

## SECOND TERM E-LEARNING NOTE

**SUBJECT: COMMERCE**

**CLASS: SS 2**

### SCHEME OF WORK

WEEK	TOPIC
1 – 2	Co-operative Societies
3 – 4	Public Enterprises
5	Trade Associations/Chambers of Commerce
6	Industrial Combinations.
7-10	Insurance
11	Revision
12.	Examination

### WEEK ONE AND TWO

**Date:** \_\_\_\_\_

#### TOPIC: CO-OPERATIVE SOCIETIES

##### CONTENT

1. Definition
2. Principles of Co-operative Societies
3. Types of Co-operative Societies
4. Features of Co-operative societies
5. Advantages and disadvantages of Co-operative societies
6. Sources of Finance for a Co-operative society

A co-operative society is a voluntary association of persons, businessmen, traders or organization with common needs and interests. The resources of members of are pooled together to promote the economic and welfare interest of the members.

#### PRINCIPLES OF CO-OPERATIVE SOCIETIES

Co-operative societies are based on the following principles.

1. Open and Voluntary membership
2. Democratic management and control:

Decisions are taken by voting and each member of a co-operative society has one vote in all decisions taken by the society. In other words, voting does not depend on members shareholding

3. Distribution of surplus (i.e. profits) based on participation or patronage
4. Neutrality in race, politics and religion
5. Encouragement of the habit of saving and thrift
6. Promotion of education of members
7. Protection of members from exploitation of normal market forces
8. Sale of only pure goods: All goods offered for sale must be good quality (not inferior or imitations)

#### TYPES OF CO-OPERATIVES SOCIETIES

1. **Consumers' Co-operatives Society:** This is formed by consumers who pool their resources together to buy essential commodities in bulk direct from manufacturers. Such commodities are then distributed or sold at reasonable prices to members.
2. **Retails Co-operative Society:** This is an association formed by many small independent retailers pooling their resources together and buying in bulk either from the manufacturers or wholesalers
3. **Wholesale Co-operative Societies:** Association of wholesalers buying in large quantities from the Manufacturer
4. **Producers Co-operative Society:** This is an association of producers of similar commodity who have come together for the promotion of the market for their products. They could also purchase tools and raw materials in bulk and share or sell them to members at reduced prices.

### **FUNCTIONS OF PRODUCERS CO-OPERATIVE SOCIETIES**

- a. Negotiation for better prices from buyers
  - b. Provision of Joint transport facilities
  - c. Provision of specialist advice
  - d. Provision of Information
  - e. Provision of short –term loans/Facilitation of loans from specialized institution e.g. World Bank Assisted **FADAMA Project**
  - f. Provision of Joint Storage Facilities
  - g. Education of Members
5. **Credit and Thrift Co-operative Society:** This is an association of low income earners who jointly pool their resources or fund together by contributing on a weekly or monthly basis. This type of society encourages saving habits among their members and grant loans to the members out of the accumulated fund. The Loan attract a low rate of interest. At times however, non-members too can borrow from such a society but at a higher rate of interest. At the end of the year, surplus will be distributed to members as dividends. The members can also be afforded the opportunity of purchasing household need like television, fridge etc.
  6. **Multipurpose Co-operative Society:** This is formed by existing co-operative societies. They undertake a variety of co-operative activities that is profitable and serving the interest of members

### **EVALUATION**

1. List six types of co-operation societies
2. State four distinguishing features and functions of each of the co-operative societies

### **FEATURES OR CHARACTERISTICS OF CO-OPERATIVE SOCIETIES**

- i. Perpetual existence
- ii. Minimum of two members and no maximum limit to the number of members
- iii. Liability to the members is limited to the shares held
- iv. Members buy shares to...