

CREDIT CO-OPERATIVE SOCIETIES IN INDIA

INTRODUCTION

In India credit co-operative sector is developed to help the people of low income group whom banks generally do not give loans because of risk, they are taking loans from the financiers at high interest rates. So society is the better option to help them. Society generally gives a wide range of banking and financial services. Generally Co-operative Credit Society is formed by members, who are at the same time the owners and the customers of their Society.

WHAT EXACTLY CO-OPERATIVE SOCIETIES DOES IN INDIA?

Credit Co-op. Society in India has a big role to play in economical development of Low class and middle class peoples. Generally, these societies are registered under District registrar office of state with Registrar of co-operative society.

All credit Society usually starts Deposit schemes like;

1. Member Saving Account
2. Compulsory Saving
3. Fix deposit (FD)
4. Recurring Deposit (RD)
5. Monthly Recurring (MR)
6. Daily Deposit (DD)
7. Pension schemes etc.

After collecting money from depositors they start giving loans like;

- i. Housing Loan,
- ii. Vehicle Loan,
- iii. Gold Loan,
- iv. Festival Loan,
- v. General Loan,
- vi. Consumer Loan,
- vii. Agriculture Loan etc.

- These Societies give high return on deposits schemes and give loan at reasonable rate of interest as they have low running cost and every year declare Dividend for its members.
- RBI and NABARD give heavy fund to all agriculture society to give loan for farmers at very low rate of interest
- Employees Society generally starts for Welfare of their employees. This is a society registered for the staff of a company or a department of government.
- Some Examples of Employee Societies are as under:-
 1. State Electric Board Employee co-op Credit Society

2. Telephone Department Employee Co-op. Society
3. Government Department Staff co-op. Credit Society
4. Postal Department Employees society
5. Insurance Co. Employees welfare Co-op. Soc.

FEATURES OF CO-OPERATIVE SOCIETY

- Vision of Society is social and economic betterment of its members.
- Secure interests and objects of the society and member both
- Cooperatives are owned and democratically controlled by their members; Co-op members elect their board of directors from within the membership.
- Co-operatives are motivated not by profit, but by service-to meet their member's needs or affordable and high quality goods or services.
- Society gives dividends on the share to the members depend on the profit.

MINIMUM REQUIREMENTS

1. Fifteen or more persons having attained the age of 18 years.
2. Who are residing in the area of operation of the society could form a Registered Co-operative Society.
3. The procedure for formation of co-operative society starts by electing a Chief Promoter by other promoter members by holding a General Body Meeting of such promoters authorizing him to sign necessary papers and submitting them in the O/o RCS.

The required documents are as follows:-

- Model Bye Laws (four copies)
- Intensive inquiry Performa
- List of Promoter members.
- Copy of promotional meetings resolution, wherein resolving name of the Society, value of share money, admission fees, liabilities, total number of members of managing committee, annual submission fees etc.

STATUTORY OBLIGATION

Every cooperative society is required to conduct annual general body meeting as per provision of section 29 (b) to conduct the election of managing committee regularly and to get the accounts approved from the general body meeting.

TAXATION OF CO-OPERATIVE SOCIETIES

Computation of Total Income;

The Total income of a co-operative society is also computed in the manner in which income of any other assessee is computed.

Step-1: Ascertain gross total income by calculating income under the four relevant heads and Deductions available under chapter VI.

The following deductions are available to co-operative societies under Chapter VIA:

1. 80G Donations to certain funds/charitable institutions, etc.
2. 80GGA certain donations for scientific research or rural development.
3. 80GGC Donation in respect of contributions given by any person to political parties.
4. 80-IA Profits and gains of new industrial undertakings or enterprises engaged in infrastructure development.
5. 80-IB Profits and gains from certain industrial undertakings other than infrastructure development undertakings.
6. 80-IC Special provisions in respect of certain undertaking, or enterprises in certain special category states.
7. 80-ID Deduction in respect of profits and gains from business of hotels and convention centre in specified area.
8. 80-IE Special provisions in respect of certain undertakings in North-Eastern States.
9. 80JJA Deduction in respect of profits and gains from business of collecting and processing of bio- degradable waste.
10. 80P Income of co-operative societies.

The gross total income, minus the above deductions, if available, is known as the Total Income.

- Rituja Payghan

Always Be Yourself, Express Yourself, Have Faith In Yourself, Do Not Go Out And Look For A Successful Personality And Duplicate It.

- Bruce Lee