

REVIEW OF CONSUMER COOPERATIVES IN ASIAN SCENARIO

AWADHESH KUMAR GUPTA *

ABSTRACT

The article describes the evolution of consumer cooperatives over many years and the conditions prevailing in various countries while the consumer cooperative movement was up surging. The paper also states the development of consumer cooperatives in Asian countries and enlists the reasons of dispersion in its development. It shows how the developed countries with higher literacy rate and per capita income had much better progress in consumer cooperatives as compared to developing countries. It also highlights the factors responsible for the development of consumer cooperatives in different countries of Asia.

KEYWORDS: Consumer Cooperatives, economic development, super market.

INTRODUCTION

A consumers' cooperative store is a voluntary organization of consumers, organized to obtain their requirements of consumer goods and services on terms of the greatest advantage to them. This type of cooperative undertakes retailing, wholesaling and sometimes the production and processing of consumer goods. A consumer cooperative is differentiated from other retailers in the form of ownership; it is owned by the customers, the consumers, the common-man. Normally when common people find some difficulty in getting consumer goods, they organize consumer cooperatives to ensure steady supply of selected range of quality goods at a cooperative price.

The focus of these cooperatives is on service and not profit. It is a common-man's umbrella of consumer protection against unfair trade practices like adulteration, cheating, black-marketing and profiteering. Most of the consumer stores have been established on the

principles put forward by Rochdal Pioneers. These principles were- open membership, democratic control, cash trading at market prices, fixed return on capital and dividend on purchase.

The Cooperative movement was born through the Consumer Cooperatives, the world has undergone rapid changes since the Rochdale Pioneers organized their first Consumer Cooperative in Toad Lane in England in 1844. During the last two centuries the world has the message of the Rochdale Pioneers has spread through length and breadth of the whole world.

CONSUMER COOPERATIVES AND ASIAN COUNTRIES

Barring a counted few all the countries of Asia were conquered by the European Countries like Great Britain, France, Netherland, Portugal etc. and ruled by them for centuries together.

*Faculty of Commerce, P.P.N. (P.G.) College, Kanpur. **Correspondence E-mail Id:** editor@eurekajournals.com

This colonial rule among other things suppressed their economic development. Though the colonial rule exposed them, to the periphery of modern education, railway, postal services, health care, these countries could not benefit from the Industries Revolution that brought out sea changes in Europe. Though the concept of cooperation has been written and advocated in the ancient scriptures like the veda (sangh shakti, kaliyuge unity/cooperation is the strength in present day world). These countries learnt the gospel of cooperation from the European rulers. In India the movement was launched by State cooperative initiative in 1904.

After the end of the Second World War, there was the international cry for justice, liberty, equality which brought down the end of colonial rules in phased manner and varying degrees the democratic government encouraged cooperative movement as a vehicle of the democratic process. This brought in states support. In some countries while the support was restricted to privileges, in other countries it lead to state partnership and state patronage.

If we make an objective analysis of the consumer cooperatives of the Asian Countries, Japan today rank first among the world's best. It has built up a highly efficient, motivated consumer's cooperative movement responsive to the needs of the members and the community. It has the unique distinction of active involvement of the members and more so the housewives through Han groups, it can of the now withstand the competition of any Super Market, chain of the Private Sector. Its Nadakobe cooperative society is now the world's best and biggest. It is reported that Japan has about 670 consumers' cooperative societies with a membership of about 123 million people. Singapore, the small island country of 2.7 million multiracial people has developed, a strong consumer cooperative

movement. Singapore has only four consumer cooperatives out of 63 cooperative societies. All these four consumer cooperative societies are very strong, effective and popular in the island. The strength of the consumer cooperative in Singapore can be imagined from the fact that it now provides technical assistance to the consumer cooperatives of the neighboring countries under "SINCOTAP Programme". It now offers training facilities for Managers of consumers cooperatives from Asian countries.

The Republic of Korea is yet another Asian country which has made rapid stride in consumer activities. Technically speaking there is no consumer cooperative in South Korea, but the Agricultural cooperatives have developed an effective network of consumer activities under the National Agricultural Cooperative Federation.

They are reported to be so strong that they can not only withstand competition from the private sector but also strong political pressure. Amongst all the Asian countries only Japan, Singapore and Republic of Korea have developed a strong and vibrant consumer cooperative movement. Thailand, Malaysia and Sri Lanka have a sort of medium strong consumer cooperative movement. Thailand is reported to have 284 consumer cooperative societies. The membership of consumer cooperative societies range from 250 to 100,000 and the average membership is 1780. Notwithstanding competition from the private sector, most of the societies are doing quite well, without any state support. Farmakron consumers cooperative society is the best and biggest of Thailand which is worth visiting by the cooperative of the developing countries. In Malaysia the first cooperative was organized in 1936. During the fourteen and fifteen the growth was very slow but thereafter it picked up and towards the end of eighties there were about 225 consumer cooperatives out of which about 80% are reported to be in profit. Average

membership of a society is 3760. Among the strong consumer cooperative some are run by ethnic Chinese such as the Kuala Lumpur and Kota Kinabalu.

In Sri Lanka there are only four consumer cooperative societies but it does not mean a weak consumer cooperative movement. There are 286 multipurpose cooperative societies (MPCS) with a network of 8000 retail outlets spread over the length and breadth of the country. It covers about entire population of Sri Lanka. Annual Consumer business of each of these societies is in terms of hundreds of millions of rupees and about 40% of them are in millions of rupees of profit but the main stay of the business is distribution of imported consumer goods such as Wheat, Flour, Sugar, Lentin, Onion, Potato, Chilli and Spices. There is a lot of scope to strengthen these well built infrastructure of thousands of retail outlets.

In Indonesia some consumer cooperatives are organized by Government employees. Armed forces and employees of state enterprises. There are also student cooperatives and village unit cooperatives. The consumers cooperatives of Indonesia are not as strong as private Super Markets, however the consumer cooperatives especially KUDS have great scope to develop their consumer business.

In Philippines there are about 800 consumer cooperatives, most of which are very small and inactive. Only about 300 societies are functioning properly. Multi-national Super Market chains have been ruling the consumer market and the consumer cooperative are yet to develop to match to the standard. In Vietnam the supply and marketing cooperatives undertake consumer business. There are about 2000 such societies most of which are weak but a few of them are doing quite well.

In Pakistan practically there are no consumer cooperatives and the movement has to be

developed. In Bangladesh there are 724 consumer cooperative societies with an average membership of only 52 per society. Most of them are very weak and ineffective. A few consumer stores organized by Government Employees, public sector employees and Industrial workers are doing moderately well. But in a comparatively poor country like Bangladesh there is a need for a strong consumer cooperative movement.

India is a vast country with 850 million people living in 300 thousand 5,50,000 villages. It has more than 22,000 Primary Consumer Cooperative Stores and about 700 Central Wholesale Stores. Its consumer cooperatives have a mixed achievement. In some states like Maharashtra and Tamil Nadu Consumer Cooperatives have made rapid stride and have established a network of Super markets in almost all the Urban pockets of these two states. Some of these Super Markets are household names with their image impact and coverage. With the consultancy support of Consultancy and Promotional Cell of National Cooperative Consumers' Federation of India Ltd. a network of Super market Department Stores have been set up in different parts of the country and they are doing quite well.

Though the development of consumer cooperative is not even balanced all the top retailers viz. Super Bazar, Apna Bazar, Sahakari Bhandar etc. of the country are only from Consumer cooperatives, of late the private sector has imitated the practices of consumer cooperatives like self-services and in Metropolitan cities new private super markets are coming up. But barring a few, they have not been as successful as a cooperative Super Markets. The main reason of the big success of cooperative Super Market may be ascribed to the dedicated leadership emerging from the Freedom Struggle.

REASON OF DISPARITY

Table 1. The land, population, income and consumer cooperatives in various Asian countries

Country	Area (Sq. Miles)	Population (Million)	Literacy Rate (%)	Per Capita Income (US\$)	No. of Consumer Societies
Bangladesh	51000	116	29	170	724
India	1300000	850	36	340	22600
Indonesia	750000	185	85	450	-
Pakistan	314000	105	28	390	-
Phillippines	117000	65	85	460	800
Vietnam	13000	67	80	010	2000
Sri Lanka	25400	17	85	360	284
Thailand	200000	57	90	1600	284
Malaysia	128000	17	76	2200	225
S. Korea	38000	43	96	4400	-
Singapore	225	27	90	8800	4
Japan	147000	123	99	20000	665

Source: I.C.A. Publication

CONCLUSION

From the table it may be observed that Japan, Singapore, South Korea, Malaysia, Thailand where the per capital income and literacy rate are much higher than other Asian countries, consumer cooperatives have made much better progress in comparison with other Asian countries. Apart from literacy and better per capita income, stability of the government and the nature of the people have also contributed for the development of consumer cooperatives. Lack of professional management, poor membership and capital base are other factors of the lack of development in the other developing countries, but the developing countries where the common consumer is exposed to the vagaries of the private trader has greater necessity of strong consumer cooperative movement. The mixed experience of India whether giant consumer stores as well as small little primaries indicates that even in developing countries, strong consumer cooperative can be developed. Consultancy impact has helped the development of hundreds of consumers' cooperatives in

different parts of India and this open a new horizon.

REFERENCES

- [1]. Brown, W. H. "Rochdale Pioneers-Century of 1939".
- [2]. Cowling, E. "A Short Introduction to Consumers' Cooperation" (1999).
- [3]. Eliot, S. J. "Small shops and Consumer Cooperative Movement", *Journal of Consumer Studies & Homme Economics* 6 (1), pp.29-38, 1982.
- [4]. Hilton, M. "A Consumers' International? The International Cooperative Alliance and Cooperative Internationalism", *S6*, pp. 203-233, 2011.
- [5]. Holyak, J. J. "The History of Rochdale Pioneers" (1844-1892).
- [6]. Resolution on Cooperatives in Social Development, United Nations General Assembly. (2002, January 18).
- [7]. Statistics of affiliated organizations' statements (1991-2010), I.C.A.
- [8]. Watkins, W. P. "The International Cooperation Movement" (1976).