

L. A. BILL No. XXXIX OF 2021.

A BILL

further to amend the Maharashtra Co-operative Societies Act, 1960.

Mah. XXIV of 1961. WHEREAS it is expedient further to amend the Maharashtra Co-operative Societies Act, 1960, for the purposes hereinafter appearing; it is hereby enacted in the Seventy-second Year of the Republic of India as follows:—

1. This Act may be called the Maharashtra Co-operative Societies (Third Amendment) Act, 2021. Short title.

Mah. XXIV of 1961. **2.** In section 2 of the Maharashtra Co-operative Societies Act, 1960 (hereinafter referred to as “the principal Act”), in clause (19), sub-clause (a-1) shall be deleted. Amendment of section 2 of Mah. XXIV of 1961.

3. In section 25A of the principal Act, after the words “provisions of this Act”, the words “or the rules made thereunder” shall be inserted. Amendment of section 25A of Mah. XXIV of 1961.

Substitution of section 26 of Mah. XXIV of 1961.

No rights of membership to be exercised till due payments are made.

4. For section 26 of the principal Act, the following section shall be substituted, namely:—

“**26.** A member shall be entitled to exercise such rights as provided in the Act, rules and by-laws:

Provided that, no member shall exercise the rights, until he has made such payment to the society in respect of membership, or acquired such interest in the society, as may be prescribed and specified under the by-laws of the society, from time to time:

Provided further that, in case of increase in minimum contribution of member in share capital to exercise rights of membership, the society shall give a due notice of demand to the member and give reasonable period to comply with it.”.

Amendment of section 27 of Mah. XXIV of 1961.

5. In section 27 of the principal Act,—

(1) sub-section (1A) shall be deleted;

(2) in sub-section (3), the word “active” shall be deleted.

Amendment of section 73A of Mah. XXIV of 1961.

6. In section 73A of the principal Act, in sub-section (9), the words “is not an active member and” shall be deleted.

Amendment of section 73 AAA of Mah. XXIV of 1961.

7. In section 73AAA of the principal Act, in sub-section (1),—

(1) after first proviso, the following proviso shall be inserted, namely:—

“Provided further that, in case of an apex society and, in exceptional circumstances, in case of any other society, the Registrar may increase the number of members of the committee upto twenty-five with the prior approval of the State Government.”;

(2) in the second proviso, for the words “Provided further that” the words “Provided also that” shall be substituted.

Amendment of section 73CA of Mah. XXIV of 1961.

8. In section 73CA of the principal Act, in sub-section (1),—

(1) clause (ii-a) shall be deleted;

(2) in clause (iv), after the words “the rules made thereunder” the words “or by-laws of the society” shall be inserted.

Amendment of section 75 of Mah. XXIV of 1961.

9. In section 75 of the principal Act, in sub-section (1),—

(1) before the first proviso, the following proviso shall be inserted, namely:—

“Provided that, the Registrar may, in exceptional circumstances such as infectious diseases, pandemic, flood, heavy rains, droughts or earthquake, by general or special order, extend the above referred period not exceeding three months;”;

(2) in the first proviso, for the words “Provided that” the words “Provided further that” shall be substituted;

(3) in the second proviso, for the words “Provided further that” the words “Provided also that” shall be substituted.

Amendment of section 77A of Mah. XXIV of 1961.

10. In section 77A of the principal Act,—

(1) in sub-section (1), the third proviso shall be deleted;

(2) in sub-section (3),—

(i) for the words “six months” the words “twelve months” shall be substituted;

(ii) in the proviso, for the words “six months” the words “twelve months” shall be substituted.

11. In section 78 of the principal Act, in sub-section (1),—

(1) in clause (i), for the words “six months” the words “twelve months” shall be substituted;

(2) the third proviso shall be deleted.

Amendment of section 78 of Mah. XXIV of 1961.

12. In section 78A of the principal Act, in sub-section (1), in clause (a), in sub-clause (ii), for the words “six months” the words “twelve months” shall be substituted.

Amendment of section 78A of Mah. XXIV of 1961.

13. In section 79 of the principal Act,—

(1) the existing sub-section (1) shall be renumbered as sub-section (1-1A) thereof; and before sub-section (1-1A) as so renumbered, the following sub-section shall be inserted, namely:—

“(1) The Registrar may direct any society or class of societies to take action to comply with the provisions of this Act, rules made thereunder, by-laws of the society or any order passed by the Registrar under this Act; and the officer or officers of the society shall be bound to comply with order within the period specified therein.”;

Amendment of section 79 of Mah. XXIV of 1961.

(2) in sub-section (3), for the words, brackets and figure “sub-section (1)”, the words, brackets, figures and letter “sub-sections (1) and (1-1A)” shall be substituted.

14. For section 82 of the principal Act, the following section shall be substituted, namely:—

“**82.** (1) If the result of the audit held under the last preceding section discloses any defects in the working of a society, the society shall within three months from the date of the audit report, explain to the Registrar the defects or the irregularities pointed out by the auditor or auditing firm, and take steps to rectify the defects and provide remedy to irregularities, and report to the Registrar the action taken by it thereon and place the same before the next general body meeting. The Registrar may also make an order directing the society or its officers to take such action, as may be specified in the order to remedy such defects, within the time specified therein.

Substitution of section 82 of Mah. XXIV of 1961.

Rectification of defects in accounts.

(2) The Registrar or the person authorised by him shall scrutinise the audit rectification report and accordingly inform the society about such report within six months from the date of receipt thereof.

(3) It shall be the responsibility of the auditor or auditing firm concerned to offer his or its remarks, as the case may be, on the rectification report of the society, itemwise, till entire rectification is made by the society and submit his or its report to the Registrar.

(4) If, the society fails to submit the audit rectification report to the Registrar and to the annual general body meeting, the Registrar may by an order declare that any officer or member of the committee, as the case may be, whose duty was to submit the audit rectification report to the Registrar and to the annual general body meeting, and who without

reasonable excuse failed to do the aforesaid act, shall be disqualified for being elected or for being any officer or member of the committee for such period not exceeding five years, as he may specify in such an order and, if the officer is a servant of the society, impose upon him a penalty of an amount not exceeding five thousand rupees :

Provided that, before making such an order under this sub-section, the Registrar shall give, or cause to be given, a reasonable opportunity to the person concerned of showing cause against the action proposed to be taken against him.”.

Amendment of
section 109 of
Mah. XXIV of
1961.

15. In section 109 of the principal Act, in sub-section (1),—

(1) for the words “extended by the Registrar” the words “extended by the Registrar or the Government” shall be substituted;

(2) for the first proviso, the following provisos shall be substituted, namely:—

“Provided that, the Registrar shall not grant any extension for a period exceeding one year at a time and four years in the aggregate:

Provided further that, if it is necessary to grant further extension beyond ten years, the Registrar shall send proposal for such extension to the Government. The Government may grant extension for a period not exceeding one year at a time and five years in the aggregate :

Provided also that, immediately, after the expiry of fifteen years from the date aforesaid, it shall be deemed that the liquidation proceedings have been terminated and the Registrar shall pass an order of terminating the liquidation proceedings:” ;

(3) the second proviso shall be deleted.

Amendment of
section 144-5A
of Mah. XXIV
of 1961.

16. In section 144-5A of the principal Act, before *Explanation*, the following proviso shall be inserted, namely:—

“Provided that, the salary earners' credit co-operative society may accept deposits voluntarily from their members after their retirement by enrolling them as nominal members.”.

Amendment of
section 146 of
Mah. XXIV of
1961.

17. In section 146 of the principal Act, clause (1-1) shall be deleted.

Amendment of
section 147 of
Mah. XXIV of
1961.

18. In section 147 of the principal Act, clause (1-1) shall be deleted.

Amendment
of section 152A
of Mah. XXIV
of 1961.

19. In section 152A of the principal Act, in sub-section (1), for the words “within three days” the words “within three working days” shall be substituted.

Amendment of
section 154 of
Mah. XXIV of
1961.

20. In section 154 of the principal Act, in sub-section (2A),—

(a) the words and figures “or Certificate issued by the Liquidator under section 105” shall be deleted;

(b) for the words “amount of recoverable dues :” the words “amount of recoverable dues. If the revision application is allowed, the Revisional Authority may pass an order directing the society to refund the amount so deposited to the applicant :” shall be substituted.

21. In section 154B of the principal Act,—

Amendment of
section 154B of
Mah. XXIV of
1961.

(1) in sub-section (1), for the figures, letters, words and brackets “78A, sub-sections, (1), (1A)” the figures, letters, words, brackets and sign “78A, sub-sections, (1), (1-1A), (1A)” shall be substituted.

(2) in sub-section (2), for the brackets, figures, letters and sign “(19) (a), (a-1), (b)” brackets, figures, letters “(19) (a), (b)” shall be substituted.

22. In section 157 of the principal Act, the second proviso shall be deleted.

Amendment of
section 157 of
Mah. XXIV of
1961.

STATEMENT OF OBJECTS AND REASONS

A new Part IX-B regarding Co-operatives Societies has been inserted in the Constitution of India by the Constitution (Ninety Seventh Amendment) Act, 2011. The Government of Maharashtra has made various amendments in the Maharashtra Co-operative Societies Act, 1960 (Mah. XXIV of 1961) (hereinafter referred to as “the said Act”), so as to make the provisions in the said Act in consonance with the constitutional provisions of the said Part IX-B.

2. The Gujarat High Court in the case of *Rajendra Shah Vs Union of India Chief Director (Co-operation) (C/WPPIL/166 of 2012)* has declared the said Constitutional Amendment Act inserting Part IX-B *ultra-virus* the Constitution. The Supreme Court, in Civil Appeal No. 9108-9109 of 2014 has upheld the judgement of the Gujarat High Court except to the extent that it strikes down the entirety of Part IX-B of the Constitution of India. The Supreme Court in the said judgment has declared that Part IX-B of Constitution of India is operative only in so far as it concerns multi-state co-operative societies both within the various states and in the Union Territories of India.

The Government considers it expedient to make certain amendments in the said Act for the interest of the society members and for smooth functioning of the co-operative movement.

3. The salient features of the proposed amendments to the said Act are as follows:—

(1) to amend sections 2(19), 26, 27 and 73A with a view to delete the definition of “active member” and provisions relating thereto ;

(2) to amend section 25A to enable the society to remove the name of the member from the register of its members who has ceased to be a member or who stands disqualified by or under the provisions of the rules made under the said Act ;

(3) to amend section 73AAA to enable the Registrar to increase the number of members of committee of apex society and, in exceptional circumstances, of any other society upto twenty-five, with the prior approval of the State Government, in order to give representation to all revenue divisions, districts or talukas in the committee of the apex societies or any other Society, as the case may be ;

(4) to amend section 73CA to enable the society to disqualify a member who has incurred disqualification as per the bye-laws of the society ;

(5) to amend section 75 to provide that the Registrar may, in exceptional circumstances such as infectious diseases, pandemic, etc. by general or special order, extend the period, not exceeding three months, for conducting annual general meeting ;

(6) to amend sections 78 and 78A to extend the period of six months to twelve months of administrator or committee of administrators appointed thereunder to carry out their administrative duties ;

(7) to amend section 79 to enable the Registrar to direct any co-operative society or class thereof to comply with the provisions of the said Act, rules or bye-laws ;

(8) to amend section 82 to facilitate the Registrar to deal with the audit rectification report and take further action in case of non-compliance.

(9) to amend section 109 to enable the State Government to extend the period of completion of liquidation process of society from ten years to fifteen years, as it has been noticed that liquidation work of certain societies could not be completed within ten years due to complex liquidation process.

(10) to amend section 144-5A to allow salary earners' credit co-operative society to take deposits from members after their retirement by making them nominal members, to overcome liquidity crunch due to refund of deposits to retired members.

(11) to amend section 157 to restore the powers of the State Government to exempt any society or class of societies from any of the provisions of the said Act or rules made thereunder.

4. The Bill seeks to achieve the above objectives.

Mumbai,
Dated the 23rd December 2021.

BALASAHEB PATIL,
Minister for Co-operation.

MEMORANDUM REGARDING DELEGATED LEGISLATION.

The Bill involves the following proposals for delegation of legislative power, namely :—

Clause 4.— Under this clause, which seeks to substitute section 26 of the Maharashtra Co-operative Societies Act, 1960, the power is taken to the State Government to prescribe the payment to be made by member to the society in respect of membership or the interest to be acquired by the member in the society so as to enable him to exercise rights of member under the said Act, rules and bye-laws.

Clause 9.— Under this clause, which seeks to amend section 75 of the said Act, the power is taken to the Registrar to extend the period of conducting annual general meeting, by general or special order, not exceeding three months in exceptional circumstances such as infectious diseases, pandemic, flood, heavy rains, droughts or earthquake.

2. The above-mentioned proposals for delegation of legislative powers are of normal character.

ANNEXURE TO THE L.A. BILL No XXXIX OF 2021.—THE MAHARASHTRA
CO-OPERATIVE SOCIETIES (THIRD AMENDMENT) BILL, 2021.

(Extracts from the Maharashtra Co-operative Societies Act, 1960)

(Mah. XXIV of 1961)

1. * * * *

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

Defination.

(1) to (18) * * * *

(19) (a) * * * *

(a-1) “ active member ” means a member who participates in the affairs of the society and utilises the minimum level of services or products of that society as may be specified in the by-laws ;

(b) and (c) * * * *

(19A) * * * *

(20) to (31) * * * *

3. to 25. * * * *

25A. The committee of a society shall remove from the register of its members the name of a person who has ceased to be a member or who stands disqualified by or under the provisions of this Act for being the member or continuing to be the member of a society :

Removal of names of members from membership register.

Provided that, if the society does not comply with the requirement of this section, the Registrar shall direct such society to remove the name of such person, and the society shall be bound to comply with such direction.

26. (1) A member shall be entitled to exercise such rights as provided in the Act, rules and by-laws :

Rights and duties of members.

Provided that, no member shall exercise the rights, until he has made such payment to the society in respect of membership, or acquired such interest in the society, as may be prescribed and specified under the by-laws of the society, from time to time :

Provided further that, in case of increase in minimum contribution of member in share capital to exercise right of membership, the society shall give a due notice of demand to the members and give reasonable period to comply with.

(2) It shall be the duty of every member of a society,—

(a) to attend at least, one general body meeting within a consecutive period of five years :

Provided that, nothing in this clause shall apply to the member whose absence has been condoned by the general body of the society ;

(b) to utilise minimum level of services at least once in a period of five consecutive years as specified in the by-laws of the society :

Provided that, a member who does not attend at least one meeting of the general body as above and does not utilise minimum level of services at least once in a period of five consecutive years, as specified in the by-laws of such society shall be classified as non-active member :

Provided further that, when a society classifies a member as a non-active member, the society shall, in the prescribed manner communicate such classification, to the concerned member within thirty days from the date of close of the financial year :

Provided also that, a non-active member who does not attend at least one meeting of the general body and does not utilise minimum level of services as specified in the by-laws, in next five years from the date of classification as a non-active member, shall be liable for expulsion under section 35 :

Provided also that, a member classified as non-active member shall, on fulfillment of the eligibility criteria as provided in this sub-section be entitled to be re-classified as an active member :

Provided also that, if a question of a member being active or non-active member arises, an appeal shall lie to the Registrar within a period of sixty days from the date of communication of classification :

Provided also that, in any election conducted immediately after the date of commencement of the Maharashtra Co-operative Societies (Amendment) Act, 2013, all the existing members of the society shall be eligible for voting, unless otherwise ineligible to vote.

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| Voting Powers of member. | 27. (1) | * | * | * | * |
| | (1A) Notwithstanding anything contained in sub-section (1), an active member who subsequently fails to participate in the affairs of the society and to use the services upto the minimum level as specified, from time to time, in the by-laws, shall cease to be an active member and shall not be entitled to vote. | | | | |
| | Provided that, the provision of this sub-section shall not be applicable in respect of elections of societies to be conducted on or before the 31st March 2022. | | | | |
| | (2) | * | * | * | * |
| | (3) A society, which has invested any part of its funds in the shares of any federal society, may appoint one of its active members to vote on its behalf in the affairs of that federal society ; and accordingly such member shall have the right to vote on behalf of the society : | | | | |
| | Provided further that, where the election is to a reserved seat under section 73-B, no person shall have more than one vote. | | | | |
| | (3A) | * | * | * | * |
| | (4) to (11) | * | * | * | * |
| | 28. to 73. | * | * | * | * |
| | 73. ID. | * | * | * | * |
| Disqualification | 73A. (1) to (8) | * | * | * | * |
| Disqualification for being designated officer simultaneously of certain categories of societies. | (9) In the case of such class or classes of societies as may be specified by the State Government, by notification in the <i>Official Gazette</i> , no member shall be eligible for being elected, co-opted or nominated as a designated officer, if he is not an active member and does not fulfill the minimum qualification relating to his monetary transactions with the society as may be laid down, in such notification. | | | | |
| Constitution of Committee. | 73. AAA. (1) The Committee shall consist of such number of members as may be provided in the by-laws : | | | | |
| | Provided that, the maximum number of members of the committee shall not exceed twenty-one : | | | | |
| | Provided further that, the provisions of the Banking Regulation Act, 1949, shall apply to all the societies carrying the business of banking. | | | | |
| | (2) to (5) | * | * | * | * |
| | 73B and 73C. | * | * | * | * |
| Disqualification of Committee and its members. | 73-CA. (A-1) | * | * | * | * |
| | (1) Without prejudice to the other provisions of this Act or the rules made thereunder in relation to the disqualification of being a member of a committee, no person shall be eligible for being appointed, nominated, elected, co-opted or, for being a member of a committee, if he— | | | | |

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| (i) | * | * | * | * |
| (ii) | * | * | * | * |
| (ii-a) has been classified as non-active member under sub-section (2) of section 26 ; or | | | | |
| (iii) | * | * | * | * |
| (iv) has incurred any disqualification under this Act or the rules made thereunder ; or | | | | |
| (v) to (ix) | * | * | * | * |
| (2) to (4) | * | * | * | * |
| 73. CB to 731. | * | * | * | * |
| 74. | * | * | * | * |

75. (1) Every society shall, within a period of four months after the close of the financial year, get its books of accounts audited and within six months after the close of financial year to transact its business as may be provided in this Act, call the annual general body meeting of its members. Annual general body meeting.

Provided that, for the financial year 2019-2020, the society may get its books of accounts audited within nine months from the close of its financial year and call the annual general body meeting within twelve months from the close of its financial year.

Provided further that, where such meeting is not called by the society, the Registrar or any officer authorised by him may call such meeting in the manner prescribed and that meeting shall be deemed to be a general body meeting duly called by the society, and the Registrar may order that the expenditure incurred in calling such a meeting shall be paid out of the funds of the society or by such person or persons who, in the opinion of the Registrar, were responsible for the refusal or failure to convene the general meeting.

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| (2) to (6) | * | * | * | * |
| 76. and 77. | * | * | * | * |

77A. (1) Where the Registrar is satisfied that,— (1-a) a provisional committee has failed to make necessary arrangements for holding election for the constitution of the first committee, before the expiry of its term as specified in sub-section (1 A) of section 73 ; Appointment of member of committee, new committee or authorised officers, where there is failure to elect member to constitute committee or where committee does not enter upon office, etc.

(a) at the first constitution of the committee of any society there is a failure to elect all or any of the members of the committee ;

(b) the term 1 * * of the committee of any society or of any of its members has expired or for any other reason election is held and there is a failure to elect all or any of the members required to fill the vacancies ;

(b-1) there is a stalemate in the constitution or committee has ceased to function and vaccum is created in the management ;

(c) any committee is prevented from entering upon office ;

(d) a new committee has failed to enter upon office on the date on which the term of office of the existing committee expired ; or

(f) where more than one group of persons in a society is claiming to be elected as the committee members and proceedings in respect thereof have been filed in the Co-operatives Court ;

The Registrar may, either *suo-motu* or on the application of any officer or member of the society, by order appoint—

(i) any member or members of the society to be the member or members of the committee to fill the vacancies ;

(ii) a committee, consisting of not more than three members of the society, or one or more authorised officers, who need not be members of the society, to manage the affairs of the society till a new committee enters upon office :

Provided that, before making such order, the Registrar shall publish a notice on the notice board at the head office of the society, inviting objections and suggestions with respect to the proposed order within a period specified in the notice and consider all objections and suggestions received by him within that period :

Provided further that, it shall not be necessary to publish such notice in any case where Registrar is satisfied that immediate action is required to be taken or that it is not reasonably practical to publish such notice :

Provided also that, if no member or members of the society are willing to work on such committee, it shall be lawful for the Registrar, to appoint one or more authorised officers, not being a member of the society, as he may deem fit, to look after affairs of the society.

(2) * * * *

(3) The Committee or authorised officer so appointed shall hold office for a period of six months from the date of assuming the management of the society and shall make necessary arrangements for constituting a new committee within the said period and for enabling the new committee including any new committee referred to in clause (f) of sub-section (1), which is determined by the Court to have been legally elected, to enter upon office :

Provided that, in no circumstances the term of office of the committee or authorised officer shall exceed six months from the date of their holding office.

(4) to (5) * * * *

Power of suspension of committee.

78. (1) If, in the opinion of the Registrar, the committee makes a persistent default in performance of its duties or is negligent in the performance of its duties or is otherwise not discharging its functions properly and diligently, or there is a stalemate in the constitution or functioning of the committee, occasioned by resignation, disqualification of members of committee or otherwise, the Registrar, after giving the committee an opportunity of showing cause, in writing, if any, within fifteen days from the date of receipt of notice and after giving reasonable opportunity of being heard and after consultation with the federal society to which the society is affiliated, comes to a conclusion that the charges mentioned in the notice *prima facie* exist, but are capable of being remedied with, he may by order,—

(i) keep the committee under suspension for such temporary period, not exceeding six months as may be specified in the order ; and

(ii) appoint an administrator or committee of administrators consisting of three or more members of the society otherwise than the members of the committee so suspended in its place or appoint an administrator or committee of administrators who need not be the members of the society, to manage the affairs of society :

Provided that, nothing in this sub-section shall apply to a society, where there is no Government shareholding or loan or financial assistance in terms of any cash or kind or any guarantee by the Government :

Provided further that, in case of a society carrying on the business of banking, the provisions of the Banking Regulation Act, 1949, shall also apply :

Provided also that, in case of society carrying on the business of banking, the provisions of this clause shall have effect as if for the words "six months" the words "one year" had been substituted :

Provided also that, the Registrar shall have the power to change the committee or any member thereof or Administrator appointed, at his discretion even, before the expiry of the period specified in the order made under this section :

Provided also that, such federal society shall communicate its opinion, to the Registrar within forty-five days from the date of receipt of communication, failing which it shall be presumed that such federal society has no objection to the order of suspension and the Registrar shall be at liberty to proceed further to take action accordingly.

(2) to (6)

* * * *

78A. (1) If in the opinion of the Registrar, the committee or any member of such committee has committed any act, which is prejudicial to the interest of the society or its members or if the State Co-operative Election Authority has failed to conduct the elections in accordance with the provisions of this Act or where situation has arisen in which the committee or any member of such committee refuses or has ceased to discharge its or his functions and the business of the society has, or is likely to ; come to a standstill, or if serious financial irregularities or frauds have been identified or if there are judicial directives to this effect or, if there is a perpetual lack of quorum or, where in the opinion of the Registrar the grounds mentioned in sub-section (1) of section 78 are not remedied or not complied with, or where any member of such committee stands disqualified by or under this Act for being a member of the committee, the Registrar may, after giving the committee or the member, as the case may be, an opportunity of stating its or his objections in writing as provided under sub-section (1) of section 78 and after giving a reasonable opportunity of being heard, and after consultation with the federal society to which the society is affiliated comes to a conclusion that the charges mentioned in the notice are proved, and the administration of the society cannot be carried out in accordance with the provisions of this Act, rules and by-laws, he may by order stating reasons therefor,—

Power of supersession of committee or removal of member thereof.

(a) (i) supersede the committee; and

(ii) appoint a committee consisting of three or more members of the society otherwise than the members of the committee so superseded, in its place, or appoint an administrator or committee of administrators who need not be the members of the society, to manage the affairs of society for a period not exceeding six months :

Provided that, the Registrar shall have the power to change the committee or any member thereof or administrator or administrators appointed at his discretion even before the expiry of the period specified in the order made under this sub-section :

Provided further that, such federal society shall communicate its opinion to the Registrar within forty-five days, from the date of receipt of communication, failing which it shall be presumed that such federal society has no objection to the order of supersession or removed of a member and the Registrar shall be at liberty to proceed further to take action accordingly :

Provided also that, in case of a society carrying on the business of banking, the provisions of the Banking Regulation Act, 1949, shall also apply and the committee shall not be superseded for a period exceeding one year :

Provided also that, nothing in this sub-section shall apply to a society, where there is no Government shareholding or loan or financial assistance in terms of any cash or kind or any guarantee by the Government;

(b) remove the member :

Provided that, the member who has been so removed shall not be eligible to be re-elected, re-co-opted or re-nominated as a member of any committee of any society till the expiry of period of next one term of the committee from the date on which he has been so removed :

Provided further that, in case of a society carrying on the business of banking, the provisions of the Banking Regulation Act, 1949, shall also apply.

(2) * * * *

79. to 81. * * * *

82. If the result of the audit held under the last preceding section discloses any defects in the working of a society, the society shall within three months from the date of the audit report, explain to the Registrar the defects on the irregularities pointed out by the auditor, and take steps to rectify the defects and remedy irregularities, and report to the Registrar the action taken by it thereon and place the same before the next general

Rectification of defects in accounts.

body meeting. The Registrar may also make an order directing the society or its officers to take such action, as may be specified in the order to remedy the defects, within the time specified therein. If, the committee of a society fails to submit the audit rectification report to the Registrar and to the annual general body meeting, all the members of the committee shall be deemed to have committed an offence under section 146 and accordingly shall be liable for penalty as provided in section 147. Where the society concerned is a member of a federal society, such order of imposition of penalty shall be made after consulting the State federal society concerned :

Provided that, the Registrar or the person authorised by him shall scrutinise the audit rectification report accordingly and inform the society about such report within six months from the date of receipt thereof:

Provided further that, it shall be the responsibility of the auditor concerned to offer his remarks on the rectification report of the society, itemwise, till entire rectification is made by the society and submit his report to the Registrar :

Provided also that, such federal society shall communicate its opinion to the Registrar within a period of forty-five days from the date of receipt of communication, failing which it shall be presumed that such federal society has no objection to the proposed action and the Registrar shall be at liberty to proceed further to take action accordingly.

83. to 108.

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Termination of Liquidation proceedings

109. (1) (1) The winding up proceedings of a society shall be closed as soon as practicable within six years from the date the Liquidator takes over the custody or control of all the property, effects and actionable claims to which the society is or appears to be entitled, and of all books, records and other documents pertaining to the business of the society, under sub-section (2) of section 103 unless the period is extended by the Registrar :

Provided that, the Registrar shall not grant extension for a period exceeding one year at a time and four years in the aggregate, and shall immediately after the expiry of ten years from the date aforesaid, deem that the liquidation proceedings have been terminated, and pass an order terminating the liquidation proceedings :

Provided further that, if, due to termination of liquidation proceedings at the end of ten years, the Registrar comes to a conclusion that, the work of liquidation under section 105 could not be completed by the liquidator due to the reasons beyond his control, he shall call upon the liquidator to submit the report. After getting the report, if the Registrar is satisfied that the realisation of assets, properties, sale of properties still remained to be realised, he shall direct the liquidator to complete the entire work and carry out the activities only for the purposes of winding up and submit his report within such period not exceeding one year reckoned from the date of receipt of report from the liquidator.

Explanation.—In the case of a society which is under liquidation at the commencement of the Maharashtra Co-operative Societies (Second Amendment) Act, 1985 the period of six years shall be deemed to have commenced from the date on which the Liquidator took over the custody or control as aforesaid.

(2) and (3)

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110. to 144.

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144-1A.

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144-2A. to 144-4A.

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Prohibition on accepting deposit from non-members.

144-5A. Notwithstanding anything contained in any Act, a non-agricultural co-operative credit society shall not accept deposit from any person who is not its member. If any society which has accepted deposit from non-members, before the date of commencement of the said Amendment Act, 2017, it shall either enroll them as members or refund deposits of all non-members within two years from commencement of the said Amendment Act, 2017.

Explanation. - For the purposes of this section, “member” does not include nominal member.

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| 144-6A. to 144-31 A. | * | * | * | * | |
| 145. | * | * | * | * | |
| Offences. 146. It shall be an offence under this Act, if,— | | | | | |
| (a) to (l) | * | * | * | * | |
| (l-1) the Committee fails to submit audit rectification report to the Registrar and the annual general body meeting as per section 82 ; or | | | | | |
| (m) to (q) | * | * | * | * | |
| 147. Every society, officer or past officer, member or past member, employee or past employee of a society, or any other person who commits an offence under section 146 shall, on conviction, be punished,— | | | | | Punishments for offences under section 146. |
| (a) to (l) | * | * | * | * | |
| (l-1) if it is an offence under clause (l-1) under that section, with fine which may extend to five thousand rupees; | | | | | |
| (m) to (q) | * | * | * | * | |
| 148. to 152. | * | * | * | * | |
| 152A. (1) Notwithstanding anything contained in this Act or rules or the bye-laws made thereunder, a person aggrieved by the rejection of nomination of a candidate at the election of a committee of any society may file an appeal to the Registrar within three days of the date of rejection of the nomination. The Registrar shall dispose of such appeal within ten days of the date of receipt of such appeal and the decision of the Registrar in appeal shall be final and no further appeal or revision shall lie against the decision of the Registrar in such appeal. In the case of a society, an appeal shall lie to the officer as may be specified by the State Co-operative Election Authority, who shall dispose of such appeal within ten days from the date of receipt of such appeal and the decision of the such officer, shall be final. | | | | | Appeal against rejection of nomination paper at election. |
| (2) | * | * | * | * | |
| 153. | * | * | * | * | |
| 154. (1) and (2) | * | * | * | * | |
| (2A) No application for revision shall be entertained against the recovery certificate issued by the Registrar under section 101 or section 154B-29 or Certificate issued by the Liquidator under section 105 unless the applicant deposits with the concerned society, fifty per cent, amount of the total amount of recoverable dues : | | | | | Revisionary Powers of State Government and Registrar. |
| Provided that, in case of such revision where revisional authority has granted a stay to the recovery of dues, the authority shall, as far as may be practicable, dispose of such revision application as expeditiously as possible but not later than six months from the date of the first order. | | | | | |
| (3) and (4) | * | * | * | * | |
| 154 A. | * | * | * | * | |
| 154B. (1) The following provisions of this Act shall apply mutatis mutandis to the housing societies, namely :— | | | | | Application and non-application of provisions of this Act to the housing societies. |
| Section 1, clauses (5), (6), (7), (8), (10), (10-ai), (10-aii), (10-aiii), (13), (14), (16), (17), (18), (20-A), (21), (24), (26), (27), (28), (29), (29A) and (31) of section 2, sections 3, 3A, 4, 5, 7, 9, 10, 12, 13, 14, 15, 17, 18, 19, 20, 20A, 21, 21 A, 22, sub-sections (1), (2) and (3) of section 23, sections 25, 25A, 31, 33, 34, 35, 36, 37, 38, 40, 41, 42, except proviso of sub-section (1) of section 43, section 45 and sub-sections (1)(b), (2) and (3) of section 47, section 50, clauses (a) (c), (d) and (e) of section 62, sections 64, 65, 66, 67, 68, 69, 70, 71, 71 A, 72, 73, sub-sections (2) to (7) of section 73ID, sections 73C, 73CB, 73CC, 73F, 73I, 75, 76, 77, 77A, 78A, sub-sections, (1), (1A), (1B), (2) (3) and (4) of section 79, sections 79A, 79AA, 80, 81, to 89A, 91 to 100, 102 to 110, 145 to 148A, 149 to 154, 154A and 155 to 168. | | | | | |

(2) The following provisions of this Act shall not apply to the housing societies, namely:—

Clauses (1)(a) and (b), (2)(a), (b) and (c), (4), (9), (10-aii-1), (10A), (11), (11-A), (12), (14-A), (15), (16-A), (19) (a), (a-1), (b) and (c), (19A), (22), (23) and (25) of section 2, sections 6, 8, 11, 16, 18A, 18B, 18C, 23(4), 24, 24A, 26, 27, 28, 29, 30, 32, 32A, 39, 44, 44A, 46, 47(1)(a), 47(4), 48, 48A, 49, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62(b), 63, 69B, 72A, 73(1A)(b), 73A, 73AAA, 73-B, 73CA, 73D, sub-section (1) of section 73ID, sections 74, 78, 90, 101, 110A and sections 111 to 144-1 A.

154B-1 to 154B-31. * * * *

155. and 156. * * * *

Power exempt societies from provisions of Act.

157. The State Government may, by general or special order, exempt any society or class of societies from any of the provisions of this Act, or of the rules made thereunder, or may direct that such provisions shall apply to such society or class of societies with such modifications not affecting the substance thereof as may be specified in the order :

Provided that, no order to the prejudice of any society shall be passed, without an opportunity being given to such society to represent its case :

Provided further that, the State Government shall not exempt any society or class of societies from the provisions made under sections 26, 73A, 73AAA, 73B, 73C, 73CA, 73CB, 73E, 75, 76, 78, 78A and 81.

158. to 168. * * * *

**MAHARASHTRA LEGISLATURE
SECRETARIAT**

[L. A. BILL No. XXXIX OF 2021.]

**[A Bill further to amend the
Maharashtra Co-operative Societies
Act, 1960.]**

**[SHRI BALASAHEB PATIL,
Minister for Co-operation.]**

**RAJENDRA BHAGWAT,
Principal Secretary,
Maharashtra Legislative Assembly.**

