

## SERVICE TO COOPERATIVES IS SERVICE TO NATION

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### **Introduction:**

Post 1990, the country has unlock many business opportunities in almost every sector of economy. This has in turn created long list of professional opportunities for experts both at domestic and global level. As a focused approach of making India no. economy in the world every sector, industry is contributing one way or other. Cooperative sector is amongst such sector having potentials for providing never ending professional opportunities. The sector has significant contribution in to the nation's economy. Although co-operative phenomenon came little later in India as compare to world, no other country in the world is the co-operative movement as large and as diverse as it is India. Country has about 8 lakh registered cooperative societies many of which falls under agriculture, banking and housing sector. It has no more remain marginal phenomenon, as it contribute to the sustainable economic growth and stable, quality employment, providing jobs or work opportunities to 280 million people across the globe, in other words, 10% of the world's employed population. With the growth in cooperative sector the area of professional service scope in the sector is also increased, that brings ample amount of opportunities for the professionals of chartered accountancy as well they may provide their excellent crucial assistance right from inception to top or middle level management of cooperative.

*On this note we bring you this article which is purported to provide you with such insight detail of value added professional opportunities for chartered accountants*

*in the cooperative world.*

As the cooperative sector continues to expand, so does the scope for professional services within it. Chartered Accountants are uniquely positioned to capitalize on this growth, offering their expertise across various stages of cooperative operations. Here are several areas where CAs can provide crucial assistance:

1. Assist in Forming, management of cooperative society
2. Registration
3. Statutory and annual Compliance
4. Internal control
5. Risk management

6. Internal audit
7. Merger
8. Housing society- self redevelopment, redevelopment
9. Producer cooperative
10. Dissolution of cooperatives
11. Multi state cooperative compliance
12. Suggestion state departments of co-operative society
13. Newly formed ministry of cooperative
14. Management of loan in cooperative credit society
15. Independent Director for cooperative bank and large co-op society
16. Advocating, promoting cooperative as form of organization state and central level
17. Consultancy w.r.t formation of society and activities of the cooperative society
18. Documentation
19. Taxation , compliances under direct and indirect tax laws
20. Labour law compliance
21. Day to day management
22. Internal and statutory Audit
23. Maintenance of accounts
24. Governance
25. Compliance under Foreign Exchange law
26. Social audit of large cooperatives
27. Determining the non performing assets (for cooperative banks)
28. Monitoring
29. Revenue, inspection of accounts
30. Financial due diligence

- 31.Operational , informational due diligence
- 32.Risk management
- 33.Preparing and implementing Code of corporate governance
- 34.Dispute resolution provider, cooperative arbitration
35. Drafting of bye laws , several deeds and agreement, contract etc

What is Co-operative?

The literal meaning of Meaning of cooperative is

- “involving mutual assistance in working towards a common goal”

It is often defines as

“A Co-operative is a distinct form of organization in contrast to any other system, it is not private enterprise, nor public enterprise”

**Section 4 of the Co-operative Societies Act, 1912** defines cooperative society as

A society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a Society, may be registered under this Act with or without limited liability:

Provided that unless the State Government by general or special order otherwise directs—

1. the liability of a society of which a member is a registered society shall be limited;
2. the liability of a society of which the object is the creation of funds to be lent to its members, and of which the majority of the members are agriculturists, and of which no member is a registered society, shall be unlimited.

Co-operative are state govern subject and falls under Entry 32 of the List II (State list) in the seventh schedule of the constitution.

“Incorporation, regulation and winding up of corporations, other than those specified in List I, and universities; unincorporated trading, literary, scientific, religious and other societies and associations; co-operative societies”

Therefore the cooperatives are presently governed by respective state laws, with a Commissioner and the Registrar of Societies as their governing office. A ministry of co-operation is formed on the vision of “Sahkar se Samriddhi” to provide a separate administrative, legal and policy framework for strengthening the cooperative movement in the country and to streamline the process for ease of doing business for cooperative.

To understand more about cooperative let us brief few principles cooperative:

- **Voluntary and Open Membership:** voluntary & open to all people
- **Democratic Member Control:** democratic organizations controlled by their members
- **Members' Economic Participation:** Members contribute equally to, and democratically control, the capital of the cooperative
- **Autonomy and Independence:** autonomous, self-help organizations controlled by their members
- **Education, Training and Information:** Provides education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative
- **Cooperation among Cooperatives:** strengthen the cooperative movement by working together through local, national, regional and international structures
- **Concern for Community:** work for the sustainable development of communities through policies and programs accepted by the members

**Constitutional provision of cooperative societies:**

Article 19 (1) (c) was added by the 97<sup>th</sup> amendment of the constitution in 2011 effective from 12<sup>th</sup> January 2012. Article 19 forms of right to freedom stating the

protection of right regarding freedom of speech wherein newly added sub clause (c) conferred freedom

“To form associations or unions or co-operative societies”

Likewise article 43B was inserted via the amendment act.

Provision of Article 43B

**Promotion of co-operative societies.**—The State shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of co-operative societies

The Part IX-B “the Cooperative Societies” was inserted covering articles from Article 243ZH to Article 243ZT.

Recently the supreme court vide its judgement dated 20<sup>th</sup> July 2021 in Union of India Vs. Rajendra N Shah and Anr. In civil appeal no. 9108-9109 of 2014 held the 97<sup>th</sup> amendment to the constitution that inserted Part IX-B as ultra vires so far it relates to cooperative societies for requisite ratification under Article 368(2) proviso. By applying the doctrine of severability the Sc observed the part of Part IX-B is operative for Multi state cooperative societies.

The Co-operative Societies Act, 1912 serves as the model and state specific cooperative legislation exist in the country

1. Statutes governing Cooperative societies
2. The Co-operative Societies Act, 1912
3. The Multi-state Cooperative Societies Act, 2002 (earlier were the Multi Unit Co-operative Societies Act, 1942 replace with the Multi State Co-operative Societies Act, 1984)
4. State Co-operative societies acts
5. Mutually aided cooperative societies acts

**List of state co-operative societies legislations:**



State / UTs	Legislation
Andhra Pradesh	The Andhra Pradesh cooperative societies act, 1964 The Andhra Pradesh mutually aided cooperative societies act, 1995
Assam	The Assam cooperative societies act, 1949
Bihar	The Bihar cooperative societies act, 1935 The Bihar self supporting cooperative societies act, 1996
Gujarat	The Gujarat cooperative societies act, 1961
Kerala	The Kerala cooperative societies act, 1969 The cooperative societies act, 1912
Madhya Pradesh	The Madhya Pradesh cooperative societies act, 1960
Tamil Nadu	The Tamil Nadu cooperative societies act, 1983
Maharashtra	The Maharashtra cooperative societies act, 1960
Karnataka	The Karnataka cooperative societies act, 1959 The Karnataka souharda cooperative act, 1997
Orissa	The Orissa cooperative societies act,

	1962
Punjab	The Punjab cooperative societies act, 1961
Rajasthan	The Rajasthan cooperative societies act, 2001
Uttar Pradesh	The Uttar Pradesh cooperative societies act, 1965
West Bengal	The west Bengal cooperative societies act, 2006
Jammu and Kashmir	The Jammu and Kashmir Cooperative societies act, 1989 The Jammu and Kashmir self reliant cooperatives act, 1999
Nagaland	The Assam cooperative societies act, 1949 The Nagaland cooperative societies (amendment) act, 2005
Haryana	The Haryana cooperative societies act, 1984
Himachal Pradesh	The Himachal Pradesh cooperative societies act, 1968
Manipur	The Manipur cooperative societies act, 1976
Tripura	The Tripura cooperative societies act, 1974
Meghalaya	The Meghalaya cooperative societies act,

	1950
Sikkim	The Sikkim cooperative societies act, 1978
Mizoram	The Mizoram cooperative societies act, 2006
Arunachal Pradesh	The Arunachal Pradesh cooperative societies act, 1978
Goa	The Goa cooperative societies act, 2001
Chhattisgarh	The Chhattisgarh cooperative societies act, 1960
Uttarakhand	The Uttaranchal Self-reliant cooperative act, 2003 The Uttaranchal cooperative societies act, 2003
Jharkhand	The Jharkhand cooperative societies act, 2008
Delhi	The Delhi cooperative societies act, 2003
Lakshadweep	The Lakshadweep cooperative societies regulation, 1960
Dadra and Nagar Haveli	The Gujarat cooperative societies act, 1961
Daman and Diu	The Maharashtra cooperative societies act, 1960
Pondicherry	The Pondicherry cooperative societies act, 1972
Chandigarh	The Punjab cooperative societies act,

Under the Maharashtra Co-operative Societies Act, 1960 following types of Societies can be registered:

1. Agricultural Marketing Society section 2(1)
2. Apex society section 2(2)
3. Consumers society section 2(9)
4. Cooperative bank section 2(10)
5. Crop protection society section 2 (10A)
6. Farming society section 2 (12)
7. Federal society section 2 (13)
8. General society section 2(15)
9. Central bank section 2(6)
10. Housing society section 2 (16)
11. Processing society section 2 (22)
12. Producers society section 2 (23)
13. Resource society section 2 (25)
14. Lift irrigation society section 2 (16A)

### **A detailed checklist for registration cooperative society:**

1. Society name registration and bank opening form (along with court fee ticket)
2. Proceeding of meeting of promoters of proposed society
3. Form-A Rule-4(1) (along with court fee ticket)
4. Primary list of promoters
5. Model bye laws copy
6. Proof of share amount deposited in bank
7. Society registration fee challan
8. List of members willing to be member of proposed society, list of land “Bagayati or Jirayati” acquired by them which is approved by Talathi and Gramsevak
9. Economic capacity committee recommendation in accordance with GR dt. 30/09/2013 of DOCMT
10. Certificate of financial and technical viability of proposed society by DIC, directorate of Industries
11. Project report of society
12. Certificate of minimum 10% of the member are artisan or experience out of 51 members (if to be registered as Industrial co-op society)
13. Plan of proposed society and 3 years estimate of proposed society and 30 members are included in minimum 5 acre is to be mentioned in the plan
14. Proof of office space or land availability or registered rent agreement
15. Residential proof of proposed members + KYC proof
16. NOC from credit cooperative societies of the said jurisdiction (if to be registered as non agriculture credit co-op society)

17. Approval letter of Hon. Director of Marketing if project cost exceeds Rs. 1 crore (if to be registered as processing cooperative society)
- 18.7/12 and 8A extract of current year of proposed members (if to be registered as lift irrigation coop society)
19. Crop planning plan from agricultural officer, panchayat samiti and taluka agricultural officer (if to be registered as lift irrigation coop society)
20. Guarantee letter from MSEB to provide electricity supply to the society once get registered (if to be registered as lift irrigation coop society)
21. NOC from departments to lift water from project or canal (if to be registered as lift irrigation coop society)
22. Certified copy of map of workplace creator (if to be registered as lift irrigation coop society)
23. NOC from land owner to fit electricity meter (if to be registered as lift irrigation coop society)
24. List of identity cards of members registered with employment exchange (if to be registered as unemployed coop society)
25. NOC from district labour federation (if to be registered as labour co-op society)
26. Certificate from executive engineer PWD that member is not registered contractor (if to be registered as labour co-op society)
27. Division of scrutiny committee recommendation letter (if to be registered as labour co-op society)
28. List of work availability in future certified by competent officer (if to be registered as labour co-op society)
29. Certificate from competent officer regarding 15 members of the society are above 18 years and are labour (if to be registered as labour co-op society)

30. ITI certificate copy if promoter member is fitter or electronic (if to be registered as transport co-op society)
31. Demand letter of work availability e.g. from company or semi government offices or IT sector and other societies (if to be registered as transport co-op society)
32. Opinion / Intent of AR, DDR, Joint Registrar cooperative society office to register such type of society (if to be registered as transport co-op society)
33. Certificate of employer regarding employee or member working on their establishment and on their pay roll (if to be registered as employees co-op society)
34. Guarantee letter from the employer regarding deduction of debt installment from payment of the employee or member (if to be registered as transport co-op society)
35. Certificate from competent officer if members of the society are of backward class (if to be registered as primary consumer co-op society)

Check List regarding documents to be submitted with the proposal for the registration of a Multi state Cooperative Society

A.

1. Form 1: To be submitted in the format annexed with the MSCS Act 2002 along with the documents required under Form I.
2. A certificate from the bank stating credit balance there in favour of the proposed multi-state co-operative society.
3. A scheme explaining how the proposed multi state co-operative society has reasonable prospects of becoming a viable unit.
4. Four copies of bye-laws in original.

5. Proposed area of operation for registration shall initially be permitted for two contiguous states only.
  6. List of at least 50 members from each state. The list has to be submitted in the format annexed with the MSCS Act 2002 along with the copies of ID proofs of the members duly attested by Chief promoter.
  7. Certified copies of the resolutions passed by the proposed society along with the certified copy of the resolution of the promoters which shall specify the name and address of one of the applicant(s) to whom the Central Registrar may address correspondence under the rules before registration and dispatch or hand over registration documents.
  8. Contact number and e-mail address of the Chief Promoter or Society on cover page.
- B. For societies having objects related to thrift and credit and for multi-purpose societies following additional documents are required to be submitted along with documents mentioned at point [A] above
9. No objection Certificate from the Registrar of Cooperative Societies of the States/U.T. where the area of operation of the society is proposed to be confined.
  - 10.A certificate to the effect that the credentials of the Chief Promoter/Promoters have been verified by the Registrar of Co-operative Societies of the state where the head office is proposed to be located.



The International Cooperative Alliance <https://www.ica.coop/> was founded in 1895 serves as the oldest NGO represents about 1 billion cooperative members on the planet Likewise in India the National Cooperative Union of India [www.ncui.coop](http://www.ncui.coop) is the oldest founded in 1929 represent entire cooperative movement of the country.

Total 262 institutions registered as member with NCUI in which

- a) 17 are National Level Federations
- b) 28 are State Cooperative Unions
- c) 4 are Cooperative Unions of UTs
- d) 15 are State Cooperative Marketing Societies
- e) 19 are State Cooperative Banks
- f) 9 are State Cooperative Land Development Banks
- g) 6 are State Cooperative Consumer Federations
- h) 5 are State Cooperative Housing Finance Societies
- i) 11 are State Urban Cooperative Banks Credit Associations
- j) 15 are State Cooperative Federations in Dairy/Milk Marketing Federations
- k) 4 are State Cooperative Federations in Sugar/Cane Federations
- l) 22 are others
- m) 1 is State Tribal Development Cooperative Cooperation's
- n) 95 are Multi State Cooperative Societies

#### Types of cooperative societies and subdivisions

Sr. no.	Division of societies	Subdivision

1	Agricultural societies	a. Marketing societies b. Other agricultural societies
2	Crop Protection Societies	
3	Lift irrigation societies	
4	Consumer's Societies	a. Canteens b. (i) Rural Area (ii) urban Area c. Wholesale consumer stores d. Departmental consumer stores
5	Co-operative Banks	a. Central bank b. Other banks (excluding salary Earner's Cooperative Societies c. Salary Earner's Cooperative Societies
6	Farming Societies	a. Collective Farming Societies b. Joint Farming Societies c. Dairy Farming Societies
7	Housing societies	a. Tenant ownership housing Societies b. Tenat co-partnership housing societies c. Other housing societies
8	Housing societies of backward class of Persons	
9	Housing societies of	

	lok awas yojana	
10	Processing societies	a. Agricultural processing societies (excluding sugar factories and spinning milk) b. Industrial processing societies
11	Cooperative sugar Factories	
12	Cooperative spinning Milks	
13	Producers' societies	a. Industrial producers societies
14	Resources societies	a. Credit resources societies (excluding salary earners' societies) .Agriculture .Urban credit societies b. Non-credit resource societies c. Service resource societies
15	General societies	a. Social b. Commercial
16	Other societies	

## **Producer Company:**

Producer Company is a hybrid between cooperative society and a limited company. The concept was introduced to the old companies act, 1956 vide the Companies Amendment Act, 2002. Although the act now have been repealed by virtue of companies act, 2013, the part IXA containing provisions for producer companies remain operative, until the independent insertion of chapter XXIA in the Companies Act, 2013.

The said chapter wholly devoted for Producer Companies was inserted vides the Companies (Amendment) Act, 2020 effective from 11<sup>th</sup> February 2021.

As per section 378A (1) a “Producer Company” means a body corporate having objects or activities specified in section 378B and registered as Producer Company under this Act or under the Companies Act, 1956 (1 of 1956)

378B. Objects of Producer Company.—

(1) The objects of the Producer Company shall relate to all or any of the following matters, namely:—

- a) production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of the Members or import of goods or services for their benefit: Provided that the Producer Company may carry on any of the activities specified in this clause either by itself or through other institution;
- b) processing including preserving, drying, distilling, brewing, vinting, canning and packaging of produce of its Members;
- c) manufacture, sale or supply of machinery, equipment or consumables mainly to its Members;

- d) providing education on the mutual assistance principles to its Members and others;
- e) rendering technical services, consultancy services, training, research and development and all other activities for the promotion of the interests of its Members;
- f) generation, transmission and distribution of power, revitalization of land and water resources, their use, conservation and communications relatable to primary produce;
- g) insurance of producers or their primary produce;
- h) promoting techniques of mutuality and mutual assistance;
- i) welfare measures or facilities for the benefit of Members as may be decided by the Board;
- j) any other activity, ancillary or incidental to any of the activities referred to in clauses (a) to (i) or other activities which may promote the principles of mutuality and mutual assistance amongst the Members in any other manner;
- k) financing of procurement, processing, marketing or other activities specified in clauses (a) to (j) which include extending of credit facilities or any other financial services to its Members.’’.

An Inter-State Cooperative Society means a Multi-State State Cooperative Society as defined in section 3(p) of Multi-State Cooperatives Act, 2002 and includes any Cooperative Society registered under any law in force and which has after its formation, extended any of its objects to more than one state.

Reconversion of producer's company to inter-state cooperative society is presently govern under Part XII of the Producer Companies chapter in the companies act, 2013

**Section 378ZS Re-conversion of Producer Company to inter-State co-operative society.—**

(1) Any Producer Company, being an erstwhile inter-State co-operative society, formed and registered under this Chapter, may make an application—

(a) after passing a resolution in the general meeting by not less than two thirds of its Members present and voting; or

(b) on request by its creditors representing three-fourths value of its total creditors, to the Tribunal for its re-conversion to the inter-State co-operative society.

**Cooperative housing society:**

In the rapid growing urbanization the cooperative housing society has its own place. Certain knowledge of regulatory procedure and due diligence will help in long turn.

A detailed checklist for formation of Housing Cooperative society

1. For Tenant co-partnership housing society

- i. Order copy of society name reservation and bank opening permission
- ii. Form A for registration in annexure A sign of 51% of promoter members out of total promoter member
- iii. Form B information of proposed society

- iv. Form C information of proposed members
- v. Form D financial statements (inclusive of Capital, Registration fee, expenses)
- vi. Plan and form of proposed society
- vii. Society's bank balance of certificate proof of DCC bank
- viii. Original owner and builder / promoter development agreement copy
- ix. 7/12 extract or registered property card extract
- x. Power of attorney copy given by original owner to builder or promoter
- xi. Search report or title certificate from the advocate regarding and is smooth and burden less
- xii. Certified copy of building construction map by municipal corporation or competent officer
- xiii. Certified copy of municipal corporation or competent officer to commence the construction or completion of construction of building
- xiv. Affidavit of chief promoter in form-z which is given before competent officer
- xv. Copy of Index II of stamp duty or registration fee paid by each flat holder
- xvi. Non agricultural land proof ( NA certificate)
- xvii. Registration fees challan
- xviii. Agreement copy between builder and flat holder
- xix. Occupancy certificate
- xx. Mode bye laws

2. For Tenant ownership housing cooperative society

- i. Form A for society registration
  - ii. Court fee stamp of Rs. 5/-
  - iii. Form B, C, 4A, Y- Guarantee letter of chief promoter on Rs. 100/- stamp before competent officer
  - iv. Society bank balance certificate of DDC bank
  - v. Proposed housing cooperative society plan
  - vi. Reserve bank of treasury registration fee challan of Rs. 2500/- and Rs. 50/- for backward class cooperative housing society
  - vii. Land purchase agreement/agreement for sale
  - viii. 7/12 extract or property card extract
  - ix. Certificate from chief promoter or competent officer regarding non applicability of civil maximum land retention act, or the said land of society is free from the said law
  - x. Guarantee letter from government if the concerned land belongs to them
  - xi. NOC from charity commissioner if the land of society belong to the trust
  - xii. Certificate proof regarding the land of the said society incorporate in residential area
  - xiii. Title certificate
  - xiv. Sufficient plot availability outline
3. For Tenant co-partnership housing society (Open land)
- i. All above listed documents
  - ii. Authority letter to sign on behalf of firms or companies where firms or companies are promoters
  - iii. In case of proposed cooperatives housing society where open plots are available and those who are willing to take construction loan from



- Maharashtra state housing finance society or other financial institutions must include minimum 20% of backward class members, if 20% backward class members are not available, then they have to enclose certificate from district welfare officer to registration proposal
- iv. Registration proposal must include signs of 60% promoter members in statement-A
  - v. Development agreement if the land is under development
  - vi. Power of attorney of land

### **Builder-Non Cooperation Co-operative Housing Society**

If builder/promoter procrastinate in registering the Co-operative Housing Society, then in that case, the application for registration of society be submitted in Form 6 (Rule 12) before the authorized officer (District Dy. Registrar in the respective district, who have given power under section 10(1) of the Maharashtra Ownership Flats Act 1963 (For making regulation for encouraging their constructions, their sale, management and transfer). While submitting the said proposal, following documents are Necessary.

1. 7/12 extract of the land or property card.
2. Competent Authority Certificate regarding non-Agricultural land.
3. Order regarding applicable/non-applicable Land ceiling Act Map of the construction approved by the competent authority.
4. Letter of given permission for construction.
5. Completion certificate of Construction.
6. Development Agreement if the land is taken for development.
7. Power of Authority letter of the Land.
8. Copy of the Title search Report.

9. Agreement copy of the flat purchased.
10. Architect certificate regarding construction.
11. List of the Members.
12. Scheme of the Society.
13. Application regarding reservation of Name.
14. Minimum 10 Members shall necessary for the registration of the Society. • Application for registration of Society (A Form)
15. Table containing information of the society (B Form)
16. Table containing information of the members (C Form)
17. Statement of Accounts of the members (D Form)
18. Notarised guarantee letter of the chief promoter of society on the stamp paper of Rs. 100/-
19. Notarised Indemnity Bond of the members who applied for the registration of society on the stamp paper of Rs. 200/-
20. Affidavit of the Members (Minimum 10 promoters' Affidavit)
21. Two copies of bye laws approved by the Commissioner, Co-operation and Registrar, Maharashtra State, Pune.
22. Bank balance statement of the promoter members who have deposited Rs.500/- each as a share and admission fee Rs.100/- in District Central Co-operative Bank after getting sanction for the reservation of name in district of Rs.2500/- paid as society Registration fee in the Government Treasure.

#### Duties and Responsibilities of the Managing Committee

1. Putting a board displaying name of the society, full address with registered survey No. and Registration No. near the main gate of the society which could be seen easily.

2. To raise funds for the society.
3. Recommend to the society for deciding maintenance fee, repair and deposit amount.
4. To give membership, pass the resignation of members similarly to take decision regarding nomination of the members.
5. Internal inspection of the flat.
6. To take decision on the various applications received from the members.
7. To take action against the defaulting members.
8. To issue Share Certificate to the members. 9. To call monthly meeting of the committee and finalize its minutes.
9. To determine agenda of the annual meeting and to call Annual Meeting in prescribed period.
10. To organise special general body meeting as required.
11. To make arrangement of election for the formation of a new committee before expiring the term of the managing committee.
12. To select office bearers by forming the new committee after election.
13. After taking charge of the office by the members of the managing committee, it is obligatory on them to execute bond under Section 73(1) (1AB) in M-20 (bond paper of Rs.100/- and each separately on the cost of the society) and to include the same in the record of the society. Similarly, the responsibility to inform the concerned Registrar in the regard is entrusted with Secretary.
14. It is necessary to take detailed note of taking charge, handover of record with its detailed list of the record received in the minutes of the managing committee meeting. Thereby the record regarding exactly which files received in whose possession and on which date is available with the society permanently.

15. To fill up the vacant post in the managing committee as per provision in the bye-laws and Rule No. 60(5) of Maharashtra Co-operative Rule 1961.
16. To accept the resignation of the members of Managing Committee.
17. To keep neatly the files of members and society records.
18. To finalize the financial statement of the society within 45 days at the end of the financial year.
19. To submit society's record for Audit.
20. To make available papers mentioned in Section 32 as per members demand.
21. To take decision as per provisions in by laws and laws on the complaints received from the members.
22. To give necessary information to the members if he contacted society for selling of the flat and co-operate him for selling as per provisions in by-laws and laws.
23. To take decision on the applicant regarding letting of the flat and inform the same to the concerned member within prescribed time limit.
24. To make agreements as necessary on behalf of the society.
25. To take necessary action for keeping the property of the society in order.
26. To take insurance policy of the building and property of the society. 28. To give approval for change in utilization of flat.
27. To inspect flat of the member internally by taking prior appointment for the purposes of leakage/structural audit etc.
28. To initiate action as per provision in law if the member makes hindrance in internal inspection.
29. To sanction the amendments in laws, rules, bye-laws suggested by the government from time to time with the approval of the general body meeting.

30. It is obligatory on the part of the government to give details of the bill/ bifurcation and also as per which resolution/ bye-law if the members demand so.
31. It is obligatory on the part of the society to accept less amount paid by the member than the amount shown in the bill and it is necessary to give receipt of thereof.
32. There is a provision in the sub-rule about how much maximum interest to be charged. However, it is necessary to make resolution in the general body meeting about charging interest.
33. By doing structural audit of the building, necessary repairs should have been carried out with the approval of the general body meeting.
34. If the society does not have funds and if any member is ready to do leakage work on his own cost, then to form the rules in that regard and take approval of the general body meeting for the same.
35. To submit the fault rectifying report in 'O' form by rectifying the faults in the audit report, within three months to the Auditor and to send its copy to the Registrar

A complaint mechanism before the Registrar in case the dispute arise in the below mentioned categories

1. Registration of Society on misrepresentation
2. Non-issuance of the Share Certificates.
3. Refusal of Membership.
4. No registration of nomination by the society.
5. Non Occupancy charges. 6. Demand of excess premium for transfers.
6. Non supply of copies of the record and documents.
7. Tampering, suppression and destruction of the records of the Society.

8. Non acceptance of the cheques or any other correspondence by the committee.
9. Non maintenance or incomplete maintenance of records and books of the society.
10. Non preparation of the annual accounts/reports, within the prescribed period;
11. Misappropriation/Misapplication of the funds of the society.
12. Defaulter/Disqualified Member on the Committee
13. Investment of funds without prior permission.
14. Reconciliation of account.
15. Audit
16. Non conducting of election before expiry of the term of the committee. 18. Rejection of Nomination.
17. Non calling of general body meeting within prescribed period.
18. Not calling of Managing Committee as prescribed in laws.
19. Resignation of the committee. 22. Any other, like matters which falls within jurisdiction of the Registrar

A complaint mechanism before the cooperative court in case the dispute arise in the below mentioned categories

If following types of dispute arises between member/ members, member and/ or member and society as per Section 91 of the Act.

1. Resolutions of the Managing Committee and General Body Meeting.
2. The elections of the Managing Committee, except the rejection of nominations, as provided under section 152-A of the MCS Act,1960.

3. Repairs, including major repairs, internal repairs, leakages.
4. Place of Parking.
5. Allotment of Plot/ flats.
6. Escalation of construction cost.
7. Appointment of Developer, contractor, architect,
8. Unequal water supply.
9. Excess recovery of dues from the members
10. Any other, like disputes which falls within the jurisdiction of Co-operative court.

A complaint mechanism before the civil court in case the dispute arise in the below mentioned categories

1. Non-compliance of the terms and conditions of the agreement, by and between the Builder/ Developer.
2. Substandard constructions.
3. Purchase Deed. (Transfer of Property)
4. Escalation of construction cost.
5. Any other, like disputes which fall within jurisdiction of the civil court

A complaint mechanism before the municipal corporation or local authority in case the dispute arise in the below mentioned categories

1. Unauthorised constructions/Addition/Alterations, made by the builder/Member/ occupant of the flat.
2. Inadequate water supply to the society.
3. Change of use by the Member/ occupants

4. Any other subject falls under jurisdiction of Municipal Corporation / local authority

Before police

1. Nuisance carried by the unauthorized use of the flat, shop, parking space in the society.
2. Threatening/Assault by or to the members of the society.
3. Any other subject falls under the jurisdiction of the Police

At general body meeting:

1. Non maintenance of the Property of society by the Managing Committee.
2. Non display of Board of the name of the society.
3. Levy of excess fine, by the Managing Committee for act of the member which is in violation of the bye laws.
4. Managing Committee's opposition for legal utilization of available open space.
5. Non issuing the property of the society by the managing committee.
6. Appointment of the architect.
7. Any other subject in the jurisdiction of general body meeting.

Before housing federation

1. Denial of entry to the Secretary of the society by the members.
2. Non acceptance of any communication by the Member/ Managing Committee
3. Convening Special General Meeting provided under bye- law No. 97 and Managing Committee meeting provided under the bye law No. 133.



4. Any other matters.

The Society can implement Re-development process as per instructions and procedure given in the Government directions dt. 03/01/2009.

### **Seven Formulas of Redevelopment : -**

#### **A. Necessity of Special General Body Meeting:**

1. 1/4<sup>th</sup> Members have to demand.
2. Necessary to call meeting within one month.
3. To appoint experts by taking preliminary decision regarding re-development.
4. To consider written instruction from members.
5. Presence of at least 3/4 members necessary.
6. It is essential to give minutes of the meeting to the members and to the office of the Registrar within 10 days.

#### **B. Works to be executed by the Architect and Project Management Consultant.**

1. Fulfillment of legal matters.
2. To submit actual Project Report within two months.
3. To note accepted / rejected suggestions of the members with rationale in the Project Report.

#### **C. Action to be taken by the Managing Committee once Project Report is received.**

1. To make available project report in the society's office for members view.

2. To take joint meeting of the Project Management Consultant and Managing Committee and it is obligatory to display notice of the said meeting on the notice board of the society.
3. To consider the suggestions by members.
4. To prepare draft of the tenders and invite tenders.
5. The developer shall not be a relative of the committee member and office bearers.

**D. Action to be taken after tenders received.**

1. To display the list of the tender received on the notice board.
2. To call meeting of the Managing Committee within 15 days for considering tenders.
3. To scrutinize the tenders after opening it before the members as a spectator in the said meeting and to prepare a comparative table.

**E. Procedure of Sanctioning Tenders.**

1. The Secretary of the society shall make an application with list of the members within eight days to the Registrar of Societies for appointing authorized officer for calling a Special General Body Meeting.
2. The Registrar of the Societies shall appoint an authorized officer for calling Special General Body Meeting.
3. The Authorised Officer should have to call a Special General Body Meeting within one month.
4. Representatives of the tenderors shall present in the said meeting.
5. Arrangement of Video Shooting will be made.
6. Meeting will be held in the presence of Authorized Officer.
7. Only members of the society shall attend the meeting. To keep an Identity Card with him will be necessary.

8. 3/4<sup>th</sup> Quorum for meetings is necessary. The meeting can postpone for 8 days for want of Quorum.
9. If 3/4<sup>th</sup> Quorum is not there for adjourned meeting, then the meeting will be cancelled and this subject cannot put up before the General Body Meeting for the next one year.

**F. Proceeding of the Special General Body Meeting :**

1. Presentation opportunity should be given to the Developer.
2. The appointment of the developer will be made by majority of 3/4<sup>th</sup> of the members present and in writing.
3. To finalise the tender with terms and conditions of one developer for redevelopment.

**G. Agreement :**

1. The Society and Developer will execute agreement within one month as per resolution of Special General Body Meeting.
2. Prominent matters in the agreement.
  - a. Tenure of the project should not be more than two years as far as possible.
  - b. The Developer will give Bank Guarantee of 20% of the cost of Project to the society.
  - c. Developer will provide alternate arrangement accommodation.
  - d. Rights of the Developer will be transferable.
  - e. If any dispute arises on above matters, then the provision will be made to solve it under Section 91.

Audit of cooperative housing society:

Responsibility of doing Audit

- Since the Co-operative Housing Societies are included in Section 81(1) (B) of the Maharashtra Co-operative Societies Act, 1960, the audit of the said societies should have to be made themselves.

- It is obligatory to make audit from the panel auditors kept on the level of Divisional Joint Registrar, Co-operative Societies. Audit cannot be made from the same auditor for continuous more than two years period.
- The appointment of the auditor should be made in the Annual General Body Meeting of the society.
- Details like name, address, telephone number of the auditor appointed should be displayed on the notice board of the Society or other noticeable places and informed the same to the Registrar of the Society.
- The Complainant member can submit their complaints before the Auditor and it could be redressed. It is necessary that the Auditor should declare the details of date and time regarding when he is coming for auditing in the society and display it on the notice board or at prominent place in the society.
- The Secretary of the Society should make available necessary papers, accounts books to the auditors for auditing as per provisions in the byelaws.
- It is necessary that the society should make available the copies of the audit report to the members if they demand so by charging necessary fees as per provisions in the law before placing it in the general body meeting

#### Matters to be added in the audit

Inclusion of following matters under Section 81(2) of the Maharashtra Cooperative Societies Act, 1960 is obligatory in the report of the Audit.

1. Cash balance and investment and society's liability and valuation of property.
2. If decision like unreasonable penalty, unjustifiable charging and charging excess charges in respect of transference fee/ non occupancy charges then the directions in that regard are taken and implemented

on the level of society, then it is obligatory to give remarks and instructions for action to be taken should be made in the audit report otherwise the main purpose of rectification of faults in the societies working would not be served.

3. While doing objective evolution of the financial transactions of the society, it is necessary to check the matters like whether renewal of the funds were made or not prescribed procedures for incurring expenditure on major repairing work was followed or not and accordingly mentioned clear remarks and instructions should be mentioned in the audit report.
4. In addition, it is obligatory for the benefit of the society to inspect following matters which are generally neglected by the auditor in respect of Housing Societies and include the remarks thereof in the audit report.
5. Whether the personal expense is put under the head of profit and loss account?
6. Whether the society has made expenses for fulfilling the purpose or not?
7. Whether the interest of the society is hurt by making transaction with book entry.
8. Whether the Society is fulfilling liability toward member or not?
9. Whether legal proceedings was initiated in time against the default members?
10. Whether membership of the Housing federation is taken or not?
11. Whether the bonds executed under section 73 (1) (AB) are proper in view of statutory or not?
12. Whether the payment of education cess was made on not?
13. Whether reconciliation and financial statements up to the last date of inspection was inspected or not?

14. Whether the profit & loss statement in the financial year are inspected or not? And whether the remarks and instructions in that respect are included or not?
15. Whether all records necessary for auditor was available for audit and was it sufficient as per his knowledge and belief for auditing?

16. Whether the society has kept necessary books as per law, rules and byelaws? And whether the re-conciliation and profit and loss statement match with the ledger books of the society.
17. If the answer is negative in this matter, then that deficiency should be noted in the audit report with reason as per rule 69(5).
18. Whether the membership of District Housing Federation is taken or not? And payment of annual fee of the said federation is made or not?

In addition to this if the matters which are to be taken seriously in the audit report in conformity with the following points then it is necessary to note that separately with the remarks of the auditor.

1. Transactions took place in violation of law, rules, bye-laws.
2. The details of those amounts which was to be taken into account but not taken.
3. Improper and irregular expenditure. 4. Dubious and bad amounts. 5. Matters prescribed by the Registrar.

Procedure of deemed conveyance:

Since this process be made simple and quick the government by its order dt. 24th February, 2011 has restricted documents, number to be attached with the application.

1. It is necessary to make an application in Form -7 before the District Dy. Registrar, Co-operative Societies (Competent Authority) by the society.
2. It is necessary to affix a court fee stamp of Rs.2000/- on the application. 3. It is necessary to attach available papers of following papers with application.
  - 1) Affidavit made before the Notary or Executive Magistrate.



- 2) True copy of the Society Registration Certificate. If it is an apartment then copy of the Deed of Declaration.
- 3) 7/12 extract of the land or extract of Property Registration Card.
- 4) Registered agreement copies of all flats/shops (All copies of the agreement which were executed)
- 5) List of members in prescribed format.
- 6) Copy of the Development Agreement.
- 7) If there is Power of Attorney then its copy.
- 8) Copy of the Notice issued to the original owner or developer for doing conveyance.
- 9) Details of corresponding address telephone number etc. of the original owner or developer.
- 10) Search Report of the land.
- 11) Copy of the Non-Agricultural Order.
- 12) Certificate of the exclusion from Land Ceiling Act (U.L.C.) Certificate)
- 13) Copy of the sanctioned plan of the building.
- 14) Land Measurement Map/Architect's Certificate.

### **Conclusion:**

The co-operative movement that was started to help the rural indebtedness has now made noticeable progress. The sector has grown in size and expanses, resulting in creating a space for itself in the economic framework of the country. Professionals like chartered accountant can too contribute to nation by serving such cooperatives and reach out to society. With their excellent technical and soft skills they are well

fitted for the role of assistance to cooperatives banks, multi state cooperative societies, cooperative societies, and can serve the cooperative sector ultimately serve the nation.

The cooperative sector in India is not only a pillar of the economy but also a vast landscape of professional opportunities, especially for Chartered Accountants. By leveraging their financial expertise, CAs can play a vital role in fostering the growth and sustainability of cooperatives, thereby contributing to India's vision of becoming a leading global economy. As this sector continues to evolve, the demand for skilled professionals will only increase, making it a promising avenue for career advancement in the coming years.

By serving cooperatives, Chartered Accountants not only advance their careers but also contribute to the broader goal of national development. Their involvement in the cooperative sector helps uplift rural communities, promote financial inclusion, and support sustainable development initiatives. Through their technical and soft skills, CAs can play a pivotal role in fostering a cooperative ecosystem that benefits society at large.

Few links:

- Commissioner and registrar of co-operative societies, state of Maharashtra <https://sahakarayukta.maharashtra.gov.in/>
- Office of The Central Registrar of Cooperative Societies: <http://mscs.dac.gov.in/MSCS/>
- Government of Maharashtra <https://maharashtra.gov.in/>
- NABARD <https://www.nabard.org/>
- Yashada [https://www.yashada.org/yashada\\_2019/index.php](https://www.yashada.org/yashada_2019/index.php)
- Sugar commissionerate <http://mahasugarcom.gov.in/>
- National institute of rural development <http://nirdpr.org.in/>

- Krishak bharati cooperative limited <https://www.kribhco.net/>
- Tribal cooperative marketing development federation of India limited <https://tribal.nic.in/>
- National agriculture cooperative marketing federation of India <http://www.nafed-india.com/>
- National cooperative development corporation <https://www.ncdc.in/>

- Reserve bank of India <https://www.rbi.org.in/>
- The National Cooperative Union of India [www.ncui.coop](http://www.ncui.coop)
- Andhra Pradesh <http://www.cooperation.ap.gov.in/>
- Assam <https://online.assam.gov.in/cooperation>
- Karnataka <http://sahakara.kar.gov.in/>
- Punjab <https://punjabcooperation.gov.in/>
- Bihar <http://cooperative.bih.nic.in/>
- Chhattisgarh <http://coop.cg.gov.in/>
- Jharkhand <http://coop.jharkhand.gov.in/>
- Madhya Pradesh <http://cooperatives.mp.gov.in/hi>
- The International Cooperative Alliance <https://www.ica.coop/>
- Kerala <https://kerala.gov.in/>
- Orissa <http://www.rcsorissa.nic.in/>
- Rajasthan <http://www.rajcooperatives.nic.in/>
- Gujarat <https://rco.gujarat.gov.in/index.htm>
- The International Raiffeisen Union (IRU) located in Germany <https://www.iru.de/>
- The Network for Development of Agricultural Cooperatives in Asia and the Pacific (NEDAC), new Delhi <https://www.nedac.info/>
- The Center for International Cooperation in Training & Agricultural Banking (CICTAB) Pune, <https://www.cictab.ac.in/>
- The Asian Farmers' Group for Cooperation (AFGC) <https://asianfarmers.org/>
- The Brazil Russia India China South Africa (BRICS) <https://infobrics.org/>

