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

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2022

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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 (21 of 1969) for the purposes hereinafter appearing;

Be it enacted in the Seventy-third 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, 2022.

(2) It shall be deemed to have come into force on the 13th day of January, 2022.

2. Amendment of section 2. — In the Kerala Co-operative Societies Act, 1969 (21 of 1969) (hereinafter referred to as the principal Act), in the proviso to clause (ia) of section 2, for the words “two years” the words “three years” shall be substituted.

3. Repeal and saving. — (1) The Kerala Co-operative Societies (Amendment) Ordinance, 2022 (Ordinance No.1 of 2022) is hereby repealed.

(2) Notwithstanding such repeal anything done or deemed to have been done or any action taken or deemed to have been taken under the principal Act as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act as amended by this Act.
STATEMENT OF OBJECTS AND REASONS

Government have decided to delayer the Short Term Credit Co-operative Societies from existing three tier structure to two tier by merging the District Co-operative Banks with Kerala State Co-operative Bank subject to final approval of Reserve Bank of India and to make necessary amendments in the Kerala Co-operative Societies Act, 1969. Accordingly, the Kerala Co-operative Societies Act, 1969 was amended as per Act 1 of 2019 incorporating a new section 14A, which permits the transfer of assets and liabilities of District Co-operative Banks to Kerala State Co-operative Bank by a resolution passed by a simple majority of the members present and voting in the general body of the meetings of the District Co-operative Banks. Pursuant to which, 13 District Co-operative Banks out of 14 have passed resolution in favour of amalgamation, but one bank i.e., Malappuram District Co-operative Bank has not passed the resolution in favour of amalgamation. In such a circumstance, Government have decided to merge the District Co-operative Bank which has not passed the resolution in favour of amalgamation with Kerala State Co-operative Bank by adopting a reasonable method by providing opportunities to its members, depositors and creditors by an order of the Registrar in consultation with the Reserve Bank of India and to make necessary amendments in the Act. Accordingly, the Kerala Co-operative Societies (Amendment) Act, 2021 (Act 34 of 2021) was passed incorporating necessary provisions in the main Act. As per the said amendment Act, definition of “District Co-operative Bank” was amended as, that existed before the passing of the orders by the Registrar under sub-section (1) or sub-section (1)(a) of section 74H and ceased to exist by the passing of the Order. In the proviso to the said clause it was stipulated that if the general body of a District Co-operative Bank has not passed the resolution under section 14A, it shall continue as such for a period of two years from the date of commencement of the Kerala Co-operative Societies (Amendment) Act, 2021.
2. But because of the pendency of stay order issued by the Hon'ble High Court in writ petitions and after that the status quo order passed in the writ appeals, the Registrar could not complete the procedure for merger within the stipulated time. Status quo order is still in force. Hence, the Government decided to extend the period of “two years” to “three years” by making necessary amendments in the Kerala Co-operative Societies Act, 1969.

3. As the Legislative Assembly of the State of Kerala was not in session and as the said proposals have to be given effect immediately, the Kerala Co-operative Societies (Amendment) Ordinance, 2022 was promulgated by the Hon'ble Governor on 13th January, 2022 and the same was published as Ordinance No.1 of 2022 in the Kerala Gazette Extraordinary No.169 dated 13th January, 2022.

4. The Bill seeks to replace the Kerala Co-operative Societies (Amendment) Ordinance, 2022 (Ordinance No.1 of 2022) by an Act of the State Legislature.

FINANCIAL MEMORANDUM

The Bill, if enacted and brought into operation, would not involve any recurring or non-recurring additional expenditure from the Consolidated Fund of the State.

V. N. VASAVAN
EXTRACT OF THE RELEVANT PORTIONS FROM
THE KERALA CO-OPERATIVE SOCIETIES ACT, 1969
(21 OF 1969)

2. **Definitions.**—In this Act, unless the context otherwise requires.—

   (ia) “District Co-operative Bank” means a central society having jurisdiction
   over one revenue district and having Primary Agricultural Credit Societies and
   Urban Co-operative Banks as its members and the principal object of which is to
   raise funds to be lent to its members, including nominal or associate members,
   which existed under this Act immediately before the passing of the orders by the
   Registrar under sub-section (1) or sub-section (1)(a) of section 74H and has ceased
to exist by virtue of such orders:

   Provided that if the general body of a District Co-operative Bank has not
   passed the resolution under section 14A, it shall continue as such for a period of
two years from the date of commencement of the Kerala Co-operative Societies
(Amendment) Act, 2021 or till the Registrar completes the process under clauses
(a), (b) and (c) of sub-section (1) of section 74H, whichever is earlier;