



## Unit -1

### Cooperative Legislation in India and in Kerala

Evolution of cooperative legislation in India- the 1904 Act, the Act of 1912, transfer of cooperation as provincial subject, National development Council Resolution 1956, the Model Cooperative Societies Bill 1957, the Model Cooperative Societies Bill 1991 by Planning Commission- Trend towards parallel Cooperative Laws- Andhra Pradesh Mutually Aided Cooperative Societies Act 1995, Multi State Cooperative Societies Act 1984 and its replacement in 2002. Evolutions of Cooperative legislation in Kerala and enactment of Kerala Cooperative Societies Act-1969.

### Histry of Cooperative legislation in the world

The word Co-operation is derived from the Latin word “Co-operari” which means “working together”

England is considered as the birth place of cooperative movement in the world. “Industrial revolution” result to start cooperative movement in England. “Robert Owen” is the father of co-operative movement in the world.



The Industrial providence Act passed by the British parliament in 1852 is considered as the first co-operative legislation in the world.

## Evolution of cooperative legislation in India.

Cooperative movement in India was introduced as government policy. It was under certain patent circumstances like famine, poverty, exploitation and indebtedness, which leads to the introduction of a new idea by Indian govt. like co-operation.

Under these circumstances the govt took various legislative measures for introduction for co-operation.

The Deccan agricultural relief Act of 1879, The Land improvement Loan Act 1883 & Agricultural Loan Act of 1884, where some of the major legislative measures initiated by the Indian Govt.

The Land improvement Loan Act 1883 & Agricultural Loan Act 1884 together known as Taccavi Laws in 1885

The need for providing cheap credit facilities to the farmers the idea of starting co-operative credit societies in 1892. Then the madras governor Sir, Lord Wenlock appoint sir Frederic Nicholson (Father of cooperation in India) for studying cooperative movement in European countries in 1892, In 1895 Frederic Nicholson submit his report under the heading of "Find Raiffeisen". His second report submitted in 1899.



**Mr. H. Dupernix in his book “people bank for Northern India” in 1900 (experience based on Italy), Included scheme for setting up of cooperative societies In India**

**In 1900 British government appoint third famine commission and report submitted in 1901 also recommended the setting up of a mutual credit association**

**Frederic Nicholson report, famine commission report & H Dupernix opinion attract the attention of Viceroy Lord Curzon ,he appointed a committee Under the chairmanship of Sir. Edward Law with Frederic Nicholson and Dupernix as members in 1901. For the formation of cooperative legislation the committee prepared a draft scheme and bill was passed on 25/03/1904.The cooperative credit society Act (Indian Act X in 1904) was passed ,total 29 Section .**



## Co-operative Credit Societies Act 1904

- Came into existence 25-March-1904
- 1<sup>st</sup> Co-op. legislation in India/1<sup>st</sup> Co-op credit societies Act
- Act Number -10
- Only 29 section
- Minimum 10 persons required to form a society
- Only credit societies is registered as per this Act
- In this Act there is no provision for the formation of other than credit society
- There is no provision for formulation of central agency
- There is no provision for the payment of dividend for the rural societies
- There is difficult to classify the societies as rural and urban
- This act was based on the English friendly societies Act of 1896

## Cooperative Societies Act-1912

To overcome the defects of cooperative credit societies act 1904.The cooperative Societies Act 1912 passed in 01-03-1912,(Act No.II)

- Total Section 50
- As per 1912 Act the cooperative society can become a member of another society
- Society classified as Limited & Unlimited
- In this act there is a provision to delegation of authority of Registrar



## Difference between Cooperative Societies Act 1904 and 1912

<b>1904 Act</b>	<b>1912 Act</b>
<b>1.Cooperative Credit societies Act</b>	<b>1.Cooperative Societies Act</b>
<b>2.Societies were classified in to Rural and Urban</b>	<b>2.Classification on the basis of liability (Limited &amp; Unlimited)</b>
<b>3.Permitted to register primary societies only</b>	<b>3.Registration of central societies</b>
<b>4.allowed to register credit societies only</b>	<b>4.Allowed to register non-credit societies as well</b>
<b>5.Audit by the registrar directly</b>	<b>5.Audit by the person authorised by the registrar</b>
<b>6.Silent about utilization of profit</b>	<b>6. 25% (1/4) of profit shall be carried to Reserve fund</b>
<b>7.No audit fee charged</b>	<b>7.Prescribed audit fees</b>



## Government of India Act, 1919

As per the great recommendation of Montagu–Chelmsford in 1919, co-operation become state subject after his great recommendation. The Bombay Cooperative Societies Act of 1925, After that Madras province passed their own cooperative societies Act in 1932

## National Development Council Resolution 1956, the Model Cooperative Societies Bill 1957.

The Committee on Cooperative Law under the chairmanship of Shri S.T. Raja in 1956 recommended a Model Bill for consideration of State Governments.

The committee submitted its report to the Government of India in May, 1957. The report consisted of two volumes. The first volume contained model cooperative societies bill. 1957.

## NDC (National Development Council)

Another important development, at this time, which affected the cooperative sector, was the National Development Council Resolution (NDC-The National Development Council was set up in August 1952- It was set up on 6 August 1952 to



**strengthen and mobilize the effort and resources of the nation in support of the Five Year Plans made by Planning Commission) .**

- In its meeting dated the 8<sup>th</sup> and 9<sup>th</sup> Nov, 1958, the National Development Council adopted a resolution in Co-operative policy in which it was considered essentially that by making Taccavi loans and other facilities available through Co-operatives
- Cooperatives to be organized on a village basis and primary responsibility on Panchayat
- Various programmes for increasing agricultural production to be carried out through cooperatives
- Large Sized Credit Societies are reorganized and converted as service societies
- In 1958, the National Development Council (NDC) had recommended a national policy on cooperatives and also for training of personnel and setting up of Cooperative Marketing Societies.
- The Resolution also recommended that the restrictive features of existing cooperative legislation should be removed. Many State Governments amended their Acts, as a result of the recommendations of the Model Bill.



- While a few state Governments took steps to channel Taccavi loans through Cooperatives in specific areas and / or for specific purposes , the progress by and large was not appreciable.
- Accordingly under notification No. F. R-9/61-UT, dated the 26 July 1961 issued by the Dept. of Co-operation, the Govt. of India in the ministry of Community development and Co-operation appointed a committee , with its HQ at New Delhi to examine the whole question and suggest suitable procedures for the implementation of the policy.(BP patel - Chairman )

## Model Cooperatives Act, 1990 -91

In 1990, an Expert Committee, under the chairmanship of Choudhary Brahm Prakash, was appointed by the Planning Commission to make a rapid review of the broad status of the cooperative movement, suggest future directions and finalize a Model Cooperatives Act. The Committee submitted its report in 1991.



## Parallel Cooperative Legislation

From the *Ninth Plan (1997-2002)* onwards, there has been no specific mention about cooperatives as a part of the Plan. Since Cooperation is a State subject and recognizing the difficulties in having the existing State Cooperative Acts amended on the lines of the Model Cooperatives Act, a section of co-operators and civil society initiated action to put in place Parallel Cooperative Legislation for self-reliant cooperatives. Self-reliant cooperatives are generally defined as those which have not received any assistance from the Government in the form of equity contribution, loans and guarantees. These Acts are largely based on the recommendations of the Choudhary Brahm Perkash Committee. Nine States namely AP (1995), MP (1999), Bihar (1996), J&K (1999), Orissa (2001), Karnataka (1997), Jharkhand (1996), Chhattisgarh (1999) and Uttaranchal (2003), have so far enacted Parallel Cooperative Acts which are enabling and ensure autonomous and democratic functioning of cooperatives.



## **Andhra Pradesh Mutually Aided Cooperative Societies Act 1995**

The Andhra Pradesh Mutually Aided Cooperative Societies Act, 1995 (the APMACS Act or the 1995 Act) was passed unanimously by the Andhra Pradesh Legislative Assembly on 4th May 1995, (Act No.30-enacted in 46 the year of republic of India) after the floor leaders of various political parties had spoken in favour of the related Bill introduced by the Government. It was notified on 1st June 1995. That all the parties wanted such a law for the people of the state speaks volumes for the spirit behind and the contents of this legislation. The Statement of Objects and Reasons for introducing the Bill, a brief background note on enactment of a parallel laws for new generation cooperatives, and a statement comparing provisions in the 1964 Act and the 1995 Act relating to various aspects of cooperation are given in the end.



## **Multi-Unit Cooperative Societies Act, 1942**

With the emergence of cooperatives having a membership from more than one state such as the Central Government sponsored salary earners credit societies, a need was felt for an enabling cooperative law for such multi-unit or multi-state cooperatives. Accordingly, the *Multi-Unit Cooperative Societies Act* was passed in 1942,

- Came into force 23/3/1942
- 6th of Act 1942

## **Multi-State Cooperative Societies Act, 1984**

With the objective of introducing a comprehensive central legislation to facilitate the organization and functioning of genuine multi-state societies and to bring uniformity in their administration and management, the MSCS Act of 1984 was enacted. The earlier Multi-Unit Cooperative Societies Act of 1942 was repealed.

- Amendment 18<sup>th</sup> August 1984
- Came into force 16<sup>th</sup> September 1985
- 51th of Act 1984
- Total Section 110
- Total Schedule-2
- First Schedule-Cooperative Principles
- Second Schedule-List of National cooperative Societies



## **Multi-State Cooperative Societies Act, 2002**

The Multi-State Cooperative Societies (MSCS) Act, enacted in 1984, was modified in 2002, in keeping with the spirit of the Model Cooperatives Act. Unlike the State Laws, which remained as a parallel legislation to co-exist with the earlier laws, the MSCS Act, 2002 replaced the earlier Act of 1984.

- 39th of Act 2002
- Amendment : 3<sup>rd</sup> July 2002
- Came into force :19<sup>th</sup> August 2002
- Total Section : 126
- First Schedule-Cooperative Principles
- Second Schedule-List of National cooperative Societies

## **THE MULTI-STATE CO-OPERATIVE SOCIETIES (AMENDMENT) ACT, 2023**

- Latest amendment -2023 ( Act No.11 of 2023-Dated:-3 rd August 2023-enacted in 74 th Year of Republic)
- Total Schedule :- 3
- First Schedule-Cooperative Principles
- Second Schedule-List of National cooperative Societies
- Third Scheduled-“under any other Act specified in the Third Schedule” (Added With latest 2023 Amendment)



## History of Co-operative legislation in Kerala

### Cochin

- Sir.Rajagopalachari,the Registrar of Cooperative Societies at Madras province, appointed as Diwan of Cochin and subsequently as Diwan of Travancore State, took initiative for passing the first Act by the name Cochin Cooperative Societies Act of 1913
- The Cochin Co-operative Societies Act was enacted in 1913. This Act was passed under the leadership of Diwan Sri.A.R.Banerjee
- The first co-operative society registered under this Act was 'Advanced Co-operative Society'. It was a credit society with unlimited liability.
- Based on the provisions of the Act the first primary society called the Edavanakkad Service Cooperative Society (First-President :-Ikkanda Varrier & First Secretary :-V.K.Abdul Assess)
- The Cochin Central Co-operative Bank was formed in 1918; it was based on British co-operative movement. The long term loans were supplied by Cochin Central Co-operative and Mortgage Bank. The area of operation was limited to Cochin.



- The malayalam Magazine published by Cochin cooperative institute is known as Sahakarana Prabodhini

## Travancore

- Travancore Cooperative Societies Act was passed- 1914
- In 1914 Travancore cooperative Societies regulation was passes by Rajagopalachari When he was the Diwan of Travancore
- The 1 st Registrar of Co-operative Society from the Travancore was C.Govinda Pillai (Nov-1914)
- The 1 st society formed under the Travancore Co-operative Societies Act-Trivandrum Central cooperative Bank was organized on 23 November 1915,( started functioning in 18/01/1916) started with Unlimited liabilities. The liability changed to Limited in 1918
- Trivandrum central co-operative bank was converted Travancore central cooperative bank in 1943
- Travancore central co-operative bank was converted Travancore cochin central cooperative bank in 1954
- Travancore cochin Central co-operative bank converted in to Kerala state Cooperative bank in 1956
- Credit card issued by Kerala state co-operative Bank is "SAMRIDHI CARD"



- From 29-11-2019 onwards, Kerala State Co-operative Bank and 13 District Co-operative Banks are functioning as a single entity with Brand Name “Kerala Bank”. Malappuram DCB merged on 12<sup>th</sup> Jan 2023

## Malabar

- Malabar district and Kasrgod Taluk was governed by Madras Co-operative Societies Act of 1932.
- The Malabar Co-operative Central Bank registered in 3<sup>rd</sup> Dec 1917 at Calicut rendered much service in providing loans to primary co-operatives. (Now Kozhikode DCB, Named changed in 1985, Registered Under 1912 Act)
- An agricultural credit society got registered in Kerala in 1904 at Palakkad in Malabar region of the erstwhile Madras presidency. It registered under the Indian Cooperative Credit societies Act 1904
- The oldest Cooperative in Kerala is Koduvayoor urban cooperative Bank
- The earliest name of Koduvayoor urban cooperative Bank- Koduvayoor Aikya Nanaya Sangam Registered in 1912 (start Working 1913)
- Paraspara Sahayi-Which was the early monthly published by Malabar Central Cooperative Bank.



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1949 ജൂലൈ 1 ന് തിരുകൊച്ചിസംയോജനം നടപ്പിലാക്കി. അതനുസരിച്ച് 1951 ൽ 10-ാം നമ്പർ നിയമമായി ട്രാവൻകൂർ കൊച്ചിൻ കോ-ഓപ്പറേറ്റീവ് സൊസൈറ്റീസ് ആക്ട് തിരുകൊച്ചിക്ക്വേണ്ടി നിലവിൽവന്നു(Came in to force with effect from 01-09-1952).1956 നവംബർ 1 ന് കേരളസംസ്ഥാനം രൂപം കൊണ്ടപ്പോൾ കേരളസംസ്ഥാനത്ത് തന്നെ മലബാർ പ്രദേശത്ത് 1932-ലെ മദ്രാസ്സൊസൈറ്റീസ്ആക്ടും, തിരുകൊച്ചി പ്രദേശത്ത് 1952-ലെ ട്രാവൻകൂർ കൊച്ചിൻ സൊസൈറ്റീസ് ആക്ടും ആണ് നിലനിന്നിരുന്നത്. ഇതോടെ കേരളസംസ്ഥാനത്തു രണ്ട് നിയമം ഒഴിവാകുന്നതിന് വേണ്ടി കേരള സംസ്ഥാനത്തിനാകെഒരു ഏകീകൃതമായ സഹകരണ നിയമം ആവശ്യമായി വന്നു.അങ്ങനെയാണ് ഇന്നത്തെ കേരള കോഓപ്പറേറ്റീവ്സൊസൈറ്റീസ് ആക്ട് 1969 നിലവിൽ വന്നത്.

The Kerala Cooperative Societies Act 1969 formed as per the notification of 12 th May 1969 and came in to force 15/05/1969 (Act No.21).The related rules of this act came in to force on 14/07/1969



## Kerala Co-operative Societies Act & Rules 1969

All states in India have its own Acts on Co-operation. All laws are written on the basis of Indian Co-operative Societies Act 1904 and 1912 Accordingly, The Kerala Co-operative Societies Act came into existence on 15<sup>th</sup> May 1969

### Act

- Came In to Force : 15/05/1969
- Total "110" Section
- 16 Chapters

“Section-ആയിട്ട് ബന്ധപ്പെട്ട് 3

പട്ടികകൾ കൂടി വിവിധ കാലങ്ങളിൽ ഉൾപ്പെടുത്തിയിട്ടുണ്ട്

Schedule I:- List of societies (Sec 80(3A)) in which the direct recruitment shall be made from a selected list of candidates furnished by PSC

1995 ൽ Sri.എം.വി. രാഘവൻ കോ-ഓപ്പറേറ്റീവ് മിനിസ്റ്റർ ആയിരിക്കെ 29 കോ-ഓപ്പറേറ്റീവ് സൊസൈറ്റീസിന്റെ നിയമം പി.എ-സ്.സി. ക്ക് വിട്ടു.



## **Schedule II:- Co-operative Principles (7 Numbers)**

### **(Sec 2(eccc))**

1. Open and voluntary membership
2. Democratic Member control
3. Member economy participation
4. Autonomy and Independence
5. Education training and Information
6. Co-operation among co-operatives
7. Concern for community

## **Schedule III:-Limitation Period (Sec 69(4))**

**Period of limitation for filing monetary  
dispute- 3 Years**

### **Rules**

- **Came in to force :14/07/1969**
- **Total “201” Rules**
- **15 Chapters**



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**“Rules ആയിട്ട് ബന്ധപ്പെട്ട് 3 അനുബന്ധംകൂട്ടി വിവിധ കാലങ്ങളിൽ ഉൾപ്പെടുത്തിയിട്ടുണ്ട്”**

**Appendix I:- Register to be maintained by CCU & SCU**

**Appendix II:- Forms (39 forms)(R.2(f))**

**Appendix III:-Classification & Staff pattern**

## **Kerala Co-operative Societies Rules amendment**

### **1993**

As per 7 th amendment 1993,the rules from 171-175 deleted in 1993, and amendment came in to force 28 th January 1994

## **97th constitutional amendment**

**97th constitutional amendment is related with co-operation.**

**Loksabha passed -22/12/2011**

**Rajyasabha Passed -28/12/2011**

**Came in to force -15/02/2012**



## **Kerala Co-operative Societies Act 1969-amendment (2013)**

97 th constitutional amendmentന് വിധേയമായി കേരളത്തിൽ co-operative Societies act amendment 2013 നിലവിൽ വന്നു.

Legislative Assembly passed -13/02/2013 (Act No. 8 th of 2013)

Came in to force -14/02/2013

It enacted 64 th year of republic of India

**Co-operation include 7 th Schedule of constitution of India**



## Point to Remember

- Union Minister of Cooperation headed by Amit Shah was formed on 6 July 2021
- Cooperation is included in the Entry 32 of the second list of the VIIth schedule of Indian constitution
- Registration of a cooperative society is a fundamental right of Citizen as per 19 (1) (C) of article.
- Co-operative societies Act 1969 came in to force 19 th Year of republic of India
- 1 st Minister of co-operation after formation of Kerala state – Pro.Joseph Mundassery
- The minister of Co-operation during the period of formation of Kerala State co-operative Societies Act 1969- P.R.Kurup
- The Chief minister of Kerala during the period of formation of Kerala State co-operative Societies Act 1969- E M S.Namboodiripad.
- First Deposit mobilization started in 1976 who was the Cooperative minister in Kerala-Baby John
- Sri.Pinarayi Vijayan served in the government of Kerala as Minister of Electric Power and Co-operatives from 1996 to 1998
- Present cooperative minister in kerala .Shri. V N Vasavan
- Government Secretary for Cooperation Smt.Mini Antony IAS
- Present Registrar of cooperative Society :- Shri. T.V. Subhash IAS
- Present Director Of Cooperative Audit :- Smt. Sherin.M.S (IA & AS)
- First Women Cooperative minister in Kerala –M.Kamalam (1982 to 1987)