

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
UNSTARRED QUESTION NO. 164
TO BE ANSWERED ON 24/07/2024

Ease of Doing Business

164 DR. SIKANDER KUMAR:

Will the Minister of COOPERATION be pleased to state:

- (a) whether the Ministry has been endowed with the responsibility to smoothen the processes for 'Ease of doing business' for Co-operatives in the state of Himachal Pradesh;
- (b) if so the details thereof; and
- (c) the steps taken to enhance 'Ease of doing business' for Co-operatives across the country?

ANSWER

THE MINISTER OF COOPERATION
(SHRI AMIT SHAH)

(a) & (b): The State-level cooperative societies are governed by cooperative societies acts of their respective States/ UTs, therefore, bringing ease of doing business with respect to Cooperative Societies registered under the Cooperative Societies Act of the state of Himachal Pradesh is the responsibility of the State Government. However, the Ministry of Cooperation has recently launched a centrally sponsored project for "Computerization of the offices of Registrar of Cooperative Societies of States/ UTs" on 30/01/2024 to develop an integrated digital portal to digitize all statutory processes contained in the cooperative societies acts of States/ UTs. This project aims to enhance ease of doing business for cooperative societies registered under respective States/ UTs and create a digital ecosystem for a transparent and paperless system and the same is under implementation.

Besides the above, under the centrally sponsored project of "Computerization of Primary Agricultural Credit Societies (PACS)", the Central Government has released about Rs.16.88 crore for computerization of 870 PACS in Himachal Pradesh and under the centrally sponsored project "Computerization of Agriculture and Rural Development Banks (ARDBs)", the Central Government has released about Rs. 56.10 lakh for computerization of 88 ARDBs.

(c): The Ministry of Cooperation has taken many initiatives for ease of doing business for various stakeholders of the cooperative sector across the country such as "Computerization of the offices of Registrar of Cooperative Societies of States/ UTs", "Computerization of Agriculture and Rural Development Banks (ARDBs)", Computerization of Primary Agricultural Credit Societies (PACS) and amendment of the Multi-State Cooperative Societies (MSCS) Act, 2002. Brief of these initiatives are as under:

i) **Computerization of the offices of Registrar of Cooperative Societies of States/ UTs:** To enhance ease of doing business for cooperative societies registered under respective States/ UTs and create a digital ecosystem for a transparent and paperless system, the Ministry of Cooperation has recently launched a centrally sponsored project for “Computerization of the offices of Registrar of Cooperative Societies of States/ UTs” on 30/01/2024 with an outlay of Rs. 94.59 crore to develop an integrated digital portal to digitize all statutory processes contained in the cooperative societies acts of States/ UTs. Till date, 35 States/UTs have submitted their proposals and 1st installment of the fund has been released to 25 States/UTs. Under the project, grants are being provided to the States/ UTs for procurement of hardware, development of software, maintenance & upgradation of software, etc.

ii) **Computerization of Agriculture and Rural Development Banks (ARDBs):** To improve operational efficiency, bring uniformity in accounting practices and core aspects of the systems followed in lending, recovery and raising resources, and aid in their business expansion, the Government of India has approved the project of computerization of 1,851 units of ARDBs including their branches and supervisory units with a total outlay of Rs 119.40 crore.

As per the guidelines of the project, the expenditure amounting to Rs.119.40 crore on the project of computerization of Agriculture and Development Banks (ARDBs) will be shared by the Government of India, State Government and ARDBs. The GoI share will be provided to States/UTs for procurement of hardware, digitization and establishing a support system under the project as per ratio prescribed in the guidelines. It may be pertinent to note that 25% of the total expenditure on the procurement of hardware, digitization and establishing support system will be shared by the ARDBs in each State/UT. The State/UT will be responsible for obtaining the share of ARDBs in their State/UT. So far, proposals from 10 States/UTs have been received and sanctioned. Further, the Government of India share was released to 8 States / UTs in FY 2023-24 and FY 2024-25.

iii) **Computerization of Primary Agricultural Credit Societies (PACS):** To strengthen PACS, the project for Computerization of functional PACS with a total financial outlay of ₹2,516 Crore has been approved by the Government of India, which entails bringing all the functional PACS onto an ERP (Enterprise Resource Planning) based common national software, linking them with NABARD through State Cooperative Banks (StCBs) and District Central Cooperative Banks (DCCBs).

So far, proposals for the computerization of 67,009 PACS from 30 States/ UTs have been sanctioned, for which Rs. 654.22 Cr. has been released as GoI share to the States/UTs concerned. The National Level Common Software for the project has been developed by NABARD and 25,461 PACS have been onboarded on ERP in 27 States/ UTs so far. State-wise details of the number of PACS sanctioned and GoI share released, are enclosed as **Annexure**.

Implementation of a Common Accounting System (CAS) and Management Information System (MIS) at PACS level under this project would improve governance and transparency in PACS, thus leading to speedy disbursement of loans, lowering of transaction cost, reduction in imbalances in payments, seamless accounting with DCCBs and StCBs and will also increase efficiency. It will enhance trustworthiness in the working of PACS among farmers, thus contributing towards realizing the vision of “Sahakar se Samridhi”.

iv) The cooperative societies, registered under the Multi-State Cooperative Societies (MSCS) Act, 2002, come under the purview of the Central Government. To enhance the ease of doing business for MSCSs, the MSCS Act & Rules, 2002 were suitably amended last year through the MSCS (Amendment) Act & Rules, 2023 and notified on 03.08.2023 and 04.08.2023, respectively. This amendment has been aimed at strengthening governance, enhancing transparency, increasing accountability and reforming the electoral process, etc. in the multi-state cooperative societies by supplementing existing legislation and incorporating the provisions of the Ninety-seventh Constitutional Amendment.

Many provisions have been introduced via the above amendment for ease of doing business by the Multi-State Cooperative Societies, inter-alia:

- i. Provision has been introduced for submission of applications, returns, reports, statements of accounts, registers or any other particulars or documents and returns required to be filed, notices, any communication or intimation, required to be served or delivered, issuance of certificates of registration & amendment of bye-laws, fee, etc in digital form. This will promote ease of doing business through paperless processing.
- ii. Period of registration of new multi-state cooperative societies has been reduced from 4 to 3 months with a further extension of 2 months on the request of the applicant to rectify deficiencies. This will help in expediting and facilitating registration.
- iii. To ensure timely, regular and transparent conduct of elections in the multi-state cooperative societies, the provision of a Cooperative Election Authority has been included.
- iv. Provision of non-voting shares has been introduced to help multi-state cooperative societies in raising capital.
- v. Provisions for the Investment of funds by the multi-state cooperative societies have been redefined to ensure safer investments and remove references to colonial-era securities.
- vi. Deemed de-registration of society under State Act upon its conversion into a multi-state cooperative society without any need to obtain further orders from the concerned Registrar of Cooperative Societies has been introduced to reduce processing time for such cases.

Also, many provisions have been introduced in the Multi-State Cooperative Societies (MSCS) (Amendment) Act & Rules, 2023 to bring transparency in the functioning of cooperative societies and prevent financial irregularities therein, inter-alia: -

- i. Appointment of a Co-operative Ombudsman by the Central Government to provide a mechanism to address grievances of members.
- ii. To improve transparency, the appointment of an Information Officer by multi-state cooperative societies to provide information to members.
- iii. Concurrent Audit has been introduced for Multi-State Cooperative Societies with turnover/deposits of more than 500 crore rupees from a panel of auditors approved by the Central Registrar. Concurrent audit will ensure early detection of fraud or irregularities, if any, and accordingly, prompt course corrections can be made. The following two panels of auditors for Multi-State Cooperative Societies have been notified for the financial year 2023-24:

- 1) Panel of auditors for multi-state cooperative societies having an annual turnover/ deposit (as the case may be) of up to five hundred crore rupees for carrying out Statutory Audit.
 - 2) Panel of auditors for multi-state cooperative societies having an annual turnover/ deposit (as the case may be) of more than five hundred crore rupees for carrying out Statutory and Concurrent Audit.
- iv. Audit reports of Apex multi-state co-operative societies to be laid in Parliament to improve transparency.
 - v. Accounting and auditing standards for multi-state cooperative societies to be determined by the Central Government to ensure uniformity in accounting and auditing.
 - vi. To improve governance and transparency, annual reports of multi-state cooperative societies to include Board decisions that are not unanimous.
 - vii. Central Government to determine prudential norms (liquidity, exposure, etc.) for multi-state co-operative societies in the business of thrift and credit.
 - viii. To curb nepotism and favouritism in multi-state co-operative societies, the Director of a multi-state cooperative society shall not be present in the discussion and vote on matters where he or his relatives are an interested party.
 - ix. Additional grounds for disqualification for directors have been made to improve governance, for better recovery of dues and to ensure that such acts of omission or commission or fraud are not repeated elsewhere.
 - x. To have more financial discipline and transparency, the board of multi-state co-operative societies to constitute a Committee for Audit and Ethics amongst other committees.
 - xi. For strengthening governance, criteria for the appointment of Chief Executive Officer (CEO) stipulated.
 - xii. To enhance democratic decision-making in multi-state cooperative societies, a quorum has been prescribed for board meetings.
 - xiii. Central Registrar to conduct an inquiry if he gets information that business is being conducted in a fraudulent manner or for unlawful purposes.
 - xiv. If registration is obtained by misrepresentation, fraud, etc., provision for winding up of a multi-state cooperative society after giving an opportunity of being heard.
 - xv. To discourage members from acting against the collective interests of the multi-state co-operative societies, the minimum period of expulsion of an expelled member of a multi-state co-operative society has been increased from 1 year to 3 years.
 - xvi. To prevent a few members only benefitting from the resources of the society, Institutions with majority equity shares held by the members of multi-state co-operative societies or their relatives, would not be considered as a subsidiary institution.

ANNEXURE

Computerization of PACS Project			
S. No.	States	No. of PACS Sanctioned	GoI Share released (in rupees)
1	Andhra Pradesh	2037	186,747,271
2	Arunachal Pradesh	14	2,700,000
3	Assam	583	88,625,000
4	Bihar	4495	329,500,000
5	Chhattisgarh	2028	148,600,000
6	Goa	58	4,450,000
7	Haryana	710	72,916,000
8	Himachal Pradesh	870	168,800,000
9	Jharkhand	1500	109,900,000
10	Karnataka	5491	556,400,000
11	Madhya Pradesh	4534	586,525,000
12	Maharashtra	12000	1,215,950,000
13	Manipur	232	25,500,000
14	Meghalaya	112	12,300,000
15	Mizoram	25	2,700,000
16	Nagaland	231	28,168,555
17	Punjab	3482	255,200,000
18	Rajasthan	6781	670,786,131
19	Sikkim	107	20,800,000
20	Tamil Nadu	4532	456,820,000
21	Tripura	268	55,915,354
22	Uttar Pradesh	5686	535,841,650
23	West Bengal	4167	305,400,000
24	Uttarakhand	670	36,874,057
25	Gujarat	5754	583,000,000
26	Jammu & Kashmir	537	67,678,040
27	Puducherry	45	6,075,000
28	Andaman & Nicobar	46	6,881,462
29	Ladakh	10	1,200,000
30	DNH & DD	4	-
Total		67009	6,542,253,520
