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Court Matter

No. R-11027/61/2025-L&M (FTS-123460)
Government of India
Ministry of Cooperation
Office of the Central Registrar of Cooperative Societies

9th Floor, Tower E, World Trade Center
Nauroji Nagar, New Delhi-110029
Dated: 28th November, 2025

TO WHOM SO EVER IT MAY CONCERN

Whereas, Steel Authority of India Employees' Co-operative Credit Society Ltd., ISPAT Cooperative House, 12, Charu Chandra Place (East) Kolkata - 700033 (Regn. No.: MSCS/CR-22/92 of 1992) (hereinafter referred as Society) is registered under the provisions of Multi-State Cooperative Societies (MSCS) Act, 2002 and Rules framed thereunder (hereinafter referred as Act).

2. A number of Complaints were received from the members of the Society, alleging various irregularities and mismanagement including non-payment of matured deposits by the Society. These complaints were forwarded to the Society vide this Office's letter dated 27.11.2024 with a direction to furnish point-wise comments on the issues raised in the aforesaid complaints within 15 days.

3. In light of the complaints received against the Society, the Registrar of Cooperative Societies (RCS), Government of West Bengal was requested vide this Office's letter dated 24.11.2024 to conduct an inspection under section 108 of Multi-State Cooperative Societies (MSCS) Act, 2002 and furnish a report within 15 days. RCS, Govt. of West Bengal vide letter dated 21.03.2025 had furnished the inspection report, wherein they have reported illegal Membership Admissions, risky & unauthorized Investments which violates section 64 of MSCS Act, 2002, suspicious Banking Practices and governance & election Irregularities. The report was sent to the Society vide letter dated 22.04.2025 for seeking comments, however, no reply was received from the Society.

4. Co-operative Ombudsman has passed an Order dated 17.02.2025 to pay the members their matured deposits along with interest thereon in view of the large no. of complaints related to non-payment of deposits.

5. Whereas, new Board of Directors of Society was elected on 26.06.2025 and a hearing with the newly elected Board of Directors of the Society was held on 25.07.2025 through Video Conference (VC) regarding non-compliance of the order dated 17.02.2025 of Cooperative Ombudsman.

6. Vide order dated 14.08.2025, CRCS directed the newly elected Board of Director of the Society to repay the matured deposits of depositors of the Society within a period of 15 days from the date of issue of order and submit a plan of action detailing therein the steps it is going to take to safeguard the interests of the depositors. However, Society has not complied with the order of Cooperative Ombudsman dated 17.02.2025, CRCS's order dated 14.08.2025 and has also not filed an appeal under Section 85A of the MSCS Act, 2002.

7. Vide order dated 11.09.2025, the newly elected Chairman and CEO of the Society was directed to take control of the management of the Society and also to take all such steps under the prevailing laws of the land including action as it may deem fit against the earlier Secretary and the members of the earlier Board of Director of the Society so as to recover misappropriated amount and to return the amount deposited by the petitioners/depositors in the Society. However, no effective steps seem to have been taken by the new Board of Director. The Society has also not submitted plan of action detailing therein the steps it is going to take to safeguard the interest of the depositors.

8. This Office vide Order dated 08.08.2025, authorised Institute of Public Auditors of India (IPAI) to conduct an inquiry into the constitution, working and financial condition of the Society under the provisions of the Section 78 of MSCS Act, 2002 within one month and furnish a detailed report to this Office for taking further action in the matter under the provisions of MSCS Act, 2002 and rules framed thereunder.

9. IPAI has furnished inquiry report dated 12.09.2025 wherein, it was reported that there are serious financial irregularities, liquidity crunch, and governance issues within the Society. The inquiry revealed mismanagement of funds, unauthorized schemes, violations of cooperative laws, and severe financial distress threatening the survival of the Society. The inquiry also highlighted the long-standing dominance of the former Chairman, Shri Jyotirmoy Chakraborty and multiple violations of provisions of the MSCS Act, 2002 including excess borrowing, speculative investments, and dividend payments out of capital.

The inquiry report also reveals that the Society systematically manipulated income, failed to charge revenue expenditure, paid dividends without real profits, made unauthorized investments including speculative and impermissible derivative transactions and diverted substantial funds to an illegally constituted hospital trust in contravention of Section 19(1) of the MSCS Act, 2002. It also found that several operational schemes, including Daily Deposit and Gold Loan, were run irregularly, causing losses and depriving members of legitimate dues. These actions, largely attributed to prolonged, unchecked control and decisions taken without proper approval, demonstrate grave misconduct, violation of cooperative principles, and fraudulent use of members' funds.

10. In compliance of order dated 25.09.2025 of Hon'ble High Court of Delhi in W.P. No. 5699/2025, forensic audit of the Society for last 05 financial years i.e. from 2020-21 to 2024-25 was conducted. The forensic audit report dated 30.10.2025 points out significant financial and governance irregularities with quantifiable losses and persistent compliance failures. The report further indicates net deficit of Rs. (-)3,64,84,03,714.

The forensic report found overstatement of investments/income due to improper recognition of gains/losses, unverifiable member deposits amounting to ₹320.89 crore owing to deficient documentation and outdated systems, irregular loans of ₹36.51 crore extended to the ineligible ISPAT Cooperative Foundation, which reflected accumulated losses of ₹34.36 crore and fictitious deposits unsupported by bank records. Loss-making holiday home investments of ₹20.28 crore lacked transparency, including the Mumbai property sold at a ₹61-lakh loss without proper bidding. Routine expenses and doubtful interest were wrongly classified as Deferred Revenue Expenditure, inflating assets by ₹75.87 crore before being written off. Serious statutory and operational breaches were also noted, including unauthorized extension of Board tenure, commencement of hospital operations without approval under Section 19, absence of audits after FY 2022-23, non-filing of mandatory returns for FY 2023-

24 and 2024-25, sanction of loans beyond the permissible ₹29-lakh limit to 525 members, and related-party transactions involving circular fund flows and questionable asset valuations suggestive of manipulation and possible kickbacks.

11. Perusal of inquiry report and forensic audit report demonstrates financial mismanagement, violation of statutory provisions, failure of fiduciary duties and fraudulent transactions. Based on these findings, I am of the opinion that the Society is not functioning as per the provisions of MSCS Act, 2002, Rules framed thereunder and has seized to function in accordance with the Cooperative Principles.

12. Therefore, after careful consideration of the facts and inter alia on the grounds mentioned above as well as the forensic audit report, it has been decided to initiate winding up proceedings of the Society under the provisions of the MSCS Act, 2002 and Rules framed thereunder. In case of any objection, the same may be brought to the Notice of this authority within 15 days from the date of uploading of this Notice on the official website i.e., crcs.gov.in failing which, it will be presumed that the Society has nothing to say and further action would be initiated for winding up of the Society under the provisions of the MSCS Act, 2002 and rules made thereunder.

28/11/25

(Rabindra Kumar Agarwal)
Central Registrar of Cooperative Societies

Distribution to:

i. The CEO/Secretary and Chairman, Steel Authority of India Employees' Co-operative Credit Society Limited, ISPAT Cooperative House, 12, Charu Chandra Place (East) Kolkata – 700033.

ii. Registrar of Cooperative Societies, West Bengal with a request to publish this notice in a local newspaper for its wider publicity.

iii. IT Cell for uploading this notice on official website.