana, when massive discounts are available against cash purchases – and Warana doesn't seem to be having any serious dearth of deposits from the members. Similarly, all cash purchases by members can be replaced by credit transactions, given computer linkages across cooperatives

within the Warana complex, to augment sales among members.

- Different goods/products ought to be purchased at the right time from the right place. For example, Amalsad forward purchases fire-crackers from small manufacturers in Surat, when they are in acute shortage of working capital during off-season. Similarly, they purchase 'jeera' (i.e., cumin seed) in the immediate post-harvest period directly from the right market for this good called Unjha. Warana by virtue of being large may have compromised on some of these principles.
- Involvement of too many committees in the decision making process, while contributing to greater member-participation, may contribute to further bureaucratization and delay of the decision-making process, which is already a known weakness of cooperatives vis-à-vis their private counterparts.
- Too many employees seem to have been employed against small salaries, which probably demand a careful look for enhancing incentive-based efficiency.
- Probably there are not enough meetings/brainstorming among the top officials of Warana Bazar. Through frequent interaction, they must ensure that all of them see the same thing, thus reinforcing the decision process.
- Warana seem to have stopped short of supplying various innovative services to the consumers. As the proceedings of this roundtable conference has pointed out, even Warana has a long way to go.

Amalsad

- Expansion through SHG –route is a more important strategy for Amalsad as compared to Warana, because unlike in the latter case there are no other societies in the Amalsad villages, which can promote more business and thus greater income and employment opportunities for the people in this area.
- Amalsad is big enough to have a Departmental Store like Warana located at a convenient place with modern facilities. They seem to be taking too much of time to go for this, while already Ganadevi Taluka Union has already come up with one. Entry of a large private sector unit will take away all first-mover advantages, unless they act quickly.
- Warana seems to be involving the members in a number of social or religious celebrations, which Amalsad too practice to increase sales against discounts during several such occasions.
- There is enormous scope for providing various innovative services, including eco-tourism, recreation park, etc. to customers.

Mudialy

- The consumer section in Mudialy is too dependent on the sale of WBESCO^{xxvi} goods. It has managed to get permission from WBESCO to sell its goods to the public even though WBESCO goods are meant only for those below the poverty line. The margin on the sale of such goods is very low but being essential commodities, they have a guaranteed market. The day permission for sale of these goods is revoked, the consumer section will be in deep trouble. The store should diversify its portfolio of suppliers to include more private suppliers whose business is not dependent on an exception to the rule.
- The store must also start to sell the horticultural and floriculture produce of the Nature Park in their own store to build up awareness of this side of the business.

<p>Mudialy continuing.....</p> <ul style="list-style-type: none"> • The society should also open a branch of the consumer store in its hugely popular Nature Park. This park attracts a large numbers of well-off clientele who can purchase in one day what the existing store sells in one week. In keeping with the nature of the surroundings, this proposed branch should stock knick-knacks and cottage industry products that can be purchased as souvenirs of the visit. • The existing store is located in an extremely densely populated area and as such should face no problem of expanding its business. It should attract the residents of the area by putting up placards that highlight the rate advantages of buying from them as well as the range of products available for sale. While the Fishermen’s Society can still own the consumer store as a majority shareholder, they may look for fresh consumer members for the store to increase business. In other words, Mudialy has now to think in terms of having subsidiary organizations formed with local consumer non-members or visitors to its ‘Nature Park’. • There is enormous scope for various service provisions, including health services like Yoga, Pranayam etc., as Warana has been promoting, in the Nature Park campus.
<p>Sridharpur</p> <ul style="list-style-type: none"> • The coop authorities do not seem to be taking enough interest in the consumer section. The sales of consumer goods appear to be extremely low. The coop has eight branches in three villages but the growth of the consumer section has not matched the growth of the other divisions, especially banking and agricultural input trade, in spite of a large member base who could benefit from the services of the consumer section. Strangely, the consumer goods section in the main branch does not store food grains even though that is a basic requirement (necessity) of members. The consumer section in the headquarters stocked slow moving items like clothes, but did not stock items with high turnover like frequently marketed consumer goods and small household knickknacks. The coop appears to be interested mainly in the fertilizer trade (being agents of IFFCO) which guarantees large regular income streams for the coop. They may have allowed the consumer section to languish because it cannot yield as high margins as the fertilizer business. But the leadership is politically powerful and well entrenched – does not have to worry about irate consumer members voting them out. On balance, even though the consumer section is a poor performer, Sridharpur does not have to worry about the threat of entry from potential competitors in the rural consumer goods market because of (i) tremendous goodwill in the area, (ii) a good branch network of 8 outlets in 3 villages and (iii) large funds available to tackle any competition. All it requires is a will to serve the membership – all else is already in place. • To overcome the limitation of only three villages, Sridharpur – given its political clout and visibility – should explore ways and means, including strategic alliances to overcome this limitation and expand further on the strength of its goodwill. • Providing eco-tourism, health and educational services (like short-term trainings) for not merely insiders, but mainly for visitors – especially through development of its ‘Chandanpukur’ campus seem to have tremendous potential.
<p>Subhasnagar</p> <ul style="list-style-type: none"> • Subhasnagar should leverage the strength of their flourishing cable business to prop up the moribund consumer store through advertising on their in-house cable channel called ‘Samabay Darpan’. There is no reason for their consumer store not to flourish because it is located in a high population density area and can piggyback on the tremendous goodwill of the Cable TV business. • They must publicize their achievements further to capture consultancy service to well-established cooperative and NGO organizations (and even educational institutes like IIM, IIT communities) both inside and outside of the state, which will also help overcome their capital constraint. They may even start a training school for training in this activity. • The cable TV business needs to diversify into paid channels as the customer base will not be satisfied with only free-to-air channels forever.

<p>Bonhooghly</p> <ul style="list-style-type: none"> Bonhooghly is in an even better situation than Mudialy for the start of a fresh consumer store. They are also located in a high population density area in an upper class location of Kolkata. Their lake site is already a tourist attraction in its own right with boating, a lakeside restaurant and a floriculture-cum-horticulture park. So, customer footfalls is not a problem. The society also operates a marriage hall that doubles up as an auditorium. With all these attractions, any consumer store cannot but flourish.
<p>Sandeshkhali</p> <ul style="list-style-type: none"> Leadership seems to be present, and awareness is being built among the people of the importance of consumer cooperation. An information system is already in place whereby the consumption pattern of the people is being recorded to study the feasibility of and the required stocking pattern of a consumer cooperative at Dhamakhali – i.e., at the gateway to Sandeshkhali. There are a large number of people in the Sandeshkhali Block in villages that are extremely close to each other so there is no problem of viability of a consumer coop. The upcoming wholesale market complex in Dhamakhali will serve as the cooperative's supplier as well as a market for any produce of the residents of villages in Sandeshkhali II. The women folk of the block are well-informed and empowered – they will spread the information among themselves fast using the existing civil society mechanisms of SHGs, <i>Charcha Mandals</i> and the like, obviating the need for advertising on the part of the consumer cooperative. All that is needed is funds from the government in the form of share capital as well as funds from the bank at low rates so as not to drive up the rates at which the goods are sold to members. Networking with suitable organizations like BASIX, NGOs (like SEWA), semi-governmental/governmental bodies like <i>Rashtriya Mahila Vikaash Kosh</i>, NCDC etc. is likely to provide a lot more training facilities for capability building, help overcome their financial constraints and prepare themselves for undertaking innovative modern services like eco-tourism, hospitality, old age home etc., in which they have natural and cultural advantages. Even linkages with selected private organizations with strong developmental focus like BASIX will help,

5. Summary and Conclusions:

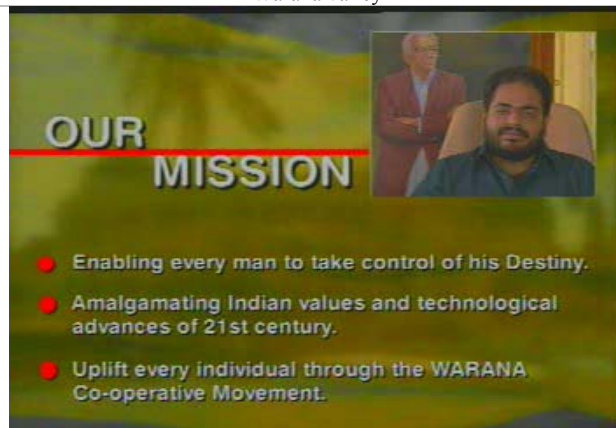
51. Consumer cooperatives are facing the threat of entry of large private sector enterprises in retailing in both the rural and urban spheres. They do not have a size advantage because of geographical restrictions in the scale of their operations and procurement of funds, and therefore cannot avail of economies of scale in their operations unless they cooperate amongst themselves^{xxvii}. They can however tap economies of scope by leveraging their greater knowledge of and familiarity with their members to diversify into provision of services as well as consumer education and protection. The round table discussion with the representatives of several consumer cooperatives from Western and Eastern India showed that they were aware of the threat and had innovative ideas to face the challenge. The study highlighted enormous potential for cross-fertilization of ideas and possible means to face the challenge, besides bringing out enormous scope for cross-country trade in quality products and special items even among the cooperatives^{xxviii}.



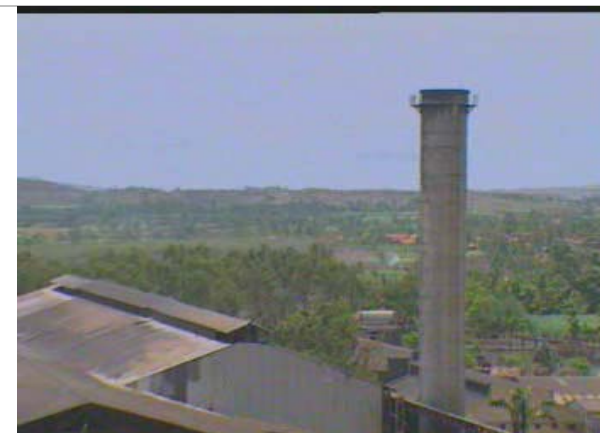
W-1. Farmers' Parliament of Warananagar peeping against Warana valley



W-2. A frontal view of Farmers' Parliament



W-3. Mission statements of Warana sugar complex



W -4. Warana sugar factory



W -5. Farmers bringing cane for the sugar factory



W -6. Crystals of sugar being produced at Warana sugar factory



W -7. Heaps of bagasse cubes stacked for use in co-generation & paper production



W-8. Paper being manufactured at Warana



W-9. Distillation factory at Warana



W -10. Construction of irrigation dam by Warana sugar factory



W -11. Warana milk cooperative society



W -12. Production of various brands of products by Warana milk cooperative society



W -13. Warana poultry cooperative society



W -14. Outside view of Warana Bazar



W -15. Inside view of Warana Bazar



W -16. Women standing in queue for getting raw material supplies from Women's Cooperative Society for papad-making within Warana



W -17. Women verifying manufactured papads



W -18. Front view of Warana Cooperative Bank



W -19. Children in schools established by Warana cooperative sugar complex



W -20. Warana children's orchestra



W -21. Warana provided playground for children



W-22. Military Training



W -23. Kore Institute of Technology & Engineering



W -24. Hospital established by Warana cooperative sugar complex



W -25. Inside view of hospital established by Warana cooperative sugar complex







W -26. Ambulance service launched through a public charitable trust



W-27. Education complex established by Warana cooperative sugar complex



W -28. Introduction of tissue culture by Warana farmers

	
<p>W -29. Horticulture processing unit established by Warana cooperative sugar complex</p>	<p>W -30. Mangoes awaiting processing by Warana horticulture processing unit</p>
	
<p>W-31. Introduction of the concept of wired villages at Warana</p>	<p>W -32. Outside view of one Warana Wired Village Center</p>



W-33. Empowering farmers through Warana Wired Village Center



A- 1. Map showing geographic area of operation of the Society



A-2. Emblem of Amalsad Cooperative Society



A-3. The office premise of the Society



A-4. Society's agricultural produce collection center at Amalsad



A-5. Amalsad farmers carrying their agricultural produce to the collection center



A-6. Amalsad farmers waiting in queue to deliver their agricultural produce to the collection center



A-7. Chickoo being pooled together before sorting and grading as per market demand



A-8. Device for mechanical sorting & grading of chickoo



A-9. Stacks of fertilizer for sale to farmers



A-10. Asbestos sheets for sale



A-11. Picturesque site at Kacholi collection center for introduction of eco-tourism



A-12. Packaged groceries in Society's brand name for sale to consumers



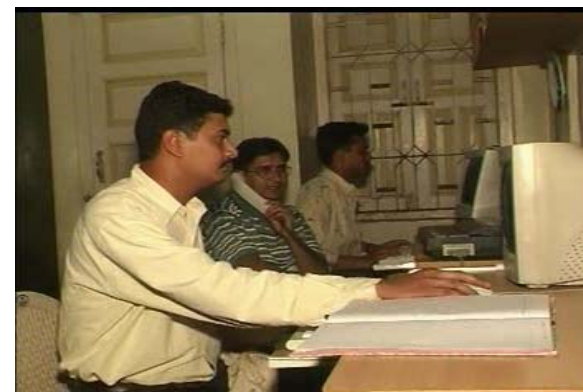
A-13. Packaged groceries in Society's brand name for sale to consumers



A-14. Stacks of asbestos & other building materials for sale to farmers



A-15. Board meeting of the Society



A-16. Employees maintaining the records of the Society with computer



A-17. Petrol pump of the Society



A-18. New groceries store of the Society on main road facing Amalsad rail station



A-19. Grocery items being sold at the new grocery store



A-20. Clothes being sold at the textile store



A-21. Fire crackers on display for sale

A-22. Daily prices of selling/buying items being displayed openly

A-23. Daily prices of selling/buying items being displayed openly

A-24. Daily prices of selling/buying items being displayed openly



A-25. Medical store of the Society



A-26. Arrangement for free homeopathic treatment every Sunday



A-27. Free eye camp being conducted by the Society



A-28. Fruit processing unit of newly established Federation



A-29. Retail stall of the Fruit Federation



A-30. Guavas awaiting processing in the Federation's processing unit



A-31. Inside view of Federation's processing unit



A-32. Mango pulp cans brought out by the Federation under its brand name



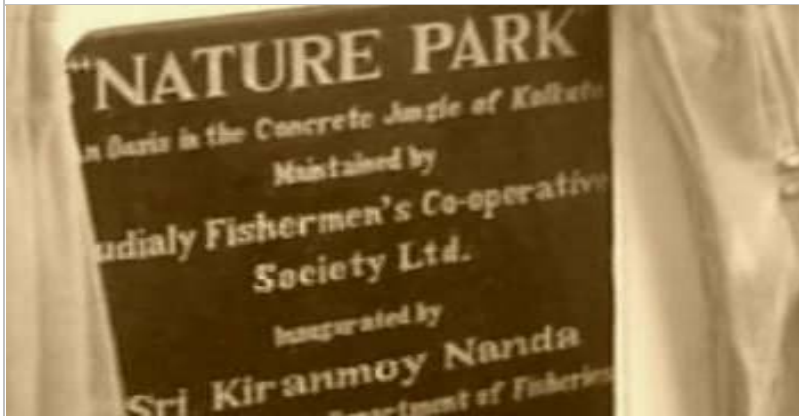
A-33. Mango pickles brought out by the Federation under its brand name



M-1. Entrance to Mudyaly Society's Nature Park



M-2. Visitors gathering at the entry gate of the Nature Park



M-3. Nature Park formally opened to public by State Minister of Fisheries



M-4. The main flow of urban refuse water of Kolkata city through Nature Park



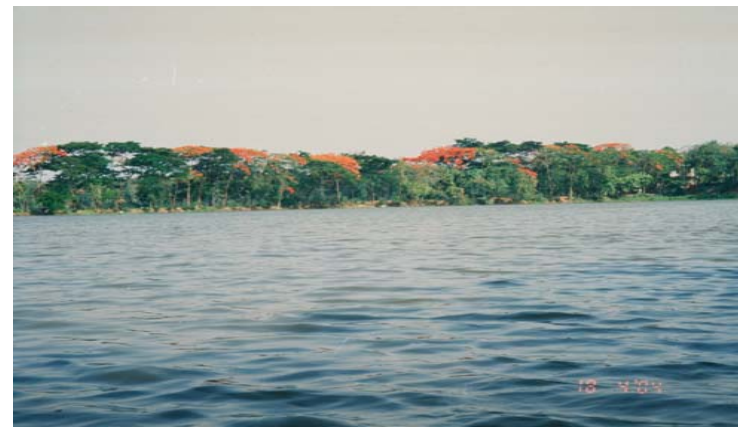
M-5. Quality of urban refuge water passing through Nature Park



M-6. Quality of water after treatment by the Society



M-7. Flowers & trees surrounding cleaned water bodies



M-8. Flowers & trees surrounding cleaned water bodies



M-9. Water bodies attracting birds



M-10. Water bodies attracting visitors on pleasure trips



M-11. Members of the study team on pleasure trips on boat



M-12. Members of the study team on pleasure trips on boat



M-13. Horticultural practices of the Society



M-14. Horticultural practices of the Society



M-15. Horticultural practices of the Society



M-16. Horticultural practices of the Society



M-17. Horticultural practices of the Society



M-18. Horticultural practices of the Society



M-19. Harvesting of fingerlings



M-20. Harvesting of fingerlings



M-21. Folk laboratory being constructed by the Society



M-22. Inside view of the proposed folk laboratory



M 23- The past and the present CEOs of the Society discussing future plans



M-24. Children park inside Nature Park



M-25. Deer raised inside Nature Park



M-26. Ducks raised inside Nature Park



M-27. Peacocks raised inside Nature Park



M-28. Peacock enjoying the Nature Park



M-29. Society offering outside holiday trip service to visitors



M-30. Inside the Society's consumer store



M-31. Evening tutorial service provided to local children



M-32. Evening tutorial service provided to local children



M-33. Evening medical service provided to local inhabitants



M-34. Evening medical service provided to local inhabitants



M-35. Bottom view of Society's new office building



M-36. 'Sonajangha' rest room at the new office building inaugurated by govt. officials including the Chairman of Kolkata Port Trust



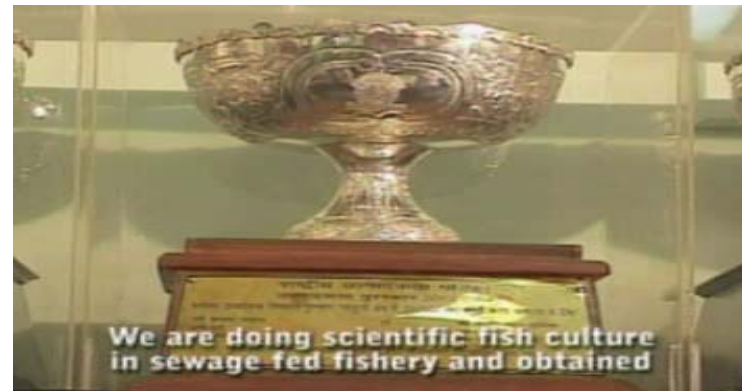
M-37. Upper view of Society's new office building



M-38. Permanent seating arrangement for visitors on pond side donated by Indian Oil Company



M-39. Society received Indira Bikshamitra Award in 1993



M-40. Society received award for practicing scientific sewage-fed fisheries



M-41. Society receiving NCDC's Cooperative Excellence Award in 2004 from Prime Minister and Agriculture Minister, Govt. of India.



B-1. Bonhooghly ponds within residential areas of North Kolkata



B-2. Feeding of fish in ponds



B-3. Provision for pleasure trips in ponds



B4. Pond-side gardens to attract visitors



B-5. Cultivation of lotus for customers



B-6. Bio-gas plant based on poultry litters



B-7. Cultivation of Spirulina



B-8. Poultry stall by the Society



B-9. Society's poultry



B-10. Construction of general meeting-cum-catering service hall



B-11. A small shop for sale of aquariums



S-1. End of the bus service from Kolkata to Sandeshali at Dhamakhali



S-2. Sandeshkali villages on other side of the river



S-3. Earlier local folk collecting fish & fish seeds on the fragile banks of rivers



S-4. Earlier local folk collecting fish & fish seeds on the fragile banks of rivers



S-5. Ferry service to Sandeshkhali islands from Dhamakhali



S-6. Waiting for ferry service to Sandeshkhali



S-7. Study team traveling inside islands by rickshaw vans



S-8. Local SHG members welcoming the study team members



S-9. Discussion with one SHG



S-10. Discussion with another SHG, while the members are engaged in bidi-making



S-11. Poster displays on the dais for a meeting



S-12. The study team among others in the dais for a meeting



S-13. Panchyat Sabhapati & other leaders advising the SHG members



S-14. A local NGO, Youth Development Center (YDC) spearheading the development process



S-15. Sagar Gramin Bank sponsoring SHG projects with local support from YDC



S-16. Village ponds being used for fish culture and storage of rain water



S-17. SHG members engaged in vegetable cultivation with the study team



S-18. Vegetable cultivation around excavated ponds



S-19. Vegetable cultivation around excavated ponds



S-20. Introduction of crab culture by SHGs



S-21. Introduction of ornamental fish culture by SHGs



S-22. A celebration for introducing ornamental fish culture



S-23. A celebration for introducing ornamental fish culture



S-24. Folk planning for rural development by SHGs



S-25. Marketing complex and training center for SHGs at Damakhali



S-26. SHG members joining training sessions



S-27. SHG members awaiting beginning of training sessions



S-28. A guest house complex created at Dhamakhali



S-29. Dhamakhali guest house formally started by State Minister for Tourism



S-30. Entrance to Dhamakhali guest house




S-31. Facilities within Dhamakhali guest house



S-32. Facilities within Dhamakhali guest house

Consumer Forum, grahak panchayat, address of grahak panchayat and grah...lak Peth, Consumer, Consumer Disputes Redressal Forum, Consumer Courts

Tuesday, 14th November, 2006



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Consumer Forum

Q. What is the background of the Grahak Panchayat?

A. Akhil Bharatiya Grahak Panchayat was started in 1974 by Shri Bindumadhav Joshi. It started not merely as an institution but as a consumer movement to create a society free from exploitation. It was registered under Co-operative Societies Act in 1986. In 1974, there was an acute shortage of goods of daily use and essential commodities. To ease and lessen the suffering of the consumers in getting essential commodities at reasonable prices, a group of young people started this movement. Initially, they formed a group of 25 families staying in proximity. About 500 such groups were formed. As a combined effort, material was purchased in wholesale as well as from manufacturers, which resulted in economy of prices. This material was handed over to the leader of the above-mentioned family group for subsequent distribution to its members. Later on, it was felt that the ordinary consumer in his individual capacity could not get justice in his day-to-day life. Hence, the organization now known as Grahak Panchayat was formed.

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Q. What does the Grahak Panchayat do?

A. The main objective of this organisation is to educate the people about their rights as consumers. It provides free counselling and legal-aid to people who are not satisfied with the quality of goods or services purchased by them or have suffered exploitation from the seller. The volunteers include retired people from various fields with knowledge and expertise. They teach, those aggrieved about their rights and ways in which they can get redressal. They help parties in reaching a compromise to avoid filing complaint in the consumer court. Every day of the week (except Wednesday) is fixed for a particular issue. For eg. issues related to banking and financial institutions are handled every Thursday. Likewise, days are fixed for problems related with agriculture, builders, PMC, MSEB etc. The Grahak Panchayat also holds seminars to generate awareness about consumer rights.

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Q. How many branches does it have?

A. Within a span of 30 years, 'Grahak Panchayat' has opened branches all over the country including Andaman. At present, they are running counselling centers where free advice is given to consumers. Ten such centers are spread out in Pune including areas like Tilak Road, Karve Nagar, Somwar Peth, Yerwada, Bibwewadi, Dhankaudi, Vishrantwadi, Anand Nagar and Sinhagad Road.

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Office

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Akhil Bharatiya Grahak Panchayat
634, Sadashiv Peth
Gole Complex, Opposite Sweet Home

Tel. : +91-20-24460707
Timings: 11:30 am - 01:30 pm
05:30 pm - 7:30 pm
Wednesday closed.

Head Office

Akhil Bhartiya
Grahak Panchayat
601, Chanderi Mahal, Bhudwar, Pune - 411002

Tel. : +91-020-4457142
E-mail : dilipphedake@grahakpanchayat.org

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Q What is Grahak Peth & what does it do?

Grahak Peth, a departmental store with a difference, caters to consumers, giving them value for money. Their goods include items right from cosmetics, hosiery to cassettes and kitchenware. The consumer can be sure of its quality and weight. Also, you get a receipt for every item purchased even if it costs as little as 75 paise.

The timings of the store are 9:30 am - 1:00 pm and 4:30 pm - 8:20 pm. (Friday closed)

Grahak Peth,
Tilak Road,
2020, Sadashiv Peth,
Pune - 411030

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L1. Location of a Laundromat near a shopping complex



L2. Series of washing & drying machines inside the Laundromat



L3. Tables & small carts arranged inside to help customer



L4. Directions & precautions signaled inside



L5. Soft drink available for thirsty customer



L6. A small notice board facilitating information exchange



L7. Toilets and complementary items available inside



L8. Detergent powder available inside



L9. Snacks available inside



L10. Money changer available inside



L11. Precautionary messages also given side

Notes and References:

ⁱ Source: <http://www.coop.org/cci/about/about.htm> as on 8th July, 2005

ⁱⁱThe Planning Commission has explicitly recognized the importance of consumer cooperation both in the rural and urban spheres – for rural development through supply of essential and normal commodities at reasonable prices and supporting rural producer cooperatives (by serving as a marketing outlet for their produce) which enhance rural employment and incomes; and in the urban context, as an important component of the ‘distributive trade’ whose development was to be encouraged in as wide a field as possible for price stabilization as well as prevention of food adulteration.

ⁱⁱⁱ The first author has identified this problem, thanks to his interaction with the above-stated cooperatives in course of his earlier studies. Completion of one Government of India’s Millennium Study on ‘Cooperatives in Agriculture – The State of the Indian Farmer’ (Academic Foundation, New Delhi, 2004), which is co-written and edited by the first author provided further inspiration and support for launching this current case study in its present format (i.e., through a cooperative roundtable).

^{iv} Source for all this information is the Planning Commission website

<http://www.planningcommission.nic.in/plans/planrel/fiveyr/default.html> as on 9th July, 2005

^v Figures for retail trade are for the year 1960-61

^{vi} Progress of rural consumer cooperatives was found to be extremely uneven and merely confined to only a few states.

^{vii} This figure excludes coverage in other Consumer Cooperatives that provide services such as mutual insurance, buying clubs, television satellites, and even funeral arrangements, as well as Cooperatives on college campuses offer book, food and housing services for student members

^{viii} Source: Consumer Federation of America at www.consumerfed.org as on 8th July, 2005

^{ix} Figures are for the following 18 countries together – Germany, Spain, France, Italy, Luxemborg, Netherlands, Portugal, Denmark, Sweden, Switzerland, UK, Bulgaria, Hungary, Slovakia, Czech Republic, Estonia, Romania and Cyprus. Source: Erocoop

^x Source: Japan Consumer Cooperative Union

^{xi} Source: Korea Consumer’s Cooperative Federation

^{xii} If Wal-Mart were to open a store in each of 35 towns with a population of over 1 million in India and they reached the average Wal-Mart performance per store — we are looking at a turnover of over Rs.80,330 million with only 935 employees. Extrapolating this with the average trend in India, it would mean displacing about 432,000 persons. If large FDI-driven retailers were to take 20 per cent of the business, this would mean a turnover of Rs 800 billion and an additional employment of just 43,540 persons — displacing nearly eight million persons employed in the unorganized retail sector. Source: Mohan Guruswamy. Wal-Mart wipeout: end of Indian retailing. Hard News at www.hardnewsmedia.com as on 8th July, 2005.

^{xiii} For example Project Shakti of HLL, a low cost rural retail model launched in 2000. The company had experimented with mobile retailing for rural markets in the late-1980s and Project Bharat in the mid-1990s that focused on increasing penetration and raising awareness. Source: Prerna Raturi And Gouri Shukla. Best school for corporates: Rural India at

<http://www.rediff.com/money/2005/jun/29spec.htm> as on 8th July, 2005.

^{xiv} An attempt is made, wherever possible, to make a pictorial presentation of the participating organizations and their activities in Appendix 1.

^{xv} This section provides only an incomplete account of the activities and achievements of Warana Bazar or Warana Sugar Complex. Google search on these items can provide a more complete and comprehensive picture to an interested reader.

^{xvi} For more details about the Amalsad Society, interested reader is referred to two books – one by Datta, Samar K and Kapoor, Sanjeev: *Collective Action, Leadership and Success in Agricultural Cooperatives*, Oxford & IBH, N. Delhi, 1996, and the other by Datta, Samar K and Sriram, MS: *Flow of Credit to Small & Marginal Farmers in India*, Oxford & IBH, N. Delhi, 2006. Both books devote almost a chapter each on this Society.

^{xvii} This figure is for 9 months, as they changed financial year pattern as directed by government. Previously it was 1st July to 30th June. From 1999-2000, it is 1st Apr. to 31st March so this figures are for 1-7-99 to 31-3-2000 (9 month).

^{xviii} For the interested reader, there are several interesting writings on this Society, including some by the first author, which can be accessed through the website <http://www.iimahd.ernet.in/~sdutta>, or through simple Google search.

^{xix} Interested reader is referred for more details to Datta, Samar K and Kapoor, Sanjeev: *Collective Action, Leadership and Success in Agricultural Cooperatives*, Oxford & IBH, N. Delhi, 1996, which devotes nearly a chapter on highlighting the glorious history and achievements of this Society.

^{xx} Interested reader can get access to more information about this Society, including an earlier write-up by the first author, through Google search against the name of this Society.

^{xxi} In fact, they are dreaming of a floating restaurant as they have seen in Goa or on river Brahmaputra near the town of Gwahati.

^{xxii} Interested reader can learn more about these SHGs through Google search under this title.

^{xxiii} Mr. Roychaudhuri was the Chairman of Subhasnagar Consumer Coop Store and Fisheries Extension Officer to Sandeshkhali-II Block at the time of this study, while he was earlier executive officer to both Mudialy and Bonhooghly societies.

^{xxiv} Appendix 2 provides some preliminary information on ‘Grahak Panchayat’ or ‘Grahak Peth’ as downloaded from internet for ready reference of the reader.

^{xxv} Interested reader’s attention is drawn to websites of amazon.com or half.com, which handle such business in the US. Rules and regulations and underlying ingredients to make such a market to emerge are already there to read carefully and follow with vision and entrepreneurial skill in the Indian context.

^{xxvi} West Bengal State Essential Commodities Supply Corporation

^{xxvii} International, national and state level organizations must come forward to capitalize them in their innovative endeavors, besides facilitating study tour and further interaction among them for cross-fertilization of ideas. The results of the study supported by a small funding support of merely Rs.40,000/- to put together only a handful of small brains hopefully demonstrates the enormous untapped potential of smaller people in such a vast continent-sized country.

^{xxviii} Although it was not originally planned, thanks to the last-minute request of Late Baidyanath Chand, then ailing District Secretary of Communist Party of India (Marxist) of the district of Bankura, the representatives of Warana and Amalsad visited Bishnupur town and one handloom cooperative society. In course of a brief discussion at Bishnupur, it came out that Warana and Amalsad were keen to promote terracotta products, ‘Baluchari’ and other handloom saris from Bishnupur, while the Bengal consumer stores could reciprocate by patronizing their special items (*Kesar* mango pulp, ‘*khagra*’, Navsari peanuts, just to give a few examples, from Amalsad). This way, consumer cooperatives can also contribute to the incomplete process of national integration through knowing and tasting each other’s products.