

Consumer Cooperative Stores

Concept:

Consumer Cooperative Stores are enterprises established, owned, and managed by a group of consumers sharing common interests. In simple words, it is an association of consumers who voluntarily come together to satisfy their common needs along with safeguarding their interests as a consumer. The main motive of Consumer Cooperative Stores is to provide supreme quality goods and services to consumers at reasonable prices and protect themselves from the exploitation of middlemen. This objective is attained by eliminating the role of middlemen or retailers who add up their profit to the price of the final goods and services and sell them to the consumers. To eliminate the middlemen, the members of the Consumer Cooperative Stores buy goods in bulk directly from the wholesalers and sell them to consumers at prices lower than in a retail market. For starting a Consumer Cooperative Store, there should be at least 10 members who voluntarily form an association and get it registered under the Cooperatives Societies Act. The members of the Store raise capital by issue of shares among themselves.

For Example - Apna Bazar, Utility Cooperatives, Food Cooperatives.

Advantages of Consumer Cooperative Stores:

- **Limited Liability:** One of the most highlighted benefits of Consumer Cooperative Stores is that the member enjoys limited liability. This means their liability is limited to the extent of their capital contribution. Hence, they are not personally liable for the payment of debts of the store or their personal assets will not be used to pay off the debts.
- **Prevents Exploitation:** The main objective of Consumer Cooperatives Stores is to eliminate the intervention of the middlemen, who add up their profit to the price of goods and exploit innocent consumers.
- **Quality Products:** Consumer Cooperatives Stores ensure that the consumers get supreme quality goods at the best reasonable price by eliminating the role of middlemen.
- **Regular Supply** - The members of the Consumer Cooperative Stores have a direct link with consumers; hence, they can predict the upcoming demands of the consumers more efficiently and can ensure a regular supply of the goods.
- **Supply as per Choice:** Cooperatives, while dealing with the consumers, directly grab the knowledge about the present choices and preferences of the consumers in the market, which help them satisfy the consumers.
- **Convenient Location:** These stores are located in convenient places, usually near the residential areas where consumers can easily purchase goods as per their choice.
- **Legal Support:** Consumer Cooperatives Stores work with a welfare motive to protect the interest of the consumers; hence, the Government extends its support to such Cooperatives by imposing less tax, providing subsidies, reducing formalities and paperwork, etc.

- **Cash Sales:** These stores usually sell goods to consumers on a cash basis. Therefore, the members require less working capital to run the store.
- **Democratic Management:** The management committees of the Consumer Cooperative Stores are elected by its members and others through voting. Each member of the consumer cooperative store has one vote irrespective of the number of shares held by them.

Disadvantages of Consumer Cooperative Stores:

- **Lack of Funds:** Generally, the funds are raised and invested amongst the members themselves in cooperative stores. This raised fund is not sufficient to run the business on a large scale.
- **Lack of Skill:** Cooperatives are managed by members, who lack the managerial skills and expertise required to run a business successfully.
- **Lack of Confidentiality:** Cooperative meetings are held in presence of all the members, which affects the degree of privacy of the cooperative. The operations and agendas of the cooperatives are not kept confidential, and hence, there is a lack of confidentiality.
- **Lack of Coordination:** Cooperatives are an association of consumers with a common interest, but they might have different perspectives on different aspects of running the business. This can lead to conflict amongst the members, hindering the working of the consumer cooperative stores.
- **Lack of Awareness and Publicity:** Cooperatives, due to several reasons, operate on a small-scale (for example, near a society or a residential area) and are hence, known to the people living nearby. Besides, the lack of funds in the consumer cooperative stores does not allow the members to advertise their stores in the market.
- **Lack of Initiative:** The members of a Consumer Cooperative Store work on an honorary basis. Hence, they lack the required motivation to run the business effectively.

Key Features of Cooperative Retail Stores:

1. Member Ownership

- Owned and controlled by the members who use the store (consumers or employees).
- Each member typically buys a share to join and becomes a part-owner.

2. Democratic Governance

- Operate on the principle of **one member, one vote**, regardless of how many shares a member owns.
- Major decisions are made democratically, often during annual general meetings (AGMs).

3. Profit Distribution

- Profits are returned to members based on their patronage (i.e., how much they shop), not their shareholding.
- May also reinvest profits into improving services or supporting community initiatives.

4. Community-Oriented

- Aim to serve the community rather than maximize profit.
- Often support local producers, sustainability, and social causes.

5. Transparency and Accountability

- Financial and operational decisions are transparent to members.
- Members can attend meetings, access reports, and vote on important issues.

6. Education and Training

- Many co-ops invest in educating members and staff about cooperative principles, governance, and financial literacy.

7. Voluntary and Open Membership

- Open to all who can use its services and are willing to accept the responsibilities of membership, without discrimination.

8. Autonomy and Independence

- Operate independently of government or corporate control, even when entering partnerships or receiving support.

9. Collaboration Among Cooperatives

- Often network with other co-ops to strengthen the movement and improve services.

10. Focus on Ethical Practices

- Emphasize fair trade, environmental sustainability, and socially responsible business practices.