



The Arunachal Pradesh Gazette
EXTRAORDINARY
PUBLISHED BY AUTHORITY

No. 41, Vol. XVII, Naharlagun, Tuesday, May 11, 2010, Vaisakha 21, 1932 (Saka)

GOVERNMENT OF ARUNACHAL PRADESH
LAW AND JUDICIAL DEPARTMENT
ARUNACHAL PRADESH CIVIL SECRETARIAT
ITANAGAR

NOTIFICATION

The 7th May, 2010

No. LAW/LEGN-22/2007.- The following Act of the Arunachal Pradesh Legislative Assembly which received the assent of the Governor of Arunachal Pradesh is hereby published for general information.

(Received the assent of the Governor on 20-04-2010)

The Arunachal Pradesh Co-operative Societies (Amendment) Act, 2010

(ACT NO. 7 OF 2010)

AN

ACT

further to amend the Arunachal Pradesh Co-operative Societies Act, 1978 (Act. No 3 of 1979)

BE it enacted by the Legislative Assembly of Arunachal Pradesh in the Sixty-first Year of the Republic of India as follows:-

1. (1) This Act may be called the Arunachal Pradesh Co-operative Societies (Amendment) Act, 2010.
- (2) It shall extend to whole of the State of Arunachal Pradesh.
- (3) It shall come into force on the date of their publication in the Official Gazettee.
2. In the Arunachal Pradesh Co-operative Societies Act, 1978 (Act No. 3 of 1979), after Chapter XIV, following Chapter XV shall be inserted, namely,-

Short title,
extent and
commencement.

Chapter XV

(Special provisions applicable to Societies in Co-operative Credit Structure)

- 136.** The provisions of this Chapter shall have effect, notwithstanding anything contrary or inconsistent contained in any other Chapter of this Act or any other law for the time in force or any instrument having effect by virtue of this Act or any other law. Over-riding effect.
- 137.** In this chapter, unless the context otherwise requires: Definitions.
- (a) **‘Cooperative Credit Structure’** includes the State Co-operative Bank, Large Sized Multipurpose Co-operative Societies registered under the Act.
 - (b) **‘National Bank’** means National Bank for Agriculture and Rural Development established under section 3 of National Bank for Agriculture and Rural Development Act, 1981 (Act 61 of 1981).
 - (c) **‘Reserve Bank’** means Reserve Bank of India established under section 3 of the Reserve Bank of India Act, 1934 (Act No. 2 of 1934).
 - (d) Words and expressions used in this Chapter but not defined shall have the meaning assigned to in the Principal Act.
- 138.** No person or group of persons other than a member or members under section 22 shall be eligible to borrow or make deposit in Large Sized Multipurpose Cooperative Societies. Members to borrow or made deposits.
- 139.** (1) The Committee of every society in a Co-operative Credit Structure shall have freedom and power to decide its financial and internal administrative matters including:- Power of the Committee.
- (i) Interest rates on deposits and loans subject to the directives issued by the Reserve Bank;
 - (ii) Borrowing, investment, loaning, policies (including individual loans) and other business policies;
 - (iii) Personal policies including issues relating to recruitment, promotion, staffing, training, posting and compensation to staff as per business requirement of the society;
 - (iv) Internal check and control systems, appointment of auditors, their compensation and other internal administrative issues;
 - (v) Affiliation or disaffiliation in a federal structure as per the choice of the society including entry and exit there from;
 - (vi) Area of operation as per business requirements of the societies without any geographical restrictions;

(vii) Dividend payable to members of the society subject to guidelines issued by the Registrar as per the criteria specified by the National bank.

Borrowing
and
Investment.

140. The Committee of a Society in Co-operative Credit Structure shall have power:-

- (a) to borrow from any bank or financial institution regulated by the Reserve Bank and avail refinance from the National Bank or any other refinancing body directly or through any financial institution regulated by the Reserve Bank.
- (b) to keep its deposits and invest its surplus in any Bank or financial institution regulated by the Reserve Bank taking into account the interest of the Society and its members.

Disqualificat-
ion of
members and
other office
bearers.

141. (1) No members of a society in Co-operative Credit Structure shall be eligible to be elected as member or other office bearer in the Committee if he is in default for a period of 12 months in payment of dues to the Society.

(2) No person elected as member or other office bearer in the Committee of a society in Co-operative Credit Structure shall be allowed to act as such if he is in default for a period exceeding 12 months in payment of dues to the society unless the amount in default with due interest is paid to the Society.

(3) No member or office bearer of Large Sized Multipurpose Co-operative Societies shall be eligible to be elected as member or office bearer in the committee of the State Co-operative Bank or can be permitted to hold such post if the society is in default in payment of dues to the State Co-operative bank for more than one year unless amount in default with due interest is paid to the State Co-operative Bank.

(4) No member of a non-credit society who is member in the Committee of the State Co-operative Bank shall be allowed to act as such if the society commits default for a period exceeding ninety days in payment of dues to the Bank.

(5) No member of the Committee of Large Sized Multipurpose Co-operative Societies, superseded under section 143 shall be eligible to contest election for its membership for period of three years from the date of supersession.

142. If members with professional background as stipulated by the Reserve Bank are not elected in required number in the Committee of the State Co-operative Bank to the extent of shortfall, such vacancies shall be filled by Co-option of such persons in the Committee and such co-opted members shall have full voting rights.

Co-option of
Professional
in
committees.

143. (1) No Committee of Large Sized Multipurpose Co-operative Societies shall be superseded by the Registrar unless one of the following conditions exists-

Supersession
of
Committee.

- (i) it incurs loss for three consecutive years, or

- (ii) serious financial irregularities are identified, or
 - (iii) there are judicial directives to this effect or there is perpetual lack of quorum.
- (2) No Committee of Large Sized Multipurpose Co-operative Societies shall be placed under supersession for more than six months.
- (3) No Committee of the State Co-operative Bank or a Central Co-operative Bank shall be superseded without prior consultation with Reserve Bank.
- 144.** No Society in Co-operative Credit Structure shall be directed by the State Government or otherwise required to contribute to any fund other than those for improving the net worth and owned fund of the Society. Contribution of Fund
- 145.** There shall not be any cadre system in Co-operative Credit Structure with effect from such date as may be notified by the State Government. Abolition of Cadre System.
- 146.** (1) Audit of the State Co-operative Bank shall be conducted by Chartered Accountants from the panel approved by the National Bank. Audit.
- (2) The Registrar shall cause a special audit of State Co-operative Bank on the recommendation of the Reserve Bank and shall submit a copy of the report of such special audit to the reserve Bank and National Bank within the period specified by the Reserve Bank.
- 147.** (1) The Registrar on receipt of an application for approval and registration of amendments in Bye-laws of a society in a Co-operative Credit structure made as per the provisions of the Act, shall dispose of such applications within thirty days of its receipt. Obligation of the Registrar.
- (2) The Registrar shall ensure that
- (a) regulatory prescription or directives for the State Co-operative Bank by the Reserve Bank are compiled with;
 - (b) the elections of the office bearers of the Committee of a Society in the Cooperative credit Structure are completed before the expiry of its term.
 - (c) the Committee of a society in a Co-operative Credit Structure is not placed under supersession for a period exceeding six months and the election are completed well before expiry of the period of supersession.
 - (d) Supervisory prescription and guidelines for Large Sized Multipurpose Cooperative Societies issued by the National Bank are compiled with.
 - (e) guidelines for payment of dividend to members by Large Sized Multipurpose Co-operative Societies are issued, subject to criteria specified by the National Bank.

- (3) A person who does not fulfill the eligibility criteria for the post of Chief Executive Officer or a member in the Committee of the State Co-operative Bank as stipulated by the Reserve Bank shall be treated as ineligible for such post and if such person is holding the post, he shall be removed by the Registrar on receipt of advice to this effect from the Reserve Bank or the National Bank.
- (4) No Large Sized Multipurpose Co-operative Societies shall use the word “**Bank**”, “**Banking**” “**Banker**” or any other derivative of the word “**Bank**” in its name and the society using such name shall be de-registered by the Registrar.
- (5) The State Co-operative Bank shall be liable to be wound up in public interest at the advice of the Reserve Bank and the Registrar shall take action in this behalf including appointment of a liquidator within 30 days of receipt of advice from the Reserve Bank.
- (6) Prescribe prudential norms including capital to risk weighted asset ratio for all the Large Sized Multipurpose Co-operative Societies in consultation with National Bank.

State equity
in
Cooperative
Credit
Structure.

- 148.** (1) The capital of 25% State equity would be applicable to State Co-operative Banks (SCBs) in the normal course but the State Government would be permitted to contribute equity in excess of this limit only if equity infusion is required in the SCB to enable it to comply with section 11 (1) of the Banking Regulation Act, 1949 (Act 10 of 1949).

There will be only one Government representative on the Board of SCB. The CEO of the SCB shall not be regarded as the representative of the State Government. However, there will be no Government nominee on the Board of PACS/LAMPS/FSS irrespective of the State equity in such an entity.

Provided that the State Government may contribute equity in excess of the aforesaid limit only if equity infusion is required in the State Co-operative Bank, to enable it to comply with section 11(1) of the Banking Regulation Act, 1949 (Central Act 10 of 1949).

Role of the
State
Government

- 149.** (1) No society in Co-operative Credit Structure shall be exempted by the State Government in any manner from the application of the provisions of this chapter without prior approval of the Reserve Bank or the National Bank.

The State Government shall not do anything or take any action or issue any order or directive which may have effect of curtailing any of the freedoms or powers given under this chapter to the societies in Co-operative Credit Structure or adversely affect the operation of the provisions of this chapter.

**C.P. Mansai,
Secretary to the
Government of Arunachal Pradesh
Itanagar.**