

CHAPTER I PRELIMINARY

1. Short title, extent and commencement.-(1) This Act may be called the Madhya Pradesh Co-operative Societies Act, 1960.

(2) It extends to the whole of Madhya Pradesh.

(3) It shall come into force on such date as the State Government may, by notification, appoint.

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

(a) "Additional Registrar" means an Additional Registrar of Co-operative Societies appointed under section 3;

(a-i) 'Apex Society' means a society whose principal object is to provide facilities for the operation of other societies affiliated to it and whose area of operation extends to the whole State of Madhya Pradesh;

(b) "Assistant Registrar" means an Assistant Registrar of Co-operative Societies appointed under section 3;

(b-i) "Area of operation" means the area from which the membership is drawn or as specified in the byelaws of the society;

(c) "bye-laws" means the bye-laws registered or deemed to have been registered under this Act and for the time being in force, and includes a registered amendment of the bye-laws;

Clause (c-i) - as applicable to M.P. only

(c-i) "Central Society" means a Co-operative Land Development Bank or any other 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 operation of same type of societies and for other societies affiliated to it and not less than five members of which are societies;

Clause (c-i) - as applicable to Chhattisgarh only

(c-i) "Central Society" means a District Co-operative Agriculture and Rural Development Bank or any other society, whose area of operation is confined to a part of the State and which has as its object the promotion of the objects of the member societies, and which has at least five societies as its members;

(c-ii) "Central Co-operative Bank" means a resource society registered or deemed to be registered under this Act, which is either licensed under the Banking Regulation Act, 1949 (10 of 1949) or permitted by the Reserve Bank of India to do banking business till so licensed, and

- (i) has area of operation confined to part of the State; and
- (ii) has as its principal object, the creation of funds and the obtaining credit, goods or services for and providing credit, goods or services as loan to Co-operative Societies affiliated to it for agriculture, industrial and other allied purposes;

(c-iii) 'Company' means a Company as defined in section 3 of the Companies Act, 1956 (1 of 1956);

(c-iv) "Co-operative Union" means a registered society which has as its principal object the undertaking of co-operative education, propaganda, training and extension of co-operative services;

(d) "Committee" means the Board of a management by whatever name called constituted under section 48;

(d-i) "Co-operative Bank" means a State Co-operative Bank, a Central Co-operative Bank, and a Primary Co-operative Bank, registered or deemed to be registered under this Act;

(d-ii) "Co-operative credit structure" means the Madhya Pradesh State Co-operative Bank or Central Co-operative Bank or Primary Agriculture Credit Co-operative Society;

(e) "Co-operative Society with limited liability" means a society having the liability of its members limited by its bye-laws to the amount, if any, unpaid on the shares respectively held by them or to such amount as they may, respectively, undertake to contribute to the assets of the society in the event of its being wound up;

(e-i) "Chief executive Officer" means an individual appointed under section 49-E and who subject to superintendence, control and direction of the Board of Directors, has been entrusted by the Board of Directors with the management of the affairs of the society";

(g) "Consumers' Society" means a society formed with the object of obtaining or producing and processing and distributing goods to or performing other services for its members, as well as for other customers and dividing

among its members and customers in a proportion as may be laid down in the bye-laws of such society, the profits accruing from such supply, production, processing and distribution;

(g-i) "delegate" means a person elected by a group of individual members to represent them in the general body of the society in accordance with the bye-laws of the society;

(g-ii) "Deposit Insurance and Credit Guarantee Corporation" means the Deposit Insurance and Credit Guarantee Corporation established under the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (No.47 of 1961);

(h) "Deputy Registrar" means a Deputy Registrar of Co-operative Societies appointed under section 3;

Clause (hh) - as applicable to Madhya Pradesh only

(hh) "Development Bank" means a Co-operative Land Development Bank registered or deemed to be registered under this Act;

Clause (hh) - as applicable to Chhattisgarh only

(hh) "Development Bank" means a District Co-operative Agricultural and Rural Development Bank or the Chhattisgarh State Co-operative Agriculture and Rural Development Bank registered or deemed to be registered under this Act;

(i) "Family" means a person, his spouse, his children, dependent on him and his other relations dependent on him and jointly residing with him;

(j) "Farming Society" means a society formed with the object of promoting development of land and better methods of cultivation, and includes a better farming society, tenant farming society, collective farming society, joint farming society, irrigation society and a crop protection society;

(k) "Federal Society" means a society of which not less than fifty per cent of the share capital, excluding Government share capital is held by Societies;

(l) "Financing Bank" means a society, the objects of which is the creation of funds to be lent to other societies or its individual members, and includes State Co-operative Bank, Co-operative Agriculture and Rural Development Bank, Central Co-operative Bank, Primary Urban Co-operative Bank and District Co-operative Agriculture and Rural Development Bank;

(l-i) "Financing Institution" means a National or State level Co-operative Institution or organization, which provides financial assistance or advance or loan to a Co-operative Society or an individual;";

(m) "General Society" means a society not falling under any of the heads (i) to (ix) specified in sub-section (1) of section 10;

Clause (n) as applicable to Madhya Pradesh only

"(n)"Housing Society" means a society formed with the object of providing its members with residential accommodation;"

(n-i) 'Industrial Society' means a Society formed with the objects of promoting development of weavers, carpenters, metal workers, shoe makers or any other Society which aims at producing finished goods from raw materials of any kind.

(o) "Joint Registrar" means a Joint Registrar of Co-operative Societies appointed under section 3:

(p) "Liquidator" means a person appointed under section-70;

(q) "Marketing Society" means a society formed for the purpose of marketing agricultural or other produce and including among its objects, the supply of the requisites of such production;

(r) "Member" means a person joining in the application for the registration of a society or a person admitted to membership after registration in accordance with this Act, the rules and the bye-laws applicable to such society and includes the State Government when it subscribes to the share capital of a society;

(s) "Multi-purpose Society" means a society which includes amongst its objects any of the primary objects specified in any two or more of the clauses (g), (n), (v) and (y);

(s-i) "National Bank" means the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agricultural and Rural Development Act, 1981(No.61 of 1981);

(t) "Nominal Member" means a person admitted to membership of a society under section 20;

(t-i) "Officer" means a person elected or appointed by a society according to its bye-laws to any office of such society and includes a Chairman, Vice-Chairman, President, Vice-President, Managing Director, Manager, Secretary, Treasurer, Member of the Committee and any other person elected or appointed under this Act, the rules or the bye-laws to give directions in regard to the business of such society;

(u) "other backward classes" means category of persons belonging to backward classes as notified by the State Government;

(u-i) "Primary Society" means a society which is neither an Apex Society nor a Central Society;

(u-ii) "Primary Agriculture Credit Cooperative Society" means a society organized with the main objective of making credit available for agriculture production and includes a Primary, Service Cooperative Society and Adimjati Sewa Sahakari Samiti.

(u-iii) 'Primary Co-operative Bank' means a resource society other than a village or urban resource society not registered as bank, the objects of which include creation of funds to be lent to, and obtaining credit to be extended to its Regulation Act, 1949 (10 of 1949) or permitted by the Reserve Bank of India to do banking business till so licensed;

(v) "Producers' Society" means a society formed with the object of producing and disposing of goods as a collective property of its members and includes a society formed with the object of the collective disposal of the labour of its members;

(w) "Processing Society" means a society formed with the object of producing goods by mechanical or manual process and includes an industrial society and a society for the processing of agricultural commodities;

(x) "Registrar" means the Registrar of Co-operative Societies appointed under section 3;

(x-i) "Representative" means a member of the society to represent the society in other societies;

(x-ii) "Reserve Bank" means the Reserve Bank of India established under the Reserve Bank of India Act, 1934 (No.2 of 1934);

(y) "Resource Society" means a society formed with the object of obtaining for its members the credit, goods or services required by them and includes a service society and a primary credit society;

(y-i) "Returning Officer" means a person appointed or approved by the Registrar by general or special order for performing the duties of a Returning Officer under this Act or the rules made thereunder and includes an officer subordinate to the Returning Officer nominated in writing by him to perform the duties of Returning Officer and to assist him;";

(y-ii) "Scheduled area" means the area which has been declared under the Scheduled Area (State of Bihar, Gujarat, Madhya Pradesh and Orissa) Order, 1977.

(z) "Society" means a co-operative society registered or deemed to be registered under this Act;

(z-i) "Specified office" means the office of the President or Chairman and the Vice-President or Vice-Chairman;";

(aa) "State Co-operative Bank" means the Madhya Pradesh State Co-operative Bank, Limited;

(bb) "Student" means a person studying in any educational, vocational or training institution;

Clause (cc) - as applicable to M.P. only

(cc) "Tribunal" means the Madhya Pradesh State Co-operative Tribunal constituted under section 77.

Clause (cc) - Omitted in Chhattisgarh only

(cc) (xxx)

**CHAPTER II
REGISTRATION**

3. Registrar and other officers.-(1) The State Government shall appoint a person to be the Registrar of Co-operative Societies for the State and may appoint one or more officers of the following categories to assist him, namely:

- (a) Additional Registrar of Co-operative Societies;
- (b) Joint Registrar of Co-operative Societies;
- (c) Deputy Registrar of Co-operative Societies;
- (d) Assistant Registrar of Co-operative Societies;
- (e) such other categories of officers as may be prescribed.

(2) The officers appointed to assist the Registrar shall, within such areas as the State Government may specify, exercise such powers and perform such duties conferred and imposed on the Registrar by or under this Act as the State Government may, by special or general order, direct:

Provided that no officer other than the Additional Registrar or the Joint Registrar shall be directed to exercise the powers to hear appeals under section 78.

(3) The officers appointed to assist the Registrar shall be subordinate to him and shall work under his general guidance, supervision and control.

4. Societies which may be registered.- Subject to the provisions of this Act, a society which has as its objects the promotion of the economic interest of its members or their general welfare in accordance with co-operative principles

or a society established with the object of facilitating the operations of such a society, may be registered under this Act.

5. Registration of societies with limited or unlimited liability.- A society may be registered with limited or unlimited liability:

Provided that unless the State Government by a general or special order otherwise directs, the liability of a society of which another society is a member shall be limited.

6. Conditions of registration.- (1) No society, other than a society of which another society is a member, shall be registered under this Act unless it consists of at least (twenty) persons competent to contract under section 11 of the Indian Contract Act, 1872 (IX of 1873) and belonging to (twenty) different families, not being near relations and, where the objects of the society include the creation of funds to be lent to its members, unless such persons, save where the Registrar by general or special order otherwise directs, reside in the same town or village or in a compact group of villages:

Provided that a society formed exclusively for the benefit of students may be registered, notwithstanding that the members of such society may not have attained the age of majority according to the law to which they are subject:

Provided further that the Registrar may relax the condition of minimum membership to that society which is organized for the welfare of the employees of any organization/establishment.

Provided also that in case of a primary society, there shall be at least 33 per cent. women members at the time of registration:

Provided also that the Registrar may, for sufficient reasons, relax the conditions of the prescribed percentage of women members.

(2) The word "limited" or its equivalent in any Indian language shall be the last word in the name of every society registered with limited liability under this Act.

7. Application and fee for registration.-(1) For purposes of registration, an application to register a society shall be made to the Registrar in the prescribed form and shall be accompanied by four copies of the proposed bye-laws of the society. The person by whom or on whose behalf such application is made, shall furnish such information in regard to the society, as the Registrar may such information in regard to the society, as the Registrar may require.

(2) The application shall be signed-

(a) in the case of a society of which no other society is a member, by at least ten persons qualified in accordance with the requirements of section 6; and

(b) in the case of a society of which a member is a registered society, by a duly authorized person on behalf of every such registered society and where all the members of the society are not registered societies, by ten other members, or when there are less than ten other members, by all of them.

(3) A society shall be registered on the payment of such fee and in such manner as may be prescribed.

8. Power of Registrar to decide certain questions.-Where in connection with the formation, registration or continuance of a society or the admission of

a person as a member of a society any question arises whether a person is an agriculturist or not or whether any person resides in a particular area or not or whether any person belongs to any particular class or occupation or not or such other question pertaining to the eligibility of any person to become a member of a society, such question shall be decided by the Registrar and his decision shall be final.

9. Registration.-(1) If the Registrar is satisfied that a society has complied with the provisions of this Act and the rules and that its proposed bye-laws are not contrary to this Act or the rules, he may register the society and its bye-laws with such modifications as he may consider necessary:

Provided that no society shall be registered, if in the opinion of the Registrar, it is likely to be economically unsound or is likely to have an adverse effect upon any other society.

(2) Where the Registrar refuses to register a society or its bye-laws he shall communicate the order of refusal together with reasons therefor to the first signatory to the application.

(3) The Registrar shall take a decision within ninety days from the date of receipt of an application for registration of a society:

Provided that where there is a failure on the part of the Registrar to dispose of such application within the period aforesaid the Registrar shall within the period of fifteen days from the date of expiration of that period, refer the application to the next higher officer and where the Registrar himself is the registering officer to the State Government, who or which, as the case may be, shall dispose of the application within two months from the date of its receipt and on the failure of such higher officer or State Government, as the case may be, to dispose of the application within that period, the society and its byelaws shall be deemed to have been registered.

(4) The Registrar shall maintain register of societies registered or deemed to be registered under this Act.

9-A. Conversion of co-operative into co-operative society.- Where a co-operative registered under the Madhya Pradesh Swayatta Sahakarita Adhiniyam, 1999 (No.2 of 2000) intends to convert itself into society under this Act, it may apply for conversion to the Registrar, and if the Registrar is satisfied that the co-operative has complied with the provisions of this Act and rules made thereunder, and that its byelaws are not contrary to this Act and rules made thereunder, he may convert and register the co-operative society in accordance with the provisions of this Act.

10. Classification of Societies. (1) The Registrar shall classify all societies under one or more of the following heads, namely:-

- (i) Consumer's society;
- (ii) Farming society;
- (iii) Federal Society;
- (iv) Central Society;
- (v) Housing Society;
- (vi) Marketing Society;
- (vii) Multipurpose Society;
- (viii) Producers Society;
- (ix) Processing Society;
- (x) Resource Society;
- (xi) General Society;

(xii) Industrial Society.

Provided that a society formed with the object of facilitating the operations of any particular class of societies shall be classified as a society of that class.

(1-a) The Registrar may further classify the societies falling under any of the heads specified in sub-section (1) under the following heads, namely:

- (a) Apex Society;
- (b) Central Society;
- (c) Primary Society.

(2) The Registrar for reasons to be recorded in writing may alter the classification of any society from one head to another.

(3) The decision of the Registrar in respect of classification of societies shall be final.

11. Amendment of bye-laws of society.-(1) No amendment of the bye-laws of a society shall be valid until the same has been registered under this Act, for which purpose four copies of the proposed amendment shall be forwarded in the prescribed manner to the Registrar.

(2) If the Registrar is satisfied that the proposed amendment is not contrary to this Act or the rules and is not against the aims and objects of the Society or any of its existing bye-laws he may register the amendment within thirty days of receipt of the proposed amendment.

(3) The Registrar shall not refuse to register an amendment of the byelaws without giving an opportunity to the applicant society, for being heard. If he decides to refuse to register an amendment, he shall communicate the order of refusal together with reasons therefor to the society within thirty days from the date of receipt of the proposal:

Provided that, where there is a failure on the part of the Registrar to dispose of such application within the period aforesaid, the Registrar shall, within a period of fifteen days from the date of expiration of that period, refer the application to the next higher officer and where the Registrar himself is the registering officer, to the State Government, who or which, as the case may be, shall dispose of the application within two months from the date of its receipt and on the failure of such higher officer or the State Government, as the case may be, to dispose of the application within that period, the amendment of the byelaws shall be deemed to have been registered:

Provided further that in the case of co-operative credit structure the provisions of the aforesaid proviso shall not be applicable.

12. Power to direct amendment of bye-laws.-(1) Notwithstanding anything contained in this Act, or the rules or byelaws, on the request of more than fifty per cent of the members of the society or if the Registrar considers that an amendment of the byelaws of society is necessary or desirable in the interest of such society, he may, by an order in writing to be served on the society in the prescribed manner, require the society to make the amendment within sixty days.

(2) If the society fails to make the amendment within the time specified by the Registrar, the Registrar may after giving the society an opportunity of being heard and after soliciting the opinion of such Apex

Federal society, as may be notified by the State Government, register such amendment and issue a certified copy thereof to such society:

13. Change of name.- A society may, by an amendment of its bye-laws, change its name, but such change shall not affect any right or obligation of the society, or of any of its members, or past members, or deceased members, or render defective any legal proceedings by or against the society, and any legal proceedings which might have been continued or commenced by or against the society by its new name.

14. Certain certificates to be conclusive evidence.- (1) Where a society is registered or deemed to be registered under this Act, the Registrar shall issue a certificate or registration signed by him and such certificate shall be conclusive evidence that the society therein mentioned has been duly registered unless it is proved that the registration of the society has been subsequently cancelled:

Provided that where a society is deemed to be registered under this Act, the Registrar shall issue a certificate of registration within sixty days from the date on which it was deemed to be registered.

(2) No society shall commence business unless it has obtained a certificate of registration under sub-section (1) and every member of such society carrying on business in contravention of this sub-section shall be severally liable for all liabilities incurred in such business.

(3) When the Registrar registers an amendment of the bye-laws of a society under section 11 or section 12 he shall issue to the society a copy of the amendment registered by him, which shall be conclusive evidence that the same is duly registered.

(4) Where a society changes its name under section 13, the Registrar shall amend the certificate of registration accordingly which shall be conclusive evidence that the change of name is duly registered.

15. Change of liability of society from limited to unlimited or vice-versa.-

(1) Subject to the provisions of section 11, a society may by an amendment of its bye-laws change its liability from limited to unlimited or from unlimited to limited.

(2) No such amendment shall be registered by the Registrar unless he is satisfied that-

(i) twenty-one day's notice has been given to every member of the society and to any person or class of persons whose interest may, in the opinion of the Registrar, be affected by the change; and

(ii) with respect to every such member or person who, in the opinion of the Registrar, is entitled to notice-

(a) either his assent has been obtained to the change or is deemed to have been obtained by virtue of his failure to object within twenty one days from the date of the notice,

(b) if he objects-

(i) he is allowed to withdraw his share if he is a member, or

(ii) that his debt or claim has been discharged or has been determined or has been secured to the satisfaction of the Registrar within three months from the date of receipt of objection if he is a creditor:

Provided that the Registrar may in the case of any person or class of persons, for special reasons, to be recorded, dispense with the notice required by this sub-section.

16. Reorganization of Societies.-(1) In this section-

- (a) "affected society" means a society which decides to reorganize itself in any of the manners specified in sub-section (2); and
- (b) "resulting society" means a society-
 - (i) which is formed as a result of amalgamation under clause (a) of sub-section (2); or
 - (ii) to which the assets and liabilities of the affected societies are transferred in whole or in part under clause (b) sub-section(2); or
 - (iii) which is formed as a result of division under clause (c) of sub-section (2); or
 - (iv) which is the result of change of class as provided in clause (d) of sub-section (2).

(2) A society may, by resolution passed by two-thirds majority of the members present and voting at a special general meeting held for the purpose decide to reorganize itself by-

- (a) amalgamating itself with another society; or
- (b) transferring its assets and liabilities in whole or in part to any other society; or
- (c) dividing itself into two or more societies; or
- (d) converting itself into a class of society, the object of which is materially different from that under which it has been classified under this Act:

Provided that no such decisions shall take effect unless it is approved by the Registrar:

Provided further than in case of a Co-operative Bank, the Registrar shall not give his approval save with the previous sanction in writing of the Reserve Bank;

(3) Notwithstanding anything contained in sub-section (2) where the Registrar is satisfied that it is essential in the public interest or in the interest of the members of the affected societies or necessary to secure the proper management of any society, he may direct that any society or societies shall reorganize itself or themselves in any one or more of the modes indicated in sub-section (2):

Provided that, in the case of a Co-operative Bank, the Registrar shall not issue any direction save with the previous sanction in writing of the Reserve Bank:

Provided further that before a final order under this sub-section is passed by the Registrar every society concerned shall be given an opportunity of expressing its opinion on the reorganization proposals.

(4) The procedure for reorganization of a society in accordance with the decision under sub-section (2) or the direction of the Registrar under sub-section (3), as the case may be, shall be such as may be prescribed.

(5) If any such reorganization under sub-section (2) or (3) is likely to affect in any manner the interest of any person, notice thereof shall be given to all such persons and every such person shall be given an option, to be exercised within a month from the date of the issue of such notice, of either

becoming a member of the resulting society or societies or of demanding the payment of the share or interest or dues in respect of the affected society, as the case may be.

(6) No reorganization shall be final until the assent of every such person whose interest is likely to be affected, has been obtained or deemed to have been obtained by virtue of his failure to exercise the option given to him, and further, unless all the claims of persons who have exercised the option of demanding the payment of their shares or interests or dues under sub-section (5) have been met in full.

(7) Every resulting society under this section shall have such constitution, property, powers, rights, interests, authorities, duties and obligations as may be specified in the scheme of reorganization and every such scheme of reorganization may contain such consequential, incidental and supplemental provisions as may, in the opinion of the Registrar, be necessary to give effect to such scheme.

(8) Notwithstanding anything contained in the Transfer of Property Act, 1882 (IV of 1882) or the Indian Registration Act, 1908 (XVI of 1908), a resolution of a society approved by the Registrar under sub-section (3) shall be sufficient conveyance to vest the assets and liabilities of each affected society in the resulting society or societies concerned, such vesting being subject only to the provisions of the scheme of reorganization.

(9) The reorganization of societies shall not in any manner, whatsoever affect any right or obligation of the resulting society or societies or render defective any legal proceedings by or against the society or societies and any legal proceedings that might have been continued or commenced by or against the society or the societies, as the case may be, before the reorganization may be continued or commenced by or against the resulting society or societies.

(10) Where any two or more societies have been amalgamated or a society has been divided or converted, the registration of such society or societies shall be deemed to have been cancelled on the date of registration of the amalgamated society or of the converted society or of the new societies into which the society may have been divided.

(11) Where a land mortgage bank has been reorganized by amalgamation with a central bank, the amalgamated bank shall in respect of all transactions relating to the land mortgage bank business made on and after such amalgamation be deemed to be a land mortgage bank within the meaning of the law relating to Land Mortgage Banks for the time being in force.

Explanation.- For the purposes of this section "Central Bank" means a society with the words "Central Bank" or "District Bank" as part of its name and whose main object is to finance societies which are members of it and lie within a specified area.

(12) Every scheme of such reorganization shall be published in the official Gazette for general information.

16-A. Collaboration by Societies.- Any society may, enter into the collaboration with any Government Undertaking or any undertaking approved by the State Government for carrying on any specific business including industrial investment, financial aid or marketing and management expertise.

16-B. Partnership of Societies.- Any two or more societies may by resolution passed at general meeting by a majority of members present and voting in each

such society enter into a contract of a partnership for carrying out any specific business permissible under the byelaws on such terms and conditions as may be mutually agreed upon. Where such partnership requires creation of a new organization, the participating society shall be its members.

(Section 16-C - Applicable in Chhattisgarh only)

16-C. Government's power to make scheme of reorganization in the public interest.-(1) Notwithstanding anything contained in this Act or the Rules made thereunder, if the State Government, on receipt of a report from the Registrar or otherwise, is satisfied that in the public interest it is necessary to reorganize any society or societies for the purpose of securing proper implementation of development programmers, the State Government, as it may deem necessary, may make such scheme of reorganization and issue orders to implement above scheme:

Provided that in case of a Co-operative Bank, prior sanction in writing of the Reserve Bank shall be necessary.

(2) There shall be the provisions in scheme of reorganization regarding :-

- (a) Method of reorganization;
- (b) Procedure for reorganization;
- (c) To the membership, registration, management, assets and liabilities, powers, rights, interests, duties, staff and conditions of employment of such society or societies which are made after reorganization;

(d) Such other consequential, incidental and supplementary provisions as may be necessary;

(e) Any other subject as may be deemed necessary by the State Government.

(3) The State Government may modify or cancel any reorganization scheme made or issued any orders under sub-section (1).

(4) The provisions regarding every reorganization scheme and the orders issued by the State Government shall be binding upon the interested parties.

(5) Every scheme of such reorganization shall be published in the official Gazette for general information.

17. Compromise or arrangement for repayment of liabilities and reconstruction of societies.-(1) Notwithstanding anything contained in this Act, or the rules made thereunder where a compromise or arrangement is proposed between (a) a society and its creditors or any class of them, and (b) a society and its members, the Registrar may on the application of the society or of any member or of any creditor of the society or, in the case of a society which is being wound up of the liquidator order a meeting of the members, or creditors or both, as the case may be, to be called, held and conducted in such manner as may be prescribed:

Provided that the Registrar may, on his own motion, order such a meeting to be called for the purpose of affecting a compromise or arrangement.

(2) If a majority in number representing three-fourths of the members or three-fourths of the total amount of valuation due to the creditors, as the case may be, present and voting in person at the meeting agree to any compromise or arrangement the compromise or arrangement shall, if confirmed by the Registrar, be binding on all members or all the creditors, as the case may

be, and also on the society, or in the case of a society which is being wound up, on the liquidator:

Provided that the Registrar shall not confirm a compromise or arrangement unless he is satisfied that all the members or creditors, as the case may be, whose interests are affected by such compromise or arrangement, had notice of such meeting:

Provided further that in case of a Co-operative Bank the Registrar shall not confirm the compromise, or arrangement, save with the previous sanction in writing of the Reserve Bank or National Bank for Agriculture and Rural Development.

(3) When an order canceling a meeting is passed under sub-section (1) or the proviso thereof for considering any compromise or arrangement between a society and its creditors or any class of them, the Registrar may give notice of such order to a Civil Court in which proceedings, whether instituted before or after the order, in respect of any liability of the society due to a creditor to whom a copy of the order is posted, are pending and on receipt of such notice the Civil Court shall stay the proceedings. If no such compromise or arrangement is confirmed under sub-section (2), the Registrar shall inform the Civil Court accordingly and the proceedings which may have been stayed, shall be resumed.

(4) If a compromise or arrangement between a society and its creditors or any class of them is confirmed under sub-section (2) the proceedings, if any, stayed under sub-section (3) shall abate and no proceedings shall lie in a Civil Court in respect of any liability of the society to which the compromise or arrangement relates.

(5) The Registrar may, with the previous approval of the State Government, exempt any class of creditors from the operation of this section or any provisions thereof.

(6) A compromise or arrangement confirmed by the Registrar shall not be called in question in any Civil Court.

(7) If a creditor in respect of whom a compromise or arrangement has been confirmed by the Registrar under sub-section (2), fails to receive the amount payable to him under such compromise or arrangement after due notice to do so within the period specified in such notice, the society or the liquidator, as the case may be, shall deposit the amount in such manner as may be directed by the Registrar. On the making of such deposit the amount payable to the creditor under the compromise or arrangement shall be deemed to have been paid to the extent of the deposit.

(8) A compromise or an arrangement between a society and its creditors or any class of them confirmed by the Registrar under sub-section (2) shall cease to be in force as soon as the whole amount of the liability determined thereunder has been or is deemed to have been paid whether under the provisions of this section or otherwise notwithstanding that the period originally stipulated for the discharge of such liability has not expired.

(9) After such compromise or arrangement has ceased to be in force no further claim shall remain against the society, or against any property, movable or immovable which it may acquire thereafter, in respect of the liability which had been the subject of the compromise or arrangement, and the society shall be free to conduct its normal business.

17-A. Action and liability of Banks under moratorium.- Where an order of moratorium has been made by the Central Government under sub-section (2) of section 45 of the Banking Regulation Act, 1949 (No.10 of 1949) in respect of Co-operative Bank, the Registrar with the previous approval of the Reserve Bank in writing, may, during the period of moratorium, prepare a scheme,-

(i) for the reconstruction or re-organization of the Co-operative Bank; or

(ii) for the amalgamation of the Co-operative Bank with any other Bank.

17-B. Liability of new Bank to repay to the Deposit Insurance Corporation.-Notwithstanding anything contained in this Act, where a Co-operative Bank being an insured bank within the meaning of the Deposit Insurance Corporation Act, 1961 (No.47 of 1961) is amalgamated or in respect of which a scheme of compromise or arrangement or of reconstruction or reorganization has been sanctioned and the Deposit Insurance Corporation has become liable to pay to the depositors of the insured bank under sub-section (2) of section 16 of that Act, the bank with which such insured bank is amalgamated or the new co-operative bank formed after such amalgamation or, as the case may be, the insured bank or transferee bank shall be under an obligation to repay to the Deposit Insurance Corporation in the circumstances, to the extent and in the manner referred to in section 21 of the Deposit Insurance Corporation Act, 1961 (No.47 of 1961).

18. Cancellation of registration.-(1) The Registrar shall make an order canceling the registration of a society if it transfers the whole of its assets and liabilities to another society, or amalgamates with another society, or divides itself into two or more societies or it is de-registered under the provisions of sub-section (1) of section 18-A or it is wound up under section 69. The society shall, from the date of such order of cancellation, be deemed to be dissolved and shall cease to exist as a corporate body.

(2) Notwithstanding anything contained in this Act if any proceedings relating to the winding up or dissolution of a society are pending immediately before the commencement of this Act, such proceedings shall after such commencement be disposed of in accordance with the provisions of the law under which such society was registered or deemed to be registered.

18-A. De-registration of societies.-(1) If the Registrar is satisfied that any society is registered on misrepresentation made by applicants, or where the work of the society is completed or the purposes for which the society has been registered or not served or the society other than a Co-operative Bank or Development Bank has used the word "Bank", "Banker", "Banking" and any other derivative of the word Bank" he may, after giving an opportunity of being heard to the chief promoter, the committee and the members of the society, de-register the society:

Provided that, where the number of members of the society is so large and it is not possible to ascertain the correct addresses of all such members from the records in the office of the Registrar and, in the opinion of the Registrar it is not practicable to serve a notice of hearing on all such individual members, a public notice of the proceedings of the de-registration shall be given in the prescribed manner and such notice shall be deemed to be notice to all the members of the society, including the chief promoter and the members of the committee of the society, and no proceeding in respect of the de-

registration of the society shall be called in question, merely on the ground that individual notice is not served on any member.

(2) When a society is de-registered under the provisions of sub-section (1), the Registrar may, notwithstanding anything contained in this Act, make such incidental and consequential order including appointment of official assignee as the circumstances may require.

(3) Subject to the rules made under this Act, the official assignee shall realize the assets and liquidate the liabilities within a period of one year from the date he takes over the charge of property, assets, books, records and other documents. The period aforesaid may, at the discretion of the Registrar, be extended from time to time, so however, that the total period does not exceed three years in the aggregate.

(4) The official assignee shall be paid such remuneration and allowances as may be prescribed.

(5) The powers of the Registrar under sub-sections (1) and (2) shall not be exercised by any officer below the rank of a Joint Registrar of Co-operative Societies.