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**GOVERNMENT OF MANIPUR
SECRETARIAT : LAW & LEGISLATIVE AFFAIRS DEPARTMENT**

NOTIFICATION

Imphal, the 14th June, 2013

No. 2/38/2013-Leg/L:- In pursuance of rule 150 of the Rules of Procedure and Conduct of Business in Manipur Legislative Assembly, the Manipur Co-operative Societies (Fifth Amendment) Bill, 2013 as introduced in the Legislative Assembly, Manipur in its sitting held on 13-06-2013 is hereby published in the Manipur Gazette.

TH. KAMINI KUMAR SINGH,
Joint Secretary (Law),
Government of Manipur.

**THE MANIPUR CO-OPERATIVE SOCIETIES
(FIFTH AMENDMENT) BILL, 2013**

A
BILL

further to amend the Manipur Co-operative Societies Act, 1976 (Manipur Act No. 14 of 1976)

Be it enacted by the Legislature of Manipur in the Sixty Fourth year of the Republic of India as follows:

1. Short title and commencement. (1) This Act may be called the Manipur Co-operative Societies (Fifth Amendment) Act, 2013.

(2) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint.

2. Amendment of section 2. - In section 2 of the Manipur Co-operative Societies Act, 1976 (hereinafter referred to as the Principal Act) –

(i) in clause (1a), for the words “a co-operative society”, the words “a State level co-operative society” shall be substituted;

(ii) after clause (3), the following clause (3A) shall be inserted, namely, –

“(3A). “Board” means the board of directors or the governing body of a co-operative society, by whatever name called, to which the direction and control of the management of the affairs of a society is entrusted to;”;

(iii) in clause (11), for the words and figures “30th day of June”, the words and figures “31st day of March” shall be substituted;

(iv) after clause (20b), a new clause (20c) shall be inserted, namely, –

“(20c) “Multi State Co-operative Society” means a co-operative society with objects not confined to one State and registered or deemed to be registered under any law for the time being in force relating to such co-operatives;”;

(v) for clause (21), the following shall be substituted, namely, –

“(21) “Officer” means a person appointed by a co-operative society to any office of such society according to its bye-law;”;

(vi) after clause (21), the following new clause (21A) shall be inserted, namely, –

“(21A). “Office bearer” means a President, Vice-President, Chairperson, Vice-Chairperson, Secretary or Treasurer of a co-operative society and includes any other person to be elected by the board of any co-operative society;”;

3. Insertion of new section 32 A. – After section 32 of the Principal Act, the following new section 32A shall be inserted, namely, -

“32 A. Education and training to the members.- Manipur State Co-operative Union shall provide co-operative education and training to the members of co-operative societies in the State;”;

4. Amendment of section 73.– In section 73 of the Principal Act, (i) for sub-section (2), the following shall be substituted, namely, -

“The term of office of the elected members of the board and its office bearers shall be five years from the date of election and the term of the office bearers shall be co-terminous with the term of the board. No member shall hold office of the director or governing body beyond three terms consecutively.

Provided that if the term of the Board is superseded or dissolved it shall be taken that the Board held its full term. This shall apply to elected Boards only.

Provided further that the period of management of the nominated Board, or Administrator or Board of Administrators as the case may be under this Act shall not be counted as a term.”

(ii) for sub-section (3), the following shall be substituted, namely, -
 (3)(1) “The election of a Board of a co-operative society shall be conducted before one month of the expiry of the term of the Board so as to ensure that the newly elected members of the Board assume office immediately on the expiry of the office of members of the outgoing Board”.

(2) “The superintendence, direction and control of the preparation of electoral rolls for, and the conduct of, all elections to Cooperative Societies, shall vest to the Registrar of Co-operative Societies.

Provided that the procedures and the guidelines for conduct of such elections shall be prescribed by the State Government.

5. Amendment of section 73 A. - In section 73A of the Principal Act, -

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

“(1) The Board of a co-operative society shall be constituted with such number as may be specified by rules and bye-laws of the society;

Provided that the maximum number of Directors of the Board shall not exceed twenty one;

Provided further that one seat for scheduled castes or scheduled tribes, and two seats for women and one seat for small farmers shall be reserved in the Board of a co-operative society consisting of individuals as members and having members from such class or category of members;

Provided also that the Board may fill a casual vacancy on the Board by nomination out of the same class of members in respect of which the casual vacancy had arisen if the term of the Board is less than half of its original term.

Provided also that the representatives of the employees and workers of the co-operative society be included in the Board as may be provided by the rules and bye-laws of such society.”.

(ii) For clause (a) of sub-section (1B), the following shall be substituted, namely -

(a) “Persons having experience in the field of banking, management, finance or specialization in any other field related to the objects and activities undertaken by the co-operative society may be co-opted as members of the Board upto a maximum of two in addition to the number of Boards specified in the bye-law;

Provided that such co-opted professional members of the Board besides the normal number of the Board, shall have no right to vote in any election of the co-operative society in their capacity as such members or to be eligible to be elected as office bearers of the Board;

Provided also that the functional directors of a co-operative society shall also be the members of the Board and such members shall be excluded for the purpose of counting the total number of Directors specified in section 73 A (1).”.

6. Amendment of section 75. - In section 75 of the Principal Act, (i) For sub-section (1), the following shall be substituted, namely,-

“(1) Every co-operative society shall, within a period of six months of the close of financial year, call an annual general meeting of its members;

Provided that if in the opinion of the Registrar such meeting is not called by the society within the period specified, the Registrar or any person authorised by him may call such meeting in the manner prescribed, and that meeting shall be deemed to be a general meeting duly called by the society.”;

(ii) in sub-section (5), the words “or, as the case may be, the extended period”, shall be deleted;

(iii) after sub-section (7) of section 75, the following new sub-section (8) shall be inserted, namely -

“(8). Every member of a co-operative society shall attend at every general body meeting of the society where he is a member and if fails to attend consecutively at least two general body meetings of the society he shall automatically cease to be a member of the society.”.

7. Amendment of section 78. - for sub-section (1) of section 78 of the Principal Act, the following shall be substituted, namely, –

(1) “If in the opinion of the Registrar, the Board of any co-operative society,

(i) persistently makes default or is negligent in the performance of duty imposed on it; or

(ii) willfully disobeys directions issued by the Registrar for the purposes of securing proper implementation of the co-operative production and the development programmes approved or undertaken by the Government; or

(iii) commits any act which is prejudicial in the interest of the society or its members; or

(iv) there is stalemate in the constitution or functioning of the society; or

(v) has failed to conduct elections in accordance with the provisions of the Act, the Rules and the bye-laws; or

(vi) is otherwise not functioning properly,

the Registrar may after giving the Board an opportunity of hearing within fifteen days from the date of issue of notice, by order in writing, remove the Board or keep under suspension, and appoint one or more administrators who need not be members of the society to manage the affairs of the society;

Provided that no Board shall be superseded or kept under suspension for a period not exceeding six months however for a co-operative society carrying on the business of banking for a period not exceeding one year;

Provided further that the Board of Directors of a co-operative society shall not be superseded or kept under suspension where there is no Government shareholding or loan or financial assistance or any guarantee by the Government;

Provided also that in the case of a co-operative society carrying on the business of banking, the provisions of the Banking Regulation Act, 1949 shall also apply.”.

8. Amendment of Section 78A(1).- In sub-section (1) of section 78(A)(1) of the Principal Act,

(i) for the figures and the words “12 months at a time and three years in the whole” shall be substituted by the words “six months”;

(ii) in the first proviso, for the words “three years”, the words “six months” shall be substituted.

9. Insertion of new section 79 A.- After section 79, of the Principal Act, a new section 79 A shall be inserted, namely, –

“79A. Filing of annual report, audited statements etc.- Every co-operative society shall submit return within six months of the close of every financial year to the Registrar Co-operative Societies, Manipur including the following matters viz –

- (a) annual report of its activities ;
- (b) audited statement of accounts including the profit and loss account and the balance sheets as on 31st March of the previous financial year;
- (c) plans for surplus disposal as approved by the general body of the co-operative society;
- (d) lists of amendments to the bye-laws of the co-operative society, if any;
- (e) declarations regarding date of holding of its general body meeting and conduct of elections when due;
- (f) budget estimation of the next year;
- (g) any other information required by the Registrar in pursuance of any of the provisions of the Act.”.

10. Amendment of section 81.- for the sub-section (1) of section 81 of the Principal Act, the following shall be substituted, namely, –

“(1) The Registrar shall audit or cause to be audited by a person authorized by him or by a certified Auditor or a Chartered Accountant by general or special order in writing in this behalf the accounts related to the previous year of every co-operative society at least once in a year within six months of the close of the co-operative year.

Provided that the general body of the co-operative society shall appoint the auditor from the panel approved by the Registrar.

Provided further that the audit report of the accounts of an apex co-operative society shall be laid before the State Legislature.”.

11. Amendment of section 146. - In section 146 of the Principal Act, after clause (q), the following clauses shall be inserted, namely, –

“(r) whoever, before, during or after the election of members of the Board or office Bearers, adopts any corrupt practice.

(s) any employee, who, without sufficient cause, fails to pay to the co-operative society amounts deducted by him from its employees within a period of 14 (fourteen) days on which such deduction is made;

(t) any person willfully or without any reasonable excuse disobeys any summon requisition or lawfully written order issued under provisions of the Act.”.

12. Amendment of section 147.- In section 147 of the Principal Act,

(i) the amount of fine specified in –

(a) Clauses (b), (c), (d), (g), (h), (i), (j), (m) shall be substituted by the words “two thousand rupees respectively.

(b) Clauses (f), (l), (q) shall be substituted by one thousand rupees respectively and

(c) Clauses (k) and (n) by two thousand five hundred rupees respectively”.;

(ii) after clause (q), the following new clauses shall be added, namely, -

“(r) if it is an offence under clause (r) of section 146, with a fine which may extend to two thousand rupees;

(s) if it is an offence under clause (s) of section 146 of the Act, with a fine which may extend to one thousand rupees besides recovering the amounts deducted by him ;

(t) if it is an offence under clause (t) of section 146, with a fine which may extend to two thousand rupees.”

STATEMENT OF OBJECT AND REASONS

Having passed the Ninety Seventh Constitution (Amendment) Act, 2011 in December 2011 by the Parliament of India, thereby incorporating a new part in the Constitution AS PART IX B and also incorporating new Articles from 243ZH to 243ZT which are enshrined in the Constitution exclusively for the Cooperative Societies, it has become mandatory for all the States in the Country to incorporate the Provisions of the Constitution in their respective States' Cooperative Societies Act. The newly inserted provisions will facilitate the Cooperative Societies in providing Autonomy and Independence in their management and business activities. Further, this Constitutional Amendment has granted uniformity throughout the country in respect of Cooperative Societies.

The Provisions of the Constitution are mandatory and to be incorporated in the existing Manipur Cooperative Societies Act, 1976 to facilitate the Cooperative Societies in the State.

Besides, in view of the changing requirements in the cooperative principles in the world as well as cooperative movement in the country and the State to carry on the management and business activities of the Cooperative Societies, which will help the socio-economic upliftment of the Cooperative members, it is felt necessary to amend the existing Manipur Cooperative Societies Act, 1976.

Hence, this Manipur Cooperative Societies (Fifth Amendment) Bill, 2013.

(Km. AK. Mirabai Devi)

FINANCIAL MEMORANDUM

**There will be no financial implication when the
Proposed Law becomes as an Act of the
Legislature of Manipur**

**EXTRACT OF SECTIONS 32,73,73A,75,78,78A(1),79,81,146 & 147 FROM
THE MANIPUR COOPERATIVE SOCIETIES ACT, 1976.**

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Section 32. (1) Every member of a Society shall be entitled to inspect, free of cost, at the Society's office during office hours, or any time fixed for the purpose by the Society, a copy of the Act, the Rules and the bye-laws, the last audited annual balance sheet, the Profit and Loss account, a list of the members of the committee, a register of members, the minutes of general meetings, minutes of Committee meetings and those portions of the books and records in which his transactions with the society have been recorded.

(2) A society shall furnish to a member, on request in writing and on payment of such fees as may be prescribed therefore, a copy of any of the documents mentioned in the foregoing sub-section within one month from the date of payment of such fees.

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Section 73 (2). The Board will have a term of three years from the date of assuming charge of their office. No member can hold office beyond two terms consecutively. This provision shall apply to elected Board only.

Provided that the term of a Board may be extended by general or special order of the Registrar [till fresh elections are held by the society or nominations are made by the Registrar under Sub-Section (4)]

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Section 73(3). Before one month of the date of expiry of the terms mentioned in sub-Section (2), the Cooperative Society shall call an annual general meeting to elect members of the Board of management and thereupon the members so elected shall assume the charge of their office on the expiry of the term of the retiring Board:

Provided that the election of the members of the Board of management shall be conducted by an independent body or authority constituted by the Registrar in the manner prescribed in the rules and bye-laws.

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Section 73A (1). The Board of management of the society shall be constituted with such number of members as may be specified by the rules and bye-laws.

Provided that the members of the scheduled caste, scheduled tribe and small farmers shall proportionately be represented in the Board by reservation of seats in the Board as may be prescribed in the rules and bye-laws:

Provided further that the representatives of employees and workers [of the concerned cooperative institution shall] be included in the Board as may be provided in rules and bye-laws.

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73(1B) (a): Notwithstanding anything contained in sub-section (1) there shall be such number of professionals having special or experience in such fields as may be stipulated by the Reserve Bank, on the Board of the State Cooperative Bank and in case such number of elected directors, in the opinion of the Reserve Bank, do not possess special knowledge or experience as stipulated by the Reserve Bank, the Board of such State Cooperative Bank shall co-opt such number of professionals with full voting rights irrespective of –

- (i) The limit on the number of members of the Board under this Act or Rules framed thereunder or in Bye-laws of such State Cooperative Bank.
- (ii) Whether such professional is a member of the State Cooperative Bank or not;

Section 75 (1). Every society shall, within a period of three months from the close of the Cooperative year, call an annual general meeting of its members:

Provided that the Registrar may by general or special order, extend the period of holding such meetings for a further period not exceeding three months:

Provided further that if in the opinion of the Registrar, no such extension is necessary, or such meeting is not called by the society within the period specified or within the extended period, if any, granted by him, the Registrar or any person authorised by him may call such meeting in the manner prescribed, and that meeting shall be deemed to be a general meeting duly called by the society.

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Section 75(5) if default is made in calling a General Meeting within the period, or, as the case may be, the extended period, prescribed under sub-section(1), or in complying with sub-section(2), (3) or (4), the Registrar may by order declare, to any officer or member of the Board whose duty it was to call such a meeting to comply with sub-section(2),(3) or (4) and who without reasonable excuse failed to comply with any of the aforesaid sub-sections disqualified for being elected and for being any officer or member of the Board for such period not exceeding three years, as he may specify in such an order and , if the officer is a servant to the society, impose penalty on him to an amount not exceeding one hundred rupees. Before making an order under this sub-section the Registrar shall give, or cause to be given a reasonable opportunity to the person concerned of showing cause against the action proposed to be taken in regard to him

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Section 78(1). If , in the opinion , of the Registrar, the Board of any society persistently makes default, or negligent in their performance of the duties imposed on it by this Act or the Rules or the Bye-laws, or commits any act which is prejudicial to the interest, of the society or its members, or willfully disobeys directions issued by him for the purpose of securing proper implementation of Cooperative Production and other development programmes approved or undertaken by Government, or is otherwise not functioning properly or in the case of State Cooperative Bank or the State Land Development Cooperative Bank does not comply with the regulatory prescription of the National Bank or the Reserve Bank of India, or does not fulfill the fit and proper criteria stipulated by the National Bank for Agriculture and Rural Development or the Reserve Bank of India and a request has been received from the National Bank or the Reserve of India to their effect, the Registrar may after giving the Board an opportunity of stating its objects,(if any), within fifteen days from the date of issue of notice by order in writing remove the Board, and :

- (a) appoint a Board, consisting of three or more members of the Society, in its place, or
- (b) appoint one or more administrators, who need not be members of the society, to manage the affairs of the society for a period (not exceeding two years) specified in the order, which period may, at the discretion of the Registrar, be extended from time to time, so however that the total period does not exceed four years in the aggregate.

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Section 78 A(1) Notwithstanding anything contained in this Act, if the State Government on receipt of a report from the Registrar, Cooperative Societies or otherwise is satisfied that the management of a Society has not been in accordance with the provisions of the Act and creditors of the societies have , for justifiable reasons, raised repeated objections to the method and manner of the management and further that, the management of society, if allowed to continue as such may likely cause irreparable loss and injury to the society and the public in general, the State Government may, by a notification in the Official Gazette suspend the Board for a period not exceeding 12 months at a time and three years in the whole or dissolve the Board.

“Provided when the Board is suspended or dissolved, or where term of such a Board becomes expired, the State Government may appoint a Board of Administrators, who need not be member of the Society but who should have background knowledge and expertise related to the Society and having such qualifications as are not debarred from becoming a member of the Board or any Committee under the provisions of the Act and the Rules. In case of State Cooperative Bank or Urban Cooperative Banks there shall be at least 2(two) professionals in the Board or Committee. The composition of the Board shall not be less than three but not more than five to exercise and perform the powers and function of the Board subject to the control of the State Government as may be required in the interest of the Society during the period of suspension or till a new Board is constituted, as the case may be, but the total period of suspension or dissolution should not exceed three years :

Provided further that suspension or dissolution of the Committee of the State Cooperative Bank or a Central Cooperative Bank or the State Land Development Cooperative Bank or the Urban Cooperative Banks under this section shall be done in consultation with the National Bank or the Reserve Bank of India, as the case may be . :

Provided also that at anytime the Registrar may in consultation with the State Government shall constitute a regular Board before the expiry of the term of the Board of Administrator under this section and thereby, the State Government shall terminate the term of the Board to enable Society to carry its functions as enjoined by law”,

Section 79(1) The Registrar may direct any society or class of societies, to keep proper books of accounts with respect to all sums of money received and expended by the Society, and the matters, in respect of which the receipt and expenditure take place, all sales and purchases of goods by the society, and the assets and liabilities of the society, and to furnish such statements and returns and to produce such records as may be required from time to time, and the officer or officers of the society shall be bound to comply with this order within the period specified therein

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Section 81(1) The Registrar shall audit, or cause to be audited by a person authorized by him by general or special order in writing in this behalf, the accounts of every society at least once in a year.

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Section 146 It shall be an offence under this Act, if -

- (a) any member of a society transfers any property or interest in contravention of sub-section (2) of section 47 or any person knowingly acquires or abets in the acquisition of, such property : or (b) or (c) or (d).....or (p) or
- (q) any officer or member of a society or any person does any act declared by the rules to be an offence.

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Section 147 Every society, officer or past officer, member or past member, employee of a society, or any other person, who commits an offence under section 146 shall , on conviction , be punished :

- (a) if it is an offence under clause (a) of that Section, with imprisonment for a term which may extend to six months, or with fine which may extend to five thousand rupees, or with both , or
- (b), or (c), or (d).....or (p) or
- (q) if it is an offence under clause (q) of that section, with fine which may extend to two hundred and fifty rupees.

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