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## CO-OPERATION DEPARTMENT

### NOTIFICATION

The 23rd April 1997

S.R.O. No. 171/97— Whereas the draft of certain rules further to amend the Orissa Co-operative Societies Rules, 1965 was published as required by sub-section (1) of section 134 of the Orissa Co-operative Societies Act, 1962 (Orissa Act 2 of 1963), in the extraordinary issue No. 1194 of the *Orissa Gazette*, dated the 16th November, 1996 under the notification of the Government of Orissa in the Co-operation Department No.18728, dated the 13th November, 1996 bearing S. R. O No. 864/96 inviting objection and suggestion from all persons likely to be affected thereby till the expiry of a period of thirty days from the date of publication of the said notification;

And whereas objections and suggestions received in respect of the said draft within the period so specified have been duly considered by the State Government;

Now, therefore, in exercise of the powers conferred by section 134 of the said Act, the State Government do hereby make the following rules further to amend the Orissa Co-operative Societies Rules, 1965, namely:—

1. (1) These rules may be called the Orissa Co-operative Societies (Amendment) Rules, 1997.

(2) They shall come into force on the date of their publication in the *Orissa Gazette*.

2. In the Orissa Co-operative Societies Rules, 1965 (hereinafter referred to as the said rules), in rule 2,—

(i) for the word "Registrar" occurring in clause (c), the words 'Auditor-General' shall be substituted;

(ii) the words "in cash or kind" occurring in clause (d) shall be deleted;

(iii) clauses (e) and (f) shall be deleted;

(iv) in clause (h), after the word and figure "section 68", the following words and figures shall be added at the end, namely :—

"or raised before the liquidator or started by him on his own motion, as the case may be, under section 75;";

(v) for clause (1), the following clause shall be substituted, namely :—

"Principal Officer" for the purposes of these rules, shall mean the Auditor-General or any person appointed under section 3-A of the Act, to assist him;";

(vi) for clauses (m), (n) and (p), the following clauses shall be substituted, namely: —

- “(m) “Sale Officer” means a person authorised by a general or special order of the Auditor-General, to recover the dues covered by an order, decision or award under this Act;”;
- “(n) “Chief Executive” means an Officer of a Society who has been specified as such in bye-laws to discharge the functions of the Chief Executive under the provisions of the Act, rules and the bye-laws;”;
- “(p) “Schedule” means any Schedule appended to the Act or the rules; and”

(vii) after clause (p), the following clause shall be inserted, namely: —

“(g) the expressions “Scheduled Castes”, “Scheduled Tribes” and “other Backward Classes” shall respectively carry the same meaning as assigned to them under orders of the Government issued from time to time.”.

3. In the said rules, in rule 4, after the word “Registrar” and before the words “may specify”, the words and comma “or the Auditor-General, as the case may be”, shall be inserted.

4. In the said rules, in clause (i) of rule 4-A, for the word “Registrar”, the words “Auditor-General” shall be substituted.

5. In the said rules, in rule 5, —

- (i) clauses (4), (5), (6), (8), (9) and (10) shall be deleted;
- (ii) in clause (7), after the words “Assistant Registrar”, the words “of Co-operative Societies”, shall be added; and
- (iii) after clause (10), the following new clause, shall be inserted namely: —

“(11) such other designation as the Government may, by notification, specify from time to time.”.

6. In the said rules, after rule 5, the following rule and heading shall be inserted, namely: —

“5-A. Designation of persons appointed to assist the Auditor-General—The persons appointed to assist the Auditor-General under sub-section (1) of section 3-A shall have any of the following designations, namely: —

- (1) Additional Auditor-General of Co-operative Societies;
- (2) Joint Auditor-General of Co-operative Societies;
- (3) Deputy Auditor-General of Co-operative Societies;
- (4) Assistant Auditor-General of Co-operative Societies; and
- (5) such other designation as the Government may, by notification, specify from time to time.”.

7. In the said rules, in rule 6, —

- (a) in sub-rule (1), for the letter and word, “a witness,” the words “at least two witnesses of whom one shall be the organiser”, shall be substituted;
- (b) in sub-rule (2), for the word “applicant” the word “applicants” shall be substituted; and
- (c) in sub-rule (3), —
- (i) in clause (a), the words “to be” shall be deleted;
- (ii) in clause (b), for the words “showing the details” the words “showing in detail and” shall be substituted; and

(iii) for clause (c), the following clause shall be substituted, namely: —

“(c) such other documents and particulars as may be required by the Registrar”

(d) for sub-rules (4) and (5), the following sub-rules shall be substituted, namely:

“(4) where any person or authority joining in the application for registration of a Society is;

(a) a Society, the president of the Society, or the Vice-president, in case the Society does not have a president, or having a president, such president is unable to perform his duties, or the representative, in case such Society does not have a president or Vice-president or having a president and Vice-president, none of them is able to perform his duties;

(b) a local authority or body corporate, the head of such authority or body, as the case may be; or

(c) the State or the Central Government, an Officer authorised by such Government, shall sign the application for registration and the bye-laws, on behalf of such society, authority, body Corporate or Government.”.

8. In the said rules, in rule 8, for sub-rules (5), (7) and (14), the following sub-rules shall respectively be substituted, namely:—

“(5) the qualification for admission and continuance as members and joint members, and the payment, if any, to be made, interest to be acquired and the requirements or obligations to be fulfilled as condition for exercising the rights of membership.

(7) admission of nominal members, their rights and liabilities and conditions for their continuance.

(14) qualification, mode of appointment and service conditions of officers and employees of the Society including their powers and duties and the code of conduct for the employees, officers, members and office bearers of the society.”.

9. In the said rules, in rule 9,—

(i) after sub-rule (1), the following sub-rule shall be inserted, namely:—

“(1-a) The applicants while applying for registration of a society, shall furnish a duplicate set of their application alongwith all enclosures to the Registrar which shall be endorsed to the Apex or Central Society concerned for making consultation referred to in section 7.”; and

(ii) for sub-rule (2), the following sub-rule shall be substituted, namely:—

“(2) If the Registrar registers a society finally or provisionally, or refuses to register it, he shall issue the certificate of such registration or communicate order of refusal together with the reasons therefor, as the case may be, to the organiser by registered post under acknowledgement due, within seven days of such registration or passing of the order of refusal.”.

10. In the said rules, for rule 10, the following rule shall be substituted, namely:—

“10 (1) The certificate of registration or provisional registration, as the case may be, shall be issued in the form set forth in Schedule A and A-1 respectively alongwith a notification of the members and President of the Preliminary Committee constituted in the manner envisaged under sub-section (1-c) of section 28 of the Act.

(2) (i) On the registration, or provisional registration of a society under section 7, the bye-laws of the society as registered and the certificate of registration shall be issued under the seal and signature of the Registrar to the;

(a) Organiser of the Society;

(b) Principal Officer in the area of operation of the society; and

(c) Financing Bank as well as the Apex or Central society of which the society intends to be a member;

(ii) One authenticated copy of the bye-laws and the certificate of registration shall be retained in the office of the Registrar; and

(iii) The bye-laws alongwith the certificate of registration so issued shall be conclusive evidence of the fact that the said bye-laws have been duly registered under the Act.”.

11. In the said rules, rule 11 shall be deleted.

12. In the said rules, after rule 12, the following new rule and heading shall be inserted, namely:—

“12-A. Acquisition and disposal of property—

(1) A society shall, in the interest of its members, creditors, depositors and its employees, acquire and dispose of property through—

(a) a resolution of the Managing Committee passed by the majority members of the Committee in respect of movable property;

(b) a resolution of the General Body passed by a majority of its members in respect of immovable property subject to approval of Registrar.

(2) The Registrar while approving the proposal referred to under clause (b) of sub-rule (1), shall consult with the Financing Bank to which the society is indebted and consider the opinion received from such Bank:

Provided that where no opinion is received from such Bank within a period of fifteen days from the date of reference by the Registrar, it shall be deemed that such Bank has agreed to the action proposed to be taken by the General Body of the Society.

(3) Notwithstanding anything contained in this rule the approval of the Registrar shall not be required in case—

(i) the acquisition or disposal of such property is the business carried on by the society in pursuance of the object for which the society is organised; and

(ii) the property is acquired in a public auction in satisfaction of its dues”.

13. In the said rules, in rule 13,—

(i) in sub-rule (1), after the words and figures “of section 11 shall” and before the words “be sent” the comma and the words “,unless otherwise provided in the bye-laws” shall be inserted;

(ii) in sub-rule (3), the last sentence and the full stop “where the Registrar does not approve the Scheme, on the ground of impracticability or undesirability, the resolution passed by the society under sub-section (2) of section 11 shall be ineffective.” shall be omitted ;

(iii) in sub-rule (4), the words and the comma “after the Registrar [approves the Scheme,” occurring at the beginning shall be omitted.

14. In the said rules, in rule 14,—

(i) in sub-rule (iii), for the word “Secretary” occurring therein, the words “Chief Executive of the Society” shall be substituted;

(ii) sub-rule (iv) shall be deleted.

15. In the said rules, in rule 15,—

(i) the words, figure and bracket “or when an order has been passed by the Registrar under sub-section (3)” shall be omitted; and

(ii) in clause (a), after the words “notice shall ” and before the words “be sent”, the comma and the words “,unless otherwise provided in the bye-laws,” shall be inserted.

16. In the said rules, after rule 15, the following new rule shall be inserted, namely:—

“15-A. (1) The annual reports and accounts of the partnership ventures undertaken, or the new organisations created, if any, out of such partnership of societies, as the case may be, under section 15-A, shall be placed before the General Body Meetings of each partner Society every year.

(2) Only such of the reports and accounts as have been audited and certified by the Auditor-General or a registered Chartered Accountant duly authorised in that behalf by the Auditor-General are to be placed before the General Body under sub-rule (1) and sub-section (2) of section 15-B of the Act.

(3) The audit reports and accounts referred to in sub-rule (2) shall be placed before the General Body within nine months of the closure of the year to which they relate.”

17. In the said rules, in rule 16,—

(i) for the heading and sub-rule (1), the following shall be substituted, namely:—

“16. Persons who may become members under section 16 (1) (b) (iv)—(1). The following persons may be admitted as members of a Society:—

(a) any local authority;

(b) Orissa State Khadi and Village Industries Board;

(c) any other body corporate and

(d) any individual.”

(ii) in sub-rule (2),

(a) in clause (i), for the words “subject to the approval of the Registrar”, the words and the comma “subject to the provision of the Act, rules and the bye-laws” shall be substituted;

(b) for clauses (ii) and (iii), the following clauses shall be substituted, namely:—

“(ii) his application is accepted by the committee subject to the provisions of section 16 and section 16-A”; and

“(iii) he undertakes to accept the responsibility of membership, and fulfils such other conditions as are laid down in the Act, rules and the bye-laws.”;

(c) in clause (iv), for the words and the comma “Panchayat Samiti, Grama Sasan”, the words “local authority” shall be substituted.

18. In the said rules, for rule 17 including the heading, the following rule and heading shall be substituted, namely:—

“17. Information by the member—(1) Every person at the time of applying for membership and on being admitted to the membership of a Society shall furnish to the Society such information in regard to his/her or its disqualifications, if any, as the case may be, under sub-section (1) of section 16-A and thereafter upon incurring any such disqualification, in such form and in such manner as may be laid down by the Committee subject to the provisions of the Act, rules and the bye-laws.

(2) Furnishing of any false information under sub-rule (1) shall be an offence under clause (b) of sub-section (5) of section 115.”

19. In the said rules, rule 18, shall be deleted.

20. In the said rules, in rule 19,—

(i) clause (v) of sub-rule (1) shall be deleted;

(ii) for sub-rule (2), the following sub-rule shall be substituted, namely:—

“(2) (i) A Society declared under sub-rule (1), shall get affiliated to the State Co-operative Union within thirty days of the date of such declaration.

(ii) In case a Society fails to affiliate itself accordingly, the Registrar shall, by an order in writing, to be passed within 15 days from the date of expiry of the aforesaid period of thirty days, shall declare it to have become affiliated to and a member of the Union.”.

21. In the said rules, for rule 20, the following rule shall be substituted, namely:—

“20.(1) Every member of a Society shall fulfil such obligations as are provided in the Act, rules and the bye-laws.

(2) Failure to discharge any such obligation, will disentitle the member concerned from exercising his rights of membership including the right to vote in the affairs of the Society or contest for any office thereunder during the period such failure subsists.

(3) The obligations referred to in sub-rule (1) shall, include, *inter alia* the following:

(i) to pay any sum due to the Society or any other Society, in time;

(ii) to avail and render such minimum services to the society every year, as may be provided in the bye-laws;

(iii) to abide by such code of conduct as may be formulated by the General Body;

(iv) not to undertake or carry on any business as is likely to be prejudicial to the business or interests of the Society;

(v) not to withdraw or resign from the membership of the Society within one year of the date of his admission as member ;

(vi) to undergo such Co-operative educational courses as may be decided by the Committee ;

(vii) to furnish such information to the Society as are required under the Act, rules and the bye-laws;

(viii) to attend the meetings of the General Body unless any absence in that regard is permitted or condoned by the General Body; and

(ix) to abide by the Co-operative Principles in all his dealings with the Society or any other society.”.

22. In the said rules, rule 21 shall be omitted.

23. In the said rules, for rule 22 including the heading, the following rule and heading shall be substituted, namely:—

“22. Manner of exercising vote—The representative of the member society who will exercise his vote at any election of another society in absence of the President and Vice-President of the Society as provided under clause (a) of the proviso to sub-section (1) of section 21 of the Act, shall be specified by the General Body as soon as may be after the elections to the Managing Committee of the member society is completed.”.

24. In the said rules, after rule 22, the following new rules shall be inserted, namely:—

“22-A. Manner of expulsion of members—(1) The General body may pass a resolution expelling a member under section 21-A, either on its own motion, or on receipt of a requisition from—

(a) atleast one tenth of the total number of members thereof; or

(b) the Committcc.

(2) The requisition referred to clause (a) of sub-rule (1) shall be placed before the General Body along with grounds for the proposed expulsion through the Committee and the Committee shall, as soon as it receives it and in no case, later than ten days of the date of receipt thereof, call upon the member proposed to be expelled to furnish his representation, if any, against the proposed expulsion within such time not exceeding fifteen days as may be specified in the notice to be issued to the member in that behalf.

(3) The provision of sub-rule (2) in so far as it relates to calling upon the member proposed to be expelled to file his representation, if any, shall, *mutatis mutandis* apply to the requisition of the Committee made under clause (b) of the said sub-rule.

(4) The Committee shall place the requisition referred to in sub-rule (2) before the General Body along with the grounds of expulsion and representation of the member concerned, if any, for its consideration and decision.

(5) The General Body shall, before passing any resolution on its own motion expelling a member, shall call upon the member concerned in case he is present in the meeting in which the resolution for expulsion is mooted, itself or through the Committee, in case the member is not present to make his representation, if any, against the proposed expulsion, and the Committee shall upon receipt of any direction from the General Body in that behalf, take action as provided under sub-rule (2) and place the representation, received, if any, from the member concerned in the immediately next meeting of the General Body.

(6) The representation received from the member directly or through the Committee, as the case may be, under sub-rule (2) shall be duly considered by the General Body before it passes a resolution expelling the member."

"22-B. Restriction on holding of shares by individual members—No individual member of a Society shall hold shares in the Society beyond such limits as may be specified in the bye-laws subject to the provisions of section 22".

25. In the said rules, in rule 23,—

(i) in sub-rule (2), the words "in accordance with the bye-laws" shall be deleted; and

(ii) in sub-rule (5), for the words, bracket and figures, "for becoming of unsound mind or for any of the disqualifications mentioned in sub-rule (2) of rule 17", the words, bracket and figures "under sub-section (2) of section 16-A", shall be substituted.

26. In the said rules, for sub-rule (1) of rule 25, the following sub-rule shall be substituted, namely,—

"25. (1) Value of land for the purpose of section 26 shall be determined by the Committee so however, that the value so determined shall in no case be less than the value determined by the revenue authority in respect of the same land or lands similar to that in the vicinity."

27. In the said rules, for rule 26 including the heading the following rule and heading shall be substituted, namely:—

"26. General body and meetings thereof—(1) General body in relation to a Society shall consist of all members excluding the nominal members in the case of a Primary Society and the President or Vice-President or representative, as the case may be, of member Societies, individual members, deemed members as per provisions of sub-section (1-a) of section 16 of the Act, the Government nominees and the heads of the local authorities or other body corporates, if any, in the case of Central or Apex Societies.

(2) Every Society, the area of operation or the membership of which exceeds a revenue subdivision or one thousand members, shall have a representative smaller General Body.

(3) (a) The representative smaller General body shall consist of the Government nominees, if any, and the elected representatives of the individual and non-individual members of the Society respectively:

Provided that the total number of members of the representative smaller General Body shall, in no case be less than fifty and more than one hundred.

(b) The number of representatives to be elected by the individual and non-individual members shall bear such proportions to their total members respectively, as may be decided from time to time by the Committee, so as to ensure equitable representation of all classes of members of the Society.

- (c) In every case where a Society is required to constitute a representative smaller General Body in accordance with the provisions of section 27, the Chief Executive of the Society shall hold elections and constitute the said body within four months from the date of coming into force of the Orissa Co-operative Societies (Amendment) Rules, 1997.
- (d) The voting at the elections shall be by means of secret ballot and polling shall take place simultaneously at such places as may be decided by the Committee having regard to the convenience of the members to exercise their right of voting.
- (e) The procedure as laid down in Orissa Co-operative Societies (Elections to the Committees) Rules, 1992 relating to the election of members of the Committee shall, apply *mutatis and mutandis* to the election of representatives to the smaller General Body.
- (f) The tenure of the representatives to the smaller General Body shall be such as may be fixed by the Committee.
- (g) A representative to the smaller General Body shall cease to be so, if he ceases or resigns from the membership of the Society or dies or refuses in writing to function as such and upon such cessation another representative shall be elected in his place.
- (h) The reference to the General Body of a Society wherever occurring in the Act, rules and the bye-laws, shall mean a reference to a representative smaller General body in every case where such a smaller Body has been constituted for a Society.

(4) The meeting of the General Body of a Society shall be convened by the President or in his absence by the Vice-President or by the Chief Executive under the authority and direction of the President or the Vice-President as the case may be. In the event of non-convening of the General body meeting by the President or the Vice-President or the Chief Executive of the Society, the Committee may authorise any other member of the Committee to convene such General meeting/meetings by issuing notice.

(5) Notice of the meeting of the General Body, stating the place, date and time of the meeting together with a statement of business to be transacted at the meeting, shall be sent to every member of the Society, seven clear days before the date of the meeting in the manner provided in the bye-laws.

(6) Absence at a meeting due to the non-receipt of the notice by any member shall not invalidate the proceeding of that meeting."

28. In the said rules, in sub-rule (2) of rule 27, the words "and orders of the Registrar" shall be omitted.

29. In the said rules, in rule 28, in the proviso (ii) to sub-rule (2), for the words, "or requisitioned" the words, "on requisition of members" shall be substituted.

30. In the said rules, for rule 29, the following rule shall be substituted, namely :—

"29 (1). Every Society shall cause the minutes of the proceedings of each meeting of its General Body to be recorded by the Chief Executive of the Society in a book kept for the purpose, duly certified by the President under his hand and seal, to be the Minutes Book of the Society.

(2) Every member attending the meeting shall sign in the Minutes Book in token of his attendance at the commencement, or during the course of the meeting.

(3) The minutes of a meeting shall be recorded immediately on termination of the meeting. The President of the Meeting shall sign the minutes as a mark of corrections of recording thereof. The minutes so recorded and signed shall, until the contrary is proved, be the evidence of—

(a) the proceedings of the meeting; and

(b) the fact that the meeting had been duly called and held.

(4) Copies of the minutes of each meeting held shall be sent to the Registrar, Auditor-General and the Financing Bank of the Society."



31. In the said rules, after the 29, the following rules shall be inserted, namely :—

“29-A. Special General Meeting—A requisition for a special general meeting to be convened under sub-section (1) of section 30 shall state the object of the meeting and shall be signed by not less than one-fourth of the total number of members of the society and shall be sent to the registered office of the society. In such a meeting no business other than that specified in the notice issued shall be discussed.

29-B. Duty and Responsibility towards the General Body—(1) It shall be the duty and responsibility of the Chief Executive to place before the meeting of the General Body—

(a) exhaustive memoranda on each matter in respect of which the General Body is competent to make a review under sub-section (2) of section 29 and such other matters as may be on the agenda of the meeting, and endorse copies thereof to the President and each member of the Committee in advance of the date of the General Body meeting;

(b) all proposals relating to matters specified in clauses (a), (j), (k), (l) and (o) of sub-section(2) of section 29 received from the members up to two months prior to the date of the meeting of the General Body, along with the considered views of the committee on each such proposal :

Provided that no such proposal will be entertained unless it is made in writing to the Chief Executive, under the signature of at least twenty members or one-tenth of the total number of members of the Society whichever is less ;

(c) a detailed report in respect of each vacancy in the office of member or President of the Committee which has remained vacant for a period of three months or more ; and

(d) each audit, inspection, inquiry, annual report including the Annual Report of the Auditor-General and directive of the Government, if any, received since the last meeting of the General Body along with a statement of action taken by the Committee thereon.

(2) (i) If any operational deficit is found to have been caused due to any failure on the part of a member or President of the Committee of the Society during any review of such deficit by the General Body under clause (i) of sub-section (2) of section 29, which is not allocable on any member of the Society under the said clause, the General Body may give a directive to the Committee or the Chief Executive whomsoever, it may deem proper to recover such deficit or portions thereof from such member as may be specified in the directive by instituting legal proceedings or advise the Registrar to take such action as the Registrar may deem proper against the Committee or the member or President thereof, under the appropriate provisions of the Act.

(ii) The Chief Executive shall comply with the directives forthwith and in no case, later than a period of one month from the date of the meeting of the General Body in which the directive is given.

(iii) If any operational deficit is found allocable on any member or members of the Society and is allocated accordingly during any review of such deficit by the General Body under clause (i) of sub-section (2) of section 29, the deficit allocated shall be deemed to be dues payable to the Society by the member concerned and shall be realised, if not paid by the member within a period of three months from the date of such allocation, by instituting legal proceedings by the Chief Executive within a period of one month from the date of expiry of the aforesaid three months”.

32. In the said rules, for rule 30, the following rules shall be substituted, namely :—

“30. (1) All questions at a meeting of the General Body, except the amendment of the bye-laws, shall be decided by majority vote of the members present and voting.

(2) Subject to the provisions of section 20, voting shall be—

(a) by show of hand in such manner as the person presiding over the meeting may direct unless a poll is demanded by atleast one-tenth of the members present at the meeting;

(b) by polling of votes to be taken by ballot subject to the provisions of the bye-laws, if any, in that regard, in case poll is demanded.

(3) After the voting is over in either manner, the President of the meeting shall declare that a resolution has been carried or lost, as the case may be, and thereafter cause an entry to that effect, as well as the number of votes for and against the resolution, in the minutes of the meeting which shall be conclusive proof of the fact that such a resolution has been carried or lost”.

33. In the said rules, for rule 31, the following rules shall be substituted, namely :—

“31. Duties and responsibilities of Chief Executive towards the Committee—(1) it shall be the duty and responsibility of the Chief Executive to place before every meeting of the Committee—

- (a) all applications for membership and loans, received and remaining undisposed of till the date of the meeting;
- (b) a statement on the persons against whom any debt or demand of the Society is required to be enforced or legal proceedings instituted or compromised;
- (c) all notice received in any legal proceedings against the Society along with a statement of action taken in pursuance thereof since the date of the last meeting;
- (d) all audit, inspection, enquiry reports, requisitions and directives received since the date of the last meeting from any authority under the Act along with a statement of action taken for compliance thereto;
- (e) such statement, reports, return and information as may be required by the Committee relating to matters in respect of which the Committee has power to exercise or a duty to perform under the provision of the Act, rules and the bye-laws.

(2) The annual budget of a society for a Co-operative year shall be prepared by the Committee and approved by the General Body prior to the commencement of the Co-operative year :

Provided that no such budget of—

- (a) a Primary Agricultural Credit Co-operative Society, Service Co-operative Society, Farmers Service Co-operative Society and a Largesized Adivasi Multipurpose Co-operative Society;
  - (b) a Central Co-operative Bank;
  - (c) a Co-operative Agricultural and Rural Development Bank; //shall be approved except with the prior concurrence of the respective Central Co-operative Bank in respect of Societies specified in clause (a), and the Orissa State Co-operative Bank in respect of the Bank specified in clause (b), and the Orissa State Co-operative Agricultural and Rural Development Bank in respect of a Bank specified in clause (c).
- (3) The level beyond which an expenditure of a society will require sanction of its Committee, shall be such, as may be specified in the bye-laws”.

34. In the said rules, for rule 32 including the heading, the following rule and the heading shall be substituted, namely :—

“32. The first General Body meeting of the Society registered provisionally—Within three months from the date a Society is registered provisionally or deemed to have been so registered, the President of the preliminary committee shall convene the first General Body meeting of all the members and place before such meeting a statement of accounts, a report on the activities, if any, undertaken and the business transaction made as permitted by the Registrar while registering the society provisionally”.

35. In the said rules, rule 33 shall be omitted.

36. In the said rules, rule 34 shall be omitted.

37. In the said rules, for rule 35, the following rule shall be substituted, namely :—

“35. Meeting of the Committee—(1) The meeting of the committee of a society shall be called by—

- (i) the President;
- (ii) the Chief Executive under the authority of the President;
- (iii) the Chief Executive on the requisition from—
  - (a) the Registrar or the person authorised by him;
  - (b) the Financing Bank of the society;
  - (c) the Apex Society to which the society is affiliated and indebted;
  - (d) the two-thirds of the elected members of the Committee.

(2) If the meeting of a Committee is not called by the Chief Executive of the society within the time specified in the requisition made under sub-rule (1), the Registrar or the person authorised by him shall have the power to call such meeting and such meeting shall be deemed to be a meeting convened in accordance with the bye-laws."

38. In the said rules, in rule 36, for sub-rule (5), the following sub-rule shall be substituted, namely :—

"(5) All question before the Committee shall be decided by a majority of votes and should there be equality of votes, the President or other presiding member shall have a casting vote:

Provided that in case of a society which has been assisted by the State or Central Government in any of the manner specified under sub-section (1) of section 31 of the Act, if there is any difference of opinion between nominated and elected members of the Committee, the matter shall be referred by the Committee to the State Government whose decision thereon shall be final and shall be acted upon, as if the same were a decision taken by the Committee."

39. In the said rules, for rule 37, the following rule shall be substituted, namely :—

"37. The Chief Executive—The Chief Executive of the Society shall be the officer to sue or to be sued on behalf of the society and all bonds in favour of the society shall be in the name of the Chief Executive."

40. In the said rules, in rule 40, for the word, "Secretary", the words "Chief Executive" shall be substituted.

41. In the said rules, for rule 43, the following rule shall be substituted, namely :—

"43. Functions of Apex and Central Societies in respect of its affiliated societies—

(1) The Apex or a Central Society shall perform among others, the following functions in respect of its affiliated societies,—

- (i) promote the objectives of its member societies and for this purpose to frame guidelines, regulations and policies in achieving the objectives,
- (ii) undertake research and evaluation and assist in preparation of prospective development plans of member societies,
- (iii) promote harmonious relations between member societies,
- (iv) help member societies in the settlement of disputes and outstanding matters among themselves and between a society and its member societies,
- (v) represent the interest of member societies,
- (vi) undertake business services on behalf of its member societies,
- (vii) provide management development service to member societies,
- (viii) ensure timely conduct of annual audit and election of member societies,
- (ix) assist member societies in regular conduct of general and board meetings,
- (x) evolve code of conduct and viability norms for member societies,
- (xi) provide legal aid and advice to member societies, and
- (xii) provide any other services at the request of member societies.

(2) The State Co-operative Union shall in addition to the functions enumerated in sub-rule (1) perform following functions :—

- (i) maintain the Co-operative education fund created under section 56-A,
- (ii) represent the interest and welfare of all types of societies in the State,
- (iii) promote new forms of Co-operative enterprises and for this purpose frame model bye-laws and regulations,

- (iv) undertake experimental project towards the application of Co-operative ideology,
- (v) liaise on behalf of and amongst societies, and
- (vi) serve a Data Bank and Clearing House on Co-operative.”.

42. In the said rules, after rule 44, the following rule shall be inserted, namely :—

“44-A. Declaration to be made for creating charge under section 34(2)—A member who applies to a society for a loan shall make a declaration in Schedule-C creating charge in favour of the society in his land or other immovable property or his interest on any such land or property”.

43. In the said rules, for rule 45, the following rule shall be substituted, namely :—

“45. Co-operative Education Fund—(1) Every society shall remit the sum as specified by the Government under sub-section (3) of section 56 of the Act to the State Co-operative Union towards its contribution to the Co-operative Education Fund within three months from the date of the closure of the Co-operative year. In case a society has contributed 4 per cent of the net profit and the State Government have specified a sum in excess of the said percentage, every society shall remit the excess sum to the State Co-operative Union within three months from the date of receipt of audit report by the Society.

(2) For the purpose of administration of the Co-operative Education Fund, there shall be a Committee consisting of the following five members :—

(a) President of the State Co-operative Union	..	Chairman
(b) One nominee of the Registrar	..	Member
(c) One representative of an Apex society	..	Member
(d) One representative of the Central Co-operative Bank	..	Member
(e) Secretary of the State Co-operative Union	..	Member-Secretary

(3) Subject to such direction as the State Government may give from time to time, the funds may be utilised for any or all of the following purposes, namely :—

- (a) education of members, office bearers, employees of the societies, in Co-operative principle and practice,
- (b) development of new type of societies,
- (c) improvement of Co-operative Societies,
- (d) development of Co-operative movement in general,
- (e) Co-operative publicity,
- (f) publication of books and journals relating to Co-operative movement,
- (g) conduct of research, case studies and evaluation in field of Co-operative movement, and
- (h) award of prize for rendering meritorious service to the cause of Co-operative movement in the State.

(4) The funds shall be audited or cause to be audited by the Auditor-General annually within a period of six months from the close of each Co-operative year and copies of the audit report shall be furnished to the Committee constituted under the sub-rule (2), the Committee of the State Co-operative Union, Registrar and the State Government.”.

44. In the said rules, for rule 57, the following rule shall be substituted, namely :—

“57. Audit—The Auditor-General, in case the society has been assisted by the State Government in any manner specified in sub-section (1) of section 31 of the Act, shall cause audit of the accounts of such society, by one or more departmental auditors authorised by him in that behalf.

*Explanation*—“Departmental Auditor” shall mean persons who are appointed by whatever designation for the purpose of audit of accounts of the society, in the pay roll of the State Government and functioning under the administrative control of the Auditor-General.”

45. In the said rules, in rule 58,—

(a) for the word “Registrar” wherever occur, the words “Auditor-General” shall be substituted.

(b) for sub-rule (5), the following sub-rule shall be substituted, namely:—

“(5) In case of any special audit, reaudit or concurrent audit of the accounts of a society in pursuance of clause (ii) of sub-section (1) of section 62, the provisions of the Act, and Rules as applicable to audit of accounts of the society, shall apply for such special audit, reaudit or concurrent audit, as the case may be.”

46. (1) In the said rules, after rule 58, the following rule shall be inserted, namely:—

“(58)-A. Communication, consideration and compliance to the Audit Report—(1) Preparation of report of every audit conducted under section 62 of the Act shall be completed and the report furnished by the Auditor to the Auditor-General, within a period of one month from the date of physical completion of the audit, which may be extended from time to time by the Auditor-General for reasons to be recorded in writing, so however that the aggregate period does not exceed three months from the date of completion of audit in any case :

Provided that nothing in this sub-rule shall apply to any concurrent audit done on a day-to-day basis, in which case such reports shall be finalised on such basis as may be directed by the Auditor-General:

Provided further that every Auditor conducting audit on behalf of the Auditor-General shall forthwith endorse copies of all objection memos and compliances received thereto, as and when filed with, or received from the society along with his finding, if any, thereon, to the Auditor-General, who shall take those into account for giving such directions to the society as he may deem proper.

(2) The Auditor-General shall communicate copies of the audit report, containing the statement of receipts and charges, the balance sheet, profit and loss account and the statement of net profits of the society as finalised and certified by him, along with such directions to the society as he may subject to the provision of the Act, the Rules and the Bye-laws, deem proper to the society and the society to which it is affiliated and the Registrar or the person exercising the powers of Registrar in respect of the society, as the case may be.

(3) The Committee of the Society, on receiving the audit report shall consider it and furnish compliance thereto to the Auditor-General, within one month from the date of receipt of the same or such further time as may be allowed by the Auditor-General and on its failure to furnish such compliance, the Auditor-General may place a requisition for taking action under the Act, the Rules and Bye-laws, as he may deem proper, with the Registrar or the person exercising the powers of Registrar in respect of the society, as the case may be.

(4) Requisitions received under sub-rule (3) shall not be called in question in any manner by the Registrar, who shall take such action as may be required therein and admissible for him to take under the Act and the Rules.”

47. In the said rules, in rule 59,—

(a) for the word “Registrar” wherever it occurs, the words “Auditor-General” shall be substituted,

(b) after clause (k), the following clause shall be inserted, namely:—

“(K-1) Whether or not any irregularities in the term of the Act, rules and bye-laws has been discovered in the constitution, functioning and business affecting the financial position or otherwise of the society.”

48. In the said rules, in rule 60,—

(i) for sub-rule (1), the following sub-rule shall be substituted, namely:—

“(1) Every society shall pay to the State Government a fee for the audit of its accounts for each Co-operative Year in accordance with the scale fixed by the State Government:

Provided that the State Government may by a general or special order exempt a society or a class of society, wholly or partly from payment of such fees for any Co-operative Year or for any specific period” and

(ii) in sub-rule (2), for the word “Registrar” the word “Government” shall be substituted.

49. In the said rules, the word “Registrar” wherever it occurs in rules 61, 62 and 64, the words “Auditor-General” shall be substituted.

50. In the said rules, for rule 65, the following rule shall be substituted, namely:—

“65. Writing off of bad assets—Any asset considered bad and irrecoverable may be written off by the General body of the society subject to any direction of the Auditor-General in that regard:

Provided that before taking any action to write off any asset considered bad, all possible steps shall be taken by the Committee in accordance with the provisions of the Act and rules for recovery of the said asset.”.

51. In the said rules, in rule 67, in sub-rule (1),—

(i) the word and letter along with the bracket, “or (c)” shall be omitted;

(ii) in clause (b), after the words “any officer” and before the word “member” the comma and the words “,office bearer” shall be inserted;

(iii) in clause (c) (i), after the word “Officers” and before the words “of the society” the words “or the office bearers” shall be inserted; and

(iv) in sub-rule (2), after the words “an Officer” and before the words “or employees” the comma and the words “,office bearers” shall be inserted.

52. In the said rules, in rule 70,—

(a) for sub-rule (1), the following sub-rule shall be substituted, namely:—

“(1) Where a surcharge proceeding is initiated under section 67 of the Act, the Auditor-General or the person authorised by him shall issue a notice to the person concerned furnishing him with particulars of payment made contrary to Act, rules and bye-laws or the deficiency caused in the assets of the society by breach of trust willful negligence or otherwise, or the sum or property belonging to the society misappropriated, fraudulently or unauthorisedly retained by him and the extent of his liability involved therein, and calling upon him to put a statement in his defence within fifteen days of date of issue of the notice”, and

(b) in sub-rules (4), (5), (6), (7) and (8) for the word, “Registrar” wherever it occurs, the word “Auditor-General” shall be substituted.

53. In the said rules, sub-rule (2) of rule 74 shall be omitted.

54. In the said rules, after rule 82-A, the following rule shall be inserted, namely:—

“82-B. Reference of dispute to the liquidator—(1) Reference of every dispute under sub-section (4) of section 75 shall be in writing and be presented to the liquidator.

(2) The plaint of the dispute shall contain a statement of the subject matter of the dispute and the relief claimed and the grounds therefor.

(3) The provisions of Rules 72,73,74 (1), 75,76,77,78,79,80,81 and 82 shall *mutatis mutandis* apply in respect of a dispute referred to or initiated by the liquidator under sub-section (4) of section 75.”.

55. In the said rules, in rule 86,—

(i) for sub-rule (1), the following sub-rule shall be substituted, namely:—

“(1) Liquidator on his appointment shall take over charge of the books of accounts, documents and all the properties, assets and actionable claims to which the society is entitled and shall take such steps as he may deem necessary and expedient to prevent loss or deterioration of or damage to such property, assets, claims and assets of the society, and give notice of his appointment as such, publishing by such means as the Registrar may direct, requiring all the persons either indebted to the society to tender account thereof and pay the same, or in possession or custody of any property of the society to deliver it, or having any claim against the society to write to him with particulars thereof, within the time specified thereunder which shall not exceed in any case a period of 2 months from the date of such publication.”

(ii) in sub-rule (4), the last sentence “The liquidator shall pay such fees for the audit as the Registrar may direct” shall be deleted.

(iii) for sub-rule (5), the following sub-rule shall be substituted, namely:—

“(5) the liquidator may distribute the profits earned by the society prior to the date of liquidation in accordance with the provisions of the Act, rules and bye-laws after discharging liabilities.”

(iv) in sub-rule (6), for the words, “officers or former officers”, the words “present or past officers or office bearers” shall be substituted.

56. In the said rules, rule 96-B shall be deleted.

57. In the said rules, in rules 98, 99, 101 and sub-rule (2) of rule 125, 132, 134 for the word “Registrar”, wherever it occurs, the words “Auditor-General” shall be substituted.

58. In the said rules, in rule 116,—

(i) for clause (a) of sub-rule (1), following clause shall be substituted, namely:—

“(a) If the decree sought to be attached was passed by any authority under the Act, then by the order of the Principal Officer of the area concerned,” and

(ii) in sub-rule (4), for the words and figures “the Registrar or by a person to whom a dispute was transferred under section 70 of the Act”, the words “and authority under the Act” shall be substituted.

59. In the said rules, in rule 139,—

(i) for clause (a) of sub-rule (1), the following clause shall be substituted, namely:—

“(a) Satisfactory evidence in support of the contention that the party is about to dispose of the whole or any part of his or its property or the property which is the subject matter of dispute or legal proceeding under sections 67, 68 or 75 of the Act, from the local jurisdiction of the Registrar, Auditor General or the liquidator, as the case may be, with an intent to defeat or delay or obstruct the enforcement or execution of an order, decision or award that may be made or passed against him under the Act.;

(ii) in sub-rule (3), in the opening portion, for the word, “Registrar”, the words, “Auditor-General or the liquidator as the case may be”, shall be substituted;

(iii) for clause (b) of sub-rule (3), the following clause shall be substituted, namely:—

“(b) When the liquidator under section 75 determines that no contribution is payable by the party concerned or decides against the party at whose instance attachment was made.”;

(iv) in clause (c) of sub-rule (3), for the words, figure and brackets, “Registrar passes an order under sub-section (1) of”, the words “Auditor-General or any person authorised by him passes an order under” shall be substituted;

(v) in sub-rule (6), for the word “Registrar”, the words “authority who has passed order of such attachment,” shall be substituted,

60. In the said rules, in rules 140 and 141, for the word "Registrar" wherever it occurs, the word "Auditor-General" shall be substituted.
61. In the said rules, in rule 144-A,—
- (i) in sub-rule (1), in the entries under Column (1) of the Table, the letter and brackets "(k)" shall be deleted;
  - (ii) for sub-rule (2), the following sub-rule shall be substituted, namely:—  
“(2) Appeals against the order and decision specified in clauses (e), (f), (i), (j), (k), (l), (m) and (n) of sub-section (1) of section 109 shall lie to the Tribunal.”
62. In the said rules, for sub-rules (1), (2) and (3) of rule 144-B, the following sub-rules shall be substituted, namely:—
- “(1) The Tribunal shall consist of not more than two members. In case the Tribunal is constituted with two members, one of them shall be from Orissa Superior Judicial Service (Senior Branch) who shall be the Chairman of the Tribunal.
  - (2) The member or members of the Tribunal shall function as per the regulation framed under sub-rule (4).
  - (3) The headquarters for the Tribunal shall be at Bhubaneswar and it may sit at such place or places as it may find convenient for the transaction of its business.”.
63. In the said rules, for clause (b) of sub-rule (1) of rule 149, the following clause shall be substituted, namely:—
- “(b) Where the management of the society has vested under sub-section (1-b) of section 28 or when an order has been passed under sub-section (1) of section 32, by the officer or person appointed to manage the affairs of the society.”.
64. In the said rules, in clause (i) of rule 151, after the words "the Registrar" and before the words "or the State Government" the word, "Tribunal" shall be inserted.
65. In the said rules, for schedules 'C' and 'D' the following schedule shall be substituted, namely:—



**SCHEDULE C**

(Under Rule 44-A)

**DECLARATION CREATING CHARGE**

I.....S/o..... ( age..... ) residing at.....having my permanent residence at.....having been admitted to the membership of..... society with limited/unlimited liability and being desirous of borrowing loan from the Society/having borrowed a loan from the Society before making this declaration as required under section 34 (2) of the Orissa Co-operative Societies Act, 1962 that I own/have interest in ..... the land or the other immovable property specified in the Schedule, and I hereby create a charge on the said land or property/in such land or property in favour of the society for the payment of the amount of the loan which society may grant/has granted and for all future advance, if any, which the society may make to me subject to the maximum amount of Rs.....together with interest at such rate as may be agreed to between me and the society, from time to time on such amount of the loan and advance.

**SCHEDULE**

Name of village	Name of Tahasil	Name of district	Description of immovable property		Extent Acres/Cents Guntas	Boundaries	
			Khata No.	Plot No.		South-East	North-West
(1)	(2)	(3)	(4)		(5)	(6)	

Assessment	Approximate value	Encumbrances, if any		Remarks if any
		Nature	Amount	
(7) Rs. P.	(8) Rs. P.	(9)	(8)	(10)
			Rs. P.	

In witness thereof, I Shri.....hereunder set my hand this.....day of..... in the year one thousand nine hundred and.....

Witnesses:

Signed and delivered by the above-named in the presence of :

- 1.
- 2.

Applicant's/Borrower's  
Signature

Attested by

Forwarded to the Sub-Registrar of.....(having jurisdiction over the area in which the land or other property is situate) with a request to register the particulars of the charge created under the declaration in the Registration Record and to return the declaration to the society after its registration.

President  
Signatory

.....Society

Returned to the President.....Society, Limited/Unlimited. The charge created under the declaration is duly registered in the Registration Record on the.....day of.....19..... The declaration is not in order for want of.....and therefore not registered.

Sub-Registrar,

By order of the Governor

( DILIP RATH )

Commissioner-cum-Secretary to Government

