

CO-OPERATIVE SOCIETY

- Any ten persons can form a co-operative society. It functions under the **Co-operative Societies Act, 1912** and other State Co-operative Societies Acts.
- A co-operative society is entirely different from all other forms of organization discussed before in terms of its objective. The co-operatives are formed primarily to **render services to its members**. Generally it also provides some service to the society.

Objectives

- The main objectives of co-operative society are:
 - (a) Rendering service rather than earning profit
 - (b) Mutual help instead of competition
 - (c) Self help in place of dependence.

Classification of Co- operative societies

On the basis of objectives, various types of co-operatives are formed:

- **Consumer co-operatives** : These are formed to protect the interests of ordinary consumers of society by making consumer goods available at reasonable prices.
- **Producers co-operatives** :These societies are set up to benefit small producers who face problems in collecting inputs and marketing their products.
- **Marketing co-operatives**: These are formed by producers and manufactures to eliminate exploitation by the middlemen while marketing their product.
- **Housing Co-operatives** :These are formed to provide housing facilities to its members.
- **Credit Co-operatives**: These societies are formed to provide financial help to its members.
- **Forming Co-operatives** :These are formed by small farmers to carry on work jointly and thereby share the benefits of large scale farming

Characteristics

- **Voluntary association:** Individuals having common interest can come together to form a co-operative society.
- **Membership:** minimum membership required to form a co-operative society is ten and the maximum number is unlimited
- **Body corporate:** Registration of a society under the Co-operative Societies Act is a must. Some of the privileges are
 - (a) The society enjoys perpetual succession.
 - (b) It has its own common seal.
 - (c) It can own property in its name.
 - (d) It can enter into contract with others.
 - (e) It can sue others in court of law.

- **Service Motive** : primary objective of any co-operative organization is to render services to its members in particular and to the society in general.
- **Democratic Set up**: Every member has a right to take part in the management of the society. Each member has one vote.
- **Sources of Finances** : fund is contributed by its members in the form of units called shares. It can also raise loans and secure grants from the government easily.
- **Return on capital** :The return on capital subscribed by the members is in the form of a fixed rate of dividend after deduction from the profit

Advantages

- **Easy Formation**
- **Limited Liability**
- **Open Membership**
- **State Assistance**
- **Middleman's Profit Eliminated**
- **Management**
- **Winding up**

Disadvantages

- **Limited Capital**
- **Problems in Management**
- **Lack of Motivation**
- **Lack of Co-operation**
- **Lack of Secrecy**
- **Dependence on Government**