

# **OVERVIEW OF CO-OPERATIVE SECTOR & PROFESSIONAL OPPORTUNITIES**



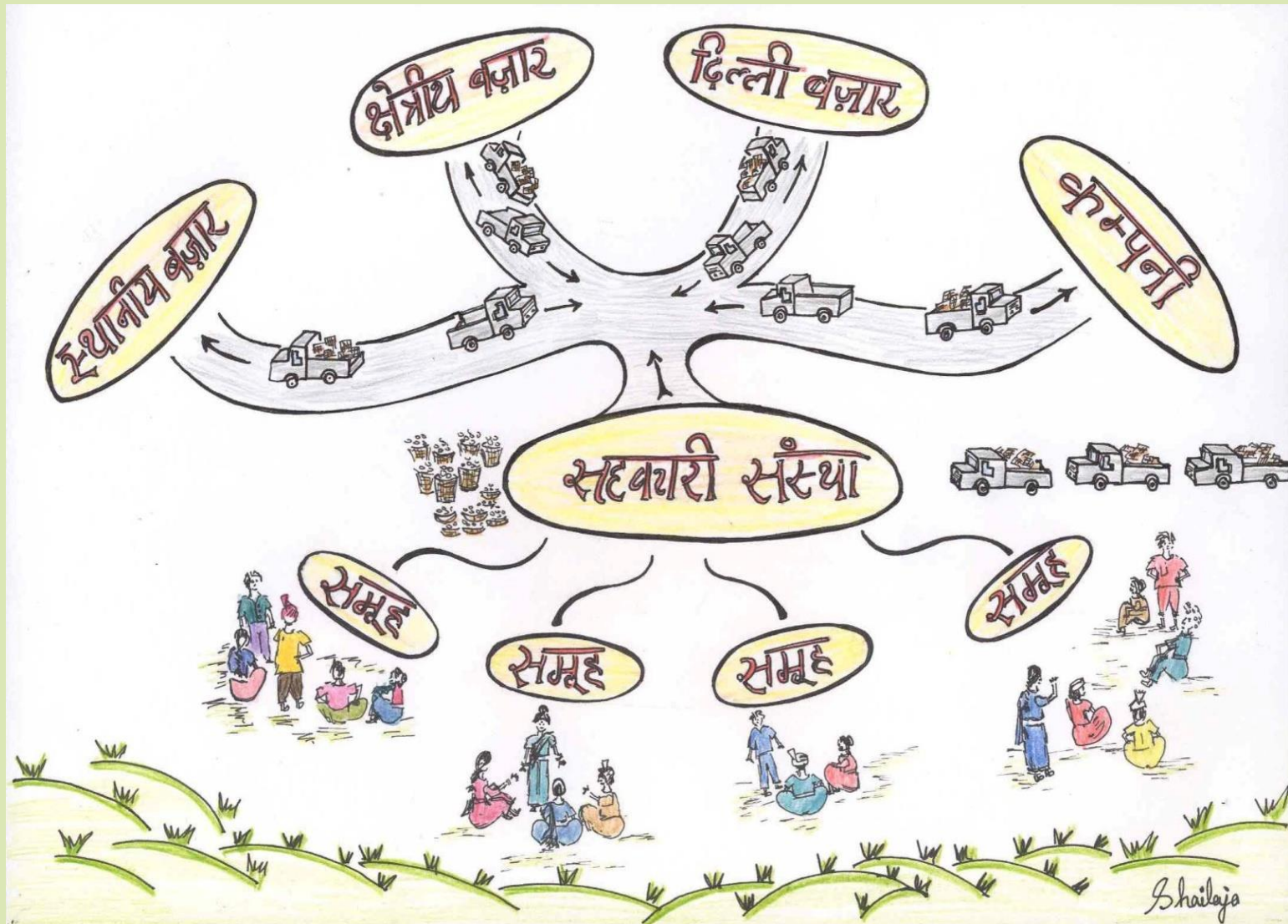
**CA Rajkumar S. Adukia**  
**Chairman**

**Committee for Co-Operatives and NPO Sectors, ICAI**

**Mob: 9820061049/9323061049**

**Email: rajkumarradukia@caaa.in**

# CO-OPERATIVE SECTOR



An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

“ International Co-operative Alliance (ICA)”



# MEANING OF CO-OPERATION

## ‘ Co-operation’

Derived from the Latin word ‘ co-operari

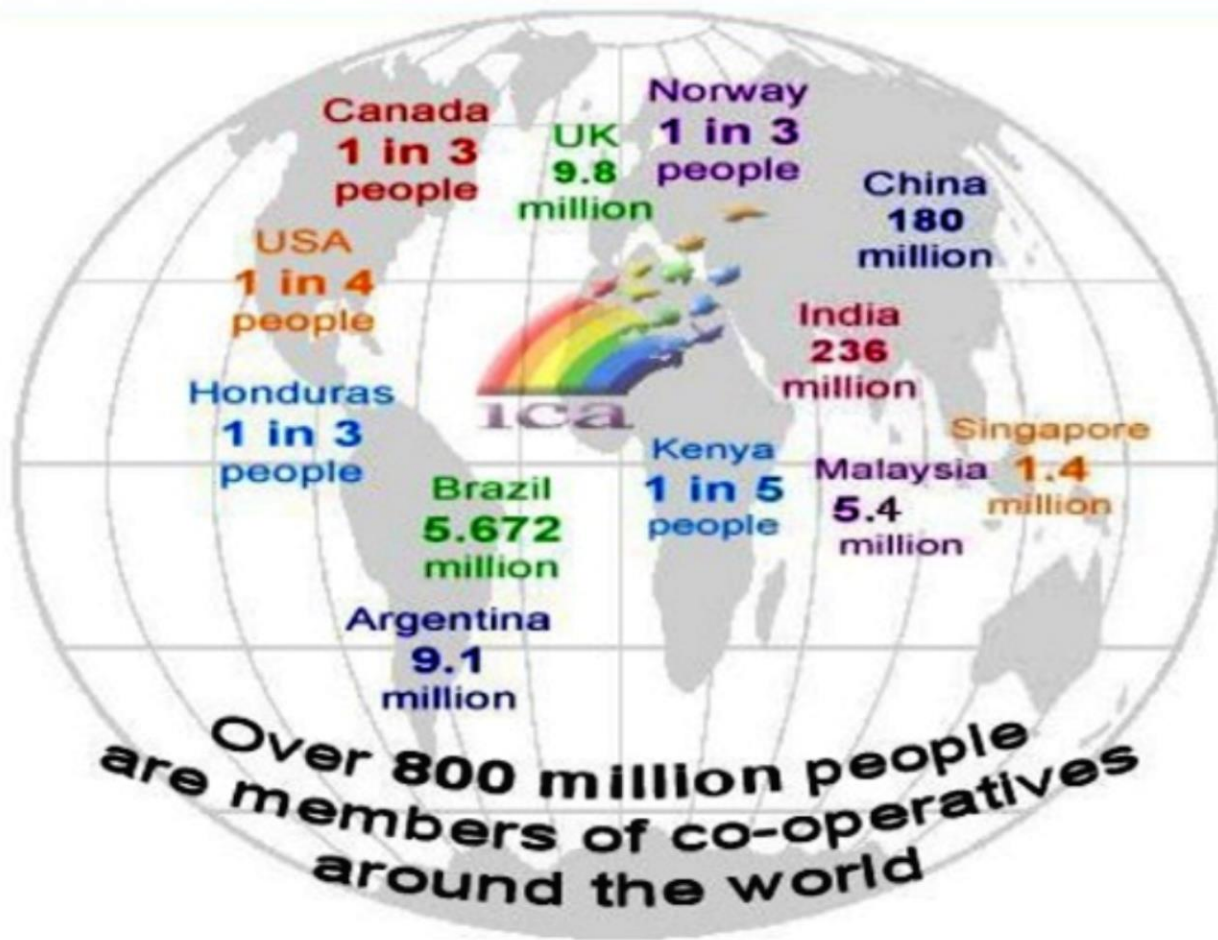
‘ co ’ means ‘with’ and ‘ operari ’ means ‘to work’

Co-operation ’ means working together

‘Section 4 of the Co-operative Societies Act, 1912 defines cooperatives "as a society which has its objectives the promotion of economic interest, its members in accordance with cooperative principles.”

Co-operative Society ’ means

- ✓A voluntary association of persons;
- ✓working together with common economic objective ;
- ✓providing support to the members;
- ✓self-help and mutual help ;
- ✓non-profit motive;
- ✓pooling individual resources for group welfare;
- ✓for common benefit .



# The Cooperative Principles

First schedule of the Multi state cooperative societies Act,2002 (sec 3(g))

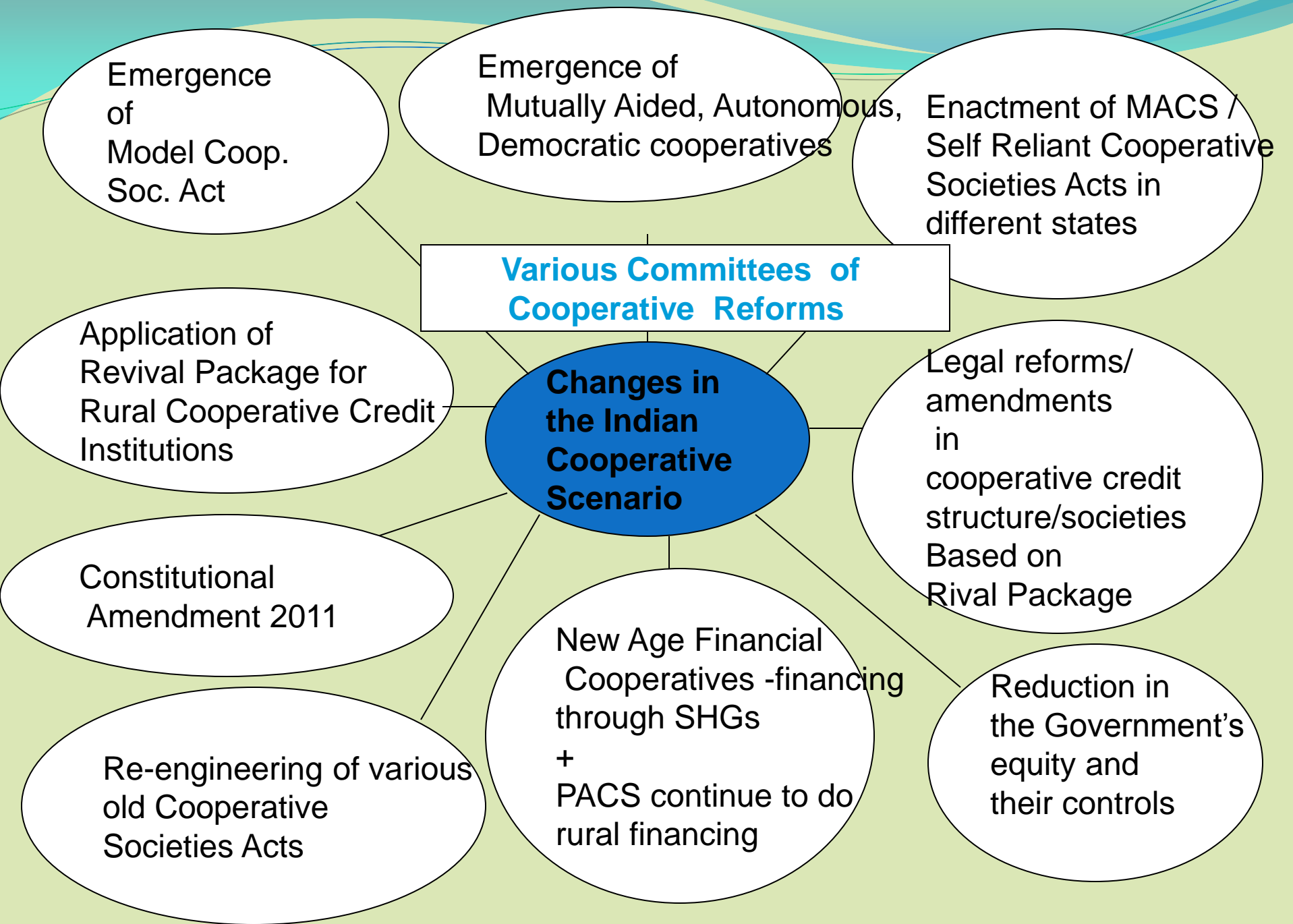


# COOPERATIVES IN INDIA (HISTORY)

- owes its origin to agriculture and allied sectors.
- At the end of the 19th century, the problems of rural indebtedness and the consequent conditions of farmers created an environment for the chit funds and cooperative societies.
- experience gained in the working of cooperatives led to the enactment of Cooperative Credit Societies Act, 1904.
- Under the Government of India Act, 1935, cooperatives were treated as a provincial subject.
- The item "Cooperative Societies" is a State Subject under entry No.32 of the State List of the Constitution of India.
- In order to cover Cooperative Societies with membership from more than one province, the Government of India enacted the Multi-Unit Cooperative Societies Act, 1942.

# IMPORTANT FACTS ABOUT COOPERATIVE/NPO

- **Year 2012**, has been declared as **International Year of Cooperatives** by United Nations of States. (Launched on 31<sup>st</sup> Oct, 2011)
- In India, Cooperative and NPO is the **third largest sector of the economy**.
- Form **birth till death**, Cooperative/NPO sector affects each and every part of our life. It is present in our routine and day to day life.
- There are **more than 10 Lacs NPO** in the India
- NPOs **employ more than 25 million persons** on paid and volunteer basis
- **10 States cover more than 80% of the society** i.e. Maharashtra, Andhra Pradesh, UP, Kerala, Karnataka, Gujarat, WB, Tamilnadu, Orissa and Rajasthan
- Following are the facts from Annual Report 2009-10, FCRA, Ministry of Home Affairs :
  - a) A total of 38436 associations have been registered under FCRA Act 2010 upto 31/03/2010.
  - b) 21508 Associations reported a total receipt of Rs. 10337.59 Crore as foreign contribution.



# TYPES OF CO-OPERATIVE SOCIETIES

**Multi state  
cooperative**



**Regulated by Multi-  
state co-operative  
Societies Act, 2002**

**State  
cooperative**



**Regulated by  
respective state  
co-operative Acts**

# STATUTES GOVERNING CO-OPERATIVES

## Co-operative Societies:

- A) Co-operative societies Act 1912
- B) Multi-state Co-operative Societies Act 2002
- C) State Co-operative Societies Acts
- D) Mutually Aided Co-operative Societies Act (MACS)

## STATE CO-OPERATIVE SOCIETIES ACTS OF INDIVIDUAL STATES

S.No.	State/Union Territory	Co-operative Societies Act
1	Central Act	The Co-operative Societies Act, 1912 The Multi State Cooperative Societies Act, 2002
2	Andhra Pradesh	The Andhra Pradesh Co-operative Societies Act, 1964 The Andhra Pradesh Mutually Aided Co-operative Societies Act, 1995 The Co-operative Societies Act, 1912
3	Assam	The Assam Co-operative Societies Act, 1949
4	Bihar	The Bihar Co-operative Societies Act, 1935 Bihar self supporting Co-operative Societies Act, 1996
5	Gujarat	The Gujarat Co-operative Societies Act, 1961
6	Kerala	The Kerala Co-operative Societies Act, 1969 The Co-operative Societies Act, 1912
7	Madhya Pradesh	The Madhya Pradesh Co-operative Societies Act, 1960
8	Tamil Nadu	Tamil Nadu Co-operative Societies Act, 1983 The Co-operative Societies Act, 1912

## STATE CO-OPERATIVE SOCIETIES ACTS OF INDIVIDUAL STATES

9	Maharashtra	The Maharashtra Co-operative Societies Act, 1960 The Co-operative Societies Act, 1912
10	Karnataka	The Karnataka Co-operative Societies Act, 1959 Karnataka Souharda Co-operative Act, 1997 The Co-operative Societies Act, 1912
11	Orissa	The Orissa Co-operative Societies Act, 1962 The Co-operative Societies Act, 1912
12	Punjab	The Punjab Co-operative Societies Act, 1961 The Co-operative Societies Act, 1912
13	Rajasthan	The Rajasthan Co-operative Societies Act, 2001 The Co-operative Societies Act, 1912
14	Uttar Pradesh	Uttar Pradesh Co-operative Societies Act, 1965 The Co-operative Societies Act, 1912
15	West Bengal	The West Bengal Co-operative Societies Act, 2006 The Co-operative Societies Act, 1912

## STATE CO-OPERATIVE SOCIETIES ACTS OF INDIVIDUAL STATES

16	Jammu and Kashmir	The Jammu and Kashmir Co-operative Societies Act, 1989 The Jammu and Kashmir Self reliant Cooperatives Act, 1999 The Co-operative Societies Act, 1912
17	Nagaland	The Assam co-operative societies act, 1949 (as applicable to Nagaland)- made applicable by The Nagaland Cooperative Societies (Amendment) Act, 2005 that is to amend the Assam Co-operative Societies Act, 1949
18	Haryana	The Haryana Co-operative Societies Act, 1984 The Co-operative Societies Act, 1912
19	Himachal Pradesh	The Himachal Pradesh Co-operative Societies Act, 1968 The Co-operative Societies Act, 1912
20	Manipur	The Manipur Co-operative Societies Act, 1976
21	Tripura	The Tripura Co-operative Societies Act, 1974 The Co-operative Societies Act, 1912

## STATE CO-OPERATIVE SOCIETIES ACTS OF INDIVIDUAL STATES

22	Meghalaya	Meghalaya Co-operative Societies Act (Assam Act I of 1950 as adopted by Meghalaya) The Co-operative Societies Act, 1912 is repealed except Sec.28(a) and (b) in respect of Stamp Duties
23	Sikkim	The Sikkim Co-operative Societies Act, 1978 The Co-operative Societies Act, 1912
24	Mizoram	The Mizoram Co-operative Societies Act, 2006 The Co-operative Societies Act, 1912
25	Arunachal Pradesh	The Arunachal Pradesh Co-operative Societies Act, 1978
26	Goa	The Goa Co-operative Societies Act, 2001 The Co-operative Societies Act, 1912
27	Chhattisgarh	The Chhattisgarh Co-Operative Societies Act, 1960
28	Uttarakhand	The Uttaranchal Self-reliant Co-operative Act, 2003 The Uttaranchal Co-operative Societies Act, 2003 The Co-operative Societies Act, 1912

## STATE CO-OPERATIVE SOCIETIES ACTS OF INDIVIDUAL STATES

29	Jharkhand	The Jharkhand Co-operative Societies Act, 2008 The Co-operative Societies Act, 1912
30	Telangana	-
31	Delhi	The Delhi Co-operative Societies Act, 2003 The Co-operative Societies Act, 1912
32	Andaman and Nicobar Island	The Co-operative Societies Act, 1912
33	Lakshadweep	Lakshadweep Co-operative Societies Regulation 1960
34	Dadra and Nagar Haveli	Gujarat Co-operative Societies Act, 1961 ( As extended to this U.T. from the year 1966) The Co-operative Societies Act, 1912
35	Daman and Diu	The Maharashtra Co-operative Societies Act, 1960 The Co-operative Societies Act, 1912
36	Pondicherry	The Pondicherry Co-operative Societies Act, 1972 The Co-operative Societies Act, 1912
37	Chandigarh	The Punjab Co-operative Societies Act, 1961 The Co-operative Societies Act, 1912

# **THE CONSTITUTION (97TH AMENDMENT) ACT, 2011 WITH EFFECT FROM 15TH FEBRUARY 2012.**

- Constitution of India divided into twenty two parts, 395 articles and twelve schedules.
- Part-III - Fundamental Rights (Articles 12 to 35). Article 19(c) to include under right to freedom the right to citizens to form co-operative societies.
- Article 43B of Part-IV Directive Principles of State Policy  
“Promotion of co-operative societies – The State shall endeavor to promote voluntary formation, autonomous functioning, democratic control and professional management of co-operative societies”
- Part IXB – Article 243ZH to Article 243ZT The Co-operative Societies – inserting articles relating to the co-operative societies.

This part gives out the co-operative societies related provisions of incorporation, board structure, election of members, application of this part among others. Article 243ZR under this part also specifies that these provisions shall also apply to multi-state co-operative societies.

# SECTOR WISE CLASSIFICATION OF COOPERATIVES

1. *Worker Cooperatives*
2. *Producer Cooperatives*
3. *Purchasing Cooperatives*
4. *Agriculture/ Forestry*
5. *Banking/ Credit Unions*
6. *Consumer*
7. *Health*
8. *Insurance*
9. *Workers, Industrial, Artisanal & Service Producers*
10. *Fisheries*
11. *Housing*



# PRODUCER COMPANY

# **PRODUCER COMPANY (PC)**

## **A HOLISTIC CONCEPT**

- PC is an entity for, by and of producers
- Needs government funding
- PC staffed by professionals
- Producers responsible for on farm activities
- Managed by professionals

# ORIGIN OF CONCEPT

The concept of producer companies was introduced in 2002 by incorporating a new Part IXA into the Companies Act, 1956 based on the recommendations of an expert committee led by noted economist, Y. K. Alagh.

**Aim of the Committee was to -**

- frame a legislation that would enable incorporation of cooperatives as companies and conversion of existing cooperatives into companies
- ensuring the unique elements of cooperative business with a regulatory framework similar to that of companies.

# CHARACTERISTICS OF PRODUCER COMPANY

- The registered producer company should be treated as a private limited company with the significant difference that a minimum of two persons cannot get them registered.
- These companies are with limited liabilities and limited only by share capital.
- The liability of the members is limited to the unpaid amount of the shares held by them.
- The maximum number of members can exceed 50.
- It shall never become a public (or deemed public) limited company.
- Members' equity cannot be publicly traded but be only transferred.

# WHY PRODUCER COMPANY?

- To offer a statutory and regulatory framework that creates the potential for producer-owned enterprises to compete with other enterprises on a competitive footing.
- To provide for the method of formation and registration of “Producer Companies” which, inter alia carries the principles of “mutual assistance” and “Co-operation” within the more liberal regulatory framework afforded by the company law with suitable adaptation.
- To provide an opportunity (on a purely voluntary basis), to the existing large multi-state cooperative institutions and societies, to voluntarily convert themselves into the new form of producer companies.

# DIFFERENCE BETWEEN COOPERATIVE

Cooperative	Producer company
registered under the Cooperative society Act	registered under the companies Act
Cooperative is single objected	Producer company is multi objective
Cooperative share is not tradable and transformable	share is not tradable but can be transferred to limited members on per value
Area of operation is restricted	entire union of India - operation
Cooperative membership is individual and cooperatives	membership will be individual, group, Association, producer of service
one member can vote only one vote but register of cooperatives have veto power	one member can vote only one vote company can not hold veto power
borrowing power is restricted	borrowing power - more freedom and more alternatives

## **Provisions relating to producer company (Sec 581A to 581ZT of the Companies Act 1956) (Sec-465 of the Companies Act, 2013)**

### **PROCEDURE FOR INCORPORATION OF PRODUCER COMPANY**

- Section 581C of the Companies Act, 1956 lays down the provision relating to formation and registration of producer company.
- Any ten or more individuals, each of them being a producer or two or more producer institutions or a combination of ten or more individuals and producer institutions, desirous of forming a producer company having its objects, specified in section 581B
- A producer company can be incorporated only for the objects as given in section 581B of the Companies Act, 1956 and for no other purpose, whether directly or indirectly.
- Last words in name as producer limited company
- All other provisions relation availability of name, filling of MOA & AOA, certificate of registration, audit , management and compliances are more or less similar to normal private limited company incorporated under the companies act, 1956.

# **CO-OPERATIVE SOCIETIES IN NCT OF DELHI**

The Co-operative movement in the NCT of Delhi was born on 25<sup>th</sup> March, 1904 with the enactment of first co-operative Societies Act, No.X.

## **Acts & Regulation**

- The Delhi Co-Operative Societies Act, 2003
- Delhi Cooperative Tribunal Rules 2006
- The Delhi Co-Operative Societies Rules, 2007



# **PROFESSIONAL OPPORTUNITIES IN THE CO-OPERATIVE SECTOR**

# PROFESSIONAL OPPORTUNITIES

1. Drafting of bye-laws
2. Registration of society
3. Consultancy with regard to formation of society and activities of the co-operative society
4. Drafting of various deeds and agreements
5. Annual Compliances
6. Representation before the Co-Operative court / Co-Operative Appellate court / Cooperative Arbitration Courts
7. Co-Operative arbitration
8. Advisory on recovery of dues to the co-operative societies
9. Compliances under direct and indirect tax laws
10. Labour law Compliances

# PROFESSIONAL OPPORTUNITIES

11. Maintenance of accounts
12. Internal audit
13. Statutory Audit
14. Compliances under the Companies Act 1956 for  
Producer Company
15. Consumer Protection Act, 1986

# DEVELOPING WORK IN COOPERATIVE SECTOR

- Writing articles in cooperative/NPO related magazines and other publications
- Participating as speaker in conferences
- Communicating with people related to cooperative activities
- Building a cooperative information website
- Writing books on topics covered under cooperative
- Projecting oneself as a cooperative society expert
- Reaching out to the prospective service receivers
- Using social media to reach more number of people related to Cooperative societies
- Increase expertise in the field of Cooperative society by undertaking capacity building initiatives

**QUESTIONS/ SUGGESTIONS/  
COMMENTS???**



**THANK YOU**