

6.

Service Co-operative Society

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6.1 Introduction :

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

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

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

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

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

6.2 Meaning and Definition :

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

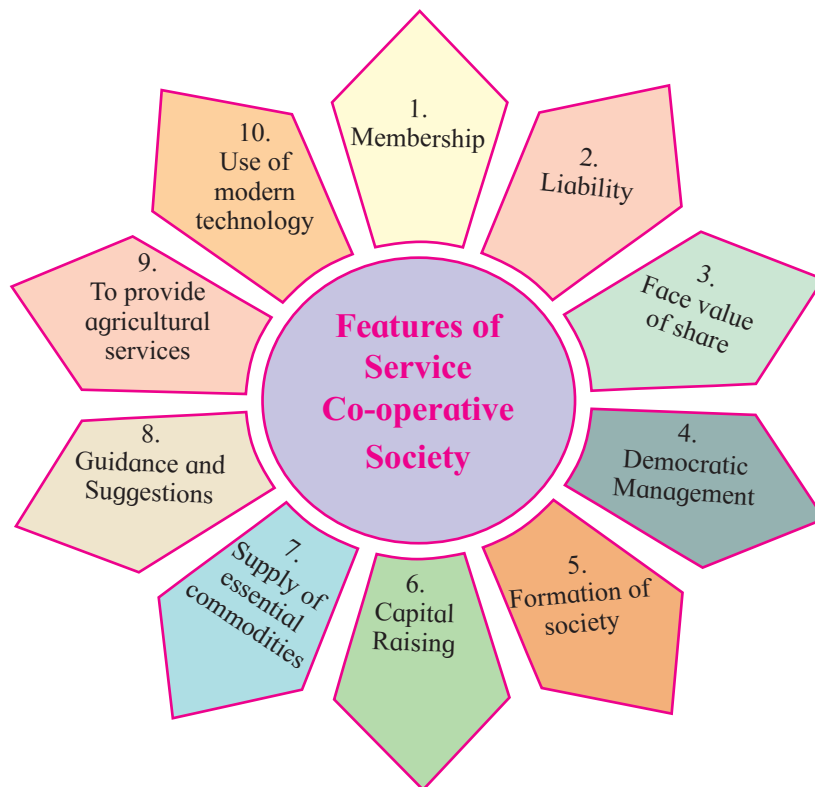
supply of finance to agriculture, seeds, fertilizers, pesticides along with these needs they have some basic needs like grocery, clothes, sugar, wheat, rice etc. To fulfill these requirements the society established by the members of rural area on co-operative principles such societies are known as Service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

❑ **Definition:**

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

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

6.3 Features/ Characteristics of Service Co-operative Society:



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

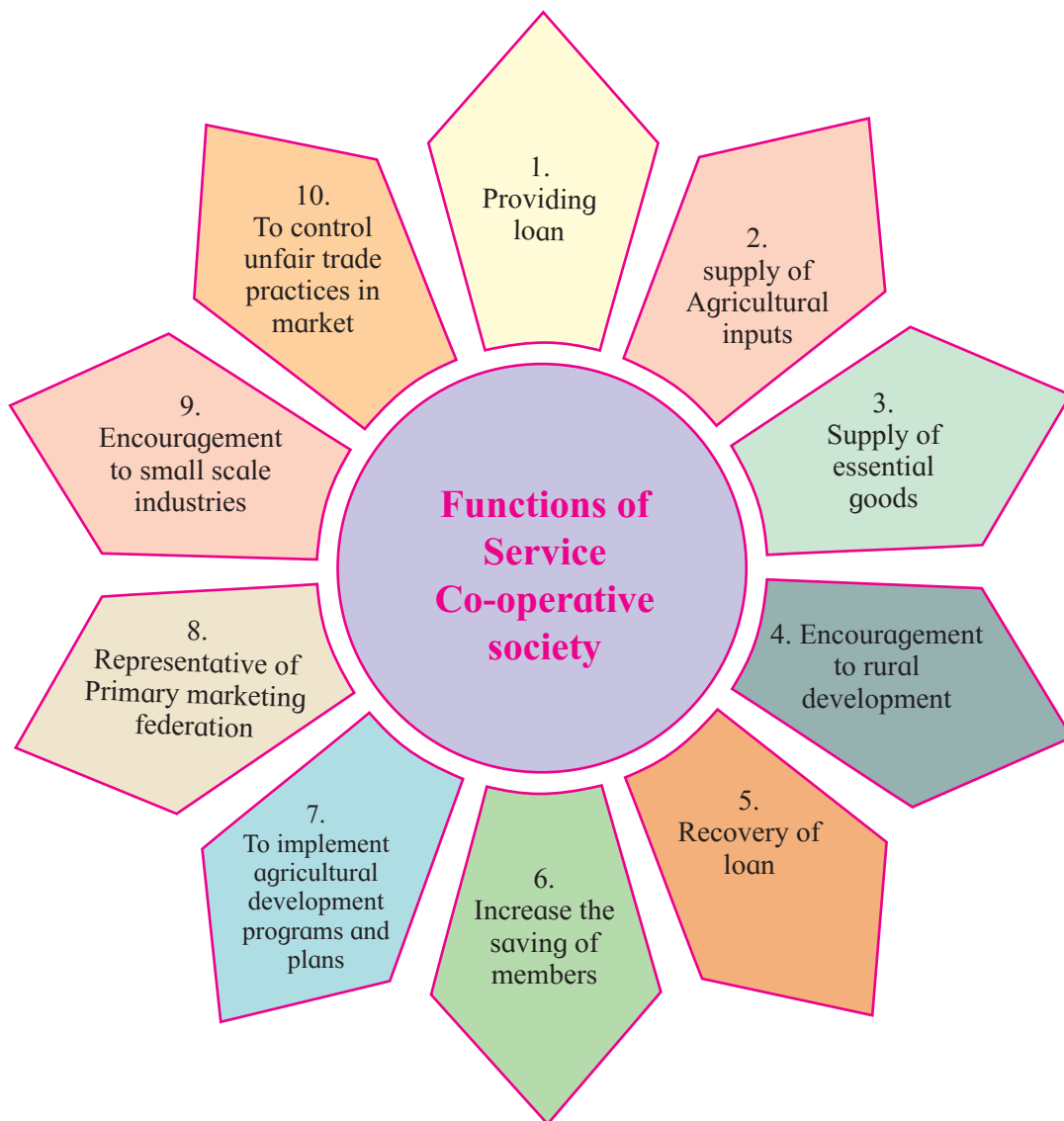
- 10. Use of modern technology :** To increase the agriculture productivity the service co-operative society provides information of new modern agriculture technology, tools and equipment's. They also help members to get these tools and equipment's on rental basis. The objective of this is to increase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



Activity :-

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

6.4 Functions of Service Co-operative society:



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

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

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



Activity :-

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

Distinguish Between :

Service Co-operative Society and Credit Co-operative Society

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

6.5 Summary

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

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

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

□ **Functions of service co-operative society**

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

6.6 Key Terms

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

6.7 Exercise

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

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

B) Match the following :

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

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

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

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

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

E) Complete the following sentences:

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

F) Select the correct option:

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

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

G) Answer in one sentence:

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

H) Correct the underline word and rewrite the following sentences:

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

Q.2. Explain the following terms:

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

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

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

Q.4. Distinguish Between:

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

Q.5. Write short notes:

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

Q.6. Give reasons:

1. Due to service co-operative society agricultural productivity is increased.
2. Due to service co-operative society farmers are saved from the clutches of moneylenders.

Q.7. Answer in short:

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

Q.8. Long answer:

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

