

**GOVERNMENT OF INDIA  
MINISTRY OF COOPERATION**

**LOK SABHA  
UNSTARRED QUESTION NO. 439  
TO BE ANSWERED ON 05/12/2023**

**Grievances Redressal by Cooperative Societies**

**439 # MS. DEBASREE CHAUDHURI:**

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

- (a) Whether the Central Registrar of Cooperative Societies does not have any office or officers at the State Level and if so, the reasons therefor;
- (b) Whether there is no mechanism in place for redressal of State Level Complaints and if so, the reasons therefor;
- (c) Whether due to a weak grievance redressal mechanism, Credit Societies have run many ponzi schemes which have resulted in loss to the public and if so, the details thereof; and
- (d) The action plan being formulated by the Union Government in this regard and the details of the directives being given to the States?

**ANSWER**

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

(a) to (d): 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 bring transparency in the functioning of cooperative societies & to prevent financial loss to the public, 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 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 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.
- xviii. 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.

Additionally, 64 posts have also been created to strengthen office of the Central Registrar of Cooperative Societies.

However, there are no regional offices functioning under Central Registrar of cooperative societies in any State/ UT at present. Further, powers of Central Registrar of Cooperative Societies to conduct inspection u/s 108 and to appoint an Arbitrator u/s 84 of the MSCS Act, 2002 have already been delegated to Registrar of Cooperative Societies of all States/ UTs. Also, an online digital portal for the CRCS has been launched on 06.08.2023 so that the multi state cooperative societies need not visit the office of CRCS physically.

Multi-State Co-operative Societies registered under the provisions of the Multi State Cooperative Societies Act, 2002 function as autonomous cooperative organizations accountable to their members. Whenever, complaints are received against any of the Multi-State Co-operative Societies for violation of the provisions of MSCS Act & Rules or non-repayment of deposits on maturity, action is taken as per the provision of MSCS Act, 2002 and Rules made there under. Accordingly, the Central Registrar has already initiated process of winding up of 88 delinquent Multi-State Cooperative Societies.

The Cooperative Societies with members from one State only are registered under the provisions of concerned State Cooperative Societies Act and are regulated by the concerned State Registrar of the Cooperative Societies. Whenever complaints against societies registered under the respective State Cooperative Societies Act are received in the office of CRCS, the same are forwarded to the Registrar of Cooperative Societies of the State/ UT concerned for their redressal as per respective State Cooperative Societies Act.

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