

**GOVERNMENT OF INDIA
MINISTRY OF COOPERATION**

**LOK SABHA
UNSTARRED QUESTION NO. 1606
TO BE ANSWERED ON 12/12/2023**

Ease of Doing Business in Cooperative Sector

† **1606. SHRI KUNWAR PUSHPENDRA SINGH CHANDEL:**

Will the Minister of COOPERATION (**सहकारिता मंत्री**) be pleased to state:

- (a) whether provisions have been made for ease of doing business by the Cooperative Societies under the Multi-State Cooperative Society (Amendment) Act, 2023;
- (b) if so, the details of the provisions made thereunder; and
- (c) the benefits of the said provisions for the Members of the abovesaid Societies?

ANSWER

**THE MINISTER OF COOPERATION
सहकारिता मंत्री (SHRI AMIT SHAH)**

(a) to (c): 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 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, statement 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, provision of 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 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 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 Co-operative Ombudsman by Central Government to provide a mechanism to address grievances of members.
- ii. To improve transparency, appointment of 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 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.
- 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, 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 Committee for Audit and Ethics amongst other committees.
- xi. For strengthening governance, criteria for appointment of Chief Executive Officer (CEO) stipulated.
- xii. To enhance democratic decision making in the multi-State cooperative societies, quorum has been prescribed for board meetings.
- xiii. Central Registrar to conduct inquiry if he gets information that business is being conducted in a fraudulent manner or for unlawful purposes.
- xiv. If registration obtained by misrepresentation, fraud, etc., provision for winding up of a multi-State cooperative society after giving opportunity of being heard.
- xv. 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.
- xvi. To prevent a few members only 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.
