

# CO-OPERATION



STANDARD XI



# The Constitution of India

## Chapter IV A

### Fundamental Duties

#### ARTICLE 51A

**Fundamental Duties- It shall be the duty of every citizen of India—**

- (a) to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem;
- (b) to cherish and follow the noble ideals which inspired our national struggle for freedom;
- (c) to uphold and protect the sovereignty, unity and integrity of India;
- (d) to defend the country and render national service when called upon to do so;
- (e) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities, to renounce practices derogatory to the dignity of women;
- (f) to value and preserve the rich heritage of our composite culture;
- (g) to protect and improve the natural environment including forests, lakes, rivers and wild life and to have compassion for living creatures;
- (h) to develop the scientific temper, humanism and the spirit of inquiry and reform;
- (i) to safeguard public property and to abjure violence;
- (j) to strive towards excellence in all spheres of individual and collective activity so that the nation constantly rises to higher levels of endeavour and achievement;
- (k) who is a parent or guardian to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.

The Coordination Committee formed by GR No. Abhyas - 2116/(Pra.Kra.43/16) SD - 4  
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# Co-operation

## STANDARD XI



2019

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## The Constitution of India

### Preamble

WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC and to secure to all its citizens :

JUSTICE, social, economic and political ;

LIBERTY of thought, expression, belief, faith and worship ;

EQUALITY of status and of opportunity ;  
and to promote among them all

FRATERNITY assuring the dignity of the individual and the unity and integrity of the Nation ;

IN OUR CONSTITUENT ASSEMBLY this twenty-sixth day of November, 1949, do HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.

## NATIONAL ANTHEM

Jana-gana-mana-adhināyaka jaya hē  
Bhārata-bhāgya-vidhātā,

Panjāba-Sindhu-Gujarāta-Marāthā  
Drāvida-Utkala-Banga

Vindhya-Himāchala-Yamunā-Gangā  
uchchala-jaladhi-taranga

Tava subha nāmē jāgē, tava subha āsisa māgē,  
gāhē tava jaya-gāthā,

Jana-gana-mangala-dāyaka jaya hē  
Bhārata-bhāgya-vidhātā,

Jaya hē, Jaya hē, Jaya hē,  
Jaya jaya jaya, jaya hē.

## PLEDGE

India is my country. All Indians are my brothers and sisters.

I love my country, and I am proud of its rich and varied heritage. I shall always strive to be worthy of it.

I shall give my parents, teachers and all elders respect, and treat everyone with courtesy.

To my country and my people, I pledge my devotion. In their well-being and prosperity alone lies my happiness.

## Preface

Dear Students,

All of you are Welcome to Standard XI.

We are very happy to present this textbook of 'Co-operation' in your hands.

Co-operation is seen every where in surrounding. At higher secondary level the students of arts and commerce stream will opt for 'Co-operation' subject for the first time. Co-operation is a natural human tendency. Therefore, seeing the importance of this subject, it is necessary to study this subject.

All the topics covered in the syllabus are included in this textbook in an appropriate and relevant way.

Through this syllabus, students will get knowledge of co-operation history, establishment of co-operative society, various forms of business organization, principles of co-operation, important types of co-operative societies, etc. and its use in day-to-day life. The textbook of 'Co-operation' has been designed in a simple and easy language. The list of sub units is given at the beginning of each unit. In this textbook the necessary information is given in detailed.

Competency statements are given in the textbook. Figures and pictures have been used to understand the concept. Students learn a lot from discussion, so under the heading 'Discuss' some topics are given for discussion to the students. Some activities have been suggested in this textbook for student such as to visit the co-operative organizations, collect information and present it. Students have been given the opportunity to express their opinion on various topics given in this textbook. For the end of each topic important terms, summary and exercise is given. The restructured syllabus of std. XI Co-operation subject will be implemented from the year 2019-2020.

This textbook has also been written considering the age group of the students.

For effective learning and more information 'QR code' is also given for additional audio-visual material. It will be definitely helpful for learning.

Best Wishes for your academic progress!



**Pune**

**Date : 20 June 2019**

**Indian Solar Date : 30 Jetha 1941**

**(Dr. Sunil Magar)**

**Director**

Maharashtra State Bureau of Textbook  
Production and Curriculum Research, Pune.



## Competency Statement

### Co-operation Standard XI

Unit No.	Units	Competency Statement
1	<b>Co-operation (Meaning, History, Features, Importance)</b>	<p><b>Student will be able to</b></p> <ul style="list-style-type: none"> <li>● State meaning, definition and concept of Co-operation.</li> <li>● Explain history of Co-operation</li> <li>● State features of Co-operation</li> <li>● State importance of Co-operation</li> </ul>
2	<b>Comparitive study of different forms of business organizations</b>	<p><b>Student will be able to</b></p> <ul style="list-style-type: none"> <li>● Classify different forms of business organization</li> <li>● Understand and explain concept and features of sole trading, partnership, joint stock company.</li> <li>● Make comparison of various forms of business organizations with co-operative society.</li> </ul>
3	<b>Principles of Co-operations</b>	<p><b>Student will be able to</b></p> <ul style="list-style-type: none"> <li>● Explain Reconstructed Basic Principles of co-operation.</li> <li>● Explain General Principles of co-operation.</li> </ul>
4	<b>Formation of Co-operative Societies</b>	<p><b>Student will be able to</b></p> <ul style="list-style-type: none"> <li>● Explain procedure of promotion stage of co-operative society.</li> <li>● Explain procedure of registration stage of co-operative society.</li> <li>● Explain meaning and function of Promoters.</li> </ul>
5	<b>Types of Co-operative Societies. (Meaning, definition, features, functions)</b>	<p><b>Student will be able to</b></p> <ul style="list-style-type: none"> <li>● Explain meaning, definition, features, functions of Credit co-operative society.</li> <li>● Explain meaning, definitions, features, functions of Service co-operative society.</li> <li>● Explain meaning, definitions, features, functions of Processing co-operative society.</li> <li>● Explain meaning, definitions, features, functions and organizational structure of Marketing co-operative society.</li> <li>● Explain meaning, definitions, features, functions of Housing co-operative society.</li> <li>● Explain meaning, definitions, features, functions and types of Consumer co-operative society.</li> </ul>

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# 1.

## Co-operation – (Meaning, History, Features and Importance)

1.1 Introduction	1.5 Importance
1.2 Meaning and definition	1.6 Summary
1.3 History	1.7 Key Terms
1.4 Features	1.8 Exercise

### 1.1 Introduction :

Co-operation is an important part of human culture since ancient times. If we think from the period of hunting stage till modern era it is found that thinking and working together is a human's natural phenomenon which inspired him to live happy life. Due to this, there was revolutionary change in his economic and social life. Co-operation is a progressive stage of human life which results in intense desire for economic and social development and to remove injustice of human beings. The history of human life is the history of co-operation. Therefore, co-operation has gained special importance in the modern economy.

Co-operation means helping each other, to live and work together in family and social life. There is a keen relation between co-operation and social life. In addition of staying together co-operation also includes collective efforts to help each other. Working together for every one's interest has a special significance in co-operation.

In this topic, we will study the concept of co-operation.

### 1.2 Meaning and Definition of Co-operation :

#### 1.2.1 Meaning :

The word co-operation is derived from the Latin word '**Co-operari**'. '**Co**' means together and '**operari**' means to work. Therefore, co-operation means to work together. Thus co-operation is working together for a common purpose. If we want to work together, we need to help each other. The people cannot fulfill their needs personally/individually so these needs are fulfilled with the help of each other. Co-operation is the society formed by the people of the economically weaker section to fulfill their various needs with the help of each other.

#### 1.2.2 Definition :

**The various great thinkers have defined Co-operation as follows :**

- 1) Mr. H. Calvert: defines Co-operation as "A Form of organization in which persons voluntarily associates together as human beings on basis of equality for the promotion of economic interest of themselves".

- 2) Mr. Vaikuntalal Mehta (the veteran co-operator of India) has defined Co-operation as “The voluntary association of peoples having common needs and formed to fulfill their common economic need is known as co-operative society”
- 3) The Indian Co-operative societies Act (1912) defines Co-operation as “A society which has its object to promote the economic interest of its members in accordance with co-operative principles”
- 4) Co-operative planning committee (1946) defines Co-operation as “Co-operation is a form of organization in which persons voluntarily associates together on a basis of equality for the promotion of their economic interest”.
- 5) Prof. Paul Lambert defines “A Co-operative society is a business organization formed and directed by an association of persons, applying itself the rule of democracy and directly intended to serve both to the members and the community as a whole”.



#### **Activity :-**

1. Give some examples of co-operation used in your day-to-day life.
2. Discuss - “The importance of team spirit in personality development”.

### **1.3 History of Co-operation :**

In this chapter, we are going to study the history of Co-operative movement in World, in India and in Maharashtra.

#### **1.3.1 World Co-operative Movement :**

The origin of the co-operative movement was in England of the Europe continent. In the year 1760, industrial revolution took place in Europe. The influence of industrial revolution led to increase in capitalism. As a result, the company’s workers and labourer’s were exploited by profit-making capitalists. The workers were paid very less wages. Apart from this, the working hours of the workers were also increased due to this poverty among the workers increased. Consumers were cheated by selling fake goods, less weight and adulterated goods at higher prices, due to the financial exploitation they become more poor. The profit margin of the capitalists increased day-by-day and they became more and more rich. So, there was a wide gap between the rich and the poor which leads to economic inequality. Hence efforts were started to find solutions on it.

Increase in capitalism and earning of huge profits gave rise to co-operation. Sir Robert Owen established worker’s co-operative Societies. Sir Robert Owen laid the foundations of co-operation by using co-operative principles. Hence, Sir Robert Owen is considered as Father of the Modern Co-operative Movement. 28 Weavers of Rochdale pioneers came together in England and established ‘Rochdale Equitable Pioneers Society Ltd’ in 1844. They started the Consumer co-operative Stores which laid the foundation of Co-operative Movement.

In this period, Credit co-operative movement was started in Germany. Co-operative movement was started in Canada, China and Russia through Co-operative farming societies. Co-operative movement started in Denmark with the establishment of milk co-operatives

in the country. In Sweden, consumer co-operative society was started. During this period, co-operative movement were started gradually in other countries of the world.

In 1895 an International Co-operative Alliance was established in London. This organization represents co-operation at global level. This organization has big contribution in development of co-operative movement.



#### **Activity :-**

3. Sir Robert Owen is considered as the Father of Modern Co-operative Movement. Discuss.

### **1.3.2 Indian Co-operative Movement :**

In 18th century due to Industrial revolution in England goods were produced on a large scale. India was a source of big market for raw material and finished goods for the British people. Due to industrial revolution and British policy the small and cottage industries were shut down in India. Artisans and workers became jobless and they turned to agriculture for employment. As a result, the dependency on agriculture was increased. Due to burden on agricultural sector and drought, the condition of the farmer became weak. The debt burden on the farmers was increased and they were stucked in the clutches of moneylenders. To save the farmers from the clutches of moneylenders government took legal measures for providing credit facilities.

The first co-operative society named as “Annyonya Co-operative Society” was established on 5th February, 1889 by Vitthal Laxman Kavathekar at Baroda in Mumbai province. The British Government passed the first co-operative act in 1904. This act was the great turning point in economic and social history of Indian farmers. This act was limited only for the formation of Credit co-operative society. In the year 1912, the second Co-operative Act was passed to remove the drawbacks of the 1904’s act. This act provides establishment of co-operative societies in all the sectors.

The British government appointed a committee to study the progress and drawbacks of co-operative movement under the chairmanship of Edward Maclagan in the year 1914. This committee gave valuable suggestion for future development of the co-operative movement. After the First World War in 1919, the central government passed “Montford Reform Act” and powers were given to the states for the enactment of separate co-operative Act in their provinces. Accordingly, The Bombay provincial government act was passed in 1925.

On the recommendations of the various committees appointed for the reconstruction of the co-operative movement The Reserve Bank of India was established on 1st April, 1935. This bank started the Agricultural credit supply department. During this period, the Central Government appointed the “Agricultural Finance Committee” (1944) under the chairmanship of Prof. Dhananjayrao Gadgil and in 1945 Co-operative Planning Committee under the chairmanship of Mr. R. G. Sarayya. In 1945 government of India appointed a “Rural and

Banking Committee” under the chairmanship of Shri. Purushottamdas Thakurdas to make recommendations for rural banking facilities and development. In 1951, All India Rural Credit survey Committee was established under the chairmanship of Dr. A.D. Gorewala to study the credit supply in rural areas and to make the recommendation to the government on rural credit. In the year 1954, the committee submitted its report to the government. In this report the committee has mentioned “co-operation is unsuccessful but co-operation must be successful”.

After the independence, the government of India adopted the policy of five-year plan for economic development from the year 1951. During the Five-Year Plan, emphasis was given to increase people’s participation for development of the co-operative movement.

### 1.3.3 Co-operative Movement in Maharashtra :

Maharashtra states leads in co-operative sector, having network of co-operative societies through out the state. Various co-operative societies like Credit co-operative society, Non-Agricultural credit co-operative society, Marketing co-operative society, Consumer co-operative society, Processing co-operative society, Service co-operative society, Workers co-operative society, Housing co-operative society were established. Due to active working of these co-operative societies common man, farmers came into contact with co-operative societies in Maharashtra. The co-operative movement has a history of more than hundred years.

Mumbai District co-operative society were started in the year 1923. This bank was converted into State Apex co-operative bank and which is now functioning as “Maharashtra State Co-operative Bank”. In Maharashtra there is three tier system of Credit co-operative society. At primary level Primary Credit Co-operative Society, at district level District Central Co-operative Bank, while at state level State Co-operative Bank (Apex bank).

With the efforts of Prof. Dhananjay Rao Gadgil and Padmashree Dr. Vitthalrao Vikhepatil the first co-operative sugar factory was established in 1991 at Pravaranagar in Ahmednagar district. Through this a new era of co-operative movement was started in Maharashtra.

On 1st May 1960 Maharashtra state was established. Maharashtra State Co-operative Society’s Act 1960 was passed and Co-operative Societies are regulated under this act. In 1961 there were 31565 co-operative societies in Maharashtra which increased up to 198252 in the year 2018. As the number of co-operatives societies increased, there was also increase in the number of members, share capital, loans and deposits.

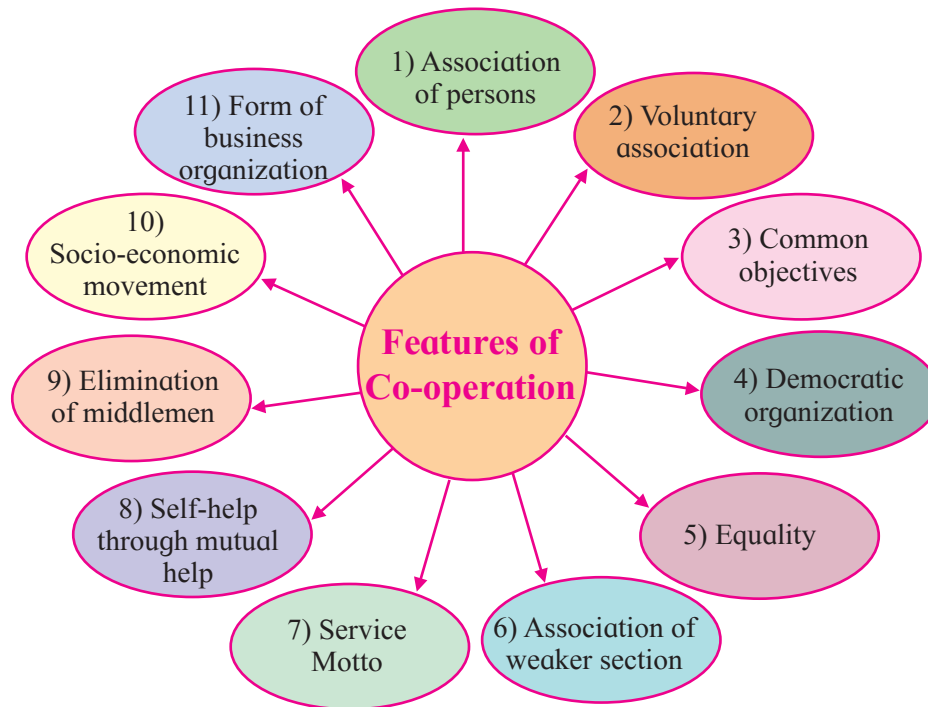
To have proper co-ordination Central Government had made 97th Constitutional Amendment in the Act in the year 2011. Accordingly, on 14th February 2013 by passing an ordinance the Maharashtra Government has also made amendments in the Maharashtra Co-operative Societies Act, 1960.



#### Activity :-

4. Discuss with your teacher about the important events that lead to the co-operative movement in India.

## 1.4 Features of Co-operation :



### The features of Co-operation are as follows :

- 1) Association of Persons :** The income of various individuals is limited. Such economically weaker people come together and form co-operative society to meet their common needs collectively. “Each for all and all for everyone” works together. All members are owners of the society. The person (member) of this society is more important than capital in co-operative society. To form co-operative societies, minimum 10 persons from different families are required. Co-operative society is established under the Maharashtra Co-operative Societies Act 1960.
- 2) Voluntary Association :** The membership of co-operative society is voluntary. For membership caste, creed, religion, financial conditions are not considered. There is no compulsion on anybody to become a member or to cancel the membership of co-operative society. It is the right of a person to decide whether to become or not to become the member of co-operative society. Hence, co-operative society is a voluntary association.
- 3) Common Objectives :** The objective of the members joining co-operative society is common. The persons having common needs come together to fulfill their common objectives and establish co-operative society. For example, Individuals who are in need of house will come together and form Housing Co-operative Societies.

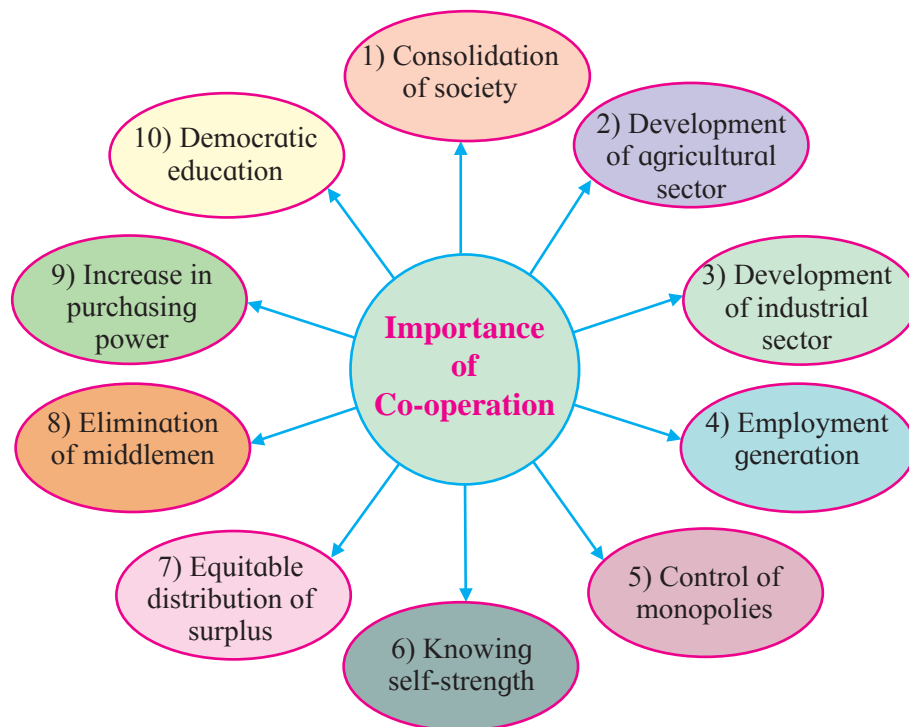
- 4) **Democratic Organization :** Co-operative society is a democratic organization. A member is more important in a co-operative society rather than capital. The member's capital may be less or more, 'One member one vote' principle is applied in co-operative society. The working of co-operative society is conducted in democratic manner by the elected representatives of the members, which is known as Managing Committee. Democratic management is foundation of co-operation.
- 5) **Equality :** While admitting a member in Co-operative society his caste, creed, color, religion, economical status, capital contribution, social status, etc. is not taken into consideration. No one is superior or inferior in co-operative society. All the members have equal right and powers in Co-operative society. All the members are treated equal in co-operative society. Therefore, equality is considered as a foundation of co-operation.
- 6) **Association of Weaker section :** Economically weaker people cannot improve their economic condition on their own capacity. Such economically weaker people come together and improve their power through team spirit to protect them from economic exploitation done by moneylenders, traders and agents collectively. Therefore, co-operative society is an association of economically weaker section of the society.
- 7) **Service Motto :** The main motto of co-operative society is to provide services to its member's. Earning profit is considered as secondary objective. But co-operative societies need to earn enough profit for meeting the administrative expenses. The society is expected to provide better services at minimum cost. Even the profit earned by the society through financial transactions is used for providing better services.
- 8) **Self-help through Mutual help :** In co-operative society, member's mutual co-operation is more important. The members take care of their individual economic interest and development through mutual help. For example, A credit co-operative society collects the monthly subscription from all members and lend loan to the needy member. Such member acquires loan from the society without any mortgage as well as they have the facility to repay the loan in easy monthly installments. Such loan means financial assistance provided to a member from all the members.
- 9) **Elimination of Middlemen :** We find various middlemen in financial transactions, but in co-operative societies there are no such middlemen. The middlemen earn their profit in transactions which leads to rise in the price of goods. These middlemen adopt various malpractices like adulteration of goods, using faulty measurement scales, and various such unfair trade practices which results in cheating of the consumers. The consumers and members are financially exploited by the chain of intermediaries like wholesalers, traders and brokers. The Co-operative societies buy the goods directly from the manufacturers and supply it to the members and consumers. Due to elimination of middlemen, the members get goods of better quality at reasonable prices. Therefore, elimination of middlemen is considered as an important feature of co-operation.



**10) Socio-Economic Movement :** The weaker sections of the society comes together and form a co-operative society and empower themselves to overcome the poverty. The increase in growth and progress of co-operative societies would reduce the exploitation of society made by the capitalists, industrialists and traders. It helps to reduce the gap between the rich and poor and will create economic equality in the society. The weaker section of the society fights against the capitalist with the help of co-operative societies. The extent to which the co-operative sector will grow and progress there will be equality in the societies which will result for rapid social changes in the society. Self-reliance, moral development and honesty are given importance in the co-operative movement. Therefore, co-operation is considered as a tool for a financial and social change.

**11) Form of business organization :** Before the establishment of co-operative movement in business sector the sole trading, partnership firm and other types of business organization were in existence. After certain period companies came into existence. But all these organizations aim at earning more profit. Capital is given more importance in such organizations. Co-operative society is also one of the important forms of business organization but the aim of co-operative society is not to make profit. Its main objectives are rendering services and protecting the common interest of members.

### 1.5 Importance of Co-operation :



Co-operative organizations play an important role in the economic development of the country. In modern social structure co-operation has vital importance. Co-operation has played a significant role in the development of rural and urban areas. From this point of view, the importance of co-operation can be further explained through the following points :

- 1. Consolidation of society :** In co-operation, priority is given to the interests of the community rather than personal interest. Due to co-operation, discrimination on the basis of religion, caste, creed, sex, color, etc. is reduced and all are considered equal which results to increase equality, solidarity, reconciliation and harmony. And it helps in the formation of consolidated society.
- 2. Development of Agricultural sector :** Basically, the co-operative movement was started in India to provide financial help for agricultural sector, co-operative credit societies were established to provide loans at low rate for the purchase of seeds, fertilizers, pesticides, equipments, electric pumps, tractors, pipelines etc. Due to increase in the agricultural production it results in development of agricultural sector.
- 3. Development of Industrial sector :** Small producers, craftsman, artisans, labours come together and form an industrial co-operative society. These societies collectively purchase the raw material and sell the finished goods on behalf of the members. These societies provide encouragement to small and cottage industries. Due to this agriculture related businesses and agro- based processing sector is also developed. Sugar factories, co-operative cotton mill, co-operative oil seed processing etc. are established due to which there is development in industrial sector.
- 4. Employment Generation :** Due to Co-operative society large scale employment opportunities are generated. Co-operative sugar factories, spinning mills, oil processing societies, etc. creates employment opportunities in large scale. Apart from this, employment is also provided directly or indirectly to the workers, agricultural labour, sugarcane workers, transporters and other service provider. There is also a need of employees to conduct day-to-day activities of co-operative society. Employment opportunities have increased due to establishment of various co-operative societies.
- 5. Control on Monopolies :** In rural areas, the moneylenders provide loan to the farmers at high interest rates. The establishment of co-operative credit societies has led to reduction in the monopoly of moneylenders as also intervention of middlemen and traders have also reduced. The consumers are protected from the drawbacks of monopoly. In this way co-operative societies controls the monopoly.

**6. Knowing Self-Strength :**

Due to co-operation, financial poor people in the society can come together and protect themselves. They can fight against those who exploit them. This leads to development of qualities such as organizational and management skills, etc. which increases the confidence. Due to this member knows their self-strength.

**7. Equitable Distribution of Surplus :**

The surplus/profit is distributed among the members in proportion of their share capital and business transactions done by the members with the society. Due to equitable distribution of surplus all members get share of profit which results in economical development of members.

8. **Elimination of Middlemen :** Co-operative societies purchase the goods directly from the manufacturer and sell it to the consumers. So, the chain of middlemen is eliminated. Some co-operative societies make efficient arrangements for the sale of agricultural goods. Therefore, the member farmers do not have to sale the goods through the middlemen and agents. Which results in saving the members from cheating done by exploitation of middlemen. The goods are sold directly to the consumers and the farmer receive fair price for the same. Consumers also get goods at reasonable prices. Due to co-operative societies adulteration, exploitation, scarcity of goods and profit of intermediaries have stopped. In this way co-operative societies helps in eliminating the middlemen.
9. **Increase in purchasing power :** Co-operative society supply quality goods to the consumers at the reasonable price. Therefore, purchasing power increases and goods are received at a reasonable price, the money is also saved.
10. **Democratic Education :** Management of co-operative society is conducted in democratic manner. The general body has all the powers in the co-operative society. All the decisions of the co-operative society are taken by the members in general body meeting in democratic manner. ‘One member one vote’ principle of democracy is applied in co-operative society of our country. People get democratic education through co-operation. This helps in strengthening the country’s democracy.



**Activity :-**

5. Due to Co-operative societies employment opportunities are created, Discuss this topic with your teacher.

## 1.6 Summary

The concept of co-operation has been originated from the association of human lives, and co-operation means to live together and to work together.

Co-operation is derived from the Latin word Co-operari. Co means together and operari means to work. It means co-operation is working together.

Many thinkers have given the definition of co-operation and it is clear that co-operation is the organization of individuals where in people come together to fulfill their common objectives on the principle of equality and to achieve the financial goals.

The co-operative movement was started in England. Robert Owen is considered as the father of the modern co-operative movement. In 1844, 28 weavers in England started the first co-operative society known as “The Rochdale Pioneers Society Ltd”.

During independence co-operative movement was developed in different stages. But it was not enough. Co-operative movement of 1904 and 1912 gave a momentum towards rapid development. After independence efforts have been made for the development of co-operative movement.

Maharashtra state is on top position among all the states in development of co-operative movement. In Maharashtra co-operative movement was started in 19th century. Maharashtra co-operative societies act 1960 gave a direction to the co-operative movement.

- **Features of Co-operation :**

1. Association of persons
2. Voluntary Association
3. Common Objectives
4. Democratic organization
5. Equality
6. Association of weaker section
7. Service motto
8. Self-help through mutual help
9. Elimination of middlemen
10. Socio-economic movement
11. Form of business organization

- **Importance of Co-operation :**

1. Consolidation of society
2. Development of Agricultural sector
3. Development of Industrial sector
4. Employment Generation
5. Control on Monopolies
6. Knowing self-strength
7. Equitable distribution of surplus
8. Elimination of Middlemen
9. Increase in Purchasing power
10. Democratic Education

## 1.7 Key Terms

1. **Democracy :** The rule by the people, of the people and for the people in the state.
2. **Co-operative movement :** Economically and financially weaker people of society comes together for their economic development.

## 1.8 Exercise

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

1. The co-operative movement was originated in \_\_\_\_\_ country.  
(a) England                      (b) Germany                      (c) France
2. Economically \_\_\_\_\_ people in the society comes together and form the co-operative society.  
(a) Rich                      (b) Weak                      (c) Capitalist
3. Co-operation is an association of \_\_\_\_\_.  
a) People                      (b) Capital                      (c) Middlemen
4. The co-operative movement was started in England in \_\_\_\_\_ year.  
(a) 1944                      (b) 1844                      (c) 1880
5. In India the first co-operative act was past in the year \_\_\_\_\_.  
(a) 1904                      (b) 1960                      (c) 1912
6. First sugar co-operative factory in Maharashtra was started in \_\_\_\_\_.  
(a) Kolhapur                      (b) Pravaranagar                      (c) Nagpur
7. All the members in a co-operative society are treated \_\_\_\_\_.  
(a) Unequal                      (b) Equal                      (c) Minor
8. Prime object of a co-operative society is \_\_\_\_\_.  
(a) Earning profit      (b) Rendering services      (c) Exploitation
9. \_\_\_\_\_ was the chairman of All India Rural Credit Survey Committee.  
(a) Prof. Dhananjayrao Gadgil      (b) R. G Saraiya      (c) Dr.A.D Gorwala

### B) Match the following :

Group 'A'	Group 'B'
a. Equitable distribution of surplus	1. To provide service
b. India first co-operative act	2. 1912
c. Prime object of co-operative society	3. In proportion of business transaction
d. Working of co-operative society	4. Democracy
e. Origin country of co-operative movement	5. Germany
	6. To earn profit
	7. In proportion of shareholding
	8. Dictatorship
	9. England
	10. 1904

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

1. Owner of co-operative society
2. A source of socio-economic changes of the society
3. Father of co-operative movement
4. The first co-operative society act in Maharashtra
5. The second co-operative act in India

**D) State whether the following statements are True or False :**

1. Co-operative society is a voluntary association.
2. Co-operative societies are formed with the prime object of earning profit.
3. Co-operative society do not discriminate their members.
4. Co-operative society is an organization of dictatorship.
5. Co-operative societies helps to eliminate the chain of middlemen.
6. Co-operative societies control monopolies.

**E) Complete the following sentences :**

1. Co-operation means association of \_\_\_\_\_ people.
2. In co-operation more importance is given to \_\_\_\_\_ than capital.
3. The co-operative act is established in \_\_\_\_\_ year.
4. Five-year plan was started from \_\_\_\_\_ year in India.
5. Co-operative movement was started in \_\_\_\_\_ nation of Europe continent.

**F) Select the correct option :**

1. Father of Co-operative movement	<input type="text"/>
2. <input type="text"/>	One member
3. Origin country of co-operation	<input type="text"/>
4. <input type="text"/>	In proportion with capital
5. First co-operative Act in India	<input type="text"/>

1904, England, One vote, 1912, Germany, Sir Robert Owen,  
Distribution of surplus / profit.

**G) Answer in one sentence :**

1. What do you mean by co-operation?
2. Why Sir Robert Owen is called as Father of Modern Co-operative movement?
3. What do you mean by managing committee?
4. What do you mean by open and voluntary association?
5. What is the name of first consumer co-operative society in England?

**H) Correct the underlined word and rewrite the following sentences :**

1. The main aim of co-operative society is to earn Profit.
2. First co-operative sugar factory was established at Mumbai.
3. Co-operation means association of Capitalist.
4. The origin of co-operative movement was from France.
5. The Rich people among the society come together and form a Co-operative society.
6. Co-operative society is an association of Dictatorship.

**I) Find the odd one :**

1. a) 1960 Act            b) 1904 Act            c) 1956 Act            d) 1912 Act

**J) Arrange in proper order :**

1. a) India's Second Co-operative act.  
b) Co-operative Mumbai region.  
c) India's First Co-operative act.
2. a) Co-operative Planning Committee.  
b) Rural and Banking Enquiry Committee.  
c) Agricultural Financial Committee.

**Q.2. Explain the following key terms :**

1. Co-operation.
2. Equality.
3. Democratic education.
4. Consolidation of society.
5. Knowing self-strength.

**Q.3. Application based/ Self-opinion question :**

1. How will you explain the term co-operation to a person.
2. Express your views on Indian co-operative movement.

**Q.4. Write short notes :**

1. Meaning of co-operation.
2. Importance of co-operation.
3. Features of co-operation.
4. International co-operative movement.

**Q.5 Give Reasons :**

1. Service is the main motto of co-operative society.
2. Co-operative society is a democratic organization.
3. Due to co-operative society middlemen are eliminated.
4. Co-operation is a tool of socio-economic changes in the society.

**Q.6 Answer in short :**

1. Explain features of co-operation.
2. Explain importance of co-operation.
3. Write the information of co-operative movement in India.

**Q.7. Long answers :**

1. State the meaning of co-operation and explain the features of co-operation.
2. Explain the importance of co-operation in detail.





# 2.

## Comparative Study of Different Forms of Business Organization

2.1	Introduction	2.4.1	Meaning and Definition
2.2	Sole Trading Concern	2.4.2	Features
2.2.1	Meaning and Definition	2.5	Comparative Study of various Forms of Business Organization with Co-operative Society
2.2.2	Features		
2.3	Partnership Firm	2.6	Summary
2.3.1	Meaning and Definition	2.7	Key Terms
2.3.2	Features	2.8	Exercise
2.4	Joint Stock Company		

### 2.1 Introduction :

In business sector we find various forms of business organization. Business organization conducts business at small scale, medium scale and large scale. The business brings together production, manufacturing, buying and selling and customers together for business development.

The main purpose of any business organization is to supply goods and services to the society.

Business is such type of organization which conducts industrial or trade activities, produces, supplies goods and earn profits.

The various types of business organization did not come into existence together. It came into existence as per the need of the society.

In the beginning sole trading concern came into existence, for development of business and to increase capital partnership came into existence. And joint stock company came into existence for collecting huge capital and use of modern technology for large scale production and services.

To provide basic services to the society co-operative society came into existence.

In this topic we are going to study various forms of business organization, features and their comparative study.

### ❖ Forms of Business Organization :

**Following are various forms of organization :**

- Sole Trading Concern
- Partnership Firm

- Joint Stock Company
- Co-operative Society

## 2.2 Sole Trading Concern

### 2.2.1 Meaning and Definition

- **Meaning:**

When one person starts business investing alone, manage and conduct all activities alone, enjoys profit and suffer losses alone such business is known as Sole Trading Concern. But he needs permission of Local Authorities for starting the business.

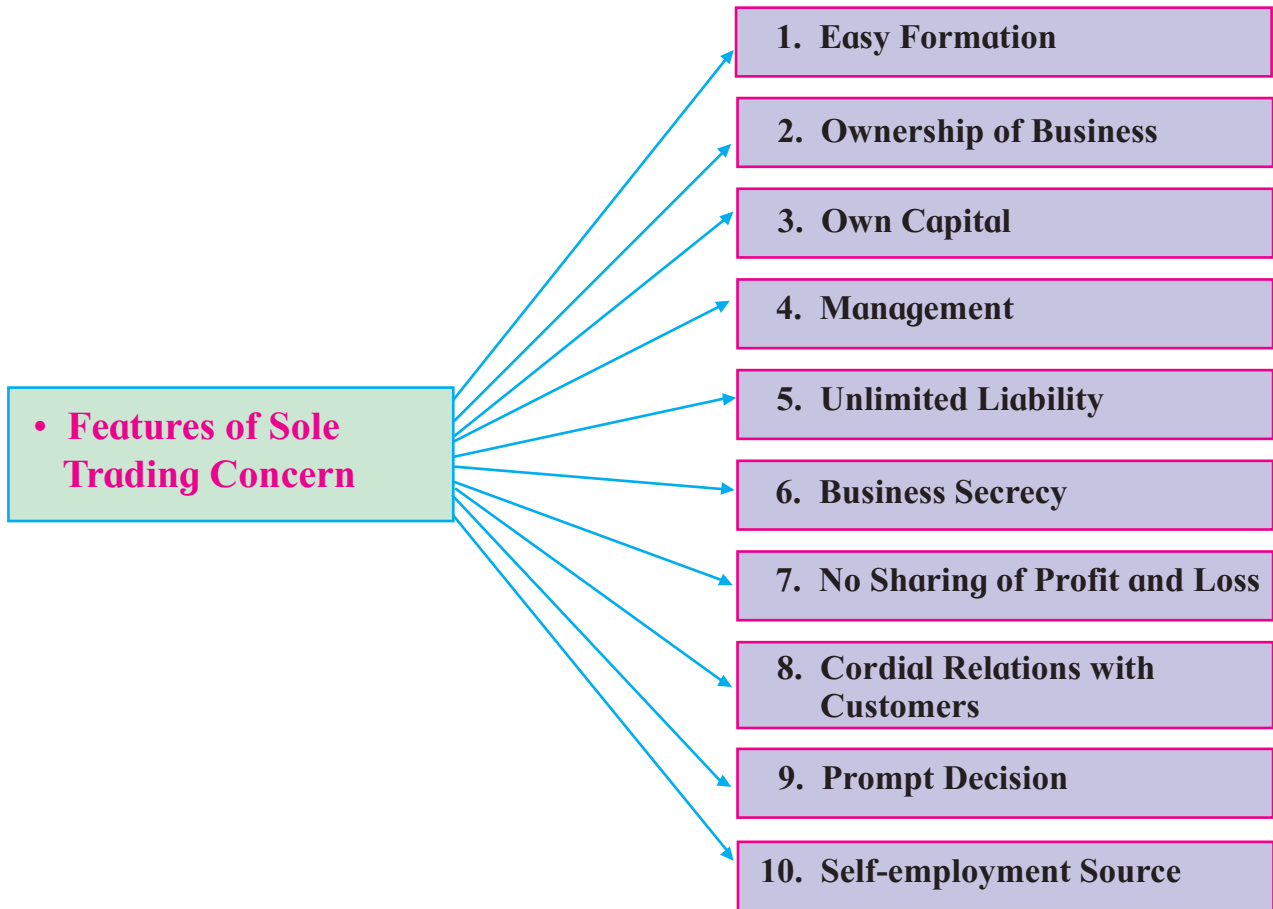


### Sole Trading Concern

- **Definition :**

- “The sole proprietorship, is an informal type of business owned by one person and it is a type of business unit where one person is solely responsible for providing the capital, bearing the risk of the enterprises and the management of the business.” - **Prof. James Lundy**
- “In business when one person invest capital, manage and control the business alone and is responsible for profit or loss of business such business is known as Sole trading concern”. - **Dr. John Shubin**

## 2.2.2 Features of Sole Trading Concern :



- 1. Easy Formation :** The formation of Sole trading concern is easy. As there is no separate legal act for sole trading concern, therefore, no legal process has to be completed to start sole trading business. The sole trading business can be started by obtaining license and permission from local government and by following the general law of the country.
- 2. Ownership of Business :** In Sole trading concern, the sole trader is sole owner of his business. Hence, he is the sole owner of all assets and properties of a business.
- 3. Own Capital :** Sole trader alone contributes capital for business. The sole trader can collect capital from his friends, relatives and also by obtaining loan from banks and financial institution.
- 4. Management :** Sole trader is the sole owner of business. He himself has to look after the working and management of his business. He takes all the decisions of the business alone. Sole trading is one man show.

**5. Unlimited Liability :** The liability of a sole trader is unlimited in sole trading concern and in case of heavy losses his private or personal property can be charged to compensate the business losses.

**6. Business Secrecy :**

Secrecy plays the most important role in the sole trading concern. In sole trading concern maximum secrecy is maintained. As sole trader alone knows all the secrets of the business organization so maximum secrecy is maintained in Sole trading concern.

**7. No Sharing of Profit and Loss :**

A sole trader alone enjoys all profits of the sole trading business and bears all the losses and risks involved in business. There is no sharing of profits and losses in Sole trading concern.

**8. Cordial Relations with Customers :**

As sole trader deals directly with his customers and employees. He knows likes, dislikes and requirements of his customers. He listens the grievances of the customers and try to solve them. Hence, he has good (cordial) relations with his customers.

**9. Prompt Decision:**

The sole trader is the alone owner of the business therefore according to the change in market conditions, consumers demand and choice, discount in the price according to the season, he can take quick decision.

**10. Self-employment Source:**

In today's world unemployment is increasing. For self-employment sole trading concern is very popular. In some businesses, sole trader's skills are important. Sole trader starts such sole trading business and provides services. Hence, sole trading concern is source of self-employment.



**Activity :-**

1. Sole trading concern is one man show. Discuss

## 2.3 Partnership Firm :



### Partnership Firm

#### 2.3.1 Meaning and Definition :

- **Meaning :**

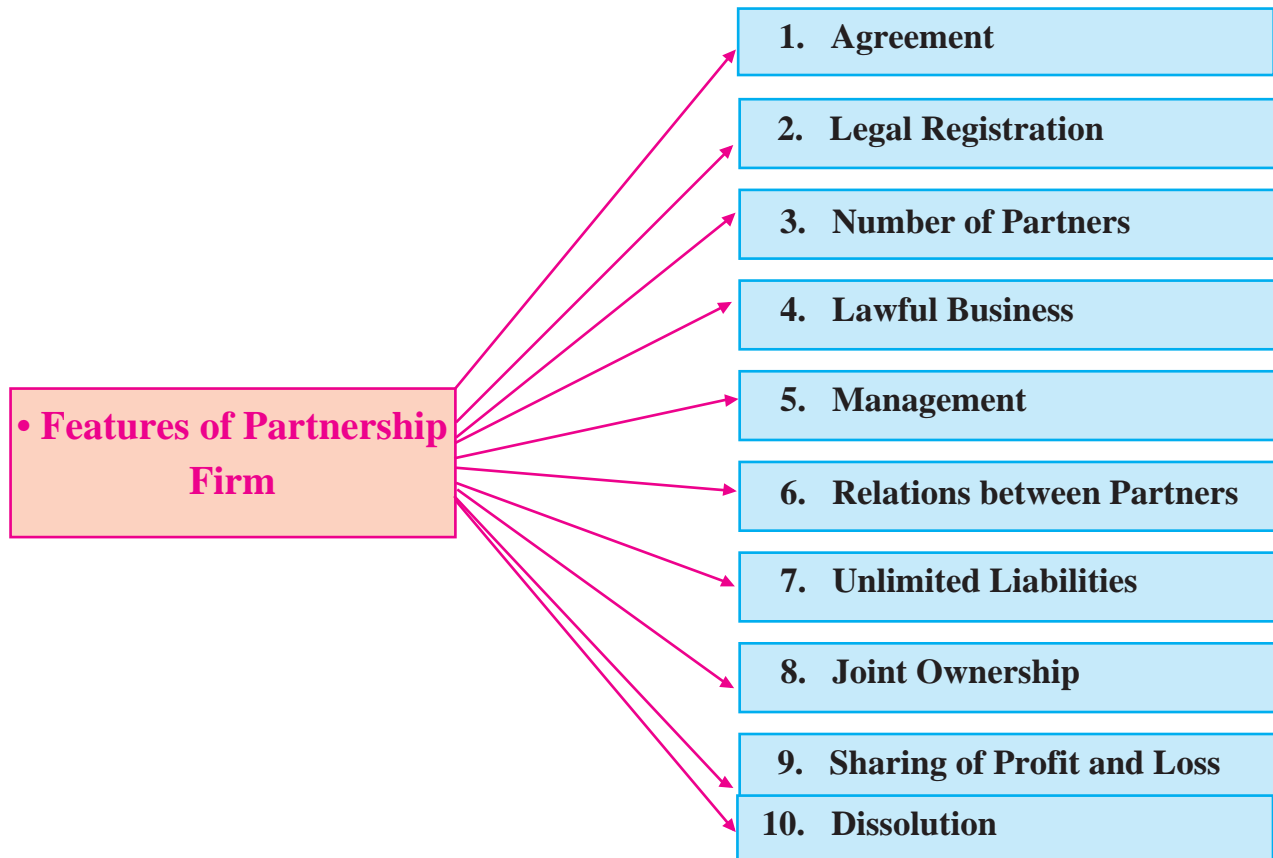
As there were many limitations in sole trading concern like limited capital, managerial skill, etc. so to remove the drawbacks of sole trading new form of business organization came into existence. To expand the business and for more capital and managerial skill. When two or more persons comes together and conducts the business jointly it is known as Partnership firm.

- **Definition:**

- “Partnership is the relation between the persons who have agreed to share the profits of a business carried on by all or any one of them acting for all”.  
- Indian Partnership Act,1932
- “Two or more than two persons with oral or written agreement takes collective responsibility of the business by establishing partnership firm”.

- Dr. J. A. Shubin

### 2.3.2 Features of Partnership Firm :



- 1. Agreement :** Partnership comes into existence due to partnership agreement. Partnership agreement is base (foundation) of partnership firm. For internal working the agreement among partners is necessary. The terms and conditions of partnership are mentioned in partnership agreement. Partnership agreement may be written or oral. But it is advisable to have written partnership agreement to avoid future problems. In written agreement, the rights, duties and responsibilities of partners are clearly mentioned. The agreement between the partners is known as partnership deed.
- 2. Legal Registration :** Registration of partnership is optional. But in Maharashtra registration of partnership firm is compulsory. Partnership can be registered at registrar office as per the provision of Indian Partnership Act,1932. Written agreement is beneficial.
- 3. Number of Partners :** Minimum two partners are required for partnership firm and maximum fifty partners are allowed.
- 4. Lawful Business :** Partnership firm must conduct lawful business. Partnership firm has to conduct business activity within the framework of the law. Partnership firm cannot conduct unlawful business.
- 5. Management :** The management of partnership is conducted jointly by all the partners. But some partners surrender their rights to other partners for smooth working but the responsibility of management is on all partners.

6. **Relations between Partners :** The relationship of partners in partnership is that of principal and agent. Each partner is co-owner in partnership at the same time he is agent of partnership when dealing with others.
7. **Unlimited Liabilities :** In Partnership Firm, the liability of each and every partner except minor partner is unlimited, joint and several. In case of heavy losses, the private or personal property of partners can be charged for compensation of loss.
8. **Joint Ownership :** All the partners are joint owner of all assets and properties of partnership firm. They use these assets for partnership business. Partners cannot utilize assets of partnership for personal use.
9. **Sharing of Profit and Loss :** The sharing of profit or loss in partnership firm is mentioned in partnership agreement. Sharing profit by doing business is the main purpose of partnership business. If profit sharing is not mentioned in partnership agreement then all the partners share profit and loss equally.
10. **Dissolution :** Dissolution means closing down the partnership business. The partnership firm dissolve due to death, retirement, insolvency or insanity of any partner. Partnership at will can be dissolved by giving 14 days notices by one or more partners. It is easy to dissolve the partnership firm.



#### Activity :-

2. Partnership deed is a foundation of Partnership Firm. Discuss.

## 2.4 Joint Stock Company



**Joint Stock Company**

Industrial revolution took place in 1760 in England and due to atomization goods were manufactured on large scale and business was expanded to national and international level.

Huge capital, management skill and capacity to suffer huge loss was not possible for sole trading and partnership firm. Due to large scale production and revolution in transport sector the market was expanded. In economic system of the country to do business and production efficiently Joint stock company came into existence.

### 2.4.1 Meaning and Definition

- **Meaning :**

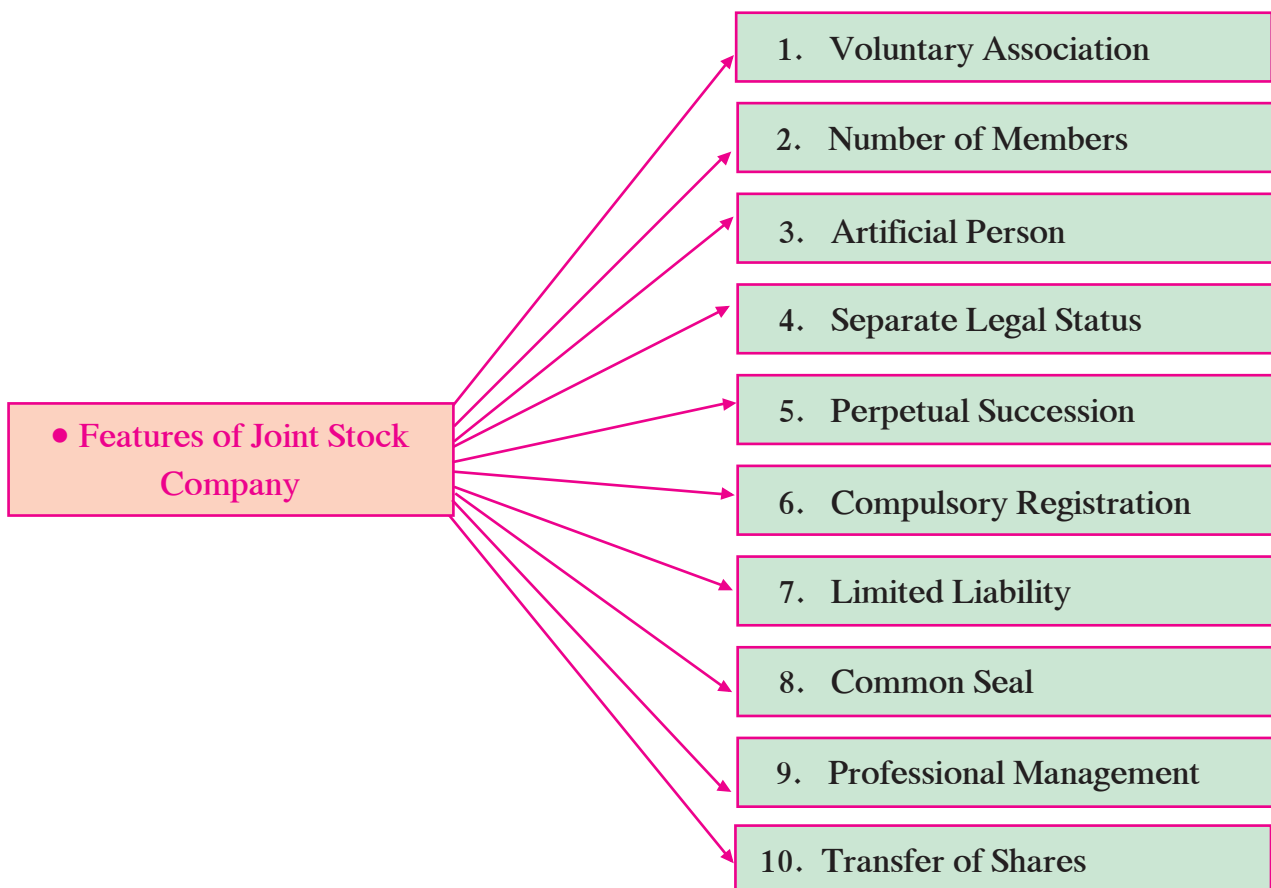
The business started by registering under The Indian Companies Act 2013 is known as Joint Stock Company. There is no limit for maximum number of members in Joint stock company.

The organization started by various people having common need and independent status is known as Joint stock company.

- **Definition :**

- “The company established, registered and which comes into existence according to The Companies Act 2013 is known as joint stock company”. – Indian Companies Act, 2013
- “An incorporated voluntary association having legal entity, common seal, perpetual succession, artificial person created by law is known as Joint stock company”.

### 2.4.2 Features of Joint Stock Company :





1. **Voluntary Association :** Joint stock company is an voluntarily association of persons. A person of any caste, religion and community can purchase shares of the company and become shareholder(member) of the company.
2. **Number of Members :** According to The Companies Act, 2013 for private limited company minimum two members and maximum two hundred members are allowed. And for public limited company minimum seven members are required and there is no limit for maximum number of members.
3. **Artificial Person :** Joint stock company is an artificial person created by law. It does not have body, mind, soul like natural person but it can conduct business activities like agreement, owes asset like natural person. The Joint stock company conducts business transactions hence it is known as artificial person.
4. **Separate Legal Status :** Joint stock company is established according to The Companies Act, 2013 so it has separate legal status (entity). Company can conduct its business activities under its own name like purchase-sale agreement, legal action, company is responsible for its liabilities.
5. **Perpetual Succession :** Company has legal status so it has perpetual succession (continuity of life). The activities of companies are not affected due to death, insolvency, retirement of any shareholder. It has feature of perpetual succession and stable life.
6. **Compulsory Registration :** Registration of Joint stock company is compulsory according to The Indian Companies Act, 2013. The Joint stock company comes into existence only after registering under The Companies Act, 2013. As it is registered organization it has legal status.
7. **Limited Liability :** The liability of member (shareholder) is limited. The liability of member is limited up to the face value of the shares purchased by the member and the private or personal property of member is not charged to compensate business losses of the company.
8. **Common Seal :** Company has its own Common Seal. As company is an artificial person the common seal acts as a signature of the company. This common seal is affixed on all important papers and documents of company.
9. **Professional Management :** The shareholders elect directors to look after management of company which is collectively known as Board of Directors who are responsible for management of the company. But company appoints professional expert managers on salary basis for efficient management of the company.
10. **Transfer of Shares :** According to the provision of companies act, the shareholder has right to transfer his share freely. He can sell his shares in the market and obtain money.



**Activity :-**

3. Joint stock company raises huge capital. Discuss.
4. Prepare list of various forms of business organization from your locality.

## 2.5 Comparative study of various Forms of Business Organization with Co-operative society

Sr. No.	Points	Sole Trading Concern	Partnership Firm	Joint Stock Company	Co-operative society
1.	Meaning	The business owned, controlled and managed by one person is known as sole trading concern.	The business owned and managed by two or more persons jointly is known as Partnership firm.	Joint stock company is an incorporated voluntary association created by law, having an independent legal status, owned by shareholders and managed by Directors.	The organization formed voluntarily by persons of weaker section of the society for their economic development on principle of equality is known as Co-operative society.
2.	Objective	The main objective of Sole trading concern is to earn profit.	The main objective of Partnership firm is to earn profit.	The main objective of Joint stock company is to earn profit.	The main objective of Co-operative society is not to earn profit but to provide services to the members.
3.	Number of Members	In Sole trading concern minimum one and maximum one member.	In Partnership firm minimum two and maximum fifty partners.	In Joint stock company minimum 2 members and maximum 200 for private co and minimum 7 and maximum no limit for public Ltd co.	In Co-operative society minimum 10 member and maximum no limit.
4.	Registration Act	For Sole trading concern there is no specific act.	Partnership firms are registered under Indian Partnership Act,1932.	Joint stock companies are registered under The Companies Act,2013.	Co-operative societies are registered under Co-operative Societies Act,1960.
5.	Liabilities	In Sole trading concern liability of sole trader is unlimited.	In Partnership firm liability of partners is unlimited, joint and several.	In Joint stock company liability of shareholders is limited.	In Co-operative society the liability of members is limited.

6.	Management	The Sole trading concern is managed by sole trader alone.	The Partnership business is jointly managed by partners.	Joint stock company is managed by Board of Directors.	Co-operative society is managed by Managing Committee.
7.	Capital	Sole trader alone contributes capital in Sole trading concern therefore capital is limited.	In Partnership firm, capital is contributed by partners hence capital is more.	In Joint stock company as there are large number of members (shareholders) hence huge capital is raised.	The Co-operative society is formed by weaker section of society, so capital is less than joint stock company.
8.	Formation	It is easy to form Sole trading concern	Partnership firm is formed by an agreement between two or more persons	Formation of Joint stock company is difficult, costly and time consuming.	Formation of Co-operative society is easy.
9.	Business Secrecy	As Sole trader knows the secrets of business so maximum business secrecy is maintained.	In Partnership firm secrecy is shared among all the partners so less secrecy is maintained.	In Joint stock company as accounts have to be published business secrecy cannot be maintained.	In Co-operative society it is not possible to maintain secrecy as annual accounts are to be published.
10.	Profit & Loss	The sole trader alone enjoys all the profits and suffer the losses of the business.	Partners share the profits and losses of business as per the terms mentioned in the agreement.	Profits are distributed among shareholders in form of dividend which is declared in annual general meeting.	Profits are distributed in the form of divided among the members after making provision for general reserve.
11.	Dissolution	When sole trader dies, becomes unsound or insolvent the Sole trading business is dissolved.	Partnership firm is dissolved due to retirement, death of partner or agreement between partners.	Company is dissolved as per companies act or court order.	Co-operative society is dissolved by order of Registrar and Commissioner of co-operatives.

## 2.6 Summary

- There are various business organization to fulfil human needs. An activity with a motive to earn profit is known as Business.
- The group of persons coming together for achieving common objective and purpose is known as Organization or Association.

- **Types of Business Organization:**

1. Sole Trading Concern
2. Partnership Firm
3. Joint Stock Company
4. Co-operative Society

- **Sole Trading Concern :** A business finance controlled and managed by one person is known as Sole trading concern.

- **Features of Sole trading concern :**

1. Easy Formation
2. Ownership of Business
3. Own Capital
4. Management
5. Unlimited Liability
6. Business Secrecy
7. No Sharing of Profit and Loss
8. Cordial Relations with Customers
9. Prompt Decision
10. Self-employment Source

- **Partnership Firm :** Business which is started by two or more persons jointly agreeing to share profit and loss is known as Partnership firm.

- **Features of Partnership firm :**

1. Agreement
2. Legal Registration
3. Number of Partners
4. Lawful Business
5. Management
6. Relations between Partners
7. Unlimited Liabilities
8. Joint Ownership
9. Sharing of Profit and Loss
10. Dissolution

- **Joint Stock Company** : The incorporated association having legal entity, common seal, perpetual succession, artificial person created by law registered under The Indian Companies Act 2013 is known as Joint stock company.
- **Features of Joint stock company:**
1. Voluntary Association
  2. Number of Members
  3. Artificial Person
  4. Separate Legal Status
  5. Perpetual Succession
  6. Compulsory Registration
  7. Limited Liability
  8. Common Seal
  9. Professional Management
  10. Transfer of Shares

## 2.7 Key Terms

1. **Business** : An economic activity of production of goods and services with a motive to earn profit is known as Business.
2. **Business Organization** : The association of persons coming together for achieving business objective and conduct business activities with profit motive is known as Business Organization.
3. **Partnership Deed** : The agreement between the partners mentioning terms and conditions of partnership business is known as Partnership Deed
4. **Limited Liability** : Liability of the members is limited up to the face value of the shares. In case of loss, personal or private property of the members cannot be charged to compensate the business losses.
5. **Unlimited Liability** : There is no limit for the liability of the members. In case of loss, personal or private property of the members can be charged to compensate the business losses.

## 2.8 Exercise

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

1. In Sole trading concern, the sole trader is \_\_\_\_\_ of the business.  
(a) Moneylender      (b) Owner      (c) Agent
2. In the Sole trading concern, \_\_\_\_\_ secrecy is maintained.  
(a) Minimum      (b) Maximum      (c) Less or more
3. The liability of the sole trader is \_\_\_\_\_.  
(a) Limited      (b) Collective      (c) Unlimited
4. The maximum number of partners in partnership business are \_\_\_\_\_.  
(a) Twenty      (b) Ten      (c) Fifty
5. Registration of Partnership firm in Maharashtra is \_\_\_\_\_.  
(a) Optional      (b) Compulsory      (c) Not compulsory
6. Indian Partnership Act was passed in the year \_\_\_\_\_.  
(a) 1932      (b) 2013      (c) 1960
7. The elected representatives of shareholders are called \_\_\_\_\_.  
(a) Directors      (b) Member      (c) Owner
8. The Indian Companies Act was passed in the year \_\_\_\_\_.  
(a) 1932      (b) 2013      (c) 1960
9. Registration of Joint Stock Company is \_\_\_\_\_.  
(a) Compulsory      (b) Optional      (c) Not compulsory
10. Minimum \_\_\_\_\_ members are required for establishment of a co-operative society.  
(a) Two      (b) Ten      (c) Seven

### B) Match the following :

Group 'A'	Group 'B'
a. Sole Trading Concern	1. 1960
b. Minimum members for Partnership Firm	2. Minimum business secrecy
c. The Indian Companies Act	3. 1951
d. Maharashtra Co-operative Societies Act	4. England
e. Industrial Revolution	5. 1925
	6. 2013
	7. India
	8. Two
	9. Maximum business secrecy
	10. Ten

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

1. The business which is known as One man show.
2. Artificial person created by law under The Indian Companies Act, 2013.
3. The form of business popular for self-employment.
4. The organization started for providing services to the members.
5. The agreement between the partners for conducting partnership business.

**D) State whether the following statements are True or False :**

1. Registration of sole trading concern is compulsory.
2. Quick decision are taken in sole trading concern.
3. The agreement of partnership can be oral or written.
4. The main objective of co-operative society is to earn maximum profit.
5. The capital raising power of Joint stock company is limited.
6. Joint stock company came into existence after industrial revolution.
7. Joint stock company has short term life.

**E) Complete the following sentences :**

1. The liability of Sole Trader is \_\_\_\_\_.
2. The elected representative of shareholder are known as \_\_\_\_\_.
3. Minimum \_\_\_\_\_ members are required for formation of co-operative society.
4. Partnership Act was passed in \_\_\_\_\_ year.
5. The registration of joint stock company is \_\_\_\_\_.

**F) Select the correct option :**

1. Sole Trading Concern	<input type="text"/>
2. <input type="text"/>	1932 Act
3. Industrial Revolution	<input type="text"/>
4. <input type="text"/>	Common Seal
5. Minimum ten members	<input type="text"/>

Co-operative society, Joint Stock Company, 1956, India, One member, Partnership firm, England.

**G) Answer in one sentence :**

1. What is sole trading concern?
2. Joint stock company is registered under which act?
3. In Partnership firm which partner's liability is limited?
4. What is Partnership Deed?
5. Which business organization is popular for self-employment?
6. What is limited liability?

**H) Correct the underlined word and rewrite the following sentences :**

1. Minimum secrecy is maintained in Sole trading form of organization.
2. Registration of partnership firm is done under Indian Partnership Act 1956.
3. According to The Companies Act 2013 their is limit on maximum number of members.
4. Co-operative societies registration is done according to 1932 Act.

**I) Find the odd one :**

1. a) Sole trading concern  
c) Co-operative society
2. a) 1932 Act  
c) 2013 Act
- b) Partnership Firm  
d) Joint stock company
- b) 1960 Act  
d) 1950 Act

**J) Arrange in proper order :**

1. a) The Companies Act  
b) Maharashtra Co-operative Societies Act  
c) Partnership Act

**Q.2. Explain the following terms :**

1. Business.
2. Sole Trading Concern.
3. Partnership Firm.
4. Partnership Deed.
5. Joint Stock Company.

**Q.3. Application based/ Self-opinion question:**

1. Which form of business organization you will select for business? Give your opinion.
2. Partnership deed is base for Partnership business. Express your opinion.
3. For Self-employment Sole trading concern is best option. Write your opinion.



**Q.4. Difference Between :**

1. Sole trading concern and Co-operative society.
2. Partnership firm and Co-operative society.
3. Joint stock company and Co-operative society.

**Q.5. Write short notes :**

1. Forms of business organization.
2. Features of Sole trading concern.
3. Features of Partnership firm.
4. Features of Joint stock company.

**Q.6. Give Reasons :**

1. Quick decision are taken in Sole trading concern.
2. Joint stock company has capacity to raise huge capital.
3. Partnership agreement must be in written.
4. Shares can be easily transferred in Joint stock company.
5. Sole trading concern is popular form of business organization.

**Q.7. Answer in short :**

1. Features of Sole trading concern.
2. Features of Partnership firm.
3. Features of Joint stock company.
4. Explain various Forms of business organization.

**Q.8. Long answers :**

1. Define Sole trading concern and explain its features.
2. Define Partnership firm and explain its features.
3. Define Joint stock company and explain its features.



# 3.

## Principles of Co-operation

<b>3.1</b>	<b>Introduction</b>	<b>3.3.2</b>	<b>General Principles of Co-operation</b>
<b>3.2</b>	<b>Meaning and Definition</b>	<b>3.4</b>	<b>Summary</b>
<b>3.3</b>	<b>Principles of Co-operation</b>	<b>3.5</b>	<b>Key Terms</b>
<b>3.3.1</b>	<b>Restructured Basic Principles of Co-operation</b>	<b>3.6</b>	<b>Exercise</b>

### 3.1 Introduction :

To make human life smooth, planned, social and successful, there must be some rules for living life and behavior which will make human life happier. Such rules of the life are known as Principles of life.

While thinking of concept of co-operation, co-operation means helping each other, working together for welfare of society. For social welfare and economic development of weaker section of the society concept of co-operation came into existence. In co-operation importance is given for service and for social development of society, co-operative movement must move in proper direction. The economically weaker peoples of society come together and form co-operative society for their development. For smooth working of co-operative society some rules are necessary. These rules and conditions are known as Principles of co-operation. Due to co-operative principle, the aims, objective and goals of co-operative society can be achieved. For achieving success of co-operative movement and development of co-operative society there is need of co-operative principles.

Principle means certain rule and guidelines for conducting any activities. The rules accepted for achieving aims and objective of co-operative society and for growth and development of the co-operative society are known as Co-operative principles.

After second world war, many nations got independence. For rapid economic development planning was necessary. Lot of changes took place in social, political and economical sector. Accordingly, in October 1964 under the Chairmanship of Dr. D. G. Karve a committee was appointed by International Co-operative Alliance (ICA) to restructure the principles of co-operation and following co-operative principles were formulated which were universally accepted in the International conference held at Vienna in 1966. According to the Dr. Ivan MacPherson study committee's recommendation in the year 1995 the International conference held at Manchester, England the seven principles of co-operation were restructured and approved.

### 3.2 Meaning and Definition of Co-operative Principles :

- **Meaning :**

Principle means certain guideline, rule for conducting the activities, plans or programmes of any organization, which helps in achieving goals, aims and objectives of the

organization. The guidelines or set of rules formulated for conducting the business activities of co-operative societies are known as Co-operative principles. Co-operative principles give guidelines, roadmaps and are the means which help to achieve the aims and objectives, goals of co-operative societies. Without these principles the co-operative society cannot conduct its activities successfully. The success or failure of co-operative society is based on the use of the co-operative principles.

• **Definition :**

- 1) In 1966 the International Co-operative Alliance (ICA) have defined the co-operative principles as under :  
 “To achieve the goals of co-operative movement the needful and practical rules are the co-operative principles”.
- 2) **Dr. D. G. Karve** - defines co-operative principles as  
 “The rules framed to achieve objectives of co-operative movement and to regulate co-operative organization are known as co-operative principles”.

**3.3 Principles of Co-operation :**

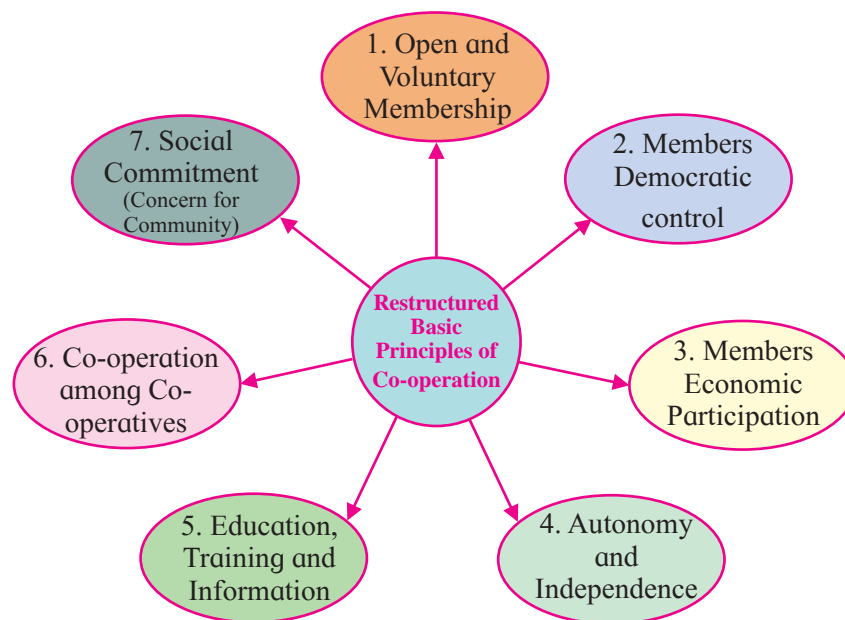
According to the change in time some principles have been changed but the basic principles remains same. The Principles of co-operation can be classified in two types :

- **Restructured Basic Principles of Co-operation**
- **General Principles of Co-operation**

**3.3.1 Restructured Basic Principles of Co-operation :**

Generally, all the co-operative societies in the world follows restructured basic principles of co-operation which were approved in the year 1995 at the International conference held at Manchester, England.

**Following are the Restructured Basic Principle of Co-operation :**

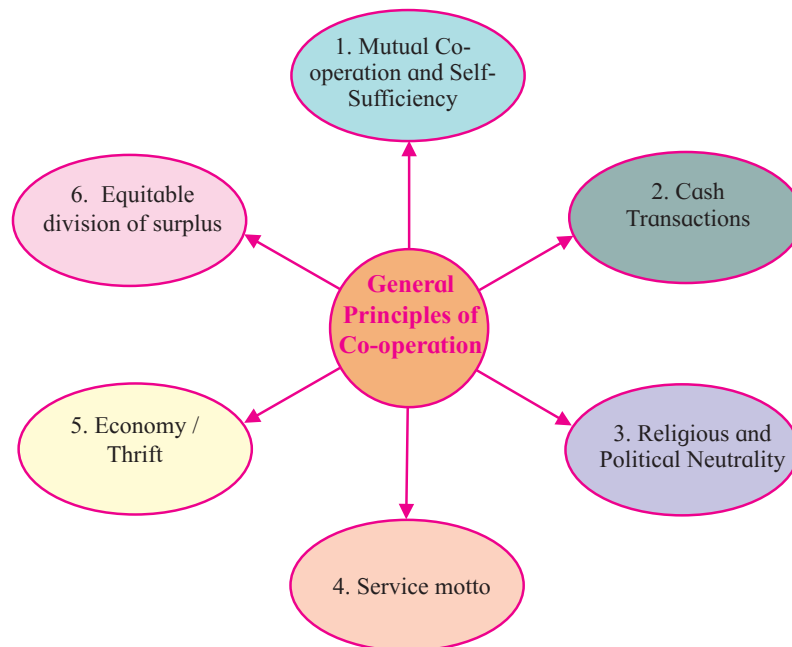


1. **Open and Voluntary Membership :** The membership of co-operative society is open and voluntary for all. Any person can become a member of co-operative society. There is no force or compulsion for membership in co-operative society on any person. To become a member or leave membership of co-operative society is totally on the wish of the member. The membership of the co-operative society is open to all citizens residing in the working area of the co-operative society. The membership cannot be denied to any person on the basis of caste, creed, religion, gender, language, colour, economic condition, etc. A person who fulfils the conditions of membership can become the member of co-operative society.
2. **Members Democratic Control :** Co-operative society is a democratic organization which is controlled by the members of the co-operative society. According to this principle the working of co-operative society must be conducted in democratic manner. 'One member one vote' principle is applicable in the co-operative society. The management of co-operative society is conducted by Managing Committee which is elected by members of co-operative society. All the decisions in co-operative society are taken collectively. The final decision is taken in Annual general meeting by the members. This means members democratic control.
3. **Members Economic Participation :** In co-operative society the members equally contribute to the capital of the society and control it in democratic manner. The return (interest) which is received by the member on capital invested in co-operative society is limited. It means the dividend which is given on the capital has limitations. According to the co-operative societies Act, the co-operative societies can declare dividend only up to 15% and minimum 25% profit of the co-operative society must be transferred to general reserve every year. Hence, there is limit on return on capital. The dividend is declared in Annual general meeting by the members on the basis of the recommendations of Managing Committee.
4. **Autonomy and Independence :** The co-operative society is a democratic organization it must have autonomy and independence. All the members of the co-operative society must be resident of working area of society. The co-operative societies must have freedom to conduct business activities. They must have freedom and autonomy for planning, organizing, implementing their plans and programs. They must have freedom to take their own decision and be independent in conducting the activities of co-operative society.
5. **Education, Training and Information :** Member's education is one of the basic principles of co-operative form of business organization. The co-operative societies are formed by poor or weaker section of society, majority of the members are illiterate or uneducated. Education and training should be given to the Members, Office Bearers, Directors and Public. So, it is the responsibility of co-operative society to educate the members by giving them guidance, knowledge or information. Co-operative societies must educate their members by providing knowledge of working of co-operative societies, its byelaws, business, Co-operative Act, etc. Hence, members education is one of the basic principle of co-operative society.

6. **Co-operation among Co-operatives :** This principle states for the economic development of member. All must work collectively with proper co-ordination. At local, state and national level the co-operative society must not compete with each other but help and support each other for development of co-operative sector. For development of co-operative movement and for protection of members interest all should co-operate each other. This principle is also known as “Principle of Development”.
7. **Social Commitment (Concern for Community) :** Co-operative society are formed for social welfare of the society. The people from weaker section of the society come together and form co-operative society for economic development and works keeping social welfare in mind. Therefore, the co-operative society must have concern for the community and should work for the social welfare, community development and upliftment of weaker section, etc. The society must have concern for the community and the members. They must try to fulfil the needs of the society and protect the interest of the member. For example, they must supply goods, commodities and services to the members, provide employment to make youth and women strong and capable and increase their standard of living i.e. co-operative society must work for the benefit and welfare of the society.

### 3.3.2 General Principles of Co-operation :

After studying basic principles, it is also necessary to study general principles of co-operation which are as under:



1. **Mutual Co-operation and Self Sufficiency (Independence) :** Without mutual help self sufficiency is not possible. With mutual help the development of member and society is possible. Mutual help is core of members relation in co-operative society. ‘Each

for all and all for each' is the main principle of co-operative movement. For this all member should work together due to which there will be self-development and welfare of other members and co-operative society.

- 2. Cash Transactions :** It is one of the important principle of co-operative society. All the business transaction of co-operative society must be conducted on cash basis. Co-operative society has limited capital. The members of co-operative society are not economically strong. Due to credit transactions the business organization face various problems like bad debts, overdue, losses. etc. So in co-operative society business is conducted on cash basis only. Cash transaction is one of the important principles of co-operation. Through this the co-operative societies can be made economically strong.



**Activity :-**

1. Due to cash transaction co-operative societies become economically strong. Discuss on this.

- 3. Religious and Political Neutrality :** Co-operative society is voluntary organization conducting its activities in democratic manner. There is no place for political or religious thoughts in co-operation, the co-operative society must be aloof from this. The doors of co-operative society must be open for all religion, caste, communities. There must not be religious or political influence on working of co-operative society. Hence, for development of co-operative society the society must be neutral towards political and religious thoughts.
- 4. Service Motto :** Main objective of co-operative society is to provide service to its member. Service is the Motto of co-operative society and profit making has secondary importance in co-operative society. The co-operative society must supply unadulterated, quality goods, proper measurement and protect the members from cheating and exploitation. Co-operative society must conduct its business keeping members welfare in mind and see that members are not exploited.
- 5. Economy/ Thrift :** This principle states that the member must follow the principle of thrift and economy. The co-operative societies must conduct all their activities in an economical manner i.e. all the expense of co-operative society must be controlled, the expenses must be minimum and reasonable. Unnecessary and unwanted expenses should be avoided. There must be economy in conducting each and every activity. Habit of thrift and saving must be inculcated among members. Through this the co-operative societies can be made financially strong and economically viable. Hence, economy or thrift is one of the principle of co-operative society.

6. **Equitable Division of Surplus :** The main objective of co-operative society is not to earn profit but to provide service. But co-operative society must earn reasonable profit after recovering their expenses. The profit earned by co-operative society is known as surplus. Out of the surplus earned by co-operative society 25% of the profit is transferred to reserve fund and remaining amount of surplus is distributed among members in form of dividend in proportion to the business transactions and share capital of the members. But the rate of dividend should not be more than 15%. So, there is equitable distribution of surplus.



**Activity :-**

2. For future need and requirement economy / thrift and saving is necessary. Discuss on this.

### 3.4 Summary

For efficient working of co-operative society there is need of some guidelines, rules and principles. Due to these principles the objective of co-operative society can be achieved. The principles are useful for economic development and making co-operative society financially strong. Therefore, rules and principles are necessary for overall development of co-operative society.

- **Restructured Basic Principles of Co-operation**
  1. Open and Voluntary Membership
  2. Members Democratic Control
  3. Members Economic Participation
  4. Autonomy and Independence
  5. Education, Training and Information
  6. Co-operation among Co-operatives
  7. Social Commitment (Concern for Community)
- **General principles of co-operation**
  1. Mutual Co-operation and Self Sufficiency (Independence)
  2. Cash Transactions
  3. Religious and Political Neutrality
  4. Service Motto
  5. Economy/ Thrift
  6. Equitable Division of Surplus

### 3.5 Key Terms

- 1) **Co-operative Principles** : The rules for achieving aims and objectives of co-operative movement.
- 2) **Reserve Fund** : The part of surplus kept aside for future needs.
- 3) **Dividend** : The share of profit distributed among members.

### 3.6 Exercise

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

1. Co-operative society is an association of economically \_\_\_\_\_ people.  
(a) Powerful (b) Weaker (c) Strong
2. Providing service is \_\_\_\_\_ objective of co-operative society.  
(a) Main (b) Secondary (c) Specific
3. The interest on capital of co-operative society is \_\_\_\_\_.  
(a) Fixed (b) Limited (c) Unlimited
4. The working of co-operative society is conducted on \_\_\_\_\_ basis.  
(a) Capitalistic (b) Dictatorship (c) Democracy
5. Each member of co-operative society has \_\_\_\_\_ voting rights.  
(a) One (b) Two (c) Three

#### B) Match the following :

Group 'A'	Group 'B'
a) Open membership	1. Anti-social activity
b) Principle of economy/ thrift	2. Membership irrespective of caste, creed, religion
c) Democratic management	3. Works for Social welfare
d) Social responsibility	4. Avoiding unnecessary expenses
e) Political and religious neutrality	5. 'One man one vote'
	6. Wastage of money
	7. Non-Political intervention
	8. 'One share one vote'
	9. Membership based on caste, creed, religion
	10. Political intervention



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

1. The main objective of co-operative society.
2. The manner in which the management of co-operative society is conducted.
3. The principle which encourages habit of saving.
4. The principle of social welfare and interest.

**D) State whether the following statements are True or False:**

1. The membership of co-operative society is open and voluntary.
2. Co-operative societies are established with an object of earning profit.
3. There is no place for political and religious thoughts in co-operative society.
4. The members of co-operative society has right to receive dividend.
5. The membership of co-operative society is compulsory.
6. The co-operative society is formed by the economical weaker section of society.

**E) Complete the following sentences:**

1. To provide \_\_\_\_\_ to the members is the main objective of co-operative society.
2. Co-operative societies gives \_\_\_\_\_ interest on capital.
3. \_\_\_\_\_ percentage of profit is transferred to reserve fund.
4. For development of co-operative society, it must be aloof from political and \_\_\_\_\_ interference.

**F) Select the correct option:**

1. Caste, creed, religion neutrality principle	<input type="text"/>
2. <input type="text"/>	Principle of thrift / economy
3. Social accountability	<input type="text"/>
4. <input type="text"/>	Religious and political neutrality principle
5. One member one vote.	<input type="text"/>

Avoid unnecessary expenses, Open and voluntary membership, No political interference, To improve standard of living, Democratic principle, Anti-social activity, One share one vote.

**G) Answer in one sentence:**

1. What is principle of co-operation?
2. What is the main objective of co-operative society?
3. What is the meaning of co-operation in co-operatives?
4. What is the maximum limit of declaring dividend in co-operative society?
5. What is principle of thrift?
6. What should be avoided by the co-operative society to follow the thrift/ economy?

**H) Correct the underlined word and rewrite the following sentences:**

1. Due to Credit transactions co-operative societies becomes economically strong.
2. To provide services to members is the Secondary objective of co-operative society.
3. The working of co-operative society is conducted according to Dictatorship.
4. Membership of co-operative society is Compulsory.

**I) Find the odd one:**

1. a) Autonomy and independence                      b) Open and voluntary membership  
c) Social commitment                                      d) Service motto
2. a) Cash transaction                                      b) Principle of thrift/economy  
c) Equitable distribution of Surplus                      d) Open and voluntary membership

**Q.2. Explain the following terms:**

1. Principle of Economy/ Thrift.
2. Cash transaction.
3. Dividend distribution.
4. Members Democratic Control.

**Q.3. Application based/ Self-opinion question:**

1. How the co-operative principles are used in day-to-day life. Write your opinion.
2. “For progress of co-operative movement co-operative principles are necessary”. Express your opinion.

**Q.4. Write short notes:**

1. Members economic participation
2. General principle of co-operation.
3. Principle of political and religious neutrality
4. Principle of co-operation among co-operative and education, training and information.

**Q.5. Give Reasons:**

1. Co-operative society must be neutral from political and religious thoughts.
2. The business of co-operative society is conducted on cash basis.
3. The membership of co-operative society is open and voluntary.
4. Providing service is main motto of co-operative society.
5. Co-operative society must provide education and training to its members and staff.

**Q.6. Answer in Short:**

1. Explain restructured Basic principle of co-operation.
2. Explain General principle of co-operation.

**Q.7. Long answers:**

1. Explain in detail restructured Basic principle of co-operation.
2. What do you mean by co-operative principles and explain in detail General principles of co-operation.



4.1	<b>Introduction</b>	4.3	<b>Promoter</b>
4.2	<b>Formation of Co-operative Society</b>	4.3.1	<b>Functions of Promoter</b>
4.2.1	<b>Promotion Stage</b>	4.4	<b>Summary</b>
4.2.2	<b>Registration Stage</b>	4.5	<b>Key Terms</b>
		4.6	<b>Exercise</b>

#### 4.1 Introduction :

In Post-independence Era, due to large development in co-operative sector co-operative societies were established in various fields. The co-operative societies were spread in rural as well as urban areas. Initially co-operative societies were formed and limited upto agricultural credit societies and other supplementary services related to this sector. The forms and functions are different for such various types of co-operative societies. It is quite important to learn and understand the registration procedures of the formation of a co-operative society to figure out as to by whom and in which manner the co-operative society is formed.

The people having a common objective of fulfillment of their common needs comes together and form a co-operative society. On account of this, people from across all sections of the society feel the need for formation of a co-operative society. The formation of a co-operative society matters on both legal and technical procedure.

The procedure for registration of co-operative societies is mentioned under Maharashtra Co-operative Societies Act 1960. As per this act, a co-operative societies are registered. In this chapter we are going to study about the formation, registration procedures and functions of promoter.

#### 4.2. Formation of Co-operative Society :

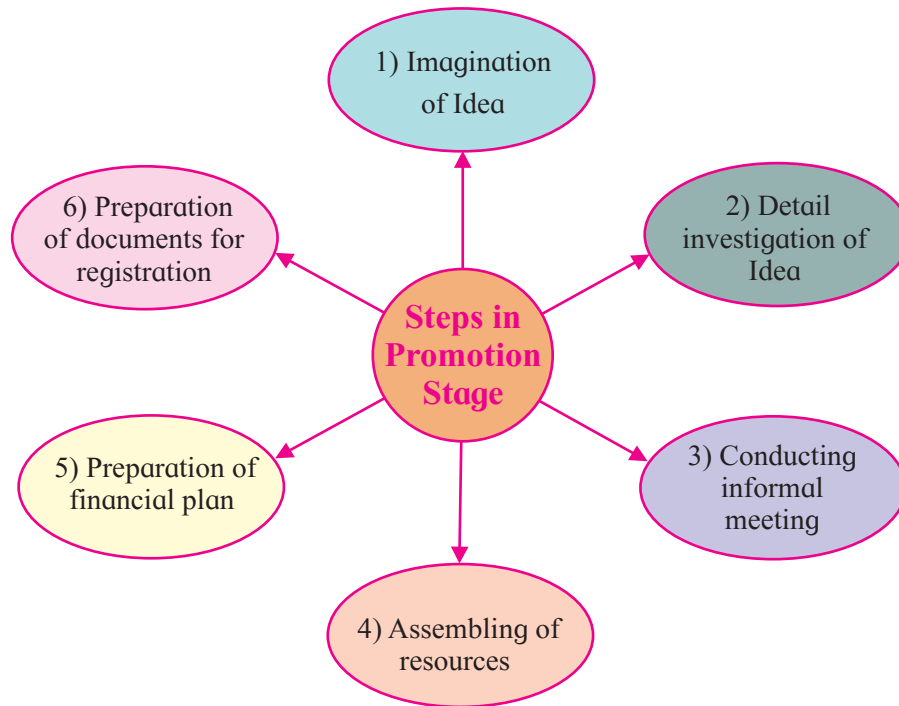
From a legal aspect, it is mandatory for a co-operative society to get registered under Maharashtra Co-operative Societies Act 1960. The formation of co-operative society goes through two stages being Promotion stage and Registration stage.

##### 4.2.1. Promotion Stage :

“Prior to formation of co-operative society, the various steps which it has go through is collectively known as “Promotion Stage”. It requires completion of various formalities

before the society is registered. The Procedure starts from the promotion stage. The stage in which the idea of formation of co-operative society emerges in the mind and practically shaping up the formation of society is known as promotion stage or pre-registration stage. The aim of the co-operative society needs to be fixed and according to this aim, all necessary formalities needs to be completed. All the stages involved in the promotion stage are very important from the societies futuristic point of view.

- **Steps in Promotion Stage:**



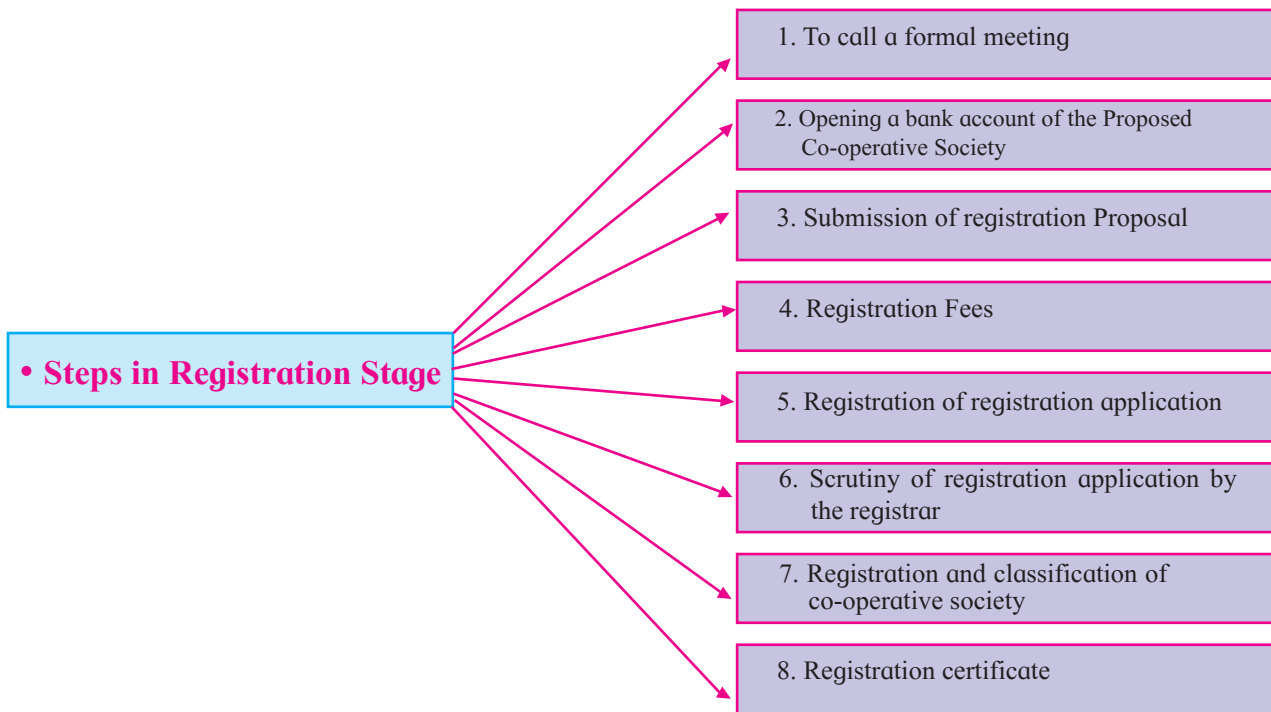
- **Following are the steps in promotion stage:**

- 1. Imagination of Idea :** The idea of formation of co-operative society emerges in the mind of an individual or group of individuals. Such individual or group of individuals are known as “PROMOTER”. The idea of formation of co-operative society comes in the mind of those individuals who possess leadership qualities and they are interested in development of weaker section of the society.
- 2. Detail investigation of idea :** It is essential to investigate the idea of formation of the proposed co-operative society. First of all, it needs to be checked whether the idea is realistic. Through this investigation the ways for raising the required capital and financial capability of the proposed co-operative society is to be determined. The registrar registers the co-operative society which are economically viable and refuse registration for those who are not economically viable.

- 3. Conducting informal meeting :** Once the promoter makes up his mind for formation of a co-operative society, he organizes an informal meeting with the people living in the locality to convince them about the idea of formation of co-operative society. During the course of this meeting, the need and advantages of a co-operative society is explained. The name of the proposed co-operative society, its objectives, working area, nature of business etc. is also fixed during this meeting.
- 4. Assembling of resources :** For converting the idea of formation of a co-operative society into reality, the promoter needs to gather necessary resources. The land required for formation of co-operative society, furniture, stationery, various application forms, and minimum 10 persons from different families etc. is to be collected by the promoter. Apart from this, for registration of the society an application needs to be done in form 'A'. Also, all necessary expenses for assembling the resources is borne by the promoters only.
- 5. Preparation of financial plan :** The co-operative society needs capital to achieve its predetermined goals. The co-operative society needs to fulfil its capital requirement depending upon its size and nature of the society. For this, the ways of collecting the capital is decided. The Capital is collected by issuing shares, deposits, borrowings from co-operative banks and other financial institutions etc. The Financial Plan is prepared by the promoter and this information is given to the members of the society.
- 6. Preparation of documents for registration :** For the registration of co-operative society Form 'A' duly filled in and signed by minimum ten members is prepared. Similarly, the list of members, bye-laws of the society, minutes of meeting of the informal meeting, no objection certificate (NOC) of the land/building owner, details of the name and the signatures of the members who attended the meeting etc. also needs to be prepared. In this manner the promotion stage is completed and the registration stage in the formation of the co-operative society is commenced.

#### **4.2.2 Registration Stage :**

After completion of promotion stage, begins the registration stage. For achieving legal status registration of co-operative society is compulsory and all the steps in this stage are to be completed which are formal in nature. The society can be registered only after completion of this formalities. For this, registration stage is important. The steps involved in this stage are as follows :



1. **To call a formal meeting :** After completion of pre-registration formalities, the promoter calls for a formal meeting of the members. In this meeting the objectives of proposed co-operative society its scope, limitations on the number of members, working area, capital raising, bye-laws, name of the proposed society, election rules, details of the main promoter etc. is decided. Also, a copy of the minutes of meeting is to be submitted along with the registration application.
2. **Opening a bank account of the proposed co-operative society :** Once the proposal for formation of co-operative society is approved in the formal meeting, a bank account of the society is opened in The District Central co-operative bank with the permission of district deputy registrar. The amount of share capital collected from the members is deposited in this bank account of the society. The promoter has to obtain the bank balance certificate from the bank for the amount deposited in the bank. Such certificate is required to be enclosed along with the registration application.
3. **Submission of registration Proposal :** As per the legal provisions of Maharashtra co-operative societies act, the promoter submits an application for proposed society in Form 'A' to the District Deputy Registrar in four copies for registration. There are various documents to be submitted along with the application form. This includes list of members, Talathi certificate, Four copies of Bye-laws of the co-operative society, Bank balance certificate, No objection certificate of land, Minutes of formal meeting, Project report, Name and Address of the proposed society, its Objectives, Area of operation of co-operative society, Nature of business etc.
4. **Registration Fees :** As per Maharashtra co-operative societies rules 1961, fees for registration of a co-operative society is required to be deposited in the Government treasury. After depositing the fees an original copy of the payment receipt (challan) is required to be submitted along with the registration application form. The registration fees prescribed in the range of Rs.50 to Rs.25000. According to the type of co-operative society, the registration fees is charged.

5. **Registration of the registration application :** On the receipt of the registration proposal, the registrar makes an entry of details of Co-operative society in the office register in 'Form B'. The serial number is provided to the application. An acknowledgment of the receipt of application is given to the chief promoter.
6. **Scrutiny of registration application by the registrar :** After receiving the proposal of registration, the verification of the registration application as well as the documents enclosed is carried out by the Registrar. If he finds any errors in the application, the same is informed to the promoter for necessary corrections. In case of any doubts raised during the course of the verification process, an explanation regarding the same is taken from the chief promoter of the society.
7. **Registration and classification of co-operative society :** If the registration application form and attached documents are complete in all respects, the registration of that particular society is declared by the Registrar in the Government gazette and classification of the society is done into class or sub-class as may be appropriate. Once the application for registration is received, the decision with regard to the registration of the same need to be taken by the Registrar within a time limit of two months. If the registrar decides to reject the registration of the society, he is required to communicate the same in a written form to the chief promoter specifying the proper reason for rejection.
8. **Registration Certificate :** The registrar issues a certificate of registration and allots a registration number to the society once it is registered. The registration certificate is an evidence for registration of co-operative society. Once this registration certificate is received, the society gets a legal status (Entity) and it comes in to existence. The details such as the registered societies name, address, registration number, registration date, year, class, etc are mentioned on the certificate. The certificate bears the signature and stamp of the Registrar. Also, once the society is registered, no changes in its name or clauses of bye-laws is permitted without the permission of Registrar.

❑ **Necessary documents required for registration of co-operative society.**

**For registration of a co-operative society, the chief promoter prepares the following documents.**

1. **List of members :** The person interested to become member of co-operative society has to make an application. They are required to pay the membership fees and amount towards their share capital. The list of such members is prepared and four copies of this membership list along with the registration application form need to be submitted. This list comprises of the details of members like full name, age, address, occupation, amount of share capital and entrance fees etc.
2. **Talathi certificate :** For the formation of proposed Co-operative society ten members from different families are required. A Talathi certificate certifying that the members are not from the same family needs to be obtained and is required to be enclosed along with the registration application.
3. **Bye-laws of society :** The functions of a co-operative society are carried out as per the provisions of Maharashtra Co-operative Societies Act 1960 and Rule 1961. Bye-laws are the set of rules for internal working and management of co-operative societies. The



bye-laws are prepared by chief promoter of co-operative society and it is treated as constitution of the society. Minimum four copies of the bye-laws are to be submitted along with registration application form. No changes in the bye-laws are permitted without the permission of Registrar.

4. **Bank balance certificate :** The proposed co-operative society's bank account is opened in the name of chief promoter in the district central co-operative bank. The amount collected towards share capital and membership fees is deposited in this account. The bank balance certificate needs to be obtained from district central co-operative bank. This certificate needs to be enclosed along with the registration application.
5. **No objection certificate from the land owner :** The office address of the proposed co-operative society needs to be mentioned in the registration application form. No Objection Certificate needs to be obtained from the owner of the land. This certificate is also enclosed along with the registration application.
6. **Minutes of the formal meeting :** A copy of the minutes of the formal meeting held before registration of the society is to be enclosed with the registration application.
7. **Project report :** In this report financial plan of the society is given. Project report refers to the future progress plan of the society. This report contains the details of expenses to be incurred for production, buying and selling arrangements, projected profits, financial capability etc which is considered by the registrar for approving the registration of the society.



#### **Activity :-**

- 1) Visit the registrar office in your locality and collect the information regarding registration of co-operative society.

### **4.3 Promoter of co-operative society :**

The promoter plays a very important role in the formation of co-operative society. The promoter imagines the idea of formation of a society in his mind and puts in all efforts required for converting the same idea into a reality.

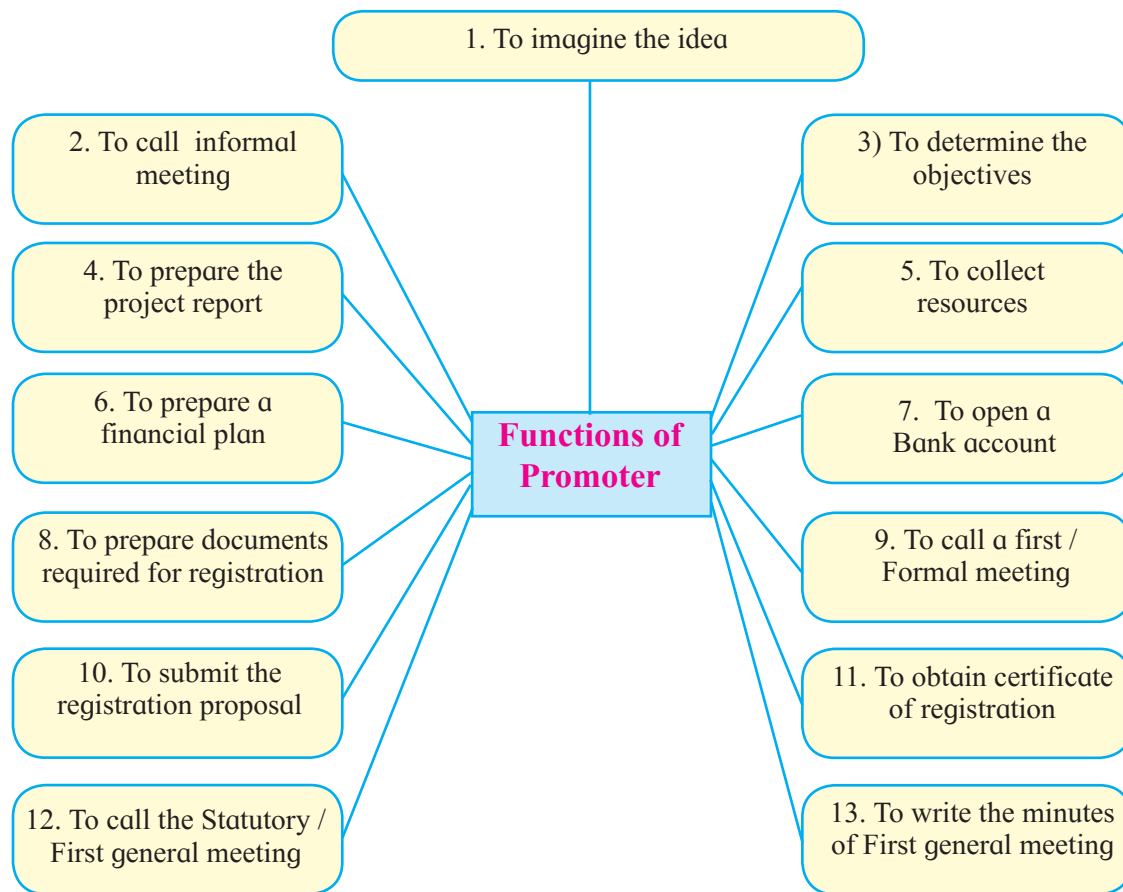
#### **□ Meaning :**

Definition of a promoter is not given in the co-operative act but his duties and responsibilities are specified in it. On this basis the meaning of a promoter is as under.

“A ‘Promoter’ can be a person or a group of persons who imagines the idea of forming a society and converts the idea into reality followed by registration of society and puts in all necessary efforts for smooth functioning of the society.”

Promoter takes initiative in the formation of co-operative society and accepts the responsibilities of gathering together all the members as well as required resources. For this he must have qualities like leadership, consistency, initiative, capability, creativity etc. As well as he should be ready to bear the financial expenses required for formation of society.

### 4.3.1 Functions of Promoter



- 1. To imagine the idea :** The promoter performs the important function of imagining the idea of forming a co-operative society in his mind for fulfillment of the common specific needs of a society or a group of people.
- 2. To call informal meeting :** The idea of formation of co-operative society which had came in his mind and to convert this idea into reality, the promoter calls an informal meeting of all the prospective members residing in village or nearby areas. This meeting is known as informal meeting or pre-registration meeting. During this meeting, the promoter explains the idea and the importance of forming the co-operative society.
- 3. To determine the objectives :** During the informal meeting if the importance of the formation of co-operative society is convinced then the list of the objectives of the co-operative society is prepared. According to the type of co-operative society the main objectives of the co-operative societies are decided. For e.g. If a consumer co-operative society is formed, its main objective will be to provide essential goods and services at reasonable prices to its members.
- 4. To prepare the project report :** After taking into consideration the business transactions, turnover, income and expenses of proposed society the promoters have to get project report prepared from the expert.

5. **To collect resources :** The promoter needs to collect the necessary resources required for the formation of a co-operative society. For e.g. raising capital, making arrangements for society's office, furniture, stationery, writing materials, manpower etc. needs to be collected.
6. **To prepare a financial plan :** The promoter has to prepare the financial plan on the basis of project report of the proposed co-operative society and decide the sources of raising required capital.
7. **To open a bank account :** With the permission of the District Deputy Registrar, he opens a bank account for the proposed co-operative society with the district central co-operative bank. The amount collected as share capital from the prospective members is deposited in this account and bank balance certificate is obtained from the bank.
8. **To prepare documents required for registration :** The promoter needs to prepare all necessary documents for registration of the proposed co-operative society. For e.g. Bye-laws of the society, rules for election, list of members with their names and address, list of promoters, Talathi certificate, population certificate of working area, minutes of informal meeting, No Objection Certificate (NOC) of land owner, bank balance certificate and project report etc. documents are required to be prepared by the promoter.
9. **To call first/ Formal meeting :** The promoter of the proposed co-operative society calls a formal meeting of the prospective members as per the provisions of the co-operative societies Act. In this meeting the resolution for the formation of the co-operative society is passed and a copy of this is submitted along with the registration application form.
10. **To submit the registration proposal :** The promoter has to submit registration application in the prescribed Form 'A' along with all necessary documents to the registration authority (Registrar) and he has to deposit the registration fees in the Government treasury for registration of co-operative society.
11. **To obtain certificate of registration :** After submitting the registration application to the Registrar, the Registrar verifies the application and all documents and if the application is complete in all respects, the registrar registers such society and issues a certificate of registration to the chief promoter.
12. **To call the statutory / first general meeting :** After receiving the certificate of registration, the promoter calls for the first general meeting/statutory meeting within 3 months of receipt of the registration certificate. It is mandatory to conduct the first general meeting as per the provisions of the co-operative act. In this meeting various resolutions are passed like election of advoc managing committee, approval of preliminary expenses, transfer of bank account from promoter's name to the society's name etc. This meeting is held once in the life time of the society.
13. **To write the minutes of First general meeting :** After conclusion of the meeting, the minutes of the meeting needs to be written within one month by the promoter. Minutes means the written record of the business transacted during the meeting.

In this manner promoter is important person in formation of co-operative society. The success of formation of co-operative society depends upon the role of the promoter.



**Activity :-**

2. Visit any co-operative society and collect the information from the promoter regarding problems in formation of the co-operative society.

□ **Distinguish Between :**

**Promotion Stage and Registration Stage**

Sr. No.	Points	Promotion stage	Registration stage
1.	Meaning	Before registration co-operative society has to undergo various steps for formation which are collectively known as "Promotion Stage"	The various steps which needs to be undertaken for registration of co-operative society are collectively known as "Registration Stage".
2.	Legal provisions	The legal provisions of promotion stage are not specified in Co-operative Act.	The legal provision of registration stage are specified in Co-operative Act.
3.	Nature	All the steps in promotion stage are informal in nature.	All the steps in registration stage are formal in nature.
4.	Stages	<p><b>The promotion stage:</b></p> <ol style="list-style-type: none"> <li>1) Imagination of idea.</li> <li>2) Investigation of idea.</li> <li>3) Conducting informal meeting.</li> <li>4) Assembling of required resources.</li> <li>5) Preparation of financial plan</li> <li>6) Preparation of documents for registration</li> </ol>	<p><b>The registration stage:</b></p> <ol style="list-style-type: none"> <li>1) Conducting formal meeting.</li> <li>2) Opening bank account of the proposed society</li> <li>3) Submission of registration proposal.</li> <li>4) To pay registration fees</li> <li>5) Registration of registration application</li> <li>6) Verification of registration application</li> <li>7) Registration and classification</li> <li>8) Registration certificate</li> </ol>

5.	Period	There is no specific period for promotion stage.	After receiving application the Registrar has to accept or reject the application for registration of society within two months.
6.	Legal status	During the promotion stage, the co-operative society does not have a legal status.	After completion of registration stage, the society gets a legal status.

## 4.4 Summary

The registration of co-operative society is a legal and technical procedure. The procedures of registration of the co-operative society is mentioned in Maharashtra Co-operative Societies Act 1960.

- **The stages in formation of co-operative society.**

- **Promotion stage :**

- 1) Imagination of Idea
- 2) Detail investigation of idea
- 3) Conducting informal meeting
- 4) Assembling of the resources
- 5) Preparation of financial plan
- 6) Preparation of documents for registration

- **Registration Stage:**

- 1) To call a Formal meeting
- 2) Opening the bank account of the proposed co-operative society-
- 3) Submission of registration Proposal
- 4) Registration fees
- 5) Registration of the registration application
- 6) Scrutiny of registration application by Registrar
- 7) Registration and classification of co-operative society
- 8) Registration certificate

- **Documents required for registration of co-operative society**

- 1) List of members
- 2) Talathi certificate
- 3) Bye-laws of society
- 4) Bank balance certificate
- 5) No Objection Certificate from the land owner

- 6) Minutes of the formal meeting
- 7) Project report

❑ **Promoter :**

“A ‘Promoter is a person or a group of persons who imagines the idea of forming a society and converts the idea into reality followed by registration of society and puts in all necessary efforts for smooth functioning of the society.’”

❑ **Functions of promoter :**

- 1) To imagine the idea
- 2) To call an informal meeting
- 3) To determine the objectives
- 4) To prepare the project report
- 5) To collect the resources
- 6) To prepare a financial plan
- 7) To open a bank account
- 8) To prepare documents required for registration
- 9) To call first/Formal meeting
- 10) To submit the registration proposal
- 11) To obtain certificate of registration
- 12) To call the statutory / first general meeting
- 13) To write the minutes of First general meeting

## 4.5 Key Terms

- 1) **Bye-laws :** The set of rules for day-to-day working of co-operative societies.
- 2) **Informal meeting :** The meeting which is conducted in the promotion stage.
- 3) **Form ‘A’ :** Application Form for registration of the co-operative society.
- 4) **Minutes :** The written records of the proceedings of the meeting.
- 5) **Registrar (Registration officer) :** An authority appointed by the State Government for the registration and control of co-operative society.
- 6) **Form ‘B’ :** The form for registering the application for registration of the co-operative society.

## 4.6 Exercise

**Q.1 A) Select the proper option from the options given below and rewrite the sentence :**

1. Registration of co-operative society is \_\_\_\_\_.  
 (a) Compulsory                      (b) Optional                      (c) Not necessary
2. Minimum \_\_\_\_\_ copies of the bye-laws are attached along with registration application.  
 (a) Three                                      (b) Four                                      (c) Two
3. The person who imagines the idea of forming a co-operative society is called \_\_\_\_\_.  
 (a) Registrar                                      (b) Partner                                      (c) Promoter
4. The registration application of the society must be in \_\_\_\_\_ form.  
 (a) 'C'                                      (b) 'A'                                      (c) 'B'
5. The evidence of registration of co-operative society is \_\_\_\_\_.  
 (a) Registration certificate                      (b) Notice                                      (c) Minutes
6. The registrar enters the details of the registration application in Form \_\_\_\_\_ in his office.  
 (a) 'B'                                      (b) 'C'                                      (c) 'A'

**B) Match the following :**

Group 'A'	Group 'B'
a) Evidence of registration	1. 1960
b) Promotion stage	2. Form 'B'
c) Maharashtra co-operative societies Act	3. Registration certificate
d) Registration application	4. 1904
e) The officer for registration of co-operative society	5. Stage before registration
	6. Talathi certificate
	7. Stage after registration
	8. Form 'A'
	9. Registrar.
	10. Member

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

1. The person who takes initiative in formation of co-operative society.
2. Application Form for registration of co-operative society.

3. The authority for registration of the co-operative society.
4. The written records of the proceedings of the meeting.
5. Evidence of registration of co-operative society.
6. The form in which the registration applications is registered.

**D) State whether the following statements are True or False:**

1. Promoter do not take initiative in the formation of the co-operative society.
2. Bye-laws are necessary for registration of co-operative society.
3. First general meeting is conducted before registration.
4. Promotion stage do not have importance in formation of co-operative Society.
5. Registration certificate is an evidence of registration of co-operative society.
6. The person who registers the co-operative society is called as Registrar.

**E) Complete the following sentences:**

1. Registration of Co-operative Society is \_\_\_\_\_.
2. The person who takes initiative in formation of Co-operative society is known as \_\_\_\_\_.
3. Minimum \_\_\_\_\_ copies of bye-laws are enclosed with registration application of Co-operative society.
4. The application for registration of co-operative society is in \_\_\_\_\_ form.

**F) Select the correct option:**

1. Registration Certificate	<input type="text"/>
2. <input type="text"/>	Promoter
3. No objection Certificate	<input type="text"/>
4. <input type="text"/>	Constitution of Co-operative Society
5. Form 'A'	<input type="text"/>

Initiative in formation of Co-operative society, Land Owners Certificate, Evidence of Registration, Application form, Vice-president, Bye-laws.





**Q.3. Application based/ Self-opinion question:**

1. “For the formation of co-operative societies various formalities need to be fulfilled”. Express your opinion
2. For registration of co-operative society the promoter has to collect various documents. Express your opinion.

**Q.4. Distinguish between:**

1. Promotion Stage and Registration stage

**Q.5. Write short notes:**

1. Promotion stage.
2. Registration stage.
3. Functions of promoter.

**Q.6. Give Reasons:**

1. First general meeting is conducted after registration of co-operative society.
2. Registration certificate is the evidence of registration of the society.
3. Promoter forms the co-operative society.

**Q.7. Answer in Short:**

1. Explain the functions of promoter.
2. Explain registration stage of co-operative society.

**Q.8. Long answers:**

1. Define promotion stage? Explain the steps in promotion stage.
2. Define promoter and explain his functions.
3. What is registration stage? Explain Steps in registration stage.



# 5.

## Credit Co-operative Society

5.1	Introduction	5.5	Summary
5.2	Meaning and Definition	5.6	Key Terms
5.3	Features/ Characteristics	5.7	Exercise
5.4	Functions		



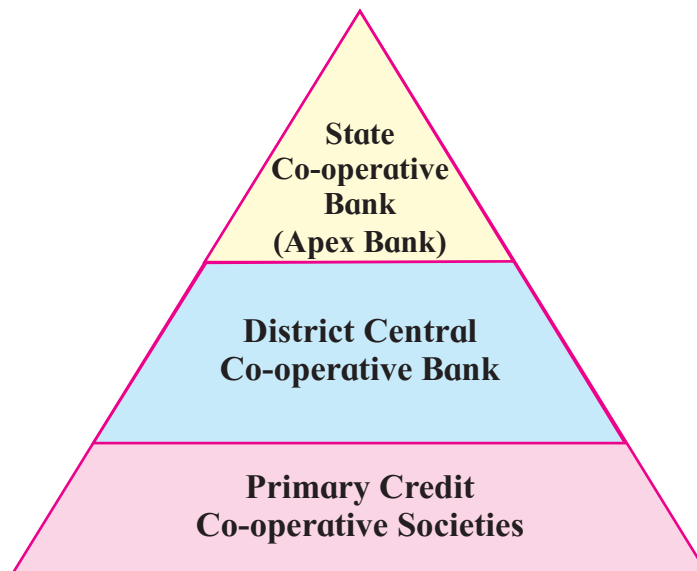
**Co-operative Credit Society**

### 5.1 Introduction :

The co-operative movement in India was started by establishment of Credit Co-operative Society. These societies were established with an objective to provide short and middle term loans to the farmers in rural area. In olden days loan were given by the moneylenders to the farmers in rural areas. But these moneylenders were exploiting farmers. Hence to save the farmers from the exploitation by moneylenders and to fulfil the financial needs of the poor farmers. In 1904, British government encourage the establishment of Credit Co-operative Society. Credit co-operative society were established to provide strong alternative for moneylenders. Accordingly, in 1904 Credit Co-operative Societies Act was passed by British government. According to the provision of this Act credit co-operative societies were established in each and every village.

### ❑ **Three tier Structure of Credit Co-operatives:**

Commercial bank, Public sector bank, Urban co-operative bank provides loan to business and industrialist. Co-operative bank provides loan in rural area to marginal farmers, land labours, craftsmen, artisan, small businessmen and people of weaker section of society. The structure of Co-operative banking is three-tier, at state level State Co-operative bank, at district level District Central Co-operative bank and at rural(village) level Primary Credit Co-operative society are established. The Credit Co-operative societies are established with an objective to protect the people from the cheating and exploitation of landlords and private moneylenders. .



## **5.2 Meaning and Definition of Credit Co-operative Society**

### ❑ **Meaning :**

The societies which are formed for development of agricultural sector on co-operative principles to provide loan at reasonable interest rate are known as Credit co-operative society.

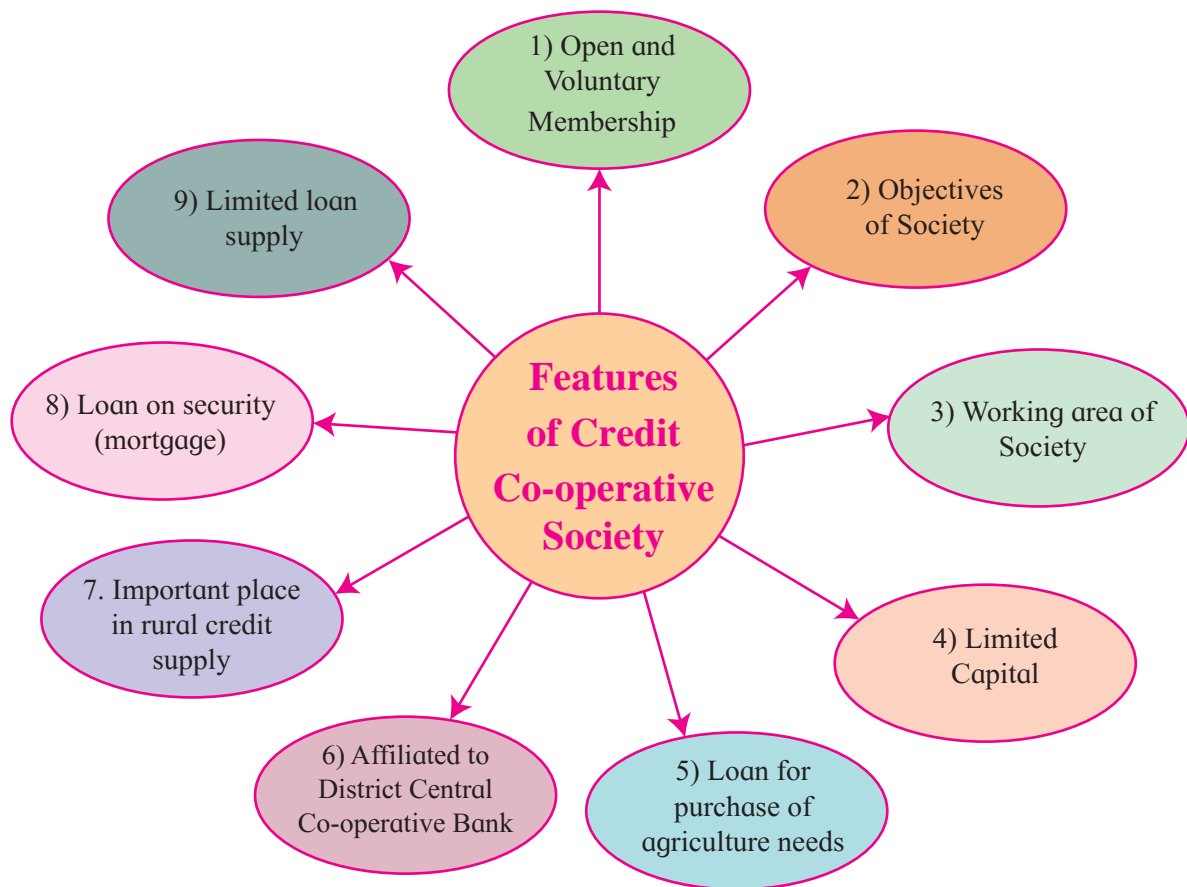
The working area of Credit co-operative society is the village in which Credit co-operative society is established. The farmers, artisan, craftsmen, small businessmen of that village are the members of this society. This society encourages the habit of saving among members. This society provides loan to the farmer members at low rate of interest. These co-operative societies are working for economic development of agricultural sector, farmers and are trying to improve their standard of living. These co-operative societies provide loan as per the primary needs of the members, these co-operative societies directly deal with the members (directly provides loan to the members), hence they are known as Primary Credit Co-operative Societies. Credit co-operative societies works in rural and urban areas.

❑ **Definition :**

“Without considering wealth or economic condition the society which provides banking services to economical poor person by accepting available security such societies are known as Credit Co-operative Society.” - **Henry Wolff**

“The society established to increase agricultural productivity, to improve the standard of living of farmers, in addition to provide short and medium-term loan, to supply agricultural requirement, various services and supply of essential commodities and to market agriculture goods, etc. is known as Credit Co-operative Society”

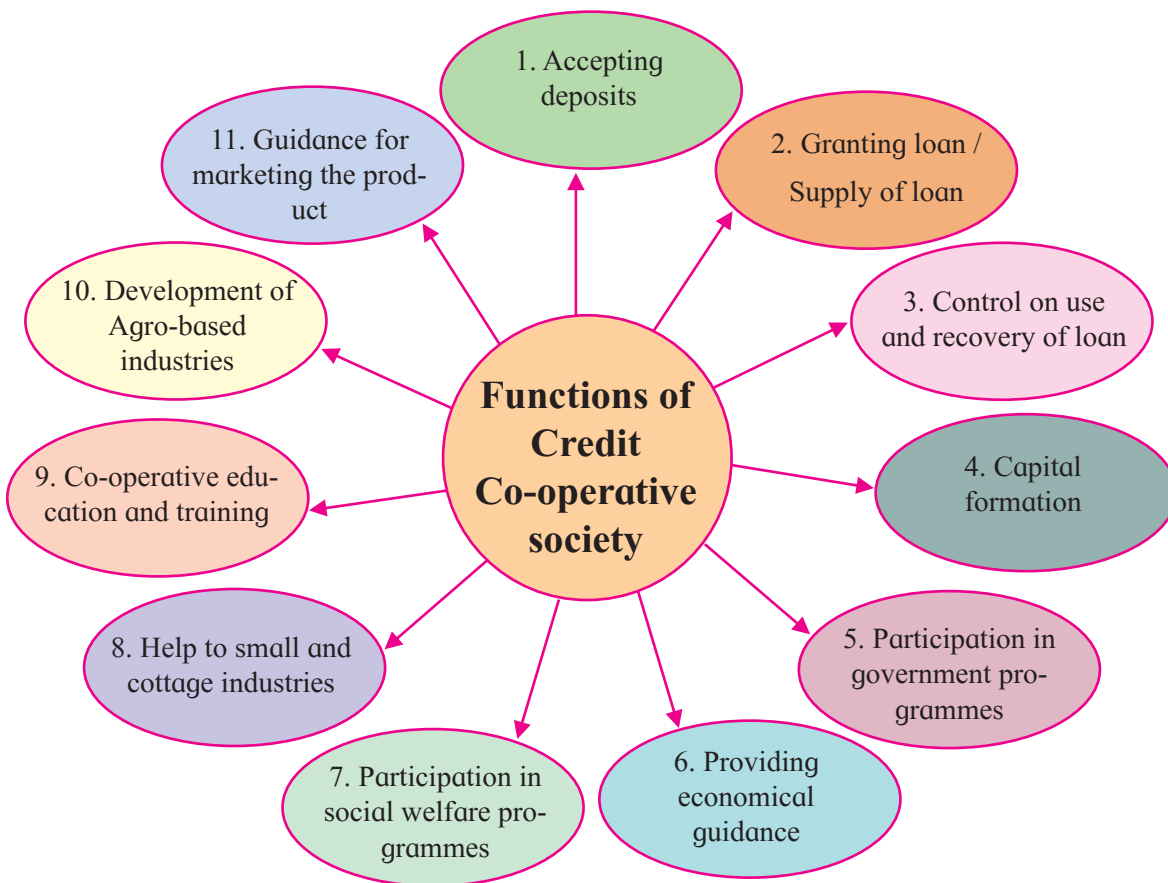
**5.3 Features / Characteristics of Credit co-operative society :**



**1. Open and Voluntary Membership :** The membership of Credit co-operative society is open for all. Credit Co-operative society is an voluntary association. Farmers, land labours, workers and economically weaker people in the rural area come together and voluntarily form Credit co-operative society. There is no compulsion for membership on any person.

2. **Objectives of Society :** Credit co-operative society are formed basically with an objective to provide short term loan to members, keep control on utilization of loan amount, participation in agricultural programs, encouraging saving habit, recovery of loan as well as providing economical and technical guidance to the members.
3. **Working area of Society :** The working area of Credit co-operative society is the village where it is established. Now this limit is up to the villages coming under 4 to 5 kilometers. Normally 3000 peoples or 500 farmer families are expected to be covered or benefited from this society.
4. **Limited Capital :** As the Credit co-operative society is formed by marginal farmers, agricultural labours, land owners and economically weaker people, so, their capacity of purchasing share is less. Hence, the capital of Credit co-operative society is limited.
5. **Loan for purchase of agriculture needs :** Credit co-operative society provides loans to the farmer members for the purchase of agricultural needs like seeds, fertilizers, insecticides, pesticides, etc.
6. **Affiliated to District Central co-operative bank :** Primary Credit Co-operative Societies are affiliated to District Central Co-operative Banks. All Primary credit co-operative societies are members of District Central Co-operative Banks. Primary Credit Co-operative Society prepares the plan for loan supply and submitted it to the District Central Co-operative Bank and under the guidance of District Central Co-operative Bank they provide loan to the members.
7. **Important place in rural credit supply :** Credit Co-operative Society has direct relation with farmer members. Therefore, as per the policy of National Bank for Agricultural and Rural Development (NABARD) all credit supply received by District Central Co-operative Bank is distributed through Primary credit co-operative societies. So, Credit co-operative societies has important role in rural credit supply.
8. **Loan on security (mortgage) :** Credit Co-operative Society provides loan to the farmers on fixed and non-fixed assets as security. While sanctioning loan Credit Co-operative Society takes two members as a guarantor. Crop security becomes important while sanctioning loan to agriculture production.
9. **Limited loan supply :** As the capital of Credit co-operative society is limited, they are not able to provide loan as per the member's demand. It means they provide limited loan to the members.

## 5.4 Functions of Credit co-operative society :



- 1. Accepting deposits :** Like commercial banks, Credit Co-operative Societies accepts deposits under various accounts like saving, current, recurring and fixed. They give attractive rate of interest to encourage deposits.
- 2. Granting loan/ Supply of loan :** The main function of Credit co-operative bank is to provide loan to the farmer members for purchase of seeds, fertilizers, insecticides, pesticides, modern agricultural equipments, irrigation facilities, etc.
- 3. Control on use and recovery of loan :** It is the function of Credit co-operative society to have control on the use and recovery of loan. It keeps control and ensures the loan is used for given purpose and to recover the given loan with interest on easy instalment.
- 4. Capital Formation :** Encouraging saving and accepting deposits, providing loan to the members for agriculture purpose and as per need, loan is borrowed from District Central Co-operative bank to fulfil the financial need of members and through this saving is converted into capital.
- 5. Participation in government programs :** For development of agricultural sector various schemes, programs are prepared by Central Government, State Government and NABARD. These schemes are executed (implemented) through Credit co-operative societies. Hence, Credit Co-operative societies plays an important role in implementation of these government schemes.

6. **Providing economical guidance :** To avoid economic loss and for economic development of members, the Credit co-operative society provides financial help and also provides financial and economic guidance to its members.
7. **Participation in social welfare programs :** The Credit co-operative society also helps for social development of the members. They participate in social activities like rural Cleanliness program, Pure drinking water program, Adult education program, Tree plantation, Blood donation, etc. for social development in their area.
8. **Help to small and cottage industries :** The Credit co-operative society also helps for establishment of small and cottage industries. They provide loan to artisan, craftsmen, small businessmen to start small and cottage industries for their own self-employment. Therefore, there is development in small and cottage industries in rural area.
9. **Co-operative education and training :** There is still illiteracy in rural area. Providing co-operative education and training is also one of the important functions of Credit co-operative society. The Credit co-operative society gives education of co-operative principles, its working and importance, practical business knowledge to its members.
10. **Development of Agro-based industries :** The Credit co-operative society is providing loan for development of agricultural sector due to which agricultural productivity is increased and various agro-based industries have also been established like sugar industry, pulses industry, cotton industry, poha industry.
11. **Guidance for marketing the product :** Credit co-operative society also conducts the function of guiding the members for marketing their goods by giving them information of demand and supply, change in price, opportunity of export, centers for export, quality of export due to which increase in production, increase in export, etc.

Credit co-operative societies are important for economic development of that area.



#### Activity :-

1. Visit Credit co-operative society in your area and collect information about its working.

## 5.5 Summary

The society formed in rural area to provide loan to small farmers at fair and reasonable rate on co-operative principle is known as Credit co-operative society.

“The organization which provides loan to the small farmers by obtaining available securities and conducting banking transactions with members is known as Credit co-operative society”.

Credit co-operative society provides loan in rural area to marginal farmers, small land owners, craftsmen, artisans, land labours, rural workers and people from weaker



section. Due to which there is control on exploitation from moneylenders and landlords. Credit Co-operative societies plays an important role in implementation of central and state government schemes, programs and in balancing economical development of rural and urban area. The functions of Credit. Co-operative societies are important for rural industrialization and employment generation.

❑ **Features of Credit co-operative society :**

1. Open and Voluntary Membership
2. Objectives of society
3. Working area of Society
4. Limited Capital
5. Loan for purchase of agriculture needs
6. Affiliated to District Central co-operative bank
7. Important place in rural credit supply
8. Loan on security (mortgage)
9. Limited loan supply

❑ **Functions of Credit co-operative society :**

1. Accepting deposits
2. Granting loan/ Supply of loan
3. Control on use and recovery of loan
4. Capital formation
5. Participation in government programmes
6. Providing economical guidance
7. Participation in social welfare programmes
8. Help to small and cottage industries
9. Co-operative education and training
10. Development of Agro-based industries
11. Guidance for marketing the product

## 5.6 Key Terms

1. **District Central Co-operative bank :** The connecting link between State co-operative bank and Credit co-operative societies.
2. **State Co-operative Bank :** The apex bank in co-operative banking sector.
3. **NABARD (National Bank for Agriculture and Rural Development) :** The bank working at national level to provide agricultural loan for rural development.

## 5.7 Exercise

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

1. Primary Credit co-operative societies are affiliated to \_\_\_\_\_.  
 (a) Land development bank                      (b) Urban co-operative bank  
 (c) District Central co-operative bank
2. Under British rule, Credit Co-operative Societies Act was passed in the year \_\_\_\_\_.  
 (a) 1912                      (b) 1925                      (c) 1904
3. The area of operation of primary credit co-operative society is limited upto \_\_\_\_\_.  
 (a) State                      (b) District                      (c) Village
4. In the olden days \_\_\_\_\_ was the only source of credit supply in rural areas.  
 (a) Bank                      (b) Moneylender                      (c) Farmers
5. Due to Credit co-operative society, members are saved from the clutches of \_\_\_\_\_.  
 (a) Moneylender                      (b) Middlemen                      (c) Businessmen

### B) Match the following :

Group 'A'	Group 'B'
a) Loan supply of Credit co-operative society	1. For unproductive purpose
b) Area of operation of Credit co-operative society	2. Encourages saving
c) Working of Credit co-operative society	3. Works only in urban area
d) Accepting Deposit	4. For productive purpose
	5. Dictatorship manner
	6. Encourages unnecessary expenses (Extravagance)
	7. Works in rural and urban area
	8. Democratic manner

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

1. The society which provides credit to needy person.
2. The society which provides loan at reasonable rate of interest to weaker section of society in rural area.
3. The society which saves members from the exploitation of moneylenders.
4. The apex bank in Co-operative banking structure.

**D) State whether the following statements are True or False:**

1. Moneylender is the only source of finance in rural area till date.
2. Credit co-operative society provides only credit to its members.
3. Credit co-operative society plays an important role in economic development of rural area.
4. Credit co-operative society provides unlimited loan.

**E) Complete the following sentences:**

1. In India co-operative movement was started by establishment of \_\_\_\_\_ societies.
2. Co-operative credit banking structure is of \_\_\_\_\_ tier.
3. Membership of credit co-operative societies is open and \_\_\_\_\_.
4. Share purchasing power of agricultural labour, small artisans, people from weaker section is very \_\_\_\_\_.
5. Apex bank works at \_\_\_\_\_ level.

**F) Select the correct option:**

1. <input type="text"/>	Direct dealing with members
2. Less share purchasing power	<input type="text"/>
3. <input type="text"/>	State Co-operative Bank
4. The link between Primary Credit Co-operative bank and Apex Bank	<input type="text"/>
5. <input type="text"/>	Credit supply at National level

NABARD, Agricultural labour, Moneylender, Apex Bank, District Central Co-operative Bank, Middlemen, Primary Credit Co-operative Society.

**G) Answer in one sentence:**

1. What do you mean by Credit Co-operative Society?
2. State the structure of Co-operative credit supply?
3. In ancient times the person who provides the loan to the farmers?
4. In which year the Credit Co-operative Societies Act was passed?
5. Which types of deposits are accepted by Credit Co-operative Society?

**H) Correct the underlined word and rewrite the following sentences:**

1. Credit Co-operative Society provides long term loan.
2. The capital raising power of Credit Co-operative Society is huge.
3. Credit Co-operative Society provides loan without security.

**I) Find the odd one:**

- |  |                                       |
|--|---------------------------------------|
| 1. a) Current account                  | b) Saving account                     |
| c) Loan                                | d) Fixed deposit                      |
| 2. a) State Co-operative Bank          | b) District Central Co-operative Bank |
| c) Primary Credit Co-operative Society | d) State Bank of India                |

**J) Arrange in proper order:**

- |   |                            |
|---|----------------------------|
| 1. a) Primary Credit Co-operative Society | b) State Co-operative Bank |
| c) District Central Co-operative Bank     |                            |

**Q.2. Explain the following terms:**

1. Credit Co-operative Society.
2. National Bank for Agricultural and Rural Development (NABARD).

**Q.3. Application based/ Self-opinion question:**

1. For agriculture productivity Credit Co-operative Society plays important role by providing credit to the farmers. Express your opinion on this.
2. Due to Credit Co-operative Society directly or indirectly employment opportunity are increased. Write your opinion on this.

**Q.4. Write short notes:**

1. Meaning and Definition of Credit Co-operative Society.
2. Functions of Credit Co-operative Society.
3. Features of Credit Co-operative Society.

**Q.5. Give Reasons:**

1. In rural credit structure Credit Co-operative Society plays an important role.
2. Credit Co-operative Society has to take help from District Central Co-operative Bank.
3. Credit Co-operative Society are needed for providing help to small farmers.

**Q.6. Answers in Short:**

1. State the features of Credit Co-operative Society.
2. Meaning and Definition of Credit Co-operative Society.
3. Functions of Credit Co-operative Society.

**Q.7. Long answers:**

1. Define Credit Co-operative Society and explain its features.
2. Explain the functions of Credit Co-operative Society.



# 6.

## Service Co-operative Society

**6.1 Introduction**

**6.2 Meaning and Definition**

**6.3 Features**

**6.4 Functions**

**6.5 Summary**

**6.6 Key Terms**

**6.7 Exercise**

### 6.1 Introduction :

To fulfill the economic and social needs of farmers and to increase agricultural productivity various services were provided by organizations, these organizations are called as Service co-operative societies. Service co-operative societies are also called multi purpose co-operative societies, agricultural service co-operative societies or primary service co-operative societies. These societies not only provide loan to its members but also provides various services.

In India service co-operative societies were started since the year 1958. The development of service co-operative society was from primary service co-operative society to multipurpose co-operative to large size tribal multipurpose society to service co-operative society.

In India Primary credit co-operative societies was started since 1904. These societies were started with an objective to provide loan to its members. These societies were unable to provide other services to its members. Therefore, it was suggested that credit co-operative societies should be modified into multipurpose co-operative societies. In the year 1947 Primary credit co-operative society were restructured into multipurpose co-operative society.

All India rural credit development committee gave a report in 1954 that there were various drawbacks in the functions of multipurpose co-operative societies. Committee suggested that establishing big societies were necessary. These societies have to work for more villages rather than one village. Therefore, government have given encouragement to establish these types of big societies. But M. L. Darling was of an opinion that small societies are beneficial than big societies. In 1958 National development committee gave report which states that establishment of small societies must be given importance. Vaikuntalal Mehta also gave importance to form small societies at village level. Therefore, Service co-operative societies has vital importance in the development of rural areas.

In this topic we are going to study about Service co-operative society.

### 6.2 Meaning and Definition :

□ **Meaning :** The farmers of rural areas have various needs relating to farming such as

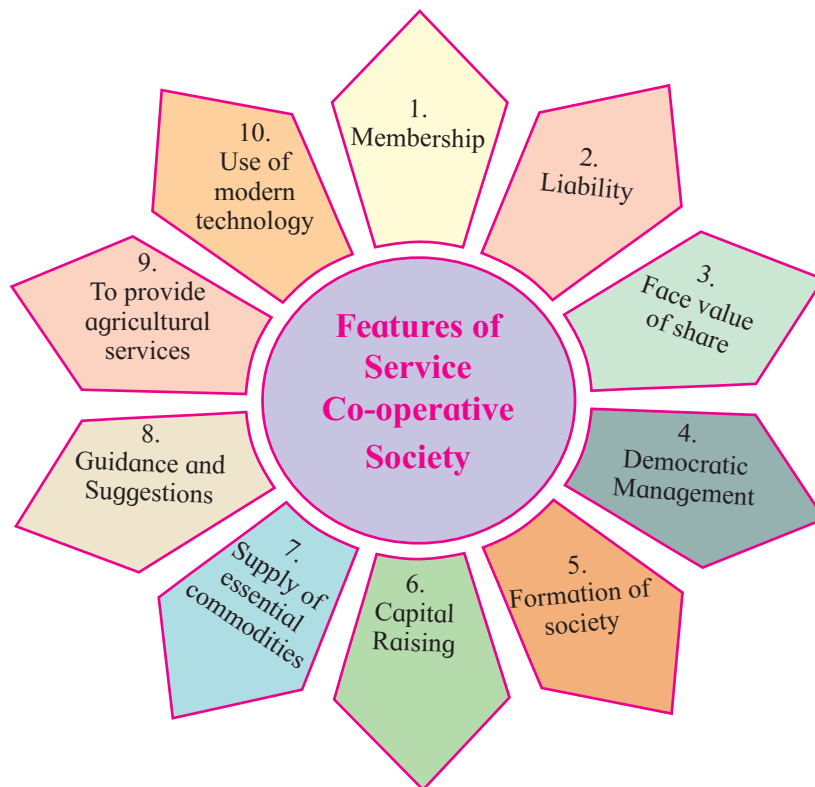
supply of finance to agriculture, seeds, fertilizers, pesticides along with these needs they have some basic needs like grocery, clothes, sugar, wheat, rice etc. To fulfill these requirements the society established by the members of rural area on co-operative principles such societies are known as Service Co-operative Societies.

❑ **Definition:**

- 1) “The society which is formed to fulfill the common objectives and to increase the agricultural productivity by mutual help and co-operation such societies are known as service co-operative society”.  
- **B. Mukherjee.**
- 2) “The Society which is voluntarily formed to fulfill the common objectives and to increase the agricultural productivity, agricultural ancillary goods and services such societies are known as Service Co-operative Society”
- 3) “The society which is formed to meet the common economic need and to increase the agricultural productivity by the people voluntarily for mutual help and co-ordination such societies are called as Service Co-operative Societies”.  
-Ministry of social development

From above definition it is clear that this society reaches up to every farmer and the society directly deals with the people .This society provides various services to increase agricultural productivity.

**6.3 Features/ Characteristics of Service Co-operative Society:**



1. **Membership :** The membership is open and voluntary to all the persons residing in the area of operation of co-operative society. One Service co-operative society is formed for a village having population of about 1000 person. Any person from that village or residing in the area can become a member of society. Farmer/ artisan or small businessmen can become a member of the society.
2. **Liability :** The liability of the member is limited. The liability is limited up to the face value of shares held by the member. The personal or private property is not charged to compensate the losses of the society. The societies are formed on the principle of limited liability.
3. **Face value of share :** The face value of share is nominal in Service co-operative society. Generally, the face value of the share is Rs 10. The price of the share is nominal so that the farmers, artisan and small businessmen can become the member of the Service co-operative society.
4. **Democratic Management :** In Service co-operative society the board of directors/ managing committee/ Administrative Committee is responsible for the management. The Managing Committee is elected by the members. For administrative work secretary/ group secretary is appointed. The management of co-operative society is conducted on democratic principle. General body is the supreme authority. All decisions are taken in the general meeting with the consent of all the members in democratic manner.
5. **Formation of society :** Service Co-operative societies are formed as per the provision of co-operative societies act. Earlier single purpose societies or large societies were restructured and service co-operative societies were established. If the population of one village is less than the society can be formed for two or three villages. Sometimes independently service co-operative societies are formed.
6. **Capital Raising :** Service co-operative societies raise their capital through following sources such as issue of shares, accepting deposits, membership fees, reserve fund, donation and subsidies/grants from state government. In addition to this the capital is also collected from state government, commercial banks and financial institution working in rural areas.
7. **Supply of essential commodities :** Service co-operative societies provides essential commodities to the members. They provide food grains, soap and other essential commodities at reasonable rates. As well as in the modern era these societies opened various general stores functioning in rural areas. The goods are provided at reasonable rates which increases the savings and standard of living of the members.
8. **Guidance and Suggestions :** Service co-operative societies provides guidance as how to increase the agricultural productivity and allied businesses. They provide information and guidance for use of modern agricultural equipment's, seeds, fertilizers and pesticides and also provide guidance for repair and maintenance of equipment's.
9. **To provide agricultural services :** Service co-operative societies provide services relating to agricultural activities. For e.g.- supply of seeds, fertilizers, pesticides, animal food etc. They also provide various services like warehouse facilities, marketing of agricultural produce and technical guidance.

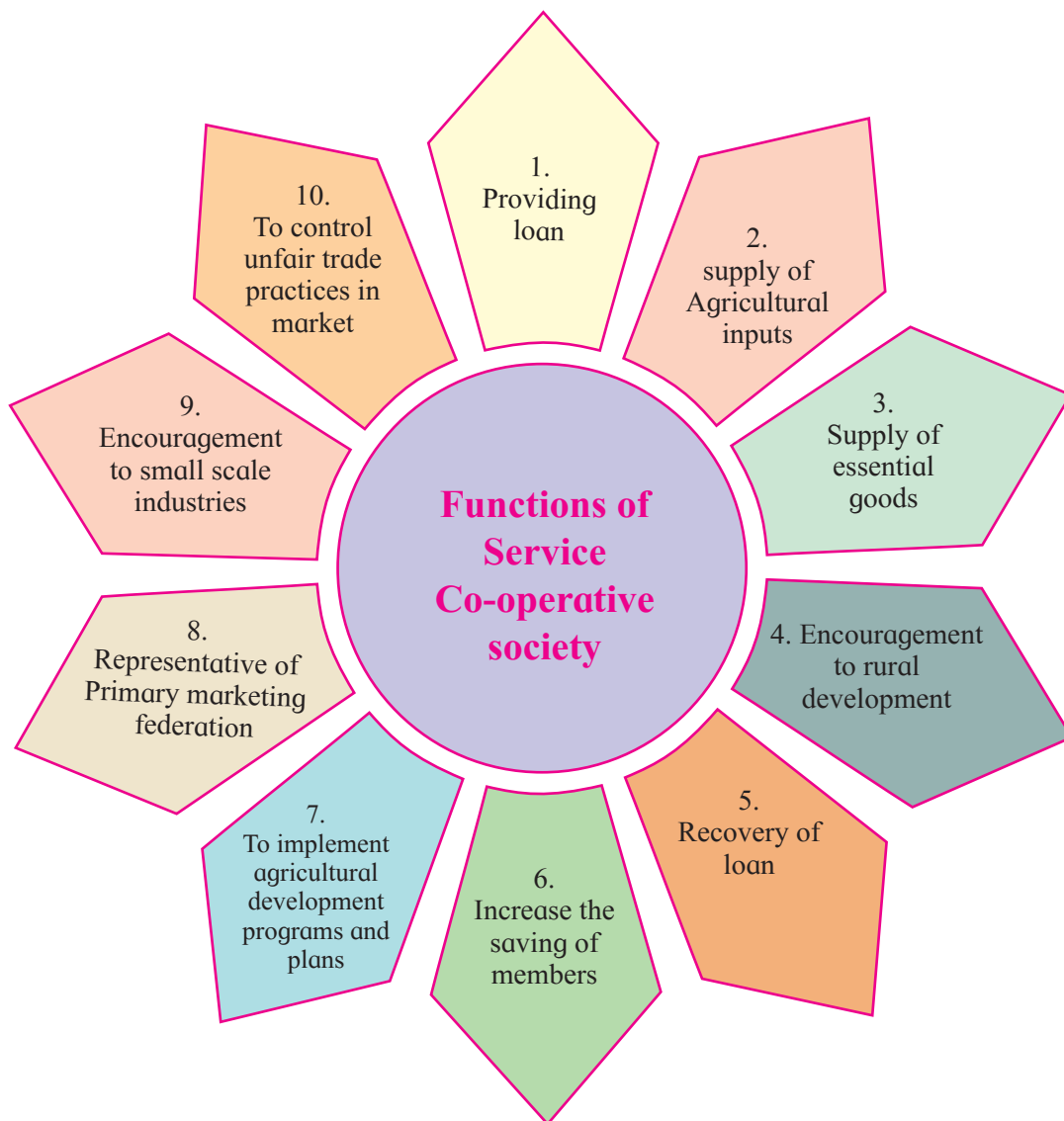
- 10. Use of modern technology :** To increase the agriculture productivity the service co-operative society provides information of new modern agriculture technology, tools and equipment's. They also help members to get these tools and equipment's on rental basis. The objective of this is to increase the agricultural productivity.



**Activity :-**

1. Visit service co-operative societies in your area and collect the information of its working.

**6.4 Functions of Service Co-operative society:**





1. **Providing loan :** Service co-operative societies provides short term and middle term loans at lower rate of interest to farmers and small businessmen. Service co-operative societies provides loan on mortgage of crop, instead of giving cash to the members they supply agricultural requirements like seeds, fertilizers, pesticides etc. They also provide advances on agricultural produce.
2. **Supply of Agricultural inputs :** For increasing the agricultural productivity Service co-operative societies provide agricultural inputs like seeds, fertilizers, pesticides to farmer member at reasonable prices. In addition to this the society also provides agricultural tools and equipment's to its members on rental basis. They also help for repairs and maintenance of agricultural equipment's.
3. **Supply of Essential goods :** In small villages the responsibility to run the Public Distribution System (Rationing shop) is given to the service co-operative society, through this societies essential commodities are supplied to the members at reasonable prices. As Such services are provided to the farmers due to which the agricultural work is completed in proper time and proper concentration is given on agricultural activities.
4. **Encouragement to Rural development :** The service co-operative society helps farmers for development of agriculture activities. They provide raw material and equipment's. In the same way they provide information of new technology to increase agricultural productivity and efficiency. In addition to this they supply raw materials to craftsmen and artisans in rural areas which encourages Rural development.
5. **Recovery of loan :** Service co-operative society keeps a control over the sanction of loan. They also keep watch on how the given loan is used by the farmer members. They also control over the utilization of loan for productive purpose and efforts are taken for recovery of loan. The Service co-operative society takes special efforts to control the misuse of loan for unproductive purpose by the members.
6. **Increase the saving of members :** The loan is provided to the members to increase the agricultural productivity. In rural areas the habit of thrift is increased among the farmers and businessmen due to which the habit of saving is increased among the members. This also helps to increase deposits of the society. This results in increase in agricultural productivity and increase in individual income of farmers.
7. **To implement agricultural development programs and plans :** To increase the agricultural productivity various agricultural development programs are organized and implemented in rural areas. For example, development of uncultivated land, collective cultivation of land, use of improved seeds, compost fertilizers are implemented which results in increase in agricultural productivity.
8. **Representative of Primary marketing federation :** As a representative of primary marketing society, the service co-operative society performs various functions like assembling of goods, grading, storage etc.
9. **Encouragement to small scale industries :** These societies perform function to encourage small scale industries in rural areas. These societies provide loan to small scale businesses like milk business, goat and sheep nurture, poultry farming, silk

industries. Due to this the dependence of people on agricultural sector living in rural areas is reduced and encouragement is given to small scale businesses.

- 10. To control unfair trade practices in market :** These societies provide fair price to agricultural produce and increase the agricultural productivity of members. The agricultural produce is assembled and sold collectively through service co-operative society which eliminates the chain of brokers and middlemen. The exploitation of the farmers is stopped and unfair trade practices are controlled.



**Activity :-**

- How Service Co-operative societies are beneficial towards rural development. Discuss with your teacher.

**Distinguish Between :**

**Service Co-operative Society and Credit Co-operative Society**

Sr.No.	Points	Service Co-operative Society	Credit Co-operative society
1.	Meaning	The society formed for supplying agricultural requirements and essential goods to the farmers in rural areas is known as Service co-operative society.	The society which is formed to provide loan against security to the economically weaker section of the society is known as Credit Co-operative society
2.	Formation	It is formed for supplying basic needs of farmers in rural areas.	It is formed for providing loans to farmers and craftsman in rural areas.
3.	Membership	The farmers of the working area are its members.	The farmers, farm labours, small businessmen are its members.
4.	Objective	To provide various services to the farmers and the members.	To provide loans to the members at reasonable rate of interest.
5.	Working Area	The working area of service co-operative society is limited up to one or two villages.	The working area of Credit co-operative society is limited up to the village or villages up to 4 to 5 kms.
6.	Functions	The function of Service co-operative society is to provides various services like supply of loans, improved seeds, fertilizers, insecticides and essential goods to the farmers.	Its function is to provide loans, accepting deposits, keep control on use of loan, etc.

## 6.5 Summary

**Service Co-operative society** – The societies which are established in rural areas on the principles of co-operation to fulfill the basic and agriculture needs are known as Service co-operative societies.

### □ Features of service co-operative society :

- 1) Membership
- 2) Liability
- 3) Face Value of Share
- 4) Democratic Management
- 5) Formation of society
- 6) Capital Raising
- 7) Supply of essential goods
- 8) Guidance and Suggestions
- 9) To provide agricultural services
- 10) Use of modern technology

### □ Functions of service co-operative society

- 1) Providing loans
- 2) Supply of Agricultural inputs
- 3) Supply of essential goods
- 4) Encouragement to rural development
- 5) Recovery of loan
- 6) Increase the saving of member
- 7) To implement agricultural development plans and programs
- 8) Representative of Primary marketing federation
- 9) Encouragement to small scale industries
- 10) To control unfair trade practices in market

## 6.6 Key Terms

1. **Managing committee** : Elected representatives of members.
2. **Share Capital** : The capital collected by issuing shares.
3. **Short term loan** : Loan provided for a period of 3 to 15 months.
4. **Medium term loan** : Loan provided for a period of 1 to 5 years.
5. **Share** : Smallest part of total share capital.

## 6.7 Exercise

### Q.1 A) Select the proper option from the options given below and rewrite the sentence:

1. The management of Service Co-operative society is done on \_\_\_\_\_ principles.  
 (a) Democratic                      (b) Dictatorship                      (c) Capitalistic
2. Service co-operative society functions at \_\_\_\_\_ level.  
 (a) District                      (b) Village                      (c) Taluka
3. Villages having a minimum population of \_\_\_\_\_ people should have one Service co-operative society.  
 (a) 500                      (b) 1000                      (c) 2000
4. In India service co-operative societies are established in \_\_\_\_\_ year.  
 (a) 1958                      (b) 1960                      (c) 1962
5. The liability of the members in service co-operative society is \_\_\_\_\_.  
 (a) Limited                      (b) Unlimited                      (c) Collective

### B) Match the following :

Group 'A'	Group 'B'
a) Service Co-operative society	1) To provide industrial services
b) Increase in agricultural productivity	2) Use of old technology
c) Working area of Service co-operative society	3) To provide agricultural services
	4) Village level
	5) District level
	6) Use of modern technology

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

1. The society formed for providing services to the members.
2. The principle on which service co-operative society works.
3. The term loan provided by Service co-operative societies to its members.
4. The commodities provided by service co-operative society to its members.

**D) State whether the following statements are True or False:**

1. Service co-operative societies provide long term loans.
2. The Service co-operative society works at village level.
3. The function of Service co-operative society is to supply essential commodities.
4. Due to service co-operative societies employment opportunities are created in rural areas.

**E) Complete the following sentences:**

1. Service Co-operative Society works at \_\_\_\_\_ level.
2. To increase agricultural productivity \_\_\_\_\_ technology is used.
3. Due to service co-operative society \_\_\_\_\_ is controlled in market.
4. The liability of members in Service co-operative Society is \_\_\_\_\_.
5. Service Co-operative society provides essential commodities to its members at \_\_\_\_\_ price.

**F) Select the correct option:**

1. Village level	<input type="text"/>
2. <input type="text"/>	The beginning of Service co-operative society
3. Liability of members	<input type="text"/>

Limited, 1951, Working area of service co-operative society, 1958, Unlimited

**G) Answer in one sentence:**

1. What do you mean by Service co-operative society?
2. What are the sources of raising capital of Service Co-operative society?
3. On what basis the management of service co-operative society is conducted?
4. Which agricultural services are provided by Service co-operative society?
5. To whom the membership of Service co-operative society is given?

**H) Correct the underlined word and rewrite the following sentences:**

1. Service co-operative societies provides Long term loans.
2. Service Co-operative societies provides essential commodities at Higher prices.
3. Service co-operative societies are formed at State level.

**Q.2. Explain the following terms:**

1. Service co-operative society.
2. Share capital.
3. Short term loan.

**Q.3. Application based/ Self-opinion questions:**

1. Due to service co-operative society there is increase in employment opportunity. Express your opinion.
2. Due to service co-operative society there is increase in use of modern technology. Express your opinion.

**Q.4. Distinguish Between:**

1. Credit Co-operative society and Service Co-operative Society.

**Q.5. Write short notes:**

1. Service co-operative society.
2. Features of Service co-operative society.

**Q.6. Give reasons:**

1. Due to service co-operative society agricultural productivity is increased.

**Q.7. Answer in short:**

1. Write the meaning and definition of Service co-operative society.
2. Write the functions of Service co-operative society.

**Q.8. Long answer:**

1. Define Service co-operative society and explain its functions.
2. Explain features of service co-operative society.



**7.1 Introduction****7.2 Meaning and definition****7.3 Features****7.4 Functions****7.5 Processing co-operative Business****7.6 Summary****7.7 Key terms****7.8 Exercise****7.1 Introduction :**

India being an agriculture-based country, its economic growth largely depends upon its growth in the agriculture sector. In view of this, it is quite important that reasonable price and market place is made available to sell the agricultural produce. If the agricultural produce is sold in its original form, they were not getting price as per their expectation and so farmers were not getting economic gain. On the other hand, the brokers, traders and agents used to purchase the produce and after doing some process they used to sell the goods at higher price thereby making substantial gains. It was observed that the farmers and the consumers both were exploited and cheated. To change this situation Processing co-operative society came into existence.

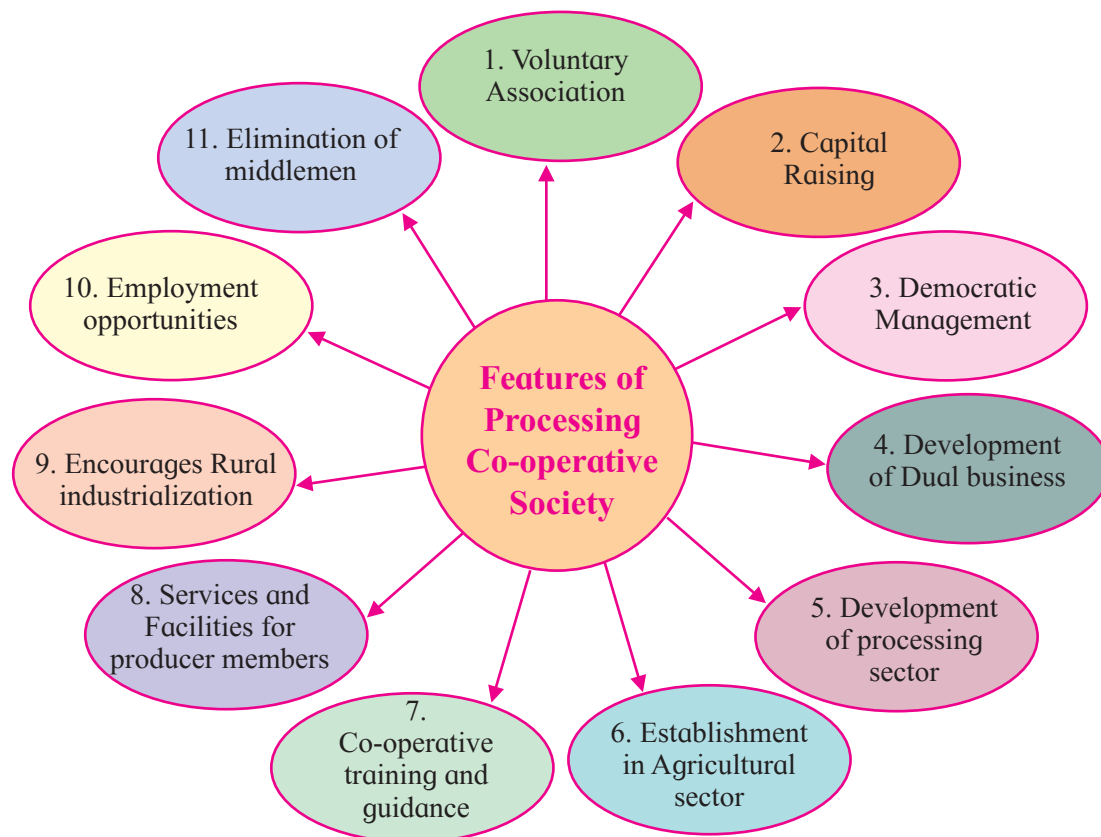
**7.2 Meaning and Definition of Processing co-operative society :****□ Meaning:**

All the goods produced in the farm cannot be directly consumed by the consumer. Some agriculture produce requires processing before it reaches the consumer. For e.g. making jaggery and sugar from sugarcane, cotton bales from raw cotton, cloth from cotton, produce edible oil out of oil seeds, extraction of pulp from fruits, extraction of oil from coconut, tea, coffee etc., are processed and is made available to the consumers by the Processing co-operative society.

**□ Definitions:**

- 1) The societies which are formed “To provide satisfaction to consumers on co-operative principle, to process the food grains and commercial crops so that they are made available to the consumers, such societies are known as processing co-operative society”.
- 2) “The societies whose main objective is processing of goods are known as Processing Co-operative Society”. - Maharashtra state co-operative societies Act 1960.

### 7.3 Features of Processing Co-operative society :



- 1. Voluntary Association :** Processing Co-operative society is a society which is formed by the members coming together voluntarily. The decision to accept or reject the membership of this society is taken by the farmers themselves. There is no compulsion in this regard.
- 2. Capital Raising :** The capital for processing co-operative societies is raised by issuing shares to the farmers and agricultural produce in the area. State Government also contributes in raising the capital. On State Government's guarantee Co-operative bank's provides long term loan to the society.
- 3. Democratic Management :** The management of the Processing co-operative societies is conducted on democratic principles. The societies elect the Board of Directors or the Managing Committee for managing the day-to-day activities of the society. All decisions regarding working of co-operative societies are taken in the Annual General Meeting by its members.
- 4. Development of Dual business :** Processing co-operative societies encourage its members to do agricultural related business. The financial assistance required for this is also provided by the societies. Therefore, in the working area of Processing co-operative society agricultural related businesses are also developed such as milk production, cultivation of vegetables, poultry farming etc. This has also led to generation of



employment opportunities in the rural areas which in turn helps the farmers for increase their income and raises their standard of living.

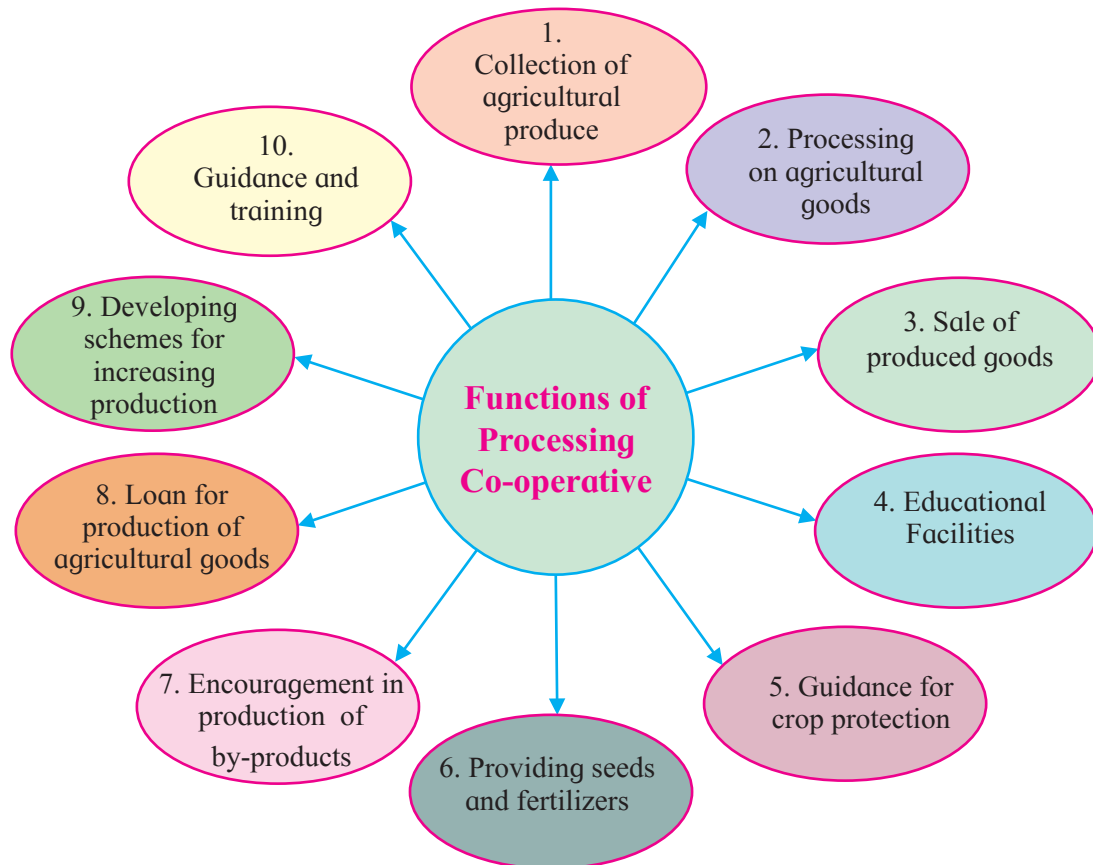
5. **Development of Processing sector :** Transportation facilities are provided to the farmers for transporting their goods from the place of production to the processing units by the co-operative society. To facilitate efficient transportation, the processing co-operative societies provide concrete roads, electricity, water, post offices, schools, hospitals such ancillary services are also developed in that area. So, processing sector is also ultimately developed.
6. **Establishment in Agricultural sector :** After the production of agricultural produce, the main tasks of transporting and storing the produce also need to be taken care of by the societies. Therefore, processing units are generally established in the agriculture sector. For processing agricultural goods collection of agricultural products from nearby areas is much easier. The time and transportation cost are also saved. For e.g. sugar factories are established in sugarcane growing areas.
7. **Co-operative Training and Guidance :** Processing Co-operative societies strive for overall welfare of the farmer community. For this, the societies provide its members information, knowledge, trainings, and guidance relating to government policies, business development, providing suitable market for selling their product, adoption of advance technology etc. and such guidance is of immense help to the member.
8. **Services and Facilities for Producer members :** The capital required for formation of a co-operative processing society is collected from the producer members. The perishable goods are processed due to which the value of the product is enhanced. For sell of agriculture product link between the producer and the market place is created. The farmers growing the agricultural produce are provided proper guidance and loan against security of the agricultural produce by the society. This encourages development of agricultural sector.
9. **Encourages Rural Industrialization :** In rural areas due to the formation of co-operative sugar factories, co-operative spinning mills, oil processing industries etc. there is encouragement for rural industrialization. The Government has provided encouragement to the processing industries who are working on the principles of co-operation. The rural industrialization helps to absorb the excess labour force, which helps to reduce the intensity of rural poverty and unemployment.
10. **Employment Opportunities :** After processing the agricultural goods various ancillary services are required. For e.g. standardization, grading, storage of goods, transportation, selling arrangements etc. for these ancillary services manpower on a large scale is required which results in creating new employment opportunities for the unemployed.
11. **Elimination of Middlemen :** Processing co-operative societies purchase the raw material directly from the producer farmers and the agricultural process goods are sold directly in the market. Therefore, in this trade there is no involvement of middlemen. Due to elimination of middlemen, the exploitation and cheating of farmers is stopped. Consumers get quality goods at reasonable price.



### Activity :-

1. List the agricultural goods which requires processing in your area.

## 7.4 Functions of Processing Co-operative society :



- 1. Collection of agricultural produce :** Processing co-operative societies process agricultural produce. The agricultural goods are produced by the farmer members. The function of collection, assembling and transportation of farm goods upto processing centers is carried out by processing co-operative society.
- 2. Processing on agricultural goods :** The main function of a processing co-operative society is to carry out processing on agricultural goods and to produce quality goods. This enhances the quality of the produce which results in getting better price for their product and consumers get quality goods at reasonable price.
- 3. Sale of produced goods :** To sale processed goods the processing co-operative societies needs to conduct following function like standardization, grading, storage and

transportation and sale them in the open market due to this, members are relieved from the problem of selling of their product and they get reasonable price for their product.

4. **Educational facilities** : Processing co-operative society establish schools, colleges, professional education, and technical education institutions in their areas due to which professional and technical educational facilities are made available to the citizens of that area. Co-operative society gets skilled, technical and qualified manpower required for the processing industries are available at local level. Due to which the citizens of that area also get employment opportunities which helps in social development of that area.
5. **Guidance for crop protection** : The function of processing co-operative society depends upon the agricultural produce. The necessary guidance relating to protection of crop from damage and ensure that the crop is not affected by insects, the guidance of proper cultivation of crops is also provided by the society to its members.
6. **Providing seeds and fertilizers** : To enhance the quality and use of the agricultural produce the Processing co-operative society also supplies superior quality of seeds, fertilizers to the members at low price.
7. **Encouragement in production of By-products** : Due to Processing co-operative society there is encouragement in production of by-products. For e.g. edible oil from processing cotton seeds, alcohol production out of sugar cane, paper from sugarcane waste.
8. **Loan for production of agricultural produce** : For production of agricultural goods, the problem of finance is solved through the processing co-operative society. As the loan is recovered from the pledged of agricultural produce or from the sale of agricultural produce so the producers are not worried about repayment of loan. They need not depend upon moneylenders for loan, such important function is carried out by processing co-operative societies.
9. **Developing schemes for increasing production** : The main function of processing co-operative society is to develop various schemes for increase agricultural productivity. The processing co-operative society depends upon the availability of raw material i.e. agricultural produce. For increasing agricultural productivity and availability of raw material on large scale various schemes are undertaken and implemented.
10. **Guidance and Training** : The function of providing guidance and training for protection of agricultural produce from natural calamities as well as putting in efforts for increase in crop production is undertaken by processing co-operative society. Due to this, the farmer members become aware of modern technology. To survive under stiff

market competition, getting reasonable prices for agricultural produce, supplying quality goods at reasonable prices to customers, for such efforts are taken by processing co-operative society. As the members receives valuable guidance, it leads to social and economic development of the members.

### 7.5 Processing co-operative businesses :

The societies which undertake the activity of converting of raw agricultural produce into finished goods and works on co-operative principles are known as Processing co-operative societies. For e.g. manufacturing sugar from sugar cane, making spun yarn and cotton bundles out of cotton, producing edible oil from oil seeds etc. If the agricultural goods are processed and then sold, it yields more profit for the farmers and for this reason, formation of processing co-operative societies is very important.

In India in the year 1917, the first cotton ginning society was formed in the State of Mysore. In the year 1921, similar society was formed in the State of Gujarat. In India, in the year 1951, first cotton mill was set up. Thereafter, various processing co-operative societies were established.

**A) Co-operative sugar factories :** In the processing co-operative, co-operative sugar factory is one of the important type in the processing co-operative industries. The sugar factories in Maharashtra have helped for development of rural areas to a large extent. The first co-operative sugar factory in India was established in the year 1933 by the efforts of Rao Bahadur Late. C.V.S. Narasimha Raju in “Etikoppaka”, in Andhra Pradesh. At that time, it had a filtration capacity of 75 tons sugarcane per day. Even today, this factory is in a good working condition. In Maharashtra, the first co-operative sugar factory was formed in Pravaranagar located in Ahmednagar district in the year 1951 due to efforts of Padmashri Dr. Vitthal Rao Vikhe Patil. This factory was built on the lines of modern technology. Out of 316 sugar factories in India, 122 co-operative sugar factories are located in Maharashtra. The members/ shareholders of these co-operative sugar factories are sugarcane growing farmers of those areas where the sugar factories are located. Similarly, primary credit co-operative societies are also given membership. The State Government also contributes in the capital. In this industry, sugar is produced by processing sugarcane. Along with sugar production, sugar factories have also started manufacturing by-products. For e.g. scum project, production of gas alcohol, production of electricity, production of ethanol fuel, paper particle board etc. In those places where the facility to produce sugar is not available, there sugarcane is processed to produce jaggery. Jaggery is also in good demand. Hence, jaggery manufacturing business can be undertaken on co-operative basis. The main aim of sugar co-operative factories is to produce sugar from sugarcane on the principles of co-operation and bring in improvement in the financial conditions of the farmers by creating workshops for manufacturing of by-products. The management of sugar factories in

the co-operative sector is carried out by the Board of Directors in democratic manner. The Government also provides capital to the sugar factories in form of share capital. Industrial Economic Development Corporation provides long term loan up to 60% of the expenditure. Central and state government undertakes 50-50% guarantee for loan. Majority of the sugar factories are in Maharashtra.



**Co-operative Sugar Factory**



**Jaggery Production**



**Activity :-**

- 2) Visit any co-operative sugar factory and collect information about its working.

**B) Co-operative Spinning Mills:**



**Co-operative Spinning Mill**

The co-operative society which processes cotton, a cash crop, for producing spun yarn required for manufacturing clothes are known as cooperative spinning mills. Co-operative spinning mills ranks second in the co-operative processing societies. Under co-operative movement, their role is equally important as that of sugar factories. In India, the first Co-operative spinning mill was started in the year 1951. During the planning period, the spinning mills increased in large numbers. The Spinning mills were largely established in cotton growing states such as Maharashtra, Gujarat, Tamil Nadu. Spinning of raw cotton grown by the farmers, tied up in to bales, convert bales into yarn, and sale this yarn to textile mills, etc. is the main function of co-operative spinning mills. Apart from this, extraction of edible oil from cottonseed oil-cake such activities are also conducted under the co-operative sector. Clothes manufactured out of cotton yarn are also exported on a large scale.



### Co-operative Spinning Mill

India with all its diversity ranks higher position for manufacturing different types of clothes like clothes bearing craftsmanship skills, painting, velvet and printed clothes are manufactured in India since ancient times. The cotton required for this is grown in the farms. More emphasis is given on establishing cotton processing units to ensure that the farmers producing cotton will get reasonable price. After Independence, Government adopted the policy of providing encouragement to handloom and power loom sectors for production of clothes. Due to this, large numbers of weavers got the source of their livelihood. In the year 1972, Government of Maharashtra launched “Cotton Monopoly Purchase Scheme” with regard to purchase of cotton so as to ensure farmers to get a fair price for their produce which also leads to setting up of factories meant for extraction of oil from cotton oil-cakes. Clothes are exported to overseas countries from India. India ranks supreme in textile industry.

In India, the first Co-operative spinning mill was set up in Andhra Pradesh by weavers. The spinning mills formed by cotton growers as well as for the members of Ginning-Pressing co-operative societies, weavers came together to form spinning mills so that spun yarn could be produced and provided to them. In Maharashtra, in the last 50 years, co-operative spinning mills have made remarkable progress. By the end of March 2018, there are 116 spinning mills and for the benefit of cotton producing farmers “Maharashtra State Co-operative Cotton Growers Marketing Federation Ltd.” is an apex organization which was established in Nagpur.

**C) Dairy Co-operative Society :** Dairy Co-operative Society are set up in rural areas. In the milk industry, due to cows, buffalos, goats, sheep's etc. milk is produced. From milk various products like pedha, cheese, ghee, butter, yogurt, shrikhand, etc. is prepared. Apart from this, fertilizers are prepared out of cow dung and cattle dung. Some dairy co-operative also produces milk powder from milk. In the Kheda district of Gujarat, on co-operative basis first "District Co-operative Milk Producers Union" was formed. In the country, on the state level, 22 milk unions were formed with "Amul" being one such union and with the help of its Chief Mr. Varghese Kurien "National Dairy Development Board" (NDDB) was formed in the year 1965. Through this board Milk Flood Operation (White Revolution) program was started. In Maharashtra, Milk Flood Operation achieved great success. Milk production is joint business along with farming. Hence, it achieved good success. Collection of milk, preservation in cold storage and sale of milk is also undertaken. The price of milk is fixed according to quality of the milk. The profits are divided between its members as per the value of the milk supplied by them. By the end of March 2018 in Maharashtra, there were 12690 primary milk supplying societies and 63 central milk supplying federation. In Maharashtra, on a state level, Maharashtra State Co-operative Milk Federation (Mahanand Dairy) is located in Mumbai. It is working as a vital link between the Government and Milk Co-operative Societies.



**Dairy Co-operative Society**



In addition to green revolution in the agriculture sector India has also created white revolution in milk business. In Maharashtra, around 85% of the milk collection is done through the co-operative societies. In view to increase production in milk for processing “Operation Flood” was implemented by the Government. After processing the milk, the processed products are sold by Dairy Development Co-operative Societies. It is expected that the members should supply good quality of milk to dairy co-operative society.

This societies also provide financial assistance for purchase of cattle. The fodder and cotton seed cake required is also supplied to them at reasonable price. The Maharashtra Government has announced policy of “Cattle Breeding” program along with white revolution.

Milk business is a joint business along with farming. It has generated employment in the rural areas. This business is related with agriculture.

## 7.6 Summary

❑ The function of processing agricultural produce and making it available for consumers, finding suitable market for processed goods and better price for the agricultural produce is carried out by Processing co-operative societies.

❑ **Definition :**

“The society whose main objective is to process of agricultural goods are known as Processing co-operative societies”.

❑ **Features of Processing Co-operative Societies :**

- 1) Voluntary organization.
- 2) Capital Raising
- 3) Democratic Management
- 4) Development of Dual business
- 5) Development of Processing sector
- 6) Establishment in Agricultural sector
- 7) Co-operative training and guidance
- 8) Services and facilities for producer member
- 9) Encourages rural industrialization
- 10) Employment opportunities
- 11) Elimination of middlemen

❑ **Functions of Processing Co-operative society :**

- 1) Collection of agricultural produce
- 2) Processing on agricultural produce
- 3) Sale of produced goods
- 4) Educational facilities
- 5) Guidance for crop protection.
- 6) Providing seeds and fertilizers
- 7) Encouragement in production of By-products
- 8) Loan for production of agricultural produce
- 9) Developing schemes for increasing production
- 10) Guidance and training

❑ **Processing Co-operative businesses**

- a) Co-operative sugar factories
- b) Co-operative spinning mills
- c) Dairy Co-operative society

The above societies play an important role in rural development, providing employment opportunities and social development.

## 7.7 Key Terms

1. **Cotton Monopoly Purchase scheme :** The scheme launched by the Maharashtra state to get fair prices to cotton producers.
2. **By-products :** To produce the by-products from the remaining waste of agricultural produce.
3. **Joint business :** Other businesses along with agriculture.
4. **Elimination of middlemen :** No place for agents, dealers, brokers in buying and selling process.
5. **Milk flood scheme :** The scheme started by the Maharashtra government to increase milk production and processing of the milk.

## 7.8 Exercise

**Q.1 A) Select the proper option from the options given below and rewrite the sentence:**

1. First Sugar co-operative factory in Maharashtra is started in \_\_\_\_\_.  
(a) Pravaranagar      (b) Pune      (c) Satara
2. The Maharashtra state Dairy co-operative federation is in \_\_\_\_\_.  
(a) Pune      (b) Mumbai      (c) Kolhapur
3. The main function of processing co-operative society is \_\_\_\_\_.  
(a) Production      (b) Marketing      (c) Processing
4. The value of basic production is \_\_\_\_\_ due to Processing.  
(a) Reduces      (b) Increases      (c) Remains fixed
5. The first spinning mill in India is established in \_\_\_\_\_ year.  
(a) 1949      (b) 1950      (c) 1951

**B) Match the following :**

‘A’ Group	‘B’ Group
a) First Cotton ginning mills	1) Pravaranagar
b) First Sugar Co-operative Factory in India	2) Green Revolution
c) Dairy Co-operative society	3) 1917
d) Mahanand Dairy	4) Etikopakka
e) Processing Business	5) 1817
	6) Housing Co-operative Society
	7) Milk Flood scheme
	8) Kolhapur
	9) Producing sugar from sugarcane
	10) Mumbai

**C) Write a word or a phrase or a term which can substitute each one of the following statement:**

1. Agricultural produce require for production of sugar.
2. Facility requires to maintain the quality of milk.
3. Scheme started by government of Maharashtra to secure guaranteed price to cotton producers.
4. Revolution in milk processing business.

**D) State whether the following statements are true or false:**

1. Due to processing co-operative society employment opportunities are generated.
2. There is no need of processing on cotton.
3. After processing the basic value of produce gets reduce.
4. Credit recovery can be possible by linking processing with credit supply.
5. The processing co-operative societies runs its activities as per the system of dictatorship.

**E) Complete the following sentences:**

1. The working of Processing co-operative society is mainly dependent on \_\_\_\_\_.
2. Dairy co-operative societies are mainly established in \_\_\_\_\_ areas.
3. In India first spinning mill is established in \_\_\_\_\_.
4. The Co-operative spinning mill ranks \_\_\_\_\_ in Processing co-operative societies.
5. The raw material required for spinning co-operative society is \_\_\_\_\_.

**F) Select the correct option:**

1. First Sugar co-operative Factory in Maharashtra	<input type="text"/>
2. <input type="text"/>	Milk revolution
3. Agricultural related business	<input type="text"/>
4. <input type="text"/>	Processing co-operative society

Extract of fruit juices, Pravaranagar, Dairy business, Green revolution, White revolution, Etikopakka

**G) Answer in one sentence:**

1. What is Processing co-operative society?
2. What is collective purchase cotton scheme?
3. What do you mean By-product?
4. What is the raw material required for sugar production?

**H) Correct the underlined word and rewrite the following sentences:**

1. The working of Processing co-operative society is on Dictatorship.
2. Co-operative spinning mills does processing of Sugarcane.
3. The main function of processing co-operative society is processing of Finished Goods.
4. In Maharashtra first co-operative sugar factory was started in Pune.

**I) Find the odd one:**

1. a) Oilseeds                      b) Milk                      c) Sugar                      d) Cotton
2. a) Spinning mills              b) Cold storage              c) Sugar factory              d) Oil mills
3. a) Scum                      b) alcohol                      c) Ethanol                      d) Cotton seeds

**J) Arrange in proper order:**

- 1) a) Cotton                      b) Bales of cotton              c) Cloth                      d) Spinning of cotton

**Q.2. Explain the following key terms:**

1. Milk flood scheme.
2. By-product.
3. Joint business.
4. Cotton monopoly purchase scheme.

**Q.3. Application based/ Self-opinion question:**

1. Due to processing co-operative there is increase in employment opportunities. Express your opinion.
2. Processing co-operative society encourages rural development. Express your opinion.

**Q.4. Distinguish between:**

1. Processing Co-operative societies and Service Co-operative societies
2. Processing Co-operative societies and Credit co-operative societies.

**Q.5 Write short notes:**

1. Co-operative sugar factories
2. Co-operative spinning mills
3. Dairy co-operative societies
4. Processing co-operative societies

**Q.6. Give Reasons:**

1. Due to Co-operative sugar factory there is encouragement to rural development.
2. Due to Processing co-operative societies there is increase in rural industrialisation.
3. Processing on agricultural produce results in better prices.
4. Processing co-operative societies are located in the area of production.

**Q.7. Answer in Short:**

1. Explain features of Processing co-operative society
2. Explain the functions of Processing co-operative society.

**Q.8. Long answers:**

1. Write the definition of Processing co-operative society and explain its features.
2. Explain the functions of Processing co-operative society.



# 8.

## Marketing Co-operative Society

8.1	Introduction	8.5	Organization Structure
8.2	Meaning and definition	8.6	Summary
8.3	Features	8.7	Key Terms
8.4	Functions	8.8	Exercise



**Marketing Co-operative Society**

### 8.1 Introduction :

India being an agricultural country, it is said that agriculture is the backbone of Indian economy. On the principles of co-operation, in view to provide fair price to farmers for their agricultural produce and to eliminate middlemen, Marketing co-operative societies are formed. The arrangement of buying the agricultural produce from the farmers and selling them to the consumers and traders is done by this society. These societies are also known as Buying and Selling Society or Marketing Co-operative Society.

There are various drawbacks observed in system of sale of agricultural produce. As the sale of the agricultural produce is carried out by brokers, the farmers are cheated in weights and measurements. The farmers incurs losses due to low price given by brokers. Due to this the farmers don't have any scope to increase or improve agricultural produce. On account of various factors such as lack of knowledge, poverty, illiteracy, insufficient knowledge about market conditions, lack of storage facilities, frequent drought, indebtedness, not getting reasonable price for agricultural product etc. due to this, farmers sell their product at whatever prices are offered to them.

With the motto of providing reasonable price for the agricultural produce and to protect the financial interests of the farmers the society conducting buying-selling activities of agricultural produce on the principles of co-operation farmers comes together and forms a society such societies are known as “Marketing co-operative society” or “Co-operative buying-selling society”.

Marketing co-operative societies have an important place in the development of agricultural sector. So, in this chapter, we will be studying about Marketing Co-operative Society in detail.

### ❑ **Formation of Marketing Co-operative Society:**

The Marketing co-operative societies are formed for supplying the goods from producers to consumers, to sell agricultural produce of the farmers and as well as provides assistance for export quality goods. In India, the first Marketing co-operative society was established in Hubli in the former Mumbai province in the year 1915. Currently, by the end of 2018, there are 1207 Marketing co-operative societies in Maharashtra.

## **8.2 Meaning and definition :**

### ❑ **Meaning:**

The word ‘marketing’ is used very extensively. Marketing includes buying and selling and other related services. This societies purchase goods from the producers and performs necessary functions to supply goods upto consumers.

Marketing co-operative society is formed by the farmers voluntarily. This society helps the farmer members to sell their goods at reasonable prices. This society carries out the function as assembling of agricultural goods, transport and storage of the goods, standardization and grading of agricultural produce and facilitating for suitable market, etc. The society provides seeds of good quality, fertilizers, pesticides, agricultural equipment’s to the farmers so as to increase agricultural produce and also prevents exploitation of farmers in the market. Other than agricultural sector, it has observed that co-operative societies have also been formed in other sectors such as weaving, fishing, cord production, etc. These societies play an important role in conducting fair trade practice.

### ❑ **Definition :**

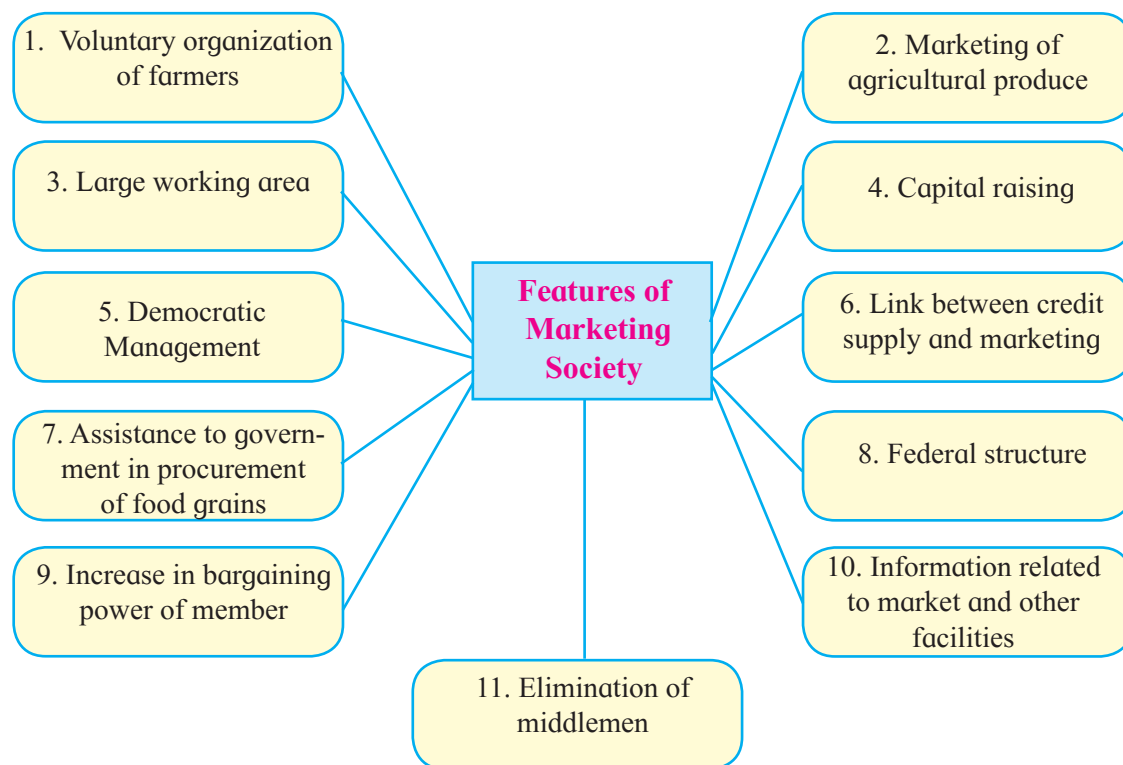
Marketing co-operative society has been defined by various prominent thinkers and experts. In all their definitions importance is given on buying and selling of agricultural produce. Over the period, the role of marketing co-operative society has turned out to be more prominent. Marketing co-operative societies are defined in various ways as below:

- 1. As per Reserve Bank of India :** “Co-operative Marketing is a co-operative association of cultivators formed primarily for the purpose of helping the members to market their produce more profitably than through private trade”.

2. **As per Margaret Digby** : A renowned scholar of Food and Agricultural Organization - “A co-operative marketing is the system in which a group of farmers or market gardeners join together to carry on some or all processes involved in bringing goods from the producer to consumer”.
3. **As per D. B. S. Mathur** : “A marketing cooperative society is a society formed by the farmers to carry out marketing activities on co-operative principles”.

After studying all the above definition we can conclude that it is voluntarily association of cultivators former primarily for the purpose of helping the members to market their produce more profitably and to carry on processes involved in bringing goods from producers to consumers and protects maximum interests of cultivators.

### 8.3 Features / Characteristics of Marketing Co-operative Society :



Marketing co-operative society is formed by the farmers coming together for their economic development. The features of the society are as under:

1. **Voluntary association of farmers** : Marketing co-operative society is a society formed by the farmers coming together voluntarily for their development. The major person residing in working area of the society can be the members of the society. There is no compulsion on any of the individuals to become a member of the society. The society follows the principles of voluntary association. There is no force for cancellation of membership. The membership can be cancelled as per own wish.



2. **Marketing of agricultural produce :** Marketing co-operative society obtains agricultural produce from farmer members for marketing. This society carries out the function as assembling of agricultural goods, transport and storage of the goods, standardization and grading of agricultural product, getting reasonable price for the product and selling product as well as facilitate availability of goods essential for agriculture and livelihood to farmers such functions are carried out by them. So, measures are taken to save the farmers from loss due to unfair trade practices.
3. **Large working area :** The working area of marketing co-operative society is very large. Members come together from different places. The work of primary marketing society is limited. The work area of District Marketing society is limited upto particular district, that of State Marketing organization is limited upto particular state and the functions of National Co-operative Marketing Federation (NAFED) is all over the nation.
4. **Capital raising :** Marketing co-operative society raises capital by issuing shares to its members. Apart from this the required capital is collected by obtaining loan from various financial institutions.
5. **Democratic management :** The management of marketing co-operative society is carried out in a democratic manner. The day-to-day activities of co-operative society are managed by Board of Directors or Executive committee. Board of Directors are elected among the members. All important decisions of the society are taken in Annual General Meeting of the members.
6. **Link between credit supply and marketing :** Due to marketing co-operative society there is link between credit supply and marketing. Farmers obtain loan from credit co-operative society. After the harvesting season, once the agricultural produce is sold, credit co-operative society recover their dues from the farmers and the balance amount is paid to the farmers. In this way the overdues of credit co-operative society are reduced. Consequently, due to an increase in the percentage of recovery, they are in a position to fulfil the financial needs of other members.
7. **Assistance to government in procurement of food grains :** The citizens of the country need to be provided adequate quantities of food grains and other essential goods for which the Central Government procures food grains from various market places. The marketing co-operative societies across different states helps the government in this work. Since the network of marketing co-operative societies is spread in rural areas and due to cordial relations with farmers, it is possible for the Government to buy food grains.
8. **Federal structure :** In India the structure of marketing co-operatives is federal in nature. The primary marketing co-operative society works at village/ taluka level. At District level District marketing co-operative societies are working. At state level State Co-operative Marketing Federation are working, and at the National level- National Co-operative Marketing Federation (NAFED) are working. In this way the formation of Co-operative society is federal in nature.

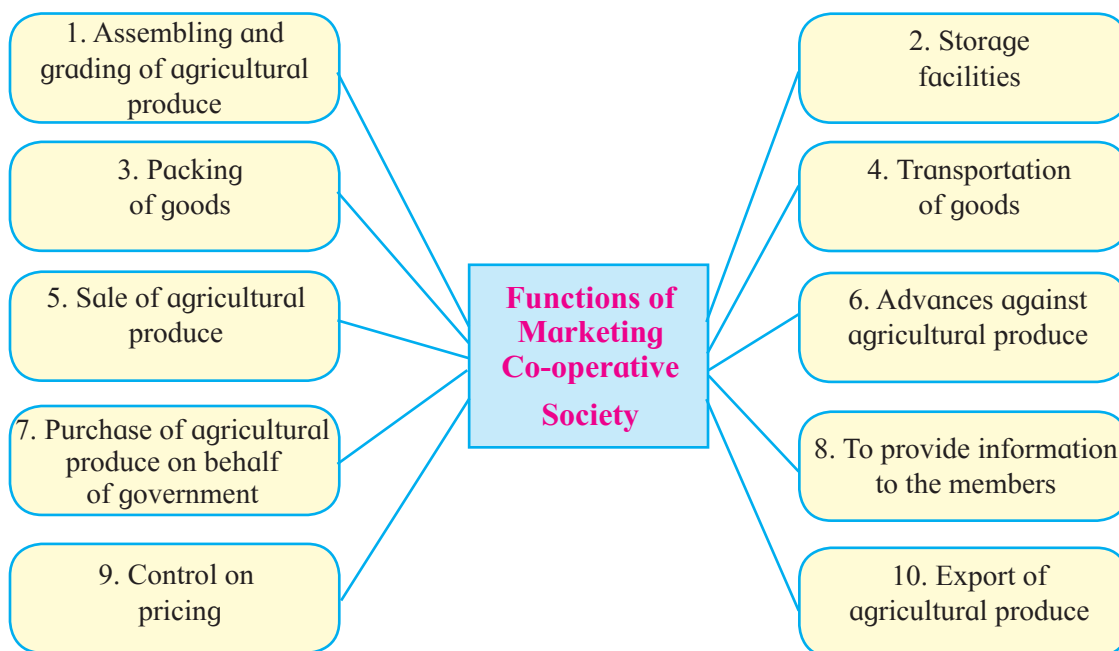
9. **Increase in bargaining power of member :** Marketing Co-operative society helps its members to increase their bargaining power. For example, to get fair price to the agricultural produce of the members, increase in production, provide advances against collateral security of agricultural produce, increase purchasing power and bargaining power of its member's such functions are carried out by the society. Consequently, due to increase in the bargaining power of its members they don't have to face the situation of selling their product at low price to middlemen during financial difficulties.
10. **Information related to market and other facilities :** To provide market information to farmers, to prepare schemes for increase in productivity, to provide seeds, fertilizers, pesticides, to supply essential goods , etc. such facilities are provided by the society.
11. **Elimination of middlemen :** The Marketing co-operative societies are marketing the agricultural produce themselves therefore the farmers are relieved from the exploitation of middlemen. The middlemen are exploiting the farmers in various ways like cheating in weights, calculations, market price, etc. The elimination of middlemen leads to follow fair trade practices due to which the farmers receive fair price for their goods from the consumers and so the marketing co-operative society are economically benefited.



**Activity :-**

- 1) Marketing co-operative society is important from the farmer's point of view. Discuss.

**8.4 Functions of Marketing Co-operative Society :**



The function of Marketing co-operative society is related with the buying and selling of agricultural produce. Therefore, all functions related to the buying and selling of agricultural produce is covered under this society. The functions of marketing co-operative society are as follows :

- 1. Assembling and grading of agricultural produce :** The assembling of agricultural produce is carried out by marketing co-operative society as the offices of the primary marketing co-operative societies is located at taluka place. The farmer members of the society are spread in the rural areas. The agricultural produce of all the farmers are not of similar weight, quality and characteristics. So, after collecting agricultural product standardization and grading is done to fetch better price.
- 2. Storage facilities :** If proper storage facility is not available with farmers the agricultural produce is spoiled. Marketing co-operative society provides storage facilities to the farmers for storing the goods till the time they could be sold at a reasonable price. Many farmers don't have the storage facilities. If proper storage facility is available, the quality of the goods is maintained. This storage facility is provided to the famers at a low rate.
- 3. Packing of goods :** To facilitate transportation of agricultural produce to the market or godowns and for proper handling of goods it needs proper packing. Due to proper packing quality of goods is maintained, goods are stored in less place and transported at cheaper cost.
- 4. Transportation of goods :** Agriculture produce needs to be transported from time to time. To bring agricultural produce from farmers to warehouse, to transport processed goods to warehouse and if transportation of goods is done as per demand then only they will fetch better prices.
- 5. Sale of agricultural produce :** The main function of marketing co-operative society is to sell the agricultural produce. These co-operative society sells agricultural product at reasonable prices. In absence of marketing co-operative society, the farmers are cheated while selling the agricultural produce, due to faulty weights, low price, middlemen, etc. the farmers are exploited. Some Marketing co-operative societies sells agricultural produce by establishing consumer stores.
- 6. Advances against agricultural produce :** It is not possible for a marketing co-operative society to sell their agricultural produce immediately. If the farmers are in financial need then marketing co-operative society provides advances up to 60% to 70% of the value of agricultural produce on collateral security through District Central Co-operative Banks. Due to this the financial needs of the farmers are fulfilled. In such case the farmers can wait for getting reasonable price for his agricultural produce.
- 7. Purchase of agricultural produce on behalf of government :** The government decides minimum support price for the agricultural produce. When the prices of the agricultural goods fall in the market the government purchase the agricultural goods at minimum support price. Such purchase is done by the marketing co-operative society on behalf of

the Government. For e.g. Maharashtra Cotton Monopoly procurement scheme, Onion purchase through NAFED for this primary co-operative marketing societies helps at taluka level.

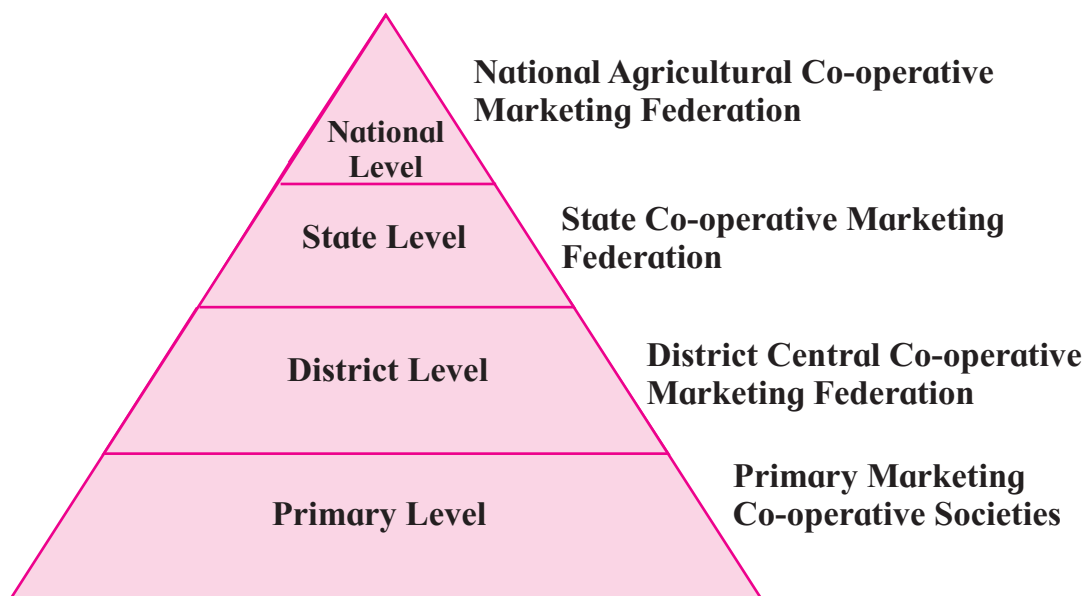
8. **To provide information to the members :** Marketing co-operative societies provides necessary information to their members. Providing information regarding latest production technology, information and guidance relating to market, price of the product, collection, changes in market conditions, demand of goods, supply, exports, etc. such related information is provided by these societies to its members.
9. **Control on pricing :** Marketing co-operative society performs various functions related to assembling, grading, storage etc. of agricultural produce. Due to this there is no place for the interference of middlemen. As per the consumers demand, goods are supplied at reasonable prices. Due to this, there are no fluctuations in the prices of the produce and there is control on prices of the goods in the market.
10. **Export of agricultural produce :** Marketing co-operative societies carry out exports of the agricultural produce. If export quality goods are supplied by the members then the marketing co-operative society helps in exporting the goods and performs functions like proper packing, stamping, marking, preparing bills, etc. Primary Co-operative marketing societies, State marketing co-operative federation with the help of National Co-operative marketing federation (NAFED) export the goods at international level.



**Activity :-**

- 2) Collect information of marketing co-operative society in your area.

### 8.5 Organizational Structure of Marketing Co-operative Societies :



The structure of marketing co-operative societies being federal in nature. In Maharashtra the structure of marketing co-operative societies being is like a pyramid it includes the following societies.

- 1. Primary Marketing Co-operative Societies :** These societies are formed at taluka or rural / village level. These societies does assembling, grading, storage of goods, transportation, sale of agricultural produce, provide seeds for members, provide pesticides, issue advances against agricultural produce, etc. such functions are performed. The area of operations of these societies is limited up to taluka level or upto two to four markets. The craftsman, farmers, cottage industrialists located in this area are the members of the societies.
- 2. District Central Co-operative Marketing Federation :** Central / District Co-operative Marketing Federation are formed through the Primary Marketing Co-operative Societies. The working area of these societies is entire district. All the primary co-operative marketing societies located in the district are the members of this federation. The society brings in coherence and co-ordination in the working of primary marketing co-operative societies. This federation provides guidance related to sale and storage of agricultural produce and distribution of consumable goods is carried out.
- 3. State co-operative marketing federation :** This is the apex marketing institute on the state level. District co-operative marketing societies or central federation come together and form state co-operative marketing federation at state level. These societies not only help in export business but also provides necessary assistance to the government for procurement of food grains. To bring in co-ordination in the work among the state marketing federation, provide guidance to Government and co-operative societies with regard to sale of agricultural produce, to provide loans to district and primary co-operative societies is carried out by state co-operative marketing federation. All the district marketing federations are its members.
- 4. National Agricultural Co-operative Marketing Federation (NAFED) :** This federation is formed by all the State co-operative marketing federation of various states of the country. It is also known as NAFED. The federation was established on 2nd October 1958. The headquarters of NAFED is located in Delhi. This society participates in international trade. NAFED represents and functions as a federation of state co-operative marketing societies. The function of NAFED is to bring in coherence and co-ordination among the societies formed on a state level and helps in inter-state and international business. The excess production of any specific crop in a particular state, NAFED purchases the agricultural produce from this state and helps to maintain stability in the prices of such agricultural produce. Along with international business agricultural produce are exported through NAFED. At present, NAFED conducts marketing research and also collects information related to marketing. Market research, news broad casting division and agricultural inputs division has been established. The policy of minimum support price is implemented with the help of NAFED.

In short, to improve financial condition of farmers, provide honor to farmers, provide encouragement for rural development for achieving development of agriculture for this marketing co-operative societies are important.



### NAFED

**Distinguish between:**

**Processing Co-operative Society and Marketing Co-operative Society:**

Sr. No.	Points	Processing Co-operative Society	Marketing Co-operative Society
1)	Meaning	The cooperative society which processes the agricultural produce and sells the end product in market for consumers use is known as Primary Cooperative Society	The agricultural produce earns reasonable price and the financial interests of the farmers is protected with this motto farmers come together for carrying out marketing related tasks on the principles of cooperation by forming a society and such societies are known as Marketing Cooperative Society.
2	Function	To process agricultural goods such as Cotton, Sugarcane, Oilseeds, Fruits. To make market place available for processed goods as well as along with main production also undertake production of by-products.	To make arrangements for assembling, grading, certification, packing and transportation of produce. Marketing of agricultural produce, fetch fair price for the agricultural produce.
3	Objective	The main objective of processing co-operative society is to process on goods.	The main objective of marketing co-operative society is buying and selling of agricultural produce and to get reasonable price.

4	Membership	The farmers growing agricultural produce are its members.	The person who sells the agricultural produce are the members of the marketing co-operative societies.
5	Work area	It is observed that primary marketing society mainly functions in rural areas. Hence, they are known as the foundation of rural industrialization.	This society mainly functions in rural and urban areas.
6	Assistance	By providing assistance for supplementing agricultural related businesses, it provides impetus for development of by-products.	It provides encouragement and guidance for producing agricultural produce of highest quality.

## 8.6 Summary

Even today, the Indian economy is dependent on agriculture to a large extent. Marketing co-operative societies are essential to provide reasonable prices for the agricultural produce to farmers and also to free them from middlemen. These societies are also known as marketing societies. Buying and selling of agricultural produce is the main function of marketing co-operative society. These societies are quite useful for agricultural and rural development.

### ❑ Definition :

Marketing Co-operative Society is a society formed by the farmers on the principles of co-operation for buying and selling of agricultural produce.

### ❑ Features / Characteristics :

1. Voluntary organization of farmers or cultivators
2. Marketing of agricultural produce
3. Large working area limit
4. Capital raising
5. Democratic management
6. Link between credit supply and management
7. Assistance to government in procurement of food grains
8. Federal structure
9. Increase in bargaining power of member
10. Information related to market and other facilities
11. Elimination of middlemen

❑ **Functions of Marketing co-operative societies:**

1. Assembling and grading of agricultural produce
2. Storage facilities
3. Packing of goods
4. Transportation of goods
5. Sale of agricultural produce
6. Advances against agricultural produce
7. Purchase of agricultural produce on behalf of government
8. To provide information to the members
9. Control on pricing
10. Export of agricultural produce

❑ **Organizational Structure of marketing :**

1. Primary Marketing Co-operative Societies
2. District /Central Co-operative Marketing Federation
3. State co-operative marketing Federation
4. National Agricultural Co-operative Marketing Federation (NAFED)

## 8.7 Key Terms

**1) National Agricultural Co-operative Marketing Federation (NAFED) :**

The society which functions to purchase and sell of agricultural produce at national level on co-operative principles.

## 8.8 Exercise

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

1. Grading and standardization of agricultural produce is the function of \_\_\_\_\_ co-operative societies.  
(a) Marketing                      (b) Consumer                      (c) Credit
2. India's first Marketing Co-operative society was established in \_\_\_\_\_.  
(a) Gadag                      (b) Hubli                      (c) Chennai
3. Due to lack of \_\_\_\_\_ facility farmers have to sell their produce at given prices.  
(a) Storage      (b) Middlemen      (c) Agent
4. Main objective of Marketing co-operative society is to purchase and sale of goods on \_\_\_\_\_ principle.  
(a) Trade                      (b) Religious                      (c) Co-operative



5. Marketing co-operative societies along with agricultural marketing performs other functions like \_\_\_\_\_.  
 (a) Economical                      (b) Marketing                      (c) Production
6. Marketing co-operative societies provides \_\_\_\_\_ on security against agricultural produce to the farmers.  
 (a) Advance                              (b) Interest                              (c) Donation
7. Due to Marketing co-operative society farmers are saved from \_\_\_\_\_.  
 (a) Government                      (b) Consumer                      (c) Middlemen
8. Marketing co-operative societies functions for maintaining \_\_\_\_\_ prices in market.  
 (a) Stable                              (b) Fluctuating                      (c) Very low

**B) Match the following:**

Group 'A'	Group 'B'
a. Establishment of NAFED	1. Advances to members
b. Marketing Co-operative society	2. Functions at village level
c. Primary Co-operative Marketing societies	3. Buying and Selling of agricultural produce
d. Security on agricultural produce	4. 1951
e. Head office of NAFED	5. Mumbai
	6. Costly goods to consumers
	7. Functions at district level
	8. Production and sale of Industrial goods
	9. 1958
	10. Delhi

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

1. The federation working at national level on co-operative principles for marketing of goods.
2. The co-operative society which helps farmers to get fair prices for agricultural produce.
3. The factor eliminated from the market due to the functioning of marketing co-operatives societies.
4. The society along with marketing of agricultural goods provide various services like assembling, grading, standardization, packing, storage, transportation, etc.

5. The society which co-ordinates between agricultural credit and marketing.

**D) State whether the following statements are True or False:**

1. Co-ordination between credit and marketing does not help for recovery of loan.
2. Marketing co-operative society keeps price of agricultural produce stable.
3. Marketing co-operative society increases the bargaining power of farmers.
4. Farmers get reasonable prices from agents than Marketing co-operative societies.
5. Marketing co-operative societies performs function of buying and selling of agricultural produce on government principles.
6. Marketing co-operative society provide loan against security on agricultural produce.
7. Agricultural produce do not get fair price due to Marketing co-operative society.

**E) Complete the following sentences:**

1. Due to marketing co-operative society \_\_\_\_\_are eliminated.
2. Marketing co-operative society provides \_\_\_\_\_on mortgage through District Central Co-operative Bank.
3. The head office of NAFED is at \_\_\_\_\_.
4. Grading and standardization is the function of \_\_\_\_\_co-operative society.
5. The function of marketing co-operative society is to keep prices of agricultural goods\_\_\_\_\_
6. Marketing co-operative society increases bargaining power of \_\_\_\_\_.
7. The main object of Marketing co-operative society is buying and selling of agricultural produce on \_\_\_\_\_principle.
8. India's first marketing co-operative society was established in the year\_\_\_\_\_.

**F) Select the correct option:**

1. District Marketing Federation	<input type="text"/>
2. <input type="text"/>	State level
3. Co-ordination between credit and marketing	<input type="text"/>
4. <input type="text"/>	Oil from oilseeds
5. Mortgage of agricultural produce	<input type="text"/>
6. <input type="text"/>	Head office of NAFED

State Marketing Federation, District level, Marketing co-operative society, Processing on agricultural produce, Delhi, NAFED, Advances, England

**G) Answer in one sentence:**

1. What is marketing?
2. On what security Marketing co-operative society provides loan to the farmers?
3. Which functions are performed by marketing co-operative society along with buying and selling of agriculture goods?
4. For what reason the farmers have to sell their agricultural produce at the given price?
5. What is NAFED?

**H) Correct the underlined word and rewrite the following sentences:**

1. Due to marketing co-operative societies farmers are relieved from Consumers.
2. Marketing co-operative societies increases the bargaining power of Middlemen.
3. First Marketing co-operative society in India was established at Madras.
4. The working of Marketing co-operative society is on the basis of Dictatorship.
5. Marketing co-operative societies works for Instability of prices for agricultural produce.

**I) Find the odd one:**

1. a) Assembling of agricultural produce.  
b) Construction of house.  
c) Packing of agricultural produce  
d) Transportation of agricultural produce
2. a) NAFED  
b) Partnership firm  
c) State Co-operative Marketing Federation  
d) District Central Co-operative Marketing Federation.

**J) Arrange in proper order:**

1. a) Packing            b) Sale of agricultural produce  
c) Grading            d) Assembling

**Q.2. Explain the following key terms:**

1. NAFED
2. Marketing co-operative society
3. State Co-operative Marketing Federation
4. District Central Co-operative Marketing Federation.
5. Primary Marketing Co-operative Societies.

**Q.3. Application based/ Self-opinion question:**

1. Express your opinion about how the farmers are exploited from the traders and middlemen.
2. Express your opinion about Importance of Marketing co-operative societies
3. Due to Marketing co-operative society the standard of living of the farmers is improved. Express your opinion

**Q.4. Difference Between:**

1. Processing co-operative societies and Marketing co-operative societies
2. Credit co-operative societies and Marketing co-operative societies
3. Service co-operative societies and Marketing co-operative societies

**Q.5. Write short notes:**

1. Features of Marketing co-operative societies
2. National Agricultural Co-operative Marketing Federation (NAFED)
3. Marketing Co-operative Society
4. Functions of Marketing co-operative societies

**Q.6. Give Reasons:**

1. Marketing co-operative society plays an important role in the development of agriculture sector.
2. Due to marketing co-operative societies middlemen are eliminated.
3. Marketing co-operative societies are important from the farmers point of view.
4. The objective of Marketing co-operative society is to provide reasonable prices for agricultural produce.
5. Marketing co-operative societies increases the bargaining power of the farmer.
6. Due to Marketing co-operative society the economic exploitation from the businessmen is stopped.

**Q.7. Answer in Short:**

1. State the functions of Marketing co-operative societies.
2. State the meaning and definition of Marketing co-operative societies
3. State the features of Marketing co-operative societies.

**Q.8. Long answers:**

1. What is Marketing Co-operative society? Explain its features.
2. Define Marketing co-operative societies and explain its functions in detail.



# 9.

## Housing Co-operative Society

9.1 Introduction

9.2 Meaning and Definition

9.3 Features/ Characteristics

9.4 Functions

9.5 Summary

9.6 Key Terms

9.7 Exercise



**Housing Co-operative Society**

### 9.1 Introduction :

Due to industrialization urbanization is taking place and at the same time due to rapid increase in population demand for shelter is increased. Due to urbanization, increase in price of land and construction material as well as nuclear family system there is increase in prices of houses. So, it is not possible to purchase or construct house for middle or lower middle-income group of peoples. Due to which there is serious problem of housing.

To solve the common problem of housing many people come together and solve their housing problem through Housing co-operative society. Obtaining loan from Bank and Financial institution, purchase of land, constructions of houses, repair and maintenance of society if this all things are done through Housing co-operative society than the housing problem of general people will be solved and they will get houses at reasonable price. For solving housing problem Housing co-operative society is guaranteed solution. In 1909, “Bangalore Co-operative Society Limited” at Mysore was the first Housing co-operative society established in India. In planning period, the Housing co-operative society developed rapidly.

At National level National Co-operative Housing Federation of India is the apex body which gives direction to the co-operative movement in the country. It was established in September 1969. Housing and Urban Development Corporation (HUDCO) was established in April 1970 which provides loan for co-operative housing projects in urban area.

## 9.2 Meaning and Definition of Housing Co-operative society :

### □ Meaning:

The people having common housing need comes together and establish Housing co-operative society. The land required for construction of houses is purchased through housing society or obtained from government at concessional rate. The building plan, construction of houses, construction material, labour, repair and maintenance all transactions are done through this society. Such co-operative society is known as Housing co-operative society.

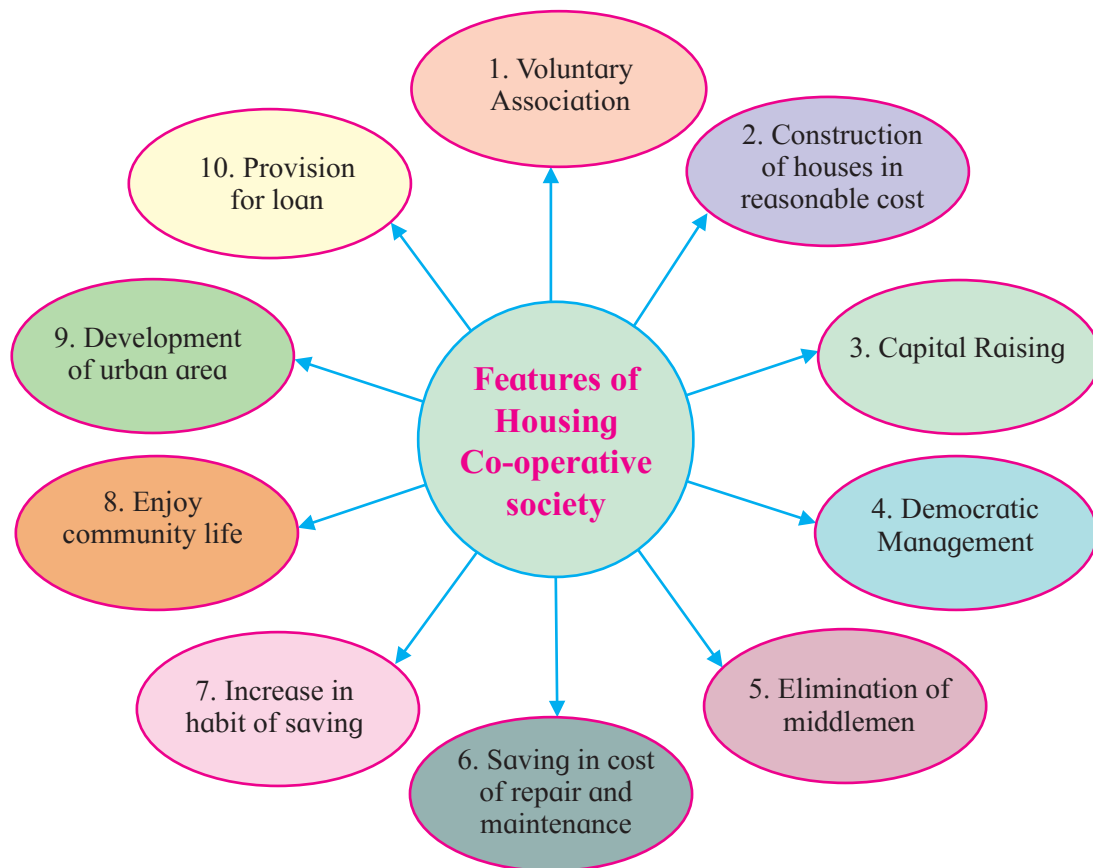
### □ Definition:

“An organization formed by the people of limited income group to fulfil their common need of shelter on co-operative principles is known as Housing Co-operative Society”.

According to Maharashtra Co-operative Societies Act, 1960,

“An organization formed with an objective to provide houses or flats to its members and to provide them common facilities and amenities on co-operative principles is called as Housing Co-operative Society”.

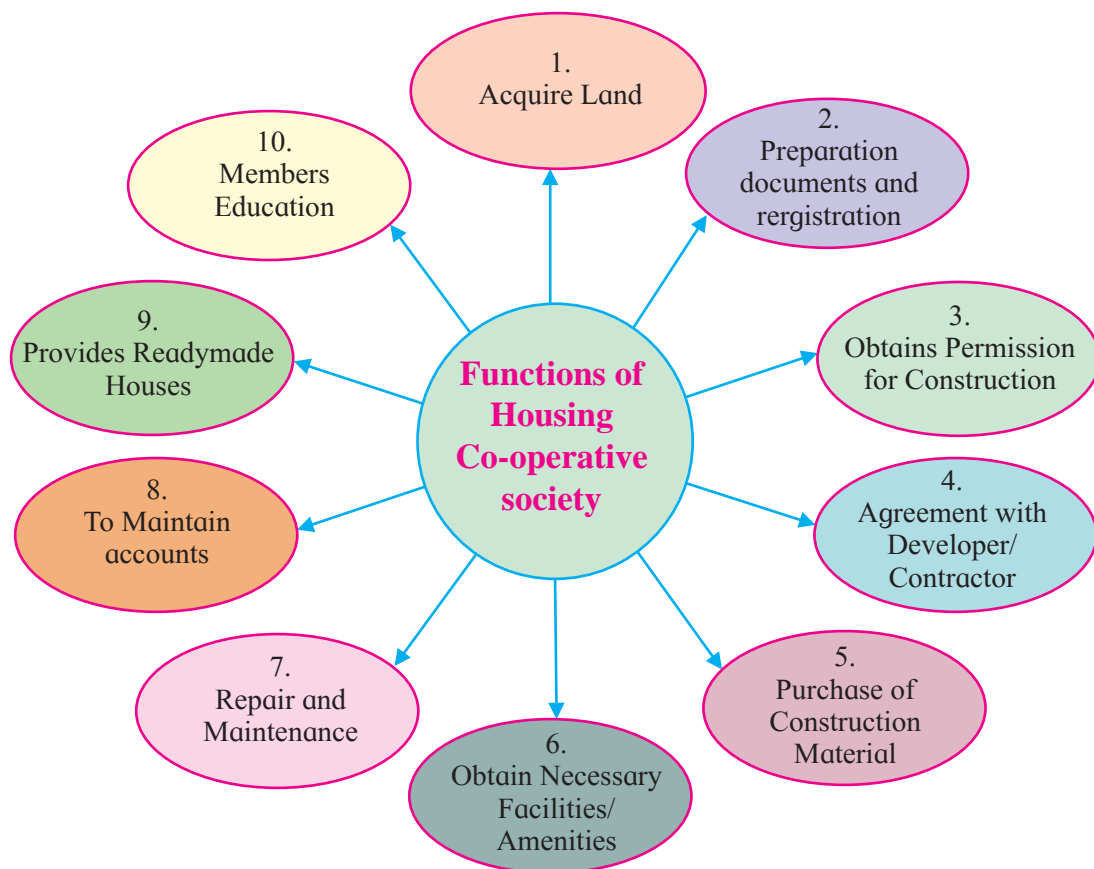
## 9.3 Features / Characteristics of Housing Co-operative society :



- 1. Voluntary Association :** The Housing co-operative society is a voluntary organization. The persons having limited income source from middle and lower class comes together voluntarily and starts Housing co-operative society to solve their housing/shelter problems. There is no force or compulsion to become member of this co-operative society. The persons who are not having their own house can become member voluntarily.
- 2. Construction of houses at reasonable cost :** The Housing co-operative societies try to provide houses at reasonable cost to its members. Therefore, such societies collectively purchase the land on large scale for their members. The construction material is purchased collectively on large scale, middlemen and unnecessary expenses are avoided, so houses are available at lower price. Moreover, there are many members in Housing co-operative society so the construction expense is reduced due to which the members get houses at reasonable prices. These societies perform all the functions that is from purchase of land till complete construction of house.
- 3. Capital Raising :** Housing co-operative society collects its capital by issuing shares to the members, membership fees and loan from banks and financial institution. Life Insurance Corporation (LIC), Public and Commercial Banks, Co-operative Banks, Housing and Urban Development Corporation (HUDCO), Housing Development Finance Corporation (HDFC) provides loan to Housing co-operative society. In some projects government also provides funds and subsidies to the Housing co-operative societies under Gruha Nirman Yojana.
- 4. Democratic Management :** Democratic management is one of the basic principle of co-operative society. The day-to-day management of such societies are conducted by the elected representatives from the members of co-operative society (Managing Committee). All basic and policy decision are taken in Annual general body meeting of members in democratic manner.
- 5. Elimination of middlemen :** There are number of middlemen like dealers, agents and builders who are involved in the business of building and selling of houses. These middlemen charge their own margin of profit and exploit the needy customers. The Housing co-operative society directly deals with the members, the middlemen are eliminated so members get houses at reasonable price.
- 6. Saving in cost of repair and maintenance :** The construction material like sand, bricks, cement, steel, etc. is purchased on large scale collectively for repair and maintenance of houses by co-operative society. All repair and maintenance work is done collectively so there is saving in cost of repair and maintenance.
- 7. Increase in habit of saving :** The Housing co-operative societies provide long term loan at lower rate of interest. The members have to repay the loan amount in instalments and the society also collects monthly subscription in the form of maintenance charges from members. So, the saving habit is inculcated among the members.

8. **Enjoy Community Life :** The membership of the society is open for all. All the members live together and housing co-operative societies develop the feeling of love and brotherhood among them. Sharing each other's happy as well as sad moments, the feeling of co-operation is developed. In this way they enjoy the experience of community life.
9. **Development of Urban Area :** Due to concentration of population in urban area there is problem of land in urban areas. Hence, there is high rise of price of land in urban area. So, it is not possible for general people to purchase houses in urban areas in their limited income source. In such case, Housing co-operative societies fulfils the dream to purchase their own house due to which there is development in urban areas.
10. **Provision for Loan :** The Housing co-operative society helps the members for obtaining housing loan. For obtaining loan from bank and financial institution the societies help to provide necessary documents such as purchase deed, building plan, 7/12 extracts, price of house, etc. The dream of house of general public is fulfilled due to provision of loan by financial institution on easy instalment.

#### 9.4 Functions of Housing Co-operative society :





1. **Acquire Land :** Now-a-days the price of open land is very high so it is not possible for general people to purchase land. In such case Housing co-operative society is formed. The Housing co-operative society acquire land for the construction of houses from government or appropriate authorities or from private landowners by completing all necessary legal formalities. The dream of own houses of common men is fulfilled due to this function which is basically performed by the Housing Co-operative society.
2. **Preparation of documents and Registration :** The society prepares all necessary documents which are required for registration of Housing co-operative society and makes application to Deputy District Registrar for registration of co-operative society, registers the co-operative society and obtains registration certificate. Minimum ten person with housing need comes together and registers the Housing co-operative society.
3. **Obtains Permission for Construction :** In addition to registration and acquiring land the housing co-operative society also has to obtain all necessary permission for construction of society from local bodies and authorities. The Housing co-operative society obtains all the required permission from concern authorities.
4. **Agreement with Developer/Contractor :** If the Housing co-operative society is constructing the building with the help of private developers or contractors. Then they make necessary agreements with the private developers or contractors after checking their credibility for construction.
5. **Purchase of Construction Material :** The Housing co-operative society collectively purchase all the construction material like cement, sand, bricks, steel, etc. therefore the materials is purchased at wholesale rate and reasonable price. Due to which construction cost is reduced. So, collective purchase of construction material is one of the important function of Housing co-operative society.
6. **Obtain Necessary facilities/ Amenities :** The Housing co-operative society also obtain and provides various civic and general amenities such as electric supply, water supply, drainage system, security service, internal roads, etc.
7. **Repair and maintenance :** The Housing co-operative society performs important function of repairs and maintenance of building and society. For providing this civic and general facilities (amenities) and for repairs and maintenance the society takes maintenance charge from members. The repairs and maintenance work is done collectively by Housing co-operative society so there is saving in expenses.
8. **To maintain accounts :** The Housing co-operative society also performs the functions of maintaining accounts of the society. All the income and expenditure are recorded properly as per the act. The society also conducts the audit of the society and present the accounts to the members.

- 9. Provides Readymade houses :** Some Housing co-operative society also performs the function of providing readymade houses to its needy members. The members who do not have time to involve in the process of forming housing co-operative society for such members readymade houses are provided and need of their house is fulfilled.
- 10. Members education :** The Housing co-operative society performs the important function of providing education to the members. The education and knowledge of working of Housing co-operative society, rules and regulations of housing co-operative society, community living, nourishing environment and economy/thrift is given to members.

**1) Difference between :**

**Credit Co-operative Society and Housing Co-operative Society**

Sr. No.	Point	Credit Co-operative Society	Housing Co-operative Society
1	Meaning	The society established to provide banking services to the economical weaker section of the society on mortgage is known as Credit Co-operative Society.	The society established on co-operative principles to fulfil housing needs of the people is known as Housing Co-operative Society.
2	Establishment	Mainly established in rural areas.	Mainly established in urban areas.
3	Membership	Marginal farmers, land labour, craftsmen, artisans are the members of this society.	Middle or lower-income group of peoples with housing needs are the members of this society.
4	Objective	To provide loan at reasonable rate of interest to the members.	To solve the housing problem of the members.
5	Area of Operation	Area of operation is rural and urban areas.	Area of operation is urban areas.
6	Function	To provide loan to the members for agricultural production.	To provide houses to the members.

## 2) Difference between :

### Processing Co-operative Society and Housing Co-operative Society

Sr. No.	Point	Processing Co-operative Society	Housing Co-operative Society
1	Meaning	The societies which are formed for processing the agricultural goods for ultimate consumption of the consumers such societies are called Processing Co-operative Society	The society established on co-operative principles to fulfil housing needs of the people is known as Housing Co-operative Society.
2	Establishment	Mainly established in rural areas.	Mainly established in urban areas.
3	Membership	Producers of agricultural goods and farmers are members of this societies.	Middle or lower-income group of peoples with housing needs are the members of this society.
4	Objective	The main objective is to process agricultural goods for ultimate consumption.	To solve the housing problem of the members.
5	Area of Operation	Mainly works in rural areas.	Mainly works in urban areas.
6	Function	The main function is to process agricultural goods, create market for processed goods and their by-products.	To provide houses to the members at reasonable rate.



#### Activity :-

1. Collect information by taking interview of president or secretary of any Housing co-operative society.

## 9.5 Summary

The society established by the members having common need for construction, repair and maintenance of house under co-operative act is known as Housing co-operative society.

“An organization formed by the people of limited income group to fulfil their common need of shelter on co-operative principles is known as Housing Co-operative Society”.

According to Maharashtra Co-operative Societies Act, 1960, “An organization formed with an objective to provide houses or flats to its members and to provide them common facilities and amenities on co-operative principles are called as Housing Co-operative Society”.

❑ **Features of Housing co-operative society :**

1. Voluntary Association
2. Construction of houses in reasonable cost
3. Capital Raising
4. Democratic Management
5. Elimination of middlemen
6. Saving in cost of repair and maintenance
7. Increase in habit of saving
8. Enjoy community life
9. Development of urban area
10. Provision for loan

❑ **Functions of Housing co-operative society**

1. Acquire Land
2. Preparation of documents and registration
3. Obtains Permission for Construction
4. Agreement with Developer/Contractor
5. Purchase of Construction Material
6. Obtain Necessary Facilities/ Amenities
7. Repair and Maintenance
8. To maintain accounts
9. Provides Readymade Houses
10. Members Education

## 9.6 Key Terms

- **Housing Development Finance Corporation (HDFC) :** The corporation established to provide housing loan to the members.
- **Housing and Urban Development Corporation (HUDCO) :** Institution form for providing financial help for urban housing projects.
- **National Co-operative Housing Federation of India :** Apex body of the nation which give direction to the co-operative movement in the country.

## 9.7 Exercise

### Q.1 A) Select the proper option from the options given below and rewrite the sentence :

1. Housing Co-operative Society is \_\_\_\_\_ organization formed by members in need of houses.  
 (a) Voluntary                      (b) Compulsory                      (c) Unnecessary
2. The society which provides houses to the people having limited income is known as \_\_\_\_\_.  
 (a) Marketing Co-operative Society      (b) Agriculture Co-operative Society  
 (c) Housing Co-operative Society
3. The basic need of human being is \_\_\_\_\_.  
 (a) Goodwill                      (b) Entertainment                      (c) Shelter
4. Housing Co-operative Society provides \_\_\_\_\_ term loan to its members.  
 (a) Short                      (b) Long                      (c) Medium

### B) Match the following:

Group 'A'	Group 'B'
a) First Housing Co-operative Society	1. 1969
b) National Co-operative Housing Federation of India	2. Housing Co-operative Society
c) Housing and Urban Development Corporation	3. 1960
d) To provide shelter	4. Bangalore Co-operative Society Limited
	5. 1947
	6. 1970
	7. Rochdale Equitable Pioneers Society Limited
	8. Marketing Co-operative Society

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

1. Along with food and cloth the third important need of human being .
2. The Co-operative Society which provides houses at reasonable rates to its members.
3. The principle on which the working of Housing Co-operative Society is conducted.
4. The society fulfilling need of shelter for the members.

**D) State whether the following statements are True or False:**

1. Housing co-operative society provides short term loan to its members.
2. Housing co-operative society is a voluntary organization.
3. Housing co-operative society do not have importance in urban area.
4. The working of housing co-operative is on principle of dictatorship.

**E) Complete the following sentences:**

1. The society which functions on co-operative principles for the construction of houses is known as \_\_\_\_\_.
2. Housing co-operative societies provides houses to the members at \_\_\_\_\_ prices.
3. In housing co-operative societies all the decisions are taken on \_\_\_\_\_ basis.
4. Housing co-operative societies are established in \_\_\_\_\_ areas.
5. Housing co-operative societies provides \_\_\_\_\_ term loan to the members.

**F) Select the correct option:**

1. First Housing co-operative society.	<input type="text"/>
2. <input type="text"/>	National apex society
3. Supply of housing loan in urban areas	<input type="text"/>
4. <input type="text"/>	Housing co-operative society
5. Registration of housing co-operative society	<input type="text"/>

District sub registrar, houses at reasonable prices, Costly houses, Housing and Urban Development Corporation, CIDCO, National Co-operative Housing Federation, Bangalore Co-operative Society Limited.

**G) Answer in one sentence:**

1. Housing co-operative societies are primarily formed in which area?
2. What is the main objective of forming Housing co-operative society?
3. What is Housing co-operative society?
4. Which services are provided by Housing co-operative society?

**H) Correct the underlined word and rewrite the following sentences:**

1. Generally Housing co-operative societies are established in Rural areas.
2. People of Higher income group needs Housing co-operative societies.
3. Housing co-operative societies provides Short term loans.
4. Marketing co-operative societies fulfils needs of shelter.
5. In India first Housing co-operatice society established was Rochdale Equitable Pioneers Society Limited.

**D) Find the odd one:**

- |   |  |
|---|--|
| 1. a) Life Insurance Corporation of India | b) Housing and Urban Development Corporation |
| c) Reserve Bank of India                  | d) Housing Development Finance Corporation   |

**Q.2. Explain the following terms:**

1. Housing Co-operative Society.
2. National Co-operative Housing Federation of India.

**Q.3. Application based/ Self-opinion question:**

1. "Housing co-operative society is important for general public". Write your opinion.
2. "Due to Housing co-operative society the housing problem of the middle class people are solved". Express your opinion.

**Q.4. Difference Between:**

1. Credit co-operative society and Housing co-operative society.
2. Marketing co-operative society and Housing co-operative society.
3. Housing co-operative society and Processing co-operative society.
4. Housing co-operative society and Service co-operative society.

**Q.5. Write short notes:**

1. Housing co-operative society.
2. Features of Housing co-operative society.
3. Functions of Housing co-operative society.

**Q.6. Give Reasons:**

1. It is easy to purchase houses for general people due to Housing co-operative society.
2. Housing co-operative society has importance in urban areas.
3. Due to Housing co-operative society middlemen are eliminated.
4. Dream of house is fulfilled due to Housing co-operative society.

**Q.7. Answer in short:**

1. State the features of Housing co-operative society.
2. State the functions of Housing co-operative society.

**Q.8. Long answers:**

1. Define Housing co-operative society and explain its features.
2. Explain meaning and functions of Housing co-operative society.



# 10.

## Consumer Co-operative Society

10.1 Introduction

10.2 Meaning and Definition

10.3 Features/ Characteristics

10.4 Function

10.5 Types

10.6 Summary

10.7 Key Terms

10.8 Exercise



### Consumer Co-operative Society

#### 10.1 Introduction :

Co-operative movement started with the establishment of consumers co-operative society. In 1844, in England at Rochdale, 28 weavers came together and started 'Rochdale Equitable Pioneers Society Limited'. In India, the first Consumers co-operative society was established in 20th September 1905 namely 'Tripliken Urban Co-operative Society Limited' in Chennai (Madras).

During the Second World War, there was a steep rise in the prices of various commodities. In order to check this rise in prices and ensure equitable distribution, the government entrusted the work of distribution of controlled commodities to consumers co-operative stores.

Consumer stores were established to supply quality goods at reasonable price. The Consumers Co-operative Society purchase goods directly from producer or manufacturer. Therefore, middlemen are eliminated. As the goods are purchased directly from producer they are purchased at low price hence goods are supplied to consumers at reasonable price.



Profit is not the motive of consumer co-operative society hence adulteration is not done by them. Consumers get standard quality of goods at reasonable price and at required time.

The Consumers Co-operative Society plays an important role in supplying essential commodities at reasonable price. In 1986 for the protection of consumers interest Indian Government passed Consumers Protection Act, 1986. Every year 24th December is celebrated as National Consumers Day and 15th March is celebrated as International/World's Consumers Day. At the end of March 2018, there were 2125 Consumers co-operative societies in Maharashtra.

Consumer is the center point of economy. Consumers is treated as king of the market but he is exploited regularly.

In this topic we are going to study Consumers Co-operative Society in detail.

## 10.2 Meaning and Definition of Consumer co-operative society :

### □ **Meaning :**

The society formed by the consumers voluntarily in democratic manner on co-operative principles to protect their economic interest such society is called as Consumers co-operative society.

The main objectives of these societies is to eliminate the middlemen like wholesaler, retailer, agent from the chain of supplying goods from producer to ultimate consumer and to protect the consumers interest. To supply qualitative, unadulterated goods at reasonable prices to its members.

Most of the Consumers Co-operatives Societies works as per the Rochdales principles. These societies try to control monopoly, hoardings, adulteration of private traders and stop the exploitation of consumers and improves their standard of living.

To remove the drawbacks of capitalistic economic system of distribution, collective efforts of consumers are necessary. Consumer co-operative society is established to provide quality consumers goods at reasonable price.

### □ **Definition :**

1) “A society established voluntarily on co-operative principle with an objective to supply unadulterated and quality goods to the consumers at reasonable prices such societies are called Consumers Co-operative Society”.

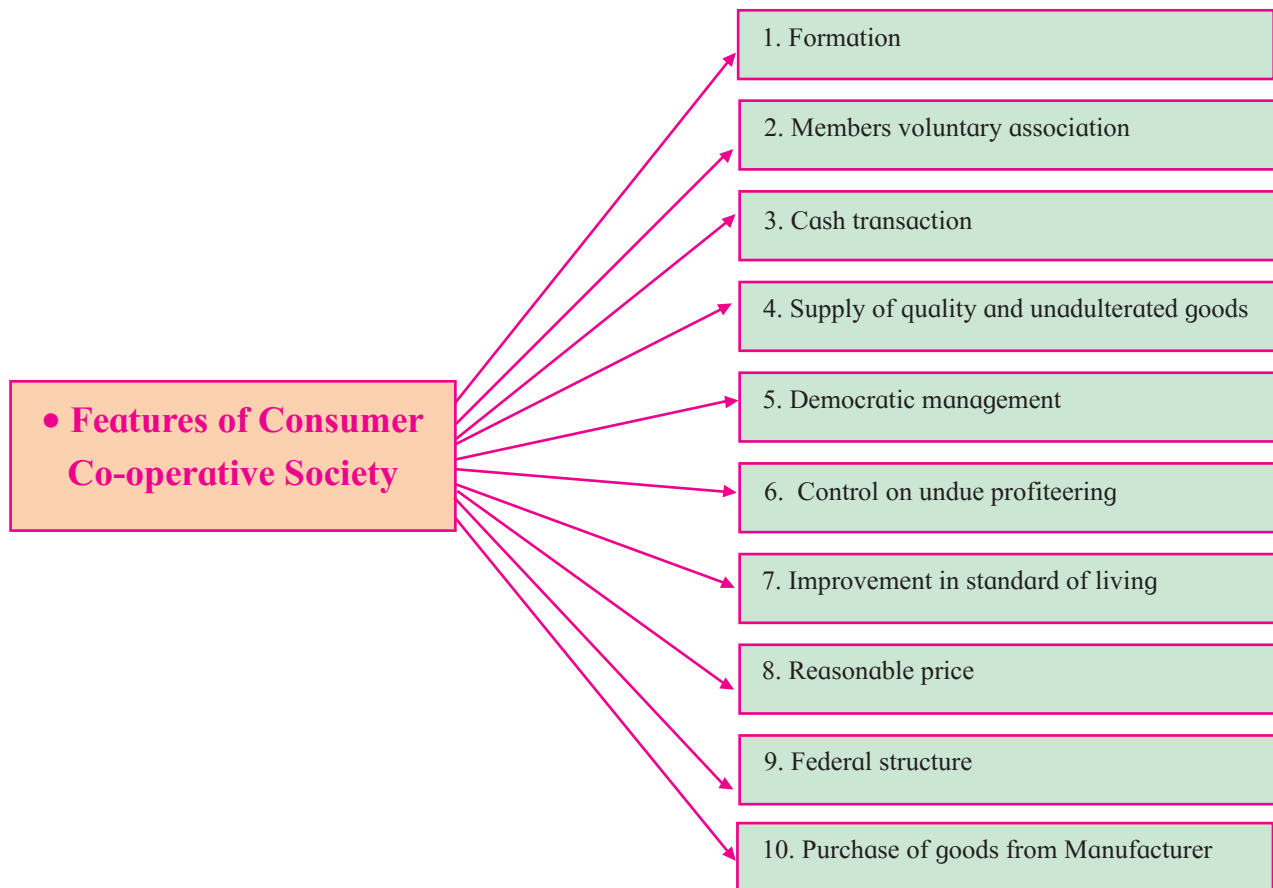
2) “The society formed by consumers voluntarily to protect their interest in democratic manner on co-operative principles such economic organization is known as Consumers Co-operative Society”.

3) “The society formed by the consumers voluntarily to fulfil their requirement of consumer goods and services is known as Consumers Co-operative Society”.

## 10.3 Features / Characteristics of Consumer co-operative society :

1. **Formation :** The Consumers co-operative societies are formed by consumers to provide the essential consumer goods and commodities. Consumers are spread all over in rural

as well as urban area. So, consumers co-operative societies are found in rural as well as in urban areas.



2. **Members voluntary association** : Consumers co-operative society is established by the consumers voluntarily for the protection of their interest. This societies are formed to protect and relieve the consumers from the exploitation of capitalist and private businessmen.
3. **Cash transaction** : The goods are sold on cash basis in Consumer co-operative society. Credit transactions are not accepted in consumer co-operative society. Due to cash transactions the financial position of the society is improved.
4. **Supply of quality and unadulterated goods** : The Consumers co-operative society purchase goods directly from producer or manufacturer therefore the middlemen are eliminated and goods are directly supplied to consumers. Many times, there is adulteration of goods and cheating is done by businessmen. This cheating of consumers is stopped and good quality of commodities are supplied at reasonable price to the consumers.
5. **Democratic management** : Consumers co-operative society is democratic organization formed by consumers voluntarily on co-operative principle. To look after day-to-day working of the co-operative society and to take policy decision Managing Committee is elected by the members. This Managing committee conducts the working of co-operative society in democratic manner.

6. **Control on undue Profiteering :** Consumers co-operative society gives preference for service. Profit making is not the main objective of this society. The goods are sold to the members at cost plus low margin of profit. To recover day-to-day and management expenses small profit is charged on cost. Such societies control undue profiteering. The profit earned by the co-operative society is distributed among the members according to their value of transaction done by the members with co-operative society.
7. **Improvement in Standard of living :** Consumers co-operative society supplies standard and unadulterated quality of goods to their members. Due to which the health and standard of living is improved.
8. **Reasonable price :** Private dealers are doing hoardings of the commodities and create artificial scarcity and goods are sold in black market at high price for earning undue profit. To stop this and to supply day-to-day essential commodities to the consumer at reasonable price Consumers co-operative societies are established.
9. **Federal structure :** The structure of Consumers co-operative society is of four tier. At national level National Co-operative Consumers Federation (NCCF), at state level State Co-operative Consumers Federation (SCCF), at district level Wholesale/Central Consumers Co-operative Store and at primary level Primary Consumers Co-operative Society (PCCS) are working.
10. **Purchase of goods from Manufacturer :** For supplying essential commodities to the consumers, Consumer co-operative society purchase goods directly from producers or manufacturers. Some goods are also produced by Consumers co-operative society itself. Due to which goods are purchased at low rate and supplied to the consumers at reasonable price.



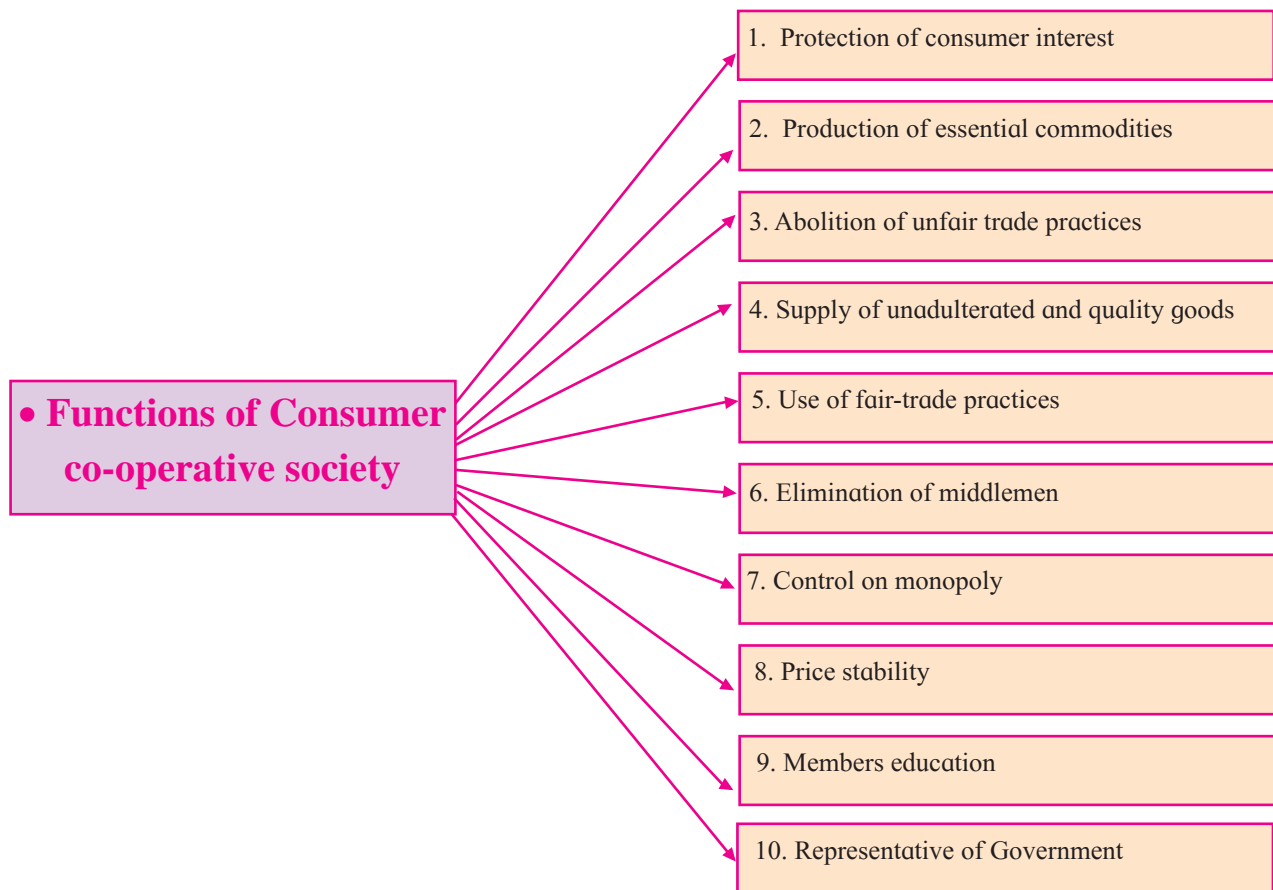
#### Activity :-

1. Collect the information of Consumers co-operative society in your locality.

### 10.4 Functions of Consumer co-operative society :

1. **Protection of consumer interest :** Consumers protection is the main function of consumer co-operative society, regular supply of unadulterated and standard quality of essential commodities to the members at reasonable price and protecting them from exploitation from traders and businessmen.
2. **Production of essential commodities :** If Consumers co-operative society only supplies consumers goods then they cannot keep control on the price. So, they have also started to produce essential commodities and goods at minimum cost.
3. **Abolition of unfair trade practices :** The Consumers co-operative society are established to abolish the unfair trade practices such as consumers exploitation, adulteration, black marketing, artificial scarcity, uses of faulty measurements, misleading advertisements, etc. and they buy the goods directly from the producers or manufacturers and supply it to the consumers.

**4. Supply of unadulterated and quality goods :** Many times, businessmen to earn more profit are engaged in adulteration of goods. They are not giving guarantee of quality and purity of goods supplied by them. The Consumers co-operative society purchase goods directly from producers or manufacturers and supply pure and standard quality goods. Due to which adulteration is controlled unadulterated goods and quality goods are supplied to consumers.



**5. Use of fair-trade practices :** Consumers co-operative society supply pure and standard quality goods to the consumers. Consumers co-operative society adopts fair trade practices like supply goods according to the demand, to charge fair price, to avoid artificial scarcity and black market, etc.

**6. Elimination of middlemen :** Large number of middlemen like dealers, wholesaler, retailer, etc. are involved in business transactions. Many a times this middlemen cheat both producer and consumers. The Consumers co-operative society purchase the goods directly from the producers or manufacturers and supply it directly to the consumers. Hence, the middlemen are eliminated due to the Consumers co-operative society.

**7. Control on monopoly :** The Consumers co-operative society keeps consumers interest in mind and produces the essential and rare commodities themselves and supply it to the consumers. Therefore, there is control on monopoly and consumers interest is protected.

8. **Price stability** : Many a times to earn more profit private dealers creates artificial scarcity and charges high price for the commodities and which increases the expenses of consumers. The Consumers co-operative store supplies goods regularly which helps in maintaining price stability.
9. **Members education** : The Consumers co-operative society gives education and guidance to the members and consumers regarding importance of economy and saving, democratic principles, importance of co-operation, protection to weaker section of the society and improve their standard of living, etc.
10. **Representative of Government** : The Consumers co-operative society works as a representative between government sector, public sector and co-operative sector. The Primary Consumer co-operative society makes distribution of controlled essential commodities to the consumers at control priced. Hence, they act as a representative of government.



**Activity :-**

2. Discuss with your teachers about the exploitation of consumers done by private dealers.

### 10.5 Types of Consumer Co-operative Society :

1. **Primary Consumers co-operative societies**
2. **Central Consumers Store/ Super Bazaar/ Janta Bazaar/ Divisional warehouse**
3. **Students consumer co-operative stores**

1. **Primary Consumers co-operative societies** : Consumers co-operative society means Primary consumers co-operative society. The society which sells consumer goods to the customers are known as Consumers Co-operative Society. The consumer comes together and forms consumer co-operative society. Mainly wholesale stores supplies goods to the consumer co-operative society. Retail sale is the main function of this society. This society provides ancillary services to the members. This societies are established in rural and urban areas. The main objective of consumers co-operative society is to supply unadulterated essential commodities regularly at reasonable price to the consumers.
2. **Central Consumers Store/ Super Bazaar/ Janta Bazaar/ Divisional warehouse** : In big cities, to supply different commodities of goods under one roof, big consumer co-operative society is established which is known as Central Consumer Store/ Super Bazaar/ Janta Bazaar/ Divisional warehouse. It is registered as Consumer co-operative society or store.

The first Super market in India was established on 15th July, 1966 at Delhi. Such type of market is also established in Mumbai, Kolkata, Hyderabad, Bangalore, Pune, Nagpur.

But now-a-days such markets are also established at District place. Delhi super bazaar is the largest super bazaar in India. Through this super market different kinds of commodities are sold under one roof like clothes, medicines, parts of automatic machines, cosmetics, television sets, electrical equipment, readymade clothes, groceries, etc.



**Super Bazaar**

- 3. Students consumer co-operative stores :** The store started by the students at school, college or university level on co-operative principles is known as Students consumers co-operative store. This co-operative store was started since 1967. For this loans and aid is given by National Co-operative Development Corporation. Through Students consumer co-operative store materials like notebooks, textbooks, stationery, reference book, scientific equipment, book bank, educational material, etc. is supplied to the students at concessional rate. There is no age limit for the membership of Students consumer co-operative store. The government has taken policy decision to encourage the establishment of student co-operative stores at school, college and university.

In addition to this, consumers co-operative store are also established for industrial workers and rural people.

Development of consumers co-operative society is not possible unless there is direct dealing of producer and consumers and gap between producer and consumer is reduced.

## Difference Between :

### 1. Credit Co-operative Society and Consumer Co-operative Society :

Sr. No.	Point	Credit Co-operative Society	Consumer Co-operative Society
1.	Meaning	The society established to provide banking services to the economical weaker section of the society is known as Credit Co-operative Society.	The society established by the consumers voluntarily in democratic manner on co-operative principles for protection of their interest and supply of consumers goods is known as Consumers co-operative society.
2.	Objective	To provide loan at reasonable interest rate and relieve the farmers from clutches of moneylenders.	To protect consumer's interest and save them from exploitation of traders.
3.	Establishment	It is established in rural areas.	It is established in rural as well as in urban areas.
4.	Area of Operation	Area of operation is village areas or village up to 4 to 5 Kms.	Area of operation is both in rural and urban areas.
5.	Membership	Marginal farmers, land labour, craftsmen, artisans are the members of this society.	General consumers are the members of Consumers
6.	Function	To provide loan to the members for agriculture purpose.	To supply essential consumer goods at reasonable price, price stability, control on monopoly, abolition of unfair trade practices and protection of consumers interest.

## Difference Between :

### 2. Marketing Co-operative Society, Housing Co-operative Society and Consumer Co-operative Society

Sr. No.	Points	Marketing Co-operative Society	Housing Co-operative Society	Consumer Co-operative Society
1.	Meaning	The society formed for buying and selling of agriculture goods, fair prices for agricultural goods and protection of farmers economic interest is known as Marketing Co-operative Society.	The society established on co-operative principles to fulfil housing needs of the people is known as Housing Co-operative Society.	The society established by the consumers voluntarily in democratic manner on co-operative principles for protection of their interest is known as Consumers co-operative society
2.	Membership	Mainly farmers are the members of Marketing co-operative society.	People of middle or lower income group with housing need are the members of this society.	General consumers are the members of Consumers co-operative society.
3.	Objective	The main objective of this society is to sell agricultural goods and get fair price.	To solve the housing problem of the members.	The main objective is to stop exploitation from private dealers and consumers interest.
4.	Establishment	These societies are established in rural and urban areas.	This societies are established in urban areas and semi-urban area.	This societies are established in rural as well as urban areas.
5.	Function	Assembling of agricultural goods, grading, branding, warehousing, packaging, transportation, marketing (buying and selling) and fair prices for agricultural goods, etc. are functions of this society.	To provide houses to the members at reasonable rate.	To supply essential consumer goods at reasonable price, price stability, control on monopoly, abolition of unfair trade practices and protection of consumers interest are the functions of consumers co-operative society.



## 10.6 Summary

The society which is established for supply of essential commodities (consumers goods and services) at reasonable price to the consumers is known as Primary Consumers Co-operative Society. The first consumer co-operative store was started in 1905 at Madras. Consumers co-operative society supplies unadulterated essential commodities at reasonable price to the consumers.

The society established by the consumers voluntarily in democratic manner on co-operative principles for protection of their interest is known as Consumers co-operative society.

“The society formed by the consumers voluntarily to fulfil their requirement of consumer goods and services is known as Consumers Co-operative Society”.

### ❑ Features of Consumer co-operative society:

1. Formation
2. Members voluntary association
3. Cash transaction
4. Supply of quality and unadulterated goods
5. Democratic management
6. Control on undue profiteering
7. Improvement in standard of living
8. Reasonable price
9. Federal structure
10. Purchase of goods from Manufacturer

### ❑ Functions of Consumers co-operative society:

1. Protection of consumer interest
2. Production of essential commodities
3. Abolition of unfair trade practices
4. Supply of unadulterated and quality goods
5. Use of fair trade practices
6. Elimination of middlemen
7. Control on monopoly
8. Price stability
9. Members education
10. Representative of Government

□ **Types of Consumers co-operative society:**

1. Primary Consumers co-operative societies
2. Central Consumers Co-operative store/ Super Bazaar/ Janta Bazaar/ Divisional Warehouse (godown)
3. Students consumer co-operative store

## 10.7 Key Terms

1. **Super Bazaar :** Supply of various types of goods under one roof is known as Super Bazaar or Divisional store.
2. **Students Consumer Co-operative store :** The store started by school, college or university for supplying needs of students like books, reference books, educational material, notebook, stationery, etc. is known as Students Consumer Store.

## 10.8 Exercise

**Q.1 A) Select the proper option from the options given below and rewrite the sentence:**

1. Consumer co-operative society supplies standard quality goods at \_\_\_\_\_ price.  
(a) Reasonable                      (b) Higher                      (c) Unreasonable
2. Consumer co-operative society purchase goods from \_\_\_\_\_.  
(a) Retailer                      (b) Manufacturer                      (c) Wholesaler
3. National Consumer Day is celebrated on \_\_\_\_\_.  
(a) 5th June                      (b) 26th January                      (c) 24th December
4. World's first consumers co-operative society was started in \_\_\_\_\_.  
(a) England                      (b) Germany                      (c) India
5. World's first consumers co-operative society was established in the year \_\_\_\_\_.  
(a) 1844                      (b) 1905                      (c) 1920
6. Consumers co-operative societies supplies \_\_\_\_\_ goods to consumers.  
(a) Luxurious                      (b) Essential                      (c) Adulterated
7. Due to Consumer co-operative society \_\_\_\_\_ is eliminated from chain of distribution.  
(a) Manufacturer                      (b) Consumer                      (c) Middlemen
8. \_\_\_\_\_ is the World's first consumer store.  
(a) Rochdales pioneers                      (b) Janta Bazaar                      (c) Mumbai bazaar

**B) Match the following:**

Group 'A'	Group 'B'
a) India's first Super Bazaar	1. 24th December
b) National Consumer Day	2. Delhi
c) Student consumer co-operataive stores	3. 5th June
d) Consumers co-operative society	4. Mumbai
	5. Store for employees
	6. Consumers protection
	7. Consumers exploitation
	8. School and College students

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

1. A store providing all kinds of goods under one roof.
2. Store started by the students on co-operative principles.
3. An organization started by the consumers on co-operative principles for protection of their interest.
4. Society formed for providing goods and services at reasonable price.
5. The consumers society started by the weavers of England in 1844.

**D) State whether the following statements are True or False:**

1. The Consumers co-operative society are established for the protection of consumer's interest.
2. Exploitation of consumers is stopped due to Consumers co-operative society.
3. Students consumers store is established by businessmen.
4. The prices of commodities supplied by Consumers co-operative stores are high.
5. The main objective of Consumer co-operative is to earn maximum profit.
6. World's first Consumers co-operative society was established in America.
7. The Consumer co-operative society supplies unadulterated and quality goods.

**E) Complete the following sentences:**

1. Due to consumer co-operative society \_\_\_\_\_ is eliminated.
2. Consumer co-operative society provides \_\_\_\_\_ goods to the consumers.
3. The World's first consumer co-operative society was started in \_\_\_\_\_ country.
4. Consumer co-operative society provides quality goods at \_\_\_\_\_ price.
5. World co-operative movement was started by establishing \_\_\_\_\_ society.
6. Consumer co-operative society purchases goods from \_\_\_\_\_.

**F) Select the correct option:**

1. Super Bazaar	<input type="text"/>
2. <input type="text"/>	School and college students
3. Consumer co-operative Society	<input type="text"/>
4. <input type="text"/>	National Consumers Day
5. Establishment of First consumer store	<input type="text"/>
6. <input type="text"/>	World Consumer Day

15 March, 20 September 1905, Delhi, Students consumer co-operative store, protection of consumer, 24 December, 1986, Housing co-operative society.

**G) Answer in one sentence:**

1. What do you mean by consumer co-operative society?
2. How consumers are exploited by middlemen?
3. What are the types of Consumer Co-operative Society?
4. What do you mean by Student Co-operative stores?
5. How is the federal structure of Consumer Co-operative Society?

**H) Correct the underlined word and rewrite the following sentence:**

1. Consumer co-operative society provides Luxurious goods.
2. Due to Consumer co-operative society the chain of Producer is eliminated.
3. Consumer co-operative societies are established with an objective to earn Profit.
4. In Consumer co-operative society goods are sold only on Credit basis.
5. Various departmental store under one roof means Credit co-operative society.
6. World's first Consumer Co-operative Society was started in India.
7. National Consumer Day is celebrated on 1June.

**I) Find the odd one:**

1. a) Primary consumer co-operative society  
b) Central consumer stores  
c) Housing and Urban Development Corporation  
d) Student consumer co-operative store
2. a) 20th September  
b) 24th December  
c) 2nd October  
d) 15th March

**Q.2. Explain the following terms:**

1. Super Market/ Bazaar.
2. Students Consumer Co-operative Stores.
3. Primary Consumers Co-operative Society.

**Q.3. Application based/Self-opinion question:**

1. “Consumer co-operative store is an ideal business organization”. Write your opinion.
2. Express your opinion on unfair trade practices adopted by middlemen in distribution of goods.
3. “Consumer is king of market”. Express your opinion.

**Q.4. Difference Between:**

1. Consumers co-operative society and Marketing co-operative society.
2. Service co-operative society and Consumers co-operative society.
3. Consumers co-operative society and Credit co-operative society.
4. Consumers co-operative society and Processing co-operative society.
5. Housing co-operative society and Consumers co-operative society.

**Q.5. Write short notes:**

1. Types of Consumers co-operative society.
2. Consumers co-operative society.
3. Features of Consumers co-operative society.

**Q.6. Give Reasons:**

1. Consumer co-operative society plays an important role in supply of goods.
2. Consumer co-operative society supplies goods at reasonable price.
3. Exploitation of consumers is stopped due to Consumers co-operative society.
4. The Consumers co-operative society are established for the protection of consumer’s interest.
5. Middlemen are eliminated due to Consumers co-operative society.

**Q.7. Answer in short:**

1. State the features of Consumers co-operative society.
2. Meaning and Definition of Consumers co-operative society.
3. State the functions of Consumers co-operative society.

**Q.8. Long answers:**

1. What is Consumers co-operative society? Explain its functions.
2. Define Consumers co-operative society and explain its features.

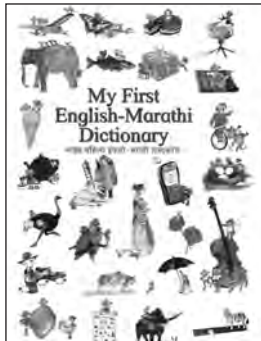
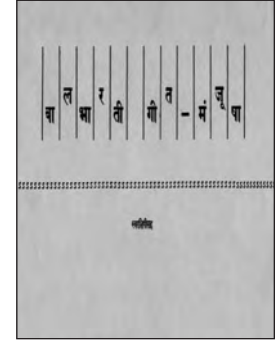
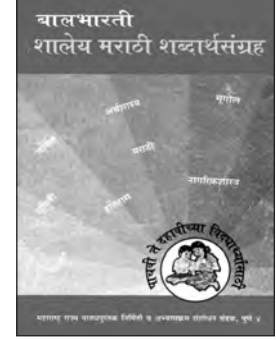
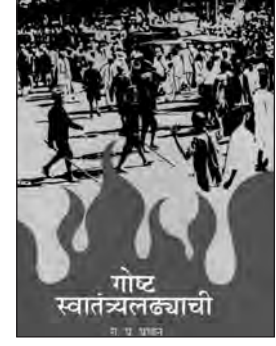
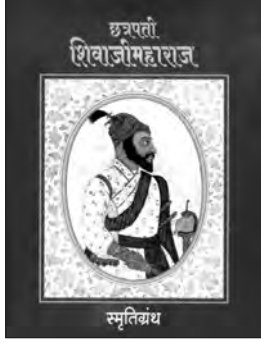


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## ABBREVIATIONS

<b>PCCS</b>	- Primary Consumers Co-operative Society.
<b>PCMS</b>	- Primary Co-operative Marketing Society.
<b>PSR</b>	- Profit Sharing Ratio.
<b>PROC</b>	- Processing.
<b>RBI</b>	- Reserve Bank of India.
<b>SCB</b>	- State Co-operative Bank.
<b>SCCF</b>	- State Co-operative Consumers Federation.
<b>SCMF</b>	- State Co-operative Marketing Federation.
<b>DCCB</b>	- District Central Co-operative Bank.
<b>STL</b>	- Short Term Loan.
<b>MTL</b>	- Middle Term Loan.
<b>NCHFI</b>	- National Co-operative Housing Federation of India.
<b>AMUL</b>	- Anand Milk Union Limited.
<b>HUDCO</b>	- Housing and Urban Development Corporation.
<b>HDFC</b>	- Housing Development Finance Corporation.
<b>ICA</b>	- International Co-operative Alliance.
<b>MAHANAND DAIRY</b>	- Maharashtra State Co-operative Milk Federation
<b>NABARD</b>	- National Bank for Agricultural and Rural Development.
<b>NCCF</b>	- National Co-operative Consumers Federation.
<b>NCDC</b>	- National Co-operative Development Corporation.
<b>NDDB</b>	- National Dairy Development Board.



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