

**GOVERNMENT OF INDIA  
MINISTRY OF COOPERATION**

**LOK SABHA  
UNSTARRED QUESTION No. 2675  
TO BE ANSWERED ON 16<sup>th</sup> DECEMBER, 2025**

**Status of Ongoing Investigations in the Cooperative Sector in Kerala**

**2675 Shri Kodikunnil Suresh:**

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

- (a) the present status of ongoing investigations in the cooperative sector of Kerala, particularly in cooperative banks and credit societies;
- (b) the names of institutions under investigation, amounts involved, nature of irregularities and the agencies conducting the inquiries;
- (c) the number of officials identified, suspended or charge-sheeted and the current status of legal or disciplinary actions against them;
- (d) whether central agencies such as the Enforcement Directorate (ED), Central Bureau of Investigation (CBI), Income Tax Department or Registrar of Cooperative Societies are involved in these investigations and if so, the details thereof;
- (e) the details of financial losses suffered by depositors or account holders and the measures taken for their refund or recovery; and
- (f) the steps taken by the Government to strengthen regulation, transparency and accountability in cooperative institutions in Kerala to prevent such irregularities?

**ANSWER**

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

(a) to (e): Cooperative societies registered under the provisions of the Multi-State Cooperative Societies (MSCS) Act, 2002 function as autonomous cooperative organisations and accountable to their members. The multi-State cooperative societies are required to function as per the provisions of Multi-State Cooperative Societies Act, 2002 and rules framed thereunder read with approved bye-laws of the Society which includes the roles and powers of the members, Board, General Body of the society and Central Registrar of Cooperative Societies (CRCS).

In case of irregularities in the functioning of multi-State cooperative societies, the Registrar of Cooperative Societies of the State concerned and other agencies are requested to conduct inspection/inquiry of such societies under sections 108 and 78 of the MSCS Act, 2002. In Kerala State, 4 multi-State cooperative societies are under investigation. The information regarding investigation in the cooperative institutions, which are registered under the State Cooperative societies Act is not maintained by the Central Government.

(f) To strengthen regulation, transparency and accountability in multi-State cooperative societies, the MSCS Act & Rules were comprehensively amended and notified on 03.08.2023 and 04.08.2023 respectively 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 multi state 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. 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.
- v. Audit reports of National 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.
- 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 alongwith 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.

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