**Karnataka Cooperative Societies (Amendment) Rules, 2013.**

**Government of Karnataka**

**Bengaluru**

 **2013**

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**GOVERNMENT OF KARNATAKA**

**Bengaluru**

**NOTIFICATION**

The draft of the following rules further to amend the Karnataka Cooperative Societies Rules, 1960 which the Government of Karnataka proposes to make in exercise of the powers conferred by section 129 of the Karnataka Cooperative Societies Act, 1959 (Karnataka Act 11 of 1959) is hereby published as required by sub-section (1) of the said section for the information of all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration after thirty days from the date of its publication in the official Gazette.

Any objection or suggestion which may be received by the State Government from any person in respect of the said draft before the expiry of the period specified above will be considered by the State Government. The objections or suggestions may be addressed to the Principal Secretary to Government, Cooperation Department, M.S.Building, Bangalore-560 001.

**DRAFT RULES**

**1. Title and Commencement.- (1)** These rules may be called Karnataka Cooperative Societies (Amendment) Rules, 2013.

(2) They shall come into force from the date of their publication in the Official Gazette.

**2. Substitution for the word “committee”**:- In the Karnataka Cooperative Societies Rules 1960 (hereinafter referred to as the said Rules), for the word **‘committee’** wherever it occurs, the word ‘**board**’ shall be substituted.

**3. Amendment of rule 2.-** In rule 2 of the said rules after clause (i), the following shall be inserted, namely:-

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“(i-1) **‘**District Election Officer’ means an officer appointed by the cooperative election commission as the district election officer for the district;

(i-2) ‘Returning Officer’ means any officer of the State Government or a Local Authority appointed as returning officer by the cooperative election commission and includes an Assistant returning officer performing any of the functions of the returning officer."

**4. Amendment of rule 3.-** In rule 3 of the said rules, the existing rule shall be renumbered as “Rule 3 A” and before the said rule so renumbered, the following shall be inserted, namely:-

“**3. Formalities for registration-** (1) A group of persons not less than ten persons intending to form a cooperative society may join together and elect a chief promoter among themselves, and a few promoters to assist him and authorise him to take further steps for registration of the society. Such group of persons shall decide the name and area of operation of the proposed society, adopt the bye-laws of the proposed society and also resolve to authorise the chief promoter to collect the required share capital from the persons intending to become the members of the proposed society.

(2) The chief promoter shall approach the jurisdictional Registrar alongwith a list of persons who have joined together to form the proposedcooperative society, a copy of the proceedings of the meeting of the saidgroup of persons containing their names, addresses and signatures, twocopies of the bye-laws of the proposed society and a copy of the project

report to show the proposed society has reasonable chances of success and is going to be a viable organisation.

(3) The Registrar on being satisfied that, the proposed society has reasonable chances of success and is going to be economically viable may permit the chief promoter to collect such amount of share capital from such number of persons intending to become the members of the proposed society within such period as he may specify.

(4) After getting permission from the Registrar, the chief promoter shall get a few receipts book printed in the name of the proposed society and collect the share capital from the persons intending to become the members of the proposed society. He shall issue receipts to the proposed members for

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the amount collected with his signature under his name and designation. The money so collected shall be deposited within seven days from the date of collection, in an account opened by the chief promoter in the name of proposed society, in a scheduled or a cooperative bank. He shall maintain a cash book, receipt book, voucher book and other accounts for the money collected and remitted to the bank. However, he shall be competent to retain such money as may be necessary and sufficient to incur incidental expenses like printing, stationery, typing, postage, etc.,

(5) After collecting the share capital to the extent permitted by the Registrar from the specified number of persons, the chief promoter shall convene a meeting of the promoters of the proposed society and place the details of the particulars of receipts and expenditure incurred and the names of the proposed members from whom share capital is collected. After getting a resolution passed in the promoters meeting, he shall submit a proposal to the Registrar for the registration of the society in the prescribed

application along with five copies of the bye-laws of the proposed society and

the list of proposed members with their names and addresses. If there is

any change in the promoters list, it can be ratified by the registering

authority. The application shall be signed by each one of the applicants who

is an individual and by a person duly authorised on behalf of any

cooperative society which is an applicant and shall be accompanied by the

prescribed fee."

**5. Amendment of rule 5.-** In rule 5 of the said rules, in sub-rule (1),after

clause (q), the following shall be inserted, namely:-

“(r) the services to be provided to the members;

(s) the minimum services or facilities which a member shall utilize in a year;

(t) the minimum number of meetings which a member shall attend during the last five years;

(u) the obligations, rights and duties of the directors and the members;

(v) the constitution of the representative general body, the number of representatives, the mode of election of the representatives;

(w) the powers, functions and duties of the general body;

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(x) the manner of convening general meetings and quorum thereof;

(y) the manner of convening board meetings, its quorum, venue;

(z) the frequency and number of board meetings in a year;

(aa) the travelling allowance, daily allowance or such other

allowances or fees admissible to the directors, for attending meetings or for performing any other function as a director or office-bearer;

(ab) the conditions and restrictions of the Chief Executive;\

(ac) the principal place and other places of the business of a cooperative

society;

(ad) the education and training programmes for the members, the directors and the employees;

(ae) the filling up of casual vacancy then two and half years of term of the board through co-option;

(af) the submission of returns to the Registrar;

(ag) the submission of receipts and payments, income and expenditure, profit and loss accounts and the balance sheet as on the end of the co-operative year along with other statements and schedules required for the audit to the auditors;

(ah) constitution of various funds as required under the Act and Rules.

(ai) constitution of on sub-committees by the board."

**6. Amendment of rule 6.-** In rule 6 of the said rules.-

(a) in sub-rule (2) for the words, "unless notice of the proposed amendment" the words," unless notice of clear fifteen days of the text of the existing bye-law, the text of the proposed amendment and reasons therefore" shall be substituted;

(b) sub-rule (6) shall be omitted.

**7. Amendment of rule 12.-** In rule 12 of the said rules, in sub-rule (1), for

the words and figure “or is removed under rule 7”, the words and figures “or

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incurs disqualification and ceases to be a member under section 17” shall

be substituted.

**8. Amendment of rule 12A.-** In rule 12A of the said rules, in sub-rule (2),

for the words “ three thousand”, the words, “one thousand”, shall be substituted.

**9. Substitution of rule 12B**.- For rule 12B of the said rules, the following

shall be substituted, namely:-

**“12B Election for representatives of general body.-** The

process of election in a co-operative society having representative

general body consists of two phases one, the election of the representatives to the representative general body, known as representative election in the first phase and then the election of directors to the board known as general election in the next phase. The Co-operative Election Commission, shall appoint a Returning Officer for conducting the general election and as many Assistant Returning Officers as are required for conducting representative elections in respect of a co-operative society having representative general body.

**12C**. **Number of representatives on the representative general**

**body.-** (1) Where,-

(i) the area of operation of a cooperative society having representative general body in case of rural area extends to a Taluk or in the case of a city corporation and above to a assembly constituency but less than the State, and

(ii) the number of members exceeds one thousand and above,

the minimum number of representatives to be elected, shall be two hundred and maximum number of representatives shall be one thousand. The number of representatives elected from each area or constituency, shall be as specified in the bye-laws.

(2) Where the area of operation of a cooperative society having

representative general body extends to the whole of the State of Karnataka,

the number of representatives to be elected shall be two from each Taluka.

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In respect of a city corporation, there shall be two representatives for each

assembly constituency of the city corporation. If the membership in a taluk

or an assembly constituency within a City Corporation is less than fifty,

such area shall be attached to the neighboring taluk or assembly constituency having least number of members as provided in the bye-laws.

**12D. Number of Directors to be elected at the general election in respect of the Cooperative Society whose area of operation extends to the whole of the State.–** (1) For a co-operative society whose area of operation extends to the whole of the state, the State shall be divided into four regions consisting of the revenue districts as follows,-

**Sl. No. *Region Districts covered***

1. Bengaluru Bangalore, Bangalore Rural, Ramanagara, Kolar,Chikkaballapura, Tumkur, Shimoga, Chitradurga and Davanagere districts

(b). Mysore Mysore, Mandya, Hassan, Chamarajanagara, Dakshina Kannada, Kodagu, Chickamagalur and Udupi districts;

(c) Belagavi Belagavi, Dharwad, Haveri, Gadag, Bijapur, Bagalkot and Uttara Kannada districts

(d) Gulbarga Gulbarga, Yadgiri, Raichur, Koppal, Bellary and Bidar districts.

Each region shall constitute a separate electoral college.

(2) The number of directors to be elected by the representatives from each region at the general election of the board of such co-operative society shall be as nearly as possible in proportion to the number of members in the respective regions but however there shall not be more than one director from a district.

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**12E**. **Number of Directors to be elected at the general election in respect of other Cooperative Societies whose area of operation is less than the State.–** For a co-operative society whose area of operation extends

beyond a taluk but is less than the State, the constitution of the electoral

college shall be as follows

***category jurisdiction of the electoral college***

A. In respect of a cooperative society whose area of operation extend to a taluk but less than a district, each taluk shall constitute a separate electoral college.

B. In respect of a cooperative society whose area of operation extend to a district but less than the State, each district shall constitute a separate electoral college.

The number of directors to be elected by the representatives from each electoral college at the general election of the board of such co-operative society shall be as nearly as possible in proportion to the number of members in the respective electoral college."

**10. Insertion of new rules 13B, 13C, 13D, 13E, and 13F.-** After rule 13 A

of the said rules, the following shall be inserted, namely:-

“**13B Co-operative Election Commission (CEC):-** (1) The Cooperative Election Commission may formulate guidelines for preparation of the electoral rolls and for the conduct of elections of all co-operative societies in the state.

(2) Every cooperative society shall furnish such documents and

information which the Co-operative Election Commission may require from

time to time.

(3) The salary and allowances of the Cooperative Election Commissioner shall,-

(a) if he is in service, he shall continue to draw the pay and allowances applicable as per his service conditions,

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(b) if he is not in service, he shall be paid a salary equal to the salary of a judge of the High Court, after reducing the pension amount from the total emoluments drawn.

(c) allowances and other conditions of service of the Cooperative election commissioner shall be applicable relating to travelling allowance, provision for rent free residence, house rent allowance, conveyance facilities, sumptuary allowance, medical facilities and such other conditions of service as on, for the time being, applicable to a judge of a High Court under Chapter IV of the High Court Judges (condition of service) Act 1954 and the Rules made thereunder shall so far as may be applicable to the Cooperative Election Commissioner. He is competent to sanction his own leave.

(4) The salary and allowances of the Secretary of the Co-operative

Election Commission shall,-

(a) if he is in service, he shall continue to draw the pay and allowances applicable as per his service conditions.

(b) if he is not in service and he shall be paid a salary equal to the amount last drawn by him at the time of retirement after reducing the such pension amount from the total emoluments drawn.

(c) allowances and other conditions of service of the Secretary of Cooperative

election commission relating to travelling allowance, house rent allowance, conveyance allowance and medical allowance and leave facilities shall be as applicable to a Additional Registrar of Co-operative Societies, Department of Co-operation. Leave has to be sanctioned by Cooperative Election Commissioner.

(5) The term of office of the Secretary of Cooperative Election Commission,

is for a period of three years from the date of assuming office as the Secretary of the Cooperative Election Commission.

(6) The salaries, allowances, retirement benefits and the terms and conditions of service (including conduct, discipline and control) of the officers and other employees of the Co-operative Election commission shall be such as those applicable to the Corresponding category of employees of

the State Government.

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**13C. Conduct of general elections to board.-** (1) Subject to the Superintendence, control and direction of the Co-operative Election

Commission, The District Election Officer of every district, shall co-ordinate

and supervise all work in connection with the preparation of the electoral

rolls and the conduct of all elections to the cooperative societies whose registered offices are situated within the district. The District Election Officer

shall also exercise such powers and perform such other functions pertaining

to the said preparation of electoral rolls and the conduct of elections as may

be entrusted to him by the Co-operative Election Commission.

(2) The District Election Officer along with the officers and employees of the Government deputed to assist the Co-operative Election Commission shall be deemed to be on deputation to the Co-operative Election Commission from the date of the announcement of the calendar of events of election by the commission until the completion of the process of election and the declaration of the results thereon.

**13D. Preparation of Electoral Rolls and calendar of events.-** (1) The District Election Officer shall, after due verification, send a consolidated list of all cooperative societies in the district where elections are due at least 120

days before the date of expiry of the term of office of the boards to the Co-operative Election Commission indicating therein the following particulars:-

(a) the name and address of the society;

(b) number of elected directors of the board;

(c) the date of expiry of the term of office of the board;

(d) the proposed places where the elections are to be held or other particulars as required by the Co-operative Election Commission.

(2) The Co-operative Election Commission shall, on receipt of such reports from the District Election Officer of the district, containing the list of cooperative societies where elections are due, publish the calendar of events

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for the preparation of electoral rolls and the conduct of elections of the boards of the cooperative societies in the district indicating the name and address of each society and the date and place of election;

(3) The Co-operative Election Commission shall take steps,-

(a) for publication of draft eligible electoral list along with the list of defaulters, list of members and list of members whose repayments will fall due well in advance prior to the date fixed for election and calling for objections.

(b) for publication of final eligible voters list on or before fourteen days prior to the date of election.

Provided that the draft list of eligible members and delegates with right to vote, the list of defaulters and the list of other members and delegates who are not eligible to vote as also the final list of electoral rolls and the election calendar shall be announced on the notice board of the concerned cooperative society, the local panchayat office, the local office of the department of cooperation, website if any of the cooperative society and such other prominent places having access to the members and delegates of the cooperative society.

(4) It shall be the duty of every society to furnish correct information required by the District Election Officer to enable him to prepare the electoral rolls, as directed by the Co-operative Election Commission or the District Election Officer from time to time.

(5) The chief executive of every cooperative society shall prepare a draft

list of the eligible members or representatives and delegates with right to vote, the list of members whose repayments will fall due before the date fixed for publication of final electoral roll and the list of defaulters to the society and list of other members or representatives and delegates who are not eligible to vote at a general election on the basis of entries in the updated membership register specifying,-

(a) the name of the member or representative admission number, the name of the parent or husband and the address of such member or representative in the case of an individual member;

(b) the admission number, the name of the society, name of the delegate proposed to represent the society in the case of a member society;

and handover any other information the District Election officer may require, atleast sixty days before the date of election.

(6) The Co-operative Election Commission of the cooperative society shall

call upon and obtain from the member society, the name of an authorized

member of the board of such society as a delegate, together with the resolution of the board of the said society and the specimen signature of the

delegate duly attested and bearing the seal of the society and furnish all such information under sub-rule(5).

(7) The final electoral roll shall consist of the following,-

(a) all the individual members with right to vote in respect of a primary cooperative society; or (b) all the individual members and the delegates of the members societies with right to vote in respect of a secondary cooperative

society; or

(c) all the delegates of the member societies with right to vote in

respect of a federal and an apex society.

(8) The copy of such electoral roll in respect of each society shall be kept open for inspection in the office of such society as also in the office of the District Election Officer.

(9) The election calendar of events for general election of directors of the board shall provide for,-

(a) date of notification inviting nomination;

(b) last date for receipt of nomination;

(c) date and time for scrutiny of nomination;

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(d) date and time for publication of list of validly nominated candidates;

(e) date and time for withdrawal of nomination papers;

(f) Date and time for publication list of contesting candidates;

(g) Date and time for allotment of symbols and publication of

contesting candidates with symbols;

(h) Date and time of poll;

(i) Date and time of counting and declaration of results.

**13E. Returning Officer.-** (1) For every election of the representatives in respect of a Co-operative society having representative general body, or for every general election of the board of every cooperative society or for every election of the office-bearers of every cooperative society or for an election to fill a casual vacancy in the office of a representative or a director or an office-bearer of every co-operative society, the Co-operative Election Commission shall appoint a returning officer and many Assistant Returning officers.

(2) The following are the functions of the returning officer,-

(i) Subject to the approval of the Co-operative Election Commission, the returning officer shall prepare and publish the complete time schedule for holding election;

(ii) The returning officer may, in consultation with the District Election Officer, provide for sufficient number of polling stations in such manner as the CEC may direct.

(iii) The returning officer appointed under sub-rule (2), shall publish

a calendar of events for the purpose of conduct of elections of the directors, at least fifteen clear days before the date of election.

The notice of the election under the signature of the returning officer or the assistant returning officer along with the calendar of events shall be sent to all the eligible members in the following modes, namely:-

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(a) by ordinary post; or

(b) by e-mail or sms; or

(c) by local delivery under proper receipt; and

(d) by publication in the newspaper having wide circulation in the area of operation.

(iv) The notice of election along with the calendar of events shall also be published on the notice board of the society and its branches, if any, and also on the notice boards of the local panchayat, the office of the returning officer and the office of the District Election Officer. The notice of election shall contain the following further information regarding –

(a) the number of vacancies to be filled by election;

(b) the area or the constituency (specified in the byelaws) from which the directors are to be elected;

(c) the qualifications, if any, specified in the Act, rules or the byelaws for being elected as a member of the board;

(v) The Chief Executive of every cooperative society shall render necessary assistance to the returning officer in this behalf.

(vi) It shall be the general duty of the returning officer at any election to do the following amongst other acts and things as may be necessary for effectively conducting the election in the manner provided by these rules-

(a) issue notice inviting the nominations,

(b) receive and scrutinise the nomination papers,

(c) allot symbols to the contesting candidates,

(d) publication of a list of candidates eligible to contest,

(e) make arrangement for polling station/s

(f) make arrangements for despatch of the polling personnel to

the polling stations,

(g) make arrangement for ballot box,

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(h) make arrangement for printing of ballot papers,

(i) compile results of different polling stations where necessary,

(j) declare the result of an election and issue election certificate thereof.

(vii) The Returning Officer shall receive papers from the polling personnel in connection with the election,

(viii) The Returning Officer may also take assistance of the Assistant Returning Officers and polling personnel as may be required in the discharge of his duties with the approval of the Co-operative Election Commission;

(ix) The returning officer shall liaise with the district administration for maintenance of law and order during election of any cooperative society within his jurisdiction;

(x) The returning officer shall send report or returns to the Cooperative

Election Commission, Karnataka as may be directed by the commission from time to time;

(xi) All the relevant electoral records should be preserved in custody of the concerned society with proper receipt, but in exceptional cases such documents are required to be kept in the sub-divisional office if the commission or returning officer or assistant returning officer thinks so;

(xii) The returning officer shall keep in his custody all documents which he may receive from the assistant returning officers or which may be prepared by himself in connection with election of any cooperative society within his jurisdiction for such period as may be directed by the Co-operative Election Commission;

(xiii) The returning officer shall perform such other functions as may be

entrusted to him by the Co-operative Election Commission from time to time.

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**13F. Appointment of Presiding Officers and Polling Personnel.-**(1) The District Election Officer, shall appoint a presiding officer for each polling station and such polling officer or officers as he thinks necessary.

(2) A polling officer shall, if so directed by the presiding officer, perform all or any of the functions of a presiding officer, under these rules.

(3) If the presiding officer, owing to illness or other unavoidable cause, is

obliged to absent himself from the polling station, his functions shall be

performed by such polling officer as has been previously authorised by the

returning officer to perform such functions during any such absence.

(4) It shall be the general duty of the presiding officer at a polling station

to maintain order there at and to see that the poll is fairly taken.

(5) It shall be the duty of the polling officer at a polling station to assist the presiding officer for such station in the performance of his functions.

(6) Every assistant returning officer shall, subject to the control of the returning officer, be competent to perform all or any of the functions of the

returning officer as may be assigned to him by the returning officer or by the Co-operative Election Commission.

Under the supervision and control of the returning officers or the assistant returning officers, the presiding officer and the polling officers shall take poll on the day of election and immediately after close of the poll,

they shall count the votes cast by the members or representatives/delegates and prepare the reports / returns as may be directed. They shall also submit the documents or materials relating to the election to the concerned returning officer or the assistant returning officer.”

**11. Substitution of rule 14, 14A, 14B, 14C, 14D and 14E.-** For rule 14,14A, 14B, 14C, 14D and 14E of the said rules, the following shall be substituted, namely:-

**“14. Notification of General Election**.- (1) The District Election Officer shall with the approval of the CEC notify in **Form XI** the intended election referred to in Section 39AA.

(2) The District Election Officer shall in such notification specify.

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(i) the last date for making nominations which shall be the seventh clear day before the date of election.

(ii) the date for the scrutiny of nominations, which shall be the day immediately following the last date for making nominations.

(iii) the last date for the withdrawal of candidatures, which shall be the fifth clear day before the date of election.

(iv) the date on which the poll shall, if necessary, be taken and the hours during which the poll shall be taken; and (v) the date before which the election shall be completed.

(3) (a) On the issue of the notification under sub-rule (1), the returning officer shall give a public notice of the intended election in Form XII by displaying it on the notice board in his office and in the office of the cooperative society and at such other places as he deems necessary, inviting nominations for such election.

(b) in the said notice, the returning officer shall specify among

other things the last date for receipt of nominations, the place at which nominations are to be delivered, date of scrutiny of nominations, the last date for withdrawal of candidature, the date on which a poll shall, if necessary be taken and the hours of poll and the date before which elections shall be completed which shall conform to the dates notified in that behalf by the District Electi on Officer under sub-rule (2).

**14A. Presentation of nomination paper.-** (1) On or before the date

appointed for making nominations, each candidate shall in person deliver to

the returning officer at the place specified in this behalf, a nomination paper

duly completed in Form-XIII and signed by the candidate and another

member with right to vote as proposer. Such nomination shall also contain

a declaration signed by the candidate expressing his willingness to stand as

a candidate for election to the board of the society from a general

constituency or a constituency reserved for SCs or STs or Women or

Backward Classes.

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Provided that no member/delegate shall be a candidate for more than

one constituency and that no member/delegate shall propose more than one

candidate from the same constituency.

Provided further that a nomination paper filed on behalf of a cooperative society shall be accompanied by a resolution of the board of that society and shall be signed by the candidate himself / herself.

(2) If a,-

(i) seat is reserved for the backward classes, scheduled castes, or scheduled tribes, a candidate shall not be deemed to be qualified to be chosen to fill that seat unless his nomination paper contains a declaration by him specifying the particular class, caste or tribe of which he is a member and the said class, caste or tribe is a backward class, scheduled caste, or scheduled tribe.

(ii) seat is reserved for women, the nomination paper shall contain a declaration that the candidate is a woman.

(3) Every such nomination paper shall be accompanied by a receipt of

deposit either by way of cash or by way of pay order or demand draft drawn

in favour of the cooperative society as specified below:-

(i) in respect of a primary or a secondary society- Rs.2,000/-

(ii) in respect of a federal or an apex society- Rs.5,000/-

Provided that if the candidate belongs to scheduled caste, scheduled tribes, backward classes and women group or constituency, the deposit to be paid by him shall be fifty percent of the amount specified above.

(4) On the presentation of a nomination paper, the returning officer shall satisfy himself that the names and electoral roll numbers of the candidate and his proposer as entered in the nomination paper are the same as those entered in the electoral roll.

(5) The returning officer shall on receiving the nomination paper, inform the candidate delivering the same of the date, time and place fixed for scrutiny of the nominations and shall enter on the nomination paper its

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serial number, date and time and also shall sign on nomination paper then

thereon a certificate stating the date on which and the hour at which the nomination paper has been delivered to him and also immediately give a written acknowledgment for having received the same. The returning officer

shall, at the close of the time fixed for the receipt of the nomination papers,

prepare and display on the notice board of the society a list of nominations received by him and also on the notice board of his office if need be.

**14B. Scrutiny of Nominations.-** (1) On the date fixed for scrutiny of nominations, the candidates or their proposers, may be present at such time

and place as the returning officer may appoint, and the returning officer shall give them all reasonable facilities to examine the nomination papers of all the candidates which have been delivered within the time and in the manner laid down in this rule for satisfying themselves about their correctness, eligibility and completeness.

(2) The returning officer shall then examine the nomination papers and shall decide all objections which may be made to any nomination and may,

either on such objection or on his own motion, after such summary enquiry

as he thinks necessary, reject any nomination on any of the following grounds, namely:-

(i) that the candidate either is not qualified or is disqualified for being elected as a director of the board / representative under the provisions of the Act, the rules and the bye-laws;

(ii) that the signature of the candidate or the proposer on the nomination paper is not genuine.

Provided that the nomination of a candidate shall not be rejected merely on the ground of an incorrect description of his name or of the name of his proposer or of any other particulars in regard to the candidate or his proposer as entered in the electoral roll (list of the members/representatives/delegates) if the identity of the candidate or proposer, as the case may be, is established.

Provided further that the returning officer shall not reject any nomination paper on the ground of any defect which is not of a substantial character.

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(iii) that the nomination paper has been delivered or received after the date and time fixed for the receipt of the nomination.

(3) The returning officer shall endorse on each nomination paper

his decision accepting or rejecting the same and if the nomination paper is

rejected, shall record in writing a brief statement of his reasons for such

rejection.

(4) Immediately after all the nomination papers have been scrutinized and decision accepting or rejecting the same have been recorded, the returning officer shall prepare a list containing the names in the alphabetical order in Kannada and addresses as given in the nominate on papers of validly nominated candidates in Form XIV that is to say candidates whose nominations have been found valid and affix it on the notice board of his office. A copy of the said list shall also be published on the notice board of the society on the same day.

**14C. Withdrawal of Candidature**.- (1) Any candidate may withdraw

his candidature by a notice in writing in **Form XV** signed by him and delivered in person to the returning officer at any time after the presentation of the nomination paper but before 3.00 P.M. on the day following the day on which the nomination papers have been scrutinised.

(2) On receipt of such notice under sub-rule (1), the returning officer shall note thereon the date and time at which it was delivered.

(3) No candidate who has given notice of withdrawal of his candidature under sub-rule (1) shall be allowed to cancel the said notice. A notice of withdrawal of his candidature of a candidate, once given, shall be irrevocable and final.

**14D. Preparation of the list of contesting candidates.-** (1)

Immediately after the expiry of the period within which the candidatures

may be withdrawn, the returning officer shall prepare and publish in

Kannada language a list of contesting candidates, that is to say candidates

who are included in the list of validly nominated candidates and who have

not withdrawn their candidature within the said period, in **Form-XVI**. A

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copy of the said list of the contesting candidates shall be published on the

notice board of the society on the same day.

Provided that the Co-operative Election Commission may direct that in

any election, the list of contesting candidates may be prepared in a language

other than Kannada.

(2) The said list shall contain the names in the alphabetical order in

Kannada and the addresses as given in the nomination papers of the

contesting candidates.

(3) Where a poll becomes necessary, the returning officer shall consider

the choice of symbols expressed by the contesting candidates in their

nomination papers and shall allot the symbols in accordance with rule

14E.

(4) The allotment of any symbol to a candidate shall be final.

(5) Every candidate or his proposer shall forthwith be informed of the

symbol allotted to the candidate and be supplied with a specimen thereof by

the returning officer.

**14E. Allotment of symbols.-** (1) A candidate shall choose one of the free

symbols other than those symbols which are allotted to recognized political

parties in the State.

**Explanation:-** For the purpose of this sub-rule, a recognised political

party means every political party recognised by the Election Commission of

India as a National Party or as a State Party in the State of Karnataka under

the Election Symbols (Reservation and Allotment) Order, 1968.

(2) Where a free symbol has been chosen by only one candidate, the returning officer shall allot that symbol to that candidate and to no one else.

(3) Where the same free symbol is chosen by more than one candidate, the returning officer shall decide by lot to which of those candidates that free symbol shall be allotted and shall allot it to the candidate, to whom the lot falls and to no one else.

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(4) The returning officer shall then prepare and publish a list of validly contesting candidates with symbols containing the names arranged in alphabetical order in Kannada in **Form No.XVI.**

**14F. Death of a candidate before the poll**.- (1) If a candidate for

election to the board from any area or constituency -

(i) dies at any time after 11 a.m. on the last date for making

nomination and his nomination is found valid on scrutiny; or

(ii) whose nomination has been found valid on scrutiny and who

has not withdrawn his candidature dies and in either case, a report of

his death is received at any time before the publication of the list of

contesting candidates; or

(iii) dies as a contesting candidate and a report of his death is received before the commencement of the poll, the Returning Officer shall, upon being satisfied about the fact of the death of the candidate and with the prior approval of the Co-operative Election Commission by order announce an adjournment of the poll to a date to be announced later and send a detailed report of the facts to the Cooperative Election Commission.

Provided that no order for adjourning a poll shall be made in a case referred to in clause (a) except after the scrutiny of all the nominations including the nomination of the deceased candidate.

(2) The Co-operative Election Commission shall, on receipt of a report from the Returning Officer under sub-rule (1), invite fresh nomination for the said poll from the said area or constituency within seven days of issue of such order:

Provided that no person who has given a notice of withdrawal of his candidature before the adjournment of the poll shall be ineligible for being

nominated as a candidate for election after such adjournment.

(3) Where a list of contesting candidates had been published before the adjournment of the poll under sub-rule (1), the returning officer shall again

prepare and publish a fresh list of validly contesting candidates from that

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constituency so as to include the name of the candidate who has been

validly nominated.

**14G. Procedure in contested and uncontested election.-** (1) If the

number of contesting candidates in any area or constituency is more than

the number of seats to be filled from that area or constituency, a poll shall

be taken.

(2) If the number of such candidates in any constituency is equal to the number of seats to be filled from that area or constituency, the returning officer shall forthwith declare all such candidates to be duly elected to fill these seats in **Form XVII or XVIII** as may be appropriate.

(3) If the number of such candidates is less than the number of seats to be filled from that constituency or place, the returning officer shall declare

all such candidates to be duly elected after withdrawal is over in **Form XVII**

**or Form XVIII** as may be appropriate and the District Election Officer shall, with the approval of the Co-operative Election Commission, call upon the society to elect a person or persons to fill the remaining seat or seats.

**14H. Adjournment of poll in emergencies.**-(1) If at an election, the

proceedings at any polling station or at the place fixed for the poll are interrupted or obstructed by any riot or open violence, or if at an election it is not possible to take the poll at any polling station or such place on account of any natural calamity, or any other sufficient cause, the returning officer having jurisdiction over such polling station, or place, shall, with the prior approval of the Co-operative Election Commission, announce an adjournment of the poll from that polling station or place to a date to be announced later, and where the poll is so adjourned by a presiding officer, he shall forthwith inform the returning officer concerned.

Provided that a report or certificate shall be obtained from the police or Tahsildar to the effect that the poll has been interrupted or obstructed by risk or open violence.

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(2) Whenever a poll is adjourned under sub-rule (1), the returning officer shall immediately report the circumstances to the CEC, and shall, as soon as may be, with the previous approval of the Co-operative Election Commission, appoint the day on which the poll from that polling station or place shall recommence, and fix the polling station or place at which and the hours during which the poll from that polling station or place shall be taken. The returning officer shall not count the votes cast at such election to the board until such adjourned poll from that polling station or place shall have been completed.

(3) In every such case as aforesaid; the Returning Officer shall announce

in such manner as the Co-operative Election Commission may direct the

date, place and hours of polling fixed under sub-rule (2).

(4) If the poll at any polling station is adjourned under sub-rule (1), the Returning Officer shall provide the presiding officer of the polling station at which such adjourned poll is held, with the sealed pocket containing the marked copy of the electoral roll and a new ballot box.

(5) The provisions of rules 14 L to 14 O and 14 Q to 14 X shall apply in relation to the conduct of adjourned poll as they apply in relation to the poll before it was so adjourned.

**14I. Fresh poll in the case of destruction, etc., of ballot boxes**.-(1) If

at any election,

(i) any ballot box used at a polling station or at a place fixed for the poll is unlawfully taken out of the custody of the Presiding Officer or the Returning Officer, or is accidentally or intentionally destroyed or

lost, or is damaged or tampered with, to such an extent, that the result of the poll at that polling station or place cannot be ascertained; or

(ii) any such error or irregularity in procedure as is likely to vitiate the poll is committed at a polling station or at a place fixed for the poll;

the Returning Officer shall forthwith report the matter to the Cooperative Election Commission.

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Provided that a report or certificate shall be obtained from the police

or Tahsildar to the effect that the polling cannot be continued or counting of

votes is rendered impossible.

(2) Thereupon the Co-operative Election Commission shall, after

taking all material circumstances into account, either-

(i) declare the poll at that polling station or place to be void, appoint a day, and fix the hours, for taking a fresh poll at that polling station or place and notify the day so appointed and the hours so fixed on the notice board of the returning officer or the assistant returning officer if any, and on the notice board of the

society, or

(ii) if satisfied that the result of a fresh poll at that polling station or place will not, in any way, affect the result of the election or that the error or irregularity in procedure is not material, issue such directions to the Returning Officer as it may deem proper for the further conduct and completion of the election.

(3) The provisions of these rules shall apply to every such fresh poll as

they apply to the original poll.

**14J. Adjournment of poll or countermanding of election on the**

**ground of booth capturing**.- (1) If at any election,-

(i) booth capturing has taken place at a polling station or at a place fixed for the poll (hereinafter in this clause referred to as a place) in such a manner that the result of the poll at that polling station or place cannot be ascertained; or

(ii) booth capturing takes place in any place for counting of votes in such a manner that the result of the counting at that place cannot be ascertained, the returning officer shall forthwith report the matter to the Co-operative Election Commission.

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Provided that a report or certificate shall be obtained from the police or

Tahsildar to the effect that the result of the poll cannot be ascertained due

to booth capturing which has taken place at that polling station or place.

(2) The Co-operative Election Commission shall, on the receipt of a report

from the returning officer under sub-rule (1) and after taking all material

circumstances into account, either,-

(i) declare that the poll at that polling station or place be void, appoint a day, and fix the hours, for taking fresh poll at that polling station or place and notify the date so appointed and

hours so fixed on the notice board of the returning officer or the assistant returning officer if any, and on the notice board of the society, or (ii) if satisfied that in view of the large number of polling stations or places involved in booth capturing, the result of the election is

likely to be affected, or that booth capturing had affected counting of votes in such a manner as to affect the result of the election, countermand the election.

**Explanation** In this rule, the term "booth capturing" includes, among other things, all or any of the following activities, namely:-

(a) seizure of a polling station or a place fixed for the poll by any person or persons, making polling authorities surrender the ballot papers and doing of any other act which affects the orderly conduct of elections;

(b) taking possession of a polling station or a place fixed for the poll by any person or persons and allowing only his or their own supporters to exercise their right to vote and prevent others from free exercise of their right to vote;

(c) Coercing or intimidating or threatening directly or indirectly any member and preventing him from going to the polling station or a place fixed for the poll to cast his vote;

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(d) seizure of a place for counting of votes by any person or persons, making the counting authorities surrender the ballot papers or voting machines and the doing of anything which affects the orderly counting of votes; doing by any person in the service of Government, of all or any of the aforesaid activities or aiding or conniving at, any such activity in the

furtherance of the prospects of the election of a candidate.

**14K. Manner of voting.**- At every election where a poll is taken, votes shall be given by ballot and all the members or representatives or delegates voting at an election shall do so in person at the polling station and no votes shall be received by proxy.

**14L. Ballot paper and ballot box.-** (1) Every ballot paper shall have a counterfoil in Form XVII.

(2) Serial number of the ballot paper and its counterfoil shall be printed on the left hand side on the back of the ballot paper.

(3) If two or more candidates bear the same name, they shall be distinguished by the addition of their residence or occupation or in some other manner.

(4) The ballot paper shall contain the names of the contesting candidates arranged in alphabetical order in Kannada typewritten, cyclostyled or printed, according to convenience. The ballot paper shall also bear the seal of the returning officer or presiding officer with his initials on its reverse. Further, the ballot paper shall contain a column for the voter to inscribe mark “x” against the name or names of the candidates to whom he wants to vote.

(5) For the purpose of printing of ballot papers, the returning officer/ Assistant returning officer shall choose any capable press.

(6) The returning officer/assistant returning officer shall arrange the ballot box/ boxes locally. The ballot box shall be made of tin or any other metal.

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**14M. Arrangement at polling stations.-** (1) Outside each polling station there shall be displayed prominently.

(a) a notice specifying the polling area and the particulars of the voters (members / representatives / delegates) entitled to vote at the polling station ; and (b) a copy of the list of contesting candidates.

(2) At each polling station, there shall be set up one or more voting compartments in which the voters can record their votes screened from observation.

(3) The returning officer shall provide at each polling station a

sufficient number of ballot boxes, copies of the electoral roll, ballot papers, instruments for stamping the distinguishing mark on the ballot papers and articles necessary for the voters to mark the ballot papers, and such other materials as are necessary for the conduct of the poll.

(4) Canvassing or soliciting of votes during the conduct of election shall be strictly prohibited within one hundred meters from the polling station or the place of polling.

**14N. Admission to the polling stations.-** The presiding officer shall regulate the number of voters to be admitted at any one time inside the polling station and shall exclude there from all persons other than-(a) polling officers;

(b) public servants on duty in connection with the election;

(c) persons authorized by the District Election Officer and the Co-operative Election Commission;

(d) candidates or their authorized agents;

(e) a child in arms accompanying a member;

(f) a person accompanying a blind or infirm voter who cannot move without help;

(g) such other persons as the returning officer or the presiding officer may employ for the purpose of election.

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**14O. Identification of voters.-**(1) A register shall be kept at the place of election and every voter shall before affixing his signature in the register kept for the purpose produce identity card issued under Rule 13 and then sign in the register and proceed to secure the identification slip.

(2) As each voter enters the polling station, the presiding officer or the polling officer authorized by him in this behalf shall check the voter’s name and other particulars with the relevant entry in the electoral roll and then call out the serial number, name and other particulars of the elector.

(3) In deciding the right of a person to obtain a ballot paper, the presiding officer or the polling officer, as the case may be, shall overlook merely clerical or typing or printing errors in an entry in the electoral roll if he is satisfied that such person is identical with the voter whom such entry.relates.

**14P. Preparation of ballot boxes for poll.-** (1) Immediately before the commencement of the poll, the presiding officer shall demonstrate to the candidates that the ballot box is empty and bears the labels.

(2) The ballot box shall then be closed, sealed and secured and placed in full view of the presiding officer and the candidates.

(3) Where a seal is used for securing a ballot box, the presiding officer

shall affix his own signature on the seal and obtain thereon the signatures

of such of the candidates present as are desirous of affixing the same.

(4) Every ballot box used at a polling station shall bear labels, both

inside and outside, marked with,

(a) The serial number, if any, and the name of the constituency/class.

(b) the serial number and name of the polling station;

(c) the serial number of the ballot box (to be filled in at the end of the poll on the label outside the ballot box only); and (d) the date of poll.

**14Q. Issue of ballot papers to the voters.-** (1) Every ballot paper

before it is issued to a voter, and the counterfoil attached thereto shall be stamped on the back with such distinguishing marks as the voter may direct, and every ballot paper, before it is issued shall be signed in full on its back by the presiding officer.

(2) At the time of issuing a ballot paper to a voter, the polling officer shall, (a) record on its counterfoil the electoral roll number of the voter and obtain his signature or thumb impression on the said counterfoil;

(b) mark the name of the voter in the electoral roll to indicate that a ballot paper has been issued to him, without, however, recording

therein the serial number of the ballot paper issued to that voter.Provided that no ballot paper shall be delivered to a voter unless he has put his signature or thumb impression on the counterfoil of that ballot

paper.

Provided further that all the voters who have obtained identification slips by producing the identity card before the time fixed for closing the poll and who are present at the polling station shall be issued a ballot paper and allowed to vote.

**14R. Maintenance of Secrecy of voting within the polling station**

**and voting procedure.-** Every elector, to whom a ballot paper has been issued, shall maintain secrecy of voting within the polling station and for the purpose observe the voting procedure laid down by Co-operative Election Commission.

**14S. Recording of votes of blind or infirm voters.-** (1) If the

presiding officer is satisfied that owing to blindness or other physical infirmity, a voter is unable to recognize the symbols on the ballot paper or to make a mark thereon without assistance, the presiding officer shall permit such member to take with him a companion of not less than eighteen years of age to the voting compartment for recording the vote on the ballot paper

on his behalf and in accordance with his wishes, and, if necessary, for folding the ballot paper so as to conceal the vote and inserting it into the ballot box; Provided that no person shall be permitted to act as the companion of more than one voter at any polling station on the same day;

Provided further that before any person is permitted to act as the companion of a voter on any day under this rule, the person shall be required to declare that he will keep secret, the vote recorded by him on behalf of the voter and that he has not already acted as the companion of any other voter at any polling station on that day.

(2) The presiding officer shall keep a record in this respect as provided

below,-

**Statement of Illiterate, Blind and Infirm Voters**

Election of the directors of ................................................... (name of the cooperative society)

Sl. No. of the voter

Full name of voter

Full name of Companion

Address of companion

Signature of companion

Signature of the P.O.

**14T. Closing of poll.-** After the polling is over,

(i) the presiding officer shall close the polling station at the hour fixed in that behalf and shall not thereafter admit any member into the polling station.

Provided that all the members present at the polling station before it is closed shall be allowed to cast their votes.

(ii) If any question arises whether a member was present at the polling station before it was closed, it shall be decided by the presiding officer and his decision shall be final.

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**14U. Sealing of ballot boxes after the poll.-**(1) As soon as practicable after the closing of the poll, the presiding officer shall close the slit of the ballot box, seal up the slit and thereafter the ballot box shall be sealed and secured.

(2) Where it becomes necessary to use a second box by reason of the first ballot box getting full, the first ballot box shall be closed, sealed and secured before any other ballot box is put into use.

**14V. Account of ballot papers.-** (1) The presiding officer shall, at the close of the poll, prepare a ballot paper account in Form XVIII and enclose it in a separate cover with the words “Ballot Paper Account” superscribed thereon.

**14W. Sealing of other packets.-** (1) The presiding officer shall then make into separate packet-

(a) the marked copy of the electoral roll;

(b) the counterfoils of the used ballot papers;

(c) the ballot paper signed in full by the presiding officer but not issued to the members;

(d) any other ballot papers not issued to the voters;

(e) the ballot papers cancelled for violation of voting procedure;

(f) any other cancelled ballot papers;

(g) any other papers directed by the CEC to be kept in a sealed packet.

(2) Each such packet shall be sealed with the seal of the presiding officer and with seal either of the candidate or of his authorized agent who may be present at the polling station and may desire to affix his seal thereon.

**14X. counting of votes.-**(1) After the polling is over, the presiding officer/polling officer shall close the poll and deliver the sealed ballot box to the returning officer who shall arrange for counting of votes immediately.

Votes shall be counted by or under the supervision of the returning officer or the assistant returning officer. Each candidate or his authorised agent shall have a right to be present at the time of counting. But the absence of any candidate or his agent at the time of counting shall not vitiate counting or announcement of results by the returning officer. The CEC has to issue

guidelines in this regard.

(2) After the counting of all ballot papers contained in all the ballot boxes used in an co-operative society has been completed, the returning officer shall make the entries in a result sheet in

**Form-XXI** and announce

the particulars.

**14Y. Declaration of result of election and returns to CEC.-**(1) After

the counting is over-

(i) the candidate who has secured the largest number of valid votes shall be declared as elected.

(ii) If equality is found to exist between the candidates to be declared elected, the Returning Officer shall forthwith decide between these candidates, by drawing lots and the candidate in whose favour the lot falls shall be considered to have received an additional vote.

(2) After the completion of the counting of votes, the Returning Officer shall declare the result of the elections immediately and publish the list of elected candidates on the notice board of his office and also on the notice board of the society and deliver a copy of it to the Chief Executive of the society on the same day in **Form XXII**. He shall immediately thereafter

record the proceedings of the election in a comprehensive report which shall form part of the election records and shall be binding on all. The returning officer shall immediately also furnish a copy of such a report together with a copy of the return of the results of polling to the chief executive of the society and send signed copies thereof to the District Election Officer and the CEC.

**14Z. Grant of certificate of election to the elected candidate.-**As

soon as may be after a candidate has been declared to be elected by the returning officer, the returning officer shall grant to such candidate a certificate of election in **Form XXIII** and obtain from the candidate an acknowledgement of its receipt duly signed by him and immediately send

the acknowledgement to the District Election Officer.

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**14AA. Election expenses.-** All expenditures like stationary, printing,

postage, xeroxing, fax, rent for the ballot boxes, indelible ink, police security and such other items of expenditure related to the election of representatives or directors of a cooperative society shall be borne by the society.

Expenditure towards preparation of electoral roll, the travelling and other allowances and also remuneration payable to the returning officer, assistant.returning officer, presiding officer and other polling personnel shall also beborne by the society itself at such rates as may be fixed by the CEC from time to time.

**14AB. Custody of ballot boxes and papers relating to election.-** (1)

All ballot boxes used at an election shall be kept in such custody as the CEC

may direct.

(2) The returning officer shall keep in safe custody.

(a) the packets of unused ballot papers with counterfoils attached thereto;

(b) the packets of unused ballot papers whether valid or rejected,

(c) packets of counterfoils of used ballot papers;

(d) the packets of the marked copy of the electoral roll; and

(e) the packets of the declaration by voters and the attestation of their signatures, and

(f) all other papers relating to election.

**14AC. Production and inspection of election papers.-** (1) While in the custody of the returning officer,-

(a) the packets of unused ballot papers with counterfoil attached thereto;

(b) the packets of used ballot papers whether valid or rejected;

(c) packets of counterfoils of used ballot papers;

(d) the packets of the marked copy of the electoral roll and

(e) the packets of the declaration by voters and the attestation of their signatures.

shall not be opened and their contents shall not be inspected by or produced before, any person or authority except under the orders of a competent court.

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(2) Subject to such conditions and to the payment of such fee as the CEC may direct.

(a) all other papers relating to the election shall be open to public inspection; and

(b) copies thereof shall on application be furnished.

(3) Copies of the returns forwarded by the returning officer shall be furnished by him on payment of a fee of two rupees for each such copy.

**14AD. Disposal of election papers.-** Subject to any directions to the

contrary given by the CEC or by a competent Court,-

(a) the packets of unused ballot papers shall be retained for a period of six months and shall thereafter be destroyed in such manner as the CEC may direct

(b) the other packets, shall be retained for a period of one year and shall thereafter be destroyed.

Provided that packets containing the counterfoils of used ballot papers shall not be destroyed except with the previous approval of the CEC.

(c) all other papers relating to the election shall be retained for such period as the CEC may direct.

**14AE. Return or forfeiture of candidate’s deposit.-** (1) The deposit made under **rule 14A** shall either be returned to the person making it or his legal representative or be forfeited to the cooperative society;

(2) Except in cases mentioned in this rule, the deposit shall be returned as soon as practicable after the result of the election is declared.

(3) If the candidate is not shown in the list of contesting candidates or if he dies before the commencement of this poll, the deposit shall be returned as soon as practicable after the publication of the list or after the death, as the case may be. (4) Subject to the provisions of **sub-rule (3),** the deposit shall be

forfeited if at an election where a poll has been taken the candidate is not. elected and the number of valid votes polled by him does not exceed one35

sixth of the total number of valid votes polled by all the candidates divided by the number of members to be elected.

Provided that in the case of a candidate belonging to backward classes, scheduled castes, the scheduled tribes or women, the deposit shall not be forfeited unless the number of valid votes polled by him/ her is less than one tenth of the total number of valid votes polled.

**14AF. Report of casual vacancy in a cooperative society.-** When a

casual vacancy occurs in the office of a representative or director the chief executive of the cooperative society shall give notice of such vacancy within seven days from the date of its occurrence, to the CEC. The CEC shall conduct elections within sixty days from the date it being notified about the occurrence of any casual vacancy in the office of a director or representative of a cooperative society to fill up such casual vacancy in the manner provided in these rules.

**14AG. Election of the office-bearers** –(1) The Returning Officer

appointed for the conduct of general election of directors to the board shall be the Returning Officer for the conduct of election of the office bearers also. (2) Whenever a casual vacancy occurs in the office of the President or Vice-President, the Chief Executive shall send a communication to the CEC conveying the occurrence of such vacancy within seven days from the dateof occurrence of the vacancy. The CEC shall take steps for conducting election to fill up the casual vacancy in the office of the President or Vice President as the case may be.

(3) The Returning officer, appointed under sub-rule (1) or sub-rule (2), shall within fifteen days, from the date of constitution or deemed constitution of the board after a general election of the board or from the date of appointment as per sub-rule(2) convene a meeting of all the directors for electing the chairperson/President, Vice Chairperson /Vice-President and such other office-bearers as are required to be elected under the byelaws of the co-operative society. The meeting shall be convened by giving a notice of seven clear days sent by registered post, indicating the date, time and venue of meeting.

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(4) Not less than two hours before the time fixed for the meeting for the election of President or Vice-President or any other office-bearers, any member of the board desirous of being elected as the president or vice president or any other office-bearer, as the case may be, may submit his nomination by delivering the nomination paper in **Form XXIV** to the Returning Officer. Such nomination shall be proposed by another member of the board and seconded by a third member of the board.

(5) No director shall propose or second under sub-rule (4) more than one candidate for the office of the President or vice-President or any other office bearer of the society.

Provided that if any director has proposed or seconded more than one

candidate for the office of the President or Vice-President or any other officebearer of the society, the nomination which is received first shall be considered for scrutiny. (6) The Returning Officer appointed under sub-rule (1) shall preside over the meeting of the board convened for the purpose of electing the office bearers or filling up the casual vacancy in the office of the President or Vice President as the case may be.

(7) After the commencement of the meeting, the Returning Officer shall scrutinize all such nomination papers and shall read out to the directors present at such meeting, the names of the directors who in his opinion have been duly nominated, together with those of the proposers and the seconders.

(8) Any candidate may withdraw his candidature by notice in writing duly signed by him and delivered to the Returning Officer within thirty minutes after the scrutiny of the nomination papers.

(9) The notice of withdrawal shall be given in writing by the candidate in person.

(10) No director who has given a notice of withdrawal of his candidature under sub-rule (8) shall be allowed to cancel the notice of withdrawal.

(11) The Returning Officer shall, on being satisfied as to the genuineness of the notice of withdrawal and the identity of the director delivering it under sub-rule (9) read out to the directors present at such meeting the name/names of the person/ persons withdrawing his/their candidature.

(12) After the time fixed for withdrawal is over, if for any office for which election is to be held, the number of candidates who have been validily nominated and have not withdrawn their candidature in the manner and within the time specified, does not exceed the number of candidates to be elected for that office, the Returning Officer shall forthwith make a

declaration that the validly nominated candidate shall be deemed to have been elected for that office.

(13) If the number of validly nominated candidates for any office exceeds the number of candidates to be elected for that office, the Returning Officer shall proceed to take a poll by secret ballot as hereinafter provided.

(14) The votes shall be taken by secret ballot and the directors voting for and against any candidate shall record their votes in the ballot papers

supplied to them.

(15) Any director present at the meeting may refrain from voting if he so chooses to do.

(16) After the voting by all the directors present and wishing to vote is over, the Returning Officer shall count the votes and declare the candidates who have secured the highest number of valid votes to have been duly

elected.

(17) When an equality of valid votes is found to exist between any two or more candidates and the addition of one vote will entitle any of those candidates to be declared elected, the Returning Officer shall forthwith decide between those candidates by lot in such manner as he may determine and proceed as if the candidate on whom the lot falls has received

an additional vote. He shall thereafter declare the candidate on whom the lot falls to have been duly elected.

(18) The Returning Officer shall cause a record of the minutes of the meeting which shall contain the names of all the members present. The minutes shall be signed by the Returning Officer, the chief executive as also the directors present and wishing to sign. The minutes shall be made available to any member for inspection.

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(19) The Returning Officer shall immediately thereafter record the proceedings of the election in a comprehensive report which shall form part of the records of the election and shall be binding on all. The Returning Officer shall also furnish a copy of such a report together with a copy of the return of the results of the polling to the chief executive of the society and

send a report to the District Election Officer and CEC.

(20) After declaration of the result of election, the Returning Officer shall hand over the ballot papers and records relating to the election of the office-bearers to the chief executive of the society in a sealed cover. These shall safely be preserved by the chief executive of the society for a period of six months from the date of election or till such time a dispute or an appeal

regarding the election, if any, filed is disposed of whichever is later and shall thereafter be destroyed.

**14AH. Elections to the first board after registration.–**The

provisions of Rules 13 B to 13 G and 14 to 14 AG shall, mutatis mutandis, apply to the election of the first board after registration of a society.

Provided that no list of defaulters as contemplated under Rule 13E(7) is required to be published.

**14AI. Election of the office-bearers in the first board.–**The provisions of Rule 14AG shall mutatis mutandis apply to the election of the office bearers of the first board of the society after registration.

**14AJ. General meetings:-** (1) The board of a co-operative society may, at any time, call a general meeting of its general body.

Provided that one such meeting known as annual general meeting shall be held within the twenty fifth day of September every year to transact the business stated in Section 27.

(2) The chief executive, after the board decides the date and time of the general meeting to be convened, shall convene the annual general meeting by giving a notice of at least fifteen clear days as specified in the bye-laws. However in the case of exigency, a special general meeting may be convened by giving a notice of atleast ten clear days in writing. The notice may be sent in the following modes, namely:

(a) by ordinary post; or

(b) by e-mail, sms; or

(c) by local delivery under proper receipt; and

(d) by publication in the newspaper having wide circulation in the area of operation.

(3) When a special general meeting is called by the Registrar or any

person authorised by him under sub-section (3) of Section 27 or a special general meeting under sub-section (2) of Section 28, he may determine-

(i) the period of notice of such meeting which shall not be less than ten clear days, as the case may be;

(ii) the time and place of such meeting; and (iii) the subjects to be considered in such meeting.

The Registrar or any person authorized by him may preside over such meeting.

(4) The meeting notice shall clearly state the place, date, time and agenda of the meeting. The Chief Executive shall send detailed notes on each of the subjects in the agenda including a copy each of the audited balance-sheet, profit and loss account, together with the auditor’s report thereon relating to the preceding year, a report on the follow up action taken by the board on the audit report for the preceding year and the proposal to amend the bye-laws if any with the text of the proposed amendment along with the notice of the meeting.

(5) The quorum for the general meeting shall be the attendance of twenty percent of the total number of members with right to vote of the general body of the co-operative society. No business shall be transacted at any general meeting unless there is a quorum at the time when the business of the meeting is due to commence.

(6) If there is no quorum within an hour from the time fixed for the meeting, such meeting shall be adjourned. Provided that a meeting which has been convened on the requisition of the members shall not be adjourned but dissolved.

(7) If at any time during the meeting when any business is being transacted sufficient number of members are not present to form the quorum, such business shall not be transacted and the chairperson or the member presiding over the meeting, on his own or on his attention being drawn to this fact, shall adjourn the meeting and the business that remains to be transacted at this meeting, if any, shall be disposed of in the usual manner at the adjourned meeting.

(8) When the meeting is adjourned under either sub-rule (6) or subrule (7), the adjourned meeting shall be held on that day itself or at such place and on such date and time as may be fixed by the chairperson of the meeting within seven days from the date of adjournment. In such an adjourned meeting, no subject other than those listed in the agenda of the meeting adjourned shall be discussed and the decisions taken. Even for the adjourned meeting, there shall be the required quorum for consideration of the subjects.

(9) The business which could not be considered at the meeting so adjourned for want of quorum shall be brought before and disposed of at a meeting so fixed or at any subsequent meeting at which there is a quorum.

(10) All decisions shall be taken by a simple majority of the members present in the general meeting unless stated otherwise in the Act, the rules or the bye-laws. When there is an equality of votes for or against a decision on any subject other than election, the chairperson of the meeting shall have a second or casting vote.

(11) If for any reason, the president or the chairperson is unable to attend the meeting of the general body, the vice-president or the vicechairperson, or in his absence, any other member of the board elected b the directors present at the meeting from among themselves shall preside over the said meeting.

(12) The chief executive shall record the minutes of the proceedings of the meeting truly and accurately as per the deliberations in the book kept for the purpose with its pages consecutively numbered. The minutes of the meeting shall contain a fair and correct summary of the deliberations thereat.

(13) When any member expresses dissent in the deliberations on any subject, the Chief Executive shall record the same truly and accurately as per the deliberations in the minutes of the meeting.

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(14) The chief executive shall send a certified copy of the minutes of the meeting to all the members, the Registrar and the financing bank within thirty days from the date of such meeting and publish a certified copy on the notice board of the co-operative society.

(15) The books containing the minutes of the proceedings of any meeting shall-

(a) be kept at the registered office of the co-operative society; and

(b) be open during business hours, to the inspection of any member of the co-operative society.

**14AK. Board Meetings.-** (1) The board may meet as and when required for transacting the business stated in Section 28C of the Act, or the byelaws.

Provided that the interval between two consecutive meetings of the board shall not exceed three months.

(2) The chief executive shall convene a meeting of the board, in consultation with the chairperson or president of the co-operative society, by giving a notice of at least seven clear days as specified in the bye-laws. In exigencies, a meeting of a board may be convened by giving a notice of at least of three clear days. The notice may be sent in the following modes,

namely:

(a) by speed post; or

(b) by courier; or

(c) by local delivery under proper receipt

(3) The notice shall state clearly the place, date, time and agenda of the meeting. The Chief Executive shall send detailed notes containing the pros and cons, the provisions of law if any and the financial implications on each subject on the agenda along with such notice.

(4) The number next to fifty per cent of the strength of the board as specified in the bye-laws shall form the quorum for a meeting of the board. If there is no quorum at the time of transacting any business in any meeting of the board, no such business shall be transacted.

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(5) The provisions of sub-rules (6) to (10) and (12) to (15) of rule 14AJ

shall, mutatis mutandis apply to the board meetings.

(6) Normally no subject other than those listed in the agenda shall be taken up for discussion. However, if there is no sufficient time to wait for the decision on any subject in the next meeting of the board, such subject may be taken up for discussion and decision as an additional subject with the permission of the Chairperson of the meeting after giving necessary notes on such subject to all the directors and after discussion and decision on all the

subjects listed on the agenda;

Provided that no subject relating to the following matters shall be taken up for discussion and decision as additional subject, namelya) election of directors;

b) election of office-bearers;

c) filling up the post of a director by co-option;

d) filling up the post of a casual vacancy of a director by cooption;

e) imposition of penalties against the employees; and

f) any subject involving financial implication;

Further provided that no additional subject is placed without relevant additional agenda notes.

(7) The board shall not take any decision which is contrary to the provisions of the Act, the Rules or the bye-laws or detrimental to the interest of the co-operative society. The directors shall be jointly and severally liable for any decision taken contrary to the provisions of the Act, the Rules or the bye-laws or any decision detrimental to the interest of the co-operative

society

(8) The Chief Executive shall record the minutes of the meeting truly and accurately as per the deliberations. The proceedings of each meeting in the minutes book shall be signed by the chief executive and the chairperson of the meeting. The minutes of the meeting shall contain a fair and correct summary of the proceedings thereat. The minutes of the meeting so

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recorded and signed shall be sent to all the directors within seven days from the date of meeting.

(9) When any director expresses dissent in the deliberations on any subject, the Chief Executive shall record the same truly and accurately as per the deliberations in the minutes of the meeting.

(10) If any director has any objection relating to recording of any decision on a subject on the ground that the said decision has not been recorded as per the decision taken in the meeting or the said subject was not discussed in the meeting, he shall communicate his opinion within three days from the date of receipt of the minutes of the meetings. In the event of a majority of the directors communicating such objection on any decision,

the Chief Executive shall not implement such decision but shall place the same in the next meeting of the board.

(11) If for any reason, the president or the chairperson is unable to

attend the meeting of the general body, the vice-president or the vicechairperson, or in his absence, any other member of the board elected by the directors present at the meeting from among themselves shall preside over the said meeting.

(12) Where in any meeting of the general body or board of a cooperative society, another co-operative society is to be represented, such cooperative society shall be represented in such meeting only through chairperson or president or a member of the board duly authorized by the board of such co-operative, as the case may be and where there is no board of such co-operative society, for whatever reasons, through the administrator or the special officer of such co-operative society.

**14AL. Reservation in favour of S.C. / S.T.s, Women and Backward**

**Classes on the board.-** Where the board of a cooperative society is elected on area/ constituency basis, the constituencies where reservation of seats shall be provided for in favour of S.C. / S.T.s, Women and Backward Classes on the board shall be decided in the Annual General Meeting preceding the date of the general election of the board and shall be subject to such guidelines as may be issued by the CEC in this behalf. It shall be ensured

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that the reservation of seats shall be so rotated that all the constituencies are covered under reservation in a phased manner.

Provided that if in a constituency reserved for SC, ST, Women or Backward Classes a member belonging to that caste or class or category residing within that constituency is not available, a member from any other

constituency but within the area of operation of the society may contest

from that reserve constituency.

**14AM. Powers and Functions of the chief executive.-** In addition to

the powers stated in sub-sections (4) and (5) of Section 29G, the chief executive shall have the following powers and duties-

(1) Furnish to the board periodical information necessary for apprising the operations and functioning of the society.

(2) Present the draft annual report and financial statements for approval of the board within thirty days of the closure of the cooperative year.

(3) be responsible for the general conduct, supervision, control and management of the day to day business and affairs of the society;

(4) be responsible for the general supervision and control over the employees of the society including the power to sanction leave, to impose any punishment or suspend them;

Provided that, where the power of keeping the employee under suspension pending enquiry or imposing any punishment is not conferred expressly on him under the bye-laws or the service regulations of the society, such suspension or punishment shall be imposed with the approval of the board’’

(5) arrange for proper maintenance and custody of cash balance, stock and other properties of the society;

(6) pay all costs of management and working expenses out of the funds of the society; ’

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(7) issue notices for meetings of the general body, board and subcommittees if any, along with the agenda and the notes on each subject in the agenda;

(8) remain present in all meetings of the general body, the board and sub committees, if any, and produce all the papers and information required at such meetings and sign, along with the chairperson, the minutes of such meetings;

(9) Present the draft annual report and financial statements for the previous year for the approval of the board within thirty days of the closure of the cooperative year.

(10) Present the annual financial statements for the previous year along with schedules, returns and other statements for audit with the approval of the board before the auditor or auditing firm within thirty days of the closure of the cooperative year.

(11) place before the board the reports of audit under section 63,

inquiry under section 64 and inspection under section 65 along with actions that may be taken to rectify the defects or remedy the irregularities noted in the said reports;

(12) send the reports of compliance on the rectification of the defects and remedying of the irregularities noted in the said reports after approval by the board and continue to send such rectification reports to the Director of cooperative audit or the Registrar, as the case may be, periodically till all such defects are rectified and such irregularities are remedied,

(13) institute, defend, conduct, compound or abandon any suit or other legal proceedings by or against the society and enter into compromise or arbitration with the creditors and debtors of the society with the approval of the board.

(14) if any director of the cooperative society is eligible to continue in his post, under the Act, rules and bye-laws it has to report to

the jurisdictional Registrar within thirty days.

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(15) submit such information, reports and returns concerning the affairs of the society as may be required by the Registrar from time to time:

(16) In respect of an apex society, the chief executive (h) shall have power to transfer the employees in consultation with the chairperson;

(i) (ii) may place an employee under suspension, where a disciplinary enquiry into the charges against him is contemplated or pending;

(17) When the post of the Chief Executive is vacant or during his absence on leave, the current routine powers and duties of the chief executive shall, be performed by the officer next below him”.

**12. Substitution of Rule 15 –** For rule 15 of the said rules the following shall be substituted, namely:-

“**15**. **Remuneration payable to the administrator and special officer**-

Any officer or employee of the Government or a Cooperative organization may be appointed as administrator or special officer of a cooperative society of the Act-

(i) if he is appointed on full time basis, his pay and other allowances shall be borne by the cooperative society. The service rules applicable to him in the department or organization shall continue to govern his service as special officer of the society;

(ii) if he is appointed as special officer in addition to his regular post, he shall be paid remuneration at the rate of ten percent of his basic pay out of the funds of the cooperative society. The service rules applicable to him in the department or organization shall continue to govern his service as special

officer of the society.”

**13. Amendment of Rule 17 .–** (i) In rule 17 of the said rules, sub rule

(1) provided that, the word ‘Registrar’ shall be substituted as ‘general body’ (ii) after sub Rule (2) the following shall be inserted, namely:-

"Provided that in sub rule (2) the person to be appointed as Chief Executive of a District Central Co-operative Bank or the State Co-operative Bank shall satisfy the qualification and experience as prescribed by the National Bank for Agriculture and Rural Development or Reserve Bank of India.

**14. Substitution of rule 18.-** For rule 18 of the said rules, the following shall be substituted, namely:-

**"18. Conditions of service of the employees of the cooperative**

**societies.-** Every cooperative society shall be laid down in their bye-laws and it can incorporated within three months from the date of this rules”.

**15. Substitution of rule 20.-** For rule 20 of the said rules, the following shall be substituted, namely:-

**"20. Cooperative Education and Training.-** (1) Every cooperative society shall remit its contribution towards cooperative education fund to the account of the Karnataka State Cooperative Federation Limited, Bangalore within thirty days from the date of its annual general meeting.

(2) The cooperative education fund shall be maintained and administered by the Karnataka State Cooperative Federation Limited and shall be utilized on the advice of an advisory committee consisting of the following members, namely:-

(a) President, Chairperson of the State Cooperative Federation Chairperson

(b) Four apex societies’ president/ chairpersons

i.e. Karnataka State Cooperative Apex Bank Ltd., Karnataka Cooperative Milk Federation Ltd., Karnataka State Cooperative Urban Banks Federation Ltd., and Karnataka State Credit Cooperative Societies Federation Ltd.,

Member

are the members.

(c) The Director, Regiona, Institute of Cooperative Management, Bangalore.

Member

(d) The Registrar of Cooperative Societies or his nominee Member

(e) The chief executive officer of the State cooperative federation.

Member Secretary

(3) The quorum for a meeting of the advisory committee shall be five.

The advisory committee shall be convened at least once in three months.

(4) The Karnataka State Cooperative Federation shall maintain this fund in a separate account and all income by way of interest or otherwise accruing from the contribution towards this fund shall be credited to this fund.

(5) No expenditure out of the cooperative education fund shall be incurred without the approval of this advisory committee. The auditor of the State Cooperative Federation shall verify the utilization of the fund and certify the same.

(6) Subject to such directions as the advisory committee may give from time to time, the fund may be utilized for any of the following purposes connected with the cooperative education, training and human resource development of the cooperative societies, namely:-

(a) education of the members, directors including office-bearers and employees of the cooperative societies and the general public in the principles and practice of co-operation;

(b) human resource development in the cooperative societies;

(c) development of cooperative societies;

(d) capacity building and business management;

(e) professionalization;

(f) technical upgradation;

(g) education, training, research, man power and infrastructure to achieve objectives;

(h) research and development;

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(i) development of the cooperative movement in general;

(j) cooperative propaganda and publicity;

(k) publication of the books and journals relating to the cooperative movement;

(l) conduct of research, case studies and education in the field of cooperative movement;

(m) award of prize, or honorarium for rendering meritorious service to the cause of the cooperative movement of the State.

(7) The State Cooperative Federation shall prepare annual budgets and formulate training and education programmes for the development of cooperatives and cooperative movement particularly in matters such as financial and business management in the cooperative societies,

member education, awareness buildings on cooperative principles and values etc., according to the overall guidelines issued by the advisory committee and be responsible for implementation of the same.

(8) The State Cooperative Federation and the District Cooperative Unions shall submit returns to the Registrar once in a year showing the details of the training programmes conducted.

(9) The board of every cooperative society shall also include in its annual budget provision for expenses on member and potential member education and training of its directors and employees. It shall ensure that the members, directors and employees are well informed and

trained about the theory, principles and practice of cooperation. It shall also aim at ensuring that the transparency, the levels of awareness, member participation and member control expected of any good cooperative society are reached out to the members, the directors

and the employees of the cooperative society."

**16. Amendment of Rule 22.–** In rule 22 of the said rules, in sub rule

(1),-

(i) for clause (a) the following shall be substituted; namely :-

“(a) All interest accrued due on non over due loans but not actually realised may be taken to gross profit for the year in respect of all cooperative banks.

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Provided further that so much of the accrued interest that has been taken to the gross profit of the year, as are not actually recovered during the subsequent year shall be deducted from the profits of the subsequent year.

(ii) for clause (e) the following shall be substituted; namely:-

“(e) Remuneration payable to the Auditor or Auditing firm fixed by the General body shall be charged off to profit;

**17. Amendment of rule 29.- Accounts and other books to be**

**maintained by societies**.− (1) A cooperative society shall maintain books of accounts and registers having regard to its objects and showing a true and accurate picture/status of all the transactions relating to its affairs

particularly with reference to all receipts and payments; all income and expenditure; administration and management; business operations; every contact made with members and those having business relationship with the society; conduct of general meetings/ board meetings/sub-committee meetings and such other meetings; transaction with members and nonmembers; loans and advances to the members and recovery of such loans;

its assets and liabilities; all purchases and sales of goods; production, processing and manufacturing; utilization of materials or labour; recruitment and promotion of employees and disciplinary action against them; raising resources and utilization of the funds; investment of funds; bank accounts; accounts and audit; distribution of profit etc., It shall maintain the original registration certificate; its byelaws with the registered amendments; the service rules with upto date amendments; its business rules / subsidiary regulations with upto date amendments; the Cooperative Societies Act and rules with upto date amendments; other law books applicable to its business and administration; etc., It shall also keep such account books and registers in connection with the business of the society as the Registrar of Cooperative Societies may from time to time, require.

**Explaination:-** For the purpose of this rule “**Annual audit**” means the 51

audit of accounts of a cooperative society for the cooperative year to be conducted after the close of that co-operative year under Section 63. It culminates in the submission of audited financial statements along with the accompanying audit report after verification of the financial statements and the records and documents of the cooperative society.

(2) The audit under sub-section (1) of Section 63 shall include, in addition to the matters specified in sub-sections (2) and sub-sections (14) to (18) of the said section, the following particulars.-

(a) examination of the programmes and activities and taken by the society with reference to the objectives mentioned in the bye-laws.

(b) verification of receipts and payments / income and expenditure with reference to original receipts and vouchers about their genuinty and

propriety.

(c) verification of the balances at the credit of the depositors andcreditors and of the amounts due by the society’s debtors, of suchproportion thereof as may be fixed by the Registrar of Cooperative Societies or the Reserve Bank of India or NABARD as the case may be;

(d) examination of the transactions of the members of its board.

(e) examination of the recruitment and promotion of the employees including their service conditions and disciplinary actions against them.

(f) examination of the services provided to the members and the extent of utilization of the said services by the members / directors.

(g) maintenance of accounts-adequacy and updating-computerization of the transactions of the society.

(h) compliance with the transparency and other related laws to the extent applicable to the cooperative societies in the various transactions and

operations of the society.

(i) examination of the statement of accounts of the society to the prepared by the board in such form as may be stipulated by the Registrar of Cooperative Societies or the Reserve Bank of India or the NABARD as the case may be

(j) certification of the profits actually realized or loss actually incurred;

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(k) whether, in the case of a cooperative bank, the guidelines, etc., issued by the Reserve Bank of India and NABARD have been adhered to.

(l) any other matter that may be specified by the Registrar of Cooperative Societies or the Reserve Bank of India or the NABARD as the case may be.

Provided that the audit shall, in addition to financial audit, also include administrative audit, performance audit, propriety audit and cost audit.

(3) The board of every cooperative society shall ensure that the annual financial statements like the receipts and payments / income and expenditure, profit and loss and the balance sheet along with schedules and other statements are prepared and presented for audit before the auditor or auditing firm within thirty days of the close of the cooperative year.

Provided that the schedules and returns to be furnished to the auditor or auditing firm shall include the following.

(a) statement of general information and working of the society;

(b) statement of verification by the board of cash and closing stock as at the end of the cooperative year;

(c) statement of bank reconciliation and balance confirmation;

(d) membership and share schedule;

(e) list of employees and members of the board;

(f) loans and advances to the directors

(g) loans and advances to the employees;

(h) demand, collection and balance statement;

(i) list of defaulter members;

(j) list of the members having right to vote;

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(k) schedule of investments made and confirmation statement;

(l) schedule of bad and doubtful debts;

(m) loan confirmation statement;

(n) investment on the assets during the year;

(o) schedule of directors who have absented for three or more meetings of the board;

(p) schedule of members who have not attended three or more general meetings;

(q) schedule of members who have not complied with the requirement of the byelaws as far as obligations of membership are concerned (r) statement of misappropriation or embezzlement cases;

(s) schedule of unrecovered loans and advances for one year and above;

(t) schedule of the arbitration and execution cases;

(u) schedule of the reserves and other funds;

(v) schedule of the depositors if any;

(w) schedule of the assets and properties;

(x) schedule of the closing stock;

(y) schedules relating to the objectives set out in the byelaws and the extent to which they are achieved typewise societies;

(z) schedule of loans and advances to the members.

(4) While examining the irregularities mentioned in clauses (a) & (b) of sub-section (17) of Section 63, the auditor or auditing firm shall exercise such due care, diligence and skills as intelligent and prudent person would exercise honestly in similar circumstances and incorporate the findings in the audit report.

(5) While conducting the statutory audit of a cooperative society, the auditor/auditing firm may issue, from time to time during audit, interim objections to the chief executive of the cooperative society or to the officer

performing the duties of the chief executive for compliance or explaining the defects and irregularities pointed out in such objections within a period not exceeding five days. The chief executive shall return the interim objection sheets with the compliance / reply to the auditor / auditing firm within the time specified by the auditor. The auditor or auditing firm shall review the compliance report and drop such objections which, in his opinion, have been complied with satisfactorily and shall incorporate the remaining objections in the audit report.

**29A. Qualification for appointment as an auditor or auditing firm.-**

(1) The auditor or auditing firm who shall be included in the panel of

auditors may be an auditor or auditing firm where;

(i) **Auditor"** means an auditor or an officer of the Department of Cooperative Audit who has passed, in addition to the graduation or post graduation degree, Higher Diploma in Co-operative Management / Diploma in Co-operative Audit /General Diploma in Co-operative Management and who has completed the period of probation successfully and who has a working knowledge of the kannada language; or a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 who shall have a fair knowledge of the functioning of the co-operative societies and shall have an experience of at least three years in auditing of which the auditor would like to be included in the panel and Chartered Accountants shall have working knowledge of the kannada language.

(ii) **Auditing Firm**" means a firm of more than one Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 who or which shall have a fair knowledge of the functioning of the co-operative societies and shall have an experience of at least three years in auditing of which the auditing firm would like to be included in the panel and Chartered Accountants shall have working knowledge of the Kannada language.

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(1) None of the following persons shall be qualified for appointment as an

auditor /auditing firm for a cooperative society-

(i) an officer or employee of the cooperative society;

(ii) a person who is a member of a co-operative society falling in the same category of society **;**

(iii) a person who is indebted to the cooperative society or who has given any guarantee or provided any security in connection with the indebtedness of any third person to the cooperative society prior to or during the course of audit;

(iv) a person or a member of his family who has a direct or indirect interest in the affairs of the cooperative society; and (v)a person who is wilfully not complied with the provisions of the Act

or the rules during the audit of accounts of any cooperative society for the previous cooperative year.

(2) Any person not having the qualification and experience for appointment as an auditor under Section 63 and any person not included in the panel of auditors or auditing firms maintained and approved by the Director of Cooperative Audit shall not be appointed as an auditor / auditing firm for the conduct of audit of accounts of any cooperative society.

(3) An auditor or auditing firm ceases to hold office when he (a) resigns; or

(b) completes his / her term of office.

(4) Only the person appointed as an auditor / auditing firm of a cooperative society shall sign the audit report or sign or authenticate any other document of the cooperative society required by law to be signed or authenticated by the auditor / auditing firm.

(5) The audit report shall be read in the general meeting of a cooperative society and shall be open to inspection by any member of the cooperative society.

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**29B. Procedure for enlistment of the Auditors and Auditing firms.-**

(1) The Director of Cooperative Audit shall give a public notification in a widely circulated kannada news paper and through departmental website inviting applications from the intending Chartered Accountants and Chartered Accountants firms possessing the requisite qualification and experience and willing to be included in the list of Auditors and or Auditing firms for taking up the audit of accounts of any cooperative society in the month of December every year requiring them to submit the duly filled in applications for empanelment along with the necessary documents and certificates.

(2) The Director of Cooperative Audit shall scrutinize the applications according to the rules and prepare a draft list of eligible Auditors and Auditing firms and publish in the Departmental Website, inviting objections if any from the applicants. The Director of Cooperative Audit shall consider the objections received if any within the said period and publish the final list of the Auditors and Auditing firms for taking up the audit of accounts for the cooperative year at least by the fifteenth day of the following March every year. Such list shall also be displayed on the departmental website by the fifteenth day of the following March of every year.

(3) The registration of the Auditor or Auditing firm shall be valid for a

period of five years and the Auditor or Auditing firm shall continue to be on the list maintained by the Director of Cooperative Audit for the said period unless they resign in the middle or removed from the list for incurring any disqualification for being continued as an Auditor or Auditing firm.

(4) The Director of Cooperative Audit shall arrange the list of Auditors and Auditing firms district-wise, where an auditor or auditing firm may opt for more than one district based on the number of auditors and infrastructure available with him, prepare the panel of Auditors / Auditing firms for each cooperative society through “computer randomization, of the data base available” for the audit of accounts for that year, before 1st of April of every year and communicate a panel of Auditors and Auditing firms, not exceeding ten, to every cooperative society within thirty days after the close of the cooperative year under copy to the Registrar of Co-operative Societies.

(5) Classification of categories are as follows:-

(i) The Co-operative Societies in each district shall be classified based on the Working Capital or Turn Over as category 'A', 'B' and 'C' as per the guidelines issued by the director of co-operative audit, from time to time.

(ii) The Auditor/Auditing Firm in each district shall be grouped as under:

(a) Group 'A' shall consist of Auditing Firms who has expressed interest to undertake audit within the district.

(b) Group 'B' shall consist of Chartered Accountant who have expressed interest to work in the district.

(c) Group 'C' shall consist of Departmental Officers and

Auditors designated to work in the district.

(iii) The size of panel for each category of society shall be as per the guidelines issued by the director of co-operative audit, from time to time.

(iv) a panel shall consist of either Group 'A' or Group 'B' or Group 'C' only. As far as possible a panel of mixed Auditor/Auditing Firm groups shall be avoided. Further in the event of any co-operative society where the auditor, after allocation and appointment , fails to take up audit or if any society is left unaudited, the Director of Cooperative audit may make alternative arrangement for audit at the request of such society.

(6) The Director of Cooperative Audit shall communicate the panel so prepared to every cooperative society before the 30th of April every year with a copy to the Registrar of Co-operative Societies. Only one panel will be communicated to a society in a year including the arrears of audit of that society if any.

The general body of every cooperative society shall select an auditor/ auditing firm out of the panel communicated by the Director of Cooperative 58

Audit for being appointed as the Auditor/auditing firm, for the audit of accounts of the cooperative society. But, the same person shall not be appointed as an auditor or auditing firm of the same cooperative society for more than two years consecutively.

(7) The Auditor/Auditing firm so appointed by the general body shall complete the audit of accounts of the cooperative society for the previous cooperative year in accordance with the provisions of the Act and these Rules as early as possible and submit the audited financial statements and the accompanying audit report within thirty days from the date of completion of audit or by the first day of September, whichever is earlier, to the cooperative society, the Registrar and the Director of Cooperative Audit and the financing agency, if any. Provided for the audit of co-operative year 2012-13, including arrears of audit if any, *the board* of a co-operative society is competent to appoint the Auditor from the panel communicated by the Director of Co-operative Audit and shall get its accounts audited before 1st of September 2013.

(8) The chief executive of the society shall communicate the appointment of the auditor or auditing firm within five days from the date of the general body meeting, to the auditor / auditing firm and Director of Cooperative Audit.

(9) When a co-operative society is newly registered, the Director of Cooperative Audit shall communicate a panel of auditors or auditing firms as provided in sub-section (1) to that society within a period of ten days from the date of its registration. The general body of the society in its first general meeting shall appoint the first auditor or auditing firm from the

panel communicated by the Director of Cooperative Audit who shall audit the accounts of the society for that cooperative year.

(10) The Director of Co-operative Audit shall co-ordinate with the cooperative societies and the auditors / auditing firms and issue such directions so as to ensure the completion of audit as scheduled. Any problem arising in the conduct of and or concerning audit shall be referred to the Director of Cooperative Audit, who shall arrange for its redressal and issue necessary directions to the concerned.

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(11) The audit report shall also contain schedules and statements with particulars of-

(a) all transactions which appear to be contrary to the provisions of the Act, the rules or the byelaws of the cooperative society;

(b) all transactions which appear to be contrary to the guidelines issued by the Reserve Bank of India and National Bank;

(c) schedules and statements as in sub-rule(3), duly verified and certified.

(12) The Director of Co-operative Audit shall be competent to issue necessary guidelines to the auditors or auditing firms for the purpose of ensuring timely, efficacious and quality audit of cooperative societies.

(13) The Director of co-operative audit shall update the list of cooperative societies of every district as on 1st of April every year, reconcile

it with that of the Registrar of Cooperative societies of that District and upload the said updated and reconciled list of societies along with the required parameters from the audit reports for the previous year by 31st of December every year.

**29C. Audit of a Cooperative Society which is defunct or under**

**liquidation.–** (1) Where a cooperative society is defunct and the whereabouts of the office bearers are not traceable, the Director of Cooperative Audit may appoint an auditor to audit the accounts of that society with the assistance of the Registrar of Co-operative Societies.

(2) Where a society is under liquidation, the liquidator shall convene a

General Body Meeting which shall appoint an auditor or auditing firm out of the panel sent by the Director of Cooperative Audit for auditing the accounts of the society under an intimation to the Director of Cooperative Audit and the Registrar of Co-operative Societies.

**29D. Submission of the Audit Report of an Apex society to the**

**Government.-** For the purposes of sub-section (11) of Section 63, the Director of Cooperative Audit shall submit a copy of the audit report of an apex cooperative society to the State Government to lay before the State Legislature.

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**29E. Requisition for Re-audit of an account by the General body.-**

When the general body of a cooperative society resolves to provide for reaudit of any account of the society under sub-section (12) of Section 63, it shall appoint a different auditor or auditing firm for conducting such re audit.

The cost of such re-audit shall be borne by the cooperative society.

**29F. Re-audit of the accounts by the order of the state**

**Government.-**When the State Government orders for the re-audit of the accounts of a cooperative society, the Director of Co-operative Audit shall arrange for such re-audit by a different auditor or auditing firm. The cost of such re-audit shall be borne by the cooperative society.

**18. Substitution of rule 30.-** For rule 30 of the said rule the following shall be substituted namely,-

**"30. Remuneration payable to the auditor or auditing firm.-**The remuneration payable to an auditor or auditing firm for taking up the auditor for having audited the accounts of a cooperative society of any cooperative year shall be fixed by the general body of that society based on the working capital and turnover and as per guidelines issued by the Government in this regard from time to time."

**19. Amendment of rule 31.-** In rule 31 of the said rules, for sub rule (2), the following shall be substituted, namely,-

“(2) No co-operative society shall spend any money out of the funds of the cooperative society, disputes relating to the election of any of its members referred to the Civil Court."

**20. Omission of Chapter IXB.-** Chapter IXB of the said rules shall be omitted.

**21. Omission of rule 51.-** rule 51 of the said rules shall be omitted.

**22. Amendment of rule 53.-** in rule 53 of the said rules,-

(i) in sub rule (1), for the words “two months”, the words “one month” shall be substituted.

(ii) for sub rule (2), the following shall be substituted; namely:-

61

“(2) Any other statements, returns and information which the Registrar requires under section 27B and any other statements and returns which the Auditor or Auditing firm requires under sub section

(7) of section (63) shall also be furnished to the Registrar or the Auditor as the case may be”

(iii) for sub-rule (2A) and (3), the following shall be substituted;

namely :-

“(3) After the auditor or auditing firm has verified the statements of accounts along with the relevant books and records and furnished the audited financial statements along with the accompanying audit report by the first day of September of every year, the society shall publish the audited financial statements as required under the law.”

(iv) sub rule (4) shall be omitted.

By order etc…….

62

**Form XI**

[See Rule 14(1)]

**NOTIFICATION**

No.

Date: ……………….

Whereas elections are to be held to the boards of the cooperative societies whose registered offices are situated in the district of ……………………under the provisions of Karnataka Cooperative Societies Act, 1959 and Karnataka Cooperative Societies Rules 1960 from the various areas or constituencies as specified in their bye-laws:

\*(1) to fill the seats of the directors of the board of the primary/secondary/federal/apex cooperative societies, where the terms of office of the boards are expiring on …...(indicate date)……………., before that date.

\*(2) To fill the vacancy caused by the death / resignation / disqualification / or due to any other reason of ………………………………………. area /constituency having become vacant / having been declared vacant.

Now therefore in pursuance of the powers vested under Rule 14(1) of Karnataka Cooperative Societies Rules, 1960, I

…………………………………….. District Election Officer of

……………………………….. district hereby fixes the following calendar in

respect of the said elections.

Sl.

No.

Category of Cooperative Societies

Period of elections

1 Primaries The returning officers shall determine the day and date of the elections and publish the calendar of events Separately

2 Secondaries

3 Federal

4 Apex

District Election Officer

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\* Score out the clause not applicable

63

**Form XII**

[See Rule 14(3)]

**Notice of Election**

Notice is hereby given that a general election of directors to the

board………………. society…………………. / election to fill up a casual vacancy on the board of………………. will be held on ………….. date ……………………….. between 9.AM and 4PM at ………………. place from ……… …………… area / constituency reserved for Backward Classes /Scheduled Castes/ Scheduled Tribes and Women.

Notice is also hereby given that the calendar of events for the said election shall be as under:

(a) the last date for receipt of nomination papers from the intending candidates (Rule 14A) On seventh clear day before the date of election.

(date & time to be indicated)

(b) the scrutiny of the nomination papers by the Returning officer (Rule 14B)

On sixth clear day before the date of election.

(date & time to be indicated)

(c) the publication of the list of validly nominated candidates by the Returning officer (Rule 14B(4) )

On sixth clear day before the date of election.

(date & time to be indicated)

(d) the last date for withdrawal of nomination papers by the contesting candidates (Rule 14C)

On fifth clear day before the date of election.

(date & time to be indicated)

(e) the publication of the list of valid contesting candidates by the Returning officer On fifth clear day before the date of election.

(date & time to be indicated)

64

(Rule 14D)

(f) allotment of symbols

by the returning officer

to the candidates if

required

(Rule 14E)

On fifth clear day before the date of election.

(date & time to be indicated)

(g) publication of the list of validly contesting candidates with symbols

(Rule 14E & 14F)

On third clear day before the date of election.

(date & time to be indicated)

(h) the date and time of poll date-………..

time- 9AM to 4PM

(i) the date and time of the counting immediately after the close of the polling hours on the polling day itself

(j) declaration of the results by the returning officer immediately after the close of the counting on the polling day itself.

(d) the number of vacancies to be filled by election;

(e) the area or the constituency (specified in the byelaws) from which the directors are to be elected;

(f) the qualifications, if any, specified in the Act, rules or the byelaws for eligibility for membership of the board;

(g) the disqualifications, specified in the Act, rules or the byelaws for being elected as a member of the board.

And ………….........

Place : ………………

Date : ……………….

Returning Officer

65

**Form XIII**

[See Rule 14A(1)]

**Nomination paper**

Election of directors to the board of …………….. cooperative society ltd.,…………………..from area or constituency

I nominate Sri/Smt ………………………………….. as a candidate for election of directors to the board of ………………. cooperative society ltd.,…………………… from ………………………. area / constituency reserved for backward classes / schedule castes / schedule tribes /women.

\*Candidate’s Name :

His/ Her father’s name/ husband’s name :

Postal Address :

Name of the cooperative society of which he is a delegate:

His/ her name is entered at Sl.No ……………… in \*\*part no…………….of the electoral roll of the society for the ……………………………………. area / constituency.

My name is ……………………………… and it is entered at Sl.

No…………… in part No……………. of the electoral roll for the

……………………………. area / constituency.

Date :…………….

Signature of the proposer

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\*candidate may be-

(i) an individual member of the cooperative society; or

(ii) a representative of a group of members of a cooperative society; or

(iii) a delegate of a member cooperative society

\*\*Part I-A-Individual members with right to vote of a primary cooperative society

B- Representatives with right to vote of a group of members of a primary cooperative society

Part II-A- Individual members and delegates of member societies with right to vote of a secondary cooperative society.

B- Representatives of a group of members and delegates of member societies with right to vote of a secondary cooperative society.

Part III-Delegates of member cooperative societies of a federal/apex cooperative society 66

**DECLARATION BY THE CANDIDATE**

I, the above mentioned candidate assent to the nomination and hereby declare to the best of my knowledge and belief

(a) That I have completed..................... years of age.

(b) That I am a Woman

(c) That I am member of .................. class/caste/tribe which is backward

class / scheduled caste / scheduled tribe. Certificate issued in my favour by the competent authority is enclosed.

(d) That I do not have any disqualification to be elected as director to the board of the cooperative society under the Act, the rules or the byelaws.

(e) That I do possess the requisite qualifications for being elected as director to the board of the cooperative society under the Act, the rules or the bye-laws.

(f) That the symbols I have chosen in the order of preference are

(i).............................

(ii)............................. and

(iii)..............................

Date........................ Signature of the Candidate

(To be filled by Returning Officer)

Serial number of nomination paper...............................

This nomination was delivered to me at my office at .................. (hour) on

............... (date) by the candidate ........................... (name)

Date........................ Returning Officer

67

**Form XIV**

[See Rule 14B(4)]

**List of validly nominated candidates**

Election of directors to the board of…………….. cooperative society……………………… from……………………………… area / constituency reserved for Backward Classes/ Scheduled Castes/ Scheduled Tribes/Women.

**Sl**

**No.**

**Category**

**Name of the Candidate Name of the father/husband**

**Address of the candidate**

**1 2 3 4 5**

**General**

**BC**

**SC/ST**

**Women**

Place : ………………

Date : ……………….. Returning Officer

68

**Form XV**

[See Rule 14C(1)]

**Notice of Withdrawal**

Election of directors to the board of…………………….. cooperative society……………………… from……………………………… area / constituency

reserved for Backward Classes /Scheduled Castes/ Scheduled Tribes/Women.

To :

The Returning Officer,

……………………………..

……………………………..

……………………………..

I, …………………………………………. a candidate validly nominated at the above election do hereby given that I withdraw my candidature.

Place : ………………

Date : ……………….. Signature of the Candidate

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Receipt of Notice of Withdrawal**

**(**To be handed over to the person delivering the notice)

The notice of withdrawal of candidature by …………………………….a validly nominated candidate at the election to the board of………………….

cooperative society from………………… area / constituency was delivered to me by the candidate………………………….. at my office …………………. (hour) on ………………….(date).

Place : ………………

Date : ……………….. Returning Officer

69

**Form XVI**

[See Rule 14D(1) & 14E(4)]

**List of Contesting Candidate/s**

Election of directors to the board of…………………….. cooperative society……………………… from……………………………… area / constituency

reserved for Backward Classes /Scheduled Castes/ Scheduled Tribes/Women.

**Sl**

**No.**

**Name of the Candidate Address of**

**the Candidate**

**Symbol allotted**

**1 2 3 4**

Place : ………………

Date : ……………….. Signature of Returning

Officer

70

**Form XVII**

[See Rule 14(L) (1))]

**Counterfoil**

Election to the directors/ representative of ………………………… Coop. Society

Name of the area /constituency ……………………………………… Serial No. of

the member/ representative/delegate ………………………

Signature or thumb impression of member/representative/delegate

…………………………………………………………..

**Perforation**

Election to the directors/representative of ………………………………Coop. Society.

Name of the area /constituency

71

**Form XVIII**

[See Rule14V]

**Ballot Paper Account**

Election of the directors/representative of the

............................... (name of the Co-operative Society).

Name of the Polling

Station..............................................................................

1. Ballot Papers received/Printed SI No.

From To

Total .............................

2. Ballot Papers unused (i.e. not issued to the voters)

(a) with the signature of the P.O. :

(b) without the signature of the P.O. :

Total (a+b) …………..

3. Ballot papers used at the polling station

Total (1-2)=3

4. ballot papers issued but not inserted in the ballot box

a) ballot papers cancelled for violation of voting procedure :

b) ballot papers cancelled for any other reason :

Total (a+b) ……………………….

5. Ballot papers to be found in the ballot box

(3-4= 5) …………………………

Signature of the Presiding Officer

72

**Form XIX**

[See Rule 14G(2)]

**Declaration of Results of Election**

**(To be used when the seat is uncontested)**

Election of directors to the board of…………………….. cooperative

society……………………… from……………………………… area / constituency

reserved for Backward Classes /Scheduled Castes/ Scheduled Tribes/

Women.

In pursuance of the provisions contained in Rule 14G of the Karnataka

Cooperative Societies Rules, 1960, I declare that :

Name ……………………………………………

Address………………………………………….

…………………………………………………..

has been duly elected to fill the vacancy to the said cooperative society from the above area / constituency.

Place : ………………

Date : ……………….. Signature of Returning Officer

73

**Form XX**

[See Rule14G(3)]

**Declaration of Results of Election**

**(to fill casual vacancy when the seat is uncontested)**

Election of directors to the board of…………………….. cooperative society……………………… from……………………………… area / constituency

reserved for Backward Classes /Scheduled Castes/ Scheduled Tribes/Women.

In pursuance of the provisions contained in Rule 14G of the Karnataka Cooperative Societies Rules, 1960, I declare that :

Name ……………………………………………

Address………………………………………….

…………………………………………………..

has been duly elected to fill the vacancy caused in that cooperative society by the Disqualification of…………………………. Resignation of ……………………………….

Death of ………………………………………

Election of ………………….. been declared void,

Seat of …………………… area / constituency having become vacant/ having

been declared vacant.

Place : ………………

Date : ……………….. Signature of Returning Officer

74

**Form XXI**

[See Rule 14X(2)]

**FINAL RESULT SHEET**

Election of directors to the board of…………………….. cooperative society……………………… from……………………………… area / constituency

reserved for Backward Classes /Scheduled Castes/ Scheduled Tribes/

Women.

**Polling Station Number**

**Total voters found in the Ballot box (es)**

1.

2.

3.

4.

5. and so on------------------------

Total

----------------------------------------------------------------------------------------------

**Total Number of valid votes recorded**

**Candidate Valid votes**

**polled**

**No. of rejected**

**papers**

**Valid votes**

**secured**

**1 2 3 4**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Place : ………………

Date : ……………….. Returning Officer

75

**Form XXII**

[See Rule 14Y]

**Declaration of Result of Election**

(To be used when a seat is contested)

Election of directors to the board of…………………….. cooperative society……………………… from……………………………… area / constituency

reserved for Backward Classes /Scheduled Castes/ Scheduled Tribes/ Women.

In pursuance of the provisions contained in Rule 14AB of the Karnataka Cooperative Societies Rules 1960, I declare that :

1. Sri/ Smt ..……………………………… ( Name)

…………………………………………. (Address)

……………………………………………………..

has been duly elected to fill the seat from the above area / constituency.

Returning Officer

76

**Form XXIII**

[See Rule 14Z]

**Certificate of Election**

Election of directors to the board of…………………….. cooperative society……………………… from……………………………… area / constituency

of …………………………………… hereby certify that I have on ……………… day of………………. 20…. declared Sri/

Smt……………………….. to have been duly elected by ……….. area / constituency to be the director from the said area / constituency and that in a token thereof I have granted to him/ her this Certificate of Election.

Place : ……………… Returning Officer

Date : ………………..

77

**Form XXIV**

[See Rule 14AG(4)]

**Nomination for the election of office-bearers of…………………..**

**cooperative society**

1) Office for which contesting

2) Name of the candidate

3) Serial number in the register of members

4) Father’s or husband’s name of the candidate

5) Address of the candidate

6) Name of the proposer

7) Serial number of the proposer in the register of members

8) Signature of the proposer

9) Name of the seconder

10) Serial number of the seconder in the register of members

11) Signature of the seconder

**DECLARATION BY THE CANDIDATE**

I declare that I am willing to stand for election to the office of the chairperson / vice chairperson or any other office-bearer (specify) and to the best of my knowledge and belief (a) That I have completed..................... years of age.

(b) That I am a Woman

(c) That I am member of .................. class/caste/tribe which is backward class / scheduled caste / scheduled tribe.

(d) That I do not have any disqualification to be elected as director to the board of the cooperative society under the Act, the rules or the byelaws.

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(e) That I do possess the requisite qualifications for being elected as director to the board of the cooperative society under the Act, the rules or the bye-laws.

Date........................ Signature of the Candidate

(To be filled by Returning Officer)

This nomination was delivered to me at .................. (hour) on ...............

(date) by the candidate ........................... (name)

Date........................

Place………………….

Returning Officer

By order and in the name of the

Governor of Karnataka,

**(G.S. RAMANAREDDY)**

Officer on Special Duty & Ex-officio

Joint Secretary to Government,

Co-operation Department.

**To:**

The Compiler, Karnataka Gazette, Bangalore, with a request to publish in the extra ordinary Gazette, dated:20.04.2013 and to supply 500 copies immediately to this Department.

**Copy to:**

1. The Chief Secretary to Government, Vidhana Soudha, Bengaluru.

2. Additional Chief Secretary to Government, Finance Department, Vidhana Soudha, Bengaluru

3. The Principal Secretary to Chief Minister, Vidhana Soudha, Bengaluru

4. The Secretary, Department of Parliamentary Affairs and Legislation, Vidhana Soudha, Bengaluru

5. The Registrar of Cooperative Societies, No.1, Ali Asker Road, Bengaluru.

6. The Director of Cooperative Audit, Basavanagudi, Shankarmat Road, Bengaluru-560 004

7. The Director of Sugar, Cauvery Bhavana, Bengaluru.

8. The Managing Director, Karnataka State Cooperative Apex Bank Ltd., Bengaluru

9. The Managing Director, Karnataka State Cooperative Agriculture & Rural Development Bank, Bengaluru

10. The Managing Director, Karnataka State Souharda Federal Cooperative Ltd., Bengaluru- 10

11. All the Under Secretaries to Government, Cooperation Department.

12. Section Guard File / Spare Copies.

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**Amendment -2012**

CO-OPERATION SECRETARIAT

NOTIFICATION

No.CO 164 CLM 2012, Bangalore, Dated:08-02-2013

In exercise of the powers conferred by sub-section (2) of Section 1 of the Karnataka Co-operative Societies (Amendment) Act 2012 (Karnataka Act No.3 of 2013), the Government of Karnataka hereby appoints 11thFebruary 2013 to be the date from which the provisions of the Act shall come into force.

. By Order and in the name of the Govemor of Karnataka.

G.S. RAMANAREDDY

Officer on Special Duty &Ex-officio

Joint Secretary to Govemment

Co-operation Department

Part - IV-A

Eleventh day of Janua,ry, 2013)

THE KARNATAKACO-OPERATIVE SOCIETIES (AMENDMENT)ACT, 2012

(Received the assent of the Governor on the tenth day of January, 2013)

An Act further to amend the Kamataka Co-operative Societies Act, 1959.

Whereas it is expedient further to amend the Kamataka Cooperative Societies Act, 1959 (Kamataka Act, No 11 of 1959) for the purposes hereinafter appearing.

Be it enacted by the Kamataka State Legislature in the sixty third year of the Republic of India as follows:-

1. Short title and commencement.- This Act may be called the Kamataka Co-operative Societies (Amendment) Act, 2012.

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

2. Amendment of the long title and preamble.- In the Kamataka Co-operative Societies Act, 1959 (Kamataka Act 11 of 1959) (hereinafter referred to as the Principal Act), in the long title and in the preamble at the two places, for the words, "to consolidate and amend the laws relating to Co-operative societies", the words, "to promote voluntary formation, autonomous functioning,

democratic control and professional management of cooperative societies" shall be substituted.

3. Amendment of section-2.- In section 2 of the Principal Act,-

(i) existing clauses (a-I) and (a-I-I) shall be renumbered as (a-I-I) and (a-I-2)

respectively.

after clause (a), the following shall be inserted, namely:-

"(a-I) 'Area of operation' means jurisdictional area from which the membership

is drawn or as specified in the bye-laws of the society".

for clause (a-2-1), the following shall be substituted, namely:-

"(a-2-1) "Backward Classes" means such .class or classes of citizens as may be classified as Backward Classes and notified by the Government from time to time." for clause (b), the following shall be substituted, namely:-

"(b) 'Board' means the board of directors or the governing body of a cooperative society, by whatever name called, to which the direction and control of the management of the affairs of the society is entrusted to."

after clause (b-4), the following shall be inserted, namely:-

"(b-5), 'Cooperative Election CoIilmission' means the 'cooperative election commission constituted under section 39AA;

in clause (d-I), the words" or year" shall be omitted;

after clause (e-2), the following shall be inserted, namely:-

"(e-2-I) 'Director' means a member of the board duly elected or nominated or co-opted in accordance with this Act, the rule and the bye-laws made under this Act";

(viii) after clause (e-5), the following shall be inserted, namely:-

"(e-6), 'General Body' means,-

(1) in relation to a primary cooperative society, all the members of that cooperative society;

(ii) in relation to a secondary cooperative society, all the delegates of the member cooperative societies and the individual members; and

(iii) in relation to a federal cooperative society, all the delegates of the member cooperative societies.

(e-7), 'General Meeting' means a meeting of the general body called and conducted in accordance with the provisions of this Act, the rules and the byelaws made under this Act."

in clause (g), after the word "vice- chairperson", the words, "elected secretary or treasurer" shall be inserted.

after clause (i-I), the following shall be inserted, namely:-

"(i-2) 'Representative' means a person elected by a group of individual members of a primary cooperative society or a secondary cooperative society to represent them and to participate on their behalf in the representative general body meeting of the society in accordance with Act, the rules and the bye-laws made under this Act;

(i-3) 'Representative General Body' means all the representatives of a primary

cooperative society or a secondary cooperative society;

(i-4) 'RePresentative General Meeting' means a meeting of the representatives called and conducted in accordance with provisions of this Act or the rules and the bye-laws of the primary cooperative society or the secondary cooperative society".

after clause (J-5), the following clause shall be inserted, namely:-

"(J-6)- 'State Level Cooperative Society' means a cooperative society whose area of operation extends to the whole of the State."

4. Substitution for the word 'Committee'.- In the Principal Act, for the word 'committee' wherever it occurs, h;e word 'board' shall be substituted.

5. Insertion of new section llA.- After section 11 of the Principal Act, the following shall be inserted, namely:-

"IIA- Bye-Iaws.- (1) Every cooperative society shall make its bye-laws in accordance with the provisions of this Act, and the rules made there under.

(2) Except on such spectfic matters which the Act, or the rules have provided for and which the bye-laws may further regulate on but not contravene, the functioning of every cooperative society shall be regulated by its bye-laws".

6. Amendment of section 12.- In section 12 of the Principal Act,-

(i) for sub-section (1), the following shall be substituted, namely:-

"(1)A cooperative society may amend its bye-laws in conformity with the provisions of this Act, and the rules made there under from time to time.

Provided that every cooperative society shall make amendments to its bye-laws in conformity with the amendments made to this Act or the rules from time to time within ninety days from the date of coming into force of the said amendments."

(ii)sub-sections (5) and (6) shall be omitted.

7. Omission of section 14A.- section 14A of the Principal Act shall be omitted.

8. Amendment of section 16.- In section 16 of the Principal Act,-

(i) in sub-section (1) in clause (a), after the words "such cooperative society", the words, "and is residing in the area of the operation of the society" shall be inserted;

(ii) in sub section (4), for the words "three months", the words "two months", shall be substituted;

(iii) sub-sections (5), (6) and (7) shall be omitted.

9. Amendment of section 17.- In section 17 of the Principal Act, in sub-section (1), after clause (d), the following shall be inserted, namely:-

"(e) is not eligible for membership under section 16;

(f)is a paid employee of the society or of its financing bank; or (g) as such member, has failed to transact, such minimum business; or utilize such minimum services or facilities in a year as may be specified in the byelaws for a continuous period of three years".

10. Amendment of section 18A.- In section 18A of the Principal Act, in clause (a), for subclause

(ill), the following shall be substituted, namely:-

"(ill) disqualification and cessation"

11. Insertion of new section 19A.- After section 19 of the Principal Act, the following shall be inserted, "19A- Access to information.- Every member of a cooperative society shall have access to the books, information and accounts of the cooperative society kept in regular transaction of its business with such member". .

12. Amendment of section 20.- In section 20 of the Principal Act,-

(i) in sub-section (1),

(a) for the words "no member", the words "no member, no representative or no delegate" shall be substituted;

(b) and the proviso thereunder shall be omitted.

in sub-section (2), after clause (a-ill) and the proviso thereunder, the following shall be inserted, namely:-

"(a-iv) a member, a representative or a delegate who has failed to attend three general meetings out of the last five general meetings;

(a-v) a member or a representative who has failed to utilize such minimum services or facilities in a co-operative year as may be specified in the byelaws for three consecutive cooperative years."

(ill) in sub-section (2), in clause (b), in sub-clause (iv),-

(a) for the words "seventy five percent", the words "fifty percent", shall be substituted;

(b) in item (a), for the words "seventy five percent", the words "fifty percent", shall be substituted;

13. Amendment of section 21.- In section 21 of the Principal Act, in sub-section (1).

(a) after the words "every member", the words and comma, "every representative," shall be inserted;

(b) and the following explanation shall be inserted at the end, namely:-

"Ezpbmation: For the purposes of section 20 and this section and wherever else it occurs, the word 'delegate' means a member of a cooperative society to represent that society in other cooperative societies."

14. Amendment of section 26.- In section 26 of the Principal Act,-

(I) in sub-section (2), for the words "the Registrar may amend the bye-laws of the cooperative society", the words "the general body of a cooperative society may amend its

byelaws" shall be substituted;

(ii) for sub-sections (3) and (4), the following shall be substituted; namely:-

"(3)- The amendments of the bye-laws made under. sub-section (2) shall be sent to the Registrar for approval under section 12."

15. Amendment of section 27.- In section 27 of the Principal Act, in sub-section (1),-

(1) for the words "thirtieth day of September", the words "twenty fifth day of September", shall be substituted;

in clause (n), the word "and" at the end shall be omitted;

after clause (n), the following shall be inserted, namely:-

"(n-l)-review of the use of the .services of the society by the members and directors of the society;

(n-2)- consideration of the loans and advances made to the directors and their relatives, the defaults, if arty, and the action taken for recovery thereof;

(n-3)- consideration of the inquiry and inspection reports, if any, and the compliance report of the board on the action taken regarding the rectification of defects and remedying of the irregularities pointed out in the said reports;

(n-4)- appointment of auditors;

(n-5)- voluntary amalgamation. division, merger, transfer of assets and liabilities;

(n-6)- decision on bad debts considered as irrecoverable;

(n-7)- review of the remuneration, TA, DA & other allowances

paid to the directors including the office-bearers in connection with their duties in that capacity or their attendance at related meetings;

(n-8) review of the actual utilization of the reserve and other funds;

(n-9) liquidation of the cooperative society; and"

(ill) the proviso at the end shall be omitted;

(iv) in sub-section (2). clause (b) shall be omitted;

(v) after sub-section (3). the following shall be inserted, namely:-

"(4)The quorum for a general meeting shall be as specified in the bye-laws, but shall not be less

than twenty percent of the members eligible to vote at the meeting;

Provided that the quorum for a representative general meeting shall not be less than sixty percent of the representatives eligible to vote at the meeting;"

16. Insertion of section 27A and 27B.- After section 27 of the Principal Act, the following shall be inserted, namely:-

"27 A Participation of members in the management.- Every member of a cooperative society shall participate-in the management of the society,-

(a) by atten~g three out of the last five annual general meetings;

(b) by utilizing every year such minimum services or facilities offered by the society as may be specified in the byelaws. .

Provided that if a member fails to utilize the minimum services or fails to attend the minimum

meetings, he shall lose his right to vote, for a period of three years.

27B. Returns to be filed with the Registrar.- The board of every cooperative society shall file the following returns, within six months of the close of every cooperative year with the Registrar,-

(a) annual report of activities of the society;

(b) audited statements of accounts;

(c) plan for disposal of surplus as approved by the general body;

(d) list of amendments to the bye laws as approved by the general body of the cooperative society. .

(e) declaration regarding the date of holding of the -general body meeting and conduct of elections when due;

(f) misappropriation or embezzlement of funds, if any, and action taken against the persons responsible for the same including the civil, criminal and disciplinary actions; and (g) any othet ihformation required by the Registrar in pursuance of any of the provisions

of the Act,". 17. Amendment of section 28.- In section 28 of the Principal Act, in sub section'(l), the

words, "fifty members or", and the words and comma, "whichever is less," shall be omitted.

18. Amendment of section 28A.- In section 28A of the Principal Act,- in sub-section (2),-

(a) the words "Government nominees and" shall be omitted;

(b) for clause (i), the following shall be substituted, namely:-

"(i) in case of a primary society and a secondary society whose area of operation extends to,-

(a) a part of taluk, eleven members;

(b) whole of taluk, thirteen members;

(c) beyond a taluk but not beyond a district, fifteen members:

Provided also that in case of Urban Cooperative Banks having area of operation not beyond a district the maximum number shall not exceed seventeen members.

(d) beyond a district, nineteen members;"

(c) in clause (it), for the word "excluding", the word "including" shall be substituted;

(d) clause (ill) shall be omitted;

(it) in sub-section (3),-

(a) for the words 'every primary society', the words 'every cooperative society' shall be substituted;

(b) in clause (it), for the words "one seat", the words "two seats" shall be substituted;

(c) after clause (it), for the proviso, the following shall be substituted, namely:-

"(ill) one seats to be filled by election, in favour of the persons belonging to backward classes.

Provided that such reservation shall be made on the board of every cooperative society consisting of individuals as members and having members from such class or category of persons".

 (ill) in sub-section (4),-

(a) for the words "five cooperative years", the words "five years from the date of election" shall be substituted.

(b) the explaination after the first proviso shall be omitted.

(c) in the second and third provisos, for the words "five cooperative years", the words "five years from the date of election" shall be substituted.

(tv) after sub-section (4), the following shall be inserted, namely:-

"(4A)- The board of a cooperative society, may co-opt persons having experience in the field of banking, management, finance or specialization in any other field relating to the objects and activities 1,IDdertaken by the cooperative society to be the members of the board.

Provided that the number of such co-opted members shall not exceed two in addition to the maximum number specified in sub-section (2).

Provided further that such co-opted members shall not have a right to vote in any election of the cooperative society in their capacity as such members or to be eligible for being elected as office bearers

of the board.

Provided also that the functional directors not exceeding three, if any, shall also be the

members of the board in accordance with the byelaws and such members shall be excluded for the

purpose of counting the total number of directors specified in sub-section (2).

Provided also that the professional directors and functional directors shall not form a part of the quorum for the conduct of the board meetings.

(4B)-(1) The State Government may nominate one person as its representative on the board of every assisted society other than the board of a primary agricultural credit cooperative society.

Provided that the person so nominated as a member of a cooperative society shall hold office

as such member during the pleasure of the State Government.

(2) Where an officer of Government is nominated under clause (1), such officer may, if unable to be present himself at any meeting of the board, depute a subordinate officer to the meeting as his representative and such subordinate officer shall be deemed to be a person nominated as a representative of the State Government for the purpose of such meeting."

19. **Amendment of section** 28B.- In section 28B of the Principal Act, for sub-section (1),

'the following shall be substituted, namely-

.. (1) The election of a board shall be conducted before the expiry of the term of the board so as to ensure that the newly elected members of the board assume office immediately on the expiry of the term of office of the members of the outgoing board".

20. **Insertion of section** 28C.- After section 28B of the Principal Act, the following shall be inserted, namely:-

"28C- **Powers and functioDS of the** board.-(I) The board of a cooperative society may exercise all such powers and perform all such duties as may be necessary or expedient for the purpose of carrying out its functions under the Act" the rules and the bye-laws.

(2) Without prejudice to the generality of the foregoing powers, such powers and duties shall include the following:-

(a) to admit members;

(b) to dispose of applications for allotment of shares;

(c) to mobilize resources and invest funds;

(d) to provide services or facilities including sanction of loans and advances to the members and determination of the security to be taken;

(e) to elect the chairperson and such other office-bearers; ,

(f) to acquire or dispose of moveable and immoveable property required for achieving the objectives of the society;

(g) to detennine the cadre strength of the establishment of the society, qualifications, pay scales and other allowances admissible to each employee and other conditions of service of the employees;

(h) to appoint the chief execu11ve and such other employees as are not required to be appointed by the chief executive of the society subject to the provisions of section 29G;

(i) to lay down conduct and discipline rules, initiate disciplinary action against the delinquent employees and impose penalties proportionate to the gravity of the charges subject to the provisions of the bye-laws of the society;

0) to set up specific goals to be achieved towards the organizational objectives;

(k) to approve the expenditure necessary for the business of the society subject to the provisions of annual budget;

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(1) to cause the audit of accounts of the society within the specified time limit and obtain the audit report within the said period;

(m) to consider the audit report, take action for rectification of the defects and remedying the irregularities pointed out, if any, in the audit, cause compliance report and place the reports before the general body;

(n) to consider the enquiry or inspection reports, if any, take action for rectification of the irregularities pointed out, if any, in the enquiry or inspection, cause compliance report and place the reports before the general body;

(0) to place the annual report, annual financial statements, annual plan and budget for the

approval of the general body;

(p) to institute, defend or compromise legal proceedings;

(q) to initiate civil, criminal and disciplinary action, as the case may be, against any person who may have incurred civil or criminal liability by way of misappropriation or causing

loss to the society;. .

(r) to convene annual general meeting in time and special general meetings whenever necessary and on requisition;

(s) to frame regulations necessary for the proper and effective functioning of the society;

(t) to take such other measures or tQ do such other acts as may be required under this Act,

the rules or as may be specified in the byelaws or as may be delegated by the general body.

21. Omission of section 29.- section 29 of the Principal Act, shall be omitted.

22. Amendment of section 29C.- In section 29C of the Principal Act,-

(i) In sub section (1),-

(a) In clause (c), the words "or any of his near relation" and the proviso at the end shall be omitted;

(b) In clause (t), in the explanation, the words "and clause (c)" shall be omitted.

(c) In clause (0), in sub clause (i), for the word ,"member", the word,

"director" shall be substituted.

(d) after clause (0), the following shall be inserted, namely:-

"(p) he has absented himself for three consecutive meetings of the board of such society ,

without leave of absence."

(ii) after sub-section (2), the following shall be inserted, namely:-

"(3) If the board of a cooperative society fails,-

(0) to assist the cooperative Election Commission for conducting elections as per section 39A and section 29F; or

to call the annual general meeting under section 27 or special general meeting when required under section 28; or

(c) to present the audited accounts and annual report in the annual general meeting, every member of such defaulting board shall be disqualified for being elected or appointed or continued as a member of the board of the society for a period of five years from the date of the order of disqualification".

(iii) after sub-section (9), the following shall be inserted, namely:- .

"(10) No director of a cooperative society shall be eligible for being elected or appointed or continued as a delegate of another society, if he suffers from any disqualification mentioned in sub-section (1). The provisions of sub-section (8) shall, mutatis-mutandis, apply.

(11) No member of a cooperative society shall be eligible for being elected or appointed or continued as a representative, if he suffers from any disqualification mentioned in sub-section (1) other than clauses (m) and (n) thereof. The provisions of sub-section (8) shall, mutatismutandis,

apply".

23. Amendment of section 29E.- In section 29E of the Principal Act, the following proviso shall be inserted at the end, namely:-

"Provided that the cooperative election commission shall conduct the election to fill up any vacancy in the office of the director of the board if the remaining term of office of the board is more than half of its original term.

(b)

Provided further that the board may fill up a casual vacancy on the board by nomination out of the same class of members in respect of which the casual vacancy has arisen, if the remaining term of office of the board'is less than half of its original term".

24. Amendment of section 29 F.- In section 29F of the Principal Act,-

(i) for sub-sections (4) the following shall be substituted, namely:-

"(4)The term of office of the office-bearers of a cooperative society shall be five years from the date of election and shall be co-terminus with the term of the board.

 (5) The Cooperative Election Commission shall conduct elections to the board and also to the office of President or Chair person. Vice President or Vice-Chairperson and such other office-bearers as are required to be elected as per the bye-laws of the cooperative society within fifteen days from the date of constitution or deemed constitution of the board after a general election.

(6) The cooperative election commission shall conduct elections Within sixty days from the date it being notified about the occurrence of any casual vacancy in the office of a director or any office bearer of a co-operative society to fill up such casual vacancy".

(11) sub sections (5). (6). (7) and (8) shall be omitted.

25. **Amendment of section** 29-G.- In section 29G of the Principal Act. after sub-section

(4B) .the following shall be inserted. namely:-

"(4C) The Chief Executive of a Cooperative Society shall not have a right to vote in the election of the office bearers of the board".

26. **Substitution of section** SO.- For section 30 of the Principal Act. the following shall be substituted. namely:-

**"SO-Supersession or suspension of the** board.- (1) Notwithstanding anything contained in any law of the time being in force. no board of a cooperative society shall be superseded or kept under suspension for a period exceeding six months.

Provided that in case of a cooperative society canying on the business of banking. The provision of this clause. shall have effect as if for the words "six months". the words "one year" had been substituted.

(2) If in the opinion of the Registrar. the board of a cooperative society-

(i) persistently makes default or is negligent in the performance of the duties imposed on it by this Act. or the rules or the bye-laws; or

(11)commits any act. which is prejudicial to the interest of the society or its members; or (ill)where there is a stalemate in the constitution or functioning of the board; or (iv) has serious financial irregularities or frauds which have been detected; or (v) fails to provide books and records. necessmy information and assistance to the election commission as per the calendar set out by the election commission to conduct elections to the board within the stipulated time and as a result or otherwise, the election commission has failed to conduct elections to the board within the stipulated time;

Registrar. may. after giving the board an opportunity to state objections. if any. by order in writing. superceed or suspend the said board and appoint an administrator to manage the affairs of the society for such period not exceeding six months.

Provided that the board of any cooperative society shall not be superseded or kept under suspension where there is no Government share holding or loan or financial assistance or any guarantee by the Government.

Provided further that the supersession or suspension of the board of a cooperative bank shall be done only after consultation With the Reserve Bank of India / National Bank as the case may be and the provisions of Banking Regulation Act.. 1949 shall also apply.

(3) The administrator so appointed shall. subject to the control of the Registrar and such instructions as he may give from time to time, exercise all or any of the functions of the board or of any office- bearer of the co-operative society and take such action as he may consider necessary in the interest of the society.

(4) In case of supersession of a board, the administrator shall. before the expiry of his term of

office. arrange for the conduct of elections and the constitution of a new board in accordance With

this Act.. the rules and the bye-laws of the co-operative society and hand over management to the

elected board.

(5) In case of suspension of a board. the Registrar shall reinstate the said board and the administrator shall. on the expiry of his term of office. handover the management to the said board and the period of s~spension shall be reckoned while computing the original term of office of the board.

(6) Notwithstanding anything contained in this Act.. the Registrar shall, in the case of a cooperative bank,- if so reqUired ill writing by the Reserve Bank of India. in public interest or for preventing the affairs of the cooperative bank being conducted in a manner detrimental to the interest of the depositors or for securing the proper management of the cooperative bank. by order

in writing. remove the board of that cooperative bank and appoint an administrator to manage the

affairs of the cooperative bank for such period not exceeding one year as may be specified by the

Reserve Bank of India. -

(7) Any officer or employee of the Government or a Cooperative organization may be appointed as administrator of a cooperative society8

If he is appointed on full time basis. his pay and other allowances shall be borne by the cooperative society. The service rules applicable to him in the department or organization shall continue to govern his service as administrator of the society;

If he is appointed as administrator in addition to his regular post. he shall be paid remuneration at the rate of ten percent of his basic payout of the funds of the cooperative society. The service rules applicable to him in the department or organization shall continue to govern his service as administrator of the society;

27. Amendment of section 34.- In section 34 of the Principal Act. in sub-section (1). The following provisos shall be inserted. namely:-

"Provided that the employee shall obtain prior concurrence in writing of the employer agreeing to deduct from his salary or wages such an amount as specified in such agreement.

Provided further that the liability of the employer shall be limited to the extent of deduction of an amount which if included makes the total of all the deductions from the salary not to exceed fifty percent of the salary of the employee.

Provided also that the board of the cooperative society shall determine the amount of loan and the number of instalments to be granted to the employee in such a manner that the total of all deductions including the deduction on account of the loan instalment alongwith interest thereon shall not exceed fifty percent of the salary of the employee".

28. Substitution of section 39A.- For section 39A of the Principal Act. the following shall be substituted. namely:-'

"39A- Conduct of elections.- (1) Every general election of the members of the board and election of the office-bearers of a cooperative society including any casual vacancy to the extent applicable shall be held subject to the superintendence. direction and control of the Cooperative Election Commission.

(2) The general elections of the members of the boards of the cooperative societies shall be held in four stages as under.-

(a) the elections in respect of primary cooperative societies shall be held in the first stage;

(b) in the second stage. the electoral process for holding elections to the secondary societies shall commence fifteen days after the completion of the elections of the primary societies;

(c) in the third stage. the electoral process for holding election to the federal societies shall commence thirty days after the completion of the elections of the secondary societies; and (d) in the fourth stage. the electoral process for holding election to the apex societies shall commence thirty days after the completion of the elections of the federal societies.

Provided that the cooperative election commission may start the preparatory work for the preparation of the electoral rolls for and the conduct of the elections during the last six months prior to the expiry of the term of office of the board of a cooperative society. ,

(3)Notwithstanding anything contained in this Act.. the rules or the bye-laws of any cooperative society. the elections to the boards and consequent election of the office-bearers which are due during March and April 2013 shall be held;

(i) before the thirtieth day of September 2013 in respect of the primary cooperative societies;

before the thirty first day of October 2013. in respect of the secondary cooperative societies;

before the thirtieth day of November 2013 in respect of the federal societies; before the thirty first day of December 2013 in respect of the apex cooperative societies; Provided that the incumbent boards of all such cooperative societies shall continue to be in their respective offices till the conduct of the elections as above.

39AA Co-operative Election Commission.-(1)The State Government shall. by notification in the Official Gazette. constitute a Cooperative Election Commission consisting of a cooperative election commissioner and a secretary.

(2)The cooperative election commission shall be vested with the superintendence. Direction and control of the preparation of the electoral rolls for. and the conduct of. all elections to the cooperative societies in the State.

(3)The Governor shall appoint a person who is or has been an officer of the rank of Principal Secretary or Secretary to the State Government to be cooperative election commissioner on the

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recommendation of the Chief Minister and such cooperative election commissioner shall hold office

for a term of five years.

(4)The State Government shall appoint a person who is or has been an officer of the rank of Additional Registrar of Cooperative societies to be the SecretaIy of the Cooperative Election Commission.

(5)The conditions of service including the salary and allowances of the cooperative election commissioner and the secretaIy shall be such as may be prescribed.

(6)Subject to the provisions of sub-section(8), the Co-operative Election Commissioner shall be removed from his office only by an order of the Governor on the ground of proved misbehavior or incapacity after an enquiry ordered by the Governor and conducted by a Judge of the High Court,

who has on inquiry, reported that the Election Commissioner ought to be removed on such ground.

(7) The Governor may suspend from office, and if deemed necessary prohibit also from attending the office during inquiry, the election commissioner in respect of whom an enquiry has been ordered under sub-section (6) until the Governor has passed orders on receipt of the report of the High Court Judge. .

(8) Notwithstanding anything contained in sub-section(6), the Governor may by order remove from office the cooperative election commissioner if the cooperative election cOmmissioner,-

(a) is adjudged an insolvent; or

(b) has been convicted of an offence which, in the opinion of the Governor involves moral turpitude; or

(c) has engaged during his term of office in any paid employment outside the duties of his office; or

(d) is, in the opinion of the Governor unfit to continue in office by reason of infirmity of mind or body; or

(e) has acquired such financial or other interest as is likely to affect prejudicially his functions as the election commissioner.

(9) If the Cooperative election commissioner any way, concerned or interested in any contract or agreement made by or on behalf of the Government of ~taka or participates in any way in the profit thereof or in any benefit or emolument arising there from otherwise than as a member and

in common with the other members of an incorporated company, he shall, for the purposes of subsection(6)be deemed to be guilty of misbehavior. .

(10)The cooperative elt:ction commission shall in consultation with the State Government determine the number of officers and other employees required for the discharge of the functions conferred on it under sub-section(2) and require the State Government to provide the ~rvices of such officers and employees.

(11)The State Government shall, when so requested by the cooperative election commission,

make available to the cooperative election commission such staff as may be necessary for the

discharge of the functions conferred on the cooperative election commission under sub-section(2).

(12) The salary, allowances, terms and conditions of services of the officers and the

employees of the cooperative election commission shall be such as may be prescribed. .

(13) Subject to the provisions of this Act, procedure and guidelines for the conduct of election

shall be such as may be prescribed.

(14)The cost of preparation of electoral rolls for, and the conduct of the .elections shall be met in such manner as may be prescribed.

(15)The board of every cooperative society shall,-

(a) inform the cooperative election commission about the expiry of its term of office at least six months before the date of expiry of such term;

(b) furnish such books, records and information as the commission may require as per the calendar prescribed by the Cooperative Election Commission; and

(c) provide all necessary help, assistance and cooperation for the smooth preparation of electoral rolls for and the conduct of elections."

29. Omission of section 5M.- section 53A of the Principal Ac.t, shall be omitted.

30. Amendment of section 56.- In section 56 of the Principal Act, in sub-section (2), for the second proviso, the following shall be substituted, namely:-

"Provided further that no. director shall be paid travelling allowance, daily allowance or such other allowances or fees for attending meetings of the board or committees or sub-committees or for

performing any other functions as a director at a rate higher than the maximum rate specified in the

byelaws for the purpose, having regard to the fmancial position and profitability of the society".

31. Insertion of new section 57 A.- Mer section 57 of the Principal Act.. the following shall be inserted, namely:-

"57 A- Cooperative Education and TJ'SIining.-(1) The cooperative education fund shall be utilized for the purpose of promotion of the cooperative movement in the State and for providing

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education to the members. directors and cooperators of the cooperative societies and the general public and training to the employees of the cooperative societies.

(2) Every co-operative society shall pay its contribution to the Karnataka State Cooperative

Federation within thirty days from the date of its annual general meeting.

(3) All contributions made by the cooperative societies towards co-operative education fund.

grants received from the Government of India or the State Government and donations. if any. made

by any person shall be credited to the cooperative education fund.

(4) The cooperative education fund shall be maintained and administered by the Karnataka State Cooperative Federation Limited for such programmes and in such manner as may be prescribed.

(5) No expenditure out of the cooperative education fund shall be incurred without the approval of an advisory committee constituted for the purpose as prescribed".

32. Amendment of section 58.- In section 58 of the Principal Act.-

(1) in clause (e).-

(a) the words "or financial institution" shall be omitted.

(b) for the word "Registrar". the words. "general body of that society till the date of the next annual general body meeting". shall be substituted.

(ll) the first proviso shall be omitted.

33. Amendment of section 59.- In section 59 of the Principal Act. for sub-section (2). The following shall be substituted. namely:-

"(2) Notwithstanding anything contained in sub-section (1). the general body of a cooperative society shall have power to permit the society to borrow from a credit agency subject to such conditions as may be stipulated in the resolution of the general body.

Provided that such resolution is valid till the date of the next annual general meeting".

34. Substitution of section 63.- For section 63. the following shall be substituted. namely:-

"63 Audit.- (1) Every Cooperative society shall get its accounts audited at least once in a year before the first of September following the close of the cooperative year by an auditor or an auditing firm appointed by the general body of the cooperative society from a panel of auditors or auditing firms approved by the Director of cooperative audit;

Provided that the Director of co-operative audit shall be the authority competent to prepare

and maintain a list of auditors and auditing firms who satisfy the prescribed qualification and experience for undertaking the audit of accounts of co-operative societies in the state.

Provided further that the Director of cooperative audit shall communicate a panel of auditors and auditing firms. not exceeding ten. to every cooperative society within thirty days from the close of the co-operative year.

(2) The general body of every cooperative society shall at its general meeting appoint an auditor or an auditing firm to audit the accounts of the society for the cooperative year in which the general meeting is held. ,

(3) The manner of preparation of the list of auditors and auditing firms by the Director of cooperative

audit and the procedure for giving the panel to each co-operative society shall be such as may be prescribed.

(4) The audit under sub-section (1) of this section or under section 98U or section 98V shall

include an examination of overdue debts. if any. the physical verification and valuation of the assets

and liabilities. verification of the cash balance and securities. certification of the profits or losses.

compliance with the transparency law and other laws applicable to the cooperative societies

including the instructions and directives of NABARD or Reserve Bank of India and an examination

of the working and the other prescribed particulars of the society.

(5) The auditor or auditing firm shall at all times have access to all the books. accounts.

documents. papers. securities. cash and other properties belonging to the society or in the custody

of any member of the board or the office-bearer or the chief executive or any other employee 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 the registered office of the society or any branch thereof or at any public office at the headquarters of the society.

(6) 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 Auditor or Auditing firms approved by the Director of

Cooperative Audit may require.

" (7) The board of every cooperative society shall ensure that the annual financial statements

like the receipts and payments or income and expenditure. profit and loss and the balance sheet

along with such schedules and other statements as may be prescribed as at the end of a cooperative

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year are prepared and presented for audit before the auditor Or auditing firm within thirty days of

the closure of that cooperative year. ;

(8) The Auditor or Auditing firm shall conduct and complete the audit of accounts as

provided for in this Act, or the rules and send copies of the audit report and communicate the

results of audit to the cooperative society, the Registrar, the Director of co-operative audit and to the

fmancing bank or credit agency, and if the society is affiliated to any other cooperative society, to

such cooperative society, as early as possible but within the first day of September every year.

(9) The auditor or auditing firm shall have right to receive all notices and every communication relating to the general meeting of a cooperative society and, at the cost of the cooperative society,. shall be entitled to attend such meeting and to be heard at the general body meeting, in respect of all or any part of the business with which he is concemed as auditor or auditing firm.

(10) If the result of the audit held under sub-section(l) discloses any defects in the working

of the society, the board shall take steps to rectify the defects and remedy the irregularities pointed

out in the audit report and place the audit report along with the action taken report before the

general meeting to be held before the twenty-fifth day of the September every year and explain

therein the said defects or the irregularities. The board shall continue to take steps for rectification

of all the defects and remedying of all the irregularitles in the audit report and appraise the general

meetings every year till all the defects are rectified and the irregularities are remedied. The board

shall send report of action taken to the Registrar and Director of Co-operative Audit Within thirty

days from the date of the general meeting.

(11) The Director of Co-operative Audit shall submit the audit reports of an Apex cooperative society to the State Govemment annually for being laid before the legislature in the manner

prescribed.

(12) If it appears to the general body of a co-operative society that there is a prima-facie case of fraud or misappropriation or embezzlement of funds not detected or properly examined by the

auditor dllI'ing the regular audit or misclassification of accounts, the general body may resolve to provide for a re-audit of any account of the society with a view to truly reflect the financial position

of the society and the provisions of the Act, and the rules applicable to the audit shall apply to such

re-audit; .

(13) If it appears to the State Govemment on an application by a cooperative society or

otherwise that it is necessary or expedient to re-audit the accounts of a society, the State

Govemment may, by an order provide for such re-audit and the provisions of the Act, and the rules

applicable to the audit shall also apply to such re-audit.

Provided that such re-audit shall be ordered only when there is a prima-facie case of fraud or mis-appropriation or embezzlement of funds not detected or properly examined by the auditor or auditing firms during regular audit or misclassification of accounts or for any other valid reasons

with a view to truly reflect the financial position of the society.

(14) Without prejudice to the provisions of sub- sections (5) and (6), the auditor shall inquire;

(a) Whether loans and advances made by the co-operative society on the basis of security have been properly secured and whether terms on which they have been made are not prejudicial to the interests of the co-operative society or its members;

(b) Whether transactions of the co-operative society which are represented merely by book entries are not prejudicial to the interests of the co-operative society;

(c) Whether personal expenses have been charged to revenue account;

(d) Where it is stated in the books and papers of the co-operative society that any shares have. been allotted for cash, whether cash has actually been received in respect of such allotment, and if no cash has actually been so received, whether the position as stated in the account books and the balance sheet is correct, regular and not misleading; and (e) Whether any special issue or subject matter referred to for enquiry by the Reserve Bank or National Bank has been duly enquired into and report thereof is submitted to the Reserve Bank or National Bank as the case may be.

(15) The auditor shall make a report to the cooperative society on the accounts examined by him and on every balance sheet and profit and loss account and on every other document required to be part of or annexed to the balance sheet or profit and loss account. The report shall state whether, in his opinion and to the best of his Information and according to the explanations given to him, the said accounts give the information required by this Act, in the manner so required and give a true and fair view,-

(a) in the case of the balance sheet, of the state of the cooperative society's affairs as at the end

of the year; and ..

(b) in the case of the profit and loss account, of the profit or loss for the year.

(16) The auditor's report shall also,-

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(a) state whether he has obtained all the infonnation and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit;

(b) state whether in his opinion, proper books of accounts have been kept by the cooperative society so far as appears from his examination of those books and proper returns adequate for the purpose of his audit have been received from branches or offices of the co-operative society not visited by him;

(c) state whether the report on the accounts of any branch office audited by a person other than the co-operative society's auditor has been fOIwarded to him and how he has dealt with the same in preparing the auditor's report;

(d) state whether the co-operative society's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;

(17) The audit report shall have,-

(a) all particulars of the defects or the irregularities observed in audit and in case of financial irregularities and misappropriation or embezzlement of funds or fraud, the auditor/auditing finn shall investigate and report the modus operandi, the entrustment, amount involved, and fix the responsibility for such misappropriation or embezzlement of funds or fraud, on the members of the board or the employees of the

society or any other person as the case may be with all necessary evidence.

(b) accounting irregularities and their implications on the financial statements to be indicated in detail in the report with the corresponding effects on the profit and loss.

(c) the functioning of the general body, board and sub-committees of the Co-operative Society to be checked and any irregularities or violations observed reported duly fixing the responsibilities for such irregularities or violations.

(d) all schedules and other statements as may be prescribed.

(18) Where any of the matters referred to in clauses (a) and (b) of sub- section (14) or in clauses (a) and (b) of sub section (15) or clause (a) to (d) of sub-section (16) is answered in the negative or with a qualifying observation, the auditor's report shall state the reason for the answer.

(19) The remuneration of the auditor or auditing finn of a cooperative society shall be borne

by the society and shall be at such rates as may be fixed by general body of the society.

(20) The Director of Cooperative Audit shall maintain a list of cooperative societies

districtwise, the list of working societies, the list of societies whose accounts are audited, the list of

societies whose accounts are not audited within the prescribed time and the reasons therefor. He

shall co-ordinate with the cooperative societies and the auditors. or auditing finns and ensure the

completion of audit of accounts of all the cooperative societies in time every year.

**Explanation:** For the purpose of this section, - (1)'Auditor' means an auditor or an officer of the Department of Cooperative Audit who has passed, in addition to the graduation or post graduation degree, Higher Diploma in Cooperative Management / Diploma in Cooperative Audit / General Diploma in Cooperative management and who has completed the period of probation successfully and who has a working knowledge of the kannada language; or a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 who shall have a fair knowledge of the functioning of the cooperative societies and shall have an experience of at least three years in auditing of which the auditor would like to be included in the panel and chartered accountants shall have working knowledge of the Kannada

language.

(ii) 'Auditing finn' means a finn of more than one Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 who or which shall have a fair knowledge of the functioning of the cooperative societies and shall have an experience of at least three years in auditing of which the auditing finn would like to be included in the panel and chartered accountants shall have working knowledge of the Kannada language.

35. **Amendment of section** 64.- In section 64 of the Principal Act,-

(1)after sub-section (2A), the following proviso, shall be inserted, namely:-

"Provided that the State Government shall, on a report made by the Registrar, shall have power to extend the period for holding the enquiry beyond eighteen months if it is satisfied that. there are genuine grounds for the extension."

(ii) in sub-section (3), for clause (b), the following shall be substituted; namely:-

"(b) the inquiry officer may also summon any officer of a financing bank. or a credit agency as the case may be or any person having any kind of business relationship with the society or any person who is connected with the functioning of and who has knowledge about the affairs of the society to produce any records or documents, if any, related to the transactions with and working of the society and furnish such infonnation and the explanations, at the registered office or branch of the society or at any public office at

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the headquarters of the society, as the inquiry officer may require for the purpose of the inquiry. "

(ill) after sub-section (4), the following shall be inserted, name1y:-

"(4A)On receipt of the inquiry report and the result of the inquiry from the Registrar, it shall be the responsibility of the board to initiate immediate necessary action for rectification of deficits, if any, therein and place the report before the annual general ,meeting or a special general meeting convened for the purpose at the earliest.

'Provided that the general body of the cooperative society shall not be competent to pass a resolution negativing the findings of the inquiry".

(iv) in sub-section (5), for the words "three months", the words "forty five days" shall be substituted" .

36. Amendment of section 65.- In section 65 Principal Act,-

(i) after sub-section (2), the following shall be inserted, namely:-

"(2A) On receipt of the inspection report and the result of the inspection from the Registrar, it

shall be the responsibility of the board to initiate necessary action for rectification of defects, if any,

therein and place the report before the annual general meeting or a special general meeting convened for the purpose at the earliest.

Provided that the general body of the cooperative society shall not be competent to pass a resolution negativing the findings of the inspection".

(ii) in sub-section (3).

"(a) for the word "inquiry" wherever it occurs, the word "inspection" shall be substituted.

(b) for the words "three months", the words "forty five days" shall be substituted.

37. Amendment of section 68.- In section 68,-

(i) in sub-section (1),

(a) for the words 'remedy the defects", the words "rectify the defects and remedy the irregularities" shall be substituted.

(b) the words "the audit under section 63 or" shall be omitted.

(ii) in sub-section(3), for the words "who shall take action for incorporation of ", the words "who shall inform the society auditor or auditing firm auditing the accounts of the society for incorporation" shall be substituted. "

38. Amendment of section 69... In section 69 of the Principal Act, after sub-section (4), the following proviso, shall be inserted, namely:-

"Provided that the State Government shall, on a report made by the Registrar, may extend the period beyond eighteen months if it is satisfied that, there are genuine/valid grounds for such extension" .

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39. Amendment of section 70.- In section 70 of the Principal Act,-

(i) in sub-section (1) after the words "cooperative society", the words "other than a dispute pertaining to the election of the board and election of the office-bearers" shall be inserted;

(ii) in sub-section (2) clause (c) shall be omitted;

(ill) after sub-section (3) the following shall be inserted, namely:-

"(4) All disputes related to the election of the members of the board and the election of President, Vice-President, Chairman, Vice-Chairman or any other office-bearer shall be filed in the jurisdictional Civil Court.

(5) All disputes pending with the Registrar as on the date of the constitution of cooperative election. commission shall be disposed of by' the Registrar as if this amendment had not been made".

40. Amendment of section 71.- In section 71 of the Principal Act, after sub-section (5), the following proviso, shall be inserted, namely:- .

"Provided that the State Government shall, on a report made by the Registrar, may extend the period beyond eighteen months if it is satisfied that, there are genuine/valid grounds for such extension" .

41. Amendment of section 72.- In section 72 of the Principal Act,-

(i) in sub-section (1),

(a) for the words "an inquiry", the words, "an audit has been conducted under section

63 or an inquiry" shall be substituted.

for the words "he may issue an order", the words "he may, after giving the society an opportunity of making its representation, issue an order" shall be substituted.

(ii) in sub-section (2), in clause (b). for .the words, "or has ceased to work", the words "within a period of six months of the date of its registration or has ceased to function for six months" shall be substituted.

 (iii) after sub-section (4), the following shall be inserted. namely:-

"(5) Notwithstanding anything in this section, the Registrar shall make an order for the winding up of a cooperative society. if the general body of the society. by a resolution passed by two thirds majority of the members present and voting in a general meeting decides for the winding up of , that society".

**42. Amendment of Section 988.-** In section 98B of the Principal Act.. after the words, "over

riding effect". the words, "except the provisions of sections 12. 16. 17. 19A. 20. 27. 27A. 27B. 28.

28A. 29C. 29E, 29F. 29G. 30. 31. 39A. 39AA, 56. 57A. 63. 64, 65, 70. 72. 108 & 109" shall be

inserted.

**43. Omission of section** 98 P.- section 98P of the Principal Act. shall be omitted.

**44. Omission of section 98T.-** section 98T of the Principal Act. shall be omitted.

**45. Amendment of section 10SA.-** In section 105A of the Principal Acth(i) in sub-section

(1). for the word "Registrar". the words "general body", shall be substituted. -

(ii) for sub-section (3). the following shall be substituted; namely:-

"(3)The general body of the cooperative society shall. after giving a reasonable opportunity to the person concerned to make his representation. if any. in writing and after considering the reasons for refusal of membership by the board. direct either that . the person shall be admitted as a member by the cooperative society or that he need not be admitted by the cooperative society. and in the former case. the board shall give effect to the decision within ten days of the resolution of the general body".

(iii) sub-section (4) and (5) shall be omitted.

**46. Amendment of section 106.-** In section 106 of the Principal Act.. after sub-section (5).

the following proviso, shall be inserted. name1y:-

"Provided that the State Government shall. on a report made by the Registrar. may extend the period beyond eighteen months if it is satisfied that. there are genuine/valid grounds for such extension. "

**47. Amendment of section 108.-** In section 108 of the Principal Act. for the words. "an appeal has been made to the State Government under section 106". the words "an appeal has been made to the State Government or other authorities under section 106" shall be substituted.

**48. Amendment of section 109.-** In section 109 of the Principal Act. after sub-section(l6),

the following shall be inserted. namely:-

"(17) The members of the board who fails and the chief executive who fail to submit the accounts and the information required by the auditor as per section 63 within the .stipulated time shall be punishable with imprisonment for a term which may extend to six months or with a fine which may extend to five thousand rupees or with both;

(18) Every member of the board who fails and the chief executive who fails to get its

accounts for the previous year audited as per section 63 within the stipulated time and present the same before the annual general meeting shall be punishable with imprisonment for a term which may extend to six months or with a fine which may extend to ten thousand rupees or with both;

(19) Every member of the board who and the chief executive who fail to file annual returns with the Registrar as per section 27B shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to five thousand rupees or with both;

(20)Every member of the board which fails and the chief executive who fails to provide necessary books, records and information within time and assist the cooperative election commission for the' conduct of elections within the time stipulated under section 39AA shall be punishable with imprisonment for a term of six months or with fine of ten thousand rupees or with both;

(21)Any person who, before. during or after the election of the members of the board or office-bearers. adopts any corrupt practice under section 39C or commits any electoral offences under section 39K shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to ten thousand rupees or with both."

**49. Amendment of section 113.-** In section 113 of the Principal Act, In sub-section (2) in the proviso, the words "with the previous permission of the Registrar" shall be omitted. .

**50. Amendment of section 117.-** In section 117 of the Principal Act.. sub-section (2) shall be omitted. .

**51. Amendment of section 118.-** In section 118 of the Principal Act, in sub-sections (1), for clauses (b) and (c), the following shall be substituted, namely:-

"(b) the removal of a member or the removal and disqualification of a director or the removal of a board;

(c) any surcharge application required under section 69 or any dispute required under section 70 to be referred to the Registrar or the recovery of moneys under section 100 or the execution of any award or order referred to the Registrar for execution under section 101;"

**52. Amendment of section 124.-** In section 124 of the principal Act. in the proviso. for the words "issued by certificate of posting". the following words shall be substituted. namely:-

"published on the notice boards of the society at its registered office and its branches. and,-

(a) sent by bulk posting at places wherever the facility is available; or (b) sent by E-mail and S.M.S.; or

(c) sent by ordinary post and published in.-

(i) one Kannada news paper haVing wider circulation at places where the co-operative societies whose area of operation is less than a district, are situated or one Kannada newspaper and one English newspaper haVing wider circulation at places where the co-operative societies, whose area of operation extends to a district and above and to the whole of the state. are situated;".

**53. Amendment of section 129.-** In section 129 of the Principal Act. in sub-section (2),-

(i) after clause (e), the following shall be inserted, namely:- .

"(e-l) right of a member to get information regarding his transaction of business with

the society.

(ii) for clause (g). the following shall be substituted; namely:-

"(g)The conditions of service of cooperative election commissioner";

(ill) for the clause (1),the following shall be substituted; namely:-

"(1) the procedure for conduct of general meetings including representative general meetings and board meetings and requisitioning of a general meeting and board meeting";

(iv) after clause(1). the following shall be inserted. namely:-

"(1-1)the procedure for the consideration of no confidence against any director".

(v) in clause (m). the words "the members of the committee and" shall be omitted.

(vi) in clause (0), for the word "qualification". the words "qualification. experience and procedure" shall be substituted.

(vii) after clause (t) the following shall be inserted. namely:-

"(t-l) procedure for the maintenance and administration of education fund by the Karnataka State Cooperative Federation;

(t-2)- the cost of preparation of the electoral rolls for. and the conduct of. The elections by the election commission".

(viii) in clause (y). for the word "Societies" and the remuneration payable to the auditor or auditing firm;" shall be substituted.

(ix) for clause (ll). the following shall be substituted; namely:-

"(11)Procedure for empanelment of the auditors and auditing firms to be sent to the cooperative societies".

**54. Power to remove difficulties.-(l)** If any difficulty arises in giVing effect to the amendments made by this Act. the State Government may. by order published in the official Gazette, make such provisions not inconsistent with the provisions of the Principal Act. and the Constitution (ninety seventh amendment) Act.. 20 11 as appear to it to be necessary or expedient for remoVing the difficulty.

Provided that no such order shall be made under this section after the expiry of two years from the date of commencement of this Act.-

(2) Every order made under this section shall. as soon as may be. after it is made. be laid before the State Legislature.

(ll)

By Order and in the name of the Governor of Karnataka.

**G.K. BOREGOWDA**

Secretary to Government,

Department of Parliamentary Affairs and Legislation