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Popular Article

Revamping Cooperatives: A Comparative Look at 2002 and 2023 MSCS Acts

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Abstract

Multi-State Cooperative Societies (MSCSs) operate across various sectors such as agriculture, credit, housing, transportation, fisheries, and more, serving members from more than one state in India. The Multi-State Cooperative Societies Act of 2002 provided the legal framework for these entities, but challenges in resource pooling, governance, and equitable benefit sharing persisted. The Multi-State Cooperative Societies (Amendment) Act of 2023 marks a milestone, reinforcing transparency, accountability, and inclusivity within the cooperative sector. To provide insights into the structural changes, such as establishing new governance structures like the Election Authority, Cooperative Ombudsman, and e-filing systems, this paper uses MAXQDA software for thematic analysis of the 2002 and 2023 Acts. The main changes intended to improve the effectiveness, transparency, and democratic operation of MSCSs in India are highlighted in this report. It also examines how these changes might affect the cooperative sector's future growth and operational dynamics.

Keywords: Multi-State, Cooperative societies, Election authority, Governance, and Transparency, Thematic analysis,

Introduction

Multi-State Cooperative Societies (MSCSs) operate in either credit, housing, agriculture, transportation, hospitals, dairy, sugar, fisheries, handlooms, labour, consumers, etc. or multipurpose across more than one State. These MSCSs have limited liability, separate legal identity and member's ability of transferring membership. MSCS acts as a Nodal Agency for production, processing, storage and marketing of products and services at national level. MSCS is based on self-help and mutual aid to promote socio-economic well-being and serving the interest of members (minimum 50) from more than one State. Multi-State Cooperative Societies Act 2002 came into existence to provide the legal structure to serve the purpose of MSCSs. However, MSCSs still had to deal with issues like governance, resource pooling, and making sure that members received benefits fairly. A major turning point in the Indian cooperative industry, the Multi-State Cooperative Societies (Amendment) Act 2023 showed a strong commitment to accountability, openness, and inclusivity. The present article is a pioneer effort to compare MSCS Act 2002 and MSCS act 2023 by using thematic analysis



methodology (Braun and Clarke, 2012) following MAXQDA software for comprehensive understanding of the qualitative insights from Multi-State Cooperative Amendment Act 2023.

Thematic analysis of MSCS Act 2002 and MSCS Act 2023

The diagrammatic output (Fig. 1) of thematic analysis carried out for comparing the MSCS (Amendment) Act 2023 with the MSCS Act 2002 highlights the key structural similarities and changes in MSCS acts. In MSCS Act 2002, the key areas like administration, federalization, registration standards, and financial operations were prioritized while in MSCS Act 2023 along with administration, federalization, registration standards, and financial operations, establishing an election authority for fair elections, a cooperative ombudsman for grievance resolution, information officers for transparency, a central inquiry register for data access and e-filing for administrative efficiency were introduced for enhancing governance, transparency and service delivery. Table 1 clearly demonstrates the theme wise amendments MSCS Act 2002.

Table 1 Theme-wise amendments in the MSCS Act 2002

Themes	MSCS Act 2002	MSCS Act 2023
Registration Period	4-months decision time for registration.	3-months decision time for registration, extendable by 2 months if ensures procedural integrity.
Federalization	Society de-registration based on Registrar's directive; cessation linked to registration date.	Automatic de-registration based on conditions, with formal communication via Central Registrar certificate.
Revocation of Member	Expelled members ineligible for re-admission for 1 year.	Re-admission is prohibited for an extended period of 3 years.
Redemption of Shares	Shares redeemable per society bylaws.	Government shares require prior approval; other shares follow bylaws.
Administration	Maximum 21 directors; no gender or caste mandates.	Mandatory 1 SC/ST and 2 women members; Co-opted directors excluded from voting.
Ineligibility	Limited to insolvency or unsound mind; 5-year ineligibility for failed elections.	Expanded to include audit delays, compliance failures, and directorship of insolvent/superseded entities.
Chief Executive	30-days deadline for presenting draft financial statements.	45-days deadline for presenting draft financial statements.
Borrowing Limits	Capped at 10 times of subscribed share capital and reserves.	Determined by the Central Government without explicit multiples.
Recovery of Dues	Recovery primarily from society property and members' estates.	Central registrar empowered to attach bank accounts for specific dues.
Offenses & Penalties	Fines ranged from ₹ 2,000 to ₹ 10,000 for false information.	Fine increased to ₹5,000-₹1 lakh, with potential imprisonment for unlawful gains.



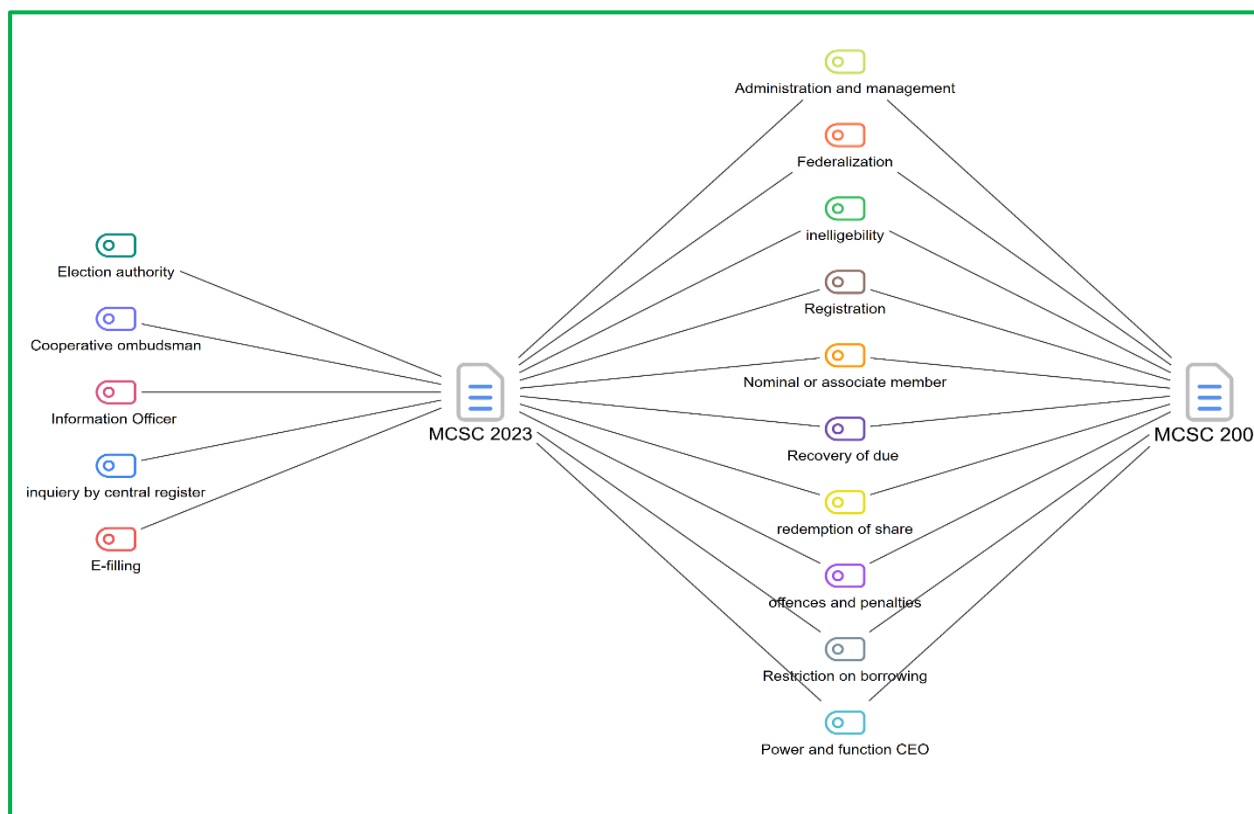


Fig. 1 Thematic comparison among MSCS Act 2002 and MSCS Act 2023

New sections introduced in MSCS Act 2023

- a) *Election Authority*: The Cooperative Election Authority consists of a Chairperson, a Vice-Chairperson, and up to three Members appointed by the Central Government for a three-year term or until age sixty-five, whichever comes first. Ex-officio Members retain their positions as long as they serve officially. Non-ex officio Members can be removed under certain conditions or resign with thirty days' notice. A new appointment for any vacancy must be made within ninety days. The Authority is responsible for conducting elections for multi-state cooperative societies and managing electoral rolls.
- b) *Central Registrar inquiry*: The Central Registrar may take appropriate measures if they believe multi-state cooperative societies are involved in fraudulent activities. They could request written information on suspected misconduct from the society to ensure transparency and compliance with the law.
- c) *Cooperative Ombudsman*: To look into member complaints from multi-state cooperative societies, the Central Government may designate a Cooperative Ombudsman. Within a month, these societies must abide by the Ombudsman's orders. The society may file an appeal with the Central Registrar if disputes emerge.



- d) *Cooperative Information Officer*: Each organization must designate a Cooperative Information Officer to handle member information requests to maintain transparency. The officer must respond within thirty days.
- e) *E-filing*: Electronic filing is required for all paperwork, refunds, and applications. For efficiency and security, society-related notices and communications should also be sent electronically and verified.

Potential implications of the comparison

This comparison aids in understanding the specific amendments made to improve MSCS governance and transparency, strengthen mechanisms to protect members' interests and encourage financial discipline, improve democratic control and participation, make dispute resolutions more effective and member-friendly, balance the need for central oversight without interfering with autonomy and cooperative principles, encourage ease of doing business, modernize and digitize cooperatives, end previous criticisms regarding inclusion and representation in cooperative societies, and strengthen penalties for non-compliance.

Conclusion

Stakeholders in the cooperative sector could gain additional knowledge regarding the modifications made to India's MSCS regulatory framework. The comparison makes clear key adjustments that can lead to the MSCSs growing and functioning more efficiently, such as enhanced accountability, inclusion, financial transparency, and governance. Moreover, this comparison can serve as a valuable tool for identifying ongoing challenges and areas where further reforms may be necessary to support the MSCSs in India.

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