

Reply to the Calling Attention tabled by Shri Aleixo Reginaldo Lourenco, MLA Curtorim Assembly Constituency, dated 04/01/2021 to be answered on 27/01/2021

“Fear and Anxiety in the minds of the shareholders and depositors of the various cooperative credit societies of the State over alleged recent scam of Rs. 39 crores reported in the Visionaries Urban Cooperative Credit Society Limited”

The Visionaries Urban Co-operative Credit Society Ltd., Loutolim, Salcete-Goa was registered under Code Symbol No.8/RES/(a)-85/South/Goa/99 on 16th April, 1999 under sub-classification (a) of clause 8 in terms of Rule 9 of Coop. Societies Rules 1962 as was applicable to the State of Goa with a view to encourage the sense of thrift and cooperation amongst its members, to assist the members to tide over the financial difficulties by making available loans to them on reasonable terms and conditions and to assist downtrodden members of the society by way of financial assistance. The area of operation is confined to Salcete Taluka.

As per the law the final authority of every society vests in the General Body of the society wherein the General Body of the society has autonomy and democratic control in the functioning of the society. The General body of society is a supreme body to take final decision in all matters connected with the management of a co-operative society and therefore the Department has limited role to play whereas in above case the Government has also not invested any funds in form of share capital in the society.

The Department being regulatory Authority is conducting the audit of the society on regular basis and has completed the audit of the said society upto financial year 2017-18. It is to be noted that the audit classification of the society for the year from 2007-2008 to 2014-2015 have been awarded “C” audit classification and from 2015-2016 to 2017-2018 “D” audit classification wherein during the years from 2007-08 to 2009-10, the concerned Auditors have reported various illegalities in the functioning of the

society whereby the funds of the society have been found misappropriated/mis-utilised by the Management and Staff members of the society by following modus operandi as mentioned below:

1. Fake FDR loans of the society by the Secretary.
2. Illegal and unauthorized withdrawal of the fund of the society.
3. Illegal withdrawal of funds and Investment of the same in personal account.
4. Unauthorized Expenditure.
5. Advancing of Fake loans by the Secretary in collusion with General Manager.
6. Disbursement of Gold loans against bogus gold ornaments.

Due to above financial irregularities the Managing Committee was superseded and Committee of Administrators was appointed on 24/10/2011 and thereafter the election to the new Board of Directors was held on 03/09/2012.

It was the bounded duty of the Management/Board of Directors to protect the interest of the society by all possible ways and means. However, in the event where the Management itself involved in the illegalities, it is the responsibility of members/shareholders to take active part in the functioning of the society and accordingly take action for improvement of the financial condition of the society. Moreover, as per the provision of subsection 2 of section 72 of the Goa Cooperative Societies Act, 2001, the society has to place its audited statement of accounts of the year before the general body for its consideration. And as per audited statement even though society was awarded with "D" classification, by knowing the fact that the funds of the society found misappropriated/mis-utilized by the management and the financial position of the society was not sound, the members/shareholders had deposited their money in the society which have further gave the opportunity to the Management to continue with their illegalities. It was the responsibility of the members/shareholders to verify whether their hard earned money invested in form of deposits have been utilised judicially and properly secured or otherwise. Knowing the facts

that the Management was involved in the corrupt practices, the general body/members/shareholders who are the owners of the society failed to take legal action against culprits and allowed to carry out the business as per their whims and wishes. The aforesaid negligence acts of the General Body not only proved detrimental to the interest of the society but also proven to be worsened the financial condition of the society.

It is pertinent to state that even though the General Body of the society failed to take action against the perpetrators the Department had filed misappropriation cases against alleged persons to recover losses of the society during the year 2007-08 Rs. 5,42,75,722/-, 2008-09 Rs. 1,22,70,962/- and 2009-10 Rs. 90,71,38590 and for which the Departmental Auditor had also filed F.I.R. against the culprits. The hearings in misappropriation case for the years 2007-08 and 2009-10 are in progress and pending before the Assistant Registrar of Cooperative Societies Quepem Goa for adjudicating and decision. However, misappropriation cases filed for the year 2008-09 have been dismissed by the Registrar's Nominee for default in appearance by the society and Registrar has issued directions to the Committee of Administrators to file afresh. Moreover this department upon verification of Audit report for the year 2014-15, wherein the concerned auditor has pointed out serious irregularities in the report, has directed the society to stop collecting deposits immediately to curtail the losses.

Further, the term of Board of Directors of the society was expired on 30/09/2017, however, during the process of election none of the members filed nomination for the purpose of election to the new Board of Directors of the society. In order to constitute Board, the directions were also issued to society to furnish the names of the eligible members for appointing them on the Board of Directors. However, no reply has been given by the society as a result the constitution of new Board remained pending. Meantime, the existing Chairman informed that all the Directors have resigned from the Board and conveyed inability to continue as Chairman of the society. Considering the above facts, in order to manage day to-day functioning of the society and not to cause any inconvenience to

the members/shareholders, this office has appointed Committee of Administrators on the society on 15/01/2020.

Further, as per the Audit report as on 31/03/2018 the society has sustained net loss of Rs. 3,29,36,80415 and accumulated Loss is Rs. 33,13,33,32829 as above date.

In view of the above, it can be seen that in order to protect the interest of the depositors/shareholders and to streamline the affairs of the society, the Department has taken following measures to overcome the illegalities of the society:

1. The misappropriation cases have been filed.
2. Appointed Committee of Administrator on the society.
3. Directions issued to various Banks to stop operation of the accounts of the society.
4. The department upon verification of serious irregularities pointed out in Audit report for the year 2014-15, has directed the society to stop collecting deposits immediately to curtail the losses.
5. Directions have also been given to file Special Report to the concerned Auditor for the year 2017-18 since concerned Auditor have pointed out various financial as well as functional irregularities of the society.
6. The society has failed to appoint auditor for the year 2018-19 in the general body and therefore the Department has appointed M/s Anup R.S. Borkar & Co., Chartered Accountants, Office No. 2, 2nd Floor, Shar-N-Sorai Apartments, Varde Valaulikar Road, Margao - Goa as auditor for the financial year 2018-19.
7. The audit of the society for the years 2012-13, 2013-14, 2016-17 and 2017-18 was undertaken by Mr. Emiliano B. Mascarenhas, Certified Auditor and he has observed misappropriation of the funds of the society. Accordingly, he has filed Special Report dated 05/02/2020 reporting therein that society has purchased land/property of Rs. 70.00 lacs without having provision in the byelaws and so also loans were sanctioned beyond the loan limit fixed in the byelaws. Considering the

gravity of issue, the directions were issued to said Certified Auditor vide letter dated 14/02/2020 to file F.I.R. before Economic Offences Cell, Headquarters, Panaji against the persons alleged to have involved in misappropriation of the funds of the society. Accordingly, FIR No. 2/2020 was filed on 27/02/2020 against the alleged Managing Committee Members of the society.

8. The request under Section 68(A) of the Goa Co-operative Societies Act, 2001 were made to Mamlatdar/Executive Magistrate, Salcete Taluka, Margao requested to seize the records of the society vide letter dated 10/02/2020. Department has proposed to lay embargo on accepting deposits and advancing loans. The society is also refrained from accepting electricity and water bills from general public.
9. It is also decided to withdraw the cases referred to Registrar's Nominee and to allot the same to the Asstt. Registrar for deciding the cases expeditiously. Accordingly, the misappropriation cases were referred to Asstt. Registrar of Co-operative Societies, Quepem Zone, Quepem - Goa, however due to COVID-19 Pandemic the hearing in the matter is pending.
10. Complaint was filed with Vigilance Department on 13/03/2020 to inquire into the negligence and lapses occurred on the part of the then Asstt. Registrar's functioning during the period from 11/02/2013 to 29/11/2019 and accordingly initiate disciplinary action against them.
11. The Vigilance Department vide letter dated 20/03/2020 has asked to conduct preliminary inquiry and submit detailed report fixing responsibility for the lapses as against each Asstt. Registrar of Co-operative Societies, South Zone, Margao holding charge during above relevant period.
12. Accordingly vide order dated 30/04/2020, Shri Pundalik V. Khorjuekar, 'The Dy. Registrar of Co-operative Societies (Tech), directed to conduct preliminary inquiry into the matter, same is under process.
13. It was informed by ARCS, South Zone Margao that action for data up-gradation of various branches of the society was under process and up-gradation process of Lotoulim branch is being completed whereas same was under process at other branches before lockdown period.

14. Embargo was also imposed on the society vide order dated 13/03/2020 for accepting all types of deposits and sanctioning of all types of loans until further orders. Society is also refrained from accepting water and electricity bills from general public.
15. Shri Alvaro Silva, Certified Auditor has submitted Special Report for the year 2014-15 and 2015-16 and same is under process.
16. Smt. Ulka Bandekar, the then ARCS, who has conducted the audit of the society for the year 2010-11 and 2011-12, when she was Sr. Auditor, has directed to submit Special Report and F.I.R. against ex-Managing Committee of the society. However she has refused to file special report, hence Committee of Administrator has given directions to file misappropriation case against alleged Managing Committee members for the year 2010-2011.
17. Further, auditor Shri Anup Borkar, C.A., who was appointed to conduct the audit of the society for the year 2018-19, has been furnished with statements of accounts of only Loutolim Branch of the society. However, due to COVID-19 lockdown branch was found closed and he could not start with the audit process. Further, the audit of the society is also delayed due to computerisation of data at 3 branches. Accordingly, Asstt. Registrar of Co-operative Societies, South Zone, Margao has been directed to pursue the matter with the Committee of Administrators of the society.
18. The committee of administrator has assumed the charge of the society, however the handing over of the records and accounts of the society is delayed due to delay in computerisation of the data at three branches.
19. Audit of the society for the year 2018-19 is in progress with auditor Shri Anup Borkar, C.A. The same is awaited.
20. Mr. Emiliano B. Mascarenhas, Statutory Auditor for the years 2012-13, 2013-14, 2016-17 and 2017-18 has been directed to submit misappropriation report depicting entire amount that have been misappropriated/mis-utilised by the perpetrators. The same is awaited.
21. As per the direction of the Officer of department of Vigilance, Panaji, Goa in order to fix the responsibility on the Officials for negligence in

- performing the duties and responsible for present crises in the society, an inquiry has been initiated at the level of Dy. Registrar (Tech) and accordingly report of the same has been submitted to said department.
22. The ARCS south Zone has approached the Executive Magistrate requesting the seizure of record u/s 68 A of the Goa Cooperative Societies Act 2001.
 23. Further, Office Memorandum has been issued to ARCS, South Zone Margao, with direction to explore the possibilities of winding up the affairs of the society by taking recourse of section 92 of the Goa Cooperative Societies Act 2001 and by following the required procedure or by restoring to any other mode suitable for revival of the society from the present crises.
 24. The preliminary inquiry report is also being submitted to the Economic Offence Cell, Panaji as per their request. The file is already under submission.

Moreover, the Department is closely watching the further development taking place in the aforesaid matter and shall take appropriate action as per the circumstances demand to overcome the situation.