

IMPLICATIONS AND EFFICACY OF THE INDIAN MULTI-STATE COOPERATIVE SOCIETY AMENDMENT ACT 2023: A COMPREHENSIVE ANALYSIS

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Abstract:

The *Multi-State Cooperative Society Amendment Act 2023* is a significant milestone in the evolution of India's cooperative sector. The Act aims to address governance deficiencies and enhance cooperation among cooperatives in India. One notable example is the Act's establishment of the Cooperative Rehabilitation, Reconstruction, and Development Fund to revive ailing multi-state cooperative societies. This initiative aims to support struggling cooperatives. However, it also imposes a financial burden on profitable entities. Requiring profitable cooperatives to contribute to the fund may raise questions about equity and competitiveness within the sector. The Act also introduces measures to promote democratic governance, including the establishment of the Cooperative Election Authority, Information Officer, and Ombudsman. These initiatives aim to enhance transparency, accountability, and member participation in cooperative decision-making processes, to foster a more inclusive and responsible cooperative environment. However, challenges persist, particularly regarding the balance between central and state government jurisdiction over cooperative governance. Disputes over legislative competency and potential encroachments on state autonomy underscore the need for nuanced approaches to cooperative regulation that respect both principles of federalism and cooperative principles. This paper evaluates the implications and efficacy of the Act, focusing on key provisions and their potential impact on cooperative governance, financial sustainability, and overall sectoral development.

Introduction:

The genesis of cooperative societies in India can be traced back to the grassroots movements of farmers protesting against the oppressive interest rates levied by bankers in Poona and Ahmednagar. These early instances marked the informal beginnings of cooperative principles being applied to address the financial challenges faced by rural communities. However, it was not until the enactment of the *Cooperative Credit Societies Act* in 1904 during British rule that cooperative societies took on a formal structure and shape. The *Cooperative Credit Societies Act, of 1904* was an important milestone in the evolution of cooperative governance in India. It provided a legal framework for the establishment and regulation of cooperative credit societies, laying the foundation for cooperative principles such as voluntary membership, democratic control, and member participation in decision-making processes. Importantly, this legislation categorized cooperation as a provincial subject, granting individual provinces the authority to

enact their own cooperative laws to suit local needs and circumstances. This decentralized approach to cooperative governance persisted through subsequent constitutional reforms, including the *Montague-Chelmsford Reforms* and the *Government of India Act, of 1935*. Under these reforms, the autonomy of provinces in matters of cooperative legislation was upheld, reflecting the diverse socio-economic landscapes across different regions of India. The year 1942 marked another significant development with the enactment of the Multi-Unit Cooperative Societies Act by the Government of British India. This legislation was introduced to address the growing need for cooperative societies with membership spanning multiple provinces. By providing a legal framework for multi-unit cooperative societies, this Act facilitated cooperation on a broader scale, enabling collaboration and resource-sharing across provincial boundaries. Following India's independence, cooperative societies emerged as integral components of national development strategies, particularly highlighted in the first five-year plan (1951-56). The government emphasized the adoption of cooperatives across various sectors to promote community development and empower rural communities. Today, multi-state cooperative societies continue to play a crucial role in various sectors such as agriculture, textiles, poultry, and marketing. These societies operate across state boundaries, drawing their membership from multiple regions. Governed by relevant legislation, they adhere to cooperative principles of voluntary association, democratic governance, and member participation in decision-making processes. Through their collaborative efforts, multi-state cooperative societies contribute to inclusive growth and sustainable development across diverse regions of India.

Constitutional perspectives on Cooperatives:

97th Constitutional Amendment Act 2011:

The *97th Constitutional Amendment Act of 2011* was another significant milestone. The Act recognized the right to form cooperative societies as a fundamental right under Article 19 of the Constitution. This amendment acknowledged the crucial role of cooperative societies in fostering socio-economic development and empowerment at the grassroots level.

Directive Principle of State Policy on the Promotion of Cooperative Societies (Article 43-B):

In line with the recognition of the importance of cooperative societies, Article 43-B of the Indian Constitution was introduced as a new Directive Principle of State Policy. This provision emphasizes the state's responsibility to promote the growth and sustenance of cooperative societies as vital instruments for socio-economic progress and equitable development.

Introduction of Part IX-B:

A pivotal addition to the Constitution, Part IX-B, titled "The Co-operative Societies," was incorporated, comprising Articles 243-ZH to 243-ZT. This dedicated section underscores the constitutional significance of cooperative societies, providing a framework for their establishment, governance, and functioning, and ensures their institutionalization within the constitutional fabric of the nation.

Establishment of the Ministry of Cooperation:

Recognizing the pivotal role of cooperative societies in the nation's socio-economic landscape, the establishment of a dedicated Ministry of Cooperation headed currently by Shri Amit Shah, marked a significant step forward. This ministry was tasked with providing greater acknowledgment, support, and oversight to cooperative societies, to enhance their institutional capacity and enable them to effectively contribute to national development goals.

Reactions of Various States to the 97th Constitutional Amendment Act, 2011

The aim of the *97th Constitutional Amendment Act, 2011*, was to enhance the democratic governance and autonomy of cooperative societies across India. Each state responded differently to the amendment, resulting in varied implementation. This Section provides an overview of how different states have responded:

Bihar

In Bihar, the Registrar can supersede the Board of a Cooperative Society under certain conditions, such as persistent defaults, negligence, actions against the society's interests, or a constitutional deadlock. Supersession can last up to six months, extendable to one year for banking societies, with mandatory consultation with the Reserve Bank of India. Section 81 of the *Bihar Cooperative Societies Act* states: "The Registrar can supersede the Board of the Co-operative Society... for a period not exceeding six months... The dissolution of the Board... shall be done in consultation with the Reserve Bank of India."

Gujarat

Gujarat allows the State Government or Registrar to supersede the Managing Committee based on persistent defaults, negligence, actions against the society's interests, or a constitutional deadlock. A decision must be made within fifteen days of issuing the notice. Section 81 (1) of the *Gujarat Cooperative Societies Act* specifies: "The State Government or... the Registrar, after giving the committee an opportunity of being heard... may... supersede or keep under suspension the committee."

Haryana

In Haryana, the Registrar can supersede the committee of any cooperative society for persistent defaults, negligence, actions against the society's interests, or failure to conduct elections. Supersession can last up to six months, extendable to one year for banking societies. The Registrar must allow the committee to present objections before issuing an order. Section 34 (1) of the *Haryana Cooperative Societies Act* states: "The Registrar may... supersede the committee... for such period not exceeding six months and in case of a cooperative society carrying on business of banking for a period not exceeding one year."

Karnataka

Karnataka amended its laws to limit the government's and Registrar's power to supersede boards of cooperatives without government financial involvement. Supersession cannot exceed six months, during which elections must be held. This amendment aims to prevent the misuse of supersession for political reasons. Section 30 of the *Karnataka Cooperative Societies Act* asserts: "The Government (Registrar) shall not have powers to supersede the boards in case of

such cooperatives where there is no government finance involved... such a move shall not exceed a period of six months."

Kerala

Kerala amended its laws to restrict the supersession of committees to societies receiving government assistance, excluding those under the *Banking Regulation Act*. Supersession can last up to six months, extendable to one year for societies under the *Banking Regulation Act*. Section 32 of the *Kerala Cooperative Societies Act* indicates: "The maximum period of supersession will continue to be one year in respect of Committees of societies coming under the purview of the *Banking Regulation Act*."

Maharashtra

Maharashtra has detailed provisions for the supersession of committees based on actions against the society's interests, failure to conduct elections, financial irregularities, or judicial directives. The Registrar must consult the federal society before taking action. A new committee or a committee of administrators is appointed to manage the society for up to six months. Section 78A of the *Maharashtra Cooperative Societies Act* provides: "The Registrar may... supersede the committee... to manage the affairs of society for a period not exceeding six months."

Tamil Nadu

In Tamil Nadu, the Registrar can supersede the board of a registered society for persistent defaults, negligence, actions against the society's interests, or a constitutional deadlock. An administrator is appointed to manage the society for a period not exceeding six months. Section 88 of the *Tamil Nadu Cooperative Societies Act* states: "Where the board of any registered society... is of persistent default... the Registrar may... supersede the board and appoint an administrator... for a specified period not exceeding six months."

Uttar Pradesh

Uttar Pradesh limits the supersession of the Committee of Management to societies with government financial involvement. The Registrar can supersede the committee for persistent defaults, negligence, actions against the society's interests, or failure to conduct elections. The Registrar must seek the opinion of the General Body and provide a reasonable opportunity for objections. Section 35 (1) of the *Uttar Pradesh Cooperative Societies Act* notes: "The Registrar may... supersede the Committee of Management of any Cooperative Society... for a period not exceeding six months."

Implementation issues

Constitution of Cooperative Election Commission

Despite some states forming independent Cooperative Election Commissions, elections are often conducted by the Cooperative Department personnel mainly due to the large number of societies and logistical challenges of conducting elections. This undermines the intent of the Amendment for impartial elections.

Office-Bearer Elections

Having the Cooperative Election Commission conduct all elections, including for office-

bearers and casual vacancies, is considered impractical and may not meet practical needs.

Auditing Challenges

Many auditors are reluctant to audit smaller primary cooperative societies in rural areas due to financial weaknesses, as these societies may not afford the audit expenses.

Member Participation

The Amendment requires a minimum quorum of 20 percent in general body meetings to ensure democratic participation. However, implementing this poses quorum challenges for large cooperatives, who may need to conduct midterm elections to satisfy this requirement, placing a strain on their finances.

Constitutional validity of the 97th Amendment Act

Background and Context

The *97th Constitutional Amendment Act*, concerning the regulation of Co-operative societies within states, was contested because Co-operative Societies are included in Entry 32 of the State List in the Seventh Schedule of the Constitution. Article 368(2) requires amendments to subjects in the State List to be ratified by at least half of the state legislatures. However, Parliament approved the 97th Amendment without this required ratification, leading to challenges regarding its constitutionality.

Gujarat High Court's Decision

In *Rajendra N. Shah v. Union of India*, the Gujarat High Court declared the 97th Amendment unconstitutional. The court determined that co-operative societies are exclusively within the legislative domain of state legislatures as outlined in Entry 32 of List II, Schedule VII. By introducing Part IX-B without state ratification, the Amendment encroached upon state powers, thereby violating the federal structure of the Constitution. The High Court ruled the Amendment ultra vires and unconstitutional.

Supreme Court's Decision

The Supreme Court, in a 2:1 majority decision, upheld the Gujarat High Court's ruling that the 97th Amendment was unconstitutional concerning co-operative societies within a State due to the lack of necessary state ratification. However, the Court maintained the Amendment's validity regarding multi-state co-operative societies. Justices R F Nariman and B R Gavai stated that Part IX-B is applicable to multi-state co-operative societies but not to those operating solely within a State, where ratification was required but not obtained.

Dissenting Opinion

Justice K.M. Joseph, agreed with the majority that the provisions in Articles 240-ZI to 243-ZQ and Article 243-ZT are unconstitutional without state ratification, however he disagreed on the application of the doctrine of severability. He believed that maintaining the unconstitutional provisions was necessary to ensure the functionality of Articles 243-ZR and 243-ZS.

Analysis of the Supreme Court's Ruling

Exclusive State Legislation

The Supreme Court reaffirmed that matters reserved for states should be legislated solely by

state legislatures. Article 243 ZI confirms that states have the authority to legislate on the incorporation, regulation, and dissolution of co-operative societies.

Requirement for Ratification by the States

The Court emphasized that any Amendment affecting subjects in the State List must be ratified by at least half of the state legislatures, a step that was not taken for the 97th Amendment.

Validity of Multi-State Co-operative Societies Provisions

The Court distinguished between Multi-State Co-operative Societies and other co-operative societies, stating that the former are under Parliament's jurisdiction and do not require state ratification.

Impact of the Judgment

The Supreme Court's decision to invalidate the section of the 97th Constitutional Amendment relating to co-operative societies within a State, while upholding the provisions for Multi-State Co-operative Societies, reinforces the federal structure of the Indian Constitution. The ruling highlights the necessity of following constitutional requirements for state ratification in matters falling within the State List, bolstering the principle of federalism.

Historical development of cooperative legislation in India:

In the early stages of cooperative development in India, communities at various levels, including villages, towns, and districts, pooled their resources to address economic needs. Initially focused on providing credit, these resource pools lent money to members in need, who repaid the loan amount with interest in installments. The surplus income generated, after covering management expenses, was distributed among members as dividends. Often, this surplus was reinvested to expand the pool's operations, contributing to the creation of a Capital Fund.

Cooperative Societies Act, 1904:

As these community resource pools evolved, they became known as Cooperative Credit Societies, primarily focused on providing credit facilities to their members. Recognizing the importance of regulating and formalizing their operations, the Central Government enacted the *Cooperative Societies Act of 1904*. Under this legislation, all such societies were required to register, ensuring their compliance with legal norms. The Act was instrumental in controlling the functioning of these societies, with the primary objective of safeguarding the interests of their members.

Cooperative Societies Act, 1912:

In 1909, a conference of Co-operative Societies Registrars reviewed the *Co-operative Societies Act of 1904* and proposed amendments. After consulting state governments, the Central Government enacted the *Cooperative Societies Act of 1912* (Act 2 of 1912), applicable to all types of cooperative societies. The Act aimed to establish a socialist pattern of society in India through cooperative development. It introduced the cardinal principle of grouping cooperative societies into unions and financing them through central banks to ensure adequate funding. Section 4 facilitated the registration of societies, leading to the establishment of District and

State Cooperative Banks, also known as Apex Banks. Amendments to the Banking Companies Act empowered the Reserve Bank of India to regulate these cooperative banks.

Multi-State Co-operative Societies Act, 1984:

The proliferation of cooperative societies, both in terms of numbers and geographical scope, presented challenges in terms of regulation and conflict resolution. Societies registered in one state but functioning across multiple states found themselves entangled in the complexities of conflicting state laws governing their operations. This situation led to uncertainty, especially in cases where grievances arose. To mitigate these challenges, there arose a pressing need for a unified legal framework governing cooperative societies operating across state borders. In response to this need, The *Multi-Unit Co-operative Societies Act of 1942* (Act 6 of 1942) was enacted, providing a foundational legal structure for such entities. Drawing from the experiences and lessons learned from over four decades of implementing this Act, the Central Government introduced a more comprehensive measure in the form of the *Multi-State Co-operative Societies Act of 1984* (Act 54 of 1984). This updated legislation aimed to address the shortcomings of its predecessor and streamline the regulation of cooperative societies with operations spanning multiple states. Notably, the *Multi-State Co-operative Societies Act of 1984* repealed the earlier Act of 1942, signifying a significant step towards establishing a more efficient and cohesive regulatory framework for cooperative societies operating across state boundaries.

Multi-State Co-operative Societies Act, 2002:

The *Multi-State Co-operative Societies Act of 2002* was enacted to consolidate and amend laws about cooperative societies operating across state boundaries. It aims to promote the formation and democratic functioning of cooperatives, facilitating economic and social betterment while ensuring functional autonomy. The Act, comprising 126 sections, introduced several new provisions, including the concept of federal cooperatives and detailed procedures for amending by-laws, aligning with provisions of The *Companies Act, 1956*. Under this Act, cooperative societies, including credit societies, agricultural and housing societies, industrial and consumer cooperatives, and cooperative banks, must adhere to cooperative principles outlined in the First Schedule. Membership is open to all individuals without discrimination, emphasizing voluntary participation. Democratic principles govern the functioning of these societies, ensuring equal voting rights for all members. Additionally, the Act mandates that cooperative societies with limited liability must suffix "Ltd." to their names, signifying limited liability. Notably, the Act prohibits the registration of new multi-state cooperative societies with unlimited liability. Rules formulated under the previous 1984 Act continue to apply, except where inconsistent with the *Multi-State Co-operative Societies Act of 2002*.

Multi-State Co-operative Societies (Amendment) Act, 2023:

As per the Constitution, states are responsible for regulating the incorporation, functioning, and dissolution of state co-operative societies, while Parliament holds authority over matters concerning multi-state co-operatives. The *Multi-State Co-operative Societies Act of 2002* governs the formation and operations of multi-state co-operatives. The Constitution was

amended in 2011 to introduce guidelines under Part IXB for the governance of co-operative societies, applicable to multi-state co-operatives. However, the Supreme Court clarified in July 2021 that Part IXB applies solely to multi-state co-operatives, with states retaining jurisdiction over state co-operatives. Despite this legal framework, experts have identified several shortcomings in co-operative functioning, including governance inadequacies, politicization, membership issues, capital formation challenges, and difficulty in attracting skilled professionals. Furthermore, instances of indefinite postponement of co-operative board elections have been reported. In response, in 2022 a Bill was introduced to amend the Act to align with Part IXB of the Constitution and address governance concerns. The Bill, referred to a Joint Committee on December 20, 2022, received favourable feedback, with the Joint Committee submitting its report on March 15, 2023, endorsing most of its provisions. The amendment bill was passed in the Lok Sabha on July 25, 2023, and in the Rajya Sabha on August 1, 2023.

Salient features of the multi-state co-operative Societies (amendment) Act, 2023:

Establishment of Co-operative Election Authority: The Bill proposes the establishment of a Co-operative Election Authority by the central government to oversee the election process of multi-state co-operative societies. This authority will supervise the preparation of electoral rolls and conduct elections for board members.

Amalgamation of Co-operative Societies: While the Act allows for amalgamation and division of multi-state co-operative societies, the Bill extends this provision to permit state co-operative societies to merge into existing multi-state co-operative societies, subject to state laws.

Creation of Co-operative Rehabilitation Fund: A Co-operative Rehabilitation, Reconstruction, and Development Fund will be established to revive sick multi-state co-operative societies experiencing significant losses. The central government may devise a rehabilitation scheme for these societies, with funding provided by profitable multi-state co-operative societies.

Restriction on Redemption of Government Shares: The Bill introduces restrictions on the redemption of shares held by central and state governments in multi-state co-operative societies, requiring prior approval for redemption.

Introduction of Co-operative Ombudsman: The central government will appoint one or more Co-operative Ombudsman with territorial jurisdiction to address complaints from members of multi-state co-operative societies regarding their deposits, equitable benefits, and individual rights. Appeals against the Ombudsman's decisions can be made to the Central Registrar within a specified timeframe.

A comparative study between the changes made in the multi-state co-operative Societies Act, 2002, and the multi-state co-operative Societies (amendment) Act, 2023:

CHANGES INTRODUCED IN:	MULTI-STATE CO-OPERATIVE SOCIETIES ACT, 2002	MULTI-STATE CO-OPERATIVE SOCIETIES (AMENDMENT) ACT, 2023
Election Mechanism:	Under the provisions of the <i>Multi-State Co-operative Societies Act of 2002</i> , the election of board members is managed and conducted internally by the existing board of the cooperative society.	The <i>Multi-State Co-operative Societies (Amendment) Act of 2023</i> introduces a significant change by establishing a Co-operative Election Authority. This Authority, to be established by the central government, is entrusted with the responsibility of conducting elections for board members of multi-state co-operative societies
Amalgamation Process:	The <i>Multi-State Co-operative Societies Act of 2002</i> allows for the amalgamation and division of co-operative societies through the passage of a resolution at a general meeting. This resolution requires the approval of at least two-thirds of the members present and voting.	The <i>Multi-State Co-operative Societies (Amendment) Act of 2023</i> introduces a significant change by permitting state co-operative societies to merge into an existing multi-state co-operative society. However, this merger is subject to the respective state laws governing co-operative societies.
Co-operative Rehabilitation Fund:	The <i>Multi-State Co-operative Societies Act of 2002</i> does not specifically provide for a dedicated fund to support sick cooperative societies. Therefore, there is no statutory obligation for multi-state co-operative societies to contribute to such a fund.	The <i>Multi-State Co-operative Societies (Amendment) Act of 2023</i> establishes a Co-operative Rehabilitation, Reconstruction, and Development Fund. This fund aims to facilitate the revival of sick cooperative societies
Restrictions on Redemption of Government Shareholding:	According to the provisions of the <i>Multi-State Co-operative Societies Act of 2002</i> , the redemption of shares held by certain government authorities in a multi-state co-operative society is subject to the bye-laws	The <i>Multi-State Co-operative Societies (Amendment) Act of 2023</i> imposes stricter restrictions on the redemption of shares held by government authorities. Under the amendment, any shares held by the central and state governments cannot

	of the society. However, there is no specific requirement for prior approval from the central and state governments for the redemption of such shares	be redeemed without their prior approval
Complaint Redressal Mechanisms:	In the <i>Multi-State Co-operative Societies Act of 2002</i> , there is no provision specifically addressing the appointment of a Co-operative Ombudsman for the redressal of complaints. Therefore, the process of complaint redressal may vary depending on the internal mechanisms and procedures established by individual multi-state co-operative societies. Appeals may be directed to the Central Registrar or other relevant authorities as per the provisions of the act.	The <i>Multi-State Co-operative Societies (Amendment) Act of 2023</i> , the central government will appoint one or more Co-operative Ombudsmen with territorial jurisdiction. These Ombudsmen will be responsible for investigating and adjudicating complaints related to multi-state co-operative societies. The amendment sets a strict timeline of three months for completing the process of inquiry and adjudication from the receipt of the complaint. Additionally, it establishes a mechanism for appealing decisions, with appeals to be made within one month to the Central Registrar appointed by the central government.

Shortcomings of the multi-state co-operative Societies (amendment) Act, 2023:

Financial Burden on Profitable Co-operatives for Reviving Sick Ones:

The *Multi-State Co-operative Societies (Amendment) Act, 2023* proposes the establishment of the Co-operative Rehabilitation, Reconstruction, and Development Fund to revive sick multi-state co-operative societies. These are identified as co-operatives with accumulated losses surpassing their paid-up capital, reserves, and surpluses, and having incurred cash losses over the same and preceding financial years. Profitable multi-state co-operative societies are mandated to contribute to this fund, either one crore rupees annually or one percent of their net profit, whichever is lower. While this initiative aims to assist struggling co-operatives, it raises concerns about imposing financial burdens on well-functioning ones. This provision could potentially divert resources from profitable entities to bail out their less successful counterparts, posing challenges to their competitiveness.

Government Control over Redemption of Shareholding:

The proposed amendment to the Multi-State Co-operative Societies Act introduces restrictions on the redemption of shares held by central and state governments in multi-state co-operative societies. Previously, redemption was governed by the society's bye laws or through mutual

agreement between the society and the entity holding shares. However, the Bill mandates prior approval from the respective governments for redemption, aiming to maintain government control over malfunctioning co-operatives. While this may prevent societies from preemptively redeeming government shares before board supersession, it raises concerns regarding co-operative principles of autonomy and independence.

Impact on Democratic Member Control and Autonomy:

Granting veto powers to governments over share redemption could conflict with co-operative principles of democratic member control and autonomy. Co-operatives are envisioned as democratic, autonomous, and self-help organizations controlled by their members, as outlined in the First Schedule of the Act. The proposed amendment may undermine these principles by allowing external interference in the affairs of co-operatives, potentially diluting their autonomy and democratic decision-making processes.

Legislative Competency Dispute:

The amendment to Section 17 of the main act, which permits the consolidation of any State cooperative society with an established Multi-State Cooperative Society (MSCS), is seen as a violation of state governments' rights and an encroachment into their jurisdiction. This dispute over legislative competency underscores broader challenges within India's federal structure, revealing tensions between central and state governments. It raises concerns about potential encroachments on state autonomy and emphasizes the delicate balance needed between uniform regulation and local autonomy in cooperative governance.

Challenges in Cooperative Governance:

As government and legislative oversight increased, the cooperative sector has faced growing instances of mismanagement and corruption. These issues undermine democratic principles and erode public trust. Addressing governance deficiencies demands comprehensive reforms, enforcement, and a cultural shift towards transparency and accountability among cooperative members and leadership.

Way forward:

Preserving Cooperative Autonomy: Government aid to co-operatives should be provided as grants or interest-free loans instead of share capital to prevent government control and preserve co-operative autonomy. Any government-provided share capital should be promptly redeemed to maintain democratic governance.

Balancing State and Central Governance: Addressing legislative competency disputes requires a nuanced approach that respects both state and central governments' roles in cooperative governance. A balance between uniform regulatory frameworks and states' rights is crucial for fostering inclusive cooperative development.

Monitoring and Evaluation Mechanism: Implementing a robust monitoring and evaluation mechanism to assess the implementation and impact of the *Multi State Cooperative Society Amendment Act 2023*. Regular assessments will help identify any shortcomings or areas requiring further improvement.

Addressing Financial Strain on Profitable Co-operatives:

To alleviate the financial burden on profitable co-operatives, consider implementing a tiered contribution system based on the financial health and size of each entity. This approach would ensure that well-functioning cooperatives contribute proportionally while mitigating the risk of diverting resources disproportionately from profitable entities.

Conclusion:

The *Multi-State Cooperative Society Amendment Act 2023* represents a commendable stride forward in bolstering India's cooperative sector, addressing governance shortcomings and fostering greater collaboration among cooperatives. However, certain provisions, notably the imposition of financial obligations on profitable cooperatives to support struggling counterparts, raise concerns regarding equity and competitiveness. While the Act aims to rejuvenate ailing cooperatives, it must ensure that the burden placed on financially stable entities is reasonable and equitable. Meticulous oversight and evaluation of the Act's implementation are crucial to ascertain its efficacy in promoting cooperative development while safeguarding the interests of all stakeholders and nurturing sustainable growth across the sector.

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