

NIOS lesson adaptation project

by  **Embrace** Volunteers
The power within you!

(A community initiative of Harchan Foundation Trust)

CHAPTER -4

COOPERATIVE SOCIETIES AND JOINT STOCK COMPANIES

This project is aimed at supporting children with different needs. Information provided is adapted to the best of knowledge by the volunteers. For complete information please refer to the NIOS resources in <https://www.nios.ac.in/online-course-material/secondary-courses.aspx>.

KWL chart

K- What does the child know	W- What does the child want to know	L- What has the child learnt
	Cooperative societies – Meanings, Characteristics, Types, Advantages, disadvantages	
	Joint stock company Features, Types, Advantages, Limitations	
	Multinational companies	

KEYWORDS

WORD	MEANING
Voluntary	Anything done without any pay.
Association	A group of people joined together for common purpose.
Legal Entity	An individual, company, or organization that has legal rights and obligation
Finance	Provide funding
Power	The ability to do something
Society	An organization formed for a particular purpose
Comptroller	Title of financial officer.
Director	A person who is in charge of organisation
Artificial	Made by human being

Lesson 4

COOPERATIVE
SOCIETY

JOINT STOCK
COMPANY

Characteris
tics

Types

Advantages &
Disadvantages

Types

Characteri
stics



MEANING OF CO-OPERATIVE SOCIETY

- Voluntary association of persons who work to promote their economic interest.
- It is for the mutual help and not for profit.
- People pool their individual resources utilize them in the best possible manner and derive some common benefits

CHARACTERISTICS OF CO-OPERATIVE SOCIETIES

- **Separate Legal entity-** A cooperative society has a separate legal existence distinct for its members
- **Voluntary Association-** A member can join the society at any time and can be members long as the person wants and leave whenever they want.
- **Open Membership-** membership is open to those who have common interest.
- **Voting Power-** only one vote for a member irrespective of the shares held by each one.
- **Source of Finance-** capital raised by members loans and grants from government after its registration.
- **Service Motive-** Primary goal is to service to its members in the process earn profits

LAMP-FM

CO-OPERATIVE SOCIETIES (Types)

CONSUMER'S

PRODUCERS

MARKETING

**THRIFT &
CREDIT**

**COOPERATIVE GROUP HOUSING
SOCIETIES**

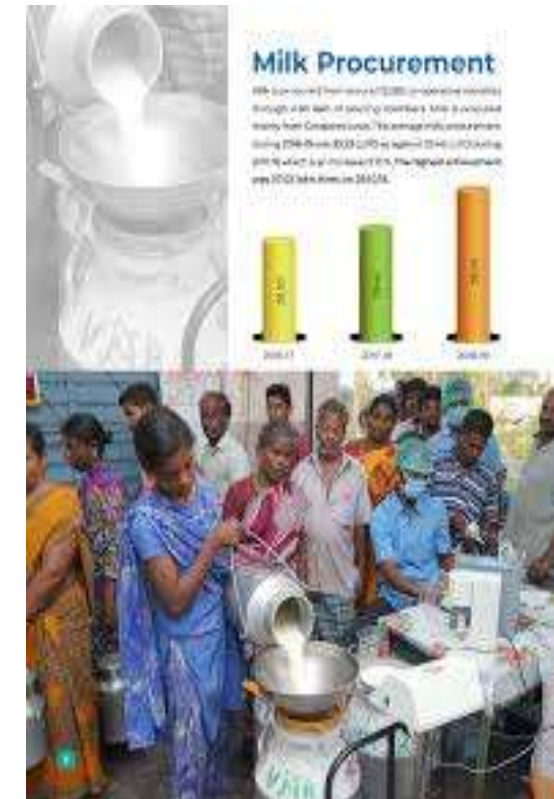
1.Consumer Co-operative Societies



1.Consumer Co-operative Societies

- Protect the interest of general consumers
- Making consumer goods available at reasonable prices
- Purchase goods directly from producers
- Eliminate middleman in the process of distribution
- Examples
 - Kendriya Bhandar
 - Apana Bazar
 - Super Bazar

2.Producers Co-operative Societies



2. Producers Co-operative Societies

- Protect the interest of producers who are small
- Making available items needed for production
 - raw materials
 - tools
 - equipments
 - machinery
- Examples – handloom societies like APPCO, BAYANIKA, Haryana handloom

3. Marketing cooperative society



3. Marketing cooperative society

- Formed for small producers and manufactures who find it difficult to sell their products.
- Collect products from individual members and sell the products in the market.

Example: Gujarat cooperative milk marketing society sells AMUL milk products

4. Thrift and Credits cooperative society



4. Thrift and Credits cooperative society

- Provide financial support to the members
- Accept deposits from members
- Grant loans at reasonable rates of interest in times of need.
- Example
 - Village Services Co-operative Society
 - Urban Cooperative Banks

5.Cooperative group housing societies



5.Cooperative group housing societies

- Residential societies
- Provide residential houses to members
- Purchase land
- Construct houses or flats
- Allot to member



Advantages and Disadvantages Co-operative Society

ADVANTAGES	DISADVANTAGES
Voluntary organisation	Lack of motive
Democratic control	Limited capital
Open membership	Problems in management
Elimination of middlemen's profit	Lack of commitment
Limited liability	Lack of co-operation
Stable life	

JOINT STOCK COMPANY



Joint Stock Company

- A company means formed and registered under Indian Companies Act 1956
- An artificial person created by law having a separate legal entity with perpetual succession and a common seal.
- Capital of a company -----number of shares of equal value
- Members of the company are called shareholders

Characteristics of Joint Stock Company(JSC)

- **Common Seal-** Being artificial person it cannot sign for itself
- **Limited Liability-** Liability limited to the value of shares they hold
- **Artificial legal Person-** Company is called an artificial person as its birth, existence and idea
- **Transferability of Shares-** Shares are freely transferable and Separation of ownership and Management
- **Separate legal Entity-** Distinct from its members .Can own property
- **Perpetual Succession-** Its life not affected by the death, insolvency, lunacy of
 - Members
 - Directors

Advantages and Disadvantages of Joint Stock Company

Advantages	Disadvantages
Limited liability	Difficulty of formation
Large financial resources	Excessive government control
Continuity	Oligarchic management
Transferability of shares	Delay in decision
Diffused risk	Lack of secrecy
Social benefits	

Suitability of Joint Stock Company

- ❖ Suitable for large business
- ❖ Can make large amount of capital required for large scale operations.
- ❖ Areas suitable for Joint Stock company
- ❖ Machine manufacturing
- ❖ Information technology
- ❖ Iron and steel
- ❖ Aluminum
- ❖ Fertilizers
- ❖ Pharmaceutical

TYPES OF COMPANIES

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graph TD; A[TYPES OF COMPANIES] --> B[PRIVATE LIMITED COMPANY]; A --> C[PUBLIC LIMITED COMPANY]; A --> D[GOVERNMENT COMPANY]; A --> E[MULTINATIONAL COMPANY];
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PRIVATE LIMITED COMPANY

MULTINATIONAL COMPANY

PUBLIC LIMITED COMPANY

GOVERNMENT COMPANY

Private Company

- A company which has a minimum of paid-up capital of one lakh rupees.
- The capital can be more than one lakh if it is allowed by its articles.



Features of Private Company

- **Members cannot transfer their shares**
- **Only 50 members**
- **Public cannot subscribe to the shares or debentures of the company**
- **Only the members ,directors or their relatives are allowed to invest the money in the company.**

Public Limited Company

- Any company which is not private company is public company.



Features of Public Limited Company

- Shares can be transferred freely
- Capital – five lakh or such higher paid up capital.
- Members have limited liability
- Number of members
 - (a) Maximum should be equal to number of issued and subscribed shares or even more.
 - (b) Minimum should not be less than

Difference between Private and Public Limited Company

	PRIVATE	PUBLIC
Minimum number of members	2	7
Minimum capital	Rs 1 lakh	Rs 5 lakh
Maximum number of members	50	No limit
Transfer of shares	Not transferable	Freely transferable
Issue of shares or debentures to public	Cannot issue	Can issue
No of directors	2	3
Commencement of business	Certificate of incorporation	Registrar of companies
Statutory meeting	Need not hold	Need to hold and file a statutory report with the Registrar
No of Members personally present to form the quorum	2	5

Government Company

As defined by Indian companies Act 1956 is a company where

- 51% of the paid-up share capital held by government(Union or state)
- Audit done by Comptroller and Auditor General of India(CAGI)
- Reports are presented before Parliament
- Example : Hindustan Machine Tools(HMT)
 - Coal India
 - SAIL
 - NTPC
 - MTNL
 - ONGC



Characteristics of Government Company

- It has a separate legal existence
- 51% of total paid up capital is held by Government
- Directors or a majority of them are appointed by the company
- Employees are not civil servants

Multinational Company

Multinational Company

The multinational company (MNC) is known as a company with headquarter in one country and its branches or subsidiaries are spread across many countries.



Multinational Companies (MNC)

- The company carries business not only in the country of its incorporation but also in one or more countries
- The company may produce goods or arrange services in one or more countries.
- They will sell in same or other countries
- Examples of MNC's in India are:

Philips , LG, Hyundai, General Motors, Coca Cola, Nestle, Sony, McDonald's City Bank, Pepsi Foods, Cadbury

Advantages and Disadvantages of Multinational Companies

Advantages	Disadvantage
Investment of Foreign capital	Least concern for priorities of host countries
Generation of Employment	Adverse effect on domestic enterprises
Uses of Advanced Technology	Change in tradition.
Growth of Ancillary Units	
Increase in Exports and Inflow of Foreign Exchange	
Healthy competition	

List of Volunteers

Embrace-NIOS lesson adaptation project

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"volunteers don't necessarily have the time, they just have the **HEART**."

~ elizabeth andrew

Thank You
Volunteers.

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