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PART IV

**GOVERNMENT OF MEGHALAYA**

LAW (B) DEPARTMENT

ORDERS BY THE GOVERNOR

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NOTIFICATION

The 30th July 2003

**No.LL(B). 3/2001/22**----The Meghalaya Cooperative Societies (Amendment) Act, 2003 (Act No.6 of 2003) is hereby published for general information.

MEGHALAYA ACT NO. 6 OF 2003

As passed by the Meghalaya Legislative Assembly

Received the assent of the Governor on the 29th July, 2003.

(Published in the Gazette of Meghalaya Extra-Ordinary issued dated 30th July, 2003

**THE MEGHALAYA COOPERATIVE SOCIETIES (AMENDMENT) ACT, 2003.**

**A**

**ACT**

further to amend the Meghalaya Cooperative Societies Act( Assam Act I of 1950 as adapted by Meghalaya)

Be it enacted by the Legislature of the State of Meghalaya in the Fifty fourth Year of the Republic of India as follows:-

Short title and 1. (1) This Act may be called the Meghalaya Cooperative Societies (Amendment) Act, 2003.

commencement

(2) It shall come into force from the date of its publication in the Official Gazette.

**Amendment of 2.**  
1950 as **Preamble**

In the preamble to the Meghalaya Co-operative Societies Act (Assam Act I of adapted by Meghalaya) (herein after referred to as the principal Act)-

(a) in fourth line between the words "Worthiness" and "among agriculturist", the words "and entrepreneurship" shall be inserted;

(b) in the fifth line between the words "artisans" and "other persons", the words "craftsmen, rural worker" shall be inserted.

**Amendment of 3.**

In section 2 of the principal Act -

**Section 2.**

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

"(a) Administrative Council or Board of Directors" means a body intermediary between managing Committee/Executive by whatever name called and include the General Assembly of a Registered Society,"

(ii) In clause (q), the word "and" occurring at the end shall be omitted and at the end of clause (r) the word "and" shall be added and after clause (r), the following new clause (s) shall be added, namely, -

"(s) "Tribunal" means a body of officials appointed by the State Government to arbitrate dispute involving recovery of overdue loans".

**Amendment of 4.**  
namely. -**Section 4.**

For existing Section 4 of the principal Act, the following shall be substituted,

“Societies“4. (1) A Society which has its objects the promotion of the economic which may interest or general welfare of its members or of the public through self help be registered and mutual aid in accordance with Cooperative principles, or a society established with the object of facilitating the operations of any society may be registered under this Act with limited liability.

“(2) No society shall be registered if in the opinion of the Registrar, its declared objects are unlikely to be achieved or it is likely to be economically unsound or it may have an adverse effect upon any registered society or the Cooperative Movement as a whole.”

5. In section 6, of the principal Act, in sub-section (1), for the word “ten”, the word “fifteen”, shall be substituted.

**Amendment of 6.**  
**Section 10.**  
form”,  
delegated” shall

In section 10 of the principal Act, -

(i) in sub-section (1), between the words “Registrar” and “in the prescribed the words “or a person to whom such power of the Registrar in be inserted;

(ii) in-subsection (2), in clause (a), for word “ten”, the word “fifteen” shall be substituted;

(iii) In sub-section (3), between the words “Registrar” and “may required”, the words “or the person to whom the Registrar’s power under this section is delegated” shall inserted,

the

**Amendment of**  
**Section 11**

7. In Section 11 of the principal Act -

(i) in sub-section (4), between the words “society” and “by” int he fifth line, the words “within four months from the date of receipt of the application for registration” shall be asserted;

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

(ii) “Provided that if the application for registration is not disposed of within the speciffied period of four months or the Registrar fails to communicate the order of refusal within that period, the application shall be deemed to have been accepted for registration”.

**Amendment of**  
**Section 14**

8. In Section 14 of the principal Act, for the existing sub-section (2), the following shall be substituted namely, -

“2 (i) when it appears to an affiliating society or a financing bank that an amendment of the byelaws of a registered society which ia a member of such society or debtor of financing bank is necessary in the interest of the society it may suggest to the affiliating society or the debtor society, as the case may be, to make such amendment within such time as it may specify. The affiliating society or the financing bank shall forwards to the affiliated society or the debtor society, as the case may be, a draft of the suggested amendment of the bye-laws.

“(ii) If the society fails to make the amendment within the time specified, the affiliating society or the financing bank may forward to the Registrar the amendment, the Registrar, if satisfied that the amendment is necessary in the interest of the society and not contrary to the provision of this Act or rules, may hereupon after giving an opportunity of showing cause to the society concerned against the proposed amendment, register the amendment and forward to the society a copy thereof together with a certificate signed by him. The certificate shall be conclusive evidence that the amendment has been

registered and such amendment shall thereupon be binding upon the society and its members.

“(iii) If the Registrar considers that the amendment referred to in clause (ii) above is not acceptable, he shall submit a report to the Government.

“(iv) An affiliating society or a financing bank or the registered society if aggrieved by a decision of the Registrar may prefer an appeal to the Government. The orders of the Government on such appeal shall be final.

“(v) The State Government may out of its own motion or the Registrar subject to such direction as may be given by the Government amend the bye-laws of any society or groups of societies in the interest of the public service.”

**Amendment of 9. sub-Section 15.** In the section 15 of the principal Act, after sub-section (2) (viii), the following new section (3) shall be added, namely,-

“(3) Notwithstanding anything contained in sub-section (1) & (2) if the Registrar is of opinion that for reasons of ensuring economic viability of any registered or society or society or avoiding overlapping or conflict of jurisdictions of registered societies in any area or in order to secure proper management by any Cooperative Society or in the public interest or in the interest of the Cooperative movement in the State as a whole, it is necessary to divide, amalgamate or merge fully or partially any such society or societies with any specific society, he may, by an order published in the Official Gazette make a scheme for division or amalgamation or merger with prior approval of the State Government.”

**Amendment of 10. Section 17.** In section 17 of the principal Act,  
(i) in sub-section (3), for the word “if” shall be substituted.  
(ii) After sub-section (3), the following new section 4 shall be added, namely, -  
(iii) “(4). Not withstanding anything contained in this Act, a registered society may, specific provisions made in its bye-laws, admit certain class of members without any voting right.”

**Amendment of 11. Section 31.** In Section 31 of the principal Act, clause (b) of sub-section (2) shall be omitted.

**Amendment of 12. Section 32.** In Section 32 the principal Act  
(i) for existing sub-section (2) the following new sub-section (2) shall be substituted; namely,-  
“(2) Such meeting shall be held not later than nine months after the close of the Cooperatives Year”  
(ii) After the new sub-section (2), the following new sub-section (3) and Sub section  
(4) shall be added, namely, -  
“(3) When a society fails to convene the annual general meeting within the period specified in sub-section (2), the Registrar or the person authorized by him in this shall be competent to convene such annual general meeting within a period or ninety days from the expiry of the period mentioned in that sub-section.  
“(4) Members elected to the Admn. Council/Managing Body of the Societies under provision sub-section 1 (a) shall continue to head

office such as for a period not exceeding three years from the date of election. The elected members shall be eligible for re-Administrative Council or other committee so elected in the Annual General meeting shall be eligible for election as the Chairman or Vice-Chairman of the Society if such a member is a Minister in the Central & State Government:

Provided that no person shall be eligible to hold, at the sometime, Office of the Chairman or Vice-Chairman of the Managing Body or Admn. Council or Board of more than two societies.”

- Amendment of 13.**  
**Section 33.** In Section 33 of the principal Act, clause (b) of sub-section (1) shall be omitted and clauses (c) And (d) of the said sub-section shall be re-numbered as clauses (b) and (c) respectively
- Amendment of 14.**  
**Section 43.** In Section 43 of the principal Act, for the concluding para, the following shall be substituted, namely;
- “The Government of Meghalaya may recover/recall from any society out of its net profit in any year all or any part of such financial assistance in event of misutilisation”.
- Amendment of 15.**  
**Section 44.** In Section 44 of the principal Act, in sub-section (3), the word “not” appearing in the second line shall be omitted.
- Amendment of 16.**  
**Section 45.** In Section 45 of the principal Act, after sub-section (1), the following new proviso shall be inserted, namely, -  
“Provided that in case of the office bearer failing to produce documents, books of account, cash balance in his custody and other information required by the Registrar or the persons authorized by him deliberately, the Registrar or persons authorized by him and audit officer, liquidator or any person conducting inspection or enquiry may apply to any Magistrate within whose jurisdiction the society functions for securing the records and property of the society”
- Amendment of 17.**  
**Section 48.** After Section 48 of the principal Act, the following new para shall be inserted, namely, -  
“If the employer or the person authorized in this behalf to disburse salary to the member who has taken loan from the society fails to make deduction as per the contract or defaults in making payment to the Cooperative Society, he shall be liable to the society to the extend of the amount which the employer has failed to deduct or to pay as the case may be”.
- Amendment of 18.**  
**Section 52.** In Section 52 of the principal Act, in sub-section (1) for the word “twenty”, the word “twenty five” shall be substituted.
- Amendment of 19.**  
**Section 53.** For Section 53 of the principal Act, the following new section shall be substituted, namely,-

"Distribution of net profit	"53, After making the allocation to the reserve Fund as prescribed in Section 52, the remaining net profits of a registered society with limited liability may be distributed according to the rules and bye-laws of the society"
<b>Amendment of Section 55.</b>	<p>20. In Section 55 of the principal Act -</p> <p>(i) In the sub-section (1) the words "and society under liquidation" appearing in the fourth line shall be omitted:</p> <p>(ii) after sub-section (1), the following new sub-section (1A) shall be inserted, namely,  "(1A) The Registrar may, keeping in view the annual business turn over of the Societies authorize or appoint chartered Accountant by special order in writing in this behalf to audit the accounts of any society or class of societies."</p> <p>(iii) after sub-section (3), the following new sub-section (4) shall be added, namely,  "(4) It is appears to the Registrar or on application by a society or otherwise that it is necessary or expedient to re-audit any accounts of the society, the Registrar may by order provide for such re-audit and the provisions of this Act applicable to audit of accounts of the society shall apply to such re-audit".</p>
<b>Amendment of Section 56.</b>	21. In Section 56 of the principal Act , the second part of the sentence appearing as the fifth, sixth, seventh and eight lines of the said section shall be omitted.
<b>Amendment of Section 57.</b>	<p>22. In Section 57 of the principal Act, for the existing clause (vii), the following new clause (vii) shall be substituted, namely,-</p> <p>"(vii) an examination of the utilisation of Government financial assistance".</p>
<b>Amendment of Section 59.</b>	23. For Section 59 of the principal Act, the following shall be substituted, namely,-
"Rectification of defects".	"59 A registered society shall be afforded by the Registrar or the person authorized by him an opportunity of explaining any defects or irregularities pointed out and objected to by the audit officer and thereafter the society shall within 3 months time and in the manner as the Registrar or the authorized person any direct, remedy such or irregularities and report to the Registrar or the authorized person the action taken by it thereon".
<b>Amendment of Section 63.</b>	24. For the existing Section 63 of the principal Act, the following shall be substituted, namely,-
"Reference of defects".	"63 (1) Any dispute touching the business of a registered society, other than a dispute regarding disciplinary action taken by a Society against an employee of the society shall be referred to the Registrar for decision if the parties thereto are among the following : -

“(a) the society, its past or present controlling or managing body, any Past or present officer, agent or employee or the liquidator of the Society;

or

“(b) member, past member or persons claiming through a member, past member or deceased member of Society; or;

“(c) a surety of a member, past or deceased member of a society; or

“(d) any of registered society including any financing bank having transaction with it, a co-operative Society or a liquidated of such society;

“(2) Any dispute mentioned in sub-section (1) other than a dispute relating to recovery of money shall be referred to the Registrar within two months from the date on which cause of action arises”.

“(3) Notwithstanding anything contained in this section or any other law for the time being in force, the Registrar may admit any dispute after expiry of the period mentioned in the sub-section (2), if the application satisfies the Registrar that he had sufficient reasons for not referring the dispute within such period of limitation, and the dispute so admitted shall not be barred by limitation”.

#### **Amendment of**

#### **Section 64.**

25. For Section 64 of the principal Act, the following new section shall be substituted, namely,-

“Settlement of dispute”.

“64 (1) The Registrar shall, on receipt of a reference under sub-section (1) of Section 63, decide the dispute himself or authorize any other Government officer to decide such dispute.

(2) Where the Registrar is satisfied that a party to any reference made to him under section 63, with intent to defeat or delay the execution of any decision that may be passed thereon-

- (a) is about to dispose of the whole or any part of his property; or
- (b) is about to remove the whole or any part of his property from the local limits of the jurisdiction of the Registrar, the Registrar may, unless adequate security is furnished, direct the unconditional attachment of the said property or such part thereof as he deems necessary; and such attachment shall have the same effect as if it has been by a competent civil court.

“(3) In case of any dispute relating to recovery of loan, the Registrar shall refer the dispute to the Tribunal constituted by the State Government by a notification published in the official Gazette.

“(4) The parties to the dispute shall include a registered society including financing bank, its past or present controlling body or the liquidator of the society.

- “(5) The Government may constitute as many tribunals as may be necessary for such area or areas and specify its composition in the notification.
- “(6) The Tribunal shall consist of three members including President.
- “(7) A member, director or chairman of a Cooperative Society including financing bank may file an application before the tribunal through through the Registrar or his authorized representative for necessary decision or order for the recovery of any amount of loan dues from a member, past member or surety of a member and past member of a registered society.
- “(8) The order passed by the Tribunal shall have the same force and effect as that of the decree of a Civil Court and a copy of such order shall be served on the person against whom it is made in the manner laid down for the service of summons in the Code of Civil Procedure, 1908.
- “(9) Every order passed by the Tribunal shall be executed in the same manner as decree of a civil court under the Code of Civil Procedure, 1908
- “(10) Any person aggrieved by an order passed by the Tribunal may file an appeal against such order to the State Government within 60 days after the date of service of the order”.

**Amendment of**

**Section 67.**

26. For the existing Section 64 of the principal Act, the following shall substitute, namely,-

“Distribution

“67 On dissolution of a society, the reserved fund and any undisbursed of fund of a cash in capital. Any sum that may remain thereafter may be transferred to dissolved Cooperative Development Fund for utilization in the manner as prescribed in the Cooperative Development Fund Rules”.

**Amendment of**

**Section 68.**

27. For the existing Section 68 of the principal Act, the following shall substitute, namely.- “Liquidator “68 When the affairs of a registered society had been wound-up, the liquidator to deposit shall make a report to the Registrar within three years from the date of submit cancellation of registration, who when satisfied shall order the liquidation Report proceeding to be closed. In those case where the required report cannot be submitted by liquidator within the specified period due to compelling reasons such as non-availability of records or members are not traceable or no transaction has taken place in the society, the Registrar shall on his own summarily order the closure of the liquidation proceedings of the society”.

**Insertion of**

28. After section 69 of the principal Act, the following new section 69 A shall be inserted, namely, -new section 69 A. “Insured “69 A. (1) Notwithstanding anything contained in this Act, Order for winding

Cooperative up, construction, suppression of Committee, not to be made without Banks consultation or requisition of Reserve Bank of India in the case of Insured Cooperative Bank.

(2) An order for the winding up, or an order sanctioning a scheme of compromise or arrangement, or of amalgamation, or reconstruction (including division or amalgamation) of the bank may be made only with the previous sanction in writing of the Reserve Bank of India.

(3) On order for the winding up of the bank shall be made by the Registrar if so required by the Reserve Bank of India in the circumstances referred in section 13 D of the Deposit Insurance and Credit Guarantee corporation Act, 1961.

- (4) If so required by the Reserve Bank of India in the public interest or for preventing the affairs of the bank being conducted in manner detrimental to the interest of the depositors or for securing the proper management of the bank, an order shall be made by the Registrar in consultation with the Reserve bank of India for the suppression (removal) of the Committee/Board and the appointment of an Executive officer therefore for such period or periods, not exceeding three years in the aggregate as may from time to time be specified by the Registrar of Cooperative Societies after consultation with the Reserve bank of India, and the Executive Officer so appointed shall, after the expiry of his term of office, continue in office until the day immediately preceding the date of the first meeting of the new committee.
- (5) An order for the winding up of the bank or an order sanctioning a scheme of compromised or arrangement or of amalgamation or reconstruction (including division or amalgamations) or an order for the suppression (removal) of the Committee/Board and the appointment of an Executive Officer therefore made with the consent in writing or on the requisition of the Reserve bank of India Shall not be liable to be called in question in any manner.
- (6) The liquidator or the Insured Cooperative bank or the transferee bank as the case may be, shall be under an obligation to repay the Deposit Insurance Corporation established under the Deposit Insurance and Credit Guarantee Corporation Act, 1961, in the circumstances, to the extend and in the manner referred to in section 21 of that Act.

**Explanation - (i)**

For the purpose of this section “a Cooperative Bank” means a Bank as has been defined in the a Deposit Insurance and Credit Guarantee Corporation Act, 1961.

- (ii) “transferee Bank” in relation to an insured Coopreative Bank which is an unsured Bank under the provisions of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.
- (iii) “transferee Bank” in relation to an insured Cooperative Bank means a Cooperative Bank -
- (a) with which such insured Cooperative Bank is amalgamated; or
- (b) to which the assets and liabilities or such insured Cooperative Bank are transferred; or
- (c) into which such insured Cooperative Bank is divided or amalgamated under the provisions of section 15 of the Act”.

**Substitution of Section 70.**

29. For the existing Section 70 of the principal shall substituted, namely, -  
 “Powers of “70. Notwithstanding anything contained in chapter X, the Registrar may Registrar to on his own notion or on the written requisition of a registered society or an direct affiliating society or a financing bank for the recovery of any of due loan or payment any other demand due from a defaulting member, after making such enquiry as he deems fit, grant a Cooperative Demand Certificate for the recovery of the amount found to be due”.

**Amendment of Section 72.**

30. In Section 72 of the principal Act –
- (i) in sub-section (1), the words “or its vernacular equivalent “samabaya” shall be omitted;
- (ii) in sub-section (2), for the words “fifty rupees” and “five rupees”, the words “five hundred rupees” and “fifty rupees” shall respectively be substituted.

**Amendment of**

**Section 73**

31. In sub-section (b) of section 73 the Principal Act, for the words “which may extend to five hundred rupees and in the case of continuing offence a further fine of five rupees for each day on which the offence is continued after conviction therefore” appearing from the twelveth line’ the words “which shall not be less than two thousand rupees and which may extend to ten thousand rupees” shall substituted.

**Amendment of  
Section 74**

32. In Section 74 of the principal Act, for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted.

**Amendment of  
Section 75.**

33. (i) In Section 75 of the principal Act, in clause (b), for the words “fifty”, the words “five hundred rupees” shall be substituted.

**Amendment of  
Section 83**

34. In Section 83 of the principal Act –  
(i) in sub-section (1), between the words “the reunder” and “shall be” the words “except those referred to the Tribunal for adjudication under sub-section (3) of Section 64” shall be inserted;

(ii) For the existing sub-section (3), the following shall be substituted, namely, -  
“(3) In case of the recoverable loan dues referred to the tribunal, recovery of the same will be made on the basis of the order passed by the tribunal and in the manner and the procedure as laid down in section 64”.

**Amendment of  
Section 95.**

35. In Section 95 of the principal Act, for the words, “contribution of such sum annually”, the words “lump-sum contribution of such sum annually” shall be substituted.

**Amendment of  
Section 97**

36. For the existing of the principal Act, the following shall be substituted, namely, -

“Power of the  
Managing

“97. “When a registered society takes a loan and enters into business with affiliating society and defaults payment of the debt or dues on account body of an of supply and services received, any member of the managing body of affiliating society, may examine and look into the accounts and working of Society to such defaulting society and report the result of enquiry or examination enquire into particularly with reference to the said loan or other dues to the affiliating the affairs society and recommended any suggestion in his repost. The defaulter of a member society shall furnish such information and produce such documents, books society and accounts as the member of the managing body may require”.

**Amendment of  
Section 100**

37. In Section 100 of the principal Act, for the words “fifty rupees” occurring in the fourth line, the words “five hundred rupees” shall be substituted.