

ADVANTAGES OF COOPERATION

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✖ Voluntary organization

- ✓ The membership of a cooperative society is open to all.
- ✓ Any person with common interest can become a member.
- ✓ Low membership fee
- ✓ There is no entry or exit barriers.

✖ Ease of formation

- ✓ Cooperatives can be formed much easily when compared to a company.
- ✓ Any 10 members who have attained majority can join together for forming a cooperative society

✗ **Democracy**

- ✓ A co-operative society is run on the principle of '*one man one vote*'.
- ✓ Members with money power cannot dominate the management by buying majority shares

✗ **Equitable distribution of surplus**

- ✓ The surplus generated by the cooperative societies is distributed in an equitable manner among members.
- ✓ 10 % of the surplus can be utilized for promoting the welfare of the locality in which the cooperative is located

✗ **Limited liability**

- ✓ The liability of the members in a cooperative society is limited to the extent of their capital contribution.
- ✓ They cannot be personally held liable for the debts of the society

✖ **Stable existence**

- ✓ A cooperative society enjoys separate legal entity which is distinct from its members.
- ✓ Therefore its continuance is in no way affected by the death, insanity or insolvency of its members.

✖ **Each for all and all for each**

- ✓ Co-operative societies are formed on the basis of self help and mutual help.
- ✓ Members contribute their efforts to promote their common welfare.

✖ **Greater identity of interests**

- ✓ It operates in a limited geographical area and there is greater identity of interest among members.
- ✓ They can cooperate and manage the activities of the society in a more effective manner

✖ **Government support**

- ✓ The government with a view to promote the growth of cooperative societies extends all support to them.
- ✓ It provides loans at cheap interest rates, provides subsidies etc.

✖ **Elimination of middlemen**

- ✓ Cooperatives societies can deal directly with the producers and with the ultimate consumers.
- ✓ Can save the profits enjoyed by the middlemen.

✖ **Low taxes**

- ✓ To promote the co-operative movement the government provides various exemptions and tax concessions.

✘ **Rural credit**

- ✓ Co-operative societies have contributed significantly in freeing villagers from money lenders.
- ✓ Co-operatives provide loans at cheaper interest rates and have benefited the rural community.

✘ **Role in agricultural progress**

- ✓ Co-operative societies have aided the government's efforts to increase agricultural production.
- ✓ They serve as a link between the government and agriculturists.
- ✓ High yielding seeds, fertilizers, etc. are distributed by the government through the cooperatives.

✖ **Own sources of finance**

- ✓ A cooperative society has to transfer at-least one-fourth of its profits to general reserve.
- ✓ Therefore it need not depend on outsider's funds to meet its future financial requirements

✖ **Encourages thrift**

- ✓ Cooperative societies encourage the habit of savings and thrift among their members.
- ✓ They provide loans only for productive purposes and not for wasteful expenditure.

✘ **Fair price and good quality**

- ✓ Co-operative societies buy and sell in bulk quantities directly from the producers or to the consumers
- ✓ Products are processed and graded before they are sold.
- ✓ Bulk purchases and sales ensure fair prices and good quality.

✘ **Social benefit**

- ✓ Co-operative societies have played an important role in changing social customs and curbing unnecessary expenditure.
- ✓ The profits earned by the co-operatives have been used for providing basic amenities to the society