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PART V

Bills introduced in the Gujarat Legislative Assembly

(To be translated into Gujarati and the translation to be published in the *Gujarat Government Gazette*. The date of publication to be reported.)

The following Bill is published with the consent of the speaker given under the proviso to rule 127A of the Gujarat Legislative Assembly Rules:-

THE GUJARAT CO-OPERATIVE SOCIETIES (SECOND AMENDMENT) BILL, 2019.

GUJARAT BILL NO. 33 OF 2019.

A BILL

further to amend the Gujarat Co-operative Societies Act, 1961.

It is hereby enacted in the Seventieth Year of the Republic of India as follows:-

1. (1) This Act may be called the Gujarat Co-operative Societies (Second Amendment) Act, 2019.

Short title and commencement.

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

Amendment of section 67A of Guj. X of 1962.

2. In the Gujarat Co-operative Societies Act, 1961 (hereinafter referred to as "the principal Act"), in section 67A, to sub-section (2), the following proviso shall be added, namely:-

Guj. X of 1962.

“Provided that the society shall carry atleast eight per cent. of its net profit to the Bad Debt Reserve Fund in cases where,-

- (i) the amount of Bad Debt Reserve Fund of such society shall be minimum twice the amount of the Non-Performing Assets (NPA) of such society occurred in the preceding financial year; and
- (ii) the Prudential Norms of the Reserve Bank of India applicable for Non-Performing Assets (NPA) have been complied with by such society.”

Amendment of section 70 of Guj. X of 1962.

3. In the principal Act, in section 70,-

- (i) in the proviso, the words “and Urban Co-operative Banks” shall be added at the end;
- (ii) after the existing proviso, the following Explanation shall be added, namely:-

“*Explanation.*- For the purposes of this section, the “Urban Co-operative Bank” means a society registered under this Act and doing business of banking, as defined in clause (b) of section 5 of the Banking Regulation Act, 1949.”

10 of 1949.

STATEMENT OF OBJECTS AND REASONS

At present, the society registered under the Gujarat Co-operative Societies Act, 1961 is required to carry atleast fifteen percent. of its net profit to the Bad Debt Reserve Fund under the provisions of sub-section (2) of section 67A of the said Act. The Urban Co-operative Bank being the society registered under the said Act has to follow the said norms as required by the said sub-section (2) as also it has to make provision for bad loans as required by the prudential norms of the Reserve Bank of India. In these circumstances, a small amount of net profit is available with such society and the society has to face problem in appropriation of profit for the purposes as specified in sub-section (2) of section 66 of the said Act. To obviate such situation, it is considered necessary to make provision for carrying atleast eight percent of the net profit to the Bad Debt Reserve Fund by such society in cases where the amount of Bad Debt Reserve Fund of such society shall be minimum twice the amount of the Non-Performing Assets (NPA) of such society occurred in the preceding financial year and Prudential Norms of the Reserve Bank of India applicable for Non-Performing Assets (NPA) have been complied with by such society. Sub-section (2) of section 67A is proposed to be amended accordingly. *Clause 2* of the Bill provides for the same.

Section 70 of the said Act provides for the contribution to any prescribed co-operative purpose or to any charitable purpose or to any other public purpose subject to the approval of the Gujarat State Co-operative Union, if the society operates in more than one districts or the District Co-operative Board, in any other case. However, the societies in the co-operative credit structure are exempted from obtaining such approval under the provisions of the said section. Now, under the guidelines of the Reserve Bank of India, the Urban Co-operative Banks can make contribution for the people affected in natural calamities from its reserve fund or Bad Debt Reserve Fund but subject to the approval as

specified in the said section 70. However, it is felt that in following the procedure for obtaining such approval, aid to the affected people cannot be carried at the appropriate time. It is, therefore, considered necessary to exempt such Banks from obtaining such approval under the provisions of the said section 70 so that the purpose can be served. Section 70 is proposed to be amended accordingly. *Clause 3* of the Bill provides for the same.

This Bill seeks to amend the said Act of 1961 to achieve the aforesaid objects.

ISHWARSINH PATEL,

MEMORANDUM REGARDING DELEGATED LEGISLATION

This Bill provides for delegation of legislative power in the following respects:--

Clause 1.— sub-clause (2) of this clause empowers the State Government to appoint, by notification in the *Official Gazette*, the date on which the Act shall come into force.

The delegation of legislative power, as aforesaid, is necessary and is of a normal character.

Dated the 30th November, 2019.

ISHWARSINH PATEL.

By order and in the name of the Governor of Gujarat,

Gandhinagar,

Dated the 30th November, 2019.

K. M. LALA,

Secretary to the Government of Gujarat,
Legislative and Parliamentary Affairs Department.