

CO-OPERATIVE ORGANISATION

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- **DEFINITION OF CO-OPERATIVE ORGANISATION:**
- “A co-operative organization is an association of persons, usually of limited means, who have voluntarily joined together to achieve a common economic end results through the formation of a democratically controlled organization, making equitable contributions to the capital required, and accepting a fair share of risks and benefits of the undertaking”

- The members supply the capital, manage the business and share all profits and losses. The main objective of co-operative society is to promote **self help and mutual assistance** among men of moderate means and income, having needs and interest in common. Such men are industrial workers, agriculturists and members of middle class etc
- **Mutual trust, mutual supervision, self-reliance, spontaneity and equality** are the five pillars of a cooperative organization and co-operative spirit is the backbone.
- Co-operative spirit is the heart of a co-operative society.” **Each shall work for all and all for each**” is the motto of co-operation.
- The main aim of the cooperative is to eliminate profit and provide goods and services to the members of the cooperative at cost.
- Members pay fees or buy shares of the cooperative, and profits are periodically redistributed to them.

- Since each member has only **one vote**, this avoids the concentration of control in a few hands.
- In a cooperative, there are shareholders, a board of directors and the elected officers.
- Cooperative organization is a kind of voluntary, democratic ownership formed by some motivated individuals for obtaining necessities of everyday life at rates less than those of the market. The principle behind the cooperative is that of cooperation and self help.

FORMATION OF CO-OPERATIVE SOCIETIES

- In our country there is a special legislation governing the registration, working and management of cooperative organizations.
- To start a co-operative society an application is submitted to the **registrar of co-operative societies**.
- The application for registration should provide all essential information. E.g. **Name and address of the society, its aims and objectives, particulars of share capital** etc.
- The application should be signed by at least 10 members. The application should accompany duplicate copies **bylaws** i.e rules and regulations governing the internal organization and management of the society.
- The registrar after the scrutiny of the application, if satisfied with the soundness will issue a certificate of registration and the society will be formed.
- Once the society is duly registered, it can admit new members and also issue it shares.

VARIOUS TYPES OF CO-OPERATIVE SOCIETIES

- Producers co-operative society
- Consumers co-operative society
- Housing co-operative society
- Credit co-operative society

CONSUMERS CO-OPERATIVE SOCIETY:

- The purpose of consumers' cooperative society is to eliminate the middleman between consumers and producers. Second purpose is to ensure a steady and regular supply of goods and services which the consumers' need. Any profit of the cooperative societies is to be shared among members in the form of dividend.
- The consumers living in a particular area combine together. Each contributes a small capital. A store is opened in which articles of common use are stocked and sold at reasonable prices.

ADVANTAGES:

1. Much capital is not needed
2. The management is simple and honorary
3. There is legal control and inspection

DISADVANTAGES:

1. They offer very little selection for costumers
2. The honorary office bearers do not take much pains, they are sometimes dishonest.

HOUSING CO-OPERATIVE SOCIETY:

- Housing co-operative societies are formed for the purpose of getting plots or constructing houses for the needy persons, government provides great facilities (providing loans at low rate of interest etc) for this purpose.
- It is formed to provide residential accommodation to its members on ownership basis on a fair price.
- The cooperative buys land from municipal authority and constructs flats for its members.
- Payment is charged from members on installments, which is very convenient

COOPERATIVE FARMING SOCIETY:

- It is formed for the small farmers; it provides agricultural inputs like seeds, irrigation tools, fertilizers, to its members.
- Small farmers, who cannot afford scientific farming and mechanization, are greatly helped by forming this society.

PRODUCERS CO-OPERATIVE SOCIETY:

- In this form of co-operative, the workers wish to be their own masters the business is owned by them. They elect their own managers. They are their own employees.
- The profit instead of enriching the few individuals goes to the actual workers. The workers are supposed to put in very hard work.
- There are no strikes and lock-outs. It prevents the workers from being exploited; and teaches them how to work in team spirit.
- This type of ownership is suitable where large capital and much technical expert knowledge is not needed.
- **EXAMPLES:** Agricultural and cottage industries

MERITS OF CO-OPERATIVE ORGANISATIONS:

1. Co-operative societies protect the interest of the weaker section of the community as under:

- Provide better methods and tools of production to small manufacturers and Craftsmen.
- Help the farmers in farming and marketing their products efficiently
- Provide financial assistance at moderate rate of interest
- Opening of super bazaar types of stores gives relief to the weaker section of the society and helps in establishing price level.

2. EASY FORMATION:

It is easy to form the cooperative societies. Registration with the registrar of cooperative societies is needed. There should be minimum 10 members to start it. However, there is no upper limit to the membership.

3. ELIMINATION OF MIDDLEMEN:

The commodities are purchased directly from the manufacturers and supplied to the members. It thus eliminates the profit of middlemen; and the goods can be sold at cheaper rates.

4. SERVICE MOTIVE:

The co-operative sector is based on service motive and therefore, there is no question of profit making, black marketing

5. DEMOCRATIC NATURE:

Its management is democratic, elected by shareholders.

6. SENSE OF CO-OPERATION:

It promotes a sense of co-operation among the members and also among the people of the locality. Thus it serves the social purpose also.

7. LIMITED LIABILITY:

The liability of any member is limited to his contribution in capital. For any debt of the society, members do not bear personal liability.

8. STABILITY AND CONTINUITY:

These organizations have separate legal entity. Therefore, their existence is not affected by insolvency or death of its member.

DEMERITS:

1. LACK OF CO- ORDINATION:

It may suffer due to lack of co-ordination between various members. Conflict may arise in sharing of duties and responsibilities and also in sharing profit.

2. LIMITED CAPITAL:

Co-operatives are generally association of low income group people. They can not finance expanding business.

3. INEFFICIENT MANAGEMENT:

The lack of educated and trained persons practically in villages badly affects the successful working of the co-operative organization.

4.LACK OF SECERCY AND GOVT INVOLVEMENT:

Each cooperative society should be registered with the government. Despite lack of support from government, the control of government is sometimes unjustified.

5. LACK OF MOTIVATION AMONG MEMBERS:

Due to low return on investment, most of the members are not interested in its running.

6. CHANCES OF RIFT AMONG MEMBERS:

The chances of rift among members are generally high. This is due to lack regular activities, lack of proper communication and clash of interest.

7. CHANCES OF CORRUPTION:

Due to limited interest by majority of persons, and manipulation in accounts and audits, there are major chances of corruption.