GOVERNMENT OF INDIA
MINISTRY OF CO-OPERATION

RAJYA SABHA
UNSTARRED QUESTION NO 332
TO BE ANWERED ON 22nd JULY, 2026

Administration in Multi-State Cooperative Societies

332: Smt. Sangeeta Yadav

Will the Minister of Cooperation be pleased to state:

(a) the steps taken by Government through the Multi-State Cooperative Societies (Amendment) Act to eliminate or reduce the dominance of a limited number of individuals in the co-operative sector;
(b) whether any provisions has been laid down for the appointment of Chief Executive Officers in Multi-State Cooperative Societies, similar to the criteria prescribed by the Reserve Bank of India for appointing CEOs in cooperative banks; and
(c) if so, the details thereof?

ANSWER

THE MINISTER OF CO-OPERATION
(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 (including Banks) by supplementing existing legislation and incorporating the provisions of Ninety-seventh Constitutional Amendment. MSCS (Amendment) Act, 2023, inter-alia, makes following provisions to eliminate or reduce the dominance of limited number of individuals in the co-operative sector thereby promoting democratic member control:

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. To improve governance and transparency, annual report of multi-State cooperative societies to include Board decisions which are not unanimous.
iii. 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.
iv. 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.

v. To enhance democratic decision making in the multi-State cooperative societies, quorum has been prescribed for board meetings.
vi. 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.
vii. Appointment of Co-operative Ombudsman by Central Government to provide a mechanism to address grievances of members.

(b) & (c) Yes, Sir. The Multi-State Co-operative Societies (Amendment) Act, 2023 has introduced sub-section (1A) in Section 51 of the Multi-State Co-operative Societies Act, 2002, prescribing eligibility conditions for appointment and continuation of the Chief Executive of Multi-State Cooperative Societies (MSCSs). Under the said provision, no Multi-State Cooperative Society shall appoint or continue the employment of any person as Chief Executive who:

a. is below the age of twenty-one years or has attained the age of seventy years: Provided that any person above the age of seventy years may be appointed by a special resolution passed by three-fourths of the board members, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person;
b. is an undischarged insolvent or has any time been adjudged as an insolvent;
c. has at any time been convicted by a court of an offence and sentenced for a period of more than six months; or
d. does not meet the criteria for "fit and proper", as determined by the Central Registrar in case of multi-State credit societies; or in case of non-credit multi-State societies, does not meet the criteria as the Central Government may prescribe in terms of educational qualifications and relevant experience.

Further, in pursuance of the above provision:

i. for Multi-State Credit Cooperative Societies, the office of Central Registrar has issued an order dated 19.01.2024 specifying the 'fit and proper' criteria for appointment of Chief Executives; and
ii. for Non-Credit Multi-State Cooperative Societies, Rule 37B of the Multi-State Cooperative Societies Rules, 2002 has been inserted prescribing the eligibility criteria relating to educational qualifications and relevant experience for appointment of Chief Executives.

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