

# Investment Guidelines for Credit Cooperative Societies in Maharashtra

Statutory Compliance Framework - Ensuring Financial Security & Regulatory Adherence

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# Investment Framework Overview

- 1 Statutory Investments  
Mandatory CRR & SLR requirements.
- 2 Additional Investments  
Excess fund investment options.
- 3 Compliance  
Regulatory guidelines and restrictions.

# Cash Reserve Ratio (CRR) – Mandatory Daily Reserve Requirement

## Key Requirements

- 1% minimum of total deposits.
- Maintained daily for subsequent quarter.
- CEO ensures compliance.
- Regular reporting to Board

## Investment Options

- State/District Co-operative Banks.
- Current/Savings Accounts.
- Short-term FDs ( $\leq 15$  days).

Cash-in-hand not to exceed 50% of CRR.





# Statutory Liquidity Ratio (SLR) – Statutory Liquidity Fund Maintenance

## Key Requirements

- 25% minimum of average balance of total deposits.
- Maximum 40% average balance of total deposits.
- Based on previous quarter.
- Maintained daily for upcoming quarter.
- CEO determines daily needs.

## Investment Instruments

- Term deposits with State Co-operative Banks.
- Term deposits with District Central Co-operative Banks.
- Other permitted instruments includes Deposits with other Banks With “A” Grade Audit certification by RBI and certified FSWM Bank by RBI

CRR investments can count towards SLR.



# RESERVE FUND AND OTHER FUNDS INVESTMENTS

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- Reserve Fund created u/s 66 of Maharashtra State Co-operative Societies Act
- Invested as per provisions of section 70 Maharashtra State Co-operative Societies Act
- A society shall invest or deposit its funds in one or more of the following :—
  - (a) in a Central Bank, or the State Co-operative Bank;
  - (b) in any of the securities specified in section 20 of the Indian Trusts Act, 1882;
  - (c) in the shares, or security bonds, or debentures, issued by any other society with limited liability and having the same classification to which it belongs.
- Reserve Fund investment should not be less than the Reserve Fund balance outstanding in the Balance Sheet.
- Interest on Reserve Fund not to be credited to Profit and Loss account.



# Bank Rating & Compliance Requirements



## Approved Bank Criteria

"A" Grade from RBI or inspecting authority.

"A" Grade in audits for 3 years.

Certified FSWM Bank by RBI



## Documentation

Statutory auditor's opinion required.

Compliance verification mandatory.



## Geographical Restrictions

Primary: within society's jurisdiction.

Prohibited: outside Maharashtra State.



# CRR vs SLR Comparison

Aspect	CRR	SLR
Percentage	Min 1% deposits	Min 25% deposits
Purpose	Cash liquidity	Statutory fund
Options	Current, Savings, Short FDs	Term deposits
Cash Limit	Cash-in-hand $\leq$ 50%	No cash component
Interrelation	Counts toward SLR	Includes CRR
Frequency	Daily maintenance	Daily maintenance



# Additional Investment Options – Beyond Statutory Requirements

## Excess Fund Investment

- Funds exceeding CRR and SLR.
- Primary: State/District Co-operative Banks (Grade A).
- Alternative: Government permitted institutions.

## Investment Restrictions

- 5% max Bank investments.
- Based on total deposits (last FY end).





# Permitted & Prohibited Investments

## Permitted Investments

- Housing Societies: Office premises.
- Shares: District/State Co-op Banks.
- Approved Banks: Grade A rating.
- Government Securities.
- Authorized Institutions.
- Section 20 of Indian Trusts Act, 1882

## Prohibited Investments

- Other Credit Co-op Societies.
- Outside Maharashtra.
- Unauthorized Institutions.
- Below Grade Banks.
- Exceeding Limits.

# OTHER REGULATIONS

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- **Investment Fluctuation Fund**
- Rule 55 of the Maharashtra State Co-operative Society Rules, 1961
- Investment Fluctuation fund to be created at 5% of Total Investment.
- **Other Funds Investments**
- Funds other than Reserve fund like Member Welfare Fund, Charity Fund should be invested separately in any of permitted investment options.
- **Restriction on Investment in other Co-operative societies**
- Any type of account or investment in any other Co-operative society is not permitted.

# Loan Provisions Against Investments

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Surplus Investments

Over mandatory CRR/SLR.

2

Loan Eligibility

Against additional investments.

3

Minimum Balance

Statutory reserves protected.

Prohibited against minimum CRR/SLR balances.





# AUDIT OF INVESTMENTS

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- Review of investment Policy – The society shall frame its investment policy in line with the bye-laws and based on its business needs, which must be approved by the Annual General Meeting (AGM)
- Adherence to Investment regulations as per Bylaws of the society and as per provisions of Maharashtra State Co-operative Societies Act and Rules
- CRR/SLR compliances and Reserve Fund compliances.
- Verification of Investments in terms of Risks, Returns, Liquidity and viability.

# THANK YOU!

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