

10.

Consumer Co-operative Society

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Consumer Co-operative Society

10.1 Introduction :

Co-operative movement started with the establishment of consumers co-operative society. In 1844, in England at Rochdale, 28 weavers came together and started 'Rochdale Equitable Pioneers Society Limited'. In India, the first Consumers co-operative society was established in 20th September 1905 namely 'Tripliken Urban Co-operative Society Limited' in Chennai (Madras).

During the Second World War, there was a steep rise in the prices of various commodities. In order to check this rise in prices and ensure equitable distribution, the government entrusted the work of distribution of controlled commodities to consumers co-operative stores.

Consumer stores were established to supply quality goods at reasonable price. The Consumers Co-operative Society purchase goods directly from producer or manufacturer. Therefore, middlemen are eliminated. As the goods are purchased directly from producer they are purchased at low price hence goods are supplied to consumers at reasonable price.

Profit is not the motive of consumer co-operative society hence adulteration is not done by them. Consumers get standard quality of goods at reasonable price and at required time.

The Consumers Co-operative Society plays an important role in supplying essential commodities at reasonable price. In 1986 for the protection of consumers interest Indian Government passed Consumers Protection Act, 1986. Every year 24th December is celebrated as National Consumers Day and 15th March is celebrated as International/World's Consumers Day. At the end of March 2018, there were 2125 Consumers co-operative societies in Maharashtra.

Consumer is the center point of economy. Consumers is treated as king of the market but he is exploited regularly.

In this topic we are going to study Consumers Co-operative Society in detail.

10.2 Meaning and Definition of Consumer co-operative society :

□ Meaning :

The society formed by the consumers voluntarily in democratic manner on co-operative principles to protect their economic interest such society is called as Consumers co-operative society.

The main objectives of these societies is to eliminate the middlemen like wholesaler, retailer, agent from the chain of supplying goods from producer to ultimate consumer and to protect the consumers interest. To supply qualitative, unadulterated goods at reasonable prices to its members.

Most of the Consumers Co-operatives Societies works as per the Rochdales principles. These societies try to control monopoly, hoardings, adulteration of private traders and stop the exploitation of consumers and improves their standard of living.

To remove the drawbacks of capitalistic economic system of distribution, collective efforts of consumers are necessary. Consumer co-operative society is established to provide quality consumers goods at reasonable price.

□ Definition :

1) “A society established voluntarily on co-operative principle with an objective to supply unadulterated and quality goods to the consumers at reasonable prices such societies are called Consumers Co-operative Society”.

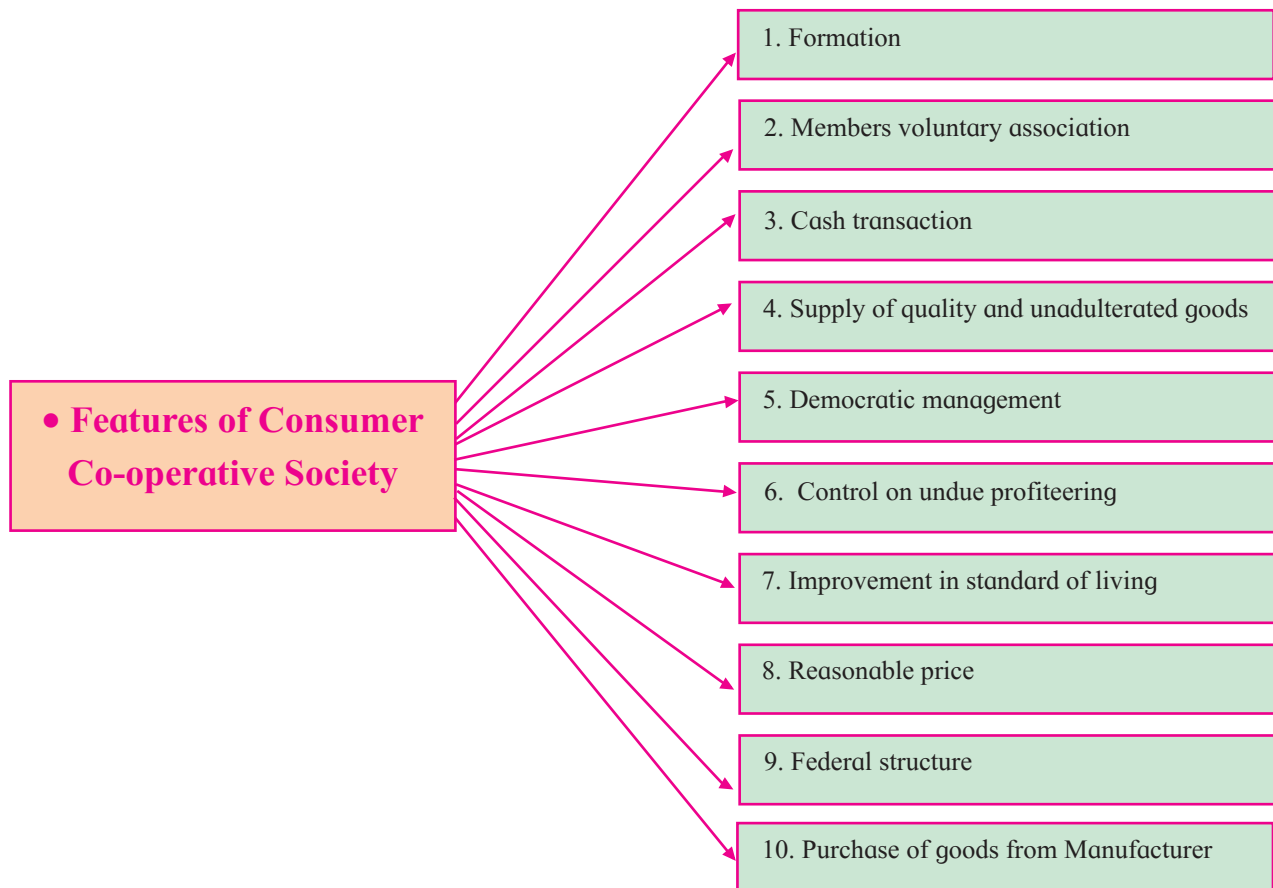
2) “The society formed by consumers voluntarily to protect their interest in democratic manner on co-operative principles such economic organization is known as Consumers Co-operative Society”.

3) “The society formed by the consumers voluntarily to fulfil their requirement of consumer goods and services is known as Consumers Co-operative Society”.

10.3 Features / Characteristics of Consumer co-operative society :

1. **Formation :** The Consumers co-operative societies are formed by consumers to provide the essential consumer goods and commodities. Consumers are spread all over in rural

as well as urban area. So, consumers co-operative societies are found in rural as well as in urban areas.



- 2. Members voluntary association :** Consumers co-operative society is established by the consumers voluntarily for the protection of their interest. This societies are formed to protect and relieve the consumers from the exploitation of capitalist and private businessmen.
- 3. Cash transaction :** The goods are sold on cash basis in Consumer co-operative society. Credit transactions are not accepted in consumer co-operative society. Due to cash transactions the financial position of the society is improved.
- 4. Supply of quality and unadulterated goods :** The Consumers co-operative society purchase goods directly from producer or manufacturer therefore the middlemen are eliminated and goods are directly supplied to consumers. Many times, there is adulteration of goods and cheating is done by businessmen. This cheating of consumers is stopped and good quality of commodities are supplied at reasonable price to the consumers.
- 5. Democratic management :** Consumers co-operative society is democratic organization formed by consumers voluntarily on co-operative principle. To look after day-to-day working of the co-operative society and to take policy decision Managing Committee is elected by the members. This Managing committee conducts the working of co-operative society in democratic manner.

6. **Control on undue Profiteering :** Consumers co-operative society gives preference for service. Profit making is not the main objective of this society. The goods are sold to the members at cost plus low margin of profit. To recover day-to-day and management expenses small profit is charged on cost. Such societies control undue profiteering. The profit earned by the co-operative society is distributed among the members according to their value of transaction done by the members with co-operative society.
7. **Improvement in Standard of living :** Consumers co-operative society supplies standard and unadulterated quality of goods to their members. Due to which the health and standard of living is improved.
8. **Reasonable price :** Private dealers are doing hoardings of the commodities and create artificial scarcity and goods are sold in black market at high price for earning undue profit. To stop this and to supply day-to-day essential commodities to the consumer at reasonable price Consumers co-operative societies are established.
9. **Federal structure :** The structure of Consumers co-operative society is of four tier. At national level National Co-operative Consumers Federation (NCCF), at state level State Co-operative Consumers Federation (SCCF), at district level Wholesale/Central Consumers Co-operative Store and at primary level Primary Consumers Co-operative Society (PCCS) are working.
10. **Purchase of goods from Manufacturer :** For supplying essential commodities to the consumers, Consumer co-operative society purchase goods directly from producers or manufacturers. Some goods are also produced by Consumers co-operative society itself. Due to which goods are purchased at low rate and supplied to the consumers at reasonable price.



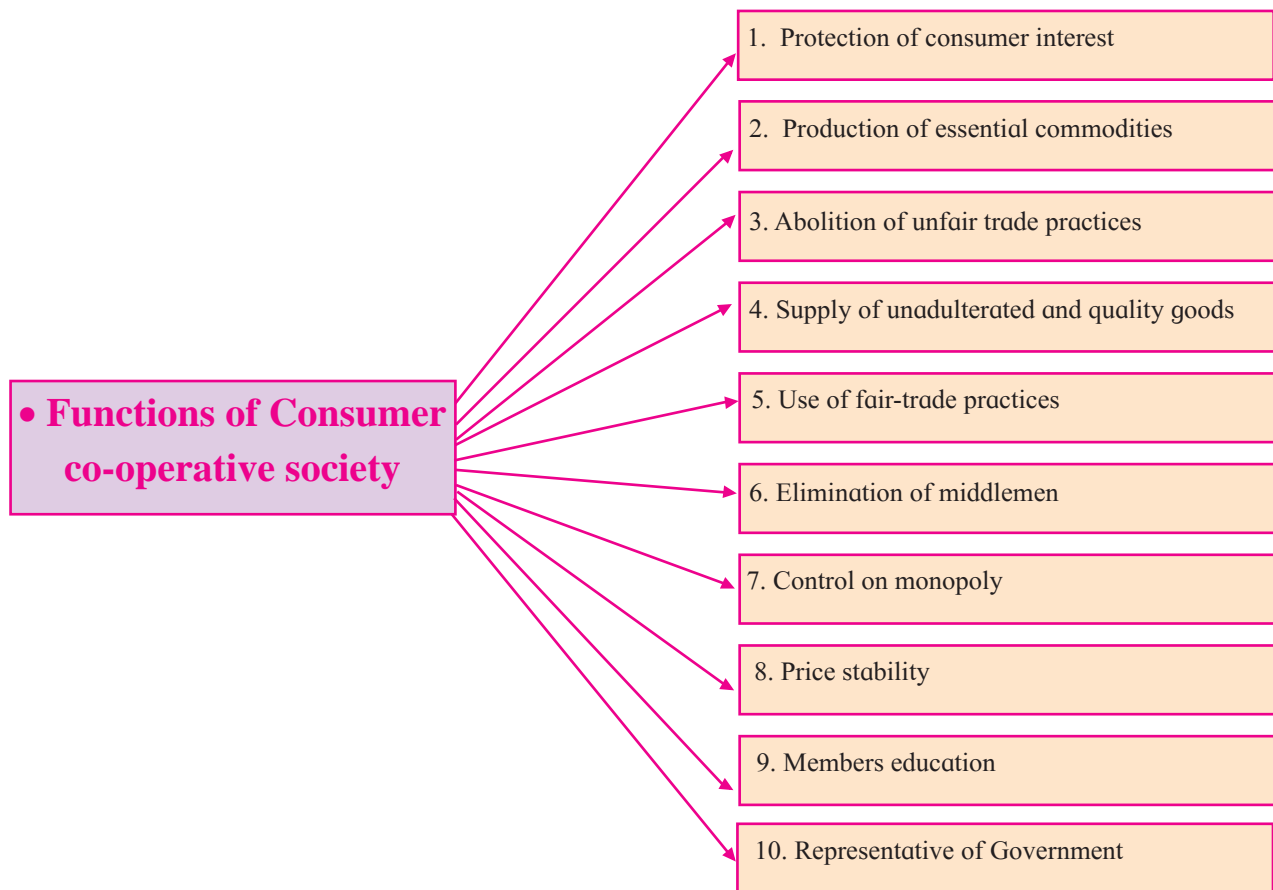
Activity :-

1. Collect the information of Consumers co-operative society in your locality.

10.4 Functions of Consumer co-operative society :

1. **Protection of consumer interest :** Consumers protection is the main function of consumer co-operative society, regular supply of unadulterated and standard quality of essential commodities to the members at reasonable price and protecting them from exploitation from traders and businessmen.
2. **Production of essential commodities :** If Consumers co-operative society only supplies consumers goods then they cannot keep control on the price. So, they have also started to produce essential commodities and goods at minimum cost.
3. **Abolition of unfair trade practices :** The Consumers co-operative society are established to abolish the unfair trade practices such as consumers exploitation, adulteration, black marketing, artificial scarcity, uses of faulty measurements, misleading advertisements, etc. and they buy the goods directly from the producers or manufacturers and supply it to the consumers.

4. **Supply of unadulterated and quality goods :** Many times, businessmen to earn more profit are engaged in adulteration of goods. They are not giving guarantee of quality and purity of goods supplied by them. The Consumers co-operative society purchase goods directly from producers or manufacturers and supply pure and standard quality goods. Due to which adulteration is controlled unadulterated goods and quality goods are supplied to consumers.



5. **Use of fair-trade practices :** Consumers co-operative society supply pure and standard quality goods to the consumers. Consumers co-operative society adopts fair trade practices like supply goods according to the demand, to charge fair price, to avoid artificial scarcity and black market, etc.
6. **Elimination of middlemen :** Large number of middlemen like dealers, wholesaler, retailer, etc. are involved in business transactions. Many a times this middlemen cheat both producer and consumers. The Consumers co-operative society purchase the goods directly from the producers or manufacturers and supply it directly to the consumers. Hence, the middlemen are eliminated due to the Consumers co-operative society.
7. **Control on monopoly :** The Consumers co-operative society keeps consumers interest in mind and produces the essential and rare commodities themselves and supply it to the consumers. Therefore, there is control on monopoly and consumers interest is protected.

8. **Price stability :** Many a times to earn more profit private dealers creates artificial scarcity and charges high price for the commodities and which increases the expenses of consumers. The Consumers co-operative store supplies goods regularly which helps in maintaining price stability.
9. **Members education :** The Consumers co-operative society gives education and guidance to the members and consumers regarding importance of economy and saving, democratic principles, importance of co-operation, protection to weaker section of the society and improve their standard of living, etc.
10. **Representative of Government :** The Consumers co-operative society works as a representative between government sector, public sector and co-operative sector. The Primary Consumer co-operative society makes distribution of controlled essential commodities to the consumers at control priced. Hence, they act as a representative of government.



Activity :-

2. Discuss with your teachers about the exploitation of consumers done by private dealers.

10.5 Types of Consumer Co-operative Society :

1. **Primary Consumers co-operative societies**
2. **Central Consumers Store/ Super Bazaar/ Janta Bazaar/ Divisional warehouse**
3. **Students consumer co-operative stores**

1. **Primary Consumers co-operative societies :** Consumers co-operative society means Primary consumers co-operative society. The society which sells consumer goods to the customers are known as Consumers Co-operative Society. The consumer comes together and forms consumer co-operative society. Mainly wholesale stores supplies goods to the consumer co-operative society. Retail sale is the main function of this society. This society provides ancillary services to the members. This societies are established in rural and urban areas. The main objective of consumers co-operative society is to supply unadulterated essential commodities regularly at reasonable price to the consumers.
2. **Central Consumers Store/ Super Bazaar/ Janta Bazaar/ Divisional warehouse :** In big cities, to supply different commodities of goods under one roof, big consumer co-operative society is established which is known as Central Consumer Store/ Super Bazaar/ Janta Bazaar/ Divisional warehouse. It is registered as Consumer co-operative society or store.

The first Super market in India was established on 15th July, 1966 at Delhi. Such type of market is also established in Mumbai, Kolkata, Hyderabad, Bangalore, Pune, Nagpur.

But now-a-days such markets are also established at District place. Delhi super bazaar is the largest super bazaar in India. Through this super market different kinds of commodities are sold under one roof like clothes, medicines, parts of automatic machines, cosmetics, television sets, electrical equipment, readymade clothes, groceries, etc.



Super Bazaar

3. **Students consumer co-operative stores :** The store started by the students at school, college or university level on co-operative principles is known as Students consumers co-operative store. This co-operative store was started since 1967. For this loans and aid is given by National Co-operative Development Corporation. Through Students consumer co-operative store materials like notebooks, textbooks, stationery, reference book, scientific equipment, book bank, educational material, etc. is supplied to the students at concessional rate. There is no age limit for the membership of Students consumer co-operative store. The government has taken policy decision to encourage the establishment of student co-operative stores at school, college and university.

In addition to this, consumers co-operative store are also established for industrial workers and rural people.

Development of consumers co-operative society is not possible unless there is direct dealing of producer and consumers and gap between producer and consumer is reduced.

Difference Between :

1. Credit Co-operative Society and Consumer Co-operative Society :

Sr. No.	Point	Credit Co-operative Society	Consumer Co-operative Society
1.	Meaning	The society established to provide banking services to the economical weaker section of the society is known as Credit Co-operative Society.	The society established by the consumers voluntarily in democratic manner on co-operative principles for protection of their interest and supply of consumers goods is known as Consumers co-operative society.
2.	Objective	To provide loan at reasonable interest rate and relieve the farmers from clutches of moneylenders.	To protect consumer's interest and save them from exploitation of traders.
3.	Establishment	It is established in rural areas.	It is established in rural as well as in urban areas.
4.	Area of Operation	Area of operation is village areas or village up to 4 to 5 Kms.	Area of operation is both in rural and urban areas.
5.	Membership	Marginal farmers, land labour, craftsmen, artisans are the members of this society.	General consumers are the members of Consumers
6.	Function	To provide loan to the members for agriculture purpose.	To supply essential consumer goods at reasonable price, price stability, control on monopoly, abolition of unfair trade practices and protection of consumers interest.

Difference Between :

2. Marketing Co-operative Society, Housing Co-operative Society and Consumer Co-operative Society

Sr. No.	Points	Marketing Co-operative Society	Housing Co-operative Society	Consumer Co-operative Society
1.	Meaning	The society formed for buying and selling of agriculture goods, fair prices for agricultural goods and protection of farmers economic interest is known as Marketing Co-operative Society.	The society established on co-operative principles to fulfil housing needs of the people is known as Housing Co-operative Society.	The society established by the consumers voluntarily in democratic manner on co-operative principles for protection of their interest is known as Consumers co-operative society
2.	Membership	Mainly farmers are the members of Marketing co-operative society.	People of middle or lower income group with housing need are the members of this society.	General consumers are the members of Consumers co-operative society.
3.	Objective	The main objective of this society is to sell agricultural goods and get fair price.	To solve the housing problem of the members.	The main objective is to stop exploitation from private dealers and consumers interest.
4.	Establishment	These societies are established in rural and urban areas.	This societies are established in urban areas and semi-urban area.	This societies are established in rural as well as urban areas.
5.	Function	Assembling of agricultural goods, grading, branding, warehousing, packaging, transportation, marketing (buying and selling) and fair prices for agricultural goods, etc. are functions of this society.	To provide houses to the members at reasonable rate.	To supply essential consumer goods at reasonable price, price stability, control on monopoly, abolition of unfair trade practices and protection of consumers interest are the functions of consumers co-operative society.

10.6 Summary

The society which is established for supply of essential commodities (consumers goods and services) at reasonable price to the consumers is known as Primary Consumers Co-operative Society. The first consumer co-operative store was started in 1905 at Madras. Consumers co-operative society supplies unadulterated essential commodities at reasonable price to the consumers.

The society established by the consumers voluntarily in democratic manner on co-operative principles for protection of their interest is known as Consumers co-operative society.

“The society formed by the consumers voluntarily to fulfil their requirement of consumer goods and services is known as Consumers Co-operative Society”.

❑ **Features of Consumer co-operative society:**

1. Formation
2. Members voluntary association
3. Cash transaction
4. Supply of quality and unadulterated goods
5. Democratic management
6. Control on undue profiteering
7. Improvement in standard of living
8. Reasonable price
9. Federal structure
10. Purchase of goods from Manufacturer

❑ **Functions of Consumers co-operative society:**

1. Protection of consumer interest
2. Production of essential commodities
3. Abolition of unfair trade practices
4. Supply of unadulterated and quality goods
5. Use of fair trade practices
6. Elimination of middlemen
7. Control on monopoly
8. Price stability
9. Members education
10. Representative of Government

❑ **Types of Consumers co-operative society:**

1. Primary Consumers co-operative societies
2. Central Consumers Co-operative store/ Super Bazaar/ Janta Bazaar/ Divisional Warehouse (godown)
3. Students consumer co-operative store

10.7 Key Terms

1. **Super Bazaar :** Supply of various types of goods under one roof is known as Super Bazaar or Divisional store.
2. **Students Consumer Co-operative store :** The store started by school, college or university for supplying needs of students like books, reference books, educational material, notebook, stationery, etc. is known as Students Consumer Store.

10.8 Exercise

Q.1 A) Select the proper option from the options given below and rewrite the sentence:

1. Consumer co-operative society supplies standard quality goods at _____ price.
(a) Reasonable (b) Higher (c) Unreasonable
2. Consumer co-operative society purchase goods from _____.
(a) Retailer (b) Manufacturer (c) Wholesaler
3. National Consumer Day is celebrated on _____.
(a) 5th June (b) 26th January (c) 24th December
4. World's first consumers co-operative society was started in _____.
(a) England (b) Germany (c) India
5. World's first consumers co-operative society was established in the year _____.
(a) 1844 (b) 1905 (c) 1920
6. Consumers co-operative societies supplies _____ goods to consumers.
(a) Luxurious (b) Essential (c) Adulterated
7. Due to Consumer co-operative society _____ is eliminated from chain of distribution.
(a) Manufacturer (b) Consumer (c) Middlemen
8. _____ is the World's first consumer store.
(a) Rochdales pioneers (b) Janta Bazaar (c) Mumbai bazaar

B) Match the following:

Group 'A'	Group 'B'
a) India's first Super Bazaar	1. 24th December
b) National Consumer Day	2. Delhi
c) Student consumer co-operataive stores	3. 5th June
d) Consumers co-operative society	4. Mumbai
	5. Store for employees
	6. Consumers protection
	7. Consumers exploitation
	8. School and College students

C) Write a word or a phrase or a term which can substitute each one of the following statements :

1. A store providing all kinds of goods under one roof.
2. Store started by the students on co-operative principles.
3. An organization started by the consumers on co-operative principles for protection of their interest.
4. Society formed for providing goods and services at reasonable price.
5. The consumers society started by the weavers of England in 1844.

D) State whether the following statements are True or False:

1. The Consumers co-operative society are established for the protection of consumer's interest.
2. Exploitation of consumers is stopped due to Consumers co-operative society.
3. Students consumers store is established by businessmen.
4. The prices of commodities supplied by Consumers co-operative stores are high.
5. The main objective of Consumer co-operative is to earn maximum profit.
6. World's first Consumers co-operative society was established in America.
7. The Consumer co-operative society supplies unadulterated and quality goods.

E) Complete the following sentences:

1. Due to consumer co-operative society _____ is eliminated.
2. Consumer co-operative society provides _____ goods to the consumers.
3. The World's first consumer co-operative society was started in _____ country.
4. Consumer co-operative society provides quality goods at _____ price.
5. World co-operative movement was started by establishing _____ society.
6. Consumer co-operative society purchases goods from _____.

F) Select the correct option:

1. Super Bazaar	<input type="text"/>
2. <input type="text"/>	School and college students
3. Consumer co-operative Society	<input type="text"/>
4. <input type="text"/>	National Consumers Day
5. Establishment of First consumer store	<input type="text"/>
6. <input type="text"/>	World Consumer Day

15 March, 20 September 1905, Delhi, Students consumer co-operative store, protection of consumer, 24 December.

G) Answer in one sentence:

1. What do you mean by consumer co-operative society?
2. How consumers are exploited by middlemen?
3. What are the types of Consumer Co-operative Society?
4. What do you mean by Student Co-operative stores?
5. How is the federal structure of Consumer Co-operative Society?

H) Correct the underlined word and rewrite the following sentence:

1. Consumer co-operative society provides Luxurious goods.
2. Due to Consumer co-operative society the chain of Producer is eliminated.
3. Consumer co-operative societies are established with an objective to earn Profit.
4. In Consumer co-operative society goods are sold only on Credit basis.
5. Various departmental store under one roof means Credit co-operative society.
6. World's first Consumer Co-operative Society was started in India.
7. National Consumer Day is celebrated on 1June.

I) Find the odd one:

1. a) Primary consumer co-operative society
b) Central consumer stores
c) Housing and Urban Development Corporation
d) Student consumer co-operative store
2. a) 20th September
b) 24th December
c) 2nd October
d) 15th March

Q.2. Explain the following terms:

1. Super Market/ Bazaar.
2. Students Consumer Co-operative Stores.
3. Primary Consumers Co-operative Society.

Q.3. Application based/Self-opinion question:

1. “Consumer co-operative store is an ideal business organization”.
2. Unfair trade practices adopted by middlemen in distribution of goods are dangerous.
3. “Consumer is king of market”.

Q.4. Difference Between:

1. Consumers co-operative society and Marketing co-operative society.
2. Service co-operative society and Consumers co-operative society.
3. Consumers co-operative society and Credit co-operative society.
4. Consumers co-operative society and Processing co-operative society.
5. Housing co-operative society and Consumers co-operative society.

Q.5. Write short notes:

1. Types of Consumers co-operative society.
2. Consumers co-operative society.
3. Features of Consumers co-operative society.

Q.6. Give Reasons:

1. Consumer co-operative society plays an important role in supply of goods.
2. Consumer co-operative society supplies goods at reasonable price.
3. Exploitation of consumers is stopped due to Consumers co-operative society.
4. The Consumers co-operative society are established for the protection of consumer's interest.
5. Middlemen are eliminated due to Consumers co-operative society.

Q.7. Answer in short:

1. State the features of Consumers co-operative society.
2. Meaning and Definition of Consumers co-operative society.
3. State the functions of Consumers co-operative society.

Q.8. Long answers:

1. What is Consumers co-operative society? Explain its functions.
2. Define Consumers co-operative society and explain its features.



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ABBREVIATIONS

PCCS	- Primary Consumers Co-operative Society.
PCMS	- Primary Co-operative Marketing Society.
PSR	- Profit Sharing Ratio.
PROC	- Processing.
RBI	- Reserve Bank of India.
SCB	- State Co-operative Bank.
SCCF	- State Co-operative Consumers Federation.
SCMF	- State Co-operative Marketing Federation.
DCCB	- District Central Co-operative Bank.
STL	- Short Term Loan.
MTL	- Middle Term Loan.
NCHFI	- National Co-operative Housing Federation of India.
AMUL	- Anand Milk Union Limited.
HUDCO	- Housing and Urban Development Corporation.
HDFC	- Housing Development Finance Corporation.
ICA	- International Co-operative Alliance.
MAHANAND DAIRY	- Maharashtra State Co-operative Milk Federation
NABARD	- National Bank for Agricultural and Rural Development.
NCCF	- National Co-operative Consumers Federation.
NCDC	- National Co-operative Development Corporation.
NDDB	- National Dairy Development Board.