

Amendments to the Multi-State Cooperative Societies Act

October 15, 2022

In news– The Union Cabinet has approved the Multi-State Cooperative Societies (Amendment) Bill, 2022.

Key amendments-

- It seeks to amend the Multi-State Cooperative Societies Act, 2002.
- It **aims to improve governance, enhance transparency** and accountability in the Multi State Cooperative Societies.
- India has more than 1500 multi-State co-operative societies serving as an important tool to promote economic and social betterment of their members.
- In order to make the governance of these multi-State Cooperative societies more democratic, transparent and accountable, **provisions for setting up of the Cooperative Election Authority, Cooperative Information Officer and Cooperative Ombudsman have been proposed in the amendment.**
- Cooperative Election Authority will be mandated to conduct free, fair, timely and transparent to the coops.
- Provisions relating to **representation of women and Scheduled Caste and Scheduled Tribe members** in the board of co-operative societies have been included to facilitate inclusiveness.
- Co-opted directors with experience in the field of banking, management, cooperative management and finance will be appointed to promote professional management.
- As per the amendment, members can be debarred for three years for electoral malpractices.
- It empowers Centre to suspend board for non-holding of meeting within stipulated

- It also proposes the Rehabilitation Fund for Revival of Sick Coops.
- The amendment has also been proposed to **enhance ease of doing business by reducing the period of registration** with a provision for the applicants to seek additional time of two months for rectification of mistakes.
- **It also provides for electronic submission and issuance of documents.**

What is the Act, and what are multistate cooperative societies?

- Cooperatives are a state subject, but there are many societies such as those for sugar and milk, banks, milk unions etc whose members and areas of operation are spread across more than one state. The Act was passed to govern such cooperatives.
- For example, most sugar mills along the districts on the Karnataka-Maharashtra border procure cane from both states.
- **They draw their membership from both states, and they are thus registered under the MSCS Act.**
- Their board of directors has representation from all states they operate in.
- Administrative and financial control of these societies is with the central registrar, with the law making it clear that no state government official can wield any control on them.

Note:

- Since the law was enacted, more than two hundred such societies have been registered, of which 9 have been deregistered since.
- Maharashtra has the highest number, followed by Uttar Pradesh and New Delhi.
- Credit societies constitute the bulk of registered

societies, followed by agro-based ones (which include sugar mills, spinning mills etc).

- There are more than 90 multistate cooperative dairies and 60 plus multi state cooperative banks.