

Characteristics: 1.  
unlike other retailers,  
cooperative stores



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Characteristics: 1. It is a voluntary association of consumers duly registered under the Cooperative Societies Act. 2. Membership of a society running on cooperative lines is open to all. 3. Cooperative stores sell goods on cash and seldom allow credit facilities.

Thus, it eliminates bad debts. 4. Profit earned by the society is distributed among the members and also spent on general welfare measures. 5.

Merchandise is purchased in bulk, thus enjoying economies of large scale purchasing. 6. Prices of commodities sold by such societies are fixed. 7. Democratic control is exercised. 8.

Liability of members is limited to the extent of their contribution. 9. Each member has got one vote regardless of the number of shares held by him.

10. The share capital is usually a small amount. 11. Its accounts are regularly audited by an auditor appointed by the Registrar of Cooperative Societies.

Advantages: There are certain advantages of cooperative stores. They are:

1. Unlike other retailers, cooperative stores supply quality goods. Consumers are thus saved from adulteration and other malpractices.

2. As consumers are the owners and managers of such stores, genuine requirements of the majority of consumers can be met. In other words, goods required by a majority of the customers are always dealt by such stores. 3.

Cooperative societies are an important form of democratic business enterprise because of its diffused ownership. As a result, no single group can secure control over the organisation. 4. Such stores are able to sell goods at

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a comparatively cheaper price than other retailers. This is possible due to two reasons. Firstly, these stores purchase commodities from the manufacturers or the wholesalers directly.

Thus, they avail trade discounts and at the same time they are able to eliminate middlemen and their profits. Secondly, these stores are never established for profit-making, rather the primary objective is to render service to society, that is, to make goods available to the consumers. As a result, members get commodities at a reasonable price from such stores. 5. It makes members feel a sense of belongingness to the society.

6. It develops managerial ability amongst members. Disadvantages: 1. It caters to the needs of small and medium-income groups. 2. There is too much dependence on the honesty, integrity and loyalty of members and workers.

3. There is lack of proper sales promotion drives by the sales force of these stores. 4. Management of such stores usually rests in the hands of amateurs.

Professional managers cannot be hired due to lack of funds. Cooperative stores have not been much successful in India. This is due to the negligence of their basic principles. Some of the inherent difficulties they face are credit sales, high operating cost, dishonesty of managing members, etc.

Some other reasons for its failure are lack of business experience, lack of interest, enmity among members, lack of efficient management, granting of more credit leading to mounting bad debts, etc. However, by paying proper

attention to the above shortcomings, these stores can be successfully operated.