

©  
കേരള സർക്കാർ  
Government of Kerala  
2014



Regn. No. KERBIL/2012/45073  
dated 5-9-2012 with RNI  
Reg. No. KL/TV(N)/634/2012-14

**കേരള ഗസറ്റ്**  
**KERALA GAZETTE**

**അസാധാരണം**  
**EXTRAORDINARY**

**ആധികാരികമായി പ്രസിദ്ധപ്പെടുത്തുന്നത്**  
**PUBLISHED BY AUTHORITY**

വാല്യം 3 } Vol. III }	തിരുവനന്തപുരം, ബുധൻ Thiruvananthapuram, Wednesday	2014 നവംബർ 26 26th November 2014	നമ്പർ } 2867 No. }
		1190 വൃശ്ചികം 10 10th Vrischikam 1190	
		1936 അഗ്രഹായണം 5 5th Agrahayana 1936	

GOVERNMENT OF KERALA

**Co-operation (B) Department**

NOTIFICATION

G. O. (P) No. 142/2014/Co-op. *Dated, Thiruvananthapuram, 25th November, 2014.*

**S. R. O. No. 733/2014.**—In exercise of the powers conferred by section 109 of the Kerala Co-operative Societies Act, 1969 ( Act 21 of 1969), the Government of Kerala hereby make the following rules further to amend the Kerala Co-operative Societies Rules, 1969, the same having been previously published under Notification No. 365/2013/Co-op. dated 14th February, 2014 in the Kerala Gazette Extraordinary No. 728 dated 25th February, 2014 as required by sub-section (1) of section 109 of the said Act, namely:—

## RULES

1. *Short title and commencement.*—(1) These rules may be called the Kerala Co-operative Societies (Second Amendment) Rules, 2014.

(2) They shall come into force at once.

2. *Amendment of the Rules.*—In the Kerala Co-operative Societies Rules, 1969,—

(1) in rule 2, after clause (a) the following clause shall be inserted, namely:—

“(aa) Co-operative Member Relief Fund” means the Co-operative Member Relief Fund constituted under section 56 (1) (c) of the Act”;

(2) in rule 3, for sub-rule (6), the following sub-rule shall be substituted, namely:—

“(6) Every application shall be accompanied by a chalan receipt for having remitted the registration fee, as specified below:—

<i>Jurisdiction of the proposed society</i>	<i>Amount of fee in Rupees</i>
(1)	(2)

If the area of operation of a society is

(i) within a taluk	One thousand
(ii) a taluk and above but less than a district	Two thousand five hundred
(iii) district	Four thousand
(iv) more than one District	Five thousand

Provided that in the case of any School/College Co-operative Societies, chalan receipt for hundred rupees and in the case of Women or Scheduled Caste/Scheduled Tribe Societies, chalan receipt for five hundred rupees shall suffice irrespective of their area of operation.”;

(3) in rule 4, for clause (v), the following clause shall be substituted, namely:—

“(V) If the Registrar is satisfied that the proposed society will not fulfil the economic interest of the public in accordance with the Co-operative Principles mentioned in Schedule II of the

Act or the registration of the society will make an adverse effect on the development of co-operative movement or he is satisfied that the objects of the proposed society is against the preamble of the Act, the Registrar shall pass an order of refusal together with the reasons thereof and communicate it by registered post or speed post or such courier services, approved by the High Court of Kerala/Government of Kerala to the Chief Promoter within 15 days of such order.”;

(4) after rule 4, the following rule shall be inserted, namely:—

“4A. *Manner of issuing certificate if the registration certificate is irrecoverably lost.*—The certificate to be issued by the Registrar under sub-section (2) of section 8 shall be in Form No. 3A.”.

(5) after rule 8, the following rule shall be inserted, namely:—

“8A *General Body Meeting.*—A notice of the General Body Meeting stating the place, date and hour of the meeting together with the agenda shall be given to every member at least fifteen clear days before the date of the meeting in the manner specified in the bye-laws:

Provided that in urgent cases, General Body Meeting can be convened by giving notice, less than a period of fifteen clear days.”;

(6) in rule 9,—

(i) for clause (ii), the following clause shall be substituted, namely:—

“(ii) No such resolution shall be valid in the case of a society having not more than five hundred members, unless intimation of the amendment proposed has been given to the members of the society either in person and their full signature in token of having received the same has been obtained, or by registered post or speed post or such courier services approved by the High Court of Kerala/Government of Kerala and in other cases, it shall be sufficient if the date, time, place and agenda of such General Body Meeting with details of amendment proposed are published in two vernacular dailies having wide circulation in the area of operation of the society, in the notice board of the society at the head office and branches of the society, in the branches of the District Co-operative Bank within the area of operation of the society, in the Panchayat office or the Regional or Headquarter of the Municipality or Corporation or Village

Office, and also in the notice board of offices of the Assistant Registrar (General) and the village, block, taluk level office of the functional Registrars to whom the supervision is vested and the office of the Assistant Director (Audit) and the office of the Circle Co-operative Union, within which the area of operation of the society falls and in addition to the above said manner, the society may inform the date of meeting by Short Message Service of cellular phones or other computer devices or e-mails or local television channels or by exhibiting banners in the prominent places within the area of operation of the society.”;

(ii) in sub clause (c) of clause (iv) for the words “one hundred” the words “five hundred” shall be substituted;

(7) rule 10 shall be omitted.

(8) for rule 13, the following rule shall be substituted, namely:—

“13. *Amalgamation, transfer of assets and liabilities or division of societies.*—

(1) Every co-operative society desiring to effect amalgamation, transfer of assets and liabilities or division shall convene a meeting of a special general body, called for the purpose, giving fifteen clear days notice and pass resolution, for amalgamation, transfer of assets and liabilities or division as the case may be, by a two third majority of the members present and voting at that meeting:

Provided that in the case of an insured co-operative bank, no resolution shall be passed without the prior approval in writing of the Reserve Bank of India and in the case of an assisted society, no resolution shall be passed without the prior approval of the Registrar. In the case of amalgamation or division, the resolution shall include the scheme and the draft bye-laws proposed for adoption, consequent on the approval of the proposals. The draft bye-laws shall include provisions of appointment of the first committee by nomination.

(2) Where the resolution so passed is deemed to have been taken effect under sub-section (6) of section 14, the society concerned shall report the fact to the Registrar.

(3) On receipt of the report from the society under sub-rule (2) the Registrar shall, after satisfying himself that the procedure has been properly followed, declare that the resolution has taken effect and register the amalgamated or divided societies.”;

(9) rule 14 shall be omitted.

(10) in rule 15,—

(i) in the entries against item (3)’ in column (1), the following entries shall be substituted, namely:—

“(a) Primary Agricultural Credit Societies, Service Co-operative Banks, Regional Co-operative Banks, Rural Banks, Farmers Service Co-operative Banks, Urban Co-operative Societies, Agricultural I m p r o v e m e n t Societies;

(b) Employees Credit Societies.”;

(ii) after sub-heading A in column (1) the following sub-heads and entries shall be inserted, namely:—

“AA. Insured Co-operative Bank

(1) Primary	Urban Co-operative Banks
(2) Apex	Kerala State Co-operative Urban Banks Federation Ltd.”;

(iii) for items 8,9,10,11 and entries therein the following items and entries shall respectively be substituted, namely:—

“8. Educational Co-operatives

(1) Primary	(a) School/College Co-operative Societies
	(b) Other Educational Co-operative Societies, Co-operative Colleges etc.
(2) Federal	Kerala School/College Co-operative Societies Federation Ltd.

## 9. Labour Contract Co-operative Societies

- |             |   |
|-------------|---|
| (1) Primary | Primary Labour Contract Co-operative Societies            |
| (2) Apex    | Kerala State Co-operative Labour Contract Federation Ltd. |

## 10. Vanitha (Women) Co-operative Societies

- |             |  |
|-------------|--|
| (1) Primary | Primary Women Co-operative Societies                         |
| (2) Apex    | Kerala State Women Co-operative Federation Ltd. (Vanithafed) |

## 11. Tourism Co-operatives

- |             |  |
|-------------|--|
| (1) Primary | Primary Tourism Co-operative Societies or societies undertaking tourism activities |
| (2) Apex    | Kerala State Tourism Co-operative Federation Limited (Tourfed)”;                   |

(iv) The existing item “11. Miscellaneous Societies”, shall be renumbered as “12. Miscellaneous Societies.”;

(11) in rule 16, in sub-rule (2),—

(i) in clause (e) the word “or” shall be omitted;

(ii) after clause (f) the following clauses shall be inserted, namely:—

“(g) has been removed under section 16A and a period of one year has not elapsed from the date of such removal; or

(h) has been expelled under sub-section (1) of section 17 and a period of one year has not elapsed from the date of such expulsion.”;

(12) in rule 16 D, in sub-rule (1), after the words “such refusal” the words “with a chalan receipt of Rupees Fifty along with the application” shall be inserted;

(13) in rule 16E, in sub-rule (4), the words “on the commencement of the Kerala Co-operative Societies (Amendment) Act of 1999 shall be omitted”;

(14) in rule 18, after the words “the interest of the society” the words “or has failed to comply with the provisions of the bye-laws shall be inserted”;

(15) after rule 18, the following rule shall be inserted, namely:—

“18 A. *Ensuring participation of members.*—(1) No member shall be eligible to continue to be a member of a co-operative society if he is not using the services of the society for two consecutive years in the following manner:

- (a) In case of a credit society, a member who has made a deposit or has become a borrower or surety or availed or purchased products or any other services made available by such society as specified in the bye-laws;
  - (b) In the case of any other society, a member who has involved in anyone of the objects specified in the bye-laws or has availed the products or using the service made available by such co-operative society as specified in the bye-laws;
  - (c) In the case of Central or Apex Societies/Banks/Federation, if the member society has not borrowed the amount from such Central or Apex Societies/Banks/Federation/and in the case of Apex societies Banks/Federations where the main object is to lend the amount to the member societies or if the member society is not using the services made available by such society/federation as specified in the bye-laws”;
- (2) (a) A register in Form No. 32, shall be maintained by every society. The Chief Executive of the society shall be responsible for the proper maintenance of the register.
  - (b) The details with regard to each and every member of a society shall be made up-to-date and place before the Committee within sixty days on completion of every year.
  - (c) The Committee shall examine and certify the register as to the details so recorded by the Chief Executive, within thirty days from the date of placing it before the committee.
  - (d) The Chief Executive of the Society shall forward a certificate to the Registrar, as to the up-to-date maintenance of the register within three months of the close of the year.

- (e) The Chief Executive of the society shall submit this register before the Electoral Officer for verifying the eligibility of members who are qualified to vote at the election.”;
- (16) in rule 29, after clause (p) of sub-rule (2) the following clause shall be inserted, namely:—
- “q. Register of members eligible to be continued as members and to vote in every year.”;
- (17) in rule 30, the existing rule shall be numbered as sub-rule (1) of that rule, and after the sub-rule (1) as so renumbered, the following sub-rule shall be inserted, namely:—
- “(2) If the society fails to pay the amount within the period specified, the Registrar shall be competent to issue directions to the financing bank to recover the amount from the account maintained in the financing bank by the society or to recover the amount under the provisions of the Kerala Revenue Recovery Act, 1968 (Act 15 of 1968).”;
- (18) in rule 31, after Serial No. 3 and entries against it, the following serial number and entries shall be inserted, namely:—
- “3A Register of members eligible to vote Permanent”;
- (19) in rule 33,—
- (i) for sub-rule (1), the following sub-rule shall be substituted, namely:—
- “(1) Every co-operative society shall, within six months of the closure of every financial year, file the following returns before the Registrar of Co-operative Societies, duly certified by the committee, namely:—
- (a) a comprehensive annual report of its activities;
- (b) audited statement of accounts including statement showing the receipts and disbursements for the year, a profit and loss account and balance sheet;
- (c) plan for surplus disposal approved by the general body of the co-operative society;
- (d) list of amendments to the bye-laws of the co-operative society if any;

(e) declaration regarding the date of holding of its general body meeting and conduct of elections when due; and

(f) any other information required by the Registrar in pursuance of any of the provisions in the Act and rules issued thereunder:

Provided that the annual statement of accounts of each year shall be prepared by the Chief Executive within one month from the date of the close of the financial year and he shall submit it before the managing committee and report the fact to the Director of Co-operative Audit or to the persons authorized by him in this regard. The lapse on the part of the Chief Executive in this regard will be considered as an offence under sub-section (4) of section 94 of the Act.”;

(ii) sub-rule (2) shall be omitted;

(20) in rule 34A, in sub-rule (8), for the word “Government” the words “State Co-operative Election Commission” shall be substituted;

(21) rule 35 shall be omitted.

(22) in rule 35A,—

(i) in sub-rule (1) the words “as specified in the explanation to sub-rule (2) of rule 35” shall be omitted.

(ii) after sub-rule (1), the following explanation shall be inserted, namely:—

“*Explanation.*—The expression “Registrar” means (a) in the case of societies having state wide jurisdiction or having jurisdiction over more than one district, the Registrar of Co-operative Societies, (b) in the case of societies where the jurisdiction of which is confined to one district and in the case of Primary Societies, the jurisdiction of which exceeds one circle, the Joint Registrar of the district concerned and (c) in the case of Primary Societies the jurisdiction of which does not exceed one circle, the Assistant Registrar of the circle concerned.”;

(iii) for sub-rule 3A, the following sub-rule shall be substituted, namely:—

“(3A) In the case of societies with less than five hundred members in the voters list, the State Co-operative Election Commission may intimate each of the members in the final voter’s list, the particulars of notification under sub-rule (3) by registered post with acknowledgement or speed post or through courier service approved by the High Court of Kerala/Government of Kerala or in person to be duly acknowledged.”;

(iv) after sub rule (3A), the following sub rule shall be inserted, namely:—

“(3B) In the case of School, College Co-operative Societies, the State Co-operative Election Commission may intimate each of members in the final voters list, the details of election notification under sub-rule (3) through the Chief Executive/Honorary Secretary of the society either in person and obtain their full signature in token of having received the same or by registered post or by speed post or through courier service approved by the High Court of Kerala/ State Government. It shall be the duty of the Electoral Officer to ensure that the members have been intimated of the details of the election notification.”;

(v) in sub-rule (4) the following explanation shall be inserted, namely:—

“*Explanation.*—Only the active members shall be included in the voters list. The members who have utilized the minimum service provided by the society during the two consecutive years shall be considered as active members. The preliminary voters list and final voters list shall contain the name and address of the society where the member is a society or corporation or a statutory or non statutory board, committee or other body of persons which is a member of another society or Government.”;

(vi) in sub-rule (5), the words “on request” shall be omitted;

(vii) in sub-rule (6),—

(1) in clause (b),—

(a) the sentence “in the case of candidates belonging to Scheduled Caste/Scheduled Tribe deposit of one hundred and twenty five rupees shall suffice” shall be added at the end;

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

“Provided further that in the case of election on ward basis, the candidate, proposer and seconder shall be from the same ward.”;

(2) in clause (c) the following shall be added at the end, namely:—

“The Returning Officer shall publish the list of nomination papers containing the name, address in the notice board on the last day fixed for the receipt of nomination.”;

(3) in clause (n),

(a) in item (ix) after the words “he produces his identity card” the words “and any one of the documents mentioned in the explanation”, shall be inserted;

(b) after item (ix), the following explanation shall be added, namely:—

*“Explanation.—*

- (i) Identity Card issued by the Election Commission of India;
- (ii) Unique Identification Card “Aadhar Card”;
- (iii) Ration Card;
- (iv) Driving Licence;
- (v) Identity Card issued by the Employer;
- (vi) PAN Card; and

(vii) Any other identity card notified by the State Co-operative Election Commission.”;

(viii) in sub-rule (8), for the word “Government” the word “State Co-operative Election Commission” shall be substituted;

(23) in rule 35B,—

(i) for sub-rule (2), the following sub-rule shall be substituted, namely:—

“(2) The State Co-operative Election Commission shall have the power of superintendence, direction and control of the preparation of electoral rolls and for the conduct of all election to co-operative societies including election of the President/Vice-President and representative general body.”;

(ii) after sub-rule (2), the following sub-rules shall be inserted, namely:—

“(3) The State Co-operative Election Commission shall fix the fee/cost of election of different types of societies after considering the number of members as stood on sixty days prior to the election and take into account other relevant factors it considers necessary from time to time.

(4) There shall be a Secretary to the State Co-operative Election Commission, who shall be an officer not below the rank of Joint Registrar of Co-operative Department, and who shall be the Chief Executive Officer of the Commission”;

(24) after rule 35C the following rule shall be inserted, namely:—

“35 D *Procedure for payment of fee.*—(1) Every Co-operative Society shall pay fee for election to Government, separately for conducting election to the managing committee and to the representative general body as shown below, namely:—

<i>Type of Society</i>	<i>Election Fee in Rupees</i>
(1) Apex Society	Five thousand;
(2) Central and Federal Societies	Three thousand;
(3) Credit Societies and Housing Societies	Two thousand;
(4) Other Societies	One thousand;

(2) The following classes of societies are exempted from the payment of election fees.—

(a) All Primary Co-operative Societies of which all or majority of the members are belonging to Scheduled Caste or Scheduled Tribe or societies organized for the welfare of physically disabled persons.

(b) All School Societies.

(c) Any Society for the first election.

(25) in rule 38,—

(i) for sub-rule (1) the following shall be substituted, namely:—

“(1) When a committee is constituted under section 28, the Returning Officer shall inform the details of elections to the State Co-operative Election Commission, forthwith. The Election Commission shall appoint a Presiding Officer to elect the President and other office bearers. The Presiding Officer shall convene the committee within seven days of election to the committee or before the expiry of the term of existing committee, whichever is earlier, and the committee so convened shall elect its president and other office bearers as per rule 43, and also by resolution authorize the officers concerned to take charge from the outgoing office bearers.”;

(ii) in sub-rule (5), after the words “provided in the rules” the following sentence shall be added, namely:—

“if the term of office of the board is less than half of its original term, the casual vacancy of an elected member of the committee shall be filled up by nomination by the committee out of the same class of members.”;

(26) in rule 39, in sub-rule (2), for the words “the date of assumption of office by the committee” the words “the date of election to the committee” shall be substituted;

(27) in rule 40, after the word and figure “and 33” the figure and words “74A or under any other provisions issued by the Government under special circumstances” shall be inserted;

(28) in rule 43,—

(i) for sub-rule (2), the following shall be substituted, namely:—

“2. As soon as a new committee is constituted and furnished the details of election by the Returning Officer to the State Co-operative Election Commission, the Commission shall appoint a Presiding Officer to conduct election of the President/Vice President or any other office bearer as prescribed in the bye-laws. If a casual vacancy of office bearer such as President, Vice President, Treasurer or any other officer is arised, the committee in office shall request the State Co-operative Election Commission within 15 days of arising such vacancy to appoint a Presiding Officer to conduct election. The Election Commission shall appoint a Presiding Officer within seven days from the date of the receipt of request to conduct election to the casual vacancy of the office bearer. The Presiding Officer, so appointed shall convene the meeting of the committee members within seven days of his appointment to the members elected to the committee by registered post or in person and get the acknowledgement. The meeting shall be presided over by the Presiding Officer, appointed for conducting election of the office bearers.”;

(ii) sub-rule (3) shall be omitted.

(iii) in sub-rule (8), after the word “Presiding Officer”, the following sentence shall be added, namely:—

“and the Presiding Officer shall report the result of election to the Co-operative Election Commission forthwith.”;

(29) in clause (e) of rule 47, after the words “under sub-section (4)”, the words “and sub-section (5)” shall be inserted;

(30) in rule 53,—

(i) in sub-rule (2), for clause (a) the following clause shall be substituted, namely:—

“Every society having a net profit shall set apart a sum calculated at five per cent of the net profit for contribution to the Co-operative Education Fund contemplated in clause (b) of sub-section (1) of section 56 subject to a minimum ₹ 2,000 and to a maximum of ₹ 60,000 per annum”;

(ii) after sub-rule (2), the following sub-rule shall be inserted, namely:—

“(2A) Ten per cent of the net profit subject to a maximum of Rupees One Lakh shall be transferred to the Co-operative Member Relief Fund maintained by the Registrar of Co-operative Societies”;

(31) after rule 53, the following rule shall be inserted, namely:—

“53A. *Constitution of Co-operative Member Relief Fund:*

- (1) Every Society having net profit shall set apart a sum calculated at ten per cent of the net profit subject to a maximum of Rupees One Lakh as contribution to the Co-operative Member Relief Fund.
- (2) The sum so allocated shall be remitted to the credit of Member Relief Fund maintained by the Registrar of Co-operative Societies in the Kerala State Co-operative Bank within two months from the date of receipt of audit certificate.
- (3) In the case of failure of remittance of Member Relief Fund as aforesaid, the Chief Executive of the Society making such default shall be liable to pay a penal interest at the rate of 6% per annum on the default amount.
- (4) The Member Relief Fund shall be maintained and administered by the Registrar of Co-operative Societies as per the directions of a committee consisting of Minister for Co-operation, Government of Kerala, Secretary to Government, Co-operation Department and Registrar of Co-operative Societies.
- (5) The Registrar of Co-operative Societies should prepare a list of members of Co-operative Societies who are eligible to get assistance from Member Relief Fund and place that list before the committee. The committee shall select the eligible members from the list and provides financial assistance from the fund.

(6) Government may issue regulation regarding the administration, utilisation of fund, maintenance of books of records etc.”;

(32) for rule 64, the following rule shall be substituted, namely:—

“64. *Audit.*—(1) The audit under section 63 of the Act shall in all cases extend back to the last date of the previous audit and shall be carried out up to the last date of the year immediately preceding the audit or where the Director of Co-operative Audit so directs in the case of any particular society or class of societies such other date as may be specified by the Director of Co-operative Audit. Every co-operative society shall get its accounts audited at least once in each year by an auditor or an auditing firm appointed by the general body of the co-operative society from a panel prepared and approved by the Director of Co-operative Audit and also cause it to be completed and certified by the authority concerned, within a period of six months from the close of the year to which such accounts relate, and in any case before the issuance of notice for the holding of annual general body meeting and shall lay such audit report before the annual general body meeting:

Provided that in the case of societies where audit are in arrears, the audit shall extend back to the last date of the previous audit and shall be carried up to the year of audit on the commencement of the Kerala Co-operative Societies (Amendment) Act, 2013.

(2) The Director of Co-operative Audit shall be the authority competent to prepare and maintain a list or panel of auditors and auditing firms, who satisfy the qualification and experience as specified in rule 64A for undertaking the audit of accounts of co-operative societies in the State.

(3) The Director of Co-operative Audit shall publish a panel of auditors on designation basis as per the class and type of societies within sixty days from the close of the year:

Provided that in the case of apex co-operative societies, the Director of Co-operative Audit shall communicate the panel of auditing firms and departmental auditors to the apex societies and the general body of apex societies/federation shall appoint the auditing firms and departmental auditors to audit the accounts of apex federations for the year in which the general meeting is held.

(4) The general body of every co-operative society shall at its general body meeting appoint an auditor or an auditing firm to audit the accounts of the society for the financial year in which the general body meeting is held:

Provided that if the general body fails to appoint auditor or auditing firms from the panel provided by Director of Co-operative Audit, the Director of Co-operative Audit shall be competent to appoint auditor or auditing firms from the panel:

Provided further that no auditor shall accept the audit of more than thirty societies for audit in a financial year excluding societies having paid up share capital of less than rupees one lakh or working capital of rupees one lakh.”;

(33) after rule 64 the following rules shall be inserted, namely:—

“64 A. *Qualifications of an Auditor.*—(1) Auditor means an officer under the Director of Co-operative Audit, possessing graduation or post graduation and a Higher Diploma in Co-operation or Junior Diploma in Co-operation or Higher Diploma in Co-operation and Management or Higher Diploma in Co-operation and Business Management awarded by the Board of Examinations of State Co-operative Union or National Council for Co-operative Training (NCCT), New Delhi or Graduation or Postgraduation in Commerce with specialization in Co-operation or Diploma in Co-operative Audit or B.Sc. (Co-operation and Banking) Degree of Kerala Agricultural University.

(2) The academic qualification stated above is not applicable to the existing employees of Co-operative Department who has experience in audit or inspection of co-operative societies as on the date of this notification and who has completed the period of probation successfully and who has a working knowledge in Malayalam language:

- (i) A Chartered Accountant means Chartered Accountant, defined in the Chartered Accountants Act, 1949 (Central Act No. XXXVIII of 1949) who have a fair knowledge of the functioning of the co-operation and shall have an experience of at least two years in auditing and the Chartered Accountants shall have working knowledge in Malayalam 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-operation and shall have an experience of at least two years in auditing of which the auditing firm would like to be included in the panel and Chartered Accountants shall have working knowledge in Malayalam Language;

- (iii) An officer who had retired from the service of the department of Co-operation as Auditor or Inspector of Co-operative Societies or an officer who had acquired the educational qualifications and working experience of minimum five years in Co-operative Audit shall be appointed as Auditor. Provided he had not elapsed the period of five years from the date of superannuation:

Provided that the retired auditors shall be appointed for audit only in case there is no auditor left in the panel approved by the Director of Co-operative Audit and for that purpose the Director of Co-operative Audit shall approve a panel of retired auditors, separately every year.

- (iv) The general body meeting of society/societies shall appoint departmental auditor under the control of Director of Co-operative Audit from among the panel prepared by him and apply to the Director of Co-operative Audit to render the services of the Auditor/Auditors exclusively for the society/bank or for a group of societies by remitting the required audit cost as per the provisions of Kerala Service Rules:

Provided that the Director of Co-operative Audit shall notify the category or rank of officers to be entrusted for audit in co-operative societies and the panel of officers shall be prepared in accordance with the category/rank in the notification.

- (v) It has been made obligatory for an auditor to submit the report within 30 days from the date of completion of the audit of the society eventhough no statutory penalty has been laid down, in the Act that the defaulting auditor shall not be entitled to avail the exemption provided in section 106 of the Act.

“64 B. *Audit Report*.—(1) The auditor shall submit an audit memorandum in the form specified by the Director of Co-operative Audit on the accounts examined by him and on the balance sheet and final accounts as on the date for the period up to which the accounts have been audited and 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 all the information required by the Act and give a true and fair view,—

- (i) in the case of the balance sheets of the state of society's affairs as at the end of the year or any other subsequent date to which the accounts are made up and examined by him; and
  - (ii) in the case of the profit and loss account of the profit or loss for the year or the period covered by the audit, as the case may be.
- (2) The audit memorandum shall state:
- (a) whether the Auditor had obtained all the information and explanation which to the best of his knowledge and belief were necessary for the purpose of his audit;
  - (b) whether in his opinion, proper books of accounts, as required by the Act, these rules and the bye-laws of the society have been kept and regularly maintained by the society so far as it appear from the examination of these books; and
  - (c) whether the balance sheet and the final accounts, examined by him are in agreement with the books of accounts and returns of the society.
- (3) Where any of the matters referred to in sub-rule (2) are answered in the negative or with a qualification, the person who does the audit shall specify the reasons for the answers in the audit memorandum.
- (4) The audit memorandum shall also contain schedules with full particulars of,—
- (i) all transactions which appear to be contrary to the provisions of the Act, the rules or the bye-laws of the societies;
  - (ii) all sums which ought to have been, but have not been brought into account, by the society;
  - (iii) any material impropriety or irregularity in the expenditure or in the realisation of moneys due to the society;
  - (iv) any money or property belonging to the society which appears to the auditor to be bad or doubtful debt;
  - (v) an audit classification statement prepared in accordance with instructions issued by the Registrar from time to time; and
  - (vi) any other matters specified by the Registrar on this behalf.

(5) Within three months from the date of receipt of the audit report the Director of Co-operative Audit shall issue the audit certificate and a copy of the audit memorandum specified in sub-rule (1) duly signed by him. While communicating the audit memorandum, the Director of Co-operative Audit may modify or expunge any portion thereof which appears to him to be objectionable or not justified by facts.

(6) The society shall publish or exhibit in the Notice Board of the society,—

- (i) the copy of audit certificate;
- (ii) the statement showing the receipts and disbursements for the year;
- (iii) the profit and loss account; and
- (iv) the balance sheet in the manner specified by the Director of Co-operative Audit and shall also keep them open for inspection by any member of the society. The summary of the audit memorandum shall also be read out at the general body meeting of the society.

(7) The Director of Co-operative Audit shall have powers to issue directions to the societies to prepare and submit any other statements and schedules and call for any details which are necessary for the conduct and completion of audit.

(8) The Director of Co-operative Audit shall be an officer on deputation from the Indian Audit and Accounts Service not below the rank of Deputy Accountant General or an officer from Indian Administrative Service.

(34) in rule 67, in sub-rule (10),—

(i) in clause (1),—

- (i) for the letters and figures “Rs. 75” the words “Rupees two hundred” shall be substituted;
- (ii) for the letters and figures “Rs. 750”, the words “Rupees two thousand” shall be substituted;
- (iii) for the letters and figures “Rs. 1500”, the words “Rupees five thousand” shall be substituted;

(ii) for clause (2), the following clause shall be substituted, namely:—

“(2) Non-monetary disputes:—

- (a) for petitions filed by employees : “Rupees one thousand”;  
of societies
  - (b) for election petitions : “Rupees five thousand”;
  - (c) for other petitions : “Rupees three thousand.”;
- (iii) after clause (2) and before Note 1, the following proviso shall be inserted, namely:—

“Provided that a co-operative society having a majority of its members belonging to Scheduled Caste/Scheduled Tribes/School Co-operatives are exempted from the payment of fees.”;

(35) In rule 69, for sub-rule (10), the following sub-rule shall be substituted, namely:—

- “(10) (i) If any liability cannot be discharged by the liquidator owing to the whereabouts of the claimants not being known or for any other cause, the amount covered by such undischarged liability may be deposited in the financing bank, and shall be available for meeting the claims of the person or persons concerned. If even on the expiry of three years from the date of deposit such amount remains unpaid, the Registrar may on his own motion or on the application of the liquidator or the Joint Registrar of the district concerned pass an order directing that the said amount shall be transferred to the common liquidation fund stands in the name of Assistant Registrar (General) of the Taluk, with the financing bank.
- (ii) The Registrar of Co-operative Societies shall, on his own motion or on the application of the liquidator through the Assistant Registrar/Joint Registrar concerned may pass an order directing the Assistant Registrar (General) to withdraw the amount, specified in the order from the common liquidation fund and shall remit the Government dues of other co-operative societies under liquidation, so as to enable the liquidator to complete the winding up of the society finally;
- (iii) The Assistant Registrar (General) of the Taluk/circle shall be responsible for the proper maintenance of accounts of common liquidation fund and he shall produce all records related to such liquidation fund for the audit, including the audit by liquidation auditor, attached to the office of the Joint Registrar of Co-operative Societies”;

(36) in rule 74, in sub-rule (2), following proviso shall be inserted, namely:—

“Provided that a co-operative society of which all or a majority of the members are belonging to Scheduled Caste/Scheduled Tribes/School Co-operatives are exempted from the payment of fees.”;

(37) in rule 124 A.—

(a) in sub-rule (1), for the letters and figures “Rs. 1000”, the following words shall be inserted, namely:—

“Rupees one thousand where the appellant or the applicant is an employee of a society and Rupees five thousand where the appellant or applicant is a member of a committee or society or others”;

(b) in sub-rule (2), for the letters and figures “ Rs. 500” the following words shall be inserted, namely:—

“Rupees five hundred where the applicant is an employee of a society and Rupees five thousand where the applicant is a member of a committee or society or others”;

(38) After rule 144, the following sub-rule shall be inserted, namely:—

“144 A Removal of Chairman by non-confidence motion:—(1) The Chairman of a Circle Co-operative Union may be removed from his office by a non-confidence motion as follows:—

- (i) Notice of non-confidence motion shall be signed by such number of members as shall constitute not less than one half of the total strength of the managing committee, together with a copy of the motion which is proposed to be moved shall be delivered to the Registrar, in person by any two member signing the notice.
- (ii) Any officer of the Co-operative Department, authorised by the Registrar in this behalf, shall arrange for the consideration of the motion in a meeting of the managing committee to be held at the office of the Circle Co-operative Union on a date appointed by him, which shall not be later than thirty days from the date on which the copy of the motion referred to in clause (i) was delivered to the Registrar. The said officer shall give to the members, not less than fifteen clear days of notice of such meeting and of the time appointed thereof;

- (iii) The officer authorised under clause (ii) shall preside over the meeting convened under this rule;
- (iv) A meeting convened for the purpose of considering a motion under this rule shall not, for any reason be adjourned;
- (v) No meeting under this rule shall be held if at the time appointed under the foregoing provisions or within half an hour from such time, such number of members as shall constitute one half of the total strength are not present;
- (vi) As soon as the meeting convened under this rule has commenced the officer presiding at the meeting shall read to it the motion for the consideration of which it has been convened and declare the motion to be open for debate;
- (vii) No debate on any motion under this rule shall be adjourned;
- (viii) The officer presiding over the meeting shall not speak on merits of the motion nor shall he be entitled to vote thereon but he shall regulate the proceedings of the meeting;
- (ix) A copy of the minutes of the meeting showing the result of the voting together with a copy of the motion shall, on the termination of the meeting, be forwarded to the Registrar forthwith by the officer presiding over the meeting;
- (x) If the motion is carried with the support of more than one half of the total strength of the managing committee and if the Chairman does not resign his office within two days after the passing of the motion, the Registrar shall, by notification in the Gazette, remove him from the office;
- (xi) If no meeting could be held for want of quorum as required under clause (v), or if the motion is not carried by such a majority as required under clause (x), no notice of any subsequent motion expressing want of confidence on the same Chairman shall be allowed until after the expiry of six months from the date of the meeting;
- (xii) No notice of motion under this rule shall be allowed within six months of assumption of office by the Chairman”;

(39) in rule 148, in sub-rule (2), the following table shall be substituted, namely:—

<i>Paid up share capital for the society</i>	<i>Rate of fee in rupees</i>
(1) Rs. 40 lakhs and above	2000
(2) Rs.20 lakhs and above but below Rs. 40 lakhs	1800
(3) Rs. 3 lakhs and above but below Rs. 20 lakhs	1600
(4) Rs. 1 lakh and above but below Rs. 3 lakhs	1000
(5) Rs. 50,000 and above but below Rs. 1 lakh	600
(6) Rs. 25,000 and above but below Rs. 50,000	400
(7) Rs. 10,000 and above but below Rs. 25,000	300
(8) Rs. 5,000 and above but below Rs.10,000	200
(9) Below Rs. 5,000	100 ”.

(40) after rule 178 the following rule shall be inserted, namely:—

“178A. *Opening of Branches.*—The Kerala State Co-operative Bank, the Kerala State Co-operative Agricultural and Rural Development Bank, District Co-operative Banks, Primary Agricultural Credit Societies, Service Co-operative Banks, Primary Agricultural and Rural Development Banks, Urban Banks and Farmer’s Service Co-operative Banks shall submit application for opening offices in the name of Regional Office, Zonal Office, Branch Office, Sub Office or Extension Centre as per the norms fixed by the Registrar from time to time, and every such application shall be accompanied by a chalan receipt for the remittance of fees calculated at the rates given below:

<i>Name of the Bank</i>	<i>Rate of fee</i>
(i) Kerala State Co-operative Bank/ Kerala State Co-operative Agricultural and Rural Development Bank and District Co-operative Banks.	Rs. 10,000 for each branch
(ii) Primary Agricultural Credit Societies/ Service Co-operative Banks, Primary Agricultural and Rural Development Banks, Farmers Service Co-operative Banks and Urban Banks.	Rs. 5,000 for each branch

“Provided that such amount shall not be refunded to the applicant bank irrespective of the fact that whether sanction is accorded or not”;

(41) in rule 182, in sub-rule (l), after the second proviso, the following provisos shall be inserted, namely:—

“Provided also that the application for permission to re-classify the District Co-operative Bank/Primary Agricultural Credit Societies/Farmers Service Co-operative Banks/Employees Co-operative Societies, Housing, Labour Contract Societies/Primary Agricultural and Rural Development Banks/Urban Co-operative Banks/Other Credit Societies, from the existing class to the next higher class, shall be accompanied by a chalan receipt for the remittance of fees calculated at the rate of rupees two thousand and in the case of other co-operative societies, chalan receipt of rupees five hundred shall suffice:”

Provided also “that such amount shall not be refunded to the applicant bank irrespective of the fact that whether classification is granted or not”.

(42) in rule 185:—

(i) in sub-rule (4), in clause (ii) for the word “Secretary” the words “General Manager” shall be substituted;

(ii) in sub-rule (8), in clause (g), for the existing first proviso, the following provisos shall be substituted, namely:—

“Provided that under no circumstances exemption shall be granted from possessing the required academic qualification and experience for the purpose of effecting promotion to the posts of Chief executive of the Credit Societies/Banks come within sub class A and B of class 1 of rule 15, Accounts Officer in the Kerala State Co-operative Bank Ltd., Branch Manager or equivalent posts in the

District Co-operative Banks, Deputy Manager in the Kerala State Co-operative Agricultural and Rural Development Bank and Assistant Secretary/Manager and equivalent posts in Urban Co-operative Banks having a deposit of more than ten crores.”

“Provided further that the above provision shall not be applicable to those employees who are working in the feeder post of the above mentioned posts in such Societies/Banks as on the date of notification of this rule”.

“Provided also that under no circumstances relaxation of any qualification shall be granted to the employees who entered the service of Primary/Central/ Apex Co-operative Societies/Banks/Institution on and after the date of this notification”.

(iii) after clause (g), the following clause shall be inserted, namely:—

(h) “an employee who requires relaxation of educational qualification of graduation may be promoted to higher post only after getting the order of such relaxation from the Registrar of Co-operative Societies”.

(iv) after sub-rule (9), the following sub-rule shall be inserted, namely:—

(10) “Substantive vacancies in the posts of clerk in all Primary Co-operative Societies/Banks, and Primary Agricultural and Rural Development Bank shall be filled up by promotion and direct recruitment in the ratio of 1:4”:

provided that the above sub-rule shall not be applicable to those employees who are in the sub staff category to be promoted as per feeder category sub-rules approved by the Joint Registrar/Registrar, as on the date of the notification of this sub-rule for a period of three years from the date of notification of this rule”.

(43) in rule 186, in sub-rule (1),—

(i) against item (ib) the following entries shall be substituted, namely:—

“Master’s Degree in Business Administration or any other equivalent qualification, in Banking or Finance as the main subject, recognised by the Universities in the State or Membership of the Institute of Chartered Accountants of India, with experience of not less than 5 years in Managerial Supervisory Cadre in Kerala State Co-operative Bank/Kerala State Co-operative Agricultural and Rural Development Bank/District Co-operative Bank/Nationalized Banks/Scheduled Banks/Government/Quasi Government Institutions/Public Limited Companies in Public Sector.”;

(ii) existing item (v) shall be re-numbered as item (vii) and after existing item (iv) and before the item (vii) as so numbered the following items and entries shall be inserted, namely:—

- |                         |  |
|-------------------------|--|
| “(v) Attender and Peon  | Pass in standard VII and should not acquired any Degree  |
| “(vi) Part-time Sweeper | Possess good physique in sweeping and should not have passed S.S.L.C. or equivalent examination.”; |

(iii) after sub-rule 1A, the following Note shall be inserted, namely:—

“*Note*:—The qualification of graduation acquired should always be in the mode of 10+2+3 or above. Whereas an incumbent who has acquired the qualification of graduation from a University other than the Universities in Kerala such incumbent should produce equivalency certificate from anyone of the Universities in Kerala.”

(44) in rule 187,—

(i) after the words “employees of” the following words “similar or higher categories of” shall be inserted.

(ii) after the words “regular service of three years” the words “in any of the cadre” shall be omitted;

(iii) after the existing proviso, the following provisos shall be added, namely:—

“Provided further that the reservation as stipulated in rule 187 shall be applicable to those employees who should be in the service of the member society not only on the date of application but also on the date of appointment.

Provided also that the requirement that the employees should be in the service of the member society even on the date of appointment will not be applicable to those who were recruited through the Public Service Commission to a post in the Apex/Central Societies reserved for the employees of the affiliated primary co-operative/member societies provided they are continuing in service in that Apex/Central Society:”;

(45) in rule 188A, clause (a) shall be omitted and the remaining clauses (b) to (i) shall be re-arranged from (a) to (h);

(46) in rule 189, for sub-rule (1) the following rule shall be inserted, namely:—

“(1) Government shall have power to fix or after the maximum and minimum limit of establishment expenses of Apex and each class of central and primary Societies/Banks/Institutions. The term “establishment expenses” as specified in sub-section (6) of section 80 shall include expenses towards basic pay, special pay, dearness allowance and other allowances, medical aid, employers

contribution to provident fund/pension fund, contribution towards gratuity fund and welfare fund, encashment of earned leave, leave travel concession, bonus payment and ex-gratia payment, if any, by the Society/Bank/Institution to its employees.

Provided that the Government can fix various pay scales including the minimum scales applicable to the employees of apex and each class of Central and Primary Societies/Banks/Institutions after analyzing its financial position and from among the various pay scales, the committee of a Society/Bank/Institution can implement the respective pay scales applicable to the employees of their Society/Bank/Institution. Under no circumstances the pay and allowances granted to its employees shall exceed the minimum pay scales fixed for apex and each class of Central and Primary Societies/Banks/Institutions where it runs on net loss.”

(47) after Form No. 3 the following FORM shall be inserted, namely:—

FORM No. 3A

[See rule 4A]

CERTIFICATE

I do hereby certify in exercise of the powers conferred on me under sub-section (2) of section 8 of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969) that the Original Registration Certificate of .....

.....(Name of society) in ..... District was irrecoverably lost and it is certified that the register number of the Society is ..... and the date of registration is ..... M.E.

This Certificate is issued on the basis of the details available in the Audit Certificate and the records available in the office of the Registrar of Co-operative Societies/Director of Co-operative Audit/Joint Registrar (General) of Co-operative Societies/Joint Director (Audit) of Co-operative Societies/Assistant Registrar (General) of Co-operative Societies/Assistant Director (Audit) of Co-operative Societies/State Co-operative Union/Circle Co-operative Union.

Place: \_\_\_\_\_ Name and Designation  
 Date: \_\_\_\_\_ (Seal)

(48) after FORM 31, the following FORM shall be inserted, namely:—

FORM No. 32

[see sub-rule (2) of rule 18A]

REGISTER OF MEMBERS ELIGIBLE TO VOTE

Name of Co-operative Society :

Serial Number	Year	Name	Member Number	Share Amount	Deposits		Loan		Number and date of loan as surety	Whether availed any other services of the society (name of service availed)	Attendance in G. B. verified details	Date on which committee	Initial of President	Initial of Chief Executive	Initial of Officer authorized by District Election Officer
					Nature of deposit	Deposit Number and Date	Loan No.	Date of Loan							

By order of the Governor,  
 K. S. SRINIVAS,  
 Secretary to Government.

**Explanatory Note**

(This does not form part of the notification, but is intended to indicate its general purport.)

The Kerala Co-operative Societies Act, 1969 has been amended comprehensively by the Kerala Co-operative Societies (Amendment) Act 2013 (Act No. 8 of 2013). The Kerala Co-operative Societies Rules, 1969 has to be amended in accordance with the provisions of the Amendment Act. Government have now decided to amend the Kerala Co-operative Societies Rules, 1969 in accordance with the above said amendments to the Kerala Co-operative Societies Act, 1969. The draft rules were previously published as required under sub-section (1) of section 109 of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969) as per Notification No. 365/2013/Co-op. dated 14th February, 2014 in the Kerala Gazette Extraordinary No. 728 dated 25th February, 2014 inviting suggestions or objections, if any, in respect of the said draft rules. Government have received many suggestions and objections and considered the same and have decided to make necessary modifications in the draft rules, before finalising the same.

This notification is intended to achieve the above object.