

Business law



**ASSIGN
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Cooperative Finance A cooperative finance is an association of persons, not capital. It starts with people who wish to provide themselves with services they need. Although capital and money is not the beginning of a cooperative, it is the very lifeblood of its successful operation. A cooperative must have sufficient financial resources, and these must be managed efficiently for the maximum benefits of its members. And much of the cooperative depends on how its funds are properly used.

Some of the fundamental points about cooperative finance start with the cooperative nature of business do not mean that it can disregard certain rules about money and finance. There is no magic in the cooperative way that makes it completely only in the way it is owned and in certain methods of operation.

But while cooperative financing is in many ways the same with financing other business, the method of capitalization, the use of capital, and the handling of finances generally in a cooperative have certain distinctive features that must reflect cooperative principles.

In other words, you can distinguish a true cooperative by its financial policies as well as other ways. Good financing of a cooperative does not come by chance or accident. It has to be well-planned, completely understood and mutually accepted.

The members of the cooperative have the responsibility for financing their own cooperative. This is how they acquire their ownership of the cooperative and the right to control it. Others cannot be expected to take the risk of financing an organization for them.

In addition, the members have the responsibility to study very well the financial policies presented to them by the board before approving them. In

this connection, they must properly choose the persons who will constitute the memberships in various committees. These are the individuals who will protect the interests of the members.

Separate legal entity and Limited liability are not applicable for the ownership of cooperatives. The concept of a credit cooperative is to mobilize the small, scattered resources of its members, and channel these into the mainstream of its activities.

As a matter of principle, the funds of a cooperative should be provided by the members themselves through organized and planned savings program. The cooperative should work and act as one whole legal entity when it comes to setting rules and regulations as well as election of officers of the respective committees.

Aside from this, there is democratic control in a cooperative wherein the whole organization is considered one legal entity. The decisions are made by majority of the members. Important matters are approved by the members. Likewise, key officials of the cooperative are elected by the members like the board of directors and committee members. A member is entitled only to a single vote regardless of the number of his shares. In case of outside financing is utilized, the cooperative should endeavor to replenish such funds with internally generated capital as soon possible.

The concept of cooperative is to mobilize the small, scattered resources of its members, and channel these into the mainstream of its activities. As a matter of principle, the funds of a cooperative should be provided by the members themselves through organized and planned savings program.

Harnessing of members' resources should first be undertaken before the cooperative should consider tapping external resources of finance. In case

outside financing is utilized, the cooperative should endeavor to replenish such funds with internally generated capital as soon as possible.

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