

**M-13033/58/2025-MoC**  
**Government of India**  
**Ministry of Cooperation**  
**Central Registrar of Cooperative Societies**  
**Audit & Compliance Division**

9th Floor, Tower E, World Trade Center  
Nauroji Nagar, New Delhi – 110029  
Dated: .14<sup>th</sup> October, 2026

**Subject: Multi-State Co-operative Societies (Auditor's Report) Order, 2026 (MSCARO, 2026)**

In exercise of the powers conferred by sub-section (6) of section 73 of the Multi-State Co-operative Societies Act, 2002, the Central Government hereby makes the Multi-State Co-operative Societies (Auditor's Report) Order, 2026 (MSCARO, 2026).

2. Every Multi-State Co-operative Society, as defined under clause (p) of section 3 of the Multi-State Co-operative Societies Act, 2002 (MSCS Act), in addition to its audited statement of accounts shall get its accounts/activities of such financial year audited by an auditor and furnish to the Central Registrar by way of return under section 120 of the MSCS Act, 2002, the report of such audit in the appended Form X duly signed and verified by such auditor, along with the audited statement of accounts of that financial year.

3. In the financial year 2027-28, the provisions of this Order shall apply to every Multi-State Co-operative Society having in the financial year 2026-27:

- (i) Gross receipts exceeding ₹1000 cr; or
- (ii) Aggregate of deposits and borrowings at any time during the year exceeding ₹1000 cr; or
- (iii) Loans & advances at any time during the year exceeding ₹1000 cr.

4. The provisions of this Order shall apply in financial year 2028-29 and ever year thereafter to every Multi-State Co-operative Society having in the immediately preceding financial year:

- (i) Gross receipts exceeding ₹50 cr; or
- (ii) Aggregate of deposits and borrowings at any time during the year exceeding ₹50 cr; or
- (iii) Loans & advances at any time during the year exceeding ₹50 cr.

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**Form X**

**Multi-State Co-operative (Auditor's Report) Order (MSCARO), 2026**

| Clause                                 | Title                                                               | Full description                                                                                                                                                        | Yes | No | Remarks |
|----------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|---------|
| <b>(1) Member and Shares register</b>  |                                                                     |                                                                                                                                                                         |     |    |         |
| <b>(1)(a)</b>                          | <b>Membership &amp; Capital</b>                                     | (i) Whether the following registers have been properly maintained as per the Act:<br>a) List of Regular and Nominal Members.<br>b) Register of Debentures and Bonds.    |     |    |         |
|                                        |                                                                     | (ii) Whether the refund of share capital has been made in accordance with governing provisions?                                                                         |     |    |         |
| <b>(1)(b)</b>                          | <b>Membership Changes</b>                                           | Whether the transfer of shares to nominees and refund of share capital have been duly recorded and authorized by the competent authority?                               |     |    |         |
| <b>(1)(c)</b>                          | <b>Compliance with laws and regulations related to Shareholding</b> | Whether the Society has complied with the MSCS Act, 2002, Rules and Bye-laws regarding members' prescribed shareholding and loans/advances granted to members.          |     |    |         |
| <b>(2) Management &amp; Governance</b> |                                                                     |                                                                                                                                                                         |     |    |         |
| <b>(2)(a)</b>                          | <b>Composition of Board of Director</b>                             | (i) Whether the composition of the Board is in compliance with Section 41, including representation of SC/ST, women and co-opted directors?                             |     |    |         |
|                                        |                                                                     | (ii) Whether last AGM was held within the prescribed period being not later than six months after the close of the corresponding year?                                  |     |    |         |
|                                        |                                                                     | (iii) Whether Board meetings are conducted every quarter with prescribed quorum?                                                                                        |     |    |         |
|                                        |                                                                     | (iv) Whether committees such as Audit & Ethics Committee and Committee on the Prevention of Sexual Harassment (POSH) at the Workplace duly constituted and functioning? |     |    |         |
| <b>(2)(b)</b>                          | <b>Disqualification of Directors</b>                                | (i) Whether any person has been elected or continues to hold office as a member of the board despite being disqualified under Section 43(2).                            |     |    |         |

|                                                             |                                                         |                                                                                                                                                                                                                                                     |  |  |  |
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|                                                             |                                                         | (ii) Whether directors disqualified under Section 41(7) have been removed and vacancies filled as per law?                                                                                                                                          |  |  |  |
|                                                             |                                                         | (ii) If so, whether the details of such disqualification have been reported?                                                                                                                                                                        |  |  |  |
| <b>(3) Compliance with Orders of Co-operative Ombudsman</b> |                                                         |                                                                                                                                                                                                                                                     |  |  |  |
| <b>(3)(a)</b>                                               | <b>Grievance Redressal Mechanism</b>                    | Whether an effective grievance redressal mechanism is in place for grievances, compliance and regulatory issues?                                                                                                                                    |  |  |  |
| <b>(3)(b)</b>                                               | <b>Compliance with Orders of Co-operative Ombudsman</b> | (i) Whether any orders, directions, or awards were passed by the Co-operative Ombudsman during the year?                                                                                                                                            |  |  |  |
|                                                             |                                                         | (ii) Whether the Society has complied with the Ombudsman's orders within the stipulated time and correctly accounted for and disclosed the related refunds, penalties, compensation, and other compliance requirements in the financial statements? |  |  |  |
|                                                             |                                                         | (iii) If aggrieved by the order of Ombudsman's orders, whether any appeal was filed with the Central Registrar?                                                                                                                                     |  |  |  |
|                                                             |                                                         | (iv) Whether society has disclosed the number and nature of Ombudsman complaints, along with their resolution and financial impact in the financial statements?                                                                                     |  |  |  |
| <b>(3)(c)</b>                                               | <b>Member Services &amp; Transparency</b>               | (i) Whether a Co-operative Information Officer (CIO) has been appointed to provide information to members?                                                                                                                                          |  |  |  |
|                                                             |                                                         | (ii) Whether records of applications received, responses provided, and rejections are maintained?                                                                                                                                                   |  |  |  |
|                                                             |                                                         | (iii) Whether timeline of 30 days for providing/rejecting information complied with?                                                                                                                                                                |  |  |  |
|                                                             |                                                         | (iv) Whether rejected applications are communicated with valid reasons and right of appeal is informed?                                                                                                                                             |  |  |  |
| <b>(4) Statutory &amp; Legal Compliance</b>                 |                                                         |                                                                                                                                                                                                                                                     |  |  |  |
| <b>(4)(a)</b>                                               | <b>Filing of Statutory Returns</b>                      | Whether the society has filed all statutory returns as required under Section 120 of the Act and the applicable rules/orders?                                                                                                                       |  |  |  |

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| (4)(b)                                  | Related Party Transactions                                   | (i) Whether all related party transactions are in compliance with the Act and rules?                                                                                                    |  |  |  |
|                                         |                                                              | (ii) Whether such transactions are properly disclosed in the financial statements, as per the applicable accounting standards?                                                          |  |  |  |
| (4)(c)                                  | Concurrent Audit                                             | Whether the society, having annual turnover or deposits exceeding ₹500 crore, has carried out concurrent audit through an auditor appointed from the panel approved by the CRCS?        |  |  |  |
| (4)(d)                                  | Status of Rectification of previous Auditor's findings       | (i) Whether society has taken appropriate steps to address the negative/adverse opinion stated in the previous three (3) audit reports?                                                 |  |  |  |
|                                         |                                                              | (ii) If not, report the extent of non-compliance and reasons thereof.                                                                                                                   |  |  |  |
| (4)(e)                                  | Conduct of Business                                          | (i) Whether the society is conducting its business in accordance with the objects provided in its byelaws?                                                                              |  |  |  |
|                                         |                                                              | (ii) If not, report the deviation. Also, report if any loss has been incurred from such activities.                                                                                     |  |  |  |
| (4)(f)                                  | Compliance with the Prevention of Money Laundering Act, 2002 | (i) Whether the Society, required to register as a reporting entity, maintains records of all transactions and client identities, and submits the prescribed reports (STRs) to FIU-IND? |  |  |  |
|                                         |                                                              | (ii) Whether the Society has appointed a Designated Director/Principal Officer and conducts risk-based monitoring of suspicious transactions?                                           |  |  |  |
|                                         |                                                              | (iii) Whether all records are retained for the required period of 5 years? Report the non-compliance, irregularities, or penalties, if any.                                             |  |  |  |
| (5) Property, Plant and Equipment (PPE) |                                                              |                                                                                                                                                                                         |  |  |  |
| (5)(a)                                  | Records of Tangible and Intangible Assets                    | (i) Whether society is maintaining proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment?                               |  |  |  |
|                                         |                                                              | (ii) Whether society is maintaining proper records showing full particulars of intangible assets?                                                                                       |  |  |  |
| (5)(b)                                  | Physical Verification of PPE                                 | (i) Whether the Property, Plant and Equipment have been physically verified by the management at reasonable intervals?                                                                  |  |  |  |

|               |                                                         |                                                                                                                                                                                                                                         |  |  |  |
|---------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
|               |                                                         | (ii) Whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of accounts?                                                                            |  |  |  |
| (5)(c)        | Title Deeds of Immovable Properties acquired by society | (i) Whether the title deeds of all the immovable properties acquired by society held in the name of the society?                                                                                                                        |  |  |  |
|               |                                                         | (ii) If not, provide the following details:<br><br>a) Description of property<br>b) Gross Carrying Value<br>c) Held in the name of & relation to society<br>d) Period held<br>e) Reason for not being held in name of society           |  |  |  |
| (5)(d)        | Compliance with Lease and Property Documentation        | (i) Whether the lease agreements for the society's office or other premises have been duly registered and executed in accordance with applicable property laws and regulatory requirements?                                             |  |  |  |
|               |                                                         | (ii) If not, report deficiencies or irregularities in the registration of such agreements.                                                                                                                                              |  |  |  |
| (5)(e)        | Revaluation of PPE/Intangible Assets                    | (i) Whether the society has revalued its Property, Plant and Equipment or intangible assets during the year?                                                                                                                            |  |  |  |
|               |                                                         | (ii) Whether the revaluation is based on the valuation by a Registered Valuer?                                                                                                                                                          |  |  |  |
|               |                                                         | (iii) If change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets, Specify the amount of change.                                                            |  |  |  |
| (6) Inventory |                                                         |                                                                                                                                                                                                                                         |  |  |  |
| (6)(a)        | Physical Verification of Inventory                      | (i) Whether physical verification of inventory has been conducted at reasonable intervals by the management?                                                                                                                            |  |  |  |
|               |                                                         | (ii) Whether, in the opinion of the auditor, the coverage and procedure of such verification is appropriate?                                                                                                                            |  |  |  |
|               |                                                         | (iii) Whether any discrepancies of 10% or more in the aggregate for each class of inventory were noticed and if so, whether they have been properly dealt with in the books of account?                                                 |  |  |  |
| (6)(b)        | Working Capital Limits & Reconciliation                 | (i) Whether during any point of time of the year, the society has been sanctioned working capital limits in excess of fifty lakh rupees, in aggregate, from banks or financial institutions on the basis of security of current assets? |  |  |  |

|                                           |                                                                                       |                                                                                                                                                                                                                                 |  |  |  |
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|                                           |                                                                                       | (ii) Whether the quarterly returns or statements filed by the society with such banks or financial institutions are in agreement with the books of account of the society? If not, provide the details thereof.                 |  |  |  |
| <b>(7) Loan, Deposits and Investments</b> |                                                                                       |                                                                                                                                                                                                                                 |  |  |  |
| <b>(7)(a)</b>                             | <b>Loan Documentation</b>                                                             | (i) Whether the society has maintained proper documentation and records in respect of loans given, including loan applications, sanction letters, promissory notes, loan bonds, declarations, etc.?                             |  |  |  |
|                                           |                                                                                       | (ii) Whether the terms and conditions of sanction, including security offered, have been duly complied with?                                                                                                                    |  |  |  |
| <b>(7)(b)</b>                             | <b>Collateral and Monitoring</b>                                                      | (i) Whether society has obtained adequate collateral securities wherever applicable and maintained the prescribed margin?                                                                                                       |  |  |  |
|                                           |                                                                                       | (ii) Whether the society monitors the submission of periodical stock statements, and other relevant returns and statements?                                                                                                     |  |  |  |
|                                           |                                                                                       | (iii) Whether adequate insurance has been obtained for assets mortgaged, pledged, or hypothecated against such loans clearly mentioning the name of the society in whose favor the asset is mortgaged, pledged or hypothecated? |  |  |  |
| <b>(7)(c)</b>                             | <b>Prudential Norms &amp; Credit Discipline (in case of deposit taking societies)</b> | (i) Whether the society has adhered to liquidity, exposure & prudential norms notified by the Central Government?                                                                                                               |  |  |  |
|                                           |                                                                                       | (ii) Whether credit appraisal and recovery processes are in line with industry standards?                                                                                                                                       |  |  |  |
|                                           |                                                                                       | (iii) Whether overdue loans and NPAs are identified, monitored, and reported properly?                                                                                                                                          |  |  |  |
|                                           |                                                                                       | (iv) Have adequate provisioning been made against NPAs, doubtful and bad debts?                                                                                                                                                 |  |  |  |
|                                           |                                                                                       | (v) Whether the society has maintained proper records of overdue loans, including the period of default?                                                                                                                        |  |  |  |
|                                           |                                                                                       | (vi) Whether appropriate legal action has been taken by the society for the recovery of such overdue loans?                                                                                                                     |  |  |  |
| <b>(7)(d)</b>                             | <b>Acceptance of Deposits &amp; Loans</b>                                             | (i) Whether society has complied with the applicable provisions under the Act & Rules and directives, including deposit & borrowings                                                                                            |  |  |  |

|                                                          |                                      |                                                                                                                                                                                                                                                                                                 |  |  |  |
|----------------------------------------------------------|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
|                                                          |                                      | not to exceed prescribed multiple of share capital and reserves.                                                                                                                                                                                                                                |  |  |  |
|                                                          |                                      | (ii) Whether any deposits have been accepted from non-members? If yes, details thereof                                                                                                                                                                                                          |  |  |  |
|                                                          |                                      | (iii) Whether any deposits have been taken from nominal members? If yes, details thereof                                                                                                                                                                                                        |  |  |  |
| (7)(e)                                                   | Repayment of Borrowings and Deposits | (i) Whether the society has defaulted in repayment of matured deposits of members, or other borrowings (including borrowings from banks, members, financial institutions, or government bodies), or in the payment of interest thereon to any lender? If yes, the period and amount of default. |  |  |  |
|                                                          |                                      | (ii) Whether the society is declared a willful defaulter?                                                                                                                                                                                                                                       |  |  |  |
|                                                          |                                      | (iii) Whether term loans were applied for the purpose for which they were obtained? If not, report the amount so diverted and the purpose for which it was used.                                                                                                                                |  |  |  |
| (7)(f)                                                   | Investments                          | (i) Whether investment of funds is made only in approved modes as per Section 64?                                                                                                                                                                                                               |  |  |  |
|                                                          |                                      | (ii) Whether the society has periodically reviewed its investments to ensure compliance with the applicable provisions of the Act and Rules and returns generated thereon.                                                                                                                      |  |  |  |
|                                                          |                                      | (iii) Whether the Board has documented approval and rationale for all major investments including related party investment?                                                                                                                                                                     |  |  |  |
| (8) Funds not divided by way of Profit (Section 62 & 63) |                                      |                                                                                                                                                                                                                                                                                                 |  |  |  |
| (8)(a)                                                   | Funds not divided by way of Profit   | (i) Whether any part of the funds, other than net profits, has been distributed as a bonus, dividend, or otherwise in contravention of the Act?                                                                                                                                                 |  |  |  |
|                                                          |                                      | (ii) If yes, report the nature of the distribution, amount involved, period to which it relates, and approving authority/resolution details.                                                                                                                                                    |  |  |  |
|                                                          |                                      | (iii) Whether interest accrued but not realized amounts has been deducted while determining the net profit, and interest accrued in preceding years but actually recovered during the current year has been added to the net profit, wherever applicable?                                       |  |  |  |
|                                                          |                                      | (iv) If not, provide the amount involved and the impact on distributable profits/dividend/bonus, as applicable.                                                                                                                                                                                 |  |  |  |

|                     |                                    |                                                                                                                                                                                                                                                     |  |  |  |
|---------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
|                     |                                    | (v) Whether requisite part of profit transferred to General Reserve & Reserve for unforeseen losses ?                                                                                                                                               |  |  |  |
|                     |                                    | (vi) Whether the society has made any contribution, directly or indirectly, to any institution having an object of furthering the interests of a political party or to a political party itself and, if yes, the amount of such contribution?       |  |  |  |
|                     |                                    | (vii) Whether the requisite contribution to the Co-operative Education Fund (CEF)/ Co-operative Rehabilitation, Reconstruction and Development Fund (CRRDF), as applicable, has been made by the society?                                           |  |  |  |
| 9. Fraud            |                                    |                                                                                                                                                                                                                                                     |  |  |  |
| (9) (a)             | Fraud                              | (i)Whether any fraud was noticed by the management during the audit period? if so, provide:<br><br>a) brief description of the nature of the fraud<br>b) duration (dates) of the fraud<br>c) amount involved<br>d) name(s) of responsible person(s) |  |  |  |
|                     |                                    | (ii) Whether appropriate action has been taken as per guidelines or policies?                                                                                                                                                                       |  |  |  |
| (9) (b)             | Benami Property Proceedings        | (i) Whether any proceedings have been initiated or are pending against society for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988?                                                                               |  |  |  |
|                     |                                    | (ii) If so, whether the society has appropriately disclosed the details in its financial statements?                                                                                                                                                |  |  |  |
| 10. System Security |                                    |                                                                                                                                                                                                                                                     |  |  |  |
| (10) (a)            | Cyber Security and IT System Audit | (i) Whether cybersecurity policies and procedures (including data backup, access control, firewalls, antivirus) are in place and operating effectively?                                                                                             |  |  |  |
|                     |                                    | (ii) Whether incidents of system breaches, data loss, or cyber frauds were reported during the year, and corrective measures taken?                                                                                                                 |  |  |  |