

# 1. Organization of a Co-operative Society

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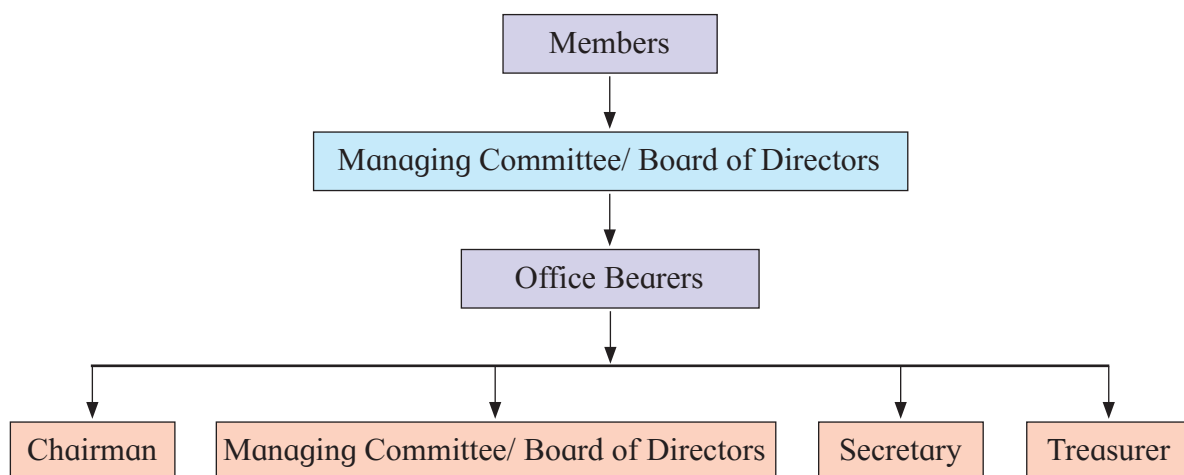
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### 1.1 Introduction

Co-operation is one of the form of business organization. It is different from other forms of business organizations. All other business organizations are formed with the profit motive but in Co-operation, service motive has been given priority rather than making only profit. Co-operative societies run their business on low margin. In Co-operation, person is given more importance rather than the capital. But in Joint Stock Company capital is an important factor. Co-operative society are conducting business on minimum profit. In this chapter we will study the organizational structure of co-operative society.

### 1.2 Organizational Structure of a Co-operative Society

Organizational or management structure of a co-operative society is as follows:



#### 1.2.1 Member

##### ➤ Meaning:

A Co-operative society is formed by the promoters for the benefit of common needs of persons. The people with common objectives come together and decide to form a co-operative society. Those who have signed an application form as promoter can get the membership as and when

the society is registered. They are the founder members of the co-operative society. After the registration of co-operative society, the interested eligible persons can apply in the prescribed form along with entrance fees and amount of share capital to get the membership. If the society has accepted the proposal, he/ she become the member of a co-operative society. But the co-operative society must take the decision of membership within three months from the date of receipt of an application form. The decision of membership should be communicated within fifteen days from the date of decision taken by the managing committee.

The Active members are the real owners of the society. They enjoy certain privileges as the owners of the society. A member can contest the election of managing committee. A member has various right like right to attend the meetings, to discuss and to vote in the general body meetings, etc.

➤ **Definition:**

As per the Maharashtra Co-operative Societies Act, 1960 sub- section 2(19)(a), ‘Member means a person joining in with an application for the registration of a co-operative society which subsequently registered, or a person duly admitted to membership of a society after registration, and includes a nominal member, associate member and depositor or consumer of primary agriculture credit co-operative society.’

➤ **Eligibility of Members:**

The following persons and legal entities are eligible to become a member of a co-operative society.

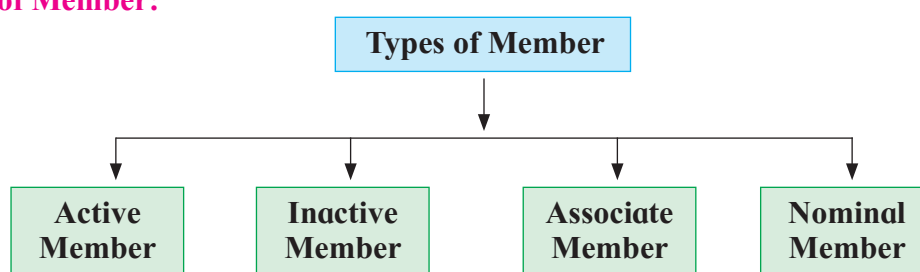
1. **Major Person:** Any major (adult) person can become member of co-operative society. An individual who has attained the age of 18 years and mentally sound is eligible for membership. An individual must be competent to enter into contract as per the Indian Contract Act.
2. **Resident of working area:** A person interested in becoming member of co-operative society must be resident of working area of co-operative society and he must pay entrance fees and amount of atleast one share of co-operative society
3. **Student Member:** In case of Student’s co-operative society which is formed by the students of School, College and University, the student of the institution can become a member. In such case, completion of an age of majority is not taken into consideration. Students below 18 years are also eligible for membership of such co-operative society.
4. **Registered Institution:** An Institution registered under the society Registration Act can become a member of a co-operative society. e.g. educational institutions, sports club, cultural association etc.
5. **Partnership firm:** A Partnership firm constituted under the Indian Partnership Act, 1932 is eligible to get the membership of a co-operative society. The business conducted by partnership must be situated in working area of co-operative society.
6. **Company:** A company registered under the ‘Indian companies Act, 2013’ can become a member of a co-operative society. The head office of the company must be situated in the working area of co-operative society and the aims and objectives of company must not be similar to aims and objective of co-operative society.
7. **Public Trust:** Any public trust registered under Bombay Public Trust Act, 1860 for providing particular services to the society can become the member of the co-operative society.

8. **Co-operative society:** A co-operative society registered under the co-operative societies Act, 1960 is eligible for membership of other co-operative society. e.g. farming co-operative society can become a member of a marketing co-operative society.
9. **Local Authority (Body):** A local authority is also eligible for getting the membership of a co-operative society e.g. Gram-panchayat, Panchayat Samiti, Zilla Parishad, Municipality, Municipal Corporation etc.
10. **Central / State Government:** If necessary Central / State Government can become the member of a co-operative society.

#### Activity:

- 1) Visit any co-operative society in your locality and discuss about the working of co-operative society.

#### ➤ Types of Member:



1. **Active member:** The member who takes active part in the working of the co-operative society and avails services and resources of co-operative society as mention in bye – laws such member is known as active member. Active member fulfills all conditions of membership. Active member has all powers and rights according to the act. Active member has right to receive notice of general body meeting, special body meeting, take part in discussion of meeting, voting, receiving dividend, seeing books of accounts, etc. Active member must be present for atleast one annual general body meeting in five years period. He must utilize minimum services and resources.
2. **Inactive Member:** The member who is not present for minimum one annual general body meeting and not avail minimum services in the period of five years such member is termed as inactive member. When the member is declared as inactive member such member must be inform within thirty days and if he fulfills the condition of active member within next five years then he can again become active member but if he does not fulfill these conditions his membership is liable for cancellation. But such member can appeal to registrar.
3. **Associate member/ Joint member :** When a member jointly purchases share of co-operative society with other member but his name is not on serial number one. When two or more persons jointly apply for membership and purchase the shares of the co-operative society jointly, the member whose name is on serial number two or thereafter such member is known as joint or associate member. Associate member does not have any right. The associate member cannot attend the general body meeting, cannot take part in discussion, cannot vote, cannot contest the election. On the share certificate his name comes at second position. But in the absence of Regular member, he has the right to attend the meeting and vote in the meeting.

4. **Nominal member:** A person who is admitted by the co-operative society as a nominal member according to bye – laws is called as nominal member. Such a member pays only entrance fee. He does not purchase the shares of the co-operative society. Hence, his name is not included in the share register. Nominal member does not have the rights of membership. i.e. he cannot take part in the management of the society, contest the elections, voting, attending the meetings and receiving the dividend.

➤ **Rights of Members:**

A member has the following rights:

1. **Right to receive share certificate:** Active member has right to get the share certificate for the shares he has purchased. He has right to transfer the share as per rules with the permission of managing committee. And right to get the receipt of the payments made to the society.
2. **Rights relating to meeting:** The active member has right to receive notice, to attend, discuss and to vote in the meeting.
3. **Right towards managing committee:** The member has a right to elect their representatives of the managing committee. He also has the right to contest election of the managing committee.
4. **Right to apply to registrar:** The member has right to apply to the registrar to hold general body meeting if it is not called by the managing committee and conduct the enquiry of the co-operative society.
5. **Right to get dividend, goods and service:** The member has right to get the goods and services offered by the society and receive the dividend if declared by the society.
6. **Rights of nomination:** The member has a right to appoint the nominees. He also has right to change the nominee.
7. **Other rights:** The member has other rights like right to see and inspect the books of accounts and registers maintained by the co-operative society and to get certified copies of certain entries in the books of the society such as copy of bye-laws, audited annual balance sheet, profit and loss account, register of members, proceeding of meetings, etc.

➤ **Responsibilities of Members:**

A member of co-operative society is responsible for the following matters:

1. **To follow the rules:** It is the responsibility of the members to follow the rules and regulations and the provisions of co-operative societies Act and bye-laws.
2. **To pay the dues:** A member of a co-operative society is liable for payment of dues till the date of resignation or expulsion of membership.
3. **To hold the shares:** A member of a co-operative society can hold the shares. However, he cannot hold more than 1/5<sup>th</sup> of the paid-up share capital or Rs. 5,00,000 whichever is less of the co-operative society but State Government and Zilla Parishad are exempted from this rule.
4. **Liability:** In case of co-operative society having unlimited liability, the liability of a member is unlimited i.e. it is not restricted up to the face value of the shares held by a member it is beyond the face value of the shares. In case of co-operative society having limited liability, the liability of member is limited up to the face value of the shares held by a member.

5. **Nomination:** Every member of co-operative society should nominate the name of the person to whom his shares are to be transferred after his death. Member can nominate any person as his nominee. He can also change the nomination if required.
6. **Use of Loan and its repayment:** A member who takes loan from the society must use the loan amount for the purpose for which he has loan is taken from the society. And the loan amount should be repaid regularly to the society.
7. **To give information during enquiry:** When the enquiry is made by the Registrar, it is the responsibility of a member to provide necessary factual information.
8. **To attend the meetings:** It is the responsibility of a member to attend the meetings of the co-operative society as and when called and to vote if required.
9. **Sale of products through co-operative society:** If a person is a member of a producer co-operative society then it is his/her responsibility to sell the goods produced only through the producer co-operative society. e.g. milk, sugarcane, etc.
10. **Compensation of loss:** If the society incurred any loss due to the misconduct of the member such loss should be compensated by the member.
11. **To protect the interest of society:** It is the responsibility of the member to protect the interest of the co-operative society and to help in the working of co-operative society.

➤ **Causes of cancellation / Cessation of membership**

The membership of the member is cancelled under following circumstances:

1. **Death of member:** In case of the death of the member his membership is cancelled. Shares of deceased member are transferred in the name of his legal heirs (representative).
2. **Resignation of member:** If any member resigns and resignation of membership is accepted by the managing committee, his membership in the society comes to an end.
3. **Transfer of Shares or interest in the society:** If any member transfers his/ her all shares and interest to any other individual or to the society. His membership in the society comes to an end.
4. **Migration:** If any member permanently migrates from the area of operation of the co-operative society, his membership comes to an end. Because it is the condition in the act that the member should reside in the area of operation of the co-operative society.
5. **Dissolution of society:** When any co-operative society is dissolved its registration is cancelled which results in cancellation of membership of all the members. Partnership firm, Joint Stock Company and others of such co-operative society.
6. **Expulsion of members:** If any member of the co-operative society is not abiding the rules of the society and his conduct is harmful to the interest of the society and cause to disrepute of the reputed society. A notice is given to him regarding his expulsion from the co-operative society. A proposal for expulsion is made in the general body meeting. An opportunity is given to the member to clarify his position regarding his expulsion proposal. The resolution of expulsion must be passed by 2/3 majority in the meeting. If the resolution passed in the general body meeting, it is to be communicated to the Registrar for his approval. After the approval of Registrar, the membership of such member is terminated.

7. **Bankruptcy / Insolvency:** When any member is declared bankrupt or insolvent and becomes legally not eligible for membership then his membership is cancelled.
8. **Inactive member:** When any member is declared inactive and he is not fulfilling the conditions of active membership in future five years then his membership can be cancelled. But he can appeal to registrar.

### 1.2.2 Managing Committee / Board of Directors

#### ➤ **Meaning:**

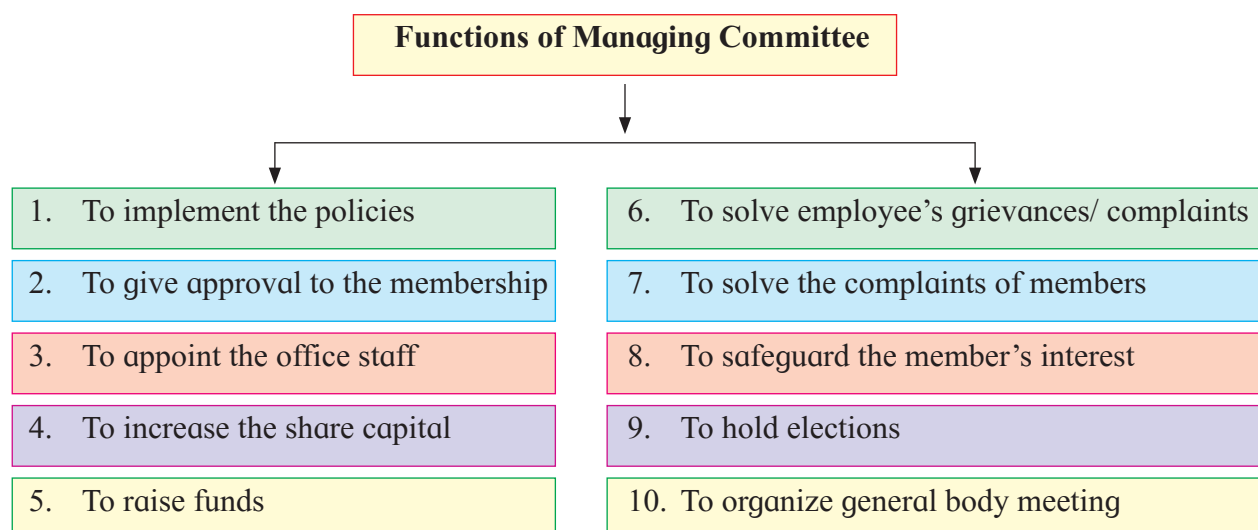
The members of the co-operative society are its owners. They are responsible for the management of the society. However, they cannot participate in the day-to-day management of the society. Due to certain reasons like large membership, change in membership, scatterly resided, etc. which lead to make alternative arrangement of management. Therefore, members elect their representatives who are called directors. The group of directors is collectively known as managing committee or board of directors. “The committee to which the management of co-operative society is given is known as Managing committee or Board of Directors.”

The Managing committee gets the powers of management from the general body as per the provisions of Maharashtra State co-operative societies Act 1960 and Rules 1961 and bye-laws of the co-operative society. The management of society shall vest in the hands of managing committee. Managing Committee can exercise the powers received from general body in the meeting of managing committee. Managing committee take decisions regarding day-to-day working of the society. The period of managing committee is five years.

#### ➤ **Constitution of managing committee**

Generally, the number of members in managing committee is given in the bye-laws. It is odd in number to avoid the equality of voting (votes). The maximum number of managing committee is 21. And it must contain two female members. Registrar has the right to decide the member of members of the managing Committee. He can do this by issuing general or special order and publishing the order in the official gazette.

#### A) **Functions of Managing Committee**



1. **To implement the policies:** The managing committee frames the policies to implement the decision taken in annual general body meeting. The managing committee implements the decision taken in general body with help of the staff.

2. **To give approval to the membership:** The eligible persons in the area of operation of society decide to be member of society and apply for getting membership. All such application forms are placed before the meeting of the managing committee by the secretary for consideration. If the form is duly filled and necessary fee and amount of share capital is deposited the committee can admit that person as a member. A resolution should be passed in the meeting. The decision of membership should be taken within three months from the date of receipt of application. The decision of membership should be communicated within 15 days from the date of the decision of managing committee.
3. **To appoint the office staff:** The managing committee should decide the required number of staff to perform various function. Necessary steps to be taken to select and appoint the necessary personnel. The committee should initiate necessary steps, such as to give an advertisement in newspaper, to collect the application, to scrutinize the application forms, to issue of call letters, to conduct the interviews, to select the staff, to fix the salary and working conditions and to issue appointment letters, etc.
4. **To increase the share capital:** If the co-operative society is in need of share capital then such resolution is passed in annual general body meeting or special general body meeting and it is sends to Registrar for approval. After receiving approval from Registrar, the Managing committee takes all necessary steps to increase share capital as per approval given by Registrar.
5. **To raise funds:** For making the co-operative society economically strong, the managing committee takes efforts for raising funds. The managing committee raises the funds by various ways such as accepting deposits, borrowing loans, receiving donations etc.
6. **To solve employee's grievances / complaints:** The employees have certain suggestions / complaints and demands from the co-operative society. Due attention should be given to the suggestion, complaints and demands of employees, otherwise it leads to unrest among them which ultimately affect the daily working of the society. Their suggestions and complaints are regarding the office timing, facilities, lack of health, amenities etc. and demands are regarding increase in salary, bonus, holidays and leave, etc. The managing committee must inquire about the matters and take proper steps to solve all these problems.
7. **To solve the complaints of members:** The members are the owners of the society. They expect due respect from the employees. If they are not satisfied with the working and services provided by the society e.g. delay in transfer of shares, delay in sanction of loans, less dividend, unnecessary deductions by the society, etc. The managing committee should inquire into such complaints seriously without delay and proper steps should be taken to solve the complaints of the members.
8. **To safeguard the member's interest:** The members of the co-operative society come from the economically weaker section. They have invested their savings in a co-operative society. Therefore, they expect better services, better price to their products, proper dividend and better return on their capital, safety of invested funds, etc. from the society. Therefore, it is the duty of managing committee to give justice to the faith shown by the members on managing committee.
9. **To hold elections:** It is the duty of managing committee to conduct all elections of co-operative society. It is also the duty of managing committee to inform the State co-operative election authority and Registrar and to conduct election before expiry of the term.

- 10. To organize general body meeting:** The managing committee must organize general body meeting special general body meeting. After completion of financial year annual general body meeting must be conducted every year. The member has right to receive notice and agenda of the meeting. It is the duty of managing committee to send notice, agenda, annual report, auditors report, etc.

#### **B) Powers of Managing Committee**

The members of co-operative society elect their representatives known as director. All the directors are collectively known as Board of Directors or managing committee. Managing committee gets certain powers from the general body. These powers are exercised by the directors in the meeting. The committee has the following powers:

- 1. Powers towards the members:** Managing committee has the powers to call the annual general body meetings and special general body meeting, to transfer the shares, to approve new membership, to collect share capital from members, approve resignation of members, etc. Along with this the managing committee has the power to dismiss the member who do not follow the rules and behave indisciplined.
- 2. Powers towards the employees:** The managing committee has the powers like to appoint necessary staff, to fix the salary, to promote them from training, distribution of work, to supervise their work, decide their terms and conditions of work, etc.
- 3. Power to raise funds:** Managing committee has the power of raising fund required for the working of co-operative society and also has power for spending the funds. For this they have power to accept deposits, keep deposits, take loan and conduct necessary agreements for these.
- 4. Power to purchase assets:** Committee has the power to purchase and acquire assets and properties of co-operative societies like land, building, furniture, etc.
- 5. Other powers:** The managing committee has the power to check the books of accounts and registers of the society, to maintain the books of accounts, to prepare monthly, quarterly and yearly financial statement and get it approved, to file a suit against the guilty. It also has the power to appoint sub-committee.

#### **C) Responsibilities of Managing Committee:**

The managing committee is the body of elected members. The members of co-operative society elect their representative for the management of the co-operative society. Managing committee is the trustee of member and the society. Therefore, they are jointly and individually responsible for the working of the co-operative society.

#### **➤ Responsibilities of the Managing Committee can be stated as below:**

1. The managing committee must give the acceptance letter in prescribed form within 15 days from their appointment.
2. The members of managing committee must work diligently and loyally.
3. To fix the date and conduct annual general body meeting before 30<sup>th</sup> September.
4. The managing committee must take decisions carefully and thoughtfully after proper discussion.
5. To invest the capital and funds of co-operative society in profitable schemes.

6. After completion of financial year, the managing committee must prepare various financial statements, Statutory audit report, audit rectification report, keep this in annual general body meeting and sent to Registrar.
7. Not to use the properties such as building, vehicles of co-operative society for the personal benefit.
8. To provide the true and fair financial information of society in the general body meeting.
9. To provide information minimum 6 months in advance regarding completion of the term to the State co-operative election authority.
10. To inform state co-operative election authority regarding the vacancy of managing committee member or office bearer within fifteen days.
11. Not to undertake any business which can create a competition with the co-operative society.
12. To purchase the property in the name of co-operative society at reasonable price.

**Activity:**

- 2) Visit the co-operative society and collect the information regarding the working of co-operative society and discuss with your teacher.

### 1.2.3 Office Bearers

#### ➤ Introduction

The shareholders are the owners of the co-operative society. But they cannot manage the working of the co-operative society due to large membership, change and scattered membership. Therefore, the ownership and management are separated from each other. Though the managing committee which is the representative body of the shareholders. All policy decisions are taken by managing committee. These decisions are executed by the office bearers.

Maharashtra co-operative society Act, 1960 (B) defines the term office-bearers as follows:

‘Office bearer’ means a person elected or appointed by a society. Any officer of such society, according to its bye-laws, includes a chairman, vice-chairman, managing director, manager, secretary, treasurer, member of the committee and any other person elected or appointed under this Act, the rules or the bye-laws, to give direction in regard to the business of such society.

From above mentioned office bearers we have to study the following important office bearers.

#### ➤ Chairman

##### Meaning:

According to the act, Managing Committee of the society is elected in the Annual General Body Meeting for five years. After the election in the First meeting of the managing committee, one member is elected as a chairman of the co-operative Society.

Chairman acts as a chairman of the society and of the meeting. He presides general body meeting and the meetings of the managing committee. He is the chief authority of conducting and controlling the meetings of society. Chairman is a person, empowered under the rules or the bye-laws to give direction in regard to the business of the co-operative society. And also,

chairman is a person who presides over a meeting and conducts its proceedings. The chairman gets honorarium from the society.

#### A) Functions / Duties of a Chairman:

1. **To look after day-to-day administration:** The chairman has to look after day-to-day working of co-operative society and he has to ensure that the working of co-operative society is conducted according to the provisions of co-operative act and bye-laws.
2. **To Guide and help:** The chairman has to conduct the working of the co-operative society efficiently and sincerely. The chairman has to guide and help the staff and the employees for conducting the work of the society.
3. **To maintain cordial relations:** As the chairman is head of the co-operative society. So, he has to maintain the cordial relations among the members, members of managing committee, staff, employees, Government officers, etc.
4. **To protect the financial interest of the members:** The chairman has to keep the transparency in the working of the co-operative society and while taking decisions he has to protect the financial interest of the members of the society.
5. **Arrange meetings:** According to the co-operative societies act various meetings like annual general body meeting, special general body meeting, etc. are to be conducted in co-operative societies. The chairman conducts these meetings with the help of Secretary and has to see that the meetings are to be conducted according to the legal provisions of the act that is agenda, notice, quorum, minutes, etc.
6. **Conducting meetings:** The chairman is the head of the meeting, he presides over the meeting. He has to conduct meetings as per the provision of the act. He has to see that the motions are properly placed, resolutions are properly passed and members get opportunities to discuss. He has to conduct the meeting impartially.

#### B) Powers of Chairman:

Powers of Chairman	
1. Power relating to administrative work	2. Power to sign documents
3. Power relating to accounts	4. Power to take action
5. Power relating to meetings	6. Power of casting vote
7. Sign Minutes	

1. **Power relating to administrative work:** The chairman has power to conduct day-to-day administration of co-operative society according to the provisions of the co-operative societies act. He has power to take the decisions relating to day-to-day matters. He has power to control the day-to-day working of officers and staff of co-operative society and ask reports of the work.
2. **Power to sign documents:** The chairman is head of the co-operative society so he has power to sign all the documents e.g. letters, reports, cheques, agreements, contracts, etc.

3. **Power relating to accounts:** Being head of the co-operative society he has the power to control the accounts of the co-operative societies. He has also power to verify the books of accounts of society.
4. **Power to take action:** The Chairman has power to take action against the officers, staff, employees and those who are not doing their duties properly. He also has power to dismiss the employee who is not obeying the order.
5. **Power relating to meetings:** The chairman has power to arrange and conduct the meeting of co-operative society. He has power to presides over all the meetings of co-operative society. He has power to allot time for discussion to the members, discuss the order to speak, stop unwanted discussions, adjourn the meeting, declare the results of the meeting.
6. **Power of casting vote:** The chairman has power to cast casting vote as and when required. Casting vote is an additional or extra vote. Chairman can use this vote in addition to the normal vote. If the votes cast in favour and against the motion are equal i.e. tie, in this situation the Chairman can exercise his power of casting vote. This vote decides the fate of the motion.
7. **Sign Minutes:** The chairman has power to sign the minutes of all the meetings.

### C) Responsibilities of a Chairman

Chairman of the society is responsible to the managing committee and chairman of meeting is responsible to meetings of members. His responsibilities are as follows:

1. **Control:** It is the responsibility of the chairman to control on the day-to-day activities of co-operative society. for this he can guide and take help of managing committee.
2. **Take approval:** Sometimes the chairman has to take decision in urgency. It is responsibility of the chairman to take approval for all the decisions which he has taken from managing committee and general body.
3. **Co-ordination:** It is the responsibility of the chairman to have proper co-ordination and communication in all the activities of members, staff, employees, authorities, board of directors, office bearers, etc.
4. **Meeting:** It is the responsibility of the chairman to conduct all the meetings of co-operative society. As per the provisions of co-operative societies act and bye-laws and he has to give sufficient time to express the opinion to the members and conduct the meeting impartially.
5. **To sign the important documents:** As an head of office administration he has to sign the important letters, documents, contracts on behalf of co-operative society.

### ➤ Vice – Chairman

Every co-operative society appoints Vice – Chairman to carry on the work of the managing committee in absence of Chairman. Vice – Chairman is elected from the Directors or members of the managing committee.

In absence of chairman, the vice – chairman acts as a chairman and he has all the powers of Chairman.

## ➤ **Secretary**

### **Meaning:**

In any type of business organizations like sole proprietor, partnership, co-operative or joint stock company, a Secretary plays vital role. He has to carry day-to-day routine, administrative and ministerial duties. Secretary's works differs according to type and size of a co-operative society. Under co-operative societies Act his appointment is mandatory. He may be appointed on full time or part time basis as well as honorary or salaried one. In big co-operative societies full time secretary is appointed to perform the administrative work.

### **Definition:**

A Secretary of a co-operative society can be defined as follows:

‘A Co-operative Secretary means an individual, appointed to perform the duties which may be performed by a Secretary under the co-operative societies Act, and any other ministerial or administrative duties specified in the bye-laws of the society.’

## **A) Functions of Secretary**

Secretary is an important officer of co-operative society. He performs various important functions in co-operative society:

- 1. Administrative Functions:** The secretary of a co-operative society has to look after office administrative and day-to-day work, such as inward and outward correspondence, cash and bank transaction, receipts and payments of the society, etc. He has to plan and co-ordinate the activities in office. He has to see that necessary books of accounts are maintained in the organization. Along with its maintenance he has to see the filing and preservation of all record of office. Finally, he has to supervise the work and take care that the work of society is being carried out smoothly and efficiently.
- 2. Maintenance of Accounts and Audit:** Secretary has to maintain the accounts of society or supervise the maintenance of accounts of the society. He has to maintain bills, vouchers, pass book, etc. He has to see that cash- book, receipt and payment and income and expenditure account is prepared in a systematic way. He has to prepare the bank reconciliation statement. Along with this he is also required to keep record of loans and advances, investments and details of creation of reserve fund. A secretary has to present budget before managing committee for consideration. At the end of the financial year accounts of co-operative society are to be audited both by internal and Government auditor. While auditing if queries are raised by the auditor, secretary has to answer them. Finally, he has to place Auditor's report before the general body for its approval.
- 3. Statutory Compliances:** According to Co-operative societies Act, the secretary has to maintain various statutory books such as member's register, share register, register of depositors, etc. The secretary has to produce the statutory books at the time of audit work. At the end of the of financial year he has to file annual return with the Registrar within 45 days from the close of the financial year. Similarly, if any amendment is done in the present bye-laws, secretary has to submit the altered copy of the bye-laws to the Registrar.
- 4. Functions towards the Meetings:** Regular meetings of general body and managing committee should be conducted in the society. It is the duty of the secretary to prepare notice, agenda and all necessary papers, documents before the meeting and submit the same to the concerned person well in advance. During the meeting, he has to see that

quorum is present. He has to assist the chairman at the time of conducting voting. He has to take down the notes of the proceedings of the meeting. After the meeting he has to draft the minutes within 30 days of the meeting and get it signed from chairman.

5. **Functions towards the Members:** Secretary has to take into consideration all requirements of members of the society. he has to answer their queries e.g. receive applications of membership, application of transfer of shares. Before the annual general body meeting, he has to send copies of notices, financial statements and annual reports to all members within proper time limit. He has to collect the entrance fees, donations from the members.
6. **Functions towards the Managing Committee:** Managing committee is the representative body of the co-operative society. Managing committee formulates the plans and policies of the society. The secretary has to carry out instructions given by the managing committee and executes the policy decisions. He attends the meetings of managing committee and communicates the decisions of the committee to the concerned parties. He assists the chairman and the members of the managing committee from time to time and tries to fulfill the goals of the society. He keeps proper coordination between staff and managing committee.

#### B) Qualities of an Ideal Secretary:

##### Qualities of an Ideal Secretary

1. Pleasing personality	2. Imaginative
3. Communication Skill	4. Business Knowledge
5. Legal knowledge	6. Administrative Knowledge
7. Initiative	8. Public Relation

1. **Pleasing personality:** A secretary has a contact with directors, employees and other outsiders. Hence, he should have a pleasing personality. He should be well dressed, punctual, patience for listening to others and formal. He should also have the quality to impress others by his views and behavior which will help him to be successful.
2. **Imaginative:** A secretary should be imaginative and efficient for using technological tools with intellectual skill, for achieving his target. Institutional work should be completed in an economic way at the right time. All this work depends on secretary's intelligence and qualification.
3. **Communication Skill:** A secretary comes in contact with employees, directors, members of society and other persons. That is why he should be able to express his views clearly, coherently and confidently before others. It is necessary for him to possess good communication skills.
4. **Business Knowledge:** The co-operative society conducts business and provide services such as agriculture production, credit supply, banking services, supply of goods and service, industrial production, etc. The Secretary should have complete knowledge of business techniques or services that are provided by the society.
5. **Legal knowledge:** The Secretary should have legal knowledge of certain laws and provisions of the act applicable to the co-operative society. He should have the knowledge

of co-operative societies Act, Income Tax Act, Monopolistic Restricted trade practices Act, Industrial Act, Pollution Control Act, Right to Information Act 2005, Labours law, etc.

6. **Administrative Knowledge:** Secretary has to look after day-to-day administrative work so he must have administrative knowledge.
7. **Initiative:** For the implementation of any work a person should have basic plan and skill to gather people and for the same he should have initiative mind and enthusiasm.
8. **Public Relation:** Secretary comes in contact with a number of peoples in his day-to-day work. He has to meet various peoples and discuss with them hence, he should have good communication skills, he should be co-operative and open minded with others. In short, he should have quality of maintaining good public relations.

#### Activity:

- 3) Collect the information regarding functions of secretary of the co-operative society.

#### ➤ **Treasurer**

##### **Meaning:**

Treasurer is one of the important Office-bearer of co-operative society. The treasurer is a person who is responsible for maintaining accounts and financial transactions of the co-operative society. He signs profit and loss account and balance sheet of co-operative society. He looks after bank transactions. His main function is to check the bills, receipts and cheques for income and expenditure of co-operative society.

#### **Distinguish Between Chairman and Secretary**

Sr. No.	Points	Chairman	Secretary
1.	<b>Meaning</b>	The head of Managing committee or Board of Directors is known as Chairman.	The person appointed to conduct correspondence and office work of co-operative society is known as Secretary.
2.	<b>Election / Appointment</b>	The Chairman is elected by Managing committee or Board of directors.	Managing committee appoints the Secretary.
3.	<b>Functions</b>	To look after day-to-day working, help and guide, protect economical interest, organize meetings, etc. are the functions of Chairman.	Correspondence, conducting meeting, writing minutes, send information to Registrar, etc. are the functions of Secretary.
4.	<b>Casting Vote</b>	Chairman has right of casting vote.	Secretary do not have right of casting vote.
5.	<b>Control and Supervision</b>	Chairman keeps control on working of co-operative society.	Secretary keeps control and supervision within the co-operative society.
6.	<b>Remuneration</b>	Chairman gets fees, honorarium for his work.	Secretary gets honorarium or salary from co-operative society.
7.	<b>Removal</b>	Chairman can be removed by Commissioner and Registrar or Managing committee / Board of Directors.	Secretary can be removed by Managing committee or General body.

**Distinguish Between Active Member, Associate Member and Nominal Member:**

Sr. No.	Points	Active Member	Associate Member	Nominal Member
1.	<b>Meaning</b>	A member who takes active part in working and avail services mentioned in bye-laws of co-operative society is known as active member.	A person who purchases shares jointly with active member is called as associate member.	A person who becomes member only by paying entrance fees is called as nominal member.
2.	<b>Share holding</b>	Active member holds minimum one share.	Associate member holds the shares jointly with active member.	Nominal member does not hold any share.
3.	<b>Name on share certificate</b>	Active member's name appears first on the share certificate.	Associate member's name appears after the name of active member i.e. at second or thereafter on share certificate.	Nominal member does not hold shares therefore his name does not appear on share certificate.
4.	<b>Notice of meeting</b>	Active member has right to receive the notices of annual general body and special general body meeting and has right to attend meeting.	Associate member has no right to receive notice of general body meeting. Hence has no right to attend meeting. He can attend meeting only in case of absence of active member.	Nominal member has no right to receive notice and attend the meeting.
5.	<b>Right to vote</b>	Active member has a right to vote.	Associate member has right to vote in absence of active member.	Nominal member has no voting rights.
6.	<b>Dividend</b>	Active member has a right to receive the dividend.	Shares are jointly purchased therefore they do not get dividend separately.	Nominal member does not hold the shares therefore he has no right to receive dividend.
7.	<b>Participation in management</b>	Active member can participate in the management of the society.	Associate member cannot participate in management of the society.	Nominal member cannot participate in management of the society.

## 1.3 SUMMARY

### ❖ **Member:**

A member is the owner of the society. A person who fulfils the necessary condition of membership becomes a member of society.

### ➤ **Eligibility of Member**

- |                           |                               |
|---------------------------|-------------------------------|
| 1. Major person           | 2. Resident of working area   |
| 3. Student member         | 4. Registration institution   |
| 5. Partnership firms      | 6. Company                    |
| 7. Public Trust           | 8. Co-operative society       |
| 9. Local authority (Body) | 10. Central/ State Government |

### ➤ **Types of Member**

- |                     |                    |
|---------------------|--------------------|
| 1. Active Member    | 2. Inactive member |
| 3. Associate Member | 4. Nominal Member  |

### ➤ **Rights/ Powers of Member**

- |   |                                |
|---|--------------------------------|
| 1. Right to receive share certificate       | 2. Rights relating to meeting  |
| 3. Right towards managing committee         | 4. Right to apply to registrar |
| 5. Right to get dividend, goods and service | 6. Rights of nomination        |
| 7. Other rights                             |                                |

### ➤ **Responsibilities of Members**

- |  |                                  |
|--|----------------------------------|
| 1. To follow the rules                           | 2. To pay the dues               |
| 3. To hold the shares                            | 4. Liability                     |
| 5. Nomination                                    | 6. Use of loan and its repayment |
| 7. To give information during Enquiry            | 8. To Attend the Meeting         |
| 9. Sale of products through Co-operative Society | 10. Compensation of loss         |
| 11. To protect the interest of society           |                                  |

### ➤ **Causes of Cancellation / Termination of Membership**

- |  |                          |
|--|--------------------------|
| 1. Death of member                               | 2. Resignation of member |
| 3. Transfer of shares or interest in the society | 4. Migration             |
| 5. Dissolution of Society                        | 6. Expulsion of members  |
| 7. Bankruptcy / Insolvency                       | 8. Inactive member       |

### ❖ **Managing Committee**

The Members elect their representative. Elected members collectively are called as managing committee. Managing committee is responsible for day-to-day affairs of the society. The committee members are trustees of members.

### ➤ **Functions of Managing Committee:**

- |                                |   |
|--------------------------------|---|
| 1. To implement the policies   | 2. To give approval to the membership         |
| 3. To appoint the office staff | 4. To increase the share capital              |
| 5. To raise funds              | 6. To solve employee's grievances/ complaints |

7. To solve the complaints of members
9. To hold elections

8. To safeguard the member's interest
10. To organize general body meeting

➤ **Powers of Managing Committee**

1. Powers towards the members
3. Power to raise the funds
5. Other powers

2. Powers towards employees
4. Power to purchase the assets

➤ **Responsibilities of Managing Committee**

1. To give acceptance letter
3. Conduct meeting
5. Investment of capital and fund
7. Use of assets
9. Information to State co-operative election authority.
11. Competitive business

2. Work diligently and loyally
4. Take decision carefully
6. To prepare financial statements and reports
8. True and fair information
10. Information of vacancy
12. Purchase property at reasonable price

❖ **Office Bearers**

The office bearer of Co-operative society includes Chairman, Vice-chairman, Secretary and Treasurer.

**1. Chairman**

Chairman is elected in the managing committee meeting. Chairman of the society acts as a Chairman of all meetings of managing committee and meeting of general body.

➤ **Functions of Chairman**

1. To look after day-to-day administration
3. To maintain cordial relation
5. Arrange meetings

2. To Guide and help
4. To protect the financial interest of members
6. Conducting meetings

➤ **Powers of Chairman**

1. Powers relating to administrative work
3. Powers relating to accounts
5. Powers relating to meetings
7. Sign minutes

2. Powers to sign documents
4. Power to take action
6. Power of casting vote

➤ **Responsibilities of Chairman**

1. Control
3. Co-ordination
5. To sign the important documents

2. Take approval
4. Meeting

**2. Vice – Chairman**

In absence of chairman, vice – chairman acts as a chairman. Qualifications, role, rights, duties and responsibilities of vice – chairman is same as that of a chairman.

### 3. Secretary

A co-operative society appoints secretary to manage its various activities. Nature of his work changes according to type and size of a co-operative society. He may be appointed on full time or part time basis as well as honorary or salaried one.

#### ➤ Functions

- |                                  |   |
|----------------------------------|---|
| 1. Administrative functions      | 2. Maintenance of accounts and audit        |
| 3. Statutory compliances         | 4. Functions towards the meetings           |
| 5. Functions towards the members | 6. Functions towards the managing committee |

#### ➤ Qualities of an Ideal Secretary

- |                         |                             |
|-------------------------|-----------------------------|
| 1. Pleasing personality | 2. Imaginative              |
| 3. Communication skill  | 4. Business knowledge       |
| 5. Legal knowledge      | 6. Administrative knowledge |
| 7. Initiative           | 8. Public Relation          |

### 4. Treasurer

Treasurer is an important office-bearer of the co-operative society who is responsible for financial transactions of the co-operative society.

## 1.4 KEY TERMS

1. **Member** – A person who fulfils the conditions of membership and hold the shares of the co-operative society.
2. **Share Capital** – The capital collected by the co-operative society by issuing shares.
3. **Director** – Elected representatives of members.
4. **Managing Committee** – Group of elected representatives of members.
5. **Dividend** – Profit which is allocated among the members (shareholders).
6. **Share certificate** – A document of title to shares.
7. **Unlimited liability** – Owner (member) is personally liable for the debts of co-operative society.
8. **Limited liability** – Liability limited upto the face value of shares.

## 1.5 EXERCISE

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

1. Directors are the \_\_\_\_\_ of the members.  
(a) Creditors                      (b) Representatives                      (c) Servants
2. A person whose name comes second or thereafter on the share certificate is called \_\_\_\_\_ member.  
(a) Active                      (b) Nominal                      (c) Associate
3. A member who fulfils all the conditions of membership is called as \_\_\_\_\_ member.  
(a) Active                      (b) Associate                      (c) Nominal

4. A person who is admitted as a member and pays only entrance fee is \_\_\_\_\_ member.  
(a) Associate (b) Active (c) Nominal
5. An individual who have completed the age of \_\_\_\_\_ years is eligible for membership.  
(a) 18 (b) 15 (c) 21
6. Members are the \_\_\_\_\_ of the co-operative society.  
(a) Creditors (b) Employees (c) Owners
7. Right of casting vote can only be used by \_\_\_\_\_.  
(a) Chairman (b) Treasurer (c) Secretary
8. Right to adjourn meeting is given to \_\_\_\_\_.  
(a) Chairman (b) Nominal Member (c) Secretary
9. Right to decide number of members of managing committee is to \_\_\_\_\_.  
(a) Secretary (b) Chairman (c) Registrar
10. A person who conducts the correspondence of a co-operative society is \_\_\_\_\_.  
(a) Secretary (b) Chairman (c) Accountant

**B) Match the following:**

Group 'A'	Group 'B'
a) Active member	1. Representative of Member.
b) Chairman	2. Voting rights.
c) Associate member	3. No voting rights.
d) Directors	4. Purchase shares jointly.
e) Secretary	5. Only pays entrance fees.
	6. Creditor of co-operative society.
	7. No Right of casting vote.
	8. Registrar of co-operative society.
	9. Right of Casting vote.
	10. Employee of the co-operative society.

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

1. A member whose name appears first on share certificate.
2. A person who gets membership by paying only the entrance fees.
3. A person having right to adjourn the meeting.
4. A member who can attend the meeting in absence of active member.
5. The representative elected by the members to look after day-to-day working of co-operative society.
6. The authority with right of casting vote.
7. A person who conducts the correspondence of the society.
8. A person who manages the work of a meeting in absence of a chairman.

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

1. Members elect directors.
2. Active members do not have right to receive dividend.
3. The group of representatives elected by the members is known as Board of Directors.
4. Directors do not look after the day-to-day working of co-operative society.

**E) Complete the following sentences:**

1. A person whose name is second or thereafter on share certificate is \_\_\_\_\_ member.
2. The representatives selected by the members is known as \_\_\_\_\_.
3. Chairman has right of \_\_\_\_\_ vote.

**F) Select the correct option:**

1. Acts as chairman in absence of chairman	<input type="text"/>
2. <input type="text"/>	Casting vote
3. Looks after correspondence	<input type="text"/>
4. <input type="text"/>	Right to vote
5. Representative of member	<input type="text"/>

Active Member, Director, Chairman, Secretary, Vice – chairman.

**G) Answer in one sentence:**

1. What do you mean by Director?
2. When chairman can use casting vote?
3. What do you mean by members?
4. What do you mean by Secretary?
5. What do you mean by Nominal member?

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

1. In absence of chairman, Secretary looks after day-to-day working of co-operative society.
2. Conducting election of managing committee is the responsibility of Auditor.
3. A person whose name is first on share certificate is known as Chairman.
4. Writing minutes is the responsibility of Chairman.

**I) Find the odd one:**

1. (a) Chairman (b) Vice-chairman (c) Secretary (d) Member
2. (a) Registering officer (b) Chairman (c) Secretary (d) Vice - Chairman

**J) Arrange in proper order:**

1. (a) Chairman (b) Vice-chairman (c) Secretary (d) Member

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

1. Member.
2. Directors.
3. Managing Committee.
4. Active Member.
5. Nominal Member.

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

1. Secretary is an important office bearer of co-operative society.

**Q.4 Difference Between:**

1. Active member and Nominal member.
2. Nominal member and Associate member.
3. Associate member and Active member.
4. Chairman and Secretary.

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

1. Types of Member.
2. Causes of cancellation of membership.
3. Powers of Chairman.
4. Eligibility of Members.
5. Qualities of an ideal Secretary.
6. Functions of Secretary.

**Q.6 Give Reasons:**

1. Members are owners of the co-operative society.
2. Active member has voting right.
3. Chairman has right of casting vote.
4. Members elect their representatives.
5. Chairman is elected from the managing committee.
6. Secretary must have various qualities.
7. The knowledge of co-operative act is necessary for the secretary.
8. Secretary is an important office bearer of the co-operative society.

**Q.7 Answer in short:**

1. Types of members.
2. Causes of cancellation of membership.
3. Responsibilities of member.
4. Eligibility of members.
5. Functions of Secretary.

**Q.8 Long answers:**

1. Explain the rights and responsibilities of a member of co-operative society.
2. Explain the functions of Managing committee in detail.
3. Explain the powers and responsibilities of Chairman.
4. Explain the powers and responsibilities of Managing Committee.
5. Define Secretary and explain the functions of a Secretary.

