**Co-operative Society**

The word cooperative means working together and with others for a common purpose. The cooperative society is a voluntary association of persons, who join together with the motive of welfare of the members.

A **co-operative society** is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

**FEATURES**

**1. Voluntary association:** Every one having a common interest is free to join a co-operative society and can also leave the society after giving proper notice.

**2. Legal status:** Its registration is compulsory and it gives it a separate legal identity.

**3. Limited liability:** The liability of the member is limited to the extent of their capital contribution in the society.

**4. Democratic control:** Management & Control lies with the managing committee elected by the members by giving vote. Every member has one vote irrespective of the number of shares held by him.

**5. Service motive:** The main aim is to serve its members and not to maximize the profit.

**6. Bound by govt.’s rules:** They have to be tide by the rules and regulations framed by govt. for them.

**7. Distribution of surplus:** The profit is distributed on the basis of volume of business transacted by a member and not on the basis of capital contribution of members.

**MERITS**

**1. Excise of formation**: It can be started with minimum of 10 members. Registration is also easy as it requires very few legal formations.

**2. Limited Liability:** The liability of members is limited to the extent of their capital contribution.

**3. Stable existence**: Due to registration it is a separate legal entity and is not affected by the death, luxury or insolvency of any of its member.

**4. Economy in operations**: Due to elimination of middlemen and voluntary services provided by its members.

**5. Government Support:** Govt. provides support by giving loans at lower interest rates, subsidies & by charging less taxes.

**6. Social utility:** It promotes personal liberty, social justice and mutual cooperation. They help to prevent concentration of economic power in few hands.

**LIMITATIONS**

**1. Shortage of capital –** It suffers from shortage of capital as it is usually formed by people with limited means.

**2. Inefficient management –** Co-operative society is managed by elected members who may not be competent and experienced. Moreover, it can’t afford to employ expert and experienced people at high salaries.

**3. Lack of motivation –** Members are not inclined to put their best efforts as there is no direct link between efforts and reward.

**4. Lack of Secrecy –** Its affairs are openly discussed in its meeting which makes it difficult to maintain secrecy.

**5. Excessive govt. control –** it suffers from excessive rules and regulations of the govt. It has to get its accounts audited by the auditor and has to submit a copy of its accounts to registrar.

**6. Conflict among members –** The members are from different sections of society with different viewpoints. Sometimes when some members become rigid, the result is conflict.

**TYPES OF CO-OPERATIVE SOCIETIES**

**1. Consumers co-operative Society –** It formed to protect the interest of consumers.It seeks to eliminate middleman by establishing a direct link with the producers. It purchases goods of daily consumption directly from manufacturer or wholesalers and sells them to the members at reasonable prices.

**2. Producer’s Co-operative Society –** The main aim is to help small producers who cannot easily collect various items of production and face some problem in marketing. These societies purchase raw materials, tools, equipments and other items in large quantity and provide these things to their members at reasonable price.

**3. Marketing Co-operative Society –** It performs various marketing function such as transportation, warehousing, packing, grading, marketing research etc. for the benefit of its members. The production of different members is pooled together and sold by society at good price.

**4. Farmer’s Co-operative Society –** In such societies, small farmers join together and pool their resources for cultivating their land collectively. Such societies provide better quality seeds, fertilizers, machinery and other modern techniques for use in the cultivation of crops. It provides them opportunity of cultivation on large scale.

**5. Credit co-operative Society –** Such societies protect the members from exploitation by money lenders. They provide loans to their members at easy terms and reasonably low rate of interest.

**6. Co-operative Housing Society –** The main aim is to provide houses to people with limited means/income at reasonable price.