

Cooperative Societies

Structure, Function, and Reforms

Nemat Sheereen S

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Preface

The ideology of the cooperative movement originated and developed in European countries during the 19th century. Over time, it has emerged as a universal form of organization, present across nations, with the primary aim of providing financial assistance and low-cost credit. The central objective of cooperative societies is to uplift the rural poor and the economically marginalized, thereby improving the standard of living of the working class.

While many early cooperatives witnessed initial success, several eventually declined due to unorganized and chaotic methods of operation. Nevertheless, the principles of cooperation have continued to inspire reforms and innovations, reaffirming their importance in addressing socio-economic challenges.

This book has been prepared with careful attention to meet the academic requirements of B.Com students from various universities in India who have chosen *Cooperation* as an optional subject. It covers diverse aspects related to cooperation and cooperative societies, providing both conceptual clarity and practical understanding.

It is my sincere hope that this book will serve as a valuable resource for students, teachers, and all those interested in gaining insight into the cooperative movement. Suggestions and constructive feedback for improving the content in future editions are warmly welcomed.

Dr. Nemat Sheereen S

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CHAPTER I: ORIGIN AND DEVELOPMENT OF COOPERATIVE MOVEMENT

Introduction

The concept of the Cooperative movement emerged and flourished in Europe, especially in Britain and France, during the 19th century. The Cooperative movement is credited to Robert Owen (1771–1858). The hardship faced by weavers from money lenders throughout the Industrial Revolution led to the formation of the first Cooperative society, the Weavers' Cooperative Society. The Industrial Revolution and the mechanization of the economy threatened the livelihoods of many workers. This made it necessary for cooperative movements to expand globally in order to raise the standard of living for the working class. The Fenwick Weavers Society, the first recorded consumer cooperative, was established in Fenwick in 1769. A number of cooperatives began operations by 1830. All were prosperous societies at first, but their disorganized and disorderly methods of operation ultimately led to their failure. The "Rochdale Principles" were created in 1844 by the Rochdale Society of Equitable Pioneers. They serve as the set of values for how cooperatives should function and serve as the foundation for the tenets upon which cooperatives around the world now function. With the establishment of the first cooperative consumer store in North England, the Rochdale pioneers are credited with establishing the true cooperative movement. The actual growth of the cooperative movement was made possible by the Rochdale pioneers' adoption of the Rochdale principles. Up until that point, there had been no organized, methodical attempt to promote cooperative organizations. One of the primary objectives of the "Rochdale Pioneers" was to establish cooperatives in which members would be their own employers, producers, and merchants. The cooperative movement at this time was more utilitarian in nature. To improve the system of social organization, visionaries and thinkers have created some workable answers to the issues encountered by cooperative societies. Self-contained semi-agricultural, semi-industrial settlements were founded by Robert Owen (1771–1858). He believed that working-class people could create cooperative communities if they were given the proper conditions. In New Lanark, Scotland, where his own company was headquartered, he implemented this. Owen's teaching was disseminated by Dr. William King (1757–1865), whose theories were more logical and produced better outcomes.

In France, Charles Fourier(1722-1837) published a Treatise on Domestic Agricultural Association in 1822, the first time on co-operation, and Saint Simon(1760-1865) worked on various theories of 'associations'. But it was Pierre-Joseph Proudhon (1809-1865) who advocated mutual aid and "free credit" for free access to the money market and Philippe Buchez (1796-1865) who championed the idea of inalienable collective capital and workers' production co-operative societies. He is known for his advocacy of worker-owned Cooperatives. Schulze-Delitzsch (1808-1865) was the promoter of urban co-operatives and co-operatives in handicraft, while F W Raiffeisen(1818-1888) did the same for rural credit co-operatives.

Cooperative enterprises were formed successfully following Rochdale, and an international association was formed in 1895. The International Cooperative Alliance (ICA) is a non-governmental cooperative organisation founded in 1895 to unite, represent, and serve cooperatives worldwide. The ICA is the custodian of the internationally recognised definition, values and principles of a cooperative in the ICA Statement on the Cooperative Identity. The ICA represents 315 cooperative federations and

organisations in 107 countries. Cooperative enterprises are widespread with one of the largest and most successful examples being the industrial Mondragon Cooperative Corporation in the Basque country of Spain.

The cooperative model has been embraced by Asian cultures, and Sri Siddanagouda Sanna Ramanagouda Patil (1843–1933), considered as the "Father of Cooperative movement in Karnataka," led the first cooperative movement in Asia in Kanaginahal. The Agricultural Credit Cooperative Society of Kanaginahal is regarded as the first of its kind in Asia, established in 1905.

India's Cooperative Movement

There were four distinct stages to the cooperative movement in India prior to independence. They are as follows: (a) the stages of inception (1904–1911); (b) modification (1912–1918); (c) expansion (1919–1929); and (d) restructuring (1930–1946).

Prior to Independence

In India, cooperative societies have developed since before independence. The peasant community of ancient India had severe financial crises and was constantly hampered by a shortage of capital needed to develop agricultural products. The rural poor depend on agriculture as their primary source of income, and they require financing to support their farming operations. The poorer segments of society turned to non-institutional organizations like moneylenders, jagirdars, and zamindars for financial assistance during times of famine or hardship. These individuals consistently took advantage of them by charging the defenseless peasants outrageous interest rates. Farmers organized protests against moneylenders for their exorbitant interest rates during this time.

The Deccan Agriculture Relief Act of 1879, the Land Improvement Loan Act of 1883, the Agriculturists Loan Act of 1884, and other laws were implemented by the British government because it was having trouble governing the nation. The farmers were compelled to sell their possessions in order to pay back the loans since moneylenders took advantage of them. Even those involved in traditional handicraft businesses and cottage industries were unable to find fair markets and pricing for their goods, which caused these sectors to grow slowly. A committee headed by Frederick Nicholson was established by the Madras Government in 1892 to research the German Raiffeisen cooperative society concept. Hermann Schulze and Friedrich Wilhelm Raiffeisen introduced the concept of mutual help to provide small businesses and underprivileged groups with easier access to loans. Raiffeisen envisioned members pooling their resources, both in the present and in the future, to support one another and enhance their collective borrowing power. Both Schulze-type and Raiffeisen societies offered services similar to those of commercial banks, encouraging members to save by providing various deposit options.

(a) The beginning phase (1904–1911)

After studying cooperative organizations, especially those in Germany, the Nicholson Committee concluded that the Raiffeisen model would be most suitable for India. Their report, titled "*Find Raiffeissen*," recommended the establishment of cooperative societies to provide rural credit, viewing them as the ideal solution for peasants who continued to face highly unstable lending conditions. British India adopted this concept, leading to the enactment of the Co-operative Credit Societies Act in 1904, based on the recommendations of Sir Frederick Nicholson (1899) and Sir Edward Law (1901). The Act allowed only for the formation of unitary societies with unlimited liability. The Act only allowed for the creation of credit societies. Any ten or more residents of the same town, village, or tribe may seek to create a cooperative

organization. Societies can be in rural or urban areas and differentiations were there between urban and rural societies. In the case of rural societies, liability was unlimited. To promote the movement, the government granted several discounts and incentives to the societies registered under the legislation, such as free audits, precedence over other creditors, and exemptions from registration fees, income tax, and stamp taxes, among other things. The movement was supervised and managed by the cooperative society registrar. The cooperative societies were given a boost by the Act and started to grow faster than anticipated. As the movement grew, there was a perceived need for non-credit societies that would handle sales and purchases. Another drawback was that the primary credit societies were not to be financed or governed by any central agencies.

(b) Stage of modification (1912–1918)

To address the shortcomings of the Act, it was modified in the year 1912. Co-operative Societies Act of 1912 was passed in order to rectify the faults of the Act of 1904. All forms of cooperatives, including central finance agencies and supervisory unions, were given legal protection under the new Act. A new emphasis was placed on the differences between rural and urban societies. A committee headed by Sir Edward Mac Lagan was established by the government in 1914 to assess the cooperative movement's advancement. The committee's report was published in 1915. The committee noted that among of the cooperative movement's most obvious flaws were widespread nepotism, misuse of finances, illiteracy and ignorance of the general public, excessive loan processing delays, and the perception of the cooperative movement as a government effort. The committee recommends that each member be truthful and conscious of cooperative values. To accomplish the goal of the cooperative movement, the community must operate in a democratic manner.

(c) The period of expansion (1919–1929)

Due to the start of World War I, the committee's recommendation to restructure cooperative society was not feasible. The Montague Chelmsford Reforms were implemented in India in 1919 following the Treaty of Versailles, which ended World War I. Cooperation became a provincial affair under the Montague-Chelmsford Act of 1919, which further fueled the movement.

The States recognized that in order to expand the reach of cooperative banks and effectively apply cooperative principles, separate statutes were required. The Montague Chelmsford Reforms gave the provinces the authority to enact their own cooperative laws. To ensure the success of the cooperative movement, several states created their own laws. As a result, during this time, the cooperative societies' membership grew significantly. The Bombay Provincial Cooperative Societies Act, 1925, was the first law passed by the Bombay Provincial Government. Following the Bombay Act, other state administrations also passed their own laws such as Madras, Bengal Bihar and Punjab.

d) Cooperative Societies' Restructuring Stage (1930–1946)

When the Congress Ministry took control of several states in 1937, enthusiasm in coordinating the cooperative movement was rekindled. In Madras, Bombay, Travancore, Mysore, Gwalior, and Punjab, several committees were established to investigate the potential for reorganizing the cooperative organizations. To address cooperative societies with members from multiple provinces, the British Indian government passed the Multi-Unit Cooperative Societies Act in 1942. According to the cooperative societies legislation of the state in which the society's main business is located, the legislation allowed for the control of the affairs of such a society. Wide-ranging changes in the Cooperative Movement were brought about by the unusual circumstances brought about by World War II. All-India Cooperative

Planning Committee in 1945 also gave a fillip to the growth of the Cooperative Movement. Prices of agricultural commodities began to rise, rural farmers got Extra economic gains and non-credit societies like marketing, production and consumer societies increased rapidly.

Gandhian Philosophy regarding Cooperatives

In order to improve the economic situation of villages, Mahatma Gandhi stressed cooperative institutions. In his view, cooperatives would generate employment opportunities and increase the income of individuals as well as of society. It will prevent rural migration to cities seeking employment. In order to promote the cooperative spirit and make people realise its benefits, he stressed creating cooperatives for cottage and other industries. He saw collaboration as one of the key tools for empowering people and placed a strong emphasis on setting up various cooperatives to support jobless young from different panchayats. Cooperative farming has been emphasized by him. He became aware of the poverty and suffering of the Indian peasantry, who were subjected to excessive taxes, rack rental, unlawful exaction, and other forms of oppression, after traveling through the country's countryside. He noted that the peasants' closest collaboration is absolutely necessary. To ensure that producers receive the greatest price for their products, any industry centered on agricultural products—such as cotton, sugar, oil seed, wheat, etc.—should operate cooperatively.

Period Following Independence This "cooperative movement" in India gained traction following independence. The government came to understand how important the cooperative sector is to strengthening the rural economy. Despite a number of setbacks at that time, the cooperative society movement persisted and continued to contribute to the nation's economic growth. It developed into a crucial component of the Five-Year Plans. The First Five Year Plan acknowledged the value of cooperatives in carrying out development objectives, with a focus on farmers and other marginalized groups. To address the issue of rural credit and other financial concerns facing the rural people, the Indian government established the All-India Rural Credit Survey Committee in 1954.

In order to address the demands of rural India in particular, it suggested that cooperative groups have a clear institutional framework. Under the Second Five-Year Plan, the committee's recommendations were acknowledged and implemented. A national strategy on cooperatives, staff training, and the establishment of cooperative marketing societies were all suggested by the National Development Council (NDC) in 1958. With a focus on the warehouse industry, the Second Five Year Plan suggested broadening the scope of cooperative efforts to other industries. The National Cooperative Development Corporation Act of 1962 established the National Cooperative Development Corporation (NCDC), a statutory corporation.

NCDC aims to design and promote cooperative programs for the production, processing, marketing, storage, export, and import of industrial goods, livestock, agricultural products, foodstuffs, and certain other specified commodities and services. The NCDC holds the unusual distinction of being the only legislative organization dedicated solely to the cooperative sector that operates as an apex financial and developmental agency.

The Third Five-Year Plan placed a strong emphasis on expanding the cooperative movement's reach and training staff for the cooperative sector. For efficient operation, the Fourth Five-Year Plan suggested

combining a cooperative system. The creation of Farmers Service Societies was suggested in the Fifth Five-Year Plan.

A cooperative society's point program was created under the Sixth Five-Year Plan to promote economic growth and broaden the reach of cooperative societies. The Multi-State Cooperative Societies Act was passed by the Indian Parliament in 1984 to eliminate the numerous regulations that applied to the same kinds of societies. To increase employment and reduce poverty nationwide, the Seventh Five-Year Plan also placed a strong emphasis on the development and expansion of cooperative organizations. By granting the cooperative movement greater autonomy and democratizing it, the Eighth Plan placed a strong focus on establishing it as an institutional framework that is self-managed, self-regulated, and self-reliant.

Additionally, it discussed strengthening cooperatives' capacity to boost economic activity and generate jobs for laborers, craftsmen, small farmers, members of scheduled castes, etc. Since the Ninth Five Year Plan (1997-2002), cooperatives have not been specifically mentioned in the Plan. Enacted in 1984, the Multi-State Cooperative Societies (MSCS) Act was amended in 2002 to align with the principles of the Model Cooperatives Act. In 2002, the Indian government unveiled its National Policy on Cooperatives. In India, cooperative societies grew from the agricultural market to the credit industry, and then to large-scale industries like banking, housing, and fishing. As a result, various kinds of cooperative societies were established in India.

The cooperatives criticize several of the commercial techniques that cooperatives have embraced in recent years in many different nations. Co-operators have been gravely troubled by a number of challenges, and they are searching for clear answers. It must be acknowledged that the cooperative movement has undergone significant transformation, and that different cooperatives have different characteristics. Many cooperatives are accused of having strayed from the values that the movement had espoused. Regarding these values, cooperators are not in agreement. It is fortunate that cooperatives today are astute and actively seeking out more intelligent ways to set up and run their organizations. The government established a new Ministry of Cooperation in 2021 with the goal of bolstering the cooperative movement in India and limiting governmental influence on the operations of cooperative groups. It was previously within the Ministry of Agriculture's jurisdiction. The ministry was established with the following goals in mind:

1. The establishment of a distinct "Ministry of Cooperation" to fulfill the goal of "Sahkar se Samridhi" (Prosperity via cooperation)
2. To boost the cooperative movement in India, the new ministry will offer a distinct administrative, legal, and policy structure.
3. The goal is to strengthen cooperatives as a genuine grassroots, people-based movement.
4. To facilitate the growth of multi-state cooperatives by streamlining procedures for "Ease of doing business" for cooperatives.

Since cooperative societies under the state list states under the Seventh Schedule of the Constitution, several experts have expressed concern that creating a the new ministry at the federal level, arguing that their establishment at the federal level would give the union government more authority.

CHAPTER 2: OVERVIEW OF COOPERATIVE ORGANIZATIONS

Definitions and meanings of cooperatives

The word cooperation rooted from the Latin term cooperates, which means to work or act jointly or voluntarily for a shared purpose or advantage. It indicates the aspect to work together. Sir Frederic Nicholson is recognized as the pioneer of the cooperative movement in India, while Robert Owen is credited as its founder. A cooperative is an independent group of people who have come together freely to address their shared needs and goals in the areas of economics, society, and culture through a business that is jointly owned and democratically run. Below are some significant definitions provided by prominent philosophers and intellectuals.

1. "A form of organization in which persons voluntarily associate together as human beings on the basis of equality for the promotion of the economic interest of themselves" Calvert, H.
2. "An association for the purpose of joint trading, originating among the weak and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership may share its rewards in proportion to the degree in which they make use of the associations" C. R. Fay
3. "Co-operation is only one aspect of a vast movement which promotes voluntary associations of individuals having common needs who combine towards the achievements of common economic ends" . Mehta, V L.
4. "Cooperation is more than just a framework. It's a spirit that appeals to both the intellect and the heart. It is a business-related form of religion. It is the gospel of service and independence. M. L. Darling.
5. "Cooperation involves both mutual and self-help. It is a joint venture of people who lack the financial strength to support themselves and who come together not to make money but to overcome the disability brought on by a lack of sufficient financial resources and improve their financial circumstances. Katju, K. N.
6. "The theory of co-operation is, that an isolated and powerless man, by association with others and by moral development and mutual support, obtain in his degree, the material advantage available to the wealthy and powerful persons, and thereby develop himself to the fullest extent of his natural abilities" . The Committee of MacLagan.
7. "The act of persons, voluntarily united, for utilizing reciprocally their own forces, resources or both under their arrangement to their common profit or loss". Herrick, M. T.

According to the International Labor Organization (ILO), a cooperative is a self-governing group of people who have come together voluntarily to address their shared economic, social, and cultural needs and goals through a business that is jointly owned and democratically run.

Cooperative Society Characteristics

The following explains the main characteristics of a cooperative society:

1. **Voluntary Association:** A cooperative society is group of individuals who are willing to work together to improve their local economy. People willingly band together to create an association in order to pursue

a shared goal. Everyone is welcome to join, regardless of caste, income, sex, language, or religion. Every individual has the freedom of entry and exit.

2. Open Membership: People voluntarily join the cooperative society. A group with ten members can formulate a cooperative society. As per the Cooperative Societies Act of 1912 there is maximum limit on members to enroll in a society. Nevertheless, once a cooperative society is established, its members may agree unanimously on a maximum membership size.

3. Service Motive: Cooperative societies are service oriented organisations operates without the intention of profit making, in contrast to other types of corporate organizations. Serving the public is a cooperative society's primary goal. The cooperative motto is "each for all and all for each." Each member acts in the cooperative's best interests. It offers its members high-quality products at reduced prices and even if any earnings generated will be transferred to the common reserve and utilized for members' well-being.

4. State Control: Cooperative societies are organizations of businesses that operate voluntarily. They must, however, abide by the laws and rules established by the government, just like any other type of corporate entity. Periodically, the government checks these societies' accounts to exert control over them. The cooperative societies must submit their account books to the registrar for review in order to carry out their obligation.

5. Democratic Management: The members choose the honorary office bearers democratically in order to carry out the managerial duties. At the general meeting, "one person, one vote" is used to elect the society's management committee. Therefore, each member has the right to vote once, regardless of their rank or the quantity of shares they own.

6. Separate Legal Entity: Following registration under the Cooperative Societies Act, a cooperative society acquires its own identity and becomes an independent legal organization. Its members' liability is restricted. Its existence is unaffected by the insanity, death, or insolvency of its members. Its members' liability is restricted. A cooperative has a permanent existence and is unaffected by the arrival and departure of members because it is a distinct legal entity from its members. It has the ability to sue and be sued in its own name, hold property and sell it under its own name, and sign business contracts under its own name.

7. Distribution of Surplus: Cooperative societies generate some income as a byproduct of their commercial operations in addition to providing services to their members. However, the welfare of the members is never sacrificed in order to make a profit. Profits are divided among the members according to their level of involvement in the operation of the society rather than their capital holdings. The excess fund, if any are utilised for the following purposes:

- (i) A quarter of the profits are moved to the general reserve in accordance with the law.
- (ii) A dividend on share capital is paid out from a percentage of the profits, up to ten percent.
- (iii) The regions in which the business operates may benefit from a portion of the surplus, up to ten percent.
- iv) The members may receive bonuses from the remaining excess.

8. Cash Trading: Cooperative societies use cash to conduct commerce. Cooperative societies can prevent bad debts and credit collection costs by engaging in cash commerce. Additionally, it guards against temporary insolvency and guarantees a steady flow of funds. Nonetheless, it is permissible for these civilizations to offer items on credit. For certain members, there are exceptions.

9. One Man, One Vote: Members of cooperative societies are not separated based on their level of wealth or the quantity of shares they own. As a result, every member has an equal voice in management and is entitled to one vote, regardless of how many shares they own.

10. Perpetual Existence: A cooperative society has an eternal life. It can only be disbanded by legal means after it has been registered.

Objectives of Cooperative Society

Providing services to its members is a cooperative society's primary goal. Improving the financial situation of its members is the main goal of any cooperative society. By carrying out operations that serve the common economic interest and benefit the members, it therefore emphasizes better business and better life. The goals of cooperation are as follows:

- To foster among the members self-reliance, respect, and teamwork.
- To eliminate intermediaries' and prevent their unnecessary gains from trade and commerce
- To engage in activities that promote the members' and society's welfare and well-being.
- To encourage cooperation among members and eliminate internal rivalry;
- To do business in an open and equitable manner.
- To prevent exploitation of the members of society

Cooperative Societies' Advantages

Cooperative societies have benefited Indian society in a number of ways since its inception in 1904. The important benefit are

Economic Benefits

By offering cheaper credit, encouraging the use of various contemporary agricultural tools to enhance their output, supplying inputs like fertilizer, improved seeds, new tools, and pesticides, and assisting farmers in receiving fair prices for their produce, cooperative societies have significantly contributed to the uplift of society's weaker segments. Here are a few of the advantages:

1. Provide affordable credit
2. The proliferation of banking practices
3. Greater Employment
4. The allocation of necessary goods
5. Promotion of thrift and other forms of saving

Due to the functioning of Cooperative Societies, thousands of people have been freed from the grasp of moneylenders. The movement has contributed to the development of investment and frugal living habits among the rural public. The money that has been hoarded is being used for worthwhile endeavors. The interest rates that moneylenders impose are significantly higher than those that cultivators may obtain. Farmers and Agriculturist can avail better seeds and manure at affordable prices through cooperative marketing and purchases. Additionally, the movement has aided in the rebuilding of village industries and the growth of cottage businesses. Without a doubt, the initiative has helped a sizable portion of the rural public that was being taken advantage of by moneylenders.

Social and Moral Benefits

Numerous social benefits, including the development of moral character and a sense of responsibility among society's members, have been brought about by the cooperative movement. The idle folks became entrepreneurs and industrialists. There was improved public health, civil life, and educational dissemination. It led to members developing a habit of investing and being frugal, which reduced their needless spending. The cooperative attitude have supplanted litigation, intoxication, and gambling and promoted Social values including work, self-reliance, thrift, mutual aid. To reconstruct village communities, certain social virtues are necessary. Children of farmers have a higher appetite for education in villages where the cooperative movement has taken root. Moral qualities like loyalty, unity, cooperation,

self-reliance, self-respect, a spirit of compromise, and the art of organized working have also been created by the movement. The initiative has given participants the chance to showcase their best traits. The cooperative movement has functioned as a democratic training ground. It serves as a training ground for jobs in municipalities and, eventually, the federal government. Without a doubt, millions of individuals in both rural and urban areas now enjoy a greater level of living thanks to the cooperative movement. Many Indians have benefited greatly from the movement on an economic, social, and moral level.

The cooperative movement has been providing beneficial services for the nation's economic development and citizens' well-being. As the cooperative society follows a democratic management system all members can vote in the decision-making process. In addition to encouraging social leadership, this system will teach its members how to manage a democratic organization. Members of society endeavor to educate themselves on the fundamentals of accounting since proper care must be taken when managing and handling finances. Anyone can buy society shares to become a member, and members' liability is capped with the amount of unpaid shares they owned. To a certain extent, cooperative societies are immune from paying taxes.

The process for registering a cooperative organization

Cooperative societies are established with certain goals in mind. The Cooperative Society Act of 1912 requires all cooperative societies to register. The actions that must be taken in order to register are as follows:

- To register as a society for mutual benefit, a minimum of ten people with similar interests must do so.
 - To elect a chief promoter and form a temporary committee, all members will meet at the AGM. The chief promoter and members will then decide on the society's name together.
 - Subsequently, an application detailing the intended society's business operations must be submitted to the registration authority along with the necessary paperwork. A certificate of name approval will be granted if the application is approved by the relevant authority.
 - Once the name has been approved, gather the required share capital and registration fees from each potential member.
 - Create a bank account in the Cooperative Society's name. In order for the bank to issue a certificate for the same, deposit the collected registration costs and share capital amount into that bank account.
-
- The principal promoter should now submit an application for Society Registration using prescribed Form ., which should be attached to all required paperwork. Obtaining the approval of 90% of potential members is crucial.
 - After confirming the documents' legitimacy, the Registrar will issue a Registration Certificate if they are satisfied with documents attached. Nonetheless, the application needs to be sent again for correction if there are any inconsistencies.
 - Additionally, a receipt for the application's submission will be provided by the Registrar, which will be useful for periodically checking the application's status.
 - All of the newly established Cooperative Society's information must be entered into the register by the registrar.

Once the registering authority is completely satisfied, they will issue a certificate and notify the Society Registration in the official gazette.

Benefits of a Cooperative Society

- Anyone who shares the goal of serving others without anticipating payment is eligible to join the cooperative society. Members are free to join and quit the society as they see fit.
- A cooperative society is registered under the Cooperative Societies Act, which makes it a distinct legal entity with limited member liability; members contribute capital to the society, and the government provides various grants and subsidies to facilitate business operations. It can operate the firm under its name.
- If the cooperative society makes more money from its operations, it distributes that profit to its members according to their involvement in the enterprise.
.It encourages democracy. The members' voting rights are used to make the decisions. The rule is one man, one vote, and the majority of votes will determine the outcome.
- Other benefits of cooperative societies include ease of organization, stability, limited liability, and equitable sharing of surplus.

Reasons for Cooperatives' Slow Progress

Even with its quick expansion, the cooperative movement has not made very good success overall. The ineffective operation of cooperatives can be attributed to several factors. Among them are:

- a) Primary level structural and internal weaknesses.
- b) An excessive reliance on government funding.
- c) Cooperative law's restrictive provisions.
- d) Inadequate infrastructure and inexperienced management.
- e) Traditional management methods are still used by cooperatives.
- f) Poor policy support leads to deteriorating performance in cooperative finance corruption, inefficiency, and poor management.

Cooperatives are not performing up to par. Cooperatives are struggling financially even with large government assistance. By seeking financial and other forms of support from the government, cooperatives have devalued themselves. Their independence and freedom of action are undermined by political interference, excessive government control, and dependence on the government; eventually, this turns them into a tool of the state. The individual is not a good leader. People don't fully understand the movement's goals.

The cooperative movement has also suffered from restrictions on how it can operate; these societies are generally single-purpose and have been very small in size. Since its beginning, the cooperative movement has struggled with a shortage of skilled workers. The Cooperatives must develop independently and implement financial restructuring strategies to increase their capital resources if they are to succeed.

CHAPTER 3: COOPERATIVE PRINCIPLES

The International Co-operative Alliance (ICA) Commission defined Cooperative Principles as “those practices which are essential and absolutely indispensable to the achievement of the Co-operative Movement's purpose”. The operations of cooperative businesses are governed by a set of rules known as cooperative principles. These are concepts that direct any type of behavior, policy, or action. The overarching vision statement for cooperatives and co-operators, both individually and collectively, is known as the cooperative principles. The experiences of the first cooperatives in Germany and England served as the foundation for the development of the cooperative principles. The fundamental tenets of cooperatives are interdependent, thus in order to achieve the greatest outcomes for the movement, all cooperative principles should be adhered to collectively rather than separately. In essence, the cooperative's tenets developed from their experiences in founding and running the Rochdale Equitable Pioneer Society (1844). Pioneers established a set of rules for the organization to follow, enabling it to operate in a methodical manner, which led to the development of cooperative principles.

The Pioneers had to commit themselves to fundamental values and operational guidelines as they began their commercial endeavors seriously. Although the Raiffeisen and Schulz-Delitzsch Agricultural Co-ops in Germany and the Workers' Co-operative in France had different operating guidelines, they shared the same fundamental ideas of democratic control, open membership, limited interest in capital, and the distribution of surplus based on member patronage. An analysis of the key ideas that underlie the three cooperative movements that began in the 1840s. The three systems appear to differ greatly at first glance. However, they adhere to the same beliefs on the essential issues.

They all share the same mindset on the hiring of volunteers, a democratic control mechanism, the enterprise's goal of service, and member ownership. Only a few operational issues separate them. The International Co-operative Alliance (ICA) established a special committee for the World Co-operative Movement in 1937, which subsequently recognized the following tenets of the Pioneers. One of the oldest autonomous non-governmental organizations that connects, represents, and serves cooperatives globally is the International Co-operative Alliance (ICA). It is the highest authority for all kinds of cooperative organizations worldwide. The ICA was founded in 1895. It is the only global organization that is solely focused on fostering cooperation around the globe.

The Rochdale Principles

Nearly all of the several cooperatives that were established in the 1830s failed. Ultimately, a society founded by a group of 28 employees from the English industrial town of Rochdale proved to be a profitable endeavor. Their ability to learn from their past mistakes was the only thing that contributed to their success. The first successful co-operative society in England, Rochdale Pioneers Co-operative Society, conducted experiments before deciding to use business techniques that would help the organization run society on a daily basis. On October 24, 1844, these pioneers registered their society, "The Rochdale Society of Equitable Pioneers," and on December 21, 1844, they started operations. According to some, this marks the actual start of the contemporary cooperative movement.

The Rochdale Pioneers implemented the ideas of Robert Owen, regarded as the founder of the cooperative movement, as the tenets of their society. These principles, commonly referred to as the Rochdale Principles, have since served as an inspiration for the cooperative movement around the globe.

The Rochdale principles

1. The open membership principle
2. The democratic control principle
3. The Patronage Dividend Principle
4. The limited interest on capital principle
5. The Neutrality Principle in Politics and Religion
6. The Cash Trading Principle
7. The Promotion of Education Principle

International Co-operative Alliance established a special committee in the year 1934 to analyze the Rochdale principles and look into how they were being applied in the member nations so that any necessary additions or revisions could be made. According to the 1937 special committee's recommendations, the following seven tenets could be regarded as the Rochdale Pioneers' guiding beliefs. The Rochdale principles were separated into two sections by this committee: 1) Principles that are necessary or required, and 2) Principles that are not.

Fundamental Ideas. The 1937 Committee suggested that four principles—open membership, democratic governance, patronage dividend, and limited interest in capital—determine the fundamental nature of a cooperative organization. The cooperative nature of every community thus depends on the observance of the first four principles, which should be considered mandatory.

1. The open membership principle
2. The democratic control principle
3. The Patronage Dividend Principle
4. The limited interest on capital principle

Principles That Are Not Essential: According to the committee, the remaining three principles may be less significant and hence seen as non-essential as they are a component of the Rochdale System. They were:

5. The Neutrality Principle in Politics and Religion
6. The Cash Trading Principle
7. Education promotion

Cooperatives had to change their focus from merely defending group interests to positively contributing to the welfare of their members in the growing economic system after 1937 as a result of the introduction of new technology and management techniques that altered the socioeconomic and political conditions of many countries. Therefore, at the 22nd Congress of ICA in 1963, the necessity of reviewing the cooperative principles was debated.

Commission of 1966

A resolution that called for the creation of a commission to research cooperative ideas was passed by the aforementioned Congress. Under the chairmanship of Prof. D.G. Karve (1964), a commission was established in compliance with the ICA Congress Resolution.

The 23rd Co-operative Congress, held in Vienna in 1966, endorsed the revised set of cooperative principles proposed by the commission. This commission examines the applicability of the Rochdale Pioneers' ideas, which can be kept for the efficient administration of cooperative societies. Additionally, they were given the authority to create new principles that would work in cooperative societies. The first four principles—

open membership, democratic governance, limited interest in capital, and transfer of profit to members proportionate to their transactions—were finally upheld by the commission in 1966.

In order to understand cooperative ideas and for the society to succeed, they advise encouraging cooperative education among its members. As the fifth principle of a cooperative society, the Commission introduced a new one: "Cooperation among cooperatives." According to the Commission's 1966 report, "All principles possess equal authority and must be equally observed." These were the general principles of a cooperative society.

1. The Open and Voluntary Membership Principle
2. The democratic control principle
3. The limited interest on share capital principle
4. The principle of allocating surplus according to transactions
5. The Cooperative Education Principle
6. Cooperatives' cooperation principle.

The concepts established in 1966 were determined to be feasible in the majority of the world's regions and remained applicable and legitimate for more than 20 years. A number of troubling trends surfaced in the mid-1980s:

1. For example, the decline in consumer movements, particularly in wealthy nations
2. Low dividend on patronage for cooperatives,
3. Members' lack of interest in taking part in group activities, organizational tasks, and business operations,
4. An inadequate financial foundation,
5. An inability to handle the current competition,
6. Their inability to modernize, diversify, and grow their economic operations;
7. State and government authorities' increasing interest in and meddling in cooperative functioning;
8. A weaker foundation of ideology

As a result of these advancements, it is now evident that many regions of the world adhere strictly to cooperative principles. In addition to the aforementioned, the following factors made a modification to the cooperative principles necessary:

1. The swift advancement of technology demands a steadily growing amount of capital expenditure.
2. Growing rivalry from major financial and industrial trade firms in both the public and private sectors
3. To adapt to the quickly shifting market conditions, highly qualified management with the power to act quickly is required.

Cooperative Principles, 1995

Every cooperative is concerned about the significant decline in cooperative values, which was covered at the 1992 International Cooperative Alliance summit in Tokyo.

As a result, the Congress advised the ICA Executive Committee to start the process of reviewing the 1966 amendments to the Cooperative Principles and to make the appropriate recommendations to adapt to the needs and circumstances of the global economy. Dr. Ian Macpherson of Canada served as the committee's coordinator. In 1994, he provided a draft that included a declaration of cooperative identity after being requested to oversee the assessment of cooperative principles. In September 1995, the ICA General Assembly in Manchester adopted the text. The updated Cooperative Principles, which serve as the cornerstone of the current cooperative movement, were as follows:

1. The Open and Voluntary Membership Principle
2. The Democratic Member Control Principle

3. The Member Economic Participation Principle
4. The Autonomy and Independence Principle
5. The education Training and Information principle.
6. The principle of cooperation among cooperatives
7. The Community Concern Principle

Voluntary and open membership are the first three of these seven concepts. Cooperative Principles have an impact on cooperatives' internal operations as well as their exterior relationships. There are connections between the cooperative principles. Therefore, it is impossible to evaluate society's effectiveness using only one of the principles. When all of these are followed, a cooperative organization is formed. A society's ability to successfully implement cooperative principles in the administration of its institutions is a major determinant of its success.

Principles of Cooperation, 1995

There is a thorough discussion of the cooperative ideas that were suggested by the team led by Dr. Lan Macpherson in 1995. The guiding concepts are as follows: 1. Open and voluntary membership; 2. Democratic member control; 3. Member economic participation; and 4. Autonomy and Independence. 5. The Principle of Education, training and information 6. The Principle of Cooperation among Cooperatives 7. The Community Concern Principle

The Open and Voluntary Membership Principle Cooperatives are non profit organizations that welcome everyone who wants to use their services and is prepared to take on the duties of membership, regardless of gender, social status, economic status, race, political affiliation, or religion. Everyone is welcome to join the cooperative organization, and participation is entirely optional.

Any individual can join a cooperative group. They are free to entry and exit as they like. All citizens who live in the cooperative society's service region are eligible to become members. Anyone who meets the requirements for membership can join a cooperative society.

Democratic Member Control Principle It entails encouraging a democratic spirit in cooperatives. Members of the cooperatives actively participate in establishing their policies and making decisions, ensuring that they operate in a democratic way. Members of cooperatives have equal voting rights, and cooperative societies are subject to the "one member, one vote" principle. As elected officials, both men and women answer to the membership (one member, one vote).

By forming a managing committee, elected members oversee the operation of cooperatives, and all decisions are made collaboratively.

The Member Economic Participation Principle Cooperatives are businesses that focus on providing services. Members make contributions to capital and exercise democratic control over it. At the annual general meeting, the limited returns will be announced. The money received, if any, from capital subscribed as a requirement of membership will be used to grow the cooperative, perhaps by creating reserves, at least some of which would be indivisible, giving members benefits commensurate with their interactions with the cooperative, and funding other initiatives that the members have approved.

The Autonomy and Independence Principle Cooperatives are self-governing, independent businesses run by its members. They do so on conditions that provide democratic governance by their members and preserve their cooperative autonomy if they sign agreements with other groups, including governments, or raise money from other sources. Cooperatives have the freedom to organize, plan, and carry out their plans in accordance with their own judgments, even though each government has established a statutory

framework that limits their ability to operate within it. Additionally, they are free to carry out their business operations in accordance with their aims and objectives.

The fundamentals of information, training, and education Cooperative members should be well-versed in the goals and tenets of cooperative society in order to actively contribute to the growth of their own cooperatives. Members will be better able to concentrate on their duties and use their thoughts to accomplish group goals if they have knowledge of how cooperative societies operate, including their bylaws, business, Co-operative Act, etc. Giving the members the required training would enable them to fulfill their duties in an efficient manner. Additionally, education and training are crucial because they offer great chances for cooperative leaders to comprehend the wants of their members.

The principle of cooperation among cooperatives states that by cooperating through local, regional, national, and worldwide frameworks, cooperatives may better serve their members and advance the cooperative movement. It is imperative for cooperatives to acknowledge the need to enhance their assistance in all organizational endeavors. They ought to support one another in the growth of the cooperative sector. To safeguard the members' interests and, ultimately, the advancement of society as a whole, they ought to proceed with greater comprehension. They shouldn't compete with members in their own constituency.

The principle of concern for Community Cooperatives use member-approved policies to promote the sustainable development of their communities. The principles of self-help, self-reliance, democracy, equality, equity, and solidarity form the foundation of cooperatives. They were established to help the less fortunate members of society. Therefore, they ought to concentrate on the areas of activity where the community may flourish and guarantee a higher quality of life. People who share a shared goal will band together to create societies, which exist for the benefit of their constituents. Cooperative societies are in charge of its members' social, economic, and cultural advancement.

The Cooperative Movement's Values and Principles are outlined by the International Cooperative Alliance (ICA). The ICA outlined the seven cooperative principles and embraced the aforementioned basic values in 1995.

Types of Cooperative Organizations

According to their operational and functional structure, cooperative societies can be roughly divided into two groups. They are as follows: a) Unitary Societies b) Federal Societies

a) Unitary Societies

Unitary societies have a core organization with branches located all throughout the nation. The general body, which is made up of all its members, has ultimate authority. In line with the society's bylaws, this body chooses the board of directors. These societies' centralized structure makes it possible for operations to be planned, carried out, and controlled more efficiently.

The centralized system's propensity to concentrate power in the hands of a select few is a significant disadvantage, though.

b) Federal Societies

The federal form of cooperative society structure is used in India. Three levels—Primary, District, and State—are used to arrange cooperative activities and functions under this structure. People from villages and Gram Panchayats are members of Primary Societies at the primary level. Together, these primary societies make up District Level Societies, which are then part of the State Level (Apex) Cooperatives. This framework functions in two-tier and three-tier systems:

- There are three levels in the Primary Agricultural Credit Sector: State Cooperative Banks (SCBs) at the top, District Central Cooperative Banks (DCCBs) at the middle, and Primary Agricultural Credit Societies (PACs) at the bottom.
- A two-tier system is in place in the Long-Term Agricultural Credit Sector, with State Agricultural and Rural Development Banks at the top and Primary Agricultural and Rural Development Banks at the bottom.

Cooperative Society Management

The democratic aspect of cooperative management is one of its main features. Cooperation is based on "democratic management." Two primary entities are in charge of running a cooperative institution:

General Body and the Managing Committee

a) The General Body

All of the society's members make up the General Body. All delegates from member cooperative societies or multi-state cooperative societies as defined by the applicable Act are included in the case of a national or federal cooperative society. According to Section 28(1) of the Kerala Cooperative Societies Act, 1969, the General Body elects the Managing Committee, which consists of at least seven members for elementary societies and up to twenty-five for other societies. This committee is in charge of running the society's affairs in compliance with the Act, its rules, and its bylaws. It is appointed for a maximum of five years. In a cooperative society, the general body of members holds the final say. Nonetheless, if the society's bylaws allow for the establishment of a smaller representative body made up of delegates chosen or elected in line with those bylaws, this smaller body may exercise the general body's functions as prescribed or as stated in the bylaws. Each delegate will have one vote in the society's decision-making procedures, notwithstanding the rules of sub-section (2) of Section 24 of the Kerala Cooperative Societies Act, 1969.

Functions and Authority of the General Body

According to a resolution, the society's board must summon the annual general meeting within six months after the end of the previous year.

The audited statement of accounts is examined; the audit report and annual report are examined; the audit compliance report is examined;

4. Net profit disposal;
5. Acceptance of the nomination of auditors and the setting of compensation;
6. Examining any operational deficiencies;
7. establishment of certain funds and reserves;
8. Acceptance of the yearly budget;
9. Examining how reserves and other cash are actually being used;
10. establishment of certain funds and reserves;
11. Acceptance of the yearly operating plan and the long-term perspective plan;
12. Examining the subsidiary institution's annual report and financial statements, if any;
13. Members' expulsion;
14. A list containing workers who are related to the CEO or board members;
15. Modification of any bye-laws;
16. creation of a code of conduct for officials and board members;
17. The election and dismissal of any board members;

18. Examine the statement that describes any loans or items on credit that were issued to a director, their spouse, or their son or daughter in the previous year, or that are still owed to any of them;

19. Any other issue that the Board of Directors brings before it

b)The Managing Committee

According to Section 28(1) of the Kerala Cooperative Societies Act, a co-operative society's general body must form a committee for a maximum of five years in compliance with the Kerala Cooperative Societies Act, 1969, regulations, and bylaws, and assign such committee the responsibility of overseeing the society's operations. In fundamental societies, there must be a minimum of seven members and a maximum of fifteen; in other societies, there must be twenty-five.

Committee Adhoc

A committee to manage the society's operations may be appointed by the individual who signed the application to form the new society. We call this an ad hoc committee. This committee will be in charge for three months after the registration date. If required, the registrar may prolong the committee's tenure.

The Managing Committee's duties

- 1) To create plans for the society's growth
- 2) To establish policies, processes, etc. to achieve the society's objectives.
- 3) Establishing organizational structure and fostering an environment that supports its effective operation
- 4) To make prompt, appropriate judgments and to provide instructions and direction for their successful execution.
- 5) To exert authority over administrative and financial issues.
- 6) To organize the different social events

The Managing Committee's authority

- 1) Election of candidates for office
- 2) Allocating shares and admitting members
- 3) To obtain the required funds through loans and deposits
- 4) To call a meeting of the general body
- 5) To make arrangements for the appropriate upkeep of the society's accounts
- 6) To choose, manage, and oversee the employees
- 7) To form the subcommittee
- 8) To authorize share withdrawals and transfers
- 9) To determine how the society's funds should be invested

Cooperative Society Management and Administration

By law, directors are in charge of the cooperative's operations. It is always their responsibility to make choices that will benefit the cooperative society as a whole. After being elected, the directors choose the president, vice president, secretary, and treasurer.

The cooperative society's bylaws will specify the precise responsibilities of these officers. Certain meetings, such as the annual general meeting, board of directors meeting, operational meeting, and committee meeting, serve as the basis for strategic and tactical choices.

Board of Directors:

- 1) The General Body will elect directors (the number may be provided in the bylaws);
- 2) Nominated Directors (the number may be stipulated in the bylaws, if relevant);
- 3) The ex-officio members of the Board will be the Chief Executive and Functional Directors.
- 4) The Board of Directors may co-opt two distinguished individuals; NOTICE: Functional Directors are

only relevant in the event of National Cooperative Societies.

5) The Board may call two subject area experts to any of its meetings;

6) Any Central Government nominees in accordance with the Act's stipulations. where the share capital has been subscribed for by either the federal government or a state government.

Board of Directors Role (Board of Directors Powers & Functions)

1. To allow members to join;
2. To choose the society's chairman and vice-chairman; 3. To give permission for the General Body to hold meetings;
4. To analyze the organization's goals and establish clear objectives to be met in order to reach them;
5. To evaluate goals on a regular basis;
6. To designate, suspend, or dismiss the Chief Executive and any other society employees as directed;
7. To establish rules governing the society's appointment, pay scales, benefits, and other terms of employment, including the imposition of disciplinary measures against such workers;
8. To submit the annual report, financial accounts, plan, and budget for the general body's approval;
9. To review and present audit and compliance reports to the general public
10. The purchase or sale of real estate;
11. To examine other cooperatives' membership;
12. To authorize the supplemental and annual budgets;
13. To suggest to the General Body how revenues should be distributed;
14. To generate money;
15. To authorize loans for members;
16. To elect someone to replace any vacancy or vacancies on the Board;
- 17 To authorize the auditors' panel to be placed in the General Body;
18. To designate Committees and Subcommittees as needed and assign them the authority that may be appropriate;
19. To create rules for the election of General Body delegates and Board of Directors members, as well as for the conduct of General Body and Board of Directors meetings in accordance with the Act's provisions;
20. To take any additional actions or perform any other tasks that may be mandated by this act, the bylaws, or the General Body may assign.

Vice-Chairman/President and Chairman

The Board of Directors will choose a Chairman and a Vice-Chairman from among themselves. The meeting of the Board of Directors and the General Body will be chaired by the Chairman or, in his absence, the Vice-Chairman. Unless the Chairman or Vice-Chairman resigns from their position as a Director earlier, their terms of office will run concurrently with the terms of the elected Board members. If there is a vacancy within this time frame, the Board will re-elect the person to serve the remaining term.

The Chairman's duties and authority include:

The Chairman will have the following duties and authority:

- (i) He will chair the meeting of Board of Directors', general body meeting and executive committee
- (ii) The Chairman will sign the minutes of all meetings he chairs;
- (iii) Should there be a tie in votes on a resolution, the Chairman will have the right to cast a vote in the meeting;
- (iv) Call meetings of the Executive Committee, Board of Directors, and other committees he chairs;

(v) The Chairman may assign any of his duties and authority to the Vice-Chairman; Chief Executive The Board will appoint the CEO, who will support and assist the Board of Directors in carrying out its duties. He will participate in all committees and subcommittees that the Board of Directors may establish.

The Chief Executive's duties and authority:

The Chief Executive/Managing Director will have the following authority, duties, and obligations, subject to the Board of Directors' overall control and general supervision:

- (i) To support the Board of Directors in developing policies, goals, and plans;
- (ii) To carry out plans and policies that have been duly approved by the Board or the General Body and provide the Board of Directors with periodic information required to evaluate the activities and progress of achievement towards implementing the policies and programs;
- (iii) To call meetings of various committees, including the general body, at the Chairman's direction;
- (iv) To keep accurate records of the society;
- (v) To manage the society's finances, ensure that proper accounts are kept and audited;
- (vi) To handle all society correspondence;
- (vii) To oversee the collection and security of the funds;
- (viii) To carry out the organization's policies, programs, and business and take the necessary steps to implement the resolutions of the Board of Directors, the general body, or any other committee established by bylaws;
- (ix) To sign all society deposit receipts with banks in compliance with the executive committee's resolution;

The Secretary

The secretary's responsibilities include

- (a) attending all committee and registered society meetings and following all committee directives;
- (b) being in the office during the hours of business that the committee designates from time to time;
- (c) documenting all registered society transactions in the books designated for that purpose; conducting correspondence on behalf of the registered society; preparing the annual statement of accounts and balance sheet; and managing the documents, books, and vouchers for payments and receipts on behalf of the registered society;
- (d) to receive all loan applications and present them to the committee; to prepare receipts and other documents in the format required for borrowers to sign before obtaining approved loans; and, with the committee's permission, to provide members with information about the registered society that they may request;
- (e) to collect all funds owed or payable to the registered society and provide receipts to the payer for the same from a counterfoil receipt book that the Registrar has provided to the registered society for that purpose, while simultaneously getting the counterfoil's signatory;
- (f) to get from him a receipt on a form to be obtained from the required counterfoil book, and to deposit with the treasurer from funds collected by him on behalf of the registered organization all sums in excess of an amount to be set periodically by the committee;
- (g) to keep the funds of the registered society separate and never combine them with other funds; and to always present all funds in his possession that belong to the registered society when asked to do so by the committee, the Registrar, or any person he has given permission to do so;

(h) to pay as the committee authorizes, getting the payee's signature on the Registrar-recommended payment book; (i) to issue a receipt on a form to be taken from the prescribed counterfoil book when receiving money from the treasurer; and (ii) to call meetings in accordance with the rules, provided that the secretary obtains a manuscript receipt from the payee and attaches it to a separate page of the payment book in every case where the payment is made outside the registered society's office.

Decision Making

Cooperatives are democratic organizations where members share equal ownership and decision-making power. Every person is a co-owner of the cooperative as they own a portion of it.

Every member has one vote in democratic decision-making that affects the organization, guaranteeing equal participation. This system combines aspects of representative and direct democracy.

Annual General meeting

Every cooperative society must call a general meeting of its members within six months of the date set for preparing its annual accounts under the current regulations in order to: a) Approve the committee's prepared program of activities for the ensuing year.

b) Any committee members who are not nominated may be elected in accordance with section 31's rules.

c) Examining the annual report and the audit report

d) distribution of net earnings; and

e) Examining any additional issues that might be raised in line with the bylaws.

f) With the caveat that the Registrar may, by special or general order, prolong the time frame for having such a meeting by an additional three months.

g) With the additional provision that, should the Registrar determine that no such extension is required or that the society fails to call the meeting within the extended period, if any, that he has granted, the Registrar or any person authorized by him may call the meeting in the manner specified, and it will be considered a general meeting that has been duly called by the society. The Registrar may also order that the costs associated with calling the meeting be covered by the society's funds or by the person or people who, in the Registrar's opinion, were responsible for the failure to call the general meeting.

h) A statement detailing the specifics of any loans, if any, made to committee members in the previous year must be presented to the society at each annual general meeting of a cooperative society.

Special General Meeting

A special general meeting of a cooperative society may be called at any time by the committee, and it must be called within a month of receiving a written request from the Registrar, a certain number of members, or a percentage of all members as specified in the bylaws.

If a special general meeting of a cooperative society is not held in response to the request outlined in subsection (1), the Registrar or a person appointed by him in this position may call one. The Registrar may require that the expense of calling the meeting be paid for out of the society's funds or by the person or people who, in the Registrar's opinion, were accountable for the failure to call the special general meeting. The meeting will be deemed to have been called by the committee.

Board of Directors meeting

1. The manager or managers receive orders from the board to which they report.

2. The board's primary responsibility in this situation is to make persons responsible for making decisions on behalf of the cooperative society responsible for the results of those actions. Assessing the organizational structure that was employed to make these choices would also fall under this category. The board assesses the cooperative society's financial status to decide what steps should be made to improve the situation and whether the budgeted goals are being realized.
3. If only the membership has the authority in a given area, the board may recommend a policy to the membership or create or amend policies as needed.
4. In order to steer the cooperative society in the upcoming year or years, board members make sure that a sound planning process is in place and talk about long-term objectives and strategy.
5. The board has the authority to accept new members and to revoke existing ones.

Operational Meeting

Members and management consult and make decisions regarding day-to-day operations. Depending on the organizational arrangements that have been established by the board of directors and/or the membership, these meetings and the participants will differ from one cooperative to the next.

Committee

Committees are occasionally formed to conduct study on topics and offer suggestions to assist the board, membership, or management in making decisions. These committees may be ad hoc, formed to focus on a single subject, or they could be standing groups, like a finance committee.

Cooperative Society Funds

According to its bylaws, each cooperative society has an authorized share capital, and upon joining, each member is obliged to donate a share. Member deposits are a significant source of funding in addition to share capital. In order to properly perform their duties, societies also obtain financial support through loans from federations and apex societies. Additionally, societies manage their working capital and guarantee efficient operations by using the money received from contributions, revenues, and admission fees.

Conclusion

Effective leadership, minimal political meddling, well-educated and trained members, and familiarity with cooperative ideals are the key components of a successful cooperative movement. In contrast to other organizations, cooperatives have significant challenges when it comes to implementing an efficient management system. The cooperatives will be strengthened and their positions as an essential instrument for socioeconomic growth and community empowerment will be improved by enhancing financial structure, enhancing governance, and modernizing and adapting market dynamics.

CHAPTER 4: TYPES OF COOPERATIVE SOCIETIES-CREDIT COOPERATIVE SOCIETY

Cooperative societies are voluntary groups of people that share economic interests and are founded on the ideas of mutual aid and self-help. The guidelines established by the State's Cooperative Society Act apply to cooperative societies in every state. The Societies are categorized according to their goals and fields of activity. A collection of people that voluntarily band together to achieve a common economic interest is known as a cooperative society. It works on the tenets of mutual aid and self-help, seeking to assist its members while guaranteeing that each person receives an equitable portion of the advantages. This model is a prime example of the effectiveness of teamwork in accomplishing shared objectives. Members combine their resources, plan how best to use them, and strive toward their common goals.

In India, a cooperative society that provides services to citizens of a single state is required to abide by the cooperative society legislation of that state. It must, however, abide with the Multi-State Cooperative Societies Act of 2002 if it intends to conduct business in more than one state.

In India, there are two types of cooperative societies:

- 1) Credit Cooperatives
- 2) Non Credit Cooperatives

In India, the Credit Cooperative movement began in 1904.

Credit Co-operatives come in two varieties. They are:

- A) Cooperatives for Agricultural Credit
- B) Cooperatives for Non-Agricultural Credit

A) Societies for Agricultural Credit

Cooperative societies for agricultural financing serve the interests of farmers and agricultural laborers.

Agricultural credit cooperatives come in two varieties. They are:

- 1) Credit cooperatives for short- and medium-term loans
- 2) Credit cooperatives for long-term loans

A)1) Credit cooperatives for short-term and medium-term loans:

In the majority of states, the short-term/medium-term lending system is divided into three tiers.

- (a) State-owned cooperative banks
- (b) Central cooperative banks
- (c) Primary Agricultural Credit Societies:

These have a two-tier system in certain states.

- a) State-owned cooperative banks
- b) Primary credit organizations

(A) 1) a) State Cooperative Bank

The State Cooperative Bank serves as the guardian of the state's cooperative banking system and is a federation of the central cooperative bank. Its funding comes from the Reserve Bank of India's overdrafts,

loans, deposits, and social capital. Instead of lending directly to farmers, state-owned cooperative banks lend to primary businesses and cooperative central banks.

State Cooperative Bank(Apex Bank)

District Cooperative Bank



Primary Societies

On September 1, 1958, the state implemented the three-tier structure that the All India Rural Credit Survey Committee had suggested.

Operation

- Lending money to small companies and borrowers.
- Extending credit options, such as working capital and term loans.
- Making advances secured by debentures and shares.

A)1)b) **District Co-operative Central Bank (DCCB)** A cooperative bank that operates at the district level throughout India is the District Co-operative Central Bank (DCCB). With branches mostly located in rural and semi-urban areas, it was founded to offer banking services to the agricultural industry in the rural hinterland.

Each district in every Indian state has its own district central bank, which is referred to as the District Central Co-operative Bank. The bank's president is chosen by its members and their elected directors, who represent a wide range of professional cooperative bodies, including milk unions, urban and rural cooperatives, agricultural and non-agricultural cooperatives, and others. A State Apex Central Cooperative bank serves as the ultimate bank and apex body for the DCCBs in each state, representing these banks collectively. Under the different provisions of the Banking Regulation Act, 1949 the Reserve Bank of India (RBI) oversees and regulates the banking operations of State Cooperative Banks (SCBs), District Central Cooperative Banks (DCCBs), and Urban Cooperative Banks (UCBs).

Functions of the District Central Cooperative Bank's (DCCB)

An essential conduit between the State Cooperative Bank and Primary Agricultural Cooperative Societies is the District Central Cooperative Bank (DCCB). It is essential to the provision of finance to farmers and other rural residents.

1. To fulfill member societies' credit requirements
2. To conduct banking operations
3. To serve as a PACS balance center by transferring the excess finances of some societies to those experiencing financial difficulties.
4. To engage in non-credit activities
5. To stay in constant, ongoing communication with PACS and to offer them leadership and direction
6. To oversee and examine the PACS
7. To offer a secure environment in which PACS resources can be invested

PACs or DCCBs either disburse the term loans to farmers directly or through PACs. Higher lending organizations like NABARD, which distribute these funds via State cooperative banks, can refinance it.

A)1)c)Primary Agricultural Credit Societies

The smallest cooperative credit organization in India is called a Primary Agricultural Credit Society (PACS). At the village and gram panchayat levels, it operates at the grassroots level. Any cooperative society that isn't a primary agricultural credit society is considered a primary credit society. Its paid-up share capital and reserves are less than Rs 1 lakh, and its primary business is banking transactions.

In the nation's three-tiered cooperative credit structure, the Primary Agricultural Cooperative Societies (PACS) are at the bottom. The Gram Panchayat level is where these short-term cooperative credit structures operate. Farmers, craftspeople, and other rural residents own these Primary Societies. In accordance with Sections 22 and 23 of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies (AACS), the Reserve Bank oversees the banking operations of SCBs, DCCBs, and UCBCs. The following methods are available to a Primary Agriculture Credit Society (PACS) to raise money for its operations: member deposits, member share capital, and indirect government funding. Contributions to share capital are made through the district central cooperative bank and the apex cooperative bank.

Functions of PACS's

- To offer its members short- and medium-term loans.
- Taking out a sufficient loan from a central financial institution.
- Preserving the availability of rental light equipment for use in agriculture.
- Encourages its members to save money.
- To arrange for the provision of agricultural inputs. For instance, kerosene, seeds, fertilizer, and pesticides.
- It assists its members by offering marketing resources that may improve the market sales of their agricultural goods at competitive pricing.

Funds of Primary Agriculture Credit Societies' (PACS)

A Primary Agriculture Credit Society (PACS) may raise money to fund its operations in one of the following ways:

- By issuing share capital to members and the indirect government.
- Contributions to share capital are made through the district central cooperative banks and the apex cooperative.
- Member deposits; loans; contributions; and admission fees

PACS's shortcomings

Below is a brief discussion of the PACS's main shortcomings and credit:

1. Weakness in the Organization
2. Insufficient resources
3. Past-due debts
4. Insufficient and limited credit

A) 2) Long-term loan Credit Cooperatives

The State Co-operative Agriculture and Rural Development Banks (SCARDBs) and the Primary Co-

operative Agriculture and Rural Development Banks (PCARDBs) make up the two tiers of long-term cooperative loan institutions. The highest authority for agricultural and rural development banks is the National Cooperative Agriculture & Rural Development Banks Federation Ltd.

1) State Co-operative Agricultural and Rural Development Bank

2) Primary Co-operative Agricultural and Rural Development Bank

The highest authority for Agriculture & Rural Development Banks in the country is the National Cooperative Agriculture & Rural Development Banks Federation Ltd. Established in 1960, the Federation is governed by the Multi-State Cooperative Societies Act of 2002. Through support services in resource mobilization, business expansion, and loan recovery, as well as through lobbying and liaison with the State and Central Government and organizations like RBI, NABARD, NCDC, and NCUI, among others, the Federation's mission is to serve its member banks in meeting the credit and other financial services needs of the rural sector.

In order to effectively address the need for credit and other financial services in the rural sector, the Long Term Credit Cooperative Structure should be strengthened and reformed as resource-based, member-driven, autonomous co-ops.

Objectives

- To foster mutual understanding among members and give them a shared forum for exchanges on legal, policy, and operational concerns, as well as to channel efforts to resolve such difficulties;
- To advance the interests of all its members and help them achieve organizational and corporate goals.

Functions

In order to achieve the aforementioned goals, the Federation organizes conferences, conventions, seminars, workshops, and other events. It also forms committees, subcommittees, working groups, study teams, and other groups that deal with business operations and issues that members find important.

- To build relationships with the Planning Commission, Reserve Bank of India, National Bank for Agriculture & Rural Development, National Housing Bank, National Cooperative Development Corporation, State Bank of India, and other Commercial Banks, Cooperative Banks, National Cooperative Union of India, and other National level Federations and other institutions in order to promote the interests of the members and to express the shared viewpoints of the member banks.
- To gather data, absorb it, compile it in an appropriate format, and share the information and experience gained from it.
- To buy or acquire real estate for its office space as well as other immovable and movable assets for the operation of its business.
- To assign the personnel required to carry out its operations.
- To become a member of cooperatives and other related national and international organizations and groups.
- To operate and promote a center or institution for conducting management development programs, staff training, and other related activities, such as research.
- To get necessary facilities, support, and financial aid from the government or other sources, both domestically and internationally, including member banks and others.
- To purchase stock in cooperatives and other organizations.
- To enter into any contracts or agency agreements that may be required for the administration and management of financial schemes, insurance schemes, sinking fund investments, including surplus fund investments.

- To carry out any revenue-generating endeavors that are deemed essential for achieving any or all of the aforementioned goals, whether directly or through joint ventures, subsidiaries, or other arrangements.
- To do all necessary actions and actions that are incidental or helpful in achieving the goal.

A)2)1) State Co-operative Agricultural and Rural Development Bank

The agricultural loan can be Long term, Medium term and short-term. At the highest level, State Cooperative Banks offer short- and medium-term loans; at the lower level, District or Central Cooperative Banks do the same; and at the lowest level, Primary Societies do the same. Primary Cooperative Agriculture and Rural Development Banks (PCARDB) at the primary level and State Cooperative Agriculture and Rural Development Banks (SCARDB) are available for long-term lending.

An apex organization with solely Primary Cooperative Agricultural and Rural Development Banks as its members is known as the State Cooperative Agriculture and Rural Development Banks (SCARDB). Kerala Central Land Mortgage Bank opened for business on November 1st, 1956, after the All India Rural Credit Survey Committee's suggestion to establish a cooperative land mortgage bank in Kerala. The State Cooperative Agriculture and Rural Development Banks (SCARDB) became the new name in late 1990. The KSC Act defines State Cooperative Agriculture and Rural Development Banks (SCARDB) as an apex organization that operates in compliance with the guidelines of the Kerala State Cooperative Agriculture and Rural Development Banks (SCARDB) Act, 1984, and has only Primary Cooperative Agriculture and Rural Development Banks (PCARDB) as its members.

Objectives

1. To provide funding and assistance to PCARDBs that are associated with it
2. To obtain a deposit, borrow money from other institutions, and refinance
3. To issue debentures secured by its assets.
4. To give PCARDB the required direction

Through the floatation of debentures in key areas like minor irrigation, farm mechanization, land development, horticulture, wasteland development, rural housing, rural godowns, non-farm sector, and animal husbandry, this Central Sector Scheme of India seeks to increase the resources of SLDBs (State Land Development Banks) for long-term lending to cultivators. The SLDBs and SCARDBs raise funds for cultivators to receive long-term loans under this program.

NABARD, the relevant State Governments, the Government of India, and other financial institutions subscribe for the debentures that the banks issue. Land Development Banks were the previous name for these cooperative banks. Agriculture and Rural Development Banks is the new name for them. State Co-operative Agriculture and Rural Development Banks (SCARDB) and Primary Co-operative Agriculture and Rural Development Banks (PCARDB) are the two tiers under which they function. Like commercial banks, SC ARDBs are now allowed to accept term deposits with maturities of one year or more. Typically, they offer loans for no more than ten to fifteen years.

A)2)2)Primary Co-operative Agricultural and Rural Development Bank

According to the Kerala Cooperative Societies Act of 1969, a PCARDB is a society whose primary function is to offer long-term credit for agricultural and rural development projects, and whose operational area is limited to a taluk.

Goal 1. To advance its members' economic interests by lending money for agricultural development and

related activities backed by the security of real estate; 2. To lend money without security under certain schemes with government guarantees for principal and interest repayment. 3. To grant a loan secured by fixed assets

1. Loans for agriculture a) Small-scale irrigation projects 1) New well construction 2) old well repair 3) Water Tank Construction 4) The function of sprinkler irrigation, etc.

b) Special Projects 1) Areca Plantation Development 2) Growth of Rubber and Coconut Plantations 3) The Rubber Processing Unit. 4) Construction of an Areca Nut Dryer 5) Plantation perimeter fencing 6) for the establishment of new plantations for cashew nuts, coconuts, and rubber

c) Diverse Projects: 1) Providing small and very small farmers with funding to buy agricultural products. 2) Gobar Gas unit 3) Dairy farming 4) Poultry farming 5) for the purchase of tractor and tiller power 6) Two-wheeler purchases (only to farmers)

2. Non-Agricultural Loans:

1) Service and Small-Scale Sectors

2) Purchasing Light Transport Service Vehicles

3. Repairing, expanding, and building new homes in rural areas.

PCARDB's funding comes from membership fees and share capital.

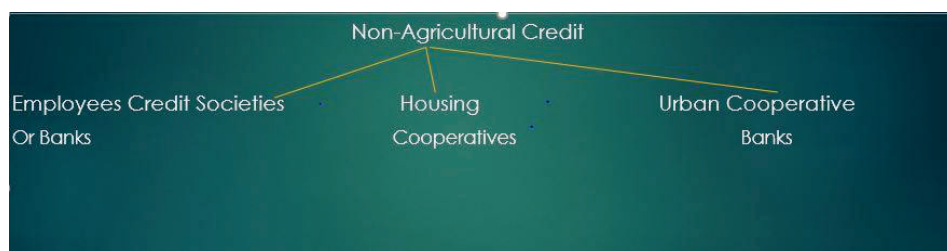
Capital for shares: Ten lakh to four crores is the range of the permitted share capital. PCARDB's share is divided into four classes. Ordinary members receive a class share, government members receive a B class share, and nominal members receive a C class share. Shares of the D class cannot be refunded or transferred.

Participation: Individual farmers who own land within the bank's operating area are eligible to become members. Generally speaking, anyone who is at least eighteen years old and capable of signing contracts and meeting the requirements of Section 16 and Rule 16 of the Kerala Cooperative Society Act 1969 is eligible to join. By making share capital contributions, the government can also join the PCARDB.

B) NON AGRICULTURAL CREDIT

Non-agricultural credit societies come in three varieties. They are as follows:

- a) Employee Credit Society
- b) Housing Co-operative Society
- c) Urban Co-operative Banks



B)a)Employee's Cooperative credit Society

Non-agricultural credit societies known as Employee's Cooperative Credit Societies are made up of fixed-wage workers and salaried employees of government agencies, quasi-government organizations, and

private businesses. These kinds of societies are well-run and financially stable. The region of operation is typically limited to the department or institutions, however membership is available to all confirmed employees. Promoting saving and offering credit facilities to society's members are the primary goals. The employees' base wage serves as the basis for determining the maximum borrowing limit.

The non-agricultural credit societies' improved performance can be attributed to:

- a) improved and effective management;
- b) educated members;
- c) well-paid and skilled employees;
- d) appropriate arrangements for the prompt recovery of funds;
- e) the society's viability and operational efficiency;
- B) b) housing cooperative societies.

The Housing Cooperative Societies, Kerala Cooperative Society Act 1969 governs the Kerala State Housing Cooperative Societies. It operates within a two-tier structure.

1.Primary Housing Cooperative Societies

2. Kerala State Cooperative Housing Federations

In the case of Housing Societies, the state-level Housing Cooperatives are at the highest level. There are primary-level societies like the Kerala State Cooperative Housing Federation (HOUSEFED), which is at the highest level.

- i. Cooperative Building Society
- ii. Cooperative House Building Society
- iii. Cooperative House Construction Society
- iv. Tenancy Housing Society
- v. Other Housing Societies

The Primary Housing Society is a semi-urban, rural, and municipal organization. It provides members with long-term loans for both the purchase or building of new homes as well as for the maintenance of existing homes. Loans from the Kerala State Cooperative Housing Federation are their main source of funding.

1.Primary Housing Cooperative Societies

- a) Cooperative Building Society: This kind of society lends money to build structures on their own property. Instalments will be used to repay the debt.
- b) Cooperative House Building Society: This group purchases property, builds homes, and makes them available to members on credit.
- c) Cooperative House Construction society: in this scenario, the society purchases land, builds a home, and then rents it out to its members via a hire-purchase arrangement.
- d) Cooperative tenant housing society: the group buys land and builds homes according to its own blueprint. Members can rent these homes to help them with their housing issues.
- e) Cooperative Mortgage Society: The society lends money to members who already own a home and need funds for remodeling, additions, or renovations.
- f) Cooperative townships: These groups purchase land in major cities and build an entire town by constructing roads, parks, drainage systems, and other civic facilities.

2.Kerala State Cooperative Housing Federation(HOUSEFED)

The apex organization, the Kerala State Cooperative Housing Federation (HOUSEFED), began operations in September 1970 and covers the whole state of Kerala. It offers member societies long-term loans, and primary societies are granted membership. Through borrowing from LIC, HUDCO, NHB, and other sources, the society raises money. The president and vice president are chosen from among the board members to serve on the board of directors.

B c) Urban Cooperative Banks

The main credit societies operating in urban areas are Urban Co-operative Banks (UCBs). For non-agricultural uses, they offer their members short- and medium-term loans.

Features:

- a) Cooperative societies act-registered non-agricultural credit society
- b) Banking services for both members and non-members
- c) Customer agency services

Objects and Functions

1. Get deposits from both members and non-members
2. Give members advance loans
3. Serve as a representative for members
4. Locker facilities

It is governed by the Banking Regulation Act of 1949 and holds a significant position within the Non-Agricultural Credit Society. They serve the credit requirements of urban dwellers. They primarily lend money to assistants, small business owners, and those with monthly incomes. They also go after food, silver, and gold.

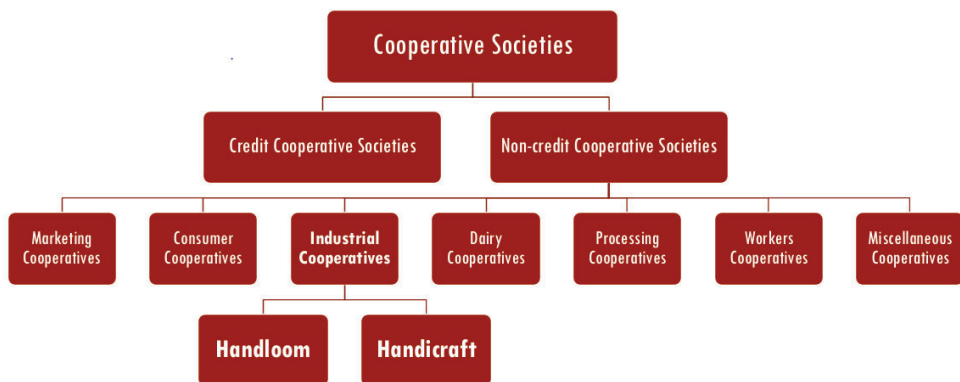
Conclusion

Credit Cooperative societies provide service to its members and promote their mutual economic and social betterment through self help and collective effort. Give credit Through self-help and teamwork, cooperative societies serve its members and further their reciprocal economic and social improvement. These societies are member-owned financial organizations that offer their members short-, medium-, and long-term financial services to their members especially in rural and semi urban areas.

CHAPTER 5: TYPES OF COOPERATIVE SOCIETIES: NON-CREDIT COOPERATIVE SOCIETY

A cooperative organization that focuses on offering its members goods, services, or support rather than lending or borrowing is known as a non-credit cooperative society. Its primary goal is to provide for the needs of its members, not to raise money for loans. Non-credit cooperatives come in a variety of forms. They are as follows:

- I) Marketing Cooperatives
- II) Consumer Cooperatives
- III) Industrial Cooperatives
- IV) Dairy Cooperatives
- V) Processing Cooperatives
- VI) Workers Cooperatives
- VII) Miscellaneous Cooperatives



I) MARKETING COOPERATIVES

The execution of commercial operations aimed at facilitating the movement of goods and services from producers to users or consumers. These societies' operations included gathering goods from individual farmers, transporting them to the closest collection point, grading and standardizing them, pooling them, processing, storing, packing, and connecting buyers and sellers. It offers market intelligence, information on the market, consumer goods and inputs, influences market prices, protects farmers from middlemen, merchants, and moneylenders, and offers better prices.

Objectives

- i) Give growers more negotiating power
- ii) Give farmers better prices
- iii) Get rid of middlemen
- iv) To maintain the items' pricing stability
- v) To make it easier to grade and standardize the product
- vi) Offer the product improved transportation options.

Issues faced by Marketing Cooperatives

Marketing cooperatives' ability to operate effectively is impacted by

- i) a lack of enough funding and financial resources to expand their operations.
- ii) A weak credit marketing link
- iii) Inadequate communication, storage, and intelligence services

Marketing Societies' Organization The Marketing Cooperatives have a two-tier structure, just like other cooperative societies.

- a) Primary Cooperative Marketing Societies
- b) Kerala State Cooperative Marketing Federation Ltd (Market Fed)

a) Primary Cooperative Marketing Society

An association of growers founded on cooperative principles, the Primary Cooperative Marketing Society aims to assist its members in more profitably marketing their produce.

A Primary Society's operational area is often one taluk or multiple taluks. Individuals, PACs, and state and local authorities are all eligible to become members.

i) The society acts as an agent of the members. After the sales have been conducted the society will make payment to the members

ii) The society will gather the farmers' products and provide them the going rate; when the market price is the most advantageous, the product will be discarded.

iii) Offers godown facilities for farmers' produce storage.

b) Kerala State Cooperative Marketing Federation Ltd (Market Fed)

On December 24, 1942, Marketfed was established as a District Wholesale Trade Co-operative Store, operating throughout the ancient Malabar district. It started operations on January 14, 1943. It was renamed a Marketing Society and placed under the Store Plan Scheme in 1958. This society was renamed the Supreme Federation of Marketing Societies on August 10, 1960, and its jurisdiction was expanded to include the State of Kerala. The General Body is Marketfed's supreme authority. The State Government is one of the 93 member societies that make up this organization.

Objectives

- i) To give the state's farming community a solid foundation of support
- ii) To use cooperatives to supply fertilizers and other inputs at reasonable costs
- iii) To intervene in the market to stabilize the price of agricultural products.

Farmers are greatly assisted in dealing with agricultural crises by the marketing and procurement techniques. Marketfed is growing its business operations while maintaining its core values and considering the challenges that lie ahead. This involves marketing and branding its own goods by

sourcing Kerala produce, with a focus on spices and value-added coconut. A sustainable cooperative economic development is what Marketfed seeks to accomplish.

II) CONSUMER CO-OPERATIVE SOCIETY

A retail establishment that is owned by its customers is known as a consumer cooperative. Eliminating middlemen is their main goal. Together, they run the company, and the profit is divided among the customers according to their respective contributions. The society sells to its members in tiny amounts after purchasing in bulk and receiving discounts. While some cooperative stores operate on a vast scale, others are more modest in scope and size. When a group of 28 weavers founded the Rochdale Pioneers Equitable Society in 1844 with the intention of opening a store to sell clothing, food, and other items, this type of retailing got its start in England. Ordinary individuals created these societies in order to get the commodities they need on a daily basis at lower costs. These societies set up consumer cooperative stores for this reason.

These societies set up consumer cooperative stores for this reason. These groups buy things in bulk from wholesalers at wholesale costs, then resell them to members (and occasionally non-members) at market pricing. The surplus, which is given to the purchasing members as a bonus on purchases, represents the difference. The first type of cooperative organization is this one. The government's efforts to limit the price increases of consumer goods and necessities have given consumers' cooperatives in India a boost. The Consumer Cooperative Society's Organization With the Kerala State Cooperative Consumer Federation (Consumerfed) at the top (state level) and District Wholesale Stores and Primary Consumer Stores at the bottom, the Kerala Consumer Cooperative Society is organized into two levels.

Features:

- (i) It is a voluntary association of people and is registered under the Co-operative Societies Act, which gives registered societies access to specific benefits and exemptions.
- (ii) All majors (adults) are eligible to join a society that operates on cooperative lines.
- (iii) These societies rarely permit credit facilities and sell for cash.
- (iv) Members' liability is capped at the amount they have contributed.
- (v) Democratic authority is used.
- (vi) By buying in quantity, the purchases benefit from economies of scale.
- (vii) The society's earnings are dispersed among its members and used for general welfare initiatives.

Benefits

- (i) Because the purchases are made in large quantities, these societies are eligible for trade discounts.
- (ii) No single group can gain control of the organization because control is democratic.
- (iii) Lower advertising costs are spent.
- (iv) Earned profits are not allocated to ineffective ventures.
- (v) It gives participants a feeling of inclusion in the community.
- (vi) It helps members improve their managerial skills.
- (vii) The stores provide members with inexpensive supplies and fresh goods.

Limitations:

- (i) It meets the needs of those with modest to moderate incomes.
- (ii) It has poor financial standing.

- (iii) Since professional managers cannot be employed owing to financial constraints, management is in the hands of amateurs.
- (iv) The reliance on employees' loyalty and honesty is excessive.
- (v) The salesman's society does not properly promote sales.

III)INDUSTRIAL COOPERATIVE SOCIETY

A voluntary association of small producers, industrial cooperative societies—also known as producer cooperatives—were established with the goal of removing the capitalist class from the industrial production system. Occasionally, consumer societies may collaborate with producer associations. In these situations, groups of this kind are referred to as "co-partnership societies." These cultures manufacture items to satisfy consumer needs. Their output may occasionally be sold to third parties at a profit, with the producers splitting the proceeds after allocating predetermined amounts for general and welfare purposes. An industrial cooperative's main goal is to provide social and economic benefits to its members.

An industrial cooperative is a group of artisans and laborers engaged in cottage or village businesses who get together to produce, process, and market commodities produced by the members collectively while also offering them the support and services they require. 'A cooperative organized by workers, governed by workers & managed by workers for accomplishing their shared objective' is one definition of it.

Objectives

- i) Fostering self-reliance, collaboration, and self-respect among members
- ii) Purchasing and supplying workers with the tools, equipment, and raw materials they require
- iii) Making connections with the government and other organizations
- iv) Purchasing machinery and other equipment members need and renting it to members for high-quality production
- v) To build godowns for raw materials and completed goods that can be rented
- vi) To carry out all necessary actions for the members' and society's welfare and well-being.

Industrial Cooperative Issues

- i) The financial and human resources issue
- ii) The issue with product manufacturing and marketing
- iii) Inadequate management and planning
- iv) Members' lack of allegiance

Industrial cooperatives come in a variety of forms, including handlooms, handicrafts, oil crushing, leather tanning, sericulture, pottery, and more. Two significant industrial cooperatives are the Handloom Cooperative Society and the Handicraft Cooperative Society.

III) 1) Handloom Cooperative Society

One of the most important and ancient areas of traditional textile production is the handloom industry. It entails weaving textiles and fabrics on manually driven looms, frequently showcasing artisanal craftsmanship and a rich cultural legacy. Millions of people are employed by the handloom sector, particularly in rural areas. It helps people in the supply chain, including as spinners, dyers, and fabric finishers, in addition to weavers. The Primary Weavers Cooperative Societies (PWCS) were established

to help weavers' financial circumstances. Comprising at least 100 weavers, these groups manufacture handloom fabrics. The following is the structure of handloom cooperatives:

- a) Primary Weavers Cooperative Societies
- b) Kerala State Handloom Weavers Co-operative Society Ltd. (HANTEK)

a) Primary Weavers Cooperative Societies

The Primary Weavers Cooperative Societies (PWCS) were established to help weavers' financial circumstances. Comprising at least 100 weavers, these groups manufacture handloom fabrics.

Functions

1. Providing inexpensive raw materials
2. Teaching weavers new designs
3. Promoting weavers' sarees
4. Offering loans for home construction
5. Offering insurance in the event of sickness or demise
- Goals
1. To buy supplies for dispersal among members
2. To buy tools and equipment for shared use or to rent or lease better tools and equipment to members
3. To raise money and set up the sale of the members' best advantage
4. To serve as an intermediary for its members' collective purchase of domestic necessities
5. To promote members' thrift and self-help
6. To offer members technical support in raising money for better designs and to supply standard services like bleaching, printing, and dyeing.

Members of the Primary Weavers Cooperative Societies get yarn from the societies, and members in turn manufacture clothing and other goods and give them back to the societies. Marketing is the responsibility assigned to the Kerala State Handloom Weavers' Co-operative Society Ltd (HANTEK). In order to compete with the large textile mill owners, they offer refunds from the cess fund, which is made up of the charge received by private textile mill owners.

Issues Primary Weavers Cooperative Societies Face

1. Insufficient funding
2. Inadequate marketing resources
3. Inadequate technological advancement and processing
4. Reliance on mills for supply, which necessitates the involvement of numerous intermediaries
5. Inadequate managerial expertise
6. The youthful generation's insufficient employment, mostly because of absence of enthusiasm for this specific traditional weaving

b) Kerala State Handloom Weavers Co-operative Society Ltd. (HANTEK)

Established in 1961, the Kerala State Handloom Weavers Co-operative Society Ltd. (HANTEK) is the highest authority among Kerala's principal handloom weavers' cooperative associations. Promoting member societies and providing them with sufficient institutional support are the primary goals.

Hantex has aided in the representation of our country's ancient culture and traditions via the handloom sector and its weavers.

Functions of Hantex:

1. Handloom product distribution and marketing
2. Supplying Unprocessed Materials
3. The Creation of Employment
4. Assistance and Financial Support
5. Training and Skill Development
6. Product Standardization and Quality Control
7. Handloom Heritage Promotion

III. 2) Handicraft Cooperative Society

Even though some tools or machinery may have been used during the process, handicrafts are primarily made by hand. They are distinguished from mechanically produced goods of similar utility by their unique features, which can be artistic, aesthetic, ethnic, or cultural. They are also adorned with visual appeal in the form of inlay work or other substantial work. Pottery, Basket Weaving, jewellery making are some examples of such products. There are

- a) Primary Handicraft Cooperative Society and
- b) Kerala State Handicraft Cooperative Society

a) Primary Handicraft Cooperative Society

These are the cooperatives at the local level that individual craftspeople belong to. By providing access to raw materials, tools, and marketing opportunities, these associations aid in the organization of regional craftspeople. They frequently operate in tiny towns and villages and specialize in certain crafts like handloom weaving, coir, or ceramics. Coir societies and bamboo craft cooperatives are two instances of primary societies. These cooperatives oversee sourcing, production, and occasionally provide artisans with skill and technique training.

Functions

1. Acquire raw resources and provide them to participants
2. Promote products
3. Comply with government directives
4. Create Development Plans

b. Kerala State Handicrafts Cooperative Society (Surabhi)

Established in 1964, the Kerala State Handicrafts Apex Cooperative Society operates with the support of the Government of Kerala to promote the handicrafts sector through cooperative initiatives. Its primary objective is to market the products of the State's Primary Cooperative Societies. In addition, the Society procures and supplies raw materials, promotes handicraft sales, conducts training and skill development programs, extends financial assistance, supports welfare schemes for artisans, facilitates exports, and organizes trade fairs and exhibitions. These collective efforts contribute to the cooperative production of handcrafted goods.

Apart from handloom and handicraft cooperatives, other forms of industrial cooperatives operate in sectors such as oil crushing, leather tanning, sericulture, pottery, and various other industries.

IV) DAIRY CO-OPERATIVE SOCIETY

The dairy farmers own, govern and avail services from dairy cooperative society. Members fund the cooperative and receive a piece of its income based on how much milk they sell via it. The Indian government established the National Dairy Development Board (NDDB) in 1965. The government was inspired to create the NDDB by Anand Dairy's accomplishment. The Village Milk Producers Cooperative Union and Federation of Dairy Cooperative Union serve as the fundamental organization in the Anand Pattern.

Objectives

- i) disseminate the Anand model experiment throughout the nation; and
- ii) offer financial support to state milk marketing societies.

Primary Societies and State Level Societies are the two tiers that the NDDB prefers. In Kerala, the state, it is

- a) Primary Milk Marketing Society
- b) Kerala Cooperative Milk Marketing Federation (KCMMF)

A group of dairy farmers that collaborate to gather milk and plan the delivery of milk and other dairy products to the market is known as a dairy cooperative. This society aids in the resolution of issues such as insufficient transportation infrastructure, a lack of technical guidance, improper processing, and the reduction of middlemen, among others.

a) Primary Milk Marketing Society

Primary Milk Marketing Society are set up by local residents who are able to provide a sizable amount of milk. The objectives are :

- i) To promote the financial well-being of members engaged in milk production.
 - ii) Help the members to enhance the production of milk
 - iii) To enable members to acquire and maintain high-quality milch animals.
 - iv) To organize milk sales and product procurement in a manner that maximizes benefits for the members.
 - v) Assists in the acquisition of equipment for the production and processing of dairy products
- The management committee oversees the society's daily operations. The society's operations include:
- i) gathering milk from its members;
 - ii) setting up a milk sale;
 - iii) supplying cow feed;
 - iv) providing advance loans for the acquisition of milch animals;

b) Kerala Cooperative Milk Marketing Federation (KCMMF) MILMA

The Kerala Cooperative Milk Marketing Federation (KCMMF), often referred to as MILMA, was founded in 1980 and operates over the entire state of Kerala.

Objectives

- i) To promote the purchase, freezing, and marketing of milk products in order to support the farming community's economic growth.
- ii) The Federation develops and expands operations related to dairy, such as the protection and enhancement of milch animals and the acquisition of buildings, plant, machinery, and equipment, among other things.
- iii) Obtain, produce, and distribute balanced cow feed.
- iv) Create Quality Control and Research Labs v) Installing milk collection and chilling facilities
- vi) Arrange for the transportation of milk and its byproducts as needed.
- vii) To counsel, support, direct, and oversee the milk unions in all facets of administration

V) PROCESSING COOPERATIVE SOCIETY

The societies that emerge the term "processing cooperative society" refers to societies that work together to process commercial crops and food grains in order to satisfy customers and make them available to them. Processing improves the quality and adaptability of the product and also improves the ease of use such as sugar made from sugarcane, edible oil made from oil seeds, cotton bales made from raw cotton, etc., Cooperative spinning mills and cooperative sugar factories are examples of Processing Cooperatives.

Objectives

- a) The primary goal of processing cooperatives is the collecting and processing of agricultural goods.
- b) To create plans to boost output and lower production costs
- c) To offer advice on crop protection
- d) To offer marketing resources to promote rural goods
- e) To offer financing options for agricultural product production
- f) To supply fertilizer and seeds to grow the products

Processing societies are important for social development, job creation, and rural development.

VI) WORKERS COOPERATIVE SOCIETY

A cooperative that is democratically owned and run by its "worker-owners" is known as a worker cooperative or producer cooperative. Only the employees hold shares in a "pure" workers' cooperative; there are no outside owners. However, there are hybrid forms where certain shares are also owned by consumers, community members, or capitalist investors. In actuality, worker-owners can exert power through the retention of individual, collective, or majority voting rights (executed on a one-member, one-vote basis) or by individual, collective, or majority ownership by the workforce.

Industry and sector concentrations, as well as the development of a support system that includes funding, technical assistance providers, and trade associations at the local, regional, and national levels, are all indicators of the current boom in worker cooperative popularity. Worker cooperatives are becoming more popular as a means of generating wealth and jobs, as advocates for small businesses, cities, and community organizations recognize the opportunity to create a more equitable economy. The worker cooperative sector's current expansion dates back to the 1970s and 1980s.

Objectives

A worker cooperative's main goals are to:

- a) empower its members by establishing a democratically run company in which employees also hold stock;
- b) promote social and economic advancement via mutual aid and self-help.
- c) The goal of worker cooperatives is to create a more efficient and equitable economy where human dignity is prioritized and production is planned for self-help rather than profit.
- d) By offering products and services that raise income and purchasing power, they also aim to enhance members' quality of life.

VII MISCELLANEOUS COOPERATIVE SOCIETIES.

These cooperative societies belong to a different group and are not typically classified as consumer, producer, or credit cooperatives. As stated in their bye-laws, they may participate in a range of business activities and were founded largely for the general welfare of its members. These organizations usually only take deposits from their members, keeping their operations narrowly focused. They often work only for the benefit of their members, not the broader public.

A cooperative that does not fit into a clear-cut category, such as credit or agricultural cooperatives, is known as a miscellaneous cooperative society. As long as they follow the cooperative principles, these organizations can be created for a variety of reasons and frequently participate in a wide range of activities. The Department of Cooperation in Kerala helps these organizations carry out a number of employment-focused initiatives, such as loans, managerial grants, share capital contributions, and subsidies.

For example, Artisan's Cooperative Societies, Women's Welfare Cooperatives, Transportation Cooperatives, and Tribal Cooperative Societies. A wide range of activities, including welfare help, employment, cultural development, and education, are outlined in their bylaws. Services like supplying artists with equipment and raw materials, managing training facilities or schools, assisting independent contractors or small business endeavors, etc., are customized to meet the unique demands of its members.

Conclusion

Cooperative societies encourage self-help and group wellbeing. They promote economic growth and make non-banking services like housing, consumption, and production easier. Cooperative societies have made significant contributions to the eradication of poverty and the advancement of the weaker segments of society, despite their many obstacles, issues, and limitations. The structure of cooperative societies must adapt to the changing global environment, but they are prevented from becoming dynamic by the government's overbearing control and antiquated laws and regulations.