

Working of Primary Consumer Co-operative Stores

Sini Raj S, Research Scholar in Commerce, Kerala University Library and Research Centre,
University of Kerala, India.

Abstract - The consumer co-operatives aims at the economic and social well-being of a large number of people. Consumer Co-operative Stores are organised by every section of the community in India. The problems of such stores are varied when they are organised by conglomeration of different interests and different sections of the community. They also ensure selling goods at fair and reasonable prices, maintaining purity and quality of goods, pursuing healthy trade practices, including correct weightment, display of prices, payment of taxes and observation of rules and regulations, such as those relating to shops and commercial establishment and also labour laws.

Key words: consumers, consumer co-operative stores, co-operation, co-operative societies.

I. INTRODUCTION

In India the first Consumers' Co-operative Store was started in 1904 after the enactment of Co-operative Societies Act of 1904. The consumers' co-operative movement is successful, only when consumers are satisfied with the benefits and services of the stores.

A consumer co-operative store is a co-operative business owned by its customers for their mutual benefit. It is a form of free enterprise that is oriented toward service rather than pecuniary profit. Consumers' co-operatives often take the form of retail outlets owned and operated by their consumers.

Consumer co-operatives are enterprises owned by consumers and managed democratically which aim at fulfilling the needs and aspirations of their members. They operate within the market system, independently of the state, as a form of mutual aid, oriented toward service rather than pecuniary profit.

Consumer Co-operatives have been assigned an important role in the distributive trade to support the public distribution system in India and to promote a strong Consumer Protection Movement. Consumer co-operative stores constitute the institutional framework in the distributive trade for providing essential consumer articles to the vulnerable section of society at reasonable prices. They also ensure selling goods at fair and reasonable prices, maintaining purity and quality of goods, pursuing healthy trade practices, including correct weightment, display of prices, payment of taxes and observation of rules and regulations, such as those relating to shops and commercial establishment and also labour laws.

II. REVIEW OF LITERATURES.

There are quite a large number of studies conducted by different individual scholars and Committees related to consumer co-operative societies. In this section important

studies related to consumers co-operative stores are narrated.

Ravikesh Srivastava (1998), in his article entitled "Consumer Co-operatives in Developing Countries", has pointed out the weaknesses of consumer co-operatives such as lack of capital, financial weakness and lack of technological development, the attitude of the government, defective management and legislation.

Mariappan, V. (2002), in his article entitled "Indian Consumer Co-operatives in the Cross Road: An Introspection into the Weaknesses and Challenges", has pointed out the weaknesses of the consumer co-operatives such as the poor working capital base, the inadequate market knowledge and experience, the lack of salesmanship and sales promotion, the lack of market and price leadership, the dependence on government patronage, the politicisation of the management, the threats facing the consumer co-operatives, the introduction of the margin free supermarkets, the growth of direct marketing, the entry of e-commerce, the arrival of cheap foreign goods and the growth of consumerism.

Mukund Tapkir, in his study titled "Management Problems of Consumers Co-operative Societies in Pune City", covered 5 wholesale and 32 primary consumers co-operatives working in Pune city. He disclosed that most of the consumer co-operatives are far away from the inventory control function in their organizational system. All are faced with numerous management problems. This is due to lack of modern management techniques in these consumer co-operatives.

Suresh Nale, through his study titled "Consumers Co-operative Movement : A Study of the Co-operative Janata Bazar" revealed that co-operatives in Janata Bazar are suffering from financial unhealthiness. For attracting customers he suggested that the Departmental Stores should give popularity to the consumers' co-operative movement in Kolhapur city.

Suryavanshi, A.B. conducted a study on the topic “Consumers Co-operation in Barshi Town: A Case Study”. This is a case study of Shree Bhagyawant Sahakari Puravatha Mandal Limited in Barshi Town of Solapur District, which has a successful history of about five years. He suggested in his study that the society should undertake membership drive as a special programme, for which the office-bearers and members of the Board of Directors should make special efforts.

III. STATEMENT OF THE PROBLEM

Unproductive business methods adopted by primary consumer co-operative stores are the major weakness. It cannot compete with private business without adopting effective business methods. As a result member’s patronage towards primary consumer co-operative stores goes on decreasing. Due to poor patronage of members many primary consumer co-operative stores becomes dormant stage. That is questioning the present working condition of the primary consumer co-operative stores.

Objectives of the Study

1. To evaluate working efficiency of Primary Consumer Co-operative Stores
2. To find out variations in the working efficiency of Primary Consumer Co-operative Stores with respect to the characteristics.

Hypotheses of the Study

1. The working efficiency of the Primary Consumer Co-operative Store in Kerala is significantly high.
2. There is significant variation in the working efficiency of Primary Consumer Co-operative Stores with respect to the characteristics.

Significance of the Study

Majority of the consumers are illiterate and ignorant. They are frequently cheated, fleeced and exploited by traders and advertisers. Usually the traders look to their personal gains and do not care for the rights and needs of the consumers. Hence, consumers need protection against all sorts of malpractices commonly adopted by the private traders. So it is very essential to assess working efficiency of the Primary Consumer Co-operative Store in Kerala and variation in the working efficiency of Primary Consumer Co-operative Stores with respect to the characteristics.

IV. METHODOLOGY

This study is empirical in nature. Primary data were collected by way of personal interviews with the Secretaries. A structured interview schedule was developed for this purpose. The researcher had discussions with the officials of co-operative department and office bearers of various co-operative stores.

In addition to the interview schedules, discussions with Research Officer from the State Co-operative Union, Joint Registrar (Marketing) from the Office of the Registrar of Co-operative Society, Joint Registrar (General) from the Office of the Joint Registrar of Co-operative Society, Assistant Registrar & Auditor from the Office of the Assistant Registrar of Co-operative Society and paid employees from each general marketing co-operative societies helps to understand the overall picture about the general marketing co-operative societies functioning in the State. Besides, collecting numerical data from the Statistical Abstract prepared by Statistics Wing of the Office of the Registrar of Co-operative Society and Audit Reports of selected societies, textual information collected from Administration Report prepared by Statistics Wing of the Office of the Registrar of Co-operative Society, Bye Laws of selected societies and Kerala Co-operative Journal.

This study was conducted from 107 primary consumer co-operative stores registered under the administrative control of Registrar of Co-operative Societies. For analysing data descriptive statistics, Principal component analysis and regression analysis was used.

V. RESULTS AND DISCUSSION

According to the objectives of the study, the focal point of investigation is the Primary Consumer Co-operative Stores. Realizing the importance of the situation, for a close examination of the PCC Stores, audit classification, year of experience and size of the PCC Stores are taken in to consideration. In this section brief profiles of selected Primary Consumer Co-operative Stores are narrated.

Table No. 1.1 Characteristics of PCC Stores by their characteristics

Characteristics		n	%
Class	A Class	12	11.21
	B Class	33	30.84
	C Class	62	57.94
Experience	Up to 20 years	61	57.01
	21-40 years	27	25.23
	Above 40 years	19	17.86
Size	Small size	39	36.45
	Medium size	32	29.91
	Large size	36	33.64
Total		107	100

Source: Survey data

Out of 107 PCC Stores selected for detailed investigation, 12 PCC Stores (11.21 per cent) come under A Class category, 33 PCC Stores (30.84 per cent) come under B Class category and 62 PCC Stores (57.94 per cent) come under C Class category.

It was observed from the above table that 57.01 percent of PCC Stores have up to 20 years of experience, 25.23 percent of PCC Stores have 21-40 years of experience and 17.76 percent of PCC Stores have above 40 years of experience. Thus, the result clearly indicates that majority of PCC Stores come under up to 20 years of experience category.

From the above table it is observed that, the percentage level of number of PCC Stores comes under small size, medium size and large size is 36.45 per cent, 29.91 per cent and 33.64 per cent respectively. Majority of them (36.45 percent) comes under small size category.

Working of PCC Stores

In order to compute the composite variables representing various operations performed by Primary Consumer Co-operative Stores, weights for each components were estimated using principle component analysis and the result is given in table 1.2. From the table it can be seen that according to the Secretaries of Primary Consumer Co-operative Stores, to undertake training programs to members is the most important aspect of its working as the weight computed by PCA is the highest (0.092). According to the second important aspects of its working is to undertake inside trade (0.091). The other important aspects of its working is to prepare the produce by sorting, grading and packing (0.084), to undertake activities such as opening of retail outlets for distribution of consumer articles, Neethi Stores, Neethi Medicals, Petrol Bunks etc, which are of beneficial to its members as well as general public (0.080) and to distribute processed fresh branded items (0.079). According to them the least important aspects of the working of Primary Consumer Co-operative Stores are to transport the produce to market centers (0.029) and to provide financial assistance to members (0.028).

Table No. 1.2 PCA of working of Primary Consumer Co-operative Stores

Working of Primary Consumer Co-operative Stores	PCA
Encourage thrift and self help	0.071
Disseminate knowledge of principles of co-operation	0.063
Arrange agricultural produce from members for the sale	0.065
Prepare the produce by sorting, grading and packing	0.084
Transport the produce to market centers	0.029
Advance pledge loans to members	0.063
Distribute processed fresh branded items	0.079
Arrange for the storage of agricultural produce	0.058
Purchase and distribute fertilizers, implements and seeds	0.059
Undertake training programs to members	0.092
Undertake activities such as opening of retail outlets for distribution of consumer articles	0.080
Act as an agent of government,	0.065
Open branches within the area of operation of the Store	0.073

Provide financial assistance to members	0.028
Undertake inside trade	0.091

Source: Survey data

Using these weights, the weighted average of the scores of 15 aspects of its working was computed and the descriptive statistics of the composite variable with test of significance is presented in table.

Table No. 1.3 Descriptive statistics of the composite variable

Statistics	t	Sig.	
Mean	1.69	14.509	
Median	1.69		
Mode	1.44		
SD	0.22		
Skewness	0.00		
Kurtosis	-0.25		
Minimum	1.13		
Maximum	2.24		
			0.000

Source: Survey data

From table, it can be seen that the mean opinion score of the composite variable representing extent of its working efficiency is 1.69. The value of median of the score is same as that of mean indicating lack of significant skewness of the distribution. It means that the extent of its working efficiency is normally distributed among Primary Consumer Co-operative Stores. The score ranges from a minimum of 1.13 to a maximum of 2.24. From the one sample t-test it can be found that the mean extent of its working efficiency is significantly deviates from the mean of the response scale. As the mean score is below two and the significant level of t-test is less than 0.05, it can be inferred from the result that the average mean of score of its working efficiency is significantly below average. It means that the working efficiency of the Primary Consumer Co-operative Store in Kerala is below average.

Testing of Hypothesis

From the analysis of mean score of the composite variable representing extent of its working efficiency is 1.69, which is significantly lower than the average of response scale. It means that the extent of the working efficiency of the Primary Consumer Co-operative Stores in Kerala is below average. Hence, the result reject the null hypothesis that the working efficiency of the Primary Consumer Co-operative Store in Kerala is significantly high and accept the alternative hypothesis that the working efficiency of the Primary Consumer Co-operative Store in Kerala is significantly low.

Variation in the working efficiency with respect to the characteristics Primary Consumer Co-operative Store

In order to find the variation in the working efficiency with respect to the characteristics of Primary Consumer Co-operative Stores in Kerala, multiple regression analysis was conducted with opinion score of working efficiency as dependent variable. The independent variables selected

were audit classification, experience, and size. Since the independent variables were categorical, they were converted in to dummy variables. For extracting the significant predictors of variations in the working efficiency, backward searched method was applied.

Table No. 1.4 Model summary of the initial and final regression equations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.652	0.425	0.365	0.174	
7	.638	0.406	0.383	0.172	1.823

Source: Survey data

Table 1.4 presents the model summary of regression equation. From the table it can be seen that the R Square of the initial regression model is 0.425. The R Square of the final regression model after removing 6 dummy variables is 0.406. From the result it can be inferred that 40.6 per cent

variation in the working efficiency is determined by the independent variables in the final regression model. The value of the Durbin-Watson is 1.823 which is nearly equal to 2.00 indicating that the dependent variable is free from serial correlation.

Table No. 1.5 ANOVA of the initial and final regression models

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.174	10	0.217	7.1	0.000
	Residual	2.939	96	0.031		
	Total	5.113	106			
7	Regression	2.078	4	0.52	17.462	0.000
	Residual	3.035	102	0.03		
	Total	5.113	106			

Source: Survey data

The significance level of F values of the initial and final regression models are less than 0.05, which indicates that the models are valid for studying the variation in the working efficiency with respect to the characteristics of the society.

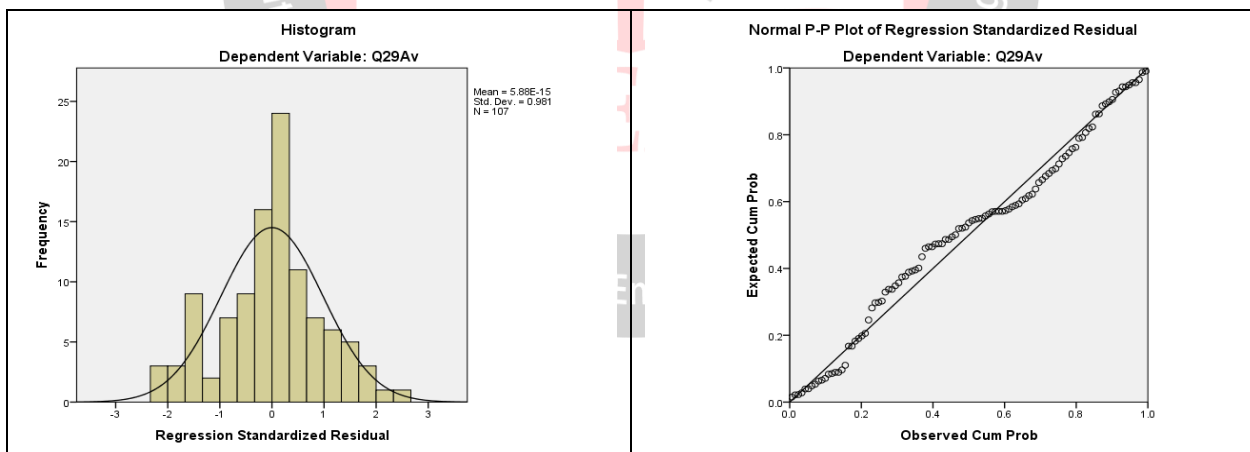


Figure 1.1 Histogram and Normal P-P Plot of Regression Standardized Residual

The Histogram of the regression standardized residual presented in figure 1.1 shows that its distribution is nearly normal and the expected cumulative probability on observed cumulative probability cluster around the diagonal straight line indicating that the standardized residuals are normally distributed which is one of the important assumptions of the multiple regression analysis.

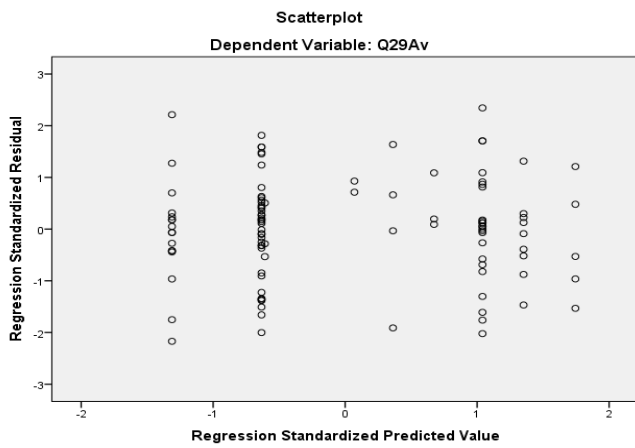


Figure 1.2 Scatterplot of Regression Standardized Residual on Regression Standardized Predicted Value

The scatter plot of regression standardized residual on regression standardizes predicted value does not show any pattern of concentration which indicates lack of heteroscedasticity, another important assumption of multiple regression model. Further the Collinearity statistic presented in table 1.6 indicates that the VIF of all the independent variables are less than 10 indicating lack of Collinearity between independent variables. Thus the fitted regression model satisfies all the major assumptions of multiple regression so that the model is suitable for studying the variations in the working efficiency with respect to their characteristics.

Table No. 1.6 Coefficients of the initial Regression Model for the effect of characteristics of the society on its working efficiency

Variables		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
(Constant)		1.668	0.068		24.624	0.000		
Class	CA: 1 if A, 0 otherwise	0.268	0.059	0.387	4.571	0.000	0.833	1.200
	CB: 1 if B, 0 otherwise	0.237	0.042	0.500	5.678	0.000	0.771	1.297
Experience	E1: 1 if up to 20 years, 0 otherwise	-0.028	0.051	-0.063	-0.545	0.587	0.443	2.259
	E2: 1 if between 21-40 years, 0 otherwise	-0.107	0.055	-0.213	-1.952	0.054	0.502	1.992
Size of society	S1: 1 if small size, 0 otherwise	-0.059	0.043	-0.129	-1.361	0.177	0.663	1.508
	S2: 1 if medium size, 0 otherwise	-0.015	0.044	-0.031	-0.330	0.742	0.693	1.443

Source: Survey data

Table 1.6 presents coefficients of the initial Regression Model for the effect of characteristics of the society on its working efficiency. From the table it can be seen that out of 6 independent dummy variables, two of them, namely the dummy variables representing the class, are found to have significant positive effect on its working efficiency. The matter of selection method of regression analysis eliminated four independent dummy variables and extracted a model with two variables which have obvious effect on the working efficiency of the society. The coefficients of the final regression model is presented in table 1.7.

In the final regression model consists of two independent variables representing class and one independent variable representing experience between 21-40 years. Even though the significance level of the independent variable representing non-agricultural products is above 0.05, it is included in the regression model by the backward selection method because of the importance in determining their working efficiency.

Table No. 1.7 Coefficients of the final Regression Model for the effect of characteristics of the society on working efficiency

Variables		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
(Constant)		1.603	0.026		62.615	0.000		
Class	CA: 1 if A, 0 otherwise	0.278	0.055	0.401	5.086	0.000	0.935	1.70
	CB: 1 if B, 0 otherwise	0.234	0.038	0.495	6.125	0.000	0.890	1.124
Experience	E2: 1 if between 21-40 years, 0 otherwise	-0.095	0.039	-0.189	-2.416	0.017	0.953	1.049

Source: Survey data

From Table 1.7 it can be seen that the unstandardized coefficients of the dummy variable representing class of the society is positive and the coefficient representing experience between 21-40 years is negative. From the coefficients of variables representing class indicates that the effect of class A and B on its working efficiency is significantly higher than that of class C, which is the reference category of class of society in the regression model. The coefficient of class A (0.278) is the highest which indicate that working efficiency is highest among class A societies. The level of working efficiency is found to be lesser in class B than that of class A. The level of working efficiency in class C is the least. The regression coefficient indicates that societies with experience between 21-40 years have lower level of the working efficiency.

Testing of Hypothesis

The multiple regression analysis about the effect of characteristics of the Primary Consumer Co-operative Stores on its working efficiency shows that the significant level of t-test of the regression coefficient of dummy variables representing class and experience are less than 0.05. It means that the working efficiency vary significantly with respect to class and experience. From the result it can be concluded that the working efficiency significantly vary with the characteristics of Primary Consumer Co-operative Stores of Kerala. Hence the result reject the null hypothesis that there is no significant variation in the working efficiency with respect to the characteristics of Primary Consumer Co-operative Stores of Kerala and accept the alternative hypothesis that there is significant variation in the working efficiency with respect to the characteristics of Primary Consumer Co-operative Stores of Kerala.

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