

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
UNSTARRED QUESTION NO. 496
ANSWERED ON 04.02.2026

Strengthening of MSCS Act

496: DR. DHARMASTHALA VEERENDRA HEGGADE:

Will the Minister of Co-operation be pleased to state:

- (a) the key amendments finalized for the Multi-State Co-operative Societies (MSCS) Act to strengthen regulatory oversight and monitoring;
- (b) the mechanisms that are in place to ensure the mandatory audit process of all registered cooperative societies is completed within the stipulated timeline;
- (c) the extent to which the establishment of the National Cooperative Database has streamlined and facilitated the process of identifying and reviving defunct cooperative bodies; and
- (d) the State-wise details of functional, non-functional and under liquidation societies?

ANSWER

THE MINISTER OF COOPERATION
(SHRI AMIT SHAH)

(a) 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 have been introduced via the above amendment to strengthen regulatory oversight and monitoring in the functioning of 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 made.
- 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. 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 Central Government to ensure uniformity in accounting and auditing.
- vi. To improve governance and transparency, annual report of multi-State cooperative societies to include Board decisions which 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.
- x. 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.
- xi. To have more financial discipline and transparency, the board of multi-State co-operative societies to constitute Committee for Audit and Ethics along with other committees.
- xii. For strengthening governance, criteria for appointment of Chief Executive Officer (CEO) stipulated.
- xiii. To enhance democratic decision making in the multi-State cooperative societies, quorum has been prescribed for board meetings.
- xiv. Central Registrar to conduct inquiry if he gets information that business is being conducted in a fraudulent manner or for unlawful purposes.
- xv. If registration obtained by misrepresentation, fraud, etc., provision for winding up of a multi-State cooperative society after giving opportunity of being heard.
- xvi. To discourage members from acting against collective interests of the multi-State cooperative 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.
- xvii. To prevent only a few members benefitting from 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 subsidiary institution.

(b) The following provisions have specifically been introduced for strengthening the audit process of Multi-State Cooperative Societies:

- i. A provision for 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.
- ii. Following two panels of auditors for Multi-State Cooperative Societies have been notified:

- 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.

A provision has also been introduced for determination of accounting and auditing standards for multi-State cooperative societies by Central Government. Further, it has been provided that every multi-State cooperative society shall file its annual returns with the Central Registrar through the online CRCS portal under section 120A of the Act, within six months from the close of the accounting year, containing the following information prescribed under section 120 of the Act:

- (a) annual report of the activities including details of board decisions which were not unanimous;
- (b) audited statements of accounts;
- (c) plan for surplus disposal as approved by the general body;
- (d) list of amendments to the bye-laws of the multi-State co-operative society;
- (e) declaration regarding date of holding of general body meeting and conduct of elections where due;
- (f) disclosure regarding employees who are relatives of Members of board;
- (g) declaration of any related party transactions by the board of directors; and
- (h) any other information required by the Central Registrar in pursuance of any of the provisions of this Act or the rules made there under.

Non-submission of such returns may constitute a ground for disqualification under the provisions of section 43 of the Act.

(c) A comprehensive National Cooperative Database (NCD) has been developed by Ministry of Cooperation, Government of India, with the support of States / UTs. The NCD portal was launched on 08th March, 2024. This database provides a single-point access to information on over 8.4 lakh cooperatives across the country. As per NCD portal, as of 20.01.2026, out of total 8.48 lakh Cooperative Societies across the country, 6.58 lakh are functional, 1.41 lakh are non-functional and 49,179 are under liquidation.

The Ministry of Cooperation has taken proactive measures to convert Primary Agricultural Credit Societies (PACS), Dairy, and Fisheries Cooperatives into multi-purpose cooperative societies. This initiative aims to enhance business diversification, strengthen financial sustainability, and prevent closures by enabling cooperatives to engage in a wider range of economic activities. The NCD is used for identification of gaps in the geographical spread of cooperatives, including both covered and uncovered gram panchayats and formation of 2 lakh new multipurpose PACS, Dairy and Fishery cooperative societies.

Additionally, the Ministry of Cooperation has set up Co-operative Rehabilitation, Reconstruction and Development Fund under section 63A of the Multi-State Cooperative Societies (MSCS) (Amendment) Act, 2023 for revival of sick multi-State cooperative societies and providing assistance for meeting infrastructural requirement.

- (d) The State-wise details of functional, non-functional and under liquidation societies, is attached at Annexure-I.

Annexure-I

State-wise details of functional, non-functional and under liquidation societies

S.	State/ UT Name	Functional Societies	Non-functional societies	Under liquidation Societies
1	ANDAMAN AND NICOBAR ISLANDS	1,208	884	147
2	ANDHRA PRADESH	12,457	5,457	269
3	ARUNACHAL PRADESH	960	477	24
4	ASSAM	7,637	3,569	1,221
5	BIHAR	22,344	4,881	162
6	CHANDIGARH	196	221	59
7	CHHATTISGARH	10,245	1,027	573
8	DELHI	1,939	3,989	16
9	GOA	3,142	2,341	110
10	GUJARAT	79,018	6,217	1,284
11	HARYANA	15,260	2,987	16,426
12	HIMACHAL PRADESH	4,984	541	266
13	JAMMU AND KASHMIR	8,992	1,623	5
14	JHARKHAND	8,007	3,897	187
15	KARNATAKA	40,345	3,477	3,147
16	KERALA	15,130	3,752	770
17	LADAKH	165	110	-
18	LAKSHADWEEP	31	12	-
19	MADHYA PRADESH	26,607	18,512	8,846
20	MAHARASHTRA	2,18,633	3,289	4,064
21	MANIPUR	5,335	6,007	285
22	MEGHALAYA	2,958	470	24
23	MIZORAM	1,272	196	92
24	NAGALAND	2,194	5,737	24
25	ODISHA	7,754	500	108
26	PUDUCHERRY	401	62	1
27	PUNJAB	11,888	2,670	5,104
28	RAJASTHAN	25,545	13,362	3,062
29	SIKKIM	1,601	1,916	251
30	TAMIL NADU	21,232	1,201	777
31	TELANGANA	47,531	12,905	422
32	THE DADRA AND NAGAR HAVELI AND DAMAN AND DIU	407	157	33
33	TRIPURA	2,184	984	102
34	UTTAR PRADESH	22,727	17,048	934
35	UTTARAKHAND	4,410	1,826	157
36	WEST BENGAL	22,982	8,933	227
	Total	6,57,721	1,41,237	49,179

Source: NCD portal as of 20.01.2026