

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
STARRED QUESTION NO.94
TO BE ANSWERED ON 4th December 2024

FRAUDS IN MULTI STATE COOPERATIVES

94: SHRI GOLLA BABURAO:

Will the Minister of COOPERATION be pleased to state:

- (a) the number of Multi State Co-operative Societies (MSCSs) registered in the country at present;
- (b) the number of MSCSs that are currently active and operational, State-wise;
- (c) whether Government has taken any steps to address issues of mismanagement and financial frauds in MSCSs; and
- (d) if so, the details thereof, and if not, the reasons therefor?

ANSWER

THE MINISTER OF COOPERATION
(SHRI AMIT SHAH)

- (a) 1702 Multi State Cooperative Societies (MSCS) have been registered in the country under MSCS Act. State-wise details of registered MSCS is at Annexure – A
- (b) Out of 1702 MSCS, 100 are Non-Functional as winding up proceedings are underway after appointment of liquidators. State-wise details of MSCS under liquidation is at Annexure – B
- (c) & (d) In order to address issues of mismanagement and financial frauds, to strengthen governance, enhance transparency, increase accountability and reform electoral process, etc. the MSCS Act & Rules were comprehensively amended and notified on 03.08.2023 and 04.08.2023 respectively by supplementing existing legislation and incorporating the provisions of Ninety-seventh Constitutional Amendment.

Many provisions have been introduced via the above amendment to bring transparency in the functioning of multi state cooperative societies and prevent financial irregularities therein, inter-alia: -

- i.** To ensure timely, regular and transparent conduct of elections in the multi-State cooperative societies, provision of Cooperative Election Authority has been included.
- ii.** Appointment of Co-operative Ombudsman by Central Government to provide a mechanism to address grievances of members.
- iii.** To improve transparency, appointment of Information Officer by multi-State cooperative societies to provide information to members.
- iv.** 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 Central Registrar. Concurrent audit will ensure early detection of fraud or irregularities, if any, and accordingly prompt course corrections can be made. Following two panels of auditors for Multi-State Cooperative Societies have been notified for 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.
- v.** Audit reports of National co-operative societies to be laid in Parliament to improve transparency.
- vi.** Accounting and auditing standards for multi-State cooperative societies to be determined by Central Government to ensure uniformity in accounting and auditing.
- vii.** To improve governance and transparency, annual report of multi-State cooperative societies to include Board decisions which are not unanimous.
- viii.** Central Government to determine prudential norms (liquidity, exposure, etc.) for multi-State co-operative societies in the business of thrift and credit.
- ix.** 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.
- x.** 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.
- xi.** Provisions for Investment of funds by the multi-State cooperative societies have been redefined to ensure safer investments and remove references to colonial era securities.

- xii.** To have more financial discipline and transparency, the board of multi-State co-operative societies to constitute Committee for Audit and Ethics amongst other committees.
- xiii.** For strengthening governance, criteria for appointment of Chief Executive Officer (CEO) stipulated.
- xiv.** To enhance democratic decision making in the multi-State cooperative societies, quorum has been prescribed for board meetings.
- xv.** Central Registrar to conduct inquiry if he gets information that business is being conducted in a fraudulent manner or for unlawful purposes.
- xvi.** If registration obtained by misrepresentation, fraud, etc., provision for winding up of a multi-State cooperative society after giving opportunity of being heard.
- xvii.** To discourage members from acting against 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.

Table 1: List of registered Multi State Cooperative Societies in different states/ Union territories in the country under MSCS Act as on 28th November, 2024.

Sl. No.	State/UT Name	Societies
1	Andhra Pradesh	23
2	Arunachal Pradesh	1
3	Assam	6
4	Bihar	21
5	Chandigarh	1
6	Chhattisgarh	8
7	Delhi	166
8	Goa	1
9	Gujarat	49
10	Haryana	22
11	Himachal Pradesh	2
12	Jammu And Kashmir	2
13	Jharkhand	11
14	Karnataka	40
15	Kerala	77
16	Madhya Pradesh	31
17	Maharashtra	691
18	Manipur	4
19	Nagaland	1
20	Odisha	20
21	Puducherry	5
22	Punjab	26
23	Rajasthan	74
24	Sikkim	1
25	Tamil Nadu	141
26	Telangana	14
27	The Dadra and Nagar Haveli and Daman and Diu	1
28	Uttar Pradesh	183
29	Uttarakhand	8
30	West Bengal	72
	Total	1702

Table 2: The list of number of Multi-State Cooperative Societies including banks, which are under liquidation, state-wise: -

Name of State	No. of MSCS
Andhra Pradesh	2
Bihar	1
Delhi	11
Dadra & Nagar Haveli and Daman & Diu	1
Goa	1
Gujarat	4
Jharkhand	1
Maharashtra	18
Odisha	11
Punjab	1
Rajasthan	26
Tamil Nadu	3
Telangana	2
Uttar Pradesh	12
Chandigarh	1
West Bengal	5
Total	100