

**GOVERNMENT OF INDIA
MINISTRY OF COOPERATION**

**LOK SABHA
UNSTARRED QUESTION NO. 5284
TO BE ANSWERED ON 24th MARCH, 2026**

Grants To Cooperative Institutions

5284. Smt. Geniben Nagaji Thakor:

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

- (a) Whether the Government-aided cooperative institutions like milk unions, cooperative banks, APMCs and federations receive Government land, grants, tax exemptions, regulatory protection or budgetary support;
- (b) If so, whether such institutions are still outside the purview of the Right to Information Act, 2005;
- (c) Whether the Government is aware of the fact that these cooperative institutions manage public resources worth thousands of crores of rupees without mandatory transparency or independent public audit;
- (d) Whether the Government has examined that the lack of transparency has led to unfair expenditure, political capture and erosion of member-centric governance; and
- (e) Whether the Government proposed to bring such cooperative institutions under the purview of the Right to Information Act in the interest of democratic accountability?

ANSWER

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

- (a): Milk Unions, Cooperative banks, APMCs and State federations etc come under the purview of State Governments. The State Government extends financial assistance, including grants and other forms of support, to these cooperatives in accordance with their respective rules and regulations through various schemes of State. Additionally, Government of India, give benefits to cooperatives through various central sector and centrally sponsored schemes such as National Programme for Dairy Development (NPDD), Atmanirbharta Abhiyan, Sustainable Alternative Towards Affordable Transportation (Satat) Mission, Pradhan Mantri Matsya Sampada Yojana (PMMSY) etc.
- (b): The applicability of the Right to Information Act, 2005 to cooperative institutions is governed by Section 2(h) of the Act, under which only those institutions which are substantially financed by the appropriate Government fall within its purview.

(c) 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 through the above amendment to enhance transparency in the functioning of cooperative societies, 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. 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 favoritism 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 amongst 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 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.
- xvii. 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.
- xviii. 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 the Central Registrar. Concurrent audit will ensure early detection of fraud or irregularities, if any, so that prompt course corrections can be made.

As per the provisions of Section 70 of the Multi-State Cooperative Societies Act, 2002, every multi-State co-operative society is required to appoint an auditor or auditors at each Annual General Meeting. Such auditors or auditing firms are to be selected from a panel approved by the Central Registrar. The auditor so appointed is required to submit the audit report to the multi-State co-operative society within six months from the closure of the financial year to which the accounts relate.

Further, as per Section 72 of the Multi-State Cooperative Societies Act, 2002, no person shall be qualified for appointment as an auditor of a multi-State co-operative society unless he is a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949.

(e): The existing provisions of the RTI Act already cover such institutions wherever they meet the criteria of substantially financed by Government. Further, a provision under amended section 106 of Multi-State Cooperative Societies Act, 2002 (as amended in 2023) has been made to appoint Cooperative Information Officer by all multi-State cooperative societies to provide information relating to affairs and management of the society to the members of the society.
