



## Consumer Cooperatives



**Consumer cooperatives are formed to buy various quality goods at reasonable prices. These cooperatives are registered and operated in line with the Cooperative Act. They are deemed as juristic persons and have members as share-holders. Members voluntarily co-invest in their cooperative stores to fulfil their purchasing needs in a way that sustains their economic well-being.**



### Background

The first cooperative store in Thailand was established in 1937 at a village in Sena District, Phra Nakhon Si Ayutthaya Province. Later on, it spread throughout the country.

### Objective

Consumer cooperatives generally operate according to the following objectives:-

1. To provide goods and services as member needs;
2. To collect members' produce and products for sale in the cooperative store;
3. To promote and disseminate cooperative education to members;
4. To promote the practice of savings, self help, and mutual help among members;
5. To cooperate and collaborate with other cooperative organizations within and outside the country; and
6. To undertake any other business consistent with the above objectives.

### Business Operations

Following the same concept as other cooperative types, the consumer cooperative is based on democratic control by its members. As it is impossible for all members to manage the cooperative store, representatives are elected as a board of directors to look after the cooperative business. The number of board of directors members depends on the cooperative's by-laws, that is appropriated to the cooperative, and normally ranges from 10 to 15 persons. The board of directors represents the members in all matters having to do with the shop, and oversees all activities according to cooperative laws and regulations, resolutions of the board of directors, and other appropriate ways to ensure good results for the cooperative store and its members.

To effectively manage the cooperative store, the board of directors could hire a skilled and honest manager to operate the cooperative. His/Her mandate is to effectively serve members and customers. Depending on the workload and economic needs, the manager may recruit staff with the agreement of the board of directors.



Consumer cooperatives strive to provide services for both members and non-members according to the principles of the Rochdale leaders as follows:

- Selling goods at market prices or slightly lower than market prices so as to avoid conflict with neighboring shops;
- Selling high-quality goods, not low-quality ones, as required by most of the members;
- Being accurate in weighing, scooping, and measuring goods;
- Buying a variety of daily necessities for sale to members; and
- Selling goods on a cash basis to ensure a good cash flow for the shop, with the ability to make purchases at reasonable cost and prevent delinquency among members.



### Working Capital

The consumer cooperative accumulates working capital from the following sources:

1. share capital from members;
2. member deposits;
3. reserve funds and other accumulated funds;
4. loan funds; and
5. grants or donations of property.

The cooperative store should maintain adequate working capital for buying various goods and materials in response to members' needs. An ideal situation is where most of the cooperative's capital comes from the members themselves. However, at the initial stage, shares may be collected from members to cover necessary arrangements for setting up the cooperative, with a revolving fund left over for business operations. In later stages, member savings and deposits should also be increased for cooperative expansion.

## Benefits to Members

The following are among the benefits to consumer cooperative members:

- Members are assured of fair prices and good quality products.
- Annual profits are shared by members/shareholders in the form of dividends on shares and patronage refunds of which calculations are based on the amount of purchases made by the members over the year. This implies members can buy much more cheaper products.
- By adopting cash purchasing, the cooperative store is assured of an adequate cash flow and the ability to purchase goods at low prices. Members are also encouraged to form an appropriate attitude towards money spending and saving.
- In view of the preceding benefits, consumer cooperatives are considered socio-economic organizations dedicated to improve their member's quality of life.



กส 14/2551 ส่วนเผยแพร่และประชาสัมพันธ์ กรมส่งเสริมสหกรณ์

# Consumer Cooperatives



The Cooperative Promotion Department  
Ministry of Agriculture and Cooperatives

