

GOVERNMENT OF INDIA  
MINISTRY OF COOPERATION

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1929**  
TO BE ANSWERED ON 06<sup>th</sup>AUGUST 2025

**Monitoring mechanism and protection of investors in cooperatives**

1929: SHRI SANJAY SINGH:

Will the Minister of Cooperation be pleased to state:

- (a) the types of monitoring mechanisms, complaint portals or relief schemes implemented by Government to protect citizens investing in cooperatives from fraud along with their functioning and achievements so far; and
- (b) the monitoring mechanisms available to ensure effective supervision and smooth functioning of cooperatives after their recognition by the Ministry the details thereof?

**ANSWER**

THE MINISTER OF COOPERATION  
(SHRI AMIT SHAH)

(a) to (b) The Cooperative Societies with objects not confined to one State are governed by Entry 44 of the List I - Union List of the Seventh Schedule to the Constitution and provisions of centrally administered Multi-State Co-operative Societies Act, 2002. Cooperative Societies with objects confined to one State are governed by Entry 32 of the List II - State List of the Seventh Schedule to the Constitution and provisions of respective State Cooperative Societies Act.

The Multi-State Cooperative Societies (MSCS) (Amendment) Act & Rules, 2023 have been notified on 03.08.2023 and 04.08.2023, respectively to strengthen governance, enhance transparency, increase accountability and reform electoral process, etc. in the Multi State Cooperative Societies by supplementing existing legislation and incorporating the provisions of Ninety-seventh Constitutional Amendment. Many provisions introduced via the above amendment to bring transparency in the functioning of cooperative societies and prevent financial irregularities therein have been implemented, inter-alia: -

- i. To ensure timely, regular and transparent conduct of elections in the multi-State cooperative societies, Cooperative Election Authority has been established.

- ii. Co-operative Ombudsman has been appointed 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.
- v. Audit reports of Apex multi-State 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 has determined 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. Central Registrar to conduct inquiry if he gets information that business is being conducted in a fraudulent manner or for unlawful purposes.
- xiii. If registration obtained by misrepresentation, fraud, etc., provision for winding up of a multi-State cooperative society after giving opportunity of being heard.
- xiv. 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.

The Ministry has taken up the Centrally Sponsored Project of Computerisation of the Offices of Registrars of Cooperative Societies (RCS) of States/Union Territories (UTs) and is under implementation. The computerization of the office of Central Registrar of Cooperative Societies (CRCS) has already been completed and developed successfully. This initiative is aimed at digitizing and making the office of CRCS paperless. With the computerization of CRCS office, all the working processes of CRCS office, inter-alia, including Registration, Amendment of Bye-laws, filling of Annual return, branch opening, sale officer appointment, online payments to Cooperative Education Fund (CEF) and Cooperative Rehabilitation, Reconstruction and Development Fund (CRRDF), etc. are being processed through the new

online portal in compliance with the statutory requirements of MSCS Act. This has enhanced the ease of doing business for the MSCS spread across the country.

Further, the Ministry of Cooperation has adopted a multi-layered approach to evaluate the impact of Computerization Projects, ensuring effective implementation at the grassroots level. Regular monthly review meetings are conducted with States/UTs to assess progress, particularly in the PACS computerization Project. Key stakeholders like States/UTs, including NABARD have been engaged to review the implementation of this project. Additionally, a structured monitoring framework has been established, comprising the National Level Monitoring and Implementation Committee (NLMIC), State and District Level Implementation and Monitoring Committees (SLIMC and DLIMC), State Cooperative Development Committee (SCDC) (under the Chief Secretary), and District Cooperative Development Committee (DCDC) (under the District Collector). These bodies ensure effective implementation, oversight, and coordination of all cooperative sector initiatives, including PACS computerization.

Further, NITI Aayog has conducted an impact evaluation of Centrally Sponsored Schemes (CSS) in the Agriculture & Allied Sector, which includes "Computerization of PACS" and "Strengthening of Cooperatives through IT Interventions" under the Ministry of Cooperation. Computerization has a significant impact on the functioning of societies. It aims to improve operational efficiency, transparency, and accountability. Key benefits include:

- i. Speedy disbursal of loans.
- ii. Lowering of transaction costs.
- iii. Reduction in imbalances in payments and seamless accounting with DCCBs and StCBs.
- iv. Enhanced trustworthiness in the working of PACS among farmers.

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