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Understanding the Role of Co-operative Society in Rural Development



[Ashish M. Shaji](#) | Updated: May 21, 2021 | Category: [Credit Co-operative Society](#)



Co-operative society in a rural area follows the principle of mutual help and self-help to facilitate rural development. Every member joins a co-operative society in order to provide support rather than earning profits. In this article, we shall discuss the role of co-operative society in rural development.

What is Co-operative Society?

When individuals having a common economic, social as well as cultural interests come together voluntarily to form an association, it results in the constitution of a co-operative society. The primary objective of this society is to cater to the needs of the underprivileged and rural sections of the country. It plays an essential role in the advancement of villages.

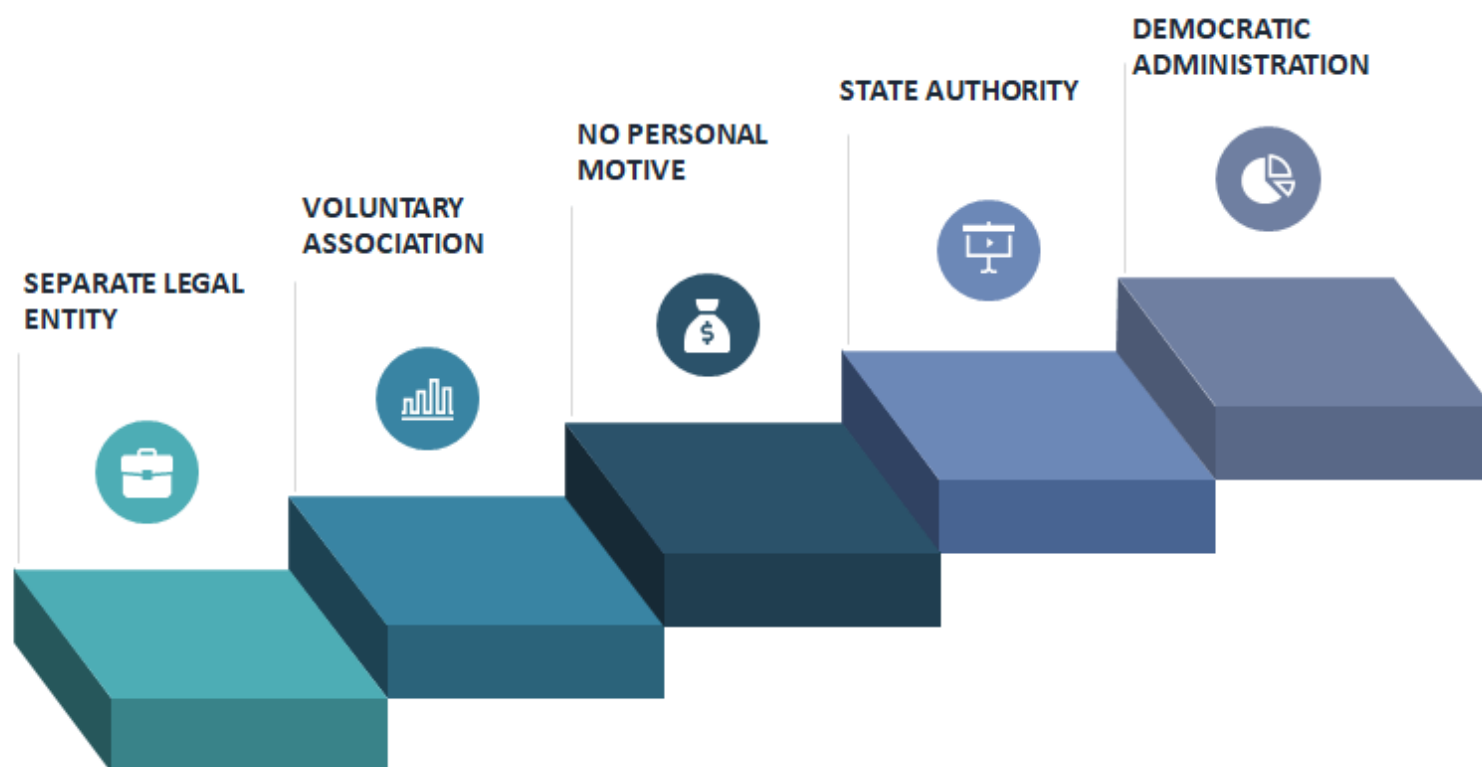
Characteristic features of co-operative Society

The following are the features of such societies:



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✓ A separate legal entity

A [co-operative society](#) is registered under [Co-operative Societies Act^{\[1\]}](#), and after registration, the society gets identified as a separate legal entity, thus implying its existence.

✓ Voluntary Association

The formation of such a society is possible only [when all members voluntarily take the responsibility to make one.](#) [Anyone with a common interest may join or create a co-operative society.](#) Further members can leave the association at any time after giving a notice in this regard.

✓ No personal motive

Considering the fact that the [co-operative society works to achieve a common motive, members can't have any personal motive involved.](#) The main aim of co-operatives is to provide services to members instead of earning profits. [Maximising profits is a vital objective of other business organizations but not in case of co-operatives.](#)

✓ State Authority

[The government laws regulate all co-operative societies.](#) In India, [a co-operative society is required to register itself under the State Co-operatives Societies Act.](#)

✓ Democratic Administration

Co-operative societies conduct [AGM every year where the managing committee is elected](#) and manages the affairs of the co-operative society.

Role of co-operative society in rural development

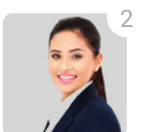
[Co-operative societies have played a critical role in the development of rural population and in bringing them together.](#) The Role of co-operative society in the rural development is multi-faceted, and it encompasses every aspect of rural life. [It works towards uplifting its members and areas economically and socially.](#)



In order to understand the role of co-operative society, let's take a look at the points discussed below:

- ✓ [Rural India has been facing highest number of instances of farmers' suicide](#) due to [money lenders](#) hence [co-operatives](#) have played a massive role in [channelizing the money lending in a](#)

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formal manner by setting up the Co-operative banks and credit societies. It has helped people in the rural areas to be financially independent, and the farmers and other business owners are offered loans and other banking services. They are also encouraged to deposit their savings to earn a good rate of interest.

- ✓ Co-operative societies are working hard to provide new and global opportunities to the small scale industries, and artisans help them with adequate credit and skill assistance. This opens up employment opportunities, thus improve their standard of living.
- ✓ The co-operative societies work for producers, manufacturers and farmers and help them in eliminating the issues faced due to the lack of raw materials, machinery, and basic input by making it readily available.
- ✓ Co-operative societies have impacted the education sector in rural areas by encouraging students to attend school. Co-operative schools have their presence scattered across India. Many co-operative societies associate with NGOs and arrange various skill development programs which emphasize on the development of a particular field.
- ✓ Another massive role of co-operative society in rural development can be seen as the women empowerment. These societies, through various programs, encourage the rural women to know their rights and empower them through skill development. These societies have worked on the ground level for women development by breaking cultural and social stigmas.
- ✓ The co-operative societies have assisted various poverty-stricken sections of rural areas by providing access to advanced technologies, good training in natural resource management and also by boosting the agricultural productivity by increasing the supply of the goods.
- ✓ The objective of co-operative society is not just limited to providing social benefits but also financial benefits to the people performing agrarian activities.

Challenges faced in rural areas

Although co-operative societies play a massive role in the rural development, they are not immune to certain challenges. The co-operative society has a limited working capital which is insufficient. Therefore the challenge of inadequate funds is genuine to these societies. Further, these societies easily become the victims of politicians' tactics as these politicians misuse co-operatives for vote bank. In addition to that, there are instances where certain members of these societies join the association for making personal gains. It violates the original goal and creates a rift in the community.

Conclusion

Despite facing such challenges, co-operative societies are playing such a massive part in the development of rural areas of the country. The role of Co-operative society is instrumental to the success of rural areas in the times to come.

Read our article: [Requirements For Forming a State Co-Operative Society](#)

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Shares



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Ashish M. Shaji has done his graduation in law (BA. LLB) from CCS University. He has keen interests in doing extensive research and writing on legal subjects especially on corporate law. He is a creative thinker and has a great interest in exploring legal subjects.

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