

**OFFICE OF THE REGISTRAR CO-OPERATIVE SOCIETIES
GOVT. OF NCT OF DELHI, OLD COURT BUILDING,
PARLIAMENT STREET, NEW DELHI-110001**

F.No. 47/AR/BKG/349/2025/2168

Dated: 11/08/25

CIRCULAR

It has come to the notice of this office that several Thrift and Credit Cooperative Societies registered under the Delhi Cooperative Societies Act, 2003 are engaging in financial practices that raise serious regulatory and legal concerns. These include operating deposit schemes offering abnormally high rates of interest, extending loans against gold and immovable property without requisite safeguards, and launching unregulated deposit schemes in contravention of applicable laws.

This circular is being issued in the **larger public interest** and with the specific objective of **safeguarding the financial interests and savings of members** of cooperative societies. The cooperative movement is based on trust, transparency, and mutual benefit. Any financial misadventure by a society not only endangers its sustainability but also risks erosion of hard-earned savings of its members, many of whom belong to modest economic backgrounds.

Reports received by this office indicate that some societies are offering fixed and recurring deposit schemes with interest rates significantly higher than those offered by scheduled banks. While the Delhi Cooperative Societies Act, 2003 and the Delhi Cooperative Societies Rules, 2007 permit societies to collect deposits and distribute dividends, **Rule 73(1)** clearly limits the rate of dividend on paid-up share capital to 18% per annum, and only from net profits after statutory deductions. Societies offering unsustainably high deposit interest rates without corresponding income from core operations are acting in disregard of financial prudence and regulatory norms.

Further, certain societies have been found offering loans against gold, land, or buildings without any standardized procedures for valuation, risk assessment, or enforcement of security. These activities are not only beyond the permissible scope of most Thrift and Credit Societies, but also expose them and their members to significant financial and legal risks.

Most alarmingly, some societies are found to be soliciting deposits from the general public or non-members under various schemes with assured returns. Such practices may attract penal provisions under the Banning of Unregulated Deposit Schemes Act, 2019 (BUDS Act). As per Section 3 of the BUDS Act, no entity is permitted to promote, operate, or accept funds under an unregulated deposit scheme. Any violation may result in serious consequences including criminal prosecution, seizure of property, and imprisonment.

In view of the above, all Thrift and Credit Cooperative Societies are hereby strictly directed to:

1. Immediately cease all deposit or loan schemes that are not approved under their registered bye-laws or are inconsistent with the Delhi Cooperative Societies Act, 2003 and Rules, 2007.

2. Refrain from offering high interest rates that are not financially justified and not approved by the General Body based on duly audited profits.
3. Not undertake gold loans or property-backed loans unless permitted under their bye-laws and implemented through a robust and approved mechanism.
4. Not accept deposits from non-members or advertise deposit schemes in a manner that may mislead the public or violate the BUDS Act, 2019.
5. Submit a compliance report to this office within 30 days, clearly stating that the society's financial operations conform to the provisions of law and that no prohibited activity is being undertaken.

All societies are advised to act with utmost caution and in strict compliance with applicable laws to protect the financial interests of their members and the integrity of the cooperative sector. Any deviation shall invite strict regulatory action including inspection, inquiry, dissolution of the managing committee, cancellation of registration, and if applicable, reference to enforcement agencies under the BUDS Act and other relevant laws.

This circular must be brought to the notice of all committee members and placed before the next General Body Meeting. It must also be widely circulated amongst members.

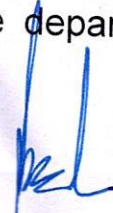
By order of the Registrar
Registrar of Cooperative Societies
Government of NCT of Delhi

To,

All Thrift & Credit Cooperative Societies
Registered under DCS Act, 2003 & Rules, 2007,
framed thereunder.

Copy to:-

1. The Assistant Registrar (Computer Cell), O/o RCS, GNCTD, Parliament Street, New Delhi, with the request to upload this order on the department website.


(Surinder Narang)
Assistant Registrar
(Banking)