

**THE MANIPUR
CO-OPERATIVE SOCIETIES ACT, 1976**

(Manipur Act No. 14 of 1976)

(As modified upto 6th April, 1985)

MANIPUR STATE CO-OPERATIVE UNION

2002

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2002**

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MANIPUR CO-OPERATIVE SOCIETIES ACT, 1976**

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THE MANIPUR CO-OPERATIVE SOCIETIES ACT, 1976
(MANIPUR ACT NO. 14 OF 1976)

An Act

to consolidate and amend the law relating to Co-operative Societies.

BE it enacted by the Legislature of the State of Manipur in the Twenty Seventh Year of the Republic of India as follows :-

CHAPTER I
PRELIMINARY

1. (1) This Act may be called the Manipur Co-operative Societies Act, 1976.
- (2) It extends to the whole of Manipur.
- (3) It shall come into force on such date the Manipur Government may, by notification in the Official Gazette, appoint.
2. In this Act, unless the context otherwise requires:-
 - (1) " Agricultural Marketing society " means a society.
 - (a) the object of which is the marketing of agricultural produce and the supply of implements and other requisites for agricultural production, and
 - (b) not less than three fourths of the members of which are agriculturists, or societies formed by agriculturalists;
 - (2) " Arbitrator " means a person appointed under this Act to decide disputes referred to him by the Registrar or Registrar's nominee or Board of Nominees.
 - (3) " Auditor " means a person appointed by the Registrar or by a society to audit the accounts of the society;
 - (3)A. "Board " means the Board of Management of a society.

Short title,
extent
and
commencement.

Definition

- (4) " Bonus" means payment made in cash or kind, out of the profits of a society to a member, or to a person who is not a member, on the basis of his contribution (including any contribution in the form of labour or service) to the business of the society, and in the case of a farming society, on the basis both of such contribution and also the value or income or, as the case may be, the area of the lands of the members brought together for joint cultivation as may be decided by the society ;
- (5) "Bye-laws" means bye-laws registered under this Act and for the time being in force, and includes registered amendments of such bye-laws ;
- (6) "Central Bank" means a Co-operative Bank, the objects of which include the creation of funds to be loaned to other societies ;
- (7) "Committee" means the Committee of management, or other directing body, to which the management of the affairs of a society is entrusted.
- (8) "Company" means a company as defined in the Companies Act, 1956, and includes a Banking Company and also any Board, corporation or other corporation or other corporate body, constituted or established by any Central, State or Provincial Act for the purpose of the development of any industry ;
- (9) "Consumers' Society" means a society the object of which is :—
 - (a) the procurement, production or processing, and distribution of goods, to, or the performance of other services for, its members as also other customers, and
 - (b) the distribution among its members and customers in the proportion prescribed by rules or by the bye-laws of the society, of the profits accruing from such procurement, production or processing, and distribution ;
- (10) "Co-operative Bank" means a society registered under this Act and doing the business of banking, as defined in clause (b) of sub-section (1) of section 5 of the Banking Companies Act, 1949 ;
- (11) "Co-operative Year" means the year ending on the 30th day of June or in case of any Society or class of societies the accounts of which are with the previous sanction of the Registrar, balanced on any other day, the year ending on such day.

- (12) "Dividend" means the amount paid, out of the profits of a society, to a member in proportion to the shares held by him.
- (13) "Farming Society" means a society in which, with the object of increasing agricultural production, employment and income and the better utilisation of resources, lands are brought together and jointly cultivated by all the members, such lands (a) being owned by or leased to the members (or some of them), or (b) coming in possession of the society in any other manner whatsoever ;
- (14) "Federal Society" means a society —
- (a) not less than five members of which are themselves societies; and
 - (b) in which the voting rights are so regulated that the members which are societies have not less than four fifths of the total number of votes in the general meeting of such society ;
- (15) "Firm" means a firm registered under the Indian Partnership Act, 1932;
- (16) "General Society" means a society not falling in any of the classes of societies defined by the other clauses of this section ;
- (17) "Housing Society" means a society the object of which is providing members with dwelling houses ;
- (18) "Liquidator" means a person appointed as liquidator under this Act ;
- (19) "Local Authority" means Municipality, Town Committee or Gram Panchayat;
- (20)
- (a) "Member" means a person joining in an application for the registration of a Co-operative Society which is subsequently registration, or a person duly admitted to membership of a society after registration, and includes a nominal, associate or sympathiser member ;
 - (b) "Associate Member" means a member who holds jointly a share in the share certificate ;
 - (c) "Nominal Member" means a person admitted to membership as such after registration in accordance with bye-laws ;
 - (d) "Sympathiser Member" means a person who sympathises the aims and objects of the society and who is admitted by the society as such member;

- (21) "Officer" means a person elected or appointed by a society to any office of such society according to its bye-laws ; and includes a Chairman, Vice-Chairman, President, Vice-President, Managing Director, Manager, Secretary, Treasurer, member of the Board and any other person elected or appointed under this Act, the rules and the bye-laws, to give directions in regard to the business of such society.
- (22) "Prescribed" means prescribed by rules ;
- (23) "Processing Society" means a society the objects of which is the processing of goods ;
- (24) "Producers Society" means a society the objects of which is the production and disposal of goods or the collective disposal of the labour of the members thereof ;
- (25) "Registrar" means a person appointed to be the Registrar of Co-operative Societies under this Act;
- (26) "Resources Society" means a society the object of which is the obtaining for its members of credit, goods or services required by them ;
- (27) "Rules" means rules made under this Act ;
- (28) "Societies" means a Co-operative Society registered, or deemed to be registered, under this Act ;
- (29) "Society with limited liability" means a society having the liability of its members limited by its bye-laws ;
- (30) "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 its obligations and to contribute to any deficiency in the assets of the society ;
- (31) "State" means State Government of Manipur;
- (32) "Tribunal" means the Manipur Co-operative Tribunal constituted under this Act;
- (33) "Working capital" means funds at the disposal of a society inclusive of paid up share capital, funds built out of profits, and money raised by borrowing and by deposits.

CHAPTER II
REGISTRATION

3. The State Government may appoint a person to be the Registrar of Co-operative Societies for the State ; and may appoint one or more persons to assist such Registrar, and may, by general or special order, confer on any such person or persons all or any of the powers of the Registrar under this Act. The person or persons so appointed to assist the Registrar and on whom any powers of the Registrar are conferred, shall work under the general guidance, superintendence and control of the Registrar.

Registrar.

4. A society, which has as its objects the promotion of the economic interests or general welfare of its members or of the public, in accordance with Co-operative Principles, or a society established with the object of facilitating the operations of any such society, may be registered.

Societies which may be registered under this Act.

Provided that, no society shall be registered if it is likely to be economically unsound, or the registration of which may have an adverse effect on the development of the Co-operative movement.

5. A society may be registered with limited or unlimited liability.

Registration with limited or unlimited liabilities.

6. (1) No society, other than a federal society, shall be registered under this Act unless it consists of at least ten persons (each of such persons being a member of a different family), who are qualified to be members under this Act and who reside in the area of operation of the society.

Conditions of registration.

(2) No society with unlimited liability shall be registered unless all persons forming the society reside in the same town or village, or in the same group of villages.

Power to

(3) No federal society shall be registered, unless it has at least five societies as its members.

(4) Nothing in this Act shall be deemed to effect the registration of any society made before the commencement of this Act.

(5) The word "limited" or "unlimited" shall be the last word in the name of every society with limited or unlimited liability, as the case may be, which is registered or deemed to be registered under this Act.

Explanation : For the purpose of this Section and Section 8, 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.

exempt
societies
from
conditions
as to
registration.
Application
for
registration.

7. Notwithstanding anything contained in this Act the State Government may by special order in each case, exempt subject to such conditions (if any) as it may impose, any society from any of the requirements of this Act as to registration.

8. (1) For the purpose of registration, an application 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 persons by whom, or on whose behalf such application is made, shall furnish 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 other than a federal society, by at least ten persons (each of such persons being a member of a different family), who are qualified under this Act, and
- (b) in the case of a federal society, by at least five societies.

No signature to an application on behalf of a society shall be valid, unless the person signing is a member of the committee of such a society, and is authorised by the committee by resolution to sign on its behalf the application for registration of the society and its bye-laws ; and a copy of such resolution is appended to the application.

Registration

9. (1) (a) 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 to the Rules, he may, if he thinks fit register the society and its bye-laws within six months from the date of the receipt of the application.
- (b) If the Registrar is unable to dispose of an application for registration within the period mentioned in the foregoing subsection, he shall make report to the State Govt. stating therein the reasons thereof ; and he shall thereafter act in accordance with such direction as may be issued to him by the State Government.

(c) Where the Registrar refuses to register a proposed society; he shall forthwith communicate his decision with reason thereof to the person making the application and if there be more than one, to the person who has signed first thereon.

- (2) On the registration of a society, the Registrar shall issue to it a certificate of Registration signed by him.
- (3) A certificate of registration issued under sub-section (2) shall be conclusive evidence that the society therein mentioned is duly registered unless it is provided that the registration has been cancelled.
- (4) The Registrar shall maintain a register of all societies registered under this Act.

10. A certificate of registration signed by the Registrar, shall be conclusive evidence that the society therein mentioned, is duly registered, unless it is proved that the registration of the society has been cancelled.

Evidence of Registration.

11. When, for the purpose of the formation, or continuance, of a society, any question arises whether a person is an agriculturist or not or whether any person resides in the area of operation of the society or not, such question shall be decided by the Registrar.

Power of Registrar to decide certain question.

12. (1) The Registrar shall classify all societies into one or other of the classes of societies defined in section 2, and also into such sub-classes thereof as may be prescribed by rules.

Classification of societies.

(2) The Registrar, may for reasons to be recorded in writing, after the classification of a society from one class of society to another, or from one sub-class thereof to another ; and may in the public interest and subject to such terms and conditions as may thinkfit to impose allow any society so classified to undertake the activities of a society belonging to another class.

(3) A list of all societies so classified shall be published by the Registrar every three years in such manner as the Manipur Government, may from time to time direct.

13. (1) No amendment of the bye-laws of a society shall be valid until registered under this Act. For the purpose of registration of an amendment of bye-laws, a copy of the amendment passed in the manner prescribed, at a general meeting of the society, shall be forwarded to the Registrar.

Amendment of bye-laws of society.

- (2) When the Registrar registers an amendment of the bye-laws of a society, he shall issue to the society a copy of the amendment certified by him, which shall be conclusive evidence that the same is duly registered.
- (3) Where the Registrar refuses to register an amendment of the bye-laws of a society, he shall communicate the order of refusal together with his reasons therefor, to the society.
- Power to direct amendment of bye-laws.**
- 14.** (1) If it appears to the Registrar that an amendment of the bye-laws of the society is necessary or desirable in the interest of such society, he may call upon the society; in the manner prescribed, to make the amendment within such time as he may specify.
- (2) If the society fails to make the amendment within the time specified the Registrar may, after giving the society an opportunity of being heard register such amendment, and issue to the society a copy of such amendment certified by him, with effect from the date of the registration of the amendment in the manner aforesaid; the bye-laws shall be deemed to have been duly amended accordingly; and the bye-laws so amended shall, subject to appeal (if any) be binding on the society and its members.
- Change of name.**
- 15.** (1) A society may, by resolution passed at a general meeting, and with the approval of the Registrar change its name; but such change shall not affect any right or obligation of the society, or of any of its members; and any legal proceedings pending before any person, authority or court may be continued by or against the society, under its new name.
- (2) Where a society changes its name, the Registrar shall enter the name in its place in the register of societies and shall also amend the certificate of registration accordingly.
- Change of liability.**
- 16.** (1) Subject to the provision of this Act and the Rules, a society may by amendment of its bye-laws, change the form or extent of its liability.
- (2) When a society has passed resolution to change the form or extent of its liability, it shall give notice thereof in writing to all its member and creditors and notwithstanding anything in any bye-law or contract to the contrary, any member or creditor shall during a period of one month from the date of serving of such notice upon him, have the option of withdrawing his shares, deposits or loans.

- (3) (a) Any member or creditor who does not exercise his option within the period specified in sub-section (2), shall be deemed to have assented to the change.
- (b) An amendment of the bye-laws of a society, changing the form or extent of its liability, shall not be registered or take effect until either:-
- (i) all members and creditors have assented, or deemed to have assented, thereto as aforesaid, or
 - (ii) all claims of members and creditors who exercise the option given by sub-section (2) within the period specified therein, have been met in full or otherwise satisfied.

17. (1) A society may, with the previous approval of the Registrar, by resolution passed by two-thirds majority of the members present and voting at a special general meeting held for the purpose, decide :—

Amalgamation, transfer, division or conversion of societies.

- (a) to amalgamate with another society ;
- (b) to transfer its assets and liabilities, in whole or part, to any other society ;
- (c) to divide itself into two or more societies, or
- (d) to convert itself into another class of society ;

Provided that when such amalgamation, transfer, division or conversion, aforesaid, involves, a transfer of the liabilities of a society to any other society, no order on the resolution shall be passed by the Registrar, unless he is satisfied that :—

- (i) the society, after passing such resolution, has given notice thereof in such manner as may be prescribed, to all its members, creditors and other persons whose interest are likely to be affected (hereinafter, in this section referred to as "other interested persons"), giving them the option, to be exercised within one month from the date of such notice, of becoming members of any of the new societies, or continuing their membership in the amalgamated or converted society, or demanding payment of their share or interest or dues, as the case may be,

- (ii) all the members and creditors and other interested person, have assented to the decision, or deemed to have assented thereto by virtue of any member or creditor or any other interested persons, have assented to the decision, or deemed to have assented thereto by virtue of any member or creditor or any other interested person failing to exercise his option within the period specified in clause (i) aforesaid, and
 - (iii) all claims of members and creditors and other interested persons, who exercise the option within the period specified, have been met in full or otherwise satisfied.
- (2) Notwithstanding anything contained in the Transfer of Property Act, 1882, or the Indian Registration Act, 1908, in the event of division or conversion, the registration of the new societies or, as the case may be, of the converted society, and in the event of amalgamation, on the amalgamation the resolutions of the societies concerned with amalgamation, shall in each case be sufficient conveyance to vest the assets and liabilities of the original society or amalgamating societies in the new societies or converted or amalgamated society, as the case may be.
- (3) The amalgamation of societies, or division or conversion of a society shall not affect any rights or obligation of the societies so amalgamated, or society so divided or converted, or render defective any legal proceedings which might have been continued or commenced by or against the amalgamated society, or, as the case may be, the converted society, or the new societies.
- (4) Where two or more societies have been amalgamated, or a society has been divided or converted, the registration of such societies or society shall stand cancelled on the date of registration of the amalgamated society, or the converted society, or the new societies between which the society may have been divided.

Power to
direct
amalgamation,
division and
reorganisation
in public
interest etc.

18. (1) Where the Registrar is satisfied that it is essential in the public interest, or in the interest of the Co-operative Movement, or for the purpose of securing the proper management of any society that two or more societies should amalgamate or any society should be divided to form

two or more societies or should be reorganised then notwithstanding anything contained in the last preceding section but subject to the provisions of this section, the Registrar may after consulting such federal society as he thinks necessary provide for the amalgamation, division or re-organisation of these societies into a single society with such constitution, property, rights, interests and authorities, and such liabilities, duties and obligations, as may be specified in the order.

- (2) No order shall be made under this section, unless :—
 - (a) a copy of the proposed order has been sent in draft to the society or each of the societies concerned ;
 - (b) the Registrar has considered and made such modifications in the draft order as may seem to him desirable in the light of any suggestions and objections which may be received by him within such period (not being less than two months from the date on which the copy of the order as aforesaid was received by the society) as the Registrar may fix in that behalf, either from the society or from any member or class of members thereof or from any creditor or class of creditors.
- (3) The order referred to in sub-section (1) may contain such incidental, consequential and supplemental provisions as may in the opinion of the Registrar, be necessary to give effect to the amalgamation, division or re-organisation.
- (4) Every members or creditor of each of the societies to be amalgamated, divided or re-organised, who has objected to the scheme of amalgamation, division or re-organisation, within the period specified, shall be entitle to receive on the issue of the order of amalgamation or re-organisation his share or interest if he be a member, and the amount in satisfaction of his dues if he be a creditor.
- (5) On the issue of an order under sub-section (1), the provisions in sub-sections (2), (3) and (4) of section 17 shall apply, to the societies so amalgamated, divided or re-organised as if they were amalgamated, divided or re-organised under the section, and to the society amalgamated, divided or re-organised.

Reconstruction
of societies.

19. Where a proposal for a compromise or arrangement

- (a) between a society and its creditors, or
- (b) between a society and its members, is approved at a special general meeting called for the purpose, 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 reconstruction in the prescribed manner of the society.

Partnership
of societies

20. (1) Any two or more societies, may with the prior approval of the Registrar, by resolution passed by three-fourth majority of the members, presents and voting at a general meeting of each such society enter into partnership for carrying out any specific business, provided that each member has had clear ten days' written notice of their resolution, and the date of the meeting.
- (2) Nothing in the Indian Partnership Act, 1932 shall apply to such partnership.

Cancellation
of registration

21. The Registrar shall make an order cancelling the registration of a society if it transfers the whole of its assets and liabilities to another society or amalgamated with another society, or divides itself into two or more societies or if its affairs are wound up, or it has not commenced business within a reasonable time of its registration, or has ceased to function if: he is satisfied, after making such enquiry as he thinks fit that the society no longer has genuinely as its object one or more of the objects specified in section 4 and its registration ought, in the interest of the general public, be cancelled. The society shall, from the date of such order of cancellation, be deemed to be dissolved, and shall cease to exist as a legal body.

CHAPTER III

MEMBERS AND THEIR RIGHTS AND LIABILITIES

Person who
may become
member.

22. (1) Subject to the provision of section 24, no person shall be admitted as a member of a society except the following that is to say —
- (a) an individual, who is competent to contract under the Indian Contract Act, 1872.

- (b) a firm, company or any other body corporate constituted under any law for the time being in force, or a society registered under the Societies Registration Act, 1860 ;
- (c) a society registered, or deemed to be registered under this Act ;
- (d) the State Government ;
- (e) a local authority ;
- (f) a public trust registered under any law for the time being in force for the registration of such trusts.

Provided that, the provisions of clause (a) shall not apply to an individual seeking admission to a society exclusively formed for the benefit of students of a school or college.

Provided further that, subject to such terms and conditions as may be laid down by the State Government by general or special order, a firm or company may be admitted as a member only of a society which is a federal or urban society or which conducts or intends to conduct an industrial undertaking ;

Provided also that any firm or company, 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.

Explanation :— For the purposes of this section, an 'urban society' means a society the business of which mainly falls within the limits of a municipal corporation, municipality cantonment or notified area committee.

- (2) Money-lenders, traders and other person whose interests conflict with the interest of the Co-operative Institution shall not be admitted as member.
- (3) In the case of Agricultural Credit Co-operative institutions, where a farm holding is in possession of a Hindu Joint Family, only manager of such joint family and where such holding is in the possession of Co-tenants, only one such Co-tenant shall be eligible for membership of such society and of a cultivating household only one adult member of the household shall be eligible for admission as member.

Person who may not be member.

Restriction of membership.

Communication of decision refusing admission.

- (4) Where a person is refused admission as a member of a society the decision (with the reason therefor) shall be communicated to that person within fifteen days of the date of the decision, or within three months from the date of receipt of the application for admission, whichever is earlier.

Provided that where no decision is communicated within the specified period, it shall be deemed that the admission has been refused.

Open membership.

23. (1) No society shall, without sufficient cause, refuse admission to membership to any person duly qualified therefor under the provisions of this Act and its bye-laws.
- (2) Any person aggrieved by the decision of a society, refusing him admission to its membership, may appeal to the Registrar.
- (3) The decision of the Registrar in appeal, shall be final and the Registrar shall communicate his decision to the parties within fifteen days from the date thereof.

Nominal, associate and sympathiser member.

24. (i) Notwithstanding anything contained in section 22, a society may admit any person as a nominal, associate or sympathiser member.
- (ii) A nominal or sympathiser member shall not be entitled to any share in any form whatsoever in the profits or assets of the society as such member. A nominal or sympathiser member shall ordinarily not have any of the privileges and rights of a member, but such member, or an associate member, may, subject to the provision of sub-section (8) of section 27, have such privileges and rights and be subject to such liabilities of a member, as may be specified in the bye laws of the society.

25. A person shall cease to be a member of a society on his resignation from the membership thereof being accepted, or on the transfer of the whole of his share or interest in the society to another member, or on his death, or removal or expulsion from the society.

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

26. No person shall exercise the rights of a member of a society, until he has made such payment to the society in respect of membership, or acquired such interest in the society, as may be prescribed by the rules, or the bye-laws of such society.

27. (1) No member of any society shall have more than one vote in its affairs provided that, in case of an equality of votes the Chairman shall have a casting vote.
- (2) Where a share of society is held jointly by more than one person, only the person whose name stands first in the share certificate, shall have the right to vote.
- (3) A society, which has invested any part of its funds in the shares of another society, may appoint one of its members to vote on its behalf in the affairs of that other society ; and accordingly such member shall have the right to vote on behalf of the first society.
- (4) A company or any other body corporate constituted under any law for the time being in force which has invested any part of its funds in the shares of a society may appoint any one its directors or officers to vote on its behalf in the affairs of such society; accordingly such director or officer shall have the right to vote on behalf of the company or body corporate.
- (5) Where a firm has invested any part of its fund in the shares of a society, any one of its partners shall be entitled to vote in the affairs of the society on behalf of the firm.
- (6) A local authority or public trust which has invested any part of its fund in the shares of a society, may appoint any of its members or trustees, to vote on its behalf in the affairs of that society; and accordingly such person shall have the right to vote on behalf of that local authority or the public trust, as the case may be.
- (7) In the case of a federal society, the voting right of individual members thereof shall be such as may be regulated by the rules made under this Act and the bye-laws of the society.
- (8) No nominal, associate or sympathiser member shall have the right to vote.

Voting
powers of
members.

28. In any society, no member other than the State Government or any other society and agencies that may be authorised by the State Government shall –

- (a) hold more than such portion of the total share capital of the society (in no case exceeding one - fifth thereof) as may be prescribed, or

Restriction
on holding
of shares

- (b) have or claim any interest in the shares of the society exceeding five thousand rupees;

Provided that the State Government may, by notification in the Official Gazette specify in respect of any class of societies a higher or lower maximum than one-fifth of the share capital or, as the case may be, a higher or lower amount than five thousand rupees.

Restrictions
on transfer
or charge
on share or
interest.

29. (1) Subject to the provision of the last preceding section as to the maximum holding of shares and to any rules made in this behalf, a transfer of, or charge on, the share or interest of a member in the share capital of a society shall be subject to such conditions as may be prescribed.

- (2) A member shall not transfer any share held by him or his interest in the capital or property of any society, or any thereof, unless-
 - (a) he has held such share or interest for not less than one year.
 - (b) the transfer is made to a member of the society or to a person whose application for membership has been accepted by the society.

- (3) Notwithstanding anything contained in sub-section (1) and (2), where a member is allowed to resign, or is expelled, or ceases to be a member on account of his being disqualified by this Act or by the rules made thereunder or by the bye-laws of the society, the society may acquire the share or interest of such member in the share capital by paying for it at the value determined in the manner prescribed, provided that the total payment of share capital of society in any financial year for such purposes does not exceed ten percent of the paid up share capital of the society on the last day of the financial year immediately preceding.

Explanation:- The right to forfeit the share or interest of any expelled member in the share capital by virtue of any bye-laws of the society, shall not be affected by the aforesaid provision.

- (4) Where the State Government is a member of a society the restrictions contained in this section shall not apply to any transfer made by it of its share or interest in the capital of the society; and that Government may, notwithstanding anything contained in this Act, withdraw from the society its share capital at any time, after giving to the society notice thereof not less than three months.

30. (1) On the death of a member of a society, the society shall transfer the share or interest of the deceased member to a person or persons nominated in accordance with the rules, or, if no person has been so nominated, to such person as may appear to the committee, to be the heir or legal representative of the deceased member :

Transfer of interest on death of member.

Provided that such nominee, heir or legal representative as the case may be, is duly admitted as a member of the society ;

Provided further that, nothing in this sub-section or in section 22 shall prevent a minor or a person of unsound mind from acquiring by inheritance or otherwise, any share or interest of a deceased member in a society.

- (2) Notwithstanding anything contained 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, ascertained in accordance with the rules.
- (3) A society may pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.
- (4) All transfers and payments duly 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.

31. The share or interest of a member in the capital of a society or in the loanstock, issued by a housing society, or in the funds, raised by way of savings deposit, shall not be liable to attachment or sale under any decree or order of a Court for or in respect of any debt or liability incurred by the member ; and accordingly no person or authority under any law for the time being in force, shall be entitled to or have any claim on, such share or interest.

Share or interest not liable to attachment.

32. (1) Every member of a society shall be entitled to inspect, free of cost, at the society's office during office hours, or any time fixed for the purpose by the society, a copy of the Act, the Rules and the bye-laws, the last audited annual balance sheet, the profit and loss account, a list of the members of the committee, a register of members, the minutes of general meetings, minutes of committee meetings and those portions of the books and records in which his transactions with the society have been recorded.

Rights of members to see book etc.

- (2) A society shall furnish to a member on request in writing and on payment of such fees as may be prescribed therefor, a copy of any of the documents mentioned in the foregoing sub-section within one month from the date of payment of such fees.
- Liability of past member and estate of deceased member.
33. (1) Subject to the provisions of sub-section (2), the liability of a past member, or of the estate of a deceased member of a society for the debts of the society as they stood,
- (a) in the case of a past member, on the date on which he ceased to be member, and
- (b) in the case of a deceased member, on the date of his death, shall continue for a period of four years from such date.
- (2) Where a society is ordered to be wound up under any provision of this Act, liability of a past member or of the estate of a deceased member who ceased to be a member or died, within two years immediately preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed; but such liability shall extend only to the debts of the society as they stood on the date of his ceasing to be a member or death, as the case be.
- Insolvency of members.
34. Notwithstanding anything contained in any law for the time being in force, the dues of a society from a member, in insolvency proceedings against him, shall rank in order of priority next to the dues payable by him to Government or to a local authority.
- Expulsion of members.
35. (1) A society may, by resolution passed by three-fourths majority of the members entitled to vote who are present at a general meeting held for the purpose, expel a member for acts which are detrimental to the interest or proper working of the society.
- Provided that no such resolution shall be valid, unless the member concerned is given an opportunity of representing his case to the general body, and no resolution shall be effective unless it is approved by the Registrar.
- (2) No member of a society who has been expelled under the foregoing sub-section shall be eligible for re-admission as a member of that society, or for admission as a member of any other society for a period of one year from the date of such expulsion;

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Provided, the Registrar may, on an application by the society and in special circumstances, sanction the re-admission or admission, within the said period, of any such member as a member of the said society or of any other society, as the case may be.

CHAPTER IV
INCORPORATION, DUTIES AND PRIVILEGES OF SOCIETIES

36. The registration of society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to acquire, held and dispose of property, to enter into contracts, to institute and defend suits and other legal proceedings, and to do all such things as are necessary for the purpose for which it is constituted.

Societies to be bodies corporate.

37. Every society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and the society shall send notice in writing to the Registrar of any change in the said address, within thirty days thereof.

Address of societies.

38. (1) Every society shall keep a register of its members, and enter therein the following particulars, viz.

Register of members.

- (a) the name, address and occupation of each member ;
- (b) in the case of a society having share capital, the share held by each member ;
- (c) the date on which each person was admitted as member ;
- (d) the date on which any person ceased to be a member ;
- (e) such other particulars as may be prescribed ;

Provided that, where a society has by or under this Act, permitted a member to transfer his share or interest on death to any person, the register shall also show against the member concerned the name of the person entitled to the share or interest of the members, and the date on which the nomination was recorded.

(2) The Register shall be prima-facie evidence of the date on which any person was admitted to membership, and of the date on which he ceased to be a member.

Copy of Act etc. to be open to inspection.

39. Every society shall keep, at the registered address of the society a copy of this Act and the Rules and of its bye-laws, and a list of members, open to inspection to the public, free of charge, during office hours or any hours fixed by the society thereon.

Admissibility of copy of entry as evidence.

40. (1) A copy of any entry in any book, register or list, regularly kept in the course of business and in the possession of a society, shall, if duly certified in such manner as may be prescribed, be admissible in evidence of the existence of the entry and shall be admitted as evidence of the matters and transactions therein recorded in every case where, and to the same extent to which the original entry would, if produced have been admissible to prove such matters.

(2) In the case of such societies, as the State Government may by general or special order direct, no officer of a society shall in any legal proceedings to which the society is not a party, be compelled to produce any of the society's book, the contents of which can be proved under matters, transactions and accounts therein recorded, unless by order of the Court or a Judge made for special cause.

Exemption from compulsory registration of instruments relating to shares and debentures of society.

41. Nothing in clause (b) and (c) of sub-section (1) of section 17 of the Indian Registration Act, 1903, shall apply —

- (a) to any instrument relating to shares in a society, notwithstanding that the assets of the society consist in whole or in part in immovable property; or
- (b) to any debentures issued by any 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 or its immovable property, or any interest therein, to trustees upon trust for the benefit of the holders of such debentures; or
- (c) to any endorsement upon, or transfer of any debentures issued by any society.

42. The State Government, by notification in the Official Gazette may, in the case of any society or class societies, remit —

Power to exempt from taxation.

- (a) the stamp duty with which, under any law relating to stamp duty for the time being in force, instruments executed by or on behalf of a society or by an officer or member thereof, and relating to the business of the society, or any class of such instruments, or awards of the Registrar or his nominee or board of nominees under this Act are respectively, chargeable.
- (b) any fee payable by or on behalf of a society under the law relating to the registration of documents and to court fees, for the time being in force, and
- (c) any other tax or fee or duty (or any portion thereof) payable by or on behalf of a society under any law for the time being in force, which the State Government is competent to levy.

43. A society shall receive deposits and loans from members and other persons, only to such extent, and under such condition, as may be prescribed or specified by the bye-laws of the society.

Restrictions on borrowings.

44. (1) A co-operative society shall not make a loan to any person other than a member ; provided that with a general or special sanction of the Registrar, a Co-operative Society may make a loan to another co-operative society.

Restrictions on loans.

(2) Notwithstanding anything contained in sub-section (1), a co-operative society may make a loan to a depositor within his deposit on its security.

45. Save as is provided in this Act, the transactions of a society with persons other than members, shall be subject to such restrictions, if any, as may be prescribed.

Restrictions on other transactions with non-members.

46. A society shall have a charge upon the share or interest in the capital and on the deposits, of a member or deceased member, and upon any dividend, bonus or profits, payable to any such member in respect of any debt due from such member or his estate to the society ; and the society may set off any sum credited or payable to such member in or towards payment of any such debt :

Charge and of share or interest of member.

Provided that, no co-operative bank shall have a charge upon any sum instead with it by a society out of the provident fund established by it under section 71, or its reserve fund ; and no co-operative bank shall be entitled to set off any such sum towards any debt due from the society.

Prior claim
of society.

47. (1) Notwithstanding anything (contained) in any other law for the time being in force, but subject to any prior claim of Government in respect of land revenue or any money recoverable as land revenue and to the provisions of sections 60 and 61 of the Code of Civil Procedure, 1908.
- (a) any debt or outstanding demand, owing to a society by any member or past member or deceased member shall be a first charge, —
- (i) upon to crop or other agricultural produce raised in whole or in part whether with or without a loan taken from the society by such member or past member or deceased member, —
- (ii) upon any cattle, fodder for cattle, agricultural or industrial implements or machinery, or raw materials for manufacture, or workshop, godown or place of business, supplied to or purchased by such member or past member or deceased member in whole or in part, from any loan whether in money or goods made to him by the society, and
- (iii) upon any movable property which may have been hypothecated, pledged or otherwise mortgaged by a member with the society, and remaining in his custody ;
- (b) any outstanding demands or dues payable to a society by any member or past member or deceased member, in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society, shall be a first charge upon his interest in the immovable property of the society.

Explanation — The prior claim of Government in respect of dues other than land revenue, shall be restricted for the purpose of sub-section (1) to the ¹ [assets created by a member out of the funds in respect of which the Government has a claim.

- (2) No property or interest in property, which is subject to a charge under the foregoing sub-section, shall be transferred in any manner without the previous permission of the society ; and such transfer shall be subject to such conditions, if any, as the society may impose.

Amendments

1. The word "assets" was substituted for the word "estate s" by Manipur Act No. 12 of 1984, section 2 (i)

- (3) Any transfer made in contravention of sub-section (2) shall be void.
- (4) Notwithstanding anything contained in sub-section (2) and (3), a society, which has as one of its objects the disposal of the produce of its members, may provide in its bye-laws, or may otherwise contract with its member's —
 - (a) that every such member shall dispose of his produce through the society, and
 - (b) that any member, who is found guilty of a ² [breach of the bye-laws or of any such contract, shall reimburse the society for any loss, determined in such manner as may be specified in the bye-laws.

48. Notwithstanding anything contained in this Act or in any other law for the time being in force, —

- (a) any person who makes an application to a society of which he is a member, for a loan shall, if he owns any land or has interest in any land as a tenant, makes declaration in the form prescribes, such declaration shall state that the applicant thereby creates a charge on such land or in interest specified in the declaration for the payment of the amount of the loan which the society may make to the member in pursuance of the application and for all future advances (if any) required by him which the society may make to him as such member, subject to such maximum as may be determined by the society, together with interest on such amount of the loan and advances ;
- (b) any person who has taken a loan from a society of which he is a member, before the date of the coming into force of this Act, and who owns any land or has interest in land as tenant, and who has not already made such a declaration before the aforesaid date shall, as soon as possible thereafter make a declaration in the form and to the effect referred to in clause (a), and no such person shall, unless and until he has made such declaration, be entitled to exercise any right as a member of the society;

Charge on immovable property of members borrowing from certain societies.

Amendments

- 2. The word "breach" was substituted for the word "branch" by Manipur Act No. 12 of 1984, section 2 (ii).

- (c) a declaration made under clause (a) or (b) may be varied at any time by a member, with the consent of the society in favour of which such charge is created ;
- (d) no member shall alienate the whole or any part of the land or interest therein, specified in the declaration made under clause (a) or (b) until the whole amount, borrowed by the member together with interest thereon, is repaid in full ;

Provided further that, if a part of the amount borrowed by a member is paid to the General Financing Agency may, on an application from the members, release from the charge created under the declaration made under clause (a) or (b) such part of the movable or immovable property 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 ;

- (e) any alienation made in contravention of the provisions of clause (d) shall be void ;
- (f) subject to the prior claim of the Government in respect of land revenue or any money recoverable as land revenue, and to the charge (if any) created under an award made under any law for the time being in force in any part of the State, there shall be a first charge in favour of the society on the land or interest specified in the declaration made under clause (a) or (b) for and to the extent of the dues owing by him on account of the loan.
- (g) and in particular, notwithstanding anything contained in the Manipur Land Revenue and Land Reforms Act, 1960 or any corresponding law for the time being in force, the Records of Rights maintained thereunder shall also include the particulars of every charge on land or interest created the particulars of every charge on land or interest created under a declaration under clause (a) or (b).

Amendments

1. The word "contravention" was substituted for the word "contravent" by Manipur Act 12 of 1984. Sec.3.

Explanation — For the purpose of this section, the expression "society" means —

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

49. (1) A member of a society may execute an agreement in favour of the society provided that his employer shall be competent to deduct from the salary or wages payable to him by the employer, such amount as may be specified in the agreement, and to pay to the society the amount so deducted in satisfaction of any debt or other demand of the society against the member.

Deduction from salary to meet society's claim in certain case.

(d) (2) On the execution of such agreement, the employer shall, if so required by the society by a requisition in writing, and so long as the society does not intimate that the whole of such debt or demand has been paid, made the deduction in accordance with the agreement and pay the amount so deducted to the society, as if it were a part of the wages payable by him as required under the payment of Wages Act, 1936 on the day on which he makes payment.

(3) If after receipt of a requisition made under the foregoing sub-section, the employer at any time fails to deduct the amount specified in the requisition from the salary or wages payable to the member concerned, or makes default in remitting the amount deducted to the society, the employer shall be personally liable for the payment thereof; and the amount shall be recoverable on behalf of the society from him as an arrear of land revenue and the amount so due shall rank in priority in respect of such liability of the employer as a wage in arrears.

(4) Nothing contained in this section shall apply to persons employed in any railways (within the meaning of the Constitution), and in mines or oil fields.

CHAPTER V
STATE AID TO SOCIETIES

Direct
partnership
of State
Govt. in
societies.

Indirect
partnership
of State
Govt. in
Societies.

Principal
state
Partnership
Fund.

Subsidiary
State
Partnership
Fund.

50. The State Government may subscribe directly to share capital of a society with a limited liability, upon such terms and conditions as may be agreed upon.

51. The State Government may, under appropriation make bye-law, provide moneys to society for the purchase directly or indirectly of shares in other societies with limited liability, (A society to which moneys are so provided for the aforesaid purpose is hereinafter in this Chapter referred to as an 'Apex Society').

52. (1) An Apex Society which is provided with moneys as aforesaid shall, with such moneys, establish a Fund to be called the "Principal State Partnership Fund".

(2) An Apex Society shall utilise the Principal State Partnership Fund for the purpose of —

- (a) directly purchasing shares in other societies with limited liability;
- (b) providing moneys to a society to enable that society (herein after in this Chapter referred to as a "Central Society") to purchase shares in other societies with limited liability (the latter societies being hereinafter in this Chapter referred to as 'Primary Societies');
- (c) making payable to the State Government in accordance with the provisions of this Chapter ; and for no other purpose.

53. (1) A Central Society which is provided with money by an Apex Society from the Principal State Partnership Fund shall, with such moneys, establish a Fund to be called the "Subsidiary State Partnership Fund".

(2) A Central Society shall utilise the Subsidiary State Partnership Fund for the purpose of —

- (a) purchasing shares in Primary societies ;
- (b) making payments to the Apex Society in accordance with the provisions of this Chapter ; and for no other purpose.

54. Shares shall not be purchased in a society from the moneys in the Principal State Partnership Fund or the Subsidiary State Partnership Fund, except with the previous approval of the State Government.

Approval of State Govt. for purchase of shares

55. Where any shares are purchased in a society by —

- (a) the State Government ; or
- (b) an Apex Society from the Principal State or a Central Society from the Subsidiary State Partnership Fund, as the case may be;

Liability to be limited in respect of certain shares, Partnership, Fund.

the liability in respect of such shares shall, in the event of the society of which the shares are purchased is wound up, be limited to the amount paid in respect of such shares.

56. An Apex Society which has purchased shares in other societies from the money in the Principal State Partnership Fund, and a Central Society which has purchased share in Primary societies from the moneys in the Subsidiary State Partnership Fund, shall be entitled only to such dividend on the said shares as is declared by the society concerned and is payable to other share holders of that society.

Restriction on amount of dividend.

57. (1) If a society in which shares are purchased from the Principal State Partnership Fund is wound up, or is dissolved, the State Government shall not have any claim against the Apex Society which purchased the shares in respect of any loss arising from such purchase ; but the State Government shall be entitled to any moneys received by the Apex society in liquidation proceedings or on dissolution, as the case may be.

Indemnity of Apex and Central Societies.

(2) If a society in which shares are purchased from the Subsidiary State Partnership Fund is wound up or dissolved, neither the State Government nor the Apex Society shall have any 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 or on dissolution, as the case may be, and such moneys shall be credited to the Principal State Partnership Fund.

58. (1) All moneys received by an Apex society in respect of shares of other societies purchased from the moneys in the Principal state Partnership Fund on redemption of such shares, or by way of dividend or otherwise, shall be credited to that Fund.

Disposal of share capital and dividend etc.

- (2) All moneys received by a Central society in respect of shares of Primary Societies purchased from the moneys in the Subsidiary State Partnership Fund on redemption of such shares, or by way of dividends or otherwise, shall in the first instance be credited to that fund, and then transferred to the Apex society which shall credit them to the Principal State Partnership Fund.
- (3) All moneys and dividends referred to in sub-section (1) and (2) shall, notwithstanding that the shares stand in the name of the Apex society or the Central society, as the case may be, be paid to the State Government.
- (4) Save as provided in sub-section (3), the State Government shall not be entitled to any other return on the moneys provided by it to an Apex society under section 51.

Disposal of Principal or subsidiary state partnership fund on winding up of Apex or Central society.

- 59. (1) If an Apex society which has established a Principal State Partnership Fund is wound up or dissolved, all moneys to the credit of, or payable to that Fund, shall be paid to the State Government.
- (2) If a Central society which has established a Subsidiary State Partnership Fund is wound up or is dissolved, all moneys to the Credit of or payable to that Fund shall be paid and credited to the Principal State Partnership Fund, from which it received moneys under clause (b) of sub-section (2) of Section 52.

Principal or subsidiary State Partnership Fund not to form part etc.

- 60. Any amount to the credit of a Principal State Partnership Fund or a Subsidiary State Partnership Fund shall not form part of the assets of the Apex society or the Central society as the case may be.

Agreement by State Govt. and Apex Societies.

- 61. Subject to the foregoing provisions of this Chapter
 - (a) the State 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 Section 51.
 - (b) an Apex society may, with the previous approval of the State 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 clause (b) of sub-section (2) of section 52.

62. Notwithstanding anything contained in any law for the time being in force, but subject to such conditions as the State Government by general or special order may specify in this behalf, the State Government may —

Other forms of State aid to societies.

- (a) give loans to a society ;
- (b) guarantee the payment of the principal of debentures issued by a society, or of interest thereon, or both, or the repayment of the share capital of the society to its member ; or the payment of dividend thereon at such rate as may be specified by the State ;
- (c) guarantee the repayment of loans given by a Co-operative Bank to a society ;
- (d) guarantee the repayment of the principal, and payment of interest on, loans and advances given by the Reserve Bank of India, or the Industrial Finance Corporation of India, or any other authority constituted under any law for the time being in force ; or
- (e) provide financial assistance, in any other form (including subsidies), to a society.

63. The provisions of sections 51 to 61 (both inclusive) in this Chapter shall have effect notwithstanding anything inconsistent therewith contain in any other law for the time being in force.

Provisions of this Chapter to override other laws.

CHAPTER VI
PROPERTY AND FUNDS OF SOCIETIES

64. 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 ;

Funds not to be divided.

Provided that, a member may be paid remuneration on such scale as may be laid down by the bye-laws, for any services rendered by him to the society.

65. (1) A society earning profit, shall calculate the net profit by deducting from the gross profits for the year, all accrued interest which is overdue for more than six months, establishment charges, interest payable on loans and deposits, audit fees, working expenses including repairs, rent, taxes and depreciation, and after providing for or writing off bad debts and

Appropriation of profits.

losses not adjusted against any fund created out of profits. A society may, however add to the net fund created out of profits. A society may however add to the net profits for the year, interest accrued in preceding years, but actually recovered during the year. The amount thus arrives at, together with the amount of profits brought forward from the previous year, shall be available for appropriation.

- (2) A society shall appropriate its profits to the reserve fund of its funds, for payment of dividends to members on their share contribution to the educational fund of the State Co-operative Union which may be notified in this behalf by the Registrar, for payment of bonus on the basis of support received from members and persons who are not members to its business, for payment of honoraria, and for any other purpose which may be specified in the rules or bye-laws.

Provided that no part of the profits shall be appropriated except with the approval of the annual general meeting and in conformity with the Act, Rules and Bye-laws.

Reserve
Fund

66. (1) Every society which does, or can, derive a profit from its transactions shall maintain a reserve fund.

- (2) In the case of a Resource or Producer's society at least one-fifth of the net profits of the society each year, and in the case of any other society at least one-tenth of the net profits of the society each year, shall be carried to the Reserve Fund; and such reserve fund shall not be used in the business of the society or may, subject to the provisions of section 70, be invested, as the State Government may by general or special order direct, or may, with the previous sanction of the Registrar, be used in part for some public purpose likely to promote the objects of this Act, or some such purpose of the State, or of local interest.

Restrictions
on dividend.

67. No society shall pay dividend to its members at the rate exceeding 9 per cent.

Contribution
to
educational
fund of the
State
Co-operative
Union.

68. ¹ [(1) Every society shall contribute annually towards the Education Fund of the Manipur State Co-operative Union which may be notified in this behalf by the State Government at such rate as may be prescribed and a different rate may be prescribed for different societies or classes of societies depending on their financial conditions.]

Amendments

1. These sub-sections of section 68 were substituted by Manipur Act 12 of 1984, sec. 4, (1) and (2).

² [(2) Every societies shall pay its contribution to the said fund, within two months from the date on which its accounts are adopted by the general meeting. Any officer wilfully falling to comply with the requirement of this section shall be personally liable for making good the amount to the Manipur State Co-operative Union,"]

69. After providing for the reserve fund as provided in Section 66, and for the educational fund as provided in section 68, a society may set aside a sum not exceeding twenty per cent, of its net profits and utilise, with the approval of the State Co-operative Union as may be notified by the State Government in this behalf from time to time, the whole or part of such sum in contributing to any Co-operative purpose, or any charitable purpose within the meaning of section 2 of the Charitable Endowments Act, 1890 or to any other public purpose.

Contribution to public purposes.

70. A society shall invest or deposit its funds in one or more of the following :—

Investment of funds.

- (a) in a Central Bank, or the State Co-operative Bank ;
- (b) in any of the securities specified in section 20 of the Indian Trustee Act, 1882 ;
- (c) in the shares, or security bonds, or debentures issued by any other society with limited liability ;
- (d) in any banking company, approved for this purpose by the Registrar, and on such conditions as the registrar may from time to time impose;
- (e) in any other mode permitted by the rules, or by general or special order of the State Government.

71. (1) Any society may establish for its employees a provident fund, into which shall be paid contributions made by its employees and by the society, Such provident fund shall not be used in the business of the society, nor shall it form part of the assets of the society ; but shall be invested under the provisions of the last preceding section, and shall be administered in the manner prescribed.

Employee provident fund.

(2) Notwithstanding anything contained in the foregoing sub-section a provident fund established by a society to which the Employees Provident Fund Act, 1952 is applicable shall be governed by the Act.

Amendments

² These sub-sections of section 68 were substituted by Manipur Act 12 of 1984, sec. 4. (1) and (2).

CHAPTER VII
MANAGEMENT OF SOCIETIES

Final
authority of
society

72. Subject to the provisions in this Act and the Rules, the final authority of every society shall vest in the general body of members in a general meeting, summoned in such a manner as may be specified in the rules and the bye-laws.

The power
and
functions of
the Board.

73. (1) The management of every society shall vest in a Board constituted in accordance with this Act, the rules and bye-laws, which shall exercise such powers and perform such duties as may be conferred or imposed by this Act, the rules and the bye-laws.

Terms of
office.

(2) The Board will have a term of three years from the date of assuming charge of their office. No member can hold office beyond two terms consecutively. This provision will not apply in the case of Government nominees ;

Provided that the term of a board may be extended by general or special order of the Registrar ¹[till fresh elections are held by the society or nomination are made by the Registrar under sub-section (4).

Election of
the
members
of the
Board.

(3) Before one month of the date of expiry of the terms mentioned in sub-section (2), the Co-operative Society shall call an annual general meeting to elect members of the Board of management and thereupon the members so elected shall assume the charge of their office on the expiry of the term of the retiring Board :

Provided that the election of the members of the Board of management shall be conducted by an independent body or authority constituted by the Registrar in the manner prescribed in the rule and bye-laws.

Nomination
of the
members
of the
Board.

²[(4) If the society fails to call the general meeting to elect the members of the Board of management as provided in sub-section (2), the Registrar may nominate such persons as under the rules and bye-laws are qualified for being elected as members of the Board of management and the members so nominated shall replace the elected members of the Board of management on the expiry of their terms.

Amendments

1. The word "till" was substituted for the words " will " by Man. Act 12 of 1984, sec. 5.
2. These words were substituted for the words in the same sub-section of the principal Act by Man. Act 12 of 1984, sec. 5 (4).

The Board so nominated will manage the affairs of the society for a period specified in the order, which 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. "]

73.A. (1) The Board of management of the society shall be constituted with such number of members as may be specified by the rules and bye-laws :

Constitution
of the
Board.

Provided that the members of the scheduled caste, scheduled tribe and small farmers shall proportionately be represented in the Board by reservation of seats in the Board as may be prescribed in the rules and bye-laws:

Provided further that the representatives of employees and workers ³[of the concerned co-operative institution shall] be included in the Board as may be provided in the rules and bye-laws.

⁴ [(2) where the state Government —

- (a) has assisted indirectly in the formation or augmentation of the share capital of a society, or
- (b) has subscribed to the share capital of a co-operative society, or
- (c) has guaranteed in repayment of principal and payments of interest on loan and advances to a co-operative society, the State Government or any authority specified by it in this behalf, shall have the right to nominate to the Board , Government officials expert in the line (of the activities of the co-operative societies) to the extent of one third of the total number of its members or three members whichever is less :

Provided that the nominees of the State Government or of the financing bank or other co-opretive institutions shall not be entitled to vote at election.]

Amendments

- 3. These words were substituted for the word "may" by Man. Act 12 of 1984, sec. 6 (i).
- 4. (2) This sub-section was substituted by Man. Act 12 of 1984, sec. 6 (ii).

No defaulting member or the surety of a defaulter is eligible to hold office in the Co-op Institution.

Appointment of Manager, Secretary and other office bearers.

¹[(3) No person shall, at the same time, be a member of the Board of more than one society of the same type or category and more than three societies of different types or categories.]

²[(4) No person shall be eligible for being elected or appointed or continued as a member of the Board or any committee if he is in default in repayment or payment to any society, including co-operative bank, in respect of any loan or any sum due from him either as borrower or surety for a period exceeding three months and no member of the Board or committee who has ceased to hold office as such under this sub-section shall be eligible for a period of one year from the date on which he ceased to hold office, for re-election or appointment as member of the Board or, as the case may be, committee of any other society."]

74. (1) The qualifications for the appointment of a Manager, Secretary, Accountant or any other officer of a society shall be such as may from time to time, be prescribed.
- (2) The State Govt. may nominate a Government servant not below the rank of class - II officer to work as Managing Director/General Manager/Manager as the case may be of a Co-operative Institution wherein the State Government have Contributed to its share capital, guaranteed loans to the tune of Rs. 3/- Lakhs (Rupees three lakhs) or above or if the society has incurred loss to the extent of 25 p.c. of its paid up capital. The officer so nominated shall be deemed to be on deputation with the society and his salary and allowance as determined by the State Government shall be paid from the fund of the society. The officer so deputed shall be the ex-officio member of the Board and shall have the right to vote. The officer shall be the Chief executive Officer of the society and have the following assignments; among others :-
- To have general ³[control over the administration of the society
 - To convene meetings of the management Board and General Body.
 - To receive all moneys and securities on behalf of the society and to make arrangements for the proper maintenance and custody of cash balance and other properties of the institution.

Amendments

- & 2. (3) and (4) These sub-sections were substituted by Man. Act 12 of 1984, section 6 (ii)
3. The word was inserted by Man, Act 12 of 1984, sec. 7 (i).

- (d) To endorse and transfer promissory notes, Government securities and to endorse, sign and negotiate cheque and other negotiable instruments on behalf of the institution.
- (e) To be responsible for the conduct, supervision and management of the day to day business and ¹ [transaction of the society.]
- (f) To sign all deposits, receipts and operate the accounts of the society with banks.
- (g) To sign bonds, and agreement in favour of the society.
- (h) To determine the powers, duties and responsibilities of the employees of the society.
- (i) To institute, ² [conduct, defend compound or abandon any suit or other legal proceedings by or against the society or otherwise concerning the affairs of the society and also to compound and allow time for payment or satisfaction of any claims or demand by or against the society.
- (j) Subject to the regulations if any, which may be framed by the Board to enter into negotiations and sanction contracts the value of which may be determined by the Board from time to time.
- (k) To delegate all or any of the said powers to an employee or employees of the society subject to the ultimate control and authority being retained by him.

(3) The Registrar may constitute a common cadre authority/Society or maintaining cadres of personnel for employment as Secretaries/Managers/other paid employees of the Co-operative Institutions.

75. (1) Every society shall, within a period of three months from the close of the co-operative year, call an annual general meeting of its members :
 Provided that, the Registrar, may by general or special order, extend the period for holding such meetings for a further period not exceeding three months.

Constitution of common service personnel of co-operative Institution.
 Annual general meeting

Amendments

1. The word "transaction" was substituted for the word "attention" by Manipur Act 12 of 1984, sec. 7 (ii)
2. The word "conduct" was substituted for the word "conduce" by Manipur Act 12 of 1984, sec. 7, (iii).

Provided further that if in the opinion of the Registrar, no such extension is necessary, or such meeting is not called by the society within the period specified or within the extended period, if any, granted by him, the Registrar or any person authorised by him may call such meeting in the manner prescribed, and that meeting shall be deemed to be a general meeting duly called by the society.

- (2) At every annual general meeting of society, the Board shall lay before the society a balance sheet and profit and loss account for the year in the manner, prescribed by the Registrar by general or special order for any class or classes of societies.

Explanation :— In the case of a society not carrying on business for profit, an income and expenditure account shall be placed before the society at the annual general meeting instead of profit and loss account ; and all references to profit and loss account, in this Act shall be construed in relation to such society as references, respectively to the "income over expenditure" and "excess of expenditure over income".

- (3) There shall be attached to every balance sheet laid before the society in the general meeting, a report by its Board, with respect to (a) the state of the society's affairs ; (b) the amounts, if any, which it proposes to carry to any reserve either in such balance sheet, or any specific balance sheet ; and (c) the amounts, if any, which it recommends, should be repaid by way of dividend, bonus, or honoraria to honorary workers. The Board's report shall also deal with any charges, which have occurred during the year for which the accounts are made up in the nature of society's business. The Board's report shall be signed by its Chairman or any other member authorised to sign on behalf of the Board as may be prescribed by the rules and the bye-laws.
- (4) At every annual general meeting, the balance sheet, the profit and loss account, the auditor's report and the Board's report, shall be placed for adoption, and such other business, including consideration and review of loan given to members of the Board and their near relatives and other employees of the society for taking or directing to take action to recover any due in case of resource society will be transacted as may be laid down in the bye-laws and of which due notice has been given.

(5) If default is made, in calling a general meeting within the period, or, as the case may be, the extended period, prescribed under sub-section (1), or in complying with sub-section (2), (3) or (4), the Registrar may by order declare, to any officer or member of the Board whose duty it was to call such a meeting to comply with sub-section (2), (3) or (4), and who without reasonable excuse failed to comply with any of the aforesaid sub-sections disqualified for being elected and for being any officer or member of the Board for such period not exceeding three years, as he may specify in such an order and, if the officer is a servant to the society, impose penalty on him to an amount not exceeding one hundred rupees. Before making 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 in regard to him.

(6) Any penalty imposed under sub-section (5) or under the next succeeding section, may be recovered in the manner provided by the Code of Criminal Procedure, 1973, for the recovery of fines imposed by a Magistrate, as if such fine was imposed by the Magistrate himself.

(7) No defaulting member or his surety, who is in default in payment of any loan or payment of any sum due to any society, including Co-operative bank, for a period exceeding three months shall be entitled to vote in the general meeting of the society, including co-operative bank, and no such person shall be eligible to be a member of the Board or committee of any co-operative institutions."]

76. (1) A special general meeting may be called at any time ²[.... by the Chairman or by a majority of the Directors and shall be called within one month :—

(i) on a requisition in writing of one-fifth of the members of the society or of members the number of which is specified in the bye-laws for the purpose, whichever is lower, or

(ii) at the instance of the Registrar ; or

Amendment

¹ These words were substituted for the words in the same sub-section of the Principal Act by Manipur Act 12 of 1984, sec. 8.

² The words "of the time" were omitted by Man. Act 12 of 1984, sec. 9.

Special
general
meeting

(iii) in the case of a society, which is a member of a federal society, in the instance of the Board or Committee of such federal Society.

- (2) Where any officer or a member of the Board, whose duty it was to call such a meeting, the Registrar may by order declare such officer or members disqualified for being a member of the Board for such period not exceeding three years, as may specify in such order; and if the officer is a servant of the society he may impose on him a penalty not exceeding one hundred rupees. Before making 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 in regard to him.
- (3) If a special general meeting of a society is not called in accordance with the requisition referred to in sub-section (1) the Registrar or any person authorised by him in this behalf, shall have power to call such meeting, and that meeting shall be deemed to be a meeting duly called by a Board.
- (4) The Registrar shall have power to order that the expenditure incurred in calling a meeting under sub-section (3), shall be paid out of the funds of the society or such persons who, in the opinion of the Registrar, were responsible for the refusal or failure to convene the meeting.

Act of societies etc. not to be invalidated by certain defects.

77. (1) No act of the society or committee or any officer done in good faith in pursuance of the business of the society shall be deemed to be invalid by reason only of some defect subsequently discovered in the organisation of the society, or in the constitution of the Board, or in the appointment or election of an officer, or on the ground that such officer was disqualified for his office.
- (2) No Act done in good faith by any person appointed under this Act, the rules and the bye-laws shall be invalid merely by reasons of the fact that his appointment has been cancelled by or in consequence of any order subsequently passed under this Act, rules and the bye-laws.
- (3) The Registrar shall be the authority to decide if any act was done in good faith in pursuance of the business of the society ; and his decision thereon shall be final.

Supersession
of Board

78. (1) If, in the opinion, of the Registrar, the Board of any society persistently makes default, or is negligent, in the performance of the duties imposed on it by this Act or the Rules of the bye-laws, or commits any act which is prejudicial to the interest, of the society or its members, or willfully disobeys directions issued by him for the purposes of securing proper implementation of Co-operative production and other development programmes approved or undertaken by Government, or is otherwise not functioning properly, the Registrar may, after giving the Board an opportunity of stating its objects, (if any), within fifteen days from the date of issue of notice by order in writing remove the Board, and :—
- (a) appoint a Board, consisting of three or more members of the society, in its place, or
 - (b) appoint one or more administrators, who need not be members of the society, to manage the affairs of the society for a period (not exceeding two years) specified in the order, which period may, at the discretion of the Registrar, be extended from time to time, so however that the total period does not exceed four years in the aggregate.
- (2) The Board or administrator so appointed shall, subject to the control of the Registrar and to such instructions as he may from time to time give, have power to exercise all or any of the functions of the Board or of any officer of the society, and take all such action as may be required in the interest of the society.
- (3) If at any time during any period, or extended period referred to in subsection (1), it appears to the Registrar, that it is no longer necessary to continue to carry on the affairs of the society as aforesaid, the Registrar may by an order published in the Official Gazette, direct that the management shall terminate; and on such order being made, the management of the society shall be handed over to a new Board duly constituted.
- (4) The Committee or administrator shall, at the expiry or termination of its or his terms of office, arrange for the constitution of a new Board in accordance with the bye-laws of the society.

- (5) All acts, done or proposed to be done by the Committee or administrator during the period the affairs of the society carried on by the Committee or administrator appointed under sub-section (1) shall be binding on the new Board.
- (6) The entire Board of Directors of a Central Co-operative Bank, Urban Co-operative Bank and Primary Land Development Bank and Primary Agricultural Credit Co-operative Society shall stand automatically disqualified if the amount of default or the total number of defaulters exceeds 60 p.c. of the total demand or the total number of indebted societies/members in the case of Central Co-operative Bank, Urban Co-operative Bank and 70 p.c. of the total demand/or the total number of indebted members in the case of primary Agricultural credit Co-operative societies for a continuous period of 2 (two) years.
- (7) On being discovered or declared to be disqualified under sub-section (6)

Board of management automatic disqualification.

The Registrar shall appoint a special officer who should be charged with the responsibility for managing the affairs of such Banks/Primary Society as long as it is necessary but not exceeding 2 (two) years.

The officer appointed in the Bank or in the society shall be vested with the powers of Registrar under section 156 in respect of individual defaulters at the primary level.

If the position of the overdues of the institutions whose management is entrusted to the special officer does not improve even after the tenure of two years, the management of the institution shall not be restored to the elected representative and alternative institutional arrangement should be made for the provision of agricultural credit and the tenure of the office of the special officer may be extended by one year. Necessary arrangement should be made for liquidation of the society and for extension of the area of an adjoining viable society so as to enable the latter to meet the credit needs of the non-defaulters and new members from the area or the Bank may bypass the society and may undertake to finance the cultivators directly through its branch.

Registrar's power to annul the proceedings of Co-operative Institution.

- (8) All the Co-operative Institutions registered are to submit proceedings of the general body, Board of management and any other committees and sub-committees to the Registrar, Co-operative Societies, Manipur within 15 (fifteen) days from the date of the meeting. If in the opinion of the

Registrar there is anything in the proceedings which is contrary to the provisions of the Act and Rules and the bye-laws of the society he may annul such proceedings by an order in writing but of course he shall issue a show cause notice to the concerned officer or the Board etc.

[78.A. Notwithstanding anything contained in this Act, if the State Government on receipt from the Registrar, Co-operative Societies or otherwise is satisfied that the management of a Society has not been in accordance with the provisions of the Act and creditors of the societies have, for justifiable reasons, raised repeated objections to the method and manner of the management and further that, the management of society, if allowed to continue as such may likely cause irreparable loss and injury to the society and the public in general, the State Government may, by a notification in the Official Gazette suspend the Board for a period not exceeding 12 months at a time and three years in the whole or dissolve the Board :

Power to suspend or dissolve the existing Board or to reconstitute a new Board.

Provided that when the Board is suspended or dissolved, or where term of such a Board become expired, the State Government may appoint as Administrator to exercise and perform the powers and duties of the Board during the period of suspension or till a new Board is reconstituted as the case may be.]

79. (1) The Registrar may direct any society or class of societies, to keep proper books of accounts with respect to all sums of money received and expended by the society, and the matters, in respect of which the receipt and expenditure take place, all sales and purchases of goods by the society, and the assets and liabilities of the society, and to furnish such statements and returns and to produce such records as may be required from time to time; and the officer or officers of the society shall be bound to comply with his order within the period specified therein.
- (2) Where any society is required to take any action under this Act, the rules or bye-laws, or to comply with an order made under the foregoing sub-section and such action is not taken :—
- (a) within the time provided in this Act, the rules or the bye-laws, or the order, as the case may be, or
 - (b) where no time is so provided, within such time, having regard to the

Registrar's power to enforce performance of obligations.

Amendment

Section 73 A was inserted newly by Manipur Act 7 of 1985, sec. 2.

nature and extent of the action to be taken as the Registrar may specify by notice in writing, the Registrar may himself, or through a person authorised by him, take such action, at the expense of the society, and such expense shall be recoverable from the society as if it were an arrear of land revenue.

- (3) Where the Registrar takes action under sub-section (2), the Registrar may call upon the officer or officers of the society, whom he considers to be responsible for not complying with the provisions of this Act, the rules or the bye-laws, or the order made under subsection (1), and after giving such officer or officers an opportunity of being heard, may require him or them to pay to the society the expenses paid or payable by it to the State Government as a result of their failure to take action and to pay to the assets of the society such sum not exceeding twenty-five rupees as the Registrar may think fit, for each day until the Registrar's directions are carried out.

Registrar's
power to
seize
records etc.

80. (1) Where the Registrar is satisfied that the books and records of a society are likely to be suppressed, tempered with or destroyed, or the funds and property of a society are likely to be misappropriated or misapplied, the Registrar or the person authorised by him may apply to the Executive Magistrate within whose jurisdiction the society is functioning for seizing and taking possession of the records and property of the society.
- (2) On receipt of an application under sub-section (1), the Magistrate may authorise any police officer, not below the rank of a Sub-Inspector, to enter and search any place where the records and property are kept or likely to be kept, and to seize them and hand over possession thereof to the Registrar or the person authorised by him, as the case may be.

CHAPTER VIII

AUDIT, ENQUIRY, INSPECTION AND SUPERVISION

Audit

81. (1) The Registrar shall audit, or cause to be audited by a person authorised by him by general or special order in writing in this behalf, the accounts of every society at least once in a year.

- (2) The audit under the foregoing subsection shall include an examination of overdue debts, if any, the verification of the cash balance and securities, and a valuation of the assets and liabilities of the society.
- (3) The Registrar or the person authorised shall, fix the purpose of audit, at all times have access to all the books, accounts, documents, papers, securities, cash and other properties belonging to, or in the custody of the society, and may summon any person in possession or responsible for the custody, of any such books, accounts, documents, papers, securities, cash or other properties, to produce the same at any place either at the headquarters of the society or any branch thereof.
- (4) Every person who is, or has at any time been, an officer or employee of the society, and every member and past member of the society, shall furnish such information in regard to the transactions and working of the society as the Registrar, or the person authorised by him, may require.
- (5) The auditor appointed under sub-section (1) shall have the right to receive all notices, and every communication relating to the annual general meeting of the society and to attend such meeting and to be heard thereat, in respect of any part of the business with which he is concerned as auditor.
- (6) If it appears to the Registrar, on any application by a society or otherwise, that it is necessary or expedient to re-audit any account of the society, the Registrar may, by order provide for such re-audit and the provisions of this Act applicable to audit of account of the society shall apply to such re-audit.

82. If the result of the audit held under the last preceding section disclosed any defects in the working of the 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 and take steps to rectify the defects and to remedy irregularities and report to the Registrar, the action taken by it, thereon. 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.

Rectification of defects in accounts.

83. (1) The Registrar may, of his own motion, by himself, or by a person duly authorised by him in writing in this behalf, hold an inquiry into the constitution, working and financial conditions of a society.

Inquiry by Registrar.

- (2) The Registrar shall hold such an inquiry :—
 - (a) on the requisition of a member society in the case of an affiliating society, or

- (b) on the application by the majority of the members of the Board of the society, or
 - (c) on the application of one-third of the members of the society, or
 - (d) on the requisition of the creditors representing half of the borrowed capital of the society.
- (3) (a) All officers, members and past members of the society in respect of which an enquiry is held, and any other person who, in the opinion of the officer holding the inquiry is in possession of information, books and papers relating to the society, shall furnish such information as is in their possession, and produce all books and papers relating to the society which are in their custody or power and otherwise give to the officer holding an inquiry all assistance in connection with the inquiry which they can reasonably give.
- (b) If any such person refuses to produce to the Registrar or any person authorised by him under sub-section (1), any book or papers which it is his duty under clause (a) to produce or to answer any question which is put to him by the Registrar or the person authorised by the Registrar in pursuance of sub-clause (a) the Registrar or the person authorised by the Registrar may certify the refusal and the Registrar, after hearing any statement which may be offered in defence, punish the defaulter with a penalty not exceeding five hundred rupees. Any sum imposed as penalty under this section shall on the application by the Registrar or the person authorised by him, to a Magistrate having jurisdiction, be recoverable by the Magistrate as if it were a fine imposed by himself.
- (4) The result of any inquiry under this section shall be communicated to the society whose affairs have been investigated.
- (5) It shall be competent for the Registrar to withdraw any inquiry from the officer to whom it is entrusted, and to hold the inquiry himself or entrust it to any other person as he deems fit.

Inspection
of books of
indebted
society.

84. 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 order in writing in the behalf, to inspect books, cash and other property of the society:

Amendments

1. The sub-section was substituted for the sub-section (1) of section 84 by Manipur Act No. 12 of 1984, section 10. (1).

Provided that no such inspection shall be made on the application of a creditor unless the applicant satisfies the Registrar that a debt is still due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time.]

¹ [(2) The Registrar shall communicate the results of any such inspection :—

- (a) where the inspection is made of his own motion, to the society ;
- (b) where the inspection is made on the application of a creditor, to the creditor and the society,"]

(3) It shall be competent for the Registrar to withdraw any order of inspection from the officer to whom it is entrusted, and to inspect himself or entrust it to any other person as he deems fit.

85. (1) Where an inquiry is held under section 83 or an inspection is made under the last preceding section, the Registrar may apportion the cost or such part of the costs, as he may think just between the society, the members or creditors demanding the inquiry or inspection, the officers or former officers and the members or past members or the estates of the deceased members of the society ;

Costs of inquiry and inspection.

Provided that —

- (a) no order of ² [apportionment of the costs shall be made under this section, unless the society or persons or the legal representative of the deceased person liable to pay the costs thereunder, has or have been heard, or has or have had a reasonable opportunity of being heard ;
- (b) the Registrar shall state in writing the grounds on which the costs are apportioned.

(2) No expenditure from the funds of a society shall be incurred, for the purpose of defraying any costs in support of any appeal preferred by any person other than the society against an order made under the foregoing sub-section.

Amendments

¹ This sub-section was substituted for sub-section (2) of section 84 by Manipur Act 12 of 1984, sec. 10. (2).
² The word "apportionment" was substituted for the word "appointment" by Manipur Act 12 of 1984, Sec. II.

Recovery
of costs

86. Any sum awarded by way of costs under the last preceding section may be recovered, on any application by the Registrar to a Magistrate having jurisdiction in the place where the person from whom the money is claimable resides or carries on business, and such Magistrate shall proceed to recover the same in the same manner as if it were a fine imposed by himself.

Registrar to
bring
defects
disclosed in
inquiry or
inspection
to notice of
society.

87. (1) If the result of any inquiry held under section 83 or an inspection made under section 84 discloses any defects in the constitution, working and financial condition or the books of a society, the Registrar may bring such defects to the notice of the society. 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.

(2) The society concerned may, within sixty days from the date of any order made by the Registrar under the foregoing sub-section, appeal against it to the State Government.

(3) The State Government may, in deciding the appeal, annul, reverse, modify or confirm, the order of the Registrar.

(4) If a society fails to rectify the defects disclosed in the course of or as a result of an audit under section 81 or fails to rectify the defects as directed by the Registrar, and where no appeal has been made to the State Government within the time specified in sub-section (2) or where on the appeal so made the State Government has not annulled, reversed or modified the order, the Registrar may himself take steps to have the defects rectified, and may recover the costs from the officer or officers of the society who, in his opinion, has or have failed to rectify the defects.

Power of
the Registrar
to assess
damages
against
delinquent
promoter,
etc.

88. (1) Where in the course of or as a result of an audit under section 81 or an inquiry under section 83 or an inspection under section 84 or the winding up of a society, the Registrar is satisfied on the basis of the report made by the auditor or the person authorised to make inquiry under section 83 or the person authorised to inspect the books under section 84 or the liquidator under section 105 or otherwise that any person who has taken any part in the organisation or management of the society or any deceased or past or present officer of the society has within a period of five years prior to the date of such audit, inquiry, inspection, or order for winding

up, misapplied or retained or become liable or accountable for, any money or breach of trust in relation to the society, the Registrar or person authorised by him in that behalf may frame charges against such person or persons, and after giving reasonable opportunity to the person concerned and in the case of a deceased person to his representative who inherits his estate, to answer the charge, make an order requiring him to repay or restore the money or property or any part thereof, with interest at such rate as the Registrar or the person authorised under this section may determine, or to contribute such sum to the assets of the society by way of compensation in regard to the misapplication, retention, misfeasance or breach of trust as he may determine.

- (2) The Registrar or the person authorised under sub-section (1) in making any order under this section, may provide therein for the payment of the cost or any part thereof, as he thinks just, and he may direct that such cost or any part thereof shall be recovered from the person against whom the order has been issued.
- (3) This section shall apply, notwithstanding that the act is one for which the person concerned may be criminally responsible.

89. The Registrar or the person authorised by him when acting under section, 84 or 88 shall have the power to summon and enforce the attendance of any person to give evidence or to compel the production of any document or other material object by the same means and in the same manner as is provided in the case of a Civil Court under the Code of Civil Procedure, 1908.

Power to enforce attendance, etc.

90. (1) The State Government may, by general or special order, require of a society or a class of societies to make contribution of such sum every year as may be fixed by the Registrar towards the recoupment of expenditure which the State Government or any person authorised in that behalf has incurred or is likely to incur, in respect of supervision of societies.

Constitution of recognition of federal authority to supervise working of societies;

(2) A society to which sub-section (1) is applicable shall pay to such authority such fee as may be prescribed within a reasonable time and if it fails to pay such fee within a reasonable time, the authority may recover it as if it were an arrear of land revenue.

CHAPTER IX
DISPUTES AND ARBITRATION

Dispute

91. (1) Notwithstanding anything contained in any other law for the time being in force, any dispute touching the constitution, election of the office bearers, conduct of general meeting, management or business of a society shall be referred by any of the parties of the dispute, or by a federal society to which the society is affiliated, or by a creditor of the society, to the Registrar, if both the parties thereto are one or other of the following :—

- (a) a society, its committee, any past committee, any past or present servant or nominee, heir or legal representative of any deceased officer, deceased agent or deceased servant of the society, or the Liquidator of the society ;
 - (b) a member, past member or a person claiming through a member, past member or a deceased member of a society, or a society which is a member of the society ;
 - (c) a person, other than a member of the society, who has been granted a loan by the society, or with whom the society has or had transactions under the provisions of section 43, and any person claiming through such person ;
 - (d) a surety of a member, past member or a deceased member, or a person other than a member who has been granted a loan by the society under section 45, whether such a surety is or is not a member of the society ;
 - (e) any other society, or a Liquidator of such society.
- (2) When any question arises whether for the purposes of the forgoing sub-section, a matter referred to for decision is a dispute or not, the question shall be considered by the Registrar, whose decision shall be final.
- (3) Save as otherwise provided under sub-section (3) of section 93 no Court shall have jurisdiction to entertain any suit or other proceedings in respect of any dispute referred to in sub-section (1).

Explanation 1— A dispute between the Liquidator of a society and the members (including past member or nominee, heirs or legal representatives of deceased members) of the same society shall not be referred to the Registrar under the provision of sub-section (1).

Explanation 2— For the purposes of this sub-section a dispute shall include :—

- (i) a claim by or against a society for any debt or demand due to it from a member or due from it to a member, past member or the nominee, heir or legal representative of a deceased member, or servant or employee whether such a debt or demand be admitted or not ;
- (ii) a claim by surety for any sum or demand due to him from the principal borrower in respect of a loan by a society and recovered from the surety owing to the default of the principal borrower, whether such a sum or demand be admitted or not;
- (iii) a claim by a society for any loss caused to it by a member, past member, or deceased member, by any officer, past officer or deceased officer, by any agent, past agent or deceased agent, or by any servant, past servant or deceased servant, or by its committee, past or present, whether such loss be admitted or not ;
- (iv) a refusal or failure by a member, past member or a nominee heir or legal representative of a deceased member to deliver possession of a land or any other asset resumed by it for breach of conditions of the assignment.

92. (1) Notwithstanding anything contained in the Indian Limitation Act, 1963, but subject to the specific provisions made in this Act, the period of limitation in the case of a dispute referred to the Registrar under the last proceedings section shall—

Limitation

- (a) when the dispute relates to the recovery of any sum, including interest thereon, due to a society by a member thereof, be computed from the date on which such member dies or ceases to be a member of the society ;
- (b) When the dispute is between a society or its committee, and any past committee, any past or present officer, or past or present agent, or past or present servant or the nominee, heir or legal representative of a deceased officer, deceased agent or deceased

servant of the society, or a member, or past member, or the heir or legal representative of a deceased member, and the dispute relates to any act of omission on the part of either of the parties to the dispute, be six years from the date on which the act of omission with reference to which the dispute arose, took place:

- (c) when the dispute is in respect of any matter touching the constitution, management or business of a society which has ordered to be wound up under section 102, or in respect of which a nominated committee or an administrator has been appointed under section 78 be one month from the date of the order issued under section 102, or section 78, as the case may be ;
 - (d) when the dispute is in respect of an election of an office bearing the name of the society, be one month from the date of the declaration of the result of the election.
- (2) The period of limitation in the case of any other dispute except those mentioned in the foregoing sub-section which are required to be referred to the Registrar under the last preceding section shall be regulated by the provisions of the Indian Limitation Act, 1963, as if the dispute were a suit, and the Registrar a Civil Court.
- (3) Notwithstanding anything contained in sub-sections (1) and (2) the Registrar may admit a dispute after the expiry of the limitation period, if the applicant satisfied, the Registrar that he had sufficient cause for not referring the dispute within such period and the dispute so admitted shall be a dispute which shall not be barred on the ground that the period of limitation had expired.

Settlement
of dispute.

93. If the Registrar is satisfied that any matter referred to him or brought to his notice is a dispute within the meaning of section 91 the Registrar shall, subject to the Rules, decide the dispute himself or refer it for disposal to a nominee or a Board of nominees, appointed by the Registrar.

(2) Where any dispute is referred under the foregoing sub-section for decision to the Registrar's nominee or Board of nominees the Registrar may at any time, for reasons to be recorded in writing, withdraw such dispute from his nominee or board of nominees, and may decide the dispute himself, or refer it again for decision to any other nominee, or board of nominees appointed by him.

(3) Notwithstanding any thing contained in section 91 the Registrar may, if he thinks fit, suspend proceedings in regard to any dispute, if the question at issue between a society and a claimant or between different claimants, is one involving complicated question of law and fact, until the question has been tried by a regular suit instituted by one of the parties or by the society. If any such suit is not instituted within two months from the Registrar's order suspending proceeding the Registrar shall take action as is provided in sub-section (1).

94. (1) The Registrar, or his nominee or board of nominees, hearing a dispute under the last preceding section shall hear the dispute in the manner prescribed, and shall have power to summon and enforce attendance of witnesses including the parties interested or any of them and to compel them to give evidence on oath, affirmation or affidavit, and to compel the production of documents by the same means and as far as possible in the same manner, as is provided in the case of a Civil Court by the Code of Civil Procedure, 1908.

Procedure for settlement of disputes and power of Registrar, his nominee or board of nominees.

- (2) Except with the permission of the Registrar or his nominee or board of nominees, as the case may be no party shall be representative at the hearing of a dispute by a legal practitioner.
- (3) (a) If the Registrar or his nominee or board of nominees is satisfied that a person, whether he be a member of the society or not, has acquired any interest in the property of any person who is a party to a dispute, he may order that the person who has acquired the interest in his property may join as a party to the dispute; and any decision that may be passed on the reference by the Registrar or his nominee or board of nominees shall be binding on the party so joined in the same manner as if, he were an original party to the dispute.
- (b) Where a dispute has been instituted in the name of the wrong person or where all the defendants have not been included, the Registrar or his nominee or board of nominees may at any stage of the hearing of the dispute, if satisfied that the mistake was bonafide, order any other person to be substituted or added as a plaintiff or a defendant upon such terms as he thinks just.
- (c) The Registrar, or his nominee or board of nominees may, at any stage of the proceedings, either upon or without the application of

either party, and on such terms, as may appear to the Registrar or his nominee or board of nominees, as the case may be to be just, order that the name of any party improperly joined whether as plaintiff or defendant, be struck out, and that the name of any person who ought to have been joined whether as plaintiff or defendant or whose presence before the Registrar, his nominee or board of nominees, as the case may be, may be necessary in order to enable the Registrar or his nominee or the board of nominees effectually and completely to adjudicate upon and settle all the questions involved in the dispute, be added.

- (d) Any person who is a party to the dispute and entitled to more than one relief in respect of the same cause of action may claim all or any of such reliefs ; but if he omits to claim for all such reliefs, he shall not forward a claim for any relief so omitted except with the leave of the Registrar, his nominee or board of nominees.

Attachment
before award
(and
interlocutory
orders).

95. (1) Where a dispute has been referred to the Registrar or his nominee or Board of Nominees under section 93 or under section 105 or where the Registrar or the person authorised under section 88 hears a person against whom charges are framed under that section, the Registrar or his nominee or board of nominees, as the case may be, the person so authorised under section 88 if satisfied on enquiry or otherwise that a party to such dispute or against whom proceedings are pending under section 88 with '[intent to defeat] delay or obstruct the execution of any award or the carrying out of any order that may be made —
- (a) is about to dispose of whole or any part of his property, or
- (b) is about to remove the whole or any part of his property from the jurisdiction of the Registrar, may, unless adequate security is furnished, direct conditional attachment of the said property, and such attachment shall have the same effect as if made by a competent Civil Court.

Amendments

1. These words were substituted for the words "intent the defeat" by Man, Act. No. 12 of 1984, Section 12.

- (2) Where the Registrar, his nominee or board of nominees or the person authorised under section 88 directs attachment of property under the foregoing sub-section, he shall issue a notice calling upon the person whose property is so attached to furnish security which he thinks adequate within a specified period ; and if the person fails to provide the security so demanded, the person authorised under section 88 may confirm the order and, after the decision in the dispute or the completion of the proceedings referred to in the foregoing sub-section may direct the disposal of the property so attached towards the claim if awarded.
- (3) Attachment made under this section shall not effect the rights, subsisting prior to the attachment of the property, of persons not parties to the proceedings in connection with which the attachment is made, or bar any person holding a decree against the person whose property is so attached from applying for the sale of the property under the attachment in execution of such decree.
- (4) The Registrar or his nominee or board of nominees or the person authorised under section 88, as the case may be may in order to prevent the ends of justice being defeated make such interlocutory orders pending the decision in a dispute referred to in sub-section (1) as may appear to be just and convenient.

96. [The Registrar or his nominee or the board of nominees may, after giving the parties to the dispute reasonable opportunity of being heard, make an award on the dispute, on the expenses incurred by the parties to the dispute in connection with the proceedings, and the fees and expenses payable to the Registrar or his nominee or, in the case may be, board of nominees ; and such an award shall not be invalid merely on the ground that it was made after the expiry of the period fixed for deciding the dispute by the Registrar, and shall subject to appeal or review or revision, be binding on the parties to the dispute."]

Decision of Registrar or his nominee or board of nominees.

97. Any party aggrieved by any decision of the Registrar or his nominee or board of nominees under the last preceding section, or an order passed under section 95 may within two months from the date of the decision or order, appeal to the Tribunal.

Appeal against decision of Registrar or his nominee or board of nominees.

Amendment

- 1 These words were substitute for words in the same section of the principal Act by Man, Act 12 of 1984, section 13.

Money how
recovered

98. Every order passed by the Registrar or a person authorised by him under section 88 or by the Registrar, his nominee or board of nominees under section 95 or by every order passed in appeal under the last preceding section, every order passed by a Liquidator under section 105, every order passed by the State Government in appeal against orders passed under section 105 and every order passed in revision under section 154, shall, if not carried out—

- a) on a certificate signed by the Registrar or a Liquidator, be deemed to be a decree of a Civil Court, and shall be executed in the same manner as a decree of such court, or
- (b) be executed according to the law and under the rules for the time being in force for the recovery of arrears of land revenue.

Provided that any application for the recovery in such manner of any sum shall be made to the Collector, and shall be accompanied by a certificate signed by the Registrar, such application shall be made within twelve years from the date fixed in the order and if no such date is fixed, from the date of the order.

Private
transfer of
property
made after
issue of
certificate
void against
society.

99. Any private transfer or delivery of, or encumbrance or charge on, property made or created after the issue of the certificate of the Registrar or Liquidator, as the case may be, under section 98 shall be null and void as against the society on whose application the said certificate was issued.

Transfer of
property
which
cannot be
sold.

100. (1) When in any execution of an order sought to be executed under section 98, any property cannot be sold for want of buyers, if such property is in occupancy of the defaulter or some person in his behalf, or of some person claiming under a title created by the defaulter subsequently to the issue of the certificate of the Registrar or Liquidator under clause (a) or (b) of section 98, the Court, Collector or the Registrar, as the case may be, may, notwithstanding anything contained in any law for the time being in force, direct that the said property or any portion thereof shall be transferred to the society which has applied for the execution of the said order, in the manner prescribed.
- (2) Where property is transferred to the society under the foregoing subsection, or where property is sold under section 98, the Court, the Collector or the Registrar, as the case be, may, in accordance with the rules, place the society or the purchaser, as the case may be, in possession of the property transferred or sold.

(3) Subject to such rules as may be made in this behalf, and to any rights, encumbrances, charges or equities lawfully subsisting in favour of any person, such property or portion thereof shall be held under sub-section (1) by the said society on such terms and conditions as may be agreed upon between the Court, the Collector or the Registrar, as the case may be, and the said society. Subject to the general or special orders of the State Government, the Collector or the Registrar may delegate to an officer, not below the rank of the Sub-Deputy Collector or the Assistant Registrar, powers exercisable by the Collector or the Registrar under this section.

101 (1) Notwithstanding anything contained in sections 91, 93 and 98 on an application made by a resource society, undertaking the financing of agriculturists towards providing of their seasonal requirements, for recovery of arrears of any sum advanced and on its furnishing a statement of accounts in respect of the arrears, the Registrar, may, after making such inquiries as he deems fit, grant a certificate for the recovery of the amount stated therein to be due as arrears of revenue.

Recovery of crop loan.

(2) Where the Registrar is satisfied that a resource society has failed to take action under the foregoing sub-section in respect of arrears of any sum advanced by it to any of its members, the Registrar may, of his own motion, after making such inquiries as he deems fit, grant a certificate for the recovery of the amount stated therein to be due as arrears of revenue, and such certificate shall be deemed to have been issued as if on an application made by the society concerned.

(3) A certificate granted by the Registrar under sub-section (1) or (2) shall be final and a conclusive proof of the arrears stated to be due therein, and the same shall be recoverable according to the law for the time being in force for the recovery of land revenue.

(4) Notwithstanding anything contained in this Act, the provisions of sub-sections (1), (2) and (3) shall, mutatis mutandis, apply to the recovery of medium term loans.

CHAPTER X
LIQUIDATION

Winding up

102. (1) If the Registrar, —

- (a) after an inquiry has been held under section 83 or an inspection has been made under section 84 or on the report of the Auditor auditing the accounts of the society, or
- (b) on receipt of an application made upon a resolution carried by three-fourths of the members of the society present at a special general meeting called for the purpose, or
- (c) of his own motion, in the case of a society which—
 - (i) has not commenced working, or
 - (ii) has ceased working, or
 - (iii) possesses shares or members' deposits not exceeding five hundred rupees, or
 - (iv) has ceased to comply with any conditions as to registration and management in this Act or the rules or the bye-laws, is of the opinion that a society ought to be wound up, he may issue an interim order directing it to be wound up.

- (2) A copy of such order made under sub-section (1) shall be communicated, in the prescribed manner, to the society calling upon it to submit its explanation to the Registrar within a month from the date of the issue of such order, and the Registrar, on giving an opportunity to the society of being heard, may issue a final order, vacating or confirming the interim order.

Appointment
of
Liquidator.

103. When an interim order is passed under the last preceding section or a final order is passed under that section for the winding up of a society, the Registrar, may, in accordance with the rules, appoint a person to be Liquidator of the society, and fix his remuneration.

- (2) On issue of the interim order, the officers of the society shall hand over to the Liquidator the custody and control of all the property, effects and actionable claims to which the society is or appear to be entitled and of all books, records and other documents pertaining to the business of the society and, shall have no access to any of them.
- (3) When a final order is passed confirming the interim order, the officers of the society shall vacate their offices, and while the winding up order remains in force, the general body of the society shall not exercise any power.
- (4) The person appointed under this section as Liquidator shall, subject to the general control of the Registrar, exercise all or any of the powers mentioned in section 105. The Registrar may remove such person and appoint another in his place, without assigning any reason.
- (5) The whole of the assets of the society shall on the appointment of Liquidator, under this section vest in such Liquidator, and notwithstanding anything contained in any law for the time being in force, if any immovable property is held by a Liquidator on behalf of the society, the title over the land shall be completed as soon as the mutation of the name of his office is effected, and no Court shall question the title on the ground of dispossession, want of possession or physical delivery of possession.
- (6) In the event of the interim order being vacated, the person appointed as Liquidator shall hand over the property, effects and actionable claims and books, records and other documents of the society to the officers who had delivered the same to him. The acts done, and the proceedings shall, after the interim order has been cancelled under the preceding section, be continued by the officers of the society.

104. (1) The Board, or any member, of the society ordered to be wound up, may within two months from the date of the issue of the order made under section 102, appeal to the State Government :

Provided that no appeal shall lie against an order issued under sub-clause (i), (ii), (iii) of clause (c) of sub-section (1) of section 102.

- (2) No appeal from a member under this section shall be entertained unless it is accompanied by such sum as security for the costs of hearing the appeal. as may be prescribed.

Appeal against order of winding up.

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Powers of Liquidator

105. The Liquidator appointed under section 103 shall have power subject to the rules and the general supervision, control and direction of the Registrar :-

- (a) to institute and defend any suit and other legal proceedings civil or criminal, on behalf of the society, in the name of his office ;
- (b) to carry on the business of the society, so far as may be necessary for the beneficial winding up of the same ;
- (c) to sell the immovable and movable property and actionable claims of the society by public action or private contract with power to transfer the whole or part thereof to any person or body corporate or sell the same in parcels ;
- (d) to raise, on the security of the assets of the society, any money required;
- (e) to investigate all claims against the society and, subject to the provisions of the Act, to decide questions of priority arising out of such claims, and to pay any class or classes of creditors in full or rateably according to the amount of such debts, the surplus being applied in payment of interest from the date of liquidation at a rate to be approved by the Registrar, but not exceeding the contract rates ;
- (f) to make any compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging themselves to have any claims, present or future, whereby the society may be rendered liable ;
- (g) to compromise all calls or liabilities to calls and debt and liabilities capable of resulting in debts and all claims present or future, certain or contingent, subsisting or supposed 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 effecting 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 ;
- (h) to determine from time to time, after giving an opportunity to answer the claim, the contribution to be made or remaining to be made by the members or past members or by the estates, nominees, heirs or legal representatives of deceased members, or by any officer, past officer or the estate or nominees, heirs, or legal representative of deceased officer to the assets of the society, such contribution being inclusive of debts due from such members or officer ;

- (i) to issue requisitions, under section 98 ;
- (j) to get disputes referred to the Registrar for decision by himself or his nominee or board of nominees ;
- (k) to determine by what persons and in what proportion the cost of the liquidation shall be borne ;
- (l) to fix the time or times within which the creditors shall prove their debts and claims or be included for the benefit of any distribution made before those debts or claims are proved ;
- (m) to summon and enforce the attendance or witnesses and to compel the production of any books, accounts, documents, securities, cash or other properties belonging to or on the custody of the society by the same means and in the same manner as is provided in the case of Civil Court under the Code of Civil Procedure, 1908 ;
- (n) to do all acts, and to execute in the name and on behalf of the society all deeds, receipts and other documents, as may be necessary to such winding up ;
- (o) to take such action as may be necessary under section 19, with the prior approval of the Registrar, if there is reason to believe that the society can be reconstructed.

106. After expiry of the period for appeal against the order made under sub-section (1) of section 102 or where the appeal has been dismissed the order for winding up shall be effective and shall operate in favour of all the creditors and of the contributories of the society, as if it had been made on the joint petition of creditors and contributories of the society. When a winding up order becomes effective, the Liquidator shall proceed to realise the assets of the society by sale or otherwise, and no dispute shall be commenced or, if pending at the date of the winding up order, shall be proceeded with, against the society, except by leave of the Registrar and subject to such terms as the Registrar may impose. The Registrar, may of his own motion, however, entertain or dispose of any dispute by or against the society.

Effect of order of winding up.

107.(1) Save as expressly provided in this Act, no Civil Court shall take cognizance of any matter connected with the winding up or dissolution of a society under this Act and when a winding up order has been made no suit or other legal proceedings shall lie or be proceeded with against the society or the Liquidator, except by leave of the Registrar, and subject to such terms as he may impose ;

Bar of suit in winding up and dissolution matters.

Provided that, where the winding up order is cancelled, the provisions of this section shall cease to operate so far as the liability of the society and of the members thereof to be sued is concerned, but they shall continue to apply to the person who acted as Liquidator.

Audit of
Liquidator's
accounts.

- 108. (1)** The Liquidator shall during his tenure of office, at such time as may be prescribed, but not less than twice each year, present to the Registrar an account in the prescribed form of his receipts and payments as Liquidator. The Registrar shall cause any account to be audited, in such manner as he thinks fit ; and for the purpose of audit, the Liquidator shall furnish the Registrar with such vouchers and information as he, or the person appointed by him, may require.
- (2) The Liquidator shall cause a summary of audited accounts to be prepared, and shall send a copy of such summary to every contributory.
- (3) The Liquidator shall pay such fees as the Registrar may direct, for the audit of the accounts and books kept by him in the manner prescribed.
- (4) The Liquidator shall be held liable for any irregularities which might be discovered in the course or as a result of audit in respect of transactions subsequent to his taking over the affairs of the society, and may be proceeded against as if it were an act against which action could be taken under section 88.

Provided that, no such action shall be taken unless the irregularities have caused or are likely to cause loss to the society, and have occurred due to gross negligence or wanton omission, in carrying out the duties and functions.

Termination
of liquidation
proceedings.

- 109. (1)** The winding up proceedings of the society shall be closed within three years from the date of the order of the winding up, unless the period is extended by the Registrar ;

Provided that, the Registrar shall not grant any extension for a period exceeding one year at a time and four years in the aggregate and shall, immediately after the expiry of seven years from the date of the order for winding up of the society, deem that the Liquidation proceeding have been terminated, and pass an order terminating the liquidation proceedings.

Explanation — In the case of society which is under liquidation at the commencement of this Act and order for the winding up of the society shall be deemed for the purpose of this section to have been passed on the date of such commencement.

- (2) Notwithstanding anything contained in the foregoing subsection, the Registrar shall terminate the liquidation proceedings on receipt of the final report from the Liquidator. The final report of the Liquidator shall state that liquidation proceeding of the society has been closed, and how the winding up has been conducted and the property of and the claims of the society have been disposed of and shall include a statement showing a summary of the account of the winding up including the cost of liquidation, the amount (if any) standing to the credit of the society in liquidation, after paying off its liabilities including the share or interest of members, and suggest how the surplus should be utilised.
- (3) The Registrar, on receipt of the final report from the Liquidator, shall direct the Liquidator to convene a general meeting of the members of the society for recording his final report.

110. The surplus assets as shown in the final report of the Liquidator of a society which has been wound up, may either be divided by the Registrar, with the previous sanction of the State Government amongst its members in such manners as may be prescribed or be devoted to any object or objects provided in the bye-laws of the society, if they specify that such a surplus shall be utilised for the particular purpose or may be utilised for both the purposes. Where the surplus is not so divided amongst the members and the society has no such bye-law, the surplus shall vest in the Registrar, who shall hold it in trust and shall transfer it to the Reserve Fund of a new society registered with a similar object, and serving more or less an area which the society to which the surplus belonged was serving :

Disposal of
surplus
assets.

Provided that, where no such society exists or is registered within three years of the cancellation of the society whose surplus is vested in the Registrar, the Registrar may distribute the surplus, in the manner he thinks best, amongst any or all of the following:—

- (a) an object of public utility and of local interest as may be recommended by the members in a general meeting held under the preceding section;
- (b) a federal society with similar object to which the cancelled society was eligible for affiliation or, where no federal society exists, the state federal society which may be notified in this behalf by the State Government, and
- (c) any charitable purpose as defined in section 2, of the Charitable Endowments Act, 1890.

CHAPTER XI
LAND DEVELOPMENT BANKS

Application
of Chapter to
Land
Development
Banks

111. This Chapter shall apply to —

(a) Co-operative Banks advancing loans, other than short term loans for purposes herein enumerated (hereinafter referred to as Land Development Banks) that is to say :—

- (i) land improvement and productive purposes ;
- (ii) the creation, rebuilding or repairing of house for agricultural purposes;
- (iii) the purchase or acquisition of title to agricultural lands by tenant purchasers or tenants under the Manipur Land Revenue and Land Reforms Act, 1960 and any corresponding law for the time being in force in any part of the State ; or
- (iv) the liquidations of debts under law for the time being in force in any part of the State ' and

(b) any other Co-operative bank permitted by the Registrar under Section 142 to function as a Land Development Bank.

Explanation 1. — For the purposes of this section, short term loan means a loan for a duration of less than 15 months.

Explanation 2. — Land improvement and productive purposes means any work, construction or activity which adds to the productivity of the land and, in particular, includes the following, that is to say —

- (a) construction and repair of wells (including tube wells), tanks and other work for the storage, 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 khandsary or sugar;
- (m) purchase of land for consolidation of holdings under the Manipur Land Revenue and Land Reforms Act, 1960.
- (n) such other purposes as the State Government may, from time to time, by notification in the Official Gazette, declare to be improvement or productive purpose for the purpose of this Chapter.

112. There shall be a State Land Development Bank for the State of Manipur, and as many Primary Land Development Bank as may be deemed necessary.

State and other Land Development Banks.

113. (1) The Registrar, or any other person appointed by the State Government in this behalf, shall be Trustee for the purpose of securing the fulfilment of the obligations of the State Development Bank to the holders of debentures issued by it.

Appointment and functions of Trustee.

(2) The Trustee shall be a corporation sole by the name of the Trustee for the debentures in respect of which he is appointed, and shall have perpetual succession and a common seal, and in his corporate name may sue and be sued.

- (3) The powers and functions of the Trustee shall be governed by the provisions of this Act, and the instrument of trust executed between the State Land Development Bank and the Trustee, as modified from time to time by mutual agreement between the State Land Development Bank and the Trustee.

issue of
debentures

114. (1) With the previous sanction of the State Government and the Trustee, and subject to such terms and conditions as the State Government may impose the State Land Development Bank may issue debentures of such denominations, for such period, and at such rates of interest as it may deem expedient on the security of mortgage, or mortgages to be acquired or partly on mortgages, held and partly to be acquired, and properties and other assets of the Land Development Bank.
- (2) Every debentures may contain a term fixing a period not exceeding twenty years from the date of issue during which it shall be redeemable, or reserving to the Board the right to redeem at any time in advance of the date fixed for redemption after giving to the holder of the debenture not less than three months' notice in writing.
- (3) The total amount due on debentures issued by the State Land Development Bank and outstanding at any time, shall not exceed —
- (a) where debentures are issued against mortgages held, the aggregate of —
- (i) the amounts due on the mortgages ;
 - (ii) the value of the properties and other assets transferred or deemed to have been transferred under section 121 by the Primary Land Development Banks to the State Land Development Bank and subsisting at such time; and
 - (iii) the amounts paid under the mortgages aforesaid and the unsecured amounts remaining in the hands of the State Land Development Bank or the Trustee at the time ;
- (iv) where debentured are issued otherwise than on mortgages held, the total amount as calculated under clause (a) increased by such portion of the amount obtained on the debentures as is not covered by a mortgage.

115. The principal of, and interest on the debentures issued under the preceding section or any specified portion thereof, may carry the guarantee of the State Government, subject to such maximum amount as may be fixed by the State Government, and to such conditions as the State Government may think fit to impose.

Guarantee by State Govt.

116. Upon the issue of debentures under the provisions of section 114, the properties and other assets referred to in sub-section (3) of that section held by the State Land Development Bank, shall vest in the Trustee, and the holders of debentures shall have a floating charge on all such mortgages and assets, and on the amount paid under such mortgages, and remaining in the hands of the State Land Development Bank or of the Trustee.

Vesting of property in Trustee and Debenture holders' charge on assets.

117. Subject to the provisions of this Act, and the Rules made thereunder, it shall be competent for the Land Development Banks to advance loans for the purposes referred to in section III, and to hold lands the possession of which is transferred to them under the provisions of this Chapter.

Powers of Land Development Banks to advance loans and to hold loans.

118. (1) When an application for a loan is made for any of the purposes mentioned in section III, the public notice shall be given of the application in such manner as may be prescribed calling upon all persons interested to present their objections to the loan, if any, in person, at a time and place fixed therein. The State Government may, from time to time prescribe the persons by whom such public notice shall be given and the manner in which the objections shall be heard and disposed of.

Mode of dealing with applications for loans.

(2) The prescribed officer shall consider every objection submitted under sub-section (1) and make an order in writing either upholding or overruling it:

Provided that, when the question raised by an objection is in the opinion of the officer, 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 questions 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) Subject to such rules as may be prescribed, the Land Development Banks shall consider such applications after due enquiry for the purpose of making loans under this chapter.

Order
granting loan
conclusive
of certain
matters.

119. A written order by the Land Development Bank or persons or Board authorised under the bye-laws of the bank to make loans for all or any of the purposes specified in section III, granting a loan to or with the consent of a person mentioned therein, for the purpose of carrying out the work specified therein, for the benefit of the land or for the productive purpose specified therein, shall for the purpose of this Act, be conclusive of the following matters, that is to say :-

- (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 III.
- (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 benefiting the land specified and productive purpose concerns the land offered in security, or any part thereof as may be relevant.

Priority of
mortgage.

120. (1) A mortgage executed in favour of a Land Development Bank, shall have priority over any claim of the Government arising from a loan granted after the execution of the mortgage under the Land Improvement Loans Act, 1883, or the Agriculturists' Loans Act, 1884, or under any other law for other law for the time being in force.
- (2) Notwithstanding anything contained in the law for the time being in force, where a mortgage in favour of a Land Development Bank is in respect of land in which a tenant purchaser or tenant has an interest, the mortgage may be against the security of such interest and the rights of the mortgage shall not be affected by the failure of the tenant purchaser or tenant to comply with the requirements of such law, and the sale of the land and his interest therein under such law shall be subject to the prior charge of the Land Development Bank.

Mortgages
executed in
favour of
Land
Development
Bank to stand
vested in
State Land
Development
Bank.

121. The mortgage executed in favour of, and all other assets transferred to a Land Development Bank, by the members thereof, with effect from the date of such execution or transfer, be deemed to have been transferred by such Land Development Bank to the State Land Development Bank and shall vest in the State Land Development Bank.

122. Notwithstanding anything contained in the Indian Registration Act, 1908 it shall not be necessary to register mortgages executed in favour of the Land Development Banks provided that the Land Development Bank concerned sends within such time and in such manner as may be prescribed, a copy of the instrument whereby property is mortgaged or leased to the Registering Officer within the local limits of whose jurisdiction the whole or any part of the property mortgaged is situate, and such Registering Officer shall file a copy or copies as the case may be in his book No. 1 prescribed under section 51 of the Indian Registration Act, 1908.

Registration of Mortgages (or lease) in favour of Land Development Banks.

123. Notwithstanding anything contained in any Insolvency Act or any corresponding law for the time being in force in Manipur a Mortgage, executed in favour of a Land Development Bank, shall not be called in question in any insolvency proceedings on the ground that it was not executed in order to give the Bank a preference over other creditors of the mortgagor.

Mortgages not to be questioned on insolvency of mortgagors

124. (1) Where a mortgage is executed in favour of a Land Development Bank, for payment of prior debts of the mortgagor, such bank shall, notwithstanding anything contained 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.

Right of Land Development Bank to pay prior debts of mortgagor

(2) Where any such person fails to accept such notice or to receive such payments, such debts or part thereof as the case may be, shall cease to carry interest from the expiry of the period specified in the notice :

Provided that where there is a dispute as regards the amount of any such debt, the person to whom such debts is due shall be bound to receive payment of the amount offered by the Land Development Bank towards the debts, but such receipt shall not prejudice the right, if any, of such person to recover the balance claimed by him.

125. (1) Mortgages, in respect of loans by a Land Development Bank or the State Land Development Bank, by the Manager of a Hindu joint family for the improvement of agricultural land or of the methods of cultivation, or for financing any other means to raise the productivity of the land, or for the purchase of land, shall be binding on every member of such joint Hindu family, notwithstanding any law to the contrary.

Mortgages executed by managers of joint Hindu families.

- (2) In other cases, where a mortgage executed in favour of a Land Development Bank or a State Land Development Bank is called in question on the ground that it was executed by the manager of a Hindu joint family for a purpose not binding on the members (whether such members have attained majority or not) thereof, the burden of proving the same shall notwithstanding any law to the contrary, lie on the party alleging it.

Section 8 of Act XXXII of 1956 to apply to mortgages to Land Development Banks subject to certain modification. Restriction on lease.

126. Section 8 of the Hindu Minority and Guardianship Act, 1956, shall apply to mortgages in favour of a Land Development Bank, subject to the modification that reference to the Revenue Officer or his nominee and the appeal against the order of the Revenue Officer or his nominee shall lie to the Deputy Commissioner.

127. (1) Notwithstanding anything contained in the Transfer of Property Act, 1882 or any other law for the time being in force, no mortgagor of property mortgaged to a Land Development Bank, shall except with the prior consent in writing of the bank, and subject to such terms and conditions as the bank may impose lease or create any tenancy rights on any such property :

Provided that, the rights of the Land Development Bank shall be enforceable against the tenant purchaser, the lease or the tenant, as the case may be, as if he himself were a mortgagor.

- (2) Where land, mortgaged with possession to a Land Development Bank, is in actual possession of a tenant, the mortgagor or the Land Development Bank shall give notice to the tenant to pay rent to the Land Development Bank during the currency of the lease and the mortgage, and on such notice being given, the tenant shall be deemed to have attorned to the Land Development Bank.

Land Development Bank to receive money and give discharge.

128. Notwithstanding anything contained in section 121 all moneys due under the mortgage shall unless otherwise directed by the State Land Development Bank or the trustee, and communicated to the mortgagor, be payable by the mortgagor to the Land Development Bank, and such payments shall be as valid as if the mortgage had not been so transferred and the Land Development Bank shall in the absence of specific direction to the contrary, issued by the State Land Development Bank or trustee and communicated to the Bank, be entitled to sue on the mortgage or take any other proceeding for the recovery of moneys due under the mortgage.

129. Where any property mortgaged to a Land Development Bank is wholly or partially destroyed, or for any reason the security is rendered insufficient and the mortgagor, having been given a reasonable opportunity by the bank to provide further security enough to render the whole security sufficient, or to repay such portion of loan as may be determined by the bank has failed to provide such security or to repay such portion of loan, the whole of the loan shall be deemed to fall due at once; and the bank shall be entitled to take action against the mortgagor under section 132 or section 133 for the recovery thereof.

Power of Land Development Bank where mortgaged property is destroyed or security becomes insufficient

Explanation :— Security shall be deemed insufficient within the meaning of this section, unless the value of the mortgaged property (including improvements made thereon) exceeds the amount for the time being due on the mortgage by such proportion as may be specified in the rules, regulations or the bye-laws of the Land Development Bank.

130. (1) Property purchased under section 133 (3), by, and property transferred under section 100 to, the Land Development Banks may be disposed of by such banks by sale within such period as may be fixed by the Trustee, subject to the condition that such sales shall be in favour only of agriculturists eligible to hold land under the Manipur Land Revenue and Land Reforms Act, 1950 or any corresponding law for the time being in force, or may be leased out by them on such terms and conditions as may be laid down by the State Government from time to time.

Right of Development Bank to buy mortgaged property.

(2) Nothing contained in any law for the time being in force fixing maximum limit of agricultural holding shall apply to the acquisition or holding of land by the Land Development Banks under this section.

131. All loans granted by the Land Development Banks, all interests (if any) chargeable thereon and costs (if any), incurred in making the same, shall, when they become due, be recoverable by the Land Development Bank concerned.

Recovery of loans by Development Banks.

132. (1) If any instalment payable under a mortgage executed in favour of a Land Development Bank, or any part of such instalment, has remained unpaid for more than one month from the date on which it fell due, the Board of such bank may, in addition to any other remedy available to the Bank, apply to the Registrar or the Revenue Officer for the recovery of such instalment or part thereof by distraint and sale of the product of the mortgaged land, including the standing crops thereon.

Power of distraint.

- (2) On receipt of such application, the Registrar or the Revenue Officer as the case may be, may, notwithstanding contained in the Transfer of Property Act, 1882, take action in the manner prescribed for the purpose of distraining and selling such produce :

Provided that, no distraint shall be made after the expiry of three years from the date on which the instalment fell due.

- (3) The value of the property distrained shall as nearly as possible, be equal to the amount due and the expenses of the distraint and the cost of the sale.

Sale of
mortgaged
property.

133. (1) Notwithstanding anything contained in the Transfer of Property Act, 1882, the Land Development Bank or any person authorised by it in this behalf shall, in case of default of payment of the mortgage money, or any part thereof, have power in addition to any other remedy available to the bank, to bring the mortgaged property to sale by public auction in the village in which the mortgaged property is situated or at the nearest place of public resort, without the intervention of the Court :

Provided that, no action shall be taken under this sub-section and no such power shall be exercised, unless and until—

- (a) the Land Development Bank has been previously authorised to exercise the power conferred under this sub-section after hearing the objections, if any, of the mortgagor or mortgagors.
- (b) notice in writing requiring payment of such mortgage money or part thereof has been served upon—
- (i) the mortgagor or each of the mortgagors ;
 - (ii) any person who has any interest in or charge upon the property mortgaged, or in or upon the right to redeem the same so far as is known to the bank,
 - (iii) any surety for the payment of the mortgaged debt or part thereof, and
 - (iv) any creditor of the mortgagor who has in a suit for administration of his estate obtained a decree for sale of mortgaged property, and

(c) Default has been made in payment of such mortgage money or part thereof, for three months after service of the notice.

- (2) If the Land Development Bank fails to take action against a defaulter under section 129 or 132 or under this section the State Land Development Bank may direct the Land Development Bank to take appropriate action, and where no action is taken either by the State Land development Bank, or the Land Development Bank, the Trustee may take such action. If such action is taken by the Trustee, the provisions of this Chapter and of any rules prescribed shall apply in respect thereto, as if all reference to the Land Development Bank in the said provisions were reference to the Trustee.
- (3) Notwithstanding anything contained in any law for the time being in force, it shall be lawful for the Primary Land Development Bank or the State Land Development Bank to purchase any mortgaged property sold under this Chapter.

134. (1) On effecting the sale by a Land Development Bank under section 133, the bank shall, in the prescribed manner, submit to the State Land Development Bank and the Registrar a report setting forth the manner in which the sale has been effected and the result of the sale, and the State Land Development Bank may, with the approval of the Registrar, confirm the sale or cancel it.

Confirmation of sale.

- (2) Where the sale is effected by the State Land Development Bank or the Trustee under Section 133, the State Land Development Bank or the Trustee, as the case may be, shall in the prescribed manner submit to the Registrar a report setting forth the manner in which the sale has been effected and the result of the sale, and the Registrar may confirm or cancel it.

135. The proceeds of every sale effected under section 133 and confirmed under the preceding section shall be applied first in payment of all costs, charges and expenses incurred in connection with the sale or attempted sales, secondly, in payment of any or all interest due on account of the mortgage in consequence whereof the mortgaged property was sold, and thirdly, in payment of the principal due on account of the recovery.

Disposal of sale proceeds.

If there remain any residue from the proceeds of sale, the same shall be paid to the person proving himself interested in the property sold, or if there are more than one persons than one, then to such persons upon their joint receipt or according to their respective interest therein as may be determined by Land Development Bank.

Provided that, before any such payments are made the unsecured dues owing —

- (a) from the mortgagor to the Land Development Bank may be adjusted, and
- (b) from any member or past member to whom the mortgagor is indebted may also be adjusted under the written authority given by such member and past member, and after holding such inquiry as may be deemed necessary.

Certificate to purchaser, delivery of property and title of purchaser.

136. (1) Where a sale of mortgaged property has become absolute under section 134 and the sale proceeds have been received in full by the Land Development Bank, the bank shall grant a certificate to the purchaser in the prescribed form, certifying the property sold, and sale price, the date of its sale, the name of the person who at the time of the sale is declared to be the purchaser, and the date on which the sale become absolute ; and upon the production of such certificate the Sub-Registrar appointed under the Indian Registration Act, 1908, within the limits of whose jurisdiction the whole or any part of the property specified in the certificate is situated, shall enter the contents of such certificate in his register relating to immovable property.
- (2) (a) Where the mortgaged property sold in the occupancy of the mortgagor, or of some person on his behalf or some persons claiming under a title created by the mortgagor, subsequent to the mortgage in favour of the State Land Development Bank or a Land Development Bank and a certificate in respect thereon has been granted under the foregoing sub-section the Revenue Officer shall, on the application of the purchaser, order delivery to be made by putting such purchaser or any person who he may appoint to receive delivery, on his behalf, in possession of the property.
- (b) Where the property sold is in the occupancy of a tenant or other person entitled to occupy the same, and a certificate in respect thereof has been granted upon the foregoing sub-section, the Revenue Officer, shall, on the application of the purchaser and after notice to such tenants or other person, order the delivery to be made by affixing

copy of the certificate of sale in a conspicuous place on the property and proclaiming to the occupant by beat of drum or other customary mode at some convenient place, that the right title and interest of the mortgagor have been transferred to the purchaser.

- (3) Where any property is sold in the exercise or purported exercise of a power of sale under section 133, the title of the purchaser shall not be questioned on the ground that the circumstances required for authorising the sale had not arisen, or due notice of the sale was not given, or the power of sale was otherwise improperly or irregularly exercised :

Provided that, any person who suffers damage on account of un-authorised, improper or irregular exercise of such power shall have a remedy in damages against the Land Development Bank.

- 117. (1) Notwithstanding anything contained in section 91 on an application made by a Land development Bank 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.

Recovery of loans on certificate by Registrar.

- (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 according to the law for the time being in force for the recovery of arrears of land revenue.

- (3) 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 Land Development Bank together with interest and any incidental charges incurred in recovery of such arrears, are paid or security for payment of such arrears is furnished to the satisfaction of the Registrar and the provisions of section 95 shall apply mutatis mutandis to conditional attachment of any property made or to be made under this section.

- 118. (1) Any amount due to a Land Development Bank (including cost of recovery thereof) shall on an application by it in this behalf be recoverable by the Revenue Officer, or any officer specially authorised by the Revenue Officer in this behalf, in all or any of the following modes namely :—

Collector to make recoveries during a certain period.

- (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.

Officers of Banks not to bid at sales.

139. At any sale of movable or immovable property, held under the provisions of this Chapter, no officer or employee of a Land Development Bank or the State Land Development Bank, except on behalf of the Bank of which he is an officer or an employee, and no person having any duty to perform in connection with such sale, shall either directly or indirectly bid for or acquire or attempt to acquire any interest in such property.

Any law not to apply to alienation in favour of Land Development Banks.

140. Nothing contained in any law for the time being in force in any part of the State shall apply to any alienation in favour of the Land Development Bank.

Provision for Guarantee Funds to meet certain losses.

141. (1) It shall be competent for the State Government to constitute one or more Guarantee Funds on such terms and conditions as it may deem fit, for the purpose of meeting losses that might arise as a result of loans being made by the Land Development Banks on titles to immovable property subsequently found to be defective or for any other purposes under this Chapter, for which in the opinion of the State Government, it is necessary to provide for or create a separate Guarantee Fund.

- (2) The State Land Development Bank and the Land Development Banks shall contribute to such funds at such rate as may be prescribed, and the constitution, maintenance and utilisation of such Funds shall be governed by such rules, as may be made by the State Government in this behalf.

Registrar's powers to permit any co-operative bank to function as a Land Development Bank.
Service of notice.

142. It shall be competent for the Registrar to permit any Co-operative bank to function as a Land Development Bank under such terms and conditions and for such period as he may deem fit.

143. The provisions of sections 102 and 103 of the Transfer of Property Act, 1882, and of any rules made under section 104 thereof, shall apply, so far as may be, in respect of all notices to be served under this Chapter.

144. The Board of the State Land Development Bank shall have a general power of supervision over Land Development Banks and may, with the previous sanction of the State Government, make regulations, not inconsistent with this Act or the rules made thereunder, for all or any of the following matters, namely

Power of Board of State Land Development Bank to supervise Land Development Banks and make regulations.

- (a) for the inspection of the account books and proceedings of the Land Development Banks ;
- (b) for the submission of returns and reports by such banks in respect of their transactions ;
- (c) for the periodical settlement of accounts between such banks and the State Land Development Bank being accounts relating to the payment of the amounts recovered by such banks on mortgages transferred to the State Land Development Bank ;
- (d) for the form in which applications to such banks for loans shall be made and for the valuation of properties offered as security for such loans ;
- (e) for the investment of moneys realised from the mortgagors ;
- (f) the conditions of service of employees of such banks ;
- (g) the programme and policy to be followed by such banks for making loans ;
- (h) the types and extent of security to be obtained by such banks for advancing loans ;
- (i) generally, for the purpose of safeguarding the interest of the parties, furtherance of activities of such banks, and carrying out the purposes of this Chapter.

CHAPTER XII

OFFENCES AND PENALTIES

145. (1) No person, other than a society registered, or deemed to be registered, under this Act and a person or his successor in interest of any name or title under which this Act comes into force, shall without the sanction of the State Government function, 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.

Use of the word "Co-operative".

(2) Every person contravening the provisions of the foregoing sub-section shall, on conviction, be punished with fine which may be extended to five hundred rupees.

Offences

146. It shall be an offence under this Act, if —

- (a) any member of a society transfers any property or interest in contravention of sub-section (2) of section 47 or any person knowingly acquires, or abets in the acquisition of, such property ; or
- (b) any employer and every director, manager, secretary or other officer or agent acting on behalf of such employer who, without sufficient cause, fails to comply with sub-section (2) of section 49 ; or
- (c) a Board of a society or an officer or member thereof fails to invest funds of such society in the manner required by section 70 ; or
- (d) any person, collecting share money for a society in formation, does not within a reasonable period deposit the same in the State Co-operative Bank, or a Central Co-operative Bank or an Urban Co-operative Bank, or a Postal Saving Bank;
- (e) any person, collecting the share money for a society in formation, make use of the funds so raised for conducting any business or trading in the name of a society to be registered or otherwise ; or
- (f) a committee of a society, or an officer or member thereof, fails to comply with the provisions of sub-sections (2), (3) or (4) of section 75 ; or
- (g) any officer or member of a society who is in possession of information, books and records, fails to furnish such information or produce books and papers, or give assistance to a person appointed or authorised by the State Government or the Registrar under section 78,81,83,94, or 103 ; or
- (h) any officer of a society fails to hand over the custody of books, records, cash, security and other property belonging to the society of which he is an officer to a person appointed under section 78 or 103 ; or
- (i) a Board of a society with a working capital of fifty thousand rupees or more, or any officer or a member thereof, fails without any reasonable excuse to give any notice, send any return or document, do or allow to be done or comply with orders made under section 79 ; or

- (j) a Board of a society or an officer or member thereof wilfully neglects or refuses to do any act, or to furnish any information required for the purposes of this Act by the Registrar, or other person duly authorised by him in writing in this behalf; or
- (k) a Board of a society, or an officer or member thereof, wilfully makes a false return, or furnishes false information, or fails to maintain proper accounts; or
- (l) any officer, member, agent or servant of a society fails to comply with the requirements of sub-section (4) of section 81; or
- (m) any officer or member of society wilfully fails to comply with any decision award or order passed under section 96; or
- (n) a member of a society fraudulently dispose of property over which the society has a prior claim, or a member or officer or employer or any person disposes of his property by sale, transfer, mortgage, gift or otherwise, with the fraudulent intention of evading the dues of the society; or
- (o) any officer of a society wilfully recommends or sanctions for his own personal use or benefit or for the use or benefit of a person in whom he is interested, a loan in the name of any other person; or
- (p) any officer or member of a society destroys, mutilates, tampers with, or otherwise alters, falsifies or secretes or is privy to the destruction, mutilation, alteration, falsification or secreting of any books, paper or security or makes, or is privy to the making of any false or fraudulent entry in any register, book of account or document belonging to the society; or
- (q) any officer or member of a society or any person does any act declared by the rules to be an offence.

Explanation :— For the purpose of this section, an officer or a member referred to in the section shall include past officer and past member, as the case may be.

147. Every society, officer or past officer, member or past member 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) if it is an offence under clause (a) of that section, with imprisonment for a term which may extend to six months, or with fine which may extend to five thousand rupees, or with both ;
- (b) if it is an offence under clause (b) of the section, with imprisonment for a term which may extend to one months, or with fine which may extend to five hundred rupees, or with both ;
- (c) if it is an offence under clause (c) of that section, with fine which may extend to five hundred rupees ;
- (d) if it is an offence under clause (d) of that section, with fine which may extend to five hundred rupees ;
- (e) if it is an offence under clause (e) of that section with imprisonment for a term which may extend to one year, or with fine, or with both ;
- (f) if it is an offence under clause (f) of that section, with fine which may extend to two hundred and fifty rupees ;
- (g) if it is an offence under clause (g) of that section, with fine which may extend to five hundred rupees ;
- (h) if it is an offence under clause (h) of that section, with fine which may extend to five hundred rupees ;
- (i) if it is an offence under clause (i) of that section, with fine which may extend to five hundred rupees ;
- (j) if it is an offence under clause (j) of that section, with imprisonment for a term which may extend to one month, or with fine which may extend to five hundred rupees, or with both ;
- (k) if it is an offence under clause (k) of that section, with imprisonment for a term which may extend to one year, or with fine which may extend to two thousand rupees, or with both ;
- (l) if it is an offence under clause (l) of that section, with fine which may extend to one hundred rupees ;
- (m) if it is an offence under clause (m) of that section, with imprisonment for a term which may extend to six months or with fine which may extend to five hundred rupees, or with both ;
- (n) if it is an offence under clause (n) of that section, with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both ;

- (o) if it is an offence under clause (o) of that section, with imprisonment for a term which may extend to two years, or with fine, or with both;
- (p) if it is an offence under clause (p) of that section, with imprisonment for a term which may extend to three years, or with fine, or with both;
- (q) if it is an offence under clause (q) of that section, with fine which may extend to two hundred and fifty rupees.

148. (1) No Court inferior to that of a Chief Judicial Magistrate or a Judicial Magistrate of 1st Class shall try any offence under this Act.
- (2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 it shall be lawful for a Chief Judicial Magistrate or a Judicial Magistrate of the First Class to pass a sentence of fine on any person convicted of an offence under clause (b) of section 146 as provided under section 147 in exercise of his powers under section 29 of that Code.
- (3) No Court shall take cognizance of offence under clause (b) of section 146 and any other offences under this Act except upon a complaint by an officer duly authorised by the Registrar in this behalf and except with previous sanction of the State Government in case of offence under clause (b) and 146 and of the Registrar in the case of other offence under this Act.

Cognizance of offences.

CHAPTER XIII

APPEALS, REVIEW AND REVISION

149. (1) The State Government shall constitute a Tribunal called the Manipur State Co-operative Tribunal, to exercise the functions conferred on the Tribunal by or under this Act.
- (2) The Presiding Officer, Revenue Tribunal appointed by the State Government as such shall be deemed to be the Manipur State Co-operative Tribunal for the purposes of this Act.

Manipur State Co-operative Tribunal.

- (3) The Tribunal may call for and examine the record of any proceedings in which an appeal lies to it, for the purpose of satisfying itself as to the legality or propriety of any decision or order passed. If in any case, 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 just.
- (4) Where an appeal or application is made to the Tribunal under this Act, it may, in order to prevent the ends of justice being defeated, make such interlocutory orders pending the decision of the appeal or application, as the case may be, may appear to it to be just and convenient, or such orders as may be necessary for the ends of justice, or to prevent the abuse of the process of the Tribunal.
- (5) An order passed in appeal, or in revision under sub-section (3), or in review under section 150 by the Tribunal shall be final and conclusive, and shall not be called in question in any Civil or Revenue Court.

Explanation : - The Tribunal hearing an appeal under this Act shall exercise all the powers conferred upon an appellate Court by section 97 and Order XII in the First Schedule of the Code of Civil Procedure, 1908.

Review of
orders of
Tribunal

- 150. (1)** The Tribunal may, either on the application of the Registrar, or on the application of any party interested, review its own order in any case, and pass in reference thereto such order as it thinks just :

Provided that, no such application made by the party interested shall be entertained, unless the Tribunal is satisfied that there has been the discovery of new and important matter of evidence, which after the exercise of due diligence was not within the knowledge of the applicant or could not be produced by him at the time when its order was made, or that there has been some mistake or error, apparent on the face of the record or for any other sufficient reasons :

Provided further that, no such order shall be varied or revised, unless notice has been given to the parties interested to appear and be heard in support of such order.

- (2) An application for review under the foregoing sub-section by any party, shall be made within ninety days from the date of the communication of the order of the Tribunal.

- 151.(1) In exercising the functions conferred on it by or under this Act, the Tribunal shall have the same powers as are vested in a Court in respect of, -
- (a) proof of facts by affidavit,
 - (b) summoning and enforcing the attendance of any person and examining him on oath,
 - (c) compelling discovery or the production of documents, and
 - (d) issuing commissions for the examination of witnesses.
- (2) In the case of any such affidavit, any officer appointed by the Tribunal in this behalf may administer the oath to the deponent.
152. (1) An Appeal against an order or decision under section 4,9,11,12,13,14,17,21,29, 35,78, and 105 shall lie,
- (a) if made or sanctioned or approved by the Registrar, or the Additional or Joint Registrar on whom powers of the Registrar are conferred, to the State Government.
 - (b) if made or sanctioned by any person other than the Registrar, or the Additional or Joint Registrar on whom the powers of the Registrar are conferred to the Registrar.
- (2) An Appeal against an order or decision under section 79, 85 and 88, and any order passed by the Registrar for paying compensation to a society, and any other order for which an appeal to the Tribunal has been provided under this Act shall lie to the Tribunal.
- (3) An appeal under sub-section (1) or (2) shall be filed within two months of the date of the communication of the order or decision.
- (4) Save as provided in this Act, no appeal shall lie against any order, decision or award passed in accordance with this Act; and every such order, decision or award shall be final, and where any appeal has been provided for, any order passed on appeal shall be final and no further appeal shall lie against it.

Tribunal to have power of Civil Court.

Appeals.

153. In all cases in which it is provided under this Act that an appeal may be filed against any decision or order within a specified period, the appellate authority may admit an appeal after the expiry of such period, if the appellant satisfies the appellate authority that he had sufficient cause for not preferring the appeal within such period.

Extension of period of limitation by appellate authority in certain cases.

*Power of State Govt. and Registrar to call for proceedings of subordinate officers and to pass orders thereon.

154. (1) The Registrar may, of his own motion or on application, call for and examine the records of any officer subordinate to him not being Additional Registrar or Joint Registrar, and the State Government may, of its own motion or on application, call for and examine the records of the Registrar, Additional Registrar or Joint Registrar, in respect of any proceedings not being a proceeding in respect of which an appeal lies to the Tribunal, to satisfy himself or itself as to the regularity of such proceedings or legality or propriety of any decision or order made therein; and if, in any case, it appears to the Registrar or the State Government that any such decision or order should be modified, annulled or remitted for or reconsideration, he or it may order accordingly.
- (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 State Government, as the case may be, may suspend the execution of the decision or order pending the exercise of his or its power under sub-section (1).
- (4) The Registrar or the State Government, may award cost in proceedings under this section to be paid out of the funds of the society or by such other party as the Registrar or the State Government may deem fit.

Explanation : - The State Government may nominate an officer not below the rank of Secretary to the Government to exercise the powers of the State Government under this section and section 152."

CHAPTER XIV MISCELLANEOUS

Recovery of sums due to Government

155. (1) Unless otherwise provided by this Act, all sums due from a society or from an officer or member or past member or a deceased member of a society as such to the Government, may be recovered according to the law and under the rules for the time being in force for the recovery of arrears of land revenue.

Amendments

1. These sub-sections and words were substituted for section 154 of the principal Act by Man, Act No. 12 of 1984 section 14.

- (2) Sums due from a society to the Government and recoverable under the foregoing sub-section may be recovered, firstly from the property of the society, secondly in the case of a society of which the liability of the members is limited, from the members or past members or the estate of deceased members subject to the limit of their liability and thirdly, in the case of societies with unlimited liability, from the members or past members or estate of deceased members.
- (3) The liability of past members or estate of deceased members shall in all cases be subject to the provision of section 33.

156. (1) The Registrar or any officer subordinate to him and empowered by him in this behalf may, subject to such rules as may be made by the State Government, but without prejudice to any other mode of recovery provided by or under this Act, recover –

- (a) any amount due under a decree or order of a Civil Court obtained by a society;
- (b) any amount due under a decision, award or order of the Registrar, Arbitrator or Liquidator or Tribunal;
- (c) any sum awarded by way of costs under this Act;
- (d) any sum ordered to be paid under this Act, as a contribution to the assets of the society;
- (e) Any amount due under a certificate granted by the Registrar under Sub-section (1) or (2) of section 101 or under Subsection (1) of section 137; together with interest, if any, due on such amount or sum and the costs of process by attachment and sale or by the without attachment of the property of the person against whom such decree, decision, award or order has been obtained or passed.
- (2) The Registrar or the officer empowered by him shall be deemed, when exercising the powers under the foregoing sub-section, or when passing any order on any application made to him for such recovery to be a Civil Court for the purposes of article 182 in the First Schedule to the Indian Limitation Act, 1908.

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

Registrar's power to recover certain sums by attachment and sale of property.

Power to exempt societies from provision of Act.

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.

Branches
etc. of
societies
outside the
State.

158. (1) No Society shall open a branch or a place of business outside the State of Manipur and no co-operative society registered upon any law in any other State open a branch or a place of business in the State of Manipur without the permission of the Registrar.

(2) Every Co-operative society registered under any law in any other State, and permitted to open a branch or a place of business in the Manipur State under the foregoing Sub-section, or which has a branch or a place of business in the Manipur State at the commencement of this Act, shall, within three months from the opening of such branch or place of business or from the commencement of this Act as the case may be, file with the Registrar a certified copy of the bye-laws and amendments and, if these are not written in English language, a certified translation thereof in English or Hindi and shall submit to the Registrar such returns and information as are submitted by similar societies registered under this Act in addition to these which may be submitted to the Registrar of the State where such society is registered.

Handing
over
records and
property to
new
Chairman
on election.

159. (1) On the election of a new Board and its Chairman the retiring Chairman, in whose place the new Chairman is elected shall hand over charge of the office of the Board and all papers and property, if any, of the society in possession of the Board or any officers thereof, to the new Chairman of the Board.

(2) If the retiring Chairman fails or refuses to hand over charge, or to hand over the papers and property of the society as aforesaid, the Registrar, or any person empowered by him in this behalf, may by order in writing direct him to forthwith hand over such charge and property.

(3) If the retiring Chairman to whom a direction has been issued as aforesaid does not comply with such direction, he shall on conviction be punished with simple imprisonment which may extend to one month, or with fine which may extend to five hundred rupees, or with both, and the Registrar may on the retiring Chairman's failure to comply with such direction, take order for seizing the records and property and to hand over to the new Chairman, in the manner provided in section 80.

160. The Registrar, a person exercising the power of the Registrar, a person authorised to audit the accounts of a society under section 81, or to hold an enquiry under section 83, or to make an inspection under section 84, and a person appointed as an administrator under section 78, or as a nominee or board of nominees under section 93, or as a Liquidator under section 103, shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

Registrar and other officer to be public servants

161. No suit, prosecution or other legal proceedings shall be against the Registrar or any person subordinate to him or acting on his authority, in respect of anything in good faith done, or purported to have done by him by or under this Act.

Indemnity for acts done in good faith.

162. (1) Save as expressly provided in this Act, no civil or Revenue Court shall have any jurisdiction in respect of—

Bar of jurisdiction of Courts.

- (a) the registration of a society or its bye-laws, or the amendment of its bye-laws or the dissolution of the board of a society, or the management of the society on dissolution in thereof; or
- (b) any dispute required to be referred to the Registrar, or his nominee, or board of nominees, for decision;
- (c) any matter concerned with the winding up and dissolution of a society.

(2) While a Society is being wound up, the suit or other legal proceedings relating to the business of such society shall be proceeded with or instituted against the society or any member thereof, or any matter touching the affairs of the society, except by leave of the Registrar, and subject to such terms as he may impose.

(3) All orders, decisions or awards passed in accordance with this Act or the rules, shall, subject to the provisions for appeal or revision in this Act be final, and no such order, decision or awards shall be liable to be challenged, set aside, modified, revised or declared void in any Court upon the merits, or upon any other ground whatsoever except for want of jurisdiction.

163. No suit shall be instituted against a society, or any of its officers, in respect of any act touching the business of the society, until the expiration, of two months next after notice in writing has been delivered to the Registrar or left at his office, stating the causes 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.

Notice necessary in suits.

Rules

164. (1) The State Government may, for the whole or any part of the State and for any society or class of societies, make rules for the conduct and regulation of the business of such society or class of societies and for carrying out the purposes of this Act.
- (2) In particular, and without prejudice to the generality of the foregoing power, such rules may –
- (i) subject to the provisions of section 3, prescribe the designation of officers who shall exercise powers vested in the Registrar;
 - (ii) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society under section 8 and the procedure in the matter of such application;
 - (ii) prescribe the matters in respect of which a society may make, or the Registrar may direct a society to make, bye-laws and the procedure to be followed in making, altering and abrogating bye-laws and the conditions to be satisfied prior to such making, alteration or abrogation;
 - (iv) prescribe the procedure to be followed and conditions to be observed for change of name or liability, amalgamation, transfer, division, conversion, or reconstruction of society;
 - (v) prescribe the form of and procedure for an application under section 19 and the procedure for reconstruction of a society under that section;
 - (vi) prescribe the conditions to be complied with by a person applying for admission or admitted as a member and provide for the election and admissions of members and the payment to be made and the interests to be acquired before the exercise of the right of the membership;
 - (vii) prescribe in the case of a federal society, or class of federal societies, the proportion of individual members or society members in such society or class of societies and the proportion of individual members to society members in the board of such society or class of such societies;
 - (viii) subject to the provision of section 28, prescribe the maximum number of shares or portion of the capital of a society which may be held by a member;

- (ix) prescribe the procedure for the admission of joint members, members of a joint Hindu undivided family, and minors and persons of unsound mind inheriting the share or interest of deceased members and provide for their rights and liabilities;
- (x) provide for the withdrawal, removal or expulsion of members, and for the payments to them and for the liabilities of past members and the estate of deceased members;
- (xi) prescribe the conditions and procedures for the transfer of share or interest;
- (xii) provide for the nomination of a person to whom the share or the interest of a deceased member may be paid or transferred;
- (xiii) provide for ascertaining the value of a share or interest of a past member or deceased member;
- (xiv) prescribe the payment to be made and the conditions to be complied with by members applying for loans, the period for which loans may be made, and the amount which may be lent to an individual member;
- (xv) provide for the procedure for registering the address of a society and the change of its address.
- (xvi) provide for the formation and maintenance of a register of members, and where the liability of members is limited by shares, of a register of shares and a list of members;
- (xvii) provide for securing that the share capital of any society shall be available in such a way as may be necessary to secure that the share shall not appreciate in value and that necessary capital shall be available for the society as required;
- (xviii) provide for the procedure to be adopted by a society with limited liability in order to reduce its share capital;
- (xix) prescribe the period for and terms upon which Government aid may be given to societies and terms under which the State Government may subscribe to the share capital of and guarantee the payment of the principal of and interest on debentures issued by societies ;

- (xx) regulate the manner in which funds may be raised by a society or class of societies by means of shares or debenture or otherwise security and the quantum of funds so raised;
- (xxi) prescribe the limits for loans to be granted by a society or class of societies against different class of securities or without security and the procedure for granting loans;
- (xxii) prescribe the manner of recalling a loan;
- (xxiii) prescribe the limits for granting credit by a non-credit society or a class of non-credit societies;
- (xxiv) prescribe the prohibitions and restrictions subject to which societies may trade or transact business with persons who are not members;
- (xxv) prescribe the conditions on which any charge in favour of a society shall be satisfied and the extent to which and the order in which the property to the charge shall be used in its satisfaction;
- (xxvi) provide for giving reasonable notice of the charge under section 48;
- (xxvii) prescribe the procedure by which a society shall calculate and write off bad debts;
- (xxviii) prescribe the sums which, in addition to those referred to in section 65(1), shall be deducted from profits before arriving at the profits for the purpose of section 65 (2);
- (xxix) provide for the formation and maintenance of reserve fund, and the objects to which such fund may be applied and for the investment and used of any fund including reserve fund under the control of a society;
- (xxx) prescribe the procedure and conditions under which profits may be distributed;
- (xxxi) prescribe the rate at which a society shall contribute towards the educational fund of the State Federal Society under section 68;
- (xxxii) define the co-operative purpose for which a society shall, under section 69, utilise its fund;
- (xxxiii) Prescribe the mode of investment of funds of a society under section 70 and the proportion of investment in any security or class of securities;

- (xxxiv) provide for the payment of contribution to any provident fund which may be established by a society for the benefit of officers and servants employed by it and for the administration of such provident fund;
- (xxxv) prescribe the procedure and conditions for the exercise by a federal society of the powers conferred by this Act;
- (xxxvi) provide for general meetings of the members, for the procedure at such meetings and the powers to be exercised by such meetings;
- (xxxvii) prescribe the conditions in which a member of a society may be disqualified from voting;
- (xxxviii) provide for the appointment, suspension and removal of the Board members and other officers and for the appointment of administrator under section 78 and prescribe procedure of the meeting of the Board and for the powers to be exercised and the duties to be performed by the Board, administrator and other officers;
- (xxxix) prescribe qualification for members of the Board and employees of a society or class of societies (duties to be performed by, and several and joint liabilities therefor, of, such members) and the conditions of service subject to which persons may be employed by societies;
- (xl) prescribe the returns to be submitted by a society to the Registrar and provide for the persons by whom and the form in which such returns shall be submitted;
- (xli) provide for the persons by whom and the form in which copies of documents and entries in books of societies may be certified and the charges to be levied for the supply of copies thereof;
- (xlii) provide for the procedure to be adopted by the Registrar in the cases where the taking of possession of books, documents, securities, cash and other properties of a society or of a society the affairs of which have been ordered to be wound up, by the Registrar or by a person entitled to the same is resisted or obstructed;

- (xliii) provide for the procedure to be adopted for taking possession of books, documents, securities, cash and other properties of a society by a person acting under section 81, 83 and 84 in cases where misappropriation of funds, breach of trust or fraud has been committed or where it is suspected or apprehended that the books, documents, securities, cash and other properties are likely to be tampered with or destroyed or removed.
- (xliv) prescribe the account books to be kept by a society or class of societies;
- (xlv) prescribe the procedure for conducting an audit, the matters on which the auditor shall submit a report, the form in which the statement of accounts shall be prepared for his audit, the limits within which the auditor may examine the monetary transactions of a society, the form of audit memorandum and report and the charges, if any, to be paid by a society for audit;
- (xlvi) prescribe the procedure for appointment of auditors under section 81;
- (xlvii) prescribe the form for the rectification of defects discovered in the course of audit, inspection or inquiry;
- (xlviii) prescribe the procedure and principles for the conduct of inquiry under section 83 and inspection under section 84;
- (xlix) prescribe the procedure for apportioning the cost of inquiry and inspection and for assessing damages against delinquent promoters under section 88 and for recovery of cost and damages;
 - (i) prescribe the manner in which appointment shall be made and control exercised by and the number of persons comprising, and functions to be performed by, the authority constituted under section 90, the manner of election and nomination of such person, the fees to be paid to such authority and the manner of such payment and the procedure for and the method of calculating any cost, charges or expenses required to be levied under this Act or the rules;
 - (ii) provide for appointment of the Registrar's nominee or board of nominees, procedure to be followed in proceedings before the Registrar or his nominee or board of nominees and for fixing and levying the expenses for determining the dispute for enforcing the decisions or awards in such proceedings;

- (lii) prescribe the form in which a dispute shall be referred to the Registrar;
- (liii) provide for the issue and service of processes and for providing of service thereof;
- (liv) provide for the investigation of claims and objection that may be preferred against any attachment effected (under section 95);
- (lv) prescribe the procedure for and the method of recovery of any sums due under this Act or the rules;
- (lvi) prescribe the procedure to be followed for the custody of property attached under section 95;
- (lvii) prescribe the procedure to be followed in the execution of awards;
- (lviii) prescribe the manner in which any property shall be delivered to, and the term and conditions subject to which such property shall be held by, a society under section 100;
- (lix) prescribe the procedure for attachment and sale of the property for the realisation of any security given by a person in the course of execution proceedings;
- (lx) prescribe the procedure and conditions for the exercise of the powers conferred under section 105 and the procedure to be followed by a Liquidator and provide for the disposal of surplus assets;
- (lxi) prescribe the matter in which an appeal shall lie from the order of a Liquidator appointed under section 103;
- (lxii) prescribe the procedure and conditions for the issue, redemption re-issue, transfer, replacement or conversion of debentures issued by a society to which chapter XI is applicable;
- (lxiii) prescribe the maximum amount of principal, the rate of interest and other conditions for the guarantee of debentures issued by a society to which Chapter XI is applicable;
- (lxiv) Prescribe the qualifications and method of appointment of an officer to effect sale under section 133 and the powers and functions which such an officer may exercise;

- (lxv) prescribe for the appointment of a receiver of the produce and income of the mortgaged property for sale under section 133, the conditions in which he may be appointed or removed, or the powers and functions which he may exercise and the expenses of management and remuneration which he may receive;
- (lxvi) prescribe the circumstances in which action may be taken by a Land Development Bank against a mortgagor under section 133 (2);
- (lxvii) prescribe in case of sale of immovable property under Chapter XI:
 - (a) the procedure for proclamation and conduct of the sale and the conditions on which an attempt of sale may be abandoned;
 - (b) the method of calculating the expenses incidental to the sale or attempted sale;
 - (c) the procedure for the receipt of deposit and disposal of the proceeds of sale;
 - (d) the procedure for a resale if any attempted sale is abandoned or the purchase money is not deposited within the prescribed time and the penalty to be levied against the purchaser who fails so to deposit the purchase money;
 - (e) the form and method of disposal of money by a Land Development Bank under section 135;
 - (f) the form of sale certificate under section 136;
 - (g) the procedure for the delivery by the Court of the property purchased to the purchaser under section 136;
 - (h) the form of the notice referred to in section 143;
 - (i) the fee payable for the service of such notice and the manner of serving such notice on, and of the transmitting landlords' fee to, the landlord named in such notice;
- (lxviii) prescribe the time within which and the procedure according to which property purchased by a Land Development Bank at a sale of immovable property under Chapter XI shall be disposed of by the bank;

- (lxix) prescribe the procedure to be followed in presenting and disposing of appeals;
- (lxx) prescribe the qualifications of the members of the Tribunal;
- (lxxi) prescribe the method of communicating or publishing any order, decision or award required to be communicated or published under this Act or the Rules;
- (lxxii) Prescribe in the case of appeals lying to the State Government the authority to which power of hearing appeals may be delegated;
- (lxxiii) Provide that the contravention of any of the rules shall be an offence under the Act;
- (lxxiv) Provide for all other matters expressly required or allowed by this Act to be prescribed by rules;

- (3) The power to make rules conferred by this section is subject to the condition of the rules being made after previous publication;
- (4) All rules made under this section shall be laid for not less than thirty days before the House of the state Legislature as soon as possible after they are made, and shall be subject to such modification as the Legislature may make during the session in which they are so laid or the session immediately following.

165. (1) The Assam Co-operative Societies Act, 1949 (Act 1 of 1950) in its application to the State of Manipur is hereby repealed;

Repeal, saving and construction.

Provided that, the repeal shall not effect the previous operation of the Act so repealed and anything done or action taken or deemed to have been done or taken (including any appointment or delegation made, a publication or other document filed, certificate of registration granted, agreements executed, notification, order, direction or notice issued, regulation, form or bye laws framed, rule made or deemed to be made or proceeding instituted before any Registrar, Arbitrator, Liquidator or Tribunal or other Officer, authority or person, by or under the provisions of this Act, shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act, and shall continue in force unless and until superseded by anything done or any action taken under the Act.

- (2) Accordingly, all societies registered or deemed to be registered under the Act repealed the registration of which is in force at the commencement of this Act shall on such commencement be deemed to be registered under this Act and all proceedings pending immediately before such commencement before any Registrar, Arbitrator, Liquidator or Tribunal or other officer, authority or person under the provisions of the repealed Act shall stand transferred, where necessary, to the Registrar, arbitrator, Liquidator or Tribunal or other corresponding Officer, authority under this Act and if no such officer, authority or person exists or if there be a doubt as to the corresponding officer, authority or persons to such officer, authority or person as the State Government may designate and shall be continued and disposed of before such officer, authority or person in accordance with the provisions of this Act.
- (3) Any reference to the Act repealed or to any provisions thereof or to any officer, authority or person entrusted with any functions thereunder, in any law for the time being in force or in any instrument or document, shall be construed where necessary, as a reference to this Act, or its relevant provisions under this Act, and the corresponding officer, authority or person, as the case may be shall have and exercise the functions under the repealed Act or under the instrument or document.

Companies
Act not to
apply

166. For the removal of doubt, it is hereby declared that the provisions of the Companies Act, 1956 shall not apply to societies registered, or deemed to be registered under this Act.

CHAPTER XV INSURED CO-OPERATIVE BANKS

167. Notwithstanding anything contained in this Act, in the case of an insured co-operative bank –

- (i) an order for the winding up, or an order sanctioning a scheme of compromise or arrangement, or of amalgamation, or reconstruction (including division or re-organisation), of the bank may be made only with the previous sanction in writing of the Reserve Bank of India;

- (ii) an order for the winding up of the bank shall be made by the Registrar if so required by the Reserve Bank of India in the circumstances referred to in [sect. 13-D] of the ² [Deposit Insurance and Credit Guarantee Corporation] Act, 1961;
- (iii) if so required by the Reserve Bank of India in the public interest or for preventing the affairs of the bank being conducted in a manner detrimental to the interests of the depositors or for securing the proper management of the bank, an order shall be made for suppression (removal) of the committee of management and the appointment of an Administrator therefor for such period or periods, not exceeding five years in the aggregate, as may from time to time be specified by the Reserve Bank of India, and the Administrator so appointed shall, after the expiry of his term of office, continue in office until the day immediately preceding the date of the first meeting of the new committee;
- (iv) no appeal, revision or review shall lie or be permissible against an order such as is referred to in clauses, (i), (ii) or (iii) made with the previous sanction in writing or on the requisition of the Reserve Bank of India and such order or sanction shall not be liable to be called in question in any manner; and
- (v) the Liquidator or the insured Co-operative bank or transferee bank, as the case may be, shall be under an obligation to repay the ¹ [Deposit Insurance and Credit Guarantee Corporation] established under the ⁴ [Deposit Insurance and Credit Guarantee Corporation] Act, 1961, in the circumstances, to the extent and in the manner referred to in section 21 of that Act.

Explanation :- For the purposes of this section "A Co-operative Bank" means a bank as has been defined in the ⁵ [Deposit Insurance and Credit Guarantee Corporation] Act, 1961.

Amendment

1. The word, figure and letter were substituted for the word and figure "section 130" by Man. Act 12 of 1984, section 15.
- 2,3,4,5,6 :— The words "Deposit Insurance and Credit Guarantee Corporation" were substituted for the words "Deposit Insurance Corporation" by Man. Act 12 of 1984, sect. 15.

- (ii) "Insured Co-operative Bank" means a society which is an insured bank under the provisions of the 6[Deposit Insurance and Credit Guarantee Corporation] Act, 1961.
- (iii) "Transferee Bank" in relation to an insured Co-operative bank means a Co-operative Bank,
 - (a) With which such insured co-operative bank is amalgamated, or
 - (b) To which the assets and liabilities of such insured co-operative bank are transferred, or
 - (c) Into which such insured co-operative bank is divided or converted under the provisions of sections 17 and 18.