



Bill Summary

The Multi State Cooperative Societies (Amendment) Bill, 2010

- The Multi State Cooperative Societies (Amendment) Bill, 2010 was introduced in the Lok Sabha on November 15, 2010 by the Minister of Agriculture, Consumer Affairs, Food and Public Distribution, Shri Sharad Pawar. The Bill was referred to the Standing Committee on Agriculture (Chairperson: Shri Basudeb Acharia), which is scheduled to submit its report within three months.
- The Bill amends the Multi State Cooperative Societies Act, 2002, which regulates multi-state cooperative societies i.e. cooperatives which serves the interest of members in more than one state. This includes federal cooperative societies whose membership is available only to a cooperative society or a multi-state cooperative society and 21 national cooperative societies specified.
- The central government may appoint a Central Registrar of Cooperative Societies. A multi-state cooperative society may be registered if its main object is to serve the interest of members in multiple states, its bye-laws provide for social and economic betterment of its members in accordance with the cooperative principles.
- The key amendments to the Act pertain to time limit for disposal of application for registration, distribution of shares, constitution of interim board, holding of elections, constitution of fund and dispute settlement.
- **Disposal of registration:** The Act states that the Central Registrar has to dispose off an application for registration within four months. The Bill adds that the time may be extended to five months after giving reasons in writing.
- According to the Act an application shall be refused within four months. If it is not disposed within that period, the application shall be deemed to have been refused. The Bill increased the time period to five months and adds that if an application is not disposed off within the time period, it shall be deemed to have been accepted as a member.
- **Distribution of shares:** The Act states that the shares of a cooperative society are redeemable by a member according to the provisions of the bye-laws. The redemption of shares shall on face value of shares. The Bill adds the proviso that the cooperative society may refund the share capital held by the government. The redemption of shares shall be on face value or book value of shares, whichever is higher.
- **Constitution of interim board:** The Bill allows the Central Registrar to declare any multi-state cooperative society as sick. The central government may, on the recommendation of the Registrar appoint an interim board for a maximum of five years. The Central Registrar can also declare a cooperative to be viable within the five years. The board of directors before the cooperative was declared sick shall be reinstated.
- **Elections:** The Act states that elections shall be conducted by the existing board. The Bill amends this to state that the central government may appoint a Cooperative Election Authority to conduct elections in cooperative societies to be prescribed.
- **Constitution of Fund:** The Bill states that the central government shall set up the Cooperative Rehabilitation and Reconstruction Fund. A cooperative society shall credit 0.005% to 0.1% of its turnover to the fund, provided it does not exceed Rs 3crores per year.
- **Dispute settlement:** Under the Act, all disputes shall be referred to arbitration under the Arbitration and Conciliation Act, 1996. The Bill amends it by stating that all disputes shall be referred to the Central Registrar. If there is a question as to whether a dispute touches the constitution or management of a society, it shall be decided by the Central Registrar and shall not be questioned by the court.

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