

4. Maharashtra Co-operative Societies Act 1960

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4.1 Introduction:

The source of Indian co-operative movement and its origin if given a thought is dated back to the first co-operative act of the year 1904. The co-operative movement in India was pioneered by the Government and it won't be an exaggeration to mention that the Government has made extreme efforts to develop the co-operative movement. The co-operative movement in India is originated out of its financial and social conditions.

The idea that the problems of the rural region can be addressed through co-operative medium. This was proposed by the then Government of Madras (Chennai). In the year 1882, Madras Government for addressing the agricultural needs of the State sent Sir Frederick Nicholson to Europe to study the possibility of establishing co-operative bank. In the year 1899, Sir Frederick Nicholson in his report suggested to establish rural co-operative societies on the "Raiffeisen" model of co-operative lines in Germany. During this period, Mr. Dupernex tried to establish rural banks in the Uttar Pradesh region. Later on, in the year 1900, a committee was set up under the leadership of "Sir Edward Law" to study on the introduction of co-operative societies and propose a suitable Act for the co-operative societies. On 23rd October 1903 Denzel Ibbetson prepared the draft of Co-operative Act. As per the recommendations of Sir Edward Law committee, first Credit Co-operative Societies Act was passed in 1904 by the Government of India. This was the beginning of Indian Co-operative movement.

As per the co-operative act of the year 1904, arrangements were made to form credit societies on the principles of co-operation. During the next 7 - 8 years, several shortcomings were observed in this Act. This was because except for credit supply societies, there was no provision to establish any other form of co-operative society. To remove the weakness of this Act, during the year 1912 second co-operative Act was enacted in India. In this Act, most of the points from 1904 act were retained. In this Act, it encouraged to establish different types of societies other than credit societies. This was one of the important feature of 1912 Act. As per the Co-operative Amendment Act of 1919, the subject of co-operation as a whole was transferred from the Central Government to State Government.

Subsequently shifting of Co-operation as a subject to the State Government, Government of Bombay passed “Bombay Co-operative Act 1925” for Bombay province. In this Act too, as per changing conditions, the provisions of the Act were found to be inadequate and unsuitable between 1925 and 1960, Bombay Act of 1925 underwent various changes from time to time. Since a need was felt to have an Act which would be complete and adequate, in the year 1956 Government of India appointed a Committee. The Government of Bombay also appointed a similar Committee to study and survey under the chairmanship of Shri G.M. Lad. The report and recommendations of both the committees were taken in to consideration by the Maharashtra Law Committee and Maharashtra Co-operative Societies Act which was approved in the year 1960. In the year 1961, this Act was approved by the Governor of Maharashtra and the Act was brought in to force from 26th January 1962. Since the Act was passed in the year 1960, it was known as “Maharashtra Co-operative Societies Act 1960”.

In this chapter, we would learn about the important provisions (amended) of Maharashtra Co-operative Society with regard to raising capital, provisions with regard to meeting and their procedures.

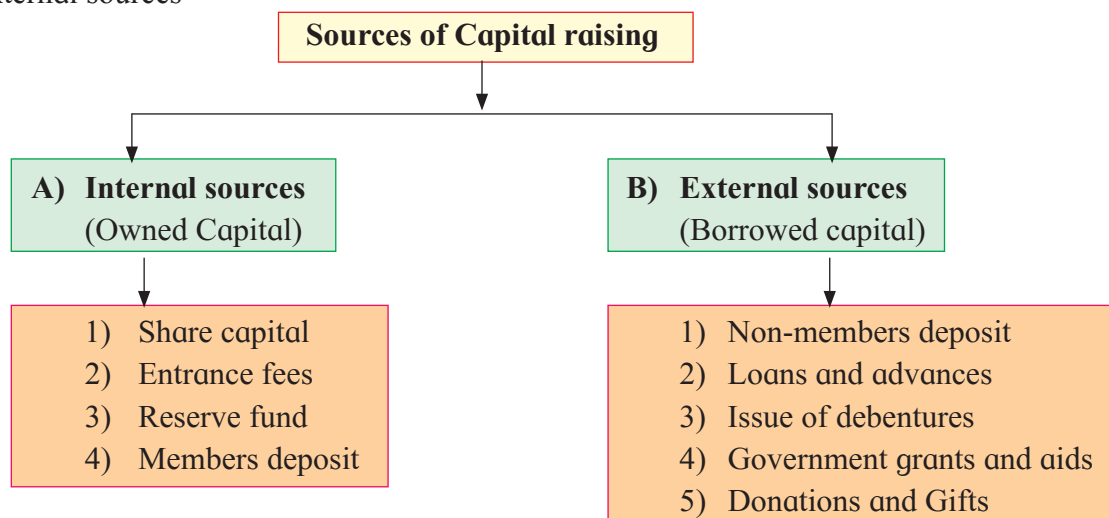
4.2 Capital raising of Co-operative Society:

Capital is required for venturing in to any kind of business and to keep it running. The primary objective of the Co-operative Society is to enhance the financial welfare of its members. Similarly, the Co-operative Societies also requires capital to operate its business. Co-operative Societies requires capital for extending loan, providing various farm accessories, necessities of life etc. to its members. For this, Co-operative Societies need to raise capital as per the provisions of the Act. Under Maharashtra Co-operative Society Act section 28 and 29 provisions have been made for Co-operative Societies to raise capital.

4.3 Sources of capital raising of Co-operative Societies/Financial sources:

Co-operative society requires finance to achieve the determined objectives. Co-operative society prominently raise the finance through two sources.

- A) Internal sources
- B) External sources



A. Internal Sources:

From the point of view of co-operative society internal sources are very important because due to such sources capital raised through internal sources, is permanent and long-term capital.

A huge amount of capital is raised through internal sources which helps the society to enjoy independence and ensures financial stability. The capital is raised by the members in the co-operative society through internal sources. It is not mandatory to return such capital raised through such sources till the membership. Such capital as compared to external sources is cheaper. Following are the sources of raising capital through internal sources.

- 1) **Share Capital:** Share capital is the prime financial source of raising internal capital of co-operative society. It is the own capital of the society. Share is the smallest part in the total share capital of the society. Capital raised through selling shares is called share capital. According to the business forms, the face value of shares is decided. What should be the face value of shares is mentioned in the bye-laws of the society. An individual is more important than the share capital in the co-operative society. According to the share capital the credit of co-operative society is decided. The person who holds the share is known as shareholder. The rules of raising the share capital is mentioned in the bye-laws of the co-operative society accordingly the share capital is collected. The authorized share capital is mentioned in the bye-laws of the co-operative society.

Share capital remains till with the society till its existence. A member cannot purchase shares more than 1/5th of the total paid-up share capital or shares of Rs. 20,000 whichever is less. State government, Zilla parishad and panchayat samiti are exceptional to it however state government can decide to increase the limits of shareholding by publishing the notification in the official gazette.

Shareholders are the owners of the co-operative society. Co-operative society raise the funds by issuing the shares to the members. In a co-operative society share capital is collected as per the rules.

- **Features of Share capital:**

1. **Selling of shares in work area:** The working area limit of the co-operative society is fixed. Individuals residing in the working area of the co-operative society can purchase the shares, individuals residing out of working area can't purchase shares of the co-operative societies. Persons working in specific business and comes together with same objectives can purchase shares. Due to this there is limitation on sell of shares.
2. **Limitation on shareholding:** A member cannot purchase shares more than 1/5th of the total paid-up share capital or shares of Rs. 20,000 whichever is less. This limit is also mentioned in the bye-laws of the society. Co-operative society works on democratic principles. If there is no restriction on shareholding then the powers and wealth of the society will be concentrated among the few peoples in the society which will take away the society from their motto of rendering services. Moreover, the co-operative societies are formed for the benefit of weaker section of the society so to include more and more people in the co-operative societies, this provision is made in the act.
3. **Restriction on share transfer:** In a co-operative society member cannot freely transfer or sell their shares to others for this permission of the managing committee is necessary. Restrictions are levied on transfer of shares in co-operative society. The members cannot sell the shares beyond the fixed price. The member willing to transfer the share should be a member of a co-operative society for minimum 1 year. Instead of that member cannot transfer the share.
4. **Protection against cessation of shares:** The court cannot cease the shares of a member of co-operative society. So, they get legal protection due to the act. To protect the capital in

the co-operative society and the Investments made by the members as well as to promote the Co-operative movement special concessions is provided by the government. Co-operative societies members a) share capital b) funds raised through saving account c) amount invested in debentures of a co-operative society etc. is not eligible to be ceased by the order of the court.

5. **Redemption of shares:** Members can take back their amount by returning the shares to the cooperative society. Generally, how much share capital can be returned back is mentioned in the bye- laws of the society. The members can get the capital back in case of resignation. After the death of a member his shares are transferred in the name of his legal heir.
6. **Limitation on dividend:** There is limitation / restriction on dividend to be paid by the co-operative society. A co-operative society cannot declare dividend more than 15% to the shareholders.
7. **Organizational membership:** The general public can purchase the shares of co-operative society. The other co-operative societies working in the area can also purchase the shares. For eg. local authority, partnership firm, charitable trust etc such societies up to a certain limit can purchase the shares.
8. **Restriction on lending loan:** The shares certificate of the co-operative society cannot be kept as security while obtaining the loan. The society cannot grant loan against share certificate
9. **Conversion of deposit into shares:** Certain amount is deducted from the loan, dividend and the financial services provided to the member such amount is collected as deposits and such deposits are converted into shares.
10. **Contribution of State government in Share capital:** Government provides capital for development of Co-operative movement. State government can directly become the partner in Big processing co-operative societies instead of becoming partner in small and medium type of co-operative societies government purchases capital in Apex societies which helps to purchase the shares of other co-operative societies.

- **Advantages of share Capital:**

To collect own capital co-operative society sell shares. Following are the advantages of share capital.

1. **Suitable for fixed capital:** Share capital is an important and convenient way of collecting capital for a co-operative society. Such capital can be used till the winding up of a co-operative society.
2. **Permanent capital:** The capital collected by selling shares is permanent capital. Society can use the capital as per its convenience till winding up of the co-operative society.
3. **Unsecured capital:** While raising the share capital co-operative society need not have to keep any asset as a security. Such capital can be acquired without any security. Due to which if additional capital is required assets can be available for the purpose of security.
4. **Long term Capital:** Long term capital is collected by issuing of shares. Such capital can be utilized for a longer period.
5. **Participation in management:** The people providing the capital can participate in management of society. They can also take part in election and can also become director.

6. **Control on society:** Members can keep control on the working of board of directors hence they can keep control on co-operative society.
 7. **Cheap and easy source:** Sale of shares is an easiest way of raising the capital. Capital can be used without interest. In this regard there is no legal complication.
 8. **No restriction on dividend:** Main motto in formation of co-operative society is to provide services so there is no restriction on declaration of dividend on such capital.
- 2) **Entrance fees:** While granting membership entrance fee is charged in co-operative society. The amount collected through entrance fees is very nominal. Generally, entrance fees is from 1 rupee to 10 rupees. According to the number of members the amount is collected. The society get permanent capital through the entrance fees. Entrance fees is deposited in a separate account. Some societies transfer the entrance fees in reserve fund. Such amount is invested by some co-operative societies.
 - 3) **Reserve fund:** According to the act it is mandatory to all the co-operative societies to keep aside minimum $\frac{1}{4}$ i.e. 25% of the total profit in the Reserve fund. A society which earns profit by conducting the transaction such societies should maintain reserve fund. Section 66 of the act has a provision for Reserve fund. Co-operative society according to the need and convenience raises various reserve funds. Reserve fund can be used as per the need and for the future period. The financial stability of the society depends upon the Reserve fund. The society becomes financially stable and strong due to reserve fund. Hence reserve fund is called as the protecting wall of the co-operative society.

Apart from reserve fund co-operative society raise various funds like

- a) Depreciation fund b) Bad debt reserve fund c) Price fluctuating fund
- d) Dividend equalization fund e) Education fund etc., Reserve fund can be used for general purpose but other funds are to be used for the purpose for which they are created.

The society has to borrow small amount of loan from others in proportion with reserve fund. Thus, the interest on loan can be avoided. Reserve fund becomes important in terms of self-dependence. Specifically, interest or dividend does not have to be paid on reserve fund. Moreover, reserve funds increase the rank and reputation of the society. Reserve fund can be used to develop or expand the society due to which the society progress. Reserve fund may be used for the business of the society or maybe invested subject to the provisions of section 70 as directed by the state government.

Co-operative registrar or commissioner have the right to reduce the rate to 1/10 to pay for the farmer members debt or to compensate for the loss and changes in prices of market. Societies special reserve funds are set up. Such reserves are prominently kept in state or district Central Co-operative Bank. Sometimes investment are made in government debentures.

- **Types of Reserve fund -**

Following are the types of Reserve fund:

1. **General reserve fund/reserve fund:** The co-operative society can raise funds to implement various development schemes, to meet various financial crisis. As per Maharashtra co-operative societies act 1960 every cooperative society needs to transfer 25% amount of their profits to such reserve fund. All Co-operative societies needs to raise such reserve fund.
2. **Dividend equalization fund:** A co-operative society does not earn profit for a particular year, so the provisions of such reserve fund is made by the society to pay dividend every

year to the shareholders. Therefore, the society keep aside some portion of the surplus to dividend equalization fund.

3. **Special Bad debts reserve fund:** Credit co-operative societies and co-operative banks gives various loans to the members. All the given loan is not recovered some loan may become bad due to this there is adverse effect on economic condition of the society. If some loans are not recovered to fulfill this loss special bad debt reserve fund is created from every year's profit. This fund is created by the co-operative society and co-operative banks to compensate the loss suffered due to unrecovered loan.
4. **Price fluctuation fund -** Marketing co-operative society raises Price fluctuating fund. There is fluctuation in the prices of the goods in the market. So, to protect from these losses such funds are raised due to which marketing federation have to bear the losses. Due to fluctuating marketing conditions and to protect the interest of consumers the marketing co-operative society raise such funds. This fund is a contingency fund in marketing co-operative society.

- **Advantages of Reserve fund :**

Every year the earned profit is not distributed as dividend. Some portion out of it is kept aside which is known as reserve fund.

Following are the advantages of reserve fund:

1. **Cheap and easy way:** Society can raise capital due to reserve fund. It is not necessary to give interest or dividend on it. It is very cheap and easy way of raising capital.
 2. **Use of reserve fund:** Reserve fund should be used for the same purpose for which it is raised. The society progress, if it is used for the same purpose.
 3. **Status and goodwill:** Due to reserve fund the financial status of the society become strong due to which the status and goodwill of the society increases in the market.
 4. **Financial stability:** By raising reserve funds co-operative societies becomes financial stable which enables them to solve the problem in future.
 5. **Development and expansion:** If reserve fund is raised in a co-operative society, the society can develop and expand through its own capital and provide maximum services to its members.
 6. **Repayment:** At the time of dissolution of co-operative society reserve fund can be used for repayment of loan and member's dues.
- 4) **Members deposit:** According to the provisions in the bye-laws of the co-operative society specific percentage of interest is given and deposit is accepted. These are compulsory deposits so are included in internal sources. Co-operative society raise capital through compulsory deposit. Such compulsory deposits are as under:
- 1) While granting the loan to members two and half percent to ten percent loan is deducted and compulsory kept as deposit. Some societies keep this amount as a deposit and some convert it into share capital. Credit societies, co-operative banks, agricultural Co-operative and Rural Development Banks accept such deposits.
 - 2) Some co-operative societies take certain percentage as deposit while making the payment for the goods purchased by the society. Attractive interest is given on such deposits. Bye-laws contains the rules accepting the deposits.

The interest between 7% to 11% is given on the deposits kept by the member. Co-operative society have to take the permission from the registrar before accepting the deposits from the members.

The society should accept deposit and loans from its members and other person up to the extent that is prescribed or specified in the bye laws.

B. External sources:

The amount which is raised by the external sources of Financial Institutions or government it is known as external sources or borrowed capital. To raise such capital the co-operative society needs a permission of Registrar. Following are the external sources of raising capital.

- 1) Non-members deposit:** Co-operative society also accept deposits from non-members at specific rate of interest. The deposits from non-members are kept from 1 to 10 years. A co-operative society must get permission from the registrar of co-operative society to accept deposits. Collecting small saving in rural areas controlling on productive expenditure, providing capital for productive work. Co-operative societies collect deposits for the purpose of providing capital to the areas where capital is needed. Co-operative societies accept following types of deposits for example current deposit, saving deposit, fixed deposit, recurring deposit etc.

- a) Saving deposit:** These deposits are useful to the salary earners and lower middle- class people. The main purpose of this account is to encourage the habit of saving among the people.
Following are the features of this saving account:

- 1) Saving account can be opened by small amount of Rs. 100 to Rs .500.
- 2) In order to keep the account active a certain minimum balance must be maintained in the account.
- 3) Amount can be withdrawn by using withdrawal slip and cheque from saving account. There are some restrictions on the withdrawals for e.g. Some banks require that the number of transactions should not be more than 2 per week or 25 in a quarter. But nowadays these restrictions are usually relaxed by most of the banks. If the transactions are more than Rs.50,000 PAN card is compulsory. Bank charges are charged for more transaction above the given limit.
- 4) Overdraft facility is not provided on saving account but various facilities like Cheque, ATM card, Net banking, Mobile banking, NEFT are provided.
- 5) On saving account usually 4% to 5 % per annum interest is paid on the balance amount at the end of the month.
- 6) Since there are restrictions on withdrawals on saving account the amount of saving account can be useful for providing the loan and investment.
- 7) Saving account holder have a facility of nomination.

- b) Current deposit:** The current deposit is useful for the traders and businessman. The main object of this account is to facilitate Businessman to conduct the financial transaction through the bank safely.

Following are the features of this deposit:

- 1) Current account is opened in the name of proprietor, firm, company or institution. The account cannot be opened on the name of an individual.
- 2) In current account amount can be deposited or withdrawn any number of times while day-to-day transactions. Current account holder can withdraw amount on demand by cheque.

- 3) A pay in slip, cheque book is given to the depositor. Mostly bank provides the statement of accounts to the current account holders.
- 4) Current account holder gets the overdraft facility from the bank on certain terms and conditions.
- 5) These deposits cannot be used by the bank for lending loans as these deposits can be demanded by the account holder anytime. Generally, no interest is given on current account and if given nominal interest is given.
- 6) Minimum balance must be maintained in the account to keep the account active.
- 7) Cheque, bills, drafts, dividend warrant can be deposited in the current account for collection.

c) Fixed deposit: Those who have surplus money, they can keep it as a fixed deposit for the purpose of earning more interest in the bank. A lump sum amount kept for a particular period which is called as fixed deposits.

Following are the features of fixed deposits:

- 1) The amount cannot be withdrawn from the fixed deposit held for a specific period before the end of the term. In fixed deposit specific amount is deposited only once means while opening the account.
- 2) Rate of interest is high on the fixed deposit account. The interest on such deposits can be given monthly, quarterly, yearly or on maturity.
- 3) The fixed depositor can withdraw the entire amount of deposit by giving prior intimation to the bank. But in such case the interest is paid for the period for which deposit is kept in the account according to the rules of the bank.
- 4) Fixed deposit receipt is given to the depositor from the bank. Cheque book and pass book is not issued to the fixed deposit account holder.
- 5) The fixed deposit receipt is Non-Transferable. It cannot be sold to any others.
- 6) The interest is paid along with the fixed deposit amount on maturity to the deposit holder.
- 7) To meet the financial needs the account holder can take the loan from the banks against fixed deposit receipt. The existing rate of interest is to be paid on the loan.
- 8) After maturity the account is closed. After the period get over accordingly the deposits rules and regulations and the principal amount along with the interest is given to the depositor.

d) Recurring deposit: The deposit account in which a specific amount is deposited regularly for a specific period is called as recurring deposit. The purpose of this account is to encourage the habit of saving and collect the amount for specific future purpose. In this deposit amount is deposited at regular intervals. Depositor can open this account for 1 year to 5 year.

Following are the features of recurring deposit:

1. In Such account a small amount is deposited monthly for e.g.Rs.100 or more.
2. Once the amount is decided, the same must be deposited every month regularly for a selected period.
3. The rate of interest of recurring deposit is more than saving deposit but less than fixed deposit.

4. Interest on recurring deposit is not paid before the maturity.
5. If the depositor stops paying the monthly installments into recurring account, he can get the earlier installments together with interest there on maturity.
6. The depositor can also instruct his bank to transfer the fixed amount every month regularly from his current or saving account to recurring account.
7. The monthly installments may be deposited in any branch under core banking system.
8. The depositor can raise a loan up to 90% of the accumulated deposits in order to meet his temporary financial needs.

5. Other Deposit: In addition to above deposits various other deposits are also accepted by the Credit co-operative societies or co-operative banks. In this deposits, fixed sum is deposited regularly. Once the amount is decided the same amount must be deposited regularly up to the fixed period. After the maturity the amount together with interest there on is refunded to the depositor with interest. For example, Damduppat deposit, Festivals deposit, Pygmy deposit, Mrutunjay deposit, Dhanawardhini deposit.

While accepting above deposits KYC is mandatory and the provisions, guidelines and instructions given by co-operative departments are to be followed.

Activity:

- 1) Visit any co-operative bank or credit co-operative society in your area and collect the information of its working.

2) Loans and Advances:

Co-operative society needs to raise capital by obtaining loans or advances. They collect loans and advances from Government and Financial Institutions to fulfill the need of fixed and working capital. Co-operative society can obtain short, medium and long-term loan from State Government and Financial Institutions. Government on their own security provides loan to the co-operative society from financial institutions. Co-operative society get loan from the district Central Co-operative Bank, State Co-operative Bank, Indian Industrial Development Bank, State financial corporation, Life Insurance Corporation (LIC), Industrial credit and Investment Corporation against their property as security to meet their need of fixed capital during the formation of the business. Co-operative societies like spinning mills, sugar mills, co-operative cotton mills have raised capital in the form of loan by corporations. Reserve Bank and State Bank of India provides the loan on large scale to the Co-operative sector in India. Keeping in mind the need of capital co-operative society takes the loan from different creditors. There is limit on obtaining loan from outsiders according to the Co-operative Act.

Co-operative society can also collect the capital by taking the loan from the National Agricultural and Rural Development Bank (NABARD). Borrowed capital is to be repaid after specific period. In most of the co-operative society borrowed capital is more than the owned capital. Co-operative society can collect the loan upto the limit specified in the bye-laws.

Co-operative society can raise following three types of loan based on the period of loan:

- A. Short term loan
- B. Medium term loan
- C. Long term loan etc.

- A. Short term loan:** Short term loan is loan which is provided for a period of 3 to 15 months. The farmers need money to meet the agricultural needs like cultivation, seeds, fertilizers, pesticides, medicines, wages, food for animals, etc. Loan is repaid after the cultivation of crop so this loan is also known as “Crop Loan”. For providing short-term loan to the farmers District Central Co-operative Bank provides loan to primary credit co-operative society. Short-term includes product loan, crop loan, consumption loan. Marketing co-operative society, processing co-operative society, consumer Co-operative Society, service co-operative society need such short-term loan.
- B. Medium term loan:** The loan which is provided for the period of 15 months to 5 years is known as Medium term loan. Farmers need medium term loan for improvement of land, for Wells, purchasing the animals, Agricultural equipment's, etc. Such loan is provided by National Agricultural and Rural Development Bank (NABARD) to State Co-operative Bank and District Central Co-operative Bank. District Central Co-operative Bank provides loans to primary credit co-operative society than primary credit co-operative society provide loan to members farmers.
- C. Long term loan:** The loan provided for a period of 5 to 25 years is called as Long-term loan. Long - term loan is given especially for Land Development, purchasing costly equipments, etc. This loan is provided by National Agricultural and Rural Development Bank (NABARD). This loan is made available by State Government and Reserve Bank. Generally co-operative society depends upon co-operative bank and other Financial Institutions for borrowed capital but government is always ahead in providing loan and advances to develop the Co-operative sector.

3) Issue of debentures:

The document which is a written proof of the loan is known as debenture. Debenture is a certificate acknowledging indebtedness of co-operative society. Debt security is a loan that is created on tangible and intangible assets by burdening the society with its signature and Stamp on it. Co-operative society issue the debenture and raise the borrowed capital. The face value of debentures may be from Rs.100 to Rs.1000. Co-operative society issue the debenture to raise long-term capital.

For issue of debentures permission from State Government and Reserve Bank is necessary. A debenture holder has no voting right and cannot participate in the management of co-operative society. In a co-operative society fixed asset can be provided as a security for issue of debentures. Debentures are classified into two categories secured debenture and unsecured debenture. Secured debenture creates a charge on the assets of the co-operative society. Interest on debenture is payable on due date irrespective of profit and loss. State government, Central government, Apex Institute, State Bank of India purchase the debentures to provide capital to co-operative society.

Generally large Federal and Apex co-operative society issue the debentures. Primary co-operative society rarely implement such ways. Specially farming and Rural Development Banks issue debentures.

Debenture holders are the creditors of the co-operative society. They do not have any rights in the co-operative society. Debenture holders get regular interest at fixed rate on the borrowed capital. Issue of Debenture is the secondary financial source of raising capital. The State government guarantees repayment and regularize interest on such issue of debentures so that the public can respond and purchase the debentures from the co-operative societies. Debentures are issued by keeping the fixed assets as mortgage.

4) Government grants and subsidies:

The State government provides finance by providing grants and subsidies to the co-operative society. The State government and the Central government contributes in the capital by purchasing shares of co-operative society. At the time of formation stage the State government provides grant for purchase of land and construction of building. The State government also provides financial help to the rural and taluka level co-operative societies. Government gives this Grant as per Audit Classes awarded to the co-operative society.

State government provides financial help directly or indirectly to the co-operative society. The State government helps co-operative society by purchasing shares, purchase of debenture, guarantee for long term loan, loan at low interest rate, etc. to the co-operative societies.

5) Donations and gifts:

Co-operative societies have rights to receive donation and gift. They can receive gifts, donations from persons, Institutions and Government. The Municipal council, Municipal corporations, Gram Panchayat, Panchayat Samiti Zilla Parishad, etc. give donation to the co-operative society as a financial help. Such donation can be in the form of cash or asset. For example, land, building, furniture, cupboard, etc. as well as cash is accepted in the form of donation.

Co-operative society get donations and gifts regularly. The capital is increased due to such donations.

Co-operative society should frame the financial policies in such a manner that the need of fixed and working capital can be fulfilled by balancing internal and external sources.

According to the objectives and bye-laws capital can be raised for the progress, growth and development of the co-operative society.

4.4 Meetings of Co-operative society:

Introduction:

Co-operative society is a democratic organization. Co-operative societies are conducting their activities in democratic manner. The ownership of co-operative society is in the hands of large number of shareholders. Single member cannot take decision of the business. To decide aims and objectives of the co-operative society members come together and discuss. Decisions cannot be taken without a meeting. All decisions of co-operative society are taken by conducting meeting, discussing the matter in the meeting and resolution is passed.

4.4.1 Meeting - Meaning and Definition:

According to the provisions the working of co-operative society is on general policies and decisions are taken by the Managing committee and the members. To formulate the Strategies and to take decisions the group needs to come together, therefore a meeting is called to decide on specific purpose.

“A meeting means an official gathering of two or more persons invited at a specific place and to discuss on specific subject and to take decision on it.”

“A meeting is defined as a gathering or an assembly of two or more persons at a particular time, particular place and particular date to discuss lawful purpose”

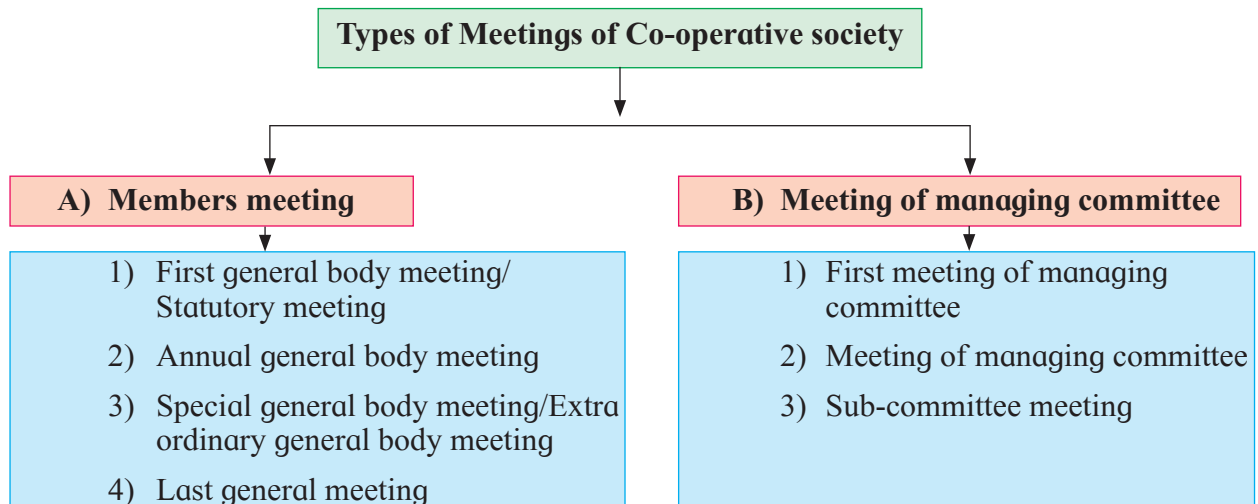
“When members come together on a specific place, specific date and specific time to discuss on a specific matter and to take decision on such matter is known as Meeting”

4.4.2 Types of meetings of Co-operative society

According to the Maharashtra co-operative societies act 1960 and 1961 the meeting is of two types:

- A) Meetings of members
- B) Meetings of managing committee

Meetings of members are important to have control on the working of the society. Meeting of managing committee is essential for daily working of the society. Types of meetings of co-operative societies are as follows:



A) Members meeting:

A meeting where all the members remain present and take active part in the working of the co-operative society and have a right to vote such meetings are known as meeting of members. Such meetings are known as general body meetings.

Members have right to decide policies, to achieve aims and objectives of the co-operative society. As general body meeting is the supreme authority all decisions taken in the general body meeting are to be implemented by the Managing committee. Maharashtra Co-operative Act Section 75 and 76 and Maharashtra state co-operative societies rules 59 to 63, mentions provisions about meeting.

The meeting which is called for the members is called General Body Meeting. Members take the decision regarding objectives and policies in the meeting. Decisions about resolution, changes, amendments are done in the meeting and resolution is passed. So, member is an important factor in the meeting.

Following are the meetings of the members:

1. First General Body Meeting / Statutory Meeting:

According to rule 59 of Maharashtra co-operative societies Act, the first General Body Meeting of members is called by the Chief promoter of the society within 3 months from the date of registration of the society. After registration co-operative society gets legal status. Every co-operative society must conduct such meeting according to the act. The First General Body Meeting is held once in the lifetime of the co-operative society. It is the duty of the chief promoter of the society to convey the First General Body Meeting of the society. If the chief promoter fails to convey the First General Body Meeting, then the registrar or any authorized person may convey the meeting.

➤ **Business transacted at the First General Body Meeting:**

1. To elect a president for the meeting.
2. To inform the members about registration of society.
3. To accept the bye-laws approved by the Registrar.
4. To elect provisional committee for the period of one year to look after the management and affairs of the society.
5. To give approval to the preliminary expenditures for formation of society.
6. To accept the books of accounts and the transactions conducted by the promoter which should be submitted 14 days before the meeting.
7. To change the name of bank account opened with District Central Co-operative bank from promoter's name to the societies name.
8. To admit new members.
9. To fix up the maximum limit of loan.
10. To sanction budget for next year.
11. Any other business with the permission of the chairman.

The first General Body Meeting is held to give proper direction for specific or progressive work and to achieve aims and objectives of the society.

Activity:

- 2) Discuss on the working of First General Body meeting of the co-operative society.

2. Annual General Body Meeting:

According to rule 75 of Maharashtra Co-operative Societies Act, 1960, Annual General Body Meeting of a co-operative society must be held within a period of 6 months after completing the financial year. This meeting is called as Annual General Body Meeting. This meeting is held every year. The financial year of the co-operative societies ends on 31st March. Thereafter within 45 days the books of accounts are to be completed and audit must be conducted within 4 months. According to the bye laws, Secretary must give the notice of the Annual General Body Meeting minimum 14 days in advance to all the members of co-operative society. A notice of the meeting should also be given to the auditor. If required auditor can be present for the meeting to clarify the books of accounts. According to the Act, members are the owners and they can use the right to monitor the work done throughout the year. Regular and Active member can remain present for the annual general body meeting. They can evaluate the work done by the Managing committee.

In addition to the First General Body Meeting, the secretary according to the bye laws of the society can notify the registrar requesting for conveying such meeting in the particular time period.

In the past section 75 specifies the provisions regarding postpone the AGM but according to the amendment under any circumstances the society should compulsory conduct the Annual General Body Meeting within 6 months i.e. before 30th September after completing the financial year.

➤ **Business transacted at the Annual General Body Meeting:**

1. To elect the chairman of the meeting.
2. To read and confirm the minutes of last meeting.
3. Elect new directors on the place of vacant post.

4. Consideration and approval to the annual accounts (profit and loss account and balance sheet) auditor's report for the financial year.
5. Last year's auditors report, rectified last auditors report, managing committee's report and annual report should be kept for approval.
6. Sanction the budget for next financial year.
7. To fix and declare rate of dividend.
8. To arrange internal audit for the next financial year.
9. To take an action on defaulting member.
10. To fix limit for granting loan.
11. To discuss for investment of surplus fund of the society.
12. According to the rules and regulations, to provide information ask by the Registrar in the meeting
13. To provide information about the loan given to the members of Managing committee and their relatives.
14. To appoint the auditor among the panel of auditors approved by the government for auditing.
15. Any other business with the permission of the chairman.

In this meeting the evaluation about the working of a co-operative society in a financial year is done and future policies are decided so the Annual General Body Meeting has more importance.

3. Special General Body Meeting:

This meeting is called according to Rule 76 of the Co-operative Society Act. The Special General Body Meeting is called to discuss and decide on urgent matters.

The meeting which is held in between two Annual General Meeting is called Special General Body Meeting. This meeting is held for specific purpose. Some urgent issues are to be discussed with the members. The matters which cannot be postponed till the Annual General Body Meeting are discussed in this meeting. So, Special General Body Meeting is called.

According to Co-operative Societies Act section 76 (1) specifies that who can call the Special General Body Meeting. A special general body meeting may be called at any time by the chairman or by a majority of the members of the Managing committee. Such a meeting must be called within one month from the date of receipt of the requisition.

- a) Such requisition must be in writing by one fifth of the members of the society or by certain number of members specified in the bye-laws whichever is less or
- b) As per the instruction given by the registrar or
- c) The meeting may be called by the registrar of the co-operative societies. If the society is the member of federation than the Officer of the federation or
- d) As per the order of the Managing committee.

If the meeting is not called as per the provisions in the bye-laws as requested by the members. The register has got the power to call the meeting and such meeting shall be deemed to be called by the Committee. Such meetings are held as per the law by the Managing Committee. The notice of Special General Body Meeting is given seven days in advance to the members.

➤ **Business transacted at the Special General Body Meeting:**

1. To amend the bye-laws of the co-operative society.
2. To change the liability clause in the bye-laws of the co-operative society.
3. To change the name of the co-operative society.
4. To transfer, dissolution, amalgamation or merge the co-operative society.
5. To increase the authorized share capital and face value of shares of the co-operative society.
6. To grant / sanction the development projects of societies.
7. To consider no confidence motion against any Office bearers of co-operative society.
8. To conduct meeting as per the order of Registrar for the work suggested by him.
9. To implement new policies of the Government.

Special General Body Meeting is called to discuss and decide matters in emergency. In this meeting resolution can be passed against the decisions and recommendations taken by the Managing committee.

4. Last General Meeting:

This is the last meeting in the life of co-operative society and the members. This meeting is held after the dissolution of the co-operative society. Last General Meeting means a legal end of the co-operative society. The meeting is called by the liquidator of the co-operative society when the society is wound up. Quorum is not necessary for this meeting. The society can be dissolved by three ways 1) Voluntarily 2) Compulsory 3) As per the order of closure by registrar (closer transaction). In this meeting review of the dissolution process is done. The reason for failure of working of co-operative society is given in the meeting. If any balance amount is left after the income and expenditure, then such information is given and the appropriation of the balance fund is done. This meeting is called by the liquidator after completion of the dissolution process. This is the last general meeting of co-operative society because on the basis of liquidator's report, the registrar will order to close down the society.

If the co-operative society is incurring losses, if the financial position is weak, the objectives of the co-operative society are not fulfilled or if there is a failure in achieving the members interest then society needs to be wound up.

Activity:

- 3) Collect the information about when last general meeting is called.

A. Meeting of managing committee / Board of Directors:

Managing committee is elected to see the daily working of the society on behalf of members. The representative of members has right to take decisions of daily activities and management. But to take such decisions member should come together and conduct a meeting to discuss and exchange the ideas. For that managing committee should conduct the meeting. All members of the committee are required to attend the meeting.

Following are the various types of meetings of managing committee:

1. First Managing Committee Meeting:

After the registration of co-operative society managing committee is appointed for a period of one year. This meeting is the first meeting of managing committee or board of directors. It is known

as First managing committee meeting. According to section 73, the tenure for temporary committee cannot be more than one year. The topic discussed in the first managing committee meeting cannot be discussed in the next meeting because no purpose is left. The rights given to the committee is the same for the entire managing committee.

After the existence of co-operative society, the meeting is carried out on the following topics to ensure the regular functioning of co-operative society.

➤ **Business transacted at the First Managing Committee Meeting:**

1. To elect chairman for the meeting.
2. To open an account in the name of co-operative society in the District Central Co-operative Bank and rights are given to operate the account.
3. To elect the office bearers to conduct the affairs of the society till the Annual General Body Meeting.
4. To give approval to the expenses after the First General Body Meeting.
5. To fix limit for granting loans.
6. To sanction the budget.
7. To decide the authority to sign the documents of co-operative society.
8. To decide the direction of working of the society.
9. To approve the bye-laws sanctioned by the registrar.

2. Meeting of Managing Committee:

These meeting is conducted after the First Managing Committee Meeting. According to the bye-laws the meeting of the Managing committee should be called every three months or once in every month. The act specifies the maximum number of members of Managing committee should not be more than 21. The notice of the meeting of managing committee should be sent 7 days in advance. The meeting is conducted to carry out day-to-day activities of co-operative society.

➤ **Business transacted at the Meeting of Managing committee:**

1. To confirm the minutes of the last meeting.
2. To sanction the entrance form of new members.
3. To transfer the shares.
4. To recommend the rate of dividend.
5. To take the decisions on loan proposals.
6. To recover the loan and to take proper action on the defaulters.
7. To appoint the Employees, distribution of working among employees, promotion or transfer.
8. To invest the funds of co-operative society.
9. To prepare books of accounts, annual report, balance sheet and to produce the budgeted report of the next year in front of the Annual General Body Meeting for approval.
10. To form sub-committee as per the requirement.
11. To get the books of accounts checked from the auditor. To accept audit rectification report and to take action on it.

3. Sub-committee meeting:

When the size of society and the number of board members are large, the Managing Committee is authorized to appoint the sub-committee of two or more directors. Sub-committee is appointed out of board of directors. Some members from managing committee are taken in sub-committee. At least three members should be in a sub-committee. The president of the managing committee presides over the meetings of sub-committees. The expert in concerned fields are appointed in sub-committees. The rights are given from managing committee to the sub-committee. The sub-committee has to work under the Managing committee. The decisions taken by the sub-committee should be approved by the Managing committee. Bye-laws specifies the rules regarding the meeting of committee. The functioning of sub-committee meeting is same like the Managing committee meeting. Discussion is done on the sub-committee report in the meeting of managing committee. Generally, sub-committee is appointed on various subjects like increase in production, sale of produce, purchasing the assets, employee management, raising loan, financial management, transfer of shares. The minutes of sub-committee meeting is written in separate book.

4.4.3 The legal provisions related to meeting of Co-operative society

In Maharashtra Co-operative Act, 1960 and rule 1961 all the legal provisions are given regarding First General Body Meeting and General Meeting of members they are as follows:

1. **Notice of meeting:** According to provisions of co-operative societies act, the Managing committee has given right to call the meeting of co-operative society. Under certain circumstances, the right to call a meeting is given to the members or the registrar of co-operative societies. On behalf of the chairman the secretary has the right. The notice of the meeting should be proper i.e. name of the meeting, date and day of meeting, time and place, etc. should be given clearly. The notice of members meeting should be sent minimum 14 days before the meeting in writing to members and notice of managing committee meeting should be given 7 days in advance to the members of managing committee as per the provision of bye laws. The bye -laws specifies the period of notice of meeting.
2. **Agenda of meeting:** An agenda of meeting means list of items to be transacted in the meeting. An agenda of the meeting should be sent along with notice. The secretary of the co-operative society should frame an agenda of the meeting discussing with the chairman. The members and members of the Managing committee should get an idea before the meeting so that they can come to the meeting well prepared by seeing the notice and agenda of the meeting. Agenda cannot be changed without the permission of the chairman. Agenda is useful for the smooth functioning of the members and managing committee meeting.
3. **Quorum of meeting:** The minimum number of members required to start and conduct a meeting is called as Quorum. The quorum should be present throughout the meeting. In the bye-laws quorum is mentioned for General Meeting of members. The decisions taken in the absence of the quorum is not binding towards the members and the co-operative society. Moreover, the meeting is not considered valid.

The quorum for the General Meeting is considered as $\frac{1}{5}$ th of the total number of members or 25 members whichever is less, while quorum for the meetings of managing committee is $\frac{1}{3}$ rd or 5 members whichever is less.

Before starting the meeting, chairman should see whether the quorum of the meeting is fulfilled or not. If quorum is not there then the meeting is cancelled. Upto 30 minutes or time mentioned in the bye-laws the meeting is hold till the arrival of members. Quorum is not necessary after

the adjourned of meeting. When the adjourned meeting is to be called is mentioned in the bye-laws.

4. **The chairman of meeting:** According to the Co-operative societies Act, a chairman or president should be their while conducting a meeting. The chairman of meeting is a person who is elected to regulate and control the meetings. The Eligible chairman or the president of the society presides over the meeting. The chairman of co-operative society is the chairman of general meeting and managing committee's meeting. In the absence of the chairman, the vice chairman presides over the meeting. If both of them are absent, the members present at the meeting shall elected the senior member among themselves to preside over the meeting. Under his chairmanship meeting is conducted. All the rules relating to the smooth functioning of the co-operative society are followed or not is the responsibility of the chairman. The chairman should possess various qualities like politeness, humble, knowledge of law, good nurtured and balanced nature, etc.
5. **Method of voting:** According to co-operative societies Act Section 27 (1), in the meetings of co-operative society a member has right to give one vote irrespective of his shareholding. It may be raising show of hands or by secret ballot as may be adopted. Generally, raising and voting is adopted everywhere. The voting at the General Meeting should be secret voting on demand of members, except the above methods the provisions are made in bye laws of society. The voting by voice can be used.
6. **Adjournment or postponement of meeting:** Quorum is essential for meeting. This meeting is adjourned if quorum is not present. The meeting shall be adjourned or postpone on the same day or as specified in the notice. Such urgent meeting waits for 30 minutes to fulfill the quorum. Then the meeting shall be conducted irrespective of quorum. If all the business on the agenda of the meeting cannot be transacted on the date on which the general meeting is held, the meeting is postponed. This meeting should be conducted within 30 days from the date of meeting as may be decided by the members present at the meeting. The same agenda is considered for the postponed meeting.
7. **Motion:** A motion is a proposal put before the meeting for discussion and decision. Any member of the meeting or chairman put the subjects in the meeting serially as per the agenda. All the present members discuss on it and express their opinions. After completing the sufficient discussion the voting takes place. The approved motion of the meeting is known as resolution. A person who put up motion is known as proposer and person who supports the motion is called seconder. There should be signature of proposer on motion. The motion must be in writing and affirmated. The proposal can be amended or withdrawn before acceptance or voting. Every member has a chance to speak on motion if he desire. Motion should be within the scope of notice and agenda of the meeting. Motion once sanctioned becomes property of the meeting. Every member has a right to speak once on the motion but mover can speak twice before putting the proposal for voting.
8. **Resolution:** Motion which is passed in the meeting is called resolution. It is the final decision. This is approved subject in the form of resolution. Resolution is end of motion. Resolution is mandatory for society. There is no discussion and changes made in it. There are two types of resolution
(1) Ordinary resolution (2) Special resolution. Special resolution is to be sent for the approval of Registrar. The special resolution passed for the changes in the bye-laws or policy decisions need to be submitted to the Registrar for approval. The resolution can be implemented only after the

approval of the Registrar. Resolution is the decision of the meeting. Once the resolution takes place it could not be withdrawn on any condition. It becomes a part of minutes of meeting.

9. **Casting vote:** Casting vote is a power of the chairman to cast an extra vote in case of tie situation at the meeting. Sometimes when voting is conducted the votes in favour of the proposal and against the proposals are equal. This situation is known as tie. In such case, to decide the matter the chairman can exercise his right of casting vote. It is an extra vote than his normal voting right as per section 27 (1) of Maharashtra Co-operative Societies Act, 1960 which he can exercise in favour or against the proposal but in the interest of the society. In this way the chairman has a right to vote twice.
10. **Minutes of meeting:** Minutes is written record of resolution passed and decision taken at a meeting. Minutes are the written record of the proceedings of the meeting. Minutes is a legal written proof of decisions taken in the meeting. It is necessary to maintain separate minute book one for the members meeting and another for managing committee's meeting. The minutes are used to decide policies.

The business transacted must be written clearly in the minutes. The Secretary of co-operative society has to attend the meeting, check the quorum, note down the work done and resolutions passed in meeting. Decisions taken in the meeting are binding on the society. The minute book must be kept open for members and directors. If the members demand the copy of minutes, the society has to provide the same. Minutes must be recorded within 30 days after completion of the meeting. Chairman and Secretary signs the minutes.

The member who is absent for the meeting can get information of the business transacted in the meeting through minutes. Minutes are of two types (1) Descriptive minute (2) Resolutive minute.

In short, the meeting conducted in co-operative society must be conducted according to the provisions of the act and bye-laws of co-operative society.

1. Distinguish between Motion and Resolution:

| Sr. No. | Points | Motion | Resolution |
|---------|---------------------------|---|--|
| 1. | Meaning | It is a proposal placed before the meeting for discussion and decision. | It is a final decision taken in the meeting on motion after sufficient discussion. |
| 2. | Nature | Motion is a proposal put before the meeting. Discussion starts when motion is put. | Resolution is the final decision of meeting. Discussion ends when resolution is passed. |
| 3. | Discussion | Every member has a right to discuss on motion. | Once resolution is passed members cannot discuss on it. |
| 4. | Binding | Motion is not binding on the society and members. | Resolution is binding on the society and members. |
| 5. | Amendment (change) | Motion can be changed or amended. It can also be withdrawn before voting with the permission. | Once the resolution is passed it cannot be amended or withdrawn. |
| 6. | Tool / Outcome | Resolution is passed with the help of motion, so motion is a tool of resolution. | Resolution is passed by submitting the proposal, so resolution is the outcome of motion. |

2. Distinguish Between Shares and Debentures:

| Sr. No. | Points | Shares | Debentures |
|---------|--------------------------|---|--|
| 1. | Meaning | Share is a part of the total share capital of co-operative society. | Debenture is a certificate issued by a society as an acknowledgment of the debts. |
| 2. | Holder | One who holds the share is known as shareholder. The shareholders are the owners of the co-operative society. | One who purchases the debenture is known as debenture holder. Debenture holders are the creditors of the co-operative society. |
| 3. | Income / Return | The shareholders get dividend which is fluctuating. | The debenture holders get interest at fixed rate. |
| 4. | Voting Rights | The shareholders have normal voting rights. | Debenture holders do not have voting rights. |
| 5. | Source of capital | It is an internal source of raising capital. | It is an external source of raising capital. |
| 6. | Security | Shares cannot be kept as security | Debentures can be kept as security |

3. Distinguish Between Internal Source and External Source:

| Sr. No. | Points | Internal sources | External sources |
|---------|------------------|--|--|
| 1. | Meaning | The source by which members provide self-owned capital to the society. Such source is known as internal source. | The source by which the capital is raised for a particular period and it is to be repaid, such source is known as external source. |
| 2. | Include | Internal sources include share capital, entrance fees, reserve fund, members deposit etc. | External sources include non-members deposit, Loan, debentures, govt help, grants and donations |
| 3. | Period | Due to internal source co-operative society gets permanent capital | Due to external source co-operative society gets the fund for a particular period |
| 4. | Stability | Due to internal sources co-operative society becomes financially stable | Due to external sources co-operative society becomes dependent |
| 5. | Rights | Members who provide own capital or propriety capital are the owners of the co-operative society. They have the right to participate in the management of the society | The institutions who provide loan to the co-operative society need not participate in the management but government is an exception. |

4. Distinguish Between Agenda and Minutes:

| Sr. No. | Points | Agenda | Minutes |
|---------|-------------|---|---|
| 1. | Meaning | Agenda is the list of items to be discussed in the meeting. | Minutes is the written records of resolution passed and decision taken in the meeting. |
| 2. | Period | Agenda is prepared before the meeting and sent along with notice to the members. | Minutes must be prepared within 30 days from date of meeting. |
| 3. | Useful | Agenda is useful for smooth functioning of meeting. | Minutes are useful for future as it is written proof of the business transacted at meeting. |
| 4. | Information | Members get information in advance about the subject to be discussed in the meeting | The absent members get all information about the business transacted in the meeting and helps to implement the policies easily. |
| 5. | Changes | Agenda can be changed with the permission of chairman. | Once the minutes are written it cannot be changed. |

5. Comparative study of Saving Deposit, Current Deposit, Fixed Deposit and Recurring Deposit:

| Sr. No. | Points | Saving deposit | Current deposit | Fixed deposit | Recurring deposit |
|---------|-----------------------------|---|--|--|--|
| 1. | Meaning | The deposit which is meant for individuals to save their surplus money safely is called saving deposit. | The deposit which is meant for businessmen, traders or business organizations to conduct their financial transactions smoothly is called current deposits. | The deposit which is meant for keeping surplus money for specific period on certain condition is known as fixed deposit. | The deposit which is meant for depositing a certain fixed amount regularly for a specific period is called recurring deposit. |
| 2. | Depositors | This deposit is opened by the salary or wage earners, middle class or general people. | This deposit is opened by the Businessman, traders or business organization. | This deposit is kept by the rich people or the people having surplus money and want to invest it for long term. | This deposit is kept by individuals those who are interested in regular savings and who plan for future needs. |
| 3. | Transactions | Money can be deposited any number of times. The account holder Can withdraw the money twice a week or 25 withdrawals in a quarter | Money can be deposited any number of times. There is no restriction on withdrawals, any number of withdrawals are allowed | Money deposited only once at the time of opening account. The account holder can't withdraw the money till the completion of selected period he gets the money on maturity | A certain amount of money is deposited regularly for specific period. The account holder can't withdraw the money till the completion of selected period he gets the money on Maturity |
| 4. | Rate of interest | Nominal rate of interest is given on such deposit. | No interest is given on such deposits and some bank gives very low rate of interest. | Higher rate of interest is given on such deposits depending upon the period of deposits. | Attractive rate of interest is given on such deposits which is generally more than Savings and less than fixed deposit. |
| 5. | Pass book / Receipts | Passbook and cheque book are provided on the demand of the account holder. | Passbook, cheque book and computerized statements of the account are provided to the account holder. | Passbook and cheque book are not provided. Only fixed deposit receipt (FDR) is provided to the account holder. | Passbook is only provided to the account holder. |
| 6. | Facilities | The accountholder gets the other facilities like ATM, Safe deposit locker, money transfer but do not get the overdraft facility. | The account holder gets all banking services like ATM, core banking and overdraft facility. | The account holder does not get the other facilities like ATM, core banking etc. but they can obtain a loan against fixed deposit receipt (FDR) | The account holder does not get the other facilities like ATM, core banking overdraft, etc. but they can obtain loan upto 90% of the deposited money. |

6. Comparative study of First General Body Meeting, Annual General Body Meeting, Special General Body Meeting and Last General Meeting:

| Sr. No. | Points | First General Body Meeting | Annual General Body Meeting | Special General Body Meeting | Last General Meeting |
|---------|--------------------|--|--|---|---|
| 1. | Meaning | First General Body Meeting is a meeting which is called within 3 months from the date of registration of the co-operative society. | This is a meeting which is held once in every year after the financial year ending is called Annual General Body Meeting. | Meeting which is held in between two Annual General Body Meeting to pass urgent and special business matters is called Special General Body Meeting. | The meeting which is called to wind up the co-operative societies is called Last General Meeting of co-operative society to close the society forever. |
| 2. | Convener | The meeting is convened by the Chief promoter of the society. | The Secretary has power authority to call Annual General Body Meeting. | The meeting can be convened by the chairman or by a majority of the members of the Managing committee or by the Registrar. This meeting can be called on requisition in writing by 1/5 th of the members of the co-operative society. | The meeting is called by the Liquidator. |
| 3. | When called | The First General Body Meeting should be held within 3 months from the date of registration of the co-operative society | It is held once in every year after completion of financial year. | It is called in case of emergency as per the need. | It is called when the society is to be dissolved. |
| 4. | Business | This meeting is held to inform the members about admission of new members, preliminary contracts and preliminary expenses done by the promoters, appointment on chairman and adhoc Managing committee. | The purpose of these meetings is to review the working of cooperative society during the year, to approve the final accounts, consideration of audit report, declaration of dividend, evaluation of annual work etc. | The meeting is held to transact urgent and special business which cannot be postponed till the next Annual General Meeting etc. alteration in share capital or changes in the bye laws, removal of director, amalgamation, division or dissolution of co-operative societies etc. | This meeting is held to take the decision of dissolution of cooperative society. In this meeting they discuss about the assets to be realized liabilities to be pay and the remaining amount to be distributed etc. |
| 5. | Objectives | This meeting is called for establishment of co-operative society. | This meeting is called to take policy decisions. | This meeting is conducted to approve urgent and special matters. | This meeting is called to dissolve the co-operative society. |
| 6. | Importance | The first general body meeting gives birth (existence) to the co-operative society. | This meeting is conducted to evaluate the working of financial year. | The meeting is important for specific changes in society. | The meeting is for winding up of co-operative society. |

4.5 SUMMARY

➤ Capital raising of Co-operative society:

The capital raised by the co-operative society is not sufficient. In this regard co-operative society raise the capital through other sources. To achieve the objectives co-operative society has to raise the capital.

➤ Following are the sources of raising capital:

A. Internal sources:

- | | |
|------------------|--------------------|
| 1) Share capital | 2) Entrance fees |
| 3) Reserve fund | 4) Members deposit |

B. External sources:

- | | |
|------------------------|------------------------------------|
| 1) Non-members deposit | 2) Loans and advances |
| 3) Issue of debentures | 4) Government grants and subsidies |
| 5) Gifts and donations | |

➤ Meetings of co-operative society:

Meeting means when two or more persons come together to discuss and take decision on an important matter in a co-operative society

➤ Types of Meetings in co-operative societies:

A) Members meeting:

- | | |
|---|--------------------------------|
| 1) First General Body Meeting / Statutory Meeting | 2) Annual General Body Meeting |
| 3) Special General Body Meeting | 4) Last General Meeting |

B) Meeting of Managing committee:

- 1) First meeting of Managing committee.
- 2) Meetings of Managing committee.
- 3) Sub-committee meeting

➤ Legal provisions related to meeting of Co-operative society:

- | | |
|----------------------|---|
| 1) Notice of meeting | 2) Agenda of meeting |
| 3) Quorum of meeting | 4) Chairman of meeting |
| 5) Method of voting | 6) Adjournment or Postponement of meeting |
| 7) Motion | 8) Resolution |
| 9) Casting vote | 10) Minutes of meeting |

4.6 KEY-TERMS

1. **Internal sources:** The capital raised from the members in a co-operative society.
2. **External sources:** The capital raised other than members in a co-operative society.
3. **Shares:** A smallest part of the entire share capital.
4. **Dividend:** Return on the shares to the shareholders out of the profit of co-operative society.

5. **Debentures:** An acknowledgement of indebtedness of co-operative society.
6. **Meeting:** Meeting means when two or more persons come together to discuss and take decision on an important matter in a co-operative society at specific place, date and time.
7. **Notice:** Notice is an advance intimation given by the society to its members and directors stating the day, date, time and place of meeting and agenda.
8. **Agenda:** A list of business items to be transacted at the meeting.
9. **Quorum:** Quorum is the minimum number of members who must be present at the meeting for transacting valid business.
10. **Motion:** Motion is a proposal put before the meeting for discussion and decision.
11. **Resolution:** It is the decision taken by majority in the meeting on any matter.
12. **Overdraft facility:** The facility given to the current account holder to withdraw excess amount standing to his balance.
13. **K.Y.C.:** All the members are required to be identified in all transactions with the society, for this identity all the members are required to comply with KYC (Know Your Customer) guidelines.

4.7 EXERCISE

Q.1 A) Select the proper option from the options given below and rewrite the sentences.

1. After registration the First general body meeting of the co-operative society is called within _____ months.
a) Two b) Three c) Four
2. A list of subjects to be discussed in the meeting is called _____.
a) Notice b) Agenda c) Minutes
3. The first co-operative society Act in Maharashtra was passed in the year _____.
a) 1904 b) 1912 c) 1960
4. The prime source of raising capital in co-operative society is _____.
a) Share capital b) Entrance fees c) Grants and subsidies
5. As per Maharashtra co-operative societies Act every co-operative society needs to transfer _____% amount of their profit to reserve fund.
a) 12 b) 15 c) 25
6. Second co-operative society Act in India was passed in the year _____.
a) 1904 b) 1912 c) 1960
7. An External source of capital is _____.
a) Share b) Debenture c) Reserve fund
8. After ending the financial year of co-operative society _____ general body meeting is called.
a) First b) Annual c) Special
9. The details of meeting are written in _____.

- a) Minute book b) Agenda c) Members register
10. Long term loan is raised by issuing _____.
a) Shares b) Debentures c) Entrance fees
11. The financial year of co-operative society ends on _____.
a) 30th June b) 31st March c) 31st December
12. The meeting which is called for specific purpose is known as _____ general body meeting.
a) First b) Second c) Annual
13. The First general meeting is called by _____.
a) Chairman b) Promoter c) Registrar

B) Match the following:

1)

| Group 'A' | Group 'B' |
|--|---------------------------------|
| a. Annual general body meeting | 1. Once in every month |
| b. Liquidator | 2. Reserve fund |
| c. Shares | 3. Current deposit |
| d. Debentures | 4. Dividend |
| e. Protection wall of Co-operative society | 5. Interest |
| | 6. Last meeting |
| | 7. Special general body meeting |
| | 8. Called every year |
| | 9. Development Fund |
| | 10. Depreciation |

2)

| Group 'A' | Group 'B' |
|--------------|--|
| a. Minutes | 1. List of subjects to be discussed in meeting |
| b. Chairman | 2. Responsibility to write minutes |
| c. Secretary | 3. Registration Certificate |
| d. Quorum | 4. Minimum number of members to start a co-operative society |
| e. Agenda | 5. Unnecessary numbers of members for meeting |
| | 6. Control on meeting |
| | 7. Reserve fund |
| | 8. Minimum number of members for valid meeting |
| | 9. End of meeting |
| | 10. Legal proof of the decisions in a meeting |

3)

| Group 'A' | Group 'B' |
|---|--------------------------------------|
| a. Last meeting | 1. Existence of Co-operative society |
| b. Overdraft facility | 2. Fixed deposit |
| c. Maharashtra co-operative societies Act | 3. End of society |
| d. Special general body meeting | 4. Current deposit |
| e. Share capital | 5. Meeting called by promoter |
| | 6. Internal sources |
| | 7. As per the demand of shareholder |
| | 8. External sources |
| | 9. 1904 |
| | 10. 1960 |

C) Write a word or a phrase or a term which can substitute each one of the following statements.

1. The protection wall of a co-operative society.
2. The book which is kept to record proceedings of the meeting.
3. A list of subject to be discussed in the meeting.
4. Amount deposited for a specific period.
5. The deposit in which amount can be withdrawn and deposited any number of times.
6. The special power given to a chairman for voting.
7. A person having right to call First general body meeting.
8. A meeting called in emergency for a specific purpose.
9. Minimum number of members for a valid meeting.
10. The year in which first co-operative act was passed in India.
11. The amount to be kept aside from the net profit of the society every year.
12. The motion passed in the meeting after discussion.

D) State whether the following statement are True or False.

1. All the co-operative societies collect capital by issuing debentures.
2. It is the responsibility of the chairman to write the minutes of meeting of the co-operative society.
3. Managing committee can appoint sub-committee.
4. The chairman do not have power of casting vote.
5. Shareholders are the moneylenders of the co-operative society.
6. Shares cannot be transferred without the permission of managing committee.
7. Overdraft facility is given on current account.
8. In Maharashtra co-operative societies are registered under the co-operative societies Act, 1904.
9. In Maharashtra first co-operative act was passed in the year 1904.
10. Quorum is not essential during the meeting.
11. Share capital is an external source of raising finance.

12. Only Managing committee has right to call special general body meeting.
13. In the year 1919 the subject co-operation was transferred from central government to the state government.
14. Maintaining reserve fund is mandatory for a co-operative society.

E) Complete the following sentences:

1. The meeting which is conducted between two annual general meeting is called as _____.
2. The proceedings of the meeting is written in _____ book.
3. The deposit kept for a specific period is _____.
4. Co-operative society can provide maximum _____% of dividend.
5. Motion which is passed in the meeting is called _____.
6. As per the provisions of co-operative societies Act no member can hold the shares more than _____ of the total share capital.
7. In Maharashtra co-operative societies act was passed in the year _____.
8. The notice of the annual general meeting must be given to all the members minimum _____ days in advance.
9. The main source of finance of the co-operative society is _____.
10. The First co-operative act in India was passed in the year _____.
11. The amount kept aside from net profit of co-operative society is known as _____.
12. Debenture holders are the _____ of the co-operative society.

F) Select the correct option:

| | |
|---------------------------|---|
| 1. Shares | <input type="text"/> |
| 2. <input type="text"/> | Protection wall of co-operative society |
| 3. Current Deposit | <input type="text"/> |
| 4. <input type="text"/> | First General Body meeting |
| 5. Dissolution of society | <input type="text"/> |
| 6. <input type="text"/> | Maharashtra Co-operative Societies Act |

Overdraft facility, Dividend, Liquidator, Reserve fund, Promoter, 1960

G) Answer in one sentence

1. What is a Meeting?
2. Why are minutes of a meeting kept?
3. What is an Agenda of meeting?
4. What is Special general body meeting?
5. What is reserve fund?
6. What is current deposit?
7. Why is quorum important for meeting?

H) Correct the underline word and rewrite the sentences:

1. Debenture means a smallest part of the share capital in a co-operative society.
2. Debenture holders are the Owners of the co-operative society.
3. In Current deposit amount can be deposited only once.
4. First general body meeting of the co-operative society is called by the Registrar.
5. The list of items to be discussed in the meeting is known as Minutes.

I) Find the odd one out:

1. (a) Share capital (b) Entrance fees
(c) Donations (d) Reserve fund
2. (a) Current deposit (b) Fixed deposit
(c) Debenture holders (d) Saving deposit
3. (a) Short term loan (b) Price fluctuating fund
(c) Long term loan (d) Medium term loan
4. (a) Dividend equalisation fund (b) Overdraft facility
(c) Special bad-debt reserve fund (d) Development fund

J) Arrange in proper order:

1. (a) First general body meeting (b) Last General meeting
(c) Annual general body meeting
2. (a) Resolution (b) Motion (c) Agenda
3. (a) Minutes of meeting (b) Agenda (c) Notice of meeting

Q.2 Explain the following terms:

1. Quorum
2. Reserve fund
3. Minutes
4. Motion
5. Debenture
6. Resolution
7. Meeting
8. Overdraft facility

Q.3 Application based/self-opinion question:

1. First general body meeting gives existence to the co-operative society.
2. Co-operative societies raise reserve fund.
3. Notice should be given to all the members about annual general body meeting.
4. Finance is required for the development and financial growth of the co-operative society.

Q.4 Distinguish between:

1. Motion and Resolution
2. Current deposit and Saving deposit
3. Saving deposit and Fixed deposit
4. Internal sources and External sources

5. Current deposit and Recurring deposit
6. Annual general body meeting and First general body meeting
7. Shares and Debentures
8. Fixed deposit and Recurring deposit
9. First general body meeting and Special general body meeting
10. Agenda and Minutes
11. Annual general body meeting and Last general meeting

Q.5 Write Short notes:

1. Sub-committee meeting
2. Types of reserve fund
3. Special general body meeting
4. Features of Share capital
5. Types of deposit
6. Advantages of reserve fund
7. Minutes

Q.6 Give reasons:

1. Quorum is essential for meeting.
2. Notice should be given to all the members about Annual general body meeting.
3. It is compulsory to raise reserve fund by co-operative society.
4. Annual general body meeting must be called every year.
5. Co-operative society raises share capital.
6. Chairman of the meeting has right of casting vote.
7. A member cannot hold the shares more than $1/5^{\text{th}}$ of the paid-up capital or Rs. 20,000 of the co-operative society.

Q.7 Answer in short:

1. Explain the advantages of reserve fund.
2. Explain types of deposit.
3. Explain various types of meeting.
4. Explain various types of loans.
5. Explain the advantages of share capital.

Q.8 Long answers:

1. Explain in detail the external sources of raising capital of a co-operative society.
2. What is meeting? Explain various types of meeting.
3. Explain the sources of collecting capital of a co-operative society
4. Explain legal provisions regarding meeting of a co-operative society as per Maharashtra Co-operative Societies Act, 1960.
5. Explain the internal sources of raising capital of a co-operative society.

