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**REPORT OF SELECT COMMITTEE ON  
THE KERALA CO-OPERATIVE SOCIETIES  
(THIRD AMENDMENT) BILL, 2022  
AND  
BILL AS REPORTED BY THE SELECT COMMITTEE**

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Presented on 8<sup>th</sup> August, 2023

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COMPOSITION OF THE SELECT COMMITTEE ON  
THE KERALA CO-OPERATIVE SOCIETIES  
(THIRD AMENDMENT) BILL, 2022

**Chairman:**

Shri V. N. Vasavan,  
Minister for Co-operation and Registration.

**Members :**

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Shri E. Chandrasekharan  
Shri V. Joy  
Shri Kovoov Kunjumon  
Shri T. I. Madhusoodanan  
DR. Mathew Kuzhalsadan  
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Smt. Santhakumari K.  
Shri Sebastian Kulathunkal  
Shri V. R. Sunil Kumar  
Shri Sunny Joseph  
Shri Kadakampally Surendran  
Shri Thomas K. Thomas.

**Legislature Secretariat:**

Shri A. M. Basheer, Secretary  
Shri V. G. Riju, Joint Secretary  
Smt. Sheeba Varghese, Deputy Secretary  
Shri Deepak S. V., Under Secretary.

# **THE KERALA CO-OPERATIVE SOCIETIES (THIRD AMENDMENT) BILL, 2022**

(Report of the Select Committee)

The Select Committee on The Kerala Co-operative Societies (Third Amendment) Bill, 2022 considered the Bill clause by clause and now submits this Report with the Bill as reported by the Select Committee.

2. The Kerala Co-operative Societies (Third Amendment) Bill, 2022 was published as a Gazette Extraordinary dated 4-12-2022. The Bill was introduced in the Assembly on 12-12-2022 and was referred to a Select Committee, consisting of fifteen members headed by the Minister for Co-operation and Registration on the same day. The Committee held its initial meeting on 4-1-2023 and conducted 6 sittings at various regions of the State subsequently for gathering suggestions from public on the Bill. The Committee visited the State of Maharashtra as part of Study programme and held in depth discussions with experts and officials from Co-operative sector. The Select Committee conducted a total of eighteen meetings where, representatives of Apex-Federal Co-operative societies and Welfare fund Co-operative societies gave suggestions along with members of general public and experts. The comments and suggestions received in those meetings and those received through post and e-mail have been codified and considered by the committee in its meeting held on 11-7-2023. The Select Committee considered the Bill, clause by clause, in its meetings held on 26-7-2023 and 3-8-2023.

3. The Committee considered the Draft Report in its meeting held on 4-8-2023 and approved the same with necessary amendments.

## Amendments recommended by the Committee

### *Preamble:—*

(1) In the Preamble, for the word “Seventy-third” the word “Seventy-fourth” shall be substituted.

### *Clause 1*

(2) In Clause 1 for the symbol, words and figures “(Third Amendment) Act, 2022” the symbol, words and figures “(Amendment) Act,2023” shall be substituted.

### *Clause 2*

(3) In item (db) proposed to be inserted in Section 2 of the Principal Act by Clause 2 (iii) shall be recast as follows:

“(db) “common software for primary agricultural credit societies” means an effective software solution that covers the complete day-to-day functions of primary agricultural credit societies through a centralised architecture; ”

(4) In item (dc) proposed to be inserted in Section 2 of the Principal Act by Clause 2 (iii) for the word “registrar or” shall be deleted.

(5) In proviso to section 2(ib) proposed to be substituted in the Principal Act by clause 2(iv) the symbol, words and figures “(Third Amendment) Act, 2022” the symbol, words and figures “(Amendment) Act,2023” shall be substituted.

(6) In item (qbb) proposed to be inserted in Section 2 of the Principal Act by Clause 2 (x) for the word “age-old” the word “aged” shall be substituted and before the words “depressed persons” the word and symbol “transgenders,” shall be inserted.

*Clause 4*

(7) The following shall be added as sub-clause (a) and the existing sub-clauses (a) and (b) shall be relettered accordingly.

“(a) in clause (d), the word “and ” coming after the word and symbol “rules;” shall be deleted.”

(8) The following shall be added as sub-clause (b) and reletter remaining sub-clauses accordingly.

“(b) in clause (e) for the words and symbols “ he may register the society and its bye-laws within a period of ninety days from the date of receipt of the application.” the word “and” shall be substituted”.

(9) In section 7(1)(f) proposed to be inserted in the principal Act by clause 4 relettered sub-clause (c), after the word “share capital”, the words “; he may register the society and its bye-laws within a period of sixty days from the date of receipt of the application”.

(10) In proviso to section 7(1)(f) proposed to be inserted in the principal Act by clause 4 relettered sub-clause (c), for the words and symbols “SC/STs” the words and symbol “ Scheduled Castes/ Scheduled Tribes” shall be substituted after the word “vanitha”, the words and symbols “,transgenders, Primary Anand Pattern Milk Co-operative Societies, Schools, Colleges” shall be inserted.

(11) Relettered clause 4(i)(d) shall be omitted.

*Clause 6*

(12) Clause 6 shall be deleted and remaining clauses shall be renumbered accordingly.

*Renumbered Clause 6 (Old 7)*

(13) The following shall be added as sub-clause (i) and the existing sub-clauses (i) and (ii) shall be renumbered accordingly.

“(i) in marginal Heading of Section 14, after the word “Amalgamation”, the word “merger,” shall be inserted.”

(14) Section 14 (1) proposed to be inserted in the principal Act by renumbered sub-clause (i)(a) after the word “Registrar” the symbol “;” shall be inserted.

(15) The following shall be added as sub-clause (iii) and the existing remaining sub-clauses shall be renumbered accordingly.

“(iii) in sub-section (2) , after the words and symbol “societies may,” the words “with the prior approval of the Registrar,” shall be inserted and for the words “two third”, the word “simple” shall be substituted.”

(16) The following shall be added as sub-clause (iv) and the existing remaining sub-clause shall be renumbered accordingly.

(iv) after sub-section (2) the following shall be added as sub-section (2A):

“(2A) Notwithstanding anything contrary contained in any other law in force or in rule or in the bye-laws of any society, one or more societies may merge with any other society by a resolution passed by simple majority at the general body meeting of each such society:

Provided that before effecting such merger a resolution of the society with whom it has to merge shall give its approval permitting such merger by a resolution passed by simple majority of the general body meeting of such society.”

(17) The following shall be added as sub clause (v) and the existing remaining sub-clause shall be renumbered accordingly.

“(v) in sub-section (3) , for the words, figure and symbol “ or sub-section (2)” the words, figure and symbol “; sub-section (2) or sub-section (2A)” and for the words “transfer, division or amalgamation”, the symbol and words “amalgamation, merger, transfer or division” shall be substituted.”



(18) Section 14 sub-section (8) proposed to be inserted by renumbered clause 6 (vi) shall be recast as follows:

“(8) Detailed scheme of transfer of assets and liabilities and the scheme of merger, as the case may be prepared by the society and approved by the Registrar as per sub-section (1), sub-section (2) or sub-section (2a) shall be published by the Registrar and the Society.”.

*Renumbered Clause 7 (Old 8)*

(19) Renumbered Clause 7 shall be recast as follows:

“ 7. *Amendment of section 14AA.*— In section 14AA of the principal Act, after sub-section (2), the following sub-sections shall be added and the existing sub-section (3) shall be renumbered as sub-section (8).

“(3) The share capital contribution or financial assistance to the subsidiary institution shall be met from the balance net profit of the society, as provided under section 56(2) and any further investment in subsidiary institutions from the society/bank other than share capital shall be released as loan as per the norms as may be specified by the Registrar;

(4) Any society/bank which had availed any financial assistance from Government, shall include nominees of Government of Kerala in the board of directors of the subsidiary institutions, as may be prescribed;

(5) The Registrar shall conduct audit, inspection and verification of records in the subsidiary institutions, as may be prescribed;

(6) Any share capital contribution or financial assistance to the subsidiary institutions from the society/bank shall be allotted with the prior approval of the Registrar based on the resolution passed by the general body of the society/bank concerned;

(7) Transferring funds or leasing of assets of the society to its subsidiary institutions shall be made with the prior approval of the Government based on the resolution passed by the general body of the society/bank;

(9) Notwithstanding anything contained in the foregoing provisions of this section no subsidiary institution shall be promoted under this section on or after the commencement of the Kerala Co-operative Societies ( Amendment) Act, 2023 and the existing subsidiary institutions registered and working immediately before the commencement of the Kerala Co-operative Societies ( Amendment) Act, 2023 shall continue its operation subject to the foregoing provisions in sub-sections (1) to (8) and in the manner as may be prescribed.”.

*Renumbered Clause 8 (Old 9)*

(20) In section 14B (2) proposed to be inserted in the principal Act by renumbered Clause 8(ii), for the words “of the societies concerned”, the words “of such societies” shall be substituted.

(21) In section 14B (3) proposed to be inserted in the principal Act by renumbered Clause 8(ii), before the words “as may be”, the words “in the manner” shall be added.

(22) In section 14B (4) proposed to be inserted in the principal Act by renumbered Clause 8(ii), before the words “as may be”, the words “in the manner” shall be added.

(23) In section 14B (5) proposed to be inserted in the principal Act by renumbered Clause 8(ii), before the the words “as may be”, the words “in the manner” shall be added.

*Clause 9 (New Clause)*

(24) The following shall be inserted as Clause 9 and renumber remaining clauses accordingly.

“ 9. Amendment of Section 15.— After section 15(3), the following sub-section shall be inserted, namely,—

“(4). Where one or more societies are merged with another society in accordance with the provisions of Section 14 the registration of each of the merging society shall stand cancelled and shall be deemed to have been dissolved and shall cease to exist as a corporate body.”

*Clause 10*

(25) In proviso to section 16(1)(a)(i) proposed to be inserted in the principal Act by Clause 10, the words “A class” shall be deleted.

*Clause 11*

(26) The Clause 11 shall be deleted and the following shall be added as Clause 11.

“11. *Amendment of section 18.*—In section 18 of the principal Act,— sub-section (3) shall be recast as follows :

“ (3) Save as provided in this section, a nominal or associate member shall have such privileges and rights of a member and be eligible to enjoy various services including credit facilities provided by the societies and be subject to such liabilities of a member, as may be specified in the bye-laws of the society.”

*Clause 12*

(27) Clause 12 shall be recast as follows :

“ 12. *Amendment of section 19.*—In section 19 of the principal Act,—

(i) the existing section shall be numbered as sub-section (1);

(ii) after sub-section (1), so numbered, the following sub-section shall be inserted, namely:—

“(2) If the general body of a society has decided to enhance the share value, the right of a member to continue in membership will remain for a period of five years from the date of enhancement of value of share but shall be allowed to exercise rights as a member only upon remitting the enhanced value of the shares held.”

*Clause 13*

(28) clause 13(ii) shall be recast as follows :

“(ii) in clause (f), for the symbol “.”, the symbol and word “;and” shall be substituted;”

(29) In section 19B (g) proposed to be inserted in the principal Act by Clause 13(iii), for the words “Board of Directors”, the word “Committee” shall be substituted.

*Clause 15 (New Clause)*

(30) The following shall be inserted as Clause 15 and renumber remaining clauses accordingly.

“15. Amendment of Section 22.— In sub-section (1) of section 22 of the Principal Act, after the existing proviso, the following proviso shall be inserted, namely:—

“Provided further that the maximum amount of share capital that an individual member can hold in an urban co-operative bank having Reserve Bank of India licence is limited to five percent of the value of total paid-up share capital of the bank.”

*Renumbered Clause 16 (Old 15)*

(31) Existing clause 16 shall be numbered as 16(i).

(32) In renumbered clause 16(i), for the word “for ” the word “after” shall be substituted.

(33) In Section 26(1)(a) proposed to be amended in the principal Act by clause 16(i), before the word “continue”, the symbol and word “, shall” shall be inserted and for the word “two” the word “three” shall be substituted.

(34) After sub-clause 16(i) the following shall be added as sub -clause 16(ii) “ in clause (b) of sub-section (1), for the word “two” the word “three” shall be substituted”.

*Renumbered Clause 17 (Old 16)*

(35) The following shall be added as sub-clause (iv) and remaining sub-clauses shall be renumbered accordingly.

“(iv) after sub-section (1C), the following shall be added as (1CA)

“(1CA) Notwithstanding anything contained in the bye-laws of the society two seats in the Committee of each society shall be reserved for members who shall not exceed the age of forty years on the date of filing of nomination for election, of whom one shall be from the general category and one shall be a woman from the reservation category provided in sub-section (1) of section 28A.”

(36) In section 28(1E)(iii) proposed to be inserted in the principal Act by renumbered Clause 17(v), after the word “one year”, the word “from the date of issue of bifurcation order by the Registrar.” shall be added.

(37) Renumbered clause 17(vi) shall recast as follows:

“(vi) sub-section (1G) shall be substituted, namely:—

“(1G) Notwithstanding anything contained in the bye-laws of a society, the Committee in office shall co-opt two persons or representatives who are/were in paid service of a commercial bank, Kerala State Co-operative Bank, an Urban Co-operative Bank, Kerala State Agriculture and Rural Development Bank, Primary Agriculture Rural Development Bank, erstwhile District Co-operative Banks or a Service Co-operative Bank in the Managerial Cadre or Specialization in Co-operation/

Co-operative management, Management, agriculture, economics, commerce, public finance, law, rural development and information Technology relating to the objects and activities undertaken by the Co-operative societies as members of the Committee of such society:

Provided that number of such co-opted members shall not exceed two in addition to maximum limit specified in sub-section (1A):

Provided further that such co-opted members shall not have the right to vote in any election of the co-operative society in their capacity as such member and is not eligible to be elected as office bearers of the board :

Provided also that such co-opted members of a co-operative society shall also be members of the board and such members shall be excluded for the purpose of counting the total number of directors specified in sub-section (1A):

Provided also that if the committee does not co-opt the persons as specified within a period of six months from the date on which the committee is constituted, the Government or the Registrar, as the case may be, with due notice as may be prescribed shall make such nominations as specified in the sub-section.”.

(38) The following shall be added as sub-clause (vii) and remaining sub-clauses shall be renumbered accordingly.

“(vii) after sub-section (2),the following shall be added as sub-section (2A):

“(2A). Notwithstanding anything contrary contained in the bye-laws of a society, no member of the Committee of a society shall be eligible for election to the committee for more than two consecutive terms, irrespective of whether the term is in full or in part.”.

(39) in clause 17 (viii) the symbol and words “, as may be prescribed:” shall be deleted.

(40) Renumbered Clause 17(viii)(b) shall be deleted.

*Renumbered Clause 19 (old 18)*

(41) Renumbered Clause 19 shall be recast as follows :

“19. *Amendment of section 28B.*—in sub-section (1), after the word “societies”, the symbols and words “, state co-operative union and the circle co-operative unions” shall be inserted.”

*Renumbered Clause 20 (old 19)*

(42) Clause 20 (i)(b) shall be recast as follows :

“(b) for clause (ce), the following clause shall be substituted, namely:—

“(ce) detailed list of all liabilities of members of the committee and the employees of the society and their family members, due to the society for the previous financial year.

Explanation: For the purpose of this clause, “family members” means husband, wife, their children including adopted children and parents ; and”.”

(43) clause 20 (ii), shall recast as follows:

“(ii) sub-section 29(2) of the principal Act shall be substituted, namely,—

“The Registrar or any other person deputed by him and the Director of Co-operative Audit or any person deputed by him may have the right to attend the general body meeting of any society. ”

*Renumbered Clause 22 (old 21)*

(44) The following shall be added as clause 22(i) (a) and remaining items shall be relettered

“ (a) after clause (b) the following clause shall be added as clause (ba) namely.—

“(ba) willful disobedience of execution of orders etc., referred to in section 76 of the Act ;or”.”

(45) renumbered clause 22(i)(b) shall be recast as follows:

“(b) in clause (d), for the words “who need not be members of the society” the words “shall be from among the members of the society” shall be substituted, the third proviso and Explanation I shall be omitted and in Explanation II the number “II”shall be deleted.”

(46) In section 32(1)(e) proposed to be substituted in the principal Act by clause renumbered clause 22(c), before the word “one” the word “next” shall be substituted.

*Renumbered Clause 23 (old 22)*

(47) Renumbered Clause 23 shall be recast as follows:

“23. Insertion of new section 32A .— In the principal Act after section 32, the following section and proviso shall be inserted,namely:—

“32A. *Suspension of the committee.*—(1) If the Registrar, after a preliminary inquiry by himself or through his subordinates or on the preliminary report of the enquiry conducted by the financing bank or of the Vigilance and Anti-corruption Bureau or the Vigilance Officer or otherwise, is satisfied on the basis of prima facie evidence that the Committee of any society,—



(a) persistently makes default or is negligent in the performance of the duties imposed on it by this Act or the rules made thereunder or the bye-laws or does anything which is prejudicial to the interests of the society; or

(b) will fully disobey or fails to comply with any lawful order or direction issued under this Act or the rules made thereunder; or

(c) misappropriates or destroys or tampers with the records or causes the destruction of records to cover up any misconduct or malpractice;

(d) or that the continuation of such committee may affect the free and fair inquiry and which may affect the best interest of the society,

he may, after giving a reasonable opportunity to state its objections, if any, by order in writing, suspend the committee for a period not exceeding six months.

(2) Upon the issuance of an order under sub-section (1) all the members of the Committee shall vacate their offices as such members and the management of affairs of the Committee, during the period of suspension, shall vest in one administrator or administrative Committee consisting of not more than three individuals, one among them as Convenor, who shall be from among the members of the society.

(3) Before the expiration of the period of suspension specified in the order issued under sub-section (1), the Registrar may either reinstate the suspended Committee or proceed under Section 32 of the Act or extend the period of suspension for a further period not exceeding six months by an order stating the reasons thereof:

Provided that the total period of suspension shall not exceed more than one year.””

*Renumbered Clause 24 (old 23)*

(48) Renumbered Clause 24(a) shall recast as follows:

“24. *Amendment of section 33.*—In section 33 of the principal Act,—

(i) in sub-section (1),—*in clause (b)*, for the words “who need not be members of the society” the words “who shall be from among the members of the society” shall be substituted;

(ii) in sub-section (2),—

(a) after the words “any officer of the society” the words “including enrollment of members” shall be inserted;

(b) the following sentence shall be inserted at the end, namely:—

“The members so enrolled shall not have voting right unless an elected committee ratifies such membership and if the committee does not ratify any such membership, shall specify the reasons thereof for such denial .”.

*Renumbered Clause 25 (old 24)*

(49 ) New section 34A(1) proposed to be inserted in the principal Act by the Renumbered Clause 25 the words “as prescribed” shall be omitted .

(50) New section ~~34~~34A(3) proposed to be inserted in the principal Act by the Renumbered Clause 25 the symbol “,” after the words “as prescribed” shall be omitted .

*Renumbered Clause 26 (old 25)*

(51) In section 36A proposed to be substituted in the principal Act by clause 26, after the figures “15” and “28”, the words “(both inclusive)” shall be inserted.

*Renumbered Clause 27 (old 26)*

(52) Renumbered Clause 27 shall be deleted and the following shall be inserted as clause 27.

“27. *Amendment of section 56.*—

(i) in sub-section (1), after clause (c), the following clause shall be inserted:

“(d) five percent of net profit to the Professional Education Fund maintained by the Registrar.”

(ii) in sub-section (2), clause (cc) shall be deleted.”

*Renumbered Clause 29 (old 28)*

(53) Renumbered Clause 29 shall be deleted.

*Clause 29*

(54) The following shall be inserted as clause 29

“29. *Amendment of Section 57C.*—In section 57C of the Principal Act ,in subsection(1) after the words “providing loans for” the words “public purposes and for” shall be inserted.

*Clause 30 (New clause)*

(55) The following shall be inserted as clause 30

“30. *Insertion of new section 57E.*— In the Principal Act after section 57D, the following section shall be inserted,namely:—

“57E. *Co-operative Revival Fund Scheme.*—(1) The Government may, by notification in the Gazette, frame a scheme to be called “the Co-operative Revival Fund Scheme” for establishing a fund for the purpose of reviving societies which are weaker or remain in dormant position due to certain extraordinary situation

by providing financial assistance subject to such terms and conditions to be specified in the scheme and shall be administered in such manner as may be prescribed.

(2) there shall be credited to the fund,—

(a) an amount which is not more than 50% of the reserve fund, referred to in clause (a) of sub-section (1) of section 56;

(b) not more than 50% of the Agriculture Credit Stabilization Fund set apart by Agricultural Credit Societies from their net profit;

(c) such fund that may be granted by Government from time to time; and

(d) any other amount which under the provisions of the scheme may be credited to the fund.”

*Renumbered Clause 31 (Old 29)*

(56) In section 59(3) proposed to be inserted in the principal Act by renumbered clause 31 shall be recast as follows :—

“ (3) A society shall not sanction loans or advances exceeding the individual maximum borrowing power fixed by the Registrar and as provided in the bye-laws of the society. For any contravention of this provision, the Chief Executive and the Committee of the co-operative society concerned shall be liable for punishment. ”

*Renumbered Clause 32 (Old 30)*

(57) section 59A proposed to be inserted in the Principal Act by clause 32 shall be substituted, namely :—

“59A. *Valuation of property.*— The valuation of immovable property to be pledged as security to a Co-operative Society shall be valued by an officer/officers

authorised by the Committee in cases where the loan amount is below 10 lakhs and where the loan amount exceeds 10 lakhs, by a panel of five members consisting of two officers including Chief Executive Officer of the society and two members of the Committee and an independent valuer authorised by the Committee.”.

*Renumbered Clause 33 (Old 31)*

(58) Second proviso to section 63(4) proposed to be added in the principal Act by renumbered clause 33(i) for the word “who” the word “ which” shall be substituted.

(59) Clause 33(ii),(iii) shall be deleted and remaining subclauses shall be renumbered accordingly.

(60) Renumbered sub clause (iii) shall be recast as follows :

“(iii) sub-section (10) shall be substituted, namely:—

“(10) The financial accounts of all apex societies and all urban co-operative banks shall be audited by auditing firms, from among the panel approved by the Director of Co-operative Audit and the administrative matters and related accounts of assisted apex societies shall be audited by the departmental auditors and submit the audit reports to the Director of Co-operative Audit. If the audit discloses any misappropriation or fraud or defalcation of money or property or assets of the society, audit team shall prepare a special report and forward the same to the Director of Co-operative Audit and the Registrar. The Registrar himself, or the Director of Co-operative audit in consultation with the Registrar, shall forward the special report to the Vigilance Officer appointed under section 68A for detailed inquiry.”.

(61) After Renumbered sub clause (iii) the following shall be added as sub clause (iv) and renumber remaining sub clause accordingly.

“(iv) in sub-section 12 for the words “who need not be” the words “ who shall be from among the” shall be substituted;”

Renumbered Clause 34 (Old 32)

(62) In second proviso to Section 64(1) proposed to be inserted in the principal Act by renumbered clause 34(i), after the word “auditors”, the words and symbol “/audit firms” shall be inserted.

(63) Third proviso to section 64 (1) proposed to be inserted in the principal Act by renumbered clause 34(i), shall recast as follows:

“Provided also that the Registrar himself, or the Director of Co-operative Audit in consultation with the Registrar shall inform the manipulations in the system to the Police or Vigilance officer, as the case may be, for investigation.”

(64) Clause 34(ii) shall be deleted and the following shall be inserted as sub clause (ii).

“(ii) in sub-section (4A), for the words “one month” the words “fifteen days” shall be substituted and for the words “who need not be”, the words “who shall be from among the” shall be substituted.”

(65) In section 64(5A) proposed to be inserted in the principal Act by renumbered clause 34(v), for the words “team of auditors”, the words “audit team or audit firm as the case may be” shall be substituted.

(66) Sub clause (vi) shall be recast as follows :

“(vi) sub-section (9) shall be substituted, namely:—

“(9) If the result of the audit held under this section discloses any defect in the working of the society, the Committee shall take steps to rectify the defects and irregularities pointed out in the audit report, if any, and place the audit report alongwith the action taken report before the general body meeting to be held every year and explain therein the said defects or the irregularities. The Committee shall continue to take steps for rectification of all the defects and the irregularities in the audit report and appraise the general body meetings every year till all the defects and the irregularities are rectified. The Committee shall send a report of action taken to the Director of Co-operative Audit and to the Registrar within fifteen days from the date of the general body meeting.”;

(67) Sub clause (vii) shall be recast as follows :

“(vii) to sub-section (10) the following proviso shall be added, namely:—

“ Provided that if the Director of Co-operative Audit or the person authorized by him to carry out the audit of a society is of the opinion that any person had attempted to destroy or to tamper the records or documents so as to evade legal action on the mischief committed in the society, he shall report the matter to his controlling officer for filing a complaint to the Police or the Vigilance Officer in consultation with the Registrar or the person authorized by him as the case may be.”

Renumbered Clause 35 (Old 33)

(68) In section 65(1)(c) proposed to be substituted by renumbered clause 35(c), after the word and symbol “less;” the word and symbol “or” ” shall be inserted.

(69) Clause 35(i) (d) shall be recast as follows :

“in clause (e), so re-lettered, after the words “by a person” the words “or persons” shall be added;

(70) in section 65(2) (d), proposed to be inserted in the principal Act by renumbered clause 35(ii), for the word “enquiry” the word “inquiry” shall be substituted wherever occurs.

(71) in section 65(2A), proposed to be inserted in the principal Act by renumbered clause 35(iii), for the word “enquiry” the word “inquiry” shall be substituted wherever occurs and the word “the” coming after the word “with” shall be deleted.

(72) proviso to section 65(2A), proposed to be inserted in the principal Act by renumbered clause 35(iii) shall recast as follows :

“ Provided that if the inquiry reveals any offence comes under section 94, the enquiry officer shall prepare a special report and submit it to the Registrar and he shall forward a copy simultaneously to the Police or the Vigilance officer, as the case may be, for further detailed investigation.”

(73) in section 65(6) proposed to be inserted in the principal Act by renumbered clause 35(v) for the words “law after giving the affected parties concerned an opportunity of being heard”, the words “he may initiate action in accordance with the provisions of this Act.” shall be substituted.

(74) section 65(7) proposed to be inserted in the principal Act by renumbered clause 35 (vi) shall be recast as follows :

“(7) If any inquiry reveals that any irregularity, misappropriation or fraud or defalcation of money or property or assets of the co-operative society is committed or that any loss is incurred to the society, the Registrar or any officer specifically empowered or authorised by the Registrar in this behalf shall take immediate necessary steps to recover the misappropriated or defalcated money or property or assets of the society through legal actions after assessing the loss.”

*Renumbered Clause 36 (old 34)*

(75) Renumbered Clause 36 shall be deleted and remaining clauses shall be renumbered accordingly.

*Clause 36 (old 35)*

(76) In first proviso to section 66 (1) proposed to be inserted in the principal Act by renumbered clause 36 (i), the symbol and words “, as may be prescribed” shall be deleted.

(77) In second proviso to section 66 (1) proposed to be inserted in the principal Act by renumbered clause 36 (i),

- i) for the words “fifteen days”, the words “thirty days” shall be substituted,
- ii) for the words “Board of Directors”, the word “Committee” shall be substituted,
- iii) after the words “chief executive”, the words “of the society concerned”
- iv) for the words “thirty days”, the words “forty five days” shall be substituted,
- v) after the words “date of”, the word “such” shall be inserted.



(78) In renumbered clause 36(2), after the word “omitted”, the words “and remaining sub-sections shall be renumbered accordingly.”

*Clause 37 (old 36)*

(79) In proviso to section 66A proposed to be inserted in the principal Act by clause 36(i),

i) for the symbol “/”, the word “or ” shall be substituted,

ii) before the word “also”, the word “shall” shall be inserted.

iii) before the word “facilitating”, the symbol and word “,for” shall be inserted.

iv) after the word and symbol “policies,”, the word “for” shall be inserted.

v) before the word “to ensure” the word “and” shall be inserted.

*Clause 38 (old 37)*

(80) Renumbered Clause 38 shall be deleted and remaining clauses shall be renumbered accordingly.

*Clause 38 (old 38)*

(81) Renumbered Clause 38 shall be recast as follows :

“38. *Amendment of section 66C.*— In section 66C of the principal Act, —

(i) the existing section shall be numbered as sub-section (1)

(ii) the clause (f) in thus numbered sub-section (1) shall be re-lettered as clause (g);

(iii) before clause (g), so re-lettered, the following clause shall be inserted, namely:—

“(f) rectification reports approved by the Committee on audit report and the resolution of the General Body of the society.”;

(iv) after sub-section (1), the following shall be inserted as sub-section (2) :

“(2) Every co-operative society shall submit quarterly returns on the credit activities, duly certified by the chief executive of the co-operative society, which will be duly reviewed by the Registrar and the rectification report shall be submitted on the basis of the report evaluated by the Registrar after each quarter. If any society fails to submit the returns on time the Registrar shall have the power to impose fine not exceeding ₹ 10,000/- based on the classification and category of the Society as may be prescribed.”

*Clause 39*

(82) Clause 39(i) shall be recast as follows:

“(i)in sub-section (1), after the words “winding up of the society” the words “or on the basis of the report of the Vigilance Officer” shall be inserted;”

(83) clause 39 (ii)(a),shall be recast as follows:

“(a) after the word and symbol “(2),”, the words “within a period of sixty days” shall be inserted;”

*Clause 40*

(84) Clause 40 shall be deleted and the following shall be inserted as clause 40.

“40. Insertion of new section 68B.— After section 68A the following may be added as section 68B, namely:—

“68B. The Government or the Registrar may forward the cases of misappropriation or irregularities or corruption in the society which comes under the provisions of the Indian Penal Code, 1860 or/and of the Prevention of Corruption Act, 1988, to the Police or Vigilance and Anti-corruption Bureau, as the case may be, for investigation and further action;

Provided that the Registrar shall be the authority to accord sanction for inquiry/enquiry or investigation and also for taking cognizance of an offence under the Prevention of Corruption Act , 1988:

Provided further that in the case of Chief Executive Officers appointed by the Government, Secretary to Government, Co-operation department shall be the sanctioning authority.”.”

*Clause 41*

(85) Clause 41 shall be recast as follows :

“41. Amendment of section 69.—In section 69 of the principal Act, in sub-section (1),—

(i) in clause (h), for the symbol “.”, the symbol and word “; or” shall be substituted

(ii) after clause (h), the following clauses shall be added as clause (i) and (j) namely:—

“(i) between the co-operative society and its subsidiaries under section 14AA; or

(j) between the members of the partnership formed under section 14B”.

*Clause 43*

(86) In section 70(6) proposed to be inserted in the principal Act by clause 43, after the word “one year” the words “in cases where monetary matters are involved” shall be substituted.

*Clause 44*

(87) Section 70A (2) proposed to be substituted in the principal Act by clause 44 shall be recast as follows :

“(2) The presiding officer of the Arbitration Court shall be an officer of and above the rank of a Munsiff-Magistrate of the judicial service.”

*Clause 45*

(88) Renumbered Clause 45 shall be deleted and the following shall be added as clause 45. namely.—

“ 45. Amendment of section 73.—In section 73 of the principal Act,

i) in sub-section (2A), and its Explanation for the words “three years” the words “two years” shall be substituted.

ii) in sub-section (2A), after the Explanation, the following provisos shall be added, namely:—

“Provided that if the winding up proceedings cannot be completed within a period of two years from the date of appointment of liquidator under sub-section (1) of section 72, the liquidator shall submit a report to the Government through the Registrar stating the procedural constraints which prevent him to complete the proceedings and can such cases issue the final order with the permission of the Government, within the time stipulated by the Government as may be prescribed:

provided however that such extension shall not exceed a period of one year.”.”

*Clause 46*

(89) In section 74C(2) proposed to be inserted in the principal Act by clause 46(ii), after the word “report”, the word “of inspection” shall be inserted.

*Clause 47*

(90) In section 76 proposed to be inserted in the principal Act by renumbered clause 47 for the words, figures and letter “or under section 69A” the words “or every order of the Ombudsman, provided under section 69A, or an order” shall be inserted.

*Clause 48*

(91) clause 48(i) and (ii) shall be recast as follows:

“Amendment of section 80.—In section 80 of the principal Act,—

i) to sub-section (3), the following sentence shall be added at the end, namely:—

“ The appointment shall be regularised only after verifying his/her character and antecedents on subsequent police verification, as may be prescribed.”

(ii) in sub-section (3A),—

a) after the words “servants of the societies” the words “except the chief executive of the societies” shall be inserted;

b) the following sentence shall be added at the end , namely:—

“ the appointment of Chief Executive of apex societies shall be made by the Government after fixing qualifications.

(92) Proviso to section 80(5) proposed to be added in the principal Act by clause 48(iii) (b) shall be omitted and the following shall be added as clause 48(iii) (b), namely:—

“(b) In the proviso for the words “thirty three” for the words “twenty five ” shall be substituted”.

(93) clause 48 (iv) shall be omitted.

*Clause 49*

(94) In clause 49 after the word “and”, the words “for the employees of” shall be inserted.

*Clause 56*

(95) clause 56 (ix) shall be recast as follows:

“(ix) after sub-section (7), the following shall be added as sub-section (7A), namely:—

“(7A) Any Chief Executive and the Committee of the Co-operative society who contravenes the provisions of sub-section (3) of section 59 shall be punishable with fine which may extent to rupees ten thousand;”

*Clause 57 (new Clause )*

(96)The following shall be inserted as Clause 57 and renumber remaining clause accordingly.

“57. Insertion of new section 106A.— In the principal Act, after section 106, the following section shall be inserted, namely: —

“106A. Power to remove difficulties.—(1) If any difficulty arises in giving effect to the provisions of this Act, as amended by Kerala Co-operative Societies (Amendment) Act 2023, the State Government may, by general or special order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as which appear it to be necessary or expedient for removing the difficulty.

Provided that no such order shall be made after the expiry of a period of two years from the commencement of the Kerala Co-operative Societies (Amendment) Act 2023.

(2) Ever order made under this section shall be laid, as soon as may be after it is made, before the Legislative Assembly.”.

Kerala Legislature Secretariat,  
Thiruvananthapuram,  
8<sup>th</sup> August, 2023.

V. N. VASAVAN,  
*Chairman,*  
*Select Committee.*

### വിയോജനക്കുറിപ്പ്

സെലക്ട് കമ്മിറ്റി റിപ്പോർട്ട് ചെയ്ത പ്രകാരമുള്ള 2022-ലെ കേരള സഹകരണ സംഘ (മൂന്നാം ഭേദഗതി) ബില്ലിലെ വ്യവസ്ഥകൾ സഹകരണ മേഖലയിൽ സർക്കാർ ഇടപെടലുകൾ ശക്തമാക്കുന്നതിനു മാത്രം സഹായകമായ രീതിയിലുള്ളതാണ്. എന്നാൽ, സഹകരണ സ്ഥാപനങ്ങളെ ശാക്തീകരിക്കുന്നതിനുള്ള വ്യവസ്ഥകൾ ബില്ലിൽ വേണ്ടത്ര ഉൾക്കൊള്ളിച്ചിട്ടില്ല.

സഹകരണ സംഘം ഭരണസമിതിയിൽ ഒരംഗത്തിന് തുടർച്ചയായി രണ്ട് തവണയിൽ കൂടുതലായി അംഗമാകുവാൻ അയോഗ്യത കല്പിക്കുന്ന രീതിയിൽ പ്രധാന നിയമത്തിലെ ബന്ധപ്പെട്ട വകുപ്പ് ഭേദഗതി ചെയ്യാനുള്ള നിർദ്ദേശം ജനാധിപത്യ വ്യവസ്ഥകൾക്ക് യോജിച്ചതല്ല. നിലവിൽ രാജ്യത്ത് പാർലമെന്റിലും നിയമസഭകളിലും തദ്ദേശസ്വയംഭരണ സ്ഥാപനങ്ങളിലും ഇല്ലാത്ത മേൽ നിയമം നടപ്പിലാക്കുന്ന പക്ഷം മെച്ചപ്പെട്ട പ്രവർത്തനങ്ങൾ നടത്തുന്നവരെ ഭരണസമിതി അംഗങ്ങളായി തിരഞ്ഞെടുക്കുവാനുള്ള അംഗങ്ങളുടെ വോട്ടവകാശത്തെയാണ് നിഷേധിക്കുന്നത്.

കേരളത്തിലെ സഹകരണ സംഘങ്ങൾക്ക് മുഴുവനും ബാധകമാകുന്ന കോമൺ സോഫ്റ്റ്‌വെയർ വേണം എന്നത് നിയമപ്രകാരം വ്യവസ്ഥ ചെയ്യുമ്പോൾ പ്രവർത്തനങ്ങളിലെ വികേന്ദ്രീകരണത്തെ ഇല്ലാതാക്കുകയും സാമ്പത്തികമായി വൈഷമ്യങ്ങൾ നേരിടുന്ന സംഘങ്ങൾക്ക് അനാവശ്യമായ അധികബാധ്യതകൾ വരുത്തുന്നതുമാണ്. മാത്രവുമല്ല രാജ്യത്താകെ ഒരു സോഫ്റ്റ്‌വെയർ നടപ്പിലാക്കുന്നതിനുള്ള കേന്ദ്രസർക്കാർ തീരുമാനത്തെ കേരളം എതിർക്കുന്നത് തന്നെ പൊതു സോഫ്റ്റ്‌വെയറിന്റെ അപ്രായോഗികത ചൂണ്ടിക്കാട്ടിയാണ്.

സംഘം ഭരണസമിതിയെ പ്രാഥമിക അന്വേഷണത്തിലൂടെ സസ്പെൻഡ് ചെയ്യുന്നതിനായി പ്രധാന ആക്റ്റിൽ വകുപ്പ് 32 എ കൂട്ടിച്ചേർക്കുവാൻ ഉള്ള ബില്ലിലെ വ്യവസ്ഥ വ്യാപകമായ ദുരുപയോഗത്തിന് വഴി വെക്കുന്നതും പക്ഷപാതപരമായ നടപടികളെ പ്രോത്സാഹിപ്പിക്കുന്നതും സഹകരണ മേഖലയുടെ വിശ്വാസ്യത തകരുന്നതിന് കാരണമായി തീരാവുന്നതുമാണ്.

സർക്കാർ നിർദ്ദേശപ്രകാരം രൂപീകരിക്കുന്ന കൺസോർഷ്യത്തിലേയ്ക്ക് സംഘങ്ങൾ പണം നൽകുന്നതിനുള്ള വ്യവസ്ഥയും Professional Education Fund സ്റ്റാറ്റ്യൂട്ടറി റിസർവ് ആക്കുന്നതിനുള്ള വ്യവസ്ഥയും സഹകരണസംഘങ്ങളുടെ സാമ്പത്തിക സുസ്ഥിരതയെ തകർക്കുന്നതും തെറ്റായ ധനവിനിയോഗത്തിന് ഇടയാക്കുന്നതുമാണ്.

സഹകരണ സംഘങ്ങളുടെ ഭരണകാര്യങ്ങളിൽ ഒറിജിനൽ ജൂറിസ്ഡിക്ഷൻ രജിസ്ട്രാർക്കും അപ്പീൽ അധികാരങ്ങൾ സർക്കാരിനും ആണ് നൽകിയിട്ടുള്ളത്. എന്നാൽ ഈ ബില്ലിൽ ഒറിജിനൽ ജൂറിസ്ഡിക്ഷൻ സർക്കാരിൽ നിക്ഷിപ്തമാക്കുന്ന രീതിയിൽ വ്യവസ്ഥകൾ കൊണ്ടുവന്നിട്ടുണ്ട്. ഇതിനോട് യോജിക്കുവാൻ സാധിക്കില്ല.

സംസ്ഥാന സർക്കാരിന്റെ ഏതെങ്കിലും ഉദ്യോഗസ്ഥനെ സഹകരണ സംഘങ്ങളുടെ രജിസ്ട്രാർ ആയി നിയമിക്കാം എന്ന വ്യവസ്ഥയും അനുഗ്രഹമായി കാണുന്നില്ല.

സഹകരണ സംഘത്തിന്റെ ആസ്തി ബാധ്യതകൾ മറ്റേതെങ്കിലും സംഘത്തിലേക്ക് കൈമാറുന്നതിനോ ഒരു സംഘത്തെ ഒന്നിലധികം സംഘങ്ങളായി വിഭജിക്കുന്നതിനോ പൊതുയോഗത്തിൽ ഹാജരായി വോട്ട് ചെയ്യുന്ന അംഗങ്ങളുടെ മൂന്നിൽ രണ്ട് ഭൂരിപക്ഷം വേണമെന്ന വ്യവസ്ഥ കേവല ഭൂരിപക്ഷം ആയി കുറയ്ക്കുന്നത് അംഗീകരിക്കാവുന്നതല്ല.

സംഘം വിപുലീകരണത്തിന്റെ ഭാഗമായി യാതൊരുവിധ അനുബന്ധ സ്ഥാപനങ്ങളും ആരംഭിക്കുവാൻ സാധിക്കാത്ത രീതിയിൽ പ്രധാന നിയമത്തിലെ വകുപ്പ് 14 എഎ-യിൽ വരുത്തുന്ന ഭേദഗതി ഒഴിവാക്കേണ്ടതാണ്.

പരീക്ഷാ ബോർഡ് നടത്തുന്ന നിയമനങ്ങളിൽ പ്രാദേശിക സംവരണ വ്യവസ്ഥ കൊണ്ടുവരാത്ത പക്ഷം സഹകരണ സംഘങ്ങളിൽ മതിയായ ഉദ്യോഗസ്ഥരെ ലഭിക്കാത്ത സാഹചര്യം സംജാതമാകുന്നതാണ്.

മേൽപ്പറഞ്ഞ കാരണങ്ങളാൽ സെലക്ട് കമ്മിറ്റി റിപ്പോർട്ട് ചെയ്ത പ്രകാരമുള്ള 2022-ലെ കേരള സഹകരണ സംഘ (മൂന്നാം ഭേദഗതി) ബില്ലിലെ വ്യവസ്ഥകളോട് വിയോജിപ്പ് രേഖപ്പെടുത്തുന്നു.

- 1) പി. അബ്ദുൽ ഹമീദ് (ഒപ്പ്)
- 2) ഡോ. മാത്യു കുഴൽനാടൻ (ഒപ്പ്)
- 3) മോൻസ് ജോസഫ് (ഒപ്പ്)
- 4) കെ. കെ. രമ (ഒപ്പ്)
- 5) സണ്ണി ജോസഫ് (ഒപ്പ്)



**THE KERALA CO-OPERATIVE SOCIETIES  
(THIRD AMENDMENT) BILL, 2022**

(As reported by Select Committee)

[ Words underlined indicate the amendments suggested by the Committee.  
Omissions are indicated by asterisks]

A

*BILL*

*further to amend the Kerala Co-operative Societies Act, 1969.*

*Preamble.*—WHEREAS, it is expedient further to amend the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969) for the purposes hereinafter appearing;

BE it enacted in the Seventy-fourth Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala Co-operative Societies (Amendment) Act, 2023.

(2) It shall come into force at once.

2. *Amendment of section 2.*—In section 2 of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969) (hereinafter referred to as the principal Act),—

(i) in clause (ab), the following sentence shall be added at the end, namely:—

“It includes the verification of accounts through software solutions, auditing of information system and migration of data, in the case of societies whose accounts are computerized;”;

(ii) after clause (ac), the following clause shall be inserted, namely:—

“(ad) “administrative audit” means a close assessment of all affairs of the society, including constitution, management and establishment, maintenance of books and accounts and other records and internal control systems of the society and the extent to which its activities were useful in promoting the economic welfare of the members in accordance with the co-operative principles, and it includes Compliance Audit, Performance Audit as well as IT Audit;”;

(iii) after clause (da), the following clauses shall be inserted, namely:—

“(db) “common software for primary agricultural credit societies” means an effective software solution that covers the complete day-to-day functions of primary agricultural credit societies through a centralised architecture;”;

(dc) “consortium” means a formal association of co-operative societies formed based on a common objective for establishing a new entity for raising funds for providing financial assistance for public purpose with the approval of [\*\*\*] State Government;”;

(iv) for clause (ib), the following clause shall be substituted, namely:—

“(ib) “Federal Co-operative Society” means a society having more than one district as its area of operation and having the State Government, individuals and other co-operative societies as its members. But the number of individual members in the society shall not exceed twenty five per cent of the total membership in the society:

Provided that the condition regarding number of individual members shall not be applicable to societies which are in existence before the commencement of the Kerala Co-operative Societies (Amendment) Act,2023;”;

(v) for clause (oaa), the following clause shall be substituted, namely:—

“(oaa) “Primary Agricultural Credit Society” means a service co-operative society, service co-operative bank, a farmers' service co-operative bank or a rural bank having its area of operation confined to a Village, Panchayath, or Municipality and the primary object or principal business of which is to provide financial accommodation to its members for agricultural purposes or allied agricultural activities, the rate of interest on such loans and advances and area of operation shall be fixed by the Registrar:

Provided that the restriction regarding area of operation shall not apply to societies or banks which are in existence on 1st January, 2000.”;

(vi) for clause (ob), the following clause shall be substituted, namely:—

“(ob) “Primary Credit Society” means a co-operative society other than Primary Agricultural Credit Society, the primary object or principal business of which is to accept deposit from its members for the purpose of lending to its members or investments and the bye-laws of which do not permit admission of any other co-operative society as its member;”;

(vii) for clause (od), the following clause shall be substituted, namely:—

“(od)“Primary Co-operative Society” means a society having jurisdiction over any specified area in one revenue district or more than one districts in the State and having individuals, other societies, State Government and Local Self Government as its members;”;

(viii) in clause (oe), for the words “having its area of operation confined to a Taluk and”, the symbol “,” shall be substituted;

(ix) in clause (p), for the words “any person” the words “any other officer of the State Government” shall be substituted;

(x) after clause (qb), the following clause shall be inserted, namely:—

“(qbb) “social co-operative societies” mean primary co-operative societies formed for the welfare of social classes like differently abled persons, aged persons, transgenders, depressed persons or mentally challenged persons;”;

(xi) in clause (ra), before the words “State Co-operative Agricultural Rural Development Bank” the word “Kerala” shall be inserted;

(xii) after clause (u), the following clause shall be added, namely:—

“(v) “Youth Co-operative Societies” mean co-operative societies which are registered to promote entrepreneurship, new technology, innovations and start-ups with the objective to generate employment and income and the welfare of youth and having its area of operation within one district.”.

3. *Amendment of section 3.*—In section 3 of the principal Act,—

(i) in sub-section (1), for the words “a person” the words “an officer of the State Government” shall be substituted;

(ii) in sub-section (2), for the words “any person” the words “any officer of the State Government” shall be substituted.

4. *Amendment of section 7.*— In section 7 of the principal Act,—

(i) in sub-section (1),—

(a) in clause (d), the word “and ” coming after the word and symbol “rules;” shall be deleted.

“(b) in clause (e) for the words and symbols “ he may register the society and its bye-laws within a period of ninety days from the date of receipt of the application.” the word “and” shall be substituted”.

(c) after clause (e), the following clause shall be inserted, namely:—

“(f) that the proposed credit societies have collected two lakhs and fifty thousand rupees and non-credit co-operative societies have collected one lakh rupees as the minimum share capital; he may register the society and its bye-laws within a period of sixty days from the date of receipt of the application:

Provided that this clause shall not be applicable to co-operative societies of Scheduled Castes/ Scheduled Tribes, fisheries, vanitha, transgenders, Primary Anand Pattern Milk Co-operative Societies, Schools, Colleges and traditional industrial co-operative societies.”.

[\*\*\*]

(ii) in sub-section (2), for the words “seven days” the words “fifteen days” shall be substituted;

(iii) in sub-section (3), for the words “ninety days” the words “sixty days” shall be substituted.

5. *Amendment of section 8A.*—In sub-section (2) of section 8A of the principal Act, for the words “sixty days” wherever it occurs, the words “forty five days” shall be substituted.

[\*\*\*]

6. *Amendment of section 14.*— In section 14 of the principal Act,—

(i) in marginal heading of section 14, after the word “Amalgamation”, the word “merger,” shall be inserted.

(ii) in sub-section (1),

(a) after the words and symbol “A society may,” the words “with the prior approval of the Registrar,” shall be inserted;

(b) for the words “two third” the word “simple” shall be substituted;

(iii) in sub-section (2) , after the words and symbol “societies may,” the words “with the prior approval of the Registrar,” shall be inserted and for the words “two third”, the word “simple” shall be substituted.

(iv) after sub-section (2) the following shall be added as sub-section (2A):

“(2A) Notwithstanding anything contrary contained in any other law in force or in rule or in the bye-laws of any society, one or more societies may merge with any other society by a resolution passed by simple majority at the general body meeting of each such society:

Provided that before effecting such merger a resolution of the society with whom it has to merge shall give its approval permitting such merger by a resolution passed by simple majority of the general body meeting of such society.”

(v) in sub-section (3) , for the words, figure and symbol “ or sub-section (2)” the words, figure and symbol “, sub-section (2) or sub-section (2A)” and for the words “transfer, division or amalgamation”, the symbol and words “amalgamation, merger, transfer or division”shall be substituted .

(vi) after sub-section (7), the following sub-section shall be added, namely:—

“(8)Detailed scheme of transfer of assets and liabilities and the scheme of merger, as the case may be, prepared by the society and approved by the Registrar as per sub-section(1),sub-section (2) or sub-section (2A) shall be published by the Registrar and the Society.”.

7. Amendment of section 14AA.— In section 14AA of the principal Act, after sub-section (2), the following sub-sections shall be added and the existing sub-section (3) shall be renumbered as sub-section (8).

“(3) The share capital contribution or financial assistance to the subsidiary institution shall be met from the balance net profit of the society, as provided under section 56(2) and any further investment in subsidiary institutions from the society/bank other than share capital shall be released as loan as per the norms as may be specified by the Registrar;

(4) Any society/bank which had availed any financial assistance from Government, shall include nominees of Government of Kerala in the board of directors of the subsidiary institutions, as may be prescribed;

(5) The Registrar shall conduct audit, inspection and verification of records in the subsidiary institutions, as may be prescribed;

(6) Any share capital contribution or financial assistance to the subsidiary institutions from the society/bank shall be allotted with the prior approval of the Registrar based on the resolution passed by the general body of the society/bank concerned;

(7) Transferring funds or leasing of assets of the society to its subsidiary institutions shall be made with the prior approval of the Government based on the resolution passed by the general body of the society/bank;

(9) Notwithstanding anything contained in the foregoing provisions of this section, no subsidiary institution shall be promoted under this section on or after the commencement of the Kerala Co-operative Societies (Amendment) Act, 2023 and the existing subsidiary institutions registered and working immediately before the commencement of the Kerala Co-operative Societies (Amendment) Act, 2023 shall continue its operation subject to the foregoing provisions in sub-sections (1) to (8) and in the manner as may be prescribed.”.

*8. Amendment of section 14B.*—In section 14B of the principal Act,—

(i) the existing sub-section (2) shall be renumbered as sub-section “(6)”;

(ii) before sub-section (6), so renumbered, the following sub-sections shall be inserted, namely:—

“(2) Detailed project report for the formation of such partnership of co-operative societies shall be prepared by the societies concerned and the same shall be submitted to the general bodies of such societies for approval.

(3) The project report approved by the general bodies of the societies shall be submitted to the Government through the Registrar for the approval of the formation of such partnership of co-operative societies, in the manner as may be prescribed.

(4) The Registrar shall conduct audit, inspection and verification of records in such societies, in the manner as may be prescribed.

(5) The Government shall order for such partnership of co-operative societies for raising funds for public purpose, in the manner as may be prescribed.”.

9. Amendment of Section 15.— After section 15(3), the following sub-section shall be inserted, namely:—

“(4) Where one or more societies are merged with another society in accordance with the provisions of Section 14 the registration of each of the merging society shall stand cancelled and shall be deemed to have been dissolved and shall cease to exist as a corporate body.”

10. Amendment of section 16.—In section 16 of the principal Act, after the existing proviso to item (i) of clause (a) of sub-section (1), the following proviso shall be added, namely:—

“Provided further that maximum age limit for seeking membership in youth co-operative societies shall be forty five years and on attaining the age of forty five years, [\*\*\*] membership of such members shall cease to exist and they shall become associate members of the society.”.

11. Amendment of section 18.—In section 18 of the principal Act, sub-section (3) shall be recast as follows :

“(3) Save as provided in this section, a nominal or associate member shall have such privileges and rights of a member and be eligible to enjoy various services

including credit facilities provided by the societies and be subject to such liabilities of a member, as may be specified in the bye-laws of the society.”

12. Amendment of section 19.—In section 19 of the principal Act,—

(i) the existing section shall be numbered as sub-section (1);

(ii) after sub-section (1), so numbered, the following sub-section shall be inserted, namely:—

“(2) If the general body of a society has decided to enhance the share value, the right of a member to continue in membership will remain for a period of five years from the date of enhancement of value of share but shall be allowed to exercise rights as a member only upon remitting the enhanced value of the shares held.”.

13. Amendment of section 19B.—In section 19B of the principal Act,—

(i) in clause (e), the word “and” shall be omitted;

(ii) in clause (f), for the symbol “.”, the symbol and word “and” shall be substituted;

(iii) after clause (f), the following clause shall be inserted, namely:—

“(g) summary of defects included in the latest statutory audit report along with the rectification report approved by the Committee and general body of the society.”.

14. Amendment of section 20.—In section 20 of the principal Act, in clause (d), after the word “election” the words “and removal” shall be inserted.

15. Amendment of Section 22.—In sub-section (1) of section 22 of the Principal Act, after the existing proviso, the following proviso shall be inserted, namely:—

“Provided further that the maximum amount of share capital that an individual member can hold in an urban co-operative bank having Reserve Bank of India licence is limited to five percent of the value of total paid-up share capital of the bank.”

16. Amendment of section 26.—In section 26 of the principal Act,—



i) in clause (a) of sub-section (1), after the words “on the date on which he ceased to be a member” the words “shall continue for a period of three years on cessation of membership” shall be substituted.

ii) in clause (b) of sub-section (1), for the word “two ” the word “three” shall be substituted

17. Amendment of section 28.—In section 28 of the principal Act,—

(i) in the third proviso to sub-section (1),—

(a) for the words “the committees of the” the words “the committees of all Primary Agricultural Credit Societies and all primary” shall be inserted;

(b) for the words “any society” the words “such society” shall be substituted;

(ii) provisos to sub-section (1A) shall be omitted;

(iii) in sub-section (1C), for the words “ten thousand rupees” the words “twenty five thousand rupees” shall be substituted;

(iv) after sub-section (1C), the following shall be added as (1CA)

“(1CA) Notwithstanding anything contained in the bye-laws of the society two seats in the Committee of each society shall be reserved for members who shall not exceed the age of forty years on the date of filing of nomination for election, of whom one shall be from the general category and one shall be a woman from the reservation category provided in sub-section (1) of section 28A.”

(v) for clause (iii) of sub-section (1E), the following clause shall be substituted, namely:—

“(iii) such bifurcation shall be completed within a period of one year from the date of issue of bifurcation order by the Registrar.”;

(vi) sub-section (1G) shall be substituted, namely:—

“(1G) Notwithstanding anything contained in the bye-laws of a society, the Committee in office shall co-opt two persons or representatives who are/were in paid service of a commercial bank, Kerala State Co-operative Bank, an Urban

Co-operative Bank, Kerala State Agriculture and Rural Development Bank, Primary Agriculture Rural Development Bank, erstwhile District Co-operative Banks or a Service Co-operative Bank in the Managerial Cadre or Specialization in Co-operation/ Co-operative management, Management, agriculture, economics, commerce, public finance, law, rural development and information Technology relating to the objects and activities undertaken by the Co-operative societies as members of the Committee of such society:

Provided that number of such co-opted members shall not exceed two in addition to maximum limit specified in sub-section (1A):

Provided further that such co-opted members shall not have the right to vote in any election of the co-operative society in their capacity as such member and is not eligible to be elected as office bearers of the board :

Provided also that such co-opted members of a co-operative society shall also be members of the board and such members shall be excluded for the purpose of counting the total number of directors specified in sub-section (1A):

Provided also that if the Committee does not co-opt the persons as specified within a period of six months from the date on which the Committee is constituted, the Government or the Registrar, as the case may be, with due notice as may be prescribed shall make such nominations as specified in the sub-section.”

(vii) after sub-section (2),the following shall be added as sub-section (2A):

“(2A). Notwithstanding anything contrary contained in the bye-laws of a society, no member of the Committee of a society shall be eligible for election to the Committee for more than two consecutive terms, irrespective of whether the term is in full or in part.”

(viii) in the proviso to sub-section (3), the words “or more than two societies of different types”[\*\*\*] shall be added at the end;

[\*\*\*]

18. Amendment of section 28AB.—In section 28AB of the principal Act, in sub-section (2), after the words “or any other officer of the committee”, the words “or a delegate of the society who has been appointed by the committee” shall be inserted.

19. Amendment of section 28B.—In sub-section(1), after the word “societies”, the symbols and words “, state co-operative union and the circle co-operative unions” shall be inserted.

20. Amendment of section 29.—In section 29 of the principal Act,—

(i) in sub-section (1),—

(a) in clause (cc), for the word “accounts” the words “audited accounts” shall be substituted;

(b) for clause (ce), the following clause shall be substituted, namely:—

“(ce) detailed list of all liabilities of members of the Committee and the employees of the society, and their family members, due to the society for the previous financial year.

Explanation : For the purpose of this clause, “family members” means husband, wife, their children including adopted children and parents ; and”

(ii) sub-section (2), shall recast as follows :

“The Registrar or any other person deputed by him and the Director of Co-operative Audit or any person deputed by him may have the right to attend the general body meeting of any society.”

21. Amendment of section 31.—In sub-section (3) of section 31 of the principal Act, after the words “take part” the words “in the voting for the election of office bearers and” shall be inserted.

22. Amendment of section 32.— In section 32 of the principal Act,—

(i) in sub-section (1),—

“(a) after clause (b) the following clause shall be added as clause (ba) namely,—

“(ba) willful disobedience of execution of orders etc., referred to in section 76 of the Act ; or”.”

(b) in clause (d), for the words “who need not be members of the society” the words “shall be from among the members of the society” shall be

substituted, the third proviso and Explanation I shall be omitted and in Explanation II the number “II” shall be deleted;

(c) in clause (e), for the words “two consecutive terms” the words “next one term” shall be substituted;

(ii) in sub-section (4), the following words shall be added at the end, namely:—

“including enrollment of members, provided such members shall not have voting rights unless an elected committee ratifies the membership.”.

23. Insertion of new section 32A.—In the principal Act, after section 32, the following section and proviso shall be inserted, namely:—

“32A. Suspension of the committee.—(1) If the Registrar, after a preliminary inquiry by himself or through his subordinates or on the preliminary report of the enquiry conducted by the financing bank or of the Vigilance and Anti-corruption Bureau or the Vigilance Officer or otherwise, is satisfied on the basis of prima facie evidence that the Committee of any society,—

(a) persistently makes default or is negligent in the performance of the duties imposed on it by this Act or the rules made thereunder or the bye-laws or does anything which is prejudicial to the interests of the society; or

(b) willfully disobeys or fails to comply with any lawful order or direction issued under this Act or the rules made thereunder; or

(c) misappropriates or destroys or tampers with the records or causes the destruction of records to cover up any misconduct or malpractice;

(d) or that the continuation of such Committee may affect the free and fair inquiry and which may affect the best interest of the society.

he may, after giving a reasonable opportunity to state its objections, if any, by order in writing, suspend the Committee for a period not exceeding six months.

(2) Upon the issuance of an order under sub-section (1) all the members of the Committee shall vacate their offices as such members and the management

of affairs of the Committee, during the period of suspension, shall vest in one administrator or administrative Committee consisting of not more than three individuals, one among them as Convenor, who shall be from among the members of the society.

(3) Before the expiration of the period of suspension specified in the order issued under sub-section (1), the Registrar may either reinstate the suspended Committee or proceed under Section 32 of the Act or extend the period of suspension for a further period not exceeding six months by an order stating the reasons thereof:

Provided that the total period of suspension shall not exceed more than one year.”

24. Amendment of section 33.—In section 33 of the principal Act,—

i) in sub-section (1),—in clause (b), for the words “who need not be members of the society” the words “who shall be from among the members of the society” shall be substituted;

ii) in sub-section (2),—

(a) after the words “any officer of the society” the words “including enrollment of members” shall be inserted;

(b) the following sentence shall be inserted at the end, namely:—

“The members so enrolled shall not have voting right unless an elected Committee ratifies such membership and if the Committee does not ratify any such membership, shall specify the reasons thereof for such denial”.

25. Insertion of new section 34A.—In the principal Act, after section 34, the following section shall be inserted, namely:—

“34A. Maintenance of accounts and adoption of common software.—(1) All co-operative societies shall prepare and keep the books of accounts and financial statements in the form, [\*\*\*] in the generally accepted accounting principle for preparing profit and loss account and balance sheet, which enable double entry book keeping system, as may be prescribed.

(2) The Registrar shall issue necessary guidelines for installation, maintenance and use of common software to all co-operative societies, as may be prescribed.

(3) A technical cell with professional and technical team as prescribed [\*] shall be established in the office of the Registrar, in consultation with the Government, to inspect the security, reliability, data protection and other aspects connected with software and hardware.”.

26. Amendment of section 36A.—In section 36A of the principal Act, for the words and figures “10 to 15 (both inclusive)” the words and figures “9 to 15 (both inclusive) and 19 to 28 (both inclusive)” shall be substituted.

27. Amendment of section 56.—i) in sub-section (1), after clause (c), the following clause shall be inserted:

“(d) five percent of net profit to the Professional Education Fund maintained by the Registrar.”

ii) in sub-section (2), clause (cc) shall be deleted.;

28. Amendment of section 56A.—To section 56A of the principal Act, the following proviso shall be added, namely:—

“Provided that, if the immovable property is to be utilized for activities connected with the objectives of the society, it can seek the approval from the Registrar based on the resolution of the general body of the society.”.

[\*\*\*]

29. Amendment of Section 57C.—In section 57C of the Principal Act, in sub-section (1) after the words “providing loans for” the words “public purposes and for” shall be inserted.

30. Insertion of new section 57E.—In the Principal Act after section 57D, the following section shall be inserted, namely:—

“57E. Co-operative Revival Fund Scheme.—(1) The Government may, by notification in the Gazette, frame a scheme to be called “the Co-operative Revival Fund Scheme” for establishing a fund for the purpose of reviving societies

which are weaker or remain in dormant position due to certain extraordinary situation by providing financial assistance subject to such terms and conditions to be specified in the scheme and shall be administered in such manner as may be prescribed.

(2) there shall be credited to the fund,—

(a) an amount which is not more than 50% of the reserve fund, referred to in clause (a) of sub-section (1) of section 56;

(b) not more than 50% of the Agriculture Credit Stabilization Fund set apart by Agricultural Credit Societies from their net profit;

(c) such fund that may be granted by Government from time to time;  
and

(d) any other amount which under the provisions of the scheme may be credited to the fund.”

31. Amendment of section 59.—In section 59 of the principal Act, the existing sub-section (3) shall be renumbered as (4) and before sub-section (4), so renumbered, the following sub-section shall be inserted, namely:—

“(3) A society shall not sanction loans or advances exceeding the individual maximum borrowing power fixed by the Registrar and as provided in the bye-laws of the society. For any contravention of this provision, the Chief Executive and the Committee of the co-operative society concerned shall be liable for punishment.”

32. Insertion of new sections 59A and 59B.—In the principal Act, after section 59, the following sections shall be inserted, namely:—

“59A. Valuation of property.—The valuation of immovable property to be pledged as security to a Co-operative Society shall be valued by an officer/officers authorised by the Committee in cases where the loan amount is below 10 lakhs and where the loan amount exceeds 10 lakhs, by a panel of five members consisting of two officers including Chief Executive Officer of the society and two members of the Committee and an independent valuer authorised by the Committee.”

59B. Purchase of movable and immovable properties by the societies.— Societies shall follow the norms, as may be prescribed, while acquiring movable and immovable properties by utilizing the own fund of the society.”.

33. Amendment of section 63.—In section 63 of the principal Act,—

(i) in sub-section (4), after the first proviso, the following proviso shall be added, namely:—

“Provided further that in the case of those societies which are liable to file income tax returns, financial statements for that purpose shall be duly certified by the Auditor, within three months from the end of the financial year.”.

[\*\*\*]

[\*\*\*]

(ii) for sub-section (9) and the proviso thereto, the following sub-section shall be substituted, namely:—

“(9) Every co-operative society shall cause to be audited by a team of auditors appointed by the Director of Co-operative Audit in accordance with the scheme approved and notified by the State Government. The composition, structure of the team, mode of conducting audit, mode of processing and preparing audit report shall be included in the scheme approved by the State Government.”.

(iii) sub-section (10) shall be substituted, namely:—

“(10) The financial accounts of all apex societies and all urban co-operative banks shall be audited by auditing firms, from among the panel approved by the Director of Co-operative Audit and the administrative matters and related accounts of assisted apex societies shall be audited by the departmental auditors and submit the audit reports to the Director of Co-operative Audit. If the audit discloses any misappropriation or fraud or defalcation of money or property or assets of the society, audit team shall prepare a special report and forward the same to the Director of Co-operative Audit and the Registrar. The Registrar himself, or the Director of Co-operative audit in consultation with the Registrar, shall forward the special report to the Vigilance Officer appointed under section 68A for detailed inquiry.”



(iv) in sub-section 12 for the words “who need not be ” the words “ who shall be from among the” shall be substituted;

(v) after sub-section (12), the following sub-section shall be inserted, namely:—

“(12A) No auditor or auditing firms or team of auditors shall be entrusted with the audit of a co-operative society for more than two consecutive audits”.

34. Amendment of section 64.—In section 64 of the principal Act,—

(i) to sub-section (1), the following provisos shall be added, namely:—

“Provided that in the case of co-operative societies whose accounts are prepared using a common software or any other software approved by the Registrar, the audit includes the audit of information system and evaluation of software as well as hardware:

Provided further that if during the audit of information system and evaluation of software and hardware, any manipulation of records or manipulation in the working of the software or hardware is revealed, the auditor/auditors/audit firms shall inform the manipulations to the Director of Co-operative Audit and the Registrar:

Provided also that the Registrar himself, or the Director of Co-operative Audit in consultation with the Registrar shall inform the manipulations in the system to the Police or Vigilance officer, as the case may be, for investigation.”;

(ii) in sub-section (4A), for the words “one month” the words “fifteen days” shall be substituted and for the words “who need not be”, the words “who shall be from among the” shall be substituted;

(iii) in sub-section (4B), for the words “three months” the words “forty five days” shall be substituted;

(iv) in sub-section (5),—

(a) after the words “The auditor” the words “or team of auditors” shall be inserted;

(b) for the words “four months” the words “ninety days” shall be substituted;

(v) after sub-section (5), the following sub-section shall be inserted, namely:—

“(5A) On completion of audit and before submission of audit report to the Director of Co-operative Audit, the auditor or audit team or audit firm as the case may be shall discuss the audit findings with the Managing Committee of the society concerned and get their reply.”;

(vi) sub-section (9) shall be substituted, namely:—

“(9) If the result of the audit held under this section discloses any defect in the working of the society, the Committee shall take steps to rectify the defects and irregularities pointed out in the audit report, if any, and place the audit report alongwith the action taken report before the general body meeting to be held every year and explain therein the said defects or the irregularities. The Committee shall continue to take steps for rectification of all the defects and the irregularities in the audit report and appraise the general body meetings every year till all the defects and the irregularities are rectified. The Committee shall send a report of action taken to the Director of Co-operative Audit and to the Registrar within fifteen days from the date of the general body meeting.”;

(vii) to sub-section (10) the following proviso shall be added, namely:—

“Provided that if the Director of Co-operative Audit or the person authorized by him to carry out the audit of a society is of the opinion that any person had attempted to destroy or to tamper the records or documents so as to evade legal action on the mischief committed in the society, he shall report the matter to his controlling officer for filing a complaint to the Police or the Vigilance Officer in consultation with the Registrar or the person authorized by him as the case may be.”.

35. Amendment of section 65.—In section 65 of the principal Act,—

(i) in sub-section (1),

(a) clause (b) shall be omitted;

(b) clauses (c), (d), (e), (f) shall be re-lettered as clauses (b), (c), (d), (e) respectively;

(c) for clause (c), so re-lettered, the following clause shall be substituted, namely:—

“(c) on an application by the majority of the members of the committee of the society or by not less than one third of the total members of the society or the number of members required for quorum for the General Body meeting, whichever is less; or

(d) in clause (e), so re-lettered, after the words “by a person” the words “or persons” shall be added;

(ii) in sub-section (2), after clause (c), the following clause shall be added, namely:—

“(d) The person/persons related to or involved in the inquiry shall be issued a notice, indicating the matter of inquiry and he/they shall be provided an opportunity of being heard, with proper notice by registered post or in person”;

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

“(2A) When an inquiry made under this section reveals any defect, the Registrar or the person or the persons authorized by him to conduct the inquiry, shall prepare a detailed inquiry report regarding the defects, amount of misappropriation and other losses to the society, with [\*] quantification of individual liability:

Provided that if the inquiry reveals any offence comes under section 94, the enquiry officer shall prepare a special report and submit it to the Registrar and he shall forward a copy simultaneously to the Police or the Vigilance officer, as the case may be, for further detailed investigation.

(iv) in sub-section (5), for the words “six months” the words “four months” shall be substituted;

(v) in sub-section (6), for the words and figure “provisions of section 32” the words “he may initiate action in accordance with the provisions of this Act.” shall be substituted;

(vi) after sub-section (6), the following sub-section shall be added, namely:—

“(7) If any inquiry reveals that any irregularity, misappropriation or fraud or defalcation of money or property or assets of the co-operative society is committed or that any loss is incurred to the society, the Registrar or any officer specifically empowered or authorised by the Registrar in this behalf shall take immediate necessary steps to recover the misappropriated or defalcated money or property or assets of the society through legal actions after assessing the loss.”.

[\*\*\*]

36. Amendment of section 66.— In section 66 of the principal Act,—

(i) to sub-section (1), the following provisos shall be added, namely:—

“Provided that the Registrar may authorize special team of officers under his control for the inspection of apex, central and federal co-operative societies and all other primary co-operative societies [\*\*]:

Provided further that the report of such inspections shall be communicated to the apex, central and federal societies and all primary co-operative societies concerned, within a period of thirty days and the Committee and the chief executive of the society concerned shall be under an obligation to file a para-wise satisfactory compliance report before the Registrar within a period of forty five days from the date of such communication.”;

(ii) sub-section (6) and the proviso thereto shall be omitted and remaining sub-sections shall be renumbered accordingly.

37. Amendment of section 66A.—To section 66A of the principal Act, the following proviso shall be added, namely:—

“Provided that Government shall prepare a scheme for the revival or restructure of co-operative societies which are not functioning properly, if

necessary, and shall also issue necessary direction to all co-operative societies, for facilitating the implementation of Government policies, for improving the service delivery of the society and to ensure transparency and equality in their services”.

[\*\*\*]

38. *Amendment of section 66C.*—In section 66C of the principal Act, —

(i) the existing section shall be numbered as sub-section (1).

(ii) the clause (f) in thus numbered sub-section (1) shall be re-lettered as clause (g);

(iii) before clause (g), so re-lettered, the following clause shall be inserted, namely:—

“(f) rectification reports approved by the Committee on audit report and the resolution of the General Body of the society.”;

(iv) after sub-section (1), the following shall be inserted as sub-section (2) :

“(2) Every co-operative society shall submit quarterly returns on the credit activities, duly certified by the chief executive of the co-operative society, which will be duly reviewed by the Registrar and the rectification report shall be submitted on the basis of the report evaluated by the Registrar after each quarter. If any society fails to submit the returns on time the Registrar shall have the power to impose fine not exceeding ₹10,000/- based on the classification and category of the Society as may be prescribed.”

39. *Amendment of section 68.*—In section 68 of the principal Act,—

(i) in sub-section (1), after the words “winding up of the society” the words “or on the basis of the report of the Vigilance Officer” shall be inserted;

(ii) in sub-section (3),—

(a) after the word and symbol “(2).”, the words “within a period of sixty days” shall be inserted;

(b) the following proviso shall be added, namely:—

“Provided that such period may, at the discretion of the Registrar and for reason to be recorded in writing, be extended from time to time, however that the extended period shall not exceed sixty days.”.

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40. Insertion of new section 68B.—After section 68A the following may be added as section 68B, namely:—

“68B. The Government or the Registrar may forward the cases of misappropriation or irregularities or corruption in the society which comes under the provisions of the Indian Penal Code, 1860 or/and of the Prevention of Corruption Act, 1988, to the Police or Vigilance and Anti-corruption Bureau, as the case may be, for investigation and further action:

Provided that the Registrar shall be the authority to accord sanction for inquiry/enquiry or investigation and also for taking cognizance of an offence under the Prevention of Corruption Act , 1988:

Provided further that in the case of Chief Executive Officers appointed by the Government, Secretary to Government, Co-operation department shall be the sanctioning authority.”

41. Amendment of section 69.—In section 69 of the principal Act, in sub-section (1),—

(i) in clause (h), for the symbol “.”, the symbol and word “; or” shall be substituted;

(ii) after clause (h), the following clauses shall be added as clause (i) and (j) namely:—

“(i) between the co-operative society and its subsidiaries under section 14AA; or

(j)between the members of the partnership formed under section 14B

42. *Amendment of section 69A.*—In section 69A of the principal Act, in sub-section (1), the words “dealing with banking business” shall be omitted.

43. *Amendment of section 70.*—In section 70 of the principal Act, in sub-section (6), after the words “pass an award” the words “within a period of one year in cases where monetary matters are involved” shall be inserted.

44. *Amendment of section 70A.*—In section 70A of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) The presiding officer of the Arbitration Court shall be an officer of and above the rank of a Munsiff-Magistrate of the judicial service.”.

45. *Amendment of section 73.*—In section 73 of the principal Act,

i) in sub-section (2A), and its Explanation for the words “three years” the words “two years ” shall be substituted.

ii) in sub-section (2A), after the Explanation, the following provisos shall be added, namely:—

“Provided that if the winding up proceedings cannot be completed within a period of two years from the date of appointment of liquidator under sub-section (1) of section 72, the liquidator shall submit a report to the Government through the Registrar stating the procedural constraints which prevent him to complete the proceedings and can such cases issue the final order with the permission of the Government, within the time stipulated by the Government as may be prescribed:

Provided however that such extension shall not exceed a period of one year.

46. *Amendment of section 74C.*—In section 74C of the principal Act,—

(i) the existing section shall be numbered as sub-section “(1)”;

(ii) after sub-section (1), so numbered, the following sub-section shall be added, namely:—

“(2) The Registrar shall suggest remedial action to Government to restructure the activities if necessary, based on the report of inspection”.

47. *Amendment of section 76.*—In section 76 of the principal Act, after the words, figures and brackets “sub-section (2) of section 68”, the words, figures and letter “or every order of the Ombudsman, provided under section 69A, or an order” shall be inserted.

48. *Amendment of section 80.*—In section 80 of the principal Act,—

(i) In sub-section (3), the following sentence shall be added at the end, namely:—

“ The appointment shall be regularised only after verifying his/her character and antecedents on subsequent police verification, as may be prescribed.”

(ii) in sub-section (3A),—

a) after the words “servants of the societies” the words “except the chief executive of the societies” shall be inserted;

b) the following sentence shall be added at the end , namely:—

“ the appointment of Chief Executive of apex societies shall be made by the Government after fixing qualifications.

(iii) in sub-section (5),—

(a) for the words "three per cent" the words "four per cent" shall be substituted;

(b) In the proviso for the words “ thirty three ” for the words “ twenty five ” shall be substituted ”.

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49. *Amendment of section 80A.*—In section 80A of the principal Act, in sub-section (1), after the words “in this Act” the words “and for the employees of Co-operative Unions in the State” shall be inserted.

50. *Amendment of section 80B.*—In section 80B of the principal Act, for sub-section (1), the following shall be substituted, namely:—



“(1) Notwithstanding anything contained in this Act or the rules made thereunder or in the bye-laws of any society relating to the recruitment of officers and servants thereof, the Government shall, by notification in the Gazette, constitute a Co-operative Examination Board for the conduct of written examination for all direct recruitment to the posts of and above the category of Junior Clerks in all co-operative societies, Boards and other institutions under the control of the Registrar.”.

51. *Amendment of section 88.*—In section 88 of the principal Act, for clause (e) of sub-section (1), the following clause shall be substituted, namely:—

“(e) the Assistant Director of Co-operative Audit having jurisdiction over the circle, *ex-officio*.”.

52. *Amendment of section 88B.*—In clause (iii) of section 88B of the principal Act, after the words “an officer” the words “or an administrator or an administrative committee consisting of not more than three persons, one among them shall be the convener” shall be inserted.

53. *Amendment of section 89.*—In section 89 of the principal Act, in sub-section (4),—

(i) in clause (d), for the word, letter and brackets “clause (c)” the word, letter and brackets “clause (b)” shall be substituted;

(ii) in clause (e), for the word, letter and brackets “clause (d)” the word, letter and brackets “clause (c)” shall be substituted;

(iii) in clause (f), for the word, letter and brackets “clause (e)” the word, letter and brackets “clause (d)” shall be substituted.

54. *Amendment of section 89B.*—In clause (iii) of section 89B of the principal Act, after the words “Co-operative Department” the words “not below the rank of Additional Registrar or an administrator or an administrative committee consisting of three persons, one among them shall be the Convener” shall be inserted.

55. *Amendment of section 91.*—In section 91 of the principal Act, in clause (c) of sub-section (1), before the words “to spread” the words “to establish educational institutions and” shall be inserted.

56. *Amendment of section 94.*—In section 94 of the principal Act,—

(i) in sub-section (2), for the words “two thousand” the words “five thousand” shall be substituted;

(ii) in sub-section (3), for the words “two thousand” the words “five thousand” shall be substituted;

(iii) in sub-section (4), for the words “five thousand” the words “ten thousand” shall be substituted;

(iv) in sub-section (4A), for the words “five thousand” the words “ten thousand” shall be substituted;

(v) in sub-section (4B), for the words “one thousand” the words “five thousand” shall be substituted;

(vi) in sub-section (5), in clause (b), for the words “five thousand” the words “ten thousand” shall be substituted;

(vii) in sub-section (6), for the words “five thousand” the words “ten thousand” shall be substituted;

(viii) in sub-section (7), for the words “five thousand” the words “ten thousand” shall be substituted;

(ix) after sub-section (7), the following shall be added as sub-section (7A), namely:—

“(7A) Any Chief Executive and the Committee of the Co-operative society who contravenes the provisions of sub-section (3) of section 59 shall be punishable with fine which may extent to rupees ten thousand;

(x) to sub-section (8), the following proviso shall be added, namely:—

“Provided that if any violation is noticed, the chief executive of the society shall be punishable with a fine of rupees five thousand”.

57. Insertion of new section 106A.—In the principal Act, after section 106, the following section shall be inserted,namely: —

“ 106A. Power to remove difficulties.—

(1) If any difficulty arises in giving effect to the provisions of this Act, as amended by Kerala Co-operative Societies (Amendment) Act 2023, the State Government may, by general or special order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as which appear it to be necessary or expedient for removing the difficulty.

Provided that no such order shall be made after the expiry of a period of two years from the commencement of the Kerala Co-operative Societies (Amendment) Act 2023.

(2) Ever order made under this section shall be laid, as soon as may be after it is made, before the Legislative Assembly.

58.Amendment of Schedule I.—In the Schedule I of the principal Act, after serial number 15, the following serial numbers and entries shall be added, namely:—

- “16 –Kerala State Women Co-operative Federation Limited (VANITHAFED)
- 17 –Kerala State Co-operative Tourism Federation Limited (TOURFED)
- 18 –Kerala State Labour Co-operative Federation Limited (LABOURFED)
- 19 –Kerala State Co-operative Hospital Federation Limited (HOSPITALFED).”.

Kerala Legislature Secretariat,  
Thiruvananthapuram,  
8<sup>th</sup> August, 2023.

A. M. BASHEER,  
Secretary.