3. NATURE OF BUSINESS

A business is an economic institution. It is concerned with production and distribution of goods and rendering of services in order to earn profits and acquire wealth. A large number of different types of enterprises, viz., sole traders, partnership firms, companies and cooperative societies, are there in business. They are operating from small scale as in case of a provisions store that we see in our neighbourhood to large industrial houses as in the case of Ambanis, Tatas Birlas, Mittals etc.

Definition of Business

Various experts have defined the term 'Business' in different ways. Some the popular definitions of business are given below.

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Activities undertaken with a monetary motive are termed as economic attention and live by sentiments alone. For their survival they alone do not live by sentiments alone. For their survival they alone do not live by sentiments alone. With the advancement of sentiments shelter, education and medical care. With the advancement of sentiments more things have come to be regarded as necessities, for making some more things have come to be regarded as necessities, for making some more things undertake certain economic activities for earning mone self-hood. Working as: a professor in a college, a doctor in a hospital, a working a farmer in a field and as an employee in an office, a merchant ods, or an industrialist manufacturing goods, all these are instances of economic. These economic activities are concerned with production, explicitly distribution of goods and services with a monetary motive.

imples of Economic Activities

(a) Manufacture of goods by a manufacturer. Eg., Hero Hono bikes), Boeing (Aircraft), Tata Motors (Cars), Titan (Water Cements (Cement).

Nature and Scope of Business

- (b) Retailer selling goods to customers. Fig. RPO group (Spencers), Section Pantaloon etc., are some of the organized retailers in India selling goods to customers.
- (c) Insurance of risks by an insurance company. Eg., LIC, Prudential ICICI, Birla Sunlife, Bajaj Allianz, HDFC Standard Life, AVIVA etc., in Life Insurance.
 GIC, ICICI Lombard etc. in General Insurance.
- (d) Banking operations (accepting deposits and lending money) carried out by Banks such as SBI, Indian Bank, ICICI Bank, HDFC Bank etc.,
- (e) Transportation of goods by a transporter like Transport Corporation of India, Patel Roadways etc.
- (f) Healthcare services provided by hospitals like Appollo Hospitals, Vijaya Hospitals, Sundaram Medical Foundation, Arvind Eye Hospitals etc..

Classification of Economic Activities

We can further classify these economic activities into three groups:

- (a) Business: Business includes all activities concerned with the sale of exchange of goods and services with the objective of earning profits
- (b) Profession: An activity which involves the rendering of personalise services of a specialised nature based on professional knowledge education and training is called a profession. Services rendered doctors, lawyers, chartered accountants, engineers, etc., come und this category.
- (c) Employment: Any activity assigned to a person by the employer unan agreement or rules of services comes under the category employment. A person who undertakes such activity is called employ For performing such activity, the employee receives remuneration the employer in the form of wages or salary, allowance, bonus etc.

Let us now concentrate our attention on 'Business'.

3. NATURE OF BUSINESS

A business is an economic institution. It is concerned with production distribution of goods and rendering of services in order to earn profit acquire wealth. A large number of different types of enterprises, viz., sole to partnership firms, companies and cooperative societies, are there in but They are operating from small scale as in case of a provisions store that wour neighbourhood to large industrial houses as in the case of Ambanis Birlas, Mittals etc.

Definition of Business

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Business deals with goods and services. Dealings in goods and services: Business deal and services and services and services and services are goods such as clothes, soaps, milk, show the goods may be consumer goods such as machinery, equipment to they may be industrial goods. Business also deals with the goods and services. Dealings in goods and ser goods such as machinery, equipment goods may be consumer goods such as machinery, equipment goods may be industrial goods such as machinery, equipment furniture, etc., They may be industrial goods. Business also deals with sense used for further production. Business also deals with sense. The goods may be constructed and the goods of the goods of the goods may be industrial goods of the goods may be industrial goods of the goods may be industrial goods of the goods of the goods may be constructed. They may be industrial goods of the goo etc., which are used for further producting, insurance etc., such as transport, warehousing, banking, insurance etc.

- etc., which are used such as transport, warehousing, but we can call an economic activity as such as transport, warehousing. We can call an economic activity as 2. Production and/ or exchange: We can call an economic activity as 2. Production and/ or exchange: We can call an economic activity as 2. Production and/ or exchange: We can call an economic activity as 2. Production and/ or exchange; sale produced for self-consumption or services for value. If goods are produced for self-consumption or services for value. If goods are produced for self-consumption or services for value. If goods are produced for self-consumption as gift, such activities shall not be treated as business. In business activity there should be two parties, i.e., a buyer and a seller. The should be exchange, sale, transfer of goods or services between these to parties for money. For instance, cooking food for personal consumption does not constitute business. But cooking food and selling it to others.
- a price (Ex: Hotel, canteen, mess etc.) becomes business.

 3. Continuity and regularity in dealings: A single transaction shall not treated as business. An activity is treated as business only when undertaken continually. For eg., if Mr.X sells his house to Mr.Y it will considered as business, if it is a one time activity. Builders such as Constructions, Arihant Properties or Jain Housing buying or selling flats etc., is a business because they are regularly involved in constant selling flats or houses.

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n sctivity directed on more regions of goods ... to wards lling of section of sale and purchase alogo ion of sale and purchase alone ing, it is more usiness is made unan Business is made una downs, hard wons Nature and Scope of Business downs, hard work to undersime the importance of the element of service in business activity. In fact, a business will flourish only when it is able to serve is customers to survive. goods, money or In fact, a business will Hourish only when it is able to serve its customers to their satisfaction. Profits are essential to enable the business to survive, coand, and to get recognition. The Tale areas Dieta group. Godrei group. their sutisfaction. From: are essential to enable the business to survive, expand, and to get recognition. The Tata group, Birla group, Godrej group, to the property of the survive which have grown Reliance group etc., are examples of Indian companies which have grown are examples of Indian companies which have grown through averaging discussion of the primarily because they run the production Reliance group etc., are examples of Indian companies which have grown tremendously through expansion, diversification primarily because they run vities involved profitable enterprises. 5. Element of risk: In every business, there is a possibility of incurring loss, which is termed as risk. There are two binds of sinks. banking and 1. Known Risks: Losses due to fire, floods, theft, etc., are some examples. ownership ervices. $sh_{oe_{S_s}}$ $m_{\mathrm{e}_{n_{t_{i}}}}$ Vices as sp. 70 cars, now do not have many buyers) economically with the help of business transactions.

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4. Profit motive: Earning profit is the primary motive of business. This is not not undermine the importance of the element of services in business. This is not Profit motive: Earning profit is the primary motive of business. This is not to undermine the importance of the element of service in business activity.

Unknown Risks: Examples are changing technology, change in

Any business is characterized by an element of risk and uncertainty because of changes in buyers preferences (scooters to motorbikes, hand winding to quartz watches, textiles to ready mades), change in government policy, change in technology and introduction of new products (type writers to computers, land line telephones to mobile phones, VCR, VCP's to VCD's and DVD's) or increased competition (eg Indian Car Industry - Prior to 1991 there were only 3 companies manufacturing and selling cars in India - Hindustan Motors manufacturing Ambassador cars, Premier Automobiles manufacturing Premier Padmini and Maruti manufacturing Maruti cars. Now there are many companies in addition to the above three, such as Ford, Hyundai General Motors, Honda, Daimler Chrysler, Tata Motors, Toyota etc. selling cars. Ambassador and Premier Padmini which were once famou

6. Creation of utilities: Business makes goods more useful to satisfy huma wants. It adds to production, the utilities of person, time, place, form knowledge etc. Man is able to satisfy his demands effectively an

7. Socio-Economic activity: Business is primarily an economic function. involves production and distribution of goods and services for t satisfaction of human wants. However, business is a part of society and reflects the aspirations, values and beliefs of people. Therefore, busine may be described as a socio-economic function.

8. Business is a social institution: Business is a social institution just government, agriculture, joint family, religion, etc. Business is deeply involin the effective and productive utilization of the scarce resources of society. Hence, it is expected to provide with necessary leadership direction in solving the numerous problems of the society. It must be workers and consumers alike to improve their standard of living and so welfare

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5. Objectives of business means, the purposes for which business is established by the successful of the future of the fu

Objectives of business means, the purposes is essential for the success and carried on. Proper selection of objectives for the future directions and carried on the success as the guidelines for the future directions. Objectives of business of busi management of business. According to Urwick, "Profit can no more be the objective of a business.

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From the above definition we can une sol of business. Though profit-making is an essential objective of business. Though profit-making is an essential objective of business. of business. Though profit-making is enterprise cannot blindly pursue profits without regard to other objective of business. profit maximization is regarded as the sole objective of business, it is lik result in unfair practices such as hoarding, black marketing, etc. The profit-m and social service objectives are not contradictory to each other. They go in hand. As stated by Henry Ford, "business is not mere money chasing also should aim at servicing the community".

Objectives of business may be classified into four broad categories. are given below:

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1 4	Payment of taxes	Development of employees	
	Contribution to social welfare	Job satisfaction	
6.	Better environment		

Economic Objectives

This is the primary objective of a business organization. Business is an economic activity and therefore its purpose is to show economic results. According to Peter Drucker, "the management is an economic organ and every decision of management has its first dimension as economic dimension". The economic objectives of business are as follows:

(a) Earning of adequate profits: Every businessman seeks to earn profits by satisfying the wants of people. It is the hope of earning profits which induces people to enter into business. No business can survive without earning adequate profits. Thus, profit is the fundamental economic objective of business. Profits are considered to be the index of business success. It is the accepted yardstick for the evaluation of the efficiency of business. Profits are important because (i) it provides future capital (b) it is the ultimate test of business performance and (c) it is the indicator of business efficiency.

For e.g. TCS (Tata Consultancy Services) is considered to be the number one company in the IT industry in terms of profits. Reliance Industries which started with textiles has been able to expand to petrochemicals, telecom, oil exploration, life sciences, financial services etc., because of its ability to earn high profits and utilize the profits for expansion and diversification.

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cial Objectives

Business, being a part of the society has obligations towards the Social Objectives The major social objectives are:

(a) Provision of quality goods and services: Customer sati the backbone of modern business. Hence, a business shou goods and services of best quality. The meaning of quality conformance to standards but also ensuring that customers a For example in the case of food items, quality means whole well as satisfying customers tastes, in the case of automorefers to not only transportation but also adoption of latest styling, safety, fuel economy, features etc.,

- Absenced possess A finaliness commit survive in the long our if it changes excessive prices in order to maximise its own profess Prices charged should be according to the value affered by the practice or service to the consumers. In tuday's intense competition, contemars commend the world's best quality at the cheapent price femiliers which are attendable, enjoy buge markets. For e.g. the introduction of 50 paise shampon sachers by Cavinkare (Chik shampon) widened the market for shampson and the product today enjoys a wide customer base
- feet Provider of complement. A business is expected to provide the means of livelihood to the members of the society. Itusiness provides selfemployment to the owners and offers jobs to a large number of people. Foreg. setting up of ear plants (Ford and Hyundai), glass manufacturing plants (St.Gobain), cell phone manufacturing plant(Nokia), etc., in Chennai has increased employment opportunities, similarly growth of IT firms (TCS, Infosys, Satyam, CTS, Polaris etc.) has increased employment opportunities for software professionals.
- (2) Proment of faver: A business should not shut its eyes to its obligations towards the Government. The government provides the infrastructure facilities such as water, roads, ports, power, telecom etc., Therefore, business owes it to the government to pay its tax dues honestly and in time. It must also dutifully abide by the laws of the land.
- (e) Contribution to social welfare: A business concern is a part of the society. Therefore, the business should contribute in every way towards social welfare. It must not indulge in undesirable practices such as hoarding and blackmarketing. It must also contribute liberally to social, cultural and charitable organizations, engage itself in promoting health of the community, setting up educational facilities etc. For e.g. Tata's have built an entire township in Jamshedpur comprising of schools, hospitals, employee quarters and provided all the necessary facilities. Infosys donates computers to corporation schools in Karnataka, Polaris Software lends financial support to deprived students, Sakthi Masala and LaserSoft Infosystems provide employment to physically challenged persons, Microsoft has donated computers with Braille system to enable blind persons learn computers and benefit from it.

Better environment: Businesses should strive to ensure a cleaner, greener and healthy environment for the community. Business must not cause any kind of air, water or noise pollution. It must make proper arrangements for controlling any type of pollution. For e.g., tanneries are required to set up Effluent Treatment plants to treat the waste water, Orchid Chemicals is recycling water used in its pharmaceutical plant to void wastage of water resources. Today's customers have high levels awareness and any business which causes environmental gradation cannot hope to survive for long.

Mature and Scope of Birefrees. A touchoest expense to every the thin thing can if it the Representative prices. A touchoest expense to make mine in more perfect or charges expective prices in order to make mine as more perfect or charged should be according to the entry after the perfect by the product or service to the consumers. In today's interval compassion, consumers demand the world's hest quality at the chargest price. Products which are affordable, enjoy large markets. For e.g., the interestriction of 36 paise shampens sachets by Cavinkare (Chik shampens) widened the market for

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- shampoos and the product today enjoys a wide customer base.

 (c) Provision of employment: A husiness is expected to provide the means of livelihood to the members of the society. Plusiness provides self-employment to the owners and offers jobs to a large number of people. For e.g. setting up of car plants (Ford and Hyundai), glass manufacturing plants (St. Gobain), cell phone manufacturing plant(Nokia), etc., in Chennai has increased employment opportunities, similarly growth of IT firms (TCS, Infosys, Satyam, CTS, Polaris etc.) has increased employment opportunities for software professionals.
- (d) Payment of taxes: A business should not shut its eyes to its obligations towards the Government. The government provides the infrastructure facilities such as water, roads, ports, power, telecom etc., Therefore, business owes it to the government to pay its tax dues honestly and in time. It must also dutifully abide by the laws of the land.
- (e) Contribution to social welfare: A business concern is a part of the society. Therefore, the business should contribute in every way towards social welfare. It must not indulge in undesirable practices such as hoarding and blackmarketing. It must also contribute liberally to social, cultural and charitable organizations, engage itself in promoting health of the community, setting up educational facilities etc. For e.g. Tata's have built an entire township in Jamshedpur comprising of schools hospitals, employee quarters and provided all the necessary facilities. Infosys donates computers to corporation schools in Karnataka, Polar Software lends financial support to deprived students, Sakthi Masa and LaserSoft Infosystems provide employment to physical challenged persons, Microsoft has donated computers with Brai system to enable blind persons learn computers and benefit from it
- (f) Better environment: Businesses should strive to ensure a clear greener and healthy environment for the community. Business in not cause any kind of air, water or noise pollution. It must make prearrangements for controlling any type of pollution. For e.g., tannous are required to set up Effluent Treatment plants to treat the waste we Orchid Chemicals is recycling water used in its pharmaceutical plants avoid wastage of water resources. Today's customers have high to fawareness and any business which causes environment degradation cannot hope to survive for long.

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Business also plays an important role in development of a nation. It pods and services required by consumers, provides employment oppor entributes to the government exchequer by way of taxes to the government ational objectives of a business include:

Exporting goods to foreign countries thereby earning valuable exchange. For e.g. pharmaceutical companies like Ranbaxy, Dr. Labs, Cipla, etc., export a major portion of their product PROPERTY AND SECURIOR AND PROLEMENTS. THE PROPERTY OF A PROPERTY PARTY REPORTS OF THE PROPERTY OF THE PROPERTY

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- During the earthquake in Gujarat, many companies like L&T, Petineses etc., provided men and material to aid in the reconstruction activities. During the recent tsunami tragedy, many corporates provided financial support to the government for carrying relief activities by donating liberally.

5. CRITERIA FOR SUCCESS IN MODERN BUSINESS

Running a business today is a complicated affair. Customers demand the world's best quality at the cheapest prices. Their needs, preferences, tastes and fashions keep changing and businesses have to adapt their products and services accordingly. Competition is on a global scale and businesses have to be aware of competitor's actions and stay one step ahead of the competition. They have to be alert in framing strategies to overcome competition and adapt themselves to the changing environment.

Businesses have to be innovative and adapt themselves to the new echnological changes. Those businesses which have adapted to the changing ustomer needs, new technologies and intense competition have survived and rown. Businesses which have not been able to do so have failed. Once famous rands such as Dyanora, Solidaire, Weston, EC, Bush, TeleVijay etc., in the elevision industry are no longer in existence, because they were not able to edify their products and introduce new products according to the changing eds of the market. The same is the case with Ambassador and Premier Padmini the Indian Car industry, BPL in Consumer Electronics, Binny, OCM, S.Kumar's Textiles and the list goes on. Therefore succeeding in modern business is not easy task.

The following are some of the criteria for success in modern business:

(a) Clear Formulation of Objectives: Every business must first formulate its objectives. Clear identification of objectives would help the business to plan its activities in the right manner. The business should decide the products or services it plans to offer, the customer segments to be targeted etc., For example a car manufacturer should decide what type of car it plans to manufacture (small cars, mid segment cars or luxury)

Chapter 4

Forms of Business Organisation – Sole Proprietorship and Partnership

Forms of Business Organisation - Selection of Porms of Organisation - Sole Trader - Partnership.

1. FORMS OF BUSINESS ORGANISATION

Menning of Business Enterprise

A business undertaking is an institutional arrangement to conduct one or other type of business activity. According to Wheeler "Business undertaking is an enterprise which buys and sells and is owned by one or a group of persons and is managed under a specific set of operating policies. It is the outcome of the efforts of one or more entrepreneurs who pool together their resources and coordinate their activities to carry on business activity".

Types of Business Enterprises

On the basis of ownership business enterprises are classified as: (1) Private sector enterprises, (2) Public sector enterprises, and (3) Joint sector enterprises.

Private Sector Enterprises

Business enterprises owned by private individuals, singly or jointly, are known as private enterprises. There is no Government participation in the ownership of such enterprises. All non-incorporate enterprises are included in it. Sole trading concern, Joint Hindu Family business, Partnership, Joint Stock company, Cooperative societies, Multinational companies are the main examples of private enterprises.

Public Sector Enterprises

Any enterprise which is established, managed and controlled by government is known as public enterprise. There are three types of public enterprises. These are (1) Departmental undertaking, (2) Public corporations, and (3) Government companies.

Joint Sector Enterprises

Joint sector enterprises consist of those undertakings wherein ownership, management and control are shared jointly by the Government, private entrepreneurs and the public. Maruti Udyog Ltd., Cochin Refineries and Gujarat Fertilisers are few examples of joint sector enterprises in India. Co-operative form of enterprises also come under this sector.

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In the words of L. H. Haney. The individual entrepreneur form of business organization is an organization at the head of which transfs an individual or annetimes a family group of individuals, as the one who is responsible, who directs its operation and who alone runs the risk of failure."

According to Edward T. Elbourne, "Sole proprietorship is a business initiated and operated by one individual who carries all financial and administrative responsibilities, employing such assistants as may be necessary".

James Stephenson opines, "A sole trader is a person who carries on business exclusively by and for himself. The leading feature of this kind of concern, is that the individual assumes full responsibility for all the risk connected with the conduct of the business. He is not only the owner of the capital of the undertaking but, is usually the organizer and manager and takes all the profits or responsibility for losses".

Features:

The important features of sole proprietorship are:

- The business is owned by only one person.
- The business is controlled by a single individual
- The risk is borne by a single person
- The liability of the owner of the business is unlimited
- The business firm has no separate legal-entity.
- 6. To set up sole proprietorship, no legal formalities are necessary.
- Decisions are made by a single person.

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Tax advantages: Income tall income sole trader, but not on the profits of the concern. Hence it is advantages. 13.

nitations: Sole trader business suffers from certain serious limitations (disag Limitations: also:

- Limited capital: Use of limited capital means limited profits on 1. is any necessity to expand business there may not be sufficient
- Limited skill: As there is only one man the managerial ability
- 2. Limited borrowing capacity: The borrowing capacity of a so limited to the extent of his financial position.

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Short life. If the sole trailer does not have children, or if his children are not interested in continuing the business, the business consist come to an end There is no guarantee of continuous existence in this type of business. No decision of labour. As it is small unit, it is not possible to introduce

Dependence on employees: If there is expansion of business, it is inevitable for the proprietor to depend on the paid managers.

Limited area of operation: The business is small. So the activities cannot

Lack of large scale economies: Sole trader's business is small scale only. He cannot do his business on large scale due to lack of financial resources. So he cannot enjoy large scale economies of production, buying or selling.

Suitability of sole trading concern:

A sole trading concern may carry its business successfully under the following circumstances.

- Where business is carried on small scale; 1.
- Where capital requirement is less; 2.
- Where prompt and quick decisions are required; 3.
- Where risk is less; 4.
- Where personal element plays an important role; 5.
- 6. Where market is local:
- Where secrecy in business is a must; 7.
- Where freedom of the businessman is involved; 8.
- Where business is seasonal; 9.
- Where there is no need for specialisation. 10.

In spite of all the limitations, a sole trading concern is a popular form of organisation in all parts of the world. Thus, we can say that it has its own place in the field of business even today. Its future is bright.

4. PARTNERSHIP

Sole proprietorship suffers from limited resources, hasty decisions and temporary existence etc. As remedy, partnership emerged as a form of business The standard of the standard o distribute the party of the many of the ma any one of the all of any one of the all of of the property individually called the section 4 of the property in the section 4 of the property in the section 4 of the property in the section of the who have he who have he who have he who have he which exist has been any or which exist has been any on a lawful he had all or relations on a lawful he had all or relations and the carry on a lawful he had all or relations and the carry on a lawful he had a lawful he ha of the north who have he which exist his persons who have he had not the north them acting for which exist his persons and the persons which exist his persons and the persons are persons as a lawful but the carry on a lawful but the carry of the carry on a lawful but the carry on a lawful but the carry of the carry which exist believed to a lawful business two or more two or more than the partnership. F. In. two or more the partnership. Each his arriver who are continued to the partnership the partners may be talk of the partners and the assets of the partners may be talk of partnership has two or more the partnership. Each his partnership has partnership has be taken to partners may be taken to the partnership and the partnership and the partnership to The partnership of the partnership of the partners may be taken in the assets of the partners of a partners and the assets of a partners of a partners of the partnership. 3 whind the our and characteristics of a partnership are mership.

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much compared to company form of organisation.

- Access to more capital. A firm consists of more than one person. Therefore Forms of Business Organisation 2.
 - it can secure more capital from combined resources Skill and talent. Talented persons may be taken as partners, More skill
 - Division of labour: Division of Inbour can be introduced which increases the efficiency in the management. One partner may take care of purchases, another sales, a third accounts and so on.
 - Contact with customers: All the partners in a firm may take part in the management of the business. So, they get in touch with the customers during the course of the business. It enables them to study the tastes and
 - Borrowing capacity: The creditors will lend Loans not only on the basis of the firms's assets but also based on the personal properties of the partners. So the borrowing capacity of a firm is more.
 - Incentive to work hard: Every partner is liable for the debts of the firm. Also every partner has a share in the profits. This makes them to work hard for the success of the business.
- Expansion of business: Due to the availability of sufficient finance and \mathcal{S} . skill the business can be expanded very easily.
- Wise decisions: In partnership, decisions are taken with the consultation of all the partners. So naturally the decisions are wiser and more beneficial. 9.
- Co-operation between partners: The partnership enables partners to provide mutual help to each other. Partners behave as members in a joint family. 10.
- Flexibility: Changes in the business can be adopted easily. There are no 11. legal restrictions.
- Economy in operation: If there is co-operation among the partners the 12. firm can be run efficiently: A good number of economies in management can be derived.
- Division of risks: All losses and risks of the business are shared by all 13. the partners. So risky ventures can also be taken up.
- Maintenance of secrets: Business secrets can be maintained easily if the 14. number of partners in a firm are limited.
- Incidence of tax: Compared with company form of organisation the tax 15. payable on the incomes of the partners will be less.

Disadvantages of Partnership

The following are the disadvantages of a partnership firm:

Division of responsibility: In a partnership the management is divided. As such responsibilities are also divided. Every partner might try to shift the burden on to the shoulders of others; finally none takes the responsibility properly.

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An ideal partnership is one where partners before they enter trite partners agreement, carefully consider.

- The business prospects
- Nature of other partners.

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Lack of public not controlled or regulated by the prime confidence in the firm. organisation. It is not confidence in the firm. Frest 277061 EAL PARTNERSHIP

Partnership business organization. In real life, all partnership form of business of success. **EPERT** 1 TDEAL PARTNERS enjoys many action. In real life, all partnership business organization. In real life, all partnership form of business organization. In real life, all partnership tradership form of business of success. 10. *** 1 do not enjoy the same degree of success. dership form of the degree of such a long life because of the not enjoy the same degree enjoy a long life because of the some partnership businesses enjoy a long life because of the some partnership businesses in the business. Some some partnership businesses enjoy in the business. Some partnership businesses of the some partnership businesses of the partners in the business. Some partnership businesses of the some part faith and interest taken by the partitle because of mutual distrand break up within a short span of fraudulent acts by some of the fer \$1 faith and interest in a short span of the part and break up within a short span of the part and break up within a short span of the part lack of interest, ego clashes and fraudulent acts by some of the part lack of interest, ego clashes and fraudulent acts by some of the part lack of interest, ego clashes and fraudulent acts by some of the part lack of interest, ego clashes and fraudulent acts by some of the part lack of interest, ego clashes and fraudulent acts by some of the part lack of interest. also k of interest, ego clashes and has rightly pointed out that, "Entering into part U. Durand has rightly pointed out that, be anyone who understands why picking a life. mre i Robert U. Durand has rightly pointed and why picking a life-ing business marriage..... anyone who understands why picking a life-ing business marriage.... anyone will business marriage.... anyone will business marriage.... anyone will business marriage.... anyone will business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importance of selecting a business partner matter can appreciate the importanted matter can appreciate the importanted matter can appreciate the importanted with your partner in business life until death, retirement, withdraw with your partner in business life dissatisfied life-mates, dissatisfied with your partner in business incurrent with your partner in business incurrent dissolution of the firm. Like dissatisfied life-mates, dissatisfied partners and uncertain." business divorce is often expensive and uncertain." Requisites of an ideal partnership: An ideal partnership is one where partners before they enter in agreement, carefully consider:

(a) The business prospects.(b) Nature of other partners.

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organisation. It is not confidence in the firm, such public may not have confidence in the firm. EAL PARTNERSHIP

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Partnership business enjoys many to Partnership business organization. In real life, all partnership tradership form of business organization. do not enjoy the same degree of success. not enjoy the same degree of such not enjoy the same degree of the such not enjoy the same degree of such not enjoy the same degree of such not enjoy the same degree of the same degree of the such not enjoy the same degree of the such not enjoy the same degree of the sam

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Robert U. Durand has rightly points
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Requisites of an ideal partnership:

An ideal partnership is one where partners before they enter into agreement, carefully consider:

- (a) The business prospects.
- (b) Nature of other partners.

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While entering into partnership they should ensure:

- That there is a written agreement,
- Registration of partnership (6)
- That there is common objective, (c)
- Clear understanding regarding the role of each partner (d)

While undertaking business they should ensure that:

- All acts are undertaken for the benefits of the partnership.
- All major decisions are taken after mutual consultation with other partners. (b)
- The business is conducted in a fair manner within the legal framework. (c)
- Partners trust each other. (d)
- (e) Each partner fulfills his responsibilities in a careful and diligent manner.
- Any m's-understanding is resolved through mutual discussion at the (1) initial stage itself.
- The accounts are true and fair. (g)
- (h) Each partner is given the rightful share of the profits due to him.
- Profits are re-invested in the business to the required extent. This would (i) result in lower external borrowing, save interest costs and enable the firm to expand operations.
- Partnership business is continued for a fairly long period of time so that (i) it can build a good reputation and enjoy goodwill and customer loyalty.
- Each partner contributes to the best of his abilities, skills and knowledge (k) for the growth of the business.
- There is mutual agreement, faith and a spirit of co-operation among (1) partners.
- There is a sense of openness and transparency, so that each partner (m) clearly knows details of capital invested, revenue received, expenses incurred, profits earned etc.

If the above requirements are satisfied, the partnership business would be able to continue for a long period of time, enriching the partners as well as satisfying the needs of the society.

Partnership Deed

Partnership arises out of an agreement. The agreement may be oral or in writing. But to avoid disputes in future among the partners it is always better to have an agreement in writing. The important document in which the agreement is written is called a "Partnership Deed" or "Articles of Partnership".

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15. Arrangements in case a partner becomes insolvent. 15. Arrangements in case of disputes among partners.

16. Arbitration in the case of disputes among partners. 8. 10. Aronration in the case of dissolution of partnership.

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17. Settlement in the case of dissolution 2.

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18. Any other clause or clauses which may be desired in any particular. 9 of business.

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1. Active partners: The partners who take part in the management. firm actively are called active partners or working partners. Dormant or Sleeping partners: The partners, who just provide and do not take part in the business activities of the firm are called D

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Nominal partner. A person who only lends his name to the firm and when is not really a partner is all. is not really a partner is called a Nominal Partner. He does not share the

Sub-partner: When any of the partner agrees with a stranger to share the profits derived by him from the firm, the stranger is called a 'sub-partner'

Partner in profits: A person who will have a share in the profits but not in the losses of a firm will be called partner in profits. But he is equally

Incoming Partner: The partner, who is admitted afresh in the firm is known as new or incoming partner. Such a partner can be admitted with the consent of all partners. The incoming partner brings his share of

Outgoing or Retiring partner: The partner who retires from the firm with the consent of other partners is termed as retiring partner. The outgoing partner must serve notice to the general public that he retired from the 10. firm. Otherwise he will be liable to third parties for the payment of their debts and dues even after his retirement.

Secret partner: The person, who is the partner of the firm in the real sense but keeps this fact a secret, is known as secret partner. Legally this type of partner also has unlimited liability.

Minor partner: A minor, who is below 18 years of age, may be admitted into a firm to the benefits of the partnership. But he cannot become a 12. partner as he is incompetent to enter into a contract. His liability will be limited to the extent of his share. He cannot take part in the management. He has a share in the profits of the firm. After attainment of major age limit, within six months, he has to decide whether to continue in the firm or not. He should issue a notice to that extent. Otherwise he is deemed to be a regular partner.

Trues	(d) Surp.	Surplus, if any show ratio. Distinction between Sole Trader and Partnership. Partnership.		
A and	Point of	Sole Trader	Partnership	
ent la	Difference 1. Legal Formalities	No legal formalities to be observed at the	Few legal for to be observed starting the	
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of profit	Provide or loss belongs to the single owners	among the partner.

Distinction between intrancespile and co-connectifi

Point of distinction	Parinership	(Small agil
Formation	The second second	The wife capes to
Maximum number of members	The maximum number of members premitted in a garanership bushess is 10 for banking business and 20 for other businesses.	areaugus
Objective	To undertake seme hawful business and earn preside	प्रवास्त्रक सम्बद्धान्तः इ. टक्स दराज्य बस्तुप्रमात् ग्राह्म
Agency relationship	There is agency relationship between partners. A partner can bind the other partners by his acts done in the regular course of business.	

Principles of is no fe All partners are jointly and There is no unit All parties liable for the debts of the business to an unlimited Liability extent. The partnership form of There is no regulating co. So. S. organization is regulated by organian Partnership Act, Regulating Act A co-owner his interest to whership at the at his interest to when the at his interest to be at his interest. 1932. A partner cannot transfer his interest without the consent of the other Transfer of Interest ownership oreal without the conist partners. the other co-one A co-owner down A partner has lien on any lien on the partnership the property of the Lien for expenses partnership business for business for expenses expenses incurred by him. incurred by him

The following diagram gives snap shot of the partnership organisation:

Forms of Business Organisation Co-operative Enterin Co-operative Entern

Meaning - Origin - Definitions - Features

Meaning: Co-operative enterprises are distinct from the Other forms of business on the Other forms are service on the other forms. Meaning: Co-operative enterprises are service oriented to their members and protect to the prot business enterprises. While all the outer.

business enterprises. While all the outer.

profit as the motive, cooperative enterprises are service orienter profit as the motive, cooperative enterprises and protect the outer. business enterprises.

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profit as the motive, cooperative to their members and protect their basically formed to render services to their members and protect their basically formed to render services and middlemen. Cooperatives are protecting and promoting are basically formed to render services to their moderatives their land basically formed to render services and middlemen. Cooperatives are exploited by producers, sellers and middlemen and promoting the interpretation of th exploited by producers, sellers and initial and promoting the value associations of persons formed for protecting and promoting the value in a democratic manner with service motive. associations of persons formed for protecting the instrument of persons formed for protecting the instrument of persons formed for protecting and comments. They are run in a democratic manner with service motive in members. They are run in a democratic manner with service motive in members. members. They are run in a democratic manner members. They are run in a democratic manner in India in protecting and societies have played an important role in India in protecting and protections of the small businesses, and weaker sections of the small businesses. societies have played an important role in societies have been played and been played and role in societies have been played and been played and role in societies have been played and role in societies hav

Origin

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The founder of co-operative movement was Robert Owen of Englished in the year 1844; The founder of co-operative movements in the year 1844 Englished in the year 1844 in the ye first Co-operative retail store was store in England were paid very light due to high profit marks: England. At that time, the textile work high due to high profit margins of Prices of essential items were very high due to high profit margins of their meager were the state of the sta Prices of essential items were very most of their meager wages; the traders. Unable to buy essential items out of their meager wages; workers joined together to organize their own grocery store in 1844. themselves as the, 'Rochdale Society of Equitable Pioneers' and pion co-operative movement. Due to its inherent advantages and benefits o movement has spread all over the world. Today it has spread to a numb such as farming, fisheries, transport, general insurance, housing, labor

In India, the cooperative movement started with the enactment operative Credit Societies Act, 1904. The objectives according to the promote thrift, self-help and co-operation among agriculturists, ar persons of limited means. The co-operative movement has played a role in ensuring the welfare of farmers, weavers, artisans, rural entrepr consumers.

THE WORLD A STATE OF THE STA THE PROPERTY OF STREET, STREET grand grand property and a subject of the subject o AT THE PARTY OF THE COMMENT OF THE COMENT OF THE COMMENT OF THE CO The state of the s The state of a state of the sta The state of the s The control of the co The content of the co described as homes being the society in an enterest applying within and accommic interests of themsalt, and the salt is the period of users, applying within its own members and the period of t and a serve both its own members and the legal entity: A co-operative social legal entity: A co-operative society has separate legal from the members who constitute it is a factor of the in its own name. It can sue and be sued in its can entitle a suel in its own the constitute it. distinct from the members who constitute it is a voluntary association of the will come to association of the will be supplied to the will be supplied distinct from name. It can sue and be sued in its own name of the constitute it is a voluntary association of personal configuration configuration configuration configuration configuration configurati is of their own free will come together to promote their contrary association of persons who wants to become the society. A member can leave the their own the society of their own their interest of the society. A member can leave the society and their interest of the society and their interest of the society and their interest of the society and the society are society and the society are society and the society are society and the society and the society are society and the society are society and the society and the society are society. Member of the society. A member can leave the society any time he society any time he society any time he society any time he society and the society and time he soci Member of the society and the society of leaving he can withdraw his capital from the society. At the

likes. Nobody the can withdraw his capital from the society Attached time of leaving he can withdraw his capital from the society. Democratic set-up: Co-operatives are managed in a democratic manager elect a managing committee in the annual general meeting and formulate the policies to be followed. The managing committee manages the affairs of the co-operatives based on the policies landown.

Welfare motive: The primary objective of a cooperative society not to earn profits but to serve the members and promote the interests. Co-operative societies can earn profits by providing servito non-members at a higher price. A portion of the profits earned spent for the welfare of the community.

self Help: Co-operatives are basically formed to protect its mem against exploitation by private business. Self-help is the guiding behind the co-operative movement. The motto of co-operative 'All for one and one for all'.

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Any person with become a members. The membership fee is kept length and is within everyone's reach. Even theme are the feet to become members and the state of th Low membership fees. The members reach. Even there are should be able to become members and in within affordable and is within everyone a remove the angle of the financial resources should be able to become members and hands

them.

Democracy: A co-operative society functions based on the The members are elected in a democratic of the the executive constitutions. of democracy. A co-operative society runction of the contest to get elected to the executive committee of the number of the numb (1) of democracy. The members are elected to the executive committee member can contest to get elected to the executive committee

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One member one vote: Irrespective of the number of shares that all the help help to members cannot be the members cannot b One member one vote: Irrespective of the member is entitled to only one vote. This ensures that all member held member is entitled to any one vote. Members cannot vote held to the management affairs. (k) member is entitled to only one vote. This change an equal say in the management affairs. Members cannot vote by an equal say in the management solution and solut

an equal say in the management and an equal say in the management and an equal say in the management and sale of shares is an important source of finances. The sale of shares is an important source of finances. Finances: A co-operative society sens since of finances is an important source of finance in the government and in the source of finance in the government and in the source of finance in the government and in the source of finance in the government and in the source of finance in the government and in the source of finance in the government and in the source of finance in the government and in the source of finance in the government and raised through sale of shares is an imperation raised through sale of shares is an imperation and and and and aper

operative institutions.

Non transferability of shares: Shares held in a co-operative society of shares to any out of shares. Non transferability of shares: Snares non-transferable. A person who quits from the membership non-transferable cannot transfer his shares to any other bear of the membership (m) non-transferable. A person who quite non-transferable. A person who quite cooperative society cannot transfer his shares to any other person cooperative society cannot transfer his shares to any other person cooperative generated. (n)

Equitable distribution of surplus: The surplus generated by a distributed in the form of dividend and i Equitable distribution of surprus.

operative societies is distributed in the form of dividend and by the distributed among the members in an en. operative societies is distributed in the The surplus has to be distributed among the members in an equite society stipulate that a cooperative society stipulate that stipulate tha The surplus has to be distributed and a cooperative society shows a fourth of its profits to its general reserve. manner. Legal regulations supular transfer at-least one-fourth of its profits to its general reserve. A particular ten per cent can be used for promotion transfer at-least one-round of the profits, not exceeding ten per cent can be used for promoting the profits, not exceeding ten per cent can be used for promoting the profits, not exceeding ten per cent can be used for promoting the profits. welfare of the locality in which the cooperative society is located

rinciples

The following are the principles of co-operatives:

One member - One vote: Every member is entitled to one vote irrespective of the number of shares held. The objective is to prevent small group gaining control by acquiring majority shares.

Company of the service of the servic The particular of the second s The analysis of the second sec What animalism of a second contract of the se The animality of a second with respective and a second considering the second of the s The state of the society is free to die on The state of the society of the societ all print the society is free to die en. There are no enemals in the entering of the society is free to die en. There are no entering the entering of the society is the total and the society is the society in the soc The property of the society is free to do so. There are no entery as the society as free to do so. There are no entery as the society as free to do so. There are no entery as the society as free to do so. There are no entery as the society as the society as free to do so. There are no entery as the society as the societ Cooperatives can be formed much easily when the formed of the acompany. Any 10 members who have attained make the acompany of of the formation Any 10 members who have attained majority when a company Any 10 members who have attained majority of to a company of forming a cooperative society by observing simplified to gether for forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a company of the forming a cooperative society by observing simplified to a cooperative society simplified to a cooperative society society society simplified to a cooperative society of to a company of members who have attained majority about to get their for forming a cooperative society by observing simple to point together.

A co-operative enterprise is run A co-operative enterprise is run on the principle of one principle of the enterprise. Members with A co-operative emerprise is run on the principle of one principle of one principle of the enterprise. Members with money power compand of the enterprise by buying majority of the management by buying majority of the majority o notice vote. It implies that all members have equal rights in managing.

Members with money power cannot affairs of the enterprise. Members with money power cannot the management by buying majority shares. of management by buying majority shares. the management of surplus: The surplus and dominate distribution of surplus: the instance the incomplete the incomplete the incomplete distribution of surplus: The surplus generated by the co
surplus is distributed in an equitable manner enterprises is distributed in an equitable manner. don's distribution of surplus. The surplus generated by the coenterprises is distributed in an equitable manner among
enterprises. Therefore all the members are benefited. Further the enterprises is assumed in an equitable manner among operative. Therefore all the members are benefited. Further the society members. Therefore a sum not exceeding 10 per cent of the members benefited because a sum not exceeding 10 per cent of the members. Therefore are benefited. Further the society members. Therefore a sum not exceeding 10 per cent of the surplus is also benefited for promoting the welfare of the locality in the surplus is also be utilized for promoting the welfare of the locality in the surplus are benefited. men benefited occurred to be detected for promoting the welfare of the locality in which the can be utilized for promoting the welfare of the locality in which the can be arrative is located. cooperative: The liability of the members is limited to the extent of Limited liability: The liability cannot be personally held liability. Limited liability. They cannot be personally held liable for the their capital contribution. They cannot be personally held liable for the debts of distinct from its members. Therefore its continue legal entity Stable existence. Therefore its continuance is in no which is distinct from its members. Therefore its continuance is in no which is distinct from its members. Therefore its continuance is in no which is distilled the death, insanity or insolvency of its members. It way affected by the death, insanity or insolvency of its members. It Each for all and all for each: Co-operatives are formed on the basis of self help and mutual help. Therefore members contribute their efforts to promote their common welfare.

Principles or then and there is greater identity of interest among many the interacting with each other. They can company the many many the interacting with a more effective. the government with a view manner. Greener identity of interests would be interacting with each one.
would be interacting with each one.
the activities of the enterprise in a more effective the interactive in a more effective in a more effective in a more of the activities of the enterprise in a more effective in a more effective

the activities of the enterprise in the enterpri

at cheap interest rates, provides at cheap interest rates, provides at cheap interest rates, provides can deal dimination of middlemen: Co-operatives can deal producers and with the ultimate consumers. Therefore the profits enjoyed. producers and with the ultimate composition of middlemen and can save the profits entire enti

dependent on ...
middlemen.

(k) Low taxes: To promote the co-operative movernent and also provide that it is a non-profit enterprise, government provide the provide that it is a non-profit enterprise of the fact of the fact that it is a non-profit enterprise, government and also the fact that and tax concessions.

exemptions and tax concessions.

Rural credit: Co-operative societies have contributed significant and the earnings of the village of the vil Rural credit: Co-operative societies in a Rural credit: Co-operative societies in Rural credit: Co-operative societies in Rural credit: Co-operative Earlier, money significant freeing villagers from money lenders and the earnings of the villagers lenders were co-operatives provide in Rural credit: Co-operatives provide in Rural Rural credit: Co-opfreeing villagers from money lengers. Land, money lengers freeing villagers from money lengers of the villagers lengers charge high rates of interest and the earnings of the villagers lengers banefited the rural communication. charge high rates of interest and the carries provide loans were on payment on interest alone. Co-operatives provide loans were and have benefited the rural community at the rural people were loans of the rural people were loans at the rural people on payment on interest alone. Co-operations provide loans were interest rates and have benefited the rural community at the rural people were able to Affin interest rates and have benefited
establishment of co-operatives, the rural people were able to co

of the grip of money lengers.

Role in agricultural progress: Co-operative enterprises have Role in agricultural progress. Continuous in agricultural progress the government's efforts to increase agricultural production. They serve the people in rural areas. They serve the government's efforts to increase again the government and agriculturists. High yield: improved the life of the people in the the life of th between the government and age fertilizers, etc. are distributed by the government through (n)

Own sources of finance: A cooperative society has to transfer Own sources of finance. Therefore it need not one-fourth of its profits to general reserve. Therefore it need not one-fourth of its profits to some future financial requirements on outsider's funds to meet its future financial requirements

Encourages thrift: Cooperative societies encourage the habit of and thrift among their members. They provide loans only for pro purposes and not for wasteful expenditure. (p)

Fair price and good quality: Co-operative enterprises buy an bulk quantities directly from the producers or to the consumers. are processed and graded before they are sold. Bulk purch sales ensure fair prices and good quality.

AND THE PARTY OF THE PROPERTY OF THE PARTY OF THE PROPERTY OF THE PARTY OF THE PART The state of the property property property from property to the property of t The experience exertises have the constant production they are the constant in the constant and the famile available out the first of the constant in the constant in the first enter the exertises are the constant in the co and the famile available with the exchange three extraction is the final available with the or requirement as the continue the entrance of the final attraction of the final of the limited financial engagement of the limited financial engagement of the limited financial engagement of the limited financial engagement. They entired dividend as the entered the limited financial exemples the entered the limited financial exemples the properties of the limited financial exemples the limited financial exemples the properties of the limited financial ex They cannot expand their actions at the limited financial resources. Their sources. Their sources. The sources of financing are limited and the amount of the property of their own resources. Their sources of financing are limited to government funds. The funding and the amount of the property of their own government are uncertainty of the property of Their sources. Their sources of financing are limited to released by the government are uncertain. Therefore their depend on government their activities in the state of the released by the government are uncertain. Therefore their depend be released by the government are uncertain. Therefore their depend be released by the government are uncertain. Therefore their provides are not able to plan their activities in the state of their provides are not able to plan their activities in the state of their provides are not able to plan their activities in the state of their provides are not able to plan their activities in the state of their provides are not able to plan their activities in the state of their provides are not able to plan their activities in the state of their provides are not able to plan their activities in the state of their provides are not able to plan their activities in the state of their provides are not able to plan their activities in the state of their provides are not able to plan their activities in the state of their provides are not also activities are not activities are no The funding and the amount of the property of The released by the government are uncertain. Therefore the released by the government are uncertain. Therefore the released by the Western countries, co-operative manner. In the Western countries, co-operative manner, the released by the weaker sections. The object of the started by the weaker sections. more than the rest of the right manner.

In the Western countries, co-operatives were weaker sections. The objective is to impose the started by the weaker sections. The objective is to impose the started by the protect themselves from the right manner. After the government and protect themselves from exploitation to the started by the weaker sections. The objective is to improve an article status and protect themselves from exploitation to the started by the co-operative movement and in India, the co-operative movement are in the government. on the status and protect themselves from exploitation by the status and protect themselves from exploitation by the government. Wide participation by the benefit of the b protect themselves from exploitation by status and protect themselves from exploitation by specific cononic status and protect themselves from exploitation by the government. Wide participation of people of the government by the government of the co-operatives the protect themselves from exploitation by the government. Wide participation of people of the people of the co-operatives the protect themselves from exploitation by the government. But in main, the co-operative movement was initiated by the government. Wide participation of people is the inestablished by the benefit of the co-operatives has still not reach the established preference. Therefore the benefit of the co-operatives has still not reach the established preference. Therefore the benefit of the co-operatives has still not reached participations.

Therefore the benefit of the co-operatives has still not reached the properties of the co-operative of the sections.

Therefore sections.

Therefore sections. Benefit to rural poor. The rich people elect themselves to the manage the affairs of the Benefit to rural poor. The rich people elect themselves to the managing the rural poor. The affairs of the co-operatives for their mittee and manage the affairs of the co-operatives for their mittee and manage the rural produce of the co-operatives. Benefit rural pool. The affairs of the co-operatives for their own of the agricultural produce of the small farmers is just sufferent. The agricultural family. The on mittee and manage produce of the small farmers is just sufficient enefit. The agricultural produce family. They do not have any energy the needs of their family. The agricultation of their family. They do not have any surplus to fulfill the needs of their family tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with vast tracts of land, produce in the fulfill the rich farmers with the rich farme fulfill the rich farmers with vast tracts of land, produce in surplus to arket. The rich services of co-operatives such as processing The rich factories of co-operatives such as processing, grading, and the services of cartes actually benefit them antities and fair prices actually benefit them. adequate rural credit: Co-operatives give loans only for productive adequate rul all and adequate rul all and adequate rul all and not for personal or family expenses. Therefore the rural apposes and not for personal on the money lenders for meeting to depend on the money lenders for meeting. poses and the money lenders for meeting expenses of or continue to depend on the money lenders for meeting expenses of medical care, social commitments etc. Co. and the money lenders for meeting expenses of medical care, social commitments etc. or commune to meeting expenses of meeting expenses of miage, medical care, social commitments etc. Co-operatives have not mage, meaning the rural poor from the clutches of the money ck of managerial skills: Co-operative societies are managed by the naging committee elected by its members. The members of the

aging committee may not have the required qualification, skill or

Principles of Di Bold Constant Constant Characters Superintendence in a superintendence in an interest of the superintendence in the superinte the best rates and difficulty for actions are explanations. the best rates that of example out in achieving objectives and difficulty in achieving objectives are such co-operatives are entrined to pose forceroment regulation which affects their automorphy and government regulation which affects takes up much of the government regulation regulations takes up managing company. Government regulation which affects up much of the government regulations takes up much of the following to various regulations of the managing community.

Adhering to various mbers of the managing community. Generalization regulation Adhering to various replacements of the managing community time and effort.

Misuse of funds: If the members of the co-operative society and the funds of financial troubles and the funds of funds. Misuse of funds: If the members of the co-operative society they can swindle the funds of funds of funds and clearly they can societies have faced financial troubles and clearly they can societies have faced funds. Misuse of funds: If the funds of the contract the society and they can swindle the faced financial troubles and they can societies have faced funds.

Operative societies have misuse of funds.

Co-operatives operation and misuse of co-operatives operations. time and effort. because of corruption and misuse of funds. because of corruption and misuse co-operatives operate because of corruption to losses: Co-operatives operate leading to losses: cannot recruit the best tale inefficiencies leading to modern management practices. because of corruption to losses: Compared the best tale interficiencies leading to losses cannot recruit the best tale interficiencies. Therefore they cannot recruit the best tale tinancial resources. Therefore management practices. The tinancial resources adopt modern management in the race in the race in the race of the property o Inefficiencies leading therefore they call the control of the suitable in the modern management practices. The latest technology or adopt modern may not be suitable in the modern the modern may not be suitable in the modern may not be suitable linancial resources. The modern management and the modern management and therefore suffer losses.

In the traditional mould which may not be suitable in the modern in the traditional mould which may not be suitable in the modern in the traditional mould which may not be suitable in the modern in the traditional mould which may not be suitable in the modern in the modern management and therefore suffer losses. (1) environment and therefore suffer losses. in the traditional life in the traditional life in the traditional life in the traditional life in the tradition and therefore surice of business secrets is the tenvironment and therefore surice of business organization. But business Lack of secrecy: Maintenance of business organization. But business of any business because all members in the traditional life in t Lack of secrecy: Maintenance of outliness organization. But business competitiveness of any business because all members competitiveness of any cooperatives because all members. Lack of secrecy: Many business of garden business of garden because all members competitiveness of any business because all members cannot be maintained in cooperatives Further, reports and account cannot be maintained enterprise. Further, reports and account the competitive of the enterprise of Co-operative Societies. competitiveness of an cooperatives and account to the maintained in cooperative and account of the activities of the enterprise. Further, reports and account of the activities of the Registrar of Co-operative Societies. (1) of the activities of the Registrar of Co-operative Societies. The be submitted to the Registrar revenues, members etc become of the activities of the Registrar of the submitted to th knowledge.

Conflicts among members: Cooperative enterprises are based

Conflicts among members and therefore harmony among members and therefore harmony among members are based knowledge. Conflicts among members: Cooperation and therefore harmony among members principles of co-operation and therefore harmony among members principles of co-operation and therefore harmony among members principles of co-operation and there might be internal politics, differently the practice, there might be are which means the practice of the practice principles of co-operation and therefore principles of the co-operation and therefore principles of co-operation and the co-operation are co-operation and the co-operation are co-operation and the co-opera important. But in practice, there might be important. But in practice, there is a supplied to the co-operative entering entering the co-operativ opinions, quarrels etc. among memory of the co-operative enterprises cannot be introduced to dispute the functioning of the co-operative enterprises cannot be introduced to dispute the function of the co-operative enterprises cannot be introduced to dispute the function of the co-operative enterprises cannot be introduced to dispute the co-operative enterprises and the co-operative enterprises and the co-operative enterprises enterprises and the co-operative enterprises enterpr Such disputes affect the function —
Such disputes affect the function —
Such disputes affect the function —
Limited scope: Co-operative enterprises cannot be introduced

Limited scope: Co-operative enterprises cannot be introduced

Limited scope: Co-operative enterprises cannot be introduced Limited scope: Co-operative emerged by Limited scope: Co-operative emerged by Limited scope is limited to only certain areas of enterprindustries. Their scope is limited they cannot undertake large industries. Their scope is limited to since the funds available are limited they cannot undertake large investigations and suitable in industries requiring large investigations. Since the funds available are inition operations and is not suitable in industries requiring large investors are the management is taken conoperations and is not suited.

(m) Lack of accountability: Since the management is taken care of by

Lack of accountability: Since the made accountable for of by managing committee, no individual can be made accountable for office performance. There is a tendency to shift responsibility among

Lack of motivation: Members lack motivation to put in their whearted efforts for the success of the enterprise. It is because the very little link between effort and reward. Co-operative some

per la constitución de la consti Hand to the state of the state The property of the property o The state of the s The forest time the state of th The state of the s The state of the second Apparent was been as the second state of t THE THE PERSON PROPERTY OF THE PERSON ASSESSMENT OF THE PERSON THE PERSON ASSESSMENT OF THE PERSON THE REPORT OF THE PARTY OF THE AALEG (SE & A) ASDED VALABLE The properties to member through they are not providing through they are not provided to the providing through they are not provided that they are not provided they are not provided they are not provided they are not provided that they are not provided they are not p and the product to members through they are not providing services to members are not provided and a services to members are not provided and a services to members are not provided and a service and part of activities performed, co-operatives can be categorised. Tanenners' Co-operative Societies producers' Co-operative Societies. 197 Marketing Co-operatives. Housing Co-operatives. (4) Co-operative Credit Societies. Co-operative Farming Societies. (c) (f) Consumers' Co-operative Societies: They are the oldest form of co-operatives. They are formed for the benefit of consumers and operatives. consumers. They are formed for the benefit of consumers who wish to operatives. The operatives of goods at reasonable prices. These societies make bulk get household g purchases of a purcha wholesale in the wholesale is also sold to non-members. The prices charged from non-members are also sold to non-members to the prices charged from non-members. would be higher when compared to the prices charged from member Since purchases are made directly from the producers or wholesaler bulk quantities, the cost of purchases is less and they are able to on this benefit to members in the form of lower prices. They en steady supply of goods to members. The difference between

purchase price and sale price represents the surplus earned. The su

is distributed among the members in the form of bonus.

The state of the s The first sections are because a first section to the section of t Contracts to the district and produce the first product of the first pro Control of the property of the

- The second of the special conjugation and inspiral in the special property of the second of the special property of the second o Appendent to the second police to reside any according to the control of the profit of the profit. sand to sell show own also called as members of members of peralling and the profits carried to account milk community and the balance is districtly districtly and the balance is distric produced to need the requirements of the profits at a profit Certain portion of the profits continued to continued and the balance is distributed to distribute the continued to the balance is distributed to the continued to the balance is distributed to the continued to the balance is distributed to the continued to the continued to the balance is distributed to the continued to the continued to the balance is distributed to the continued to the continued to the balance is distributed to the continued to the continued to the balance is distributed to the continued to the continued to the balance is distributed to the continued prediced to meet me to oursider at a profit. Certain portnon to oursiders at a profit. Certain portnon to be balance is earned to the welfare of the community and the balance is distributed to distribute the total and the balance is distributed to the community are voluntary association.
- the welfare of me members.

 (c) Markening Co-operatives: They are voluntary associations of formed with the objective of ensuring a steady market for the bank of the formed with the formed the formed with the content win the content with the content with the content with the content members.

 Marketing Co-operatives: They are voluntially associations formed with the objective of ensuring a steady market for or marketing Co-operatives are especially suitable for the boundary of the formed with the formed with the formed with the formed the for

members. Market of agricultural products.

They seek to protect producers from being exploited by the products are initially of cotton are products are products are products are products. They seek to protect producers from occus a produced by the The output of the members is pooled together, the products are assurant are assurant are assurant. They seek to protect.

The output of the members is pooled together, the products in ideal (e.g. crushing of oil seeds, ginning and pressing of cotton are and sold at the best possible price. The members are assured and sold at the best possible prices for their produce of the interproduce of the members according to the members according to the interproduce of the interpretation (e.g. crushing of and sold at the best possible price. The weight and measurement and fair prices for their produced of the are distributed among the members according to the area of the weight and measurement and tan process of the members according to the pool. They also provide credit, storage to demand and supply. weight and memory are memory according the proceeds are distributed among are memory according to contribution to the pool. They also provide credit, storage to contribution about market price, demand and supply etc.

- information about marker production and the state of the Housing Co-operatives: nousing to the torned by who are interested in acquiring residential property. They undo colating govern (d) who are interested in acquiring to:
 activities relating to: purchase of land, obtaining government of the site, construction of houses or a activities relating to: purchase approvals, development of the site, construction of houses or flat to its members. Since housing co-on approvals, development of the state of houses/flats to its members. Since housing co-open allotment of houses/flats to buildings they are able to purchase to allotment of houses/Haus to I... construct many flats or buildings they are able to purchase buildings the Stamp duty to be paid when materials at cheaper rates. The Stamp duty to be paid when prope purchased from a co-operative society is also less. Therefore men
- Co-operative Credit Societies: The objective of forming co-oper credit societies is to provide loans to members at reasonable rate interest and to develop the habit of thrift among members. They a deposits from members and provide loans to members at reason

The state of the s White the state of the following and the constitution which are desired to the constitution of the consti AND ADDRESS OF THE PARTY OF THE The second result six lottes are setted A service in the letter are formed in villages and provide leaves to provide and provide leaves to pro The property and the artisans. Non agricultural cracks received the second of the property and areas and provide loans to people living in the artisans are as a lit societies in India. Appropriate and the provide loans to people living in private or against an areas and provide loans to people living in private or against an areas. of the which are organized at the village level Arm specialized and a special of the which are organized at the village level. At the second is the level of the second is the level of the second is the level of the second is the level. of the which are organized at the village level. At the second tier are parties of the parties of the condition of the parties of the condition of the parties of the second tier are part At the second tier are the Sate Co-operative banks organized at the district level. At the second tier are the Sate Co-operative banks organized at the district level. At the second tier are the Sate Co-operative banks organized at the second tier are the second tie of Central Co-operation are the Sate Co-operative banks organized at the district level. At the the condition of the state of the from July 1982, NABARD has been designated at the State of the for policy making, planning and operations as the state of the complete from July 1982, NABARD has been designated at the State of the from for policy making, planning and operations in the state of the figure of the state of the sta in from July making, planning and operations in the State poset for policy making, planning and operations in the field of institution credit. agriculture credit. institutive Farming Societies: They are formed by small farmers Co-operative running agricultural output. It is especially with the for developing countries like India where land in the for developing countries. with the object. It is especially with the for developing countries like India where land is highly splitted. High fragmentation of land leads to low output suitable for del High fragmentation of land leads to low output, and lack fragmented. The implement modern methods of cultivation. In the case of resources to implement societies, land holdings of of co-operative farming societies, land holdings of members are of co-operation of control of control of consolidated, modern methods of cultivation adopted and good quality consolidated and fertilizers are used. Since the purchase of consolidated, in the consolidated, in a control adopted and good quality of seeds and hiring of equipment is done in a centraliant of seeds and hiring of equipment is done in a centralized manner, the

fertilizers and costs are lower. The benefits of collective farming such as lower cost of costs are lower, implementation of modern methods of cultivation etc leads to higher productivity and profits which is shared by all the members.

The co-operative movement has played an important role in promoting welfare among the weaker sections and the rural community. Political spence and corruption among members of the managing committee in some spatives have led to their failure. Information regarding the benefits offered

co-operatives has to be communicated on a wide scale among the rund weaker sections of the society. They should be encouraged to voluntate themselves and start co-operative enterprises for furthering their welfar