

**The Telangana  
CO-OPERATIVE  
SOCIETIES ACT, 1964  
&  
The Telangana  
CO-OPERATIVE SOCIETIES  
RULES, 1964**

**THE TELANGANA CO-OPERATIVE SOCIETIES  
ACT, 1964**

**CONTENTS**

The A.P. Cooperative Societies Act, 1964 (Act No. 7 of 1964) - Adaptation to the State of Telangan [G.O. Ms. No. 53, Agriculture & Cooperation (Coop.II)

Department, Dated 20.05.2016]	.....	1
Statement of Objects and Reasons	.....	3

**CHAPTER I**

**Preliminary**

1. Short title, extent and commencement	.....	4
2. Definitions	.....	4
(a) (i) 'authorised person'	.....	4
(ii) 'bye -laws'	.....	4
(b)'Committee'	.....	4
(c)'Co-operative year/Financial year'	.....	4
(d)'dividend'	.....	4
(e)'federal society'	.....	4
(e-i)'multi-state cooperative society'	.....	4
(f)'financing bank'	.....	4
(g)'general body'	.....	5
(h)'general meeting'	.....	5
(i)'Govenment'	.....	5
(i-a)'Gram Panchayat'	.....	5
(j)'member'	.....	5
(j-i)'Mandal Parishad'	.....	5
(j-ii)'Municipal Corporation'	.....	5
(j-iii)'Municipal Council'	.....	5
(j-iv)'near relative'	.....	5
(k)'Officer'	.....	5
(k-i)'Office bearer'	.....	5
(l)'prescribed'	.....	5
(m)'rebate'	.....	6
(n)'Registrar'	.....	6
(o)'rules'	.....	6

(p) 'society'	6
(q)'society with limited liability'	6
(r)'society with unlimited liability'	6
(s) 'State'	6
(s-i) 'State Act'	6
(s-ii)'State level co-operative society'	6
(t) 'Tribunal'	6
(u) 'Zilla Parishad'	6

## **CHAPTER II**

### **Registration of Societies**

3.Appointment of Registrar and other persons for the purpose of this Act	7
4.Society which may be registered	7
5.Registration with limited or unlimited liability	7
6.Registration of a society	8
7. Omitted	10
8.Registration certificate	10
8-A.Renewal of Registration	10
9.Society to be a body corporate	10
9-A.Restriction and creation of any charge	10
9-B.De-Registration of a society	11
9-C.Appointment and Powers of the Official Assignee	11
10.Change of name of society	13
11.Change of liability	13
12.Transfer of assets and liabilities, division, amalgamation and conversion of a society	13
12-A.Special provisions in respect of certain Societies	14
13.Exercise of option by members and creditors	18
14.Effect of transfer, division and amalgamation	19
15. Omitted	20
15-A.Identification of viability of societies and consequences thereof	20
16.Amendment of bye-laws of a society	22
17.Partnership of societies	23
18.Classification	24

**CHAPTER III**

**Members and their Rights and Liabilities**

19. Eligibility for membership .....	24
20. Associate Member .....	27
20-A. Validation .....	27
21. Disqualification for membership of society .....	27
21-A. Disqualification for membership of committee .....	29
21-AA. Cessation of Membership of Committee .....	31
21-B. Cessation of membership and reinstatement .....	32
21-C. Omitted .....	33
22. Right of members to services by society and application for redress .....	33
23. Expulsion of Members .....	33
24. Members not to exercise rights till payments are made .....	34
25. Vote and manner of its exercise .....	34
26. Restriction on holding of shares .....	35
27. Restrictions on transfer of shares or interest .....	35
28. Transfer of interest on death of a member .....	35
29. Liability of past member and estate of deceased member. ....	36

**CHAPTER IV**

**Management of Societies**

30. Ultimate authority of society .....	37
30-A. Constitution of supervisory council .....	39
31. Constitution of committees .....	39
31-A. Powers and functions of the committee .....	42
31-B.....	44
32. General meetings and committee meetings .....	45
32-A. Omitted .....	48
32-B. Devolution of the powers and functions of the President or Vice-President .....	48
33. Nominee of the Government on the Committee .....	48
34. Supersession of the committee .....	49
34-A. Motion of no-confidence in the President and Vice-President of the committee .....	50

**CHAPTER V**

**Rights and Privileges of Societies**

35. First charge of a society on certain movable assets of a member for the amount due by him .....	52
---	----

36.Charge on the immovable property of a member for the loans borrowed .....	53
37.Deduction from salary or wages .....	54
38.Charge and set-off in respect of shares or interest of members in the capital, etc., of a socie .....	55
39.Share or interest, etc., not liable to attachment .....	56
40.Right to set-off where a registered society purchases immovable property at a sale under the Andhra Pradesh Revenue Recovery Act, 1864, for any amount due to it .....	56
41.Exemption from certain taxes, duties and fees .....	56
42.Exemption from compulsory registration of instruments .....	57

#### **CHAPTER VI**

##### **Properties and Funds of Societies**

43.State aid to Societies .....	57
43A.Conversion into a Society or Company .....	58
44.Funds other than net profits not to be divided among members .....	59
44-A.Constitution and utilisation of Co-operative Education Fund ..	59
45.Allocation of funds/disposal of profits .....	60
46.Investment of funds .....	61
47.Restrictions on borrowings and loans .....	62
48.Restrictions on other transactions with non-members .....	63
49.Provident Fund .....	63

#### **CHAPTER VII**

##### **Audit, Inquiry, Inspection and Surcharge**

50. Audit .....	63
51. Inquiry .....	66
52. Inspection .....	67
53.Inspection of books by financing bank or federal society .....	68
54.Rectification of defects in audit, inquiry or inspection .....	69
55.Power to summon and examine documents and persons etc ..	69
55-A.Maintenance of Accounts and Books, etc. ....	70
56.Cost of inquiry and inspection .....	71
57.Society to pay certain expenses .....	71
58.Payment of fees to the Government for services rendered to a society, etc .....	71

59.Suspension of officer or servant of society .....	71
60. Surcharge .....	72

**CHAPTER VIII****Settlement of Disputes**

61.Disputes which may be referred to the Registrar .....	72
62.Action to be taken by the Registrar on such reference .....	73
63.Powers of financing bank to proceed against members of a society for recovery of moneys due to it from such society .....	74

**CHAPTER IX****Winding up and cancellation of Registration of Societies**

64.Winding up of Societies .....	75
65.Appointment of liquidator .....	75
66.Power of the liquidator .....	75
67.Restriction on alienation of property by a member of a society under winding up .....	77
68.Cancellation of registration of a society .....	77
69.Restoration of a society wound up .....	77
69-A. Termination of liquidation proceedings .....	78
69-B.Disposal of surplus assets .....	78

**CHAPTER X****Execution of Decisions, Decrees and Orders**

70.Power of the Registrar to recover certain amount by attachment and sale of property and execution of orders .....	78
70A.Execution of non-monetary orders etc .....	79
71.Recovery of debts .....	79
72.Registrar or person authorised by him to be a Civil Court for certain purposes .....	80
73.Attachment of property before decision or order .....	80
74.Recovery of amounts due to Government .....	80

**CHAPTER XI****Appeal, Revision and Review**

75.Constitution of Co-operative Tribunal .....	81
76. Appeal .....	81
77. Revision .....	82
78. Review .....	83

**CHAPTER XII****Offences and Penalties**

79.Punishment for furnishing false return or information, disobeying summons or other lawful order, requisition, or direction, or for acting in contravention of Section 35 or Section 36 or for failure to produce books etc .....	84
79A.Punishment for corrupt practices .....	86
80.Prohibition of the use of the word 'co-operative' or its equivalent .....	87
81.Punishment for failure to give effect to decision or order ....	87
82.Punishment for offences not otherwise provided for .....	87
83.Cognizance of offences .....	87
83-A. Omitted .....	88
83-B.Presumption as to commission of offences in certain cases..	88
83-C.Presumption as to statements .....	89

**CHAPTER XIII****Financing Banks/Primary Agricultural Co-op. Societies**

84. Definitions .....	89
85.Application of chapter to Financing Bank/Primary Agricultural Co-operative Society .....	89
86.Appointment of Trustee and his Powers and functions .....	90
87.Trustee to be a corporation sole .....	91
88.Issue of debentures by the Board .....	91
89.Charges of debenture-holders on certain properties .....	92
90.Guarantee by Government of principal of, and interest on, debentures .....	92
91.Other guarantee by Government .....	93
92.Priority mortgage over certain claims .....	93
93.Right of Financing Bank/Primary Agricultural Co-operative Society or of the Andhra Pradesh State Co-operative Bank Limited to purchase mortgaged property .....	93
94.Mortgages created in favour of Financing Bank/Primary Agricultural Co-operative Society to stand vested in Andhra Pradesh State Co-operative Bank Limited .....	93
95.Power of Financing Bank/Primary Agricultural Co-operative Society to receive moneys and grant discharges .....	94
96.Right of Financing Bank/Primary Agricultural Co-operative Society to pay prior debts of mortgagor .....	94
97.Power of Financing Bank/Primary Agricultural Co-operative Society to advance loans and to hold lands .....	95

98.Mode of dealing with applications for loans .....	95
99.Order granting loan conclusive of certain matters .....	95
100.Recovery of loans by Financing Bank/Primary Agricultural Co-operative Society .....	96
101.Recovery of loans on certificate by Registrar .....	96
102.Collector to make recoveries during a certain period .....	97
103.Distrain and sale .....	97
104.Power of sale when to be exercised .....	98
105.Powers of Financing Bank/Primary Agricultural Co-operative Society where mortgaged property is destroyed or security becomes insufficient .....	99
106.Power of Board or Trustee to distrain and sell all property, etc. ....	99
107.Title of purchaser not to be questioned on ground of irregularity, etc. ....	100
108.Mortgage not to be questioned on insolvency of mortgagor .....	100
109.Appointment of receiver and his powers .....	100
110.Mortgagor's power to lease .....	101
111.Registration of documents executed on behalf of Financing Bank/Primary Agricultural Co-operative Society or of the Andhra Pradesh State Co-operative Bank Limited .....	101
112.Delegation of certain powers by Board .....	101
113.Sections 102, 103 and 104 of the Transfer of Property Act, 1882, to apply to notices under this Chapter .....	102
114.Mortgages created by manager of Joint Hindu Family .....	102
114-A.& 114-B. Omitted .....	102
115.Power of the Board to supervise and make regulation .....	102
<b>CHAPTER XIII-A</b>	
<b>Eligible Co-operative Banks</b>	
115-A.Definitions .....	102
115-B.Special provisions applicable to eligible Co-operative Banks ...	103
<b>CHAPTER XIII-B</b>	
<b>Special Provisions Applicable to Co-operative Credit Societies Identified Under Revival Package</b>	
115-C.Definitions .....	104
115-D.Special provisions applicable to Co-operative Credit Societies .....	105
<b>CHAPTER XIV</b>	
<b>Miscellaneous</b>	
116.Powers of Registrar to appoint supervisory staff .....	110
116-A.Constitution of common cadre of Employees for certain Societies .....	110
116-AA. Abolition of Centralised services for certain categories of employees .....	111



116-B. Power of Government to give directions to societies, etc. ....	111
116-C. Staffing pattern of societies .....	112
117. Delivery of possession of records and properties of a society .....	112
118. Address of society .....	113
119. Copy of Act, Rules, Bye-laws, etc. to be open to inspection .....	113
120. Power to summon witnesses and requisition documents .....	114
121. Bar of jurisdiction of Court .....	114
122. Power to exempt societies from conditions of Registration .....	115
123. Power to exempt class of societies .....	115
124. Register of members .....	115
125. Proof of entries in society's books .....	115
126. Notice necessary in suits .....	116
127. Acts of societies not to be invalidated by certain defects .....	116
128. Protection of acts done in good faith .....	116
129. Certain Acts not to apply .....	116
129-A. Officers and employees to be public servants .....	116
130. Power to make rules .....	117
131. Power of Government to give directions .....	117
131-A. Omitted .....	117
132. Repeal and savings .....	117
133. Act to override other laws .....	118
134. Power to remove difficulties .....	118

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**THE TELANGANA CO-OPERATIVE SOCIETIES  
RULES, 1964**

1. Short title and extent .....	119
2. Definitions .....	119
(a) 'act' .....	119
(b) 'decree' .....	119
(c) 'decree-holder' .....	119
(d) 'default' .....	119
(e) 'defaulter' .....	119
(f) 'defunct society' .....	119
(g) 'form' .....	119
(h) 'owned capital' .....	119
(i) 'person' .....	119

(j) 'primary society'	119
(k) 'Registrar of the district'	120
(l) 'sale officer'	120
(m) 'supervising union '	120
(n) 'training institute'	120
(o) 'working capital'	120
(p) 'benami loan'	120
(q) 'Electronic Auction (e-Auction)'	120
(r) 'Electronic Auction (e-Auctioner)'	120
2A.Co-operative Principles	120
3.Procedure for Registration of a Society	121
3A.Transitory Provision for the Societies Provisionally	
Registered	124
4. Model bye-laws	125
5.Subject-matter of bye-laws	125
6. Omitted	127
6A. Omitted	127
7.Change of form and extent of liability	127
8.Manner of giving notice in case of change of liability, transfer of assets, division, amalgamation or conversion, of a society	127
9. Omitted	128
10.Procedure for amendment of bye-laws	128
11.Procedure for direction by Registrar for amendment of bye-laws	128
11 A.Procedure in regard to division, amalgamation or liquidation of a Society	129
11B.Convening of General Body Meeting by Societies to consider the Notification issued by the Registrar under Section 15-A(1) and Notice under Section 16(5) for adoption of Model Bye-laws	129
12.Classification of Societies	129
12A.Societies for purpose of sub-section (2-A) of Section 19	132
13.Admission of minors as members in certain class of societies	132
14.Admission of members into Co-operative Societies	132
14(1).Transitory Provision for existing associate or nominal members	133
14(2).....	133

14A. Transfer of shares of the members of Primary Agricultural Development Banks and admission of such members	133
15. Restriction on holding of shares	134
16. Nomination of heir	134
17. Procedure to be adopted when no nomination is made	135
18. Minimum business to be transacted or services or facilities to be utilised by a member of other societies	135
19. Omitted	136
19A. Omitted	136
20. Removal of a member of a society who is disqualified	136
21. Constitution of a representative general body	136
21A. Constitution, powers and functions of supervisory council	137
21B. Preparation of list of defaulters and its publication	137
22. Conduct of Elections to the Co-operative Societies	138
22A. Constitution of Committee of certain societies	151
22AA. Nomination of two women by the Registrar	156
22AAA. Nomination of one representative of minority community by the Registrar.	157
22B. Mode of Election of Member of Committees of Weaker Section societies or societies having a small number of membership	157
22C.	159
22D. Election of District Co-operative Central Bank/Apex Societies/Sugar Factories	160
23. Quorum for meeting	161
23A. Meeting called by Registrar	161
23AA.	162
23AAA.	162
23B. Mode of service of notice of committee meetings	162
24. Disqualification for membership of Committee	162
24A. Meeting after receipt of no confidence notice	164
24B. Omitted	165
25. Terms of office of members of committees	165
26. Presidency at meeting	166
26A.	166
27. Omitted	166
28. Officers and servants of societies	166
29. Appointment of Secretary	168
30. Term of office of member of committee who is a delegate of another society	168

*Contents*

**xiii**

31. Prohibition against having interest in contracts, etc .....	168
32. Declaration to be made creating a charge in favour of a society .....	169
33. Remittance of the amount from salary or wages of a member and maintenance of register by an employer .....	169
34. Procedure regarding State aid to societies .....	169
35. Omitted .....	174
35A. Rates of honorarium .....	174
36. Distribution of profits .....	174
36A. Cooperative Education Fund .....	175
36B. Constitution of administrative and Contingent Fund .....	177
37. Object and investment of reserve fund.....	178
38. Disposal of reserve fund on winding up of a society .....	178
39. Investment of funds .....	179
40. Restriction on borrowing by societies .....	180
41. Restriction on grant of loans .....	180
41A. Percentage of loans to small farmers, etc .....	180
41B. Issue of loans by means of a cheque .....	181
41C. Sanctions of loans in certain cases .....	181
42. Transactions with non-members .....	181
43. Maintenance of fluid resources by societies with limited liability .....	182
44. Omitted .....	182
45. Statements and returns to be furnished by a society for audit of its accounts and issue of an audit certificate .....	182
46.....	184
47. Inquiry .....	185
48. Fees payable to the Government for service rendered to Society/Person .....	185
49. Procedure for arbitration and settlement of disputes .....	186
49A. Procedure regarding disposal of appeals by Tribunal .....	188
49B.....	188
50. Mode of service of summons .....	188
50A. ....	189
51. Appointment of procedure to be followed and powers to be exercised by the liquidator .....	190
51A. Fixation of remuneration of Official Assignee .....	191
52. Procedure in execution of decrees, decisions or orders .....	192
53. Procedure in the distraint and sale of the procedure of mortgaged and or any movable property under Section 103 and for the sale of mortgaged property under Section 104 .....	207

54. Mode of making attachment before judgment under Section 73 of the Act .....	209
55. Procedure for recovery of sums due to Government .....	210
55A.....	211
56. Application for review .....	211
57. Appointment of public enquiry officer and mode of dealing with loan applications .....	211
58. Maintenance of a register of societies .....	213
59. Accounts and other books to be maintained by societies .....	213
60. Certifying copies of entries in books, documents etc .....	216
60A. Certifying copies of document .....	216
60B. Procedure in regard to registration of documents executed on behalf of Agricultural Development Bank or Central Agricultural Development Bank .....	217
61. Authentication of notice of process .....	217
62. Prohibition of the use of premises of a society .....	217
63. Contribution to expenses connected with Co-operative conferences .....	217
64. Payment of remuneration to members .....	218
65. Authorisation for taking delivery of records and properties .....	218
66. Restrictions on officers of society appearing as legal practitioners .....	218
67. Power to exempt a society or class of societies from the provisions of the rules .....	218
68. Membership of employees in certain classes of societies .....	218
69. Omitted.....	219
70. Board of Directors of Central Agricultural Development Bank to constitute a centralised service .....	219
70A. Allotment of employees to Primary Agricultural Development Banks - Guidelines .....	220
70AA.....	222
71. Service Conditions of common Cadre Employees under Section 116A.....	222
72. Guidelines to allot decaderised Secretaries to the Societies .....	223
73. Transfer of employees of erstwhile primary agricultural Development Banks to the service of the District Co-operative Central Banks .....	224
73A. Telangana State Co-operative Bank to disburse long term loans and make necessary arrangements .....	229

73B.Integration of services of the employees of Erstwhile APCCAD Bank with the employees of TCOB .....	230
74.Allotment of employees of Co-operatives Sugar Factories .....	232
75.....	233

**Forms**

A.Application for Registration of a Cooperative Society under the A.P. Cooperative Societies Act, 1964 .....	237
AA.Applications for Final Registration of a Co-operative Society under the Andhra Pradesh Co-operative Societies Act, 1964 .....	238
AAA .....	239
B.Declaration Creating Charge .....	240
C.Register showing the deduction from salary of wages .....	241
D. ....	241
E. ....	243
I. Election Notice .....	245
II.Nomination form for election as a member of the Committee of a society.....	247
III.List of Nominations received .....	248
IV.List of valid nominations after scrutiny .....	249
V.List of invalid nominations for the post of .....	249
VI.Notice of withdrawal .....	250
VII.Final list of valid nominations after withdrawal of nominations .....	250
VIII.Proforma Ballot Paper .....	251
IX.Appointment of an Agent .....	251
X(A).Declaration by Voter .....	252
X(B).Tendered Votes List .....	252
XI.Ballot Paper Account .....	253
XII.List of Successful Candidates .....	253
XIII.Notice to the Members of the Managing Committee .....	254
XIV.Nomination form for election of President/Officer bearers .....	255
XV. List of Nominations received .....	255
XVI.List of Nominations received after scrutiny .....	256
XVII.List of invalid nominations for the post of .....	256
XVIII.Notice of Withdrawal .....	256

XVIII(A). List of Nominations withdrawn .....	257
XIX Final list of valid nominations after withdrawal of nominations.....	257
XX. Proforma Ballot Papers .....	258
XXI List of successful candidates .....	258
I.....	259
J. Application for Membership .....	259
K. Form of authorisation issued by the Registrar under Section 117 of the Andhra Pradesh Co-operative Societies Act, 1964 ..	262
L. ....	263
M. Statement showing the eligibility of establishment charges ....	264

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**The A.P. Coopeative Societites Act, 1964 (Act No. 7  
of 1964) - Adaptation to the State of Telangana**

*[G.O. Ms. No. 53, Agriculture & Cooperation (Coop.II) Department,*

*Dated : 20.05.2016]*

**Read :**

The Andhra Pradesh Reorganization Act, 2014  
(Central Act No. 6 of 2014)

**ORDER :-**

Whereas, by Section 101 of the Andhra Pradesh Reorganization Act, 2014 (Central Act No. 6 of 2014), the appropriate Government i.e., the State of Telangana is empowered by order, to make such adaptations and modifications of any law (as defined in Section 2 (f) of the Act) made before 02.06.2014, whether by way of repeal or amendment as may be necessary or expedient, for the purpose of facilitating the application of such law in relation to the State of Telangana, before expiration of two years from 02.06.2014; and thereupon every such law shall have effect subject to the adaptations and modifications so made untill altered, repealed or amended by a competent Legislature or other competent authority :

2. And whereas, it has become necessary to adapt and modify the A.P. Coopeartive Societies Act, 1964 (Act No. 7 of 1964) for the purpose of facilitating its application in relation to the State of Telangana.

3. And whereas, after careful examination, Government have decided to adapt and modify the said Act, which was in force as on 01.06.2014;

4. Accordingly, the following Notification will be published in an Extra Ordinary issue of the Telangana Gazette, dated : 20.05.2016.

**NOTIFICATION**

In exercise of the powers conferred by Section 101 of the Andhra Pradesh Reorganization Act, 2014 (Central Act No. 6 of 2014), the Government of Telangana hereby makes the following Order, namely :

1. (i) This Order may be called the Andhra Pradesh Cooperative Societies Act, 1964 (Telangana Adaptation) Order, 2016;

(ii) it shall come into force with immediate effect.

2. The Andhra Pradesh General Clauses Act, 1891 shall apply for the interpretation of this Order as it applies for the interpretation of a State Act.

3. For the purpose of this Order and the Act adapted herein, the expresseion "the State" shall have the meaning and area as specified in Seciton 3 of the Andhra Pradesh Reorganization Act, 2014.

4. In the Andhra Pradesh Cooperative Societies Act, 1964 (A.P. Act No. 7 of 1964)

1. Throughout the Act for the words " Andhra Pradesh" (occurring otherwise than in a citation or description or title of other enactments) the word "Telangana" shall be substituted.

XXX

2. In Section 2,

XXX All amendments incorporated at relevant places.

62. Section 129 shall be substituted with the following, namely :-

**129. Certain Acts not to apply :-** The provisions of the Companies Act, 2013, AP shops and Establishment Act, 1988, shall not apply to societies.

———— \* ————

# THE [TELANGANA]<sup>1</sup> CO-OPERATIVE SOCIETIES ACT, 1964<sup>2</sup> [Act No. 7 of 1964]

## Statement of Objects and Reasons

- (1) The Andhra Pradesh (Andhra Area) Co-operative Societies Act, 1932 and the Andhra Pradesh (Andhra Area) Co-operative Land Mortgage Banks Act, 1934 are in force in the Andhra Area of the State, while the corresponding Acts in force in the Telangana Area of the State and in the territories transferred from the State of Madras to this State are the Andhra Pradesh (Telangana Area) Co-operative Societies Act, 1952, the Madras Co-operative Societies Act, 1932 and the Madras Co-operative Land Mortgage Banks Act, 1934. In order to have a uniform law on the subject throughout the State, it has been decided to enact a single comprehensive law applicable to the entire State, taking into consideration the provisions of the Acts in force in the different areas of this State and the Model Bill formulated by the Central Committee on Co-operative law.
- (2) As Land Mortgage Banks are also being registered under the Co-operative Societies Act and are subject to the provisions of that Act, it is considered that there is no advantage in retaining separately the Co-operative Land Mortgage Banks Act on the Statute Book and that the special provisions required for Co-operative Land Mortgage Banks could as well be embodied in a separate Chapter in proposed legislation itself repealing the said Land Mortgage Banks Act.

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*An Act to consolidate and amend the law relating to Co-operative Societies in the State of <sup>1</sup>[Telangana] <sup>3</sup>[in order to facilitate and strengthen the functioning of Co-operative Societies based on Co-operative principles and Co-operative identity].*

*Be it enacted by the Legislature of the State of <sup>1</sup>[Telangana] in Fifteenth year of the Republic of India as follows:—*

- 
1. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (Coop.II)Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Received the assent of the President on the 24th February, 1964 and published in the Andhra Pradesh Gazette, Part IV-B (Ext.), dated the 25th February, 1964.
  3. Added by Act No. 22 of 2001, dt. 25.4.2001.

## CHAPTER I

### Preliminary

1. **Short title, extent and commencement:**— (1) This Act may be called the <sup>1</sup>[Telangana] Co-operative Societies Act, 1964.
- (2) It extends to the whole of the State of <sup>1</sup>[Telangana] .
- (3) It shall come into force on such date<sup>2</sup> as the Government may, by notification in the <sup>1</sup>[Telangana] Gazette, appoint.
2. **Definitions:**— In this Act, unless the context otherwise requires,—
- <sup>3</sup>[(a) (i) 'authorised person' means a person referred to as such in Section 79 of this Act.
- (ii) 'bye-laws' means the registered bye-laws for the time being in force ;
- (b) 'Committee' means the Governing body of a Cooperative Society by whatever name called, to which the direction and control of the management of the affairs of the Society is entrusted to;
- (c) 'Co-operative year/Financial Year' means, the period commencing on the 1st day of April of every year and ending with the 31st day of March of the succeeding year ;]
- (d) 'dividend' means a share of the profits of a society divided among its members in proportion to the share capital held by each of them ;
- (e) 'Federal society' means a society to which similar class of societies are affiliated ;
- <sup>4</sup>[(e-i) 'multi-state cooperative society' means a society with objects not confined to one State and registered or deemed to be registered under any law for the time being in force relating to such Co-operative'.
- <sup>5</sup>[(f) 'Financing bank' means a society, the main object of which is to assist any affiliated or other society by giving loans or advancing moneys ; and includes any scheduled bank as defined in the Reserve Bank of India Act, 1934 (Central Act 2 of 1934) and such other body corporate or

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1. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop. (Coop.II)Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. With effect from 1-8-1964, vide G.O. Ms. No. 1924, dt: 25.07.1964.
  3. Subs. for clauses (a), (b) and (c) of Section 2 by G.O. Ms. No. 53, Agrl. & Coop. (Coop.II)Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  4. Ins. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  5. Subs. by Act No. 19 of 1976.

financial institution as may be notified by the government from time to time which gives financial or other aid to a society; ]

- (g) '*General body*' in relation to the society means all the members of the society ;
- (h) '*General meeting*' means a meeting of the general body of a society;
- (i) '*Government*' means the State Government ;
- <sup>1</sup>[(i-a) '*Gram Panchayat*' means, a gram panchayat constituted under Section 4 of the Telangana Panchayat Raj Act, 1994 (Act 13 of 1994) ;]
- <sup>2</sup>[(j) '*Member*' means a member of a society, and includes an associate member ;]
- <sup>1</sup>[(j-i) '*Mandal Parishad*' means a Mandal Parishad constituted under Section 148 of the Telangana Panchayat Raj Act, 1994 (Act 13 of 1994) ;
- (j-ii) '*Municipal Corporation*' means a Municipal Corporation constituted under the relevant law for the time being in force relating to the Municipal Corporations in the State ;
- (j-iii) '*Municipal Council*' means a Municipal Council constituted under Section 5 of the Telangana Municipalities Act, 1965 (Act VI of 1965) ;]
- <sup>3</sup>[(j-iv-) '*Near relative*' means father, mother, brother, sister, husband, wife, son, son-in-law, daughter, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, nephew and niece;]
- (k) '*Officer*' includes a person elected or appointed by a society to any office of such society according to its bye-laws and a president, vice-president, chairman, vice-chairman, secretary, assistant secretary, treasurer, manager, member of committee, liquidator or any other person elected or appointed under this Act, Rules or the bye-laws to give directions in regard to the business of the society.
- <sup>4</sup>[(k-i) '*office bearer*' means a President/Chairperson, Vice-President/Vice-Chairperson, Secretary or Treasurer of a Co-operative society and includes any other person to be elected by the Board of any Co-operative society.]
- (l) '*Prescribed*' means as prescribed by rules made under this Act;

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1. Inserted by Act No. 4 of 1995, w.e.f. 2-1-1995.

2. Subs. by Act No. 6 of 2005, w.e.f. 31.1.2005.

3. Added by Act No. 6 of 2005, w.e.f. 31-1-2005.

4. **Ins. by G.O. Ms. No. 53, Agrl. & Coop. (Coop.II)Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

- (m) '*Rebate*' means a share of the profits of a society divided among its members in proportion to the value of business done by each of them with the society ;
- <sup>1</sup>[(n) '*Registrar*' means the Central Registrar appointed by the Central Government in relation to the multi-State co-operative societies, the Registrar of Cooperative societies appointed under Section 3[1] in relation to this Act as the case may be and includes any other person on whom all or any of the powers of the Registrar under this Act are conferred ;]
- (o) '*Rules*' means the rules made under this Act ;
- <sup>1</sup>[(p) '*Society*' means a Co-operative society registered/deemed to have been registered under this Act/Societies registered under Telangana Mutually Aided Cooperative Societies Act and received land from Government either free of cost or at subsidized price or at marked rate and thus deemed to have been registered under this Act ;]
- (q) '*Society with limited liability*' means a society in which the liability of its members for the debts of the society, in the event of its being wound up, is limited by its bye-laws:-
- (i) to the amount, if any, unpaid on the shares held by each of them ;  
or
- (ii) to such amount as they may undertake to contribute to the assets of the society ;
- (r) '*Society with unlimited liability*' means a society, the members of which are, in the event of its being wound up, jointly and severally liable for and in respect of all its obligations and to contribute to any deficit in the assets of the society ;
- (s) '*State*' means the State of <sup>2</sup>[Telangana];
- <sup>3</sup>[(s-i) '*State Act*' means any law made by the Legislature of a State.
- (s-ii) '*State level co-operative society*' means a co-operative society having its area of operation extending to the whole of the State.]
- (t) '*Tribunal*' means a Tribunal constituted under Section 75 and having jurisdiction ;
- <sup>4</sup>[(u) '*Zilla Parishad*' means a Zilla Parishad constituted under Section 177 of the Telangana Panchayat Raj Act, 1994 (Act 13 of 1994).

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1. Subs. for clause (n) & (p) by G.O. Ms. No. 53, Agrl. & Coop. (Coop.II)Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop.(coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  3. Ins. by G.O. Ms. No. 53, Agrl. & Coop.(coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  4. Inserted by A.P. Act. No. 4 of 1995, w.e.f. 2-1-1995.

<sup>1</sup>[(2-A) The Government, may, from time to time, take necessary steps for making provisions with respect to the incorporation, regulation and winding up of cooperative societies based on the principle of voluntary formation, democratic member control, member economic participation and autonomous functioning as deemed necessary.]

## **CHAPTER II Registration of Societies**

### **3. Appointment of Registrar and other persons for the purpose of this Act:—**

- (1) There shall be appointed a Registrar of Co-operative Societies for the State and as many other persons as the Government think fit for the purposes of this Act.
- (2) Every other person appointed under sub-section (1) shall exercise under the general superintendence of the Registrar, such powers of the Registrar, under this Act as the Government may, from time to time, confer on him.

### **4. Society which may be registered:—**

- <sup>2</sup>[(1) A society which has, as its main object, the promotion of the economic interests of its members in accordance with the Co-operative principles <sup>3</sup>[as may be prescribed], or a society established with the object of facilitating the operation of such a society, may be registered under this Act.
- <sup>4</sup>[(2) Every Society registered or deemed to be registered under this Act shall function subject to such directions as may be issued by the Registrar, from time to time, in the interests of the Co-operative movement or the public interest or in order to prevent the affairs of the society from being conducted in a manner detrimental to the interests of the members or of the depositors or creditors thereof, and the society shall comply with such directions.]

### **5. Registration with limited or unlimited liability:—**

- (1) A society may be registered with limited or unlimited liability but a liability of a society of which any member is a society shall be limited : Provided that where a financing bank becomes a member of a society with unlimited liability, the liability of that society may continue to be unlimited.
- (2) The liability of the Government, a financing bank or a federal society having shares in a society, whether with limited or unlimited liability, shall be limited to the share capital subscribed by the Government, such financing bank or federal society, as the case may be.

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1. Ins. by G.O. Ms. No. 53, Agrl. & Coop.(coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Renumber by Act No. 21 of 1985, w.e.f. 22-4-1985.
  3. Inserted by Act 22 of 2001, dt. 25-4-2001.
  4. Inserted by Act. No. 21 of 1985, w.e.f. 22-4-1985.



- (3) The name of every society shall contain the expression 'Co-operative' or its equivalent in any Indian language and in the case of every society with limited liability, the name of the society shall also have as its suffix the expression 'Limited' or its equivalent in any Indian language.

6. <sup>1</sup>[x x x] **Registration of a society:—**

- (1) <sup>2</sup>[An application for the registration of a society] shall be made to the Registrar in such form and with such particulars as may, from time to time, be specified by the Registrar.

- (2) Every such application shall conform to the following requirements namely:—

<sup>3</sup>(a) the application shall be accompanied by:—

<sup>4</sup>(i) the original and one copy of the proposed bye laws of the society as adopted by the applicants ; along with a proof of identity and proof of residence and any other proof of all the applicants as prescribed by the Registrar;]

ii) a true copy of the minutes of the meeting at which the bye laws were adopted duly signed by the applicants;

(iii) a sworn statement from each applicant that he is a member of a different family and particulars furnished in the application form prescribed are true to the best of his knowledge and belief;

(b) where all the applicants are individuals, the number of applicants shall not be less than <sup>5</sup>[twenty one], each being a member of a different family, and every one of them shall possess eligibility to become a member as required under sub-section (1) of Section 19 :

**Explanation:—** For the purposes of this clause, the expression “member of a family” means a wife, husband, father, mother, grand-father, grand-mother, step-father, step-mother, son, daughter, step-son, step-daughter, grand-son, grand-daughter, brother, sister, half-brother, half-sister and wife of brother or half-brother;

(c) Where the objects of the society include the raising of funds to be lent to its members and where all the applicants are individuals, the applicants shall reside or own immovable property in the same town, village or group of villages or belong to the same class or pursue the same occupation:

1. The words “Application for provisional” omitted by Act No. 22 of 2001, dt. 25.4.2001.

2. Subs. by *Idid*.

3. Subs. by Act No. 22 of 2001, dt. 25.4.2001.

4. Subs. for Sub-clause (i), by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated : 20-5-2016, w.e.f. 20-5-2016.

5. Subs. for “ten” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated : 20-5-2016, w.e.f. 20-5-2016.

Provided that in the case of a society with unlimited liability, the members thereof shall reside in the same town, village or group of villages ;

- <sup>1</sup>[(cc) Where the objects of the Society include production and sales activity by supplying raw material to members for production of finished products and where all applicants are individuals, such applicants shall reside in the area of operations proposed for the society and belong to the same class or pursue the same occupation ; and it shall also be competent for the Government to specify by order such other class of societies, the applicants of which shall reside in the area of operations as aforesaid and belong to the same class or pursue the same occupation;]
- (d) the application shall be signed : —
- (i) if the applicants are individuals by every one of such applicants, and
- (ii) if the applicant is a society, by a member duly authorised in this behalf by such society.
- (3) Where any question arises under clause (c) of sub-section (2) as to the residence, ownership, group of villages, class or occupation, such question shall be decided by the Registrar, whose decision thereon shall, subject to the provisions of Section 76, be final.
- <sup>2</sup>[(4) Where the Registrar is satisfied,—
- (a) that the application conforms to the requirements laid down by this Act and the rules made thereunder;
- (b) that the objects of the Society seeking registration are in accordance with section 4;
- (c) that such Society is likely to be economically sound and that its registration may not have an adverse effect on the development of the Co-operative movement;
- (d) that the proposed bye-laws are not contrary to the provisions of this Act and the rules made thereunder; and
- (e) that the applicants are aware of the objects of the society as specified in Section 4 of the Act and contents of the proposed bye-laws, he may register the Society and its bye-laws within such time as may be prescribed.
- (5) Where the Registrar is not so satisfied, he shall communicate by registered post the order of refusal together with the reasons thereof to the applicants within such time as may be prescribed.]

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1. Inserted by Act No. 28 of 1988, w.e.f. 9-5-1988.

2. Added by Act No. 22 of 2001, dt. 25.4.2001.

7. <sup>1</sup>[xxx]

8. **Registration certificate:**— Where a society is registered the Registrar shall issue a certificate of registration signed and sealed by him which shall be conclusive evidence that the society mentioned therein, is a society duly registered under this Act, unless it is proved that the registration of the society has been cancelled.

<sup>2</sup>[8-A. **Renewal of Registration :-** Every society which has been issued a certificate of registration under section 8 of this Act and it shall be renewed for every 5 years. The Renewal by Registrar is subject to the satisfaction that -

(a) the Society updated its accounts and got them audited as per the provisions of this Act.

(b) the society conducted Elections as per the provisions of this Act.

(c) the society not violated any provisions of Act, Rules, Byelaws.

(d) All members underwent member education programme and certified as such by the Telangana State Cooperative Union.

Provided that if the society fails to renew its Registration under this section, the Registrar may on his own initiate necessary action for compliance. In case of non compliance, Registrar may cancel the certificate of registration issued to the society U/s. 8 of this Act and initiate winding up proceedings U/s. 64(2) of this Act.]

<sup>3</sup>[Provided further that provisions of this section are not applicatble to the eligible Coop. Banks as defined in Section 115-A of this Act and Coop. Credit Society as defined under Section 115-C.]

9. **Society to be a body corporate:**— The registration of a society shall render it a body corporate by the name under which it is registered having perpetual succession and a common seal. The society is entitled to acquire, hold and dispose of property, to enter into contracts on its behalf, to institute and defend suits and other legal proceedings and to do all other things necessary for the purpose for which it was constituted.

<sup>4</sup>[9-A. **Restriction and creation of any charge:**— Where the Government extends State aid as specified under section 43 of the Act, such society shall not dispose of or create any charge over its property without the prior approval of the Registrar and the consent of the federal society or financing bank concerned as the case may be.

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1. Omitted by Act No. 22 of 2001, dt. 25-4-2001.

2. Ins. by G.O. Ms. No. 53, Agrl. & Coop.(coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

3. Added by G.O. Ms. No. 56, Agrl. & Coop.(coop.II) Dept., dated 28-5-2016, w.e.f. 28-5-2016.

4. Sections 9A, 9B and 9C inserted by Act No. 22 of 2001, dt. 25.4.2001.

**9-B. De-Registration of a society:—** (1) The Registrar shall, at any time, of his own motion and after giving the society an opportunity of making its representation, if any, by order, de-register a society which is in existence for a period not exceeding four years from the date of its registration,-

- (i) where the membership of the society falls short of the minimum number prescribed for registration of such society; or
  - (ii) where the society has not commenced working within the prescribed period or has ceased to work; or
  - (iii) where in the opinion of the Registrar, the society is conducting its affairs in contravention of the co-operative principles or in violation of the provisions of the Act, rules and bye-laws made thereunder or in a manner detrimental to the interest of its members or the promotion of the object for which it has been registered; or
  - (iv) where the society has been registered by fraud or misrepresentation of facts.
- (2) A society, de-registered under sub-section (1), shall cease to conduct its business forthwith from the date of such order.

**9-C. Appointment and Powers of the Official Assignee:—**

- (1) Where a society is de-registered under Section 9-B, the Registrar shall, appoint an official assignee for winding up of the affairs of the society and fix his remuneration in the manner prescribed.
- (2) On the appointment of an official assignee, the property, assets, effects and actionable claims or liabilities of the society as on the date of appointment shall vest in or devolve on the official assignee. He shall take such steps as he may deem necessary or expedient to prevent loss or deterioration of, or damage to, such property, assets, effects and actionable claims.
- (3) Subject to the control of the Registrar, the official assignee shall have the power,—
  - (a) to institute and defend suits and other legal proceedings on behalf of the society by the name of his office;
  - (b) to realise the assets of the society, by sale or otherwise;
  - (c) to determine, from time to time, the contribution to be made or remaining to be made and the debts due by the members or past members or by the estates or nominees, heirs or legal representatives of deceased members or by any officers or former officers to the society;
  - (d) to investigate all claims against the society, and subject to the provisions of this Act, to decide questions of priority arising between claimants;

- (e) to pay claims against the society including interest upto the date of winding up according to their respective priorities, if any, in full or rateably, as the assets of the society may permit, the surplus, if any, remaining after payment of the claims, being applied in payment of interest from the date of such order of winding up at a rate fixed by him but not exceeding the contractual rate in any case;
  - (f) to determine by what persons and in what proportion the costs of liquidation are to be borne;
  - (g) to determine whether any person is a member, past member or nominee of deceased member;
  - (h) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society;
  - (i) with the previous approval of the prescribed authority, to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging to have any claim present or future, whereby the society may be rendered liable; and
  - (j) with the previous approval of the prescribed authority, to compromise all calls or liabilities to any calls and debts and liabilities capable of resulting in debts and all claims present or future, certain or contingent, subsisting or alleged to subsist between the society and a contributory or alleged contributory or other debtor or person apprehending liability to the society and all questions in any way relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt or claim and give a complete discharge in respect thereof.
- (4) Any sum ordered under this section to be recovered as a contribution to the assets of a society or as costs of liquidation may be recovered, on a requisition being made in this behalf by the Registrar to the Collector in the same manner as arrears of land revenue.
- (5) Same as provided in sub-section (4), orders made under this section shall, on application, be enforced by any Civil Court having local jurisdiction in the same manner as a decree of such Court.
- (6) The official assignee shall continue to exercise his powers until the affairs of the society are completely wound up when he shall make a report to the Registrar and deposit the records of the society in such place as the Registrar may direct.

- (7) The winding up proceedings under this section shall be closed within a period of one year from the date of the order of de-registration of a society, and the said period may, at the discretion of the Registrar, be extended from time to time, so however, that the total period does not exceed two years in the aggregate, and after the expiry of the said period, it shall be deemed that the winding up proceedings have been terminated and the Registrar shall pass an order terminating the winding up proceedings. On the termination of the winding up proceedings, the official assignee shall make a report to the Registrar.
- (8) Where the affairs of a society have been completely wound up, after considering the report of the official assignee under sub-section (6) or sub-section (7), the Registrar shall by order in writing cancel the registration of the society. The society shall cease to exist as a corporate body from the date of such order.]
- 10. Change of name of society:—** (1) A society may, by an amendment of its bye-laws, change its name.
- (2) The change of name of a society shall not affect any rights or obligations of the society, or render defective any legal proceedings by or against it ; and any legal proceedings which might have been continued or commenced by or against the society by its former name may be continued or commenced by its new name.
- 11. Change of liability:—** Subject to the provisions of this Act and the rules, the society may, by a resolution, decide to amend its bye-laws to change the form or extent of its liability.
- 12. Transfer of assets and liabilities, division, amalgamation and conversion of a society:—**
- (1) A society may, <sup>1</sup>[xxx] by a resolution decide to—
- (a) transfer its assets and liabilities in whole or in part to any other society which agrees to such transfer by a resolution ; or
- (b) divide itself into two or more societies ; or
- (c) convert itself into a society of a class different from one to which it belongs.
- (2) Any two or more societies may, <sup>1</sup>[xxx] by a resolution, decide to amalgamate themselves and form a new society.
- <sup>2</sup>[Provided that where a society under sub-section (1) is a member of two or more societies under sub-section (2) are members of a federal

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1. The words “with the previous approval of the Registrar, and “ omitted by Act No. 22 of 2001, dt. 25-4-2001.

2. Added by *Ibid.*

society or in receipt of assistance from a financing bank, such society or societies shall obtain prior consent of the federal society or financing bank for any resolution under sub-section (1) or sub-section (2) as the case may be ;]

<sup>1</sup>[(3) Every resolution of a society under sub-section (1) or sub-section (2) shall be passed at the general meeting by <sup>2</sup>[a majority of not less than two-thirds of members present and voting,] and such resolution shall contain all particulars of the transfer, division, amalgamation or conversion as the case may be.]

<sup>3</sup>[12-A. **Special provisions in respect of certain Societies:—**

(1) Notwithstanding anything contained in this Act or the rules made thereunder or the bye-laws of the societies concerned or in any other law for the time being in force, where, in the opinion of the Registrar, a society,—

- (a) in which majority of the shares are held, or
- (b) to which loan exceeding fifty percent of the total loan borrowed is advanced, or
- (c) in which liabilities by way of guarantee for borrowing including working capital borrowing exceeding fifty percent of the total borrowings are undertaken, by the Government or one or more Government Companies or one or more corporations owned or controlled by the Government, or a society in which majority of shares are held by one or more of the aforesaid persons or any combination thereof,—
  - (i) has become a sick co-operative society and there is no possibility to rehabilitate it; or
  - (ii) being in processing, manufacturing or other industrial sector, has its unit or units lying incomplete or idle or under utilised for want of funds or for any other reason, or ceased to undertake its operations, or cannot undertake its operations in a viable manner; or
  - (iii) being in marketing, trading, commercial or any other sector has ceased to undertake its operations, or cannot undertake its operations in a viable manner;

and it is necessary in public interest to transfer its assets or assets and liabilities, in whole or in part, to any other person, he may make an order to that effect.

- (2) (i) The Registrar shall, before forming the opinion and making the order under sub-section (1) give an opportunity to the society by calling upon it by notice in such manner as may be prescribed to state its objections or make its representation, if any, and consider the objectins or representations, if any, so stated or made.

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1. Subs. by Act No. 22 of 2001, w.e.f. 25-4-2001.

2. Subs. for “a majority of not less than two-thirds of the total members” by Act No. 6 of 2005, we.f. 31-1-2005.

3. Subs. by Act No. 16 of 2003, w.e.f. 2-8-2003.

- (ii) It shall be the responsibility of the society to place the notice received from the Registrar before the general body convened for the purpose and communicate its objections or representations, if any, to the Registrar within a period of four weeks from the date of receipt of the notice from him:

Provided that the Registrar may receive the objections or representations, if any, from the society after the said period of four weeks but not later than five weeks from the date aforesaid, if he is satisfied that the society was prevented by sufficient cause from stating its objections or making its representations, if any, in time.

- (3) Where the Registrar has made an order under sub-section (1), he may appoint the Implementation Secretariat or any other committee, consultant or adviser having the requisite expertise or experience to assist and advise him for the purpose of,—
  - (i) assessing the value of the assets or the assets and liabilities, in whole or in part, of the society;
  - (ii) formulating terms and conditions for transfer of assets or assets and liabilities, in whole or in part, of the society;
  - (iii) calling for tenders or offers for the assets or assets and liabilities, in whole or in part, to obtain the best possible offer;
  - (iv) evaluating the offers received and identifying the best offer;
  - (v) finalising sale agreement and other documents relating to the transfer;
  - (vi) receiving the proceeds from the sale;
  - (vii) applying the proceeds towards discharge of the liabilities of the society as per the priorities set out in sub-section (9);
  - (viii) providing such other service or assistance as the Registrar may think it necessary; and
  - (ix) advising and assisting generally on matters relating to employees, creditors and other matters connected with the sale.
- (4) Where the best offer for the assets or assets and liabilities, in whole or in part, of the society concerned is identified in the manner prescribed, the Registrar shall, before approving the best offer and the terms and conditions of transfer thereof, consult the Government and the financing bank, if any, to which such society is indebted.



- (5) Where the best offer is approved, the Registrar may make an order directing that the Committee of the society concerned shall stand dissolved from the date specified in the order and that the assets or assets and liabilities, in whole or in part, of the society shall be transferred to the person submitting the best offer on fulfillment of such terms and conditions including payment of the purchase price as may be specified in the order in the manner prescribed.
- (6) (i) The Registrar shall, before making the order under sub-section (5), give an opportunity to the society by calling upon it by notice in writing in such manner as may be prescribed to state its objections or make its representations, if any, and consider the objections or representations, if any, so stated or made.
- (ii) It shall be the responsibility of the society to place the notice received from the Registrar before the general body convened for the purpose and communicate its objections or representations, if any, to the Registrar within a period of four weeks from the date of receipt of the notice from him:
- Provided that the Registrar may receive the objections or representations, if any, from the society after the said period of four weeks but not later than five weeks from the date aforesaid, if he is satisfied that the society was prevented by sufficient cause from stating its objections or making its representations, if any, in time.
- (7) On the Registrar making an order under sub-section (5) and on such order being notified in the <sup>1</sup>[Telangana] Gazette, the Committee of the society shall stand dissolved and all members of the Committee including the President and the Vice President, if any, shall vacate their respective office from the date specified in the order. The Registrar shall simultaneously appoint a person or persons, wherever necessary, to manage the affairs of such society till it is dissolved.
- (8) The person or persons appointed by the Registrar under sub-section (7) shall transfer the assets or assets and liabilities, in whole or in part, of the society concerned to the person submitting the best offer in the manner specified in the order.
- (9) The proceeds realised from the transfer of assets or assets and liabilities, in whole or in part, of the society concerned, shall be applied in discharge of the liabilities of such society in the following order of priority, namely:
- (i) all expenses incurred for preservation and protection of the assets;

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1. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated : 20-5-2016, w.e.f. 20-5-2016.

- (ii) (a) dues payable to workmen and employees;
  - (b) debts payable to secured creditors according to their rights and priorities inter se;
  - (c) dues payable to provident fund or other authorities which are protected under a statute by a charge on the assets;
- (iii) debts payable to ordinary creditors;
- (iv) share capital contributed by the members of the society:

Provided that the cases covered under Category (i) shall have precedence over all other Categories, Category (ii) shall have precedence over Categories (iii) and (iv) and Category (iii) shall have precedence over Category (iv):

Provided further that the debts specified in each of the Categories shall rank equally and be paid in full, but in the event of the amount being insufficient to meet such debts, they shall abate in equal proportions and be paid accordingly:

Provided also that the question of discharging any liability with regard to a debt specified in a lower Category shall arise only if a surplus fund is left after meeting all the liabilities specified in the immediately higher Category.

- (10) When the assets and liabilities of the society concerned are transferred, or when the assets of the society are transferred and the realisations therefrom applied towards discharge of its liabilities, on the making of an order by the Registrar, the registration of such society shall stand cancelled and the society shall stand dissolved from the date specified in the order.
- (11) Notwithstanding anything contained in other provisions of this Act or any other law, or any contract or any other instrument for the time being in force, the provisions of the order or orders of the Registrar under this section shall be binding on the society concerned and its members.
- (12) No suit or other legal proceeding shall be instituted or maintained or continued in any civil court, tribunal or other authority in respect of any order made under this section.
- (13) It shall be competent for the Government to make rules and to give such directions as they deem fit to the Registrar to carry out the provisions of this section,

**Explanation:**— For the purpose of this section,-

- (a) “*sick co-operative society* “ means a co-operative society which has,-
  - (i) the accumulated losses in any financial year equal to fifty percent or more of its average net worth during four years immediately preceding such financial year; or

- (ii) fail to repay its debts within any three consecutive quarters on demand made in writing for its repayment by a creditor or creditors of such society;
- (b) “*net worth*” means the sum total of the paid up capital and free reserves after deducting the provisions or expenses as may be prescribed.
- (c) “*free reserves*” means all reserves created out of the profits and share premium account but does not include reserve created out of revaluation of assets, write back of depreciation provisions and amalgamation;
- (d) “*debt*” means any liability (inclusive of interest), which is due and payable by a society, in cash or otherwise, whether secured or unsecured, or whether payable under a decree or order of any Civil Court or otherwise and legally recoverable from such society.
- (e) the expression “*cannot undertake its operations in a viable manner*” shall mean the level of operations of the society in any financial year during four financial years immediately preceding the financial year in which the issue is being considered, is such that the income generated therefrom is not adequate to meet even the operating and establishment costs, current liabilities and to service the loans and working capital borrowings availed by it.
- (f) “*person*” includes an individual, partnership, trust, company, corporation, co-operative society, an association of persons or a body of individuals, whether incorporated or not, and every artificial juridical persons, not falling within any of the preceding categories;
- (g) “*Implementation Secretariat*” means the implementation Secretariat established in the Department of Public Enterprises by the State Government in G.O.Ms.No-150, General Administration (PE-II) Department, dated 30th April, 1998.
- <sup>1</sup>[(h) “*best offer*” means the highest offer received that complies with the requirement specified in the call for tenders or offers.]

**13. Exercise of option by members and creditors:—**

- (1) Where a society has passed a resolution under Section 11 or Section 12, it shall give notice thereof in the manner prescribed together with a copy of the resolution to all its members and creditors and notwithstanding any bye-law or contract to the contrary, any member or creditor shall, during a period of one month from the date of service of the notice upon him, have the option of withdrawing his shares, deposits or loans, as the case may be.

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1. Subs. by Act No. 2 of 2006, w.e.f. 3-2-2006, prior to its substitution it read as below: “(h) “*best offer*” means the offer received that best satisfies the criteria specified in the call for tenders or offers.”

- (2) Any member or creditor who does not exercise his option within the period specified in sub-section (1) shall be deemed to have assented to the resolution.
- (3) A resolution passed by a society under Section 11 or Section 12 shall not take effect until:—
  - (a) all the members or creditors have assented, or deemed to have assented, to the resolution under sub-section (1) or sub-section (2) of this section; and
  - (b) all claims of the members and creditors who have exercised the option referred to under sub-section (1) within the period specified therein have been met in full or otherwise satisfied; and
  - (c) (i) in the case of change of liability or conversion, amendment of the bye-laws of the societies concerned is registered ;
    - <sup>1</sup>[(ii) in the case of transfer of assets and liabilities in whole or in part, the consent of the financing bank or federal society as the case may be, if applicable is obtained; or.]
    - (iii) in the case of division or amalgamation, the certificate of registration of the societies or the society, as the case may be, is issued.

- 14. Effect of transfer, division and amalgamation:—** (1) Notwithstanding anything in any other law for the time being in force, where a resolution passed by a society under Section 12 involves a decision for the transfer of any assets and liabilities the resolution shall, when it takes effect, be a sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.
- (2) The registration of a society shall stand cancelled and the society shall be deemed to have been dissolved and shall cease to exist as a corporate body—
    - (a) when the whole of the assets and liabilities of such society are transferred to another society ; or
    - (b) when such society divides itself into two or more societies.
  - (3) Where two or more societies are amalgamated into a new society, the registration of the societies so amalgamated shall stand cancelled and they shall be deemed to have been dissolved and shall cease to exist as corporate bodies.

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1. Subs. by Act No. 2 of 2001, dt. 25-4-2001.

15. <sup>1</sup>[xxx]<sup>2</sup>[15-A. Identification of viability of societies and consequences thereof:— <sup>3</sup>[(1)

Notwithstanding anything in this Act or the rules made thereunder or the bye-laws of the society concerned, if the Registrar is of the opinion that <sup>4</sup>[in respect of a society or societies in receipt of State aid as specified under Section 43 of the Act] it is necessary to amalgamate or merge any society with any other such society or to divide and restrict or transfer the area of operation of a society or to liquidate a society for any of the following purposes, namely:—

- (a) for ensuring economic viability of any or all the societies concerned; or
- (b) for avoiding overlapping or conflict of jurisdictions of societies in any area; or
- (c) for securing proper management of any society ; or
- (d) in the interest of the co-operative movement in general and of co-operative credit structure in particular in the State taken as a whole ; or
- (e) for any other reason in the public interest,

he may identify the viable and non-viable societies which may be retained or divided with consequential restriction of the area of operation or the transfer of such area or amalgamated or liquidated, as the case may be, and may by a notification to be published in the prescribed manner, specify the area of operation of each such society or societies to be retained, divided or amalgamated with any other society indicated in the said notification and invite objections or suggestions from the societies or any members, depositors, creditors, employees or other persons concerned with the affairs of each such society to be received within twenty-one days from the date of publication of the notification.

**Explanation:—** For the purpose of this section,—

- (i) the term '*Registrar*' means the person on whom the powers of the Registrar under this section are conferred under clause (n) of Section 2.

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1. Omitted by Act No. 22 of 2001, dt. 25.4.2001.  
 2. Subs. by Act. No. 6 of 1977, which was earlier Inserted by Act No. 19 of 1976.  
 3. Subs. by Act No. 1 of 1987.  
 4. Inserted by Act No. 22 of 2001, dt. 25.4.2001.

- (ii) any society may convene the general body meeting within seven days from the date of publication of the notification.
- (2) The Registrar may, after having considered the matter in the light of any suggestions or objections which may be received by him within the period specified in sub-section (1) and after making if necessary, such modification in the proposal as he may deem fit, make an order and publish it in the prescribed manner ;
- (3) On making such an order:—
  - (i) the societies affected by the amalgamation shall be deemed to have been amalgamated with the society or societies with which each one is amalgamated
  - (ii) the registration of every amalgamated or divided society shall stand cancelled whereupon such society shall cease to exist as a corporate body;
  - (iii) the area added to the area of operation of the society shall be deemed to have been transferred to such society to which it is added ;
  - (iv) the assets of such amalgamated or divided society shall stand transferred to and its liabilities shall devolve on, the society with which it is amalgamated and all immovable properties located in the area transferred shall be deemed to be transferred to the society to which the area is transferred;
  - (v) every member of such amalgamated or divided society and residing in the area so transferred shall be deemed to have been transferred together with his loans, share capital, deposits to the society with which it is amalgamated or to which the area is transferred and he shall have the same rights, privileges and liabilities which he has had in the amalgamated or divided society ;
  - (vi) the Committee of the amalgamated or divided society shall stand dissolved and thereupon, the Registrar shall nominate a Committee or appoint a person or persons, wherever necessary to manage the affairs of such society for a period <sup>1</sup>[not exceeding three months] and arrange for the conduct of elections before the expiry of the term ;
  - (vii) it shall be competent for the Registrar to allot, by order, employees of such societies which are amalgamated or divided to any society or societies ; and
  - (viii) notwithstanding anything in this Act or in any other law, or in any contract, award or any other instrument for the time being in force, the provisions of the

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1. Subs. for the words “not exceeding six months” by Act No. 22 of 2001, dt. 25-4-2001.

order of the Registrar under sub-sections (2) and (3) shall be binding on all societies and their members, depositors, creditors, employees and other persons having any rights, assets or liabilities in relation to all or any of the concerned societies.

- (4) The Registrar may, at any time before the expiration of the period specified in clause (vi) of sub-section (3) arrange for the calling of a general meeting for the election of a new committee in such manner as may be prescribed for every such viable society .<sup>1</sup>[x x x]
- (5) <sup>2</sup>[x x x]
- (6) <sup>3</sup>[x x x]
- (7) Notwithstanding anything in the Transfer of Property Act, 1882 (Central Act 4 of 1882) or the Registration Act, 1908 (Central Act 16 of 1908) an order issued under this section shall be sufficient conveyance to transfer the assets and liabilities of the society or societies covered by any order passed under sub-section (2) of this section.
- (8) No suit or legal proceeding shall be instituted or maintained or continued in any Civil Court in respect of any order made under this section.]

**16. Amendment of bye-laws of a society:—**

- (1) No amendment of any bye-law of a society shall be valid unless <sup>4</sup>[the resolution for such amendment is passed at its General meeting <sup>5</sup>[by a majority of not less than two-thirds of the members present and voting] and] such amendment has been registered under this Act. Where such an amendment is not expressed to come into operation on a particular day, then it shall come into force on the day on which it is registered.
- <sup>6</sup>[(2) Every proposal for such amendment shall be forwarded to the Registrar who shall, if he is satisfied that the proposed amendment fulfils the conditions prescribed, register the amendment within a period of (thirty days) from the date of receipt of such proposal;]

Provided that the Government may, for sufficient cause which shall be recorded in writing, extend the said period for a further period of <sup>7</sup>[thirty days].

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1. Omitted by Act No. 1 of 1987.
  2. Omitted by Act No. 22 of 2001, dt. 25-4-2001.
  3. Omitted by Act No. 21 of 1985, w.e.f. 22-4-1985.
  4. Inserted by Act No. 22 of 2001, dt. 25-4-2001.
  5. Subs. for “by a majority of the total members” by Act No. 6 of 2005, w.e.f. 31-1-2005.
  6. Subs. for sub-section (2) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  7. Subs. by Act No. 21 of 1985, w.e.f. 22-4-1985.

- (3) The Registrar shall forward to the society a copy of the registered amendment together with a certificate signed and sealed by him, and such certificate shall be conclusive evidence that the amendment has been duly registered.
- (4) Where the Registrar is not so satisfied, he shall communicate by registered post the order of refusal together with the reasons therefor, to the society within the period specified in the sub-section (2).

<sup>1</sup>[If no order of refusal is communicated within a week after the expiry of the period specified in sub-section (2) it shall be deemed that the Registrar has not registered the amendment as on the last date of the period specified in sub-section (2).]

- (5) If in the opinion of the Registrar, an amendment of the bye-laws of a society is necessary or desirable in the interest of such society or of the Co-operative movement, he may, in the manner prescribed, call upon the society to make any amendment within such time as he may specify. If the society fails to make such an amendment within the time so specified, the Registrar may, after giving the society an opportunity of making its representation, register such amendment and forward the society by registered post a copy of the amendment together with a certificate signed by him; such a certificate shall be conclusive evidence that the amendment has been duly registered ; and such an amendment shall have the same effect as an amendment of any bye-law made by the society.

#### **17. Partnership of societies:—**

- <sup>1</sup>[(1) Any two or more societies may, by a resolution passed <sup>2</sup>[by a majority of not less than two-thirds of the members present and voting]] at a general meeting of each such society enter into a contract of a partnership for carrying out any specific business permissible under the bye-laws on such terms and conditions as may be agreed upon by such societies.

<sup>3</sup>[Provided that where such societies are members of a federal society or are in receipt of assistance from a financing bank or State aid as specified in Section 43 of the Act, they shall obtain the prior consent of the federal society or the financing bank or the Registrar, as the case may be.]

- (2) No such resolution shall be passed by a society unless ten clear days' written notice of the resolution and the date of the meeting has been given to each member of the society.
- (3) The provisions of the Indian Partnership Act, 1932 shall not apply to such contracts of partnership.

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1. Subs. by Act No. 22 of 2001, dt. 25-4-2001.

2. Subs. for "by a majority of the total members" by Act No. 6 of 2005, w.e.f. 31-1-2005.

3. Added by Act No. 22 of 2001, dt. 25-4-2001.



- 18. Classification :-** The Registrar shall, in accordance with the rules, classify societies with reference to their objects, area of operation, membership or any other matter specified in the rules.

### CHAPTER III

#### Members and their Rights and Liabilities

**19. Eligibility for membership:—**

- (1) Subject to the provisions of Section 21,—

<sup>1</sup>[(a) an individual who attained majority and is of sound mind and who belongs to a class of persons, if any, for whom the society is formed as per its bye-laws and who paid the minimum share capital as prescribed by the Registrar from time to time and who possesses such qualifications as may be specified in the bye-laws or as may be prescribed for the concerned class of societies in the interest of Co-operative movement.

Provided that the applicant is not already a member of a Cooperative Society registered under this Act, or any other Coop. Act providing the same or similar services.]

- (b) a society registered, or deemed to be registered, <sup>2</sup>[under this Act or the Andhra Pradesh Mutually Aided Co-operative Societies Act, 1995 (Act No. 30 of 1995)] <sup>3</sup>[ and which belongs to the class of societies, if any, for which the society is formed as per its bye-laws:]

<sup>4</sup>[Provided that the Co-operative Society registered under the Andhra Pradesh Mutually Aided Co-operative Societies Act, 1995 which were admitted into Central, Apex Level Co-operative Societies, shall not be entitled for voting rights.]

- (c) the Government ;

shall be eligible for admission as a member—

<sup>5</sup>[Provided that no individual shall be eligible for admission as a member of any financing bank or federal society :]

<sup>6</sup>[Provided further that an individual who was admitted as a member of the financing bank or federal society and continuing as such on the date of the

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**1. Subs. for clause (a) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

2. Subs. for the words “under this Act” by A.P. Act No. 6 of 1998, w.e.f. 6-4-1998, pub. in A.P. Gaz. Pt. IV-B (Ext.) No. 6, dt. 16-1-1998.

3. Added by Act No. 14 of 1966.

4. Ins. by Act 6 of 1998, w.e.f. 6-4-1998, pub. in A.P. Gaz. Pt. IV-B (Ext.) No. 6, dated 16-1-1998.

5. Added by Act. No. 14 of 1966.

6. Ins. by Act. No. 21 of 1985.

commencement of the Andhra Pradesh Co-operative Societies (Amendment) Act, 1985, shall, on the commencement cease to be a member of such bank or society:]

<sup>1</sup>[Provided also that a society shall admit an individual or a society referred to in clauses (a) and (b) above as a member, subject to the condition that the society is in a position to extend its services to such individual or society.]

<sup>2</sup>[xxx]

<sup>3</sup>[Provided also that the individual who seeks admission into an Agricultural Credit Society, shall hold agricultural land either as an owner or a tenant in the area of operation of the said society in such manner as may be prescribed.]

**Explanation ‘I] :—** For the purpose of this sub-section ;

- (i) ‘family’ means husband, wife, unmarried sons, unmarried daughters and other dependents in the house-hold ;
- (ii) ‘weaver’ means any individual not being a master weaver, who attends to operations of weaving of cloth or fabric or product on the loom whether such operation is carried on in private dwelling house or any other place and is dependent on weaving as profession and income thereof.

<sup>5</sup>[**Explanation II :—** For removal of any doubts, it is hereby declared that Mutually Aided Co-operative Society registered or deemed to be registered under the Andhra Pradesh Mutually Aided Co-operative Societies Act, 1995 shall be entitled to all the rights and privileges of a member of a society except voting rights under the provisions of this Act on admission as such member.]

- (2) Notwithstanding anything in sub-section (1),—
  - (i) any firm, company or any other body corporate constituted under any law for the time being in force, or a society registered under the relevant Societies Registration Act or a local authority or a public trust registered under any law for the time being in force relating to the registration of such trusts, which is immediately before the commencement of this Act, a member of a society deemed to be registered under this Act shall have, subject to the other provisions of this Act, the right to continue to be such member on and after such commencement;

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1. Inserted by Act No. 22 of 2001, dt. 25.4.2001.
2. Omitted by Act No. 1 of 1991.
3. Added by Act No. 6 of 2005, w.e.f. 31-1-2005.
4. Numbered as Explanation I by A.P. Act No. 6 of 1998.
5. Added by Act No. 6 of 1998, w.e.f. 6-4-1998.

- (ii) the requirements specified in <sup>1</sup>[clauses (c) and (cc) in sub-section (2) of Section 6] for individual signing the application for registration of a society referred to therein, shall also apply to individuals seeking admission as members of such society after its registration ;
- (iii) any statutory body constituted for the purpose of development of a particular industry, may become a member of a co-operative marketing or processing society of growers or workers engaged in such industry;
- <sup>2</sup>[(iv) persons who are minors, may, subject to such restrictions or limitations as may be applicable to a minor under the provisions of any law for the time being in force, be admitted as members of such class of societies as may be prescribed ;]
- <sup>3</sup>[(2-A) Any person duly qualified for admission as a member under the provisions of this Act, the rules and the bye-laws, may apply through the Registrar for membership of such societies and in such forms as may be prescribed and such person shall be deemed to have been admitted as a member of the society from the date of receipt of the application in the office of the society.
- (2-B) Notwithstanding anything in this Act, the Registrar may either suo motu at any time or on any application by the society or any aggrieved person made within fifteen days from the date mentioned in sub-section (2-A) and after giving an opportunity to the person concerned and recording the reasons therefor declare such person as not eligible for membership of the society within thirty days from the date of receipt of the application by the Registrar.]
- (3) <sup>4</sup>[<sup>5</sup>The Managing Committee] of a society shall not] without sufficient cause, refuse admission to membership to any person duly qualified therefor under the provisions of this Act and its bye-laws. Where admission is so refused, the decision, with reasons therefor, shall be communicated by the registered post to such person within fifteen days of the date of the decision, or within sixty days from the date of his application for membership, whichever is earlier :
- <sup>6</sup>[xxx]
- <sup>7</sup>[(4) The name of every person admitted or deemed to have been admitted as a member of the society shall be entered in such records of the society as may be prescribed]

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1. Subs. by Act No. 28 of 1988, w.e.f. 9-5-1988.

2. Subs. by Act No. 22 of 2001, dt. 25.4.2001.

3. Inserted by Act No. 19 of 1976.

4. Subs. for the words "No society shall" by Act No. 22 of 2001, dt. 25-4-2001.

5. Subs. for "The General Body" by Act 16 of 2007.

6. Thr proviso omitted by Act No. 22 of 2001, dt. 25.4.2001.

7. Added by Act No. 14 of 1966.

<sup>2</sup>[(5) The name of every associate member admitted or deemed to have been admitted, shall be entered in a separate register and a photo identity card shall be issued.]

<sup>3</sup>[**20. Associate Member:-** <sup>4</sup>[(1) Notwithstanding anything contained in Section 19, a society may admit any individual seeking any services of the society or informal group such as SELF HELP GROUP, RYTHU MITHRA GROUP, NON-GOVERNMENTAL ORGANISATION, working for the welfare of farmer community in the area of operation as associate member but such member shall not be entitled to vote.]

(2) The associate member shall not be entitled to any share in any form whatsoever in the profits or assets of the society. Such member shall not have privileges, rights and liabilities of a member except those specified in the bye-laws of the society:

Provided that the members without holding any agricultural land in the Agricultural Credit Societies be treated as associate members.]

<sup>5</sup>[**20-A. Validation :** On and from the date of the commencement of the Andhra Pradesh Co-operative Societies (Second Amendment) Act, 2001 omitting Section 20 of the Principal Act up to the date of the commencement of the Andhra Pradesh Co-operative Societies (Amendment) Act, 2005 inserting new Section 20 in the Principal Act, any individual or society or institution admitted as a nominal or associate member of a society shall be deemed to have been admitted as such of the society and any loan advanced to such nominal or associate member shall be deemed to have been validly made.]

**21. Disqualification for membership of society:—**

(1) A person shall be disqualified for being admitted as, and for being, a member, if he -

(a) is an applicant to be adjudicated, an insolvent or is an undischarged insolvent ; or

<sup>6</sup>[(aa) is not eligible for membership under Section 19;] or

(b) has been sentenced for any offence involving moral turpitude, such sentence not having been reversed and a period of three years has not elapsed from the date of expiration of the sentence; or

(c) is a paid employee of the society or of its financing bank or of any society for which it is the financing bank ; or

1. Added by Act No. 22 of 2001, dt. 25.4.2001.

2. Added by Act No. 6 of 2005, w.e.f. 31-1-2005.

3. Inserted by Act No. 6 of 2005, w.e.f. 31-1-2005.

4. **Subs. for clause (f) and (g) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

5. Inserted by Act No. 16 of 2007.

6. Inserted by Act No. 28 of 1988, w.e.f. 9-5-1988.

- (d) has been expelled from membership under this Act and a period of one year has not elapsed from the date of such expulsion; <sup>1</sup>[or]
- <sup>1</sup>[(e) is carrying on business of such kind as the Registrar may by general or special order, declare to be a business which is in conflict with the objects or interests of the society ; ] <sup>2</sup>[or]
- <sup>2</sup>[(f) as such member fails to transact such minimum business or utilise minimum services or facilities in a year as may be specified- in the bye-laws; or in respect of Housing societies if the member sold out the plot allotted to him/her ; or
- (g) fails to attend two consecutive annual General body meetings without leave of absence; or ]
- (h) fails to give information relevant to him to the society as specified in the bye-laws.]
- <sup>4</sup>[(i) is/was a director or member of the Managing Committee of the society which fails to handover all the records of the society to the successor Managing Committee.]
- (2) The provisions of clause (b) of sub-section (1) shall not apply to a person seeking admission to, or to a member of, a society exclusively formed for the reclamation of such class of persons <sup>5</sup>[as may from time to time be notified by the Government in the <sup>6</sup>[Telangana] Gazette.]
- The provisions of clause (c) of sub-section (1) shall not apply to a person seeking admission to, or to a member of—
- <sup>5</sup>[(i) a society which has as its principal object the provision of employment to its members ; or
- (ii) such other society as may be prescribed.]
- <sup>7</sup>[(3) Where any person, who is not eligible for being admitted as member has been admitted as member or where the member who is disqualified to continue as such under sub-section (I) is continued as member, he shall be removed by the General body on its own motion or on a representation made to it by any member of a society or its federal society or its financing bank:

Provided that no member shall be removed under this sub-section unless he had an opportunity of making a representation against the proposed action. A copy of the resolution removing the member shall be communicated to such person and on such communication, he shall be deemed to have ceased to be a member of the society.]

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1. Added by Act No. 10 of 1970.
  2. Added by Act No. 22 of 2001, dt. 25.4.2001.
  3. **Subs. for clause (f) and (g) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**
  4. **Ins. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**
  5. Subs. by Act No. 14 of 1966.
  6. **Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**
  7. Subs. by Act No. 22 of 2001, dt. 25.4.2001.

**<sup>1</sup>[21-A. Disqualification for membership of committee:—**

<sup>2</sup>[(1)] No person shall be eligible for being chosen as, and for being, a member of the committee, if he—

- (a) is such near relative of such paid employee of the society or its financing bank as may be prescribed ;
- <sup>3</sup>[(b) is in default in the payment of any amount due in cash or kind to the society or any other society or stood as guarantor Society/Co-executants to any member who committed default, for said period as may be prescribed or is a delegate of a society which is defunct or which is in default as aforesaid:]
- (c) is a person against whom any amount due under a decree, decision, award or order is pending recovery under this Act;
- (d) acquires any interest in any subsisting contract made with or work being done for the society, except as otherwise prescribed;
- (e) is of unsound mind and stands so declared by competent Court, a deaf-mute or a leper ;
- (f) is appearing as legal practitioner on behalf of or against the society ;
- <sup>4</sup>[(g) is carrying on business of such kind as the Registrar may, by general or special order, declare to be a business which is in conflict with the objects, or interests of the Society ;]
- <sup>5</sup>[(h) has been sentenced to imprisonment for an offence under the Protection of Civil Rights Act, 1955 ;]
- <sup>6</sup>[(i) is a Village Administrative Officer or an employee of the State or Central Government or an employee of any institution receiving aid from the funds of the State or Central Government or an employee of an undertaking owned and controlled by the State or Central Government :

Provided that this clause shall not apply for being a Member of the committee of any society formed by and for the benefit of the concerned class of the employees specified in this clause;

- (j) is convicted by a Criminal Court for an offence involving moral delinquency:

Provided that the disqualification under this clause shall subsist for a period of five years from the date of conviction or where he is sentenced to imprisonment while undergoing sentence and for a period of five years from the date of expiration thereof :

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1. Inserted by Act No. 14 of 1966.
  2. Renumbered by Act No. 10 of 1970.
  3. **Subs. for clause (b) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**
  4. Inserted by Act No. 10 of 1970.
  5. Inserted by Act No. 28 of 1978.
  6. Inserted by Act No. 4 of 1995, w.e.f. 2-1-1995.

Provided that any delegate of a society sitting on the committee of any othersociety, shall cease to be such delegate, if—

- <sup>1</sup>[(i) his delegation is withdrawn ;
- (ii) the committee which elected him as the delegate, has been superseded ;
- (iii) the society of which he is the delegate is defunct or commits default in the payment of any amount due in cash or kind to such other society for the period prescribed ; or
- (iv) the affairs of the society of which he is the delegate are wound up.]

<sup>2</sup>[(1A) A person having more than two children shall be disqualified for election or for continuing as a Member of the Committee :

Provided that the birth within one year from the date of commencement of the Andhra Pradesh Co-operative Societies (Amendment) Act, 1995 (hereinafter in this Section referred to as the date of such commencement) of an additional child shall not be taken into consideration for the purposes of this section ;

Provided further that a person having more than two children (excluding the child if any born within one year from the date of such commencement) shall not be disqualified under this section for so long as the number of children he had on the date of such commencement does not increase ;

Provided also that the Government may direct that the disqualification in this section shall not apply in respect of a person for reasons to be recorded in writing.

(1 B) A Member of the Legislative Assembly of the State, a Member of either House of the Parliament, Mayor of a Municipal Corporation, Chairman of a Municipal Council, elected member or Chairman of Zilla Parishad or elected member or President of Mandal Parishad or Sarpanch of a Gram Panchayat shall be eligible to be elected as a Member of the Committee ; but he shall cease to be a member of the Committee unless within fifteen days from the date of becoming a member of the Committee he ceases to be a Member of the Legislative Assembly of the State or a Member of either House of the Parliament, Mayor of a Municipal Corporation, Chairman of a Municipal Council, elected Member or Chairman of a Zilla Parishad or elected member or President of a Mandal

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1. Inserted by Act No. 5 of 1993.

2. Inserted by A.P. Act No. 4 of 1995, w.e.f. 2-1-1995.

Parishad or Sarpanch of a Gram Panchayat by resignation or otherwise ; and if a member of the committee is subsequently elected to any one of the aforesaid offices, he shall cease to be the member of the committee unless within fifteen days from the date on which he is elected to any one of such offices he ceases to hold such office by resignation or otherwise.]

- <sup>1</sup>[(2)(a)No person shall, at the same time, be a member of the committee of more than two societies which under the rules, are classified as apex societies, or as central societies, or of the committees of more than apex society and one central society.
- (b) If any person, on the date of his election of appointment as a member of the committee, is a member of the committees of two societies as specified in clause (a) and the committee to which he is elected or appointed on that date is the committee of any apex society or central society, then, his election or appointment on the date aforesaid shall be void.
- (c) If any person is, at the commencement of the Andhra Pradesh Co-operative Societies (Amendment) Act, 1970, a member of the committees of more than two societies of any class or classes specified in clause (a), then at the expiration of the period of ninety days from such commencement, he shall cease, to be a member of the committees of all such societies unless he has, before the expiration of the said period of ninety days, resigned his membership of the committees of all but two of such societies.
- (d) Nothing in this sub-section shall apply to an officer of the Government who is nominated as a member of the committee by the Government or the Registrar.

<sup>2</sup>[21-AA. Cessation of Membership of Committee:—

- (1) <sup>3</sup>[A member of the committee shall cease to hold office forthwith as such, for the residue of his term of office and he shall also be ineligible for being chosen as or for being a member of the committee through election or co-option for the subsequent two terms if,-]
- (a) <sup>4</sup>[xxx]
- (b) on an enquiry under this Act he is found guilty of misuse of the property of the society for his personal gain ;
- (c) he is found responsible for making any appointment to any post in the society in contravention of the relevant service rules and regulations.

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1. Added by Act No. 10 of 1970.  
 2. Inserted by Act No. 21 of 1985.  
 3. Subs. by Act No. 22 of 2001, dt. 25.4.2001.  
 4. Omitted by Act No. 1 of 1987.



- (2) A member of the Committee found responsible for wilfully or knowingly sanctioning benami loans <sup>1</sup>[or against whom an order of surcharge is issued under Section 60] shall cease to hold office and shall also be ineligible to be elected as member of the Committee for a period of six years from the date of cessation.
- (3) Where a society incurs loss in any Co-operative year as a result of misuse or misapplication of share capital, the President and the Secretary of such society shall cease to hold office as such.
- <sup>2</sup>[(4) Where the Committee fails to prepare and submit or cause to be prepared and submitted within the period specified in Section 50 of the Act, Annual accounts of the Society to the Chief Auditor, and also to submit defect rectification report as per Section 54, the members of the Committee shall after 15 days on the expiration of the period aforesaid cease to hold such office. The order to such effect shall be issued by the Registrar.]
- <sup>3</sup>[(5) Where the committee of a society fails to place the inquiry report under Section 51 or Inspection report under Section 52 or Section 53 or Audit Report or Special Audit Report under Section 50 along with the findings of the Registrar <sup>4</sup>[and action taken on serious irregularities, if any which need immediate corrective action, before the next General Body held after the date of the receipt of the report by the society, the members of the Committee shall, cease to hold such office.]
- (6) Where the committee fails to initiate action for prosecution of any member or servant of a society who may have incurred criminal liability under the provisions of this Act or any other law for the time being in force, the members of the Committee shall cease to hold such office.]
- <sup>5</sup>[(7) Where the committee fails to dispose profits of the society as provided U/s. 45 of this Act the members of the committee shall cease to hold such office.]

**<sup>6</sup>[21-B. Cessation of membership and reinstatement:—**

<sup>7</sup>[(1)]Where a member of the committee absents himself without permission of Managing Committee from three consecutive meetings of the committee, he shall cease to be a member of the committee. Such permission may be sought

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1. Inserted by Act No. 1 of 1987.
  2. **Subs. for sub-section (4) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**
  3. Added by Act No. 22 of 2001, dt. 25.4.2001.
  4. Subs. by Act No. 16 of 2007.
  5. **Added by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**
  6. Inserted by Act. No. 14 of 1966, and renumbered by Act No. 10 of 1970.
  7. Renumbered as (1) and sub-sec. (2) Added by A.P. Act No. 10 of 1970.
  8. **Subs. for sub-section (1) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

twice in the entire tenure. He may, however, be reinstated by the committee in the manner, prescribed but such reinstatement shall not be made more than once during the term of the committee.]]

- <sup>1</sup>[(2) Where a member of the committee ceases to be such member by reason of his incurring the disqualification under Clause (b) of sub-section (1) of Section 21-A or where a delegate of a society ceases to be such delegate by reason of his incurring the disqualification under Item (ii) of the proviso to sub-section (1) of Section 21-A, he shall not be entitled for being chosen against a member of the committee on the removal of the said disqualification, unless a period of one year has elapsed from the date of such cessation.]

**21-C** <sup>2</sup>[xxx].

**22. Right of members to services by society and application for redress:—**

- <sup>3</sup>[(1) Every member on his admission as such member shall be entitled to the services available to the members of the society and such services shall, subject to availability, be rendered to him on his application to the committee.]
- (2) If any member is refused any service, or where the decision of the committee on his application for services is not communicated to him within a period of thirty days from the date of such application, he may make an application to the Registrar for redress, within thirty days from the date of receipt of the decision of refusal, or within sixty days from the date of application to the society, as the case may be.
- (3) If the Registrar is satisfied that the refusal of any service is unreasonable, improper or discriminatory, he may after giving the committee an opportunity of making its representation by order, direct the committee to render the service.

**23. Expulsion of Members:—**

- <sup>4</sup>[(1) Any member who has acted adversely to the interests of the society may be expelled upon a resolution of the general body passed at its meeting by the votes of not less than where by majority of the total membership of the society is present and two-thirds of the members of the society present and voting.
- (2) No member shall be expelled under sub-section (1) unless ,

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1. Renumbered as (1) and sub-sec. (2) Added by A.P. Act No. 10 of 1970.  
 2. Inserted by Act No. 10 of 1970, substituted by Act 26 of 1987 and omitted by A.P. Act. No. 10 of 1991, w.e.f. 5-3-1991.  
 3. Subs. by Act No. 22 of 2001, dt. 25.4.2001.  
 4. **Subs. for Section 23 by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

- (a) member caused loss of financial to the society.
- (b) member is involved in impersonation, forgery or any other Criminal Activity against the society.
- (c) Provided that the member shall be given an opportunity of making his/her representation to the Managing Committee.
- (3) A copy of resolution expelling the member shall be communicated to the member within 30 days under copy to the Registrar.]

**24. Members not to exercise rights till payments are made:—**

No member shall, save as otherwise provided in Section 31, exercise the rights of a member unless he has made such payment to the society, in respect of membership or has acquired such interest in the society, as may be specified in the rules made in this behalf <sup>1</sup>[or as may be specified in the bye-laws].

**25. Vote and manner of its exercise:—**

- (1) <sup>2</sup>[Subject to such rules as may be made in this behalf, every member] shall have one vote in the affairs of the society and shall exercise his vote in person and not by proxy :

<sup>3</sup>[Provided that no member of a society belonging to such class of societies and who failed to transact such minimum business <sup>4</sup>[or utilise such minimum services or facilities as may be prescribed taking into consideration the nature of business transacted or the services or facilities made available by the society,] shall have the right to stand as a candidate or to vote in any election to the society.]

<sup>4</sup>[(1-A) A member of a society shall be eligible to exercise the right to vote only if he:

- <sup>5</sup>[(a) contributes a minimum share capital and conducts minimum business transaction as may be prescribed.]
- (b) <sup>6</sup>[ x x x]
- <sup>7</sup>[(c) is a member of the society for a continuous period of one year or more as may be prescribed.]
- (d) is not in default in the payment of any amount due in cash or kind to the society for such period as may be prescribed.]

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1. Subs. for the words “as may be specified in the bye-laws” by Act No. 4 of 1995, w.e.f. 2-1-1995.
  2. Subs. by Act No. 28 of 1978.
  3. Added by Act No. 26 of 1987.
  4. Ins. by Act No. 22 of 2001, dt. 25.4.2001.
  5. **Subs. for clause (a) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**
  6. Omitted by Act No. 6 of 2005, w.e.f. 31-1-2005.
  7. **Subs. for clause (c) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

<sup>1</sup>[(e) is not a member of the committee superseded under the relevant provisions of this Act.

(f) he/she was a member of the committee which failed to make arrangements for conduct of elections to the society as per the provisions of this Act.]

(2) <sup>2</sup>[xxx] Every person nominated to the committee by the Government or where the financing bank is a member, every person representing such financing bank, shall have one vote :

Provided that <sup>3</sup>[no nominee of ]the Government or the representative of the financing bank, as the case may be, <sup>3</sup>[shall be entitled] to participate in, or vote at any election.

(3) In the case of equality of votes, the chairman of the meeting shall have a second or casting vote.

(4) <sup>4</sup>[xxx].

**26. Restriction on holding of shares:** Where the liability of the members of a society is limited, no member other than a society or the Government, shall hold more than such portion of the share capital of the society, subject to a maximum of one-fifth thereof, as may be prescribed <sup>5</sup>[xxx]

Provided that the Government may, by notification in the <sup>6</sup>[Telangana] Gazette, fix in respect of any society or class of societies, a higher maximum than one-fifth of the share capital <sup>5</sup>[xxx].

**27. Restrictions on transfer of shares or interest:** (1) No transfer by a member of his share or interest in a society shall be valid unless

(a) the member has held such share or interest for not less than one co-operative year ; and

(b) the transfer is made to a member of the society.

(2) Not with standing anything in Sub - section(1), no member of a financing bank or federal society shall transfer his share or interest in such bank or society to an individual member, his heir or legal representative.

**28. Transfer of interest on death of a member:**

(1) On the death of a member, the society shall transfer his share or interest to the person or persons nominated in accordance with the rule, or if no person has

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1. Clauses (e) and (f) added by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

2. Omitted by Act No. 14 of 1966.

3. Subs. by Ibid.

4. Omitted by Act No. 5 of 1993.

5. Omitted by Act No. 21 of 1985, w.e.f. 22-4-1985.

6. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

been so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member only on such nominee, heir or legal representative, as the case may be, becoming a member of the society, subject to such conditions as may be prescribed :

Provided that nothing in this sub-section shall prevent a minor or a person of unsound mind from acquiring by inheritance or otherwise the share or interest of a deceased member in a society.

- (2) Notwithstanding anything in sub-section (1), any such nominee, heir, or legal representative, as the case may be, may require the society to pay to him the value of the share or interest of the deceased member as ascertained in the manner prescribed.
- (3) A society shall pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be, subject to such conditions as may be prescribed.
- (4) All transfers and payments made by a society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

**29. Liability of past member and estate of deceased member:**

- (1) Subject to the provisions of sub-section (2), the liability of a past member, or of the estate of a deceased member, for the debts of the society as they existed,
  - (a) in the case of a past member, on the date on which he ceased to be a member ;
  - (b) in the case of a deceased member, on the date of his death; shall continue for a period of two years from such date.
- (2) Where a society is ordered to be wound up under Section 64, the liability of a past member who ceased to be a member or of the estate of a deceased member who died, within two years immediately preceding the date of the order of winding up, shall continue until completion of the liquidation proceedings but such liability shall be limited only to the debts of the society as they existed on the date of cessation of membership or death, as the case may be.

## CHAPTER IV

### Management of Societies

#### 30. Ultimate authority of society:

(1)(a) Subject to the provisions of this Act, the rules and the bye-laws, the ultimate authority of a society shall vest in the general body :

Provided that nothing in this clause shall affect the exercise by the committee or any officer of a society or any power conferred on such committee or officer by the Act, the rules or the bye-laws.

(b) Notwithstanding anything in clause (a), where the area of operation of a society is not less than such area as may be prescribed, or where the society consists of not less than such number of members as may be prescribed, the society may and if so directed by the Registrar shall provide in its bye-laws for the Constitution of smaller general body designated as the representative general body consisting of such number of members of the society as may be specified in and elected in accordance with, the rules, to exercise all or any of the powers of the general body except the power to conduct elections of members of the committee as may be specified in the bye-laws ; and thereupon any reference in this Act to the general body meeting thereof shall be construed as a reference to the representative general body or its meetings :

Provided that the representative general body shall not alter any provision in the bye-laws relating to its Constitution or powers.

(c) The exercise of any power by representative general body shall be subject to such restrictions and conditions as may be specified in the rules or the bye-laws,

(2) Subject to the other provisions of this Act, the following matters shall be dealt with by <sup>1</sup>[the General Body in the manner prescribed]

- (i) election and removal <sup>1</sup>[of members of the committee and members] ;
- (ii) annual report to the Registrar ;
- (iii) consideration of the audit report and the annual service ;
- (iv) disposal of the net profits ;
- (v) amendment to bye-laws ;
- (vi) expulsion of a member ;
- (vii) approval of the annual budget of income and expenditure ;

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1. Subs. by Act No. 22 of 2001, dt. 25.4.2001.

(viii) affiliation of the society to the financing bank or other societies ;

<sup>1</sup>[xxx]

(ix) <sup>2</sup>[election of delegates to the financing Bank or other societies];

<sup>3</sup>[Provided that where a delegate is not elected under this item the President shall be the delegate to the Financing Bank or other society until a delegate is elected

Provided further that where a President is elected by direct election, he shall represent the society as a delegate to the Financing Bank or other Societies.]

<sup>4</sup>[(x) review of the loans and advances sanctioned to or the business done with the society by the members of the committee or their such near relatives as may be prescribed, and report to the Registrar about any default in the recovery of the amounts due to the society.]

Provided that the general body may delegate, by a resolution, to the committee its powers in respect of <sup>5</sup>[items (viii) and (ix)] or to withdraw by a resolution such powers at any time.]

<sup>6</sup>[(xi) appointment of two internal auditors from among its members other than the members of the committee ;

(xii) consideration of the report of the internal auditors appointed by it.]

<sup>7</sup>[(xiii) xxx;]

(xiv) consideration of report of inquiry under Section 51 or Inspection under Section 52 or under Section 53 or Special report of Audit under Section 50;

(xv) decision on bad debts considered irrecoverable;

(xvi) management of deficits in stocks or cash;

(xvii) appointment of members of supervisory council, entrustment of duties to the supervisory council and consideration of its reports;

(xviii) decision on transfer of assets and liabilities, on division or amalgamation;

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1. Omitted by Act No. 10 of 1970.

2. Omitted by Act No. 28 of 1978 and re-inserted by Act No. 5 of 1993.

3. Added by Act No. 4 of 1995, w.e.f 2-1-1995.

4. Inserted by Act No. 10 of 1970.

5. Subs. by Act No. 5 of 1993.

6. Inserted by Act No. 21 of 1985.

7. **Omitted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

- (xix) review of attendance of Committee members;
- (xx) review of membership;
- (xxi) review of the report on the disqualification of the members and the committee members;
- (xxii) review of all overdue loans and defaulters;
- (xxiii) approval of the staffing pattern, pay and other allowances of the employees of the society and contingencies, subject to the availability of administrative and contingent fund and approval of the Registrar.]

**<sup>1</sup>[30-A. Constitution of supervisory council:**

The General Body of every society may constitute a supervisory council to ensure that the affairs of the society are conducted in accordance with the principles of Cooperation, provisions of the Act, rules, bye laws and resolutions of the General Body. The supervisory council shall consist of three members from the General Body other than the members of the Managing Committee and such other members as may be prescribed. The Supervisory council shall aid and assist the General Body in general and exercise such powers and functions as may be prescribed.]

**31. Constitution of committees:**

<sup>2</sup>[(1)] <sup>3</sup>[(a) The general body of a society shall constitute a committee in accordance with the bye-laws and entrust the management of the affairs of the society to such committee :

Provided that in the case of a newly registered society, the applicants who signed the application for registration U/s. 6 of this Act shall conduct the affairs of the society for a period of 90 days from the date of registration of the society. The applicants shall initiate the process of constitution of committee within 30 days of Registration of the society.

Provided further that, if the applicants who got the society registered fail to constitute a committee to manage the affairs of the society within 90 days from the date of registration of the society, the Registrar shall take steps to constitute a committee to manage the affairs of the society or may choose to cancel the Registration of the society as deemed fit.

Provided further that if no committee is constituted under this Section to manage the affairs of the society within 180 days from the date of the Registration of the society, the certificate of Registration issued U/s. 8 is deemed to have been cancelled.

Provided further that where the bye-laws so provide, the Government or the Registrar may nominate all or any of the members of the first promoters

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1. Inserted by Act No. 22 of 2001, dt. 25.4.2001.
  2. Re-numbered by Act No. 19 of 1976.
  3. **Subs. for Clauses by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**



committee for such period as may be specified or till the first elected Committee assumes office, whichever is earlier.

(b) The Board/Committee shall consist of such number of Directors as may be prescribed:

Provided that the maximum number of Directors of a Co-operative society shall not exceed twenty-one.

Provided further that one seat for the Scheduled Caste or the Scheduled Tribe and two seats for women shall be reserved on Board of every Co-operative society consisting of individuals as members and having members from such class or category of persons subject to that in the case of a Primary Agricultural Co-operative Credit Society, a Farmers Service Co-operative Society, a Co-operative Farming Society, a Co-operative Central Bank and a District Co-operative Marketing Society, not more than one-half of the total number of seats to be filled by elected members of the committee thereof shall be reserved to be filled by members of the Scheduled Castes, Scheduled Tribes, Backward Classes and Women in such proportion as may be prescribed:

Provided further that the Board may fill up a casual vacancy/shortfall of the Board by nomination out of the same class of members in respect of which the casual vacancy/shortfall has arisen, if the term of office of the Board is less than half of its original term.

Provided further that no member who has lost in the current election shall be eligible for filling up the casual vacancy that has arisen during the current term of the Board.]

(c) and (d) <sup>1</sup>[xxx]

<sup>2</sup>[(e) In addition to the number specified as per Section 31(1)(b), the elected members of Committee may co-opt, not exceeding two persons as members of the Committee, out of which one shall have experience in the field of banking management or finance and the other shall have specialization in any other field relating to the objects and activities undertaken by the society.

Provided 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 or to be eligible to be elected as office bearers of the Committee.

Provided further that Functional Directors of a Co-operative societies may be prescribed shall also be the members of the Committee and such members shall be excluded for the purpose of counting the total number of the Directors specified in Section 31(1)(b).]

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1. Clauses (c) and (d) omitted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Clause 9e added by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

<sup>1</sup>[(1-A) Notwithstanding anything in this Act or in the bye-laws the societies referred to in Clause (b) of sub-section (1), the Government may, for the purpose of effective implementation of the reservation specified in Clause(b), by rules made in this behalf, provide for the constitution of, and election to, the committees of such societies and all other matters relating thereto, including the division of constituencies, allocation of seats and the choice of persons belonging to weaker sections of the society as members of the committee of any central society from amongst the members of the committees of the societies affiliated to such central society, by the members of the central society in cases where no such person is a member of the general body of such central society.]

<sup>2</sup>[(2)<sup>3</sup>(a) The term of office of the committee and its its Office Bearers including President are elected in accordance with the provisions of sub-section (5) shall be five years from the date of election of the members of the committee . The term of the office bearers shall be coterminous with the term of Board.]

Provided that the term of office of five years specified in this clause shall be applicable only to a committee or its members or the President elected in any ordinary election conducted after the commencement of the Andhra Pradesh Co-operative Societies (Second Amendment) Act, 1995 and the term of office of any committee or its members or the President holding office at such commencement shall be the same for which they were elected under the law in force when they were elected.]

<sup>4</sup>(b) and (c) [xxx]

<sup>5</sup>[(3) <sup>6</sup>(a) In the case of the committee of Co-operative Central Bank, a District Marketing Society, a District Co-operative Wholesale Store, a Centrally sponsored Consumer Co-operative Stores, an apex society and a society formed for a sugar factory or for a spinning mill, such officer of the co-operative department, not below the rank of a Deputy Registrar, as may be authorised by the State Cooperative Election Authority in this behalf shall be the election officer and the election of the members of the committee shall be in such manner as may be prescribed by the State Cooperative Election authority.

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1. Ins. by Act No. 28 of 1978.
  2. Subs. by Act No. 21 of 1985, w.e.f. 1-9-1984.
  3. **Subs. for Clauses (a) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**
  4. **Clauses (b) and (c) omitted by Ibid.**
  5. Subs. by Act No. 14 of 1966.
  6. **Subs. for clause (a) and (b) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

- (b) In any other case, the election officer and the manner of election of the members of the committee shall be such as may be prescribed by the State Cooperative Election authority.]

Provided that where a requisition signed by not less than one-fifth of the total number of members is received by the Registrar to appoint the election officer to conduct the election, the Registrar shall appoint the election officer to conduct the election.]

<sup>1</sup>[(4)(a) For the purpose of electing members to its committee, a society may provide in its bye-laws, for the division of the area of operation of a society into territorial constituencies, or the membership of the society into electoral groups on any other basis, for the number or proportion of members who may be elected to represent each such territorial constituency or electoral group on the committee, and for the manner of election of such representatives.

- (b) In the absence of such bye-laws, the society may elect members to its committee from among all the members of the society.]

<sup>2</sup>[(5) In the case of such classes of Co-operative Societies as may be prescribed, the President shall, <sup>3</sup>[subject to the provisions of Section 21-A, be elected by the members of the committee] from among themselves in the manner prescribed.<sup>4</sup>[xxx] ]

<sup>5</sup>[31-A. Powers and functions of the committee:

The committee of a society shall, subject to the provisions of the Act, rules, bye laws and resolutions of the General body, exercise the following powers and functions, namely:

- <sup>3</sup>[(1) admit the members to General Body ;
- (2) allot shares to the members and transfer of shares to General Body;]
- (3) recommend removal of the members disqualified under Section 21;
- (4) recommend removal of any of the committee members disqualified under Sections 21-A, 21-AA, 21-B and reinstatement of a Committee member who ceased to be such member of the committee under Section 21-B and place the reports before the General Body;

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1. Subs. by Act No. 16 of 1975.

2. Added by Act No. 1 of 1987, and omitted by Act No. 10 of 1991, w.e.f. 5.3.1991. Again added by Act No. 4 of 1995 w.e.f. 2-1-1995.

3. Subs. by Act No. 6 of 2005, w.e.f. 31-1-2005.

4. The words "The President elected under this sub-section shall be an ex-officio member of the committee" omitted by Act 16 of 2007.

5. Inserted by Act No. 22 of 2001, dt. 25.4.2001.

- (5) raise funds in the form of loans or deposits and invest them;
- (6) provide services or facilities including sanction of loans and advances to the members on a specific recommendation of the chief executive officer on the basis of the date of admission of such members;
- (7) sanction expenditure which is necessary for the business of the society subject to the provisions of annual budget;
- (8) conduct elections in the manner specified in the bye laws to the office of the members of the Committee before the expiry of the term;
- (9) conduct general meetings as prescribed in the Act;
- (10) cause the audit of the accounts of the society within the time prescribed and place the audit report before the General body;
- (11) decide matters connected with the day to day management of the society;
- (12) fix the staffing pattern, qualifications, pay scales and other allowances to the employees of the society, subject to the availability of the administrative and contingent fund and approval of the General body and Registrar;
- (13) place the reports of inquiry under Section 51 or inspection under Section 52 or under Section 53 or special audit report under Section 50 before the General Body within the time prescribed;
- (14) rectify the defects noted in the reports of audit under Section 50 or inquiry under Section 51 or inspection under Section 52 or under Section 53;
- (15) suspension of any officer or servant of the society under Section 59;
- (16) initiate action for prosecution of any person who may have incurred criminal liability under the provisions of this Act or any other law for the time being in force;
- (17) prepare the list of defaulters and publish the same as prescribed and place before the General Body;
- (18) review all outstanding loans and ensure coverage of legal action on all overdue loans and advances;
- (19) give information on the affairs of the society to the supervisory council, the Registrar, financing bank and the federal society to which the society is affiliated;
- (20) place the report on the loans sanctioned to and the business done by the members of the committee or their near relatives with the society, defaulters thereof and action to recover them before the General Body;
- (21) place annual report, annual financial statement, annual plan and budget before the General Body;

- (22) ensure cooperative education of the members, officers and the servants of the society;
- (23) prepare and place before the general body, information or reports or statements relating to:-
- (a) disposal of properties;
  - (b) deficits in cash or stocks;
  - (c) proposals for appropriation of net profits including creation of reserves and other funds;
  - (d) write off bad debts;
  - (e) removal of membership;
  - (f) contribution to cooperative education fund and administrative and contingent fund;
  - (g) expulsion of member who has acted adversely to the interests of the society;
  - (h) affiliation of the society to the financing bank or other societies;
  - (i) elections of delegates to the financing bank or other societies;
  - (j) appointment of supervisory council and internal auditors and consideration of their reports and follow up action.

<sup>1</sup>[(31-B). (a) Notwithstanding anything contained in this Act, Rules and Bye-laws of the society, the Government shall constitute a State Cooperative Election Authority. The State Cooperative Election Authority shall be headed by an officer not below the rank of Additional Registrar of Cooperative Societies. The said Authority is to be assisted by not more than two Additional Co-operative Electoral Officers who are not below the rank of Joint Registrar of Co-operative Societies. The service conditions of the State Cooperative Election authority and the Additional Cooperative Electoral Officers shall be as prescribed.

(b) The Superintendence, direction and control of the preparation of electoral rolls and conduct of all elections shall vest with the State Cooperative Election Authority which shall conduct all elections in the manner prescribed, for all types of Cooperative Societies registered under this Act :

Provided that the State Co-operative Election Authority referred to under subsection (a) above may issue guidelines otherwise laying down the procedure for conduct of elections from time to time.

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1. Ins. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

(c) The Registrar of Cooperative Societies shall deploy the supporting staff of the State Cooperative Election Authority as may be prescribed to assist in conduct of Elections.

(d) Provided that the election of a Board shall be conducted before expiry of the term of the Board so as to ensure that the newly elected members of the Board assume office immediately on the expiry of the office of the outgoing Board.]

### **32. General meetings and committee meetings:**

<sup>1</sup>[(1) The committee may, at any time, call not less than two general meetings of a society in a co-operative year:

Provided that one meeting shall be held in each half year.]

(1-A) If the general meeting is not convened in accordance with the provisions of sub-section (1), the members of the Committee shall cease to hold office on the day next after the 1st day on which the general meeting should have been held, and it shall be competent for the Registrar, notwithstanding anything in the bye-laws, to call such general meeting in such a manner as may be prescribed.]

(2) The committee shall call a general meeting of the society within thirty days of the date of receipt of a requisition in writing from

- (i) such number of members or proportion of the total number of members, as may be specified in the bye-laws ;
- (ii) the financing bank to which the society is indebted ;
- (iii) a federal society to which the society is affiliated ; or
- (iv) the Registrar.

<sup>2</sup>[(3) It shall be the duty of the President of the society to call the meetings of the committee so that atleast one meeting of the committee is held in every three months. If the President fails to discharge that duty with the result that no meeting is held, within such period of three months or within one month following such period, he shall with effect from the date of expiration of one month aforesaid cease to be the President. The Registrar shall issue orders to that effect.

Provided that it shall also be the duty of the President to call such meetings within fifteen days of the date of receipt of requisition in writing in that behalf from any of the requisitionists specified in sub-section (2).]

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1. Subs. by Act No. 22 of 2001, dt. 25.4.2001.

2. **Subs. for sub-section (3) by G.O. Ms. No. 53, Agri. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

- (4) The requisition referred to in sub-section (2) or sub-section (3) shall specify the purpose for which the meeting is to be called, and shall be signed by the requisitionists and delivered in person or by registered post at the registered address of the society.
- (5)<sup>1</sup>[(a) If for any reason, a meeting is not called in accordance with the requisition delivered under sub-section (4), notwithstanding anything in the bye-laws of the society, the Registrar shall have the power to call such meeting in the manner prescribed, and to determine the time for such meeting and the subjects to be considered thereat. The Registrar or a person authorised by him in writing in this behalf shall preside at such meeting, but he shall not be entitled to vote.]
- (b)(i) If, at any general meeting of the society called by the Registrar himself under clause (a), otherwise than in pursuance of the requisition, there is no quorum, the meeting shall stand adjourned to such other date and time as the Registrar may determine.
- (ii) If at the adjourned meeting also there is no quorum for holding the meeting, the members present shall constitute the quorum.
- (c) If at any general meeting of the society called by the Registrar himself under clause (a) in pursuance of the requisition, there is no quorum, the requisition shall lapse.
- <sup>2</sup>[(6) Notwithstanding anything in this Chapter, if at any time the State Cooperative Election Authority is satisfied that circumstances exist which render it necessary for it to call a general meeting for such election of members of the committee to be held in accordance with the provisions of this Act, the State Cooperative Election Authority or any person authorised by them in this behalf shall have power to call such meeting and to determine the place, time and the period of notice for such meeting. If at such meeting, there is no quorum, the meeting shall stand adjourned to such other date and time as the State Cooperative Election Authority or person authorised may determine. If at the adjourned

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1. Subs. for clause (a) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

2. Subs. for sub-section (6) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

meeting also there is no quorum for holding the meeting, the members present shall constitute the quorum. When the meeting is called by the State Cooperative Election Authority, it shall be presided over by a person appointed by them in that behalf and if the meeting is called by the person authorised by the State Cooperative Election Authority, the person so authorised shall preside at such meeting ; but the person presiding shall not be entitled to vote at the meeting so called or adjourned.]

(7)<sup>1</sup>[(a)(i)] If there is no committee or in the opinion of the Government or, the Registrar, it is not possible to call a general meeting for the purpose of conducting election of members of the committee, the Government, in respect of such class of societies as may be prescribed and the Registrar in all other cases may appoint a person or persons to manage the affairs of the society for a period not exceeding <sup>3</sup>[one year] and the Government may, on their own and the Registrar with the previous approval of the Government, extend, from time to time, such period beyond six months, so however that the aggregate period include the extended period if any, shall not exceed <sup>4</sup>[three years.]

<sup>5</sup>[(ii)] Notwithstanding anything contained in this Act, in the special circumstances and for the reasons to be recorded, if in the opinion of the Government, it is not possible to hold the elections to the societies or class of societies, the Government may by order extend the term of the person or the persons appointed to manage the affairs of the society or class of societies beyond three years.]

(b) The person or persons so appointed shall, subject to the control of the Government or as the case may be, of the Registrar and subject to such instructions or directions as they may issue, from time to time, have power to exercise all or any of the functions of the committee or any officer of the society and to take all such actions as may be required in the interest of the society.]

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1. Subs. by Act No. 21 of 1985, .w.e.f. 22.4.1985.

2. Clause '(a)' renumbered as clause '(a)(i)' by Act No. 13 of 2003, w.e.f. 5-8-2003.

3. **Subs. for "six months" by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

4. Subs. by Act No. 35 of 1987, w.e.f. 3-4-1987.

5. **Subs. for sub-clause (ii) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**



- (c) The Registrar may fix the remuneration payable to the person or persons so appointed. The amount of such remuneration and other costs if any, incurred in the management of the society shall be payable out of the funds of the society.
- <sup>1</sup>[(d) The Registrar may at any time, and shall at the expiration of the period of appointment of person or persons so appointed, arrange for calling of a general meeting for the election of a new committee in such manner as may be prescribed. The person or persons so appointed shall cease to manage the affairs of the society on the new committee entering upon its office.]
- <sup>2</sup>[(e) At least one General Meeting in a year shall be held in the presence of representative/nominee of the Registrar who attends the meeting as observer. The Registrar shall nominate a representative for this purpose at the request of President of the society. The Request to the Registrar for this purpose shall be made by the President of the society atleast 15 days before the General Meeting. The observer should submit a report on the proceedings of the General Meeting specifically mentioning deviations or violations of Act, if any, within a week of completion of the General Meeting to the Registrar.]
- (8) All the expenses incurred in connection with a meeting held under this section shall be paid out of the funds of the society :

Provided that the Registrar may by order direct that such expenses shall, in a case falling under sub-section (5) be recovered from any person who is, in the opinion of the Registrar, responsible for the failure to call the meeting.

32-A <sup>3</sup>[xxx]

**<sup>4</sup>[32-B. Devolution of the powers and functions of the President or Vice-President:**

If the President ceases to hold office under sub-section (3) of Section 32 or if he has been continuously absent from the head-quarters for more than three months, or is incapacitated for more than three months, his powers and functions on such cessation or during such absence or incapacity shall devolve on the Vice-President and in case of absence of both, shall devolve to the senior most member of the committee.]

**33. Nominee of the Government on the Committee:**

- (1) Where the Government,
- (a) have subscribed to the share capital of a society, or
- (b) have assisted indirectly in the formation or augmentation of the share capital of a society as provided in Section 43, or

1. Subs. by Act No. 14 of 1966.

2. Ins. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

3. Omitted by Act No. 22 of 2001, dt. 25.4.2001.

4. Subs. for Section 32-B by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (c) have guaranteed the repayment of principal and payment of interest on debentures issued by a society, or
- (d) have guaranteed the repayment of principal and payment of interest on loans and advances to a society, the Government or any authority specified by the Government in this behalf shall have the right to nominate to the committee not more than <sup>1</sup>[three persons as members] or one third of the total number of members of the committee, whichever is less, <sup>2</sup>[notwithstanding anything contained in the bye-laws of society.]
- (2) A member nominated to the committee under sub-section (1), shall, hold office during the pleasure of the Government or the specified authority, as the case may be.
- (3) Any nominee of the Government may refer to the Government, through the Registrar, any resolution the execution of which, in the opinion of the nominee, is likely to be prejudicial to the interests of the Government and the decision of the Government thereon shall be final and binding on the committee :

Provided that the Government may suspend the execution of any such resolution pending the exercise of their powers under this sub-section.

#### **34. Supersession of the committee:**

- <sup>3</sup>(1)(a) Notwithstanding anything contained in any law for the time being in force, no committee shall be superseded or kept under suspension for a period exceeding six months.
- (b) The Committee may be superseded or kept under suspension in case -
  - (i) of its persistent default; or
  - (ii) of negligence in the performance of its duties; or
  - (iii) The Board has committed any act prejudicial to the interests of the cooperative society or its members; or
  - (iv) There is stalemate in the constitution or functions of the Board; or
  - (v) <sup>4</sup>[xxx]
- (c) by order, supersede or suspend the Committee from a specified date and appoint the official Administrator (The Registrar may after giving the Committee an opportunity of making its representations) to manage the affairs of the society, as per the conditions of service as may be prescribed, for a period of not exceeding six months.

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1. Subs. by Act No. 14 of 1966.

2. Added by Act. No. 6 of 2005, w.e.f. 31-1-2005.

3. **Sub-section (1) subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

4. **Deleted by G.O. Ms. No. 56, Agrl. & Coop. (coop.II) Dept., dated 28-5-2016, w.e.f. 28-5-2016.**

Provided that the Committee of any such co-operative society shall not be superseded or kept under suspension where there is no Government shareholding or loan or financial assistance/subsidy of any form or any guarantee by the Government.

Provided further that in case of a Co-operative society, other than a multi-state cooperative society, carrying on the business of banking, the period of supersession or suspension shall be for one year instead of six months.

(d) In case of supersession/suspension of a Board, the Registrar shall appoint the official Administrator(s) to manage the affairs of such co-operative society and the said Administrator(s) shall arrange for conduct of elections by the State Cooperative Election Authority within the period specified in sub-section (1) (a) of this section and hand over the management to the elected board.]

(2) <sup>1</sup>[xxx]

<sup>2</sup>[(3) The Administrator(s) shall, subject to control of Registrar and to such directions as he may from time to time, give, have power to exercise all or any functions of the committee or of any officer of the society provided that no crucial policy decisions are taken by the Administrator(s).

(4) The Registrar may fix the remuneration payable to the Administrator(s). The amount of remuneration so fixed and such other expenditure incidental to the management of the society during the period of the supersession as may be approved by the Registrar shall be payable from the funds of the society.]

(5) <sup>1</sup>[xxx]

(6) Where a society is indebted to any financing bank, the Registrar shall, before taking any action under sub-section (1) in respect of that society, consult the financing bank.

<sup>3</sup>[34-A. **Motion of no-confidence in the President and Vice-President of the committee:**

<sup>4</sup>[(1) A motion expressing want of confidence in the President or the Vice-President of a Committee or other office bearers of the committee may be made in accordance with the procedure laid down in the following sub-sections.

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1. Omitted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Subs. for sub-section (3) and (4) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  3. Inserted by Act No. 21 of 1985, w.e.f. 3-6-1985.
  4. Subs. for sub-sections (1), (2), (3) and (4) by G.O. Ms. No. 56, Agrl. & Coop. (coop.II) Dept., dated 28-5-2016, w.e.f. 28-5-2016.

- (2) A written notice of intention to make the motion, signed by not less than one-half of the total elected membership of the Committee including vacancies if any as constituted under Section 31 of this Act together with a copy of the proposed motion shall be delivered in person, by any two of the members signing the notice, to the Registrar having jurisdiction over the Society.
- (3) The Registrar shall then convene a meeting for the consideration of the motion at the office of the society on a date appointed by him which shall not be later than thirty days from the date on which the notice under sub-section (2) delivered to him. He shall give to the members notice of not less than fifteen clear days from the date of notice of such meeting in such manner as may be prescribed :  
Provided that where the holding of such meeting is stayed by an order of a Court the meeting shall be adjourned, and the Registrar shall hold the adjourned meeting on a date not later than thirty days from the date on which he received the intimation about the vacation of stay, after giving to the members notice of not less than fifteen clear days.
- (4) The quorum for such a meeting shall be majority of the total elected membership of the Committee including vacancies if any as constituted U/s. 31 of this Act and the Registrar shall preside at such meeting. If within half an hour after the time appointed for the meeting the Registrar is not present to preside at the meeting, the meeting shall stand adjourned to the next day.]
- (5) If the Registrar is unable to preside at the meeting he may after recording his reasons in writing adjourn the meeting to the next day to be presided over either by himself or by an officer authorised by him in his behalf. The person authorised under this sub-section shall be deemed to be the Registrar for purposes of sub-sections (7), (10) and (11).
- (6) Save as provided in sub-sections (3), (4) and (5) a meeting convened for the purpose of considering a motion under this section shall not for any reason be adjourned.
- (7) As soon as the meeting convened under this section commences the Registrar shall read to the Committee the motion for the consideration of which the meeting has been convened and declare it to be open for debate,
- (8) No debate on the motion under this section shall be adjourned.
- (9) Such debate shall automatically terminate on the expiration of two hours from the time appointed for the commencement of the meeting if it is not concluded earlier. On the conclusion of the debate or on the expiration of the said period of two hours, whichever is earlier, the motion shall be put to vote.

- (10) The Registrar shall not speak on the merits of the motion and he shall not be entitled to vote thereon.
- <sup>1</sup>[(11) If the motion is carried with the support of not less than two thirds of the total elected members of the Committee including vacancies if any as constituted U/s. 31 of this Act., the Registrar shall by order remove the President or, as the case may be, the Vice-President and the resulting vacancy shall be filled in the manner prescribed.]
- (12) If the motion is not carried by such a majority as aforesaid or if the meeting could not be held for want of a quorum, no notice of any subsequent motion expressing want of confidence in the same President or, as the case may be, the Vice-President shall be made until, after the expiration of the one year from the date of the meeting.
- <sup>1</sup>[(13) No notice of a motion under this section shall be made within three years of the assumption of office by a President or the Vice-President.]
- <sup>2</sup>[(14) The provisions of this section shall not apply in respect of President of any co-operative society elected by the members of the general body from among themselves.]

## CHAPTER V

### Rights and Privileges of Societies

- 35. First charge of a society on certain movable assets of a member for the amount due by him:**
- (1) Notwithstanding anything in any law for the time being in force, but subject to any claim of the Government in respect of land revenue, any debt or other amount due to a society by any member including a past or deceased member shall be a first charge upon the crop or other agricultural produce, cattle fodder for cattle, agricultural or industrial implements or machinery, raw materials for manufacture and any finished products manufactured from such raw materials owned by such member.
- (2) Such charge shall be available even as against any amount recoverable by the Government as if it were an arrear of land revenue or any claim of the Government arising from a loan granted under the Land Improvement Loans Act, 1883, subsequent to the incurring of the debt of the liability for the other amount due to the society referred to in sub-section (1).

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Added by Act No. 1 of 1987.

(3) No person shall transfer any property which is subject to such charge except with the previous permission in writing of the society which holds the charge and any transfer, without such permission shall, notwithstanding anything in any law for the time being in force, be void.

<sup>1</sup>[(4) The charge under this section shall not be available against the following articles of such members:-

- (a) the necessary wearing apparel, cooking vessels, beds and bedding and such personal ornaments of a woman as in accordance with by her ;
- (b) ploughs, implements of husbandry, one pair of ploughing cattle, such manure and seed grain stocked by him, as may be necessary for the due cultivation of his lands in the ensuing year.]

**36. Charge on the immovable property of a member for the loans borrowed:**

<sup>1</sup>[(1) Notwithstanding anything in this Act or in any law for the time being in force, but subject to any claim of the Government in respect of land revenue and to any claim of an (Agricultural Development Bank).]

(2) Such declaration may be varied or cancelled at any time by the member with the consent of the society.

<sup>1</sup>[(3) Subject to the provisions of sub-section (1) and to the claim of any person in whose favour a mortgage or a charge has been created before the date of registration of the declaration made under sub-section (1), no land in respect of which such declaration has been made or any part of or any interest in such land shall be sold or otherwise transferred until the entire amount of the loan or advance taken by the member from the society together with interest thereon is paid to the society; and any transaction made in contravention of this sub-section shall be void :

Provided that, if a part of the amount borrowed by a member is paid, the society may, on application from the member and with the approval of the financing bank, release from the charge created under the declaration made under sub-section (1), such part of the land or interest in such land specified in the said declaration, as it may deem proper, with due regard to the security of the balance of the amount remaining outstanding from the member :

Provided further that, nothing in this sub-section shall apply in respect of a mortgage created in favour of an Agricultural Development Bank, subsequent to the date of Registration of the declaration made under sub-section (1).]

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (4) The declaration made under sub-section (1) or any variation or cancellation thereof under sub-section (2) shall be sent by registered post by the society to the Sub-Registrar having jurisdiction over the area in which the land <sup>1</sup>[xxx] is situated. He shall, if it is in order, register such declaration or variation or cancellation and <sup>2</sup>[return it] to the society and where it is not in order, he shall return it to the society without registering it. Where it is registered, it shall take effect from the time of its registration and where it is not registered, it shall be of no effect.

<sup>3</sup>[**Explanation:-** For the purposes of this section, the expression “Society” means-

- (i) any society, the majority of members of which are agriculturists and the primary object of which is to obtain credit for its members of any agricultural purpose ; or
- (ii) any society or any class of societies specified in this behalf by the Government by a general or special order.]

**37. Deduction from salary or wages:—**

- <sup>4</sup>[(1) Notwithstanding anything in any other law for the time being in force, a member of a society may execute an agreement in favour of that society providing that his employer shall be competent, on a requisition in writing from the society, to deduct every month from the salary or wages payable to him such amount as may be specified in the requisition towards the amount due by him to the society in respect of any debt or other amount due by the member to the society, from time to time.]
- (2)(a) Where such agreement has been executed by a member, the employer of such member shall, on receipt of a requisition from the society, make the deduction from the salary or wages payable to the member in accordance with the requisition, and pay, within such time as may be specified in the rules in respect of any society or class of societies, the amount so deducted, to the society.
- <sup>4</sup>[(b) Where the amount to be deducted in any month in accordance with the requisition made by a society, or where a requisition has been made by two or more societies in respect of the same person, the total amount to be deducted in accordance with all the requisitions, exceeds one-third of his entire gross salary or wages for the month, the employer shall deduct from the salary or wages of such person only a sum representing one-third of his entire gross salary or wages for the month. The amount deducted shall, where deductions have been made against requisitions received from two or more societies be paid by the employer to all the societies in proportion to the amounts to be deducted according to their requisitions :]

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1. Omitted by Act No. 10 of 1970.

2. Subs. by Act No. 14 of 1966.

3. Added by Act No. 10 of 1970.

4. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

Provided that where any amount is due to such class of societies as may be specified in the rules, the entire gross salary or wages for the month on such portion thereof as may be specified in the rules in respect of any such class of societies may be deducted and paid as aforesaid.

- (3) The employer shall maintain such registers as may be prescribed.
- (4) The provisions of this section shall apply to all such agreements of the nature referred to in sub-section (1) as are in force at the commencement of this Act.
- (5) If such employer fails to comply with any of the provisions of this section, he shall be punishable with fine which may extend to five hundred rupees.
- (6) Where a requisition in writing from any society registered or deemed to be registered in any reciprocating State in respect of a member of that society who for the time being is employed in this State, is received by his employer, the requisition shall be acted upon as if it had been made by a society in this State.

**Explanation:-** For the purposes of this sub-section 'reciprocating State' means any State which the Government may, by notification in the Telangana Gazette, declare to be a reciprocating State.

- (7) <sup>2</sup>[xxx]

**38. Charge and set-off in respect of shares or interest of members in the capital, etc., of a society:-**

A society shall have a charge upon the share or interest in the capital, deposits, dividend, bonus or profits payable to a member or a past member or the estate of a deceased member in respect of any debt or other amount due by him to the society and may set off any sum credited or payable to such member against payment of any such debt or other amount due :

Provided that no financing bank to which a society is affiliated shall have a charge upon or set-off against any debt due from such society-

- (i) any sum invested in the financing bank as reserve fund by the society if the bank is not the sole creditor of the society ; or
- (ii) any sum invested in it by the society as provident fund of its employees established under Section 49.

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1. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Omitted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.



**39. Share or interest, etc., not liable to attachment:—**

The share or interest, of a member in the capital of a society or of an employee in the provident fund established under Section 49 or the contribution made by a member or past member or from the estate of a deceased member or by any officer or former officer under Section 66, or the reserve fund of a society <sup>1</sup>[or the bad debts reserve of a Society] or the Provident Fund of its employees invested under Section 46, shall not be liable to attachment or sale, under any decree or order of a Court, in respect of any debt or liability incurred by such member, or officer; and an official assignee or a receiver under any law relating to insolvency shall not be entitled to or have any claim on such share, interest, contribution or fund.

**40. Right to set-off where a registered society purchases immovable property at a sale under the Telangana State Revenue Recovery Act, 1864, for any amount due to it:—**

- (1) Where, under this Act or any rule made thereunder, any amount due to a society from any person is recoverable as an arrear of the land revenue and immovable property of such person is brought to sale under the provisions of the Telangana State Revenue Recovery Act, 1864, and the society is the purchaser at such sale, the provisions of Section 36 of the said Act shall apply thereto subject to the modification that for the third and fourth clauses thereof, the following clauses were substituted, namely:—

“**Third:**— The sum due to the purchaser shall be set-off, in whole or in part, against the purchase money and the remainder, if any, of the purchase money shall be paid to the Collector or other officer empowered by the Collector in that behalf within thirty days of the date of sale.”

“**Fourth:**— Where the purchaser refuses or fails to make the payment of the remainder, if any, of the purchase money the amount of loss or expense consequent on such refusal or failure shall be a charge on the property purchased, and shall be recoverable from such purchaser in the same manner as arrears of land revenue. The amount so recovered shall be paid to the owner of the immovable property.”

- (2) Where a sale is conducted under Section 71, Section 103 or Section 104 by the Registrar or any other person authorised by him, the provisions of sub-section (1) shall apply as if it were a sale for the recovery of an arrear of land revenue.

**41. Exemption from certain taxes, duties and fees:—**

The Government, if in their opinion it is necessary in the public interest so to do, may, by notification in the <sup>2</sup>[Telangana] Gazette, and subject to such restrictions and conditions as may be specified in such notifications, reduce or exempt in respect of any class of societies—

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1. Inserted by Act NO. 10 of 1970.  
 2. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (a) the taxes on professions, trades, callings and employments ;
- (b) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a society or by an officer or member and relating to business of such society or any class of such instruments or decisions or orders of the Registrar or arbitrator or liquidator under this Act, are respectively chargeable ; or
- (c) any fee payable under the law relating to registration for the time being in force or Court-fees.

**42. Exemption from compulsory registration of instruments:—**

Nothing in clauses (b) and (c) of sub-section (I) of Section 17 of the Indian Registration Act, 1908 shall apply to—

- (a) any instruments relating to shares in a society notwithstanding that the assets of the society consist in whole or in part of immovable property;
- (b) any debentures issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except in so far as it entitles the holder to the security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures ; or
- (c) any endorsement upon or transfer of any other debenture issued by any such society.

## CHAPTER VI

### Properties and Funds of Societies

**43. State aid to Societies:—**

The Government may, subject to the rules,—

- (a) give loans or advance money to a society ;
- (b) subscribe to the share capital of a society ;
- (c) provide money to a society-
  - (i) for the purchase of shares of other societies ; or
  - (ii) to enable it to provide money to another society to purchase shares in other societies ;

- (d) guarantee the repayment of principal and payment of interest on debentures issued by a society ;
- (e) guarantee the repayment of share capital of a society and dividends thereon at such rates as may be specified by the Government ;
- (f) guarantee the repayment of principal and payment of interest on loans and advance of money to a society ;
- (g) guarantee the repayment of deposits received by a society and payment of interest on such deposits subject to such terms and conditions as may be laid down by the Government ; and
- (h) give financial aid in any other form including subsidies to any society.
- <sup>1</sup>[(i) Give land for residential construction or other purpose either on subsidised/ concessional rates or market cost or cost free basis.
- (j) Exempt stamp fee, stamp duties, licence fee, import duties, Earnest Money Deposits (EMDs).
- (k) Provide/offer any subsidies, concessions or guarantees or securities.]

<sup>2</sup>[43A. **Conversion into a Society or Company** : - Any Cooperative Society registered under this Act if wishes to gets itself converted into a society under MACS Act or wishes to be incorporated as Company under Companies Act 1956, it shall have to first return the share capital, assets of the Government it received either directly or through any other agency and also return the Government land and machinery received if any, and also any outstanding loans due to, or gurantees or any of such assistance given by the Government. Before applying for such conversion or incorporation itself, a clearance certificate to this effect from the State Government based on the recommendations of the Registrar on whom powers are conferred as under Section 4 of this Act shall be obtained.

No cooperative Society which is a beneficiary of Government in terms of funds or land or any other assistance in any form as on date has not fully repaid/ returned to the Government, can get registered under MACs Act or Companies Act.

Provided that any cooperative society under APCS Act 1964/Telangana Cooperative Societies Act without returning the assets, share capital, land, machinery, assistance or repaying the outstanding loans or gurantees etc. to the Government. and incorporated under Companies Act, 1956 as on date of this provision coming into force, shall return/repay the same to the Government if it wishes to continue under companies Act/MACS Act as the case may be Government reserves the right on any of its assets extended to and held by such cooperative society as on date of conversion.

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1. Clauses (i), (j) and (k) added by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Ins. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

Provided further that if the Society so converted into MACS Society or/and incorporated into the Companies Act 1956, do not return the assets and repays the dues to the Government within a period of six (06) months from the date of notification of this Amendment, the Government shall have the power to recover such assets and amounts from the formed company or society as arrears under Revenue Recovery Act, 1890.]

**44. Funds other than net profits not to be divided among members:—**

No part of the funds other than the net profits of a society shall be paid by way of bonus or dividend or otherwise distributed among its members:

Provided that a member may be paid remuneration from the funds on such scale as may be prescribed for any service rendered by him to the society :

<sup>1</sup>[Provided further that a President of the Society may be paid honorarium from the funds of the Society at such rate as may be prescribed.]

**<sup>2</sup>[44-A. Constitution and utilisation of Co-operative Education Fund:-**

- (1) There shall be constituted a Co-operative Education Fund for the purpose of promotion of Co-operative movement in the State and education of the members and training of the officers of the cooperative societies on cooperative principles and management practices. All contributions made by the societies from out of their profit in a year, grants-in-aid from the Government of India or the State Government and donations by any persons, shall be credited to the Co-operative Education Fund.
- (2) Every society shall ensure the education of its members and training of its officers.
- (3) The cooperative education fund shall be administered and utilised by the Registrar on the advice of a committee constituted for the purpose in the manner prescribed:

Provided, that not less than 20% of the cooperative education fund contributed by the societies in a year shall be utilised towards the training of officers of the societies concerned:

Provided further, that not less than 50% of the cooperative education fund contributed by the societies shall be utilised on member education programmes in a year.]

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1. Added by Act No. 21 of 1985, w.e.f. 22-4-1985.
2. Inserted by Act No. 22 of 2001, dt. 25.4.2001.

<sup>1</sup>[45. Allocation of funds/Disposal of profits:—

- (1) A society shall, subject to such limits as may be prescribed, credit one percent of gross profit or gross income in a year, as the case may be, to the Cooperative Education Fund.
- (2) A society shall credit an amount not being more than 30 percent of gross profit or 2 percent of working capital, whichever is less, in a year towards pay and other allowances of its employees and contingencies in the manner prescribed;]

<sup>2</sup>[(3)] A society shall, out of its net profits in any co-operative year,—

- (a) transfer an amount not being less than twenty-five per cent of the profits as may be prescribed, to the reserve fund :

Provided that when the total amount so transferred becomes equal to the amount of paid-up share capital, the amount to be transferred may, with the previous permission of the Registrar, be reduced to a sum not less than ten per cent of such profits;

- (b) <sup>3</sup>[xxx]

<sup>4</sup>[(c) credit such portion of the profits, as may be prescribed, to the bad debts reserve ] ;<sup>5</sup>[(d) pay towards dividend to members on their paid-up share capital, an amount not being less than fifteen per cent of the net profit;

- (e) pay an amount not being less than fifteen per cent of the net profit towards rebate to members on the amount or volume of business done by them with the Society in the manner specified in the bye-laws].

<sup>6</sup>[(4)] The balance of the net profits may be utilised for all or any of the following purposes, namely:—

- (a) <sup>7</sup>[xxx] ;
- (b) <sup>7</sup>[xxx] ;
- (c) constitution of or contribution to, such special funds as may be specified in the bye-laws ;
- (d) payment of bonus to employees of the society or remuneration to a member for services rendered by him to the society to the extent and the manner specified in the bye-laws ;

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1. Subs. for sub-sections (1) and (2) by G.O. Ms. No. 53, Agri. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

2. Renumbered by Act No. 22 of 2001, dt. 25.4.2001.

3. Omitted by Act No. 22 of 2001, dt. 25.4.2001.

4. Inserted by Act No. 10 of 1970.

5. Added by Act No. 21 of 1985, w.e.f. 22-4-1985.

6. Renumbered by Act No. 22 of 2001, dt. 25.4.2001.

7. Omitted by Act No. 21 of 1985.

- (e) donation of moneys, not exceeding ten per cent of the net profits to be utilised within the area of operation of the society for any charitable purpose as defined in Section 2 of the Charitable Endowments Act, 1890:

Provided that such money may be utilised with the permission of the <sup>1</sup>[Registrar] for any such purpose outside the area of operation of the society.

**46. Investment of funds:—**

<sup>2</sup>[A Society may by a resolution of majority of committee with due care and diligence, invest or deposit its funds which are not immediately required for the business of the society,-

- (a) in the Postal Savings Banks ;  
 (b) in any of the securities specified in Section 20 of the Indian Trust Act, 1982 ;  
 (c) <sup>3</sup>[xxx]  
<sup>4</sup>[(d) with any Nationalised Bank or Scheduled Bank] ; <sup>5</sup>[or the concerned District Co-operative Central Bank.]  
 (e) <sup>6</sup>[xxx]

<sup>7</sup>[Provided that every primary agricultural credit society and every Co-operative Central Bank shall invest or deposit in each co-operative year towards the bad debts reserve of the said society or bank, a sum equal to one-fourth percentum of the amount granted by it as short term loans or medium term loans to its members during the co-operative year from out of the amounts borrowed by it from other co-operative financial institutions for granting such loans ; so however that no such investment or deposit shall be necessary when the total amount so invested or deposited towards bad debts reserve becomes equal to the total amount of bad debts of the society as estimated by the auditor appointed under Section 50.]

**Explanation:—** For the purposes of this section, sub-section (3) of Sections 47 and 71, the expression ‘primary agricultural credit society’ means the society referred to in clause (i) of Explanation to Section 36.

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1. Subs. for “Government” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Subs. by Act No. 6 of 2005, w.e.f. 31-1-2005.
  3. Omitted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  4. Subs. by Act No. 22 of 2001, dt. 25.4.2001.
  5. Added by Act No. 6 of 2005, w.e.f. 31-1-2005.
  6. Omitted by Act No. 22 of 2001, dt. 25.4.2001.
  7. Inserted by Act No. 10 of 1970.

**47. Restrictions on borrowings and loans:—**

<sup>1</sup>[(1) A society shall receive deposits of any form or nomenclature and raise loans from members and associate members only to such extent and under such conditions as may be specified in the bye-laws.

Provided that the proposals of society for receiving short term and long term fixed deposits from members and associate members shall have the prior approval of the Registrar.]

(2) A society shall not grant a loan to any person other than a member, but it may grant loans to another society with the general or special sanction of the Registrar or to its employees on such terms as may be specified in the bye-laws:

Provided that a society may make a loan to a depositor on the security of his deposit.

<sup>2</sup>[(3)(a) Subject to such directions as the Reserve Bank of India may give to Co-operative Banks in this behalf, primary agricultural credit societies shall, during a co-operative year, disburse to small farmers such proportions, having regard to the class of societies and the strength of membership of small farmers therein, as may be prescribed, out of the total amounts borrowed by them from the co-operative financial institutions, for granting short term loans or medium term loans to their members during that year, so however that the amount of any such loans that may be granted to each of their members, whether or not he is a small farmer, shall not in the aggregate exceed such amount or amounts as the Government may, from time to time, by notification in the <sup>3</sup>[Telangana] Gazette, specify in relation to the various classes of members and having regard to the purposes for which loans are required.

*<sup>4</sup>[Explanation:-* For purposes of this sub-section, ‘small farmer’ means a member who holds not more than such extent of land as may be notified by the Government from time to time, and Government may notify different standards for different districts or parts of districts.]

<sup>1</sup>[(b) Every primary agricultural credit society shall, in such areas as may be prescribed disburse the amount granted by it to any of its members towards a short term loan or a medium term loan by way of cheque in favour of the loanee or by electronic transfer to his account at the request of the loanee by money order ; and no such cheque shall be endorsed by the loanee in favour of any officer of the society.]

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Added by Act No. 10 of 1970.
  3. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  4. Subs. by Act No. 19 of 1976.

**<sup>1</sup>[48. Transactions with non-members:—**

- (1) Notwithstanding anything contained under any provisions of this Act, financial transactions of society with non members are subject to the conditions prescribed by the Registrar.

Provided that the conditions are prescribed by the Registrar keeping in view the financial health of the society and interests of the non members.]

- <sup>2</sup>[(2) Every Primary Weavers' Co-operative Society shall produce cloth only through the members of the society by supplying raw materials to the members and receiving back cloth or fabric or product and shall not produce or purchase cloth or fabric or product from any source other than the members of the society either for sale on its own account or for sale through Federal Society or others. But it may purchase cloth or fabric or product of other weavers' co-operative societies with general or special sanction of Registrar for sale on its own account to consumers or others.]

**49. Provident Fund:—**

- (1) A society may, subject to the rules, establish a contributory provident fund for the benefit of its employees to which shall be credited all the contributions made by them and the society in accordance with its bye-laws.
- (2) The provident fund so established shall not,—
- (a) be used in the business of the society ;
  - (b) form part of the assets of the society ; or
  - (c) be liable to attachment or be subject to any other process of any Court or other authority.
- (3) Notwithstanding anything in this section, a provident fund established, by a society to which the Employees Provident Fund Act, 1952, is applicable, shall be governed by that Act.

**CHAPTER VII****Audit, Inquiry, Inspection and Surcharge****50. Audit:—**

- <sup>1</sup>[(1) Every Co-operative Society registered under this Act shall maintain its accounts for each financial year in such format as prescribed by the Registrar from time to time and shall cause audit of such accounts within six months from the close of the financial year, conforming to Audit Manual and/or Circular instructions issued by the Registrar/Chief Auditor from time to time.

There shall be a separate wing for Audit in the Cooperative Department headed by the Chief Auditor who will work under the general superintendence and control of the Registrar.

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Added by Act No. 28 of 1988, w.e.f. 9-5-1988.



Such Audit shall primarily cover an examination of debts, overdue, if any, verification of the cash balance and securities and valuations of the assets and liabilities of the society, complete examination and certification of all receipts and expenditure during the financial year including administrative audit focusing on prudent management of the affairs of the society in accordance with the Act, Rules and Bye laws.

Provided that in respect of a society not in receipt of State aid as specified in Section 43, the Committee of such society shall cause the audit of accounts of the society, every year as per the audit manual prescribed by the Registrar, either through the Chief Auditor or a Chartered Accountant. Where such society opts to get the accounts of the society audited by the Chief Auditor, the later shall audit or cause to be audited the accounts of such society in the manner prescribed.]

<sup>1</sup>[(2) Every person who is, or has at any time being, an officer or employee of the society and every member including a past member shall furnish such information in regard to, any transaction, working and affairs of the society as Statutory Auditor may require.]

<sup>2</sup>[(3) The committee shall prepare and submit or cause to be prepared and submitted within such period not exceeding six months as may be prescribed for different classes of societies after the end of the co-operative year, to the Chief Auditor or the person authorised by him as the case may be, such statements and reports as may be prescribed for the purpose of the audit of accounts of the Society for the Co-operative year.]

(4) <sup>3</sup>[xxx]

<sup>4</sup>[(4) The minimum qualification of the Auditor/Auditing Firm entrusted with the responsibility of auditing of Co-operative Societies under this Act shall be -

(i) An officer of the State Government serving in Co-operative department not below the rank of Junior Inspector and possessing a certificate in Audit proficiency issued by CCI/TSCU/ICM.

(or)

(ii) A Chartered Accountant firm or an individual having a valid certificate of practice issued by the ICAI and having their Registered office in the State of Telangana and having reasonable fluency in local regional language.

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Inserted by Act No. 21 of 1985, w.e.f. 3.6.1985.
  3. Omitted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  4. Subs-sections (4) to (10) inserted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

(iii) Any other qualification / requisition as may be prescribed from time to time.

- (5) The Registrar shall empanel the Departmental Auditors/Qualified Auditor and Auditing Firms fulfilling the above provisions of this section, every year, while framing necessary guidelines.

Provided that in case of the eligible co-operative banks covered under Chapter XIII-A of this Act, the RBI/NABARD shall empanel the Auditors / Auditing firms, while framing necessary guidelines.

Provided further that in case of the APCOB/DCCBs covered under Chapter XIII-B of this Act, the NABARD shall empanel the Auditors/Auditing firms, while framing necessary guidelines.

- (6) It shall be the responsibility of the General body to choose and appoint the Auditor/Auditing firm every financial year to conduct the audit of its accounts. The General body is vested with the power to choose and appoint the Auditor or the Auditing firm every financial year to conduct the audit of its accounts from out of the Auditors/Auditing firms approved and empanelled by the Registrar/NABARD/RBI for the purpose.

provided that the General body shall appoint the Auditor or the Auditing firm for auditing the accounts of the Co-operative society for the financial year within six months of its commencement of the financial year for which the accounts are related to.

Provided further that the power to appoint the auditor in respect of societies receiving state aid under Section 43 of this Act shall vest with the Chief Auditor.

- (7) Every Coop. Society shall furnish the financial statements along with necessary enclosures and relevant records and books of accounts to the Auditor or Auditing firm appointed under this Act within one month of the close of financial year, the audit of which is entrusted to the Auditor or Auditing firm.
- (8) The Chief Auditor shall issue or cause to be issued an Audit Certificate in case of Cooperative Societies for which Departmental Auditor was appointed by the General Body and conducted the audit of the society.

The Chartered Accountant Auditing Firm shall issue the Audit Certificate for the Cooperative Societies wherever they are appointed as Auditors under this Act by the General Body and conducted the audit of the society.

Provided further that, the Audit Certificate issued in case of Audit by the Departmental Auditor or Audit by others, the Audit Certificate shall be in the format as prescribed by the Chief Auditor from time to time.

Provided further that in case of any discrepancies or deviations noticed in the Audit procedures or Audit certificate issued by the Chartered Accountant/firm, the Government may on the recommendation of the Registrar, order for a test Audit of the society to be conducted by the Chief Auditor and take necessary action against the Chartered Accountant/firm and the Chief Executive of the Society (Primary/Apex) as the case may be.

- (9) The audited financial statements along with Audit Certificate of an Apex Coop. Society registered under this Act shall be laid before the State Legislature.
- (10) Failure of the Committee to comply with the above provisions of this section amounts to negligence in the performance of duties of the Managing Committee of the society as provided under section 34(1) of this Act.

**51. Inquiry:—**

The Registrar, may of his own motion and shall, on the application of a society to which the society concerned is affiliated, or of not less than one third of the members of the Committee, or of not less than one fifth of the total number of members of the society, hold an inquiry or direct some person authorised by him by an order in this behalf to hold an inquiry into the constitution, working and financial condition of a society. Such inquiry shall be completed within a period of four months and the report of inquiry along with the findings of the Registrar thereon shall be communicated to the managing committee of the society. It shall be the responsibility of the managing committee to place the inquiry report before the General Body or Special General Body convened for the purpose for its information, within a period of one month from the communication of the inquiry report by the Registrar. The Registrar shall be competent to initiate action under the provisions of this Act, if the committee fails to take action as aforesaid:

Provided that notwithstanding anything contained in this Act and the Rules made thereunder, the bye laws of a society and the action of the society in placing the inquiry report alongwith the findings of the Registrar, the Registrar shall not be precluded from taking follow up action as may be required on the basis of inquiry report :

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1. Subs. by Act No. 15 of 2000, w.e.f. 21-7-2000.

Provided further that such action shall not be nullified even if the General Body of the Society passes a resolution negating the findings of the inquiry:

Provided also that the Registrar may for reasons to be recorded in writing extend the period of four months for completion of inquiry for a further period not exceeding two months.

**1/Explanation:—** For the purposes of this section, “Managing Committee” includes a Committee constituted under Section 31(1)(a), and a person-in-charge appointed under Section 32(7)(a) and also Administrator(s) appointed under Section 34 of the Act.]

**52. Inspection:—**

1[(1) The Registrar may, of his own motion or on the application of a creditor of a society, inspect or direct any person authorised by him by a general or special order in this behalf to inspect the books of the society.

Such inspection shall be completed within a period of three months from the date of receipt of order of inspection by the Inspecting Officer so appointed.]

Provided that no such inspection shall be made or directed on the application of a creditor unless the creditor:—

- (a) satisfies the Registrar that the debt is a sum then due and that he has demanded payment thereof and has not received satisfaction within a reasonable time ; and
- (b) deposits with the Registrar such sum as security, for the costs of the proposed inspection as the Registrar may require.

2[(2) The Registrar or any person authorised by him under sub-section (1) shall prepare a report of inspection which shall be communicated to the Managing Committee of the Society together with the findings of the Registrar thereon. It shall be the responsibility of the Managing Committee to place the inspection report together with the findings of the Registrar before the General Body or Special General Body convened for the purpose for its information, within a period of one month of the communication of the inspection report by Registrar. The Registrar shall be competent to initiate action under the provisions of this Act, if the Committee fails to take action as aforesaid:

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- 1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  - 2. Subs. by Act No. 15 of 2000, w.e.f. 21-7-2000.

Provided that notwithstanding anything contained in this Act and Rules made thereunder, the bye-laws of a society and the action of the society in placing the inspection report along with the findings of the Registrar, the Registrar shall not be precluded from taking, follow up action as may be required on the basis of inspection report:

Provided further that such action shall not be nullified even if the General Body of the Society passes a resolution negating the findings of the Registrar:

Provided also that the Registrar may for reasons to be recorded in writing extend the period of three months for completion of inspection for a further period not exceeding two months.

*<sup>1</sup>[Explanation:—* For the purposes of this section, “Managing Committee” includes a Committee constituted under Section 31(1)(a), and a person-in-charge appointed under Section 32(7)(a) and also Administrator(s) appointed under Section 34 of the Act.]

**53. Inspection of books by financing bank or federal society:—**

A financing bank or a federal society shall have the right to inspect the books of any society which is indebted to it. The inspection may be made either by an officer of the financing bank or federal society authorised by the committee of such bank or society or by a member of its paid staff certified by the Registrar as competent to undertake such inspection. The officer or member so <sup>1</sup>[authorised to conduct inspection] shall at all reasonable times have free access to the books, accounts, documents, securities, cash and other properties belonging to or in the custody of the society and may also call for such information, statements and returns as may be necessary to ascertain the financial condition of the society and the safety of the sums lent to it by such bank or society. <sup>2</sup>[The Officer or Member so authorised to conduct the inspection shall prepare a report of inspection which shall be communicated to the Managing Committee of the society together with the findings of the Registrar thereon. It shall be the responsibility of the Managing Committee to place the Inspection Report together with the findings of the Registrar before the General Body or Special General Body convened for the purpose for its information, within a period of one month of the communication of the Inspection Report by the Registrar. The Registrar shall be competent to initiate action under the provisions of this Act, if the Committee fails to take action as aforesaid:

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Subs. by Act No. 21 of 1985, w.e.f. 22-4-1985.

Provided that such action shall not be nullified even if the General Body of the Society passes a resolution negating the findings of the Registrar:

Provided further that notwithstanding anything contained in this Act and Rules made thereunder the bye-laws of a Society and the action of the Society in placing the Inspection Report alongwith findings of the Registrar, the Registrar shall not be precluded from taking, follow up action as may be required on the basis of Inspection Report.

<sup>1</sup>[*Explanation:-* For the purposes of this section, “Managing Committee” includes a Committee constituted under Section 31(1)(a), and a person-in-charge appointed under Section 32(7)(a), and also Administrator(s) appointed under Section 34 of the Act.]

<sup>1</sup>[54. **Rectification of defects in audit, inquiry or inspection:—**

The Registrar shall draw the attention of the society to the defects noticed in every audit conducted under section 50 or inquiry held under Section 51 or inspection made under [Section 52, or Section 53] and if the society is affiliated to another society, also the attention of that other society and may make an order directing the society or its officers to take such action within three months:

Provided that if the society fails to rectify the defects noticed in audit within three months, penalty may be levied against the society as prescribed by the Registrar".]

**55. Power to summon and examine documents and persons etc.:—**

- <sup>2</sup>[(1) The Registrar, or the Chief Auditor or any person authorised by either of them to exercise any powers under this Act, shall at all reasonable times, have free access to the books, accounts, documents, records, securities, cash and other properties belonging to, or in the custody of the society and may summon any person in possession of, or responsible for the custody of any such books, accounts, documents, records, securities, cash or other properties, to produce all or any of them at any place at the headquarters of the society or any branch thereof.]
- (2) The Registrar or any person authorised by him to exercise any powers under this Act,—
- (a) may summon any person who, he has reason to believe has knowledge of any of the affairs of the society to appear before him at any place at the headquarters of the society or any branch thereof or at any other place specified by the Registrar, and may examine that person on oath :

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

2. Subs. by Act No. 14 of 1966.

- (b) may seize the books, accounts or documents belonging to, or in the custody of, the society, if he considers that such seizure is necessary to ensure safety of such books, accounts or documents, and shall give the person from whose custody the books, accounts or documents have been seized, a receipt for the same :

Provided that the books, accounts or documents so seized shall be retained by him only for so long as may be necessary :

Provided further that the books, accounts or documents so seized shall not be retained for more than sixty days at a time except with the permission of the next higher authority.

**<sup>1</sup>[55-A. Maintenance of Accounts and Books, etc.:—**

- <sup>2</sup>[(1) The Chief Executive Officer of every society by whatsoever designation he is called, and the President of the society jointly and severally or the President of such society if there is no such chief executive officer for that society, shall be bound to keep, maintain or cause to maintain, sign and authenticate such accounts and books relating to that society in such manner as may be prescribed and shall be responsible for the correct and up-to-date maintenance and authentication of such accounts and books and for producing or causing production of the same when called for in connection with audit, inquiry, inspection or election ;]

- <sup>3</sup>[(2) If such accounts and books are not maintained, the Registrar may direct the person who is responsible to bring the accounts and books upto date to make them upto date, and he shall be bound to comply with such direction within the period specified therein.

Provided that if the statement of accounts are not prepared due to non tracing of concerned records and books of accounts, the Registrar may direct the person who is holding the charge of the society to prepare statement of accounts of the society based on available records while recording the reasons thereof in writing".]

- (3) If the person fails to comply with the direction under sub-section (1) the Registrar may suspend such person for such period as he may consider necessary and authorise any person to take action for bringing such accounts and books upto date at the expenses of the society and such expenses shall be recoverable from the society as if it were an arrear of land revenue.

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1. Inserted by Act No. 21 of 1985, w.e.f. 3.6.1985.

2. Subs. by Act No. 22 of 2001, dt. 25.4.2001.

3. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

(4) Where the Registrar takes action under sub-section (3) the Registrar may call upon the person concerned whom he considers to be responsible for not complying with the direction made under sub-section (2) and after giving such person an opportunity of being heard, may require him to pay the society the expenses paid or payable by it to the Government as a result of his failure to take action.]

<sup>1</sup>[(5) The Chief Executive Officer of the society or the President where there is no such Chief Executive Officer for that society shall be the custodian of all books of account of the society,]

**56. Cost of inquiry and inspection:—**

(1) Where an inquiry is held under Section 51 or an inspection is made under Section 52, the Registrar may, after giving the parties an opportunity of making their representations, apportion the costs, or such part of the costs as he may think fit, between the society, the members or creditors demanding an inquiry or inspection, the officers or former officers of the society. Costs may also be awarded by the Registrar to the financing bank or federal society in the case of inspection under Section 53 by such bank or society.

(2) Any amount awarded by way of costs under sub-section (1) may be recovered as if it were an arrear of land revenue.

**57. Society to pay certain expenses:—**

Every society shall pay to the Government such amount as may be determined in the prescribed manner in respect of any special or additional staff employed at the request of the society by the Government for the purpose of the society.

**<sup>2</sup>58. Payment of fees to the Government for services rendered to a person or society, etc.:—**

Every person or society shall pay to the Government such fees, as may be prescribed, for the services rendered by the government to the person or society in respect of audit, execution or arbitration proceedings, or any other prescribed manner.]

**59. Suspension of officer or servant of society:—**

<sup>2</sup>[(1) Where in the course of an Audit under Section 50 or an inquiry under Section 51 or an inspection under Section 52 or Section 53, or in a preliminary Inquiry report submitted by an Officer not below the rank of sub-Divisional Cooperative officer, it is brought to the notice of the Registrar that a paid officer or servant of a society has committed or has been otherwise responsible for misappropriation, breach of trust or other offence, in relation to the society, the Registrar may, if in his opinion there is prima facie evidence against such paid officer or servant and the suspension of such paid officer or servant is necessary in the interests of the matter, to place or cause to be placed such paid officer or servant under suspension from such date and for such period as may be specified by him, but not retrospectively.]

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1. Added by Act No. 22 of 2001, dt. 25.4.2001.

2. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.



- (2) On receipt of such direction, the committee shall, notwithstanding any provision to the contrary in the bye-laws, place or cause to be placed the paid officer or servant under suspension forthwith.
- (3) The Registrar may direct the committee to extend, from time to time, the period of suspension and the paid officer or servant suspended shall not be reinstated except with the previous sanction of the Registrar.

**<sup>1</sup>[60. Surchage:—**

- (1) Notwithstanding anything contained in any other law for the time being in force where in the course of an audit under Section 50 or an inquiry under Section 51 or an inspection under Section 52 or Section 53, or the winding up of a society, it appears that any person who is or was entrusted with the organisation, affairs or management of the society or any past or present officer or servant of the society has misappropriated or fraudulently retained any money or other property or has been guilty of breach of trust in relation to the society or has caused any deficiency in the assets of the society by breach of trust or wilful negligence or has made any payment contrary to the provisions of this Act, the rules or the bye-laws, the Registrar himself, or any person specially authorised by him in this behalf, of his own motion or on the application of the committee, liquidator or any creditor or contributor, may inquire into the conduct of such person or officer or servant and make an order requiring him/her or his/her legal heir to repay or restore the money or property or any part thereof with interest at such rate as the Registrar or the person authorised as aforesaid thinks just or to contribute such sum to the assets of the society by way of compensation in respect of the misappropriation, misapplication of funds, fraudulent retention, breach of trust, or wilful negligence as the Registrar or the person authorised as aforesaid thinks just :

Provided that no order shall be passed against any person referred to in this sub-section unless the person concerned has been given an opportunity of making his representation in the manner as prescribed by the Registrar from time to time".]

## CHAPTER VIII

### Settlement of Disputes

**61. Disputes which may be referred to the Registrar:-**

- <sup>1</sup>[(1) Notwithstanding anything in any law for the time being in force, if any dispute touching the constitution, management or the business of a society, other than a

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

dispute regarding disciplinary action taken by the society or its committee against a paid employee of the society, arises-

- (a) among members, past members and persons claiming through members, past members and deceased members ; or
  - (b) between a member, past member or person claiming through a member, past member or deceased member and the society, its committee or any officer, agent or employee of the society ; or
  - (c) between the society or its committee, and any past committee, any officer, agent or employee, or any past officer, past agent, or past employee or the nominee, heir or legal representative of any deceased officer, deceased agent or deceased employee of the society ; or
  - (d) between the society and any other society,
- such dispute shall be referred to the Registrar for decision.

Provided that the such dispute has already been referred to the subcommittee of the society constituted for the purpose and could not be resolved by such sub-committee amicably, it shall be referred to the Registrar for decision.]

- (2) If any question arises whether a dispute referred to the Registrar under this section is a dispute touching the constitution, management or the business of a society, such question shall be decided by the Registrar.

<sup>1</sup>[(3) Every dispute relating to, or in connection with, any election to a committee of a society shall be referred for decision to the Tribunal having jurisdiction over the place where the main office of the society is situated, whose decision thereon shall be final.]

- (4) Every dispute relating to, or in connection with any election <sup>2</sup>[shall be referred under] sub-section (3) only after the date of declaration of the result of such election.]

**62. Action to be taken by the Registrar on such reference:—**

- (1) The Registrar may, on receipt of the reference of a dispute under Section 61,
  - (a) elect to decide the dispute himself ; or
  - (b) transfer it for disposal to any person who has been invested by the Government with powers in that behalf ; or
  - (c) refer it for disposal to an arbitrator.

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1. Subs. by Act No. 22 of 2001, dt. 25.4.2001.

2. Subs. by Act No. 35 of 1987, w.e.f. 26.6.1987.

- (2) Where the reference relates to any dispute involving immovable property, the Registrar or such person or arbitrator may order that any person be joined as a party who has acquired an interest in such property subsequent to the acquisition of interest therein by a party to the reference and any decision that may be passed on the reference by the Registrar or the person or the arbitrator aforesaid, shall be binding on the party so joined as if he were an original party to the reference.
- (3) The Registrar may, by order for reasons to be recorded therein, withdraw any reference transferred under Clause (b) of sub-section (1) or referred under Clause (c) of that sub-section and may elect to decide the dispute himself or transfer it to any other person under Clause (b) of sub-section (1) or refer it to any other arbitrator under Clause (c) of that sub-section.
- (4) The Registrar, such person or arbitrator shall decide the dispute in accordance with the provisions of this Act and the rules and bye-laws and such decision shall, subject to the provisions of Section 76, be final. Pending final decision on the dispute, the Registrar, such person or arbitrator, as the case may be, may make such interlocutory orders as he may deem necessary in the interest of justice.

**63. Powers of financing bank to proceed against members of a society for recovery of moneys due to it from such society:-**

- (1) If a society is unable to pay its debts to a financing bank by reason of its members committing default in the payment of the moneys due by them, the financing bank may direct the committee of such society to proceed against such members under Section 61 or Section 70, as the case may be, and if the committee fails to do so within a period of ninety days from the date of receipt of such direction, the financing bank itself may proceed against such members under Section 61 or Section 70, in which case, the provisions of this Act, the rules or the bye-laws shall apply as if all references to the society or its committee in the said provisions were references to the financing bank.
- (2) Where a financing bank has obtained a decree or award against a society, in respect of moneys due to it from the society, the financing bank may proceed to recover such moneys firstly from the assets of the society and secondly from the members to the extent of their debts due to the society.

## CHAPTER IX

### Winding up and cancellation of Registration of Societies

#### 64. Winding up of Societies:—

- (1) If the Registrar, after an inquiry has been held under Section 51 or an inspection has been made under Section 52, or on receipt of an application made by not less than two-thirds of the members, is of opinion that the society ought to be wound up, he may after giving the Society an opportunity of making its representation, by order direct it to be wound up.
- (2) The Registrar may, of his own motion and after giving the society an opportunity of making its representation, if any, make an order directing the winding up of a society-
  - (a) <sup>1</sup>[xxx]
  - (b) where the society has not commenced working within the prescribed period or has ceased to work ; or
  - <sup>2</sup>[(c) where in the opinion of the Registrar the society is conducting its affairs in a manner detrimental to the interests of its members or the promotion of the object for which it has been registered.]
  - <sup>3</sup>[(d) If the society fails to renew its registration as provided under Section 8A of this Act.]

#### 65. Appointment of liquidator:—

- (1) Where the Registrar has made an order under Section 64 for the winding up of a society, he may appoint a liquidator for that purpose and fix his remuneration.
- (2) On the appointment of a liquidator, the property, assets, effects and actionable claims or liabilities of the society as on the date of appointment shall vest in or devolve on the liquidator. He shall take such steps as he may deem necessary or expedient to prevent loss or deterioration of, or damage to, such property, assets, effects and actionable claims.
- (3) Where an order of winding up of a society is set aside in appeal the property, assets, effects and actionable claims or liabilities of the society as on the date of such setting aside shall revert in or devolve on the society.

#### 66. Power of the liquidator:—

- (1) Subject to the control of the Registrar, the liquidator shall have the power—

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1. Omitted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Added by Act No. 10 of 1970.
  3. Added by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (a) to institute and defend suits and other legal proceedings on behalf of the society by the name of his office ;
- (b) to realise the assets of the society, by sale or otherwise ;
- (c) to determine, from time to time, the contribution to be made or remaining to be made and the debts due by the members or past members or by the estates or nominees, heirs or legal representatives of deceased members or by any officers or former officers to the society ;
- (d) to investigate all claims against the society, and subject to the provisions of this Act, to decide questions of priority arising between claimants ;
- (e) to pay claims against the society including interest upto the date of winding up according to their respective priorities, if any, in full or rateably, as the assets of the society may permit, the surplus, if any, remaining after payment of the claims, being applied in payment of interest from the date of such order of winding up at a rate fixed by him but not exceeding the contract rate in any case ;
- <sup>1</sup>[(f) To determine and apportion the cost of liquidation as prescribed by the Registrar from time to time.]
- (g) to determine whether any person is a member, past member or nominee of deceased member ;
- (h) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society ;
- (i) to carry on the business of the society so far as may be necessary for its beneficial winding up ;
- (j) with the previous approval of the prescribed authority, to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging to have any claim present or future, whereby the society may be rendered liable; and
- (k) with the previous approval of the prescribed authority, to compromise all calls or liabilities to any calls and debts and liabilities capable of resulting in debts and all claims present or future, certain or contingent, subsisting or alleged to subsist between the society and a contributory or alleged contributory or other debtor or person apprehending liability to the society and all questions in any way relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt or claim and give a complete discharge in respect thereof ;

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- <sup>1</sup>[(1) to raise on the security of the assets of the society any money required with the permission of the Government.]
- (2) Any sum ordered under this section to be recovered as a contribution to the assets of a society or as costs of liquidation may be recovered, on a requisition being made in this behalf by the Registrar to the Collector in the same manner as arrears of land revenue.
- (3) Save as provided in sub-section (2), orders made under this section shall, on application, be enforced by any Civil Court having local jurisdiction in the same manner as a decree of such Court.
- (4) The liquidator shall continue to exercise his powers until the affairs of the society are completely wound up, when he shall make a report to the Registrar and deposit the records of the society in such place as the Registrar may direct.
- <sup>2</sup>[(5a) Ex-Promoters, Directors, Officers and employees who are /were, who are or have been associated with affairs of the society shall extend full cooperation to the Liquidator in discharge of his functions.

Where any person without reasonable cause fails to discharge his obligation under this section shall be punishable under section 79 of the Act.]

<sup>3</sup>[67. **Restriction on alienation of property by a member of a society under winding up:—**

Where a society has been ordered to be wound up under Section 64, no member shall alienate his property movable or immovable, from the date of the order of winding up and until after expiration of Ninety days from the date on which the order of winding up takes effect. Any alienation of the property made by a member in contravention of this section is voidable at the option of the liquidator.]

**68. Cancellation of registration of a society:—**

Where the affairs of a society have been completely wound up, after considering the report of the liquidator under sub-section (4) of Section 66, the Registrar shall, by order in writing, cancel the registration of the society. The society shall cease to exist as a corporate body from the date of such order.

**69. Restoration of a society wound up:—**

Where in the opinion of the Registrar, a society which has been ordered to be wound up may be restored to a committee constituted in accordance with the provisions of this Act, the rules, and bye-laws, he may, at any time, before the affairs of the society have been completely wound up, cancel or withdraw the

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1. Inserted by Act No. 21 of 1985, w.e.f. 22-4-1985.

2. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

3. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

order of winding up and direct the liquidator to constitute a committee in accordance with the provisions of this Act, the rules and bye-laws and handover the management of the affairs of the society to such committee. The property, assets, effects and actionable claims or liabilities of the society as on the date of such cancellation or withdrawal shall revert in, or devolve on, the society.

**<sup>1</sup>[69-A. Termination of liquidation proceedings:—**

- <sup>2</sup>[(1) The winding up proceedings shall be closed within a period of three years from the date of the order of winding up and after the expiry of the said period of three years, the Registrar may extend the period by two more years while recording the reasons".]
- (2) On the termination of the liquidation proceedings the liquidator shall make a report to the Registrar.

**<sup>2</sup>[69-B. Disposal of surplus assets:—**

Surplus assets as shown in the final report of the liquidator of a society which has been wound up shall be utilised for such purposes as may be specified in the bye-laws. Where the society has no such bye-laws, the surplus assets shall vest in the Registrar who shall hold it in trust and shall transfer it to the reserve funds of a society registered with a similar object and serving more or less an area which the society to which the surplus belonged was serving ;]]

## CHAPTER X

### Execution of Decisions, Decrees and Orders

**70. Power of the Registrar to recover certain amount by attachment and sale of property and execution of orders:—**

- (1) The Registrar or any person authorised by him in this behalf may, without prejudice to any other mode of recovery provided by or under this Act, recover—
- (a) any amount due under a decision or an order of the Registrar, or any person authorised by him, or an arbitrator;
- (b) any amount ordered to be paid towards the expenses of a general meeting of a society called under Section 32 ;
- (c) any amount awarded by way of costs under Section 56 to a society including a financing bank or a Federal society;

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1. Inserted by Act No. 21 of 1985, w.e.f. 22-4-1985.

2. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (d) any amount payable <sup>1</sup>[xxx] towards fees under Section 58;
  - (e) any amount ordered under Section 60 to be repaid to a society or recovered as a contribution to its assets ; or
  - (f) any amount ordered under Section 66 to be recovered as a contribution to its assets, together with the interest, if any, due on such amount and the costs of process by the attachment and sale or by sale without attachment of the property of the person or the society against whom such decision or order, has been passed or obtained.
- (2) Every order or decision made under Section 60, Section 71 Section 76, Section 77 or Section 78 for the recovery of any amount may be executed in the following manner:—
- (a) by the Civil Court having local jurisdiction on a certificate signed by the Registrar or any person authorised by him in this behalf as if the order or decision were a decree of that Court ; or
  - (b) by the Collector, on an application made to him within twelve years from the date fixed for payment in the order or decision and if no such date fixed from the date of the order or decision, along with a certificate signed by the Registrar or by any person authorised by him in this behalf, as if the amount due under the order or decision were an arrear of land revenue; or
  - (c) by the Registrar or any other person authorised by him in this behalf, in the manner provided under sub-section (1).

**<sup>2</sup>[70A. Execution of non-monetary orders etc.:—**

Every order or decision of a non-monetary nature made under the provisions of Section 62, Section 76, Section 77 or Section 78, shall be executed by the Civil Court having jurisdiction, as if such order or decision is a decree of that Court on a certificate issued by the Registrar or any person authorised by him in this behalf.]

**<sup>3</sup>[71. Recovery of debts:—**

- <sup>4</sup>[(1) Notwithstanding anything in this Act or in any other law for the time being in force and without prejudice to any other mode of recovery which is being taken or may be taken, the Registrar may, (on the application made by a society or financing bank or federal society as the case may be, for the recovery of arrears of any sum advanced to any of its members and on furnishing a statement) of accounts in respect of the arrears and after making such inquiry as he deems fit

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1. Omitted by Act No. 14 of 1966.

2. Inserted by Act No. 3 of 1991.

3. Subs. by Act No. 10 of 1970.

4. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.



and after issuing notices to member / guarantor to issue a certificate for the recovery of the amount stated therein to be due as arrears.

- (2) Where the Registrar is satisfied that (a society) has failed to take action under sub-section (1) in respect of any amount due as arrears, he may on his own motion, and after making such enquiry as he deems fit, after issuing notices to member/ guarantor, issue a certificate for the recovery of the amount stated therein to be due as arrears and such a certificate shall be deemed to have been issued on an application made by the society concerned.]

**<sup>1</sup>[72. Registrar or person authorised by him to be a Civil Court for certain purposes:—**

The Registrar or any person authorised by him in this behalf shall be deemed, when exercising any power under this Act for the recovery of any amount by the attachment and sale or by sale without attachment of any property, or when passing any orders on any application made to him for such recovery, or to take steps in aid of such recovery or for eviction from property put up for sale under Section 70 or under Section 71 of this Act, to be a Civil Court for the purpose of Article 182 of the First Schedule to the Indian Limitation Act, 1908.]

**<sup>1</sup>[73. Attachment of property before decision or order:—**

The Registrar or any other person authorized by him, as the case may be, in order to make good any loss caused by a member, Officer or employee of society by way committing any offences/embezzlement / misappropriation of funds of the society and order of which is yet to be decided, may bring under notice for attachment of properties pertaining to, the person/s responsible for causing such loss or his legal heirs or any person who has acquired the properties from such person or with the assistance of such person, unless adequate security is furnished, direct the attachment of the said property under this section.]

**74. Recovery of amounts due to Government:—**

- (1) Any amount due from a society or from an officer, former officer or member or past or deceased member of a society as such to Government including any costs awarded to Government under this Act may on a certificate issued by the Registrar in this behalf, be recovered by the Registrar or any other person authorised by him in this behalf or by the Collector in the same manner as arrears of land revenue.

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (2) Any amount due from a society to Government and recoverable under sub-section (1) may be recovered, firstly from the property of the society, secondly in the case of a society the liabilities of the members of which is limited, from the members, past members, or the estates of deceased members subject to the limit of their liability, and thirdly in the case of other societies, from the members, past members or the estates of deceased members:

Provided that the liability of past members and the estates of deceased members shall in all cases be subject to the provisions of Section 29.

## CHAPTER XI

### Appeal, Revision and Review

#### <sup>1</sup>[75. Constitution of Co-operative Tribunal:—

- (1) The Government may, for the purpose of this Act, by notification constitute as many Tribunals as may be necessary for such area or areas as may be specified in the notification.
- (2) The Tribunal shall consist of a Chairman and not more than two other members to be appointed by the Government.
- (3) The Chairman shall be a person who is or has been a judicial officer not below the rank of a District Judge and a member shall be a person, who holds or has held a post not below the rank of Additional Registrar of Co-operative Societies.
- (4) The Government may, from time to time, likewise reconstitute any Tribunal constituted under sub-section (1) or may abolish such Tribunal.
- (5) The quorum to constitute a meeting of a Tribunal and the manner of taking decision thereat and the procedure and conduct of its business shall be such as may be prescribed.
- (6) No Act or proceeding of any Tribunal shall be deemed to be invalid by reason only of the existence of any vacancy among its members or any defect, in the constitution or reconstitution thereof.

#### <sup>2</sup>[76. Appeal:—

- (1) Any person or society aggrieved by any decision passed or order made under Section 6, Section 9A, Section 9B, Section 9C, Section 12A, Section 13. <sup>3</sup>[xxx], Section 16, Section 17, Section 19, Section 21, Section 21A, Section 21AA, Section 23, sub-section (3) of Section 32, Section 34, Section 34A, Section 60, Section 62, Section 64, Section 66, Section 70, Section 71, Section 73 and Section 117 may appeal to the Tribunal :

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1. Subs. by Act No. 15 of 1991.

2. Subs. by Act No. 22 of 2001, dt. 25.4.2001.

3. The words "Section 15-A" omitted by Act No. 6 of 2005, w.e.f. 31-1-2005.

Provided that nothing in this sub-section shall apply to any order of withdrawal or transfer of a dispute under sub-section (3) of Section 62.

- (2) On a reference made by the Registrar of Cooperative Societies, the Tribunal shall call for and examine the records of any proceeding which is appealable to it for the purpose of satisfying itself as to the legality or propriety of any decision or order passed and where it appears to the Tribunal that any such decision or order should be modified, annulled or reversed, the Tribunal may pass such order thereon as it may deem fit:
- (3) Any appeal under sub-section (1) shall, subject to the other provisions of this Act, be preferred within sixty days from the date of communication to the appellant of the decision, refusal or order complained of but the Tribunal may admit an appeal preferred after the said period of sixty days, if it is satisfied that the appellant has sufficient cause for not preferring the appeal within the said period.
- (4) In disposing of an appeal under this section, the Tribunal may, after giving the parties an opportunity of making their representations, pass such order thereon as it may deem fit.
- (5) The decision or order of the Tribunal on appeal shall be final.
- (6) The Tribunal may pass such interim orders pending the decision on the appeal as may deem fit.
- (7) The Tribunal may award costs in any proceedings before that authority to be paid either out of the funds of the society or by such party to the appeal as the Tribunal may deem fit.]

**77. Revision:—**

- (1) The Registrar may of his own motion or on application made to him, call for and examine the record of any officer subordinate to him and the Government may of their own motion or on application made to them, call for and examine the record of the Registrar, in respect of any proceeding not being a proceeding in respect of which an appeal to the Tribunal is provided by sub-section (1) of Section 76 to satisfy himself or themselves as to the regularity of such proceeding or the correctness, legality or propriety of any decision passed or order made therein ; and if, in any case, it appears to the Registrar or the Government that any such decision or order should be modified, annulled, reversed or remitted for reconsideration, he or they may pass orders accordingly:

Provided that every application to the Registrar or the Government for the exercise of the powers under this section shall be preferred within ninety days from the date on which the proceeding, decision or order to which the application

relates was communicated to the applicant.

- (2) No order prejudicial to any person shall be passed under sub-section (1) unless such person has been given an opportunity of making his representation.
- (3) The Registrar or the Government, as the case may be, may <sup>1</sup>[suspend the decision or order] pending the exercise of his or their power under sub-section (1) in respect thereof.
- (4) The Registrar or the Government may award costs in proceedings under this section, to be paid either out of the funds of the society or by such party to the application for the revision as the Registrar or the Government may deem fit.

<sup>2</sup>**[Explanation:—** For the purposes of this section, the expression ‘Registrar’ means the Registrar of Co-operative Societies for the State appointed as such under sub-section (1) of Section 3.]

**78. Review:—**

- (1) The appellant or the applicant for revision or the respondent may apply for the review of any order passed under Section 76, or Section 77 on the basis of the discovery of new and important facts which, after the exercise of due diligence were not then within his knowledge or could not be produced by him when the order was made, or on the basis of some mistake or error apparent on the face of the record or for any other sufficient reason :

Provided that no application for review shall be preferred more than once in respect of the same order.

- (2) Every application for review shall be preferred <sup>3</sup>[to the authority which passed the order under Section 76 or Section 77] within such time and in such manner as may be prescribed.
- (3) The decision or order passed on the application in review shall be final.
- (4) The authority competent to pass orders on application for review may pass such interlocutory orders pending the decision on the application for review as that authority may deem fit.
- (5) The authority referred to in sub-section (4) may award costs in any proceedings for review to be paid either out of the funds of the society or by such party to the application for review as it may deem fit.

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1. Subs. by Act No. 21 of 1985, w.e.f. 22.4.1985.

2. Added by Act No. 22 of 2001, dt. 25.4.2001.

3. Inserted by Act No. 14 of 1966.

## CHAPTER XII

### Offences and Penalties

**<sup>1</sup>[79. Punishment for furnishing false return or information, failure to furnish information or failure to comply with directions/orders:-**

- (1) It shall be an offence under the Act, if-
- (a) the committee or an officer or member or an employee of the society thereof wilfully makes a false return or fails to file returns within the specified time or furnishes false information, or any person wilfully not furnishes any information lawfully required from him by a person authorised in behalf under the provisions of the Act ;]
- <sup>2</sup>[(aa) the committee, an officer, employee or any member of the society furnishes false information to gain admission or to continue as member of a society or to get elected to the managing committee or as an officer of the society or to continue as member of the Managing Committee or as an officer of the society]
- <sup>1</sup>[(b) any person wilfully or without any reasonable excuse disobeys any summons, requisition or other lawful written order issued under the provisions of this Act]
- (c) any person wilfully withholds or fails to furnish any information lawfully required from him by a person authorised in this behalf under the provisions of this Act
- (d) any person acts in contravention of <sup>3</sup>[Section 35 or Section 36 or sub-section (2) of Section 48 or sub-section (3) of Section 83-B].
- <sup>1</sup>[(e) any officer or custodian who wilfully fails to handover custody books, accounts, documents, records, cash ,securities and other properties belonging to a co-operative society of which he is an officer or custodian, to an authorized person; and ;]
- <sup>4</sup>[(f) an officer, or an employee of the society including the paid Secretary dishonestly or fraudulently mis-appropriates or otherwise converts for his own use or intentionally causes loss to the property of the society entrusted to him or under his control as such officer or employee or allows any other person so to do ;

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

2. Added by Act No. 28 of 1988, w.e.f. 9-5-1988.

3. Subs. by Act No. 15 of 1991.

4. Added by *Ibid*.

- (g) an officer, or an employee of the society is or proved to have been in possession of any property of the society reasonably suspected to have been stolen or unlawfully obtained ; or
- (h) any officer or employee abets any offence punishable under this Act whether or not that offence is committed in consequence of that abetment.]
- <sup>1</sup>[(i) any employer who, without sufficient cause, fails to pay to a cooperative society the amount deducted by him from its employee within a period of fourteen days from the date on which such deduction is made;
- (j) whoever, before, during or after the election of members of the board or officebearers, adopts any corrupt practice.
- (k) when a cooperative society or elected Board fails to produce necessary records and necessary information for conduct of Audit and get the approval of the audit accounts by the General body of the Society within six months.

Provided that the responsibility for the offence committed under sub-section 79 (1) (k) lies with the Chief Executive Officer of the society called by any designation and Managing Committee or Board present at the time of Audit and those belonging to the period for which the audit is being conducted.

Provided further that, the responsibility for the offence committed by the cooperative society under this section lies with the Chief Executive Officer of the society called by any designation.]

- <sup>2</sup>[(2) An offence under Clauses (a) to (c) of sub-section (1) shall be punishable with imprisonment for a term which may extend to six months and with fine which may extend to twenty thousand rupees.]
- <sup>3</sup>[(3) An offence in sub-section (1), under-
- <sup>2</sup>[(i) Clause (e) and (f), shall be punishable with imprisonment for a term which shall not be less than one year but which may extend to seven years ;
- (ii) Clause (g), shall be punishable with imprisonment for a term which may extend to five years ; and

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  3. Added by Act No. 15 of 1991.

- <sup>1</sup>[(iii) Clause (h) and (k) , shall be punishable with imprisonment for a term which shall not less than six months but which may extend to five years.
- (iv) Clause (j) shall be punishable with imprisonment for a term which shall not be less than two years but which may extend to seven years.]

<sup>2</sup>**79A. Punishment for corrupt practices:—**

- (1) Where any officer of a society or an employee or a paid servant or any member of such society,—
- (a) commits any irregularity in receipt or sanction of loans or in purchases or causes, deficit in stocks; or
- (b) accepts or obtains or agrees to accept or attempts to obtain from any person for himself or for any other person, any gratification whatever, other than legal remuneration as a motive or reward for doing or forbearing to do any official act or showing or forbearing to show, in the exercise of his official functions or duties favour or disfavour to any person or rendering or attempting to render any service or dis-service to any person; or
- (c) uses or allows the use of funds of the society otherwise than in accordance with the provisions of this Act, rules or the bye-laws of the society; or
- (d) signs in the minutes books of committee meetings of the society without actually attending such meetings; or
- (e) passes a meeting without proper quorum as valid, he shall be deemed to be guilty of a corrupt practice in relation to the society.

**Explanation:—** For the purposes of this section,—

- (i) ‘irregularity in receipt or sanction of loan includes
- (i) receipt of loan by or sanction of loan to any person who does not own or cultivate a land or the extent of land shown in the application for loan, where owning or cultivating land is a condition precedent for the sanction of loan; and
- (ii) fictitious loan;

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1. Clauses (iii) and (iv) subs. for clause (iii) by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

2. Inserted by Act No. 22 of 2001, dt. 25.4.2001.

- (ii) 'irregularity in purchases' includes purchases, made with the intention to gain wrongfully of,—
- (i) sub-standard or adulterated goods;
  - (ii) goods by paying higher price;
  - (iii) goods in excess of requirement.

<sup>1</sup>[(2) Every person guilty of a corrupt practice shall be punishable with imprisonment for a term which may extend upto one year or with fine which may extend to rupees fifty thousand or with both.]

**80. Prohibition of the use of the word 'co-operative' or its equivalent:-**

- (1) No person other than a society shall trade or carry on business under any name or title of which the word 'co-operative' or its equivalent in any Indian language forms part without the sanction of the Government :

Provided that nothing in this sub-section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the date on which the Co-operative Societies Act, 1912 and the Co-operative Credit Societies Act, 1323-F. came into operation.

- (2) Whoever contravenes the provisions of sub-section (1) shall be punishable with fine which may extend to two hundred rupees and in the case of a continuing offence with further fine of fifty rupees for each day on which the offence is continued after conviction thereof.

**81. Punishment for failure to give effect to decision or order:—**

The committee or any officer or an employee of a society who fails to give effect to, any decision or order under Section 62, or where an appeal against such decision or order has been filed to the order passed by the appropriate appellate authority, such decision or order not being a money decree, shall be punishable with fine which may extend to five hundred rupees.

**82. Punishment for offences not otherwise provided for:—**

Any society or any officer or member thereof or any other person contravening the provisions of this Act for which no punishment is expressly provided herein shall be punishable with fine which may extend to fifty rupees.

**<sup>2</sup>[83. Cognizance of offences:—**

- (1) No court inferior to that of a Magistrate of the first class or a Metropolitan Magistrate shall try any offence under this Act.
- (2) Every offence under this Act shall, for the purpose of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974), be deemed to be cognizable.

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1. Subs by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

2. Subs. by Act No. 22 of 2001, dt. 25.4.2001.



- (3) No prosecution shall be instituted under this Act without the previous sanction of the Registrar.]

83-A <sup>1</sup>[xxx]

**83-B. Presumption as to commission of offences in certain cases:—**

- (1) In the trial of offences by the <sup>2</sup>[xxx], Court it shall be presumed until the contrary is proved that any member, officer or employee of a society ;
- (a) who draws the amounts from the financing institutions and fails to properly disburse or account for it, has misappropriated the amounts ;
- (b) who is responsible for the custody of books and properties or who is in actual possession thereof, fails to produce the same on requisition by the Registrar or any person authorised by him, has wilfully withheld the same ;
- (c) who makes any false entries or manipulates or alters the account books of the society, has wilfully committed the said act in order to cause loss or damage to the society ;
- (d) who misuses the properties of the society in contravention of the provisions of the Act and the rules made thereunder or the bye-laws of the society has done so, for his personal benefit;
- (e) who executes any documents or enters into an agreement for sale or purchase of the land plots in contravention of the provisions of the registered bye-laws of the society, has done so for his personal benefit and in order to cause loss to the members of the society.
- (2) Any member, officer or employee of a society who issues any receipt shall be deemed to have issued the same in the name of the society and shall be responsible to account for the same.
- <sup>3</sup>[(3) Notwithstanding the criminal liability the member, officer or employee of a society shall be responsible to make good the loss caused to the society by committing such offences and the same shall be recovered as arrears of land revenue by the District Collector or the person authorised by him from the person responsible for causing such loss or his legal heirs or any person who has acquired the properties from such person or with the assistance of such person.]

**83-C. Presumption as to statements:—**

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1. Omitted by Act No. 22 of 2001, dt. 25.4.2001.
2. Omitted by Act No. 22 of 2001, dt. 25.4.2001.
3. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

Where any member, officer or employee of a society has made a statement during the Inquiry under Section 51 or inspection under Section 52 and the statement is recorded by the Registrar or the person authorised by the Registrar in exercise of their powers conferred on them under this Act, the Court shall presume that the statement was so recorded by the Registrar or the person authorised by him as a statement within the meaning of the Indian Evidence Act, 1872.]

### CHAPTER XIII

## <sup>1</sup>[Financing Banks/Primary Agricultural Co-op. Societies]

**84. Definitions:—** In this Chapter—

- <sup>2</sup>[(a) ‘Board’ means the Board of directors of The Telangana State Co-operative Apex Bank Limited (TESCAB); and includes a financing bank or any person authorised by it.]
- (b) <sup>3</sup>[xxx].
- (c) <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] means a co-operative society registered as such or deemed to be registered under this Act, (Act XLIV of 1961). <sup>4</sup>[xxx].
- (d) ‘Trustee’ means the Trustee referred to in Section 86.

**85. Application of chapter to <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society]:-** The provisions of this Chapter shall apply to the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] advancing loans for the purposes herein enumerated that is to say-

- (i) land improvement and productive purposes ;
- (ii) the erection, rebuilding or repairing of houses for agricultural purposes ;
- (iii) the purchase or acquisition of title to agricultural lands by tenants; or
- (iv) the liquidation of debts of agriculturists under the relevant law for the time being in force ;
- <sup>5</sup>[(v) the acquisition, construction, rebuilding or repairing of rural dwelling houses.]

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1. Subs. by Act No. 19 of 1976 and later by Act No. 1 of 1987.

2. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

3. Omitted by Act No. 14 of 1994, w.e.f. 30-4-1994.

4. Omitted by Act No. 1 of 1987.

5. Inserted by Act No. 8 of 1992.

**Explanation:-** Land improvement or productive purpose means any work, construction or activity which adds to the productivity of the land, in particular includes the following, that is to say-

- (a) construction and repair of wells (including the tube wells), tanks and other works for the storages, supply or distribution of water for the purpose of agriculture, or for the use of men and cattle employed in agriculture ;
- (b) renewal or reconstruction of any of the foregoing works, or alterations therein, or additions thereto ;
- (c) preparation of land for irrigation ;
- (d) drainage, reclamation from rivers or other waters, or protection from floods or from erosion or other damage by water, of land used for agricultural purposes ; or waste land which is cultivable,
- (e) bunding and similar improvements ;
- (f) reclamation, clearance and enclosure or permanent improvement of land for agricultural purposes ;
- (g) horticulture ;
- (h) purchase of oil-engines, pumping sets and electrical motors for any of the purposes mentioned herein ;
- (i) purchase of tractors or other agricultural machinery ;
- (j) increase of the productive capacity of land by addition to it of special variety of soil ;
- (k) construction of permanent farm houses, cattle sheds, and sheds for processing of agricultural produce at any stage ;
- (l) purchase of machinery for crushing sugarcane, manufacturing gur or khandasari or sugar ;
- (m) such other purposes as the Government may specify from time to time, by notification in the Telangana Gazette.

**86. Appointment of Trustee and his Powers and functions:—**

- <sup>1</sup>[(1) The Registrar, or where the Government appoint any other person in this behalf, such person, shall be the Trustee for the purpose of securing the fulfilment of the obligation of the Telangana State Co-operative Apex Bank Limited (TESCAB); to the holders of debentures issued by the Board.]

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (2) The powers and functions of the trustee shall be governed by the provisions of this Act and by the instrument of trust executed between the <sup>1</sup>[<sup>2</sup>Telangana] State Co-operative Bank Limited ]and the Trustee as modified, from time to time, by mutual agreement between the Board and the Trustee.

**87. Trustee to be a corporation sole:—**

The trustee shall be a corporation sole by the name of the Trustee for the debentures, and as such shall have perpetual succession and a common seal and in his corporate name shall sue and be sued.

**88. Issue of debentures by the Board:—**

<sup>3</sup>[(1) With the previous sanction of the trustee, and the Government and subject to such terms and conditions as the Government may impose, the Board may, from time to time, issue debentures of such denominations for such periods as it may deem expedient, on the security of the mortgages held or mortgages partly held and partly to be acquired and other assets transferred or deemed to have been transferred under the provisions of Section 94, by the Primary Agricultural Co-operative Societies to the financing bank and by the financing bank to the Telangana State Co-operative Apex Bank Limited (TESCAB); shall be substituted, and other properties of such Bank.]

- (2) Such debentures may contain a term fixing a period not exceeding ten years from the date of issue during which they shall be irredeemable, reserving to the Board the right to call in at any time any of the debentures in advance of the date fixed for redemption, after giving to the debenture-holder concerned not less than three months' notice in writing.
- (3) The total amount due on the debentures already issued and outstanding together with that proposed to be issued shall not exceed the aggregate of—
- (a) the amounts due on the mortgages and the value of the other assets transferred or deemed to have been transferred under the provisions of Section 94 to the <sup>2</sup>[Telangana] State Co-operative Bank Limited and subsisting at such time ;
  - (b) the accumulations in the sinking funds ;
  - (c) the cash on hand and balances with banks and the body value or market value of securities under general funds, whichever is less.

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1. Subs. by Act No. 14 of 1994, w.e.f. 30-4-1994.

2. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

3. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

**89. Charges of debenture-holders on certain properties:—**

The holders of the debentures shall have a floating charge on—

- (a) all such mortgages and assets as are referred to in Clause (a) of sub-section (3) of Section 88 ;
- (b) the amount paid under such mortgages and remaining in the hands of the Board or of the Trustee ; and
- <sup>1</sup>[(c) the other properties of the Telangana State Co-operative Apex Bank Limited (TSCAB).]

**90. Guarantee by Government of principal of, and interest on, debentures:—**

- (1) The principal of, and interest on, the debentures issued under the Andhra Pradesh (Andhra Area) Co-operative Land Mortgage Banks Act, 1934 and those issued under Sec. 88 shall, in respect of such maximum amount as may be fixed by the Government and subject to such conditions as they may think fit to impose, carry the guarantee of the Government;
- (2) The Government may, subject to the provisions of any Act in that regard, increase the maximum amount of any guarantee under sub-section (1).
- (3) The Government may, after consulting the Board and the Trustee,—

(a) by notification in the <sup>2</sup>[Telangana] Gazette ; and

(b) by notice of not less than fourteen days in such of the important news papers in the State and of other States in India as a Government may select in this behalf,

withdraw any guarantee given by them or restrict the maximum amount thereof or modify the conditions, subject to which it was given with effect from a specified date, not being earlier than six months from the date of the publication of the notification referred to in Clause (a):

Provided that the withdrawal, restriction or modification of any guarantee under this sub-section, shall not in any way affect the guarantee carried by any debentures issued under the Andhra Pradesh (Andhra Area) Co-operative Land Mortgage Banks Act, 1934 or under this Act prior to the date on which such withdrawal, restriction or modification, takes effect.

- (4) Every notification and notice referred to in sub-section (3), shall where the maximum amount of the guarantee is to be restricted, or the conditions subject

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

2. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

to which the guarantee was given are to be modified, set forth precisely the scope and effect to the restriction or modification, as the case may be.

**91. Other guarantee by Government:—**

Where a <sup>1</sup>[<sup>2</sup>[Telangana ]State Co-operative Bank Limited] or <sup>3</sup>[Financing Bank/ Primary Agricultural Co-operative Society] has given a loan to a member for the development of any land in excess of the amount of the loan to which such member would be entitled on the basis of the value of the land as determined in accordance with the principles of valuation approved by the Government, the Government may guarantee for a specified amount the repayment of the loan to the extent of the excess.

**92. Priority mortgage over certain claims:—**

The <sup>4</sup>[mortgage created in favour of ] <sup>3</sup>[Financing Bank/Primary Agricultural Co-operative Society] shall have priority over any claim of the Government arising from a loan under the Land Improvement Loans Act, 1883 granted subsequent to the <sup>4</sup>[creation of the mortgage].

**93. Right of <sup>3</sup>[Financing Bank/Primary Agricultural Co-operative Society ] or of the <sup>1</sup>[<sup>2</sup>[Telangana] State Co-operative Bank Limited] to purchase mortgaged property:—**

- (1) Notwithstanding anything in any other law for the time being in force, it shall be lawful for <sup>3</sup>[Financing Bank/Primary Agricultural Co-operative Society] or the <sup>1</sup>[<sup>2</sup>[Telagnana] State Co-operative Bank Limited] to purchase any mortgaged property sold under this Chapter, and the property so purchased shall be disposed of by such bank by sale within such period as may be fixed by the Trustee.
- (2) Nothing in the <sup>1</sup>[Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act, 1973] fixing a maximum limit of agricultural holding shall apply to the acquisition of land by <sup>3</sup>[Financing Bank/ Primary Agricultural Co-operative Society] or the <sup>1</sup>[<sup>2</sup>[elangana] State Co-operative Bank Limited] under sub-section (1).

**94. <sup>4</sup>[Mortgages created in favourof] <sup>3</sup>[Financing Bank/Primary Agricultural Co-operative Society] to stand vested in <sup>1</sup>[<sup>2</sup>[Telangana] Co-operative Bank Limited]:—**

The <sup>4</sup>[mortgages created in favour of], and all other assets transferred to, <sup>3</sup>[Financing Bank/ Primary Agricultural Co-operative Society] by the members thereof shall, with effect from <sup>4</sup>[the date of such creation] or transfer, be deemed

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1. Subs. by Act No. 14 of 1994, w.e.f. 30-4-1994.
  2. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  3. Subs. by Act No. 1 of 1987.
  4. Subs. by Act No. 2 of 1999.

to have been transferred by such <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] to the <sup>2</sup><sup>3</sup>[Telangana State Co-operative Bank Limited] and shall vest in the Trustee.

**95. Power of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] to receive moneys and grant discharges:—**

Notwithstanding that <sup>4</sup>[a mortgage created in favour of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] has been transferred, or is deemed under the provisions of Section 94 to have been transferred to the <sup>2</sup><sup>3</sup>[Telangana State Co-operative Bank Limited] -

- (a) all money due under the mortgage shall, in the absence of any specific direction to the contrary issued by the Board or Trustee and communicated to the mortgagor, be payable to the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] and such payment shall be as valid as if the mortgage has not been so transferred ; and
- (b) the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] shall, in the absence of any specific direction to the contrary issued the Board of Trustees and communicated to the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] be entitled to sue on the mortgage or take any other proceeding for the recovery of the moneys due under the mortgage.

**96. Right of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] to pay prior debts of mortgagor:—**

- (1) <sup>4</sup>[Where a mortgage is created in favour of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] for payment of prior of the debts of the mortgagor; the bank may, notwithstanding anything in the Transfer of Property Act, 1882, by notice in writing, require any person to whom any such debt is due, to receive payment of such debt or part thereof from the bank at its registered office within such period as may be specified in the notice.
- (2) Where any such person fails to receive such notice or such payment, such debt or part thereof, as the case may be, shall cease to carry interest from the expiration of the period specified in the notice:

Provided that where there is a dispute as regards the amount of any such debt, the person whom such debt is due shall be bound to receive payment of the amount offered by the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] towards the debt but such receipt shall not prejudice the right, if any, of such person, to recover the balance claimed by him.

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1. Subs. by Act No. 1 of 1987.
  2. Subs. by Act No. 14 of 1994, w.e.f. 30-4-1994.
  3. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  4. Subs. by Act No. 2 of 1999.

**97. Power of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] to advance loans and to hold lands:—**

Subject to the provisions of this Act and in accordance with the rules made thereunder, it shall be competent for <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] to advance loans for the purposes referred to in Section 85 and to hold lands the possession of which is transferred to it under the provisions of this Chapter.

**98. Mode of dealing with applications for loans:—**

(1) When an application for a loan is made for any of the purposes mentioned in Section 85, a public notice shall be given of the application in such manner as may be prescribed calling upon all persons interested to make their objections to the loan if any before the date specified therein. The person by whom such public notice shall be given and the manner in which the objections shall be disposed of by him, shall be such as may be prescribed.

(2) The prescribed person shall consider every objection made under sub-section (1) and pass an order in writing either upholding or overruling it. When the objection is overruled, he shall recommend the application to the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] for its consideration :

Provided that when the question raised by an objection is in the opinion of such person one of such a nature that it cannot be satisfactorily decided except by a Civil Court, he shall postpone the proceedings on the application until the question has been so decided.

(3) A notice under sub-section (1), published in the manner prescribed, shall, for the purpose of this Act be deemed to be proper notice to all persons having or claiming interest in the land to be improved, or offered as security for the loan.

(4) Where an application is recommended under sub-section (2), the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society ] shall, in accordance with the rules made in this behalf, consider such application for the purposes of making the loan.

**99. Order granting loan conclusive of certain matters:—**

A written order by the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society], or persons or committees authorised by this Act or under the bye-laws of the bank to make loans for all or any of the purposes specified in Sec. 85 granting, either before or after the commencement of this Act, a loan to or with the consent of a person mentioned therein, for the purpose of carrying out the

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1. Subs. by Act No. 1 of 1987.



work specified therein, for the benefit of the land or for the productive purpose specified therein, shall, for the purposes of this Act be conclusive of the following matters, namely:—

- (a) that the work described or the purpose for which the loan is granted, is an improvement or productive purpose, as the case may be, within the meaning of Section 85 ;
- (b) that the person had at the date of the order a right to make such an improvement, or incur expenditure for productive purpose as the case may be ; and
- (c) that the improvement is one benefitting the land specified and productive purpose concerns the land offered as security, or an any part thereof as may be relevant.

**100. Recovery of loans by <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society]:—** Any loan granted by <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society], including any interest chargeable thereon, and costs, if any, incurred in connection therewith, shall, when they become due, be recoverable by the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society].

**101. Recovery of loans on certificate by Registrar:—**

- (1) Notwithstanding anything in this Act, on an application made by <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society ]for the recovery of arrears of any sum advanced by it to any of its members and on its furnishing a statement of accounts in respect of the arrears, the Registrar may, after making such enquiries as he deems fit, grant a certificate for the recovery of the amount stated therein to be due as arrears.
- (2) A certificate by the Registrar under sub-section (1) shall be final and conclusive as to the arrears due. The arrears stated to be due therein shall be recoverable by the Collector in the same manner as arrears of land revenue.
- (3) It shall be lawful to the Collector to take any precautionary measure until the arrears due to the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] together with interest and any incidental charges incurred in the recovery of such arrears, are paid or security of such arrears is furnished to the satisfaction of the Registrar.
- (4) It shall be competent for the Registrar or a person authorised by him to direct conditional attachment of the property of the mortgagor until the arrears due to the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] together with interest and any incidental charges incurred in the recovery of such arrears, are paid or security for payment of such arrears is furnished to the satisfaction of

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1. Subs. by Act No. 1 of 1987.

the Registrar and the provisions of Section 73 shall apply mutatis mutandis to conditional attachment of any property made or to be made under this section.

**102. Collector to make recoveries during a certain period:—**

- (1) During such period as the Government, may by general or special order notify in the <sup>1</sup>[Telangana] Gazette, it shall be competent for the Collector, on application being made to him in that behalf by <sup>2</sup>[Financing Bank/Primary Agricultural Co-operative Society] to recover sums due to the bank, including for cost of such recovery.
- (2) Any sum due to <sup>2</sup>[Financing Bank/Primary Agricultural Co-operative Society] shall be recoverable by the Collector, or any officer specially authorised by the Collector, in his behalf, in all or any of the following modes, namely:
  - (a) from the borrower—as if they were arrears of land revenue due by him ;
  - (b) out of the land for the benefit of which the loan has been granted-as if they were arrears of land revenue due in respect of that land
  - (c) from a surety, if any, as if they were arrears of land revenue due by him;
  - (d) out of the property comprised in the collateral security, if any according to the procedure for the realisation of land revenue by the sale of immovable property other than the land on which the revenue is due.

**103. Distraint and sale:—**

- (1) If any instalment payable under a <sup>3</sup>[mortgage created in favour of ]<sup>2</sup>[Financing Bank/Primary Agricultural Co-operative Society] or any part of such instalment has remained unpaid for more than one month from the date on which it fell due, the committee, may in addition to any other remedy available to the Bank apply to the Registrar or such other person on whom the power of the Registrar to recover any amount due by attachment and sale of property has been conferred by the Government under Section 3 for the recovery of such instalment or part thereof by distraint and sale of the produce of the mortgaged land including the standing crops thereon and any other movable property of the defaulter. On receipt of such application, the Registrar or such other person may notwithstanding anything in the Transfer of Property Act, 1882, direct distraint and sale of such produce and if necessary, also of such other movable property of the defaulter :

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1. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Subs. by Act No. 1 of 1987.
  3. Subs. by Act No. 2 of 1999.

Provided that such implements of husbandry and such cattle of the defaulter as may in the opinion of the Registrar or such other person, be necessary to enable the defaulter to earn his livelihood as an agriculturist shall not be liable for such distraint and sale:

Provided further that no such distraint shall be made after the expiration of <sup>1</sup>[twenty four months] from the date on which the instalment fell due.

- (2) The value of the property distrained shall be, as far as may be, equal to the amount due and the expenses of the distraint and the costs of the sale.

**104. Power of sale when to be exercised:—**

- (1) Notwithstanding anything in the Transfer of Property Act, 1882, <sup>2</sup>[the Committee of the Financing Bank or any person authorised by the Primary Agricultural Co-operative Society] in this behalf shall, in case of default of payment of mortgage money due, have power, in addition to any other remedy available to the bank, to bring the mortgaged property to sale without the intervention of the Court :
- (2) No such power shall be exercised unless and until,—
- (a) the Board has previously authorised the exercise of the powers conferred by sub-section (1) after considering the representations, if any, of the mortgagor ;
- (b) registered notice requiring payment of such mortgage money or part has been served upon—
- (i) the mortgagor ;
- (ii) any person who has any interest in or charge upon the property mortgaged or in or upon the right to redeem the same ;
- (iii) any surety for the payment of mortgage debt or any part thereof; and
- (iv) any creditor of the mortgagor who has in a suit for the administration of his estate obtained a decree for sale of the mortgaged property ; and
- (c) default has been made in payment of such mortgage money due for three months after such service.

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1. Subs. by Act No. 19 of 1976.

2. Subs. by Act No. 2 of 1999.

**105. Powers of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] where mortgaged property is destroyed or security becomes insufficient:-**

Where any property mortgaged to <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] is wholly or partially destroyed or the security is rendered insufficient and the mortgagor, having been given an opportunity by the committee of the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] of providing further security enough to make the whole security sufficient or of repaying such portion of the loan as may be determined by the committee, has failed to provide such security or to repay such portion of the loan, the whole of the loan shall be deemed to fall due at once and the committee shall be entitled to take action against the mortgagor under Section 103 or Section 104 for the recovery thereof.

**Explanation:—** For the purposes of this section, security is deemed to be insufficient unless the value of the mortgaged property exceeds the amount for the time being due on the mortgage by such proportion as may be specified in the bye-laws of the <sup>1</sup>[Financing Bank/ Primary Agricultural Co-operative Society.]

**106. Power of Board or Trustee to distraint and sell all property, etc.:—**

- (1) The Board or the Trustee may direct the committee of <sup>1</sup>[Financing Bank/ Primary Agricultural Co-operative Society] to take action against a defaulter under Section 103, Section 104 or Section 105 and if the committee neglects or fails to do so, the Board or the Trustee may take such action.
- (2)(a) where such action is taken by the Board, the provisions of this Chapter and of any rules and regulations made in this behalf shall apply as if all references to the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] and to its committee in the said provisions were references to the <sup>2</sup><sup>3</sup>[Telangana] [State Co-operative Bank Limited] and the Board respectively,
- (b) Where such action is taken by the Trustee the provisions of this Chapter and of any rules and regulations made in this behalf shall apply as if all references to the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] or to its committee in the said provisions were references to the Trustee.

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1. Subs. by Act No. 1 of 1987.

2. Subs. by Act No. 14 of 1994, w.e.f. 30-4-1994.

3. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

**107. Title of purchaser not to be questioned on ground of irregularity, etc.:—**

Whereas any property is sold in the exercise or purported exercise of a power of a sale under Section 104, the title of the purchaser shall not be questioned on the ground that—

- (a) the circumstances required for authorising the sale had not arisen, or
- (b) due notice of the sale was not given, or
- (c) the power of sale was otherwise improperly or irregularly exercised ; but any person who has suffered any damage by an unauthorised, improper or irregular exercise of any such power is entitled to have a remedy in damages against the <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society].

**108. Mortgage not to be questioned on insolvency of mortgagor:—**

Notwithstanding anything in any law relating to insolvency, <sup>2</sup>[a mortgage created in favour of] <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society], shall not be called in question on the ground that <sup>2</sup>[it was created] in good faith for valuable consideration or on the ground that <sup>2</sup>[it was created] in order to give the <sup>1</sup>[Financing Bank/ Primary Agricultural Co-operative Society] , a preference over the other creditors of the mortgagor.

**109. Appointment of receiver and his powers:—**

- (1) The Board may, on the application of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] and under circumstances in which the power of sale conferred by Section 104 may be exercised, appoint in writing a receiver of the produce and income of the mortgaged property or any part thereof and such receiver shall be entitled either to take possession of the property or collect its produce and income, as the case may be, to retain out of any money realised by him, his expenses of management including his remuneration, if any, fixed by the Board and to apply the balance in accordance with provisions of sub-section (8) of Section 69-A of the Transfer of Property Act, 1882.
- (2) The Board may, for sufficient cause, remove such receiver on an application made by the mortgagor and fill a vacancy in the office of the receiver.

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1. Subs. by Act No. 1 of 1987.

2. Subs. by Act No. 2 of 1999.

- (3) Nothing in this section shall empower the Board to appoint a receiver where the mortgaged property is already in the possession of a receiver appointed by a competent Court.

**110. Mortgagor's power to lease:—**

Notwithstanding anything in the Transfer of Property Act, 1882, or any other law for the time being in force, a mortgagor shall not grant a lease of the mortgaged property for a period exceeding six years and any lease granted in contravention thereof shall be void.

**111. Registration of documents executed on behalf of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] or of the <sup>2</sup>[Telangana State Co-operative Bank Limited]:—**

- (1) Notwithstanding anything in the Indian Registration Act, 1908, it shall not be necessary for any officer of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] or of the <sup>2</sup>[<sup>3</sup>[Telagnana] State Co-operative Bank Limited] to appear in person or by agent at any registration office in any proceedings connected with the registration of any instrument executed by him in his official capacity or to sign as provided in Section 58 of that Act.
- (2) Where any instrument is so executed, the registering officer to whom such instrument is presented for registration may, if he thinks fit, refer to such officer for information in regard thereto, and on being satisfied of the execution thereof shall register the instrument.
- (3) Notwithstanding anything in the Indian Registration Act, 1908, it shall not be necessary to register mortgages executed in favour of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] or of the <sup>2</sup>[<sup>3</sup>[Telagnana] State Co-operative Bank Limited], where the bank concerned sends, within such time and in such manner as may be prescribed, a copy of the instrument, requiring registration to the registering officer having jurisdiction who shall file such copy in the book maintained under Section 51 of that Act.

**112. Delegation of certain powers by Board:—**

The Board may, if it thinks fit, delegate all or any of its powers under Sections 104, 106 and 109 to an executive committee consisting of two or more of its members, constituted by it.

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1. Subs. by Act No. 1 of 1987.
  2. Subs. by Act No. 14 of 1994, w.e.f. 30-4-1994.
  3. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

**113. Sections 102,103 and 104 of the Transfer of Property Act, 1882, to apply to notices under this Chapter:—**

The provisions of Sections 102 and 103 of the Transfer of Property Act, 1882, and of any rule made by the High Court under Section 104, of that Act for carrying out the purposes of the said sections, shall apply so far as may be, in respect of all notices to be served under this Chapter.

**114. <sup>1</sup>[Mortgages created] by manager of Joint Hindu Family:—**

- (1) <sup>1</sup>[A mortgage created] in favour of <sup>2</sup>[Financing Bank/Primary Agricultural Co-operative Society] either before or after commencement of this Act, by the manager of a Joint Hindu Family, shall notwithstanding any law to the contrary, be binding on the members thereof, whether majors or minors, if the loan secured by the mortgage was granted for the purchase of any land or the improvement of any agricultural land or for the improved cultivation of such land.
- (2) Where such mortgage is called in question on the ground that <sup>1</sup>[it was created] by the manager of a Joint Hindu Family, for a purpose not binding on the members thereof, whether majors or minors, the burden of proving the same shall, notwithstanding any law to the contrary, be on the party raising it.

**114-A & 114-B. <sup>3</sup>[x x x ]**

**115. Power of the Board to supervise and make regulation:—**

Subject to the provisions of this Act, the Board shall have such power of supervision over the <sup>2</sup>[Financing Bank/Primary Agricultural Co-operative Society] including powers of appointment, transfer and disciplinary action, in respect of the employees of the <sup>2</sup>[Financing Bank/ Primary Agricultural Co-operative Society] <sup>4</sup>[x x x] and may, with the previous approval of the Registrar, make such regulation as may be necessary for carrying out all or any of the purposes of this Chapter.

**<sup>5</sup>[CHAPTER XIII-A**

**Eligible Co-operative Banks**

**115-A. Definitions:—** In this Chapter—

- (a) “The said Act’ means the Deposit Insurance Corporation Act, 1961 (Central Act 47 of 1961) ;

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1. Subs. by Act No. 2 of 1999.
  2. Subs. by Act No. 1 of 1987.
  3. Omitted by Act No. 1 of 1987.
  4. Omitted by Act No. 21 of 1985, w.e.f. 22-4-1985.
  5. Inserted by Act No. 10 of 1970.

- (b) 'eligible Co-operative Bank' means a co-operative bank as defined in clause (gg) of Section 2 of the said Act ;
- (c) 'Corporation' means the Deposit Insurance Corporation established under Section 3 of the said Act ;
- (d) 'Reserve Bank' means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (Central Act 2 of 1934) ;
- (e) all other expressions used in this Chapter but not defined shall have the meaning respectively assigned to them in the said Act.

**115-B.Special provisions applicable to eligible Co-operative Banks:—**

Notwithstanding anything in this Act, the following provisions shall apply to an eligible co-operative bank, namely:—

- (i) an order for the winding up, or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction, of the bank may be made under the provisions of this Act only with the previous sanction in writing of the Reserve Bank ;
- (ii) an order of the winding up of the bank shall be made under the provisions of this Act, if so required by the Reserve Bank in the circumstances referred to in Section 13-D of the said Act ;
- <sup>1</sup>[(iii) if so required by the Reserve Bank on any of the grounds under section 34(1)(b) of this Act, an order shall be made under the provisions of this Act for the supersession of the committee of management or other managing body (by whatever name called) of the bank and the appointment of official Administrator(s) therefor for a period specified by the Reserve Bank that does not exceed one year.

Provided that an ex-Director on the Board of any Urban Cooperative Bank, whose Board was suspended/superseded on the grounds of financial irregularities shall be disqualified from contesting election or co-option to the Board of Directors of any other Urban Cooperative Bank for a period of five years.

- (iv) an order for the winding up of the bank or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction or an order for the supersession of the committee of management or other managing body (by whatever name called) of the bank and the appointment of Administrator(s)

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.



thereof made with the previous sanction in writing or on the requisition of the Reserve Bank shall not be liable to be called in question in any manner ; and]

- (v) the liquidator or the insured bank or the transferee bank, as the case may be, shall be under an obligation to repay the corporation in the circumstances to the extent and in the manner referred to in Section 21 of the Act.]

<sup>1</sup>[(vi) At least 50% of the total value of the deposits of the Bank shall be held by members of the society (Bank) having voting rights.

<sup>2</sup>[(vii) no member of a board of eligible Coop. Bank shall be eligible to be elected as its chairperson or president after he has held the office as such during two consecutive terms, whether full or part.]

(viii) notwithstanding anything contained in any other provisions under this Act, the individual share holding of a member of eligible Cooperative Bank should not exceed 5% of the total paid-up share capital of the eligible Cooperative Bank.]

### <sup>3</sup>CHAPTER XIII-B

#### **Special Provisions Applicable to Co-operative Credit Societies Identified under Revival Package.**

**115-C. Definitions :-** In this Chapter unless the context otherwise requires, -

- (a) ‘Co-operative Credit Society’ means the <sup>4</sup>[Telangana] State Cooperative Bank (TSCAB), the District Cooperative Central Bank (DCCB) and the Primary Agricultural Co-operative Credit Society (PACS). A Primary Agricultural Co-operative Credit Society includes Farmers Service Co-operative Society (FSCS), Co-operative Rural Bank (CRD), Large Seized Co-operative Society (LSCS) or any other Co-operative Credit Society Primarily dealing with agricultre credit at primary level included under the Revival Package and other similar relief measures offered by the Government of India from time to time.
- (b) “NABARD” means the National Bank for Agriculture and Rural Development established under the National Bank for Agriculture and Rural Development Act, 1981 (Central Act 61 of 1981).

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1. Clauses (vi) to (viii) Added by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Remodified by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  3. New Chapter XIII-B Ins. by Act No. 16 of 2007.
  4. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (c) “Scheduled Area” means such areas as the President may by order declare to be Scheduled Area (under Fifth Schedule to Article 244(1) of the Constitution of India).
- (d) All other expression used in this Chapter but not defined shall have the same meaning respectively assigned to them in Section 2 of the Act, and the rules made thereunder.

**115-D. Special provisions applicable to Co-operative Credit Societies :-**

Notwithstanding anything contained in the Act, the following provisions shall apply to the Co-operative Credit Societies, namely :-

- (1) (a) An associate member who is an individual or a group depositor holding a minimum deposit of Rs. 5,000/- (Rupees five thousand only) in normal areas and Rs. 2,500/- (Rupees two thousand and five hundred only) in scheduled areas or a higher sum as may be prescribed, for a continuous period of minimum two years preceding the date of notification of election in a Primary Agriculture Co-operative Credit Society shall have full voting rights.
- (b) A group borrower, which is an associate member and availed a minimum loan of Rs. 10,000/- (Rupees ten thousand only) or higher amount of loan as may be prescribed for at least 6 (six) months preceding the date of notification of elections in a Primary Agricultural Co-operative Credit Society shall have full voting rights.
- (c) Every group borrower or a group depositor which is an associate member as described under Section 20 shall be entitled to vote through one delegate nominated by the group.
- (2) The Co-operative Credit Society shall have autonomy in all financial and internal administrative matters, subject to the guidelines of Reserve Bank of India/ National Bank of Agriculture and Rural Development in the following areas:-
  - (i) Interest rates on deposits and loans,
  - (ii) Borrowing and investments,
  - (iii) Loan policies and individual loan decisions
  - (iv) Personnel policy, staffing, recruitment, posting and compensation to staff, and
  - (v) Internal control systems, appointment of Auditors and compensation for the audit.
- (3) (a) The State Government’s equity in a Co-operative Credit Society shall not exceed 25% of the paid up share capital. The State Co-operative Credit Society may reduce the State equity further at its choice.

- (b) There shall be only one Government nominee on the Managing Committee of the <sup>1</sup>[Telangana] State Co-operative Bank/District Co-operative Central Bank as long as the equity of Government continues and there shall be no Government nominee on the Managing Committee of a Primary Agricultural Co-operative Credit Society
- Provided that existing nominee(s) on the Managing Committee shall continue till the expiry of the current term. However, they shall not have any voting right in any election or in the motion of no confidence.
- (4) (I) Any Co-operative Society registered under the provision of the Act and wishing to convert itself into a Co-operative Society under the provisions of the Telangana Mutually Aided Co-operative Societies Act, 1995 may do so subject to the provisions of the said Act, 1995.
- (II) A Co-operative Society registered under the Andhra Pradesh Mutually Aided Co-operative Societies Act, 1995 and intending to convert itself into a Co-operative Society under this Act may do so following the procedure given below :-
- (a) It shall frame bye-laws in accordance with the provisions of this Act.
- (b) An application for registration shall be submitted to the Registrar by hand or registered post.
- (c) Every such application shall be accompanied by, -
- (i) the original and one copy of the bye-laws of the proposed Co-operative Society as adopted by the General Body of the Co-operative Society Registered under the <sup>1</sup>[Telangana] Mutually Aided Co-operative Societies Act, 1995 which intends to convert itself into a Co-operative Society under this Act.
- (ii) a true copy of the minutes of the General Body Meeting at which the proposed bye-laws were adopted, attested by a majority of the members of the Committee of the Co-operative Society concerned; and
- (iii) registration fee amounting to one per cent of the total authorized share capital by whatever name called subject to a minimum of Rs. 1,000/- (Rupees one thousand only) and a maximum of Rs. 10,000/- (Rupees ten thousand only.)
- (III) The Registrar, shall, if he is satisfied that ; -

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1. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (a) the application is in conformity with the requirements of the Act;
  - (b) the proposed bye-laws are not contrary to the provisions of the Act; and
  - (c) the name of the proposed Co-operative Society is not the same as that of a Co-operative Society already registered under the Act, register the Co-operative Society and also its bye-laws and communicate by registered postal certificate of registration and the original of the registered bye-laws signed and sealed by him within a period of thirty days from the date of receipt of application from the applicant society.
  - (d) upon such registration, the registration made under the <sup>2</sup>[Telangana] Mutually Aided Co-operative Societies Act, 1995, shall stand cancelled.
- <sup>1</sup>(iv) If the Registrar is satisfied that the requirements laid down in clause (III) are not fulfilled, he shall communicate by registered post, the order of refusal together with the reasons, within thirty days from the date of receipt of application to the applicant society :
- Provided that the elected management in office at the time of registration by conversion under the Act, shall be deemed to remain in office for the balance of the period of the term for which they have been elected under the law in force at that time.]
- (5) A Co-operative Credit Society registered under the <sup>2</sup>[Telangana] Mutually Aided Co-operative Societies Act, 1995 may become a member of a federal society registered under the Act. Similarly a Co-operative Credit Society registered under this Act may become a member of a federal society registered under the <sup>2</sup>[Telangana] Mutually Aided Co-operative Societies Act, 1995.
  - (6) A Co-operative Credit Society may affiliate or disaffiliate with a federal society at its choice.
  - (7) A Co-operative Credit Society shall have the freedom of entry and exit at any tier and there shall be no mandatory restrictions of geographical boundaries for its operation.
  - (8) A Co-operative Credit Society may invest or deposit its funds in any financial institution regulated by Reserve Bank of India of its choice with a minimum net worth and any other criteria as may be prescribed by NABARD from time to time and not necessarily in the federal society to which it is affiliated.

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Subs. for "Andhra Pradesh" by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (9) A Co-operative Credit Society may obtain loan from any financial institution regulated by Reserve Bank of India and refinance from NABARD or any other refinancing agency directly or through an RBI regulated financial institution of its choice and not necessarily from the federal society to which it is affiliated.
- (10) The Registrar shall frame guidelines for payment of dividend by a PACS in consultation with NABARD.
- <sup>1</sup>[(11) [There shall be no compulsion on contribution to any fund other than Cooperative Education fund provided under this Act and those required for improving the net worth/owned funds of a Cooperative Credit Society].
- (12) (a) A member of a Managing Committee representing a Co-operative Credit Society on the Managing Committee of APCOB/DCCB shall be disqualified by the Registrar in the event of such society committing a default for a period exceeding one year on intimation of such default by the Chief Executive of the bank concerned.
- (b) A member of a Managing Committee representing a society other than PACS on the Managing Committee of APCOB/DCCB shall be disqualified by the Registrar in the event of such society committing a default for a period exceeding 90 (ninety) days on intimation of such default by the Chief Executive of the bank concerned.
- (13) A defaulting member shall not be eligible to be elected to the Managing Committee of a Co-operative Credit Society and a defaulting office bearer of a PACS shall not continue on such Managing Committee for more than one year unless the default is cleared.
- <sup>1</sup>[(14) The Registrar shall ensure that the regulatory prescriptions of the RBI in case of APCOB/DCCB including their winding up or supersession of their Managing Committee are implemented and the Liquidator/Administrator(s), as the case may be, is appointed within one month of being so advised by RBI.]
- (15)(a) The supersession of the Managing Committee of APCOB/DCCB under Section 34 of the Act shall be done only in consultation with the RBI.
- (b) <sup>2</sup>[xxx]

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1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

2. Omitted by Ibid.

(16)(a) <sup>1</sup>[xxx]

<sup>2</sup>[(b) A member of the Managing Committee of a PACS which has been superseded due to a reason mentioned in Section 34 (1) (b) (i), (ii), (iii) shall not be entitled to contest again to any Cooperative Society for a period of five years after supersession.]

(17) The bye-laws of the Co-operative Credit Society shall be registered by the Registrar within 30 (thirty) days from the date of receipt of application:

Provided that if the Registrar is satisfied that the proposed bye-laws are contrary to the provisions of the Act and the rules made thereunder, he shall reject the same duly recording his reasons thereon within 30(thirty) days from the date of the receipt of application.

(18) The prudential norms including Capital to Risk Weighted Assets Ratio (CRAR) shall be prescribed by the Registrar for all the PACS in consultation with NABARD.

(19) The Directors/Chief Executive Officers of APCOB and a DCCB who do not fulfil the fit and proper criteria stipulated by RBI shall be removed by the Registrar/ Appointing Authority at the request of NABARD/RBI.

<sup>2</sup>[(20) There shall be co-option, of not more than two professionals on the Managing Committee of the APCOB/DCCB as per the provisions of Section 31(1)(e) of this Act, and in case, such professionals as stipulated by the RBI do not get elected to the Committee.]

(21) The APCOB/DCCB shall cause audit of its accounts by a Chartered Accountant selected from a panel approved by NABARD.

(22) The Registrar shall arrange conduct of Special Audit of APCOB/DCCB if requested by RBI and also arrange to furnish the report to RBI within the time stipulated.

(23) The Registrar shall de-register a PACS which is using the words “Bank”, “Banking”, “Banker” or any other derivative of the words “Bank” in its registered name.

(24) The existing provisions of the Act, Rules and guidelines shall continue to be in force till the guidelines/stipulations are issued by RBI/NABARD where required in the above provisions.

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1. Omitted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

## CHAPTER XIV

### Miscellaneous

#### 116. Powers of Registrar to appoint supervisory staff:—

The Registrar may, by general or special order, appoint any person to exercise supervision over, and to assist in the working of any society or class of societies subject to such terms and conditions as may be prescribed. The person so appointed shall exercise such powers as may be prescribed and shall at all reasonable times, have free access to the books, accounts, documents, securities, records, cash and other properties belonging to, or in the custody of, the society and may also call for such information, statements and returns as may be necessary for the purpose.

#### <sup>1</sup>[116-A. Constitution of common cadre of Employees for certain Societies:—

- (1) Notwithstanding anything in this Act, the Registrar shall have power to constitute a common cadre for the following posts, namely:—
  - (a) Co-operative Banks:—
    - (i) General Managers of Co-operative Central Banks and Deputy General Managers of Apex Bank,
    - (ii) Deputy Managers of Co-operative Central Banks and Assistant General Managers of TESCAB.
  - (b) <sup>2</sup>[Telangana] Co-operative Dairy Development Federation:—
    - (i) Executive Director, Director (Operation), Director (Planning and Development), Director (Civil), Director (Finance and Accounts) :
    - (ii) General Manager, Joint Director, Chief Quality Control Officer, Research Officer, Chief Dairy Economist;
  - (iii) Deputy Director, Cost Accounts Officer, Senior Accounts Officer, Senior Dairy Engineer, Executive Engineer (Civil), Plant Manager, Production Manager, Deputy Director (Stores); Deputy Director (Public Relations);

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1. Sections 116-A and 116-AA subs. for original Section 116-A by Act No. 21 of 1985, w.e.f. 22-4-1985.

2. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

- (iv) Assistant Director, Accounts Officer, Personnel Manager, Manager Grade-1, Dairy Manager, Deputy Material Manager, Dairy Economist, Works Manager;
- (v) Manager Grade-11, Assistant Dairy Manager, Assistant Office Manager, Junior Engineers (Mechanical), (Civil and Electrical), Assistant Accounts Officer ;
- (c) Spinning Mills:—
  - (i) Managing Director, Mill Manager ;
  - (ii) Spinning Master ;
  - (iii) Deputy Spinning Master ;
  - (iv) Assistant Spinning Master ;
  - (v) Supervisor ;
  - (vi) Electrical Engineer ;
  - (vii) Electrical Supervisor ;
  - (viii) Chief Accounts Officer and Accountant.
- (d) Sugar Factories:—
  - (i) Chief Engineer ;
  - (ii) Chief Chemist ;
  - (iii) Chief Agricultural Officer ;
  - (iv) Chief Accounts Officer ;
  - (v) Administrative Officer ;
  - (vi) Labour Welfare Officer.
- (2) The classification and methods of recruitment, conditions of service, pay and allowances and discipline and conduct of the officers specified in sub-section (1) shall be such as may be provided by regulations to be framed by the Registrar.

**116-AA. Abolition of Centralised services for certain categories of employees:—**

<sup>1</sup>[xxx]

**<sup>2</sup>[116-B. Power of Government to give directions to societies, etc.:—**

The Government may give directions, to a society or class of societies or an appointment committee constituted under Section 116A to make provision,-

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1. Omitted by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Ins. by Act No. 19 of 1976.



- (a) for the reservation of appointments or posts under any such society in any cadre created under the said Section in favour of, or
- (b) for the grant of any special concessions in the matter of appointment to any such posts or cadre to, the Scheduled Castes, the Scheduled Tribes and the Backward Classes and the society or the appointment committee shall be bound to comply with such directions and to give effect to any provisions so made.

**Explanation:**— For the purpose of the Explanation under clause (b) of the proviso to sub-section (1) of Section 31 and this section—

- (a) “Scheduled Castes” means castes, races or tribes or parts or groups within castes, races or tribes which are specified by the President of India by a public notification under Clause (1) of Article 341 of the Constitution;
- (b) “Scheduled Tribes”, means tribes or tribal communities or parts or groups within tribes or tribal communities which are specified by the President of India by a public notification under Clause (1) of Article 342 of the Constitution ;
- (c) “Backward Classes “ means such groups of citizens which are classified by the Government as socially and educationally backward classes of citizens.]

**<sup>1</sup>[116-C. Staffing pattern of societies:—**

- <sup>2</sup>[(1) A society shall have power to fix the staffing pattern, qualifications, pay scales and other allowances for its employees with the prior approval of the Registrar of Cooperative Societies subject to the condition that expenditure towards pay and allowances of the employees shall not exceed two percent of the working capital or thirty percent of the Gross profit, in terms of actuals in a year whichever is less.]
- (2) No appointment or removal of a Chief Executive by whatever name called of any society, or class of societies as may be prescribed which are in receipt of financial aid from the Government, shall be made without the prior approval of the Registrar of Co-operative Societies.]

**117. <sup>3</sup>[Delivery of possession of records and properties of a society:—**

- <sup>4</sup>[(1) Where a new committee is elected, or a committee is nominated or a person is appointed by the Registrar under Section 15A or an official assignee appointed under Section 9C, or the committee is superseded by the Registrar and

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1. Inserted by Act No. 21 of 1985, w.e.f. 22.4.1985.

2. Subs. by Act No. 22 of 2001, dt. 25.4.2001.

3. Subs. by Act No. 28 of 1978.

4. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

Administrator(s) is/are appointed under Section 34, or where the society is ordered to be wound up and a liquidator is appointed under Section 65, and such new committee, Administrator(s), liquidator or official assignee is resisted in, or prevent from, obtaining possession of the books, accounts, documents, securities, cash and other properties, whether movable or immovable, of the society (hereafter in this Section referred to as the “records and the properties of the society) by the previous committee or superseded committee or by the society which has been ordered to be wound up or by a person who is not entitled to be in possession of the records and properties of the society, the Registrar shall, on application by new committee, Administrator(s), Liquidator or official assignee if satisfied, authorise in the prescribed form setting forth the reasons therefor, any officer subordinate to him, not below the rank of a Senior Inspector of Co-operative Societies, to enter, search, or break open any premises where such records and properties of the society are kept and to seize any such records and properties of the society and to cause delivery to the new committee, Administrator(s), Liquidator or official assignee, of the records and properties of the society.]

- (2) For the purpose of the proceedings under sub-section (1) the authorisation aforesaid shall be conclusive evidence that the records and properties to which it related belong to the society.
- (3) The officer authorised under sub-section (1) may take such police assistance as may be necessary for the said purpose and the expenses incurred under this section shall be borne from the funds of the society.
- (4) The provisions of Sections 100 to 102 (both inclusive) of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974) relating to searches and seizure shall apply, so far as may be, to searches and seizure under this section.]

**118. Address of society:—**

- (1) Every society shall have an address registered in accordance with the rules to which all notices and communications may be sent and shall send to the Registrar, notice of any change thereof within thirty days of the change.
- (2) It shall keep affixed a sign board describing the name of the society on the outside of every office or branch thereof,

**119. Copy of Act, Rules, Bye-laws, etc. to be open to inspection:—**

- (1) Every society shall keep, a copy of this Act, the rules and the bye-laws, books of Accounts and all records, documents and registers for access by its members,

**1. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.**

free of charge, at all reasonable times, at its office. Access shall be provided for every member to inspect such portions of the above said books, registers, documents and records as requested.]

- (2) A society shall furnish to a member, on request in writing, and on payment of such fees as may be fixed, a copy of any of the documents mentioned in sub-section (1) or extracts of the transactions relating to him with the society within thirty days from the date of payment of such fees.

**120. Power to summon witnesses and requisition documents:—**

- (1) In exercising the powers conferred by or under this Act, the Tribunal, the Registrar or any person authorised by him in this behalf by general or special order, the arbitrator or any other person deciding a dispute, the liquidator of a society and such other officers engaged in the relief of rural indebtedness or officers of <sup>1</sup>[Financing Bank/Primary Agricultural Co-operative Society] as the Government may by notification in the <sup>2</sup>[Telangana] Gazette, empower, in this behalf, shall have the power of a Civil Court while trying a suit, under the Code of Civil Procedure, 1908 in respect of the following matters, namely:—
- (a) summoning and enforcing the attendance of any person and examining him on oath or affirmation ;
- (b) compelling the production of any book, account, record or other document, cash, security or other property ;
- (c) issuing a commission for the examination of any witness;
- (d) receiving evidence on an affidavit.
- (2) The Tribunal, Registrar, the person, the arbitrator, the liquidator or the officer, as the case may be, referred to in sub-section (1) may require any person present before it or him to furnish any information or to produce any document forthwith in his possession or power and shall also have power to take, or to authorise the taking of such copies of the document, or of any entries therein as it or he may consider necessary. Copies so taken shall, when certified in such manner as may be prescribed, be admissible in evidence for any purpose in the same manner and to the same extent as the original document or the entries therein, as the case may be.

**121. Bar of jurisdiction of Court:—**

- <sup>3</sup>[(1) Save as otherwise expressly provided in this Act, all orders, refusals, decisions or awards passed or directions issued or actions taken in accordance with this

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1. Subs. by Act No. 1 of 1987.

2. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

3. Subs. by Act No. 15 of 2000, w.e.f. 21-7-2000.

Act or the Rules made thereunder shall be final subject to the provisions for appeal, revision and review and no such order, refusal, decision, award, direction or action taken shall be liable to be called in question in any Court or Forum.]

- (2) While a society is being wound up, no suit or other legal proceeding relating to the business of such society shall be proceeded with, or instituted against, the liquidator as such or against the society or any member thereof on any matter touching the affairs of the society except by leave of the Registrar and subject to such terms and conditions as he may impose :

Provided that where the order of winding up is cancelled, the provisions of this sub-section shall cease to apply in relation to the society and any member thereof, but shall continue to apply to the person who acted as liquidator.

**122. Power to exempt societies from conditions of Registration:—**

Notwithstanding anything in this Act, the Government may, by special order and for reasons to be recorded therein in each case, and subject to such conditions, if any, as they may impose, exempt any society, from any of the requirements of this Act as to Registration.

**123. Power to exempt class of societies:—**

The Government may, by general or special order and for reasons to be recorded therein, exempt any society or any class of societies from any of the provisions of this Act.

**124. Register of members:—**

Any register or list of members or shares kept by any society shall be prima facie evidence of any of the following particulars entered therein:—

- (a) the date on which the name of any person was entered in such register or list as a member ;
- (b) the date on which any such person ceased to be a member.

**125. Proof of entries in society's books:—**

- (1) A copy of any entry in a book of society regularly kept in the course of its business, shall, if certified in such manner as may be prescribed, be received in any suit or legal proceedings as prima facie evidence, of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in the same manner and to the same extent as the original entry itself is admissible.
- (2) A society may grant copies of any document obtained and kept by it in the course of its business, or of any entries in such document, and any copy so

granted shall, when certified in such manner as may be prescribed, be admissible in evidence for any purpose in the same manner and to the same extent as the original document, or the entries therein, as the case maybe.

- (3) No officer of a society and no officer in whose office the books of a society are deposited after liquidation shall, in any legal proceedings to which the society or liquidator is not a party, be compelled to produce any of the society's books or documents the contents of which can be proved under this section, or to appear as a witness to prove the matters, transactions and accounts therein recorded, except under order of the Court, or the arbitrator made for special cause.

**126. Notice necessary in suits:—**

No suit shall be instituted against a society or any of its officers in respect of any act touching the constitution, management or the business of the society until the expiration of sixty days next after notice in writing has been delivered to the Registrar, or left at his office stating the cause of action, the name, description and place of residence of the plaintiff and the relief which he claims and the plaint shall contain a statement that such notice has been so delivered or left.

**127. Acts of societies not to be invalidated by certain defects:—**

No act of society or any committee or of any officer of the society shall be deemed to be invalid by reason only of the existence of any defect in the organisation of the society or in the formation of the general body or the constitution of the committee or in the appointment or election of an officer or on the ground that such officer was disqualified for his office.

**128. Protection of acts done in good faith:—**

No suit, prosecution or other legal proceedings shall lie against the Registrar or any person subordinate to him or acting on his authority <sup>1</sup>[or any nominee of the Government] for anything which is in good faith done or intended to be done in pursuance of any provision of this Act or of any rule or bye-law made thereunder.

**<sup>2</sup>[129. Certain Acts not to apply:—**

The provisions of the Companies Act, 2013, Telangana Shops and Establishments Act, 1988, shall not apply to societies.]

**<sup>3</sup>[129-A. Officers and employees to be public servants:—** The Registrar or any person authorised by him to recover any amount or to execute any orders issued or

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1. Inserted by Act No. 14 of 1966.

2. Subs. by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.

3. Inserted by Act No. 28 of 1978 and Subs. by Act No. 15 of 1991.

decisions taken under any of the provisions of this Act and every officer and employee of a society shall be deemed to be a public servant within the meaning of Sec. 21 of the Indian Penal Code, 1860.]

**130. Power to make rules:—**

- (1) The Government, may, by notification published in the <sup>1</sup>[Telangana] Gazette, make rules for carrying out all or any of the purposes of this Act for the whole or any part of the State and for any class of societies.
- (2) Every rule made under this section shall immediately after it is made, be laid before each House of the State Legislature if it is in session and if it is not in session, in the session immediately following for a total period of fourteen days which may be comprised in one session or in two successive sessions, and if, before the expiration of the session in which it is so laid or the session immediately following, both Houses agree, in making any modification in the rule or in the annulment of the rule, the rule shall thereafter have effect only in such modified form or shall be annulled, as the case may be, so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

**131. Power of Government to give directions:—**

- <sup>2</sup>[(1) the Government may generally or in any particular matter under this Act, issue such orders and directions, which are in accordance with the provisions of this Act and in the interest of Cooperative movement in the State as they may consider necessary to the Registrar and thereupon he shall give effect to such orders or directions and shall report to the Government in due course the result thereof.]
- (2) In any case, in which a direction has been given under sub-section (1), the Government may call for and examine the record of the proceedings of the Registrar and pass such orders in the case as they may think fit:

Provided that before passing any order under this sub-section, the person likely to be affected by such order shall be given an opportunity of making his representation.

**131-A : <sup>3</sup>[xxx]**

**132. Repeal and savings:—**

The following Acts, namely:—

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1. Subs. for “Andhra Pradesh” by G.O. Ms. No. 53, Agrl. & Coop. (coop.II) Dept., dated 20-5-2016, w.e.f. 20-5-2016.
  2. Subs. by Act No. 22 of 2001, dt. 25.4.2001.
  3. Omitted by Act No. 24 of 1991.

- (1) The Andhra Pradesh (Andhra Area) Co-operative Societies Act, 1932.
- (2) The Andhra Pradesh (Andhra Area) Co-operative Land Mortgage Banks Act, 1934.
- (3) The Andhra Pradesh (Telangana Area) Co-operative Societies Act, 1952;

are hereby repealed :

Provided that any society existing at the commencement of this Act which has been registered or deemed to have been registered under the relevant repealed Act, shall, be deemed to have been registered under this Act and the bye-laws of such society shall, so far as they are not inconsistent with the provisions of this Act or the rules made thereunder, continue to be in force until altered or rescinded in accordance with the provisions of this Act and rules made thereunder;

Provided further that Section 8 of the Andhra Pradesh General Clauses Act, 1891, shall be applicable in respect of the repeal of the said enactments and Sections 8 and 11 of the said Act shall be applicable as if the said enactments had been repealed and re-enacted by an Andhra Pradesh Act.

**133. Act to override other laws:—**

The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law.

**134. Power to remove difficulties:—**

If any difficulty arises in giving effect to the provisions of this Act, the Government may, after previous publication, by order make such provisions, not inconsistent with the purposes of this Act, as appear to them to be necessary or expedient for removing of the difficulty.

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# THE TELANGANA CO-OPERATIVE SOCIETIES RULES, 1964<sup>1</sup>

[G.O.Ms.No. 1941, Food and Agriculture Department,  
dated 27th July, 1964 ]

[As Amended by G.O. Ms. No. 1, Agrl. & Coop. (Coop.II) Dept., dt. 4.1.2018]

In exercise of the powers conferred by sub-section (1) of Section 130 of the Telangana Co-operative Societies Act, 1964, the Governor of Telangana hereby makes the following Rules, namely:—

1. **Short title and extent:**— (i) These Rules may be called the Telangana Co-operative Societies Rules, 1964.  
(ii) They shall extend to the whole of the State of Telangana.
2. **Definitions:**— In these rules, unless the context otherwise requires:—
  - (a) 'Act' means the Telangana Co-operative Societies Act, 1964 ;
  - (b) 'Decree' means the order, decision or award in respect of any amount referred to in sub-section (1) of Section 70 of the Act ;
  - (c) 'Decree-holder' means any society or person including the Government holding a decree ;
  - (d) 'Default' means failure on the part of the society, member or other person, to repay to the financing bank or any other society a loan or any other amount due to it within the time fixed for re-payment, or to return to the society within the time fixed, the finished goods in respect of raw-material advanced, or to keep any other obligation for the fulfilment of which a time limit has been specified in the bye-laws ;
  - (e) 'Defaulter' means any society, member or other person committing default;
  - (f) 'Defunct society' means a society classified as defunct in the final audit by the Chief Auditor ;
  - (g) 'Form' means a form appended to these rules ;
  - (h) 'Owned capital' means the paid-up share capital, reserve fund and any other reserve which has been created out of profit and not withdrawable without previous permission of the Registrar ;
  - (i) 'Person' includes the Government and a society ;
  - (j) 'Primary society' means a society whose membership consists of:-
    - (i) individuals
    - (ii) individuals and Government ; or -
    - <sup>2</sup>[(iii) the individuals and societies, not belonging to the same class ; or
    - (iv) individuals and the financing Bank.]

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1. Pub. in A.P. Gazettee, Rules Supplement to Part II at pages 197 to 285, dt. 30-7-1964.  
2. Subs. by G.O. Ms. No. 267, F & A (Co-op, IV) Dept., dt. 24-3-1976.



- (k) 'Registrar of the district' means a person authorised by the Registrar to exercise, in the district or any portion thereof, powers of the Registrar under Section 70
- (l) 'Sale officer' means an officer of the Co-operative Department <sup>1</sup>[xxx] <sup>2</sup>[or an officer of any Co-operative Society] empowered by Registrar by general or special order to attach and sell the property of defaulters or to execute decision/orders of Registrar of the district or to execute or to carry out any other orders of Registrar of the district in regard to the attachment and sale of the property ;
- (m) 'Supervising union' means a society which has as its principal object, the organising, developing and supervising of societies which are its members, or the carrying on of propaganda or the spread of education in co-operative principles and practices ;
- <sup>3</sup>[(n) 'Training institute' means a society the main object of which is to conduct courses of training in theory and practice of co-operation and allied subjects ;]
- <sup>4</sup>[(o) 'Working capital' includes such portion of the reserve fund, other reserves appropriated out of profits, paid-up share capital, loan and deposits received by a society and debentures issued, by a society, as have not been locked up in buildings and other fixed assets outstanding overdues and accumulated losses.]
- <sup>5</sup>[(p) 'Benami loan' means a loan sanctioned on an application with forged signature and forged documents and also includes a loan sanctioned, but not disbursed to the person to whom it is sanctioned and in respect of which no demand is issued for payment.]
- <sup>6</sup>[(q) 'Electronic Auction (e-Auction)' means 'an online Auction which is conducted on interest of an authorised agency identified by the Government.
- (r) 'Electronic Auctioneer (e-Auctioneer)' means 'an agency appointed as an auctioneer to assist sale officer in the process of e-Auction through their official Website' .]

<sup>7</sup>**[2A. Co-operative Principles:—**

- (i) A cooperative is an association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

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1. Omitted by G.O. Ms. No. 613, F & A, (Co-op. IV), dt. 22-8-1991.
  2. G.O. Ms. No. 613 (Co-op.IV), dt. 23-8-1991.
  3. Subs. by G.O. Ms. No. 2368, F & A (Legn.), dt. 13-12-1968.
  4. Subs. by G.O. Ms. No. 1083, Agrl. & Co-op. (Co-op. IV), dt. 1-12-2003.
  5. Added by G.O. Ms. No. 102 (Co-op.IV), dt 27-2-1986 Vide R.S. to Part II (Ext.), A.P. Gazette, dt. 10-3-1986).
  6. **Clauses (q) and (r) added by G.O. Ms. No. 219, Agrl. & Coop. (Co-op.III), dt. 24-12-2012.**
  7. Added by G.O. Ms. No. 37, Agrl. & Coop. (Co-op. IV), dt. 28-1-2002.

- (ii) Basic Cooperative principles are:
- (a) **Voluntary and Open Membership:**— Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
  - (b) **Democratic Member Control:**— Cooperatives are democratic organisations controlled by their members, who actively, participate in their policies and making decisions. Men and women serving as elected representatives are accountable to the membership.
  - (c) **Member Economic Participation:**— Members contribute equitably to, and democratically control, the capital of their cooperative.
  - (d) **Autonomy and Independence:**— Co-operatives are autonomous, self-help organisations controlled by their members.
  - (e) **Education, Training and Information:**— Cooperatives provide education and training for their members, elected representatives, managers, and employees so that they can contribute effectively to the development of their cooperatives.
  - (f) **Cooperation Among Cooperatives:**— Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.
  - (g) **Concern for Community:**— Cooperatives work for the sustainable development of their communities through policies approved by their members.
- Values:** Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.]

**1[3. Procedure for Registration of a Society:—**

- (i) Every application for the registration of a society shall be made in Form A and shall be duly signed by the applicants and shall be accompanied by:
    - (a) Two copies of the proposed Bye-laws of the society;
    - (b) A list of persons who have come forward to organise the society with their names and father or husband name, residential address and share amount and entrance fee contributed by them;
    - (c) A sworn statement in Form - prescribed from each applicant;
    - (d) a scheme setting out the economic soundness of the proposed society;
- and

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1. Subs. by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.

- (e) such other documents as may be specified, by the Registrar from time to time.
- (ii) Where the applicant is a registered society, a member of committee or president of such Registered Society shall be authorised by the committee by a resolution to sign the application and the bye-laws for registration on its behalf, and a copy of such resolution shall also be appended to the application.
- (iii) The application shall be sent to the Registrar by Registered post or delivered in his office in person.
- (iv) Upon receipt of an application for registration of a society, the Registrar shall examine the application, the bye-laws and shall discuss with the applicants their responsibility for attainment of the objects of the society.
- (v) The prescribed conditions of minimum membership and minimum share capital as specified by him have been fulfilled; and
- (vi) the bye-laws adopted by the general body are not contrary to the provisions of the Act and rules framed thereunder;
- (vii) He may make such alteration as he may deem necessary, in the proposed bye-laws of the society.
- (viii) If the Registrar is satisfied that the proposed society has complied with the above requirements, he shall register the society and its bye-laws.
- (ix) Where the Registrar has registered a society under sub-rule (viii), he shall issue to such society, free of cost, a certificate of registration signed by him and bearing his official seal. He shall also issue to the society along with the certificate of registration, a certified copy of the bye-laws as approved and registered by him, which shall be the registered bye-laws of the society for the time being in force. A copy of the certificate together with a copy of the bye-laws shall be furnished to the financing bank concerned, if any.
- (x) Where the Registrar is not satisfied, he shall pass an order of refusal together with the reasons therefor and communicate it by registered post with acknowledgement due to the applicants.
- (xi) Any decision to register the society under sub-rule (viii) or any refusal of an application for registration of a society under sub-rule (x), shall be made;
  - (a) in the case of primary society, within a period of 45 days, and
  - (b) in the case of any other society, within a period of 60 days from the date of receipt of the application.”

FORM-A

(Under Rule 3)

Application for Registration of a Cooperative Society under the Telangana Cooperative Societies Act, 1964.

To

The Registrar

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.....

Sir,

We the undersigned being eligible to become members, apply for the Registration of Cooperative Society with ..... liability, under the title of..... having its registered office at..... Mandal..... District..... and its bye-laws.

- (2) We are enclosing two copies of the said bye-laws duly signed by us together with the following documents:
  - (a) a list of persons who have come forward to organise the society with their names and father’s names, address and share amount and entrance fee contributed by them.
  - (b) a scheme showing the details, explaining as to the economic soundness of the society.
  - (c) a copy of the resolution authorising a member of the society to sign the application on behalf of the society in case the applicant is itself a registered society.
  - (d) the name and address of the person to whom correspondence regarding registration or other matter be addressed.
- (3) We also declare that the information given above including the enclosures, is correct to the best of our knowledge and belief.

**Note:**— Where all the applicants are individuals, not less than ten who have attained the age of majority and are of sound mind and each being a member of a different family should attest the application and the bye-laws. Where the applicant is a society, the application and the bye-laws should be signed by a member duly authorised in this behalf by such society.

Witnesses:

1.

2.

Signatures

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

### Certificate

Certified that the ..... society has deposited an amount of Rs. .... on ..... in the ..... bank towards share capital.”

Signature of Bank Manager  
with Stamp.

### Sworn Statement by Applicant (Under Rule 3)

I,..... h/s/d/w/o. .... Aged ..... Years residing at ..... For the past ..... years hereby declare that I do not possess any disqualification as specified under Section 21 of the Telangana Coop. Societies Act VII of 1964 and the Rules framed thereunder. I also declare that I have read the Cooperative Societies Act, Rules and the bye-laws and I am familiar with the rights, duties and obligations of membership and am willing to discharge them to the best of my ability in the interest of the cooperative society and its members and the society at large, that I shall always strive to further the interests of the cooperative society and the cooperative movement in general and I shall not do any acts of omission or commission which will bring me, my society and the cooperative movement to disrepute.

Place :

Date :

Signature of the Applicant.

1. Witness with address.

Signature.

2. Witness with address.

Signature.

### **1[3A. Transitory Provision for the Societies Provisionally Registered:—**

Where a society has obtained a provisional registration under Rule 6 (now

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1. Added by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.

omitted) and the final registration is pending, such society shall file application for registration afresh as per these Rules.

Provided further that the provisional registration shall be valid for a period of 3 months with effect from the date of notification of this rule, after which the provisional registration shall automatically lapse.]

**4.Model bye-laws:—** (i) It shall be competent to the Registrar to frame model bye-laws for each class or classes of societies and to suggest modifications thereto, from time to time.

(ii) Such model bye-laws shall be adopted by a society with such modifications, if any, as may be suggested by the society and agreed to by the Registrar.

**1[5.Subject-matter of bye-laws:—** The bye-laws of a society shall not be contrary to the provisions of the Act and rules and may deal with all or any of the matters specified below and with such other matters incidental thereto as may be deemed necessary by the society:—

- (1) the name and address of the society;
- (2) the area of its operation;
- (3) the objects of the society;
- (4) the purpose for which its funds are applicable;
- (5) the payment, if any, to be made or the interest to be acquired as a condition for exercising the right of membership;
- (6) the nature and extent of the liability of the members for the debts contracted by the society;
- (7) the circumstances under which the withdrawal from membership shall be permitted;
- (8) the procedure to be followed in cases of withdrawal, ineligibility or death of members;
- (9) the privileges, rights and liabilities of a non-member;
- (10) the nature and amount of the share capital, if any, of the society and where there is a share capital, the maximum share capital which a single member can hold :

Provided that the value of the share in respect of Primary Agricultural Co-operative Societies and all other Agricultural Co-operative Credit Societies by whatever name they are registered, shall be Rupees Ten (G.O.Ms.No.355 (Agrl. & Coopn.) Department, dated 6.4.1995).

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1. Subs. by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.

- (11) the extent and conditions under which the society may receive deposits and raise loans and the procedure to be followed on such borrowings;
- (12) the entrance and other fees and fines, if any, to be collected from members;
- (13) the maximum loans admissible to a member and the conditionalities and procedure to be followed in granting loans repayment or renewals thereof and in recovering loans from members subject to the terms and conditions imposed by the financing bank for such loans;
- (14) the conditions under which loans and extensions of time for the repayment or renewal thereof may be granted to members;
- (15) the terms on which the society may grant loans to another society or the employees of the society;
- (16) the consequences of default in payment of any sum due by a member;
- (17) the method of appropriating payments made by members from whom moneys are due;
- (18) the interest and dividend payable on paid-up share capital to members;
- (19) the policy regarding interest payable by the society on its borrowings and by the members on the loans granted to them;
- (20) in the case of productive and distributive societies, the procedure to be followed in purchasing and selling stores, raw materials and finished products and in respect of stock-taking;
- (21) The constitution and powers of the representative general body and the restrictions and conditions subject to which the representative body may exercise its powers;
- (22) The manner of holding meetings, the right of voting at such meetings and the manner of making or amending of bye-laws;
- (23) the constitution if the Committee, the appointment and removal of the other officers, and the duties and powers of the Committee and such officers, and the term of office of the Committee and the manner of election of the members of the Committee;
- (24) the method of recruitment, the conditions of service and the authority competent to fix, revise or regulate the scales of pay and allowances to be paid to the officers and servants of the society and the procedure to be followed in the disposal of disciplinary cases against them;
- (25) the mode of custody and investment of funds and the manner of keeping accounts;
- (26) the authorisation of an officer or officers to sign documents and to institute and defend suits and other legal proceedings on behalf of the society;

- (27) Services available to the members and the minimum value of business to be transacted or minimum value of services or facilities to be utilised in a cooperative year by a member;
- (28) The preparation and submission of the annual statements required by the Registrar and the publication of the same;
- (29) The affiliating of a society to any other society and the charges to be paid in respect of such affiliation;
- (30) the constitution and maintenance of various funds as required to be maintained under the provisions of the Act, rules or bye-laws;
- (31) Constitution of supervisory council;
- (32) Admission of Minors as members for purpose of providing services or benefits to them, specifying the nature and extend of such benefits as permissible under the laws applicable to such minors;
- (33) Compulsory thrift to be collected from members specifying:
  - (a) Amount subject to Rule 18(2)(b)
  - (b) Periodicity of Collection
  - (c) Interest payable by society on such thrift
  - (d) Manner of linkage of thrift to eligibility of loans, terms & conditions of thrift including its refund to the member;
- (34) Quantum, Nature, Manner and extent of business to be transacted with non-members; and
- (35) Manner of preparation and display of the list of members eligible to vote in General Body or in election.]

6. <sup>1</sup>[X X X]

6A. <sup>1</sup>[X X X]

<sup>2</sup>[7. Change of form and extent of liability:—

- (1) A society may, change its liability from unlimited to limited and vice versa or in terms of multiples of paid up share-capital.
- (2) Subject to the provisions of Rule 8, the change of liability shall be effected by means of a resolution deciding to amend its bye-laws passed in this behalf at general meeting of the society indicating in clear terms the form and extent of the liability.]

<sup>2</sup>[8. Manner of giving notice in case of change of liability, transfer of assets, division, amalgamation or conversion, of a society:— (1) Where a society is a

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1. Omitted by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.

2. Subs. by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.



member of federal society or is in receipt of assistance from a financing bank and intends to change the form or extent of liability under Section 11 or to transfer its assets and liabilities or to divide, amalgamate, or convert under Section 12, it shall obtain prior consent in writing of federal society or financing bank as the case may be.

- (2) A copy of the resolution shall be sent by the society to all its members and creditors giving them thirty clear days notice in writing inviting them to exercise their option as required under section 13.
- (3) Every notice under sub-rule (2), shall be sent to its members and creditors under certificate of posting.]

### 9. <sup>1</sup>[x x x]

#### 10. Procedure for amendment of bye-laws:—

- (1) Every proposal forwarded to the Registrar for the registration of an amendment of the bye-laws shall be signed by the president and two members of the committee and shall contain the following particulars, namely:—
  - (a) the date of the general meeting at which the amendment was resolved;
  - (b) the number of days notice given to convene the general meeting;
  - (c) the total strength of the society as on the date of such meeting;
  - (d) the number of members present at such meeting ; and
  - (e) the number of members who voted for the amendment.
- (2) A copy of the resolution agreeing to the amendment of the bye-laws shall be furnished to the Registrar within a period of thirty days from the date of the meeting at which the resolution was passed.

#### 11. Procedure for direction by Registrar for amendment of bye-laws:—

- (1) Where it appears to the Registrar that an amendment of the bye-laws of a society is necessary, he shall indicate the reasons therefor, and issue a notice calling upon the committee of such society to convene a general meeting to consider such amendment.
- (2) The notice referred to in sub-rule (1) shall specify:—
  - (a) the text of the bye-laws as existing and the bye-laws as proposed for amendment, or the new bye-law as proposed to be incorporated ; or the existing bye-law which is proposed for deletion ; and

<sup>2</sup>[Provided that in case of enbloc amendments only a copy of the proposed model bye-law shall be notified along with the notice.]

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1. Omitted by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.  
 2. Added by G.O. Ms. No. 91 (Co-op.IV), dt. 20-2-1987.

- (b) the period within which such amendment should be sent to the Registrar for registration after getting it passed by the general meeting.
- (3) Where a society files an objection to the proposed amendment, such an objection shall be duly considered by the Registrar and if the committee desires to be heard, it shall be given an opportunity of being heard. The Registrar may, after considering the representation of the society, register the amendment.

**<sup>1</sup>[11-A. Procedure in regard to division, amalgamation or liquidation of a Society:—**

The Registrar of Co-operative Societies shall publish the notification referred to in clause (e), sub-section (1) of Section 15-A and final order under sub-section (2) of Section 15-A by affixture in the office of the Divisional Co-operative Officer and in the respective Offices of the Society or Societies affected by such division, amalgamation, liquidation or transfer of area and also in the Gram Panchayat and Mandal Revenue Offices situated in the area of operation of societies affected by such division, amalgamation, liquidation or transfer of area.]

**<sup>2</sup>[11-B. Convening of General Body Meeting by Societies to consider the Notification issued by the Registrar under Section 15-A(1) and Notice under Section 16 (5) for adoption of Model Bye-laws:—**

Notwithstanding anything contained in the bye-laws of the Society the committee may convene the said general body meeting by affixing the notice in the office of the Society or branches if any, Panchayat Office and Mandal Revenue Office specifying the place, date and time.]

**12. Classification of Societies:—** (1) The societies may be classified as follows:—

- <sup>3</sup>[(a) Co-operative union ;
- (b) Credit society ;
- (c) Distributive society ;
- (d) Farming society ;
- (e) Housing society ;
- (f) Labour contract society ;
- (g) Marketing society ;
- (h) Processing society ;
- (i) Productive society ;

1. Added by G.O. Ms. No. 39 (Co-op.IV), dt. 27-1-1987.

2. Added by G.O. Ms. No. 91 (Co-op.IV), dt. 20-2-1987.

3. Items (a) to (m) were subs. by G.O. Ms. No. 2834, F&A (Ag.) dt.24-11-1965

- (j) Supervising union ;
- (k) Training institute ;
- (l) Field labour society ;
- (m) Miscellaneous society:]

(2) For the purpose of this rule—

- (a) “co-operative union “ means a society which has as its principal object the undertaking of co-operative education, propaganda and training ;
- (b) “credit society” means a society which has as its principal object the raising of funds to be lent to its members ;

**Explanation:**— Where all or a majority of the members of a credit society which is not a financing bank, are agriculturists, such society shall be classified as an agricultural credit society and any other credit society, not being a financing bank shall be classified as a non-agricultural credit society ;

- (c) “distributive society” means a society which has as its principal object the supply of the domestic and other requirements of its members for the consumption of such members ;
- (d) “farming society” means a society organised voluntarily by members comprising land owners who pool their land, man-power and other resources for joint cultivation and management with the primary object of increasing agricultural production and improving their living standards through self-help, mutual aid and institutional assistance.

(Subs. by G.O.Ms.No. 8, F & A (Leg.), dt, 3.1.1969)

- (e) “housing society” means a society which has as its principal object the construction of houses for its members or the financing or facilitating the construction of houses by its members ;
- (f) “labour contract society” means a society which has as its principal object the securing and provisions of employment to its members by executing works with the help of its members or through them ;
- (g) “marketing society” means a society which has as its principal object the arranging for the marketing of the agricultural and other produce or products of its members or the undertaking of the distribution of commodities and includes any society which has as its principal object the provision of facilities for the operation of a marketing society ;
- (h) “miscellaneous society” means a society not being an audit union or a supervising union, which does not fall under any other class of society in this rule ;

- (i) “processing society” means a society which has its principal object the undertaking of the processing of the produce or other raw-material of its members such as ginning, crushing, decorticating, pressing, hulling or curing and includes any society which has as its principal object the provision of facilities for the operation of a processing society ;
- (j) “productive society” means a society which has as its principal object the production of articles with the help of its members or through them or includes any society which has as its principal object the provision of facilities for the operation of a productive society ;
- (k) Omitted by G.O.Ms.No. 2368, F & A (Leg.), dt. 13.12.196.
- (l) “field labour society” means a society, the main object of which is to provide regular means of livelihood to its members who are landless labourers engaged in the industry of agriculture and to improve their living conditions.  
(Inserted by G.O. Ms. No. 2834, F & A (Leg.), dt. 24.11.1965].
- (3) Every society shall be classified by the Registrar in accordance with sub-rules (1) and (2).
- (4) The Registrar may sub-divide any class of societies into categories with reference to the composition of their membership, the nature of business transacted by them or the goods handled by them or any other similar matter.
- (5) If any society classified as aforesaid is a federal society it may be further classified under any of the following heads, namely:—
- (a) Apex society ;
- (b) Central society ;
- (c) Primary society ;

**Explanation:**— For the purpose of this sub-rule:—

- (i) “apex society “ means a society whose area of operation extends to the whole of the State and which has as its principal object the promotion of principal objects and the provision of facilities of the operations of other societies affiliated to it ;
- (ii) “central society” means a society whose area of operation is confined to a part of the State and which has as its principal object the promotion of the principal objects and the provision of facilities for the operations of other societies affiliated to it ;
- (iii) “primary society “ means a society which is neither an apex nor a central society.

- (6) If any question arises as to the classification of a society the question shall be referred to the Registrar whose decision thereon shall be final.

<sup>1</sup>**[12-A. Societies for purpose of sub-section (2-A) of Section 19:—** Any person duly qualified for admission as a member under sub-section (2-A) of Section 19, may apply for membership of any of the following societies in Form 'J'.

- (i) Agricultural Co-operative Societies ;
- (ii) Multi-purpose Co-operative Societies ;
- (iii) Service Co-operative Societies ;
- (iv) Co-operative Rural Bank ;
- (v) Large-Sized Co-operative Societies ;
- (vi) [Omitted by G.O.Ms.No. 229, dt. 4-5-1987];
- (vii) Farmers Service Co-operative Societies ;

<sup>2</sup>[(viii) Fishermen Co-operative Societies ;

- (ix) Industrial Co-operative Marketing Societies ;
- (x) Block Level Co-operative Societies ;
- (xi) Primary Weavers Co-operative Societies ;

<sup>3</sup>[(xii) Rural Electric Co-operative Societies ;

<sup>4</sup>**[13. Admission of minors as members in certain class of societies:-**

Any person who has not attained the age of majority may be subject to such restrictions or limitations as may be applicable to a minor under the provisions of any law for the time being in force, be admitted as member and be eligible for services and benefits as provided for in the Bye-laws of the societies concerned.

<sup>4</sup>**[14. Admission of members into Co-operative Societies:—**The name of every person admitted as member under sub-section (3) of Section 19, shall be entered in the admission register by the Chief Executive Officer of the society or the President where there is no Chief Executive Officer and he shall issue a photo identity card to every such person, at the time of his admission duly attested in the form prescribed hereunder:

- (a) Name of the Society
- (b) Name of the Member

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1. Inserted by G.O. Ms. No. 476, F & A, (Co-op.IV), dt. 24-5-1976.

2. Added by G.O. Ms. No. 600 F & A (Co-op.IV), dt. 24-1-1978.

3. Added by G.O. Ms. No. 36 (Co-op.IV), dt. 20-1-1986.

4. Subs. by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.

(c) Father/Husband's name

(d) Age

(e) Membership Number

(f) No. of shares held

(g) Whether belongs to SC/ST/BC/OC

(h) Signature of the member

(i) Seal of the Society and signature of the President/Chief Executive Officer.

**<sup>1</sup>[14 (1) Transitory Provision for existing associate or nominal members:—**

Every society having associate member or nominal member shall admit such persons as members provided they otherwise satisfy the conditions of membership and are eligible to become members as per the Act and Rules :

Provided that any associate member or nominal member admitted as such by a society is availing any benefit from the society or discharging any liability by virtue of his associate or nominal membership and who has not been made a member as provided in (1) above shall continue to be liable to discharge his/her obligation to the society till the loans borrowed or guaranteed by him or her are fully repaid or discharged and ,such person shall continue to be governed by the provisions of this Act and Rules even though he/she is no longer a member of the society.]

<sup>2</sup>[14(2) An individual who seeks admission into an agricultural Cooperative Credit Society, shall hold agricultural land in the area of operation of the society, either as owner or as tenant. A tenant who seeks membership shall produce evidence of his tenancy in the form of an agreement witnessed by two members of the same society, showing details of survey number, extent and boundaries of land, duly certified by the **Village Revenue Officer (VRO)** of the Village concerned or Eligibility Card issued to licensed cultivator by the competent authority.

An individual as owner of agriculture land shall produce a pattadar pass book or sale deed or certificate issued by the **Village Revenue Officer (VRO)** of the villiage concerned showing details of survey number, extent and boundaries of the land.]

**<sup>3</sup>[14-A. Transfer of shares of the members of Primary Agricultural Development Banks and admission of such members:—**

(1) Notwithstanding anything in the Bye-laws of the Co-operative Central Bank, the bank shall transfer one share of each individual member of the erstwhile members of the Primary Agricultural Development Bank from out of the shares

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1. Added by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.

2. Subs. for sub-rule (2) by G.O. Ms. No. 215 Agrl. & Coop. (Co-op.IV.2), dt. 15-12-2012.

3. Added by G.O. Ms. No. 61 (F & A), (Co-op.IV), dt. 6-2-1987.

of such members of Primary Agricultural Development Banks developed on it to the Primary Agricultural Co-operative Society having jurisdiction where the immovable properties of the erstwhile members of Primary Agricultural Development Banks are situated, on application of the Co-operative Central Bank by such member.

- (2) On such transfer, notwithstanding anything in bye-laws of the Primary Agricultural Co-operative Society, such persons shall be deemed to be the members of such Primary Agricultural Co-operative Societies:

Provided that the provisions contained in sub-rules (1) and (2) of this rule, shall not apply if the erstwhile members are already members of the Primary Agricultural Co-operative Societies.]

**15. Restriction on holding of shares:—**

Where the liability of member of a society is limited by shares, no member, other than a society or the Government shall hold more than one tenth of the share capital of the society. (The Government in G.O.Ms.No. 734, Industries (E) Department, dt. 24th July, 1968 have fixed Rs. 20,000 as the maximum share capital that can be held by any individual member of a Co-op. Sugar Factory except the Palacole Co-op. Agricultural and Industrial Society Ltd.).

**16. Nomination of heir:—**

- (1) A member may nominate in Form I<sup>1</sup> any person or persons to whom, in the event of the death of the member, his share or interest in the profits or assets of the society be transferred, or the value thereof or any other moneys due to him from the society shall be paid. Such member may, from time to time, revoke or vary such nomination.
- (2) The number of persons so nominated shall not exceed the number of shares held by the member,
- (3) When a member nominates more than one person in respect of any shares held by him he shall, as far as practicable, specify the amount to be paid or transferred to each nominee in terms of a whole share.
- (4) A nomination made by a member or any variation or revocation thereof shall not be valid and shall not, in the event of the death of the member, have effect unless:—
- (a) it is made in writing and is signed by the member in the presence of atleast two witnesses ; and
- (b) it is entered in the books of the society kept for the purpose.

<sup>2</sup>[(5) (a) The nomination made by a member or any variation or revocation of the said nomination, made under this rule shall be entered in the books of the society

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1. The nomination Form I was prescribed by G.O. Ms. No. 2804, F&A, dt. 24-11-1965.  
2. Added by G.O. Ms. No. 2834, F & A (Leg.), dt. 24-11-1965.

within fifteen days from the date of the receipt of the nomination papers.

- (b) The nomination or any variation or revocation thereof so made shall be recorded on the share certificate issued by the society.]

**17. Procedure to be adopted when no nomination is made:—**

- (1) If no nomination has been made by a member, the society shall, on the death of a member by a notice exhibited at the office of the society invite claims or objections for transfer of the share or interest of the deceased member to an heir or legal representative within the time specified in the notice.
- (2) After considering the objections or claims if any, received in this behalf and after making such inquiries the committee considers necessary, it shall decide as to the person who in its opinion is the heir or legal representative of the deceased member, and to proceed to transfer the share or interest of the deceased member to such person, only.
- (3) In case of payment of the value of the share or interest or other moneys due to the deceased member, the committee shall obtain sureties for the amounts involved in such payments from two members of the society.

**<sup>1</sup>[18. Minimum business to be transacted or services or facilities to be utilised by a member of other societies :-** No member of a society, shall have the right to stand as a candidate or to vote in any election to the society, unless he transacts the minimum value of business or utilises the minimum value of services or facilities as prescribed in the bye-laws, during a co-operative year :

Provided that a member of a society shall be eligible to exercise the right to vote only if he, -

- (a) subscribes a minimum share capital Rs. 300/-.
- (b) <sup>2</sup>[x x x]
- <sup>3</sup>[(c) is a member of the society for a continuous period of 30 (Thirty) days from the date of admission into the society till the date of election notification by the Election Authority.]
- (d) is not in default of any amount due in cash or kind to the society for a period exceeding three months; and
- (e) is not a delegate of a society which is under proceeding for deregistration or liquidation or classified as such in audit :

1. Subs. by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.
2. Omitted by G.O. Ms. No. 223, A&C (Coop. IV), dt. 27-6-2005.
3. Subs. by G.O. Ms. No. 223, A&C (Coop. IV), dt. 27-6-2005.



Provided further that a list of eligible members with right to vote and those without right to vote shall be prepared and displayed on the notice Board of the society and branches prior to holding of any General Body meeting or holding of elections in the manner as laid down in the bye-laws.

**Note :-** ineligibility to vote does not amount to ineligibility to attend and participate in the meeting.]

<sup>1</sup>[Provided further that the Registrar may exempt or fix a lower amount of minimum share capital and or a lower amount of minimum thrift for any society or a class of Societies depending upon the economic and social status of the members of the Society.]

19. [Omitted by G.O. Ms. No. 117, F&A (Co-op.IV), dt.: 20-3-1981.]

19-A. [Omitted by G.O. Ms. No. 531, F&A (Co-op.IV), dt.: 18-7-1991.]

**20. Removal of a member of a Society who is disqualified : -**

- (1) if any person, who is admitted as a member of a society becomes disqualified under Section 21 to continue as such, the Registrar may, on his own motion or on a representation made to him by any member of the society or its financing bank by an order in writing, declare that he shall cease to be a member of the society from the date of such disqualification.
- (2) Before passing an order under sub-rule (1) the Registrar shall give such person an opportunity to state his objection, if any, for the proposed action and if the person wishes to be heard, he shall be given opportunity to be heard. The Registrar's decision shall be final and binding on the society and it shall not be questioned in any court.

**21. Constitution of a representative general body:—**

- <sup>2</sup>[(1) A society with limited liability may, if its area of operation extends to one or more revenue mandals or if its membership exceeds two thousand, provide in its bye-laws for the constitution of a representative general body as prescribed.]
- (2) Where a society so provides in its bye-laws to constitute a representative general body, it shall with the previous approval of the Registrar, divide its members into different groups on a territorial or other basis.
- (3) The bye-laws of such society may specify the number or proportion of the members of the representative general body who may be elected to represent each such group—
  - (a) by all the members of the society ; or
  - (b) by only that particular group of members of the society to which such representative belongs.

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1. Added by G.O. Ms. No. 87 Agrl. & Coop. (Co-op.IV), dt. 7-4-2003, Pub. in A.P. Gaz. RS to Pt. II, Ext. No. 13, dt. 17-4-2003.

2. Subs. by G.O. Ms. No. 223, A&C (Coop. IV), dt. 27-6-2005.

**1[21-A. Constitution, powers and functions of supervisory council:—**

- (1) The supervisory council shall comprise of 3 members from General Body, other than Managing Committee members, and 3 other experts who may not be members of the society who shall be chosen by general body from amongst:
  - (a) Chartered Accountant
  - (b) Person with Banking experience or legal background
  - (c) Veteran Co-operator
  - (d) Experts connected with the Business of the Society.
- (2) The President of the Managing Committee shall be Chairman of the Council.
- (3) The powers and functions of the council shall be:
  - (a) Review of Functioning of society according to the Co-operative principles.
  - (b) Review implementation of General Body resolutions.
  - (c) Review the functioning of the society conforming to the prudent financial and business management practices;
  - (4) Chief Executive Officer of the society shall be the convenor of the meetings and he shall maintain records of deliberations and recommendations of the council and place them before the managing committee and general body for their consideration.
- (5) Supervisory Council can request any Managing Committee member to attend meetings.
- (6) The Supervisory Council will act in an honorary capacity.
- (7) The Supervisory Council may also invite financial institutions or Apex level federations/Non-Governmental Organisations or Government Departments.
- (8) The expert members of the supervisory council are entitled for Travelling Allowance/Daily Allowance to be fixed by the General Body.
- (9) The Council shall meet once in 3 months in the head office of the society.
- (10) No present or past employee of the society shall be a member of Supervisory Council.”

**21-B. Preparation of list of defaulters and its publication:—**

- (1) It shall be the responsibility of the Chief Executive Officer of the society to issue notices to all defaulters at the beginning of each half-year indicating the loan

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1. Subs. by G.O. Ms. No. 37 Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.

disbursed, amounts overdue, repaid and balance overdue (Principle & Interest separately) and indicate the date before which they should repay failing which their names shall be included in the list of defaulters published and will be placed before the ensuing General Body.

- (2) The Managing Committee before convening the General Body shall finalise the list of defaulters in descending order of the amount due and place it on the notice board of the society and at its branches and the names of defaulters shall be read out in the General Body with amounts due by them.”

Also provided that if any member of the Managing Committee or the Board is a defaulter the Chief Executive Officer of the society or Chairman where there is no Chief Executive Officer shall inform the Registrar immediately so that the Registrar would take necessary action as per the Act and Rules.

### 1[22. **Conduct of Elections to the Co-operative Societies:—**

Notwithstanding anything contained in the bye-law of the societies election to the committee /Board and representative General Body of all classes of societies registered under the Telangana Cooperative Societies Act 1964, shall be conducted in the manner laid down in this rule.

- (1) **Election proposal :** The incumbent Managing Committees / Person In-charge Committee / Official Administrator(s)/Adhoc Committee of the society shall atleast 60 days before the expiry of the term of the committee/Person-in-Charge Committee/Official Administrator/ Adhoc Committee submit proposals to the State Cooperative Election Authority for conduct of Elections to the society.
- (2) The proposals specified in Sub-Rule (1) shall be submitted to the State Cooperative Election Authority through the Registrar.
- (3) The proposals specified in sub-rule (1) shall contain the following details.
- (a) Name of the society
  - (b) Details of Registration of the society (Registration No. & Date).
  - (c) Address of the society.
  - (d) Details of Incumbent Managing Committee/ Person-in-Charge Committee / Official Administrator/ Adhoc Committee
  - (e) Details of Last Election held and date of Expiry of the term of the Committee/PIC/Official Administrator/ Adhoc Committee.
  - (f) Composition of Managing Committee proposed to be elected along with details of allocation of seats on committee on territorial basis (if any) and details of seats on committee reserved to scheduled caste, scheduled tribe, Women, Backward classes, minorities (Byelaws to be enclosed).

Provided that the maximum number of Directors of a society shall not exceed 21. Provided further that, one seat shall be reserved for a scheduled caste or scheduled tribe and two seats shall be reserved for woman on the Board/ Committee of every society consisting of individuals as members and having members from such class or category of persons.

- (g) Voters list as approved by the Registrar
  - (h) Any other information sought by the State Cooperative Election Authority.
- (4) The State Cooperative Election Authority may from time to time issue guidelines regarding the contents and format of proposals to be submitted under Sub-Rule (1) and any other issue related to the conduct of elections to societies Registered under the Telangana Cooperative Societies Act, 1964.
- (5) The incumbent Managing Committees / Person In-charge Committee / Official Administrator(s)/Adhoc Committee of the society shall deposit election fee as prescribed by the State Cooperative Election Authority from time to time (by way of D.D in favour of the State Cooperative Election Authority) along with the proposals specified in sub-rule (1).

**(6) Voters List :**

- (a) The incumbent Managing Committee / Person In-charge Committee / Official Administrator(s)/Adhoc Committee of the society shall prepare and publish the list of members eligible to vote on the notice board of the society. It shall indicate the Sl. No., Admission Number/ General Number, Date of Admission, Name of member, Father's Name, Village / Locality, Age, Community. Sex (Male/Female) along with the pass port size photo of the member voter.

Provided that in respect of Primary Agricultural Cooperative Credit Societies, Large Sized Cooperative Societies, Farmers Service Cooperative Societies and Cooperative Rural Banks, the list shall be prepared Revenue Village wise and territorial Constituency wise as indicated in Rule 22-A(3)(i)]

- (b) The incumbent Managing Committee / Person In-charge Committee / Official Administrator(s)/Adhoc Committee of the society of the society shall invite the claims or objections from the members.
- (c) The incumbent Managing Committee / Person In-charge Committee / Official Administrator(s)/Adhoc Committee of the society shall communicate the list of members eligible to vote to the Registrar for verification and approval.
- (d) Registrar after due verification and duly calling for the objections shall certify the eligible voters list after necessary corrections so that it con-

firms to the provisions of the Act, Rules and Government directions issued if any in this regard.

- (e) The incumbent Managing Committee / Person In-charge Committee / Official Administrator(s)/Adhoc Committee of the society shall submit eligible voters list of the society duly approved and certified by the Registrar along with the proposals specified in sub-rule (1) to the State Cooperative Election Authority.

**(7) Election Expenses**

- (a) Every society shall bear the total expenses for conducting of elections. Election expenses shall be calculated by the State Cooperative Election Authority based on the strength of the eligible voters, spread of the area of the operation of the society and number of election personnel to be deployed and logistics required. The State Cooperative Election Authority may issue guidelines in this regard from time to time.
- (b) Upon receipt of proposals for conduct of elections under sub-rule (1), the State Cooperative Election Authority shall within (3) working days issue demand to the society for deposition of amount towards election expenses.
- (c) Amount towards Election expenses shall be deposited by the societies within 3 working days of issue of demand by the State Cooperative Election Authority.

**(8 A) Issue of Election Notification and Appointment of Election Officer**

- (i) The State Cooperative Election Authority after scrutiny of election proposals submitted under sub-rule (1) and after receipt of deposit towards election expenses from the society shall approach the Registrar/any Government Department / Local Body/ Corporation for deployment of staff for conduct of elections.
- (ii) The Registrar/ Government department / Local body/Corporation, based on the request of the State Cooperative Election Authority shall forward the details of the Officers and Staff to be deployed for conduct of election to the State Cooperative Election Authority.
- (iii) The State Cooperative Election Authority shall issue Election notification while appointing Election officer and supporting staff for conduct of election
- (iv) The election officer shall be from the class of officers specified in the Table below.

Sl.No	Class of Society	Election Officer
1	Societies specified in Section 31 (3) (a) of the Telangana Cooperative Societies Act, 1964	Officer of the Cooperative Department not below the rank of Deputy Registrar
2	Any Society to be specified by the Government	Any Gazetted Officer
3	All other Classes of societies in the district except those specified under Item No. (1) and (2) above	Any employee of the Government/ Corporations / Local Bodies

- (v) The election notification shall be in the format as prescribed by the State Cooperative Election Authority and shall contain detailed schedule for conduct of elections.
- (vi) The State Cooperative Election Authority shall issue Election notification while appointing the Election Officer along with supporting staff for each society.
- (vii) The Election Officer shall publish Election notice along with the final list of the voters in Form I prescribed.
- (viii) The Election Officer shall receive nominations on 3 working days in the prescribed Form-II at the specified place, date between 11.00 AM and 3.00 PM.
- (ix) The Election officer shall scrutinize the nominations on the next day and publish the same by display on the notice board of the Society.
- (x) The Election Officer shall allow withdrawal of the nominations by the candidates upto 5.00 PM of the following day on which the valid nominations are published.
- (xi) The Election Officer shall publish the final list of contesting candidates on the day of withdrawal, after expiry of time allowed for withdrawal of nominations along with symbols allotted.
- (xii) The Election Officer shall hold the poll within a period of seven (7) days thereafter as per the schedule approved by State Cooperative Election Authority.
- (xiii) Repoll if ordered by State Cooperative Election Authority shall be held within two days thereafter. No fresh nominations shall be allowed unless repoll is on account of the death of contesting candidate in which case on receipt of intimation of death of a candidate, the election officer shall call for fresh nominations from candidates. He shall allow two (2) days for receipt of nominations, scrutiny and withdrawal. Then conduct the repoll within two days thereafter.

- (xiv) Counting shall take place immediately after the close of Poll or repoll as the case may be, as may be notified by the State Cooperative Election Authority and results shall be declared immediately on completion of counting.
  - (xv) The Election Officer shall call for nominations for the other office bearers like President, Vice President, Secretary etc., within three (3) days thereafter.
  - (xvi) Scrutiny of the nominations and publication of list of valid nominations shall be made in the morning of the day notified for the purpose shall be published forthwith not later than 12 noon on the same day.
  - (xvii) Withdrawals shall be allowed on the same day till 2 PM and the final list of nominations shall be published by 2.30 P.M. on the same day.
  - (xviii) Voting for the office bearers shall be held on the same day from 3, to 5 PM and the results declared after counting is over on the same day.
- (8 B)** The Election Officer shall issue the notice of general meeting to all the members for conduct of elections by one or more of the following methods namely;
- (i) Circulation of Pamphlets among the members, Circulating SMS, WhatsApp Messages.
  - (ii) Publishing in the local print media.
  - (iii) Proclaiming through beat of Tom-Tom or announcement on Loud Speakers;
  - (iv) Notice of the general meeting shall also be affixed on the notice board of the Head Office of the society and all its branches if any
  - (v) Publishing in such public places of importance such as Gram Panchayat, Mandal Revenue Office, Mandal Parishad office, Municipal Office and also the places where polling is proposed to be held.
  - (vi) The cost of publication of this notice shall be borne by the society.
- (8 C) Nominations of Candidates :**
- (i) Nomination for candidature shall be made in Form-II prescribed. A candidate may file two nomination papers.
- Provided that a candidate for constituency may be a person whose name is included in the voters list of any constituency in the society and the proposer and seconder shall be persons whose names are included in the voters list of that constituency only.

- (ii) Every nomination shall be signed by one proposer and one seconder who shall be eligible members on the voters list. A member can either propose or second one candidate only.
- (iii) Every nomination paper shall be presented in person by the candidate himself and by his proposer or seconder to the election officer or the person authorized by him in this behalf during the time specified on the appointed date in the notice of the election along with declaration in Form-II and fees, as indicated in the Table below which is non-refundable. The members claiming to be Scheduled Caste/ Scheduled Tribes /Backward Class shall produce the caste certificate issued by the competent Authority. The nominations shall be received on a day which is not a Public Holiday.

Sl.	Class of Society	Nomination Fee prescribed (in Rupees)			
		SCs	STs	BCs	Others
1	For Village level societies and Primary Agricultural Credit societies (and all other Primary Societies)	500	500	750	1000
2	For Urban Banks, Central Societies, District Level Societies, Apex level Societies	1000	1000	2000	4000

- (iv) The Election Officer shall receive the nomination paper and shall give the acknowledgement detaching it from the Form-II. He shall also enter on the nomination paper sl. No. and date and hour at which the nomination paper is received by him and shall immediately give the written acknowledgement for the receipt of the nomination papers. The acknowledgement shall also bear the seal of the society.
- (v) The Election Officer shall at the close of the time fixed for the receipt of nomination papers prepare and display on notice board of the society, a list of nominations received by him in Form-III

**(8 D). Scrutiny of nomination papers:**

- (i) On the date and time fixed for scrutiny of nomination papers, the Election Officer shall at the appointed hour take up the scrutiny of the nomination papers. The candidate and his proposer or seconder are eligible to be present at the time of scrutiny. Absence of candidate or his proposer or seconder will not render the nomination invalid purely on grounds of non presence.
- (ii) The Election Officer shall scrutinize the nomination papers candidate-wise and shall decide all objections made if any or suo-motu enquire of eligibility as he thinks necessary.



- (iii) The nomination of candidate shall not be rejected on the ground of incorrect spelling of name or the name of the proposer or seconder or any other particulars relating to them as entered in the list of eligible voters, if their identity is otherwise established beyond reasonable doubt.
- (iv) The Election Officer shall endorse on each nomination paper, his decision accepting or rejecting as the case may be and if the nomination paper is rejected he shall record in writing his reasons in brief for such rejection.
- (v) Immediately after scrutiny is completed he shall publish list of valid nominations received in the Form-IV as appended to these rules and those rejected in Form-V as appended to these rules on the notice board of the society containing the names in the alphabetical order in Telugu as indicated in the nomination form.

**(8 E) Withdrawal of Nominations**

Any candidate may withdraw his candidature by notice in writing in Form VI as appended to these rules signed by him and delivered in person to Election Officer within the period prescribed in the Election Notice. Such notice of withdrawal once given shall be final and irrevocable.

**(8 F) Final List of valid nominations:**

Final list shall be prepared and published in alphabetical order in Telugu in Form-VII duly allotting symbols to each candidate. Under the Telugu name, the name in English or Urdu language as the case may be shall also be written.

**(8 G).** The Ballot papers shall be prepared in Form-VIII in consonance with sub-rule (8) ( F).

**(8 H) Voting and Declaration of Results :**

- (i) If the number of the candidates whose nominations are valid does not exceed the number of vacancies to be filled by election, the election officer shall declare them to have been duly elected as Managing Committee Members on the date and time on which the final list of valid nominations are published.

If for any area or constituency for which election is to be held, the number of candidates whose nomination papers have been declared valid, does not exceed the number of candidates to be elected for that area or constituency, the Election Officer shall forthwith declare them to have been duly elected and shall proceed with Election of Office Bearers within 3 days thereof. The term of the office of such candidates shall be reckoned from the date of declaration of elections as notified by the Election Officer in Form-I.

Provided that, the number of candidates whose nominations are valid is less than the quorum of the Committee as provided under the Act, the

Election Officer shall immediately submit a report in this regard to the State Cooperative Election Authority for fresh Election Notification.

If the number of candidates whose nominations are valid exceeds the number to be elected for any area or constituency, the election officer shall arrange for conducting a poll at the place on the date and time and at the place fixed for the purpose by the State Cooperative Election Authority.

- (ii) A candidate contesting the election, may, by a letter to the election officer, appoint an agent to represent him where polling is held. Request for appointing agents shall be made in Form-IX. The agent as well as the candidates shall be given a pass which will authorize the candidate and the agent to enter polling booth and counting centre. The pass for the agent will be valid for the booth allotted to him and "he is prohibited to move from booth to booth or canvassing within the 200 Mts. of the premises where the booth is located. On the date of polling where polling is held in more than one booth, a candidate will be permitted to appoint his agent to be present in the booth to assist the polling officer in identification of voters. Such an agent will not be allowed to move from one booth, to the other and such an agent shall display his pass on his person during his presence in the booth. The candidate and his agent if any shall always display their pass on the person during the entire process of election.
- (iii) Canvassing of votes by any person on the date of poll at the place where elections are to be conducted shall be prohibited. The Election Officer shall determine the limits 200 mts. or more from the booth for prohibiting canvassing as per the public exigency and law and order situation and announce it or get it announced before commencement of the poll.
- (iv) The requirement of number of booths and number of voters allotted to each booth be determined by the competent election authority.
- (v) The State Cooperative Election Authority may appoint as many officers to conduct the poll as necessary but there shall be one presiding officer and two polling officers per booth such that
  - (a) One Polling Officer will identify and verify the voters list.
  - (b) One Polling Officer will apply indelible ink on the middle finger of the left hand or as directed by the State Cooperative Election Authority as the case may be and issue Ballot Paper to the voter.

The Presiding Officer shall conduct all the proceedings at the booth, i.e., preparing and sealing of boxes, custody and maintaining records at the booth, as well as safety of election material, i.e., ballot paper and boxes

after polling and ballot boxes till they are delivered to the Election Officer.

- (vi) A booth shall contain a separate compartment or compartments in which the voters can record their votes in secrecy. The voter after affixing his vote shall put into the ballot box which shall be so placed to be under the constant attention of the Presiding Officer.
- (vii) Immediately before the commencement of the poll, the presiding officer shall show the empty ballot box to such persons as may be present at the time and shall then lock it up and affix his seal in such manner as to prevent its being opened without breaking the seal. The candidate or his agent may also affix, his signature on the seal, if he so desires.
- (viii) Every voter who desires to exercise his right of vote shall be supplied with a ballot paper, which may be either printed, typed or cyclostyled. The ballot paper shall bear the seal of the society and also the signature of the Presiding officer. The ballot paper shall be in form-VIII prescribed.
- (ix) Every voter who desires to exercise his vote shall be allowed to do so on proof of his identity such as photo identity card, given to him by the society. If the Polling officer is satisfied about the identity of the member with reference to eligible list of voters and if there is no objection from any candidate or his polling agent present at the polling station, he shall direct the member to put his signature or thumb impression in the election attendance register kept for this purpose at booth and then he shall issue a ballot paper to him. On receipt of such ballot paper, the voter shall proceed to the polling compartment set apart for the purpose and affix the Swastik mark against the person or persons in whose favour he exercises his vote by inscribing or affixing a Swastik mark in the space provided in the ballot paper against the symbol of the candidate or candidates, as the case may be, and then fold the ballot paper and put the ballot paper in the ballot box kept for the purpose ensuring with utmost secrecy. If owing to blindness or other physical infirmity or a voter is unable to inscribe the mark on the ballot paper, the presiding officer, and where no such presiding officer is appointed, the election officer shall ascertain in secrecy from him the candidate or candidates, in whose favour he desires to vote, inscribe the Swastik mark on his behalf and put the ballot paper in the ballot box.
- (x) Every voter, whose name is entered in the list of voters/delegates eligible to vote, furnished to the polling officer, is entitled to cast his vote, unless there is a successful challenge by the candidate or his agent against his identity. If there is any challenge regarding the identity of the voter such a voter or if the polling officer feels any reasonable doubt, he shall bring

the matter to the notice of the election officer or presiding officer who shall make a summary enquiry and decide the question with reference to the books of the society.

- (xi) The Election Officer/Presiding Officer shall not entertain any challenge by a candidate or his polling agent, of a voters identity until the person who challenges pays a fee of Rs.100/- (Rupees Hundred only) in cash for each challenge at the time of making a challenge. If challenge is made, the election officer or presiding officer shall entertain the challenge and ask the member who has come to vote to affix his thumb impression or signature, as the case may be on a declaration form describing his identity in the form as at Form-X(A). If the voter refused to do so, he shall not be allowed to vote. On making of the declaration, the election officer or presiding officer shall conduct summary enquiry, as a result of such summary enquiry, the identity of the voter is established to the satisfaction of the election officer or presiding officer, he shall direct the polling officer to issue ballot paper on entering his decision in Form-X(A) and the voter then shall be allowed to vote. If challenge is successful the fees paid shall be refunded. At the end of the poll, the election officer presiding officer], shall render an account of challenge fees collected, fees refunded to the persons who challenged and the fees forfeited to the society.

**(8 I). Tendered Ballot Paper:**

- (i) If a person representing himself to be a particular voter applies for a ballot paper, and it is found that another person has already voted as that particular voter, the presiding officer Election officer may put such questions relating to his identity and if he is satisfied as to the identity of the voter, then such person will be entitled to receive the ballot paper after signing his name against the entry relating to him in a Form-X (B). This will be called a tendered ballot paper. The tendered ballot paper shall be serially the last in the bundle of the Ballot Papers issued for use at the polling station. The Presiding Officer Election officer shall endorse on the back of ballot paper with his own hand writing with words “Tendered Ballot Paper” and then sign. The voter may then mark the tendered ballot paper in the voting compartment and the ballot paper shall be given to the Presiding Officer Election officer who shall place it in a cover specially kept for the purpose.
- (ii) If at any stage of the polling, the proceedings are interrupted obstructed by any riot or affray or if at such election it is not possible to take poll for any sufficient cause, the election officer shall have power to stop the

polling, after recording his reasons for such an action. The State Co-operative Election Authority shall fix date and time for repolling.

- (iii) No voter shall be admitted after the hour fixed for the polling, but a voter who enters the premises where ballot papers are being issued before the close of the polling hour shall be issued a ballot paper and allowed to vote. After completion of poll the Presiding Officer shall furnish the Ballot paper Account in Form-XI to the Election Officer.
- (iv) The counting of votes shall take place immediately after close of the poll at the polling booth itself. If however there are more than one polling station or where polling booths are at different locations, then at the end of poll the ballot boxes shall be brought to a common counting center and counting shall take place on the next day. In such cases sealed ballot boxes shall be brought to the counting centre by the presiding officer and-deposited in the safe custody. The election-officer shall then announce to the candidates or their agents present, the time and place at which the counting shall commence next day. Votes shall be counted by or under the supervision of the election officer. Each candidate and his authorized agent shall have a right to be present at the time of counting. But the absence of any candidate or his agent at the time of the counting shall not vitiate counting or announcement of result by the election officer. If for any reason it is not possible to commence or continue the conduct of the counting of votes, the Election Officer shall fix another appropriate date, time and place for counting.

**(8 J). General:**

- (i) At counting, a ballot paper shall be rejected as invalid, by the election officer, if:
  - (a) it bears any mark or writing by which the member who voted can be identified; or
  - (b) it does not bear the seal of the society and the signature of the presiding Officer / Election Officer; or
  - (c) the mark indicating the vote thereon is placed in such manner as to make it doubtful to know to which candidate the vote has been cast; or is so damaged or mutilated that its identity as a genuine ballot paper cannot be established.
- (ii) If after the counting of the votes is completed, an equality of votes is found to exist between any candidates and the addition of one vote will entail any of those candidates to be declared elected, the election officer shall forthwith proceed with the drawal of lots and the candidate on whose name the lot falls, will be deemed to have received an additional vote and the election officer will declare him elected. The list of successful candi-

dates in the election shall be listed out in Form-XII and a copy of this form shall be given to each elected person.

- (iii) The Election Officer shall immediately thereafter, record the proceedings of the election in the diary and this diary shall be a part of the minutes book of the society, which shall form part of the records of the society and these will be sent to the society by the Election Officer. A copy of this diary together with a copy of the Form-XI of the result of polling shall also be submitted by the election officer to the State Cooperative Election Authority.
- (iv) The Election Officer shall, immediately after the election are over remit the nomination fees, challenge fee, sale proceeds of voter list into the account of the State Cooperative Election Authority.

**(8 K) Election of President:** Notwithstanding anything contained in the bye-laws of the society, the election of the President of all classes of Primary societies shall be by all the members of the Managing Committee of the society as provided under sub-section (5) of section 31 of the Act.

**(8 L). Election of Office Bearers:**

- (i) The election of office bearers of the society shall be held in the registered Head Office of the society. As soon as the members of the managing committee have been elected, the election officer, notwithstanding anything in the bye-laws of the society issue a notice, convene a meeting of the newly constituted Managing Committee for the purpose of election of President or Vice-President, Chairman or Vice-Chairman Secretary or other office bearers of the society, by whatever name they are called. This meeting shall be held not later than three (3) days from the date of declaration of elections of the managing committee. The proceedings of such election of other office bearers shall be recorded in the minutes book of the society.
- (ii) The procedure for conduct of election of the office bearers shall be as follows:

The Election Officer shall issue a notice in Form-XIII to the directly elected President and all members of the Managing Committee calling upon them to elect the office bearers of the society. This notice shall specify the mode and programme of conduct of elections. On the appointed day, between the hours of 9:00 to 11:00 hrs., nominations in Form XIV shall be received. The nominations shall have a proposer and seconder who shall be from the other elected members of the Managing Committee at 11:30 AM, the Election Officer shall scrutinise the nominations and put up on the notice board of the society the list of valid nominations. The withdrawals shall be permitted between 12:00 to 14:00 hrs. Notice of withdrawal made in Form XVIII and presented to the Election Officer in person by the candidate. Final list of contesting candidates shall be published at 14:30 hrs., by the Election Officer. The polling shall take place between 15:00 to 17:00 hrs., and counting shall commence at

17:30 hrs., and results declared forthwith.

- (iii) The Election officer shall preside over such meeting. The quorum for the meeting shall be the majority of the members of the managing committee. If there is no quorum the election officer shall adjourn the meeting to the next day. In the adjourned meeting also if there is no quorum, the members present shall constitute the quorum.

Provided that the prescribed Formats from XV to XXI are to be used in the elections to the office bearers, as are applicable from the stage or receipt of nominations to withdrawal of nominations.

Provided further that ballot paper as prescribed in the Form XX shall be used for the purpose of Conduct of election to the office bearers.

**(8 M) Custody of Record of Elections Conducted:** After declaration of the election result, the election officer shall hand-over the entire record including ballot papers put in sealed covers to the District Cooperative Officer in the case of primary societies and the Registrar in case of other societies. The record shall safely be preserved by them for a period of six (6) months from the date of election or till such time a dispute or an appeal thereof regarding elections, if any, filed is disposed of, whichever is later, and shall thereafter be destroyed after obtaining permission from the State Cooperative Election Authority.

**(8 N) Re-elections for unfilled vacancies and Co-option:**

- (i) Where in any society no member belonging to a category of weaker sections and women was elected to the seat reserved for that category the Election Officer shall indicate it as vacancy and submit a report to the State Cooperative Election Authority and go-a-head with election of office bearers. The newly elected committee shall submit proposals for election of vacant seats to the State Cooperative Election Authority within (6) months of assuming charge.
- (ii) The committee / board may fill up a casual vacancy / short fall of the board by nomination/co-option out of the same class of members in respect of which the casual vacancy/ shortfall has arisen, if the term of office of the board / committee is less than half of its original term.

Provided that in the case of a Co-operative Central Bank and a District Cooperative Marketing Society where no member of the society belonging to the same category of weaker section is elected the seat may be filled up by co-option from among the members of the committee of the affiliated societies in the same group and belonging to the same category of weaker sections.

- (iii) No member who has lost in the current election shall be eligible for filling up the casual vacancy that has arisen during the current term of the Board.
- (iv) In addition to the number specified as per section 31 (1) (b), the elected members of committee may co-opt, not exceeding two persons as members of the committee, out of which one shall have experience in the field of banking or management or finance and the other shall have specialization in any other field relating to the objects and activities undertaken by the society.

Provided 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 or to be eligible to be elected as office bearers of the committee.

Provided further that Functional Directors of a Cooperative Societies may be prescribed shall also be the members of the committee and such members shall be excluded for the purpose of counting the total number of the Directors specified in section 31 (1) (b).

## 22 A Constitution of Committee of certain societies:

- (1) The constitution of the committee of the class of the societies indicated at column no.2 of the following table shall be constituted with the number of members as indicated in column no.3 to 10 of the Table below.

Sl. Societies	Class of Societies	Elected Seats							By Nominations No			
		SCs	SCs (W)	STs	BCs	OCs	OCs (W)	Total	Number	Belonging to	Nomination by	
1	2	4	5	6	7	8	9	10	11	12	13	
1	Primary Agricultural Cooperative Societies including Large Sized Cooperative Societies, Rural Banks and Farming Societies	1	1	1	2	7	1	13	2 1 2	Women Minority Official	Registrar Registrar Registrar	
<b>Total</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>13</b>	<b>5</b>	<b>Grand Total:18</b>		



1	2	3	4	5	6	7	8	9	10	11	12
2	(i) Farmers Service Cooperative Societies	1	1	1	2	7	1	13	1	MD Rep. of Financing Bank	Registrar Financing Bank
									1	Official Women Registrar	Registrar Registrar Registrar
	<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>13</b>	<b>6</b>	<b>Grand Total:19</b>	
3	Cooperative Central Banks (A) Territorial Societies consisting of Primary Agricultural Cooperative Societies, Rural Banks, Large Sized Cooperative Societies, Farmers Service Cooperative Societies (B) Functional Societies, Societies other than those in Group-A. The employees Cooperative Credit Societies not to contest for more than one seat.	3	---	1	2	10	-	16	---		
		1	---	1	1	1	--	4	----	-	
									-		
									1	Official	Registrar
									2	Experts(1 in field of Agriculture and allied areas and 1 in Finance / Banking)	Committee
	<b>Total</b>	<b>4</b>	<b>----</b>	<b>2</b>	<b>3</b>	<b>11</b>	<b>-</b>	<b>20</b>	<b>3</b>	<b>Grand Total: 23 (includes 2 Functional Directors)</b>	

1	2	3	4	5	6	7	8	9	10	11	12
4	<b>District Cooperative Marketing Societies</b> (A)Primary Agricultural Cooperative Societies (B)Other Societies	1	----	1	1	3	-	6	----		
		1	----	-	1	2	-	4	----	1 2	DCCB Registrar Registrar Prog. ressive farmer
	<b>Total</b>	<b>2</b>	<b>--</b>	<b>1</b>	<b>2</b>	<b>5</b>		<b>10</b>	<b>3</b>	<b>Grand Total:13</b>	
5	Cooperative Sugar Factories (A)By members out of 8 seats kept open to all (excluding the President) one seat shall be reserved for election of small farmers in respect of constituency having largest number of small farmers. (B)Employee Directors by	2	----	1	2	9	-	14	----		
		-	----	-	----	----	----	1	1	-	

1	2	3	4	5	6	7	8	9	10	11	12	
	non-seasonal employees other than those in common cadre working on daily wages and nominal muster rolls									3	Official	Gov-ernment
										3	Repres-entative of Financing Bank	Financing Bank
	<b>Total</b>	<b>2</b>	<b>----</b>	<b>1</b>	<b>2</b>	<b>9</b>	<b>1</b>	<b>15</b>	<b>6</b>	<b>Grand Total: 21</b>		
6	<b>Primary Milk Producers Cooperative Societies</b>	-	----	-	-	7	2	9	----			
7	<b>Primary Weavers Cooperative Societies</b>	-	----	-	----	7	2	9	2	Official	Registrar	
	<b>Total</b>					<b>7</b>	<b>2</b>	<b>9</b>	<b>2</b>	<b>Grand Total : 11</b>		

**22-A(2):** The constitution of the Committees of all other societies shall be in the manner as indicated in the bye-laws of the respective societies subject to provisions of section 31 of the Act:

**22 A(3): Division of Constituencies:**

In the case of Primary Agricultural Co-operative Societies, such as Primary Agricultural Co-operative Credit Societies, Farmers Service Co-operative Societies, Large Sized Co-operative Societies. Co-operative Rural Banks and to such class of societies as specified by Registrar, constituencies shall be formed on territorial basis

- (i) consisting of as many groups of contiguous Revenue Villages as are equal to the number of seats to be elected. The eligible members in the society shall be arranged separately Revenue Village-wise and general number-wise within each Revenue Village. For the purpose of carving out the territorial constituencies the village wherein the seat of the society is located shall be the starting point. The contiguous Revenue Villages which are in the North-East direction should be grouped into different constituencies with the number of voters in each such constituency being approximately equal. Any member remaining after such division shall be added to the last part. Where the number of eligible voters in a Revenue Village are to be allotted to more than one constituency, the general number shall be the criteria for dividing the electoral roll. Where the area of operation of the society is confined to a Revenue village or a part of the village, the electoral roll shall be divided into as many parts as there are members to be elected and each such part shall be a constituency and any members remaining after such divisions shall be added to the last part. The members in each such territorial constituency shall elect one member to the committee. The outgoing committee shall hand-over the territorial map of the society de-marking the villages in the area of operation and also furnish the list of total territorial constituencies with the list of members village-wise to the election officer.
- (ii) If for any reason it is not convenient to carve out the Constituencies as above, the Registrar for sufficient reasons to be recorded in writing may permit the specific cases, division of Constituencies based on serial number in the admission register:

Provided that, in respect of other societies other than specified above, the division of constituencies shall be done by concerned election authorities or any officer authorized on the basis of serial number of the admission register:

Provided further that, where there are no members belonging to Scheduled Castes or Scheduled Tribes or Backward Classes or Women in the society and there is a consequent reduction in the number of members to be elected, the electoral roll shall be divided only into as many parts as there are members to be elected after such reduction in the number and

the seat or seats intended for the aforesaid castes, tribes or classes or women shall be filled in the manner specified.

- (iii) In the case of District Co-operative Marketing Societies, Co-operative Central Banks and Co-operative Sugar Factories where the electorate is divided into two or more categories, the members of the committee to be elected from each group shall be, elected by the voters in the respective category only.
- (iv) in the case of voters of Group "A" in Co-operative Sugar Factories the constituencies shall be formed on territorial basis consisting of as many groups of contiguous Revenue Villages equal to the number of seats to be elected where the number of voters are approximately equal and the committee shall be elected by the members in that constituency only.

**22 A (4) Allocation of seats:** In the case of Co-operative Societies specified in sub-rule (3), the Registrar shall allocate the seats of the Committee to be filled up by election of members of Scheduled Castes, Scheduled Tribes, Backward Classes, and Women. The constituencies with largest number of voters belonging to Scheduled Castes, Scheduled Tribes, Backward Classes respectively shall be allocated to these Categories. The remaining Constituencies shall be filled up by open category members. For purpose of allocating seat of the committee to be filled by women among scheduled castes and open category member the constituencies with largest number of voters belonging to women from among the constituencies allocated to scheduled castes and open competition categories shall be allocated to scheduled caste women and open category women members:

Provided that in the case of Co-operative Sugar Factories the constituencies having largest number of voters belonging to small farmers shall be allocated to be filled by members belonging to that category respectively:

Provided further that where in any constituency the members belonging to schedule castes or scheduled tribes or backward classes are equal, such constituency shall be allocated in the same order of preference

**1[22-AA. : Nomination of two women by the Registrar:-**(1)Two women members shall be nominated by the Registrar to the Primary Agricultural Co-operative Societies (including Large Size Co-operative Societies and Rural banks) from among Self help Group / Rytu Mitra Groups/Non - Government organizations. However, they shall not have right to vote.

(2) The women members to be nominated as members of the committee shall be those who take part in the activities of the societies.

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1. Rule 22AA subs. by G.O. Ms. No. 1 Agrl. & Coop. (Co-op.II) Dept., dt. 4-1-2018.

(3) The Registrar shall call a short listed women members, belonging to Self Help Groups / Rytu Mitra Groups / Non - Governmental Organizations in the area of operation of all the credit societies in the districts from the Collectors, after due scrutiny. Considering the proposals of the Collectors and other representations / relevant factors, the Registrar shall issue the orders of nomination within sixty days from the date of declaration of result of elections.

**<sup>1</sup>[22-AAA. Nomination of one representative of Minority Community by the**

**Registrar:-** (1) One member from minority communities shall be nominated by the Registrar to the Primary Agricultural Co-operative Societies (including Large Sized Co-operative Societies and Rural banks) from among the members, (including associate Members) belonging to minority communities, of the society. However such member shall not have right to vote.

(2) No member of minority community shall be nominated as member of the committee unless she / he.

(a) is a member of the society; and

(b) is qualified in accordance with the provisions of the Act to be a member of the committee.

(3) In addition to the qualifications specified in clauses (a) and (b), the member to be nominated as member of the committee shall be one who takes part in the activities of the societies as prescribed in the bye-laws.

(4) The Registrar shall call for of a short listed members belonging to minority communities of all the PACS, FSCS and other credit societies in the Districts from the Collectors. The Collectors shall furnish after scrutiny a short listed panel of eligible members belonging to minority community. Considering the proposals of the Collectors and other representations / relevant factors, the Registrar shall issue the orders of nomination within sixty days from the date of declaration of result of elections.

**<sup>2</sup>[22-B. Mode of Election of Managing Committees of societies having a small number of eligible voters i.e. less than 50 :-**

(a) The State Cooperative Election Authority shall notify the date and time and place of election. The voting of the members of the committee of the weaker section societies or societies having a small number of memberships may be done by show of hands at the general meeting convened for election. The mode and the procedure will be as follows.

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1. Rule 22AAA subs. by G.O. Ms. No. 1 Agrl. & Coop. (Co-op.II) Dept., dt. 4-1-2018.

1. Rule 22B subs. by G.O. Ms. No. 1 Agrl. & Coop. (Co-op.II) Dept., dt. 4-1-2018.

(i) Members will be admitted into the hall or premises on production of identity and after obtaining their signature or thumb impression in attendance register from 9.00 hrs to 11.00 hrs. At 11.30 hrs, the Election officer will announce the number and category of seats on the Managing Committee to be filled. For each seat / category, he will call for nominations and announce the names of the nominations received and conduct elections as detailed below :

(ii) The Election officer will read out the names of each candidate contesting and he will call upon members to express their vote by show of hands. He will record the number of votes secured by each candidate and announce it after every count.

Provided that those who have polled the maximum votes in descending order will be declared elected depending upon the number of seats to be filled.

(b) If there is any disturbance in conduct of poll then the Election Officer shall stop the proceedings and shall send a report to the Election Authority who will then order for conduct of repoll on any other day to be specified by issue of notice. In such circumstances, where polling was disturbed or where election authority is of the view that polling by show of hands is not possible, then the Election Authority may order for conduct of election by secret ballot. In such case, the procedure prescribed in the Rules for conduct of elections by secret ballot shall be followed through secret ballot. Notwithstanding the above, if the outgoing managing committee of the society desires to conduct elections by secret ballot, it shall request the State Cooperative Election Authority to conduct the election by secret ballot by submitting its proposal 60 days before the expiry of the term of the managing committee and the Registrar shall conduct the election by following the procedure as given in these Rules.

(c ) Election of Office bearers:- The Election Officer shall preside over the meeting of the elected committee members, for conducting elections to the office bearers. The quorum for such meeting shall be majority of the elected members of the committee. If there is no quorum, the Election Officer shall adjourn the meeting to a date fixed by him. If in the adjourned meeting also, there is no quorum, the members present shall constitute the quorum.

- (i) The election of office bearers of the society shall be by show of hands.
- (ii) The nomination of the candidates for elections shall be made at such meeting. The election officer shall decide the objections, if any, which may be made at the time of nomination and after making such summary inquiry as he thinks necessary, announce the names of valid nominations.
- (iii) If for any office for which election is to be held the number of candidates in respect of whom valid nominations have been announced does not exceed the number of candidates to be elected to that office, candidates for whom valid nominations have been announced shall be deemed to have been duly elected for that office and the election officer shall make a declaration to that effect. If the number of candidates in respect of whom valid nominations have been announced for any office exceeds the number of candidates to be elected a poll shall be taken by show of hands and the election officer shall read out the names of the contesting candidates for that office. He shall thereafter record the number of votes polled for each such candidate ascertained by show of hands and declare the candidates securing maximum votes polled as elected. The result of elections shall also be recorded in the minutes book of the society.
- (iv) After declaration of results of election of committee members and office bearers the election officer in brief shall send a report to the election authority along with results of elections.
- (v) The election officer shall within a period of two days after the election of office bearers, communicate by registered post or certificate of posting under his own seal to the society to which it is affiliated, the name and specimen signature of the President of such affiliated society.

<sup>1</sup>[22-C. (1) Notwithstanding anything contained in these rules, the Government or the State Cooperative Election Authority may direct the postponement of elections under one or more of the following circumstances:

- (i) Break down of law and order affecting the peaceful and lawful conduct of elections.
- (ii) Any natural calamity that prevents the conduct of elections particularly, voters from participation in the election.

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1. Rule 22C subs. by G.O. Ms. No. 1 Agri. & Coop. (Co-op.II) Dept., dt. 4-1-2018.



- (iii) Where there is reasonable apprehension that voters will not be allowed to vote frankly and freely.

(2) The postponement shall be done only by issue of an order which shall specify the grounds of postponement. After such postponement the election process shall be re-commenced when the conditions become conducive for re-commencing of election, by issue of an order by the State Cooperative Election Authority. The process will re-commence from the stage of postponement.

**1[22-D. Election of District Co-operative Central Bank/Apex Societies/Sugar Factories:**

- (i) The State Cooperative Election Authority shall appoint the Election Officer not below the rank of Deputy Registrar not less than 7 days prior to the date of poll.
- (ii) in the case of Co-operative Sugar Factories where seats in the committee are reserved to weaker Section, it should be indicated in the Voter's list against the name of each person whether he belongs to Scheduled Caste, Scheduled Tribe; or Backward Class and also the total number of members and the number of Members from Scheduled Castes, Scheduled Tribes and Backward Classes voters among them. Further in the case of Co-operative Sugar Factories it should also be indicated whether a member is a small farmer.
- (iii) The Managing Director or the Chief Executive of the Co-op. Sugar Factory shall prepare or cause to be prepared and publish a list of society members as provided in rules on the notice board of the factory whenever an election is to be held. Any member may file application requesting for inclusion or deletion within four days from the date of publication before the Managing Director or the Chief Executive who shall dispose the same within three days thereafter and submit the list to the Registrar for verification. The list approved and certified by the Registrar shall be forwarded to the State Cooperative Election Authority along with the proposal for conducting Elections.
- (iv) In the case of an Apex-Society, Co-operative Central Bank and Dist. Co-op. Marketing Society, and any other society where other societies and institutions are members, the Managing Director or Secretary or the Business Manager and General Manager or Chief Executive, as the case may be, shall prepare and furnish to the Registrar a list containing the names of the delegates of affiliated societies and the individual members of the

society. The list approved and certified by the Registrar shall be forwarded to the State Cooperative Election Authority along with the proposal for conducting Elections.

- (v) In the case of an Apex Society, Co-operative Central Bank, the District Co-op. Marketing Society and any other society where other societies and institutions are members, the election notification containing the particulars shall be issued not less than (3) three days before the date of poll by the State Cooperative Election Authority.
- (vi) In the case of an Apex Society, Co-operative Central Bank, the District Co-operative Marketing Society and any other society where other societies and institutions are members, the date of filing of nominations, scrutiny of nominations and publication of valid list of nominations shall be on the same day which shall not be less than two days before the date of Poll.
- (vii) The procedure for issue of election notification, receipt of nominations, scrutiny & withdrawal and also Polling, Voting shall be followed as specified under rule 22 of these rules]

**<sup>1</sup>[23. Quorum for meeting :—**

- (1) Save as expressly provided in the Act no general meeting shall be held or proceeded with unless there is a quorum as specified in the bye-laws provided that the bye-laws shall not specify quorum which is less than <sup>2</sup>[1/10th] of the total members.
- (2) The quorum for a meeting of the committee shall be the majority of the total members of the committee.]

**<sup>3</sup>[23-A. Meeting called by Registrar:—**

- (1) The Registrar, may convene a general meeting of the society under sub-section (1-A) or under sub-section (5) (a) of Section 32, after giving due notice to the members, and date, time and place of the meeting and the subjects to be considered at the aforesaid meeting.
- (2) The notice of meeting shall be given by affixture in the office of the society, if any, and in case there is no office, in the Panchayat Samithi Office or Mandal Office or by publication in a local newspaper:

Provided that if the area of the society extends to more than one Panchayat or Revenue Mandal, the notices shall be affixed in the Panchayat Offices or Mandal Offices and in the Office of the Registrar.

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- 1. Subs. by G.O. Ms. No. 37, Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.
  - 2. Subs. for "1/5th" by G.O. Ms. No. 821, Agrl. & Coop. (Co-op.IV), dt. 13-8-2004, w.e.f. 13.8.2004.
  - 3. Ins. by G.O. Ms. No. 2834, F & A. (Leg.) Dept., Dt. 24-11-1965, and Subs. G.O. Ms. No. 102, (Co-op. IV). dt. 27-2-1986.

- (3) The cost on account of publication of the notice in the local newspaper shall be met from the funds of the society.

<sup>1</sup>[23-AA. For the purpose of clause (a) of sub-section (1) of Section 32 all Apex Co-operative Societies. <sup>2</sup>[Rural Electric Co-op. Societies] Sugar Factories and Spinning Mills shall be the class of societies.]

<sup>3</sup>[23-AAA Notwithstanding anything contained in the bye-laws of the society, the President may resign his seat by sending a letter of resignation by Registered Post or by tendering it in person to the Registrar and such resignation shall take effect from the date it is accepted by the Registrar.

- (2) The powers and functions of the President shall devolve on vice-president till election to the post of the President is held as per bye-laws.
- (3) Notwithstanding anything in the bye-laws of the society, any member or members of the committee may resign their seats by sending a letter of resignation by Registered Post or by tendering it in person to the Chief Executive Officer/ President of the society and such resignation shall take effect from the date it is accepted by the Managing Committee.
- (4) In the event of absence of the President for more than a period of three months or death of President of a society, the powers and functions of the President shall devolve on the vice-president till election to the post of the President is held as per bye-laws.
- (5) In the event of resignation of the entire Managing Committee or a majority of the Managing Committee, the Registrar of Cooperative Societies shall hold elections and till the new Managing Committee takes charge the Registrar may appoint person incharge or direct the Managing Committee to continue to discharge their functions till the elections are held and the new Managing Committee takes charge.]

<sup>4</sup>[23-B. **Mode of service of notice of committee meetings**

The Chief executive or the Senior most paid employee, or where there is no paid staff, the President or the person authorised under the bye-law, of the society shall send notice of Committee Meetings to the members of the Committee either by personal service or by Registered Post Acknowledgment Due.]

<sup>3</sup>[24. **Disqualification for membership of Committee :-**

- (1) No person shall be eligible for being chosen or continuing as a member of a Primary Coop. Society or as a member of the committee of any society, if he,—
- (a) is a near relative of a paid employee of the Society,

1. Added by G.O. Ms. No. 621, (Co-op. IV), dt. 26-12-1985.

2. Ins. by G.O. Ms. No. 874, (Co-op.IV), Dt. 1-12-1988.

3. Subs. by G.O. Ms. No. 37, Agrl. & Coop. (Co-op.IV), dt. 28-1-2002.

4. Added by G.O. Ms. No. 559, (F & A) (Co-op.IV), dt. 12-9-1990.

- (b) is in default to the Society or to any other Society for such period as is specified in the bye-laws of the Society concerned, or in any case for a period exceeding three months, or is a defaulter to the Society or to any other Society, or is a delegate of a society which is defunct or is in default for a period exceeding three months;
- (c) is interested directly or indirectly in any contract made with the Society or in any sale or purchase made by the society privately or in any auction or in any contract or transaction of the Society, other than investment and borrowing involving financial interest, if the contract or transaction subsisting or if the contract, transaction, sale or purchase has not been completed and
- (d) is a member of the Committee of more than two Apex or Central Societies or of the Committee of more than one Apex Society and one Central Society.

*[Explanation I :—* For the purposes of clause (a) of sub-rule (1), the following persons shall be deemed to be near relatives namely, father, mother, brother, sister, husband, wife, daughter, son, daughter-in-law, son-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, nephew, niece.]

*Explanation II:—* (i) For the purposes of clause (d) of sub-rule (1) “Apex Society”, means a society whose area of operation extends to the whole of the State and which has other societies as its members.

(ii) “Central Society” means a society whose area of operation extends to more than one Mandal and which has its members of other societies.”

- (2) The President or a member of the committee of any society shall cease to hold his office as such if he incurs any of the disqualifications mentioned in sub-rule (1) :

Provided that, where a person ceases to be a member of the committee under clause (b) of sub-section (1) of Section 21, he shall be restored of the office for such portion of the period for which he was elected as may remain unexpired at the date of such restoration, as and when the sentence is annulled on appeal or revision and any person elected to fill the vacancy in the interim period shall on such restoration vacate the office.

- (3) Chief Executive Officer or President where there is no Chief Executive Officer shall be responsible to keep a watch on disqualification of member(s) or Managing Committees as detailed below:
  - (a) Automatic disqualification of a member under Section 21(g) or the Managing Committee u/S. 21AA(5) and 21AA(6);
  - (b) If orders are issued by Registrar u/S.21(e)

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1. Added by G.O. Ms. No. 223, A&C (Coop. IV), dt. 27-6-2005.

- (c) Chief Executive Officer shall report the status to Managing Committee U/S.21(f) and if the Managing Committee passes an order of disqualification.
  - (d) For any other reason as specified in the bye-laws; and
  - (e) Chief Executive Officer/President shall promptly inform the Registrar and place a report on all such disqualification in the General Body meetings for information and when convened.
- (4) Before passing a resolution under sub-rule 3(c) or 3(d) above the committee of a society shall give such person an opportunity to state his objections if any, to the proposed action and if the person wishes to be heard, he shall be given an opportunity to be heard.

The General Body of such society shall through a resolution declare that a person shall cease to be a member of the committee of the society concerned from the date of the disqualification.

**<sup>1</sup>[24-A. Meeting after receipt of no confidence notice :—**

- (1) As soon as the notice along with a copy of the motion expressing no confidence is received, the Registrar shall, notwithstanding anything in the bye-laws, convene a meeting of the committee.
- (2) The service of notice may be effected in any of the following ways, namely:—
  - (a) by giving or tendering it to such person ; or
  - (b) by sending it by registered post to their address.
- (3) A copy of the notice shall also be affixed on the notice board of the society and also on the notice board of the Office of the Registrar:

Provided that if the area of Society extends to more than one Panchayat or Mandal Office the notice shall be affixed in all Panchayat Offices or Mandal Offices.]

- <sup>2</sup>[(4) As soon as the motion of no confidence is carried against the president/ vice-president or against both the president and vice-president simultaneously at one time, the Registrar shall declare the results of motion and immediately announce the date, time and place of election of the president/vice-president as the case may be, for filling up the resultant vacancy or vacancies.
- (5) Immediately after the announcement of result of motion of no-confidence the president/vice-president, as the case may be, shall not discharge any functions as president or vice-president.

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1. Added by G.O. Ms. No. 102, (Co-op. IV), dt. 27-02-1986.

2. Sub-rules(4) to (13) added by G.O. Ms. No. 257, dt. 8-5-1986.

- (6) If the President and vice-president are removed simultaneously, the Registrar shall then draw lots among the members present excluding the members against whom the motion of no-confidence is carried. The candidate on whom the lot falls shall be the president or vice-president for the interim period till regular election of president or vice-president is held and when once elections are held they shall cease to function as President and Vice-President.
- (7) The Registrar shall pass an order removing the president/vice-president or both the president and vice-president, as the case may be, within a period of three days from the date on which the motion of no-confidence is carried under sub-rule (4).
- (8) Notwithstanding anything contained in the rules and bye-laws of the society, the Registrar shall preside over the meeting. The quorum for such meeting shall be the majority of the members of the committee.<sup>1</sup>[x x x].
- (9) The election of president/vice-president shall be by show of hands.
- (10) The nomination of the candidate for election shall be made at such meeting.
- (11) If there is no contest, the Registrar shall declare the candidate as elected as president, vice-president and if there is a contest, a poll shall be taken. The Registrar shall read out the names of the contesting candidates for that office. He shall thereafter record the number of votes polled for each such candidate as the case may be. The Registrar shall announce the number of votes secured by each candidate as the result of election shall be recorded and attested by them.
- (12) If any equality of votes is found to exist between any candidate, and the addition of one vote will entail any of these candidates to be declared elected, the Registrar shall forthwith decide between these candidates by lot and proceed as if the candidate on whom the lot falls had received an additional vote and declare him elected and the result so declared shall be recorded and attested by him.
- (13) The person so elected shall hold office for the residue of the term of his predecessor.

**24-B.** <sup>2</sup>[X X X]**25. Terms of office of members of committees:—**

The bye-laws of every society shall provide either that the term office of all the members of its committee shall expire on the same date and at such yearly intervals as may be specified, or that a certain proportion of the members of its committee retire in each year on such date as may be specified. In the former case all the members of the committee, including those elected in casual vacancies

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1. Deleted by G.O. Ms. No. 336, Agl. & Coop. (Coop. IV), dt. 26-05-1993.
2. Omitted by G.O. Ms. No. 37, Agl. & Coop. (Coop. IV), dt. 28-01-2002.

<sup>1</sup>[whether] representing societies <sup>1</sup>[or individuals] shall vacate their office of the date specified, irrespective of the date on which they were elected as members of the committee. In the latter case, the members due for retirement in each year, including those elected in their places in casual vacancies, shall vacate their office on the date specified in that year.

**26. Presidency at meeting:—**

Every general meeting or the meeting of a committee shall be presided over by the president of the society, in his absence by the vice-president thereof and in the absence of both the president and vice-president by a member chosen by the meeting to preside for the occasion:

Provided that no person including the president or the vice-president of the society shall preside over a meeting when matters in which he has personal interest including his election as member of the committee are to be discussed.

<sup>2</sup>[26-A.:—

The General Body of the Society shall not only deal with the specified matters under Section 30 of the Act, but the following matters shall also be in agenda compulsorily.

- (a) Proceedings of the Supervisory council.
- (b) Report on the disqualification of members, Managing Committee members and the entire Managing Committee as the case may be.
- (c) Consideration of defaulters and measures to be carried out in the matter.
- (d) Utilisation of Cooperative Education Fund retained at the society level.
- (e) Any directions issued by the Registrar, Reserve Bank of India, National Bank for Agriculture and Rural Development, Financing Bank etc.]

**27. [Omitted by G.O.Ms.No. 229, (Co-op. IV), dt. 4-5-1987]**

<sup>3</sup>[28. **Officers and servants of societies (Subs. by G.O. Ms. No. 37):—**

- (1) No Society shall appoint any person as its paid officer or servant in any category of service, unless he possesses the qualifications and furnished the security as specified by the Registrar, from time to time, for such category of service in the society or for the class of societies to which it belongs.
- (2) All the existing societies with and without state aid shall, if not already approved, prepare service rules, within 45 days from the day of enforcement of these rules and submit to the Registrar for approval, which, among others, shall include the following if already not done so, with regard to staffing pattern, Scale of pay

1. Added by G.O. Ms. No. 1808, F & A (Leg.), dt. 2-07-1965.

2. Added by G.O. Ms. No. 37, Agrl. & Coop. (Coop.IV), dt. 28-1-2002.

3. Subs by G.O. Ms. No. 37, Agrl. & Coop. (Coop.IV) , dt. 28-1-2002.

and allowances. Method of filling of posts, qualifications, and rules regarding disciplinary proceedings and other service matters—

- (3) All existing societies shall also furnish to the Registrar details of:
- (i) Persons working in the society against the existing posts along with their qualification;
  - (ii) Job Chart/Nature of work/Pay Scales for each post/categories.
  - (iii) Staff in excess of staffing pattern if any, prescribed by Registrar;
  - (iv) <sup>1</sup>[the expenditure towards pay and allowances of the employees], and its percentage to working capital and gross income;
  - (v) identification of surplus staff or inadequate staff, if any, category wise, and how the society, intends to deal with surplus staff or inadequate staff;
  - (vi) Pay scales of existing staff and when they are approved and by whom;
  - (vii) Working capital and Gross Income;
- (4) Every society within 45 days of registration shall frame and submit to the Registrar for approval of its staffing pattern which shall include,—
- (a) Service rules for its employee, specifying staffing pattern, qualifications, method of appointment, scales of pay and allowances, responsibilities, duties, training, securities and disciplinary rules etc.
  - (b) revision of any of the service rules or pay scales etc. shall be made by the General Body on the recommendation of the Managing Committee provided <sup>1</sup>[the expenditure towards pay and allowances of the employees] are less than 2% of the working capital or less than 30% of the Gross Profit under intimation to Registrar of Cooperative Societies. Provided further that if it is found to be in excess of the said norms either in audit, inspection or inquiry, the excess so spent shall be recoverable from members of the Managing Committee concerned under Section 60(1) of the Telangana State Coop. Societies Act and the Registrar shall have the powers to cancel such pay revision or modify it as deemed fit and adjust securities furnished by the paid servants.
  - (c) A Society in receipt of State aid shall not frame any rules relating to age of retirement, leave rules, leave travel concession and rules relating to loans to employees which shall be in excess of the subsisting rules of Government concerning these matters.
- <sup>2</sup>[(5)] No society shall appoint as its paid officer or servant in any category of service any person who is related to any director or member of the committee of a financing bank to which the society is affiliated.

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1. Subs. for “Staff cost and contingent cost” by G.O. Ms. No. 553, Agrl. & Coop.(Coop.IV), dt. 25-6-2003.

2. Sub-rules (4) renumbered as sub-rules (5) by G.O. Ms. No. 553, Agrl. & Coop.(Coop.IV), dt. 25-6-2003.



<sup>1</sup>[(6)] Notwithstanding anything contained in the Bye-laws/special bye-laws service regulations or common cadre regulations of the co-operative societies every paid servant and officer of the society other than those in the last grade service shall retire from service on the After Noon of the last date of the month on which he attains the age of 58 years.]

<sup>2</sup>[the last grade servant of the society shall retire from the service on the afternoon of the last date of the month on which he attains the age of 60 years.

**Explanation :-**

(i) For the purpose of the rule, the expression “last grade servant” means Office Subordinate (formerly Attender)/Peon/Watchman/Scavenger and other equivalent designations incorporated as such in the staffing pattern as contained in the bye-laws/special bye-laws of the Cooperative Society and approved by the Registrar.

(ii) A paid servant or officer of the society including last grade servant, whose date of birth falls on the first of a month shall retire from service on the afternoon of the last day of the preceeding month on attaining the age of (58) or (60) years, as the case may be.]

**29. Appointment of Secretary:—** Every financing bank, every credit society with limited liability and a working capital of not less than Rupees one lakh <sup>3</sup>[x x x] shall appoint a paid secretary. The paid secretary shall be disqualified for being appointed as, and for being a member of the committee of the financing bank, the society or the mortgaged bank, as the case may be:

Proviso omitted by G.O.Ms.No. 229 (Co-op. IV) dt. 4-5-1987

<sup>4</sup>[30. **Term of office of member of committee who is a delegate of another society**

A delegate of one society sitting on the committee of another society shall vacate his seat in such committee:

- (a) if the society of which he is delegate becomes defunct or commits and continues to be a defaulter of a period exceeding three months;
- (b) if the affairs of the society of which he is a delegate are ordered to be wound up; or
- (c) if he resigns; and
- (d) if the society of which he is a delegate is deregistered.]

**31. Prohibition against having interest in contracts, etc.:—**

- (1) No officer or <sup>5</sup>[employee] of a society shall have an interest directly or indirectly:—
  - (a) in any contract made with the society ; or
  - (b) in any sale or purchase made by the society privately or in any auction; or

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1. Sub-rules (5) renumbered as sub-rules (6) by G.O. Ms. No. 553, Agrl. & Coop. (Coop.IV), dt. 25-6-2003.  
 2. Added by G.O. Ms. No. 205, Agrl. & Coop. (Coop.IV), dt. 2-7-2008.  
 3. Omitted by G.O. Ms. No. 229, (Coop.IV), dt. 4-5-1987.  
 4. Subs. by G.O. Ms. No. 37, Agrl. & Coop. (Coop.IV) , dt. 28-1-2002.  
 5. Subs by G.O. Ms. No. 2834, F & A g. dt. 24-11-1965.

- (c) in any contract of transaction of the society other than an investment or borrowing, involving financial interest.
- (2) No officer or <sup>1</sup>[employee] of a society shall purchase, directly or indirectly, any property of a member of the society brought to sale for the recovery of his dues to the society.

**32. Declaration to be made creating a charge in favour of a society:—**

- (1) A member who applies to the society for a loan shall make a declaration in Form ‘B’ creating charge in favour of the society on land or other immovable property specified therein.
- <sup>2</sup>[(2) Where a declaration made by a member creating a charge in favour of a society under sub-rule (1) or any variation or cancellation thereof made under sub-section (2) of the Section 36 is sent to the Sub-Registrar having jurisdiction over the area in which the lands or other immovable property is situated he shall register or return such declaration or variation or cancellation within fifteen days from the date of receipt of declaration]

**33. Remittance of the amount from salary or wages of a member and maintenance of register by an employer;—**

- (1) Where an employer makes a deduction from the salary or wages in pursuance of a requisition from society he shall pay the amounts so deducted within seven days from the date of deduction of the amount of the society.
- (2) When any amount is deducted under sub-rule (1), an employer shall maintain a Register in Form ‘C’.
- (3) In respect of the Consumer co-operative Stores, the entire gross salary or wages for the month or any portion thereof sufficient to clear of debt or other amount due by the member to the society may be deducted by an employer in pursuance of a requisition of a society and paid to it within the time specified in sub-rule (1).

**34. Procedure regarding State aid to societies:—**

- (1) The Government may, subject to such terms and conditions as may be specified, subscribe directly to the share capital of societies.
- (2) The Government may provide money to an apex society for purchase of shares in other societies.
- (3)(a) The apex society which receives moneys from the Government under sub-rule (2) shall, establish with the money a fund to be called the “Principal State Partnership Fund”.
- (b) The apex society shall utilise the Principal State Partnership Fund for the purpose of—
  - (i) purchasing shares of other societies ;
  - (ii) providing money to a central society to enable that society to purchase shares in other societies ,
  - (iii) making the repayment to Government in accordance with provisions of this rule.

1. Sub by G.O. Ms. No. 2834, F & A, Dept., dt. 24-11-1965.

2. Subs by G.O. Ms. No. 1808, F & A, dt. 02-07-1965.

- (4)(a) The central society which is provided with moneys by an apex society from the Principal State Partnership Fund shall establish with such moneys a fund to be called 'Subsidiary State Partnership Fund'.
- (b) The central society shall utilise the Subsidiary State Partnership Fund for the purpose of—
- (i) purchasing shares in primary societies ; and
  - (ii) making repayment to the apex society in accordance with the provisions of this rule.
- (5) No shares shall be purchased in a society from out of the moneys of the Principal State Partnership Fund, or the Subsidiary State Partnership Fund, except with previous approval in writing of the Government.
- (6) Where any shares are purchased in a society by the Government or by an apex society or a central society from the Principal State Partnership Fund, or the Subsidiary State Partnership Fund as the case may be the liability in respect of such shares shall in the event of the society being wound up be limited to the amount subscribed in respect of such shares.
- (7) (a) If a society in which shares are purchased from the Principal State Partnership Fund by an apex society is wound up, the Government shall not have any claim against apex society in respect of any loss arising from such purchase, but the Government shall be entitled to any moneys received by the apex society in liquidation proceedings.
- <sup>1</sup>[(b) If a society in which shares are purchased from the Subsidiary State Partnership Fund is wound up, neither the Government nor the apex society shall have claim against the central society which purchased the shares in respect of any loss arising from such purchase, but the apex society shall be entitled to any money received by the central society in liquidation proceedings and such money shall be credited to the Principal State Partnership Fund.]
- (8) (a) The amount subscribed by the Government towards share capital of society directly or through the Principal State Partnership Fund or the Subsidiary State Partnership Fund, as the case may be, shall be recovered within such time and in such manner as Government may from time to time direct.
- (b) (i) All moneys received by an apex society in respect of shares of other societies purchased from the Principal State partnership Fund shall on redemption of such shares, be credited to that Fund ;
- (ii) All moneys received by a central society in respect of shares of a society purchased from the Subsidiary State Partnership Fund shall, on redemption of

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1. Sub G.O. Ms. No. 1808, F & A, dt. 2-07-1965.

such shares, in the first instance be credited to that Fund and then transferred to the apex society which shall credit to in the Principal State Partnership Fund ;

(iii) All moneys referred to clauses (i) and (ii) shall, notwithstanding that the shares stand in the name of the apex society or the central society, be paid to the Government ;

(9) (a) Where an apex society which has established Principal State Partnership Fund is wound up, all moneys to the credit of, or payable to that Fund shall be paid to the Government.

(b) Where a central society which has established a Subsidiary State Partnership Fund is wound up all the moneys to the credit of, or payable to the Fund shall be paid and credited to the Principal State Partnership Fund from which it received moneys.

(10) (a) The Government or an apex society or a central society which has purchased shares in other societies shall be entitled only to such dividend on the said shares as declared by the society concerned and is payable to other ordinary share-holders of the society ;

(b) The amount of dividend so declared by a society on share capital subscribed directly by the Government or by an apex or a central society, as the case may be, shall be disposed of in such manner and subject to such conditions as the Government may direct, from time to time.

(11) (a) All moneys payable by way of dividend by a society in which shares have been purchased by an apex society from the Principal State Partnership Fund shall be credited to the Principal State Partnership dividend account to be maintained separately by such apex society ;

(b) All moneys payable by way of dividend by a society in which shares have been purchased from the Subsidiary State Partnership Fund shall first be credited to the Subsidiary State Partnership dividend account to be maintained separately by a central society and shall thereafter be transferred to the Principal State Partnership dividend account maintained by an apex society.

(c) The dividend so credited to the Principal State Partnership dividend account under clause (a) or clause (b) shall be disposed of in such manner as the Government may direct, from time to time.

(12) Any account standing in the credit of the Principal State Partnership Fund, the Subsidiary State Partnership Fund, the Principal State Partnership dividend account and the Subsidiary State partnership dividend account shall not form part of the assets of the apex society or the central society, as the case may be,—

- (13) Subject to the foregoing provisions of this rule—
- (a) The Government may enter into an agreement with an apex society setting out the terms and conditions on which it shall provide moneys to the apex society for the purpose specified in the sub-rule (3).
- (b) An apex society may, with the previous approval of the Government, enter into an agreement with a central society setting out the terms and conditions on which it shall provide moneys to that society from the Principal State Partnership Fund for the purpose specified in sub-rule(3)(b)(ii).
- (14) <sup>1</sup>[(a) (i) Where Government have contributed directly to the share capital of an apex society, the bye-laws of such society shall provide for three State nominees on the committee of such society ;
- (ii) Where Government have contributed directly to the share capital of a central society, the bye-laws of such society shall provide for two State nominees on the committee of such society.]
- (b) Where apex society has contributed to the share capital of a central society, the bye-laws of such a central society shall provide for two nominees of the apex society to the committee of such central society and where a central society has subscribed to the share capital of any other society, the bye-laws of such society shall provide for one nominee of the central society to the committee of such other society.
- (c) The nominations referred to in sub-rules (a) and (b) shall be made:
- (i) by the Government, in the case of an apex society;
- (ii) by the registrar, in the case of central society ;
- (iii) by an apex society and the Government at the rate of one each, where an apex society has subscribed to the share capital of a central society;
- (iv) by a central society, in the case of any other society where such a central society has purchased shares.
- (d) Such nominees shall ordinarily be—
- (i) in the case of an apex society,—
- (a) an official of the Finance Department ;
- (b) the Registrar ; and
- (c) one other official or non-official ;
- <sup>2</sup>[(ii) in the case of central society, two officials as directed by the Government;]

1. Sub G.O. Ms. No. 1808, F & A, dt. 2-07-1965.

2. Subs. G.O. Ms. No. 261, F & A, dt. 16-6-1982.

(iii) in the case of any other society where a central society has purchased shares, a non-official co-operator.

<sup>1</sup>[Note :- For the purpose of this rule, “apex society” shall mean, a society whose area of operation extends to the entire State.]

“A central society” shall mean a society whose area of operation extends to a Revenue District or to such area as may be specified in the bye-laws and registered as central society.

(15) (1) <sup>2</sup>[Where the Government have assisted a society directly or indirectly in the manner specified in Section 33, the agenda for the meeting of every committee shall among others contain the following items with detailed notes on each item for discussion in the said meeting.

- (a) Cash flow, Incoming and outgoing—
- (b) New Posts created ;
- (c) Changes in the structure and bye-laws of the society decided upon and the repercussions thereof ;
- (d) Sanction of new scales of pay ;
- (e) State of Accounts and their finalisation for audit ;
- (f) Stage of completion of audit ;
- (g) Project Decisions ;
- (h) Implementation of Project decisions taken earlier ;
- (i) Implementation of directions of Registrar, Reserve Bank of India and National Bank for Agricultural and Rural Development ;
- (j) Payment of Government revenues like Fundamental Rule/Foreign Service costs and audit fees, dividend on share capital ;
- (k) Relationship between employees and the society ;
- (l) Any other problem discussed in the managing committee meeting which requires attention of the Registrar or Government ;
- (m) Note of dissent if any given by the Government nominee ;
- (n) Confidential report on the above aspects of working of societies.

(2) The nominees of Government attending the meeting shall bring to the notice of the Government through the Registrar of Co-operative Societies about working of the Society on the above items within 15 days from the date of the meeting.]

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1. Added by G.O. Ms. No. 1808, F & A, dt. 2-07-1965.

2. Added by G.O. Ms. No. 44, (Coop. IV), dt. 25-1-1988.

35. [Omitted by G.O.Ms.No. 104, F & A (Leg.), dt. 24.1.1970]

<sup>1</sup>[35-A. **Rates of honorarium:**— The Registrar shall fix the rates of honorarium for each class of Society.]

<sup>2</sup>[36. **Distribution of profits :**—

(1) No society shall utilise the net profit until the audit certificate is issued by the Chief Auditor or any person authorised in this behalf, and the amount of the net profits is arrived at for utilisation.

(2) (a) in respect of a society with shares and unlimited liability not less than fifty percent of its net profits, and in respect of a society with shares and limited liability not less than twenty-five per cent of its net profits shall be transferred to the reserve funds. In respect of financing bank with shares and limited liability, not less than fifteen per cent of its net profits shall be contributed to the Agricultural Credit Stabilisation Fund of the bank to be invested and utilised.

(b) Any such amount payable by the societies shall be a charge on the funds of the society and be recoverable by an order issued by the Registrar and in the manner provided under Section 70.

(3) The Telangana State Co-operative Union shall frame regulation with the approval of the Registrar for the utilisation and administration of the Fund and such regulations may among other things provide for making any contribution to the National Co-operative union of India.

(4) Every society shall deposit upto 10% and not less than 5% of its annual net profit as a bad debt reserve and shall utilise it only with the specific permission of the Registrar to meet unforeseen losses.

(5) (a) The balance of the net profits may be utilised for all or any of the purposes mentioned in sub-section (2) of Section 45 in the manner specified in the bye-laws.

(b) No society shall provide in its bye-laws to set apart more than (ten) per cent of its net profits constituting a common good fund :

Provided further that any profit not appropriated in the manner specified in bye-laws shall forthwith be credited to the Reserve fund.

(c) Every society with shares and unlimited liability existing at the commencement of the Act and deemed to have been registered as urban society, may continue to divide the net profits in accordance with the provisions of its bye-laws as in force on the date of issue of these rules in so far as they are not inconsistent with the provisions of the Act or these rules, but they shall not increase the rate at which dividend may be paid out of the net profits to the members except in accordance with the provisions in clause (a).

1. Sub by G.O. Ms. No. 154, F & A, (Co-op. III), dt. 11-03-1977.

2. Subs. G.O. Ms. No. 37, Agrl. & Coop. (Coop. IV), dt. 28-1-2002.

(d) Also provided that every society shall pay a dividend or interest which is not less than 6% per annum on paid share capital every year. If for any reason this interest or dividend is not paid, it shall be pointed out in audit, inspection or inquiry, and a provision shall be made to carry forward the amount for the subsequent year. The society shall forthwith be declared as “weak” and all additional expenditure in the form of revision of pay scales, Deamess Allowance, honorarium to the Managing Committee members, opening of branches, sub-offices etc., shall be frozen. An action plan to strengthen the society shall be prepared and implemented until the liability in the form of minimum dividend or interest is fully discharged. The Managing Committee will be held responsible for any lapses in this regard.

(e) A society, other than a credit society (such as a co-operative stores, a weavers society, a milk supply society, a labour contract society, a motor transport society, a co-operative workshop, farming society or field labour co-operative society) may with the approval of the Registrar pay in accordance with its bye-laws, remuneration to its members based on the extent of business done by these members with it or on the value of the services rendered by such members to the society or on such other basis as may be laid down in the bye-laws subject to a maximum of twenty five per cent of the net profits.

(f) An Apex level society shall create a mutual assistance fund by contribution of 1% of the Gross profit from its constituent societies to overcome temporary difficulties in business such as loss of property, temporary resource crunch etc.

(g) Where a society, provides in its bye-laws to constitute a “common good fund”, the purpose of such fund shall be clearly defined in the bye-laws and such purpose shall not be other than a charitable purpose as defined in clause (5) of Section 2 of the Andhra Pradesh Hindu Religious Institutions and Endowments Act, 1987 or any Act of Parliament or the State Legislature.

#### **<sup>1</sup>[36-A. Cooperative Education Fund :—**

- (1) Every society, shall earmark one percent of gross profit or gross income in a year as the case may be towards cooperative education fund subject to the limits prescribed below.

Trading Cooperatives like Cooperative Marketing Societies, Consumer Cooperative Societies shall earmark one percent Gross profit in a year towards Cooperative Education Fund. And all other Cooperatives shall allocate Educational Fund on Gross income which will be the total of the credit side of the profit & loss account.

Thirty percent of this fund shall be transferred to the Telangana State Cooperative Union within 30 days of receipt of Audit Report or 31st October of each year whichever is earlier. The balance 70% shall be utilised by the society for

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1. Added by G.O. Ms. No. 223, A&C, (Coop. IV), dt. 27-06-2005.



education and training of which 50% shall be used for training of members and 20% shall be used for training of employees.

(i)	<b>Primary Societies</b>	<b>Rs. in Lakhs</b>
(a)	Co-operative Urban Banks	Rs.1.50
(b)	Housing Societies	Rs.0.75
(c)	Employees Credit Societies	Rs.1.00
(d)	Weaker Sec. Societies	Rs.0.25
(e)	Other Societies	Rs. 0.10
<b>(ii) District Level Societies</b>		
(a)	Federations (Union of Primaries)	Rs. 2.00
(b)	Federations (Union of Dt. Level Socs.)	Rs.3.00
(c)	State Level Societies	Rs.4.00
(d)	Apex Level Societies	Rs.5.00]

- (2) The amount as above shall be calculated based on the annual audit report or provisional accounts placed before the General Body. Where provisional ~~accounts are not available the amounts shall be calculated as per the accounts~~ of the previous year-
- (3) The auditor should scrutinise the utilisation of fund and certify the same. The society shall submit the returns to the Registrar of Cooperative Societies showing details of the training programmes conducted.
- (4) The Cooperative Education Fund created at the Cooperative Union shall be administered and utilised by the Registrar on the advice of a committee constituted under Sec.44-A of the Act.
- (i) The Advisory Committee shall consist of the Registrar of Cooperative Societies and all the Functional Registrars, as members, under the Chairmanship of the Minister for Cooperation, and Secretary to Government for Cooperation Department, shall be the Vice Chairman. The Managing Director, State Cooperative Union shall be the member secretary.
- (ii) The committee shall include not more than 5 persons from amongst, the Presidents of Cooperative Institutions or Veteran Cooperators in the State for a period of two years at a time to be appointed by the Chairman.
- (iii) The advisory committee shall be convened atleast once in three months.

- (5) The Telangana State Cooperative Union shall prepare annual budgets and formulate training and education programmes for development of cooperatives and cooperative movement particularly in the matters such as financial and business management in cooperatives, member education, awareness building on cooperative principles and values and such like, according to the overall guidelines issued by the Advisory Committee and be responsible for implementation of the same.

**36-B. Constitution of administrative and Contingent Fund:—**

Every society by a resolution of the General Body shall open a separate account into which an amount not more than 30% of gross profit or 2% of working capital, whichever is less, as per the previous year financial statement, <sup>1</sup>[as prescribed in Form-M appended to this rule shall be credited and utilised for administrative and contingent expenditure. Failure to credit requisite amount to this fund, and or any excess expenditure over and above the limits fixed by the Act shall be specifically pointed out by the auditor and excess expenditure if any shall be a charge on the Managing Committee jointly and severally.]

<sup>2</sup>**[Explanation:—** The following definition of gross profit shall be adopted for the purpose of implementation of Section 116(c)(l) in respect of different categories of Co-operative Societies.

- (1) **Banking and Credit societies and Societies having predominantly financial nature of business:—** In this category of societies, since the main business is of borrowing and lending money and the society gets income mainly by way of interest on lending and the expenditure mainly consist of payment of interest on deposits and borrowings, hence in respect of this category of societies the following definition of gross profit shall be adopted.

“Gross Profit” means interest received on loans, advances and investments and the income earned on non-credit business minus the interest paid on borrowings and deposits on the basis of actuals as per the financial statement of the previous year.”

- (2) **Trading Societies:—** In respect of trading societies the “gross profit means value of sales minus cost of purchases”.
- (3) **Manufacturing Societies:—** In respect of manufacturing societies the gross profit means profit before taxation, provision, depreciation and management cost.
- (4) **Service Societies:—** These societies do not generate profit and do not prepare profit and loss account, hence the concept of gross profit will not be applicable to them. The management cost should be within 2% of their working capital.]

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1. Added by G.O. Ms. No. 223, A&C, (Coop. IV), dt. 27-6-2005.

2. Added by G.O. Ms. No. 199, Agrl. & Coop. (Coop. IV), dt. 30-05-2002.

**37. Object and investment of reserve fund:—**

- (1) A reserve fund maintained by a society shall belong to the society and is intended to meet unforeseen losses. <sup>1</sup>[No member shall have any claim to share in it.]
- (2) A society shall invest or deposit its reserve fund in one or more of the modes mentioned in Section 46:

Provided that when the reserve fund of a society exceeds twenty per cent of its working capital, the excess may, with the sanction of the Registrar be utilised in the business of the society:

Provided further that a society, not being a credit society, may with the sanction of the Registrar, utilize the whole of its reserve funds in its business;

Provided also that when a society is prohibited by its bye-laws from borrowing either from its members or from others, the whole of its reserve fund may be utilised in its business-

- (3) No society whose reserve fund has been separately invested or deposited shall draw upon pledge or otherwise employ such funds, except with the sanction of the Registrar previously obtained in writing.

**38. Disposal of reserve fund on winding up of a society:—**

- (1) On the winding up of a society the reserve fund together with other funds constituted by the society in accordance with its bye-laws shall be applied by the liquidator to the discharge of such liabilities of the society as may remain undischarged out of the assets of the society, in the following order namely:—

(a) the debts of the society,

(b) the paid-up share capital ; and

(c) any claim relating to the dividend upon the paid-up share capital due on the date of winding up of the society.

- (2) The balance of the funds of the society which is wound up remaining after the payment mentioned in sub-rule (1), shall utilised in the following manner and subject to the following conditions, namely:—

(a) In the case of every such society other than a financing bank,—

(i) It shall be competent for the liquidator to constitute a trust out of the surplus funds of the society for purpose of carrying out such object of public utility as may be suggested by the general body of the society so wound up and approved by the Registrar. The liquidator may, either by himself or on the suggestion of the said general body, appoint a trustee, who shall execute a deed in such form as the Registrar may, from time to time, specify and any trust so

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1. Sub. by G.O. Ms. No. 2804, F & A, (Leg.), dt. 24-11-1965.

created shall be governed by the provisions of the law relating to public charitable trusts, for the time being in force.

(ii) Where the liquidator has not constituted any such trust the Registrar may place the surplus funds in deposit or otherwise with a financing bank working in the area in which the society which is being wound up carried on its operation, until a new society with similar objects is registered in such area, in which case the said surplus funds shall be transferred to the reserve funds of the new society. If in the opinion of the Registrar, there is no prospect of new society being registered in such area within a reasonable time, the Registrar shall assign the amount to the bad debt reserve or the reserve fund of financing bank working in such area.

(b) In the case of a financing bank, the surplus fund that shall be assigned by the Registrar to the reserve fund or other funds of any other financing bank to which the societies working in the area in which the financing bank which is being wound up carried on its operation, are affiliated. If there is no such financing bank working in the area, the Registrar shall deposit the said funds in the State Co-operative Bank until a new financing bank is formed in the area, in which case the said funds shall be transferred to the reserve fund of the new financing bank.

**<sup>1</sup>[39. Investment of funds :—**

(1) A society may by <sup>2</sup>[a resolution of the Managing Committee] invest the whole or any portion of its funds other than the reserve fund and such other funds not available for investment on such terms as determined by the General Body:

(a) In the purchase of shares of corporate bodies formed for the benefit of such societies or class of societies; and

(b) in the purchase or lease of land or other immovable property or in the acquisition, construction or reconstruction of any building that may be necessary to conduct its business :

Provided that the amount of funds so invested under clause (1) shall be recouped on such terms as may be determined in each case by the General Body.

(2) The provisions of sub-rule (1) shall not apply:—

(a) to immovable property purchased;

(i) by a society at sale held in execution of a decree obtained by it, for the recovery of any sum due to it; or

1. Subs. by G.O. Ms. No. 37, A&C, (Coop. IV), dt. 28-1-2002.

2. Subs. for “a resolution of the General Body” by G.O. Ms. No. 223, Agrl. & Coop. (Coop. IV), dt. 27-06-2005.

(ii) by a financing bank at a sale held in execution of a decree obtained by it for the recovery of any sum due to such society at a sale brought about by the liquidator of such society;

(b) to the purchase or lease of lands or purchase, construction or reconstruction of buildings by a society whose objects according to its bye-laws include such purchase, lease, construction or reconstruction.

(3) No recoupment of the amount invested under this rule shall be necessary where the investment is made,—

(a) By a society from its building fund constituted out of its profits; and

(b) by a society, other than a credit society, in which the share capital raised from the members is intended to build up the special kind of business for which it has been registered.]

**40. Restriction on borrowing by societies:—**

A society may receive deposits and raise loans from persons or institutions who are not members provided that the amount borrowed from such persons and institutions together with the amount borrowed from members does not exceed the limit fixed, from time to time by Registrar for the society or for the class of the societies to which it belongs.

**<sup>1</sup>[41. Restriction on grant of loans :—**

(1) No Society shall grant loans or make advances against the security of its own shares.

(2) Every society shall determine the mechanism of lending to its members. The General Body of Apex level societies or State level federation <sup>2</sup>[or Financing Bank] shall determine the maximum lending limit of a member in respect of such class of societies with which they are concerned.

(3) No agricultural credit society with unlimited liability shall grant loan for periods exceeding five years.

(4) In this rule, the term “short term loans” means a loan repayable from the sale proceeds of the next harvest as soon as it is realised or within one year from the date of the grant of the loans whichever period is longer.]

**<sup>3</sup>[41-A. Percentage of loans to small farmers, etc.:—**

Subject to such directions as the Reserve Bank of India may give to Co-operative Banks in this behalf. Primary Agricultural Credit Societies shall, during a co-operative year, disburse to small farmers as defined in the Explanation under clause (a) of sub-section (3) of Section 47 of the Telangana Co-operative Societies Act, 1964, fifty per cent of the total amount borrowed by them from the co-operative financial Institutions, for granting <sup>4</sup>[loans] to their members during a

1. Subs. by G.O. Ms. No. 37, A&C, (Coop. IV), dt. 28-1-2002.

2. Subs. for “Financial Bank” by G.O. Ms. No. 1156, Agrl. & Coop. (Coop. IV), dt. 18-09-2008.

3. Added by G.O. Ms. No. 48, Plg. & Coop. (Coop. VI), dt. 28-1-1972.

4. G.O. Ms. No. 229 (Coop. IV), dt. 4-5-1987.

co-operative year, so however that the amount to any such loans that may be granted to each of their members whether or not he is a small farmer, shall not in the aggregate exceed such amount or amounts as the Government may, from time to time, by notification in the *Telangana Gazette*, specify in relation to the various classes of members and having regard to the purposes for which loans are required.]

**<sup>1</sup>[41-B. Issue of loans by means of a cheque :—**

Every Society shall disburse amounts to any of its members exceeding Rs-1000/- invariably by way of a cheque or a negotiable instrument such as a draft, pay order etc.]

**<sup>2</sup>[41-C. Sanctions of loans in certain cases :—**

- (1) If the Committee of an agricultural credit society fails to render service to the members within 7 days from the date of order issued under sub-section (3) of Section 22 directing the Committee to render such service or if it is brought to the notice of the Registrar that the Committee is not sanctioning loans to the members without valid reasons, the Registrar shall direct the Chief Executive of the society or any other person authorised by him to process the loan applications of the members.
- (2) The Chief Executive or the person authorised, notwithstanding anything in the bye-laws, on such direction shall take immediate steps to forward relevant documents viz., credit limits, drawal loan application etc., through the Registrar to financing Bank for sanction of loan.
- (3) The Chief Executive of the Financing Bank shall take steps for arranging sanction of loans to the Agricultural Credit Society.
- (4) The Chief Executive of the Agricultural Credit Society or the person authorised under sub-rule (1) shall disburse the loans to the members of the Agricultural Credit Society under the supervision of a person authorised by the Registrar.]
- <sup>3</sup>[(5) The Committee or the Chief Executive <sup>3</sup>of the Society or the person authorised under Sub-rule (1), shall prepare a list of borrowers showing the loans sanctioned to each member and affix such list on the notice board of the society.
- (6) Every Primary Agricultural Co-operative Society, shall within 10 days after the close of every quarter, prepare a list showing the amounts due from members on the notice board of the society.]

**42. Transactions with non-members:—**

No Society shall enter into any transaction with a person other than a member unless:—

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1. Subs. by G.O. Ms. No. 37, A&C, (Coop. IV), dt. 28-1-2002.
  2. Added by G.O. Ms. No. 45, (Coop.VI), dt. 21-1-1988.
  3. Added by G.O. Ms. No. 692, F & A (Coop.IV), dt. 23-8-1988.

- (a) the bye-laws of the society permit it to enter into such transaction, and
- (b) the previous sanction of the Registrar has been obtained by the society for entering into such transaction,

**43. Maintenance of fluid resources by societies with limited liability:—**

- (1) Every society with limited liability shall maintain fluid resources in such form and according to such standards as may be fixed by the Registrar, from time to time by general or special order in respect of:—
  - (i) deposits and loans received from individuals as from bodies not being societies ; and
  - <sup>1</sup>[(ii) cash credits and overdrafts granted to the members]
- (2) The Registrar may, by general or special order, relax the form or the standards so fixed for a special period in case of any society or of any class of any societies.

**44. <sup>2</sup>[x x x]**

**<sup>3</sup>[45. Statements and returns to be furnished by a society for audit of its accounts and issue of an audit certificate:—**

- (1) Every Society including a society under winding up shall get its accounts audited atleast once in a year by the Chief Auditor or the person authorised by him. The need to post such audit staff, the strength and the Agency shall be decided by the Chief Auditor keeping in view the guidelines and norms issued by the Government from time to time. The decision of the Chief Auditor shall be final and binding.
- (2) The committee of every society except the societies specified in first proviso under Rule 46 shall prepare for each Co-operative Year in such form as may be specified from time to time by the Chief Auditor.
  - (a) Statement showing the receipts, disbursements for the year,
  - (b) A profit and loss accounts.
  - (c) A balance sheet; and
  - (d) Such other statements and returns as may be specified by the Registrar or by the Chief Auditor from time to time.
- (3) The Society specified in the first proviso under Rule 46 shall submit a certificate in Form 'L' to the Chief Auditor or the person authorised by him.

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1. Subs. by G.O. Ms. No. 1808, F & A, Dept., dt. 02-7-1965.  
 2. Omitted by G.O. Ms. No. 522, A&C, dt. 28-12-2005.  
 3. Subs. by G.O. Ms. No. 184, A & C, dt. 19-8-1988.

- (4) The Committees of the Societies shall submit the statements, certificates and returns referred to in sub-rule (2) and sub-rule (3) to the Chief Auditor or to the person authorised by him as the case may be, within three months after the end of the Co-operative Year.
- (5) (i) The Chief Auditor or the authorised person shall verify or cause to be verified the statements and returns so furnished and issued or cause to be issued an audit certificate within three months which shall contain among other things, the following particulars:
- (a) the name of the society and the period covered by audit;
  - (b) the name of the person who audited the accounts for the period;
  - (c) a statement of receipts and disbursements;
  - (d) the Profit and Loss accounts;
  - (e) assets and liabilities of the society;
  - (f) a statement showing the debts, overdues; and
  - (g) a certificate of verification of the cash balance and securities.
- (ii) the Audit Certificate issued shall be among other things, indicates:
- (a) The share capital of the society at the beginning and at the end of the Co-operative Year;
  - (b) the loans issued and outstanding against members;
  - (c) the deposits and borrowings of the society;
  - (d) the net profit earned or net loss sustained by the society;
  - (e) the amounts to be set apart for statutory reserve fund or other reserves;
  - (f) the classification in which the society under audit is placed; and
  - (g) the amount payable by it towards audit or other costs at the end of the year.
- (iii) The Society shall publish the audit certificates and such of the statements as the Chief Auditor may direct in the manner directed by him.
- (6) All distributive and productive societies shall, in addition to the copies of the statements specified in sub-rule (2) submit at the end of every Co-operative Year to the Chief Auditor or the person authorised by him, a statement of verification of the stock on hand at the close of the Co-operative Year in such forms as may be specified, by the Chief Auditor and within such time as he may direct.
- (7) Every Society shall in addition to the statements specified in sub-rule (2) also submit to the Chief Auditor, any statement or return of the nature similar to that



described in sub-rule (2) in such form within such time and for such period as the Chief Auditor may specify.

- (8) Where any society fails to submit any statements or returns specified in sub-rule (2) or (6) and (7) within the time directed by the Chief Auditor he may depute an officer to prepare the necessary statements or returns and in such a case, it shall be competent for the Chief Auditor to determine the costs with reference to the time involved in the work and the emoluments of the officer deputed to do it and which the Society concerned should pay to the Government in this behalf and to direct its recovery from the Society.]

<sup>1</sup>[46. Every society in receipt of State aid including a society under winding up or any other society which opts to get the accounts of the society audited through the Chief Auditor shall pay to the Government fees or costs for the audit of its accounts for each cooperative year as specified in the table below:—

<b>Category</b>	<b>Audit Fee-prescribed</b>
(1) Telangana State Co-operative Bank Bank Ltd., district Cooperative Central Banks and Agricultural Coop. Credit Societies with Working Capital of Rs. 1. Crore and above.	(a) Full cost of Auditors deputed concurrent and/or final audit where cooperative department auditors are deputed under Govt. Fundamental Rule 127 by the Chief Auditor.
(2) All Co-operatives other than the Co-operatives mentioned in Category (1) above with Working Capital or turnover as the case may be of Rs. 1 Crore and above.	(b)(i) Full cost of Auditors deputed for concurrent and/or Final Audit, where cooperative department auditors are deputed under Govt. Fundamental Rule 127 by the Chief Auditor.
	OR
	(ii) Audit fee at the rate of 0.12% on loans and advances or working capital or turnover of the society, whichever is less if the society is audited by the Circle Auditors subject to a maximum of Rs. 1.00 lakh (Rupees One Lakh only).
(3) All other Co-operative Societies	(iii) Audit fee at the rate of 0.12% of the Working Capital or turnover of the society subject to a maximum of Rs. 1.00 lakh (Rupees one lakh only.)

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1. Subs. by G.O. Ms. No. 37, A&C, (Coop. IV), dt. 28-1-2002.

Provided that the Co-operative Institutions with Working Capital/turnover of less than Rs. 2.00 lakhs shall pay audit fee at the rate of 0.12% on Working Capital/turnover subject to a minimum of Rs. 100/- (Rupees hundred only.)

- (4) Where a society requests the Chief Auditor for stock verification, it shall pay to the Govt. a fee of Rs. 200/- per day per head. Where stock verification involves travel whether within the state or outside the cost of travel and daily allowance shall be payable by society as per the Government rules applicable to such persons deputed for verification and also an honorarium of Rs. 50 per day per person to the person deputed.]

**47. Inquiry:—**

- (1) An order authorising any person to hold an inquiry into the constitution, working and financial conditions of a society shall, among other things, contain the following:—
- (a) name of the society whose affairs are to be inquired into ;
  - (b) name of the person authorised to hold an inquiry ;
  - (c) the terms of inquiry ;
  - (d) apportionment of the cost of inquiry ;
  - (e) any other matter relating or pertaining to the inquiry.
- (2) [Omitted G.O.Ms.No. 581, F & A (Co-op. IV), dt. 2.8.1988.]
- (3) [Omitted G.O.Ms.No. 581, F & A (Co-op. IV), dt. 2.8.1988.]

**<sup>1</sup>[48. Fees payable to the Government for service rendered to Society/**

**Person :**

Surcharge orders issued on an application made by the committee, liquidator or any creditor or contributory.

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1. Subs. by G.O. Ms. No. 223, A&C, (Coop. IV), dt. 27-6-2005.

1% of the amount subject to a minimum of Rs. 100/- and maximum of Rs. 1,000/-

Monetary :- 1% of the amount in dispute subject to a minimum of Rs. 100/- and a maximum of Rs. 5,000/-

Non-Monetary :- Rs. 1,000/- only.

Monetary :- 1% of the amount in dispute subject to a minimum of Rs. 100/- and a maximum of Rs. 1,000/- for monetary.

Non-Monetary :- Rs. 1,000/- only.]

**49. Procedure for arbitration and settlement of disputes;—**

- (1) A reference to the Registrar of any dispute under Section 61 of the Act shall be in writing.
- (2) The period of limitation for referring a dispute touching the constitution, management or the business of a society to the Registrar under sub-section (1) of Section 61 of the Act shall be regulated by the provisions of the Limitation Act, 1963 as if the dispute is a suit and the Registrar, a Civil Court:

Provided that a dispute arising between the parties mentioned in clause (a) of sub-section (i) of Section 61, shall, where the dispute relates to any act or omission on the part of the Society or its committee, or any past committee, any past officer, past agent or past employee, or the nominee, heirs or legal representatives of any deceased officer, deceased agent or deceased employee of the society be referred to the Registrar within <sup>1</sup>[six years] from the date on which the act or omission with reference to which the dispute arose, had occurred.

[Proviso omitted by G.O.Ms.No. 147, (Co-op. IV), dt. 9-3-1988].

- (3) Where, on receipt of the reference of a dispute under sub-rule (1), the Registrar decides, under clause (c) of sub-section (1) of Section 62 of the Act, to refer it for disposal by an arbitrator, the reference shall be sent by Registrar to an arbitrator appointed by him in this behalf.
- (4) the Registrar, the arbitrator or other person deciding the dispute shall record a brief note of the evidence of the parties and witnesses who attended and upon the evidence so recorded, and after consideration of any documentary evidence produced by the parties, shall pass a decision in accordance with justice, equity and good conscience, and such decision given shall be in writing. In the absence of any party duly summoned to attend, the dispute may be decided *ex-parte*.

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1. Subs. by G.O. Ms. No. 2368, F & A, (Leg.), dt. 13-12-1968.

- (5) (a) A person referring a dispute under sub-sec. (1) of Section 61 of the Act or preferring an appeal under sub-section (1) of Section 76 of the Act, shall deposit in advance the fees mentioned in Rule 48 for deciding the dispute or an appeal, as the case may be.
- (b) The Registrar, arbitrator or other person deciding a dispute under sub-section (4) of Section 62 of the Act and the Tribunal deciding an appeal under sub-section (1) of Section 76 of the Act shall have power to order the costs incurred in determining such dispute or appeal to be paid either out of the funds of the society by such party or parties to the dispute or appeal as he or it may think fit.
- <sup>1</sup>[(c) The Registrar or the Tribunal may in his or its own discretion remit the whole or any part of the fees deposited under Clause (a)].
- (6) Save as provided in sub-rule (7)—
- (a) on an application to the Registrar of the district, in which the cause of action arose, the decision shall be enforced as provided in Rule 52 ;
- (b) on a requisition to the Collector of the district or to any person authorised by him in this behalf, made by the Registrar of Co-op. Societies all sums recoverable under the decision shall be recovered in the same manner as arrears of land revenue ;
- (c) on an application to the Civil Court having jurisdiction over the subject matter of the decision that Court shall enforce the decision as if it were a final decree of the Court.
- (7) Where the decision is for the delivery of possession to a society of land resumed by it from a member for breach of conditions of the assignment the society may apply to the Registrar of the district in which the land is situated for enforcement of the decision. On such application the Registrar of the district or sale officer empowered by him shall deliver possession of the land to the society or to such person as it may appoint to receive delivery on its behalf by removing, if necessary, any person bound by the decision who refuses to vacate the land.
- <sup>2</sup>[(8) (a) The Registrar of the district, to whom an application for enforcing a decision has been made under Clause (a) of Sub-rule (6) may, for reasons to be recorded in writing, send such decision to a Civil Court of competent jurisdiction for execution and that Court shall execute the same as if it were a final decree of that Court.

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1. Subs. by G.O. Ms. No. 1802, F & A, dt. 02-07-1965.

2. Sub-rule (8) was omitted, sub-rules (9) and (10) were renumbered as sub-rules (8) and (9) respectively and the proviso was added by G.O. Ms. No. 2804, F & A, dt. 24.11.1965.

(b) The Civil Court to which a decision has been sent for execution under Clause (c) of Sub-rule (6) shall on the application of person in whose favour the same was passed or on the requisition of the Registrar of the district, return such decision to such person or Registrar, as the case may be in the manner provided in Rule 6 of Order XXI of the First Schedule to the Code of Civil Procedure, 1908.

- (9) Any dispute referred to the Registrar under Section 61 of the Act, shall ordinarily be disposed of within a period of six months from the date of such reference.]

[Proviso omitted by G.O. Ms. No. 147, (Coop. IV) dt. 9-3-1988.]

**<sup>1</sup>[49-A. Procedure regarding disposal of appeals by Tribunal :-**

The proceedings of the Tribunal shall be summary and shall be governed as far as practicable by the provisions of the Code of Civil Procedure, 1908 (Central Act V of 1908).]

- <sup>2</sup>[49-B. A dispute relating to or in connection with any election to the office of the President of a Primary Society, a Committee, a member of a committee or an officer shall be preferred to the Tribunal having jurisdiction over the place where the main office of the society is situated within one month from the date of declaration of results of such election and such dispute shall be disposed of within a period of four months from the date of filing of the dispute.]

**50. Mode of service of summons:-**

- (1) Every summons issued under the Act shall be in writing, shall be authenticated by the seal, if any, of the officer by whom it is issued and shall be signed by such officer or by any person authorised by him in writing in that behalf. It shall require the person summoned to appear before the said officer at stated time and place, and shall specify whether his attendance, is required for the purpose of giving evidence, or to produce a document, or for both purposes, and any particular document, the production of which is required, shall be described in the summons with reasonable accuracy.
- (2) Any person may be summoned to produce a document, without being summoned to give evidence, and any person, summoned merely to produce a document shall be deemed to have complied with the summons if he causes such document to be produced, instead of attending personally to produce the same.
- (3) The service of summons under the Act, on any person may be effected in any of the following ways:-

(a) by giving or tendering it to such person ; or

1. Ins. by G.O. Ms. No. 1808, F & A, dt. 2-7-1965

2. Subs. by G.O. Ms. No. 37, Agrl. & Coop. (Coop. IV), dt. 28-1-2002.

- (b) If such person is not found, by leaving it at his last known place of abode or business or by giving or tendering it to some adult member of his family ; or
- (c) If the address of such person is known to the Registrar or other authorised person by sending it to him by registered post ; or
- (d) if none of the means aforesaid is available by affixing it in some conspicuous part of his last known place of abode or business.
- (4) Where the serving officer delivers or tenders copy of the summons to the defendant personally or to an agent or other person on his behalf, he shall require the signature of the person to whom the copy is so delivered or tendered to an acknowledgment of service endorsed on the original summons.
- (5) The serving officer shall in all cases in which the summons have been served under sub-rule (4), endorse or annex or cause to be endorsed or annexed, on or to the original summons a return stating the time when and the manner in which the summons was served and the name and address of the person if any identifying the person served and witnessing the delivery or tender of the summons.
- (a) When the party to be summoned is a public officer or is a railway servant or local authority, the officer issuing the summons may, if it appears that the summons may be most conveniently so served send it by registered post prepaid for acknowledgment for service on the party to be summoned to the head of the office in which he is employed together with a copy of the summons to be received and endorsed on the original summons.

<sup>1</sup>[50-A. Inserted by G.O. Ms. No. 388, F & A.(Coop.IV), dated : 19-07-1985.

(1) A society shall be considered for winding up if the society does not commence working from the date of its registration.

(i) (a) in the case of Urban Bank or Housing Society within a period of 2 years.

(b) in the case of any other society within a period of one year ; and

(ii) Where a society has ceased to work for the last three years.

**Explanation:**— For the purpose of this rule “does not commence working” means that the society has not taken any steps in pursuance of its objects.

(iii) the expression “ceases to work” means that it has been defunct for the last three years and was classified “as defunct” by the chief auditor.

(2) The Registrar can issue notice under Section 64 of the said Act in any one of the following manners:-

(i) by publication in Telangana Gazette ;

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1. Ins. by G.O. Ms. No. 388, F & A (Coop. IV), dt. 19-7-1985.

- (ii) by publication in local news papers ;
- (iii) by tom-tom in the village and affixture to the notice board of the society and in case no office exists for the society in the panchayat office.]

**51. Appointment of procedure to be followed and powers to be exercised by the liquidator:-**

Where a liquidator is to be appointed by the Registrar under the sub-section (1) of Section 65 of the act, the manner of appointment of, the procedure to be followed and the powers to be exercised by the liquidator shall be as follows:—

- (a) The appointment of the liquidator shall be notified by the Registrar in the Telangana Gazette.
- (b) The liquidator shall, as soon as the order of winding up of the society has been made, published by such means as he may think proper a notice requiring all claims against the society ordered to be wound up, to be submitted to him within two months from the date of publication of the notice. All liabilities recorded in the account books of society shall be deemed to have been duly submitted to him under this clause;
- (c) (i) the liquidator shall, after settling the assets and liabilities of the society as they stood on the date on which the order for winding up is made, proceed next to determine the contribution to be made by each of its members, past members, or by the estates or nominees, heirs or legal representatives of deceased members or by any officers, or former officers, to the assets of the society or the costs of liquidation. Should necessity arise, however, he may also make a subsidiary order recording such contributions and such orders shall be enforceable in the same manner as the original order ;  
<sup>1</sup>[(ii) The authority competent to accord previous approval for purposes of Clauses (j) and (k) of sub-section (1) of Section 66 of the Act shall be the Registrar ;]
- (d) The liquidator shall submit to the Registrar a quarterly report in such form as the Registrar may specify showing the progress made in the winding up of the society ;
- (e) The liquidator may empower any person, by general or special order in writing, to make collections and to grant valid receipts on his behalf;
- (f) All funds in the charge of the liquidator shall be deposited in the Government Treasury or in the Post Office Savings Bank or with a Financing Bank or such other bank as may be approved by the Registrar and shall stand in the name of the liquidator.

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1. Added by G.O. Ms. No. 244, P & Coop. (Coop. IV), dt. 21-5-1973.

- (g) The Registrar shall fix the amount of remuneration, if any, to be paid to the liquidator. The remuneration shall form part of the costs of liquidation which shall be payable out of the assets of the society in priority to all other claims. <sup>1</sup>[Such costs of liquidation shall be as fixed by the Registrar, from time to time, with the prior approval of the Government;]
- (h) The liquidator shall have power to call for meetings of members of the society ordered to be wound up ;
- (i) By the conclusion of the proceedings to wind up the society a general meeting of the society shall be called at which the liquidator or any person authorised by him by special or general order in writing in this behalf shall summarise the result of his proceedings and shall take a vote as to the disposal of any surplus funds in the manner prescribed in sub-rule (2) of Rule 38 ;
- (j) If any liability cannot be discharged by the liquidator, owing to the whereabouts of the claimants not being known or for any other cause the amount covered by such undischarged liability may be deposited in a financing bank and shall be available for meeting the claims of the person or persons concerned ;
- (k) A liquidator may, at any time, be removed by the Registrar and he shall on such removal be bound to hand over all the property and documents relating to the society to such other person as may be appointed as liquidator by the Registrar
- (l) The liquidator shall keep such books and accounts as may, from time to time, be required by the Registrar. The Chief Auditor may at any time cause such books and accounts to be audited ;
- (m) All the books and records of a society whose registration has been cancelled and the proceedings relating to the winding up of that society, may be destroyed by the Registrar after the expiry of three years from the date of cancellation of the registration of the society.
- <sup>2</sup>[(n) All funds in the charge of the liquidator shall be deposited in the Government Treasury or in the Post Office Savings Bank or with a Financing Bank or with any Nationalised or Scheduled Bank and shall stand in the name of the liquidator.]

**<sup>2</sup>[51A. Fixation of remuneration of Official Assignee :**

- (a) Remuneration of the official assignee shall be as fixed by Registrar in the appointment order; and

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1. Added by G.O. Ms. No. 1228, F & A, (Leg.), dt. 12-5-1966.

2. Added by G.O. Ms. No. 37, Agrl. & Coop. (Coop.IV), dt. 28-1-2002.



- (b) Registrar shall be the prescribed authority for the purpose of Section 9(c).]

**52. Procedure in execution of decrees, decisions or orders:—**

- (1) Any decree-holder may apply to the Registrar of the district in which the cause of action arises for the execution of his decree after depositing the necessary costs on a scale fixed in this behalf. The Registrar shall, in case where the application for the recovery of any amount due under a decree or order of the Civil Court, apply to the Civil Court which passed the decree or order for the transfer to him of the said decree or order and the records specified in Rule 6 of Order XXI in the First Schedule to the Code of Civil Procedure and on receipt of such application the Civil Court shall transfer them to the Registrar of the District.

Where, in connection with the proceedings on an application under Section 70 of the Act, any person requires the issue of any process, or objects to any process issued or proposed to be issued or requires the adjournment of any proceedings or objects to any order passed, he shall pay such fees as may be fixed in this behalf. If the defaulter resides or the property to be proceeded against is situated in a district other than that in which the cause of action arose, the application shall be made to the Registrar of the district in which the cause of action arose who shall transfer the application to the Registrar of the district where the defaulter resides or other property is situated.

- (2) Where a defaulter dies before the decree has been fully satisfied, an application under sub-rule (1) may be made against the legal representative of the deceased and the thereupon all the provisions of this rule, shall, save as otherwise provided in this sub-rule, apply as if such legal representative were the defaulter. Where the decree is executed against such legal representative he shall be liable only to the extent of the property of the deceased devolved on him and has not been duly disposed of ; and for the purpose of ascertaining such liability, the Registrar, executing the decree may of his own motion or on the application of the decree-holder compel the legal representative to produce such accounts as it thinks fit.

**Explanation:—** For the purposes of this rule, any property in the hands of a son or other descendant under the Hindu Law for the payment of the debt in respect of which a decree has been passed against a deceased ancestor shall be deemed to be the property devolved on such son or descendant.

- (3) The application shall be made in Form 'D' and shall be signed by the decree-holder. The decree-holder may indicate whether he wishes to proceed in the first instance, against the immovable property mortgaged to the decree-holder or other immovable property or to secure the attachment of movable property. On receipt of application, the Registrar of the district shall verify the correctness and genuineness of the particulars set forth in the application with the records,

if any, in his office, and prepare a demand notice in writing in duplicate in the form specified, by him in this behalf, setting forth the name of the defaulter, the amount due and forward it to a sale officer. If the defaulter resides or the property is situated outside the jurisdiction of the Registrar of the district to whom the application is made, such Registrar shall forward the application and the demand notice to the Registrar of the district in which the defaulter resides or the property is situated.

- (4) Unless the decree-holder has expressed a desire that proceedings should be taken in a particular order as laid down in sub-rule (3), execution shall ordinarily be taken in the following manner-
- (i) Movable property of the defaulter shall be first proceeded against, but this shall not preclude the immovable property being proceeded against simultaneously in case of necessity;
  - (ii) If there is no immovable property or if the sale proceeds of the movable property, or properties attached and sold are insufficient to meet in full the demand of the decree-holder, the immovable property mortgaged to the decree-holder or other immovable property belonging to the defaulter may be proceeded against.
- (5) In the seizure and sale of movable property the following rules shall be observed:—
- (a) The sale officer shall, after giving previous notice to the decree holder proceed to the village where the defaulter resides or the property to be distrained is situated and serve the demand notice upon the defaulter if he is present. If the amount due together with the expenses be not at once paid, the sale officer shall make the distraint and shall immediately deliver to the defaulter a list of inventory of the property distrained, an intimation of the place and day and hour at which the distrained property will be brought to sale if the amounts due are not previously discharged. If the defaulter is absent, the sale officer shall serve the demand notice on some adult male member of his family, or on his authorised agent or when such service cannot be affected shall affix a copy of the demand notice on some conspicuous part of his residence. He shall then proceed to make the distraint and shall fix the list of the property attached on the usual place of residence of the defaulter endorsing thereon the place where the property may be lodged or kept and an intimation of the place, day and hour of sale ;
  - (b) After the distraint is made the sale officer may arrange for the custody of property attached, with the decree-holder or otherwise. If the sale officer requires the decree-holder to undertake the custody of the property he shall be bound to do so and any loss incurred owing to his negligence shall be made good by the decree-holder. If the attached property is live-stock, the

decree-holder shall be responsible for providing the necessary <sup>1</sup>[ maintenance or upkeep] therefor. The sale officer may at the instance of the defaulter or of any person claiming an interest in such property, leave it in the village or place where it was attached, in the charge of such defaulter or such person, if he enters into a bond in the form specified by the Registrar with one or more sureties for the production of the property when called for ;

- (c) The distraint shall be made after sunrise and before sunset and not at any other time ;
- (d) The distraint made shall not be excessive, that is to say, the property distrained shall be as nearly as possible proportionate to the sum due by the defaulter together with interest and all expenses incidental to the distraint, detention and sale ;
- (e) If crops or ungathered products of the land belonging to a defaulter are attached, the sale officer may cause them to be sold when fit for reaping or gathering or at his option may cause them to be reaped or gathered in due season and stored in proper places until sold. In latter case, the expense of reaping or gathering and storing such crops or products shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold ;
- (f) the sale officer shall not work the bullocks or cattle, or make use of the goods or effects, distrained ; and he shall provide the necessary food for the cattle or livestock, the expense attending which shall be defrayed by the owner upon his redeeming the property, or from the proceeds of sale in the event of its being sold ;
- (g) It shall be lawful for the sale officer to force open any stable, cow-house, granary, godown, out-house or other building and he may also enter any dwelling house the outer door of which may be open, and may break open the door of any room in such dwelling house for the purpose of attaching property belonging to a defaulter and lodged therein, provided always that it shall not be lawful for the sale officer to break or enter any apartment in such dwelling house appropriated to women except as hereinafter provided ;
- (h) Where the sale officer may have reason to suppose that the property of defaulter is lodged within a dwelling house the outer door which may be shut, or within any apartment appropriated to women which by the usage, of the country, are considered private, the sale officer shall represent the fact to the officer-in-charge of the nearest police station. On such representation

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1. Subs. by G.O. Ms. No. 2804, F & A (Leg.), dt. 24-11-1965.

the officer-in-charge of the police station shall send a police officer to the spot in the presence of whom the sale officer may force may break open the outdoor of such dwelling house and in like manner he may break open the door of any room which the house except the one appropriated to women. The sale officer may also, in the presence of the police officer and after giving due notice for withdrawal of women within the apartment enter the said apartment for purpose of distraining the defaulter's property, if any, deposited therein, but such property, if found shall be immediately removed from such apartment, so as to enable the women to re-occupy it ;

- <sup>1</sup>[(i) The sale officer shall on the day previous to and on the day of sale cause a proclamation of the time and place of the intended sale to be made by beat of drum in the village in which the defaulter resides and in such place or places as the Registrar may consider necessary to give due publicity to the sale or through any other mode of advertisement deem fit to give vide publicity. No sale shall take place until after the expiration of a period of fifteen days from the date on which sale notice has been served or affixed in the manner prescribed in Clause(a):

Provided that where the property seized is subject to speedy and natural decay, or where the expense of keeping it in custody is likely to exceed its value, the sale officer may sell it at any time, before the expiry of the said period of fifteen days, unless the amount due is paid earlier or a stay order is obtained.]

- <sup>1</sup>[(j) At the appointed time, the property shall be sold in public auction in terms of one or more lots as directed by the sale officer and shall be disposed of to the highest bidder:

Provided that it shall be open to the sale officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons.]

- (k) Where the property is sold for more than the amount due, the excess amount, after deducting the interest and the expenses of process and the other charges, shall be paid to the defaulter:

Provided that the Registrar of the district or the sale officer may, in his discretion, adjourn the sale to specified day and hour, recording his reason for such adjournment ; and where a sale is so adjourned for a longer period than seven days, a fresh proclamation under Clause (i) shall be made unless defaulter consents to waive it.

- <sup>1</sup>[(l) The property shall be paid for in cash at the time of sale or **in case of e-auction shall be paid for in cash within three working days from the**

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1. Subs. by G.O. Ms. No. 219, Agrl. & Coop. (Coop.III), dt. 24-12-2012.

**date of sale** as soon thereafter as the sale officer shall appoint and the purchaser shall not be permitted to carry away any part of the property until he has paid for it in full. Where the purchaser fails in the payment of purchased money, the property shall be resold ;]

- (m) Where it is proved to the satisfaction of any Civil Court of competent jurisdiction that any property which has been distrained under these rules has been forcibly or clandestinely removed by any person, the Court may order forthwith, such property to be restored to the sale officer;
  - (n) Where prior to the days fixed for sale the defaulter or any person acting on his behalf or any person claiming an interest in the property attached, pays the full amount due including interest, batta and other costs incurred in attaching the property, the sale officer shall cancel the order of attachment and release the property forthwith ;
  - (o) The movable properties exempted from attachment under proviso to Section 60 of the Code of Civil Procedure, 1908 shall not be liable to attachment or sale under these rules.
- (6) Where the movable property to be attached is the salary or wages of a Government employee or an employee of a local authority or a firm or company, the Registrar of the district may, on receiving a report from the sale officer, issue a requisition to the employer of such person to the effect that the amount shall, subject to the provisions of Section 60 of the Code of Civil Procedure, 1908 be withheld from such salary or wages either in lumpsum or by monthly instalments as the said Registrar may direct and upon the receipt of requisition, the employer whose duty is to disburse such salary or wages, shall withhold and remit to the sale officer, the amount due under the requisition either lumpsum or in the monthly instalment, as the case may be.
- (7)(i) Where the property to be attached consists of the share or interest of the defaulter in movable property belonging to him and other as co-owners, the attachment shall be made by notice to the defaulter prohibiting him from transferring such share or interest or charging it in any way ;
- (ii) Where the property to be attached is a negotiable instrument not deposited in a Court, nor in the custody, or a public officer, the attachment shall be made by actual seizure and the instrument shall be brought to the office of the Registrar of the district ordering the attachment and be held subject to his further orders ;
  - (iii) Where the property to be attached is in the custody of any Court or public officer, the attachment shall be made by a notice to such Court or officer, requesting that such property and any interest or dividend becoming payable thereon may be held subject to the further orders of the Registrar of the district issuing the notice :

Provided that where such property is in the custody of a Court or Registrar of another district, any question of title or priority arising between the decree-holder and any other person, not being the defaulter, claiming to be interested in such property by virtue of any assignment, attachment or otherwise shall be determined by such Court or Registrar.

**Explanation:**— In this sub-rule, public officer includes a liquidator appointed under Section 65 of the Act.

- (8) (i) Where the property to be attached is a decree either for the payment of money or for sale in enforcement of a mortgage or charge, the attachment shall be made—
- (a) If the decree sought to be attached was passed by a Registrar or by any person to whom a dispute was transferred by a Registrar under Section 62 of the Act or by an arbitrator within the local limits of the jurisdiction of Registrar, then by the order of the Registrar concerned;
- (b) If the decree sought to be attached was passed by a Court and has not been sent for execution to any other Court, then by the issue to such Court of a notice by the Registrar concerned, requesting such Court to stay the execution of its decree unless and until—
- (i) the Registrar aforesaid cancels the notice ; or
- (ii) the holder of the decree sought to be executed, or the judgment, debtor applies to the Court receiving such notice to execute its own decree ; and
- (c) (i) if the decree sought to be attached is pending execution in a Court which did not pass the same, then by the Registrar of the district seeking to attach such decree in execution sending the notice referred to in Sub-clause (b) to such Court, whereupon the provisions of that sub-clause shall apply in the same manner as if such Court had passed the decree and the said notice had been sent to it in pursuance of the said sub-clause.
- (ii) Where a Registrar makes an order under sub-clause (a) or where a Court receives an application under sub-clause (b) (ii) of Clause (i), such Registrar or Court shall, on the application of the decree-holder who has attached the decree or his defaulter, proceed to execute the attached decree and apply the net proceeds in satisfaction of the decree sought to be executed ;
- (iii) The holder of a decree sought to be executed by the attachment of another decree of the nature specified in Clause (i) shall be deemed to be the representation of holder of the attached decree and to be entitled to execute such attached decree in any manner lawful for the holder thereof.

- (iv) Where the property to be attached in execution of a decree is a decree other than a decree of the nature referred to in Clause (i), the attachment shall be made by the issue of a notice by the Registrar of the district the holder of such decree, prohibiting him from transferring or charging the same in any way ; and where such decree has been passed by any Court or by a different Registrar or by any person to whom a dispute was transferred under Section 62 of the Act by a different Registrar or by an arbitrator in another district also by sending to such Court to the Registrar of the district concerned, as the case may be, a notice to obtain from executing the decree sought to be attached until such notice is cancelled by the Registrar who sent the notice.
- (v) The holder of a decree attached under this sub-rule shall give that Court or the Registrar of the district executing the decree, such information and aid as may reasonably be required.
- (vi) On the application of the holder of a decree sought to be executed by the attachment of another decree, the Registrar of the district making an order of attachment under this sub-rule shall give notice of such order to the judgment-debtor bound by the decree attached; and no payment of adjustment of the attached decree made by the judgment-debtor in contravention of such order after receipt of notice thereof, either through the said Registrar or otherwise shall be recognised so long as the attachment remains in force.
- (9) Where the movable property to be attached is—
- (a) a debt due to the defaulter in question,
  - (b) a share of deposit, or
  - (c) other movable property not in the possession of the defaulter except property deposited in or in the custody of any Civil Court, the attachment shall be made by written order signed by the Registrar of the district prohibiting—
    - (i) in the case of the debt, creditor from recovering the debt and the debtor from making payment thereof ;
    - (ii) in the case of the share or deposit, the person in whose name the share or the deposit may be standing from transferring the share or deposit or receiving any dividend or interest thereon ;
    - (iii) in the case of the other movable property except as aforesaid the person in possession of it from giving it over to the defaulter.

A copy of such order shall be sent in the case of the debt to the debtor, in the case of the share or deposit to the person-in-charge of the share or deposit and in the case of the other movable property, except as aforesaid to the person in

possession of such property. As soon as the debt referred in Clause. (a) or the deposit referred to in Clause. (b) matures, the Registrar of the district may direct the person concerned to pay the amount to him. Where the share is not withdrawable, the said Registrar shall arrange for its sale through a broker. Where the share is withdrawable its value shall be paid to the said Registrar or to the party concerned as soon as it becomes payable. In the case of the other movable property referred to in Clause (c) the person concerned shall place in the hands of the said Registrar, as soon as it becomes deliverable to the defaulter.

- (10) Immovable property shall not be sold in execution of a decree unless such property has been previously attached:

Provided that where the decree has been obtained on the basis of a mortgage of such property, it shall not be necessary to attach it.

- (11) In respect of an attachment and sale, or sale without attachment of immovable property, the following procedure shall be followed:-

(a) The application made under sub-rule (3) shall contain such description of immovable property to be proceeded against, as is sufficient for its identification and in case such property can be identified by boundaries or numbers in a record of settlement or survey, the specification of such boundaries or numbers and the specification of the defaulter's share of interest in such property to the best of the decree-holder and so far he has been able to ascertain it ;

(b) The demand notice issued by the Registrar under sub-rule (3) shall contain the name of the defaulter, the amount due including the expenses, if any and the batta to be paid to the person who shall serve the demand notice ; the time allowed for payment and in case of non-payment, the particulars of the properties to be attached and to be sold without attachment, as the case may be.

After receiving the demand notice, the sale officer shall serve or cause to be served a copy of the demand notice upon the defaulter or upon some adult male member of his family at his usual place of residence, or upon his authorised agent, or if such personal service is not possible, shall affix a copy thereof on some conspicuous part of his last known residence or on some conspicuous part of the immovable property about to be attached and sold or sold without attachment, as the case may be:

Provided that where the Registrar is satisfied that a defaulter with intent to defeat or delay the execution proceedings against him is about to dispose of the whole or any part of the property, the demand notice issued by the Registrar under sub-rule (3), shall not allow any time to the defaulter for payment of the amount due by him and the property of the defaulter shall be attached forthwith.



(c) If the defaulter fails to pay the amount specified in the demand notice within the time allowed, the sale officer shall proceed to attach and sell or sell without attachment, as the case may be, the immovable property noted in the application for execution ;

<sup>1</sup>[(d) Where attachment is required before sale, the sale officer shall if possible, cause a notice of attachment to be served on the defaulter personally. Where personal service is not possible, the notice shall be affixed in some conspicuous part of the defaulter's last known residence, if any. The fact of attachment shall also be proclaimed by beat of drum at some place on or adjacent to such property and at such other place or places or through any other mode of advertisement deem fit to give vide publicity as the Registrar of the district may consider necessary to give due publicity to the sale. The attachment notice shall set-forth that unless the amount due with interest and expenses be paid within the date therein mentioned the property will be brought to sale. A copy shall be sent to the decree-holder. Where the sale officer so directs the attachment shall also be notified by public proclamation in the district gazette ;]

<sup>1</sup>[(e) Proclamation of sale shall be published by affixing as notice at the office of the Registrar of the district and taluk office atleast thirty days before the date fixed for the sale and also beat of drum in the village on two consecutive days previous to the date of sale and on the day of sale or **through any other mode of advertisement deem fit to give vide publicity**. Such proclamation shall, where attachment is required before sale be made after the attachment has been affected. Notice shall also be given to the decree-holder and the defaulter. The proclamation shall state the time and place of sale and specify as fairly and accurately as possible.

- (i) the property to be sold ;
- (ii) any encumbrance to which the property is liable ;
- (iii) the amount for the recovery of which sale is ordered ; and
- (iv) every other matter which the sale officer considers material for a purchaser to know in order to judge the nature and value of the property.

#### COMMENTARY

**Time gap :-** If Statutory time gap is maintained in first notice, same time gap not manatory in subsequent notices. *M. Krishna and another V. A.P. Co-operative Tribunal, Hyderabad and Others*, 2005 (2) ALD 563 = 2005 (2) ALT 698 = AIR 2005 AP 309.

<sup>1</sup>[(f) When any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree-holder shall, when the amount for the realisation of which the sale is held, exceeds one hundred rupees, furnish to the sale officer within such time as may be fixed by

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1. Subs. by G.O. Ms. No. 219, Agrl. & Coop. (Coop.III), dt. 24-12-2012.

the sale officer or by the Registrar of the district, an encumbrance certificate from the Registration Department for a period of not less than twelve years prior to date of attachment of the property, sought to be sold or in a case falling under the proviso to sub-rule (10), prior to the date of the application for execution. The time for production of the encumbrance certificate may be extended at discretion of the sale officer or the Registrar of the district, as the case may be. The sale shall be by public auction e-auction to the highest bidder, provided that it shall be open to the sale officer to decline or accept the highest bid where the price offered appears to be unduly low or for other reasons and provided also that the Registrar of the district or the sale officer may, in his discretion adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sale is so adjourned for a longer period than seven days a fresh proclamation under Clause (e) shall be made, unless the judgment-debtor consents to waive it. The sale shall be held after the expiry of not less than thirty days calculated from the date on which notice of the proclamation was affixed at the office of the Registrar of the district. The mode time and place of sale shall be fixed by the Registrar of the district and the place of sale shall be the village or town where the property to be sold is situated or such adjoining prominent place of public resort as may be fixed by the said Registrar:

Provided that in case where an encumbrance certificate is not obtainable owing to the destruction of the connected records, an affidavit from the village karanam in regard to the encumbrances known to him supported by a certificate from the Registration Department, that the encumbrance certificate cannot be granted owing to the destruction of the connected records, shall be accepted in the place of an encumbrance certificate.]

<sup>1</sup>[(g) A sum of money equal to fifteen per cent of the price of the immovable property shall be deposited by the purchaser which the sale officer at the time of the purchase or in case of e-auction other date as prescribed by the sale officer, but not more than three days from the date of sale, and in default of such deposit, the property shall forthwith be resold:

Provided that where the decree-holder is the purchaser and is entitled to set off the purchase money under Clause (k), the sale officer shall dispense with the requirement of this rule.]

(h) The remainder of the purchase money and the amount required towards stamp fees for the certificate under Clause (v) of sub-rule (14) shall be paid within fifteen days from the date of sale:

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1. Subs. by G.O. Ms. No. 219, Agrl. & Coop. (Coop.II), dt. 24-12-2012.

Provided that the time for payment of the stamp fees may, for good and sufficient reasons be extended at the discretion of the Registrar of the district upto thirty days from the date of sale:

Provided further that in calculating the amounts to be paid under this clause, the purchaser shall have the advantage of any set off to which he may be entitled under Clause (k) ;

(i) In default of payment within the period mentioned in Clause (h) the deposit may, if the Registrar thinks fit after defraying the expenses of the sale, be forfeited to the Government and the property shall be resold and the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may subsequently be sold ;

(j) Every re-sale of immovable property in default of payment of the amounts mentioned in Clause (h) within the period allowed for such payment shall be made after the issue of a fresh proclamation in the manner and for the period specified in these rules for the sale.

(k) Where a decree-holder is himself the purchaser, the purchase money and the amount due on the decree shall be set off against one another and the sale officer shall record satisfaction of the decree in whole or in part accordingly.

(12) Where prior to the date fixed for a sale, the defaulter or any person acting on his behalf or any person claiming an interest in the property sought to be sold, tenders payment of the full amount due together with interest, batta and other expenses incurred in bringing the property to sale, including the expenses of attachment, if any, the sale officer shall forthwith release the property after cancelling where the property has been attached, the order of attachment.

(13) (i) Where immovable property has been sold by the sale officer, any person either owning such property or holding an interest therein by virtue of a title acquired before such sale may apply to the Registrar of the district to have the sale set aside on his depositing with him—

(a) for payment to the purchaser, a sum equal to five per cent of the purchase money ; and

(b) for payment to the decree-holder, the amount of arrears specified in the proclamation of sale as that for the recovery of which the sale was ordered together with interest thereon and the expenses of attachment, if any, and sale and other costs due in respect of such amount less any amount which may since the date of such proclamation have been received by the decree-holder.

(ii) If such application together with the deposit is made within thirty days from the date of sale, the Registrar shall pass an order setting aside the sale and shall repay to the purchase money as far as it has been deposited, together with the five per cent deposited, by the applicant;

Provided that if more persons than one have made the application and deposit under this sub-rule, the application of the first depositor to the officer authorised to set aside the sale shall be accepted.

(iii) A person applying under sub-rule (14) to set aside the sale of immovable property, shall not be entitled to make an application under the sub-rule.

- (14) (i) At any time within thirty days from the date of the sale of immovable property, the decree-holder or any person entitled to share in a rateable distribution of the assets or whose interests are affected by the sale, may apply to the Registrar of the district to set aside the sale on the ground of a material irregularity or mistake or fraud in publishing or conducting it:

Provided that no sale shall be set aside on the ground of irregularity, mistake or fraud unless the Registrar is satisfied that the applicant has sustained substantial injury by reason of such irregularity, mistake or fraud.

(ii) If application be allowed, the Registrar shall set aside the sale and may direct a fresh one.

(iii) On the expiration of thirty days from the date of sale if no application to have the sale set aside is made under sub-rule (13) or under Clause (i) of this sub-rule or if such application has been made and rejected, the said Registrar shall make or order confirming the sale:

Provided that, if he shall have reason to think that the sale ought to be set aside, notwithstanding that no such application which has been made or on grounds other than those alleged in any application which has been made and rejected, he may after recording his reasons in writing set aside the sale:

(iv) Wherever the sale of any immovable property is not so confirmed or is set aside the deposit or the purchase money, as the case may be, shall be returned to the purchaser.

(v) After the confirmation of any such sale, the said Registrar shall grant a certificate of sale bearing his seal and signature to the purchaser. Such certificate shall state the property sold and the name of the purchaser, and it shall be conclusive evidence of the fact of purchase, in all courts and tribunals where it may be necessary to prove it and no proof of the seal or signature of the Registrar of the district shall be necessary unless the authority before whom it is produced shall have reason to doubt its genuineness.

<sup>1</sup>[(vi) An order made under Clause (v) of this sub-rule shall, subject to an appeal under Section 76 of the Act within 90 days from the date of the order, be final and shall not be liable to be questioned in any suit or other legal proceedings.]

- (15) Where any lawful purchaser of immovable property is resisted and prevented by any person, other than a person (not being the defaulter) claiming in good faith to be in possession of the property on his own account from obtaining possession of the immovable property purchased, any Court of competent jurisdiction, on application and production of the certificate of sale, provide for by sub-rule (14) shall cause the proper process to be issued for the purpose of putting such purchaser in possession in the same manner as if the immovable property purchased has been decreed to the purchaser by a decision of court.

#### COMMENTARY

For an application under this sub-rule the limitation prescribed under Article 136 of Limitation Act is applicable. I.e., 12 years and not Article 134, *Yerra Sanyasi Naidu Vs. Choppa Akkulu*, 2003 (3) ALD 590.

- (16) It shall be lawful for the sale officer to sell the whole or any portion of the immovable property of a defaulter in discharge of money due provided always that so far as may be practicable, no larger portion of immovable property shall be sold than may be sufficient to discharge the amount due with interest and expenses of attachment ; if any, and sale.
- (17) Where attachment has been made under these rules, any private transfer or delivery of the property attached or of any interest therein and payment to the defaulter of any debt, dividend or other moneys contrary to such attachment, shall be void as against all claims enforceable under the attachment.

**Explanation:**— For the purpose of this sub-rule, claims enforceable under an attachment include claims for the rateable distribution of assets under sub-rule (25).

- (18) Persons employed in serving notice or in other process under these rules shall be entitled to batta at such rates as may, from time to time, be fixed by the Registrar.
- (19) Where the cost and charges incurred in connection with attachment and sale of movable property of the attachment and sale or sale without attachment of immovable property under this rule exceeds the amounts of the cost deposited by the decree-holder under sub-rule (1), such excess shall be deducted from the .sale proceeds of the property sold or the moneys paid by the defaulter, as the case may be, and the balance shall be made available to the decree-holder.

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1. Subs. by G.O. Ms. No. 37, Agrl. & Coop. (Coop. IV), dt. 28-1-2002.

- (20) Every person making a payment towards any money due for the recovery of which application has been made under this rule shall be entitled to a receipt for the amount signed by the sale officer or other officer empowered by the Registrar of the district in that behalf, such receipt shall state the name of the person making the payment and the subject matter in respect of which the payment is made.
- (21) (a) Where any claims is preferred or any objection is made to the attachment of any property under this rule on the ground that such property is not liable to such attachment, the officer shall investigate the claim or objection and dispose it of on the merits:
- Provided that no such investigation shall be made when the sale officer considers that the claim or objection is frivolous.
- (b) Where the property to which the claim or objection relates has been advertised for sale, the sale officer may postpone the sale pending the investigation or the claim or objection.
- (c) Where a claim or an objection is preferred that party against whom an order is made may institute a suit within six months from the date of the order to establish the right which he claims to the property in dispute, but subject to the result of such suit, if any, the order shall be conclusive.
- (22) (a) Any deficiency in price which may occur on a re-sale held under Clause (1) of Sub-rule (5) or clause (g) or Clause (j) of sub-rule (11) by reason of the purchaser's default, and all expenses attending such re-sale shall be certified by the sale officer to the Registrar of the district and shall, at the instance of either the decree-holder or the defaulter, be recoverable from the defaulting purchaser under the provisions of this rule. The costs if any incidental to such recovery shall also be borne by the defaulting purchaser.
- (b) Where the property is re-sold for a higher price than at the first sale, then the defaulting purchaser at the first sale, shall have no claim to the difference or increase.
- (23) Where any property has been attached in execution of a decree, but by reason of the decree-holder's default, the Registrar of the district is unable to proceed further with the application for execution he shall either dismiss the application, or for any sufficient reason adjourn the proceedings to a further date. Upon the dismissal of such application, the attachment shall cease.
- (24) The proceeds of every sale held under this rule shall be applied by the Registrar of the district, firstly in payment of all costs, charges and expenses properly incurred by him as incidental to the sale or any attempted sale ; secondly to the

discharge of the amount due in respect of which the property was sold and lastly, the residue, if any, shall be paid to the person whose property has been sold or if there are more such persons than one, then to such persons according to their respective interests upon their <sup>1</sup>[joint] receipt.

Any person dissatisfied with the decision of the Registrar of the district in regard to the distribution of such residue may within thirty days of the communication to him of such decision [file a revision under Section 77 of the Act.]

The Registrar of the district shall not distribute such residue until thirty days have elapsed from the communication of his decision to all the persons concerned or <sup>1</sup>[if, a revision under Section 77 of the Act has been filed within the said period of thirty days by any such person until the revision petition is disposed of or otherwise than in accordance with the decision of the Registrar therein.]

**Explanation :-** [ Omitted by G.O. Ms. No. 2804, F & A, dt. 24.11.1965].

- (25) (a) Where the sale officer attaches or has attached under these rules any property, which is already under the attachment made in execution of a decree of any court, but not in its custody such court shall receive and release such property and shall determine claims thereto and any objections to the attachment thereof:

Provided that where the property is under attachment in the execution of decrees of more courts than one, the court which shall receive or release such property and shall determine any claim thereto and any objection to the attachment thereof shall be the court of the highest grade, or where there is no difference in grade between such courts, the court under whose decree the property was first attached.

(b) Where assets are held by the sale officer and before the receipts of such assets, demand notices in pursuance of application for execution of decree against the same defaulter have been received from more than one decree-holder and the decree-holders have not obtained satisfaction, the assets after deducting the cost of realisation shall be already distributed by the sale officer among all such decree holders in the manner as provided in Section 73 of the Code of Civil Procedure, 1908.

#### THE SCHEDULE

Statement showing particulars of decree, decision or order obtained by the application on behalf of the ..... Co-operative Society.

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1. Subs. by G.O. Ms. No. 2804, F & A (Leg.), dt. 24-11-1965.

Taluk

District

1. Admission No.
2. Name of member.
3. Father's name.
4. Residence of the member.
5. Amount of decree, decision or order.
6. Interest from the date of decree, decision order to the date of filing the present application less any amounts received during the interval (give details).
7. Rate at which subsequent interest accrues.
8. Relief prayed where movable or immovable property is desired to be proceeded against first.
9. Description of immovable property to be proceeded against (set out full particulars of area, survey numbers, nature of land, rental value and capital value etc.)
10. Interest or share of defaulter in the immovable property.
11. Encumbrancer.
12. Remarks.

**Note:**— Particulars for column 11 should be furnished when the amount for the realisation of which the sale held exceeds Rs. 100. Where the particulars for Column 11 are not filled up, the applicant shall furnish to the sale officer within 20 days of attachment of immovable property an encumbrance certificate from the Registration Department for a period of not less than 12 years prior to the date of the execution application on which the sale is ordered.

**53. Procedure in the distraint and sale of the procedure of mortgaged and or any movable property under Section 103 and for the sale of mortgaged property under Section 104:—**

The procedure laid down in Rule 52 for execution of a decree, decision, contribution or orders, shall be applicable in respect of a <sup>1</sup>[Primary Agricultural Credit Society/Co-operative Central Bank] applying for the recovery of any instalment by distraint and sale of the procedure of the mortgaged land under the provision of Sections 103 and 104 of the Act against a defaulter with the following modifications, namely—

- (a) The application for distraint and sale of produce of the mortgaged land including the standing crops thereon and any other movable property shall be signed by a person authorised by the committee of the mortgage bank;

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1. Subs. by G.O. Ms. No. 229,(Coop.-IV), dt. 4-5-1987.



- (b) The demand notice shall be served upon the defaulter by delivering, a copy to him or to some adult male member of his family at his usual place of residence or to his authorised agent, or when such service cannot be effected, by affixing a copy of the demand notice on some conspicuous part of his residence and of his land ;
- (c) As soon as a distraint is made, the sale officer shall deliver to the defaulter a list of the property distrained and shall give him intimation in writing of the place, and the day and hour at which the distrained property will be sold:

Provided that where owing to the absence of the defaulter it is not possible to deliver such list to the defaulter, the sale officer shall deliver such list to some adult male member of the defaulter's family or to the authorised agent of the defaulter and when such delivery is not possible, shall affix the list on some conspicuous part of his residence endorsing thereon the place where the property is situated and the place, day and hour at which the property will be sold:

Provided also that where the defaulter does not reside in the village in which the land, the standing crops or the produce of which is distrained, is situated, the list shall be affixed in some conspicuous part of the land and a copy of it shall be sent by registered post to the defaulter to his last known place of residence.

- (2) Procedure in the sale of mortgaged property:— In exercising the power of sale conferred by Section 104, the committee of an agricultural development bank or any person duly authorised by such committee may apply to the Registrar of the district to sell the mortgaged property or any part thereof and such officer shall, after giving notice to all the persons referred in clause (b) of sub-section (1) of Section 104 of the Act, sell such property in the manner laid down in Rule 52 with the following modifications namely:—
- (a) The sale shall be by public auction and shall be held in the village where the mortgaged property is situated or at the nearest place of public resort if the sale officer is of the opinion that the property is likely to sell to better advantage there ;
- (b) The Registrar of the district shall give a notice in writing to all the persons aforesaid stating the amount claimed by the bank including expenses incurred by it in the service of notice and particulars of the properties to be sold in case of non-payment, within a time to be allowed;
- (c) If before the expiration of the time allowed in the notice issued under clause (b), the amount specified in such notice is not paid, the sale officer, shall after giving notice to the agricultural development bank on whose behalf the application is made, proceed to sell the immovable property specified in the application in the following manner-

- (i) Proclamation of sale shall be published by affixing a notice in the office of the Registrar of the district and in the taluk office atleast ten days before the date fixed for the sale and in the village where the mortgaged property to be sold is situated, on two consecutive days previous to the date of sale and on the day of sale.
- (ii) The proclamation shall state the time and place of sale and specify as fairly and accurately as possible, the property to be sold the revenue or rent payable in respect thereof, the amount for the recovery of which the sale is ordered, and every other matter which the sale officer considers, material for purchaser to know in order to judge the nature and value of the property ;
- (iii) When any mortgaged immovable property is sold under these rules the sale shall be subject to prior encumbrances on the property if any. The sale shall be by public auction to the highest bidder and the sale officer may, in his discretion, adjourn the sale to be specified day and hour recording his reason for such adjournment, and where the sale is so adjourned for a longer period than seven days, a fresh proclamation under sub-clause (i) shall be issued unless the mortgagor consents to waive it.

**<sup>1</sup>[54. Mode of making attachment before judgment under Section 73 of the Act :—**

- (1) Every attachment of property directed under Section 73 of the Act shall be made in the same manner as provided in Rule 52.
- (2) Where a claim is preferred to property attached under sub-rule (1), such claim shall be investigated in the manner and by the authority specified in Rule 52.
- (3) A direction made for the attachment of any property under Section 73, may be withdrawn by the Registrar of the district—
  - (a) When the party concerned furnishes the security required, together with security for the costs of the attachment; or
  - (b) When the liquidator determines under clause (c) of sub-section (1) of Section 66 of the Act or the official assignee under clause (c) of sub-section (2) of Section 9(c) of the Act determines that no contribution is payable by the party concerned; or
  - (c) When the Registrar passes an order under sub-section (1) of Section 60 of the Act that the party concerned need not repay or restore any money or property or any part thereof with interest or contribute any sum to the assets of the society by way of compensation; or
  - (d) When the dispute referred to in sub-section (1) of Section 61 of the Act has been decided against the party at whose instance the attachment was made.

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1. Subs. by G.O. Ms. No. 37, Agrl. & Coop. (Coop. IV), dt. 28-1-2002.

- (4) Any attachment made under sub-rule (1) shall not effect the rights existing prior to the attachment, of persons not parties to the proceedings in connection with which the attachment was made, nor bar any person holding a decree against the person whose property is attached from applying for the sale of the property under attachment in execution of such decree.
- (5) Where the property is under attachment by virtue of the provisions of this rule and a decree is subsequently passed against the person whose property is attached, it shall not be necessary upon an application for execution of such decree to apply for reattachment of the property.]

**55.Procedure for recovery of sums due to Government:**— The provisions of Rule 52 shall apply in regard to the recovery of any sum due to Government under Section 74 subject to the following modifications, namely—

- (i) The Registrar of the district in which the cause of action arose, may on his own motion, take steps which he may deem suitable in the matter of such recovery in accordance with the provisions of the said rule, without any application having been made to him in that behalf under sub-rules (1) and (3) thereof.
- (ii) It shall not be necessary to deposit any sum by way of costs as required by sub-rule (1) of the said rule.
- (iii) It shall not be necessary for the sale officer to give the decree-holder previous notice, as required by clause (a) of sub-rule (5) of the said rule of the intention to serve the demand notice on the defaulter and in default of payment to distrain his property. Nor shall the provision of that clause which empowers the sale officer to require the decree-holder to undertake the custody of the distrained property apply.
- (iv) It shall not be necessary to send a copy of the attachment notice under Clause (d) or to give notice of a proclamation of the sale under Clause (e), to the decree-holder as required under Sub-rule (11) of the said rules.
- (v) The Registrar shall himself obtain the encumbrance certificate required to be furnished by the decree-holder under Clause (f) of sub-rule (11) of the said rule.
- (vi) The payments required to be made under sub-clause (b) of clause (i) of sub-rule (13) of the said rule shall be made to the sale officer on behalf of the decree-holder.
- (vii) The application referred to in clause (i) of sub-rule (14) of the said rule shall be made by the sale officer on behalf of the decree-holder.

[55-A. The provision of Rule 52 shall apply in regard to recovery of any sum due for recovery ordered under Section 60 subject to the following modifications, namely:—

- (i) The Registrar of the district in which the cause of action arose, may on his own motion, take any steps which he may deem suitable in the matter of such recovery in accordance with the provisions of the said rule, without any application having been made to him in that behalf under sub-rules (1) and (3) thereof.
- (ii) It shall not be necessary to deposit any sum by way of costs as required by sub-rule (1) of the said rule.
- (iii) It shall not be necessary for the sale officer to give the decree-holder previous notice, as required by clause (a) of sub-rule (5) of the said rule of the intention to serve the demand notice of the defaulter and in default of payment to distrain his property. Nor shall the provisions of that clause which empowers the sale officer to require the decree-holder to under-take the custody of the distrained property apply.
- (iv) It shall not be necessary to send a copy of the attachment notice under Clause (d) or to give notice of the proclamation of sale under clause (e) to the decree-holder as required under sub-rule (11) of the said rules.
- (v) The Registrar shall himself obtain the encumbrance certificate required to be furnished by the decree-holder under Clause (f) of sub-rule (11) of the said rule.
- (vi) The payment required to be made under sub-clause (b) of clause (i) on the Sub-rule (13) of the said rule shall be made to the sale officer on behalf of the decree-holder.
- (vii) The application referred to in clause (1) of sub-rule (14) of the said rule shall be made by the said officer on behalf of the decree-holder.]

**56. Application for review:—**

- (1) Every application for review under sub-section (2) of Section 78 of the Act, shall be made by any party within ninety days from the date of communication of the order passed under Section 76 or Section 77 of the Act.
- (2) No final order shall be passed on such application unless notice has been given to all parties interested to make their representations.

**57. Appointment of public enquiry officer and mode of dealing with loan applications:—** (1) An application for loan from <sup>2</sup>[Primary Agricultural Credit Societies/ Co-operative Central Bank] shall be made in the form specified by

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1. Added by G.O. Ms. No. 573, F & A (Coop. IV), dt. 28-11-1985.

2. Subs. by G.O. Ms. No. 229 (Coop. IV), dt. 4-5-1987.

the<sup>2</sup>[Primary Agricultural Credit Societies/Co-operative Central Bank] and shall be addressed to the Secretary of the <sup>1</sup>[Primary Agricultural Credit Societies/Co-operative Central Bank] and shall be addre. The form shall among other things contain a list of documents which are required to be furnished for the purposes of dealing with the application.

- (2) The Secretary of the <sup>1</sup>[Primary Agricultural Credit Societies/Co-operative Central bank] <sup>2</sup>[or the Mandal Parishad Development Officer] shall receive all loan applications from the intending borrowers.
- (3) The application together with copies of necessary documents and the amount of fees specified by the <sup>1</sup>[Primary Agricultural Credit Societies/Co-operative Central Bank] including the value of one share to be paid by the applicant shall be sent to the Secretary of the <sup>1</sup>[Primary Agricultural Credit Societies/Co-operative Central Bank] <sup>2</sup>[or the Mandal Parishad Development Officer.]
- (4) On receipt of an application for loan, the Secretary of the <sup>1</sup>[Primary Agricultural Credit Societies/Co-operative Central Bank] <sup>2</sup>[or the Mandal Parishad Development Officer] shall put his initials on the application, mentioning his designation and the date of receipt of the application.
- (5) After an application for loan has been received, the Secretary <sup>2</sup>[or the Mandal Parishad Development Officer] shall verify whether it contains all the necessary particulars and accompanied by the necessary documents. If any details are lacking, he shall ask the applicant to supply the omissions within a specified time.
- (6) All applications received shall be entered in chronological order in the register of applications for loans maintained by the mortgage bank and shall be dealt within the same order.
- (7) After an application is entered in the register of applications for loan maintained for the purpose, the Secretary of the <sup>1</sup>[Primary Agricultural Credit Societies/ Central Co-operative Central Bank] <sup>2</sup>[or the Mandal Parishad Development Officer] shall forward it to the co-operative Sub-Registrar or any other person specified from time to time by Registrar for the purpose of sub-section (1) of Section 98 of the Act (hereinafter in these rules referred to as the public enquiry officer). The Public Enquiry Officer shall give atleast eight clear days notice in Form 'E' calling upon all persons interested to make their objections to the loan, if any before the date specified therein. The notice shall be affixed at the Chavadi of the village or villages where the applicant resides and in the limits of which the land proposed to be improved or offered as security for the loan, is situated.

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1. Subs. by G.O. Ms. No. 229, (Coop. IV), dt. 4-5-1987.

2. Subs. for the words "Block Development Offier" by G.O. Ms. No. 37, Agrl. & Coop. (Coop.IV), dt. 28-1-2002.

A copy of the notice shall be exhibited in the office of the <sup>1</sup>[Primary Agricultural Credit Societies/Co-operative Central bank] concerned and it shall also be published by beat of drum in such village or villages.

If any person interested fails to appear before the Public Enquiry Officer as required by the aforesaid notice, the question at issue shall be decided in his absence and such person will have no claim whatsoever against the property for which the loan applied for will be sanctioned till such time as the loan together with interest thereon or any other dues arising out of the loan are paid in fully by loanee.

- (8) The Public Enquiry Officer shall consider every objection submitted under Sub-rule (7) and pass an order on it and then forward the application within two days of the disposal of the objections to the <sup>1</sup>[Primary Agricultural Credit Societies/ Co-operative Central bank] concerned-

<sup>2</sup>[58. **Maintenance of a register of societies:—**

The Registrar shall maintain the following registers showing the names and addresses of all societies:—

- (1) (a) Registered under the Act  
 (b) Liquidated and de-registered under the Act;  
 (c) Converted to MACS Act and  
 (d) Election Monitoring register.
- (2) A record of the bye-laws of each such society, with all subsequent amendments thereto, arranged, in the order in which the amendments are registered.]

**59. Accounts and other books to be maintained by societies:—**

- (1) A society shall keep and maintain such accounts, books and registers in connection with the business of the society, as the Registrar, may from time to time direct.
- (2) Without prejudice to the provisions of the foregoing sub-rule, the societies mentioned below shall keep the following books and accounts in the course of business transacted by them, namely:—

**A. Books to be maintained by the credit societies:**

- (i) Minutes book recording the proceedings of the meetings of the committee and of the general body.
- (ii) Admission book showing the name and address of each member, the date of admission, the shares taken by him and the amount paid by him towards such shares and the amount of share capital, if any, refunded to him, together with

1. Subs. by G.O. Ms. No. 229, (Coop. IV), dt. 4-5-1987.

2. Subs. by G.O. Ms. No. 37, Agrl. & Coop. (Coop.IV), dt. 28-1-2002.

the date of each such payment and refund.

- (iii) Cash book showing daily receipts and expenditure, and the balance at the end of each day.
- (iv) Receipt book containing forms in duplicate, one to be issued for money received by the society and other to serve as counterfoil.
- (v) Loan ledger showing the number and the date of disbursement of each loan, issued to members, the amount of loan, the purpose for which it is granted and the date or dates of repayment, distinguishing principal and interest ;
- (vi) Ledger of borrowings showing deposits and other borrowings of all kinds;
- (vii) Liability register showing the indebtedness of each member to the society whether on account of loans taken directly by him or on account of loans for which he stands as a surety ;
- (viii) Monthly register of receipts and disbursements ;
- (ix) Register of immovable property of defaulters brought in action by the society ;
- (x) Register of closed loans ;
- (xi) Register showing progress applications for arbitration and for execution;
- (xii) Voucher file containing all vouchers for contingent expenditure incurred by the society numbered serially and chronologically ;
- (xiii) Register of dividends.
- (xiv) In the case of a society with unlimited liability, property statement of members  
*Note:*— The statement shall show the assets and liabilities of each individual member on the date of his admission as well as on the last date of each co-operative year. Full details of property including survey number of land shall be given. The statement should be entered in a register in stitched volumes.
- (xv) In the case of a society with limited liability, register of fluid resources.  
*Note:*— This register shall show the immediate liabilities of the society and the extent of fluid resources available to meet them.
- (xvi) In the case of a society with limited liability the working capital of which exceeds rupees twenty thousand, general ledger.

**B. Books to be maintained by a financing bank:**

- (i) All the books to be maintained by a credit society ;

- (ii) Interest register showing interest payable and paid by each borrower;
- (iii) Reserve fund register showing reserve funds of society invested in the financing bank ;
- (iv) Suspense accounts ;
- (v) General information register showing under appropriate heads particulars about the financial condition and working of societies borrowing from the financial bank.

**C. Books to be maintained by a distributive or productive society:—**

- (i) Societies with credit branches shall maintain all the books maintained by the credit societies and societies without credit branches maintain the following books only:
  - (a) Minute book ;
  - (b) Admission book ;
  - (c) Receipt book ;
  - (d) Cash book ;
  - (e) Voucher file ;
  - (f) Register of dividend ;
  - (g) Register of bonus on purchases made by members ;
- (ii) In addition, the following books shall be maintained by a distributive and productive society, with or without credit branches:—
  - (a) Goods ledger containing a classification of goods stocked and sold ;
  - (b) Purchase books showing the daily purchases of articles ;
  - (c) Sales chit ;
  - (d) Daily sales book ;
  - (e) Register of purchases made by members ;

**D. Books to be maintained by a supervising union:**

- (i) Minute book ;
- (ii) Admission register of affiliated societies ;
- (iii) Cash book ;
- (iv) Register of inspection of affiliated societies ;
- (v) Day book ;
- (vi) General information register with a demand, collection and balance statement of dues owing to a financing bank from every society which is under the supervision of the union ;
- (vii) Supervision fund register ;



(viii) Register of assets and liabilities of members, with an abstract of changes therein, of every society with unlimited liability which is under the supervision of the union.

<sup>1</sup>[(3) In the case of Co-operative Societies, having paid Staff, the Chief Executive by whatever designation he is called and in case of all other societies without paid ministerial staff, the President shall be responsible for the custody and for maintaining or arranging for the maintenance properly and upto date the books, registers and accounts referred to in sub-rules (1) and (2).]

<sup>2</sup>[(4) The Registrar may, by order in writing, direct the person who is responsible for maintaining the books and the accounts ; to get any or all the accounts and the books required to be kept and maintained by the societies under this rule, written upto such date, in such form and within such time as he may specify. In case of failure of the person to do so the Registrar may depute an officer to write up the accounts and books. In such case it shall be competent for the Registrar to determine the cost with reference to the time involved in the work of the officer deputed to do so- Such cost shall be recovered from the person responsible to maintain the books and accounts etc., of the society.]

<sup>3</sup>[(5) Every society or group of societies together shall appoint a paid clerk to write the books, accounts and registers to ensure up-to-date maintenance of record.]

#### **60.Certifying copies of entries in books, documents etc.:-**

(1) Every copy of an entry in the books of a society regularly kept in the course of business shall be certified by <sup>4</sup>[ x x x] the president or the secretary and shall also bear the society's seal and in case of a society which is being wound up by the liquidator.

(2) The charges to be levied for supply of such certified copies shall not exceed the amount specified in that behalf by the Registrar, from time to time.

(3) [Omitted by G.O.Ms.No. 1808, F & A, dt. 2.7.1965.]

<sup>5</sup>[60-A. **Certifying copies of document:**— Every copy of the document or of an entry in such document taken under sub-section (2) of Section 120 shall be certified in the following manner, namely:—

I certify that the above is a true copy of the ..... \*/true copy of an entry or entries ..... \*and that I have compared the above with the original entry or entries in the ..... \* and found it/them to be correct.

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1. Subs. by G.O. Ms. No. 102, (Coop. IV), dt. 27-2-1986.
  2. Ins. by G.O. Ms. No. 220, F & A (Coop. IV), dt. 9-4-1980.
  3. Added by G.O. Ms. No. 291, F & A (Coop. IV), dt. 8-7-1982.
  4. Omitted by G.O. Ms. No. 1108, F & A, dt. 2-7-1985.
  5. Ins. G.O. Ms. No. 1808, F & A, Dept., dt. 2-7-1965.

Signature of the officer or person authorised

\* Nature of the document to be specified.

**<sup>1</sup>[60-B. Procedure in regard to registration of documents executed on behalf of Agricultural Development Bank or Central Agricultural Development Bank:—**

A copy of the instrument of mortgage executed in favour of an Agricultural Credit Society or Farmers Service Co-operative Society requiring registration duly certified by the Chief Executive of the society and when he is not on duty by the President of the society along with Supervisor of the financing bank shall be sent by the society to the Registering officer having jurisdiction within a period of fourteen working days from the date of execution of the instrument by registered post or through a messenger.

***Explanation:—*** The term ‘agricultural credit society’ shall mean an agricultural credit society as classified under explanation to Clause (b) of sub-rule (2) of Rule (12).]

<sup>2</sup>[Provided that, to facilitate Agricultural Credit directly to farmers, the Chief Executive of District Co-operative Central Bank Limited or the Branch Manager shall certify a copy of instrument of mortgage executed in favour of District Co-operative Central Bank Limited requiring registration to be sent to the Registering Officer having jurisdiction within 14 working days from the date of execution of the instrument by registered post or through messenger.]

**61. Authentication of notice of process:—** Every notice of process issued under the Act or under these rules shall be in writing and shall be signed by such officer or by any person authorised by him in writing in that behalf and authenticated by the seal, if any, of the officer or person by whom it is issued.

**<sup>3</sup>[62. Prohibition of the use of premises of a society:—** No society shall use or allow to be used any premises or portion thereof, which is intended for its business, for any purpose other than such business or other activity relating thereto, without the specific permission of the Registrar:

Provided that a private dealer if not permitted by the Registrar shall not do business of similar nature done by such society within its premises.]

**63. Contribution to expenses connected with Co-operative conferences:—**

- (1) No society shall contribute any money towards the expenses of any Co-operative conference, unless such conference is held under the auspices of a society which is authorised by its bye-laws to undertake the holding of such conference.

1. Subs. by G.O. Ms. No. 103, (Coop. IV), dt. 22-2-1988.

2. Proviso added by G.O. Ms. No. 1092, Agrl. & Coop. (Coop. IV), dt. 2-12-2003.

3. Sub. by G.O. Ms. No. 289, F & A (Coop. IV), dt. 15-9-1980.

- (2) The society holding the conference shall keep separate accounts of the income and expenditure of such conference, and such accounts shall be subject to audit by the Chief Auditor or by some person authorised by him.

- 64. Payment of remuneration to members:—**A society other than a credit society, such as a co-operative stores, a weavers society, a milk supply society and a motor transport society may pay in accordance with its bye-laws and with the approval of the Registrar remuneration to its members based on the extent of business done by such members to the society or on the value of the services rendered by such members to the society or on such other basis as may be laid down in the bye-laws of the society for this purpose subject to a maximum of twenty-five per cent of the net profits:

Provided that motor transport society shall not pay as bonus to its member employees in any year an amount exceeding three months wages of salary:

Provided further that it shall be competent to a motor transport society to carry any balance that may remain out of the twenty-five percent of the net profits after having distributed bonus in a year, towards a bonus equalization fund to be drawn upon as provided in its bye-laws.

- 65. <sup>1</sup>[Authorisation for taking delivery of records and properties:—**

The authorisation to be issued by the Registrar under Section 117, shall be in <sup>2</sup>[Form “K”.]

- 66. Restrictions on officers of society appearing as legal practitioners:—**

- (1) No officer of a society shall appear as a legal practitioner:
- (i) against such society or against any other society which is a member of the former society ; or
  - (ii) otherwise than in an honorary capacity, on behalf of such society or on behalf of any other society which is a member of the former society.
- (2) Any such person who contravenes the provisions of sub-rule (1) shall cease to be the officer of such society.

- 67. Power to exempt a society or class of societies from the provisions of the rules:—** The Government may, by general or special order and for reasons to be recorded therein exempt any society or any class of societies from any of the provisions of these rules.

- <sup>3</sup>[68. Membership of employees in certain classes of societies:—**(1) For the purpose of sub-clause (ii) of sub-section (2) of Section 21, the following shall be the class of societies prescribed, namely:—

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1. Subs. by G.O. Ms. No. 57, F & A, dt. 6-2-1979.

2. Subs. G.O. Ms. No. 383, F & A (Coop. IV), dt. 15-6-1979.

3. Subs. by G.O. Ms. No. 37, Agrl. & Coop. (Coop.IV), dt. 28-1-2002.

- (a) Consumers Co-operative Stores.
- (b) Spinning Mills.
- (c) Sugar Factories.
- (d) Telangana State Co-operative Bank.
- (e) The Telangana Fishermen Central Co-operative Society.
- (f) The Hyderabad Fishermen Central Co-operative Society.
- (g) The Central Delta Fishermen Central Co-operative Society.
- (h) The Co-operative Town/Urban Bank.

Provided that an employee of a Consumers Co-operative Stores, spinning mill [xxx] [xxx] [the Telangana State Co-operative Bank] [for the Telangana Fishermen Central Co-operative Society or the Hyderabad Fishermen Central Co-operative Society or the Central Delta Fishermen Central Co-operative Society] may become member of any of those societies.

- (2) Where an employee becomes member of a society specified in sub-rule (1), he shall not hold any post as an officer in such society :

Provided that, this prohibition shall not apply to a Business Manager, General Manager, [Managing Director or Director representing labour employed in the consumers co-operative stores, spinning mill or sugar factory] the Telangana Co-operative Bank or the Telangana Fishermen Central Co-operative Society or the Hyderabad Fishermen Central Co-operative Society or the Central Delta Fishermen Central Co-operative Society] [the Co-operative Town/Urban Banks as the case may be.]

**69. Omitted by G.O.Ms.No. 1630, F & A (Leg.), dt. 6.8.1968.**

**170. Board of Directors of Central Agricultural Development Bank to constitute a centralised service:-**

- (1) (a) The Board of Directors of Telangana Co-operative Central Agricultural Development Bank (hereinafter referred to as the "Board") shall have power to constitute a centralised service of the post of (i) Manager/Secretary; (ii) Engineering Supervisor ; (iii) Assistant Manager/Assistant Secretary ; and (iv) Executive Officer in the Primary Agricultural Development Banks and to exercise powers of appointment, transfer and disciplinary control and such other powers as may be incidental thereto ;
- (b) The posts of Manager/Secretary, Engineering Supervisor shall be deemed to have been brought under the "Centralised Service" with effect from 27.11.1970 and those of Assistant Manager/Secretary and Executive Officer with effect from-1.7.1979 and dates on which the respective services were centralised and continued to be so.

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1. Subs. G.O. Ms. No. 354, F & A (Coop. IV), dt. 2-7-1985.

- (2) Subject to such rules and directions as may be made by the Government in this behalf the Board shall with the previous approval of the Registrar, frame regulations providing for the fixation of the pattern of staff qualifications, pay scale and other allowances and service conditions of the employees.
- (3) (a) For the proper administration of the “Centralised Service” it shall be open to the Board to divide the area of the State into such number of Zones as it may consider necessary, from time to time. Each Zone so formed shall be a separate unit for the purpose of appointment, promotion and transfer of employees of the centralised service ;
- (b) The Board or any person/persons authorised by it for the purpose, shall have power to make recruitment to the posts under Centralised Service for the Primary Agricultural Development Banks and also to exercise disciplinary control and powers to transfer in respect of the employees of the ‘Centralised Service’ in accordance with regulations.
- (4) (a) An employee, on being posted to any Primary Agricultural Development Bank, shall be entitled to receive his pay, allowances and other service benefits due to him from funds of the Primary Agricultural Development Bank, as may be determined by the Board from time to time, and it shall be binding on such Primary Agricultural Development Bank to pay the same to the employee;
- (b) Where any Primary Agricultural Development Bank fails to pay the amounts due to an employee the Registrar gives direction to the Primary Agricultural Development Bank to pay the amount due, which shall be binding on the Primary Agricultural Development Bank.
- (5) The inter-seniority of employees in the Centralised Service shall be determined by the Board.
- (6) The Board or any other person or persons authorised in this behalf shall have power to issue direction or order for compliance by the Primary Agricultural Development Bank in regard to any posting, transfer, payment of salary, bonds or other emoluments, leave or other conditions of service of any employee and non-compliance of such order or direction shall be deemed to be an offence liable for such action or sanction against such Primary Agricultural Development Bank as deemed appropriate by the said authority.
- (7) Notwithstanding anything contained in this and other rules in force an appeal shall be to the Commissioner for Co-operation and Registrar of Co-operative Societies against any decision or order of the Board.

**<sup>1</sup>[70-A. Allotment of employees to Primary Agricultural Development Banks - Guidelines:—** (1) The Managing Director, Telangana Co-operative Central

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1. Subs. G.O. Ms. No. 354, F & A (Coop. IV), dt. 2-7-1985.

Agricultural Development Bank shall allot the employees coming under the categories of posts which have been decentralised, to the various Primary Agricultural Development Banks in the State in accordance with the guidelines mentioned below:—

<sup>1</sup>[(i) The employees shall inform to the Managing Director in order of preference for allotment to any of the three Primary Agricultural Development Banks outside the Revenue Division of his/her nativity but within the district, within 60 days from the date on which this amendment comes into effect;]

(ii) Where the employees have expressed their cases shall be considered strictly in accordance with their respective length of total service:

Provided that, Managing Director under special circumstances may consider any individual case for reasons to be recorded in writing other than the total length of service ; Provided further that in the case of Attenders, Watchmen, Drivers and Typists they may be as far as possible allotted to the Primary Agricultural Development Banks of their preference.

(iii) In cases where the employees have not indicated their preferences within the stipulated time limit or it has become not practicable to make allotments in the manner indicated in sub-rule (ii), it shall be open to the Managing Director to order allotment of candidates in the existing vacancies within the Zone.

<sup>2</sup>[*Note*:— The bank where the employee was first appointed, shall be treated as his Parent Bank and the Headquarters of such bank shall be deemed as his native place.]

- (2) An employee on allotment to any Primary Agricultural Development Bank, in accordance with the procedure laid down in sub-rules (ii) and (iii) shall be deemed to be an employee of that Primary Agricultural Development Bank and shall be governed by its special bye-laws in regard to his/her service conditions accordingly.
- (3) It shall be competent for the Primary Agricultural Development Bank to initiate or conclude the disciplinary action pending against any employee, on his/ her allotment to said Primary Agricultural Development Bank, for any lapses committed on the date of coming into force of these rules including those in respect of which the Telangana Co-operative Central Agricultural Development Bank, initiated disciplinary action when he/she was a member of the centralised service prior to its abolition:

Provided that on a direction from the Telangana Co-operative Central

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1. Subs. G.O. Ms. No. 461, dt. 23-9-1985.

2. Ins. by G.O. Ms. No. 1072, (Coop.) dt. 11-7-1986.

Agricultural Development Bank to initiate disciplinary action against an employee working in the Primary Agricultural Development Bank for the lapses committed or alleged to be committed by him or her, in his or her previous station/stations, it shall be binding on the Primary Agricultural Development Bank to comply with such direction, failing which it shall be deemed to be an offence liable for such action or sanction against such Primary Agricultural Development Bank as deemed appropriate.

- (4) Notwithstanding the abolition of the Centralised service in respect of certain categories of posts ; the employees of such abolished categories shall continue to be governed by the Master policy for Group gratuity, F.B.S., F.P.S., Deposit linked Insurance, being the social security measures the Provident Fund/ Trust administered by the Telangana Co-operative Central Agricultural Development Bank till such time they are transferred to the primary Agricultural Development Banks.
- (5) Notwithstanding anything contained in the foregoing rules it shall be competent for the recruiting agency and the Managing Director of the Telangana Co-operative Central Agricultural Development Bank to select and allot the successful candidates respectively from out of those who passed through written examination already held in March, 1985 to the various Primary Agricultural Development Banks, subject to availability of vacancies of the posts of supervisors.
- (6) Notwithstanding anything contained in this and other rules in force, an appeal shall lie to the Registrar of Co-operative Societies against any decision or order of the Managing Director,

<sup>1</sup>[70-AA. Notwithstanding anything in the bye-laws, no appointment or removal of a Chief Executive 2[xxx] by whatever name called, shall be made without the approval of the Registrar of Co-operative Societies in respect of the following classes of Societies:—

- (1) All Apex Institutions.
- (2) Sugar Factories.
- (3) Spinning Mills.
- (4) District Backward Class and Scheduled Caste Societies.
- (5) Rural Electric Co-operative Societies.
- (6) The Telangana State co-operative Union.]

<sup>3</sup>[71. **Service Conditions of common Cadre Employees under Section 116A:—**

The service conditions of Common Cadre Employee under Section 116-A, shall

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1. Added by G.O. Ms. No. 102, (Coop. IV), dt. 27-2-1986.
  2. Omitted by G.O. Ms. No. 205, (Coop. IV), dt. 15-4-1987.
  3. Added by G.O. Ms. No. 355, F & A, (Coop. IV), dt. 2-7-1985.

be governed by the existing regulations till they are modified by the rule made in this behalf by the Government.]

**1[72. Guidelines to allot decaderised Secretaries to the Societies:—**

(1) The Societies (Primary Agricultural Co-operative Societies, Large - Sized Co-operative Societies/Rural Banks and Multi-purpose Co-operative Societies) shall for the purpose of allotment of the Secretaries, consequent to the abolition of the common cadre, be categorised as follows:—

(i) Societies having business of (Loan outstanding) more than rupees ten lakhs.

(ii) Societies having business of (Loan outstanding) between rupees five to ten lakhs.

(iii) Societies having business of (Loan outstanding) between rupees three and five lakhs.

(iv) Societies having business of (Loan outstanding) less than rupees three lakhs.

**Note:—** Members Loan outstanding as at the end of the preceding Co-operative Year shall be taken into account.

(2) The allotment of the decaderised Secretaries to the Societies shall be regulated, as follows:—

(a) Each candidate (Secretary) shall indicate to the concerned Co-operative Central Bank his/her choice for allotment to any three societies in the order of preference outside the <sup>2</sup>[revenue mandal within which the village of his/her nativity falls, within a period of thirty days from the date on which this rule comes into force.

(b) Candidates with greater experience and possessing higher qualifications (being more than the minimum prescribed, for the posts of Cadre Secretaries) shall, as far as possible, be considered for allotment to any society under category No. (1) and the case of others, shall be considered for allotment to other categories of societies with reference to their respective length of service in the abolished cadre and qualifications:

<sup>3</sup>[Provided that a person who passed Matriculation with five years of experience, or a person who passed Intermediate Examination with three years experience as Secretary of the Primary Agriculture Credit Society, shall be treated as equal to a graduate.]

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1. Added by G.O. Ms. No. 454, (Coop. IV), dt. 13-9-1985.

2. Added by G.O. Ms. No. 102, (Coop. IV), dt. 27-2-1986.

3. Added by G.O. Ms. No. 319, (Coop. IV), dt. 25-6-1986.



(c) The allotments referred to in Clause. (a) and (b) shall be made by the Registrar.

- (3) (a) The Secretary on allotment to a Society, shall be deemed to be the employee of that society and shall be entitled to receive pay and allowances as may be fixed from the funds of the said society.

(b) The service conditions of the Secretaries working in the societies shall be governed by such service regulations as may be framed by the Registrar for adoption by the Societies.

- (4) Subject to the disciplinary procedure laid down in the Service Regulations as may be issued by the Registrar of Co-operative Societies and to be adopted by the Societies, the society shall exercise disciplinary control over the Secretary.

Provided that, the disciplinary proceedings if any pending on the date of abolition of the common cadre shall be conducted against the concerned Secretary by the Society to which he/she stands allotted in accordance with such service Regulations.

- <sup>1</sup>[(5) Notwithstanding anything contained in sub-rules (1) to (4), wherever Secretaries, who have been working from 22.4.1985 and who are not allotted for any reason whatsoever, to the Primary Agricultural Co-operative Societies as per the guidelines laid down in sub-rules (1) and (2) such Secretaries shall be deemed to have been allotted to the Primary Agricultural Co-operative Societies in which they are working on the date of issue of this notification and shall be governed as per the provisions of sub-rules (3) and (4).

Provided that the deemed allotment does not confer any legitimacy to those who are continuing after committing irregularities and that they could still be made accountable for deeds done in other societies.]

- <sup>2</sup>[73. **Transfer of employees of erstwhile primary agricultural Development Banks to the service of the District Co-operative Central Banks:-** Consequent in the abolition of the Primary Agricultural Development Banks with effect from 1-4-1987, the Registrar shall transfer under Clause. (d) of sub-section (2) of Sec. 11 of the Andhra Pradesh Co-operative Laws (Amendment) Act, 1987 (Act 1 of 1987), the officers and employees of erstwhile Primary Agricultural Development Banks (including those under Centralised Cadre) to the Service of the District Co-operative Central Banks concerned in which they are working as on the date of Notification of this rule. On receipt of such orders from the Registrar the General Managers of the District Co-operative Central Banks shall communicate

1. Subs. by G.O. Rt. No. 988 Agrl. & Coop. (Coop. IV), dt. 14-9-2004.

2. Subs. by G.O. Ms. No. 132, Agl. & (Coop.III), dt. 3-3-93, Published in A.P. Gazettee, Part II, Ext., dt. 23-4-1993.

the same to all the concerned employees of the erstwhile Primary Agricultural Development Banks. Therefore the General Managers of the District Co-operative Central Banks shall take the following action for integration of the services.

- (i) **Equation of Cadres:**— The Employees in the erstwhile Primary Agricultural Development Banks shall be equated with the cadres in the Co-operative Central Bank as hereunder and after integration they shall be known by such designations, as specified below namely:—

<i>Cadres in the erstwhile Primary Agricultural Development Banks</i>	<i>Equated Cadre in District Co-operative Central Banks</i>
1. Manager and Secretary.	Manager.
2. Assistant Manager, Executive Officer,	This post will be kept as distinct fading category.
3. Engineering supervisor.	No equated post. This post will be kept as distinct category.
4. Accountant.	Accountant.
5. <sup>1</sup> [Assistant Accountant, Supervisor, Typist. The post of erstwhile clerks which are existing prior to 8-9-1970.	Supervisor, Clerk, Typist.]
6. Driver.	Driver.
7. _____	Jamedar, Attender to be kept as distinct category.
8. Peon, Watchman	Peon, Watchman.

<sup>2</sup>[(ii) All the officers and employees of the erstwhile Primary Agricultural Development Banks working as on the 1st April, 1987 be absorbed in the equated cadre posts in the District Co-operative Central Banks, where they were working as on the 1st April, 1987. This will not apply to employees of erstwhile Primary Agricultural Development Banks of transferred by the Managing Director of Telangana Co-operative Central Agricultural Development Bank after the 1st April, 1987 from one District Co-operative Central Bank to another or employees in respect of whom issues transfer orders or requests received by him before the 23rd April, 1993 keeping in view the guidelines issued by the Commissioner for Co-operation and Registrar of Co-operative Societies and they shall be absorbed in the District Co-operative Central Banks in which they joined later as per such orders. The total strength of each cadre in the District Co-operative Central Banks shall stand increased to the extent of the number of employees of Primary Agricultural Development Banks absorbed in the cadre. The posts of Assistant General Managers in the District Co-operative Central Banks shall

1. Subs. by G.O. Ms. No. 109, Agrl. & Coop. (Coop. IV), dt. 16-4-2001.  
2. Subs. by G.O. Ms. No. 212, Agrl. & Coop. (Coop.III), dt. 7-5-1994.

stand increased by 107 posts i.e., equivalent to the number of posts of Managers of erstwhile Primary Agricultural Development Banks in the District as on the 31st March, 1987. These posts shall be filled in on the basis of common seniority of the Managers of District Co-operative Central Banks and the Managers and the Secretaries of the erstwhile Primary Agricultural Development Banks in the integrated cadre of Managers of the District Co-operative Central banks duly observing the norms for promotions. The posts vacated by the 107 employees shall stand abolished on their absorption as Assistant General Managers. The revised integrated cadre strength of the District Co-operative Central Bank shall, however, be subject to revision according to any re-organised staffing pattern evolved for each District Co-operative Central Bank and also taking into account the legitimate business requirements of the District Co-operative Central Banks, interest margins available and viability of the District Co-operative Central Bank”.]

- <sup>1</sup>[(iii) (a) The Managing Committee of the District Co-operative Central Banks may fill up operational vacancies upto cadre IV as existing as on the 1st April, 1987 in the erstwhile Primary Agricultural Development Banks and in the District Co-operative Central Banks by notionally promoting employees from the respective streams, duly following the service regulations and general norms for promotions. The said operational vacancies shall be reckoned in terms of the posts in the District Co-operative Central Banks and erstwhile Primary Agricultural Development Banks which were once filled by the institutions but became vacant later. The operational vacancies under Short Term and Long Term streams that arose between the 1st April, 1987 to 31st October, 1991 shall be filled up from the respective streams following the principle governing promotions. The posts required to be filled by direct recruitment shall not be considered while determining the operational vacancies for notional promotions.
- (b) The consequential vacancies arising subsequent the 31st October, 1991 from out of such promotions in all the cadres shall not be filled up till revised staffing pattern is evolved duly taking into account the legitimate business requirements, interest margins available and financial viability of District Co-operative Central Banks.
- (c) The promotions will have only notional effect for reckoning the seniority in the integrated cadre and monetary benefit will be extended to the employees with effect from 1-1-1993.
- (d) This process of the filling up promotional vacancies shall be completed by the Managing Committee of the District Co-operative Central Banks within a reasonable time frame.”

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1. Subs. by G.O. Ms. No. 212, Agrl. & Coop. (Coop. III), dt. 7-5-1994.

<sup>1</sup>[(iv) **Future Promotions:**— The future vacancies of Managers in the District Co-op. Central Banks shall be filled up by promotion from the common pool of Assistant Managers, Executive Officers, Engineering Supervisors or Accountants of erstwhile PADBs and Accountants of the DCCBs on <sup>2</sup>[duly following service regulations and general norms governing the promotions and taking into account vacancies to be filled by direct recruitment. However, the Engineering Supervisors posts will cease either by promotion or retirement of the said personnel.]

<sup>3</sup>[(v) (a) “After receipt of orders of transfer to the services of District Co-operative Central Banks, the employees of erstwhile Primary Agricultural Development Banks shall exercise option either to continue in the erstwhile Primary Agricultural Development Bank Service regulations in respect of pay and other allowances as governing them as on the 1st April, 1987 or opt to the pay and allowances of District Co-operative Central Banks till such time uniform pay scales and allowances are evolved. In such cases where they opt for pay and allowances of District Co-operative Central Banks the employees of erstwhile Primary Agricultural Development Banks shall be given wage purity with reference to the length of service in the equated cadre with the employees of the District Co-operative Central Banks with effect from the 1st January, 1993. In case of non-monetary items such as disciplinary actions, promotions and such other matters the existing regulations as are applicable to the employees of corresponding cadres of District Co-operative Central Banks shall apply.”]

(b) The General Manager of the District Co-operative Central Bank shall call for options of all the erstwhile Primary Agricultural Development Banks personnel, by issue of individual notice, as well as by affixture on the notice Board of the District Co-operative Central Bank Head Office and its Branches in the district. The erstwhile Primary Agricultural Development Bank personnel shall send their options to the General Manager within one month from the date of notice calling for such options.

<sup>3</sup>[(c) “If the erstwhile Primary Agricultural Development Bank personnel opt for District Co-operative Central Bank pay and allowances they shall be so governed with effect from the 1st January, 1993. If they opt for pay and allowances, gratuity and provident fund of erstwhile Primary Agricultural Development Banks, they shall be so governed till they get next promotion in the next cadre in the District Co-operative Central Bank in the integrated set up. On such promotion they shall be governed by the District Co-operative Central Bank pay and allowances”.]

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1. Subs. by G.O. Ms. No. 112, Agrl. & Coop., dt. 13-4-1999.

2. Subs. by G.O. Ms. No. 143, Agrl. & Coop., dt. 11-5-1999.

3. Subs. by G.O. Ms. No. 212, Agrl. & Coop., (Coop. III), dt. 07-5-1994.

(d) If any one does not give any option either to the District Co-operative Central Bank pay and allowances or erstwhile Primary Agricultural Development Bank pay and allowances within the time prescribed, they shall be governed by the erstwhile Primary Agricultural Development Bank pay and allowances till such time they get promotion as per norms and on such promotion they shall be governed by the District Co-operative Central Bank pay and allowances.

(e) The General Manager of the District Co-operative Central Bank shall finalise the options of all the employees of erstwhile Primary Agricultural Development Banks within a period of two months from the date of receipt of such options from the employees.

<sup>1</sup>[(vi) (a) **Inter-se-seniority:-** “The inter-se-seniority of the erstwhile Primary Agricultural Development Bank employees and of the District Co-operative Central Bank employees in the equated cadres in each district shall be fixed by the General Managers, District Co-operative Central Bank on the basis of the dates of their appointment in the cadres in which they are working on regular basis including notional promotions. If the dates of such appointments happens to be the same, the seniority shall be fixed on the basis of the age, the elder being placed above the younger. However, in this process, the inter-se-seniority of the Primary Agricultural Development Bank personnel and the inter-se-seniority of the District Co-operative Central Bank personnel shall not be disturbed”.

(b) The General Manager, shall initiate action for fixation of inter-se seniority within six months of issue of order by Registrar of Co-operative Societies transferring the erstwhile Primary Agricultural Development Bank employees to the District Co-operative Central Banks and give opportunity to all concerned to file objections, if any, within one month of publication of the inter-se-seniority and, after considering objections, issue the final list within four months.

(vii) **Disciplinary Control:—** The Managing Committee of the District Co-operative Central Bank or the officer authorised by it, shall have power over the employees of erstwhile Primary Agricultural Development Banks transferred to the service of the District Co-operative Central Banks in respect of disciplinary action, transfers, promotions- sanction of leave etc., as per District Co-operative Central Bank Employees Service Regulations.

(viii) **Continuity of Service:—** The services rendered by the Officers and employees of erstwhile Primary Agricultural Development Banks upto and from 1-4-1987 shall be deemed to be service rendered in the District Co-operative Central Banks to which they were transferred.

(ix) **Appeal:—** Any person aggrieved by any order of the General Manager of the District Co-operative Central Bank may appeal to the Managing Committee of the District Co-operative Central Bank concerned and its decision shall be final and binding.]

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1. Ins. by G.O. Ms. No. 207, Agrl. & Coop. (Coop. III), dt. 29-4-1994.

## COMMENTARY

**Exercise of power of the original authority by Appellate Authority :-** In terms of Rule 73 (vi) (b) of the Rules, the General Manager alone is competent to initiate proceedings for fixation of inter-se-seniority. He is also the competent authority for preparation of the final seniority list. The expression “Managing Committee” would mean an “appellate authority” in terms of Rule 73(ix). Sub-rule (vi) (b) of Rule 73 of the Rules is categorical in terms that the Managing Committee of the Bank is not competent to initiate action for fixation of inter-se-seniority, provisional from the statutes. They, thus, must act within the four corners of the statute. A higher authority cannot unless the statute permits, usurp statutory function assigned to the statutory authority. It is well settled that the statutory authority while exercising its statutory function must follow the procedures laid down under the statutes or not at all. The appellate authority cannot exercise the power of the original authority, as a result whereof, the aggrieved persons may be deprived of a right of appeal.

*In Surjit Ghosh V. Chairman and M.D United Commercial Bank*, AIR 1995 SC 1053, the Apex Court has clearly held that ‘when an authority higher than the disciplinary authority itself imposes the punishment, the order of punishment suffers from no illegality when no appeal is provided to such authority. However, when an appeal is provided to the higher authority concerned against the order of the disciplinary authority or of a lower authority and the higher authority passes an order of punishment, the employee concerned is deprived of the remedy of appeal which is a substantive right given to him by the Rules/Regulation. An employee cannot be deprived of his substantive right what is further, when there is a provision of appeal against the order of the disciplinary authority and when the appellate or the higher authority against whose order there is no appeal, exercises the powers of the disciplinary authority in a given case, it result in discrimination against the employee concerned.....”

**<sup>1</sup>[73-A. Telangana State Co-operative Bank to disburse long term loans and make necessary arrangements:—** Consequent on the abolition of the Telangana Co-operative Central Agricultural Development Bank by Section 2 of the the Andhra Pradesh Single Window Co-operative Credit Structure at State Level Act, 1994 (Act 14 of 1994) the Board of the Telangana State Co-operative Bank (successor Bank) shall have the power to make necessary administrative arrangements for the sanction and disbursal of the long term loans and other related functions.]

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1. Added by G.O. Ms. No. 121, Agrl. & Coop., dt. 22-4-1999.

**73-B: (I) Integration of services of the employees of Erstwhile T.C.C.A.D. Bank with the employees of the TSCOB:**— Consequent on the abolition of the Andhra Pradesh Cooperative Central Agricultural Development Bank with effect from the 30th April, 1994 pursuant to sub-section(3) of Section 2 read with Clause (F) of sub-section (2) of Section 2 of the A.P. Single Window Cooperative Credit Structure of State Level Act, 1994 (Act 14 of 1994). the officers and employees of the Anhra Pradesh Cooperative Central Credit employees of the Andhra Pradesh Cooperative Central Agricultural Development Bank whose services have been transferred to the Andhra Pradesh State Cooperative Bank shall be integrated with the services of the Andhra Pradesh State Cooperative Bank i.e., the successor Bank and the Managing Director of the Bank i.e., the successor Bank and the Managing Director of the Bank i.e., the successor Bank an the Managing Director of the Bank shall take action for integration of the services in the following manner.

#### Equation of Cadres

<i>Cadres in the erstwhile Andhra Pradesh Cooperative Central Agricultural Development Bank</i>	<i>Equated cadre in Andhra Pradesh State Cooperative Bank.</i>
(i) Chief General Manager	: Chief General Manager (Post to be created)
(ii) General Manager	: General Manager (3 vacant posts of General Managers in Andhra Pradesh State Co-op. Bank to be filled prior to integration).
(iii) Deputy General Manager/ Regional Officer	: Deputy General Manager in Andhra Pradesh State Co-op. Bank and General Manager in Dist. Co-op. Central Banks (Common Cadre).
(iv) Assistant General Manager/Assistant Regional Officer/ Technical Officers]	: Assistant General Manager in Andhra Pradesh Co-op. Bank and Deputy General Manager in Dist. Co-op. Central Banks (Common Cadre).
(v) JuniorOfflcer(Non-Technical)/ Junior Officer (Technical)]	: Manager
(vi) Staff Assistant/Steno/Typist/ Engineering Supervisor/Draftsman.	: Staff Assistant/Steno/Typist.
(vii) Junior Clerk	: Junior Assistant
(viii)(a) Drivers	: Subordinate Staff
(b) Attender/Watchman	: Attender/Driver/Watchman.

1. Items (v), (vii) & (ix) Omitted and items (iv), (vi) & (viii) amended and items (vi) to 9xi) renumbered as (v) to (viii) vide G.O. Ms. No. 8, Ag & Coop. Dept., dated : 8-1-2000.

**(2) Cadre Strength:**— The staff strength of the integrated bank shall be as per the report of the Committee constituted for the purpose in G.O.Ms.No.930A & C Department, dated the 18th July, 1994.

In the case of promotions, if any, made by the Bank after 30th April, 1994 in the cadres of General Manager and common cadre Class-1 and Class-11 officers i.e., Deputy General Manager of Telangana State, Co-operative Bank/General Manager of District Co-operative Central Banks and Assistant General Manager of Telangana State Co-operative Bank and Deputy General Manager of Dist. Co-op. Central Bank in Short Term Wing and Assistant General Managers and Junior Officers in Long Term Wing pursuant to the Court Orders can be adjusted against the vacancies in the staff strength of the integrated Bank and it shall be treated as promotions on regular basis.

**(3) Inter-se-seniority:—**

- (a) The inter-se-seniority of the erstwhile Telangana Co-operative Central Agricultural Development Bank Employees and that of the Telangana State Co-op. Bank Employees in the equated cadres shall be fixed by the Board of Directors of Telangana State Co-operative Bank on the basis of the dates of their appointment in the cadres in which they are working on regular basis as on 30th April, 1994. The inter-se-seniority of the employees who were promoted after 30th April 1994, shall also be fixed in accordance with the principle referred to above. If the dates of such appointments happen to be the same, the seniority shall be fixed on the basis of the age of the employees, the elder being placed above the younger.
- (b) The Board of Directors shall take action for fixation of inter-se-seniority by providing opportunity to all concerned to file objections, if any, within one month from publication of the inter-se-seniority and considering objections, if any, issue the final list within two months.

**(4) Pay and Allowances & Other Service Conditions:—**

- (a) Government have constituted a committee in G.O.Ms.No.338A&C (Co-op. VI) Department, dated 11-12-1998, with the Registrar of Co-operative Societies as its Chairman to suggest pay structure, allowances, service regulations and also staff pattern to the employees in the integrated Bank. Pending finalisation of the report of the Committee the employees and officers of the integrated Bank will be governed by their respective service regulations so far as pay scales, allowances and other monetary benefits are concerned. However, for the purpose of recruitment, promotion and disciplinary control, the service regulations of Telangana State Co-operative Bank employees and common cadre regulations will be made applicable with reference to their respective services.
- (b) The erstwhile Andhra Pradesh Co-operative Central Agricultural Development Bank Employees who have been integrated with the services of the Andhra Pradesh Co-operative Bank and common cadre shall have an option either to continue in the old service regulations applicable to them till the date of



integration, even after integration of services till they get next promotion or retirement. On further promotion, they shall be governed by Telangana State Co-operative Bank Employees Service Regulations or common cadre regulations.

**(5) Appeal:—**

- (a) Any person aggrieved by any order of the Managing Director, Telangana State Co-operative Bank may appeal to the Managing Committee of the Telangana State Co-operative Bank.
- (b) Any person aggrieved by an order by the Managing Committee may prefer an appeal to the Registrar of Co-operative Societies and the decision of the said Registrar of Co-op. Societies shall be final.]

**1[74. Allotment of employees of Co-operative Sugar Factories:—**

- (1) The Registrar shall allot the employees coming under the categories of posts which have been decaderised to the various Co-operative Sugar Factories in accordance with the rules mentioned below :
  - (i) The employees shall inform the Registrar in the order of preference for allotment to any 3 (three) Co-operative Sugar Factories within thirty days from the date of calling of such options.
  - (ii) In case it is not possible for the Registrar to accede to their options the Registrar may allot such employees to any of the Co-operative Sugar Factories by recording the reasons.
  - (iii) The cases where the employees have not indicated their preference within the stipulated limit or in case it is not practicable to make allotments in the manner indicated in the clauses (i) and (ii) it shall be open to the Registrar to order allotment of the employees to any of the Co-operative Sugar Factories.
- (2) If more than one employee opts for the same factory, the senior among them may be allotted in preference to the junior.
- (3) An employee on allotment to any of the Co-operative Sugar Factory in accordance with the procedure laid down in Clauses (i), (ii) and (iii) of sub-rule (1) and sub-rule (2) shall be deemed to be an employee of that co-operative Sugar Factory and shall be entitled to receive the pay and allowances from the funds of the society.
- (4) After the allotment is made, the employee shall be governed by the service conditions of the respective Sugar Factories and it shall be competent for the Sugar Factory to continue the pending disciplinary proceedings and impose punishments.]

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1. Subs. by G.O. Ms. No. 37, Agrl. & Coop. (Coop.IV), dt. 28-1-2002.

<sup>1</sup>[75. Without prejudice to the generality of other Telangana Co-operative Societies Rules the Special rule applicable to Co-operative Credit Societies covered under Chapter XIII B is as follows:

- (1) **Procedure for Registration of a society :-** The provisions of rule 3 shall apply to all Cooperative Credit Societies with the following change.

If the Registrar is satisfied that the proposed society has complied with the above requirement i.e., as laid down under rule '3', he shall register the society and the bye-laws of the society. If the Registrar is not satisfied, he shall reject the proposed registration of the society and its byelaws. In either case, the Registrar shall communicate his decision within 30 days from the date of receipt of the application. The provisions of rule 3 (xi) are not applicable to Cooperative Credit Societies.

- 2) **Minimum business to be transacted or services or facilities to be utilised by a member of other societies :-** The provisions of rule 18 shall apply to all Cooperative Credit Societies with the following change:

“The period of default shall be reckoned as one year instead of three months”.

- 3) **Removal of a disqualified member :-** The provisions of rule 20 shall apply to all Cooperative Credit Societies, with the following change:

“All references to the Registrar in the said rule shall be construed to be a reference to the Managing Committee of the Society.”

- 4) **Disqualification of membership of committee :-** The provisions of rule 24 shall apply to all Cooperative Credit Societies, with the following change :

“The period of default shall be reckoned as one year instead of three months”.

- 5) **Procedure Regarding State aid to Societies:-** The provisions of rule 34 shall apply to all Cooperative Credit Societies but rule 34 (14) shall be read as follows:

There shall be only one Government nominee on the Managing Committee of the Telangana State Cooperative Bank and District Cooperative Central Bank

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1. Added by G.O. Ms. No. 26, Agrl. & Coop. (Coop.IV), Dept., dt. 16-2-2012.

as long as the equity of Government Continues, provided that the existing nominees as on the date of amendment to the Act (Act No. 16 of 2007) on the Managing Committee shall continue till the expiry of their current term. However they shall not have any voting right in any election or in the motion of the no confidence. There shall be no Government nominee on the Managing Committee of the Primary Agricultural Cooperative Credit Society. The nominations shall be made by Government in case of Telangana State Cooperative Bank and by the Registrar in case of District Cooperative Central Bank.

6) **Distribution of profits :-** A Cooperative Credit Society shall distribute its net profits in any cooperative year as prescribed in the bye-laws.

7) **Investment of Reserve fund :-** The provisions of rule 37 shall apply to all Cooperative Credit Societies, with the following change.

“All references to the Registrar in the said rule shall be construed to be a reference to the general body of the Society”.

8) **Borrowings:-** Cooperative Credit Societies shall have autonomy in borrowing funds as per the guidelines of Reserve Bank of India and National Bank for Agriculture and Rural Development. Hence rule 40 is inapplicable to Cooperative Credit Societies.

9) **Loans :-** Cooperative Credit Societies shall determine the mechanism of lending as per the guidelines of Reserve Bank of India and National Bank for Agriculture and Rural Development. Hence rule 41 is inapplicable to Cooperative Credit Societies.

10) **Transaction with non-members :-** Transaction with non-members shall be as per the guidelines of the Reserve Bank of India and National Bank for Agriculture and Rural Development. Hence rule 42 is inapplicable to Cooperative Credit Societies.

11) **Rule 43. Maintenance of fluid resources by societies with limited liability:-** The provisions of rule 43 shall apply to all Cooperative Credit Societies.

The maintenance of fluid resources shall be as per the guidelines of National Bank of Agriculture and Rural Development/Reserve Bank of India and shall be adopted by the General Body as such.

12) **Statement and returns to be furnished by a society for audit of its accounts and issue of Audit Certificate :-** Rule 45 is inapplicable to Cooperative Credit

Societies. They shall present such returns and accounts to auditor as are prescribed by Reserve Bank of India/National Bank for Agriculture and Rural Development and the auditor shall issue audit certificate as per the guidelines prescribed by Reserve Bank of India/National Bank for Agriculture and Rural Development.

- 13) **Audit Fees :-** Rule 46 prescribing the Scale of Audit fees is inapplicable to Cooperative Credit Societies. The power to fix compensation for the Audit by the Cooperative Credit Societies shall be with the Society.
- 14) **Power of Government to exempt a Society or class of Societies from the operation of the rules :-** Rule 67 is inapplicable to Cooperative Credit Societies in general. In exceptional or in extra ordinary circumstance, in the interest of the Co-operative movement or public interest this power may be exercised by the Government in consultation with Reserve Bank of India/National Bank for Agriculture and Rural Development.
- 15) **Committee for selection of Chief Executive Officers of Cooperative Central Banks & Telangana State Cooperative Bank :-** The Board of the bank shall appoint the Chief Executive Officer as per the criteria prescribed by Reserve Bank of India/National Bank for Agriculture and Rural Development and should also undertake a process of due diligence in respect of the person relying on the information obtained from him/her before appointment. In case the Boards seek professional inputs by engaging the selection Committee, the Board should specifically pass a resolution for engaging the Selection Committee including composition of the committee.

**Committee for selection of Chief Executive Officers of Cooperative Central Banks**

President of Cooperative Central Bank,

Managing Director/Chief Executive Officer of Telangana State Cooperative Bank,

Chief General Manager/Officer-in-charge of National Bank for Agriculture and Rural Development and Professional Director of the respective Cooperative Central Bank Board.

**Committee for selection of Chief Executive Officers of Telangana State Cooperative Bank**

President of Telangana Cooperative Bank,

Principal Secretary, Finance Department,

Principal Secretary, Agriculture & Cooperation Department

Chief General Manager/Officer-in-charge of National Bank for Agriculture and Rural Development and Professional Director of the Board of Telangana State Cooperative Bank.

- 16) Cost of Management :-** The cost of Management in Co-operative Credit Society shall be as per the guidelines issued by National Bank for Agriculture and Rural Development from time to time.]

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## FORMS UNDER TELANGANA CO-OP. SOCIETIES RULES, 1964

## FORM - A

(Under Rule 3)

**Application for Registration of a Cooperative Society under the Telangana Cooperative Societies Act, 1964.**

To  
The Registrar..

Sir,

We the undersigned being eligible to become members, apply for the Registration of Cooperative Society with..... liability, under the title of..... having its registered office at..... Mandal..... District..... and its bye-laws.

- (2) We are enclosing two copies of the said bye-laws duly signed by us together with the following documents:
- (a) a list of persons who have come forward to organise the society with their names and father's names, address and share amount and entrance fee contributed by them.
  - (b) a scheme showing the details, explaining as to the economic soundness of the society.
  - (c) a copy of the resolution authorising a member of the society to sign the application on behalf of the society in case the applicant is itself a registered society.
  - (d) the name and address of the person to whom correspondence regarding registration or other matter be addressed.
- (3) We also declare that the information given above including the enclosures, is correct to the best of our knowledge and belief.

**Note:**— Where all the applicants are individuals, not less than ten who have attained the age of majority and are of sound mind and each being a member of a different family should attest the application and the bye-laws. Where the applicant is a society, the application and the bye-laws should be signed by a member duly authorised in this behalf by such society.

Witnesses:

1.

Signatures

2.

1.	2.	3.
4.	5.	6.
7.	8.	9.

**Certificate**

Certified that the..... society has deposited an amount of Rs.....on ..... in the..... bank towards share capital.”

Signature of Bank Manager with Stamp.

**Sworn Statement by Applicant**

(Under Rule3)

I..... h/s/d/w/o..... Aged..... Years residing at..... For the past..... years hereby declare that I do not possess any disqualification as specified under Section 21 of the Telangana Coop. Societies Act VII of 1964 and the Rules framed thereunder. I also declare that I have read the Cooperative Societies Act, Rules and the bye-laws and I am familiar with the rights, duties and obligations of membership and am willing to discharge them to the best of my ability in the interest of the cooperative society and its members and the society at large, that I shall always strive to further the interests of the cooperative society and the cooperative movement in general and I shall not do any acts of omission or commission which will bring me, my society and the cooperative movement to disrepute.

Place:

Date:

Signature of the Applicant.

1. Witness with address.

Signature.

2. Witness with address.

Signature.

**FORM AA**

[Rule 6-A(1)]

**Applications for Final Registration of a Co-operative Society under The  
Telangana Co-operative Societies Act, 1964**

To

The Registrar.....

Sir,

We, the Committee members of the provisionally registered ..... Society with ..... liability apply for the final registration of a Cooperative Society.

We are enclosing four copies of the said bye-laws as approved in the General body Meeting held on ..... duly signed by us together with the following documents :-

- (a) a certificate in the following form from the Manager of the financial bank as required in clause (c) of sub-section (5) of Section 7.
- (b) a list of names of members with their addresses, occupation and the amount of share capital amount contributed by each of them and the entrance fee paid by them.
- (c) a true copy of the minutes of the General Body of the society adopting the bye-laws duly signed by a majority of members of committee.
- (d) the name and address of the committee members.

Signature of the Committee  
Members

**Form**

Certified that the ..... Society has deposited an amount of Rs. .... on ..... in the ..... bank towards share capitals.

**FORM AAA**  
[Rule 6-A(1)]

To

The Registrar.....

Sir,

We, the members of the Committee of ..... Cooperative Society whose signatures are appended below propose to bring a motion of no-confidence against Shri ..... Son of..... President/Vice-President of the ..... Society, Registration No..... a copy of the proposed motion of no confidence duly signed by the members of the committee as required under sub-section (2) of Section 34-A of the Andhra Pradesh Co-operative Societies Act, 1964 is enclosed to this notice. The total number of elected members are ..... and the total number of members who signed this motion are .....

We request you to convene a meeting for the consideration of the motion early.

Witnesses :

Signatures and Addresses :

1.

1.

2.

2.



**FORM-B**

(Rule 32)

**Declaration Creating Charge**

I..... (age .....) residing at.....  
 .....having been admitted to the membership  
 of..... 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 36 (1) of the Telangana Co-operative  
 Societies Act, 1964, that I own/have interest in ..... the land or 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 payment of the  
 amount of the loan which the society may grant/has granted and for all future advances,  
 if any, which the society may make to me subject to the maximum amount of Rs.  
 ..... together with interest at such rates as may be agreed to between me and  
 the Society, from time to time, on such amount of the loan and advances.

**Schedule**

Extent Boundaries					Encumbrances if any				
Name of the Village	Name of taluk	Name of district	Acres/ Cents/ Guntas	South, North, East, West	Assessment	Approximate value	Nature	Amount	Remarks, if any
1	2	3	4	5	6	7	8	9	10

In witness whereof, 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. \_\_\_\_\_ Applicants

2. \_\_\_\_\_-Signature

Borrower's

*Attested by :*

Forwarded to the Sub-Registrar of ..... (having jurisdiction  
 over the area in which the land or other property is situated) 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,  
(Signature)

.....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

**FORM-C**

[See Rule 33 (2)]

**Register showing the deduction from salary of wages**

Name of the society	Name of the employee from whom dues have to be recovered	Demand indicating the date of demand and amount	Date of recovery	Amount recovered	Date of remittance	Amount remitted
1	2	3	4	5	6	7
Challan No. and date of remittance or signature of the authorised representative of the society	No. and date of the official printed receipt of the society	Remarks (here enter the reasons for the difference if any, between the amounts in Cols. 3 & 5	Initials of the Drawing officer	Initials of the Auditor		
8	9	10	11	12		

**FORM-D**

[See Rule 52 (3)]

I..... (on behalf of the ..... Co-operative Society), holder of a decree, decision or order obtained (by the said Society) for realisation of money, hereby apply for execution of the decree, decision or order, particulars of which are given in the Schedule annexed, under the provisions of Section 70 of the Telangana Co-operative Societies Act, 1964.

1. Names of parties :

(a) Plaintiff.

(b) Defendant (hereinafter called the defaulter.)

(c) In the case of an order, contributory (hereinafter called the defaulter).

2. Date of decree, decision or order.
3. Whether any payment of adjustment has been made subsequent to the decree, decision or order? If so, furnish details.
4. Previous applications, for execution if any, with date and result.
5. Amount with interest due on the decree, decision or order.
6. Against whom to be executed.
7. Manner in which the assistance of the Registrar of the District is required; (for instance) I, pray that the total amount of Rs. .... together with interest on the principal sum upto the date of payment and the cost of taking out of the execution be realised by ;-
  - (i) the sale of movable property ;
  - (ii) attachment and sale of defaulter's immovable property as per annexed Schedule ;
  - (iii) simultaneous attachment and sale of movable and immovable property of the defaulter, with reasons therefor.

I declare that what is stated herein is true to the best of my knowledge and belief.

Station :

Date :

*Signature of the applicant.*

### **SCHEDULE**

(TO FORM-D)

Statement showing particulars of decree, decision or order obtained by the applicant on behalf of the ..... Co-operative Society  
..... taluk ..... district.

1. Admission No.
2. Name of the member.
3. Father's name.
4. Residence of the member.
5. Amount of decree, decision or order.
6. Interest from the date of decree, decision or order to the date of filing the present application less any amounts received during the interval (give details).
7. Rate at which subsequent interest accrues.
8. Relief Prayed:- Whether movable or immovable property is desired to be proceeded against first.
9. Description of immovable property to be proceeded against (Set-out full particulars of area, survey numbers, nature of land, rental value, capital value, etc.)

- 1 0. Interest of share of defaulter in the immovable property,
11. Encumbrances.
12. Remarks.

**Note :-** Particulars for Col. 11 should be furnished when the amount for the realisation of which the sale is held exceeds Rs. 100. Where the particulars for column 11 are not filled up, the applicant shall furnish to the sale officer within 20 days of attachment of immovable property an encumbrance certificate from the Registration Department for a period of not less than 12 years prior to the date of the execution application on which the sale is ordered.

### FORM-E

[See Rule 57(7)]

Whereas Sri ..... resident of..... has applied for a loan for purpose of (specify purpose) ..... <sup>1</sup>[Primary Agricultural Credit Society] ..... and has proposed to offer as the security for the loan, the lands mentioned below :

**Lands in which improvement is proposed to be effected :**

1. Name of the village.
2. Survey No.
3. Area.
4. Assessment.

**Land proposed to be effected as security :**

1. Name of the village.
2. Survey No.
3. Area.
4. <sup>2</sup>[Applicant's portion]
5. Assessment.
6. <sup>2</sup>[Boundaries]

North/South/East/West.

Notice is hereby given that objections if any, to the grant of loan from persons interested will be heard by the undersigned—

at..... 0' clock

on.....20

at.....

- 
1. Subs. G.O. Ms. No. 229, (Coop. IV), dt. 4-5-1987.
  2. Subs. G.O. Ms. No. 281, F & A. (Coop. IV), dt.22-2-1968.

Any person who wants to submit any objection should appear in person at the above mentioned time and place before the undersigned together with any documents he wants to produce in support of his objection.

It is hereby notified for information of all persons interested that according to the provisions of Section 99 of the Telangana Co-operative Societies Act, 1964, a written order by the Agricultural Development Bank or persons or committees authorised under the bye-laws of the bank to make loans for all or any of the purposes specified in Section 85 granting either before or after the commencement of the said Act, a loan to or with consent of person mentioned therein, for the purpose of carrying out works specified therein for the benefit of the land or for the productive purpose specified therein, shall for purposes of the said Act, be conclusive of the following matters ; namely—

- (a) that the work described or the purposes for which the loan is granted, is an improvement of productive purpose, as the case may be, within the meaning of Section 85 ;
- (b) that the person had at the date of the order a right to make such improvement or incur expenditure for productive purpose, as the case may be ; and
- (c) that the improvement is one benefiting the land specified and productive purpose concerns the land offered in security, or any part thereof as may be relevant.

If any person interested fails to appear as required by this notice, the question at issue will be decided in his absence and such person will have no claim whatsoever against the property for which the loan is applied for will be sanctioned, till such times as the loan together with interest thereon or any other dues arising out of loan are paid in full by the loanee. Dated this ..... day of..... 20 .

(Signed)

Designation of Officer.

Copy forwarded to the Village Munsiff or other corresponding Officer village and the Agricultural Development Bank Ltd. with a request to affix this notice at the village Chavidi and at the office of the Agricultural Development Bank immediately and inform the undersigned accordingly.

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**FORM I**

[See Rule 22 (8A)(vii)]

**Election notice**

**Present:.....**

(Election Officer)

Rc. No. ....

Date .....

Sub: Election of Cooperative Societies-Election to the Committee of ..... (Name of Society)..... (Revenue Mandal)..... Regd No- Regarding.

Ref: Progs.Rc. No. .... Dated .....of the State Cooperative Election Authority ,Telangana,Hyderabad

\*\*\*\*

The State Cooperative Election Authority, Telangana Hyderabad has appointed the undersigned as Election Officer to conduct election to the committee of ..... society in ..... (Revenue Mandal) of..... (District), bearing Regd No..... on ..... (Date) as per the Election Schedule given below.

- 1. a) Name of the Society, :
- b) Registered No. :
- c) Address of society (Registered Office) :
- d) Class of society :
- e) Area of Operation.. :
- 2. Mode of Election (by secret Ballot/ show of hands) :
- 3. No. of seats to be filled up by Election : SC.....
- : ST.....
- : BC.....
- : Women.....
- : OC.....
- : Total.....
- 4. Demarcation of constituencies for election of Managing Committee members and their reservation. :

Constituency No.	Voters list Sl. No.		Reserved for (SC/ST/BC/ Women/Unreserved)
	From	To	
01.			
02.			
03.			
04.			
05.			

06.

07.

08.

09.

10.

11.

12.

13.

....

....

5. a) The Place or Places of poll :

b) Time of Poll :

c) Date of poll. :

6. a) Place of filing of nomination papers

b) Time between which nomination papers shall be filed :

c) Date of filing of nomination papers :

d) Fees to be paid thereof.

7. a) Place of scrutiny of nomination papers :

b) Time of scrutiny of nomination papers :

c) Date of scrutiny of nomination papers :

8. a) Place of publication of valid list of nomination

b) Time of publication of valid list of nomination

c) Date of publication of valid list of nomination

9. a) Place of withdrawal of nomination :

b) Time of withdrawal of nomination :

c) Date of withdrawal of nomination :

10. a) Place of publication of final list of valid nomination :

b) Time of publication of final list of valid nomination :

c) Date of publication of final list of valid nomination :

11. a) Place of allotment of symbols :

b) Time of allotment of symbols :

c) Date of allotment of symbols :

12. The date, time and place at which the candidates will be declared as elected in case the list of valid nominations do not exceed the total number of seats

- for which elections are held :
13. Date, time and place at which the Counting of  
Votes will be conducted in case of contest :
14. a) Place of declaration of results of poll :  
b) Date of declaration of results of poll :

**N.B.:-** All the members of the society may verify from the list of members eligible to vote displayed on the Notice Board.

Seal of the Society

Signature  
(Election Officer)

To

The President/CEO/PIC/Adhoc Committee of the Society  
Copy to the Notice Board of the Society.  
Copy to the State Election Authority.

**FORM – II**

[See Rule 22 (8C)(i)]

**Nomination form for election as a member of the Committee  
of a society**

**Part – I**

1. Name of the Society :
2. Admission number and name of the  
candidate/society delegate :
3. Aadhar card Number(attested copy to be enclosed) :
4. Bank A/c No. :
5. Details of PAN :
6. KCC Details (wherever applicable) :
7. Father's or husband's Name :
8. Address :
9. Admission number and name of the proposer :
10. Signature or Thumb impression of the proposer :
11. Admission number and name of the Seconder :
12. Signature or Thumb impression of the seconder :

<p>Photo</p> <p>(Self Attested)</p>
-------------------------------------



**Candidate's Declaration**

I declare that I am willing to contest for election (as member of the Committee) and that the best of my knowledge and belief I have not incurred any disqualification for membership of Committee as per the provisions of Act and Rules.

I here by declare that I belong to.....(sub-caste) which has been declared to be a.....(category)

(Certificate from Competent Authority is enclosed).

Place:

Date:

Time:

Signature of the Candidate

**Part – 4****SCRUTINY OF NOMINATION**

The Nomination of Sri/Smt..... received for the post of Member of Managing Committee of ..... Society is hereby Accepted / Rejected. (In case of rejection, Election Officer shall record reasons briefly)

a)

b)

c)

Signature of Election Officer with  
Seal

**Part-2****ACKNOWLEDGMENT OF RECEIPT OF NOMINATION**

I acknowledge receipt of nomination form from \_\_\_\_\_ presented to me for contesting for Committee member of the .....society on..... with ( ) enclosure at ..... time along with nomination fee of Rs..... (Rupees .....).

Signature of Election Officer with  
Seal

**Part-3****NOTICE OF SCRUTINY OF NOMINATIONS**

Scrutiny of Nominations received for Election of Member of Managing Committee of ..... Society is scheduled to be held on ..... at .....AM/PM at.....

Signature of Election Officer with Seal

**FORM -III**

[See Rule 22(8C)(v)]

**List of Nominations received**

Name of the Society ..... Date .....

For the post of M.C. Member / Const. No...../Category

S.No.	Admission No.	Name of the Candidate	Father's/ Husband's Name	Address	Name of the Proposer (Admn. No.)	Name of the Secunder (Admn. No.)
1	2	3	4	5	6	7

Election Officer

**FORM - IV**

[See Rule 22(8D)(v)]

**List of valid nominations after scrutiny**

Name of the Society : ..... Regd No..... Date .....

For the post of M.C. Member/Const. No. .... / Category

S.No.	Admission No.	Name of the Candidate	Father's Name	Address
1	2	3	4	5

**Note:— In Telugu** alphabetical order as indicated in the nomination form.

Election Officer

**FORM-V**

[See Rule 22(8D)(v)]

**List of invalid nominations for the post of .....**

Name of the Society ..... Date : .....

For the post of M.C. Member/Const. No.

S.No.	Name of the Candidate	Father's Name	Village/ Place	Constituency/ area	Category	Reasons
1	2	3	4	5	6	7

Election Officer

**FORM-VI**

[See Rule 22(8E)]

**Notice of withdrawal**

To ..... Date : .....

The Election Officer

.....

Society.

**Sub:—** Elections-Withdrawal of nomination — Reg.

\*\*\*\*\*

I am to state that, I have filed nomination for the post of Managing Committee Member for the constituency No..... for the elections scheduled to be held to the Managing Committee of..... society on.....

Now, I wish to withdraw my nomination from the contest and request to accept my withdrawal and delete my name from the list of contestants.

Yours faithfully

Signature.

**Witness :**

**Name:**

1. Proposer :

Admission No.

2. Secnder :

**FORM –VI (A)**

[See Rule 22 (8C)(v)]

**List of Nominations withdrawn**

Name of the Society ..... Regd No..... Date .....						
For the post of M.C. Member : Const. No...../Category						
S.No.	Admission No.	Name of the Candidate	Father's/ Husband's Name	Address	Name of the Proposer (Admn No.)	Name of the Secnder ( Admn No.)
1	2	3	4	5	6	7

Election Officer

**FORM –VII**

[See Rule 22 (8F)]

**Final list of contesting candidates after withdrawal of nominations**

Name of the Society : ..... Date .....

For the post of M.C. Member/Const..... No.....

S.No.	Admission No .	Name of the Candidate	Symbol Allotted
1	2	3	4

Election Officer

**FORM-VIII**

[See Rule 22 (8G) and 22(8H)]

**(Proforma ballot paper)**

**S.No.**

**Counter Foil**

..... Society

Date of Poll.....

Signature of presiding officer.....

**S.No.....**

For the post of M.C. Member of ..... society (General / Bye Election)

Constituency No.

Date of Poll

For the post of M.C. Member

Constituency No.

S.No.	Name of the Contestant	Photo of contestant	Symbol allotted
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

**FORM-IX**

[See rule 22(8H)(ii)]

**Appointment of an Agent**

To  
The Election Officer  
..... Society  
.....

Date : .....

Sir,

**Sub:—** Blections — Request for appointment of Agent - Reg.

\$\$\$

I am to inform that, I am the contesting candidate for the post of M.C.Member for constituency No. .... of the elections scheduled to be held on ..... to the Managing Committee of ..... Society.

I request to appoint Sri .....as my polling agent at Booth No. .... and issue an agent pass.

The Signature of the said polling agent is attested here under :

Yours faithfully,

Name :

Signatures of the Agent

//Attested//

Signature :

Name :

Admn. No.:

Signature of the Candidate

Candidate for the post of  
Managing Committee Member.

### FORM -X(A)

[See Rule 22(8H)(xi)]

#### DECLARATION BY VOTER

I, Sri.....S/o. ....  
..... R/o. .... do hereby declare that I am the  
bona fide member of ..... Cooperative Society .....

Signature:

Name :

Decision by Election Officer/ Presiding Officer

Signature

Election Officer/ Presiding Officer

### FORM-X(B)

[See rule 22(81)(i)]

#### TENDERED VOTES LIST

Name of the Society ...

Date .....

Const. No.

Sl.No	Name of the Member/Voter list	Admn. No.	Sl. No. in the Voters list	Constituency No.	Signature or Thumb Impression of Voter
1	2	3	4	5	6

Election Officer

**FORM -XI**

[See Rule 22(81)(iii) and 22(8)(j)(iii)]

**Ballot Paper Account**

Name of the Society : .....

Date : .....

For the post of: M.C. Member/Const. No.....

Sl. No.	Ballot papers								
	Received			Used					
	From	To	Total	Issued to Voters			Tendered		
From				To	Total	From	To	Total	
1	2	3	4	5	6	7	8	9	10

Spoiled			Balance (7+10+3)			
From	To	Total	From	To	Total	
11	12	13	14	15	16	

**FORM - XII**

[See Rule 22(8J)ii)]

**List of Elected Candidates**

Name of the Society : .....

Date : .....

For the post of: M.C. Member/Const No.

Sl. No.	Admn.No.	Name of the Candidate	No. of valid votes	Remarks
				(Elected by contest or Unanimous Election)
1	2	3	4	5

**Total No. of Valid Votes :****Total No of rejected votes :**

I do hereby declare that the following candidate / candidates / have been duly elected as Member of the Committee of the Society.

Sl.No.	Admn. No.	Name of the Candidate	No. of valid votes secured	Remarks (Elected by contest or Unanimous Election)
1	2	3	4	5

Signature of the Election Officer

**FORM -XIII**

[See rule 22(8L)(ii)]

**Notice to the Members of the Managing Committee**

Notice of the Election Officer .....

Society ..... Mandal ..... District ..... under Rule 22 (12)  
(b) of Telangana Cooperative Societies Rules, 1964.

Present: Sri ..... Election Officer

Rc.No. .... Date .....

Sub : Elections—Cooperative Societies—Election of Office bearers, to the Society—  
convening meeting of Managing Committee members— Notice Issued —  
Regarding.

Ref : Elections held on ..... to the members of the Managing Committee of  
..... Society.....Mandal in ..... District

Whereas, for election of the Office bearers of the Society, a meeting of the  
elected Managing Committee members is proposed to be convened on ..... at  
..... (time) in the seat of the society. Therefore all the Managing Committee  
members are requested to attend the meeting on Scheduled date, time and place.

Election Officer

To

Sri/Smt.

- |          |                   |
|----------|-------------------|
| 01. .... | Elected President |
| 02. .... | Elected Member    |
| 03. .... | Elected Member    |
| 04. .... | Elected Member    |
| 05. .... | Elected Member    |
| 06. .... | Elected Member    |
| 07. .... | Elected Member    |

- 8. .... Elected Member
- 9. .... Elected Member
- 10. .... Elected Member
- 11. .... Elected Member
- 12. .... Elected Member
- 13. .... Elected Member

**FORM -XIV**

(See Rule 22(8L)(ii))

**Nomination form for election of president /Office bearers**

- 1. Name of the Society :
- 2. Admission number and name of the candidate :
- 3. Father`s or husband`s Name :
- 4. Address :
- 5. Admission number and name of the proposer :
- 6. Signature or Thumb Impression of the proposer :
- 7. Admission number and name of the seconder :
- 8. Signature or Thumb impression of the seconder :

**Candidate`s Decleration**

I declare that, I am willing to stand for election as president/Office bearer and that the best of my knowledge and belief, I have not incurred any disqualification from the membership of the committee.

Place : \_\_\_\_\_  
 Date : \_\_\_\_\_  
 Time : \_\_\_\_\_

Signature of the Candidate

**ACKNOWLEDGEMENT**

I acknowledge the receipt of nomination form.....presented to me for contesting for President ship/Office bearer of the \_\_\_\_\_ society on \_\_\_\_\_ at \_\_\_\_\_(time)

Signature of Election Officer

Seal

**Form XV**

**List of Nominations received**

(See Rule 22(8L)(iii))

Name of the Society \_\_\_\_\_ Date \_\_\_\_\_

For the post of President / Vice-President /Secretary/ Treasurer/others;

---



Sl. No.	Admission No.	Name of the Candidate	Father's / Husband's name	Address	Name of the Proposer	Name of the Seconder
1	2	3	4	5	6	7

Election Officer

**Form XVI****List of Nominations received after scrutiny****(See Rule 22(8L)(iii))**

Name of the Society : \_\_\_\_\_ Date : \_\_\_\_\_

For the post of President / Vice-President / Secretary/Treasurer/others :

Sl. No.	Admission No.	Name of the Candidate	Father's Name	Address
1	2	3	4	5

Election Officer.

**Form XVII****(See Rule 22(8L)(iii))****List of Invalid nominations for the post of.....**

Name of the Society:..... Date : \_\_\_\_\_

For the post of President / Vice-President / Secretary/Treasurer/others:

Sl. No.	Name of the Candidate	Father's Name	Village/ Place	Constituency area	Category	Reasons for rejection
1	2	3	4	5	6	7

Election Officer

**Form XVIII****Notice of withdrawal****(See Rule 22(8L)(ii))**

To \_\_\_\_\_ Date : \_\_\_\_\_

The Election Officer,

\_\_\_\_\_ Society.

Sub : Election - Withdrawal of nominations - Reg.

I am to state that, I have filed nomination for the post of Office Bearer i.e., ..... for the Elections are scheduled to be held on.....

Now, I wish to withdraw any nomination from the contest and request to accept my withdrawal and delete my name from the list of contestants.

Yours faithfully,

Name :

Signature :

Admission No. :

Witness :

1. Proposer

2. Secunder

**Form XVIII(A)**  
**(See Rule 22(8L)(ii))**  
**List of nominations withdrawn**

Name of the Society:.....Regd. No..... Date : \_\_\_\_\_

For the post of Office Bearer i.e., .....Const. No...../Category

Sl. No.	Admission No.	Name of the Candidate	Fathers/ Hubbands's Name	Address	Name of the Proposer (Admn.No.)	Name of the Secunder (Admn. No.)
1	2	3	4	5	6	7

Election Officer

**Form XIX**  
**Final list of valid nominations after withdrawal of nominations**  
**(See Rule 22(8L)(iii))**

Name of the Society : \_\_\_\_\_ Date : \_\_\_\_\_

For the post of President / Vice-President /Secretary/ Treasurer/Others:

Sl.No.	Admission No.	Name of the Candidate	Symbol Allotted
1	2	3	4

Election Officer

## Form XX

[(See Rule 22(8L)(iii)]

## Proforma ballot paper

For the post of President / Vice - President / Secretary/Treasurer/others :

Sl. No..... General No.....

Sl.No.	Name	Symbol
1.		
2.		
3.		
4.		
5.		

Election Officer

## Form XXI

(See Rule 22(8L)(iii))

## List of Elected Candidates

Name of the Society : \_\_\_\_\_

Date : \_\_\_\_\_

For the post of Office Bearers :

Sl.No.	Admn. No.	Name of the	No. of valid	Remarks
	No.	Candidate	votes	(Elected by Contest/ Elected Unanimously)
			secured	
1	2	3	4	5

**Total No. of Valid Votes :****Total No. of rejected Votes :**

I do hereby declare that the following candidate has been duly elected as Office Bearers i.e..... of the Society.

Sl. No.	Admission No.	Name of the	No. of Valid	Remarks
	No.	Candidate	votes	(Elected by Contest/ Elected Unanimously)
			secured	
1	2	3	4	5

Signature of the Election Officer]

## FORM-I

[See Rule 16 (1)]

[Added by G.O.Ms.No. 2804, F & A (Leg.), dt. 24-11-1965]

I ..... son of/wife of ..... member No. ....  
of the ..... do hereby nominate the following as the person/persons to whom  
my share capital or interest in the capital of ..... society shall be transferred or the  
value thereof or any other sum payable to me shall be paid in the event of my death.

Name of the nominee nomination	Age on the date of member	Relationship to the	Occupation	Address
1	2	3	4	5

- 1.
- 2.
- 3.

\_\_\_\_\_ In witness whereof, my hand, this ..... day of .....  
one thousand nine hundred and .....

Signature of witness :

Address

*Signature of the shareholder.*

Signature of witness :

Address :

**<sup>1</sup>[FROM - J**

(See Rule 12-A)

**Application for Membership**

(To be presented by the applicant in person or by Registered Post)

To,

The ..... Society/

Bank .....through the <sup>2</sup>[Registrar.]

**Taluk**

1. Name of the applicant
2. Father's name
3. Age -
4. Residence -
5. Occupation -

1. Added by G.O. Ms. No. 476, F & A., (Coop. IV), dt. 24-5-1976.

2. Subs. by G.O. Ms. No. 668, F & A (Coop. IV), dt. 29-7-1976.

6. Whether holding lands within the area of operation of the Society/Bank specify.
- | <u>As owner</u> | <u>As tenant</u> |
|-----------------|------------------|
| Dry Wet         | Dry Wet          |
| Hectares        | Hectares         |
7. Whether adjudicated as an insolvent or undischarged insolvent.
8. Whether sentenced for any offence involving moral turpitude and if so, date of the sentence.
9. Whether a paid employee of the society or of its financing bank.
10. In the case of answers to items 8 and 9 being in the affirmative, are you protected by subsection (2) of Section 21.
11. Whether expelled from membership of the society. If so the date of expulsion.
12. Whether carrying on business of money lending i.e., lending money or small advances in cash or kind or has issued loans or made advances exceeding Rs. 100 (to each individual) to 5 individuals in the year.
13. Do you satisfy requirements to become a member as per the bye-laws of the society.
14. Whether tendered amount as specified by the Registrar.
- Rs. Ps.
- (a) Minimum share capital
- (b) Entrance Fee

15. Mode of tender of payment:
- (a) If by Money Order specify the M.O. Receipt No. Date and Name of the Post Office.
  - (b) If paid into Co-operative Central Bank or its Branch specify the Bank Challan No. Date and Name the Co-operative Central Bank or it's Branch.

**Note (1) :-** No application shall be forwarded to the society/Bank unless the applicant has paid the specified share capital and the entrance fees and enclosed the M.O. Receipt, or the Bank Challan.

**Note (2) :-** No Co-operative Bank or a branch thereof shall refuse to receive the payment of amount tendered by any person and shall endorse the Challan No. date of receipt and amount received on the application form presented by the applicant duplicate.

I hereby declare that the facts stated above are true to the best of my knowledge and belief

*Signature or L.H.T. Impression  
of the applicant.*

**Witness :**

**Date :**

- 1. Signature  
Name  
Father's name  
Age  
Residence
- 2. Signature  
Name  
Father's Name  
Age  
Residence

Date of receipt in the Office

Endorsement of the Registrars  
Application whether in order, if  
not specify the defect and  
indicate date of return.

## ACKNOWLEDGMENT

(Prescribed under Rule 12-A of the Telangana Co-operative Societies Rules to be issued by the Society).

Received the application of Sri ..... resident of ..... for admission as a member of the ..... Society through the <sup>1</sup>[Registrar] ..... along with the M.O. Receipt/Bank Challan for Rs. ....

*Registrar.*

## RECEIPT

Original		Duplicate	
Receipt No.	Date	Receipt No.	Date
This is to acknowledge the receipt of an application in duplicate presented by Sri .....		This is acknowledge the receipt application in duplicate presented by Sri.....	
son of.....aged.....		son of..... aged.....	
resident of ..... for admission into the society.		resident of ..... for admission into the society.	
Registrar		Registrar	

<sup>2</sup>[FORM - K]

[See Rule 65]

**Form of authorisation issued by the Registrar under Section 117 of the Telangana Co-operative Societies Act, 1964 (Act 7 of 1964).**

Whereas a committee/person/persons of the Society No. .... in the ..... district has/have been elected/nominated, under the Section 15-A/ and that the committee consist of the following persons namely .....

Whereas the following person/persons has/have been appointed under Section 32 (7) of the Andhra Pradesh Co-operative Societies Act, 1964 (Act 7 of 1964) to manage the affairs of the ..... Society, No. .... in the ..... district in Registrar's Proceedings No. .... date .... with effect from .....

Whereas the committee of the ..... Society, No. .... in the ..... district ..... has been superseded under Section 34 of the Andhra Pradesh Co-operative Societies Act, 1964 (Act 7 of 1964) in Registrar's Proceedings No. .... dated ..... with effect from ..... and that Sri ..... Special Officer/the managing committee consisting of the following

- 
1. Subs. by G.O. Ms. No. 668, F & A., (Coop. IV), dt. 29-7-1976.
  2. Form 'G' was subs. as 'J' day G.O. Ms. No. 57, F & A, (Coop. IV) Dept., dt. 6-2-79. The letter and word Form J was subs. as 'K' in G.O. Ms. No. 313, F & A, (Coop. IV), dt. 15-6-1979.)

persons has been appointed in these proceedings:—

.....  
Whereas the ..... Society, No. .... in the ..... district has been ordered to be wound up under Section 64 of the Andhra Pradesh Co-operative Societies Act, 1964 (Act 7 of 1964) in Registrar's Proceedings No. .... dated ..... with effect from ..... and that Sri ..... has been appointed as the liquidator ;

And whereas the new committee/person/Special Officer/managing committee/liquidator has applied that it is resisted in or prevented from, obtaining possession of the records and properties of the societies ;

And whereas I am satisfied that such resistance or prevention continues to exist.

2. Now, therefore, I ..... in exercise of the powers conferred by Section 117 of the Telangana Co-operative Societies Act, 1964 hereby authorise Sri ..... to enter, search or break-open any premises where such records and properties of the society are kept and to seize any such records and properties of the society and cause delivery of the said records and properties to the new committee/elected/nominated person persons appointed under Section 15-A, person/persons appointed under Section 32, Special Officer/Managing Committee appointed under Section 34, liquidator appointed under Section 65.

**<sup>1</sup>[FORM - L**

[See Rule 45 (2)]

This is to certify that the ..... Co-operative Society Limited, Register No. .... Village/Town ..... district ..... has maintained all the books of accounts as prescribed for year 20 ..... to 20 ..... and closed the cash book with all adjustment entries and the ledgers duly reconciled as on ..... The Society shall also prepare and submit their Final statements of receipts and payments, profit and loss and Balance Sheet by the time the Audit is taken for the year 20 ..... .

Given under the seal of the society on ..... 20 ...

Seal of the society President

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1. Added by G.O. Ms. No. 103, F & A., (Coop. IV), dt. 14-2-1990.



## FORM-M

(See Rule 3G-B)

STATEMENT SHOWING THE ELIGIBILITY OF  
ESTABLISHMENT CHARGES

## (a) GROSS PROFIT FOR PREVIOUS YEAR

A	Rs.	B.	Rs.
1. Interest Received(Arrear)		1. Interest Paid (Arrear)	
2. Interest Received(Current)		2. Interest Paid (Current)	
3. Interest Received on investment		3. Interest Payable Arrear	
4. Gross Profit on Trading Account		4. Interest Payable Current	
5. Miscellaneous Income		5. Interest on deposits paid	
		6. Interest on deposits payable	
TOTAL		TOTAL	

Gross Profit = A-B.

30 % of Gross Profit.

## (b) WORKING CAPITAL OF PREVIOUS YEAR

I.	Rs.
1. Members Share Capital	
2. Deposits of Members	
3. Borrowint from Financing institution/agencies	
4. Un-invested reserves	
TOTAL	
II. 2 % on Working Capital : Rs.	
i. Actual expenditure on pay and allowances of current year.	
ii. Eligible expenditure on 30% of gross profit or 2% of Working Capital, whichever is less.	
iii. If the actual expenditure exceeding the eligibility under column No. ii the difference is to be taken to the "Due to" Head keeping the amount under objection to cffect recovery and also reserve is to be created.]	

Section Officer

# **THE TELANGANA MUTUALLY AIDED CO-OPERATIVE SOCIETIES ACT, 1995**

**[Act No. 30 of 1995]**

An Act to provide for the voluntary formation of Co-operative Societies reliant business enterprises, based on thrift, self-help and mutual aid and owned, managed and controlled by members for their economic and social, betterment and for the matters connected therewith or incidental thereto.

## **STATEMENT OF OBJECTS AND REASONS**

1. In early 1960s, co-operative legislation all over the country underwent major changes with a view to enabling State and Union Governments to play an active role in the promotion and development of co-operatives. Co-operatives were viewed as important tools to be used by the State to ensure that disadvantaged sections of people could have access to subsidised credit and other production inputs, especially in rural areas. In Andhra Pradesh too, at this time, the Andhra Pradesh Co-operative Societies Act, 1964 was enacted, and although it was introduced as a consolidation of the two earlier Acts then prevailing in Andhra and Telengana areas, respectively, it was guided by the findings of the All India Rural Credit Survey Committee (Gorwala Committee, 1954), which recommended an active role for the State in the spread of the co-operative movement.
2. Over the years, however, increased State participation in the financing and management of co-operatives has led to an unfortunate situation where co-operatives themselves, by and large, have started to perceive themselves not as member-controlled, member-sensitive business, guided by the universally accepted principles of co-operation, but as channels for Government subsidies and largesse. Sound and sustainable co-operative business, accountability, responsibility and self-reliance have taken a back seat.
3. At a time when deregulation and liberalisation are enabling other forms of business to break new ground, it appears necessary to enable businesses registered as co-operatives also to have at least the same degree of freedom to conduct - their affairs, if these businesses are to have a fair chance of being able to compete successfully with other business.
4. Co-operative financing organisations, such as the National Bank for Agriculture and Rural Development, the National Co-operative Development Corporation and the National Dairy Development Board have also been seeking vast by which they can where possible deal directly with Co-operative Societies without necessarily having to involve Government.

5. Given, however, the dependence on Government of several Co-operative Societies, either because of the very objects of these co-operatives or because of their weak nature, it would appear not very responsible on the part of the Government to withdraw its support and intervention altogether, or suddenly. In the case of such co-operative, the provisions of the A.P. Co-operative Societies Act, 1964 are considered necessary.
6. On the other hand, the Government recognises that there are some Co-operatives which may have some Government funds but are not dependent on such funds or on Government assistance in other forms for their survival. These co-operatives need to be given greater autonomy and encouraged to pursue to legitimate interests of their members in an effective, self-reliant, responsible, accountable and democratic manner. The Government also recognises that enabling legislation is required if ordinary people who expect to benefit from the co-operative form of business, without being dependent on Governmental resources, are to voluntarily promote and effectively develop services for themselves through their own Co-operative Societies.
7. In the backdrop of the above changed perception, the Government have decided to undertake Legislation in order to promote self-reliant and autonomous Co-operative Societies and make the co-operative movement more vibrant in the State. The salient features of the proposed legislation are,-
  - (1) to enunciate the co-operative principles which primarily place an accent on voluntary, self-financing, autonomous bodies for removal from State control ;
  - (2) to enable not less than ten individuals belonging to different families to form a Co-operative Society and confer on it the status a body corporate ;
  - (3) to enable the Co-operative Societies to regulate their functioning by framing bye-laws subject to the provisions of the Act in respect of the various matters specified in the legislation ;
  - (4) to enable the Co-operative Societies to change the form or the extent of their liability, to transfer their assets and liabilities, to divide or amalgamate in furtherance of their stated objectives ;
  - (5) to enable the societies registered under the Andhra Pradesh Co-operative Societies Act, 1964 to become Co-operative Societies registered under this Act by making a suitable provision therefore ;

- (6) to enable the Co-operative Societies to mobilise their own funds;
- (7) to empower the Co-operative Societies to provide for the qualifications and disqualifications for membership ;
- (8) to provide for the constitution, powers and functions of the Board of Directors and for matters incidental thereto ;
- (9) to define the powers and functions of the General Body etc.;
- (10) to make the Co-operative Societies responsible to hold the elections and to regulate the process thereof ;
- (11) to provide for proper accountability and for that purpose to conduct audit, special audit, inquiry and for the recovery of loss caused to the society by misconduct or otherwise ;
- (12) to provide for the settlement of disputes by constituting a Co-operative Tribunal ; and
- (13) for other incidental and consequential matters.

Be it enacted by the Legislative Assembly of the State of Andhra Pradesh in the Forty-sixth Year of the Republic of India, as follows:—

**1. Short title, extent and commencement:—**

- (1) This Act may be called the Telangana Mutually Aided Co-operative Societies Act, 1995.
- (2) It extends to the whole of the State of Telangana.
- <sup>1</sup>[(3) It shall come into force on such date as the Government may, by notification in the Telangana Gazette, appoint.

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

- (a) “Board” means the Board of Directors of a Co-operative Society;
- (b) “Bye-laws “ means the bye-laws of a Co-operative Society as originally framed or as altered from time to time in pursuance of this Act ;
- (c) “Co-operative principles” means the Co-operative principles specified in Section 3 ;
- (d) “Co-operative Society” means a Mutually Aided Co-operative Society registered under Section 4 whose bye-laws prohibit it from raising share capital from the Government, a Co-operative Society registered <sup>2</sup>[under the provisions] of the Andhra Pradesh Co-operative Societies Act, 1964, if it amends its bye-laws where necessary to reconstitute its capital base and in respect of other relevant aspects to be in accordance with this Act, and returns to the Government its share capital, if any, and either enters into a Memorandum of Understanding with the Government for any outstanding loans due to, or guarantees given by the Government or returns to the Government of such assistance and further gets itself registered under Section 4 as a Co-operative Society under this Act;]

- 
1. Come into force on 1-6-1995 vide G.O.Ms. No. 405 A&C (Coop.IV), dt : 27-5-1995.
  2. Subs. for “under Section 7” by Act No. 20 of 2006, w.e.f. 1-6-1995.

- (e) “Co-operative Society with limited liability” means a Co-operative Society in which the liability of its members for the debts of the Co-operative Society in the event of its being wound up, is limited by its bye-laws to such amount as they may undertake to contribute to the assets of the co-operative;
  - (f) “Co-operative Society with unlimited liability” means a Co-operative Society the members of which are, in the event of its being wound up, jointly and severally liable for and in respect of all its obligations and to contribute to any deficit in the assets of the Co-operative Society;
  - (g) “Co-operative Tribunal” means the Tribunal or Tribunals constituted under section 32 ;
  - (h) “Deficit” means the net excess of expenditure over income ;
  - (i) “Delegate” means a member nominated by a Co-operative Society to represent its interests in a federation ;
  - (j) “Director” means a director of the Board of directors ;
  - (k) “Federation “ means a Mutually Aided Co-operative Society registered under section 4 whose members are Mutually Aided Co-operative Societies;
  - (l) “Financial year” in relation to a Co-operative Society means the twelve month accounting period as provided for in the bye-laws;
  - (m) “General body” in relation to a Co-operative Society means all the members of the Co-operative society and includes a representative general body of the Co-operative Society referred to Section 20;
  - (n) “General meeting” means a meeting of the general body of ;i Co-operative Society ;
  - (o) “Government” means the State Government of Telangana,
  - (p) “Member” means a member of a Co-operative Society ;
  - (q) “Office-bearer” means an individual elected by the general body or the board of the Co-operative Society to any office of such Co-operative Society in accordance with its bye-laws ;
  - (r) “Registrar” means the Registrar of Mutually Aided Co-operative Societies appointed under Section 4 of this Act, and includes any other person on whom all or any of the powers of the Registrar under this Act are conferred;
  - (s) “Surplus” means the net excess of income over the expenditure;
- 3. Co-operative principles and bye-laws:—** Individuals or Co-operatives intending to form into a Co-operative Society under this Act shall frame bye-laws conforming to the following principles of co-operation, namely —
- (a) membership of a Co-operative Society shall be voluntary and available without restriction of any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership;
  - (b) Co-operative Societies are democratic organisations; their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary Co-operative Societies shall enjoy equal rights of voting (one member one vote) and participation in decisions

affecting their Co-operative Societies. In other than primary Co-operative Societies, the administration shall be conducted on a democratic basis in a suitable form;

- (c) share capital shall only receive a strictly limited rate of interest, if any;
- (d) the economic results, arising out of the operations of a Co-operative Society belong to the members of that Co-operative Society and shall be distributed in such a manner as would avoid one member gaining at the expense of others, which shall be achieved;
  - (i) by provision for development of the business of the Co-operative Society;
  - (ii) by provision of common services ; or
  - (iii) by distribution among the members in proportion to their transactions with the Co-operative Society ;
- (e) all Co-operative Societies shall make provision for the education of their members, office-bearers and employees and of the general public, in the principles and techniques of co-operation, both economic and democratic ;
- (f) all Co-operative Societies, in order to best serve the interest of their members and their communities, shall actively co-operate in every practical way with other co-operatives at local, national and international levels having as their aim the achievement of unity of action by co-operators throughout the world.

4. **Registration:**— (1) Where not less than ten individuals each being a members of a different family intend to form a Co-operative Society, or two or more a Co-operative Societies registered under this section wish to form into a federation, or a society registered <sup>1</sup>[under the provisions] of the Andhra Pradesh Co-operative Societies Act, 1964 intends to convert itself into a Co-operative Society under this Act, they shall frame bye-laws for this purpose in accordance with Section 3 in the first instance.

<sup>2</sup>[Provided that no cooperative society shall be registered as a Dairy or Milk Cooperative Society and no Dairy or Milk Cooperative Society registered under any other law shall be converted into a dairy or milk cooperative society under this Act].

<sup>3</sup>[(1A) Notwithstanding anything contained under this Act or under the provisions of the Andhra Pradesh Cooperative Societies Act, 1964, (Act 7 of 1964), all the Dairy/Milk Cooperative Societies registered or deemed to have been registered or converted under the provisions of this Act, shall be deemed to have been excluded from the provisions of this Act and deemed to have been registered and continued under the provisions of the Andhra Pradesh Cooperative Societies Act, 1964 (Act 7 of 1964).

- (2) Thereafter an application for registration shall be submitted to the Registrar by hand or by registered post.
- (3) Every such application shall be accompanied by:—
  - (a) the original and one copy of the bye-laws of the proposed Co-operative Society as adopted by the individuals or delegates of Co-operative Societies who wish to form into a Co-operative Society under this Act or by the general body of a

1. Come into force on 1-6-1995 vide G.O.Ms. No. 405 A&C (Coop.IV), dt : 27-5-1995.

2. Subs. for “under Section 7” by Act No. 20 of 2006, w.e.f. 1-6-1995.

3. Ins. by Act 20 of 2006, w.e.f. 1-6-1995.

Society registered under the Andhra Pradesh Co-operative Societies Act, 1964 which wishes to convert itself into a Co-operative Society under this Act ;

- (b) a list of names of individuals or co-operatives who wish to form into a Co-operative Society under this Act or of the members of the committee of the society registered under the Andhra Pradesh Co-operative Societies Act, 1964 which intends to convert itself into a Co-operative Society under this Act with their addresses, occupations and their financial commitments to the proposed Co-operative Society;
  - (c) a true copy of the minutes of the meeting at which the bye-laws were adopted, duly signed by atleast a majority of individuals or delegates present at the meeting where the bye-laws were adopted, or by a majority of the members of the committee of the co-operatives concerned where a society registered under the Andhra Pradesh Co-operative Societies Act, 1964 intends to convert itself into Co-operative Society under this Act ;
  - (d) registration fee amounting to one per cent of the total authorised share capital by whatever name called subject to a minimum of one hundred rupees and a maximum of ten thousand rupees ; and
  - (e) in the case of a society registered under Section 7 of the Andhra Pradesh Co-operative Societies Act, 1964 and wishing to convert itself into a Co-operative Society under this Act, evidence to show that the Society is not in possession of any share capital from Government, and evidence also to show that the Society is not in receipt of any Government loans or guarantees at the time of applying for registration as a Co-operative Society under this Act, or that it has entered into a Memorandum of Understanding with the Government for any such outstanding loans or guarantees.
- (4) The Registrar shall if he is satisfied that,-
- (a) the application is in conformity with the requirements of this Act;
  - (b) the proposed bye-laws are not contrary to the provisions of this Act ;
- and
- (c) the name of the proposed Co-operative Society is not the same as that of a Co-operative Society already registered under this section, or the same as that used by a class of societies already registered under Section 7 of the Andhra Pradesh Co-operative Societies Act, 1964, register the Co-operative Society and also its bye-laws and communicate by registered post a certificate of registration and the original of the registered bye-laws signed and sealed by him, within a period of sixty days from the date of submission of application, to the Chief Promoter mentioned in the application.
- (5) If the conditions laid down in sub-sec. (4) are not fulfilled, the Registrar shall communicate by registered post the order of refusal together with the reasons therefor, within sixty days from the date of submission of application, to the Chief Promoter.

- (6) There shall be appointed a Registrar of Mutually Aided Co-operative Societies for the State and as many other Officers as the Government may think fit for the purposes of this Act.

5. **Registration Certificate:**— Where a Co-operative Society is registered, the certificate of registration signed and sealed by the Registrar shall be conclusive evidence that the Co-operative Society mentioned therein, is a Mutually Aided Co-operative Society duly registered under this Act :

Provided that where a society was earlier registered under the Andhra Pradesh Co-operative Societies Act, 1964, such registration shall stand cancelled since a certificate of registration under this section is issued.

6. **Society to be a body corporate:**— (1) A Co-operative Society registered under this Act shall be a body corporate by the name under which it is registered having perpetual succession and a common seal. The Cooperative Society shall be entitled to acquire, hold and dispose of property, enter into contracts, to sue and be sued and to do all other things necessary to achieve its objectives.
- (2) All transactions entered into in good faith prior to registration, in furtherance of the objectives of the Co-operative Society, shall be deemed to be transactions of the Co-operative Society after its registration.

7. **Registration with limited or unlimited liability:**— A Co-operative Society may be registered with limited or unlimited liability. Where the liability is limited, it shall have as a suffix to its name the expression “limited” or its equivalent in any Indian Language.

8. **Display of name:**—

- (1) Every Co-operative Society shall display its full name, registration number and the address of its registered office in legible characters in a conspicuous position—
- (a) at every office or place at which it carries on business ;
- (b) in all notices and other official publications ;
- (c) on all its contracts, business letters, orders for goods, invoices, statements of account, receipts and letters of credit ; and
- (d) on all bills of exchange, promissory notes, endorsements, cheques and orders for money it signs or that are signed on its behalf.
- (2) Where a Co-operative Society has a corporate seal, it shall display its full name in legible characters on its corporate seal.

9. **Bye-laws :-**

- (1) Except on such specific matters for which this Act has provided, the functioning of every Co-operative Society shall be regulated by its bye-laws. Subject to the provisions of this Act and the bye-laws every Co-operative Society shall have regard to the co-operative principles in its functioning.



- (2) subject to Section 3, the bye-laws of a Co-operative Society shall be specific on the following matters, namely:—
- (i) the name and address of the Co-operative Society ;
  - (ii) the object of the Co-operative Society explicitly stated as a common central need of the members which the Co-operative Society aims at fulfilling ;
  - (iii) eligibility, ineligibility and procedure for obtaining and retaining membership;
  - (iv) procedure for withdrawal, cessation and termination of membership;
  - (v) the services that it intends to give its members ;
  - (vi) fixation of minimum performance expected annually of each member vis-a-vis use of services, financial commitment and participation in meetings, in order to be eligible to exercise the rights of membership including the right to vote ;
  - (vii) the consequences of performing below the minimum level fixed ;
  - (viii) the consequences of default in payment of any sum due by a member;
  - (ix) rights of members ;
  - (x) the nature and extent of the liability of the members for the debts contracted by the Co-operative Society ;
  - (xi) the manner of making or amending bye-laws ;
  - (xii) the powers and functions of the general body, and the powers and functions and the manner of constitution representative general body, if any, and subjects which must be dealt by with the general body, and by the representative general body, if any;
  - (xiii) the manner and frequency of convening general meeting and quorum required
  - (xiv) the manner of conducting elections and of filling casual vacancies ;
  - (xv) the size and composition of the Board of Directors ;
  - (xvi) the term of office of the Directors ;
  - (xvii) the manner of removal of Directors ;
  - (xviii) the manner and frequency of convening board meetings and quorum;
  - (xix) the powers and duties of the Board ;
  - (xx) the powers and duties of the chairperson ;
  - (xxi) the terms on which the Co-operative Society may deal with non-members;
  - (xxii) eligibility, ineligibility for becoming and continuing as Director ;

- (xiii) penalties for acting against the interests of the Co-operative Society and for non-fulfilment of duties by members, office-bearers, Directors or staff ;
- (xiv) the nature and extent of the liability of office-bearers Directors for debts contracted by the Co-operative Society ;
- (xxv) the authorisation of an officer or officers to sign documents and to institute and defend suits and other legal proceedings on behalf of the Co-operative Society ;
- (xvi) the manner of choosing delegates to higher tier co-operative and federations ;
- (xvii) the rights, if any, which the Co-operative Society intends to confer on any Co-operative Society or other federation and the circumstances under which these rights may be exercised by the society or federation;
- (xxviii) the nature and amount of capital, if any, of the Co-operative Society,
- (xxix) the maximum capital which a single member can hold ;
- (xxx) the maximum interest payable to members on paid up share capital;
- (xxxi) the sources, types and extent of funds to be raised by the Co-operative Society ;
- (xxxii) the purposes for which the funds may be applied ;
- (xxxiii) the constitution of various funds and their purposes ;
- (xxxiv) the manner of appointment of auditors and their powers and functions;
- (xxxv) the manner of appointment of internal auditors and their powers and functions;
- (xxxvi) the manner of disposal of funds when the Co-operative Society is under liquidation;
- (xxxvii) the manner of dissolution of the Co-operative Society.

**10. Amendment of bye-laws:—**

- (1) A Co-operative Society may amend any of the provisions of its bye-laws by a resolution of its general body, or by the representative general body, where this exists :

Provided, that no such resolution shall be passed unless atleast twenty clear days of written notice of the meetings have been given along with a copy of the proposed amendment to each member of the general body or representative general body, as the case may be, and such notice and proposed amendment is also displayed on the notice board of the Co-operative Society for a period of twenty days immediately preceding the date of the meeting:

Provided further that the representative general body shall not alter any provision in the bye-laws relating to its own constitution and powers.

- (2) In the case of amendment of its bye-laws with regard to matters relating to items (i), (ii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xix), (xxiv), (xxix), (xxxvi) and (xxxvii) of sub-section (2) of Section 9 an application for the registration of the amendment shall be forwarded by the Co-operative Society by registered post to the Registrar within a period of thirty days from the date of the resolution.
- (3) Every application forwarded to the Registrar shall be signed by the chairperson and shall be accompanied by a copy of the resolution adopting the amendment and the following particulars, namely:—
- (a) the date of the meeting at which the amendment was approved ;
  - (b) the total number of members on the rolls of the Co-operative Society who were eligible to vote on the date of such meeting, the number present at the meeting and the number of eligible members who voted for the resolution.
- (4) If the proposed amendment is in consonance with the provisions of this Act, the Registrar shall register the proposed amendment within a period of sixty days from the date of receipt of the application.
- (5) The Registrar shall forward by registered post to the Co-operative Society within a period of fifteen days after registration, a copy of the registered amendment together with a certificate signed and sealed by him and such certificate shall be conclusive evidence that the amendment has been duly registered.
- (6) If the proposed amendment is not in consonance with the provisions of this Act, the Registrar shall refuse, within a period of sixty days from the date of receipt of the application, to register the purposed amendment:
- Provided that no order refusing to register the amendment shall be passed except after giving the Co-operative Society an opportunity of making its representation.
- (7) The Registrar shall forward by registered post to the Co-operative Society, within a period of fifteen days after refusal, the order of refusal together with the reasons therefor.
- (8) Where no order of refusal is received by the Co-operative Society under sub-section (7) within a period of seventy five days from the date of submission of application, it shall be deemed that the Registrar has registered the amendment on the last date of the period specified in that sub-section.
- (9) In the case of all amendments to the bye-laws other than those specified in sub-section (2), information about the amendment shall be forwarded by the Co-operative Society by registered post, with the enclosures and particulars specified in sub-section (3), to the Registrar within a period of thirty days from the date of the general meeting at which the resolution was passed, and the Registrar shall immediately take on file such amendment:

Provided, that such action shall not in any way preclude the Registrar from proceeding against the Co-operative Society or its management, where such amendment is found to be contrary to the provisions of this Act.

- (10) An amendment to the bye-laws under sub-section (9) shall come into effect only after registration or on the thirtieth day from the date of the amendment has been sent to the Registrar for taking on record, as the case may be.

**11. Change of liability transfer of assets and liabilities, division, amalgamation:—** (1) A Co-operative Society may, by a resolution of its general body—

- (a) decide to amend its bye-laws to change the form or the extent of its liability ;
  - (b) decide to transfer its assets and liabilities, in whole or in part, to any other Co-operative Society which agrees to such transfer by a resolution of its general body ;
  - (c) divide itself into two or more Co-operative Societies.
- (2) Any two or more Co-operative Societies may, by a resolution of their respective general bodies, decide to amalgamate themselves and form a new Co-operative Society.
- (3) Every resolution of a Co-operative Society under this section shall be passed at its general meeting by a majority of total members with right of vote or two thirds of members present and voting whichever is less and such resolution shall contain all particulars of the liability, transfer, division, amalgamation as the case may be.
- (4) Before passing a resolution under this section, the Co-operative Society shall give notice thereof together with a copy of the resolution to all its members, and federations to which it is affiliated, and creditors who may give their consent. Notwithstanding any bye-law or contract to the contrary, any member, federation, or creditor not consenting to the resolution shall, during a period of one month from the date of service of the notice have the option of withdrawing their shares, deposits, loans or services as the case may be.
- (5) Any member, federation, or creditor who or which does not exercise within the specified period the right under sub-section (4) shall be deemed to have consented to the resolution.
- (6) A resolution passed by a Co-operative Society under this section shall not take effect until,—
- (a)(i) the members, federations, and creditors have consented or are deemed to have consented to the resolution under sub-section (4) or, as the case may be, sub-section (5); or
  - (ii) all claims of the members, federations and creditors who have exercised the option referred to under sub-section (5) within the period specified therein have been met in full or otherwise satisfied; and
  - (b)(i) in the case of change of liability, amendment of the bye-laws of the Co-operative Society concerned is registered or is deemed to have been registered ; or
  - (ii) in the case of division or amalgamation, certificate of registration of the Co-operative Society or Societies is issued.

- (7) When a resolution passed by a Co-operative Society under sub-section (2) takes effect the resolution shall be a sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.
- (8) The registration of a Co-operative Society shall stand cancelled and the Co-operative Society shall be deemed to have been dissolved and shall cease to exist as a corporate body :
- (a) when the whole of the assets and liabilities of such Co-operative Society are transferred to another Co-operative Society; or
- (b) when such Co-operative Society divides itself into two or more Co-operative Societies.
- (9) Where two or more Co-operative Societies are amalgamated to form a new Co-operative society, the registration of the Co-operative Societies so amalgamated shall stand cancelled and they shall be deemed to have been dissolved and shall cease to exist as corporate bodies.

**12. Promotion of subsidiary organisation:—** (1) Any Co-operative Society may, by a resolution passed at general meeting by a majority of members present and voting, promote one or more subsidiary organisations for the furtherance of its stated objectives, and such organisations may be registered under any law for the time being in force, as agreed to by the general body.

- (2) The annual reports and accounts of any such subsidiary organisation shall be placed before the general meeting of the promoting Co-operative Society every year.
- (3) Any subsidiary organisation created under sub-section(1) shall exist for only as long as the general body of the Co-operative Society deems its existence necessary.

**13. Creation of new organisation with others:—** Where the collaboration between a Co-operative Society and any other organisation or organisations requires the creation of a new organisation, the new organisation may be registered as a company or a public society, as appropriate for the fulfilments of the objective with which it was created, and such collaboration shall be reviewed every year by the general body of the Co-operative Society.

**14. Mobilisation of Funds:—** (1) A Co-operative Society may mobilise funds in the shape of share capital, deposits, debentures, loans and other contributions from its members to such extent and under such conditions as may be permissible under the bye-laws of the Co-operative Society:

Provided that, at the time of dissolution of a Co-operative Society the amounts due to the members shall be settled only after the settlement of dues to others.

- (2) A Co-operative Society may also mobilise funds in the shape of deposits, debentures, loans and other contributions from other individuals and institutions, to such extent and under such conditions as may be permissible under the bye-laws:

Provided that a Co-operative society shall not accept share capital from the Government but may accept other funds or guarantee from the Government on such terms and conditions as are mutually agreed upon through a Memorandum of Understanding.

- 15. Investment of funds outside the business:**— A Co-operative Society may invest or deposit its funds in any non-speculative manner outside its business.
- 16. Disposal of surplus:**— (1) In any year a Co-operative Society shall allocate towards a deficit cover fund, reserve funds, deferred payment to members as patronage rebate in proportion to their use of the Co-operative Societies services and payment on share capital of interest not exceeding the rate of interest paid by scheduled banks, such percentage of the surplus arising from its business transactions in the previous year, as may be approved by the general body.
- (2) Reserves created under sub-section (1) shall be costed by crediting an annual interest equal to the rate paid by scheduled banks on fixed deposits.
- 17. Management of deficit:**— (1) Where a Co-operative Society is left with a deficit in any given year, the Board of Directors shall place before the general body in the first following annual general body meeting, a detailed report on the causes of deficit and the manner in which the deficit is proposed to be met.
- (2) The general body of the Co-operative Society shall decide to have the deficit covered by setting it off against the amounts available in the deficit cover fund, and/or by debiting the deficit to the account of the member in proportion to the services they had availed or were expected to avail of the Co-operative Society during the year.
- 18. Reserve Fund:**— A Co-operative Society may create a Reserve for such purpose as may be specified in the bye-law.
- 19. Eligibility for membership :**— (1) Subject to the bye-laws, any person who is desirous of utilising the services of the Co-operative Society may express his willingness to accept the responsibilities of membership and fulfil such other conditions as may be specified in the bye-laws of the Co-operative society and thereupon he may be admitted as a member, subject however to the condition that the Co-operative Society is in a position to extend its services to the applicant and that the applicant is not already a member of a Co-operative Society registered under this Act, or the Andhra Pradesh Co-operative Societies Act, 1964 providing the same or similar services.
- (2) Admission of members and removal from membership shall be made, in accordance with the procedure specified in the bye-laws, only by an elected Board or by the General Body where such an elected Board does not exist for the time being.
- (3) A person admitted as a member may exercise the rights of membership, including the right to vote, only on fulfilment of such conditions as may be laid down from time to time in the bye-laws :

Provided that a person shall have been a member for at least one year before being eligible to exercise the right of vote :

Provided further that the above proviso shall not apply to the promoter members in the first year or registration of a Co-operative Society.

**20. General Body:**— (1) Subject to the provisions of this Act and the bye-laws, the ultimate authority of a Co-operative Society shall vest in its General Body :

Provided that where, because of spread of number of members, a Co-operative Society feels the need for constituting a Representative General Body for more effective decision making, it may constitute a Representative General Body in such a manner and with such functions as may be specified in the bye-laws.

- (2) The following matters, among others specified in the bye-laws shall be dealt with by the General Body of a Co-operative Society, namely:—
- (a) amendments to bye-laws ;
  - (b) election and removal of Directors ;
  - (c) consideration of —
    - (1) the long term perspective plan and budget ;
    - (2) the annual operational plan and budget ;
    - (3) the annual report of activities for being filed with the Registrar;
    - (4) the auditor's report and the annual audited statement of accounts for being filed with the Registrar ;
    - (5) special audit report or inquiry report, if any ;
    - (6) compliance report relating to audit, special audit and/or inquiry, if any ;
    - (d) approval of appointment and removal of auditors ;
    - (e) disposal of surplus ;
    - (f) management of deficit ;
    - (g) creation of specific reserves and other funds ;
    - (h) review of actual utilisation of reserves and others funds ;
    - (i) review of the chief executive's report on the attendance at meeting by Directors and review of the business done with the Co-operative Society by the Directors
    - (J) appointment, reconstitution and disbanding of the Representative General Body
    - (k) remuneration payable to any Director or internal auditor in connection with his duties in that capacity or his attendance of related meetings ;
    - (l) membership of the Co-operative Society in federation ;
    - (m) collaboration with other organisation and its review ;
    - (n) promotion of subsidiary organisations and review ; and (o) dissolution of the Co-operative Society ; and
    - (p) all other functions expected of the General Body under the other provisions of this Act.

**21. Board of Directors:—**

- (1) There shall be a Board of Directors for every Co-operative Society constituted and entrusted with the direction of the affairs of the Co-operative Society in accordance with the provisions of the Act and the bye-laws.
- (2) The size of the Board shall be a multiple of the term of office of its Directors.
- (3) The Directors of the Board shall have staggered terms such that at any point of time the vacancies arising as a result of the terms of Directors coming to an end, are less than one half of the total strength of the Board:

Provided that the term of a Director shall not exceed five years :

Provided further that at the first election all the Directors shall be elected at once, and their terms staggered by drawal of lots specifying different terms.

- (4) In addition to such criteria as may be specified in the bye-laws, a person shall be ineligible for being chosen as a Director, if such person;
  - (a) has at any time lost the right to vote as a member or to continue as one as specified in the bye-law,
  - (b) incurs any other disqualification specified in the bye-laws.
- (5) In addition to such criteria as may be specified in the bye-laws, a person shall cease to be a Director if he incurs any of the disqualifications specified in subsection. (4) or,—
  - (a) absents himself from three consecutive Board meetings without leave or absence ;
  - (b) absents himself from General Body Meetings out of three consecutive Board meetings without leave or absence ;
  - (c) is penalised under this Act.
- (6) In addition to such criteria as may be specified in the bye-laws, the Directors of the Board shall incur disqualification for a period of three years for being chosen as Directors and shall be ineligible to continue as Directors of any Co-operative Society, if during their term as Directors of a Co-operative Society,—
  - (a) they did not conduct elections within the time specified in the bye-laws and before the expiry of the terms ;
  - (b) they did not conduct their annual General Body Meeting within six months of closure of the co-operative accounting year, or a requisitioned meeting of the General Body within the specified time ;
  - (c) they did not place the audited accounts for the preceding financial year along with the report of the auditors before the General Body at its annual General body Meeting.
- (7) In order to be eligible for being chosen as Director of the Board of a Co-operative Society which has been in existence for more than two years a member—
  - (a) shall have been a voting member of the Co-operative Society for at least two



years immediately proceeding the year of election;

- (b) shall have attended the two General Body Meetings of the Co-operative Society held immediately preceding the elections ;
- (8) Every Director and employee of a Co-operative Society while exercising his powers and discharging his duties shall —
  - (a) act honestly and in good faith and in the best interests of the Co-operative Society ; and
  - (b) exercise such due care, diligence and skill as a reasonably prudent person would exercise in similar circumstances.
- (9) A Director or employee who is guilty of misappropriation, breach of trust or any other omission or commission resulting in loss to the Co-operative Society as a result thereof, shall be personally liable to make good that loss, without prejudice to such criminal action to which he is liable under the law.

**22. Powers and functions of the Board of Directors:—**

- (1) The Board shall, in accordance with the bye-laws, be the authority to;
  - (a) admit and terminate membership ;
  - (b) elect the chairperson and other office bearers ;
  - (c) remove from office the chair-person and other office bearers;
  - (d) appoint and remove the chief executive ;
  - (e) fix staff strength ;
  - (f) frame policies concerning ;
  - (i) organisation and provision of services to members ;
  - (ii) recruitment, and conditions of service of the staff at the Co-operative Society ;
  - (iii) mode of custody and investment of funds ;
  - (iv) manner of keeping accounts ;
  - (v) mobilisation, utilisation and investment of various funds ;
  - (vi) monitoring and management information systems including statutory returns to be filed ;
  - (vii) such other subjects and matters necessary for the effective performance of the Co-operative Society ;
  - (g) place the annual report, annual financial statements, annual plan and budget for the approval of the General Body ;
  - (h) consider audit and compliance reports and place these before the General Body ;
  - (1) review membership in other co-operatives ;
  - (j) undertake such other functions as may be delegated by the General Body ;

- (2) the Chairperson shall be elected by the Board from among the elected members and shall, in accordance with the bye-laws,—
- (a) preside at meetings of the Board and the General Body ;
  - (b) have only a casting vote in the event of equality of votes on any matters being decided upon by the Board ;
  - (c) exercise such other powers as may be delegated by the Board and specified in the policies framed or resolutions adopted by the Board.

**23. Elections:—** (1) The conduct of election of Directors of a Co-operative Society shall be the responsibility of the incumbent Board of the Co-operative Society.

- (2) Election shall be conducted before the expiry of the term of office of the outgoing Directors in the manner specified in the bye-laws.
- (3) Where a Board does not take necessary steps to conduct elections as specified in the bye-laws before the expiry of the terms of the Directors, of where there are no Directors remaining on the Board, the Registrar shall at the request of not less than twenty-five members or five per cent of the total members of the Co-operative Society whichever is less or may suo moto convene within 30 days a general meeting for appointing as ad-hoc Board for the specific purpose of conducting elections.
- (4) The term of the ad-hoc Board appointed under sub-section (3) shall not exceed one month over and above the minimum period required under the bye-laws to conduct elections, and the ad-hoc Board shall cease to function as soon as a regular Board is elected in accordance with the bye-laws.
- (5) The Director shall hold office for the period for which they are elected and the newly elected Directors shall assume office at the end of this period.
- (6) The Directors may be eligible for re-election, if the bye-laws so provide.

**24. Meetings:—**

- (1) The bye-laws of a Co-operative Society shall specify the frequency of any manner in which Board and General Body Meetings shall be held, so however the Board shall meet at least once in every three months and the General Body shall meet at least once a year.
- (2) The Board shall convene a General Body Meeting within thirty days of receipt of a requisition for convening a meeting signed by at least one-tenth of members of the Co-operative Society or as provided in the bye-laws and any such requisition shall contain the proposed agenda and the reasons why the meeting is felt necessary.
- (3) Where the Board fails to convene the annual or requisitioned General Body Meeting within due time, it shall be competent for the Registrar to convene the requisitioned or annual General Body Meeting, as the case may be.
- (4) Every Co-operative Society shall record in the minutes book, minutes of all proceedings of every General Body Meeting and of every meeting of its Board of Directors.

- (5) Such minutes shall be communicated to all persons invited for the meeting within thirty days of the conclusion of the meeting.
- (6) The minutes so recorded shall be signed by the person who chaired the said meeting.

**25. Staff:—** All staff of the Co-operative Society shall be the employees of the Co-operative Society and shall be fully accountable to the Co-operative Society and be appointed, removed and function in accordance with such service conditions as may be framed by the Board :

Provided that a Co-operative Society may take personnel on deputation from other agencies including the Government, on such terms as are mutually agreed upon.

**26. Accounts and Records:—**

- (1) Every Co-operative Society shall keep at its office, the following accounts, records and documents, namely:—
  - (a) a copy of this Act with upto date amendments incorporated ;
  - (b) copies of other laws and regulations to which the Co-operative Society is subject
  - (c) a copy of its registered bye-laws with amendments made from time to time ;
  - (d) the minutes book ;
  - (e) accounts of all sums of money received and expended by the Co-operative Society and their respective purposes ;
  - (f) accounts of all purchases and sales of goods by the Co-operative Society;
  - (g) accounts of all assets and liabilities of the Co-operative Society ;
  - (h) a register showing memberwise patronage of various services provided by the Co-operative Society ;
  - (1) an upto date register, and a list of all members with voting rights for the current year prepared within thirty days of closure of the Co-operative Society's financial year ;
  - (j) copies of the audit reports and special audit and/or inquiry report, if any, and compliance reports thereon ; and
  - (k) all such other accounts, records and documents as may be required by this Act or other laws.
- (2) The books of accounts and other records shall be open for perusal by any Director during business hours.
- (3) Copies of the Act, bye-laws, minutes book pertaining to the General Body meeting, reports and compliance thereon of audit, special audit and inquiry, voters' list and such accounts as relate to a member shall be made available to any member during business hours, at a fee to be decided by the Board. In the case of a Co-operative Society with unlimited liability, in addition, a member may also have access to all books of accounts during business hours, at fee decided by the Board.

**27. Audit:—**

- (1) A Co-operative Society may get its accounts audited by a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949, or by any other auditor from the office of the Registrar.
- (2) The General Body of a Co-operative Society shall appoint an auditor by a resolution which will be valid only until the close of the next succeeding annual General Body Meeting.
- (3) The remuneration of the auditor shall be fixed with approval of the General Body.

**28. Special Audit:—**

- (1) A Co-operative Society dealing with funds from the Government or other external individual or institutions may be subject to a special audit initiated by the Registrar at the request of such creditor, on such specific terms of reference as agreed to, by the Registrar.
- (2) The cost of the special audit under sub-section (1) shall be met by the creditor  
Provided that where the special audit reveals serious mismanagement in the Co-operative Society, such costs, may be recovered from the Co-operative Society or the persons responsible for the mismanagement.
- (3) Every Special audit shall be completed and the report submitted to the Registrar within one hundred and twenty days of its commencement.
- (4) The special audit report shall contain a statement of,—
  - (a) every payment which appears to the audit to be contrary to law ;
  - (b) the amount of any deficiency, waste or loss which appears to have been caused by the gross negligence or misconduct of any person in the performance of duties ;
  - (c) the amount of any sum received which ought to have been accounted for, but is not brought into account by any person ; and
  - (d) any material impropriety or irregularity which he may observe in the expenditure or in the recovery of money due.
- (5) the Registrar shall, within a period of thirty days from the date of the receipt of the special audit report communicate copies of the same to,-
  - (a) the applicant-creditor ;
  - (b) the Co-operative Society concerned ; and
  - (c) the Co-operative Tribunal where necessary.

**29. Inquiry:—**

- (1) Every Co-operative Society shall furnish any relevant information required by the Registrar in order to enable him to satisfy whether the Co-operative Society has conducted its affairs in accordance with the co-operative principles and the provisions of this Act.

- (2) The Registrar may, of his own motion, and shall on the application, of a federation to which the Co-operative Society concerned is affiliated, or of a creditor to whom the Co-operative Society is indebted or of not less than one-third of the Director, or of not less than one-tenth of the members, hold an inquiry or cause an inquiry to be made into the specific matter or matters relating to any gross violation of any of the provisions of this Act by the Co-operative Society.
- (3) The inquiry shall be completed within a period of one hundred and twenty days from the date of ordering the inquiry.
- (4) If the inquiry is not completed within the time specified in sub-section (3) it shall lapse at the end of the said period and the Registrar shall refund to the applicants, the fee collected from them.
- (5) The Registrar shall, within a period of thirty days from the date of the completion of the inquiry, as specified in sub-section (3) or of the lapse of the inquiry as specified in sub-section (4), communicate the report of the inquiry or the reasons for the non-completion of the inquiry, as the case may be to the Co-operative Society concerned ;
  - (b) to the applicant federation if any ;
  - (c) to the applicant-creditor, if any ;
  - (d) to the person designated by the applicant-directors, if any;
  - (e) to the person designated by the applicant-members, if any;
  - (f) to any person, on payment of fee Fixed by the Registrar; and
  - (g) to the Co-operative Tribunal where necessary.
- (6) The inquiry officer acting under this section shall, among others, specifically state the amount of deficiency, waste or loss which appears to have been caused by the gross negligence or misconduct of any person in the performance of his duties.

**30. Power to summon and examine persons and documents:—**

- (1) The person authorised to conduct special audit under Section 28 or inquiry under Section 29 shall give the concerned Co-operative Society, not less than fifteen days notice in writing of the date on which he proposes to commence the special audit or inquiry.
 

Provided that for special reasons to be recorded in writing, he may give a shorter notice than fifteen days or commence a special audit or inquiry on the authority of the Registrar without such notice.
- (2) For the purpose of any special audit or inquiry under this Act, the person conducting such audit or inquiry may,-
  - (a) require in writing the Chairperson or other authority concerned to produce at the head office of the Co-operative Society such receipts, vouchers, statements, returns, correspondence, notice or any other documents as he may consider necessary for the purpose of special audit or inquiry ;
  - (b) require in writing:-

- (i) any employee of the Co-operative society or other authority accountable for, or having the custody or control of such receipts, vouchers, statements, returns, correspondence, notice or other documents to appear in person ; or
  - (ii) any person having directly or indirectly any share or interest in any contract with the Co-operative Society to appear in person or by an authorised agent; before him at the head office of the Co-operative Society and answer any question or sign a declaration with respect thereto;
  - (c) in the event of an explanation being required from the Chairperson or any other authority concerned invite him in writing specifying the points on which his explanation is required to meet him at the head office of the Co-operative Society ; or
  - (d) exercise such other powers as can be reasonably said to be necessary for the purpose of this section.
- (3) The person conducting special audit or inquiry may fix a reasonable period of not less than seven days for the purpose of compliance of the provisions of sub-section (2), and such compliance shall be mandatory on the persons required to provide information under sub-section (2).

**31. Action on special audit or inquiry report:—** On communication of a special audit report under sub-section (5) of Section 28 or an inquiry report under sub-section (5) of section 29 to the persons concerned, the Registrar may, where the special audit or inquiry report reveals mismanagement on the part of any or all of the office bearers or Directors, without prejudice to any civil or criminal proceedings to which they may be liable:—

- (a) direct the Board to convene a General Body Meeting within such reasonable time as he may specify, to enable him to bring to the notice of the General Body, either directly or through his nominee, the findings of the special audit or inquiry report, for necessary action ; or
- (b) approach the Co-operative Tribunal for necessary action.

**32. Constitution of Tribunals:—**

- (1) The Government may, for the purposes of this Act, by notification, constitute as many Tribunals as may be necessary for such area or areas as may be specified in the notification.
- (2) The provisions of Section 75 of the Andhra Pradesh Co-operative Societies Act, 1964 (Act 7 of 1964) shall, mutatis mutandis apply for the constitution of Co-operative tribunals under this section.

**33. Power of the Tribunal to order recovery:—**

- (1) A Member, Director or Chairperson of the Co-operative Society may, and the Registrar shall file a copy of the report of the Auditor or the Special Auditor or the Inquiry Officer, before the Tribunal with an application for necessary action against the person on account of whose conduct the Co-operative Society has incurred loss. The Tribunal may on the basis of such report disallow every item of expenditure incurred contrary to law and order recovery of the same from the person incurring or authorising the incurring of such expenditure, or held

responsible in the said report for any deficiency, loss or unprofitable outlay occasioned by his negligence or misconduct or of any such amount which ought to have been accounted but is not brought into account by that person and shall, in every such case, specify the amount liable to be paid by such person to the Co-operative Society.

**Explanation:—** It shall not be open to any person whose negligence or misconduct has caused or contributed to any such deficiency or loss, to contend that notwithstanding his negligence or misconduct the deficiency or loss would not have occurred, but for the negligence or misconduct of some other person,

- (2) The Tribunal shall state in writing the reasons for its decision in respect of every disallowance, surcharge and a copy of such decision 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:

Provided that the Tribunal shall not pass any order of recovery under this section unless the person against whom any such order is passed has had an opportunity of making a representation either by himself or through the counsel.

- (3) Any person aggrieved by an order passed under this section may, within sixty days after the date of service on him of the order by the Tribunal file an appeal against such order in the High Court.
- (4) Where an appeal is filed in the High Court under sub-section (3), the persons who filed the application before the Tribunal or as the case may be the Registrar shall be the sole respondent thereto, and the applicant shall not make any other person a party to the proceedings.
- (5) Every order passed by the Tribunal or an order passed by the High Court shall be executed in the same manner as a decree of a Civil Court under the Code of Civil Procedure, 1908 Central Act 5 of 1908.

**34. Filing of returns:—**

- (1) Every year, within thirty days of the conduct of the annual General Body Meeting, every Co-operative Society shall file the following with the Registrar, namely:—
- (a) annual report of activities ;
- (b) annual audited statements of accounts with auditor's report ;
- (c) list of members as at the close of the year under reporting with services provided to each member ;
- (d) statement on the disposal of surplus or on the allocation of deficit ;
- (e) list of names of Directors, their addresses and their terms of office ; and
- (f) compliance reports relating to audit, special audit and inquiry, if any.

- 35. Rights and privileges:—** A Co-operative Society shall have all the rights and privileges available to Co-operative Societies under \*Chapter-V of the Andhra Pradesh Co-operative Societies Act, 1964 and the corresponding rules, to the extent that they are not inconsistent with the provisions of this Act.

**36. Execution of decisions, decrees and orders:**— In regard to execution of decisions, decrees and orders, all the provisions of Chapter-X of the Andhra Pradesh Co-operative Societies Act, 1964 shall mutatis mutandis apply to Co-operative Societies registered under this Act, such however, that all references to the Registrar in the said Act shall be construed to be a reference to the Co-operative Tribunal in their application to Co-operative Societies registered under this Act.

**[36-A. Application of Chapter XIII-A of the Andhra Pradesh Co-operative Societies Act, 1964:**— The provisions of Chapter XIII-A containing Sections 115-A and 115-B of the Andhra Pradesh Co-operative Societies Act, 1964 shall mutatis, mutandis apply to all Co-operative Banks.

*Explanation:*— For the purposes of this section a “Co-operative Bank means a society registered under this Act, which is doing the business of Banking as defined in clause (b) of sub-section (1) of Section 5 of the Banking Regulation Act, 1949 (Central Act 10 of 1949).]

**37. Settlement of disputes:**—

- (1) If any dispute arises touching the constitution, management or business of a Co-operative Society, and matters connected therewith or incidental thereto:—
  - (a) among members, past members or persons claiming through members, past members and deceased members ; or
  - (b) between a member, past member or a person claiming through a member, past member or deceased member and the Co-operative Society, its Board, Director, office-bearer or liquidator, past or present ; or
  - (c) between the Co-operative Society or its Board and any past Board, Director, office bearer, or the Nominee, Heirs, or Legal Representatives of any deceased Director, deceased Officer, of the Co-operative Society; or
  - (d) between the Co-operative Society and any other Co-operative Society ; or Inserted by Act No. 29 of 1998.
  - (e) between the promoters of a Co-operative Society and the Registrar; or a Co-operative Society and the Registrar ; or
  - (f) between a Co-operative Society and liquidator of another Co-operative Society, or between the liquidators of two or more Co-operative Societies; such disputes may be referred to the Co-operative Tribunal for decision.

Provided that no dispute shall be referred under this section to the Co-operative Tribunal unless the disputing parties exhausted all remedies that may be available in the bye-laws for the settlement of disputes.

- (2) Any dispute relating to elections held to a Co-operative Society may be referred to the Co-operative Tribunal for decision.

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1. Ins. by Act No. 29 of 1998.



**38. Offences and Penalties:—**

- (1) It shall be an offence under this Act, if a Co-operative Society:—
  - (a) fails to give a notice, send a return or document, or fails to do or allow to be done any act which a Co-operative Society is by this Act or under its bye-laws required to give, send, do or allow to be done ;
  - (b) wilfully neglects or refuses to do an act or to furnish information required for the purposes of this Act or does an act forbidden by this Act, or the bye-laws ; or
  - (c) makes a return, or wilfully furnishes information, in any respect false or insufficient.
- (2) It shall be an offence under this Act, if any person or Co-operative Society contravenes the provisions of this Act or the bye-laws of a Co-operative Society.
- (3) An offence by a Co-operative Society shall be deemed to have been also committed by each office-bearer of the Co-operative Society bound by the bye-laws thereof to fulfil the duties whereof the offence is a breach, or if there is no such office-bearer then by each of the Director, unless the office-bearer or Director proves to have attempted to prevent the commission of the offence.
- (4) An offence under this section shall be punishable with imprisonment for a term which may extend to one year or with fine which may extend to ten thousand rupees or with both :

Provided that where a person is guilty of misappropriation, fraud, breach of trust, cheating or any other act involving moral turpitude, resulting in loss to the Co-operative Society, he shall be punishable under the relevant provisions of the Indian Penal Code, 1860 (Central Act 45 of 1860)

**39. Dissolution by members:—**

- (1) A Co-operative Society may, by a special resolution, authorise its own dissolution :
 

Provided that a notice of the General Body Meeting shall also be sent with an invitation to attend, to the Registrar, to any federations of which the Co-operative Society is affiliated, to creditors and to any organisation with which a partnership contract has been entered into.
- (2) Invitees under the proviso of sub-section (1) shall have the right to make a representation to the General Body if they so wish to, giving reasons why dissolution is not called for.
- (3) Within fifteen days of such authorisation for dissolution, the Co-operative Society shall send to the Registrar a copy of the authorisation to dissolve the Co-operative Society by registered post.
- (4) The authorisation approved in pursuance of sub-section (1) is required to set out the following, namely:—
  - (a) the assets and liabilities of the Co-operative Society ;
  - (b) the claims of creditors, and collaborators and protected shareholders;

- (c) the number of members ;
  - (d) the nature and extent of the member's interest in the Co-operative Society; and
  - (e) the name of the liquidator, if appointed by the General Body, or a request to the Registrar to appoint the liquidator a request to the Registrar to issue a certificate of dissolution where there are no assets or liabilities.
- (5) Where the Registrar receives the special resolution passed in pursuance of sub-section (1), he shall cause at the expense of the Co-operative Society a notice of the special resolution to be published once a week for two weeks in a news paper published or distributed in the district where the registered office of the Co-operative Society is located.
- (6) The Registrar may require from the Co-operative Society, the liquidator appointed by the Co-operative Society or any other person who is required to furnish information, a periodical return showing,—
- (a) the progress of dissolution ;
  - (b) the distribution of any undistributed surplus or reserve ; and
  - (c) any other relevant information that he may require.

**40. Dissolution by Tribunal:—**

- (1) The Registrar or an interested person may, after giving the Co-operative Society ninety days notice of the proposed application, apply to the Tribunal for an order dissolving the Co-operative Society, where he has reasonable cause to believe that the Co-operative Society has no right to be or to continue to be recognised as a Co-operative Society, because it,—
- (a) obtained its registration by fraud or mistake ;
  - (b) is serving illegal purposes ;
  - (c) has wilfully, after notice by the Registrar, violated any of the provisions of this Act or its bye-laws ;
  - (d) is no longer operating in accordance with principles of co-operation and the provisions of this Act ;
  - (e) has not commenced business within two years of the date of registration; or
  - (f) has not carried on business for the past two consecutive years.
- (2) Where an interested person applies in pursuance of this section, he shall give the Registrar notice of his application and the Registrar is entitled to appear and be heard in person or by counsel.
- (3) Where the Tribunal receives an application in pursuance of this section it may, after giving a reasonable opportunity to the Co-operative Society to state its cases, order that the Co-operative Society be dissolved or liquidated and dissolved under the supervision of the Registrar.
- (4) Where the Registrar receives an order made in pursuance of sub-section (3), he shall—

- (a) Where the order is to dissolve the Co-operative Society issue a certificate of dissolution ; or
- (b) Where the order is to liquidate and dissolve the Co-operative Society under the supervision of the Registrar, publish a notice in a newspaper published or distributed in the district in which the registered office of the Co-operative Society is situated.

**41. Appointment of liquidator:—**

- (1) Where a Co-operative Society is to be dissolved and no liquidator is appointed by the General Body or the Tribunal, the Registrar may,—
  - (a) appoint any person as a liquidator to wind up the affairs of the Co-operative Society ; or
  - (b) where he is satisfied that the Co-operative Society has no assets and liabilities, issue a certificate of dissolution.
- (2) The appointing authority shall fix the payment to the liquidator for his services.

**42. Duties of liquidator:—** On his appointment, a liquidator shall,—

- (a) immediately give notice of his appointment ;
  - (i) in the case of liquidator not appointed by the Registrar, to the Registrar; and
  - (ii) to each claimant and creditor known to the liquidator ;
- (b) immediately published notice of his appointment once a week for two consecutive weeks in a newspaper published or distributed in the district where the Co-operative Society has its registered office and take reasonable steps to give notice of the liquidation in every jurisdiction where the Co-operative Society carries on business ;
- (c) place in the notice mentioned in clauses (a) and (b) a provision requiring any person —
  - (i) indebted to the Co-operative Society, to render an account and pay to the liquidator at the time and place specified any amount owing ;
  - (ii) possessing property of the Co-operative Society, to deliver it to the liquidator at the time and place specified ; and
  - (iii) having a claim against the Co-operative Society, whether liquidator unliquidated, future or contingent, to present particulars of the claim in writing to the liquidator not later than sixty days after the first publication of the notice ;
- (d) take into custody and control the property of the Co-operative Society;
- (e) open and maintain a trust account for the moneys of the Co-operative Society ;
- (f) keep accounts of the moneys of the Co-operative Society received and paid out by him ;
- (g) maintain separate lists of the members, creditors and other persons having claims against the Co-operative Society ;

- (h) where at any time he determines that the Co-operative Society is unable to pay or adequately provide for the discharge of its obligations, apply to the Registrar for directions ; and
- (i) deliver to the Registrar, periodically as the Registrar may require, financial statements of the Co-operative Society in any form that the liquidator considers proper or that the Registrar may require.

**43. Powers of liquidator:—** (1) The liquidator may,—

- (a) retain lawyers, accountants, engineers, appraisers and other professional advisors ;
  - (b) bring, defend or take part in any civil, criminal or administrative action or proceeding in the name and on behalf of the Co-operative Society;
  - (c) carry on the business of the Co-operative Society as required for an orderly liquidator ;
  - (d) shall by public auction any property of the Co-operative Society;
  - (e) do all acts and execute any documents in the name and on behalf of the Co-operative Society ;
  - (f) borrow money on the security of the property of the Co-operative Society ;
  - (g) settle or compromise any claims by or against the Co-operative Society;
  - (h) do all other things that he considers necessary for the liquidation of the Co-operative Society and distribution of its property.
- (2) Where a liquidator has reason to believe that any person has in his possession or under his control or has concealed, withheld or misappropriated any property of the Co-operative Society, he may apply to the Special Court for an order requiring that person to appear before the Court at the time and place designated in the order and to be examined.
- (3) Where the examination mentioned in sub-section (2) disclose that a person has concealed, withheld or misappropriated property of the Co-operative Society, the Special Court may order that person to restore the property or pay compensation to the liquidator on behalf of the Co-operative Society.
- (4) No liquidator shall purchase, directly or indirectly, any part of the stock-in-trade, debts or assets of the Co-operative Society.

**44. Final account:—**

- (1) A liquidator shall pay the costs of liquidation out of the property of the Co-operative Society and shall pay or make adequate provision for all claims against the Co-operative Society.
- (2) After paying or making adequate provision for all claims against the Co-operative Society, the liquidator shall apply to the Registrar for approval of his final accounts and for permission to distribute in money or in kind the remaining property of the Co-operative Society in accordance with the bye-laws.

- (3) Where the Registrar approves the final accounts rendered by a liquidator in pursuance of sub-section (2), he shall,—
- (a) issue directions with respect to the custody or disposal of the documents and records of the Co-operative Society ; and
  - (b) discharge the liquidator.
- (4) Where the Registrar discharges a liquidator in pursuance of sub-section (3), he shall issue a certificate of dissolution.
- (5) The Co-operative Society ceases to exist on the date shown in the certificate of dissolution which shall not be later than two years after the appointment of the liquidator.
- 45. Fee for services:—** The Registrar may charge a reasonable fee for any of the services provided by him or by an officer authorised by him under the provisions of this Act.