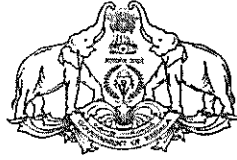


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കേരള സർക്കാർ  
Government of Kerala  
2015



Regn. No. KERBIL/2012/45073  
dated 5-9-2012 with RNI  
Reg. No. KL/TV(N)/634/2015-17

കേരള ഗസറ്റ്  
KERALA GAZETTE

അസാധാരണം  
EXTRAORDINARY

ആധികാരികമായി പ്രസിദ്ധപ്പെടുത്തുന്നത്  
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GOVERNMENT OF KERALA

Co-operation (B) Department

ORDER

G. O. (P) No. 83/2015/Co-op. Dated, Thiruvananthapuram, 2nd July, 2015.

S. R. O. No. 459/2015.—WHEREAS, under sub-section (1) of section 29 of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969), a general body meeting of the society shall be held within a period of six months of the close of the financial year;

AND WHEREAS, under sub-section (3) of section 29 of the said Act where the board of a co-operative society fails to convene the annual general meeting within the period specified in sub-section (1), the Registrar or the person authorized by him in this behalf shall be competent to convene such annual general meeting within a period of

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ninety days from the date of expiry of the period mentioned in sub-section-(1) and the expenditure incurred on such meeting shall be borne by the co-operative society;

AND WHEREAS, under sub-section (4) of section 29 of the said Act members of the board who, in the opinion of the Registrar, were responsible for not convening the annual general meeting within the stipulated period shall be disqualified for one term for being elected as committee members and to continue as members of a society in addition to being liable for any other provisions under this Act;

AND WHEREAS, under sub-section (4) of section 63 of the said Act as it shall be the duty of the managing committee cause to audit the accounts of every society at least once in every year and it is provided that the accounts of every society shall be audited within six months of the close of the financial year to which such accounts relate;

AND WHEREAS, under sub-section (8) of section 63 of the said Act the minimum qualification and experience of auditors for auditing accounts of the co-operative society may be as such, as may be prescribed;

AND WHEREAS, under sub-section (9) of section 63 of the said Act every co-operative society shall cause to be audited by an auditor or auditors or team of auditors referred to in sub-section (8), appointed by the general body or special general body from among the panel of auditors approved by the Director of Co-operative Audit and it is provided that if there are no auditors available from the above panel, the general body of a society may appoint auditing firms from among a panel approved by the Director of Co-operative Audit;

AND WHEREAS, under sub-section (10) of section 63 of the said Act, the financial accounts of all apex societies shall be audited by auditing firms from among the panel approved by Director of Co-operative Audit and the administrative matters and related accounts of assisted apex societies shall be audited by the departmental auditors from among the panel approved by the Director of Co-operative Audit as may be prescribed and submit the audit reports to the Director of Co-operative Audit;

AND WHEREAS, under sub-section (11) of section 63 of the said Act the audit report of the accounts of an apex co-operative society, which includes the report on administrative matters, shall be laid by the Government, before the Legislative Assembly, in the manner prescribed;

AND WHEREAS, under sub-section (12) of section 63 of the said Act, it is the responsibility of the managing committee to convene general body meeting or special general body meeting in order to appoint auditors or auditing firms within the stipulated time from among the panel approved by Director of Co-operative Audit, failing which, the members of the managing committee shall cease to hold their office and in such cases to avoid administrative stalemate, the Registrar may *suo motu* or on application from the Director of Co-operative Audit or from person authorized in this behalf, appoint an administrator or an administrative committee consisting of not more than three persons, who need not be members of the society, one among them as convener, to manage the affairs of the society, for a period not exceeding six months as may be specified in the order and it is provided that such administrator or administrative committee shall arrange for the constitution of a new committee or for entering upon office of the new committee, as the case may be;

AND WHEREAS, under sub-section (4) of section 64 of the said Act the financial statements and other statutory statements as required by auditors shall be prepared by the chief executive of the Society within one month from the date of close of the financial year and submit it before managing committee and the fact shall be reported to the Director of Co-operative Audit or to the persons authorized by him in this behalf;

AND WHEREAS, under the sub-section (4A) of section 64 of the said Act, it shall be the duty of the managing committee of every society to ensure the accuracy of financial and other statutory statements and it is the responsibility of the managing committee to submit the above statements for audit within one month from the date of receipt of the above statements before the auditor and lapse on the part of managing committee in this regard will be considered as a disqualification to hold office and they shall cease to be a member of the committee as may be prescribed and in such cases to avoid administrative stalemate, the

Registrar may *suo motu* or on application from the Director of Co-operative Audit or by any person authorized in this behalf, appoint an administrator or an administrative committee consisting of not more than three persons, who need not be members of the society, one among them as convener, to manage the affairs of the society, for a period not exceeding six months as may be specified in the order and it is provided that such administrator or administrative committee shall arrange for the constitution of a new committee or for entering upon office of the new committee, as the case may be;

AND WHEREAS, under the sub-section (4B) of section 64 of the said Act within three months from the date of receipt of the audit report, the Director of Co-operative Audit shall issue an audit certificate to the concerned society with a copy of audit memorandum as may be prescribed;

AND WHEREAS, under the sub-section (5) of section 64 of the said Act the auditor or auditing firms appointed as per section 63 shall complete the audit within four months from the date of receipt of the statements and submit audit report to the Director of Co-operative Audit or to the persons authorized by him in this behalf;

AND WHEREAS, under section 66C of the said Act every co-operative society shall file returns, within six months of the closure of every financial year before the Registrar containing the following particulars, namely:—

- (a) a comprehensive annual report of its activities;
- (b) its audited statements of accounts;
- (c) plan for surplus disposal as 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 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 of this Act or the rules;

AND WHEREAS, before the commencement of the above referred amendments, by the Kerala Co-operative Societies (Amendment) Act, 2013 (Act 8 of 2013) there was long pendency in audit of accounts of societies and subsequent to the above referred amendments, the Director of Co-operative Audit prepared an action plan to complete the arrear audits and the Registrar of Co-operative Societies had issued directions to the departmental auditors to clear off audit pendency before 30th September, 2013;

AND WHEREAS, as per notification issued under G. O. (P) No.152/2013/Co-op. dated 11th December, 2013 and published as S. R. O. No. 989/2013 in the Kerala Gazette Extraordinary No. 3528 dated 19th December, 2013 the Government of Kerala exempted all Co-operative Societies from the provisions of sub-sections (1), (3) and (4) of section 29 and sub-sections (4), (8), (9), (10), (11) and (12) of section 63 and sub-sections (4), (4A), (4B) and (5) of section 64 and section 66C of the Kerala Co-operative Societies Act, 1969 (21 of 1969) as amended by the Kerala Co-operative Societies (Amendment) Act, 2013, of (8 of 2013) for a period of three months from 1st October, 2013 to 31st December, 2013;

AND WHEREAS, as per rule 64 the Director of Co-operative Audit shall prepare and maintain a list of panel of auditors and auditing firms, who satisfy the qualifications and experience as specified in rule 64A for undertaking the audit of accounts of co-operative societies in the State and 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 and 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 general body of the apex societies/federation shall appoint auditing firms and departmental auditors to audit the accounts of Apex Federations;

AND WHEREAS, the Registrar of Co-operative Societies has now reported that the process of preparation of the panel of auditing firms and auditors in accordance with the provisions in the rules is in progress and it is not yet completed and hence the condition to prepare the panel before sixty days prior to the close of the previous financial year could not be complied with:

AND WHEREAS, the Registrar of Co-operative Societies has also reported that the audit of societies are in arrears due to the lack of sufficient number of departmental auditors to conduct the audit and also that the Government have issued orders restricting sanctioning of new posts of concurrent auditors under rule 156 of the Kerala Service Rules Part I as part of the economy measures taken by the Government, the demand from the part of societies to sanction new post of concurrent auditors could not be met by the department;

AND WHEREAS, the Registrar of Co-operative Societies has further reported that it is mandatory for the societies to convene the meeting of annual general body in order to appoint the auditors or auditing firms within the stipulated time from among the panel approved by the Director of Co-operative Audit, failing which, the members of the managing committee shall cease to hold their office, and in the above circumstances the societies are not in a position to adhere with the rules regarding appointment of auditors and convening of general body meetings which affect the existence of elected board of directors upon which administration of the societies are vested with, and that the absence of Boards in societies will affect the day-to-day functioning of the societies which ultimately affects the interest of the general public;

AND WHEREAS, the Registrar of Co-operative Societies has recommended to the Government to extend the exemption already granted to the co-operative societies from the provisions of sub-sections (1), (3) and (4) of section 29, sub-sections (4), (8), (9), (10), (11) and (12) of section 63, sub-sections (4), (4A), (4B) and (5) of section 64 and section 66 C of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969), as amended by the Kerala Co-operative Societies (Amendment) Act, 2013 (Act 8 of 2013) and rule 64 of the Kerala Co-operative Societies Rules, 1969 for a further period of two years from 1st January, 2014 to 31st December, 2015;

AND WHEREAS, the Government have considered the matter in detail and are satisfied that it is necessary in public interest to extend the exemption granted as per the notification issued under G. O. (P) No. 152/2013/Co-op. dated 11th December, 2013 and published as S.R.O. No. 989/2013 in the Kerala Gazette Extraordinary No. 3528 dated 19th December, 2013

for a further period of two years from 1st January, 2014 to 31st December, 2015 and also to grant exemption from rule 64 of the Kerala Co-operative Societies Rules, 1969 which was amended by the Kerala Co-operative Societies (Second Amendment) Rules, 2014 which came into force on 26th November, 2014 for a period of one year one month and six days from 26th November, 2014 to 31st December, 2015;

NOW, THEREFORE, in exercise of the powers conferred by section 101 of the Kerala Co-operative Societies Act, 1969, and rule 181 of the Kerala Co-operative Societies Rules, 1969, the Government of Kerala hereby exempt all co-operative societies from the provisions of sub-sections (1), (3) and (4) of section 29 and sub-sections (4), (8), (9), (10), (11) and (12) of section 63 and sub-sections (4), (4A), (4B) and (5) of section 64 and section 66 C of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969) for a further period of two years from 1st January, 2014 to 31st December, 2015 and also to grant exemption from rule 64 of the Kerala Co-operative Societies Rules, 1969 which was amended by the Kerala Co-operative Societies (Second Amendment) Rules, 2014 which came into force on 26th November, 2014 for a period of one year one month and six days from 26th November, 2014 to 31st December, 2015.

By order of the Governor,

P. VENUGOPAL,

*Special Secretary to Government.*

### **Explanatory Note**

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

As per sub-section (1) of section 29 of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969) as amended by the Kerala Co-operative Societies (Amendment) Act 2013 (Act 8 of 2013), a general body meeting of the society shall be held within a period of six months of the close of the financial year and under sub-section (4) of section 29 of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969), as amended

by the said amendment Act, members of the board who, in the opinion of the Registrar, were responsible for not convening the annual general meeting within the stipulated period shall be disqualified for one term for being elected as committee members and to continue as members of a society in addition to being liable for any other provisions under this Act and it is provided that the accounts of every society shall be audited within six months of the close of the financial year to which such accounts relate and under sub-section (9) of section 63 of the said Act, every co-operative society shall cause to be audited by an auditor or auditors or team of auditors referred to in sub-section (8) appointed by the general body or special general body from among the panel of auditors approved by the Director of Co-operative Audit and under sub-section (12) of section 63 of the said Act as amended by the said amendment Act, it is the responsibility of the managing committee to convene general body meeting or special general body meeting in order to appoint auditors or auditing firms within the stipulated time from among the panel approved by Director of Co-operative Audit, failing which, the members of the managing committee shall cease to hold their office as may be prescribed.

As per notification issued under G.O.(P) No.152/2013/Co-op. dated 11th December, 2013 and published as S.R.O. No. 989/2013 in the Kerala Gazette Extraordinary No. 3528 dated 19th December, 2013 the Government of Kerala exempted all Co-operative Societies from the provisions of sub-sections (1), (3), (4) of section 29 and sub-section (4), (8), (9), (10), (11) and (12) of section 63 and sub-sections (4), (4A), (4B) and (5) of section 64 and section 66C of the Kerala Co-operative Societies Act, 1969 (21 of 1969) as amended by the Kerala Co-operative Societies (Amendment) Act, 2013 (8 of 2013) for a period of three months from 1st October, 2013 to 31st December 2013.

As per rule 64 of the Kerala Co-operative Societies (Second Amendment) Rules, 2014, which came into force on 26th November, 2014, the Director of Co-operative Audit shall prepare and maintain a list of panel of auditors and auditing firms, who satisfy the qualifications and experience as specified in rule 64A for undertaking the audit of accounts of co-operative societies in the State and 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 and 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 general body of the apex societies/federation shall appoint auditing firms and departmental auditors to audit the accounts of apex federations;

The Registrar of Co-operative Societies has now reported that the process of preparation of the panel of auditing firms and auditors in accordance with the provisions in the rules is in progress and it is not yet completed and hence the condition to prepare the panel before 60 days prior to the close of the previous financial year could not be complied with and also reported that the audit of societies are again in arrear due to the lack of sufficient number of departmental auditors to conduct the audit and also that since the Government have issued orders restricting sanctioning of new posts of concurrent auditors under rule 156 of the Kerala Service Rules Part I, as part of the economy measures taken by the Government, the demand from the part of societies to sanction new post of concurrent auditors could not be met by the department. The Registrar of Co-operative Societies has further reported that it is mandatory for the societies to convene the meeting of annual general body to appoint auditors or auditing firms within the stipulated time from among the panel approved by Director of Co-operative Audit, failing which, the members of the managing committee shall cease to hold their office, and in the above circumstances the societies are not in a position to adhere with the rules regarding appointment of auditors and convening of general body meetings which affect the existence of elected board of directors upon which administration of the societies are vested with, and that the absence of board of directors in societies will affect the day-to-day functioning of the societies which ultimately affects the interest of the general public. In the above circumstances, the Registrar of Co-operative Societies has recommended to the Government to extend the exemption already granted to the co-operative societies from the provisions of sub-sections (1), (3) and (4) of section 29, sub-sections (4), (8), (9), (10), (11) and (12) of section 63, sub-sections (4), (4A), (4B) and (5) of section 64 and section 66 C of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969) as amended by the Kerala Co-operative Societies (Amendment) Act, 2013

(Act 8 of 2013) for a period of two years from 1st January, 2014 to 31st December, 2015 and also to grant exemption from rule 64 of the Kerala Co-operative Societies Rules, 1969 which was amended by the Kerala Co-operative Societies (Second Amendment) Rules, 2014 which came into force on 26th November, 2014 for a period of one year one month and six days from 26th November, 2014 to 31st December, 2015.

The Government have considered the matter in detail and are satisfied that it is necessary in public interest to extent the exemption granted as per the notification issued under G. O. (P) No. 152/2013/Co-op. dated 11th December, 2013 and published as S.R.O. No. 989/2013 in the Kerala Gazette Extraordinary No. 3528 dated 19th December, 2013 for a period of two years from 1st January, 2014 to 31st December, 2015 and also to grant exemption from rule 64 of the Kerala Co-operative Societies Rules, 1969 which was amended by the Kerala Co-operative Societies (Second Amendment) Rules, 2014 which came into force on 26th November, 2014 for a period of one year one month and six days from 26th November, 2014 to 31st December, 2015.

The order is intended to achieve the above object.

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