

Bill Summary

The Multi-State Co-operative Societies (Amendment) Bill, 2022

- The Multi-State Co-operative Societies (Amendment) Bill, 2022, was introduced in the Lok Sabha on December 7, 2022. It amends the Multi-State Co-operative Societies Act, 2002. Multi state co-operative societies operate in more than one state. Key provisions of the Bill include:
 - **Election of board members:** Under the Act, elections to the board of a multi-state co-operative society are conducted by its existing board. The Bill amends this to specify that the central government will establish the Co-operative Election Authority to: (i) conduct such elections, (ii) supervise, direct and control the preparation of electoral rolls, and (iii) perform other prescribed functions. The Authority will consist of a chairperson, vice-chairperson, and up to three members appointed by the central government on the recommendations of a selection committee.
 - Further, only active members will be eligible to be elected as a board member or office bearer of the co-operative society. Active members are those who are availing a minimum level of products or services of the society, or attending at least three consecutive general meetings.
 - **Redressal of complaints:** As per the Bill, the central government will appoint one or more Co-operative Ombudsman with territorial jurisdiction. The Ombudsman shall inquire into complaints made by members of co-operative societies regarding: (i) their deposits, (ii) equitable benefits of the society's functioning, or (iii) issues affecting the individual rights of the members. The Ombudsman shall complete the process of inquiry and adjudication within three months from the receipt of the complaint. Appeals against the directions of the Ombudsman may be filed with the Central Registrar (who is appointed by the central government) within a month.
 - **Amalgamation of co-operative societies:** The Act provides for the amalgamation and division of multi-state co-operative societies. This can be done by passing a resolution at a general assembly. It requires at least two-thirds of the members, present and voting. The Bill allows co-operative societies (registered under state laws) to merge into an existing multi-state co-operative society. At least two-thirds of the members of the co-operative society present and voting at a general meeting must pass a resolution to allow
 - such a merger.
- **Fund for sick co-operative societies:** The Bill establishes the Co-operative Rehabilitation, Reconstruction and Development Fund for revival of sick multi-state co-operative societies. A sick multi-state co-operative society is one that: (i) has accumulated losses equal or exceeding the total of its paid-up capital, free reserves, and surpluses, and (ii) has suffered cash losses in the past two years. The central government may prepare a scheme for rehabilitation and reconstruction of the society. The Fund shall be financed by multi-state co-operative societies that are in profit for the preceding three financial years. They will deposit either one crore rupees or one percent of the net profit into the Fund, whichever is less.
- **Specified co-operative societies:** Under the Act, the central government may give directions and supersede the boards of specified multi-state co-operative societies. These are those multi-state co-operative societies where the central government has a shareholding of at least 51%. The Bill amends this definition to include any multi-state co-operative society where the government has any shareholding, or has extended any loan, financial assistance, or guarantee.
- **Composition of board of directors:** Under the Act, the board of a multi-state co-operative society will have a maximum of 21 directors. The board may co-opt two additional directors. The Bill amends the composition of the board of directors to mandate the inclusion of: (i) one Scheduled Caste or Scheduled Tribe member, and (ii) two women members. Further, the co-opted members should have experience in the field of banking, financing, co-operative management or specialisation fields related to the functioning of multi-state co-operative society.
- **Increasing penalties:** Under the Act, certain offences by a multi-state co-operative society or its officer or member include making false returns, furnishing false information, or disobeying any summons are offences. The fine for such offences extends from Rs 2,000 to Rs 10,000. The Bill adds that the failure to file any return or information will also be an offence. The fine for all these offences will extend from Rs 5,000 to one lakh rupees.

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