

2-5  
GOVT. OF N.C.T. OF DELHI  
OFFICE OF THE REGISTRAR COOPERATIVE SOCIETIES,  
PARLIAMENT STREET, OLD COURT BUILDING, NEW DELHI-01

F. No. Acctts/Thematic Audit/AGCR/2012-13/14

Dated 8/1/2021

To

Principal Accountant General (Audit), Delhi  
D.G.A.C.R. Building  
Delhi Secretariat, I.P. Estate Floor,  
New Delhi-110002

**Sub:- Updated Status of ATN in respect of Outstanding Audit paras raised in the CAG Audit report.**

Sir,

With reference to Dy. Controller of Accounts (Audit), GNCT of Delhi letter No. F.13(24)/CAG Desk/PAC/Audit/2019-20/75-101 dated 01/01/2021 on the subject cited above, I am directed to enclose herewith the "Action Taken Note" in respect of paras pertaining to this department included in the said C & AG report in the prescribed Performa for further necessary action.

  
(RANJEET SINGH)  
ADDL. REGISTRAR

F. No. Acctts/Thematic Audit/AGCR/2012-13/

Dated

Copy forwarded for kind information to :-

1. Dy. Secretary (Finance-1) Finance Department, GNCT of Delhi, 4<sup>th</sup> level, A Wingh, Delhi Secretariat, I.P. Estate, New Delhi-110002.
2. Dy. Controller of Accounts (Audit), D.G.A.C.R. Building, Delhi Secretariat, I.P. Estate Floor, New Delhi-110002

  
(RANJEET SINGH)  
ADDL. REGISTRAR

Updated status report keeping in view the original observations in the CAG's Report for the year 2013-14, reply of the Department submitted by Letter No. F.Acctts/Thematic Audit/AGCR/2012-13/460-462 dated 22.07.2015 and further observations conveyed by audit vide Letter No. PAG(A)/D/Rep/3-96/ATN/3.1/Cop.Soc./2014-15/793 dated 01.10.2015 are as under:-

| S. No. | Para No. | Gist of the Para                                 | Vetting Comments   | Reply   |
|--------|----------|--|--|---|
| 1.     | 3.1.1    | Unreliable data base of the registered societies | <ul style="list-style-type: none"> <li>Name of numbers of such societies, whose Audit has not been conducted for last 5 years may be furnished to Audit.</li> <li>Also incorporate in the ATN, when the task of cancellation of registration certificate of societies under section 20(5) of the DCS Act, 2003 is expected to complete.</li> </ul> | <p>The data available in the computerized database of the department provides only year wise details of the societies who have not conducted the Audit. Presently, no such details of societies who have not conducted its audit for the last 5 years are being complied separately. However, action against failure of such societies to get its audit conducted is immediately taken u/s 20 (5) of DCS Act, as soon as any such instance comes to notice of the Department.</p> <p>As per the computerized data base available with the Department, a total of 5886 cooperative societies are registered with the Department. Out of these societies, 491 societies are presently declared as DEFUNCT societies.</p> <p>The cancellation of registration certificates of the Societies u/s 20(5) of the Delhi Cooperative Societies Act, 2003 as per the proviso of sub-section 5 of Section 20 of Delhi Cooperative Societies Act, 2003 the following is provided:- <b><i>Provided that in the case of a co-operative society which has not conducted audit or annual general body meeting for five consecutive years or has no fixed assets and outside liabilities excluding share money of the members, such society shall be deemed to have been dissolved and shall cease to exist as corporate body after the expiry of the said period of five years.</i></b></p> <p>With regard to the date of completion of action of cancellation of registration of cooperative society under Section-20(5) of DCS Act, 2003, it is submitted that both the processes i.e. the societies committing default of non conduct of Audit for continuous period of five years as well as consequent action for cancellation of its registration certificate are ongoing process and is undertaken by the Department as and when relevant facts come to its notice and as such no date can be specified in this regards.</p> |

|    |         |  |   |   |
|----|---------|--|---|---|
| 2. | 3.1.2   | Non-winding up societies                                 | <ul style="list-style-type: none"> <li>• How many notices and reminders have so far been issued to DDA, the details of the same may be furnished to Audit.</li> <li>• Under which Section of the Act, house building societies have been provided land to run club, school, and community centre, may also be incorporated in the ATN.</li> </ul> | House building Societies were provided land by DDA on the recommendations of the earlier land and building Department of Delhi Administration or the Cooperative Societies Department consequent to verification of the original members who formed the Society. Most of the Society were allotted land by the DDA under its own policy Large Scale Land Acquisition, Development and Disposal Policy of Delhi under specific Section of the Cooperative Societies Act provides for allotments of land to the House Building Societies but the allotment is made by DDA on the recommendations of the allotment of Plots, Flats or house etc. is done through draw of lots u/s 77 of the DCS Act, 2003.   |
| 3. | 3.1.3.1 | Irregularities in registration of co-operative societies | <ul style="list-style-type: none"> <li>• What action was taken by the department against the societies, on receipt of the complaints against them and also to incorporate the number of such complaints against the societies so far been received in the ATN.</li> </ul>   | Complaints regarding dual and irregular membership are received regularly by the department in respect of all kinds of Cooperative Societies including Cooperative Group Housing, Thrift and Credit Society as well as Cooperative Banks. The same are taken up for requisite action under the provisions of DCS Act, 2003 as made out in the facts and circumstances of the case. As the action is taken on case to case basis, no such data as to the total number of such complaints received against the Societies so far is available with the department. In view of the progressive adoption of IT tools by the various Cooperative Societies, the Department is contemplating to create a comprehensive data base of the membership of all the Societies at one place so that expeditious action in these cases is ensured as well as to enable it to maintain such data which would help it in better monitoring of these cases. |

| 4.                  | 3.1.3.2                    | Delay in registration of new cooperative societies                      | <ul style="list-style-type: none"><li>Did department apply for extension of time from the Government in respect of 36 societies, which were registered with an enormous delay ranging up to 477 days? If yes, then the details of the same may be furnished to Audit.</li></ul>  | In view of provisions the deemed registration after expiry of 90 days u/s 9 of the Delhi Cooperative Societies Act, 2003 there was no need for seeking extension of time.<br>The Department will ensure that the time period prescribed under Delhi Cooperative Societies Acts/Delhi Cooperative Societies Rules, is duly observed and decision on registration applications by Societies is taken within the period prescribed.  |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
|---------------------|----------------------------|---|--|---|------|----------------------------|---------|--------|---------|---------|---------|---------|---------|---------|---------|--------|---------|---------|---------------------|--------|
| 5.                  | 3.1.4.1                    | Non-submission of audited accounts by the cooperative societies         | <ul style="list-style-type: none"><li>The reasons for not imposing a penalty of Rs. 1.71 crore against defaulting societies @ Rs. 1500 per year, during 2007-12 under rule 167 may be incorporated in the ATN.</li><li>Against how many societies a penalty up to Rs. 1500 per year has so far been imposed may also be included in the ATN.</li></ul> | The details of the defaulting Societies who did not submit their Audited Account by the prescribed date, year wise and amount of penalty imposed for the period 2014-15 onwards and thereafter till date is given below:-<br><table><tr><th>Year</th><th>Amount received as penalty</th></tr><tr><td>2014-15</td><td>615150</td></tr><tr><td>2015-16</td><td>1194250</td></tr><tr><td>2016-17</td><td>1922000</td></tr><tr><td>2017-18</td><td>1210900</td></tr><tr><td>2018-19</td><td>585500</td></tr><tr><td>2019-20</td><td>1065000</td></tr><tr><td>Upto December, 2020</td><td>221500</td></tr></table> | Year | Amount received as penalty | 2014-15 | 615150 | 2015-16 | 1194250 | 2016-17 | 1922000 | 2017-18 | 1210900 | 2018-19 | 585500 | 2019-20 | 1065000 | Upto December, 2020 | 221500 |
| Year                | Amount received as penalty |   |  |   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
| 2014-15             | 615150                     |   |  |   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
| 2015-16             | 1194250                    |   |  |   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
| 2016-17             | 1922000                    |   |  |   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
| 2017-18             | 1210900                    |   |  |   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
| 2018-19             | 585500                     |   |  |   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
| 2019-20             | 1065000                    |   |  |   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
| Upto December, 2020 | 221500                     |   |  |   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
| 6.                  | 3.1.4.2                    | Non-cancellation of registration for non-submission of audited accounts | <ul style="list-style-type: none"><li>The name and numbers of delinquent officers, who have been debarred from contesting the forthcoming elections of the society, may also be furnished in Audit.</li></ul>  | This issue is considered at the time of election by the Returning Officer. The society has powers to appoint the Returning Officer under Section 35(1) of DCS Act, 2003 and conduct the election of the Managing Committee of the society by itself. Hence, it is not possible to maintain the requisite data as the debarment orders are issued by Returning Officer from the society office itself.   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |
| 7.                  | 3.1.5                      | Cooperative Education Fund (CEF)  | No comments by the Office of PAG (Audit) Delhi   | It appears that there was no objection to the original reply submitted by the department on 22.07.2015.   |      |                            |         |        |         |         |         |         |         |         |         |        |         |         |                     |        |

|     |         |  |  |  |
|-----|---------|--|--|--|
| 8.  | 3.1.6   | Other statutory obligations of a cooperative society | No comments by the Office of PAG (Audit) Delhi   | It appears that there was no objection to the original reply submitted by the department on 22.07.2015.  |
| 9.  | 3.1.6.1 | Annual General Body Meeting (AGM)                    | <ul style="list-style-type: none"> <li>Has department taken any remedial action by creating a system of manually/computer based monitoring of annual returns and by creating a data base for AGMs for issuance of system generated notices to the defaulting societies, so far.</li> </ul> | <p>Conducting the AGM, filing of Annual Return by the Societies and holding the election of the Managing Committee of the Society within the prescribed time under the Delhi Cooperative Societies Act,2003/ Delhi Cooperative Societies Rules,2007 is the statutory obligation of the Managing Committee of the Society failure to do so and among other actions leads to supersession of the Managing Committee of the Society u/s 37(1) of the Delhi Cooperative Societies Act,2003. As the action is taken on case to case basis, no readymade data is readily available. However, the department is taking up the matter with NIC to automate/computerise the data of this of this office. It is intended that each society will be given access to a departmental webpage for entering data so that further MIS reports can be generated. To ensure compliance requisite amendments in DCS Act 2003/DCS Rules, 2007 are also contemplated.</p> |
| 10. | 3.1.6.2 | Filing of annual return by societies                 | <ul style="list-style-type: none"> <li>How many manual system generated within, what has so far been issued to the defaulting societies by the Department may also be included in the ATN.</li> </ul>  |  |
| 11. | 3.1.6.3 | Holding election of societies by                     | <ul style="list-style-type: none"> <li>The present status of the effective monitoring system may be included in the ATN.</li> </ul>  |  |
| 12. | 3.1.7   | Outstanding loans to cooperative societies           | <ul style="list-style-type: none"> <li>The current status of recovery of outstanding loan may be incorporated in the ATN.</li> </ul>   | <p>Action with regard to recovery in cases has been initiated and one of the society namely Gautam Budh Coop. T/C Society has already deposited the total outstanding amount of Rs. 14221/- on 2.12.2019. Further most of the societies against which recoveries is to be made are not traceable i.e. It has accordingly been decided that the member of last MC may be held responsible to pay the dues and recovery will be made from them. The concerned branch has been directed to trace out the details of defaulting</p>  |
| 13. | 3.1.8   | Share capital investment                             | <ul style="list-style-type: none"> <li>The updated status of recovered loan along with</li> </ul>  |  |

|     |         |  |  |   |
|-----|---------|--|--|---|
|     |         |  | the efforts so far been made by the Department to recover the outstanding amount Rs. 55 lakh may also be incorporated in the ATN.  | societies and initiate the requisite action against the members of the LSC MC as per the details available with the Department.   |
| 14. | 3.1.9.1 | Poor financial management of funds                           | <ul style="list-style-type: none"> <li>Has department specified any time frame for the committee meeting and approval of expenditure till date? If yes, then incorporate the same in the ATN.</li> </ul>   | Under Schedule-III of Delhi Cooperative Rules 2007 regulating the operation of Settlement and Execution Expenses Fund (SEEF) the prescribed Committee under Sub Rule 3 of the said DCS Rules, 2007 regulates the expenses and the Delhi Cooperative Societies Fees Recovery and Deposits Regulations 2007 have been framed by the Department. Under the said regulations under the sub regulations 3 of the said regulations the prescribed Committee under Chairmanship of RCS manages and controls the expenses under Settlement and Execution Expense Fund. No period for convening meeting has been prescribed under the regulation made, Meetings are being held regularly and all expenditure incurred is either with the prior or Ex-Post Facto ratification by the Committee. |
| 15. | 3.1.9.2 | Non-preparation of Annual accounts for SEEF                  | <ul style="list-style-type: none"> <li>The reasons for non-preparation of annual accounts of SEEF fund and bank reconciliation statement may also be includes in the ATN.</li> <li>Also furnish the current status of annual accounts and bank reconciliation statement</li> </ul> | For preparation of Annual Accounts of SEEF Fund for the period 2014-15 to 2012-13, the Audit on backward basis was assigned to Chartered Accountant M/s RMA Associates. the CA submitted the Audit Report of 2014-15 but the Reports for 2013-14 and 2012-13 are awaited from the CA. The last letter for expediting the matter was sent to CA on 25.09.2019. However, reconciliation of bank accounts is carried out on monthly basis for the last five years. The same is also inspected by AGCR Audit parties every year during their audit.   |
| 16. | 3.1.9.3 | Differences between balances in cash book and bank statement | <ul style="list-style-type: none"> <li>Has Department fixed responsibility on any officials for non-preparation of Annual Accounts and</li> </ul>  | The Department is ascertaining the exact nature of imbalance is between the cash book and the bank statement in the last 2-3 years. Since the audit of the SEE fund is under process, the action will be taken against any officials on the basis of the finding of the Audit report. Moreover the bank reconciliation statement is prepared every month on regular basis.  |

|     |        |   |   |   |
|-----|--------|---|---|---|
|     |        |   | bank reconciliation statement of SEEF Fund and also for slow pace of work of preparation of Annual Accounts and bank reconciliation statement.  | The same was seen by AGCR audit parties every year during their audit.  |
| 17. | 3.1.10 | Public Grievances redressal system-delay and settlement of arbitrations proceedings | <ul style="list-style-type: none"> <li>Has Department so far finalised any training schedule to impart training to empanelled Arbitrators as of date.</li> <li>IN what period of time, a policy would be framed and finalized for assigning the arbitration cases to experienced officers from empanelled arbitrators so that the award be issued within stipulated time frame of 90 days may also be incorporated in the ATN.</li> </ul> | With a view to increase the efficiency in disposal of Arbitration cases, the Arbitrators above age of 70 years have not been empanelled and continued in the new panel of Arbitrators. Further, the department is also in the process of amending DCS Rules 2007 so as to empanel advocates having practice of more than 10 years which will enhance to the level of professional skills available in the pool of the Arbitrators empanelled with the department. The new panel of Arbitrators was notified vide F No. RCS/ARB/Panel/2016-2019/Pt. II/390-623 dated 13.06.2019 and a training of Arbitrators has been organised on 6 <sup>th</sup> and 7 <sup>th</sup> January, 2020. |

Regarding the status/observation of Audit in Annexure-II, <sup>just</sup> ATN was neither in proper format nor signed by designated authority <sup>and</sup> Revised ATN called for vide letter No. PAG(A)D/Rep/3-96/ATN/3.1/Cop.Soc./2014-15/793 dated 01.10.2015, which is awaited; <sup>it</sup> is submitted that the ATR was duly submitted on 22.07.2015 under the signature of the designated authority i.e. Secretary-Cum-RCS in the proper format.

This issue with the prior approval of Secretary-Cum-RCS