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# Professional Opportunities for Chartered Accountants in the NPO Sector and Cooperative Societies



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Non-Profit  
Organizations



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# What is Non Profit?

- The word "nonprofit" refers to a type of business -- one which is organized under rules that forbid the distribution of profits to owners.
- "Profit" in this context is a relatively technical accounting term, related to but not identical with the notion of a surplus of revenues over expenditures.



# Alternative names used for referring to Charities in India

- NPO - Not for Profit Organisation
- NGO - Non Governmental Organization
- VO - Voluntary Organization
- CSO - Civil Society Organization
- CBO - Community Based Organization
- CO - Charitable Organization
- TSO - Third Sector Organization



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# Who are Clients in an NPO?

- Everything in a nonprofit is ultimately directed to serving clients.
- Clients are the "consumers" or "customers" of the nonprofit's services.
- Note that services can be in the form of tangible or intangible products



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# Legal Structure of NPOs

- Charitable Trusts
- Societies under Societies Registration Act, 1860
- Section 25 Companies
- Non – Trading Corporations
- Political Parties
- Trade Unions
- Unincorporated bodies

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*The Indian Trusts Act, 1882  
is not applicable  
to Public Trust*



# Three Major Aspects of Non Governance Structure

- Governance - responsible to provide overall strategic direction, guidance and controls
- Programs - Resources are organized into programs to reach each goal
- Central Administration - Central administration is the staff and facilities that are common to running all programs.





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# Knowledge Areas Specific to Non Profit Organizations

- Fundraising and Grant Writing
- Governance (Volunteer Board of Directors)
- Nonprofit Budgeting and Accounting
- Program Development and Evaluation
- Public Policy
- Volunteer Programs



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# Challenges in the Administration of Non Profit Organizations

- Devolution raises serious issues to Non profit Organization leaders
- Capacity Building



# Limitations of Traditional NPOs

- ❑ Leadership and Management
- ❑ Balancing values and programs
- ❑ High diversity in the availability of Non profit volunteers
- ❑ Smaller the NPO the complex it is
- ❑ Limited Resources for payment of compensation
- ❑ No managerial training



# Limitations of Traditional NPOs

- ❑ Chief of NPO have other things to concentrate
- ❑ Small NPO cannot afford to take outside advice
- ❑ One time assistance will do no good
- ❑ Lacking networking skills
- ❑ Low cost management and technical assistance can be hardly got



# Various Laws Governing NPOs

1. Indian Trusts Act, 1882
2. Religious Endowments Act, 1863
3. Charitable Endowments Act, 1890
4. Charitable and Religious Trusts Act, 1920
5. Official Trustees Act, 1913
6. Mussalman Wakf Act, 1923
7. Mussalman Wakf Validating Act, 1930
8. Wakf Act, 1995
9. Societies Registration Act, 1860
10. Religious Societies Act, 1880
11. Religious Institutions (Prevention of Misuse) Act, 1988
12. Companies Act, 1956 (Section 25)
13. State Laws



# Professional Opportunities in NPO Sector

1. Assistance in Formation and Registration of Non Profit Organizations
2. Consultation
3. Documentation
  1. Developing vision and mission statements
  2. Establishing Bye laws and Board policies
4. Day to Day Management
  1. Offering a skillful planning of the resources of an NPO to achieve desired use
  2. Assisting in the development of Fundraising Plan
5. Setting up an effective Internal Control System and Practice in the day to day running of an NPO



# Professional Opportunities in NPO Sector

8. Risk Management
9. Representation with the Government and other authorities regarding the various sanctions and permissions required in the process of conducting value based programs
10. Financial advisor to the NPO in dealing with their finances and suggesting safe investments for future desired use
11. Assisting in filing tax exemptions



# Professional Opportunities in NPO Sector

12. Audit of NPOs ensuring goal based activities and a check on the integrity of the officers of the administration running the NPO
13. Offering legal protection against threats from outside forces, trying to forcefully capture the wealth of NPOs
14. Assisting in legal compliance under various regulations Governing NPO
15. Preparation of Financial Statements and verification of complete recording of the transactions to track the source and use of funds garnered by an NPO
16. Assisting in Liquidation Proceedings
















# Professional Opportunities in NPO Sector

17. Providing assistance in setting up Payroll System and Insurance Coverage
18. Serving the role of an Arbitrator in cases where the office bearers of the NPO differ in their opinion to conclude an issue
19. Compliances pertaining to Foreign Contribution Regulation Act, Labour Laws, Prevention of Money Laundering Act, Foreign Exchange Management Act.

# Top 10 NPOs in the World( on the basis of endowment)

Rank	Organization	Country	Headquarters	Endowment (\$USD)
1	Bill & Melinda Gates Foundation	 United States	Seattle, Washington	\$36.7 billion
2	Stichting INGKA Foundation	 Netherlands	Leiden, Netherlands	\$36 billion
3	Wellcome Trust	 United Kingdom	London	\$22.90 billion
4	Howard Hughes Medical Institute	 United States	Chevy Chase, Maryland	\$14.8 billion
5	Ford Foundation	 United States	New York City, New York	\$13.8 billion
6	The Church Commissioners for England	 United Kingdom	London	\$10.5 billion
7	J. Paul Getty Trust	 United States	Los Angeles, California	\$10.1 billion
8	Li Ka Shing Foundation	 Hong Kong	Hong Kong	\$10.1 billion
9	Robert Wood Johnson Foundation	 United States	Princeton, New Jersey	\$10.0 billion
9	Mohammed bin Rashid Al Maktoum Foundation	 United Arab Emirates	Dubai	\$10.0 billion
10	William and Flora Hewlett Foundation	 United States	Menlo Park, California	\$8.5 billion



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# Forums for NGO's in India

- **Center for Social Markets (CSM)**  
<http://www.csmworld.org/index.php>
- **Confederation of Indian Organizations for Service and Advocacy, (CIOSA) Chennai**  
<http://www.ciosa.org.in/>
- **Sampradaan, New Delhi**  
<http://www.sampradaan.org/reports.htm>

# Co-operative Societies





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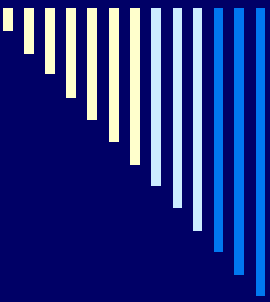
# A Co-operative Society

- A Co-operative Society is a
  - voluntary association of persons
  - who work together to promote their economic interest.
  - It works on the principle of self-help as well as mutual help.
  - The main objective is to provide support to the members.



# Formation of Co-operative Society

- A Co-operative Society can be formed as per the provisions of the Co-operative Societies Act, 1912.
- At least ten persons having the capacity to enter into a contract with common economic objectives, like farming, weaving, consuming, etc. can form a Co-operative Society



*Number of Cooperative Societies  
increased*

*from 35,000 in 1965-66*

*to 5,45,000 in 2002-03*



# Types of Cooperative Societies

- ❑ Social cooperative
- ❑ Agricultural cooperative
- ❑ Cooperative banking (credit unions and cooperative savings banks)
- ❑ Federal or secondary cooperatives
- ❑ Cooperative wholesale society
- ❑ Cooperative Union Co-operative party





# Types of Cooperative Societies

- Consumers' cooperative
- Housing cooperative
- Building cooperative
- Retailers' cooperative
- Utility cooperative
- Worker cooperative
- Business and employment co-operative



*Over 800 million people  
are members of  
Cooperatives around the world*

*In India over 239 million people are  
members of a cooperative*

*China has 180 million members*



# Laws Governing Co-operative Societies

- The Cooperative Societies Act, 1912 is a Central Act.
- 'Cooperative Societies' is a State Subject (Entry 32 of List II of Seventh Schedule to Constitution, i.e. State List)



# Laws Governing Multistate Cooperative Societies

- ❑ To cover Cooperative Societies with membership from more than one province, the Government of India enacted **the Multi-Unit Cooperative Societies Act, 1942.**
- ❑ This legislative instrument deals with incorporation and winding up of cooperative societies having jurisdiction in more than one province.
- ❑ The 1942 Act was replaced by 1984 Act followed by 2002 Act.



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# Laws Regulating Co-operative Societies in India

- (a) State Cooperative Societies Acts of Individual States; and
- (b) Multi-State Cooperative Societies Act, 2002 for the multi-state Cooperative societies with Area of operation in more than one State.



# Statewise Legislations Governing Co-operative Societies

It includes the following

1. The Co-operative Societies Act, 1912
2. Delhi Co-operative Societies Act 1972
3. The Sikkim Co-operative Societies Act, 1978
4. The Maharashtra Co-operative Societies Act, 1960
5. The Gujarat Co-Operative Societies Act, 1962
6. Kerala Co-operative Societies Act, 1969
7. Karnataka Co-operative Societies Act, 1959



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# Statewise Legislations Governing Co-operative Societies

8. The Meghalaya Cooperative Society Act
9. Tamil Nadu Cooperative societies Act  
1983
10. Assam Cooperative Societies Act,  
1949;
11. The Multi-State Co-operative Societies  
Act, 2002
12. The Multi-State Co-operative Societies  
Rules, 2002



*Cooperatives provide over  
100 million jobs  
around the world,  
which is 20% more than  
multinational enterprises*





# Role of Cooperative in Indian Economy

During the year 2002-03, Cooperatives accounted for:

46% of Agriculture Credit disbursement.

36% of fertilizer distribution.

59% of Sugar production.

32% of Wheat procurement.

65% of Storage facility.



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# Professional Opportunities In Cooperatives And Multi State Cooperative Societies

1. Registration
2. Compliances
3. Consultancy
4. Documentation
5. Taxation
6. Day to Day Management
7. Audit
8. Risk Management



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# Professional Opportunities In Cooperatives And Multi State Cooperative Societies

9. Governance

10. Setting up Effective Internal Control

11. Compliances under Foreign Exchange  
Enactment and Regulations



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# Useful Websites

- <http://www.ica.coop/al-ica/>
- <http://www.ibef.org>
- Annual Reports:  
<http://www.ica.coop/publications/ar/index.html>
- <http://www.ifco.nic.in>



# About the Author

- *CA. Rajkumar S Adukia is an eminent business consultant, academician, writer, and speaker. He is the senior partner of Adukia & Associates.*
- *In addition to being a Chartered Accountant, Company Secretary, Cost Accountant, MBA, Dip IFR (UK), Mr. Adukia also holds a Degree in Law and Diploma in Labour Laws and IPR.*
- *Mr. Adukia, a rank holder from Bombay University completed the Chartered Accountancy examination with 1st Rank in Inter CA & 6th Rank in Final CA, and 3rd Rank in Final Cost Accountancy Course in 1983.*
- *He started his practice as a Chartered Accountant on 1st July 1983, in the three decades following which he left no stone unturned, be it academic expertise or professional development.*



# About the Author

- *He has been coordinating with various Professional Institutions, Associations, Universities, University Grants Commission and other Educational Institutions.*
- *Authored more than 50 books on a vast range of topics including Internal Audit, Bank Audit, SEZ, CARO, PMLA, Anti-dumping, Income Tax Search, Survey and Seizure, IFRS, LLP, Labour Laws, Real estate, ERM, Inbound and Outbound Investments, Green Audit etc.*
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