

**The Nagaland Co-operative societies
(Amendment) Act, 2011 (Act No. 5 of 2011)**

Received the assent Government of Nagaland on 07/04/2011 and published in the Nagaland Gazette extraordinary dated 31/05/2011.

An
-Act-

To Amend the Assam Cooperative Societies Act, 1949, as applicable to the State of Nagaland, it is hereby enacted in the Sixty Second Year of the Republic of India as follows:

Short title extend commencement:

- (i) This may be called the Nagaland Cooperative Societies (Amendment) Bill-2011.
- (ii) It shall extend to the whole State of Nagaland.
- (iii) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint.

The following clauses shall be inserted in the Assam Cooperative Societies Act, 1949, in the applicable to the State of Nagaland.

Notwithstanding anything contained in the Assam Cooperative Societies Act, 1949, in the case of Revival and Restructuring of the Short Term Cooperative Societies Credit Structure (STCCS) in the state, comprising the State Term Cooperative Bank (SCB) and Primary Agricultural Credit Societies (PACS) including LAMPS, MPCS and FSS affiliated to the Agriculture State Co-operative Bank Ltd., on a sustainable basis as under:

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| <p>To be inserted in
Section 11
As Section "11.A"</p> | <p>1. In the Principal Act, After Section 11, the following
Section shall be inserted, namely:-
"11. A:- No primary Agriculture Credit Cooperative Society/MPCS shall used the word "Bank", "Banking", Banker or any other derivative of the word "Bank" in its name and the existing society using such name shall be deregistered by the Registrar.</p> |
| <p>To be inserted in
Section 13
As Sub- Section (4)</p> | <p>2. In the principal Act in Section 13, after Sub- Section (3) the following Sub-Section shall be inserted, namely:-
(4):- Provided that the application for the registration of the Amendment of bye-Laws of a Short Term Cooperative Credit Structure Society shall be disposed off so far as practicable within 30 days from the date of the receipt of the application.</p> |
| <p>To be inserted in
Section 14
As Sub-Section "14-A"</p> | <p>3. In the Principal Act 14, after Section 14, the following section shall be inserted as 14-A:-
" 14-A (i):- A short Term Cooperative Credit Structure Society shall be at liberty to affiliate or disaffiliate with any federal Society of its choice, provided s resolution approving such affiliation or disaffiliation with the federal society passed in the annual general meeting with three fourth majority of total members, subject to the approval of the R.C.S"
(ii):- A Short Term Cooperative Credit Structure Society shall have the freedom of entry and exist</p> |

at any tier of CCS and there shall be no mandatory restrictions of geographical boundaries for its operations.

**To be inserted in
Section 17 (1)
Sub- Clause (a)**

4. In the Principal Act in Section 17 (1) shall be inserted as Sub-Clause (a), namely:-
“**17 (1) (a):** To provide full voting membership right to all depositors/borrowers in Cooperatives other than Cooperative Banks, provide that he or she is a share holder of the Registered Cooperative Society”.

**To be inserted in
Section 32 (1) (a-i)**

- “**34-A (1):-** The Committee of every society in a Cooperative Credit Structure shall have freedom to decide its financial and internal administrative matters, especially in the following areas”.
- (i) Interest rates on deposits and loans in conformity with RBI guidelines,
 - (ii) Borrowings and investments,
 - (iii) Loans policies and individuals loans decisions,
 - (iv) Personal policy, staffing, recruitment, posting and compensation for the audit.
- (2) No person shall be elected, nominated or co-opted or allowed to continue as a member of the Board of Short Term Cooperative Credit Society, if he, :-
- (i) Is a person who represents a society other than PACS/MPCS on the Board of the SCB, if such society to whom he represents has committed a default towards the payments to such Bank for a period exceeding 90 (Ninety) days.
 - (ii) Is a person who committed a default towards the payments to a PACS/MPCS or represents a society on the Board of the SCB, if such society to whom he represents has committed a default towards the payments such bank for a period exceeding one year unless the default is cleared.

To be inserted in

7. In the principal Act, in Section 36, after Sub-

Section 36 as
Section 36-A (1) (2)
(3) (4)

Section 5, the following section shall be inserted,
namely:-

36 (A) (1): The Supercession of the Board of the
SCB

SCB by the RCS under any other Section of the State
Cooperative Society Bill, shall be done only in
consultation of the RBI.

(2) The Supercession of the Board of the PACS/
MPCS shall be done by the RCS only under the
following conditions;

- (i) If a society incurs losses for three consecutive years,
or
 - (ii) If serious financial irregularities or frauds have been
identified, or
 - (iii) If there are judicial directives to this effects or there
is perpetual lack of quorum.
- (3) The RCS shall conduct elections to a Short Term
Cooperative Credit Structure Society within two
month from the date of supercession.
- (4) The member of the Board which has been removed
under Sub- Section 2 (i), (ii) and 2 (iii) shall not be
eligible to contest the election again for a period of
three years from the date of supercession.

To be inserted in
Section 39 as
Section "39. A"

8. In the principal Act, after Section 39, the following
section shall be inserted, namely:-
" 39 (A) :- The Directors and Chief Excecutive
Officers of the SCB who do not fulfil the criteria
stipulated by the RBI shall be removed by the
Registrar or the Appointing Authority, as the case
may be at the recommendation of the NABARD or
RBI.

To be inserted in
Section 42 as
Section 42-A

9. In the principal Act, after Section 42, the following
section shall be inserted, namely:-
Provided that in the case of Societies in the
Cooperatives Credit Structure, shall have the
freedom to obtain loans from any Bank or financial
institutions regulated by RBI and refinance from
NABARD or any other refinancing agency directly
or through any RBI regulated financial institutions

- and not necessary from the federal society to which is affiliated“.
- To be re-numbered
And added in

Section 43 as
10. In the Principal Act, in section 43, the existing section shall be renumbered as Sub-Section (1) of the section and after Sub-Section (1) as so renumbered, clause(2) the following Sub-Section shall be added, namely:- “(2) 25% State equity shall be applicable to the State Cooperative Bank (SCB) in the normal course, the State Government may be further allowed to contribute equity above the limit only in case of equity infusion as required in the SCB in accordance with Section 11 (1) of the BR Act 1949 (AACS) provide that there shall be only one Government representative on the Board of SCB duly nominated by the authority concerned. The CEO of the SCB shall not be treated as the representative on the Board . However, in case of the Board of PACS/MPCS/LAMPS/FSS, there shall be no Government nominee. The State or a Cooperative may reduce or enhance the State equity at any level if so advice.”
- To be added in**
Section 51 as

Sub-Section 51 (3) (4)
11. In the Principal Act, in Section 51, after Sub Section (2), the following Sub- Section shall be added, namely:-
“ (3)- A Short Term Cooperative Credit Structure Society shall have the freedom to invest or deposit its funds in the Bank or financial institution regulated by the Reserve Bank of India and not necessarily in the federal society to which it is affiliated.”
- To be inserted in**
Section 53 as
Section 52-A
12. In the principal Act, after Section 52, the following to be inserted, namely:-
“52-A. Provide that in the case of societies in the Cooperative Credit Structure, the Government or Registrar shall have no powers to direct the society

to contribute to any other fund other than those required for improving the net worth/owned funds“.

To be inserted in
Section 54 as

Sub- Section (4) (5)

13. In the principal Act, in Section 54, after Sub- Section (3), the following Sub-Section shall be added, namely:-

“(4)- A Short Term Cooperative Credit Structure Society of PACS/MPCS shall pay dividend in accordance with the guidelines framed by the RCS in consultation with the NABARD.”

To be inserted in
Section 55 as
Su-Section (4) (5)

14. In the Principal Act, in section 55, after Sub- Section Sub-Section shall be inserted, namely:-

“The Registrar shall ensure conduct of audit and certification of the account of the SCB by Chartered Accountants. The panel of auditors shall be prepared by the Registrar in prior consultant with the NABARD.

(5)- The Registrar shall ensure conduct of special audit of SCB if requested by the RBI in the manner and form sptipulated by the RBI and also furnish the report to RBI within the time stipulated.”