

Chapter – 7

Cooperative Organisation

I. Choose the Correct Answer

Question 1.

Membership in a cooperative organization is

- (a) Not open to all
- (b) Selective
- (c) Open to all
- (d) None of them

Answer:

- (c) Open to all

Question 2.

Cooperative fails because of

- (a) Unlimited membership
- (b) Cash trading
- (c) Mismanagement
- (d) Loss – making

Answer:

- (c) Mismanagement

Question 3.

All cooperatives are established with

- (a) Philanthropic motive
- (b) Service motive
- (c) Profit motive
- (d) Reform motive

Answer:

- (b) Service motive

Question 4.

Consumers Co – operation was first successful in

- (a) England
- (b) USA
- (c) Swiss
- (d) India

Answer:

- (a) England

Question 5.

Rochdale society of equitable pioneers was started by

- (a) Robert Owen
- (b) HC Calvert
- (c) Talmaki
- (d) Lambert

Answer:

- (a) Robert Owen

II. Very Short Answer Questions

Question 1.

What do you mean by the cooperative organization?

Answer:

A Cooperative is a private business organization that is owned and controlled by the people who use its products, supplies, or services. It is a form of business organisation which is voluntarily organised for poor people. The aim is to render service only.

Question 2.

Define cooperatives.

Answer:

Co – operation is a form of organization in which persons voluntarily associate together as human beings on the basis of equality for the promotion of the economic interests of themselves.

Question 3.

What is Credit cooperatives?

Answer:

Credit Cooperative societies are societies formed for providing short-term financial help to their members. It helps in developing the habit of saving among the members. It can be further divided into agricultural credit societies or non-agricultural credit societies.

Question 4.

Is low taxes possible in a Cooperative society?

Answer:

Yes, Low taxes are possible in a cooperative society because it is a non-profit enterprise, and the government provides various exemptions and tax concessions.

Question 5.

Who are Rochdale Pioneers?

Answer:

The Rochdale Society of Equitable Pioneers, founded on 21 December 1844, was an early consumer co-operative, and one of the first to pay a patronage dividend, forming the basis for the modern co-operative movement.

III. Short Answer Questions

Question 1.

What are the disadvantages of Cooperatives? (Any 3)

Answer:**1. Limited funds:**

Co-operative societies have limited membership and are promoted by the weaker sections. The membership fees collected is low. Therefore the funds available with the co-operatives are limited.

2. Over-reliance on Government funds:

Co-operative societies are not able to raise their own resources. Their sources of financing are limited and they depend on government funds.

3. Imposed by Government:

In the Western countries, co-operative societies were voluntarily started by the weaker sections. The objective is to improve their economic status and protect themselves from exploitation by businessmen. But in India, the co – cooperative movement was initiated and established by the Government.

Question 2.

Write a note on Housing cooperatives.

Answer:

It is meant to provide residential accommodation to their members on an ownership basis or on rent. These societies advance loans to members, repayable over a period of 15 to 20 years. It acquires land, constructs houses, and rent them to members. The member- tenant, however, can own the houses after paying the cost.

Question 3.

What is meant by Producers cooperative society?

Answer:

Producer cooperatives are created by producers and owned and operated by producers. Producers can decide to work together or as separate entities to help increase marketing possibilities and production efficiency. They are organized to process, market, and distribute their own products. This helps lessen costs and strains in each area with a mutual benefit to each producer.

Question 4.

Write a note on cooperative farming societies.

Answer:

Various farmers in a village pool their land together and agree to treat the pooled piece of land as one big farm for the purpose of cultivation, purchase the necessary inputs for the cultivation, and market the crops jointly, they are assumed to have formed a cooperative farming society. Besides land 'the

farmers also 'contribute various productive assets as well as their labour for the purpose of cultivations. Whereas they get rent for their land and productive assets, they get wages, for their labour.

Question 5.

Write a note on industrial cooperatives.

Answer:

An industrial cooperative is organised by small scale producers. Cooperative undertakings are a useful means of developing small scale and cottage industries. Industrial cooperatives are very useful in obtaining raw materials, in improving the quality of products.

IV. Long Answer Questions

Question 1.

What are the principles of cooperatives? (Any 5)

Answer:

1. Voluntary and Open Membership:

Co-operatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2. Democratic Member Control:

Co-operatives are democratic organizations controlled by their members—those who buy the goods or use the services of the cooperative—who actively participate in setting policies and making decisions.

3. Member's Economic Participation:

Members contribute equally to, and democratically control, the capital of the cooperative. This benefits member in proportion to the business they conduct with the cooperative rather than on the capital invested.

4. Autonomy and Independence:

Co-operatives are autonomous, self-help organizations controlled by their members. If the co-operative organisation enters into agreements with other

organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the co-operative's autonomy.

5. Education, Training, and Information:

Co-operatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and benefits of cooperatives.

Question 2.

What are the advantages of a cooperative society?

Answer:

1. Voluntary organisation:

The membership of a cooperative society is open to all. Any person with common interests can become a member. The membership fee is kept low so that everyone would be able to join and benefit from cooperative societies.

2. Easy formation:

Cooperatives can be formed much easier when compared to a company. Any 10 members who have attained majority can join together for forming a cooperative society by observing simple legal formalities.

3. Democracy:

A co-operative society is run on the principle of 'one man one vote'. It implies that all members have equal rights in managing the affairs of the enterprises.

4. Equal distribution of surplus:

The surplus generated by the cooperative societies is distributed in an equitable manner among members. Therefore all the members of the cooperative society are benefited.

5. Limited liability:

The liability of the members in a cooperative society is limited to the extent of their capital contribution. They cannot be personally held liable for the debts of society.

Question 3.

What are the types of Cooperative society?

Answer:

The following are some of the important advantages of co-operative societies.

1. Voluntary organization:

The membership of a cooperative society is open to all Any person with a common interest can become a member. The membership fee is kept low so that everyone would be able to join and benefit from cooperative societies. At the same time, any member who wants to leave society is free to do so. There are no entry or exit barriers. for beginners the cooperatives are classified as follows:

2. Consumers Cooperatives:

Consumer cooperatives are organized by consumers that want to achieve better prices or quality in the goods or services they purchase. They also supply essential commodities through Public Distribution System (PDS). Credit unions are essentially cooperatives of people that use banking services.

3. Producers Cooperatives:

Producer cooperatives are established and operated by producers. Producers can decide to work together or as separate entities to help increase marketing possibilities and production efficiency. This helps lessen costs and strains in each area with a mutual benefit to each producer.

4. Marketing Cooperatives:

Co-operative marketing societies are associations of small producers formed for the purpose of marketing their produce. They secure better prices for their members by transporting goods even to distant markets. Advance is also given to members against produce deposited with the society.

5. Credit Cooperatives:

Co-operative credit societies are those formed for the purpose of providing short term financial help to their members. Agriculturists, artisans, industrial workers, salaried employees, etc., form these credit societies. Credit societies may be agricultural credit societies or non-agricultural credit societies.

6. Housing Co-operatives:

These co-operative housing societies are meant to provide residential accommodation to their members on an ownership basis or on rent. These societies advance loans to members, repayable over a period of 15 to 20 years. These are house construction societies which acquire land, construct houses and rent them to members. The member-tenant, however, can own the houses after paying the cost.

7. Co-operative Farming Societies:

When various farmers in a village pool their land together and agree to treat the pooled piece of land as one big farm for the purpose of cultivation, purchase the necessary inputs for the cultivation, and market the crops jointly, they are assumed to have formed a cooperative farming society.

Question 4.

Write a note on Consumer cooperative society.

Answer:

Consumer cooperatives are organized by consumers that want to achieve better prices or quality in the goods or services they purchase. In contrast to traditional retail stores or service providers, a consumer cooperative exists to deliver goods or services rather than to maximize profits from selling those goods or services. Nationally, the most widely used cooperative form is the credit union, with some 90 million members. Credit union assets have grown a hundredfold in three decades. Credit unions are essentially cooperatives of people that use banking services. Students' cooperative stores, Cooperative provision stores, Supermarkets set up in cooperative societies of India are examples of this type.

Question 5.

Whether misuse of funds is possible in cooperatives.

Answer:

Yes. There are chances for misuse of funds in a cooperative society. If the members of the managing committee are corrupt they can cheat the funds of the co-operative society. Many cooperative societies have faced financial troubles and closed down because of corruption and misuse of funds.