

Circular of the Registrar of Cooperative Societies, Kilpauk, Chennai.10

Thiru.Jatindra Nath Swain, I.A.S.,
Registrar

Rc.No.140209/2009CCS1
(Circular No.7/2010)

Dated : 11.2.2010

Sub: Consumer Cooperatives – Purchase Policy of Primary
Cooperative Societies – revised instructions issued – reg.

Ref: 1.Registrar's Circular No.112530/01CC1 dated 26.7.2001.

2.Registrar's letter Rc.112530/2001CC1 dated 7.8.2001.

3.Registrar's Circular No.22 & 23 Rc.51283/2008CC3 dated
15.7.2008 and 21.8.2008.

1. In the existing system of purchase every primary society has to purchase goods required by it from TNCCF/Consumer Cooperative Wholesale Stores etc. and only where the Consumer Cooperative Wholesale Store are not able to supply the commodities required, the primaries may purchase such commodities from open market subject to certain conditions and restrictions.

2. This policy under implementation from 2001 has led to steady downturn in the business of PACS because of inability of Consumer Cooperative Wholesale Stores to supply in Time. This inability is due to the following:

- a) Most Consumer Cooperative Wholesale Stores are themselves cash-starved and short of working capital. So they are not able to maintain adequate stock to cater to the demand of primaries.
- b) Consumer Cooperative Wholesale Stores lack the technology and efficient manpower to correctly assess the requirement and to meet the demand on short notice.
- c) Consumer Cooperative Wholesale Stores because of lack of computerization are not able to deal in more than 200-300 items, whereas modern retailing even in rural areas to the tune of Rs.2-5 lakhs/month will require stocking of atleast 1000 products.

- d) All Consumer Cooperative Wholesale Stores run large number of ration shops and hence their entire energy is devoted to PDS management. As a result they are unable to concentrate on wholesaling and also lack skilled manpower to carry it out.

3. It is clear that only with adequate funds and use of I.T. Technology in procurement, inventory and indent management (ERP) Consumer Cooperative Wholesale Store can efficiently cater to the requirement of primaries. But ERP implementation process has just started, similarly, financial health/improvement of Consumer Cooperative Wholesale Stores through sale of assets, rescheduling of loans, infusion of funds from PCDF/CRDF has also just begun. It will take atleast 6-12 months before Consumer Cooperative Wholesale Store will attain capability to handle large volume of wholesaling and stocking. Till that time primaries have to be given an alternatives to develop themselves.

4) Based on such consideration, the existing system of purchase by the primaries is hereby modified and the Primaries (PCS/PACS) are hereby permitted to purchase the required commodities from open market subject to the following conditions and restrictions:

- a) Primaries are permitted to purchase the required commodities from open market initially for 6 months starting from date of issue of this order.
- b) PCS/PACS are also free to purchase at JPC rates/open market rates whichever is cheaper.
- c) Only good quality products may be purchase. The 5 basic principles of purchase (ie)

- Right Quality
- Right Quantity
- Right Price
- Right time and
- Right source

- should be strictly adhered to.

- d) A committee comprising of Special Officer, Secretary/Manager and a staff of the society may deal with the purchase operations. The purchases should be made adopting due procedures.
- e) Inventory holding at any point of time should not ordinarily exceed 1 months average sale and 2 months in the case of any specific item.
- f) Care should be taken to select the right suppliers who are reputed (Reputed here means wholesalers/stockists/dealers and not 'LETTER PAD' suppliers).
- g) Purchase should be based on local demand. There may be some variations in the first month. However, a clear assessment of the demand before indent is finalized should be done from the second month onwards.
- h) Purchase and stocking should be undertaken during the last week of every month, so that products are made available in the first and second week for sale. During festival season special stocking can be done as per the requirements.
- i) There is no restriction on the types of commodities to be purchase and sold by retail outlets run by PCS and in the head office shop/retail outlets opened / to be opened by PACS (PDS shops are not to be counted as retail outlets under this definition).
- j) However the restrictions imposed in Registrar's Circular No.22, Rc.51283/2008/CC3 dated 15.7.2008 and 21.8.2008 on the list of commodities to be sold in PDS will continue.
- k) There should be no forced sales in the PDS shops run by primaries. Any instance reported will attract severe disciplinary action against the Special Officer, Secretary/Manager and concerned salesman.
The field officer, Circle Deputy Registrar and Regional Joint Registrar may supervise and ensure that there are no forced sales.
- l) An abstract of day wise/unit wise sales should be maintained.
- m) The margin to be fixed by the primaries may vary from 4% to 10% for different items as follows:

Rice	-	6%
Groceries	-	6 – 10%
Oil	-	4%
Eatables	-	10%
FMCG	-	4 – 6%
Remaining items	-	6 – 10%

Care should be taken to fix the margin, so as to maintain prices slightly below nearby private shops so as to give good name to cooperatives. Further in 10 – 15 fast moving items margin may be kept thin in first 3 months to attract customers.

For this, a register of prices of important commodities in the shop and nearby shops may be kept and updated every Monday.

However a discounted system may also be adopted for non-moving items.

n) The composition of product availability in retail outlets based on sales may be as follows:

Rice	-	25%
Groceries	-	35%
Cosmetics/toiletries	-	25%
Eatables	-	5%
Others	-	10%

o) The Regional Joint Registrar's are instructed to strictly monitor the performance of the primaries after implementing the revised system of purchase.

Receipt of this circular should be acknowledged.

sd/-Jatindra Nath Swain,
Registrar

/By order/

For Registrar

To
All the Regional Joint Registrars

Copy to:

- 1) The Special Officer, TNCCF/TANFED
- 2) Special Officers of all Consumer Cooperative Wholesale Stores
- 3) All the Circle Deputy Registrars
- 4) All Administrative Sections in office,
- 5) Stock File.