Financial Institutions Under Cooperative Credit Societies in Goa

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The Cooperative Societies with objects not confined to one State are governed by Entry 44 of the List I - Union List of the Seventh Schedule to the Constitution and provisions of centrally administered Multi-State Co-operative Societies Act, 2002. The Cooperative Societies with objects confined to one State are governed by Entry 32 of the List II - State List of the Seventh Schedule to the Constitution and provisions of respective State Cooperative Societies Act. Further, details regarding financial-institutions under co-operative credit societies, which are registered under the Cooperative Societies Act of the States/UTs including Goa State is not centrally maintained in the Ministry.

A multi-State cooperative society registered under the provisions of Multi-State Cooperative Societies (MSCS) Act, 2002 and rules framed thereunder, functions as autonomous cooperative organizations and accountable to their members. As per the provisions of Section 49 of the MSCS Act, 2002, the business matters such as to admit members, to accept the deposits and investing the same and staff matters etc., fall under the powers and functions of the board of the Society and the day to day management of the Society fall under the powers and functions of the Chief Executive of the Society as per the provisions of Section 52 of the MSCS Act, 2002.

Further, to safeguard the right of depositor/members of Multi-State Cooperative Societies, many provisions have been introduced in the Multi-State Cooperative Societies (MSCS) (Amendment) Act & Rules, 2023 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, Cooperative Election Authority has been established.

- ii. Co-operative Ombudsman has been appointed 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.

- 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 has determined 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 is 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. Central Registrar to conduct inquiry if he gets information that business is being conducted in a fraudulent manner or for unlawful purposes.

xiii. If registration obtained by misrepresentation, fraud, etc., provision for winding up of a multi-State cooperative society after giving opportunity of being heard.

xiv. 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.

This information was given by Union Minister for Home and Cooperation Shri Amit Shah in a written reply in Rajya Sabha.

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