Committee on Consumers' Co-operatives

Interim Report

July 1969

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CHAPTER I

INTRODUCTION

In their Resolution No. 1979-Co-op., dated the 3rd of June 1969, the Government of West Bengal in the Department of Co-operation constituted a Committee to enquire into the structural, organisational and financial aspects of the Consumers' Co-operatives in the State. The composition of the Committee was as follows:—

Professor N. N. Chatterjee of the Indian Institute of Management, Calcutta—*Chairman.*

Professor Debidas Ray of the Department of Economics, Viswabharati—*Member.*

Shri Kiron Lal Datta, Chairman, Jadavpur Consumers' Co-operative Stores Ltd.—*Member.*

Shri N. N. Thakur, Joint Registrar of Co-operative Societies (Consumers)—*Member-Secretary.*

A copy of the Government resolution indicating the terms of reference and other particulars are given in Annexure A. This report deals with the first two terms of the reference which are as follows:—

(a) to study the working of the Calcutta Wholesale Consumers' Co-operative Society and to find out whether the present unsatisfactory financial condition of the society has been due to avoidable mismanagement by the Managing Committee and/or to other reasons;

(b) to study the functioning of the Samavayika Stores under the Calcutta Wholesale Consumers' Co-operative Society, their operational difficulties and their various contractual agreements with different parties, and to make recommendations for necessary remedial action.

1.2. In its first meeting held on June 12, 1969, the Committee discussed the procedure to be followed in connection with the work. In view of the shortage of time and the difficulty in obtaining comprehensive replies from the parties concerned it was decided not to issue any questionnaire for obtaining information on the terms of reference. Press advertisements inviting memoranda and evidence from all interested parties were issued. A list of persons interviewed by the Committee is given in Annexure B. The members of the Committee also called on Dr. S. N. Sen, Vice-Chancellor, Calcutta University, who had been a member of an earlier Committee on Consumers' Co-operatives set up by the Government of West Bengal in July 1965 and Shri Bhupati Majumdar, an ex-Chairman of the Calcutta Wholesale Consumers' Co-operative Society Ltd., and had fruitful discussions with them. The problems of operation of the Rationing Scheme were also discussed with the Director of Rationing. The members visited the Head Office, the

Departmental Stores, the retail shop and the Z Shop of the Calcutta Wholesale Consumers' Co-operative Society Ltd., and held a detailed discussion with the Managing Committee of the Society. They also visited 13 Primary Societies affiliated to the Calcutta Wholesale Consumers' Co-operative Society Ltd., to study their working in detail and to ascertain their operational difficulties. The Committee also received a large number of memoranda from individuals and organisations including the Calcutta Wholesale Consumers' Co-operative Society Ltd., the Calcutta District Co-operative Union and Shri T. H. Sengupta, an ex-Executive Officer of the Calcutta Wholesale Consumers' Co-operative Society Ltd.

1.3 It may be added that in July, 1965, the Government of West Bengal appointed a Committee to survey the position of Consumers' Co-operative Societies in West Bengal and to suggest methods for improving their working under the Chairmanship of Shri Byomkesh Majumder, Chairman of the West Bengal State Co-operative Bank Ltd., Shri N. C. Sengupta, Deputy Registrar, Co-operative Directorate, also carried out a detailed inspection of the Calcutta Wholesale Consumers' Co-operative Society Ltd., for the period ending June 30, 1968, and submitted a report. Copies of this and the other report were made available to this Committee and they provided useful background materials.

1.4. The Committee was required to submit an Interim Report on (*a*) and (*b*) of the terms of reference by July 15, 1969. The time was subsequently extended to July 31, 1969, at the request of the Committee.

1.5. This is an interim report and should not be regarded as self-contained although the report deals with working of a particular Society. The other terms of reference also have some bearing on the first two terms of reference and the findings and recommendations in this report should be treated as tentative to this extent.

1.6. The Committee places on record its sincere appreciation for the facilities readily offered by the West Bengal State Co-operative Bank Ltd., and the Calcutta Wholesale Consumers' Co-operative Society Ltd. The Committee also takes this opportunity of thanking the individuals and institutions who have co-operated with it by submitting written memoranda at short notice and appearing before it for discussion. The Committee also appreciated the sincerity of the employees of the Directorate who worked day and night to collect necessary data and to assist the Committee in various other ways.

CHAPTER II

CONSTITUTION

2.1. The Calcutta Wholesale Consumers' Co-operative Society Ltd. was one of the 27 Societies proposed to be set up in West Bengal under the Centrally-sponsord scheme of 1962. It was not the outcome of a spontaneous urge of the people and had its origin in Government efforts calculated to hold the price line in the context of the Chinese aggression in 1962. This fact has to be borne in mind for a proper appreciation of the circumstances leading to the constitution and functioning of the Society. The concomittant phenomena like official sponsorship, target-mindedness, Government directives, etc., all arose out of this situation.

2.2. It was registered on March 27, 1963. According to the pattern prescribed by the Government of India, a Wholesale Consumers' Co-operative Society shall have at least 20 Primaries affiliated to it. The financial assistance prescribed was Rs.1 lakh at Share Capital, Rs.2 lakhs as Clean Credit, Rs.60,000.00 as loan-cum-grant for godown, Rs.40,000.00 as loan-cum-grant for purchasing transport and Rs.10,000.00 as Managerial subsidy spread over a period of 3 years. Representatives of 21 Primary Societies signed the application for registration. The area of operation of the Society extends to the jurisdiction of the Calcutta Corporation. Representatives of two promoter Societies stated before the Committee that there was no meeting of the promoters nor had they been given an opportunity either to examine the Bye-laws or to appoint the first Managing Committee with its Chairman and Vice-Chairman.

2.3. It was stipulated in the bye-laws that "pending organisation of Wholesale Consumers' Co-operatives outside Calcutta, Barrackpore and Aliupr Sadar subdivisions of 24-Parganas district will also be deemed to be within the area of operation of the society". Six Wholesale Consumers' Co-operatives have since been organised in the Barrackpore and Sadar subdivisions of 24-Parganas district. As many as 24 Primary Societies affiliated to the Calcutta Wholesale Society became members of these newly organised Wholesale Societies also. While none of these Societies cleared their accounts with the Calcutta Wholesale before joining another Wholesale Society, most of them continued to obtain supplies from both. Annexure C indicates the trend of business of some of these Societies with the Calcutta Wholesale even after their affiliation with another Wholesale Society.

2.4. The By-laws of the Society provide for the following classes of members:—

(*i*) Primary Consumers' Stores;

(*ii*) State Government;

(*iii*) Other Co-operative Societies; and

(*iv*) Individuals.

The following statement will indicate the gradual increase in the membership of the Society since inception:—

Membership of the Calcutta Wholesale Consumers' Co-operative Society Ltd.

Year.	Primaries.	State Government.	Individuals.	Total.
1962-63	23	1	Nil	24
1963-64	47	1	294	272
1964-65	149	1	548	698
1965-66	178	1	561	740
1966-67	184	1	563	748
1967-68	187	1	1,248	1,436
1968-69	188	1	1,468	1,657

This includes 12 Societies situated in the district of 24-Parganas.

2.5. The share capital of the Society consists of—

(i) "A" class shares of Rs.100 each to be allotted to Primary Consumers' Stores;

(ii) "B" class shares of Rs.100 each to be allotted to the State Government;

(iii) "C" class shares of Rs.100 each to be allotted to other co-operatives; and

(iv) "D" class shares of Rs.10 each to be allotted to individuals.

"D" class members have no right to vote nor to participate in the management of the Society.

2.6. The following statement indicates the growth of paid up share capital of the Society since its registration:—

Growth of share capital of the Calcutta Wholesale Consumers' Co-operative Society Ltd.

Year.	A class. Rs.	B class. Rs.	C class. Rs.	D class. Rs.	Total. Rs.
1962-63	26,000	1,00,000	4,500	Nil	1,30,500
1963-64	84,500	1,00,000	Nil	3,620	1,88,120
1964-65	4,23,150	6,00,000	Nil	7,050	10,30,200
1965-66	5,50,210	6,00,000	Nil	7,170	11,57,380
1966-67	5,65,710	11,00,000	Nil	7,190	16,72,900
1967-68	5,78,210	19,00,000	Nil	53,040	25,31,250
1968-69	5,91,930	26,00,000	Nil	65,970	32,57,900

2.7. The Managing Committee of the Society consists of nine Directors to be elected by "A" class share-holders, three representatives of the State Government, not more than three representatives to be appointed by the Registrar, "if he pleases to do so" to represent the interest of the "D" class members and such other representatives of "C" class share-holders, not exceeding three, to be elected in the Annual General Meeting, as may be fixed by the Managing Committee with the approval of the Registrar. In addition, the Registrar can appoint Additional Directors not exceeding 50 per cent. of the elected Directors under rule 32(*1*) of the Bengal Co-operative Societies Rules, 1942.

2.8. This power of the Registrar to appoint Directors to represent the interest of the D class share-holders on the Managing Committee is inconsistent with the provisions of by-law 4(*ii*) which lays down that D class members have no right to participate in the management. Apart from this, we have observed that this power of appointing Additional Directors and Directors to represent interest of the D class share-holders were exercised by the Registrar during 1967 and 1968 thereby converting the elected members into a minority.

2.9. Again, rule 28(*1*) of the Bengal Co-operative Societies Rules, 1942, prescribes that the Managing Committee of a co-operative society shall be constituted by (*a*) election from amongst members at the Annual General Meeting, (*b*) appointment by such bodies as may be specified in this behalf in the by-laws of the society, (*c*) nomination by the State Government when it decides to make such nomination in terms of section 23(*a*) and (*d*) appointment by the Registrar when he decides to appoint in the manner provided in rule 32. It will appear from this that the Registrar cannot appoint Directors in the manner other than that prescribed in rule 32(*1*). If the Registrar feels that the interest of the D class share-holders shall have to be represented in the Managing Committee of the Society, he can include such persons while appointing Additional Directors under rule 32(*1*). The main point for consideration is whether in a democratic body, the elected representatives should be less than 50 per cent. of the total number of Directors of the Society. This point was strongly argued by quite a few representatives interviewed by the Committee. We have carefully examined this matter and are of the opinion that under no circumstances should the number of Directors appointed by the Registrar and the State Government exceed the number of Directors elected by the members. The bye-laws of the Society should be suitably amended accordingly.

2.10. There are two other provisions in the bye-laws which call for abrogation—(1) Bye-law 16(*ii*) provides that the Chairman of the Managing Committee will preside over all General Meetings. This is in direct contradiction to rule 21(*1*) of the Bengal Co-operative Societies Rules which provides that the Chairman of the General Meeting shall preside over the General Meeting until the General Meeting elects its own Chairman. This question was raised at the Special General Meeting held on September 6, 1966, where the Convener of the meeting conceded that rule 21(*1*) should prevail and the General Meeting elected its own Chairman. In order to validate Bye-law 16(*ii*), a new rule (33E) was inserted in October, 1966. This was a retrograde step. (2) Bye-law 16(*i*) debars the General Body from interfering in the action of the Managing Committee. This contradicts rule 20(*1*) which requires the General Body to examine the working of the Society and in particular the work of the Managing Committee.

Promotion of Primary Societies

A few words about the Primary Societies

2.11. A large majority of the Primary Societies affiliated to the Calcutta Wholesale Society came into being in or after 1963. Immediately after the registration of the Wholesale Society, there was a drive to register Primary Societies and each Inspector was allotted a specfied number to be organised by him. As in the case of the Wholesale Consumers' Co-operative Society, Inspectors went round with applications for registration and a set of Model Bye-laws and new Societies were organised in a hurry without properly verifying the antecedents of the promoters, the suitability of the location and the accommodation and other relevant local factors so as to determine the economic viability of the proposed Society. Here again, there was no spontaneous urge of the people. The required target of 120 Societies was fulfilled by the end of 1964 when there was an acute scarcity of mustard oil and certain other controlled goods giving rise to a demand for new Societies, which were sanctioned rather indiscriminately. The result was the growth of Mushroom Societies, some of which died a natural death shortly after their birth, some are dragging on a wretched existence while others fell into the hands of unscrupulous or incompetent persons who have either swindled public funds or mismanaged the affairs of the Society to such an extent that both the Societies themselves and the Calcutta Wholesale Consumers' Co-operative Society are now in trouble. It looks as it were the Primary Societies were organised not in the interest of the people but to find a market for the Calcutta Wholesale Society while it should have been just the other way round. The foundation was neglected and the Inspectors deputed by the Government for supervising the work of the Primaries were employed mostly in office work with the result that the superstructure is now on the point of collapse which can be retrieved only by a reorientation of policy and positive steps to revitalise them.

2.12. Out of nine Inspectors deputed to the Wholesale Society, 7 were intended to be employed on supervising the work of the Primary Societies and to co-ordinate their activities, but they were employed mostly in office work. The administrative arrangement itself is not quite satisfactory. They are under the administrative control of the Assistant Registrar (Calcutta) while they have to work under the Wholesale Society and have to undertake any work allotted to them by the Executive Officer or the Assistant Registrar or even the Joint Registrar. The Joint Registrar seems to have laid down the duties of the Inspectors in January 1965, but they complained that they did not receive it and the Inspectors contend that they have to perform such duties as may be required by the Assistant Registrar. It appears to us that this is inevitable as long as they are attached to the Wholesale Society where there is no Office Superintendent or other subordinate Supervisory staff except the Assistant Registrars. We consider that the Inspectors should be placed under the direct control of the Joint Registrar who should undertake the responsibility of carrying out intensive supervision over the Primary Societies in the Calcutta area and allot a specified number of Societies to each of them, who must inspect each Society at least twice in the month and submit formal reports to the Joint Registrar and the Calcutta Wholesale Consumers' Co-operative Society.

CHAPTER III

ADMINISTRATION

3.1. The first Managing Committee was appointed by the Assistant Registrar of Co-operative Societies, Calcutta, on April 20, 1963, under rule 29(*1*) of the Bengal Co-operative Societies Rules, 1942, with Shri Bhupati Majumdar as Chairman, and Shri Badriprosad Poddar as Vice-Chairman. It included six representatives of Consumers' Co-operatives against nine provided for in the bye-laws. The Society was registered on March 27, 1963, but the first Managing Committee was appointed on April 20, 1963. It was not possible for the Society to start business immediately after its registration because it had no Managing Committee for 24 days.

3.2. The first Managing Committee worked up to June 13, 1964, when it was reconstituted at the first Annual General Meeting. Shri Byomkesh Majumdar and Shri Punnyabrata Bose were appointed by the Government as State nominees in the reconstituted Managing Committee. Shri Bhupati Majumdar was elected as Chairman of the Managing Committee on June 13, 1964, and Shri Punnyabrata Bose as Vice-Chairman on June 15, 1964. Some time about December 12, 1964, a dispute was filed challenging the validity of the Annual General Meeting held on June 6, 1964, and the election of the Directors made therein. The arbitrator declared the Annual General Meeting to be void and ordered that the Managing Committee constituted at the said General Meeting should be dissolved and that it should make over charge to the Managing Committee that preceded. This decision of the arbitrator was upheld by the appellate authority. Some aggrieved members of the reconstituted Committee moved the City Civil Court and obtained an order of injunction on May 1, 1965, rstraining the previous Managing Committee from functioning in terms of the award of the arbitrator. The Executive Officer was, however, permitted to perform the day-to-day administrative functions of the Society but not authorised to call any meeting of the previous Managing Committee till the hearing of the application for injunction. The injunction order was vacated in August 1966, and a Special General Meeting was held on September 28, 1966, at the instance of the Registrar to elect Directors. Nine Directors were elected at this meeting from A class share-holders. The State nominees were Shri Bhupati Majumdar, Shri Punnyabrata Bose and Shri S. Sen, Joint Registrar of Co-operative Societies. Shri Punnyabrata Bose was also elected as a Director representing A class share-holders in the General Meeting held on September 28, 1966. Shri Bhupati Majumdar and Shri Punnyabrata Bose were elected Chairman and Vice-Chairman respectively on September 28, 1966.

3.3. Again, on the application of an aggrieved member of the Society, the Hon'ble High Court issued an injunction order restraining the elected body from functioning. The result was that there was a fresh deadlock in the management of the Society. The Executive Officer was, however, authorised to carry on the day-to-day business of the Society. After about nine months, a compromise formula was evolved in terms of which it was decided that four of the Directors elected on September 28, 1966, would resign and that the resultant vacancies would be filled up by co-option of representatives of four affiliated Societies. The injunction order of the Hon'ble High Court was vacated and in the Managing Committee meeting held on July 5, 1967, four elected Directors resigned. The Managing Committee accepted their resignations and co-opted four representatives of Primary Societies to fill up the vacancies. On July 5, 1967, the Managing Committee elected Shri Bhupati Majumdar as Chairman, and Shri Punnyabrata Bose as Vice-Chairman. It should be mentioned that Shri Bose resigned as an elected Director under the compromise, but continued to hold his appointment as a State nominee.

3.4. This Committee functioned up to July 27, 1968, when it was reconstituted at a Special General Meeting. This time also the State Government appointed Shri Bhupati Majumdar and Shri Punnyabrata Bose as its nominees in the Managing Committee of the Society. (*i*) The Director of Rationing, (*ii*) The Secretary, State Co-operative Bank Ltd., (*iii*) Shri Bidyut Bose, and (*iv*) Shrimati Kalyani Karlakar were appointed as Additional Directors by the Registrar of Co-operative Societies. The Directors representing the interest of D class share-holders were (*i*) Shri B. C. Basak, (*ii*) Shri R. C. Deb, and (*iii*) Shri S. C. Majumdar. On August 19, 1968, the State Government appointed Shri D. K. Bose as a State nominee by cancelling the appointment of Shri Bhupati Majumdar. Shri Punnyabrata Bose was appointed as Chairman and Shri Bidyut Bose as Vice-Chairman on August 26, 1968. A list of Directors and Additional Directors of the Society elected and appointed since its inception is given in Annexure D.

3.5. The above resumé of facts will show that there was no Committee from March 21, 1965, to July 4, 1967, when the Society was administered by the Chairman and the Executive Officer under the supervision of the Joint Registrar of Co-operative Societies. The first Committee was nominated by the Registrar and the third and the fourth Committees had a majority of nominated members while the offices of the Chairman and the Vice-Chairman had been held by nominated members until April 12, 1969. All orders passed by the Chairman (during the absence of a Committee) under rule 45 were ratified by the Managing Committee on August 10, 1967.

3.6. In the Special General Meeting held on July 27, 1968, Shri D. K. Bose was one of the contestants for being elected as Chairman of the meeting and was defeated by a margin of 33 votes. Although the General Meeting voted against Shri Bose's election as its Chairman, the State Government appointed him as a member of the Managing Committee within three weeks.

3.7. The Managing Committee of the Society in its first meeting held on April 26, 1963, appointed five Sub-Committees. These Sub-Committees were reconstituted on July 10, 1964. Eight Sub-Committees were constituted on August 18, 1967, which were again reconstituted on July 7, 1968. The number of Sub-Committees was reduced to five this time but the number of members in each Sub-Committee was fixed at 12. In addition, the Chairman and the Vice-Chairman were made ex-officio members of the Sub-Committees and the convener was the Executive Officer. This was slightly modified by the Managing Committee on May 27, 1969.

3.8. The State Government have lent the services of a senior officer of the Co-operative Directorate from its inception to work as its Executive Officer. The salary and allowances of this officer were paid by the Government for the first 18 months, the Society being required to reimburse the expneses of the officer to the Government beyond this period. In addition, four Assistant Registrars and nine Inspectors of Co-operative Societies have been attached to this Society. The salary and allowances of the Assistant Registrars are also to be reimbursed by the Society but no payment was made by the Society except in respect of the Executive Officer for the period ending March 31, 1967. The cost of this hidden subsidy will be of the order of Rs.1,20,000 per annum. The following officers have held the post of the Executive Officer from time to time—

(1) Shri S. Sen—From 29-4-63 to 14-10-63 and from 15-11-63 to 24-12-63.

(2) Shri J. Sengupta—From 15-10-63 to 14-11-63.

(3) Shri T. H. Sengupta—From 14-2-64 to 20-4-64, from 5-4-64 to 22-4-68 and from 7-7-68 to 30-11-68.

(4) Shri K. K. Choudhury—From 21-4-64 to 4-5-64.

(5) Shri S. Bose—From 23-4-68 to 6-7-68 and from 1-12-68 to 31-1-69.

(6) Shri P. K. Bagchi—From 1-2-69 to 8-7-69.

(7) Shri R. R. Goswami—From 9-7-69.

3.9. The powers and duties of the Executive Officer have been laid down in the Act, Rules and the By-laws of the Society. The duties of the Assistant Registrars are defined by the Executive Officer from time to time. The functions of the Inspectors have been defined by the Co-operative Directorate. The primary duty of the Inspectors is to supervise the working of the Primaries affiliated to the Wholesale Society. But the services of these Inspectors were not utilised mainly for the purpose of this supervision and inspection. As a matter of fact, they were mostly utilised for looking after the day-to-day business of the Society at its head office with the result that the more important work of supervision of affiliated Societies was sadly neglected.

CHAPTER IV

ACTIVITIES OF THE SOCIETY

4.1. The Society started functioning from April 26, 1963, the only activity at that time being wholesale trade in general consumer goods. Its activities gradually expanded to other fields as follows:—

Retail shop at Chittaranjan Avenue—October 1963.

Sugar—1963.

Ration scheme—March 1965.

Bakery—June 1965.

Z shop at S. N. Banerjee Road—October 1965.

Vegetable scheme—August 1966.

Departmental Stores, Central—October 1966.

Departmental Stores, North—October 1967.

4.2. It appears that the expansion of activities was rapid and unplanned. The society started functioning in April 1963, with officers who had neither the training nor the practical experience of the trade of buying and selling. In the face of it, the expansion of the activities of the Society is considered to be much too rapid and beyond its organisational capacity.

The work-load is much too heavy for one Society to deal with and it is one of the reasons for the failure of the Society to discharge effectively its primary function of supplying consumer goods to the affiliates in time and in adequate quantities. It has been suggested to us that there should be three/four Wholesale Societies for the Calcutta area. In view, however, of our recommendation to convert the Retail Stores and the Samavayikas into Primary Societies and to withdraw gradually from the Ration Scheme, we consider that the Calcutta Wholesale Consumers' Co-operative Society may for the present be split up into two societies as early as possible.

(A) General Consumer Goods

4.3. Right from the beginning, the Society had been carrying on wholesale trade with the affiliated Primaries in food grains, mustard oil, cosmetics, spices and various other consumer goods. It was decided by the Managing Committee in its second meeting held on May 31, 1969, that as far as practicable sale of goods by the Society should be made on cash except that credit sale up to the paid-up share capital held by the Primaries in the Calcutta Wholesale Society might be allowed, for a period of one month, failing which interest at a prescribed rate would be charged. This meeting further decided that the society should charge the same price for cash as well as credit sale. This credit limit was however, increased by the Managing Committee on 11th March 1964, up to 1½ times of the paid-up share capital held by the Primaries in the Wholesale Society. This system is still in force. But in practice the Society does not charge any interest on the outstandings even if the Primaries do not settle their accounts within a month. This is one out of many other instances of slackness on the part of the management.

4.4. The limit prescribed for credit sale to the Primaries was exceeded right from 1963-64. On 30th June 1964 out of 41 Primaries purchasing general goods from the Society on credit, as many as 15 had exceeded the limit. Such overdrawal of credit limit in respect of general goods continued to show an increasing tendency without break.

4.5. On 30th June 1965, as many as 83 Societies out of 148 exceeded this limit. The position in respect of the next few years will be evident from the following:—

		No. of societies exceeding credit limit.
30th June 1966	...	101
30th June 1967	...	92
30th June 1968	...	87

4.6. We examined the mechanism adopted by the Society to ensure that the Primaries did not exceed the credit limit while making purchases from it. It was observed that practically there was no machinery to check whether the purchases were restricted within the prescribed limit. We actually examined in detail the accounts of 5 typical defaulting Primaries with the Calcutta Wholesale Society in respect of their purchases of general goods from the parent organisation. The details are given below—

4.6.1. Society A became member of the Calcutta Wholesale Society on November 12, 1964, and purchased shares amounting to Rs.1,500.00 on that date. But, the Calcutta Wholesale Society started supplying general goods on credit to this Society from September 30, 1964, i.e., about six weeks before its enrolment and the outstanding credit sale to this society on November 11, 1964, was Rs.5,806.27. This society purchased further share capital amounting to Rs.3,500.00 in the Calcutta Wholesale Society in January 1965. The outstanding on account of credit sale had increased to Rs.8,073.79 on December 31, 1964, against Rs.2,250 admissible on the basis of its share holding amounting to Rs.1,500.00. The outstanding balance was Rs.15,666.64 on June 30, 1965, which was further increased to Rs.17,090.06 on June 30, 1966. The Society stopped business with the Calcutta Wholesale Society from November 17, 1966, and the outstanding balance on May 31, 1969, on this account was Rs.25,274.34. On July 23, 1966, the Society tendered a false cheque for Rs.5,000 followed by another false cheque of Rs.2,500 on September 27, 1966. During inspection, we found very little stock in their stores and the stores section does not seem to be operating at the present moment.

4.6.2. Society B was affiliated to the Society on May 25, 1963, and started obtaining general goods on credit from June 25, 1963. The Society had a paid-up share capital of Rs.5,000 in the Calcutta Wholesale Society from April 3, 1964, but its credit purchases stood at Rs.12,232.60 on December 31, 1964. This was further increased to Rs.15,605.99 on June 30, 1965. The outstanding balance as on June 30, 1969, stood at Rs.12,326.23 on account of general goods. This Society made payment in false cheques on April 30, 1964, and March 30, 1968, amounting to Rs.1,500.00 and Rs.2,000.00 respectively. It was also drawing ration goods through the Calcutta Wholesale Society. The outstanding on account of ration credit of this Society was Rs.19,223.20 on June 30, 1966, which increased on June 30, 1967, to Rs.34,699.73. The balance was Rs.41,058.83 on December 31, 1967. The balance on June 30, 1969, on this account was Rs.35,167.28. Between January 14, 1967, and March 7, 1969, this Society made payment to the Calcutta Wholesale Society six times by false cheques. A representative of the Society was elected to the Managing Committee in the Annual General Meeting held on June 13, 1964. This gentleman was again co-opted as a Director on July 5, 1967, and was again elected in the General Meeting held in July, 1968. The net position is that the Society had on June 30, 1969, a total outstanding of Rs.47,493.51 against a total admissible limit of Rs.22,550.00. When the members of the Committee visited the Society, a spokesman of the Society stated that the credit limit was frequently exceeded by the Society by depositing false cheques. It was stated that immediately after payment by a false cheque, the Society tried to regain confidence of the Calcutta Wholesale Society by making payments in cash. After making such payments for some time, another false cheque was issued by the Society. Now, in terms of the system obtaining during this period, the Calcutta Wholesale Society used to deliver the indented goods to the Society without waiting for clearance of the cheque through its Bank. Therefore, whenever a cheque was dishonoured, the primaries used to get goods to the extent of the value of the cheque practically without any payment.

4.6.3. Similarly, Society C had a paid-up capital of Rs.5,000 in the Calcutta Wholesale Society and exceeded its credit limit in general goods on 30th June 1964. The outstanding balance on January 29, 1965, was Rs.29,312.74. The balance on June 30, 1965, came down to Rs.20,754.00. The Society has not transacted any business with the Calcutta Wholesale Society since then.

4.6.4. Society D became member of the Calcutta Wholesale Society on May 25, 1963, and started obtaining goods on credit from June 12, 1963. The outstanding debt balance of the Society was Rs.14,140.44 on December 31, 1964. The balance outstanding on June 30, 1968, was Rs.15,590.84. The Society paid only Rs.500.00 on December 21, 1964. The Society had drawn goods worth of Rs.12,152.40 from the Calcutta Wholesale Society between December 22, 1964, and June 30, 1965, although they made no payment during the intervening period.

4.6.5 Society E was not affiliated to the Calcutta Wholesale Society, but the Calcutta Wholesale Society supplied general goods to this Society on credit on several occasions and the balance on 30th June 1969, receivable from this Society on account of general goods stood at Rs.2,115.97.

4.7. It will appear from the above findings that the administration was never serious about enforcing the decisions of the Managing Committee in regard to credit limit admissible to the Societies. In the case of one Society, against a share holding of Rs.1,000.00, the Society's outstanding amounted to Rs.7,793.33 on May 31, 1969; while in two other cases against the admissible limit of 1.5 times, the Society allowed credit purchase for over 6.6 times the share holding of the Societies. When we requested a spokesman of a Primary Society to explain the trade secret of such overdrawal, he said "If the creditor offers me excess credit, why should I reject it?"

4.8. We wanted to examine the papers approving of such overdrawals but were told that "there was no office order to preserve those documents".

4.9. The net result of this slackness in the administration of the Calcutta Wholesale Society is that on May 31, 1969, the total outstanding receivable from the Primary Societies on account of general goods stood at Rs.8,86,024.65. Out of this as many as 98 Societies stopped business with the Calcutta Wholesale Society with an outstanding balance of Rs.4,11,892.25.

The liabilities of the Primary Societies on general goods account increased from year to year were as follows:—

			Rs.
1963-64	...	...	1,04,843
1964-65	...	...	7,04,034
1965-66	...	...	9,24,729
1966-67	...	...	9,11,286
1967-68	...	...	9,89,774

Purchase Policy

4.10. The Managing Committee in its first meeting appointed a Purchase Sub-Committee. This was reconstituted on several occasions. This Committee did not work regularly and in some cases meetings of the Sub-Committee could not be held for want of quorum. When the Managing Committee of the Society could not function, purchases were made by the Executive Officer with the help of other officers working in the Calcutta Wholesale Society. Normally for agricultural produces like pulses and spices, the Calcutta Wholesale Society depends on the State Federation provided its quotations are competitive in the market. The Society procures other goods direct from the manufacturers or distributors. In its wholesale business the Calcutta Wholesale Society maintains a margin varying between 1 per cent. and 2 per cent. At the retail level, the margin of profit is between 3 per cent. and 15 per cent. depending on the nature of the item. For Vanaspati and oil products, the margin is even less than 1 per cent. at times.

4.11. It was represented to us that the Calcutta Wholesale Society could not supply goods according to the requirement of the Primaries with the result that these Societies had to purchase a great percentage of their requirements from other sources. It was stated that the Wholesale Society could not even supply non-scarce goods indented by the Primaries on many occasions. A common complaint against the Wholesale Society is that indented goods are not quickly sent to the Primaries. The Society charges 0.4 per cent. *ad valorem* on the goods purchased by the Primaries as delivery charges.

4.12. It was also stated that the price charged by the Calcutta Wholesale Society was in many cases higher than the prevailing price in the wholesale market of Calcutta. This is mainly due to the fact that the Calcutta Wholesale Society has to obtain its supplies mostly from the distributors and not from the manufacturers with the result that the private retailers and the Calcutta Wholesale Society have to obtain their supplies on equal terms from the distributors. Moreover, since the Calcutta Wholesale Society keeps a small margin on its sale, the purchase price of the Primaries from the Calcutta Wholesale Society becomes in many cases higher than the prevailing open market wholesale price. This can be solved by giving the Calcutta Wholesale Society the status of distributor enabling it to obtain its requirements direct from the manufacturers.

4.13. The ineffective functioning of the purchase Sub-Committee has been mentioned by the Auditors of the Society on various occasions. To quote the Auditors of 1963-64, "it has been noticed that the said Sub-Committee practically did not function or serve any useful purpose for the smooth and efficient running of the Society. It appears that the Purchase and Price Fixation and Accounts Sub-Committees have not fulfilled even the important function, viz., advising the Society in matters relating to purchase of goods or to lay down the policies and fixation of price and commodities and drawing out suitable devices for maintenance of accounts and supervision thereon and preparation of budget, etc." It was mentioned by the Auditors of the Society for the year 1967-68 in their running audit note for September and October, 1967, that during the period of 4 months from September, 1967, to Decebmer, 1967, the Purchase and Pricing Sub-Committee met only twice and that the Distribution Sub-Committee only once. The Auditors observed, "in order to ensure purchase at competitive price, a market research section should be developed on scientific lines and the relevant Sub-Committee should exercise more control on day-to-day purchases. There should be proper

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co-ordination between purchase and demand of the primaries for goods so that this Society may be able to supply in full the goods indented for by the member Societies, particularly, those items which are not in short supply at that time. If the Primaries are to depend on private wholesalers even for a part of their requirements and if the price charged by the Calcutta Wholesale Society is sometimes higher than the ruling market price, then the object of consumer resistance cannot be fulfilled."

We endorse the abovenoted observations of the Auditors of the Society.

(B) Operation of Rationing Scheme

4.14. In January 1965, when the Government of West Bengal decided to introduce statutory rationing in the city the Primary Societies affiliated to the Calcutta Wholesale Society desired to step into this business also. The salient features of the scheme as decided upon in consultation with the concerned departments of Government and the State Co-operative Bank and approved by the Government are summarised below—

(1) Ration shops will be sanctioned in favour of Societies who have the necessary accommodation and financial resources of the order of Rs.15,000, provided each case is recommended by the Registrar of Co-operative Societies.

(2) The weekly indents duly approved by the Rationing Officer would be presented to the Calcutta Wholesale Consumers' Co-operative Society which will advance funds to the Food Department, debit the accounts of the Society and pass on the indent to its Transport Agent for collection and delivery of goods to the Societies.

(3) The Society will deposit 97½ per cent. of the daily sale-proceeds to the Agent of the Co-operative Bank which undertook to collect them on payment of a commission of 20 P. per Rs.100.

(4) The balance of advance to the Societies shall not at any time exceed Rs.15,000.

(5) The Calcutta Wholesale Consumers' Co-operative Society will charge interest on the advance (on the daily balances).

(6) The Calcutta Wholesale Consumers' Co-operative Society will levy service charges at rates determined from time to time. The present rate is 90 P. per quintal.

(7) The Primary Society concerned will open an account with the West Bengal State Co-operative Bank and maintain a minimum balance of Rs.500 and authorise the Calcutta Wholesale Consumers' Society to operate on this account with a view to collecting interest and service charges.

(8) The West Bengal Co-operative Bank agreed to finance the Ration scheme by means of cash credit to the limit of Rs.10 lakhs subject to guarantee by the Government.

(9) The Rationing Department would not recognise the Calcutta Wholesale Consumers' Society as a wholesaler but merely as an agent of the Primaries to lift and distribute the ration goods.

(10) The Managing Committee decided that the credit limit for each Society should be fixed on the basis of Rs.2 per unit and a revolving stock for $2\frac{1}{2}$ weeks, but it shall not exceed Rs.15,000 which was based on 3,000 units per Society. It was also decided that each such Society shall buy shares to the value of Rs.5,000.

It will be seen that the financial control to be exercised by the Calcutta Wholesale Consumers' Society was as follows:—

(1) To determine the credit limit of each Society.

(2) To see that the Society deposits $97\frac{1}{2}$ per cent. of sale-proceeds.

(3) To see that the value of indents does not have the effect of exceeding the credit limit.

(4) To collect interest and service charges by operating on the Primary Societies' accounts with the Co-operative Bank.

(5) To see that Societies participating in the Ration Schemes invest Rs.5,000 in the Calcutta Wholesale Consumers' Society.

No action has yet been taken to fix the credit limit of individual Societies. It may, however be observed in this connection that the basis of the credit limit of Rs.15,000 has now become out of date in view of the increase in the price of commodities and the readjustment of quantities of supplies. The present rate is about Rs.2.70 per unit per week. The rate of credit limit should, therefore, under the present circumstances, be Rs.20,000 where the Ration unit amounted to 3,000. Until this limit is increased by the Government and corresponding increase in the cash credit provided by the Bank with Government Guarantee, the Wholesale Consumers' Society is not entitled to pass indents except on the basis of Rs.15,000.

4.15. The State Co-operative Bank was appointed as the cash collecting agent of the Calcutta Wholesale Society when the scheme was started in 1965. But the State Co-operative Bank could not do this job properly. In the last week of July 1965, it came to the notice of the Calcutta Wholesale Society that the Bank had not collected sale-proceeds from six Primary Societies right from the beginning amounting approximately to Rs.50,000. Nevertheless these Societies were allowed to obtain supplies from the Calcutta Wholesale Society without depositing their sale-proceeds. The State Co-operative Bank, expressed their inability to undertake this work any more and requested the Calcutta Wholesale Society to make their own arrangement for collection of sale-proceeds. This work was then taken up by the Calcutta Wholesale Society itself. Even during this period, some Societies failed to pay sale-proceeds to the collectors. In September 1967, there was a robbery involving a Cash Collector of the Society. The Managing Committee of the Society then decided that the Primary Societies should deposit with the Calcutta Wholesale Society the sale-proceeds of the previous week or the value of the fresh indent whichever was higher in Bank draft or cash. It was, of course, observed that even when the State Co-operative Bank was acting as agent of the Calcutta Wholesale Society for the purpose of collecting the sale-proceeds of the Ration Shops, quite a few societies used to pay this amount individually by cheque or in cash. Hence, the system of cash collection either by the Calcutta Wholesale Society or by its agent did not work properly. Then again, against a positive decision of the Managing Committee on September 21, 1967, to accept payments by Bank drafts or in cash, the Calcutta Wholesale Society was in the habit of accepting and still continues to accept these payments in cheques. As soon as such payment was made, the indents were passed in favour of the concerned Primary, without ascertaining whether the cheque had been cleared by the Bank. The system of accepting payments by cheques was also one of the main reasons for the increasing outstanding position of the Primary Societies on rationing account. Payment by cheques subsequently dishonoured by the Bank was almost a regular feature in the Society. Between July 1, 1968 and December 31, 1968, the Society received 55 cheques from 29 Primaries which were dishonoured by the Bank. The Executive Officer told us that no action was taken against these Societies and that this matter was brought to the notice of the Managing Committee only in December 1968. The Executive Officer of the Society sent to the Directorate on September 29, 1967, a copy of the Managing Committee resolution suggesting switch over to the system of payment by Bank draft and in cash. One of the decisions of this meeting was to take suitable action for realisation of arrear sale-proceeds on account of the ration business. Apart from this, there was no earlier reference from the Calcutta Wholesale Society to the Co-operative Directorate indicating non-realisation of sale-proceeds or overdrawal of the admissible credit limit by the Primaries. Even the State nominees in the Managing Committee of the Calcutta Wholesale Society, who were supposed to look after the interest of the Government, did not bring this matter to the notice of the Government although the entire scheme was being financed on the guarantee of the State Government. When the matter was actually examined, it was revealed that drawal of excess credit on account of rationing scheme actually started within 3½ months of its working. On June 30, 1965, as many as four Societies had exceeded the credit limit. On June 30, 1966, as many as 13 Societies exceeded the admissible limit of Rs.15,000 and the outstanding on that date was Rs.33,380.39 in one case. During the following 12 months instead of improving, the situation further deteriorated and on June 30, 1967, as many as 29 Societies exceeded the admissible limit. On June 30, 1968, this number increased to 41. As many as 51 Societies exceeded this limit on May 31, 1969. Again, on June 30, 1968, as many as 19 Primary Societies were doing rationing business independently without repaying their debts to the Calcutta Wholesale Society. The number of this type of Societies increased to 24 on May 31, 1969. The total amount receivable from these Societies on June 30, 1968, was Rs.3,82,503.89. In addition to these deserter Societies, excess credit sanctioned to 31 primaries amounted to Rs.2,72,315 on June 30, 1968. The position has deteriorated further since then. On May 31, 1969, out of 75 Societies doing rationing business as many as 24 deserted the Calcutta Wholesale Society and were doing rationing business independently. Out of the remaining 51, as many as 29 were given excess credit by the Calcutta Wholesale Society and the amount of this excess credit was Rs.2,49,397.95 on May 31, 1969. If we consider the total amount payable by the deserter Societies as dues immediately repayable by them, the total amount involved on this account alone was Rs.6,54,816.80 on June 30, 1968. The amount was Rs.7,56,760.98 on May 31, 1969. The following statement will make the position clearer:—

No. of primaries enjoying excess credit limit on May 31, 1969.	Amount outstanding against these Societies on May 31, 1969.	Admissible credit limit.	Overdrawal of credit limit.
29	Rs.6,84,397·95	Rs.4,35,000·00	Rs.2,49,397·95

No. of defaulting deserter Societies.	Amount outstanding from these Societies.	Admissible limit.	Amount recoverable.
24	Rs.5,07,363·03	Rs.3,60,000·00	Rs.5,07,363·03

4.16. The total amount outstanding on May 31, 1969, from all Societies was Rs.17,58,389.64. This includes 1,26,657.82 as service charge and Rs.2,21,907.19 as interest.

4.17. This question of excess drawal of credit limit was enquired into by us in detail. Unfortunately, we were told that the original papers showing the person or persons sanctioning the excess credit were not being preserved by the Calcutta Wholesale Society. This is a very serious matter. We were told that only the Officer-in-charge of the rationing scheme could permit such excess drawals. While examining the records of the Calcutta Wholesale Society, we observed that Society F exceeded the credit limit for the first time on January 13, 1966 and its outstanding on January 30, 1966 was Rs.20,733.40 which was further increased to Rs.43,577.05 on December 31, 1966. The Calcutta Wholesale Society did not stop further supply or enforce full repayment of the excess credit drawn by the Society. Instead, it continued to allow the Society to draw rationed goods. This Society had its last business in rationed goods with the Calcutta Wholesale Society on May 20, 1969, and since then it has been doing this business independently. The outstanding balance on this account stood at Rs.33,552 on June 30, 1966. This Society gave two false cheques to the Calcutta Wholesale Society, one on February 22, 1967 for Rs.4,000 and the other for Rs.6,075 on May 8, 1967. Although, the system of collection of sale-proceeds from individual shops was in operation up to September 1967, the Society used to pay its dues to the Calcutta Wholesale Society by cheques as also in cash. Society B, of which we mentioned in an earlier paragraph and whose representative is on the Board of Directors of the Calcutta Wholesale Society, had issued as many as six false cheques between January 14, 1967 and March 7, 1969, on account of its rationing financing scheme, the outstanding balance of this Society rose to Rs.41,058,83 on December 31, 1967. The balance as on June 30, 1969, was Rs.35,167.28. Society H behaved in a peculiar manner. On December 31, 1965, it had an outstanding balance of Rs.23,184.44 which was further increased to Rs. 30,139.22 on June 30, 1967. During the period from January 5, 1966 to April 30, 1968, the Society tendered 7 false cheques towards repayment of its dues to the Wholesale. A representative of the Society was on the Managing Committee of the Calcutta Wholesale Society for a considerable period. But, although the Society stopped its rationing business with the Calcutta Wholesale Society from October 9, 1968, its liability on account of the rationing scheme came down to Rs.4,717.60 on June 30, 1969. As a matter of fact, the Society repaid Rs.11,500 during the first 4 months of 1969. This indicates an improvement in Management which could be emulated by other defaulting Societies.

Society-I had a liability of Rs.41,397.22 on rationing finance account to the Calcutta Wholesale Society on October 31, 1967, but without settling its account, the Society started business independently and at the same time got itself affiliated to another Wholesale Society.

4.18. When the members of the Committee visited Society J, it was observed that this Society did not deposit the sale-proceeds for 3 weeks. But it was allowed to draw further rationed goods even without making such payment. The Managing Committee of this Primary Society in a resolution decided to divert the sale-proceeds on account of rationed commodities for battery business to be undertaken by the Society with a private firm. A representative of this Society was in the Managing Committee of the Calcutta Wholesale Society for a considerable period.

4.19. It will thus appear from all these findings that there was absolutely no check at any point in the administration of the Calcutta Wholesale Society to prevent drawal of advance in excess of the credit limits. Even the Society could not show us the relevant papers to find out the Officer or Officers who actually authorised such overdrawals.

4.20. As a result of such overdrawals by the primaries, the credit limit sanctioned by the State Co-operative Bank on the guarantee of the State Government was eroded rapidly and the money could not rotate in the business to ensure quick turnover. Against the sanctioned limit of Rs.10 lakhs, the Society had drawn Rs.9,68,725 up to October 14, 1967. There has been no operation on this account since then. The interest is realised by the Bank by debiting the Calcutta Wholesale Society's current account with it.

4.21. The Society had to divert money sanctioned to it for other purposes to meet this excess requirement. As a matter of fact the economics of this drawal from other sources was also not considered by the Managing Committee. The Society gets 4½ per cent. interest on the fixed deposit with the

State Co-operative Bank. It has to pay 7 per cent. interest on the loan received by it from the Government. But, again it has to pay interest $6\frac{1}{2}$ per cent. on the loan received by it against the fixed deposit although its lending rate to the primaries is $8\frac{3}{4}$ per cent. Here, the Society incurs a clear loss of $\frac{3}{4}$ per cent. Several attempts were made by the Calcutta Wholesale Society and the Co-operative Directorate to make the Calcutta Wholesale Society a wholesaler and to make it obligatory on the part of the primaries affiliated to the Calcutta Wholesale to do their rationing business through this organisation. But the Food Department could not agree to either of the proposals in view of certain practical difficulties and also because it was not possible under the rules. The question of allotting at least 3,000 units to each Society so as to make it viable was discussed with the Director of Rationing, who pointed out that bulk transfer of cards from one shop to another could not be made except as developing manners but individual applications for transfer are usually allowed by the Rationing Officers. The Committee is of the view that new cards should as far as possible be allotted to the nearest Co-operative Society and the rules should be amended, if necessary, to facilitate sizeable transfer of individual cards from Private Shops to Co-operative Shops. It should be appreciated that Co-operative Shops cannot indulge in certain practices resorted to by Private Shops and cannot make themselves viable unless they hold at least 3,000 cards.

4.22. When the rationing scheme was introduced in 1965, it was calculated that the price of ration goods per unit per week would be about Rs.2. Since then, the price of almost all rationed articles have increased considerably. The calculation made by the Directorate of Rationing indicates that the cost on this account has increased from Rs.2 per unit per week to Rs.2.70. On the basis of this calculation, a ration shop holding 3,000 units would require a minimum capital of Rs.20,250. The actual requirement will of course, always depend on the number of units allotted to a particular shop. Therefore, in the present market conditions, the amount of Rs.15,000 fixed in March 1965 as the maximum limit for a particular Society has to be increased considerably. As a matter of fact the Director of Rationing was of the opinion that a minimum capital requirement of Rs.20,000 was necessary to run a viable ration shop these days. Therefore, this aspect of the credit limit will have to be considered afresh. The consideration that weighed with the Committee in making this recommendation is that it would make the picture of the primaries liability to the Calcutta Wholesale Consumers' Co-operative Society more realistic.

Share Capital and Service Charges

4.23. The value of A class shares paid up by the 188 Societies up to June 30, 1969, was Rs.5,92,680. Each Society was allotted 5 shares of Rs.1,000 each but only 91 Societies paid up the full value. The Managing Committee decided in July 1963 that the Societies should pay Rs.1,000 on allotment. Rs.1,500 on receipt of the Government Contribution to Share Capital and the balance in two half-yearly instalments, commencing from the date of payment of the first call money but there are yet 74 Societies who have paid Rs.1,000 only. The Allotment Register and the Share Ledger are not properly maintained, and no active steps were taken to collect the arrears.

No precise information is available about the Banking Accounts required to be maintained by the primaries in terms of the Ration Scheme. The matter does not seem to have been pursued. This lapse contributed to the accumulation of dues in respect of Service and Interest charges.

4.24. A review of the operation of the Ration Shops through the Calcutta Wholesale Consumers' Co-operative Society has convinced us that the complicated arrangement involved in the administration of the Ration Scheme has seriously affected the efficiency of the Calcutta Wholesale Consumers' Co-operative Society in the discharge of its primary function of procuring consumer goods and supplying them to the affiliates in time and in adequate quantities. It has also affected the finances of the society as the cost of administering the scheme could not be recouped out of the small margin collected from the primaries. We therefore recommend that the Calcutta Wholesale Consumers' Co-operative Society should gradually withdraw from the ration scheme and devote its resources towards timely procurement of general consumer goods for the primaries.

(C) The Z Shop

4.25. The Z Shop run by the Society started functioning from October 21, 1965. It is housed at 102 S. N. Banerjee Road, Calcutta. The scheme is financed out of funds drawn from general consumer goods.

4.26. The function of the shop is to serve weekly rationed commodities against bulk permits held by hotels, boarding houses, hospitals, etc. It serves about 260 permits per week. Sales are all for cash.

4.27. The shop is managed by one Manager, one salesman, one durwan and one coolie. The total monthly expenditure on account of salary of these employees is Rs.431 and the monthly rent is Rs.70. Stocks are allotted by the Food Department according to weekly off-take. The present weekly off-take is as follows:—

	Quintals.
Rice	45
Wheat	5
Flour	100
Atta	60
Sugar	7

4.28. The following statement indicates the comparative position of purchases and sales effected by this unit during the last few years:—

	Purchases.	Sales.
	Rs.	Rs.
1965-66	13,13,629·04	13,33,942·05
1966-67	21,42,108·43	21,54,838·94
1967-68	13,09,018·87	13,16,694·51

The shop is running at a profit.

(D) Retail Shop

4.29. The Managing Committee at its meeting held on July 22, 1963, decided to open a retail shop at 21 Chittaranjan Avenue. The head office of the Society was also located in the same premises at that time. An Advisory Committee for this unit was constituted on 9th October 1963.

4.30. The shop actually started business on October 3, 1963, with a floor space of about 889 sq. ft. The present area is 1,880 sq. ft. This unit enrolled as many as 561 D class share-holders with a total share capital contribution of Rs.7,170.

4.31. The unit does not purchase goods handled by it; it obtains its requirements from the head office and remits the sales proceeds to the head office daily. The salary bills are met by the head office. The annual sales of this shop during the last three years were as follows:—

	Rs.
1965-66	5,55,657.52
1966-67	8,39,118.76
1967-68	7,84,000.00 (unaudited).

4.32. The unit has one Section-in-charge and seven other employees. The monthly establishment cost of Rs.2,118 includes Rs.1,585 as pay and allowances and Rs.308 as rent. The shop is working at a profit.

4.33. The retail shop is located in a busy commercial area and provides scope for considerable expansion so as to utilise the entire space part of which is now occupied by the main godown. The space occupied by the wholesale godown is extremely inadequate for storing general goods intended for supply to the 188 primaries. In the circumstances it will be advisable as well as economically viable if the entire space is allotted for the retail shop and separate godown arrangements are made for the Society in suitable localities.

4.34. The retail shop should be converted into a Primary Society as early as possible.

(E) Sugar Business

The Society is an appointed dealer in sugar both as importer and as wholesaler. This business was actually started in 1963. The present monthly import quota is 2,030 quintals. Sometimes the Society is given additional allotments. As an importer, the society gets a gross margin of Rs.3.72 per quintal.

4.36. There is no separate fund earmarked for sugar business. The goods are financed out of cash credit allowed by the State Co-operative Bank at a margin of Rs.25 per cent. on the value of goods pledged. The present rate of interest charged by the Bank is $8\frac{3}{4}$ per cent. The initial deposit with the manufacturers is met out of the general funds.

4.37. As a wholesaler, the Society supplies sugar to the Z shop and to the primaries doing ration business with it. Due to partial decontrol and desertion of a large number of primaries, the weekly off-take by the primaries has come down to about 250 bags. A gross margin of Rs.2.63 per quintal is allowed to the society for functioning as wholesaler. The volume of business handled by this section during the last three years was as follows:—

	Purchase.	Sale.
	Rs.	Rs.
1966-67	49,58,800·00	50,62,510·00
1967-68	46,20,684·00	47,11,603·00
1968-69	51,50,700·00	53,34,160·00

4.38. The scheme is running at a profit. There is scope for expansion if additional capital is available.

(F) Bakery Business

4.39. The Society launched a scheme of manufacture and distribution of bread under the name and style "Sun Blest" in collaboration with Messrs. Aryan Bakery of 53 Kali Temple Road, Calcutta-26, from June 23, 1966. In terms of the working arrangement, the Society used to arrange permit for flour and sugar from the Food Department, purchase the stock and deliver the same to the Bakery, the actual cost on this account being reimbursed by the Bakery.

4.40. It was decided that the Bakery would produce and supply bread to the retailers as per specific instructions of the Society. Collection of sale-proceeds was the responsibility of the Society. Security deposits from the retailers were obtained by the society. The rate of discount on sale, allowed to the society, changed from time to time. Deliveries were arranged by the society and for this additional discount was allowed. The ultimate rate was 15 per cent. plus additional discount of 2 per cent., if the sale exceeded 2,000 lb. per day. Out of this, 7 per cent. was passed on to the hospitals and the retailers.

4.41. To start with, the Society started selling bread through affiliated primaries. At a subsequent stage, such sale was effected through private retailers also. The society has been supplying bread to 17 hospitals in and around Calcutta since 1966-67.

The total sale in 1965-66 was Rs.6,48,020.99. It was increased to Rs.6,81,001.35 the following year. The profit earned by the Society in 1965-66 and 1966-67 was Rs.8,394.18 and Rs.5,714.97 respectively.

4.42. Messrs. Aryan Bakery failed to manufacture and supply "Sun Blest" on two occasions during 1968-69 due to labour trouble. In order to maintain hospital supply, the Society engaged Messrs. Prince Bakery of Dilkhusa Street from March 1969 for manufacturing "Sun Blest" on the quotation offered by them as a temporary measure.

The scheme is running at a small profit but the troubles involved outweight the small monetary benefit. It is time to consider the feasibility of setting up a Bakery of its own.

(G) CARE

4.43. The Society was appointed as an agent by the State Government for manufacture and distribution of bread and milk-bread to the school children under the CARE—GOWB School Meal Programme—introduced in the City in 1967. Wheat, salad oil and milk-powder were supplied by the CARE through the Education Department. Messrs. Aryan Bakery was engaged by the Society for manufacture and distribution of this bread. Due to various reasons the Bakery failed to maintain regular supply as a result of which the State Government appointed another agent in September 1968. During the period the Society acted as agent of the Government, it earned a total commission of Rs.5,492.82.

4.44. This has since been closed and the stock of flour and salad oil made over to the parties indicated by the Director of Public Instructions.

(H) Vegetable and Kerosene Oil

4.45. The Society took up a scheme for the sale of vegetable from mobile vans in the third week of August 1966 on an experimental basis. The scheme was abandoned on September 3, 1966 on account of lorry strike and other difficulties. The sale-proceeds fell short of the cost price of vegetables by Rs.2,630 and the total loss on the experiment was Rs.11,180.

4.46. In order to meet the demand of the primaries the Society started business in kerosene oil in 1965. Necessary arrangement for regular supply of kerosene oil was made with the Indian Oil Corporation. When the scheme was started, as many as 65 primaries used to obtain supply of kerosene oil from the Calcutta Wholesale. This business has since been stopped as the arrangements for supply from the Budge Budge Depot are erratic and do not suit it.

4.47. General performance data from inception up to June 30, 1968, are indicated in Annexure I.

CHAPTER V

WORKING OF THE SAMAVAYIKA STORES

5.1. The accelerated programme for development of Consumers' Co-opeartives in the country promulgated in 1966 provided for the organisation of departmental stores through Consumers' Co-operatives. The programme was treated as a Centrally-sponsored scheme. The object of the scheme was to extend the benefit of retail trade to the people in the big cities of the country and the idea was that a customer should get as much of his daily necessities as possible under the same roof at reasonable price. The pattern of assistance prescribed by the Government included—

(a) State share capital contribution;

(b) Loan-cum-subsidy for purchase of furniture and fixtures; and

(c) Managerial subsidy;

5.2. In terms of the scheme, the Calcutta Wholesale Consumers' Co-operative Society Ltd. was allotted one unit in 1966. The Managing Committee of the Society was not functioning during this period. To start with, the Society was given an additional share capital contribution of Rs.5 lakhs for this Store. A loan-cum-subsidy amounting to Rs.3 lakhs was given for purchasing furniture and equipment in addition to the managerial subsidy amounting to Rs. 20,000. The State Government contributed a further share capital assistance of Rs.3 lakhs and a loan-cum-subsidy of Rs.2 lakhs for furniture and fittings, for expansion of the unit. This expansion programme has not yet been implemented.

5.3. It was decided by the Government of India that as the departmental stores had to be opened with utmost expedition, the system of matching contribution of share capital to be raised in advance by the Wholesale Stores should not be insisted upon. In terms of the Government order sanctioning the share capital, 50 per cent. of the contribution will have to be retired within five years of the date of disbursement and the remaining 50 per cent. in ten equal annual instalments, commencing from the 6th anniversary. The loan component given by the Government for furniture and fittings, etc., is repayable within a period of nine years in seven equated annual instalments commencing from the third anniversary of the date of drawal. The Government of India Scheme provided that these Branch Units should be converted into primary units as early as possible.

5.4. However, the first departmental store was opened in Lindsay Street on September 30, 1966, in the ground floor of a multi-storied building. The monthly rent of the space, determined by the Land Acquisition Collector is Rs.10,607. The floor area of the shop is about 7,100 sq. ft., an additional space of about 1,900 sq. ft. located in the basement is being utilised for storage purpose.

5.5. It has already been stated that the additional share capital of Rs.3 lakhs received by the Society for this unit as also the assistance received for godown construction was kept as fixed deposit in the State Co-operative Bank. At a subsequent stage, the society obtained 75 per cent. of this amount as loan to meet the increasing demand of the rationing scheme. Hence the Society is not in a position to extend this unit immediately with the extra money given by the Government for the purpose. On August 10, 1967, the Managing Committee decided to issue D class shares from this departmental store with a stipulation that each individual shareholder should purchase at least 2 shares of Rs.10 each. This limit was raised to five shares at a subsequent stage which means that any intending share-holder will have to invest at least Rs.50 in the share capital of the Society. As a matter of fact, this unit had collected a share capital of Rs.17,550 from 265 members up to June 30, 1969.

5.6. The Lindsay Street departmental store has 10 departments at present, viz. (*i*) grocery; (*ii*) textiles; (*iii*) soaps and toiletries; (*iv*) cosmetics; (*v*) provisions; (*vi*) electric and plastics; (*vii*) stationeries; (*viii*) drugs and medicines; (*ix*) egg and meat; and (*x*) cafetaria. The Society has leased out some space to private traders and to the Animal Husbandry Department of the State Government. The total area leased out to these parties was 931 sq. ft. on June 30, 1969, the sections being (*a*) fruit juice, (*b*) popcorn, (*c*) pork products, (*d*) toy and (*e*) vegetables.

5.7. We are of opinion that leasing out of space of a departmental store defeats the very purpose of opening of such store, because no private contractor or any agency, other than the store itself, would sell goods without any profit earning motive. It would also become difficult to ensure that the standard laid down in regard to the quality of the goods sold by the outside agencies would always be scrupulously followed. Hence, it is suggested that the system should be given up immediately.

5.8. The Government of India have laid down a norm of efficiency based on sales per sq. ft. per day and also on the actual sale per man-day for different sections of a departmental store. On the basis of this norm, the performance of the Lindsay Street Store is indicated in Annexure E. It will appear from this Annexure that while some of the sections have exceeded the accepted norm and some others have just reached the prescribed standard, most of the sections have yet to achieve the minimum prescribed by the Government of India.

5.9. The Government of West Bengal constituted an informal Consultative Committee on November 10, 1966, in connection with the running of departmental stores set up under the Centrally-sponsored scheme with the following members:—

(1) Shri Bhupati Majumdar, Chairman.

(2) Shri Punnyabrata Bose, Vice-Chairman.

(3) Shri Sunil Banerjee.

(4) Sm. Giti Sen.

(5) Shri S. N. Singh.

(6) Shri Nag Rajan.

(7) Shri Nandapaka.

(8) Joint Registrar of Co-operative Societies (Consumers).

(9) Executive Officer, Calcutta Wholesale Consumers' Co-operative Society Ltd.—*Convener*.

5.10. The Committee, appointed for one year could not contribute anything substantial and its term was not extended.

5.11. This store had 71 employees on June 30, 1969, which is extravagant having regard to the workload and the sales turnover. There is no scientific job evaluation and classification. There is no Manager in the shop; one Section-in-charge is officiating as Officer-in-charge. The Society has recently advertised for a Manager to remain in overall charge of the store. Most of the employees now working in the store have no previous experience or training in the line although such facilities for training are available. There is also no system of sales incentive. The stock of the store is verified twice a year. The result of working of the Lindsay Street Samavayika is indicated below:—

	1966-67 (9 months). Rs.	1967-68 Rs.	1968-69 (Subject to audit). Rs.
Sales	23,07,516	36,07,190	42,47,560
Gross Profit	2,35,150	2,68,212	4,08,961
Pay Roll Expenses	93,478	1,49,910	1,49,359
Rent	1,00,000	1,27,284	1,27,200
Net Loss	52,174	96,472	39,081

5.12. It will appear from the above statement that the departmental store incurred heavy loss during the three years of its existence. The total accumulated loss as on June 30, 1969 was Rs.1,87,727. The factors mainly responsible for this loss are low sales turnover and heavy establishment expenses. The rent of the premises and the expenses on account of salary of staff are disproportionate to the actual sales turnover.

5.13. The head office of the Calcutta Wholesale Society arranges for supply of pulses and spices to the Central Samavayika. If the head office cannot meet the demand, it gives special permission to the Samavayika to purchase its requirements locally. Powdered spices are supplied by the State Federation. Branded goods are purchased by the store without reference to the head office the exact quantity of which is determined by the Section-in-charge in consultation with the Salesman/Sales girl.

5.14. After taking into consideration the average off-take and the stock position of a particular commodity, the Section-in-charge sends his indent to the Officer-in-charge who actually places orders with the suppliers. The actual payment is made by the head office. From the godown, the goods are sent to the counters as and when requisitioned by the Sections-in-charge and the amount is entered in the liability register at sale price. The purchase procedure calls for tightening by applying more stringent check of stock in godown and the sales counter. It is not desirable to rely too much on the Section-in-charge.

North Samavayika

5.15. The State Government sanctioned financial assistance for the second departmental store in North Calcutto in March 1967, when the Managing Committee of the Society was not functioning. The matter was discussed by the Managing Committee on July 12, 1967, when it was suggested by one Director that it should be referred to the general body of the Society.

5.16. The matter was further discussed by the Managing Committee on August 10, 1967. There was a sharp difference of opinion among the Directors as to the advisability of opening of the departmental store. The Chairman explained that he had already given approval to the acceptance of the scheme in exercise of the powers conferred upon him under rule 45 of the Bengal Co-operative Societies Rules, 1942, when the Managing Committee could not sit. The Executive Officer explained that the Government assistance for the proposed store had already been drawn by the State Government. He also stated that the landlord of the building in North Calcutta had effected considerable reconstruction of the staircase and exit and completed floor, installation of grills in the windows and other required renovations as suggested and that the landlord had been informed of the decision to engage his premises. The Managing Committee then unanimously ratified all actions taken by the Chairman in this regard.

5.17. On April 12, 1967, the Managing Committee appointed a Steering Sub-Committee "exclusively for the purpose of opening the second departmental store at North Calcutta". The Managing Committee delegated the Sub-Committee full authority to do everything incidental to the opening of the second departmental store including installation of furniture, fixture, procurement, recruitment of personnel and all other matters necessary for the beginning of the second departmental store. The members of the Sub-Committee were:

(*a*) Shri Punnyabrata Bose.

(*b*) Professor D. K. Bose.

(*c*) Shri D. P. Chatterjee.

(*d*) Shri Sunil Kumar Bakshi.

(*e*) Shri M. M. Bagchi.

(*f*) Executive Officer.

The Executive Officer was the convener of the Steering Sub-Committee.

5.18. Meanwhile, on September 29, 1967, the Society received a petition signed by representatives of 72 affiliated primaries requisitioning a Special General Meeting to consider "whether any departmental store as reported by whatever name it may be called should or should not be opened as a branch of the Calcutta Wholesale Consumers' Co-operative Society Ltd., or otherwise." It was also demanded by the requisitionists that no departmental store should be opened as a branch of the Calcutta Wholesale Society before the holding of the Special General Meeting requisitioned. While signing the requisition, the representatives affixed official seals of the respective Societies.

5.19. This matter was raised in an emergent meeting of the Managing Committee held on September 29, 1967. The Chairman's ruling was that in the absence of any official reference it could not be discussed in the meeting. On October 24, 1967, the Executive Officer informed one of the requisitionists that "in view of the absence of proper authorisation of the persons signing the petition in the matter, the matter has been referred to the administrative department for examination of the position and for opinion in the matter". No Special General Meeting was held.

5.20. This departmental store actually started business on October 3, 1967. The State Government sanctioned additional share capital of Rs. 5 lakhs to the Society for this shop, in addition to loan-cum-grant for furniture, etc., amounting to Rs.3 lakhs and managerial subsidy of Rs.15,000. At a subsequent stage, the Society was given a further assistance of Rs.50,000 as loan-cum-grant for purchase of furniture.

5.21. The store is located in the first and second floors of a house in North Calcutta. The floor space is 10,522 sq. ft. and the monthly rent is Rs.8,943. In addition, the Society pays godown rent at the rate of Rs.1,750 per month for this store.

5.22. We were told that the space for the shop was obtained on 15 years' lease but no documentary evidence could be produced. As a matter of fact the Committee was not able to locate any contract, registered or otherwise, regarding the lease of the premises. However, from the record of official correspondences examined by the Committee it appears that a document was drawn up and that it was signed on behalf of the Society by Shri T. H. Sen Gupta, the then Executive Officer and a Director. The document could not, however, be registered and is not available now in the office of the Wholesale Society. The second term of reference refers to the various contractual agreements entered into by the Samavayikas with different parties. As the Samavayikas have no separate entity or status of their own, they cannot enter into any such agreement. The Wholesale Society had entered into some kind of agreement on behalf of North Samavayika for leasing these premises, but, as we have stated, the original document is not available.

5.23. The result of working of the store is indicated below—

	1967-68 (9 months) (unaudited).	1968-69 (unaudited).
Sales	17,70,775	29,78,498
Gross Profit	1,54,107	3,23,179
Pay Roll Expenses ..	1,31,808	1,42,520
Rent	80,493	1,28,316
Net loss	1,50,721	1,30,895

5.24. It will appear from the above analysis that the store has already sustained a net loss of about Rs.2.81.616 in course of 1 year 9 months ending June 30, 1969. The main reason for this heavy loss, in this case also, is excessive rent liability and excessive payment on account of salary disproportionate to its turnover. The staff on the Pay Roll is extravagant having regard to the workload and the sales turnover. They have no training whatsoever and are yet to acquire the aptitude of a Salesman. The Society can considerably reduce its rent liability by rearranging the departments in the first floor of the building. Only the toy-section of the store is run by an outside agency. Annexure F indicates the performance of the various sections of the store vis-a-vis the norms prescribed by the Government.

5.25. The store obtains its supplies in the same manner as the Lindsay Street unit. It has enrolled 641 D class shareholders contributing Rs.41,300 up to 30th June 1969. During our investigations, we observed that purchases in many cases were not made keeping in view the possibilities of their sale within a reasonable time. 200 cases (of 144 each) of Lux toilet soap were purchased in September 1967. A huge stock of this item still remains unsold and a sizeable percentage of this stock is reported to have been already damaged. Instances of this type can be multiplied.

5.26. The trading results of an organisation of this type depends to a great extent on its effective purchase policy. It cannot afford to block its meagre resources in slow moving stock depriving other sections and ultimately reducing the total turnover.

5.27. In January 1966, the Society purchased 11,500Kg. of Skimmed Milk Powder from a firm at a total cost of Rs.99,059. The average cost per Kg. was about Rs.8.61. The stock had to be disposed of ultimately at Rs.4.75 per Kg.

5.28. In October 1966, textiles worth Rs.31,754.90 were purchased by the Society. The unsold stock of this deal was valued at Rs.10,948.50 on June 30, 1969. The Society decided to open one medicine department in the retail shop at Chittaranjan Avenue, Calcutta, towards the end of 1965 and purchased drugs and medicines worth Rs.22,701.22 between December 1965 and April 1966. This was not opened ultimately. The North and the Central Samavayikas opened medicine departments in December 1967 and January 1968 respectively. By the time, the already purchased drugs and medicines could be sent to these shops for sale, drugs worth Rs.4,609.47 had become unsaleable owing to expiry of date. The Society purchased six Paragon Cash Registers at a cost of Rs.8,867.25 in October 1966. Ultimately it was discovered that these would be of no use. The total value of "Bad Stock" of textile goods in the North Samavayika amounted to Rs.1,18,872.91 on January 27, 1969. Most of this stock was purchased within a few weeks of the opening of the North Samavayika. The list included woollen suitings valued at Rs.70,338.20 and shawls worth Rs.17,000.00. The estimated value of non-moving and slow moving textile goods of the Central Samavayika was Rs.1,36,100.65 on May 31, 1969. These are stated here just to illustrate the irresponsible manner in which the purchases were made by the Society for its business.

South Samavayika

5.29. When the proposal for opening the third departmental store in South Calcutta was being examined by the Government, there was a fresh conflict among the members of the Calcutta Wholesale Society. There was also a protest at the General Meeting of the Calcutta Wholesale Consumers' Co-operative Society Ltd. held in July 1968 where the consensus of opinion was that the question should be deferred until the performance of the existing Samavayikas was stabilised. The question again came up at the General Meeting held on July 26, 1969 when the majority of opinion was against the immediate opening of the third Samavayika. The Society however already received the following financial assistance from the Government for the departmental store proposed to be set up in South Calcutta:—

	Rs.
(1) Share capital ...	... 7,00,000
(2) Loan-cum-grant for furniture	... 2,00,000
(3) Managerial subsidy ...	... 7,500
Total	... 9,07,500

5.30. In view of the fact that funds had already been drawn, the Managing Committee recently decided to set up the third Samavayika in South Calcutta and negotiations are under way for hiring accommodation.

The Committee feels that the Samavayika, if properly managed, with trained personnel under proper supervision, can be a viable unit, but recommends that it should function as a Primary Society and not as a part of the Calcutta Wholesale Consumers' Co-operative Society.

5.31. As indicated in the preceding paragraphs, there has been considerable controversy over the question of treating the Departmental Stores as forming part of the Wholesale Society. It has been observed that they are public stores run under the auspices of Government to serve a particular purpose and are not fully co-operative in the real sense. They are, to quote Dr. Gadgil, "Public Stores run under the facade of Co-operatives". In fact, the Government of India Scheme itself contemplated the conversion of these units into Primary Societies as early as possible. These departmental stores were set up during the period when no Managing Committee was functioning and there have been persistent protests from the Primary Societies affiliated to the Calcutta Wholesale Society, individually and in General Meetings against inclusion of these stores within the programme of the Calcutta Wholesale Society. The protest became more vocal when it came to light that they were running at heavy losses. Some Primary Societies have questioned the propriety—even the legal validity—of the Managing Committee, or the Chairman acting under rule 45, taking a major decision like this particularly in view of the provisions of Bye-laws 16(*vi*)(*i*) whereby the General Meeting reserves the right to approve the programme of activities in the ensuing year. The financial implication is that heavy losses in Samavayikas depreciate the value of investment of the Primary Societies in the share capital of the Wholesale Society.

We have considered the matter in all aspects and have come to the conclusion that the Samavayikas should be taken out of the Wholesale Society and converted into Primary Societies with their assets and liabilities transferred from the Wholesale Society.

5.32. Apart from questions of principle, there were two main defects from which the scheme and its implementation suffered. These points have been dealt with fairly in detail in the foregoing pages and may now be summarised. First, it is evident that the whole matter had been handled in a most careless manner by the then management. The scheme was rushed through without any proper planning and preparation. Accommodation was hired with floor space far in excess of requirement, particularly in the case of North Samavayika. The staffing pattern was also not properly worked out with the result that both the stores now seem to be overstaffed. The fact that the whole scheme was an imposition from above, of course, contributed partly to this kind of careless and irresponsible planning on the part of the management. The second point that comes out of our discussion in the foregoing pages is that the day-to-day administration of the stores did not conform to basic principles of commercial management leading to waste and accumulation of non-moving or slow-moving stock the bulk of which may have to be written off or disposed of at less than the cost price.

5.33. Mention has already been made (Para. 5.11) of the lack of sales incentive for the Samavayika staff. This is true of the staff of the retail stores also. The Committee is of the view that there should be a commission on sale over a minimum sales target. This minimum should be determined by taking into consideration the turnover of each principal item of goods. The details will be worked out in the final report. At this stage, we have only to point out that such commissions are paid to the staff by Messrs. Bata Shoe Company and many other well-established organisations. The Committee also proposes to study the practice in co-operative stores at Delhi, Madras and Bombay before making its final recommendation.

CHAPTER VI

BACK-LOG IN ACCOUNTS

6.1. The back-log in accounts work of the Calcutta Wholesale Consumers' Co-operative Society Ltd. is a matter of serious concern. The latest position is that Bank reconciliation with the Cash account which should be carried out monthly is reported as completed only up to June 30, 1968 and the latest authenticated accounts available to us are those of 1966-67. The reconciliation of the debit balances in the "General goods" and "Ration" accounts with the books of the affiliates are reported as completed up to June 30, 1968, but we have been told by some Societies that the work is still in arrears. A sum of Rs.56,940 representing (mainly) receipts from the Primaries are held in suspense pending transfer to the accounts of the Primaries. It is not therefore possible for us to present the true financial status of the Society as of date nor to make sure whether the overdues from the Primaries as recorded in the books of the Society, which is the main problem of the Society, are correct. The back-log in the accounts has also caused delay in the completion of audit and the presentation of the Annual Accounts of the Society to the General Body. The accounts for the year 1966-67 were presented to the General Body only on July 26, 1969. The following table will show the dates of completion of audit of the accounts of the Society and their presentation to the General Body.

Year.	Completion of audit.	General Meeting.
1962-63	.. 24-12-63	13-6-64
1963-64	.. 30-9-65	27-7-68
1964-65	.. 11-3-67	27-7-68
1965-66	.. 16-12-67	27-7-68
1966-67	.. 23-4-69	26-7-69

Such belated presentation of accounts to the General Body serves no useful purpose.

6.2. A review of the position indicates that neither the Managing Committees which functioned up to March 20, 1965, nor the Executive Officer appreciated the need for accounts planning simultaneously with administrative planning and no competent Accountant was appointed for the purpose. The Managing Committees do not seem to have thought of requiring the Executive Officer to submit a monthly statement of accounts, including a statement of credits issued to the Primaries, to the Managing Committee. The first Executive Officer (Shri S. Sen) started submitting to the Managing Committee a monthly Cash Account but it was discontinued after November 1963. The Managing Committee seems to have thought that their duty to have been in charge of accounts but we do not know his experience and competence to deal with the accounting problems nor is it known to what extent he actually exercised supervision over the maintenance of accounts in addition to his other executive duties. We fail to appreciate why an Assistant Registrar of Co-operative Societies was preferred to a professional Accountant. The result was disastrous. Delivery charges for 1962-63 and 1963-64 were not adjusted in the accounts and the Primaries escaped. The party ledgers which were provided with two money columns only were not balanced except at the end of the month and in pencil scribbling. The Allotment Register and the Share Ledger were not properly maintained and there was no control over the collection of share money. Credit limits for individual Societies were not worked out. The party ledgers were not kept up-to-date with the result the debit balances were not available at the time of passing indents and four Societies exceeded the maximum limit of Rs.15,000 on Ration Account in course of three months of working. There was no system of control over movement of funds and no review of balances and the Primary Societies took advantage of this situation to exceed the credit limit as and when they chose to do.

6.7. Some M.Coms. and B.Coms. (including two who passed the Intermediate Examination of the Institute of Chartered Accountants) were recruited after June 1965, but they found themselves in a maze of confusion and arrears and there was no competent Accountant over their head to guide them. In September 1965, the Cash Account was found completed up to June 30, 1964. Cash Account for 1964-65 was completed in June 1966. The party balances remained unreconciled. Cash Account for 1965-66 could be completed only in September 1966. Since then the Z shop was started in October 1965, and the Central Samavayika in October 1966, followed by another Samavayika in October 1967. No accounting procedure was laid down for the new units nor for the Retail shop which were left to take care of themselves. By the time these semi-qualified Accountants joined the debit balance against Primary Societies reached Rs.14 lakhs. The Audit Report for 1965-66 observed as follows:—

(1) Delivery charges adjusted at the end of the year but no debit notes or advice are sent to the Primaries.

(2) Interest and service charges are adjusted monthly but there is no system of sending debit notes to the Societies.

(3) There is a huge arrear of share money due from affiliates

(4) Daily Sales Register not maintained at the Retail Shop.

(5) Debit balances not accepted by the affiliates.

(6) Claims against the Food Department in respect of the 16th to the 104th week submitted to Food Department on July 4, 1967. It includes Rs.52,174 in respect of 1965-66.

(7) Credit Sales Account in respect of Bread not maintained.

(8) Absence of internal check and control.

6.8. Transaction of the two Samavayikas are booked partly in the Head Office and partly in the Accounts Section of the Samavayikas and there is no monthly reconciliation. As such, it is difficult at a particular time to determine their financial position. There was no competent Accountant to introduce the system of Branch accounting so that all transactions could be booked at one point.

6.9. The outstanding liability due from Primary Societies as on June 30, 1968, was of the order of Rs.26.73 lakhs. The most distressing feature is that most of the affiliates do not accept the debit balances shown in the books of the Calcutta Wholesale Consumers' Co-operative Society, Ltd. The discrepancies are more marked on the Ration Account than on the general goods. We have come across cases where the actual liability has been found on verification to have been appreciably less than what was shown in the books of the Calcutta Wholesale Consumers' Co-operative Society Ltd. In one case, the debit balance as of June 30, 1968, reported by the Calcutta Wholesale Consumers' Co-operative Society was Rs.30,259 which was, after verification, found to be Rs.14,864 only and accepted by the Calcutta Wholesale Consumers' Co-operative Society in their letter of March 1969. In another case the real liability on June 30, 1968, was admitted by the Calcutta Wholesale Consumers' Co-operative Society in October 1968 as less by Rs.7,634. It is not, therefore known to what extent the Primaries' liabilities shown as assets in the Balance Sheet may have to be written down. This was caused by a serious lacuna in the system of accounts. The party account was debited with advances issued to the Food Department and credited with deposits received from them but the value of short-deliveries, non-deliveries, price differences and deliveries through hand slips were not adjusted in the parties' accounts as and when the receipted challans and hand slips had been received from the Transport agents but left over for settlement at a later date. The discrepancies therefore accumulated from year to year and no useful steps were taken to resolve them until after September 1967, when the Societies, on receipt of statements of balances from the Auditors of the Calcutta Wholesale Consumers' Co-operative Society Ltd., started protesting. The position of delivery charges, service charges and interest charges was worse. They were ajusted in the accounts irregularly and yet not advised to the Primaries who were taken by surprise when the Auditors reported accumulated balances in September 1967. In fact, the Primaries are not aware of the method of calculating these charges. It will not be easy at this stage to establish Calcutta Wholesale Consumers' Co-operative Society's claim on those accounts after such a long lapse of time. The settlement of the discrepancies has been made more difficult by the fact that the Primary Societies, or most of them, did not maintain their accounts in the manner which would admit of easy reconciliation with the accounts of the Calcutta Wholesale Consumers' Co-operative Society Ltd. This was due either to lack of proper guidance or to a reasonable belief that the Calcutta Wholesale Consumers' Co-operative Society Ltd., would keep the account correctly.

6.10. The Audit Report for 1966-67 drew attention to the following matters:—

(1) Prompt action to reconcile and settle discrepancies with accounts of the affiliates.

(2) Issue of monthly statement of account to Primaries.

(3) Control over credit transactions.

(4) Appointment of qualified and well-experienced personnel in charge of accounts.

(5) Independent books of account for the Retail Shop.

(6) Monthly reconciliation of Branch Accounts.

This will indicate that the deficiences reported by the Auditors for 1965-66 continue to exist.

6.11. The present activities of the Society are wide enough and it is not possible under the present system of accounting to determine easily the financial status of each major unit. It was, therefore, necessary to maintain separate books of accounts for (1) Consumer goods including sugar and kerosene; (2) Retail Shop; (3) Z Shop; (4) Bakery; (5) Ration Scheme; and (6) each of the Samavayikas. An attempt was made to work out the Profit or Loss on the Central Samavayika and the rationing scheme as of June 30, 1967, but this is also not quite complete because the interest on additional fund diverted to the Ration Scheme does not seem to have been adjusted in the accounts. Similarly, credit has not been given to the Central Samavayika in respect of its funds diverted to other purposes. A separate account in respect of these units is essential for the purpose of financial control so as to pinpoint weak spots in each scheme with a view to adopting remedial measures. This was not visualised by the administration but would certainly not have been lost sight of by a competent Commercial Accountant

6.12. At present there are three Accountants and two Assistant Accountants and about 18 Accounts Assistants in the Accounts Section. There is no scientific job analysis and allocation to ensure smooth working and there is no competent supervision. Financial control, as understood in a commercial undertaking, is totally absent.

6.13. The present congestion and confusion in the accounts is the legacy of past neglect which would not have assumed such proportions had there been a competent Accountant, the Financial Controller at the head of the Accounts Department. The present Managing Committee seem to be seized of the situation and have already advertised for a Chief Accountant. It is understood that a qualified Accountant was already selected by a Selection Committee about six months back but, for some unknown reasons, he could not or did not join duty. In this context, the Committee hopes that the selection of the candidate for this "Key post" would be made strictly on merits.

6.14. We would also like to draw attention to the very unsatisfactory condition of the accounts of affiliates. The Primary Societies are run by part-time men who have their own vocations while few of them can afford to maintain full-time qualified Accountants. The credit system and the operation of the Ration Shop through the Calcutta Wholesale Society involve some complication in accounting. It was, therefore, necessary for the Joint Registrar of Co-operative Societies or the Calcutta Wholesale Consumers' Co-operative Society Ltd. to lay down some uniform system of accounting for the Societies and to utilise the Inspectors for constant supervision over them. This would have facilitated easy reconciliation with the accounts of the Primaries. Some of the Societies do not even maintain a ledger for credit purchases to check up whether the goods charged for by the Calcutta Wholesale Society have been received by the Society. We have in course of our visits to Primaries come across cases where the Cash Book has not been posted for more than one month. One Secretary defalcated about Rs.20,000 and another Secretary misappropriated a larger amount. Such attempts could be checked if there had been an intensive supervision by Inspectors of the Department deputed to the Calcutta Wholesale Society. We have suggested elsewhere that this control over supervisions should be taken over by the Joint Registrar of Co-operative Societies and the Inspectors placed at his disposal.

CHAPTER VII

PERFORMANCE OF PRIMARIES

7.1. The Primary Societies affiliated to the Calcutta Wholesale Consumers' Co-operative Society up to the end of June 1969 numbered 188, of whom 76 Societies joined the Ration Scheme. The latest position is that 98 Societies have ceased to draw Consumer goods from the Wholesale Society, while 25 out of the 76 Societies, who participated in the Ration Scheme seceded from the scheme.

7.2. This wave of desertion from the Consumer Stores sector started as early as 1964-65 with 17 Societies, the number gradually going up to 30 in 1965-66, 45 in 1966-67, 59 in 1967-68 and 98 in 1968-69. The desertion from the Ration Scheme started with one Society in 1966-67 followed by 16 in 1967-68 and 9 in 1968-69.

7.3. Today Societies, which draw neither consumer goods nor Ration goods number 83, whose total net liability to the Calcutta Wholesale Consumers' Co-operative Society after deducting the value of their share capital amounts to Rs.5,67,102, which becomes immediately payable by them. The composition of the remaining 105 Societies, which are at present drawing either Ration goods or Consumer goods or both is as follows:—

Societies drawing Ration goods only	...	15
Societies drawing Consumers' goods only	...	54
Societies drawing both Ration goods and Consumers' goods	...	36
Total	...	105

7.4. A question naturally arises as to why the affiliated Societies are gradually leaving the Wholesale Society. There is evidence to indicate that some Societies took advantage of the negligence on the part of the Officers of the Wholesale Society and drew funds far in excess of their credit limits and discontinued paying the balance of share-money and are evading repayment on various pleas, such as theft or burglary in their premises, misappropriation of funds by their office-bearers or employees, inadequacy of cash resources due to losses on working while there are others who utilised the overdrawals to finance their general goods' business which was suffering from lack of working capital not otherwise available to them. In fact, the financial provision of the original scheme was somewhat unrealistic. It contemplated a Society with 500 members, who would together buy general goods of the value af Rs.2 lakhs per annum. An annual sales-turnover of Rs.2 lakhs would involve locking up of funds to the tune of Rs.15,000 in the value of revolving stock, which cannot possibly be financed from a working capital of Rs.7,500, of which

Rs.1,000 has to be invested in the Share Capital of the Wholesale Society. A minimum capital of Rs.20,000 is necessary to run a business of this size. The scheme seems to have assumed that working capital would be collected from other sources but this did not materialise. So far as the second category of Sacieties is concerned, there is nothing much to worry as long as their liabilities are covered by the assets and they repay the overdrawals in suitable instalments. There is yet a third category of Societies, who ceased to draw general goods or seceded from the Rationing Scheme on account of certain grievances of theirs. These grievances as explained to the Committee are—

(1) Non-supply of goods according to their requirement.

(2) Uncertainty of delivery date.

(3) Untimely delivery.

(4) Price higher than market-rate.

(5) High "Service charges" for Ration Goods compared to the market-rate.

(6) Discrimination in the distribution of scarcity goods.

(7) Refusal to take back goods of bad quality.

(8) Unsympathetic and rude behaviour of the officers of the Wholesale Society.

7.5. The 83 Societies, who have cut off connection with the Wholesale Society should be persuaded to repay their liability in suitable instalments. Drastic steps should be taken against those, who do not come to terms within a reasonable time and there should be no hesitation to impeach the members of the Managing Committee in office at the time of the overdrawals. Legal steps have since been taken in 14 cases and decrees obtained for Rs.2,47,188 in 12 cases. The repayment received up to date amounts to Rs.19,760 only. Execution proceedings have been suspended in 11 out of the 12 cases in terms of the Committee's resolution of April 12, 1969. The collection drive should be more vigorous and continuous.

7.6. In dealing with the 103 Societies still attached to the Wholesale Societies, it is necessary to appreciate their operational difficulties apart from the grievances indicated in paragraph 4. The Consumers' Co-operatives suffer from some disabilities as compared to private traders. As Statutory Bodies, they are liable to incur certain obligatory expenditure, which does not bother private traders, such as, audit fee, general meeting expenses, cost of account-keeping, etc. They are also unable to indulge in all the methods adopted by private traders. Customers are very often attracted by credit facilities offered by private traders. There has been a recession in the consumer goods market since 1967 and the present position is rather serious. Sales turnover has gone down in all sectors leading to a serious and unhealthy competition. The so-called scarcity goods are now-a-days available in the open market. With the green revolution in the country in sight the consumers' co-operatives will in the near future have to face the challenge of a free economy and free trade. On the other hand, Ration Shops with less than 3,000 units are not viable unless they are financed by themselves. Further, these Societies are run by part-ime honorary workers who have their own vocations and very few of them can afford to maintain whole-time Accountant or Internal Auditors and have necessarily to rely to a considerable extent on the paid employees. The Committee hopes that the Officers of the reoriented Wholesale Society would take serious notice of the grievances of the Primaries indicated in paragraph 4 and do their best to remove them and we recommend further action on the following lines:—

(*a*) Overdrawals on the general goods accounts may be recovered by collecting, as at present, 10 per cent. over the value of the indents.

(*b*) Overdrawals on the Ration Account may be recovered by collecting 5 per cent. over the value of indents as the amounts involved are much larger.

(*c*) Societies which do not draw general goods/Ration goods may be dealt with on the merits of each case—legal steps being taken in obstinate cases and the Managers proceeded against, if necessary.

7.7. We would also make the following further recommendations:

(*a*) Viable or poentially viable units, such as those in the second category of Societies referred to in paragraph 4 may be granted matching contribution to share capital up to Rs.10,000. This will encourage the Society to increase their capital if it is less than Rs.10,000. The additional contribution payable under this formula to defaulting Societies should not, however, be paid in cash but adjusted against their liabilities.

(*b*) Managerial subsidy at Rs.50 per month may be extended to all Societies for another three years.

(*c*) Rent subsidy at Rs.50 per month may be granted for three years to Societies running Ration Shops with less than 3,000 units.

(*d*) Societies who are liable to the Wholesale Society on the Ration Account but have seceded from the Ration Scheme may be required to get their ration indents countersigned by the Executive Officer, Calcutta Wholesale Consumers' Co-operative Society. Legal difficulties, if any, in this respect may be removed by an amendment of the relevant Rules.

(*e*) Societies which are not viable units may be persuaded to amalgamate with the nearest Society.

(*f*) Moribund Societies may be formally wound up and their registration cancelled.

(*g*) In view of the fact that Government has participated in the share capital of the Society, the Managing Committee of every Society must have a Government nominee on it.

7.8. In making the above recommendations the Committee has been influenced by the consideration that the Primary Societies which constitute the back-bone of the Consumers' movement are in difficulty partly due to past neglect and partly due to organisational weakness. They must be strengthened and revitalised so as to arouse public enthusiasm and enlist the people support and co-operation.

CHAPTER VIII

FINANCIAL REVIEW

8.1. We have recommended that the Calcutta Wholesale Consumers' Co-operative Society should be split up into two Societies and that the Retail Shop at Chittaranjan Avenue and the Samavayikas be converted into Primary Societies. We have also recommended that the Wholesale Societies should gradually withdraw from the Ration Scheme. It is therefore necessary to review the present financial position of the Society and to consider the readjustment of finances so as to determine the additional financial accommodation, if any, required to be provided by Government.

8.2. As already indicated in Chapter VI, the back-log in the accounts work of the Society presents difficulties in presenting the true financial condition of the Society at the present moment. The present review is based on the audited accounts for 1966-67 amended on the basis of such further data as could be collected.

8.3. The total Capital Resources available to the Calcutta Wholesale Consumers' Co-operative Society up to June 30, 1969 amounted to Rs.77,65,473 and the sources are indicated below:—

			Rs.
Government finance	...	...	55,52,500
Co-operative Bank	...	...	15,54,323
A Class Share	...	...	5,92,680
D Class Share	...	...	65,970
		Total	77,65,473

Particulars of the financial assistance received from Government will be found from Annexure G.

8.4. The following table indicates the amount of funds provided and their disposition. Particulars of dispositions will be found in Annexure H:—

			Funds provided.	Disposition.	Saving (+) Excess (—)
			Rs.	Rs.	
General Goods		..	30,52,680	23,35,200	(+)5,26,680
Cash and Bank			..	1,90,800	
Samavayika (Central)	..	..	13,37,550	13,28,900	(+)08,650
Samavayika (North)	..	..	9,06,230	9,13,600	(—)7,430
Samavayika (South)	..	..	9,07,500	9,07,500	..
Ration Scheme	..	..	14,83,725	19,14,200	(—)4,30,525
Sugar Scheme	..	..	70,598	1,00,000	(—)29,402
Retail Shop	..	..	7,190	75,000	(—)68,810
	Total	..	77,65,473	77,65,200	

8.5. It may be noted in the first instance that the total liabilities due from the affiliates as on June 30, 1969, in respect of supply of General goods, Ration goods and Service charges amounted to Rs.26.84 lakhs and that the Cash and Bank balances of the Society as on June 30, 1969, was only Rs.2 lakhs. The most outstanding point to be noted from the above table is the serious inroad made by the Ration Scheme on the finances of the Wholesale Society. It has absorbed a sum of Rs.19.14 lakhs against the guaranteed credit of Rs.10 lakhs. It includes Rs.17.58 lakhs due from the Primary Societies and Rs.1.56 lakhs due from the Food Department. It will take some time for this excess to be adjusted. It is, therefore, necessary for Government to provide additional financial accommodation to the Wholesale Society to tide over the present difficulty and to enable the Society to make fresh efforts to stand on its feet.

8.6. The following matters are also to be noted: (1) the sum of Rs.9,07,500 drawn for the Third Samavayika has been placed in fixed deposit to be released as and when arrangements for setting up the Third Samavayika are finalised. (2) Two sums of Rs.3.65 lakhs drawn for godown construction and Rs.4.65 lakhs drawn for the expansion of Samavayika (Central) have been placed in fixed deposit, but the Fixed Deposit Receipt has been pledged to the Bank against loan amounting to Rs.5.15 lakhs already drawn for financing the Ration Scheme. These deposit receipts have to be made free from encumbrances so as to make the funds available for the purpose for which they have been drawn. (3) Ration Scheme has absorbed a further sum of Rs.4.31 lakhs out of funds drawn for consumer goods. This is also to be released.

8.7. We therefore recommend the following additional financial accommodation from Government so as to maintain the Retail shop in a satisfactory manner and to allow the Wholesale Society to tide over the serious financial difficulty caused by the locking up of its funds in the Ration Scheme. The Committee believes that because of its excellent location and the volume of business handled by it, this shop has the potentiality of developing into another departmental store.

Retail Shop

			Rs.
Share Contribution	...	...	2,00,000
Furniture	...	...	1,00,000
Transport	...	...	50,000
Working Capital	...	...	2,00,000
Managerial Subsidy	...	...	10,000
		Total	5,60,000

Wholesale Society

		Rs.
(a) Release of Fixed Deposit Receipts ...	...	5,15,000
(b) Grant and loan for the second godown	...	3,50,000
(c) Release of 'General funds' held by the Ration Scheme.		5,00,000
Total	...	13,65,000
Say,		14,00,000

CHAPTER IX

RESPONSIBILITY FOR MISMANAGEMENT

9.1. We have examined the working of the Calcutta Wholesale Society from its inception in great detail. There are many factors responsible for the present financial and working condition of the Society. When the scheme was introduced in 1962-63 everything was done in such a hurry that even the preliminary steps necessary for promotion of a Co-operative Society were not taken by anybody. The people, in general, were not ready to accept the programme in such a quick manner. As a matter of fact, it appeared to us the scheme itself was imposed by the Government to take advantage of the easy money made available by the Government of India. When the Centrally-sponsored scheme was introduced in 1962, it was not contemplated that one Wholesale Society would cater to the needs of more than 50 Societies. Within twelve months of its organisation, the Society was converted into a six-unit Society consisting of 120 Societies without making any improvement in its administrative machinery, besides setting up a Retail shop. Then came the responsibility of the rationing business without the slightest financial or other benefit to the organisation. In any business, the capital invested should always have a minimum return. While accepting the Rationing finance scheme in March 1965 the management did not carefully consider the financial and the organisational aspects of the question. The worst of it was that the funds obtained from the Bank for financing the scheme was blocked due to inefficient handling of the scheme by the management of the Society. Money drawn from Government and the share-holders for other purposes had to be diverted to meet the increasing requirements of the Rationing business. Then came in the burden of the Departmental Stores. There was a tremendous opposition to this imposition by the Government but the scheme was undertaken in a great hurry without any planned programme and without strengthening the administrative and executive machinery of the Society. Before selecting the site for the Lindsay Street shop, the economics of the schemes should have been studied with particular reference to the exorbitant rent of the space and its proximity to the sophisticated New Market. There was absolutely no justification for obtaining the 2nd floor of the departmental store of North Calcutta. Most of the staff working in these shops were appointed for considerations other than efficiency. They had no experience or training in this line before joining the Society. Goods worth lakhs of rupees purchased at the time of opening of these shops are now included in the list of non-moving stock.

9.2. The Committee would like to draw the attention of Government to the fact that since March 1963, as many as 7 Executive Officers have been posted to the Wholesale Society only one of whom had stayed there for some length of time. Again, against 4 supporting posts of Assistant Registrar of Co-operative Societies, as many as 14 Officers have been rotated. No commercial organisation deserves such a staffing arrangement.

The Committee in its final report will have much to say on this subject. Meanwhile, we should recommend the gradual withdrawal of these untrained and largely unwilling officers from this organisation—the only exception being the Executive Officer. But this Officer should not treat a posting to the Society as a kind of waiting room for something better but should identify himself with its objectives and activities fully.

9.3. As for the Directors, they were so much involved in internal conflicts that they could not give proper attention to the affairs of the Society even during the period they were actually in office. A prominent non-official co-operator interviewed by us expressed the opinion that the Directors were more interested in mud-slinging than in their business. As many as nine Societies having representation on the last Managing Committee of the Calcutta Wholesale Society had on May 31, 1969, drawals made in excess of the admissible credit limit.

9.4. There was no effective control over the movement of funds and the day-to-day routine. There was no job evaluation or classification. The Society admitted in writing that up to June 1965, there was no qualified Accountant. Such a situation cannot be conceived of in an organisation expected to handle crores of rupees worth of business.

9.5. Barring a short period of nine months from June 13, 1964, the Directors appointed by the State Government and the Registrar constituted more than 50 per cent. of the total Directors of the Society. The basic idea of the scheme was to check profiteering by the private traders. But the Assistant Registrar appointed or was made to appoint a business magnate of Calcutta as Vice-Chairman in the first Managing Committee of the Society. The office of the Chairman and the Vice-Chairman had, until April 12, 1969, been held by members nominated by the Government or the Registrar. During the period from 21st March 1965 to 5th July 1967 when there was no Managing Committee, the administration was carried on by the Chairman and the Executive Officer under the supervision of the Joint Registrar. By the time the third Committee with nominated members in the majority took over charge on July 5, 1967, the overdues from the primaries reached Rs.23.86 lakhs. A sum of Rs.3.10 lakhs drawn from the Central Samavayika was diverted to other purpose while the need of the Primaries remained neglected.

9.6. The day-to-day administration of the Society had all along been carried on by an Executive Officer with the help of some Assistant Registrars deputed by the Government, while the supervision of the Primaries was the responsibility of Inspectors deputed to the Wholesale Society. The Managing Committee of the Society permitted credit sale up to 1½ times of the paid-up share capital of the Primaries in the Wholesale Society. But in actual practice there are instances where the credit allowed was 7 times the limit. As a matter of fact, the number of Societies exceeding this limit was 15 in 1963-64, the first year of operation, and the figure has increased gradually since then. For the rationing scheme, the approved programme was that no Primary Society should be allowed credit beyond Rs.15,000. But this limit was exceeded by 4 Societies within 15 weeks of its working. Such excess drawals went on without check as would be evident from the findings in the foregoing chapters. Even then, the Executive Officer gave (incorrect) certificates as late as March 1967 to the Government just to get extension of the Government guarantee to the State Co-operative Bank for the rationing financing programme. Again, although the State Government appointed 3 nominees all along to look after its interest in the Society, none of them even cared to bring to the notice of the Government or of the Registrar of the serious irregularities happening in the Society. The assistance given for construction of godown and for extension of Central Samavayika were diverted to some other business without the concurrence of the Government. Year after year some Societies were allowed to draw supplies from the Society against payment by cheques which were ultimately returned dishonoured and no positive step was ever taken by the management against these Primaries. The Inspectors deputed to supervise the working of the Primaries were mostly utilised for clerical job in the head office with the result that the entire structure is now on the point of a collapse. The Officers deputed by the Government to the society for working as Executive Officers and Assistant Registrars had no background knowledge of this type of business. We gathered that such deputations, in most cases, were against their will. The Calcutta Wholesale Society received a total assistance of Rs.55,52,500 from the State Government on various occasions. The standard of supervision that the Government had in the organisation with such huge stake was totally inadequate. A stricter supervision by the Government and efficient administration by the management of the Society could have avoided the present unhappy situation. In the circumstances, we are of the opinion that the responsibility for mismanagement must rest mainly with the Government.

9.7. The causes of the present state of affairs are summarised below—

(1) Hasty formation of the Calcutta Wholesale Consumers' Co-operative Society Ltd. and the Primaries, although such haste was dictated by the exigencies of an emergency and the requirements of an overall public policy.

(2) Unplanned and hasty expansion of activities.

(3) Initial organisational deficiency—absence of defined Duty Rosters and of office and accounts procedure.

(4) Posting Departmental Officers without previous experience and their frequent transfers.

(5) Absence of Managing Committee for more than two years.

(6) Inefficiency and indifference of the Officers concerned in the matter of enforcing financial procedure.

(7) Absence of competent Accountant and Financial Controller.

(8) Faulty recruitment of Sales Staff without any training or practical experience.

(9) Over-staffing of Samavayikas.

(10) Absence of adequate godown space.

(11) Inadequate supervision by the Directorate over the Calcutta Wholesale Consumers' Co-operative Society Ltd. and the Primaries.

CHAPTER X

RECOMMENDATIONS

Wholesale Society, Samavayikas and Retail Shop

1. The Primary Societies situated in the district of 24-Parganas but at present attached to the Calcutta Wholesale Consumers' Co-operative Society, should be disaffiliated and transferred to the respective Wholesale Societies.

2. The three Samavayikas and the Retail Shop at Chittaranjan Avenue should be converted into Primary Societies (paras. 4.34 and 5.31).

3. After the above two steps have been taken, the Calcutta Wholesale Consumers' Co-operative Society Limited should be divided into two Wholesale Societies on a territorial basis (para. 4.2).

4. Government Officers other than the Executive Officer should be gradually withdrawn from the Wholesale Society (para. 9.2).

5. Consequent on the withdrawal of the Government Officers, 50 per cent. of the indirect Managerial Subsidy now being paid by the Government should be given to the Wholesale Societies as Managerial Subsidy.

6. Additional grants and loans amounting to Rs.3.50 lakhs should be sanctioned for the construction of a second godown (para. 8.7).

7. An interest-free loan amounting to Rs.10.50 lakhs may be granted to the Wholesole Societies to be repaid in seven annual instalments commencing from the third year. The allocation between the two Societies will be made on the basis of the number of Primary Societies allotted to each (para. 8.7).

8. A competent Chief Accountant and Financial Controller should be appointed by each Society and the present back-log in accounts cleared as early as possible (para. 6.13).

9. The reorganised Retail Shop at Chittaranjan Avenue should be granted the following financial assistance (para. 8.7):—

		Rs.
(i) Contribution to Share Capital	...	2,00,000
(ii) Grant and loan for furniture	...	1,00,000
(iii) Grant and loan for trucks	...	50,000
(iv) Working Capital ...	...	2,00,000
(v) Managerial Subsidy ...	...	10,000
	...	5,60,000

10. A Government Officer may be deputed to each of the three Samavayikas and the reorganised Retail Shop for a period not exceeding three years as Executive Officers.

11. Present D class shareholders will be the first A class shareholders of the respective units.

Ration Shops

12. The Wholesale Societies should gradually withdraw from the Rationing Scheme. No new Ration Shops should be sponsored by the Wholesale Societies (para. 4.24).

13. The liabilities of the affiliated Societies should be correctly worked out and active steps taken to bring the credit within permissible limit. This limit is to be worked out for each Society on the basis of Rs.2.70 per unit and a revolving stock for 2½ weeks (para. 4.14).

14. Societies which have gone out of the Ration Scheme with liabilities to the Wholesale Society may be allowed to repay their dues in suitable instalments to be determined in consultation with the Societies concerned. Obstinate cases should be severely dealt with (para. 7.6).

15. Defaulting Societies who continue to draw ration through the Wholesale Society may be required to deposit the value of weekly indents plus 5 per cent. in repayment of the previous liability (para. 7.6).

Primary Societies

16. Societies which are economically viable or are potentially viable should be granted matching contribution to share capital up to a limit of Rs.10,000. In cases where the outstandings exceed the credit limit, the proposed additional contribution to share capital should be adjusted against such outstandings and the balance, if any, paid in cash (para. 7.7).

17. Societies which are not viable should amalgamate with the nearest Societies and moribund Societies be liquidated and their registration cancelled (para. 7.7).

18. Rent subsidy at Rs.50 per month may be granted for a further period of three years to Primaries running Ration Shops with less than 3,000 units (para. 7.7).

19. Managerial subsidy at Rs.50 per month may be granted for another three years to all Societies (para. 7.7).

20. The supervision of Primary Societies should be more intensive. The Inspectors, at present attached to the Wholesale Society, should be placed at the disposal of the Joint Registrar of Co-operative Societies (Consumers), who should himself undertake the responsibility of intensive supervision of the Primaries (para. 2.12).

21. Government, as a shareholder, should invariably nominate a member to serve on the Managing Committee of each Primary Society (para. 7.7).

Bye-Laws

22. Bye-law No. 17(*d*), authorising the Registrar to exercise the option of nominating D class members to serve on the Managing Committee of the Wholesale Society, should be deleted as the Registrar may always appoint Additional Directors under rule 32(1) (para. 2.9).

23. In Bye-law 16(1), the second sentence which debars the General Body from interfering with the action of the Managing Committee should be deleted (para. 2.10).

24. Bye-laws 16(*i*), 21, 29(*i*) and rule 33(E) should be amended on the lines of rules 21(1) so as to enable the General Body to elect its own Chairman (para. 2.10).

N. N. CHATTERJEE.
31-7-1969.

DEBIDAS RAY.
31-7-1969.

K. L. DUTTA.
31-7-1969.

M. N. THAKUR.
31-7-1969.

ANNEXURE A

GOVERNMENT OF WEST BENGAL

Department of Co-operation

RESOLUTION

No. 1979-Co-op./19C-51/69.—3rd June 1969.—The Governor is pleased to constitute a Committee on Consumers' Co-operatives to enquire into the structural, organisational and financial aspects of the Consumers' Co-operative Societies in the State.

2. The composition of the Committee will be as follows:—

(1) Shri N. N. Chatterjee, Professor, Indian Institute of Management, Baranagore, 71J, Hindusthan Park, Calcutta-29—Chairman.

(2) Professor Debi Das Roy, Department of Economics, Biswabharati University—Member.

(3) Shri Kiron Lal Dutta, Chairman, Jadabpur Consumers' Co-operative Stores Ltd., 24A Raja Subodh Mallik Road, Calcutta-32—Member.

(4) Shri M. N. Thakur, Joint Registrar of Co-operative Societies (Consumers)—Member-Secretary.

3. The following will be the terms of reference of the Committee:—

(*a*) To study the working of the Calcutta Wholesale Consumers' Co-operative Society and to find out whether the present unsatisfactory financial condition of the Society has been due to avoidable mismanagement by the Managing Committee and/or to other reasons;

(*b*) to study the functioning of the Samavayika Stores under the Calcutta Wholesale Consumers' Co-operative Society, their operational difficulties and their various contractual agreements with different parties and to make recommendations for necessary remedial action;

(*c*) to find out whether the scheme of operating Wholesale Consumers' Co-operative Store through branches and department stores, instead of through affiliated Primary Co-operative Stores, was a move in the desirable direction or whether this stood in the way of proper and healthy development of a self-sustained Consumers' Co-operative structure;

(*d*) to study the inter-relationship between the Wholesale Consumers' Co-operative Societies and the Primary Consumers' Stores and to find out whether they have been working in close co-operation and in proper appreciation of their mutual problems;

(*e*) to study the structural, organisational and financial inadequacies of Consumers' Co-operatives at the Apex, Wholesale and Primary levels and to suggest necessary steps to remove the existing defects so as to make the units at each level viable;

(*f*) to examine the various limitations within which the Consumers' Co-operative Societies have been working, particularly with regard to the supply of articles by the manufacturers credit facilities, sales tax, municipal taxes, audit fees, sales and accounts staff, etc., and to make appropriate practicable recommendations in this regard;

(*g*) to examine the special problems of Primary Co-operative Stores with particular reference to their mounting overdues, and to come up with suggestions for putting them on their feet;

(*h*) to examine the role of Co-operative Directorate officers in the promotion of Consumers' Co-operative Movement in the State including State nominees on the Managing Committees, managerial staff deputed by the Government, inspectorate staff inspecting and guiding the Societies and the audit staff;

(*i*) to recommend steps to be taken to develop manufacturing/processing units for consumers' goods in the Co-operative Sector and to procure consumers' goods for such co-operatives from manufacturers in the private sector for fair and equitable distribution amongst the general consumers so as to make an impact on market prices.

4. The Committee will be expected to submit an interim report by the 15th July 1969 on Item Nos. (*a*) and (*b*) and the final report on all the items by the end of August 1969.

Order

Ordered that the Resolution be published in the *Calcutta Gazette* and that copies be forwarded to—

(*i*) Chairman and all Members of the Committee;

(*ii*) all Departments of this Government;

(*iii*) Joint Secretary to the Government of India, Ministry of Food, Agriculture, Community Development and Co-operation (Department of Co-operation), Krishi Bhawan, New Delhi; and

(*iv*) Secretary, National Co-operative Development Corporation, C-56 South Extension (Part II), New Delhi-16.

By order of the Governor,

A. K. DUTT,

Secretary to the Government of West Bengal.

ANNEXURE B

List of representatives and persons interviewed by the Committee

	Name.	Representing.
1	Sri A. K. Roy	Sealdah Railway Employees' Co-operative Stores Ltd.
2	Sri Jyotish Ch. Majumdar ..	Haradayal Nag Consumers' Co-operative Stores Ltd.
3	Sri K. N. Roychowdhury ..	West Bengal State Federation of Wholesale Consumers' Co-operative Societies Ltd.
4	Sri Kalyan Dasgupta and others.	Calcutta Wholesale Consumers' Co-operative Society Employees' Union.
5	Sri N. Krishnamurthi ..	Registrar of Co-operative Societies, Government of West Bengal.
6	Sri N. Dutta	Rashmonibagan Consumers' Co-operative Stores Ltd.
7	Sri N. Sengupta ..	West Bengal State Co-operative Bank Ltd.
8	Sri Prabhat Kr. Mukherjee	Nabajatak Samabay Pannya Bhavan Ltd.
9	Sri S. Sen	Joint Registrar of Co-operative Socitees, Government of West Bengal.
10	Sri S. C. Bhowmick ..	Adi Ballygunge Consumers' Co-operative Stores Ltd.
11	Sri S. C. Sengupta ..	Calcutta District Co-operative Union.
12	Sri S. Lahiri	Assistant Registrar of Co-operative Societies, formerly attached to the Calcutta Wholesale Consumers' Co-operative Society Ltd.
13	Sri T. N. Sengupta ..	Ex-Executive Officer, Calcutta Wholesale Consumers' Co-operative Society Ltd.
14	Sri Amal Kumar Paul	
15	Sri B. Dasgupta	
16	Sri Bidyut Bose	
17	Sri D. K. Bose	
18	Sri Hiren Kr. Ghose	
19	Sm. Maitrayee Debi	
20	Sri M. M. Bagchi	
21	Sri Prabir Das	
22	Sri P. U. C. Choudhury	
23	Sri Rabindra Nath Ganguly	
24	Sri Santosh Dutta	
25	Sri N. C. Sengupta ..	Deptty Registrar of Co-operative Societies

ANNEXURE C

A statement showing the list of Primary Stores Affiliated with the Calcutta Wholesale Society joined simultaneously the other Wholesale Society, viz., Jadavpur Wholesale, their dues with the former Wholesale Society as on the date of affiliation with the latter and as on 30th June 1969.

Serial No.	Name of the Primary Society.	Date of affiliation to the new Wholesale Society.	Outstanding with the Calcutta Wholesale Society as on the date of affiliation to the new Wholesale Society.	Outstanding with the Calcutta Wholesale Society as on 30th June 1969.	Remarks.
1	2	3	4	5	6
			Rs.	Rs.	
1.	Central Halthu Consumers' Co-operative Stores Limited ..	29-3-67	4,062·81	26,575·35	
2.	Garfa Co-operative Stores Limited	29-3-67	2,387·50	14,943·58	
3.	Halthu Consumers' Co-operative Stores Ltd.	29-3-67	45,186·43	56,061·70	
4.	Jadavpur Consumers' Co-operative Stores Ltd. (Santoshpur) ..	29-3-67	38,280·11	49,136·26	
5.	Kafibagan Consumers' Co-operative Stores Limited ..	29-3-67	7,667·07	14,612·22	
6.	North Santoshpur Consumers' Co-operative Stores Ltd. ..	24-3-67	(Cr.)1,115·80	35,757·20	
7.	Pashim Rajapur Kreta Consumers' Co-operative Stores Ltd. ..	29-3-67	3,295·25	20,268·89	
8.	Purbachal Co-operative Stores Ltd.	29-3-67	7,115·46	13,296·24	
9.	Paschim Haltu Consumers' Co-operative Stores Ltd. ..	26-6-68	21,765·07	34,056·79	
10.	Purba Jadavpur Consumers' Co-operative Stores Ltd. ..	29-3-67	7,367·12	17,263·65	
11.	Raipur Consumers' Co-operative Stores Ltd. ..	29-3-67	3,965·53	11,886·02	
12.	Forty-four Baisnabghata Consumers' Co-operative Stores Ltd. ..	29-3-67	589·19	20,215·91	

ANNEXURE D

Board of Directors Since Inception

First Board appointed by A. R. C. S. on 20th April 1963.	Annual General Meeting held on 13th June 1964. No D class nomination.	Special General Meeting held on 25th September 1965.	Reconstituted Meeting after compromise on 5th July 1967.	Special General Meeting on July 1968.
(1)	(2)	(3)	(4)	(5)
	(A) Elected Directors.	(A) Elected Directors.	(A) Elected Directors.	(A) Elected Directors.
1. Bhupati Mazumdar, Chairman	(1) Nirmal Sengupta ..	(1) B. P. Chatterjee ..	(1) B. N. Roychoudhury	(1) Sunil Ghosh.
2. B. P. Poddar, Vice-Chairman	(2) Tarakdas Dutta ..	(2) P. U. C. Chowhdury ..	(2) D. K. Bose ..	(2) Nirmal Sengupta.
3. J. N. Mukherjee, President, Bengal National Chambers of Commerce.	(3) N. Gupta ..	(3) Sunil Bakshi ..	(3) S. P. Chatterjee ..	(3) P. U. C. Chowdhury.
4. M. Gupta ..	(4) B. P. Saha ..	(4) P. B. Bose, Vice-Chairman.	(4) N. Sengupta ..	(4) M. K. Roy.
5. P. B. Bose ..	(5) Amal Paul ..	(5) Uma Banerjee ..	(5) D. P. Chatterjee ..	(5) M. Bagchi.
6. B. K. Majumdar	(6) Biswananda Das Gupta	(6) M. Bagchi ..	(6) P. U. C. Chowdhury ..	(6) B. Roy Chowdhury.
7. Lal Mohan Chatterjee ..	(7) R. N. Dhar ..	(7) Amal Paul ..	(7) Sunil Bakshi ..	(7) Sushil Banerjee.
8. Baldeo Singh ..	(8) Samaresh Sen ..	(8) B. Chakraborty ..	(8) N. Ghosh ..	(8) N. Ghosh.
9. S. C. Mondal ..	(9) J. Banerjee ..	(9) Hiran Ghosh ..	(9) M. Bagchi ..	(9) Nagen Bhattacharjee
	(B) State Nominees. ..	(B) State Nominees. ..	(B) State Nominees. ..	(B) State Nominees.
10. K. L. Roy	(10) Bhupati Mazumdar, Chairman.	(10) P. B. Bose ..	(10) P. B. Bose ..	(10) P. B. Bose.
11. S. N. Basu	(11) P. B. Bose, Vice-Chairman.	(11) B. Mazumdar ..	(11) B. Mazumdar ..	(11) D. K. Bose.
12. J. Banerjee	(12) D. K. Mazumdar ..	(12) Jt. R. C. S., W. B.	(12) Jt. R. C. S., W. B. ..	(12) Jt. R. C. S., W. B.

	(C) Addl. Directors under rule 32.	(C) Addl. Directors under rule 32.	(C) Addl. Directors under rule 32.	(C) Addl. Directors under rule 32.
13. Aloke Mitra	(13) Director of Health Services.	(13) Mrs. Reba Sen ..	(13) Mrs. Reba Sen ..	(13) Bidyut Bose.
14. Sumita Banerjee	(14) Sumita Banerjee ..	(14) Secretary, State Co-operative Bank.	(14) Secretary, State Co-operative Bank.	(14) Director of Rationing.
15. P. C. Mazumdar	(15) P. C. Mazumdar, Jt. R. C. S.	(15) Managing Director, Fisheries Corporation.	(15) Managing Director, Fisheries Corporation.	(15) Kalyani Karlekar.
	(16) Director of Food ..	(16) Director of Rationing	(16) Director of Rationing	(16) Secretary, State Co-operative Bank.
	(D) Addl. Directors as 'D' class share-holders.	(D) Addl. Directors as 'D' class share-holders.	(D) Addl. Directors as 'D' class share-holders.	(D) Addl. Directors at 'D' class share-holders.
		(17) Manik Lal Das ..	(17) Manik Lal Das ..	(17) B. C. Basak.
		(18) A. K. Dutta ..	(18) A. K. Dutta ..	(18) R. C. Deb.
		(19) Mrs. Sumita Banerjee	(19) Mrs. Sumita Banerjee	(19) S. C. Mazumdar.

ANNEXURE E

Comparative study of actual performance of Samavayika, Central, 13 Lindsay Street, Calcutta.

Vis-a-vis norms prescribed for the quarter ended on 31st March 1969

Name of the Section	Floor space covered.	Average monthly sale.	No. of sales staff.	Sales per day per sq. ft. — Prescribed norms.	Sales per day per sq. ft. — Performance.	Sales per Monday. — Prescribed norms.	Sales per Monday. — Performance.
	Sq. ft.	Rs.		Rs.	Rs.	Rs.	Rs.
1. Provision ..	396	55,985	4	Rs. 5 or more as daily sales	5·65	400	560
2. Grocery ..	672	94,756	5	per sq. ft.—(Good).	5·64	400	758
3. Cosmetics ..	352	37,797	4		4·30	300	378
4. Soaps and Toilets	608	38,112	4	Rs. 2 to Rs. 4 sales per day per sq. ft.	2·51	300	381
5. Textile ..	1,416	29,698	10	—(Fair) ..	0·84	300	119
6. Electric and Plastic.	650	27,232	3		1·65	300	363
7. Toys and Novelties.	261	2,450	..		0·38	300	..
8. Stationery and Leather.	261	4,518	1	Less than Rs. 2 sales per day per sq. ft.	0·69	300	181
9. Cafeteria ..	240	2,384	2	—(Unsatisfactory).	0·39	300	48
10. Vegetable ..	663	17,189	1		1·04	300	688
11. Medicine ..	330	18,811	2		2·28	300	376
12. Pork ..	99	4,455	..		1·80	300	..

ANNEXURE F

Comparative study of actual performance of Samavayika (North), 139C Bidhan Sarani, Calcutta.

Vis-s-vis norms prescribed for the quarter ended on 31st March 1969

	Name of the Section.	Floor space covered.	Average monthly sale.	No. of sales staff.	Sales per day per sq. ft. Prescribed norms.	Sales per day per sq. ft. Performance.	Sales per Monday. Prescribed norms	Sales per Monday. Performance.
		sq. ft.	Rs.		Rs.	Rs.	Rs.	Rs.
1.	Grocery ..	742	71,214	11	..	4·00	400	270·00
2.	Provision ..	238	34,198	4	Rs. 5 or more as daily sales per sq. ft.	5·99	400	356·00
3.	Cosmetics ..	425	23,082	4	—(Good) ..	2·26	300	240·00
4.	Medicine ..	507	26,170	5		2·15	300	218·00
5.	Textile ..	860	13,829	6	Rs. 2 to Rs. 4 sales per day per sq. ft.	0·67	300	96·00
6.	Soap ..	190	19,233	3	—(Fair) ..	4·22	300	267·00
7.	Electric ..	140	12,820	2		3·81	300	267·00
8.	Household ..	140	4,676	2		1·32	300	97·00
9.	Stationery ..	126	2,238	2		0·74	300	47·000
10.	Leather ..	194	2,133	1	Less than Rs. 2 sales per day per sq. ft.	0·46	300	89·00
11.	Toy ..	56	552	1	—(Unsatisfactory).	0·41	300	23·00
12.	Cafeteria ..	798	2,762	1		0·14	300	110·00
13.	Vegetables ..	195	16,374	3		3·50	300	218·00

ANNEXURE G

Statement of Financial Assistance received by the Calcutta Wholesale Consumers; Co-operative Society Ltd., from the Government of West Bengal, as on 30th June 1969.

STATEMENT I—BY PURPOSE

	Rs.	Rs.
(A) For General Business—		
(a) Share Capital	6,00,000·00	6,00,000·00
(b) Loan—		
(i) Cash Credit	12,00,000·00	
(ii) Purchase of Truck	1,80,000·00	
(iii) Construction of Godown	2,70,000·00	16,50,000·00
(c) Grant—		
(i) Purchase of Truck	60,000·00	
(ii) Construction of Godown	90,000·00	1,50,000·00
(d) Managerial Subsidy	60,000·00	60,000·00
	Total ..	24,60,000·00
(B) Samavayika (Lindsay Street)—		
(a) Share Capital	5,00,000·00	
Additional share capital for expension ..	3,00,000·00	8,00,000·00
(b) Loan for furniture	2,25,000·00	
Additional Loan for furniture for expansion	1,50,000·00	3,75,000·00
(c) Grant for furniture	75,000·00	
Additional grant for furniture for expansion ..	50,000·00	1,25,000·00
(d) Managerial subsidy	20,000·00	20,000·00
	Total ..	13,20,000·00
(C) Samavavika (North)—		
(a) Share capital	5,00,000·00	5,00,000·00
(b) Loan for furniture	2,25,000·00	
(c) Additional loan for furniture	37,500·00	2,62,500·00
(d) Grant for furniture	75,000·00	75,000·00
(e) Additional grant for furniture	12,500·00	12,5000·00
(f) Managerial subsidy	15,000·00	15,000·00
	Total ..	8,65,000·00

ANNEXURE G—*contd.*

(D) Samavayika (South)—

		Rs.	Rs.
(*a*) Share capital	.. ..	7,00,000·00	7,00,000·00
(*b*) Furniture grant	.. .. ..	1,50,000·00	1,50,000·00
(*c*) Furniture loan	.. ..	50,000·00	50,000·00
(*d*) Managerial subsidy	.. .. ..	7,500·00	7,500·00
		Total ..	9,07,500·00
		Grand total ..	55,52,500·00

STATEMENT II—BY CATEGORY

		Rs.	Rs.
(A) Share Capital—			
(*a*) General	.. .. ..	6,00,000·00	
(*b*) Samavayika (Central)	.. .. ..	8,00,000·00	
(*c*) Samavayika (North)	.. .. ..	5,00,000·00	
(*d*) Samavayika (South)	.. .. ..	7,00,000·00	26,00,000·00
(B) Loan—			
(*a*) General Business	.. .. ..	16,50,000·00	
(*b*) Samavayika (Central)	.. .. ..	3,75,000·00	
(*c*) Samavayika (North)	.. .. ..	2,62,500·00	
(*d*) Samavayika (South)	.. .. ..	1,50,000·00	24,37,500·00
(C) Grant—			
(*a*) General Business	.. .. ..	1,50,000·00	
(*b*) Samavayika (Central)	.. .. ..	1,25,000·00	
(*c*) Samavayika (North)	.. .. ..	87,500·00	
(*d*) Samavayika (South)	.. .. ..	50,000·00	4,12,500·00
(D) Managerial Subsidy—			
(*a*) General Business	.. .. ..	60,000·00	
(*b*) Samavayika (Central)	.. .. ..	20,000·00	
(*c*) Samavayika (North)	.. .. ..	15,000·00	
(*d*) Samavayika (South)	.. .. ..	7,500·00	1,02,500·00
		Grand total ..	55,52,500·00

ANNEXURE G—*concld.*

STATEMENT III—ABSTRACT

	Share capital.	Loan.	Grant.	Total.
	Rs.	Rs.	Rs.	Rs.
(A) General Business ..	6,00,000·00	16,50,000·00	2,10,000·00	24,60,000·00
(B) Samavayika (Central) ..	8,00,000·00	3,75,000·00	1,45,000·00	13,20,000·00
(C) Samavayika (North) ..	5,00,000·00	2,62,500·00	1,02,500·00	8,65,000·00
(D) Samavayika (South) ..	7,00,000·00	1,50,000·00	57,500·00	9,07,500·00
Total ..	26,00,000·00	24,37,500·00	5,15,000·00	55,52,500·00

ANNEXURE H

Statement of disposition of funds

			Rs.	Rs.
1.	General Consumer goods.	Investment in Shares	1,90,650·00	
		Fixed Deposit ..	3,65,000·00	
		Furniture, etc. ..	1,76,497·00	
		Due from Primaries ..	9,26,024·00	
		Stock in hand ..	6,27,000·00	
		Due from Non-members.	50,000·00	
				23,35,171·00
2.	Samavayika (Central)	Fixed Deposit ..	4,65,000·00	
		Furniture, etc. ..	1,76,131·00	
		Loss	1,87,727·00	
		Stock	5,00,000·00	
				13,28,858·00
3.	Samavayika (North)	Fixed Deposit ..	60,000·00	
		Furniture, etc. ..	1,62,000·00	
		Loss	2,81,616·00	
		Stock	4,10,000·00	
				9,13,616·00
4.	Samavayika (South)	Fixed Deposit ..	..	9,07,500·00
5.	Ration Scheme ..	Due from Primaries ..	17,58,390·00	
		Due from Food Department.	1,55,836·00	
				19,14,226·00
6.	Retail Shop ..	Stock	75,000·00	75,000·00
7.	Sugar Scheme ..	Stock	1,00,000·00	1,00,000·00
8.	Cash and Bank balance	.. ..	..	1,90,815·00
		Total ..		77,65,186·00

ANNEXURE I

General Progress of Calcutta Wholesale Consumers' Co-operative Society Ltd. since inception up to 30th June 1968

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
(1)	(2)	(3)	(4)	(5)	(6)	(7)
						(subject to audit)
1. Membership—						
(a) Primary Stores	23	47	149	178	184	187
(b) Government	1	1	1	1	1	1
(c) Individuals	Nil	224	548	561	563	1,248
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2. Share Capital—						
(a) Primary Stores	30,500·00	84,500·00	4,23,150·00	5,50,210·00	5,65,710·00	5,78,210·00
(b) State Government	1,00,000·00	1,00,000·00	6,00,000·00	6,00,000·00	11,00,000·00	19,00,000·00
(c) Individuals	Nil	3,620·00	7,050·00	7,170·00	7,190·00	53,040·00
3. Borrowings	Nil	2,30,000·00	12,30,000·00	25,30,136·00	28,85,191·78	32,37,222·14
4. Working Capital	1,30,500·00	4,18,120·00	22,60,200·00	37,64,000·00	49,54,789·63	69,99,750·30
5. Purchases—						
(a) Ration	Nil	Nil	12,85,952·00	1,34,45,888·00	2,52,10,651·94 (including Sugar and 'Z' Shop).	2,33,90,778·34
(b) Non-ration	72,548·00	14,60,094·00	68,44,275·00	1,27,26,801·20	92,58,966·31	1,07,99,981·36

Sales—						
(a) Ration	Nil	Nil	12,85,952·00	1,34,45,888·00	2,53,27,092·07 (including 'Z' Shop and Sugar).	2,35,72,573· (including 'Z' Shop and Sugar).
(b) Non-ration	30,159·00	13,69,632·00	65,74,099·00	1,26,90,434·00	96,50,751·58	1,15,09,758·51
7. Gross Profit (+) or Gross Loss (—) ..	(+)350·00	(+)24,052·00	(+)1,01,426·00	(+)3,22,829·00	(+)6,60,436·74	(+)10,40,911·73
8. Net Profit (+) or Net Loss (—) ..	(—)4,383·00	(—)14,658·00	(+)31,594·00	(—)7,802·00	(—)43,015·77	(—)2,24,956·81
9. Outstanding from Primary Societies—						
(a) Non-ration	14,252·00	1,04,843·00	7,80,400·00	9,90,612·00	9,11,286·69	9,89,773·51
(b) Ration	Nil	Nil	4,54,437·00	7,50,341·00	11,91,975·54	12,69,671·38
(c) Service Charge	Nil	Nil	20,354·00	1,60,642·00	1,39,677·40	1,37,562·85
(d) Interest	Nil	Nil	4,318·00	52,309·00	77,644·45	79,301·90

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