

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

STARRED QUESTION NO:213

ANSWERED ON:22.07.2014

REGULATORY FRAMEWORK FOR CO OPERATIVE SOCIETIES .

Antony Shri Anto ;Somaiya Dr. Kirit

Will the Minister of AGRICULTURE be pleased to state:

- (a) the number of existing Co-operative Societies/Multi-State Co-operative Societies (MSCS) along with the regulatory framework to monitor the functioning of these societies in the country;
- (b) whether there are reports of irregular transfer and diversion of funds by the Co-operative Societies/MSCS through several chit funds and ponzy companies;
- (c) if so, the details thereof and the reaction of the Government thereto;
- (d) whether the Government proposes to review/reform the functioning of these societies and ensure safety of deposits of the public and if so, the details thereof; and
- (e) the mechanism put/being put in place to check irregularities and ensure transparency in the functioning of co-operative societies in the country?

Answer

MINISTER OF AGRICULTURE (SHRI RADHA MOHAN SINGH)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 213 DUE FOR REPLY ON 22ND JULY, 2014.

(a): 1234 Multi- State Co-operative Societies exist in the country as on 15.07.2014. Information regarding co-operative societies registered under the provisions of Co- operative Societies Acts of various States/UTs is not maintained by the Government of India.

The Multi-State Co-operative Societies Act, 2002 (MSCS Act, 2002) provides the regulatory framework for monitoring the functioning of multi state cooperative societies. This, inter-alia, includes: annual audit of the books and accounts of the societies by professional auditors (sections 70 and 72 of the MSCS Act, 2002); power of Central Government/Central Registrar of Co-operative Societies to direct special audit/inquiry/inspection (sections 77, 78, 79, 80 of the MSCS Act,2002); reference of disputes to arbitration (section 84 of the MSCS Act, 2002); Inspection of books of account, etc., of the societies by the Central Registrar; or by such officer of the Government as may be authorised by the Central Government in this behalf and by the members of the society (section 108 of the MSCS Act, 2002); filing of annual returns by the societies with the Central Registrar of Co-operative Societies (section 120 of the MSCS Act, 2002); and provisions for offences and penalties (sections 104 of the MSCS Act, 2002).

The functioning of co-operative societies registered under the provisions of Co- operative Societies Acts of the States/UTs is monitored and regulated according to the provisions of the said Acts by the Registrar of Cooperative Societies of the concerned State/UT Government.

(b) & (c): Complaints have been received regarding irregularities in payment of deposit by some Multi-State Credit Co-operative Societies like Artha Tatwa Multi-State Cooperative Society Ltd., Adarsh Credit Cooperative Society Ltd., Bhaichand Hirachand Rasoni Multi-State Cooperative Credit Society Ltd., Bhavishya Credit Coop. Society Ltd., Samridh Jeevan Multi State Cooperative Society Ltd. and Sahara Credit Cooperative Society Ltd. The Government has requested the Registrar of Cooperative Societies of States/UTs concerned to carry out inspection of books of accounts and other activities of these societies under the provisions of section 108 of the MSCS Act, 2002.

(d) & (e): The Government vide circular dated 29.05.2013 has delegated the powers under section 108 of the MSCS Act, 2002 to the Registrar of Cooperative Societies of all States/UTs to inspect the books of accounts and other activities of multi state cooperative societies in order to check irregularities and ensure transparency in their functioning. Further, in order to regulate the registration and functioning of multi- state cooperative societies having objects and functions relating to credit and thrift, Government has decided that such societies shall be registered only after obtaining 'No Objection Certificate' from the Registrar of Cooperative Societies of the concerned States/UTs and submission of certificate verifying the background and other credentials of the chief promoter/ promoters. Based on the opinion of the Reserve Bank of India (RBI) that acceptance of deposit from nominal members by multi state credit societies would be construed as banking activity, these societies have been instructed to discontinue accepting deposits from

nominal members.