I. Introduction

A group of cooperative entrepreneurs forms a cooperative society. The legal system available for cooperatives in a particular state prescribes statutory and non-statutory conditions for registering a society. Apart from this, there are certain other conditions necessary for the success of a cooperative. The cooperative that is to be started must be socially and economically sustainable. Those who are starting such cooperatives must be committed to the cause of cooperatives and willing to extend support in raising resources. This should be on a voluntary basis and not based on a pressure from outside. The proposed cooperative must be given the chance to develop on its own. Any stimulation from outside is desirable but should not lead to artificial growth. The proposed cooperative must be given the opportunity of evolving its own rules, regulation, and pattern of organization within the framework of cooperative law. Keeping this in view, the cooperative entrepreneurs should keep in mind certain do’s and don’ts in organizing cooperative enterprises to make the cooperative effort successful.

II. Preconditions for Organizing Cooperatives

While organizing a cooperative the following points must be taken into consideration by the cooperative entrepreneurs.

1. Homogeneity of Membership: Cooperatives are organized by likeminded people who, have common problems. In the earlier days, in European
countries, cooperatives were formed by trade union members, farmers, and labourers, who have common economic needs and problems in life.

2. **Unanimity**: In running the cooperatives and in electing the committee members and leaders, there must be unanimity among the members. As far as possible the choice of selecting the committee member or the president must be unanimous. Any division in selecting the leaders may lead to division in the society from the very beginning. So, it is better to elect leaders unanimously by all members. This unanimity in action should not be confused with the principle of democracy.

3. **Minimum Membership**: Though the cooperative societies acts and rules may prescribe a minimum number of people required for organizing a new cooperative, this minimum may not lead to business viability. It is better that promoters should take efforts to enrol more than the prescribed minimum membership. By only having a large membership base, a society can raise more resources and operate viably.

4. **ELECTING HONEST LEADERS**: From the very beginning, the members must elect honest and dedicated leaders to their cooperative. The initial success of a cooperative depends on the hard work and dedication of the cooperative leaders. They have to work honorarily without expecting any benefit or return from their cooperatives. They have to follow the principle of each for all, all for each and unity among diversity.

5. **The Sequence of Events**: The promoters must follow certain well laid procedures when organizing a cooperative.

   - Convene a meeting of members to materialize the economic need into a viable cooperative effort;
   - Convene the prospective member meeting. Vote whether to continue. If affirmative, select a steering committee;
   - Conduct a member survey as a basis for determining feasibility of cooperative business;
   - Convene second general body meeting to discuss the results of member survey, vote on whether to proceed;
   - Conduct a market survey and cost benefit analysis;
   - Convene third general body meeting to discuss the results of the market survey. Vote whether to proceed this time by secret ballot;
   - Conduct a financial analysis and develop a business plan;
   - Convene fourth general body meeting to hear the results of the financial analysis. Vote again whether to proceed. If affirmative, vote a second time on whether the steering committee would remain intact or changes be made.
   - It is a good idea to invite all the members to draft the by-law and elect the board of directors;
   - Get the society registered with relevant act and rules;