

KARNATAKA ACT NO. 24 OF 2001
THE KARNATAKA CO-OPERATIVE SOCIETIES
(SECOND AMENDMENT) ACT, 2000

ARRANGEMENT OF SECTIONS

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STATEMENT OF OBJECTS AND REASONS

(As appended to at the time of introduction)

To achieve better results in the Co-operative field and to over come certain difficulties encountered in the effective implementation of the existing provisions of the Karnataka Co-operative Societies Act, 1959. It is considered necessary to amend the Act to provide for the following, namely.-

- (1) To enlarge the definition of “Assisted Society” by including even societies which receive assistance in the form of loan or grant or guarantee for repayment of loan or interest.
- (2) To restore the earlier provision providing for appointment of a person as the Director of Co-operative Audit.
- (3) To omit section 2B as it is redundant in view of the provisions contained in the Karnataka Appellate Tribunal Act, 1976.
- (4) To provide for levy of fee in respect of amendment of bye-laws of Co-operative Societies.
- (5) To provide for admission of Self Help Groups as nominal members of a society.
- (6) To have a specific provisions indicating when a person shall cease to be a member of a Co-operative Society.
- (7) To restore earlier provision providing for extension of time by the Registrar to convene the Annual General Body Meeting of a society by a period not exceeding six months.

- (8) To enhance the total number of members of an Apex Society from the existing 25 to 32 and in the case of an urban co-operative bank having an area of operation not beyond a disitric to enhance it up to 15 members.
- (9) To reduce the term of office of the members of the committee from the existing five co-operative years to three co-operative years.
- (10) To provide that the nominated members shall not have right to become bearers of a primary co-operative society and any other class or classes of co-operative society as may be specified by the Govoernment and to provide that the members so nominated shall hold office during the pleasure of the Government.
- (11) To provide for disqualification under certain circumstances in the case of a person who represents a co-operative society in the committee of District Central Society or with a Federal society or an Apex Society.
- (12) To reduce the term of office of the office bearers from the existing two and half years to one year.
- (13) To provide for appointment and removal of the Chief Executive of an assisted Society by the Government or Registrar.
- (14) To provide for supercession of a committee even in case of violation of any direction issued under section 30B and to provide for further extension of period of appointment of an Administrator up to one year in aggregate.

- (15) To restore the earlier provision providing for appointment of a Special Officer to a society by the State Government on a report made by the Registrar.
- (16) To empower the Registrar to extend the period of appointment of a special officer under section 31 for a further period of one year in the aggregate.
- (17) To provide for postponement of election of co-operative societies in the case of natural calamities etc.,
- (18) To restore earlier provision providing for audit of all co-operative societies by the Director of co-operative Audit.
- (19) To provide explicitly for initiation of surcharge proceedings against Government nominees and ex-officio members.
- (20) To restore earlier provision providing for exemption of societies from the applicability of the provisions of the Act subject to the modification that it shall not apply to section 30A.
- (21) To provide for submission of copies or resolution or order to the Registrar by the Chief Executive and for rescinding or cancelling the resolution or order under certain circumstances.

Certain incidental provisions are also made.

Hence the Bill.

(Vide L.A. Bill No.32 of 2000 File No. ಸಂವ್ಯಶಾೞ 37 ಶಾಸನ 2000)

KARNATAKA ACT NO. 24 OF 2001

(First published in the Karnataka Gazette Extraordinary on the Thirtieth Day of August, 2001)

**THE KARNATAKA CO-OPERATIVE SOCIETIES
(SECOND AMENDMENT) ACT, 2000**

(Received the assent of the Governor on the Twenty Ninth day of August, 2001)

An Act further to amend the Karnataka Co-operative Societies Act, 1959.

Whereas it is expedient further to amend the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959), for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the fifty first year of the Republic of India as follows:-

1. Short title and commencement :- (1) This Act may be called the Karnataka Co-operative Societies (Second Amendment) Act, 2000;

(2) It shall come in to force on such ¹[date] as the State Government may, by notification, appoint and different dates may be appointed for different provisions of this Act;

2. Amendment of section 2 :- In section 2 of the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959) (hereinafter referred to as the principal Act),-

(i) for clause (a-1), the following shall be substituted, namely:-

Published in the Karnataka Gazette Part IV-A Extraordinary No.1616 dated 30-8-2001 (Notification No. ಸಂವೃತ್ತಾಂ 37 ಶಾಸನ 2000)

1. All the provisions of the Act have come into force w.e.f. 5-9-2001. vide Notification No. CMW 48 CLM 2001 dated 5-9-2001.

“(a-1) “Assisted Society” means a Co-operative Society which has received the Government assistance in the form of share capital or loan or grant or guarantee for repayment of loan or interest;”

(ii) in clause (a-4), for the words, figures, letters and brackets “means the Director of Co-operative Audit referred to in sub-section (1) of section 2-AA who performs” the words “means a person appointed to perform” shall be substituted;

(iii) for clause (k), the following shall be substituted, namely:-

“(k) “Tribunal” means the tribunal constituted under the Karnataka Appellate Tribunal Act, 1976 (Karnataka Act 10 of 1976)”

3. Amendment of section 2AA :- In section 2AA of the principal Act, for sub-section (1), the following shall be substituted, namely:-

“(1) The State Government may, appoint a person to be the Director of Co-operative Audit of Co-operative Societies for the State”.

4. Omission of section 2B :- Section 2B of the principal Act shall be omitted.

5. Amendment of section 12:- In section 12 of the principal Act, after sub-section (1), the following shall be inserted, namely:-

“(1A) Every proposal for such amendment shall be accompanied by such fee as may be prescribed, and different fees may be prescribed for different class or classes of co-operative societies”;

6. Amendment of section 18 :- In section 18 of the principle Act in sub-section (1), after clause (c), the following shall be inserted, namely:-

“(d) self help group as nominal members”;

7. Insertion of new section 18A :- After section 18 of the principal Act, the following shall be inserted, namely,-

“18A. Cessation of membership :- A person shall cease to be a member of a co-operative society,-

(a) in the case of an individual, on his or her;

(i) death;

(ii) resignation

(iii) removal or expulsion in accordance with bye-laws of the co-operative society; or

(iv) transfer of whole of his or her share or interest in the co-operative society to another member;

(b) in the case of a firm, company, co-operative society or corporate body,-

(i) on dissolution of the firm or a corporate body;

(ii) on winding up of a company or a co-operative society.

8. Amendment of section 20 :- In section 20 of the principal Act, in sub-section (2), in clause (a-iii), for the words “one year” the words “twelve months” shall be substituted;

9. Amendment of section 27 :- In section 27 of the principal Act, after sub-section (1), the following proviso shall be inserted, namely:-

“Provided that the Registrar may by special order extend the period for holding such meeting by a period not exceeding six months”

10. Amendment of section 28A :- In section 28A of the principal Act,- in sub-section (2),-

(a) in clause (i), after sub-clause (c), the following proviso shall be inserted, namely:-

“Provided that in the case of an urban co-operative bank having an area of operation not beyond a district, the maximum number shall not exceed fifteen members”

(b) for clause (iii), the following shall be substituted, namely:-

“(iii) in the case of an Apex Society, thirty two members”

11. Amendment of section 29 :- In section 29 of the principal Act,-

(1) for sub-section (2), the following shall be substituted, namely:-

“(2) The persons so nominated shall not have the right to become office bearers of primary Co-operative Societies and any other class or classes of Co-operative Societies as may be specified by the State Government from time to time”.

(2) for sub-section (3), the following shall be substituted, namely:-

“(3) The person nominated as a member of a co-operative society under sub-section (1) shall hold office as such member during the pleasure of the State Government”.

12. Amendment of section 29C :- in section 29C of the principal Act, in sub-section(1),-

- (i) in clause (e), the proviso, shall be omitted;
- (ii) after clause (n), the following clause shall be inserted, namely,-

“(o) he, is in the Committee of a District Central Society or a Federal Society or an Apex Society as a representative of a Co-operative Society; and,-

- (i) he ceases to be a member of the primary or secondary society which he represents; or
- (ii) the society which nominated him as a representative withdraws his nomination; or
- (iii) the committee of the society of which he is a member has been removed under section 30, or a special officer is appointed under section 31;
- (iv) the society of which he is the representative has been liquidated”;

13. Amendment of section 29G :- In section 29G of the principal Act,-

- (1) in sub-section (1), in the proviso,-

- (i) for item (i), the following shall be substituted, namely:-

“(i) subject to such rules as may be prescribed, in case of an assisted society, the Government or the Registrar shall have power to appoint and remove the Chief Executives; and”

(ii) in item (ii), for the words “in respect of other co-operative societies” the words “in other cases”, shall be substituted;

(2) after sub-section (4), the following sub-section shall be inserted, namely;

“(4A) The Chief Executive shall have right to attend every meeting of the society and the committee thereof and to take part in the discussion and to move any resolution or to vote”

(3) in sub-section (6), for the words “copy of the extract of the cash book” the words “copy of the receipt and payment account” shall be substituted;

14. Amendment of section 30 :- In section 30 of the principal Act,-

(1) in sub-section (1),

(i) in clause (b), after the words “State Government or the Registrar”, the words, figures, and letter “including the direction issued under section 30B” shall be inserted;

(ii) for the words “The Registrar may for the reasons to be recorded in writing extend the period of such appointment for a further period of six months”. the words “The Registrar may, with the prior approval of the State Government and for the reasons to be recorded in writing extend the period of such appointment for a further period of six months at a time, and in any case such extension shall not exceed one year in aggregate” shall be substituted;

(2) after sub-section (3), the following proviso shall be inserted, namely:-

“Provided that in such an election, no member of the committee removed under sub-section (1) shall, notwithstanding anything contained in this Act, the rule or the bye laws, be eligible for being elected as a member of the Committee, for a period of four years from the date of supersession of the committee under the said sub-section”.

15. Amendment of section 31 :- In section 31 of the principal Act.

(i) in the heading, after the words “Special Officer” the words “by the Registrar” shall be inserted;

(ii) in sub-section (1) the following shall be inserted at the end, namely:-

“The Registrar may with the approval of the State Government and for the reasons to be recorded in writing extend the period of such appointment for a further period of six months at a time and in any case such extension shall not exceed one year in the aggregate”.

16. Amendment of section 39A :- In section 39A of the principal Act, after sub-section (3), the following shall be inserted, namely:-

“(4) Where due to scarcity, drought, flood, fire or any other natural calamities or rainy season or any election programme of the State Legislative Assembly or Council or Parliament or Local Authority co-inciding with the election programme of any society or class of societies, or in public interest the elections are to be postponed, the State Government may, notwithstanding anything contained in this Act, or rule or bye-laws, by general or special order postpone the election of any society or class of societies for a period not exceeding six months at a time and in any case not exceeding two years in aggregate”.

17. Amendment of section 63 :- In section 63 of the principal Act,-

(1) for sub-section (1), the following shall be substituted, namely:-

“(1) The Director of Co-operative Audit shall audit or cause to be audited by a person authorised by him by general or special order in writing in this behalf, the accounts of every co-operative society at least once in each year”.

(2) in sub-section (3), for the words, brackets, figure and letter “or the person conducting audit under clause (b) of sub-section (1)” the words “or the authorised person” shall be substituted;

(3) in sub-section (4), for the words, brackets, figure and letter “or the person conducting audit under clause (b) of sub-section (1)” the words “or the person authorised” shall be substituted;

(4) in sub-section (5), the words, brackets, figures and letter “or the person conducting audit under clause (b) of sub-section (1)” shall be omitted;

(5) in sub-section (10), first proviso shall be omitted;

18. Amendment of section 64 :- In section 64 of the principal Act in sub-section (2A), for the words “within a period of six months which may, however be extended by the Registrar for a further period of six months for reasons to be recorded in writing”, the words “within a period of twelve months which may however be extended by the State Government on the recommendation of the Registrar, for a further period of six months” shall be substituted;

19. Amendment of section 69 :- In section 69 of the principal Act, in sub-section (1), after the words “Committee of Management” the words “including Government nominees and ex-officio members” shall be inserted.

20. Amendment of section 106 :- In section 106 of the principal Act,-

(i) in sub-section (2), after the proviso, the following shall be inserted, namely:-

“Provided further that the appellate authority may admit an appeal preferred after the said period of sixty days, if it is satisfied that the appellant had sufficient cause for not preferring the appeal within the said period”;

(ii) after sub-section (2), the following shall be inserted, namely:-

“(3) Where an appeal is preferred, the appellate authority may, in order to prevent the ends of justice being defeated, make such interlocutory orders pending the final decision of appeal as it may deem fit;

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

21. Insertion of new section 121 :- After Section 120 of the principal Act, the following section shall be inserted, namely.

“**121. Power to exempt societies :-** The State Government may, by general or special order published in the Official Gazette, exempt any co-operative society or any class of societies from any of the provisions of this Act, or may direct that such provisions shall apply to such society or class of societies with such modifications as may be specified in the order.”

22. Amendment of section 124 :- In section 124 of the principal Act, the following proviso shall be inserted, namely,-

“Provided that a notice relating to any meeting or election of a co-operative society, other than the meeting convened for the purpose of election of office bearers, shall be issued by certificate of posting”;