

**Andhra Pradesh Co-Operative Societies (Second
Amendment) Act, 2001**

22 of 2001

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Andhra Pradesh Co-Operative Societies (Second Amendment) Act, 2001

22 of 2001

AN ACT FURTHER TO AMEND THE ANDHRA PRADESH CO-OPERATIVE SOCIETIES ACT, 1964. Be it enacted by the Legislative Assembly of the State of Andhra Pradesh in the Fifty-second Year of the Republic of India as follows:-

1. Short Title :-

This Act may be called the Andhra Pradesh Co-operative Societies (Second Amendment) Act, 2001.

2. Amendment Of Long Title :-

In the Andhra Pradesh Co-operative Societies Act, 1964 (Act 7 of 1964) (herein after referred to as the Principal Act), in the long title, the following shall be added at the end, namely,-

"in order to facilitate and strengthen the functioning of Co-operative Societies based on Co-operative principles and Co-operative identity."

3. Amendment Of Section 2 :-

In section 2 of the Principal Act,-

(i) for clause (c), the following clause shall be substituted, namely,-
"(c) "Co-operative Year" means, the period commencing on the 1st day of April of any year and ending with the 31st day of March of the succeeding year".

(ii) in clause (j), the words, "and includes any nominal or associate member" shall be entitled.

4. Amendment Of Section 4 :-

In section 4 of the Principal Act, in sub-section (1), after the words, "co-operative principles," the words "as may be prescribed" shall be inserted.

5. Amendment Of Section 6 :-

In section 6 of the Principal Act.

(i) in sub-section (1), for the words, "An application for the provisional registration of a society under sub-section (1) of section 7", the words "An application for the registration of a society" shall be substituted;

(ii) in sub-section (2), for clause (a), the following clause shall be substituted, namely,-

"(a) the application shall be accompanied by:-

(i) the original and one copy of the proposed bye laws of the society as adopted by the applicants;

(ii) a true copy of the minutes of the meeting at which the bye laws were adopted duly signed by the applicants;

(iii) a sworn statement from each applicant that he is a member of a different family and particulars furnished in the application from prescribed are true to the best of his knowledge and belief

(iv) after sub-section (3), the following sub-sections shall be added, namely,-

"(4) Where the Registrar is satisfied, -

(a) that the application conforms to the requirements laid down by this Act and the rules made there under;

(b) that the objects of the Society seeking registration are in accordance with section 4;

(c) that such Society is likely to be economically sound and that its registration may not have an adverse effect on the development of the Co-operative movement;

(d) that the proposed bye-laws are not contrary to the provisions of this Act and the rules made there under; and

(e) that the applicants are sware of the objects of the society as specified in section 4 of the Act and contents of the proposed bye-laws, he may register the Society and its bye-laws within such time as may be prescribed.

(5) Where the Registrar is not so satisfied, he shall communicate by registered post the order of refusal together with the reasons thereof to the applicants within such time as may be prescribed."

(iv) in the marginal heading, the words "application for provisional" shall be omitted.

6. Omission Of Section 7 :-

Section 7 of the Principal Act, shall be omitted.

7. Insertion Of New Sections 9-A, 9-B, And 9-C :-

After section 9 of the Principal Act, the following new sections shall be inserted, namely,-

9-A. "Restriction and creation of any charge.-- Where the Government extends State aid as specified under section 43 of the Act, such society shall not dispose of or create any charge over its property without the prior approval of the Registrar and the consent of the federal society or financing bank concerned as the case may be.

9-B. De-Registration of a society.-- (1) The Registrar shall at any time, of his own motion and after giving the society an opportunity of making its representation, if any, by order, de-register a society which is in existence for a period not exceeding four years from the date of its registration, -

(i) where the membership of the society falls short of the minimum number prescribed for registration of such society; or

(ii) where the society has not commenced working within the prescribed period or has ceased to work; or

(iii) where in the opinion of the Registrar, the society is conducting its affairs in contravention of the co-operative principles or in violation of the provisions of the Act, rules and bye-laws made there under or in a manner detrimental to the interest of its members or the promotion of the object for which it has been registered; or

(iv) where the society has been registered by fraud or misrepresentation of facts.

(2) A society, de-registered under sub-section (1), shall cease to conduct its business forthwith from the date of such order.

9C. Appointment and powers of the Official Assignee.-- (1) Where a society is de-registered under section 9-B the Registrar shall, appoint an official assignee for winding up of the affairs of the society and fix his remuneration in the manner prescribed.

(2) On the appointment of an official assignee, the property, assets, effects and actionable claims or liabilities of the society as on the date of appointment shall vest in or devolve on the official assignee. He shall take such steps as he may deem necessary or expedient to prevent loss or deterioration of, or damage to, such property, assets, effects and actionable claims.

(3) Subject to the control of the Registrar, the official assignee shall have the power,-

(a) to institute and defend suits and other legal proceedings on behalf of the society by the name of his office;

- (b) to realise the assets of the society, by sale or otherwise;
 - (c) to determine, from time to time, the contribution to be made or remaining to be made and the debts due by the members or past members or by the estates or nominees, heirs or legal representatives of deceased members or by any officers or former officers to the society;
 - (d) to investigate all claims against the society, and subject to the provisions of this Act, to decided questions of priority arising between claimants;
 - (e) to pay claims against the society including interest upto the date of winding up according to their respective priorities, if any, in full or rateably, as the assets of the society may permit, the surplus, if any, remaining after payment of the claims, being applied in payment of interest from the date of such order of winding up at a rate fixed by him but not exceeding the contractual rate in any case;
 - (f) to determine by what persons and in what proportion the costs of liquidation are to be borne;
 - (g) to determine whether any person is a member, past member or nominee of deceased member;
 - (h) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society;
 - (i) with the previous approval of the prescribed authority, to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging to have any claim present or future, whereby the society may be rendered liable; and
 - (j) with the previous approval of the prescribed authority, to compromise all calls or liabilities to any calls and debts and liabilities capable of resulting in debts and all claims present or future, certain or contingent, subsisting or alleged to subsist between the society and a contributory or alleged contributory or other debtor or person apprehending liability to the society and all questions in any way relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt or claim and give a complete discharge in respect thereof.
- (4) Any sum ordered under this section to be recovered as a contribution to the assets of a society or as costs of liquidation may be recovered, on a requisition being made in this behalf by the Registrar to the Collector in the same manner as arrears of land revenue.

(5) Save as provided in sub-section (4), orders made under this section shall, on application, be enforced by any Civil Court having local jurisdiction in the same manner as a decree of such Court.

(6) The official assignee shall continue to exercise his powers until the affairs of the society are completely wound up when he shall make a report to the Registrar and deposit the records of the society in such place as the Registrar may direct.

(7) The winding up proceedings under this section shall be closed within a period of one year from the date of the order of de-registration of a society and the said period may, at the discretion of the Registrar, be extended from time to time, so however, that the total period does not exceed two years in the aggregate, and after the expiry of the said period, it shall be deemed that the winding up proceedings have been terminated and the Registrar shall pass an order terminating the winding up proceedings. On the termination of the winding up proceedings, the official assignee shall make a report to the Registrar.

(8) Where the affairs of a society have been completely wound up, after considering the report of the official assignee under sub-section (6) or sub-section (7), the Registrar shall by order in writing cancel the registration of the society. The society shall cease to exist as a corporate body from the date of such order.

8. Amendment Of Section 12 :-

In section 12 of the Principal Act,-

(1) in sub-section (1), of words "with the previous approval of the Registrar, and" shall be omitted;

(i) in sub-section (2), the words "with the previous approval of the Registrar, and" shall be omitted;

(ii) in sub-section (2), the words "with the previous approval of the Registrar, and" shall be omitted;

(iii) to sub-section (2), the following proviso shall be added, namely:-

"Provided that where a society under sub-section (1) is a member or two or more societies under sub-section (2) are members of a federal society or in receipt of assistance from a financing bank, such society or societies shall obtain prior consent of the federal society or financing bank for any resolution under sub-section (1) or sub-section (2) as the case may be.";

(iv) for sub-section (30), the following sub-section shall be substituted, namely,-

"(3) Every resolution of a society under sub-section (1) or sub-section (2) shall be passed at the general meeting by a majority of not less than two-thirds of the total members, and such resolution shall contain all particulars of the transfer, division, amalgamation or conversion as the case may be".

9. Amendment Of Section 13 :-

In section 13 of the Principal Act, in sub-section (3), in clause (c), for item (ii), the following item shall be substituted, namely,--

"(ii) in the case of transfer of assets and liabilities in whole or in part, the consent of the financing bank or federal society as the case may be, if applicable is obtained; or".

10. Omission Of Section 15 :-

Section 15 of the Principal Act shall be omitted.

11. Amendment Of Section 15-A :-

In Section 15-A of the Principal Act.

(i) In sub-section (1), after the words. "if the Registrar is of the opinion that", the words, "in respect of a society or societies in receipt of State aid as specified under Section 43 of the Act," shall be inserted;

(ii) In sub-section (3), in clause (vi), for the words" not exceeding six months", the words "not exceeding three months" shall be substituted;

(iii) Sub-section (5), shall be omitted.

12. Amendment Of Section 16 :-

In Section 16 of the Principal Act,-

(i) In sub-section (1), after the words "No amendment of any bye-law of a society shall be valid unless", the words "the resolution for such amendment is passed at its General meeting by a majority of the total members and" shall be inserted;

(ii) In sub-section (4), for the words. "If no order of refusal is communicated, it shall be deemed that the Registrar has registered the amendment on the last day of the period specified in sub-section (2)", the words" If no order of refusal is communicated within a week after the expiry of the period specified in sub-section (2) it shall be deemed that the Registrar has not registered the amendment as on the last date of the period specified in sub-

section (2)" shall be substituted.

13. Amendment Of Section 17 :-

In section 17 of the Principal Act, in sub-section (1),-

(i) For the words, "Any two or more societies may, with the previous approval of the Registrar, by a resolution passed by a majority of not less than two thirds of the members present and voting", the words "Any two or more societies may, by a resolution passed by a majority of the total members" shall be substituted;

(ii) The following proviso shall be added, namely,-

"Provided that where such societies are members of a federal society or are in receipt of assistance from a financing bank or state aid as specified in section 43 of the Act, they shall obtain the prior consent of the federal society or the financing bank or the Registrar, as the case may be".

14. Amendment Of Section 19 :-

In section 19 of the Principal Act,-

(i) In sub-section (1), in clause (c), after the second proviso, the following proviso shall be inserted, namely,-

"Provided also that a society shall admit an individual or a society referred to in clauses (a) and (b) above as a member, subject to the condition that the society is in a position to extend its services to such individual or society";

(ii) In sub-section (2), for clause (iv), the following clause shall be substituted, namely,-

"(iv) Persons who are miners, may, subject in such restrictions or limitations as may be applicable to a minor under the provisions of any law for the time being in force, be admitted as members of such class of societies as may be prescribed",

(iii) In sub-section (3),-

(a) For the words, "No society shall, the words, "The General body of a society shall not" shall be substituted,

(b) The proviso shall be omitted;

(iv) In sub-section (4), the words "and the member so admitted shall be issued a photo identity card," shall be added at the end.

15. Omission Of Section 20 :-

Section 20 of the Principal Act, shall be omitted

16. Amendment Of Section 21 :-

In section 21 of the Principal Act,-

(a) In sub-section (1),-

(i) To clause (e), the word "or" shall be added at the end;

(ii) After clause (e), the following clauses shall be added, namely,-

"(f) As such member fails to transact such minimum business or utilise minimum services or facilities in a year as may be specified in the bye-laws; or

(g) Fails to attend two consecutive General body meetings in two years without leave of absence; or

(h) Fails to give information relevant to him to the society as specified in the bye-laws",

(b) For sub-section (3), the following sub-section shall be substituted, namely,-

"(3) Where any person, who is not eligible for being admitted as member has been admitted as member or where the member who is disqualified to continue as such under sub section (1) is continued as member, he shall be removed by the General body on its own motion or on a representation made to it by any member of a society or its federal society or its financing bank;

Provided that no member shall be removed under this sub-section unless he had an opportunity of making a representation against the proposed action. A copy of the resolution removing the member shall be communicated to such person and on such communication, he shall be deemed to have ceased to be a member of the society".

17. Amendment Of Section 21-Aa :-

In section 21-AA of the Principal Act,-

(i) in sub-section (1), in the opening portion, for the words, "A member of the committee shall cease to hold office as such, and shall also be ineligible for election or co-option as a member of the Committee for the residue of his term of office, if:-", the words, "A member of the committee shall cease to hold office forthwith as such, for the residue of his term of office and he shall also be ineligible for being chosen as or for being a member of the committee through election or co-option for the subsequent two terms if,- shall be substituted;

(ii) after sub-section (4), the following sub-sections shall be added, namely,-

"(5) Where the committee of a society fails to place the inquiry report under section 51 or Inspection report under section 52 or

section 53 or Audit Report or Special Audit Report under section 50 along with the findings of the Registrar before the General Body within a period of thirty days from the date of the receipt of the report by the society, the members of the Committee shall, on the expiration of the said period, cease to hold such office.

(6) Where the committee fails to initiate action for prosecution of any member or servant of a society who may have incurred criminal liability under the provisions of this Act or any other law for the time being in force, the members of the Committee shall cease to hold such office".

18. Amendment Of Section 22 :-

In section 22 of the Principal Act, for sub-section (1), the following sub-section shall be substituted, namely:-

"(1) Every member on his admission as such member shall be entitled to the services available to the members of the society and such services shall, subject to availability, be rendered to him on his application to the Committee".

19. Amendment Of Section 23 :-

In section 23 of the Principal Act,-

(i) In sub-section (1), for the words, "two-thirds of the members present and voting at the meeting", the words "three-fourths of the total members of the society" shall be substituted;

(ii) In sub-section (2), for the words, "and until the resolution referred to in that sub-section is approved by the Registrar. A copy of the resolution expelling the member as approved by the Registrar shall be communicated to the members", the words, "to the General Body. A copy of the resolution expelling the member shall be communicated to the member" shall be substituted.

20. Amendment Of Section 25 :-

In section 25 of the Principal Act,-

(i) In sub-section (1), in the proviso, for the words "as may be prescribed taking into consideration the nature of business transacted by the society," the words, "or utilise such minimum services or facilities as may be prescribed taking into consideration the nature of business transacted or the services or facilities made available by the society," shall be substituted;

(ii) After sub-section (1), the following sub-section shall be

inserted, namely,-

"(1-A) A member of a society shall be eligible to exercise the right to vote only if he:-

- (a) contributes a minimum share capital as may be prescribed;
- (b) deposits a minimum thrift in a year as may be prescribed;
- (c) Is a member of the society for a continuous period of twelve months;
- (d) Is not in default in the payment of any amount due in cash or kind to the society for such period as may be prescribed."

21. Amendment Of Section 30 :-

In section 30 of the Principal Act, in sub-section (2),-

- (i) In the opening para, for the words "General Body", the words "General Body in the manner prescribed" shall be substituted;
- (ii) in clause (i), for the words "members of the committee", the words "members of the committee and members shall be substituted;
- (iii) After clause (xii), the following clauses shall be added, namely,-
 - "(xiii) contribution to Co-operative Education Fund;
 - (xiv) consideration of report of inquiry under section 51 or Inspection under section 52 or under section 53 or Special report of Audit under section 50;
 - (xv) decision on bad debts considered irrecoverable;
 - (xvi) Management of deficits in stocks or cash;
 - (xvii) Appointment of members of supervisory council, entrustment of duties to the supervisory council and consideration of its reports;
 - (xviii) decision on transfer of assets and liabilities, on division or amalgamation;
 - (xix) review of attendance of Committee members;
 - (xx) review of membership,
 - (xxi) review of the report on the disqualification of the members and the committee members;
 - (xxii) review of all overdue loans and defaulters;
 - (xxiii) Approval of the staffing pattern, pay and other allowances of the employees of the society and contingencies, subject to the availability of administrative and contingent fund and approval of the Registrar.

22. Insertion Of New Section 30-A :-

After section 30 of the Principal Act, the following section shall be

inserted, namely,-

30-A."Constitution Of Supervisory council.-- The General Body of every society may constitute a supervisory council to ensure that the affairs of Law society are conducted in accordance with the Principals of Co-operation, (provisions of the Act, rules, bye laws and resolution of the General Body. The supervisory council shall consist of three members from the General Body other than the members of the Managing Committee and such other members as may be prescribed. The Supervisory council shall aid and assist the General Body in general and exercise such powers and function as may be prescribed".

23. Amendment Of Section 31 :-

In section 31 of the Principal Act, -

(i) In sub-section (1), in clause (a), for the first proviso, the following proviso shall be substituted, namely:-

"Provided that in the case of a society registered after the commencement of the Andhra Pradesh Co-operative Societies (Second Amendment) Act, 2001 the persons who have signed the application for the registration of the society shall conduct the affairs of the society for a period of one month from the date of registration and shall cease to conduct the affairs of the society after duly constituting a committee as per the provisions of the Act thereafter".

(ii) In sub-section (2), in clause (b), for the words "office of the members of the committee before the expiry of term", the words." officer of the members of the committee of a society which received state aid as specified in section 43 of the Act before the expiry of their term" shall be substituted;

(iii) After clause (b) of sub-section (2) the following clause shall be added, namely:-

"(c) In respect of other societies it shall be the responsibility of the incumbent committee of such society to hold elections to the office of the members of the committee in the manner specified in the bye-laws before the expiry of the term;

Provided that where the committee of a society requests the Registrar to hold elections to the office of the members of the committee, the Registrar shall hold elections to the office of the members of the committee in the manner prescribed on payment of costs in advance.

24. Insertion Of New Section 31-A :-

After section 31 of the Principal Act, the following section shall be inserted, namely:-

31-A."Powers and functions of the committee.-- The committee of a society shall, subject to the provisions of the Act, rules, bye laws and resolutions of the General body exercise the following powers and functions, namely: -

- (1) recommend the admission of members to General Body;
- (2) recommend on allotment of shares to members and transfer of shares to General body;
- (3) recommend removal of the members disqualified under section 21;
- (4) recommend removal of any of the committee members disqualified under section 21-A, 21-AA, 21-B and reinstatement of a Committee member who ceased to be such member of the committee under section 21-B and place the reports before the General Body;
- (5) raise funds in the form of loans or deposits and invest them;
- (6) provide services or facilities including sanction of loans and advances to the members on a specific recommendation of the chief executive officer on the basis of the date of admission of such members;
- (7) sanction expenditure which is necessary for the business of the society subject to the provisions of the annual budget;
- (8) Conduct elections in the manner specified in the bye laws to the office of the members of the Committee before the expiry of the term;
- (9) conduct general meetings as prescribed in the Act;
- (10) Cause the audit of the accounts of the society within the time prescribed and place the audit report before the General body;
- (11) Decide matters connected with the day to day management of the society;
- (12) Fix the staffing pattern, qualifications, pay scales and other allowances to the employees of the society, subject to the availability of the administrative and contingent fund and approval of the General body and Registrar;
- (13) place the reports of inquiry under section 51 or inspection under section 52 or under section 53 or special audit report under section 50 before the General Body within the time prescribed;
- (14) rectify the defects noted in the reports of audit under section 50 or inquiry under section 51 or inspection under section 52 or under section 53;

- (15) suspension of any officer or servant of the society under section 59;
- (16) Initiate action for prosecution of any person who may have incurred criminal liability under the provisions of this Act or any other law for the time being in force;
- (17) prepare the list of defaulters and publish the same as prescribed and place before the General Body.
- (18) review all outstanding loans and ensure coverage of legal action on all overdue loans and advances;
- (19) Give information on the affairs of the society to the supervisory council, the Registrar, financing bank and the federal society to which the society is affiliated;
- (20) place the report on the loans sanctioned to and the business done by the members of the committee or their near relatives with the society, defaulters thereof and action to recover them before the General Body;
- (21) place annual report, annual financial statement, annual plan and budget before the General Body;
- (22) ensure co-operative education of the members, officers and the servants of the society;
- (23) prepare and place before the general body, information or reports or statements relating to:-
 - (a) disposal of properties;
 - (b) deficits in cash or stocks;
 - (c) proposals for appropriation of net profits including creation of reserves and other funds;
 - (d) write off bad debts;
 - (e) removal of membership;
 - (f) Contribution to co-operative education fund and administrative and contingent fund;
 - (g) expulsion of member who has acted adversely to the interests of the society;
 - (h) Affiliation of the society to the financing bank or other societies;
 - (i) elections of delegates to the financing bank or other societies;
 - (j) appointment of supervisory council and internal auditors and consideration of their reports and follow up action".

25. Amendment Of Section 32 :-

In section 32 of the Principal Act, for sub-section (1), the following shall be substituted namely,-

"(i) The committee may, at any time, call not less than two general

meetings of a society in a co-operative year;
Provided that one meeting shall be held in each half year,"

26. Omission Of Section 32-A :-

Section 32A of the Principal Act shall be omitted.

27. Insertion At New Section 44-A :-

After section 44 of the Principal Act, the following shall be inserted
44-A. "Constitution and utilisation of Co-operative Education Fund.-
- (1) There shall be Constituted a Co-operative Education Fund for the purpose of promotion of Co-operative movement in the State and education of the members and training of the officers of the Co-operative societies on co-operative principal and management practices. All contributions made by the societies form out of their profit in a year, grants in aid from the Government of India or the State Government and donations by any persons, shall be credited to the Co-operative Education Fund.
(2) Every society shall ensure the education of its members and training of its officers.
(3) The co-operative education fund shall be administered and utilised by the Registrar on the advice of a committee constituted for the purpose in the manner prescribed:
Provided, that not less than 20% of the co-operative education fund contributed by the societies in a year shall be utilised towards the training of officers of the societies concerned:
Provided further, that not less than 50% of the co-operative education fund contributed by the societies shall be utilised on member education programmes in a year".

28. Amendment Of Section 45 :-

In section 45 of the Principal Act, -

(i) The following sub-sections shall be inserted, namely:-

"(1) A Society shall, subject to such limits as may be prescribed, credit one percent of gross profit or gross income in a year, as the case may be, to the co-operative education fund.

(2) A society shall credit an amount not being more than 30 percent of gross profit or 2 percent of working capital, whichever is less, in a year to the administrative and contingent fund towards pay and other allowances of its employees and contingencies in the manner prescribed".

- (ii) The existing sub sections (1) and (2) shall be renumbered as sub-sections (3) and (4) respectively;
- (iii) In sub- section (2) as so renumbered, clause (b) shall be omitted.
- (iv) in the marginal heading, the word "net" shall be omitted.

29. Amendment Of Section 46 :-

In section 45 of the Principal Act,-

- (i) In the opening portion, for the words "A society may invest", the words, "A Society may by a resolution of the General Body invest" shall be substituted;
- (ii) For clause (d), the following clause shall be substituted, namely, -
"(d) With any Nationalised Bank or Scheduled Bank";
- (iii) Clause (c) shall be omitted.

30. Amendment Of Section 50 :-

In section 50 of the principal Act,-

- (i) At the end of sub-section (1), the following words shall be added, namely,--
"Including prudent management of the affairs of the society in accordance with the Act, rules and byelaws".
- (ii) In sub-section (1), the following proviso shall be added, namely, -
"Provided that in respect of a society not in receipt of State aid as specified in section 43 of the Act, the committee of such society shall cause the audit of accounts of the society, every year as per the audit manual prescribed by the Registrar, either through the Chief Auditor or a Chartered Accountant. Where such society opts to get the accounts of the society audited by the Chief Auditor, the later shall audit or cause to be audited the accounts of such society in the manner prescribed".

31. Amendment Of Section 55-A :-

In section 55-A of the principal Act,-

- (i) for sub-section (1), the following sub-section shall be substituted, namely:-
"(i) The Chief Executive Officer of every society by whatsoever designation he is called, and the President of the society jointly and severally or the President of such society if there is no such chief

executive officer for that society, shall be bound to keep, maintain or cause to maintain, sign and authenticate such accounts and books relating to that society in such manner as may be prescribed and shall be responsible for the correct and up-to-date maintenance and authentication of such accounts and books and for producing or causing production of the same when called for in connection with audit, inquiry, inspection or election";

(ii) after sub-section 4), the following sub-section shall be added namely:-

"(5) The Chief Executive Officer of the society or the President where there is no such Chief Executive Officer for that society shall be the custodian of all books of account of the society".

32. Amendment Of Section 61 :-

In section 61 of the Principal Act, for sub-section (3), the following shall be substituted, namely:-

"(3) Every dispute relating to, or in connection with any election to a committee of a society shall be referred for decision to the Tribunal having jurisdiction over the place where the main office of the society is situated, whose decision thereon shall be final".

33. Amendment Of Section 71 :-

In section 71 of the Principal Act, in sub-section (1), for the words "on the application made by society for the recovery of arrears of any sum advanced by it to any of its members and on its furnishing a statement", the words "on the application made by a society or financing bank or federal society as the case may be, for the recovery of arrears of any sum advanced to any of its members and on furnishing a statement" shall be substituted.

34. Substitution Of Section 76 :-

For section 76 of the Principal Act, the following section shall be substituted, namely,-

76."Appeal.-- (1) Any person or society aggrieved by any decision passed or order made under section 6, section 9A, section 9B, section 9C, section 12A, section 13, section 15A, section 16, section 17, section 19, section 21, section 21A, section 21, AA, section 23, sub-section (3) of section 32, section 34, section 34 A, section 60, section 62 section 64, section 66, section 70, section 71, section 73 and section 117 may appeal to the Tribunal.

Provided that nothing in this sub-section shall apply to any order of withdrawal or transfer of a dispute under sub-section (3) of section 62.

(2) On a reference made by the Registrar of Co-operative Societies, the Tribunal shall call for and examine the records of any proceeding which is appealable to it for the purpose of satisfying itself as to the legality or propriety of any decision or order passed and where it appears to the Tribunal that any such decision or order should be modified, annulled or reversed, the Tribunal may pass such order thereon as it may deem fit.

(3) Any appeal under sub-section (1) shall, subject to the other provisions of this Act, be preferred within sixty days from the date of communication to the appellant of the decision, refusal or order complained of but the Tribunal may admit an appeal preferred after the said period of sixty days, if it is satisfied that the appellant has sufficient cause for not preferring the appeal within the said period.

(4) In disposing of an appeal under this section, the Tribunal may, after giving the parties an opportunity of making their representation, pass such order thereon as it may deem fit.

(5) The decision or order of the Tribunal on appeal shall be final.

(6) The Tribunal may pass such interim orders pending the decision on the appeal as may deem fit.

(7) The Tribunal may award costs in any proceedings before that authority to be paid either out of the funds of the society or by such party to the appeal as the Tribunal may deem fit".

35. Amendment Of Section 77 :-

In section 77 of the Principal Act, the following explanation shall be added at the end, namely:-

"Explanation: For the purposes of this section, the expression "Registrar" means the Registrar of Co-operative Societies for the State appointed as such under sub-section (1) of section 3.",

36. Insertion Of New Section 79-A :-

After section 79 of the Principal Act, the following new section shall be inserted, namely,-

79. A. "Punishment for corrupt practices.-- (1) Where any officer of a society or an employee or a paid servant or any member of such society:-

(a) commits any irregularity in receipt or sanction of loans or in purchases or causes, deficit in stocks; or

(b) accepts or obtains or agrees to accept or attempts to obtain from any person for himself or for any other person any gratification whatever, other than legal remuneration as a motive or reward for doing or forbearing to do any official act or showing or forbearing to show in the exercise of his official functions or duties favour or disfavour to any person or rendering or attempting to render any service or dis-service to any person; or

(c) uses or allows the use of funds of the society otherwise than in accordance with the provisions of this Act, rules or the bye-laws of the society; or

(d) signs in the minutes books of committee meetings of the society without actually attending such meetings; or

(e) passes a meeting without proper quorum as valid, he shall be deemed to be guilty of a corrupt practice in relation to the society.

Explanation: For the purposes of this section,-

(i) irregularity in receipt or sanction of loan includes,-

(i) receipt of loan by or sanction of loan to any person Who does not own or cultivate any land or the extent of land shown in the application for loan, where owning or cultivating land is a condition precedent for the sanction of loan; and

(ii) fictitious loan;

(ii) irregularity in purchases includes purchases, made with the intention to gain wrongfully, of,-

(i) sub-standard or adulterated goods;

(ii) goods by paying higher price;

(iii) goods in excess of requirement.

(2) Every person guilty of a corrupt practice shall be punishable with imprisonment for a term which may extend upto one year or with fine which may extend to rupees five thousand or with both."

37. Substitution Of Section 83 :-

For section 83 of the Principal Act, the following section shall be substituted, namely:-

83. "Cognizance of offences.-- (1) No court inferior to that of a Magistrate of the class or a Metropolitan Magistrate shall try any offence under this Act.

(2) Every offence under this Act shall, for the purpose of the Code of Criminal Procedure, 1973(Central Act 2 of 1974), be deemed to be cognizable.

(3) No prosecution shall be instituted under this Act without the previous sanction of the Registrar."

38. Omission Of Section 83-A :-

In the Principal Act, section 83-A, shall be omitted.

39. Amendment Of Section 83-B :-

In section 83B of the Principal Act, in sub-section (1), in the opening portion, the word special shall be omitted.

40. Amendment Of Section 116-C :-

In section 116C of the Principal Act, for sub-section (1), the following sub-section shall be substituted, namely:-

"(I) A society shall have power to fix the staffing pattern, qualifications, pay scales and other allowances for its employees with the prior approval of the Registrar of Co-operative Societies subject to the condition that expenditure towards pay and allowances of the employees shall not exceed two percent of the working capital or thirty percent of the Gross profit, in terms of actuals in a year whichever is less".

41. Amendment Of Section 117 :-

In section 117 of the Principal Act, in sub-section (1),-

(i) for the words "the Registrar under section 15A", the words "the Registrar under section 15A or an official assignee appointed under section 9C" shall be substituted.

(ii) for the words "new committee, person, special officer, managing committee or liquidator", wherever they occur, the words "new committee, person, special officer, managing committee, liquidator or official assignee" shall be substituted.

42. Amendment Of Section 131 :-

In section 131 of the Principal Act, for sub-section (1), the following sub-section shall be substituted, namely,-

"(1) the Government may generally or in any particular matter under this Act, issue such orders and directions, which are in accordance with the provisions of this Act and in the interest of Cooperative movement in the State as they may consider necessary to the Registrar and thereupon he shall give effect to such orders of directions and shall report to the Government in due course the result thereof."

