

THE MULTI-STATE CO-OPERATIVE SOCIETIES (AMENDMENT)

BILL, 2022

Ministry of Home Affairs

Highlights of the Bill

The Multi-State Co-operative Societies Act, 2002, has been amended by the Multi-State Co-operative Societies (Amendment) Bill, 2022. **The Co-operative Election Authority is created in order to oversee and organise board elections for multi-state cooperative societies.**

Before redeeming their ownership, a multi-state cooperative society will need the previous approval of government authorities.

For the resuscitation of failing multi-state cooperative societies, a fund for cooperative rehabilitation, reconstruction, and development will be established. The Fund will be supported by donations from successful multi-state cooperative societies.

Subject to the applicable state legislation, the Bill permits state cooperative societies to combine with an existing multi-state cooperative society.

Composition of Board of Directors: A multi-state cooperative society's board may have a maximum of 21 directors under the Act. Two extra directors may be appointed by the board. The Bill changes the makeup of the board of directors to require the election of two women and one member from a Scheduled Caste or Scheduled Tribe. The co-opted members should also have expertise in disciplines linked to the operation of multi-state cooperative societies, such as banking, financing, cooperative management, and specialization.

Election of Board members: Board member elections are handled by the existing board of a multi-state cooperative society in accordance with the Act.

The Co-operative Election Authority shall be established by the central government to:

- Conduct such elections;
- Oversee, direct, and control the production of electoral rolls; and
- Carry out other specified functions.

This is changed by the bill. A selection committee's suggestions will be taken into consideration when the central government appoints the Authority's chairperson, vice-chairperson, and up to three more members.

Additionally, in order to serve on the board of directors or as an office holder for the cooperative society, candidates must be active members. Active members are individuals who regularly use the society's goods or services, or who attend three or more consecutive general meetings.

Specified Co-operative societies: In accordance with the Act, the central government has the authority to direct and replace the boards of certain multi-state cooperative societies. **These are multi-state cooperative organisations in which the national government owns at least 51% of the shares.** The Bill modifies this definition to include any multi-state cooperative organisation in which the government owns any stock or has provided any loan, guarantee, or other kind of financial support.

Cooperative society mergers: The Act enables the merger and dissolution of multi-state cooperative societies. A general assembly can achieve this by passing a resolution. At least two-thirds of the members who are present and voting must approve it. The Bill permits current multi-state cooperative organisations to unite with co-operative societies that are registered under state law. A resolution authorising such a merger must be approved by a simple majority of the co-operative society's members who are present and voting at a general meeting.

Cooperative society health fund: The Co-operative Rehabilitation, Reconstruction and Development Fund is created under the Bill in order to revive failing multi-state cooperative societies. **A sick multi state cooperative society is one that has: (i) accrued losses equivalent to or greater than its paid-up capital, free reserves, and surpluses; and (ii) experienced monetary losses within the previous two years.** A plan for the society's rehabilitation and reconstruction may be created by the federal government. Multi-state cooperative societies that have been profitable over the previous three fiscal years will provide the Fund's funding. They will contribute to the Fund either one crore rupees or 1%

of the net earnings, whichever is smaller.

Redress of complaints: In accordance with the Bill, one or more Co operative Ombudsmen with territorial jurisdiction will be appointed by the central government. Inquiries submitted by members of cooperative societies to the Ombudsman regarding (i) their deposits, (ii) equitable benefits of the society's operation, or (iii) problems impacting the members' individual rights, will be looked at. Within three months of receiving the complaint, the Ombudsman must finish the investigation and decision-making process. Within one month, appeals against the Ombudsman's directives may be submitted to the Central Registrar (who is chosen by the federal government).

Increasing fines: According to the Act, making false returns, providing misleading information, or defying any summons are all violations committed by a multi-state cooperative society or an officer or member. The fine ranges from Rs 2,000 to Rs 10,000 for such crimes. The Bill also makes it illegal to neglect to submit any returns or information. The penalties for each of these crimes ranges from Rs 5,000 to Rs 1 lakh.