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Karnataka Co-operative Societies Rules,1960

(With latest amendments)

Chapter I

Preliminary

Rule1; Title :These Rules may be called the Karnataka Co-operative Societies Rules, 1960.

Rule2: Definitions: In these Rules, unless the context otherwise requires,-

(a) **Act** means the Karnataka Co-operative Societies Act, 1959; and Section" means a section of the Act;

(aa) **Audit remuneration** means a remuneration fixed by the General Body taking into consideration the guidelines issued under rule 30 of these rules for the audit of accounts of every Co-operative society.

(b) **Co-operative Development Fund** means a fund created by the government into which the surplus assets as shown in the final report of the liquidator as per Rule 33(1) are pooled by the liquidator;

(c) **Decree** means any order, decision or award referred to in Section 101;

(d) **Decree-holder** means any person holding a decree as defined in clause (c);

(dd) **Form** means a form appended to these rules;

(e) **Judgement-debtor** means any co-operative society against which or any person against whom a decree as defined in clause (c) has been obtained;

1. Clause (aa) inserted by GSR 141, Dated 21-05-1986, w.e.f.29-05-1986.

2. Substituted for the world "Fee" by Notification No.CO 226 CLM 2014, dated:6-62015, w.e.f.6-6-2015

3. Cluase (b) inserted by Notification No.CMW 103 CLM 2004, dated 6-10-2004, w.e.f.7-10-2004.

4. Clause (dd) inserted by Notification No.DRL ICCS 63, dated 23-12-1963

(f) **Person** includes the State Government and a co-operative society;

(g) **Recovery Officer** means a person subordinate to the Registrar, and empowered to exercise the powers of the Registrar under Section 101;

(h) **Sale Officer** means an officer empowered by the Registrar by general or special order, to attach and sell the property of judgment-debtors or to execute any decree by attachment and sale of property;

(hh) **Section** means a section of the Act.

(i) **Society** means a Co-operative Society.

(i-1) **Election Officer** means an officer appointed by the Cooperative Election Authority as the District/Region/ State-election Officer as the case may be, for a specified period other than Jurisdictional Assistant Registrar / Deputy Registrar / Joint Registrar of Co-operative Societies.

(i-2) **Returning Officer** means an officer of the State Government or local authority other than jurisdictional Assistant Registrar / Deputy Registrar / Joint Registrar of Co-operative Societies appointed by the Co-operative Election Authority or Election Officer as Returning Officer for the respective Co-operative Societies but includes an Assistant Returning Officer performing any of the functions of the Returning Officer."

(j) Other words and expressions defined in the Act shall have the meanings assigned to them in the Act

Chapter II:Registration of Co-operative Societies and their Bye-Laws

Rule3: Formalities for registration(1) A group of persons not less than ten persons intending to form a cooperative society may join together and elect a chief promoter among themselves, and a few promoters to assist him and authorise him to take further steps for registration of the society. Such group of persons shall decide the name and area of operation of the proposed society, adopt the bye-laws of the proposed society and also resolve to authorise the chief promoter to collect the required share capital from the persons intending to become the members of the proposed society.

1. Clause(hh) inserted by GSR 563, dated 23-6-1965, w.e.f.26-6-1965

2. Clauses (i-1) and (i-2) subsituted by Notification No.CO 226 CLM 2014, dated:6-6-2015, w.e.f.6-6-2015

3. Rule 3 insereted by Notification No.CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013

(2) The chief promoter shall approach the jurisdictional Registrar along with a list of persons who have joined together to form the proposed cooperative society, a copy of the proceedings of the meeting of the said group of persons containing their names, addresses and signatures, two copies of the bye-laws of the proposed society and a copy of the project report to show the proposed society has reasonable chances of success and is going to be a viable organization.

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

(4) After getting permission from the Registrar, the chief promoter shall get a few receipts book printed in the name of the proposed society and collect the share capital from the persons intending to become the members of the proposed society. He shall issue receipts to the proposed members for the amount collected with his signature under his name and designation. The money so collected shall be deposited within seven days from the date of collection, in an account opened by the chief promoter in the name of proposed society, in a scheduled or a cooperative bank. He shall maintain a cash book, receipt book, voucher book and other accounts for the money collected and remitted to the bank. However, he shall be

competent to retain such money as may be necessary and sufficient to incur incidental expenses like printing, stationery, typing, postage, etc.,

(5) After collecting the share capital to the extent permitted by the Registrar from the specified number of persons, the chief promoter shall convene a meeting of the promoters of the proposed society and place the details of the particulars of receipts and expenditure incurred and the names of the proposed members from whom share capital is collected. After getting a resolution passed in the promoters meeting, he shall submit a proposal to the Registrar for the registration of the society in the prescribed application along with five copies of the bye-laws of the proposed society and the list of proposed members with their names and addresses. If there is any change in the promoters list, it can be ratified by the registering authority. The application shall be signed by each one of the applicants who is an individual and by a person duly authorised on behalf of any cooperative society which is an applicant and shall be accompanied by the prescribed fee.

Rule3A;Application for Registration and Procedure: (1)Every application for the registration of a co-operative society under Section 6 shall contain the particulars specified in and be in the form given in Schedule A

1. Existing Rule 3 renumbered as Rule-3-A by Notification No.CO 14 CLM 2013, dated 17-7-2013, w.e.f.10-7-2013.

appended to these Rules. The application shall also mention the name and address of one of the applicants to whom any communication may be sent by the Registrar.

(2)In cases where the application for registration under Section 6 is signed by a person duly authorised on behalf of any co-operative society, which is one of the applicants, a copy of the resolution of the committee of such society giving such authority shall accompany the application.

(2A) Application for registration of a Co-operative Society shall be accompanied by a treasury challan for having remitted the registration fee, as specified below.-

Sl. No.	Jurisdiction of the Society	Amount of Rs.
1.	Less than a Taluk	500/-
2.	Taluk and above but less than a District	1000/-
3.	District and above	2000/-

Provided that in case of co-operative societies all of whose members are persons belonging to the category of scheduled castes or the scheduled tribes or the backward classes or the minority communities or women, the registration fee to be paid shall be fifty percent of the amount prescribed.

(3) The Registrar may, for the purpose of satisfying himself of the matters specified in Section 7, call for such further particulars or make such inquiry as he may deem necessary. He may permit the applicants, if so desired by them, in writing to make such alterations or additions to the proposed bye-laws submitted with the application in order to make them conform to the provisions of the Act, and the Rules thereunder.

(4) If the Registrar refuses to register a co-operative society, he shall communicate the order of refusal by registered post to the applicant mentioned in the application under rule (1).

Rule3-B:**Factors to be considered by Registering Authority at the time of registration:** The Registering Authority, while according permission for the collection of initial share capital at the time of registration of a Co-operative Society, shall consider the following namely,-

1. Sub-rule (2-A) inserted by Notification No.CMW 94 CLM 99, dated 18-6-2003, w.e.f. 18-6-2003.

2. Proviso inserted by Notification No.CO 226 CLM 2005(PI), dated 10-5-2006 3.
Rule 3-B inserted by Notification No.CO 226 CLM 2014, dated 6-6-2015, 6-6-2015

(i) population in the area of operation of the proposed Co-operative Society;

(ii) assessment of economic and financial feasibility like collection of share, funds from the share holder;

(iii) overlapping of the existing similar Co-operative Societies;

(iv) whether the draft bye-laws are in accordance with the provisions of Act and Rules;

(4)**Change of form and extent of liability**.-(1) A change in the form or extent of liability of a Co-operative Society shall be effected by a resolution passed at a general meeting of the society.

(2) At least fifteen days' clear notice of such meeting shall be given to every member of the Co-operative Society, which shall be accompanied by a copy of the proposed resolution.

Rule 5: Subject-matter of bye-Laws: (1)The bye-laws of a Co-operative Society shall provide for the following matters, namely:-

(a). The name and address of the society;
(b). The area of its operations;
(c). The objects of the society;
(d). The manner in which funds may be raised and the maximum share capital which an individual member may hold;
(e). The nature and extent of the liability of the members;
(f). The extent to which the society may borrow funds and the rate of interest payable on such funds;
(g). The entrance and other fees to be collected from members;
(h). The purposes for which its funds may be applied;
(i). The terms and conditions of admission of members and their rights and liabilities;
(j). The mode of holding meetings and of issue of notices;
(k). The mode of appointment and removal of the committee and other officers, the duties and powers of the committee and such officers and their terms;

submitted for the word "committee" by notification No.CO 14 CLM 2013 dated 10-7-2013

submitted for the word "committee" by Notification No.CO 14 CLM 2013 dated 10-7-2013 w.e.f.10-7-2013

(l). the disposal of net profits;

(m). the preparation and submission of the annual statement specified by the registrar and the publication of the same;

(n). the mode of custody and investment of the funds and the mode of keeping accounts;

(o). The constitution of an "agricultural credit stabilization fund" in case of every co-operative society, which facilitates the operations of affiliated agricultural co-operative credit societies and which has received financial assistance from the state government;

(p). In the case of credit societies,-

(i). The maximum loan admissible per member;
(ii) the maximum rates of interest on loans to members;
(iii) The conditions on which loans may be granted to members;
(iv) The procedure for grant of loans and advances and for the grant of extension of time for the repayment of such loans and advances;
(v) the consequence of default in payment of any sums due;
and
(vi) the circumstances under which a loan may be recalled.

(q) In the case of non-credit societies (including productive and distributive types), the mode of conducting business, the procedure to be followed in purchasing and selling articles, the procedure for stock-taking, the responsibility for the stock of the society, and other allied matters;

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

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

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

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

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

1. Clauses (r) to (z) and (aa) (ai) inserted by Notification No.CO 14 CLM 2013 dated 10-7-2013, w.e.f.10-7-2013

(w) the powers, functions and duties of the general body;
(x) the manner of convening general meetings and quorum thereof;
(y) the manner of convening board meetings, its quorum, venue;
(z) the frequency and number of board meetings in a year;
(aa) the traveling allowance, daily allowance or such other allowances or fees admissible to the directors, for attending meetings or for performing any other function as a director or office-bearer;
(ab) the conditions and restrictions of the Chief Executive;\
(ac) the principal place and other places of the business of a cooperative society; (ad) the education and training programmes for the members, the directors and the employees;
(ae) the filling up of casual vacancy then two and half years of term of the board through co-option;
(af) the submission of returns to the Registrar;
(ag) the submission of receipts and payments, income and expenditure, profit and loss accounts and the balance sheet as on the end of the co-operative year along with other statements and schedules required for the audit to the auditors;
(ah) constitution of various funds as required under the Act and Rules.
(ai) constitution of on sub-committees by the board."

(2) A society may make bye-laws for the following matters, namely.-

(a). The circumstances under which withdrawals from membership may be permitted;
(b). The procedure to be followed in cases of withdrawal ineligibility and death of members; (c). The conditions, if any, under which the transfer of share or interest of a member may be permitted;
(d). The method of appropriating payments made by members from whom moneys are due;

(e). The authorization of an officer to sign documents and to institute and defend suits and other legal proceedings on behalf of the society;

(f). The method of recruitment, the conditions of service and the authority competent to fix, revise or regulate the scales of pay and allowances of paid officers and employees of the society and the procedure to be followed in the disposal of the disciplinary cases against them; and

(g). Whether the society is to be affiliated to any supervising union or a financing bank or other institution; and if so, the charges to be paid in respect of such affiliation.

(3) The bye-laws of a Co-operative Society may provide for such matters not specified in sub-rules (1) and (2) as are incidental to the organisation of the society and the management of its business.

Rule6: Procedure regarding amendment of bye-Laws(1) Where a Co-operative Society proposes to amend its bye-laws, no such amendments shall be made save by a resolution passed by a two-thirds majority of the members present and voting, at a general meeting of the society;

(2) No such resolution shall be valid, unless notice of clear fifteen days of the text of the existing bye-law, the text of the proposed amendment and reasons therefore" has been given to the members of the society in accordance with the bye-laws;

(3) In every case in which a society proposes to amend its bye-laws, an application shall be made to the Registrar together with,-

(a) a copy of the resolution referred to in sub-rule (1),

(b) such number of copies of the proposed amendment as may be specified by the Registrar in this behalf;

(bb) a treasury challan or Demand Draft in favour of the Registrar for having remitted the fee specified below:-

Jurisdiction of Societies	Amount of fees
If the area of operation of a Society is.-	
(1) less than a taluk	Rs.400/- (2)
taluk and above but less than a district	Rs.I000/- (3)
district and above but less than region	Rs.2,OOO/- (4)
Region and above	Rs.5,OOO/-"

1. Substituted for the worlds "unless notice of the proposed amendment" by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013

2. Clause (bb) substituted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f 6-6-2015.

(c) a certificate signed by the presiding Authority of the meeting, that the procedure specified in sub-rule (1) and sub-rule (2) and in the bye-laws has been followed; and

(d) any other particulars that may be required by the Registrar in this behalf.

(4) Every such application shall be made within sixty days from the date of the general meeting at which such amendment was passed:

Provided that the Registrar may condone the delay, if any, for sufficient cause.

(5) When the Registrar registers an amendment of the bye-laws of a Co-operative Society he shall send a copy thereof to the financing bank, if any, to which the Co-operative Society is affiliated.

(6) Where the Registrar proposes any amendment to the bye-laws of a Co-operative Society under Sub-Section (5) of section 12, the authority competent to convene the general meeting shall place such proposal before the meeting, as the case may be, and a

decision on such proposal shall be taken at such meeting and the Co-operative Society shall carry out amendment of bye-laws as directed by the Registrar as per section 12(5)of the Act.

Chapter III;
Members of Co-operative Societies; Their rights and liabilities

Rule7: Procedure to enforce prohibition of membership in two or more credit societies:-x x x x x.

Rule8: Admission of members before the general meeting of a society: No Co-operative Society shall admit members within thirty days prior to the date of its annual general meeting.

Rule8A: Prohibition of enhancement of share value.- No Co-operative Society shall enhance its share value six months prior to the date of election of the board.

Rule9: Chairman to have a second or casting vote: In the event of an equality of votes, on any matter other than the election of the member of the committee or

1. Substituted for the words "thirty days" by GSR 328, dated 18-10-1977, w.e.f.3-11-1977, 2. Sub-rule (6) as omitted notification No.CO 14 CLM 2013, dated 10-7-2013, w.e.f.

6-6-2015

3. Rule 7 omitted by Notification No.CO 223 CLM 2006, dated 29-11-2007, w.e.f.

29-11-2007

4. Rule 8-A inserted by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015 5. Inserted by Notification No.CO 223 CLM 2006, dated 29-11-2007, w.e.f.29-11-2007 6. Subsituted for the world "committee" by Notification No.CO 14 CLM 2013, dated:10-7-2013, w.e.f.10-7-2013.

office bearers, the Chairman of a meeting of a Co-operative Society shall have a second or casting vote.

Rule10: Disabilities of a defaulting member:x x x x x x.

Rule11: Appointment of nominees(1) A member of a Co-operative Society may nominate a person or persons to whom, in the event of his death, his share or interest in the capital of the society shall be transferred or the value thereof or any other moneys due to him from the society shall be paid. Such member, may from time to time, revoke or vary such nomination.

(2) When a member nominates more that one person in respect of any shares held by him, he shall, as far as practicable, specify the amount to be paid or transferred to each nominee in terms of a whole share.

(3) A nomination made by a member under this rule shall not be valid and shall not, in the event of the death of the member, have effect, unless,- a. it is made in writing and is signed by the member in the presence of at least two witnesses; and b. it is registered in the books of the society kept for the purpose.

Rule12: Value of share of a member (1) If a member resigns his membership of a Co-operative Society or incurs disqualification and ceases to be a member under section 17 or dies or otherwise ceases to be a member, the sum representing the value of his share or interest in the capital of the society to be paid to him or his nominee, heir or legal representative, as the case may be, shall be ascertained in the manner following:-

(i) . In the case of a society with unlimited liability, it shall be the actual amount received by the society ill respect of such share or interest;

(ii). In the case of a society with limited liability, it shall be the amount arrived at by a valuation based on the financial position of the society as shown in the last audited balance sheet preceding the resignation, removal or death, as the case may be:

Provided that the amount so ascertained shall not exceed the actual amount received by the society in respect of such share or interest.

(2) In case of a dispute between a member or his nominee, heir or legal representative and the society regarding the value of the share or interest in the share capital, the decision of the Registrar thereon shall be final.

1. Rule 10 omitted by Notification No.CO 223 CLM 2006, dated 29-11-2007, w.e.f.29-11-2007 2. Substituted for the worlds and figure "or is removed under Rule 7" by Notification No.CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013.

Chapter III-A;
Representative General Body

Rule12A; Representative General Body of a Co-operative Society(1) The area of operation of a Co-operative Society for purpose of clause (a) of sub-section (2) of Section 26 shall be one taluk.

(2) The number of members of a Co-operative Society for purpose of clause (b) of the said section be one thousand

Rule12B; Election for representatives of general body.- The process of election in a co-operative society having representative general body consists of two phases one, the election of the representatives to the representative general body, known as representative election in the first phase and then the election of directors to the board known as general election in the next phase. The Co-operative Election Authority shall appoint a Returning Officer for conducting the general election and as many Assistant Returning Officers as are required for conducting representative elections in respect of a co-operative society having representative general body.

Rule12C; Number of representatives on the representative general body.-(1) Where,-

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

(ii) the number of members exceeds one thousand,

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

(2) Where the area of operation of a cooperative society having representative general body extends to the whole of the State of Karnataka, the minimum number of representatives to be elected shall be two from each Taluka. In respect of a city cooperation, there shall be minimum two representatives for each assembly constitutions of the city corporation, if the

1. Chapter III-A and Rules as-A and 12-B insereted by GSR 392, dated 8-12-1977, w.e.f.29-12-1977, 2. Substituted for the owrlds "more than one district" by Notification No.CO 226 CLM 205, dated 6-7-2006, w.e.f.6-7-2006.

3. subtituted for the worlds "three thousand" by Notification No.CO14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013

4. Rules 12-B subsctituted as Rule 12-B and 12-C by Notification No.CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013.

5. Substituted for the world "Commission" by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

membership, in a taluk or any assembly constituency within a City Corporation is less than fifty, such area shall be attached to the neighboring taluk or assembly constituency having least number of members as provided in the bye-laws.

Chapter IV;
Management of Co-operative Societies

Rule13:Election of the members of the (Board) by the general body, (1) A Co-operative Society may, for the purpose of election of members to the committee, divide its membership into different groups on a territorial or any other basis.

(2) The bye-laws of such a society may specify the number or proportion of the members of the committee, who may be elected to represent each such group on the committee and may specify further that such representatives may be elected,-

(a) by all the members of the society; constituting a single electoral college or

(b) by different smaller groups of members of the society to which such directors belong, constituting more than one electoral college.

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

(3) However, if the bye-laws of a society do not provide for such electoral colleges as specified in sub rule (2(b) when the election to the board of directors of the society are due, the Co-operative Election (Authority) is competent to determine such electoral college and notify the same and conduct such elections of the society as per the notification issued)

Rule13A; Issue of identify card to members; The Chief Executive shall issue to every member of the society an identify card indicating the name of the society, full name, membership number, age and residential address of the member. The recent passport size photo of the member shall also the

1. Substituted for the word "committee" by Notification No.CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013
2. Substituted for the world "committee" by Notification No.CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013
3. Sub-rule (2) submitted as sub-rules (2) and (3) by Notification No.CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013
4. Subtituted for the world "Commission" by Notification No.CO 226 CLM 2014, date 6-6-2015, w.e.f.6-6-2015.
5. Rule 13-A substituted by Notification No.CMW 159 CLM 98, dated 26-3-1999.

affixed on the identity card of the society duly signed by him and attested by the Chief Executive under the seal of the society.

Rule13B; Co-operative Election Commission (CEC)-(1); The Cooperative Election Authority may formulate guidelines for preparation of the electoral rolls and for the conduct of elections of all co-operative societies in the state.

(2) Every cooperative society shall furnish such documents and information which the Co-operative Election Authority may require from time to time.

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

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

(b) if he is not in service, he shall be paid a salary drawn with basic pay at 'the last pay drawn of the pay scale applicable to Principal Secretary or Secretary to the Government from time to time after reducing the pension amount from total emoluments drawn.

(c) the conditions of service relating to the payment of traveling allowance, house rent allowance, conveyance facilities, sumptuary allowance, medical facilities, leave facilities shall be as applicable to a Principal Secretary or Secretary to the State Government. Government shall be competent to sanction his leave.

(4) The salary and allowances of the Secretary of the Co-operative Election Commission shall,-

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

(b) x x x x x ;

1. Rules 13-B to 13-F inserted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013. 2. Substituted for the word "Commission" by Notification No.CO 226 CLM 2014 dated 6-6-2015 w.e.f.6-6-2015.

3. Substituted for the word "Commission" by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

4. Substituted for the word "Commission" by Notification No.CO 226 CLM 2014, dated 6-6-2015.

5. Clauses (b) and (c) substituted by Notification No. CO 226 CLM 2014, dated 6-6-2015

6. Substituted for the word "Commission" by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

7. Clauses (b) and (c) ommitted by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.e.f.2015.

(C) x x x x x

(5) x x x x x

(6) The salaries, allowances, retirement benefits and the terms and conditions of service (including conduct, discipline and control) the officers and other employees of the co-operative election (Authority) shall be such as those applicable to the corresponding caterogy of employees of the State Government.

(Rule13BB; Appointment of Election Officer- The Cooperative Election Authority shall appoint an election officer for each district/ region/ state as the case may be, for a specified period. The Election Officer shall ordinarily be from the Revenue, Department for Federal and Apex Cooperative Societies and from the Co-operative Department for other societies.]

Rule13C; Conduct of general elections to the board. –(1) The Government may advise the Election Authority on the suitability of dates for conducting elections as per sub section 2 of Section 39-A of the Act for administrative reasons to be recorded in writing.

(2) Subject to the general superintendence and directions of the Co-operative Election Authority, the Chief Executive of the society shall prepare electoral roll for election to the cooperative society. The list so prepared by the Chief Executive shall be verified and approved by the Election Officer.]

Rule13D; Preparation of Electoral Rolls and calendar of events.-(1) The Election Officer shall, after due verification, send a consolidated list of all cooperative societies in the district where elections are due at least 120 days before the date of expiry of the term of office of the boards to the Co-operative Election Authority indicating therein the following particulars:-

(a) the name and address of the society;

(b) number of elected directors of the board;

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

1. Sub-rule(5) omitted by Notification No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015 2. Substituted for the world "Commission" by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

3. Rule 13 BB inserted by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015. 4. Rule 13-C substituted by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015. 5. The words "The District" omitted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

6. Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

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

(2) The Co-operative Election [Authority] shall, on receipt of such reports from the District [Election Officer] containing the list of cooperative societies where elections are due, publish the calendar of events for the preparation of electoral rolls and the conduct of elections of the boards of the cooperative societies[x x x x] indicating the name and address of each society and the date and place of election;

(3) The Authority [Election] Officer shall take steps,-

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

(b) for publication of final eligible voters list on or before fourteen days prior to the date of election. Provided that the draft list of eligible members and delegates with right to vote, the list of defaulters and the list of other members and delegates who are not eligible to vote as also the final list of electoral rolls and the election calendar shall be announced on the notice board of the concerned cooperative society, the local panchayat office, the local office of the department of cooperation, website if any of the cooperative society

Provided that the draft list eligible members and delegates with right to vote, the list of defaulters and the list of other members and delegates who are not eligible to vote as also the final list of electoral rolls and the election calendar shall be announced on the notice board of the concerned co-operative society and its branches, if any, the local office of the department of Co-operation, website if any of the co-operative society [x x x x x x]

[(4) It shall be the duty of every society to furnish correct information required by the election officer to enable him to approve the electoral rolls as directed by the Co-operative Election Authority."]

1. Substituted for the word "Commission" by Notification No. No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

2. Substituted for the word "Commission" by Notification No. No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

3. Substituted for the word "Election Officer of the district" by Notification No. No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

4. Substituted for the word "the district" by Notification No. No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

5. Substituted for the word "co-operative election commission" by Notification No. No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

6. The word "and such other prominent places having acccess to the members ad delegates of the co-operative society" omitted by Notification No. No.CO 226 CLM 2014 dated 6-6-2015, w.e.f. 6-6-2015

7. Sub rule (4) substituted by Notification No. No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

(5) The chief executive of every cooperative society shall prepare a draft list of the eligible members or representatives and delegates with right to vote, the list of members whose

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

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

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

and submit the said lists to the District Election officer along with the related books, records and documents and any other information as the District Election, Officer may require, at least sixty days before the date of election.

(6) The Co-operative Election Authority of the cooperative society shall call upon and obtain from the member society, the name of an authorized member of the board of such society as a delegate, together with the resolution of the board of the said society and the specimen signature of the delegate duly attested and bearing the seal of the society and furnish all such information under sub-rule(5).

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

(a) all the individual members with right to vote in respect of a primary cooperative society; or

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

(c) all the delegates of the member societies with right to vote in respect of a federal and an apex society.

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

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

1. Substituted for the word "Commission" by Notification No. No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

(a) date of notification inviting nomination;

(b) last date for receipt of nomination;

(c) date and time for scrutiny of nomination;

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

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

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

(g) Date and time for allotment of symbols and publication of contesting candidates with symbols;

(h) Date and time of poll;

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

Rule13E; Returning Officer.-(1) For every election of the representatives in respect of a Co-operative society having representative general body, or for every general election of the board of every cooperative society or for every election of the office-bearers of every cooperative society or for an election to fill a casual vacancy in the office of a representative or a director or an office-bearer of every co-operative s dary, federal and apex cooperative

societies, the Cooperative election authority, and in respect of primary cooperative societies, the election officer shall appoint a returning officer and one or more assistant returning officers as may be required." shall appoint a returning officer and many Assistant Returning officers as may be required] shall appo9int a returning officer and one or more assistant returning officers as may be required]

(1A) The Co-operative Election Authority / The election officer as the case may be shall appoint returning officers by randomization".

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

(i) Subject to the supervision of the Co-operative Election Authority / The Election Officer as the case may be the returning officer shall prepare and publish the complete time schedule for holding election;

1. Substituted for the word "the Co-operative Election Commission" by Notification No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

2. Sub-rule (1-A) inserted by Notification No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015 3. Substituted for the word "approval of the Co-operative Election Commission" by Notification No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

(ii) The returning officer may, in consultation with the District Election Officer, provide for sufficient number of polling stations [x x x x x]

(iii) The returning officer appointed under sub-rule (1), shall publish a calendar of events for the purpose of conduct of elections of the directors, at least fifteen clear days before the date of election. The notice of the election under the signature of the returning officer or the assistant returning officer along with the calendar of events shall be sent to all the eligible members in the following modes, namely:-

(a) by ordinary post; or

2[(aa) by courier; or]

(b) by e-mail or sms; or

(c) by local delivery under proper receipt; and

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

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

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

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

(c) the 3[eligibility] if any, specified in the Act, rules or the bye-laws for being elected as a member of the board;

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

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

1. The words "in such manner as the CEC may direct" omitted by Notification No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015

2. Sub-clause (aa) inserted by Notification No.CO 226 CLM 2014 dated 6-6-2015, w.e.f.6-6-2015 3.

Substituted for the word "qualifications" by Notification No.CO 226 CLM 2014, dated 6- 6-2015, w.e.f.6-6-2015

(a) issue notice inviting the nominations;
(b) receive and scrutinise the nomination papers;
(c) allot symbols to the contesting candidates;
(d) publication of a list of candidates eligible to contest;
(e) make arrangement for polling station/s;
[1][(f) make arrangement for appointment of polling personal;]
(g) make arrangement for ballot box;
(h) make arrangement for printing of ballot papers;
(i)compile results of different polling stations where necessary;
(j) declare the result of an election and issue election certificate thereof.

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

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

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

(x) The returning officer shall send report or returns to the Co-operative Election [3][Authority], Karnataka as may be directed by the [4][Authority] from time to time; (xi) All the relevant electoral records should be preserved in the custody of the concerned society with proper acknowledgment, but in exceptional cases such documents are required to be kept in the sub-divisional office if the [5][Authority] or returning officer or assistant returning officer orders to that effect;

1.Sub-clause (f) substituted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

2.Substituted for the words “approval of the Co-operative Election Commission” by Notification No.CO 226 CLM 2014, dated 6-6-2015

3.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6- 2015, w.e.f.6-6-2015

4.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6- 2015, w.e.f.6-6-2015

5.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6- 2015, w.e.f.6-6-2015

(xii) The returning officer shall keep in his custody all documents which he may receive from the assistant returning officers or which may be prepared by himself in connection with election of any cooperative society within his jurisdiction for such period as may be directed by the Co-operative election[1] [Authority];

(xiii) The returning officer shall perform such other functions as may be entrusted to him by the Co-operative Election Commission from time to time.

13F. Appointment of Presiding Officers and Polling Personnel.-(1) [3][the Returning Officer], shall appoint a presiding officer for each polling station and such polling officer or officers as he thinks necessary.

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

(3) If the presiding officer, owing to illness or other unavoidable cause, is obliged to absent himself from the polling station, his functions shall be performed by such polling officer as has

been previously authorized by the returning officer to perform such functions during any such absence.

(4) It shall be the general duty of the presiding officer at a polling station to maintain order there at and to see that the poll is fairly taken.

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

(6) Every assistant returning officer shall, subject to the control of the returning officer, be competent to perform all or any of the functions of the returning officer as may be assigned to him by the returning officer or by the Co-operative Election Authority/the Election Officer as the case may be].

(7) Under the supervision and control of the returning officers or the assistant returning officers, the presiding officer and the polling officers shall take poll on the day of election and immediately after close of the poll, they shall count the votes cast by the members or representatives/delegates and prepare the reports / returns as may be directed. They shall also submit the documents or materials relating to the election to the concerned returning officer or the assistant returning officer.]

1.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6- 2015, w.e.f.6-6-2015

2.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6- 2015, w.e.f.6-6-2015

3.Substituted for the word “The District Election Officer” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

4.Substituted for the word “by the Co-operative Election Commission” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

[1][**14.Notification of General Election**.- (1) The District Election Officer shall with the approval of the CEC notify in

Form XI the intended election referred to in Section 39-AA.

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

(i) the last date for making nominations which shall be the 2[seven] clear day before the date of election;

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

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

(iv) the date on which the poll shall, if necessary, be taken and the hours 3[between 9.00 am to 4.00 pm] during which the poll shall be taken; and

(v) the date before which the election shall be completed.

(3) (a) On the issue of the notification under sub-rule (1), the returning officer shall give a public notice of the intended election in

Form XII by displaying it on the notice board in his office and in the office of the cooperative society and at such other places as he deems necessary, inviting nominations for such election.

(b) in the said notice, the returning officer shall specify among other things the last date for receipt of nominations, the place at which nominations are to be delivered, date of scrutiny of nominations, the last date for withdrawal of candidature, the date on which a poll shall, if necessary be taken and the hours [4][between 9.00 am to 4.00 pm]of poll and the date before which elections shall be completed which shall conform to the dates notified in that behalf by the District Election Officer under sub-rule (2).

14-A. Presentation of nomination paper.-(1) On or before the date appointed for making nominations, each candidate shall in person deliver to the returning officer/Assistant Returning Officer [5][or the Assistant Returning Officer] at the place specified in this behalf, a nomination paper duly completed in

Form-XIII and signed by the candidate and another member with right to vote as proposer. Such nomination shall also contain a declaration signed by the candidate expressing his willingness to stand as a candidate for election to the board of

1.Sub-clause (f) substituted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

2.Substituted for the words "approval of the Co-operative Election Commission" by Notification No.CO 226 CLM 2014, dated 6-6-2015

3.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6- 2015, w.e.f.6-6-2015

4.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6- 2015, w.e.f.6-6-2015

5.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6- 2015, w.e.f.6-6-2015

the society from a general constituency or a constituency reserved for SCs or STs or Women or Backward Classes.

Provided that no member/delegate shall be a candidate for more than one constituency and that no member/delegate shall propose more than one candidate from the same constituency.

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

(2) If a,-

(i) seat is reserved for the backward classes, scheduled castes, or scheduled tribes, a candidate shall not be deemed to be qualified to be chosen to fill that seat unless his nomination paper contains a declaration by him specifying the particular class, caste or tribe of which he is a member and the said class, caste or tribe is a backward class, scheduled caste, or scheduled tribe. 1[who desires to contest for the seat reserved for backward classes, scheduled caste and scheduled tribe shall submit a valid caste certificate issued by the Competent Authority];

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

(3) Every such nomination paper shall be accompanied by a receipt of deposit either by way of cash or by way of pay order or demand draft drawn in favour of the cooperative society as specified below:-

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

(ii) in respect of a federal or an apex society- Rs.5,000/- Provided that if the candidate belongs to scheduled caste, scheduled tribes, backward classes and women group or constituency, the deposit to be paid by him shall be fifty percent of the amount specified above.

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

(5) The returning officer/Assistant Returning Officer shall on receiving the nomination paper, enter on the nomination paper its serial number, date and time of receipt and immediately give an acknowledgment for having received the same and shall also inform the candidate of the date, time and place fixed for scrutiny

1.Inserted by Notification No. CO 2 15, w.e.f.6-6-2015

2.Inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

of nominations. The returning officer 1[or Assistant Returning Officer] shall, at the close of the time fixed for the receipt of the nomination papers, prepare and display on the notice board of the society a list of nominations received by him and also on the notice board of his office if need be.

14-B. Scrutiny of Nominations.- (1) On the date fixed for scrutiny of nominations, the candidates or their proposers, may be present at such time and place as the returning officer may appoint, and the returning officer shall provide them an opportunity to give objections within the time and in the manner laid down in this rule for satisfying themselves about their correctness, eligibility and completeness.

(2) The returning officer/Assistant Returning Officer shall then examine the nomination papers and shall decide all objections which may be made to any nomination and may, either on such objection or on his own motion, after such summary enquiry as he thinks necessary, reject any nomination on any of the following grounds, namely:-

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

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

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

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

(3) The returning officer/Assistant Returning Officer shall endorse on each nomination paper his decision accepting or rejecting the same and if the nomination paper is rejected, shall record in writing a brief statement of his reasons for such rejection.

(4) Immediately after all the nomination papers have been scrutinized and decision accepting or rejecting the same have been recorded, the returning

1.Inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

2.Substituted for the words “give them all reasonable facilities to examine the nomination papers of all the candidates which have been delivered’ by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

officer shall prepare a list containing the names in the alphabetical order in Kannada and addresses as given in the nomination papers of validly nominated candidates in

Form XIV that is to say candidates whose nominations have been found valid and affix it on the notice board of his office. A copy of the said list shall also be published on the notice board of the society on the same day.

14C. Withdrawal of Candidature.-(1) Any candidate may withdraw his candidature by a notice in writing in Form XV signed by him and delivered in person to the returning officer/Assistant Returning Officer 1[or Assistant Returning Officer] at any time after the presentation of the nomination paper but before 3.00 P.M. on the day following the day on which the nomination papers have been scrutinised.

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

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

14-D. Preparation of the list of contesting candidates.- (1)Immediately after the expiry of the period within which the candidatures may be withdrawn, the returning officer shall prepare and publish in Kannada language a list of contesting candidates, that is to say candidates who are included in the list of validly nominated candidates and who have not withdrawn their candidature within the said period, in

Form-XVI. A copy of the said list of the contesting candidates shall be published on the notice board of the society on the same day.

Provided that the Co-operative Election Authority may direct that in any election, the list of contesting candidates may be prepared in a language other than Kannada.

(2) The said list shall contain the names in the alphabetical order in Kannada and the addresses as given in the nomination papers of the contesting candidates.

(3) Where a poll becomes necessary, the returning officer shall consider the choice of symbols expressed by the contesting candidates in their nomination papers and shall allot the symbols in accordance with rule 14E.

1.Inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

2.Inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

3.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6- 2015, w.e.f.6-6-2015

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

(5) Every candidate or his proposer shall forthwith be informed of the symbol allotted to the candidate and be supplied with a specimen thereof by the returning officer.

14-E.Allotment of symbols.-(1) A candidate shall choose one of the free symbols other than those symbols which are allotted to recognized political parties in the State.

Explanation.- For the purpose of this sub-rule, a recognised political party means every political party recognised by the Election Commission of India as a National Party or as a State Party in the State of Karnataka under the Election Symbols (Reservation and Allotment) Order, 1968.

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

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

(4) The returning officer shall then prepare and publish a list of validly contesting candidates with symbols containing the names arranged in alphabetical order in Kannada in

Form No.XVI.

14-F Death of a candidate before the poll.-(1) If a candidate for election to the board from any area or constituency. –

(i) dies at any time after 11 a.m. on the last date for making nomination and his nomination is found valid on scrutiny; or

(ii) whose nomination has been found valid on scrutiny and who has not withdrawn his candidature dies and in either case, a report of his death is received at any time before the publication of the list of contesting candidates; or

(iii) dies as a contesting candidate and a report of his death is received before the commencement of the poll, the Returning Officer shall, upon being satisfied about the fact of the death of the candidate and with the prior approval of the Co-operative Election [2][Authority] by order announce an adjournment of the

1.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

2.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

poll to a date to be announced later and send a detailed report of the facts to the Co-operative Election [1][Authority];

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

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

Provided that no person who has given a notice of withdrawal of his candidature before the adjournment of the poll shall be ineligible for being nominated as a candidate for election after such adjournment.

(3) Where a list of contesting candidates had been published before the adjournment of the poll under sub-rule (1), the returning officer shall again prepare and publish a fresh list of validly contesting candidates from that constituency so as to include the name of the candidate who has been validly nominated

14-G. Procedure in contested and uncontested election.-(1) If the number of contesting candidates in any area or constituency is more than the number of seats to be filled from that area or constituency, a poll shall be taken.

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

(3) If the number of such candidates is less than the number of seats to be filled from that constituency or place, the returning officer shall declare all such candidates to be duly elected after withdrawal is over in

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

14-H. Adjournment of poll in emergencies.-(1) If at an election, the proceedings at any polling station or at the place fixed for the poll are

1.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

2.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

3.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

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

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

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

(3) In every such case as aforesaid; the Returning Officer shall announce in such manner as the Co-operative Election 3[Authority] may direct the date, place and hours of polling fixed under sub-rule (2).

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

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

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

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

1.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

2.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

3.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

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

(ii) any such error or irregularity in procedure as is likely to vitiate the poll is committed at a polling station or at a place fixed for the poll; the Returning Officer shall forthwith report the matter to the Cooperative Election [1][Authority]:

Provided that a report or certificate shall be obtained from the police or Tahsildar to the effect that the polling cannot be continued or counting of votes is rendered impossible.

(2) Thereupon the Co-operative Election Authority shall, after taking all material circumstances into account, either-

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

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

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

14-J. Adjournment of poll or countermanding of election on the ground of booth capturing.- If at any election,-

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

(ii) booth capturing takes place in any place for counting of votes in such a manner that the result of the counting at that place cannot be ascertained, the returning officer shall forthwith report the matter to the Co-operative Election [3][Authority]:

1.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

2.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

3.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

Provided that a report or certificate shall be obtained from the police or Tahsildar to the effect that the result of the poll cannot be ascertained due to booth capturing which has taken place at that polling station or place.

(2) The Co-operative Election Authority shall, on the receipt of a report from the returning officer under sub-rule (1) and after taking all material circumstances into account, either,-

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

(ii) if satisfied that in view of the large number of polling stations or places involved in booth capturing, the result of the election is likely to be affected, or that booth capturing had affected counting of votes in such a manner as to affect the result of the election, countermand the election.

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

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

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

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

(d) seizure of a place for counting of votes by any person or persons, making the counting authorities surrender the ballot papers or voting machines and the doing of anything which affects the orderly counting of votes.

14-K. Manner of voting.- At every election where a poll is taken, votes shall be given by ballot and all the members or representatives or delegates

1.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

voting at an election shall do so in person at the polling station and no v shall be received by proxy.

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

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

(2A) Separate ballot paper shall be printed for each constituency or seat as the case may be, if necessary."

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

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

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

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

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

(a) a notice specifying the polling area and the particulars of the voters (members /representatives/delegates) entitled to vote at the polling station; and

(b) a copy of the list of contesting candidates.

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

(3) The returning officer shall provide at each polling station a sufficient number of ballot boxes, copies of the electoral roll, ballot papers, instruments for stamping the distinguishing

mark on the ballot papers and articles necessary for the voters to mark the ballot papers, and such other materials as are necessary for the conduct of the poll.

1.Sub-rule (2-A) inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

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

Rule14N; Admission to the polling stations.- The presiding officer shall regulate the number of voters to be admitted at any one time inside the polling station and shall exclude there from all persons other than-

(a) polling officers;

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

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

(d) either the candidate or his authorised agent

(e) a child in arms accompanying a member;

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

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

Rule14-O; Identification of voters.-(1) A register shall be kept at the place of election and every voter shall before affixing his signature in the register kept for the purpose produce identity card issued under Rule 13 and then sign in the register and proceed to secure the identification slip.

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

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

Rule14P; Preparation of ballot boxes for poll.-(1) Immediately before the commencement of the poll, the presiding officer shall demonstrate to the candidates that the ballot box is empty and bears the labels.

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

1.Substituted for the word "Commission" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

(3) Where a seal is used for securing a ballot box, the presiding officer shall affix his own signature on the seal and obtain thereon the signatures of such of the candidates present as are desirous of affixing the same.

(4) Every ballot box used at a polling station shall bear labels, both inside and outside, marked with,

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

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

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

(d) the date of poll.

Rule14Q; Issue of ballot papers to the voters.-(1) Every ballot paper before it is issued to a voter, and the counterfoil attached thereto shall be stamped on the back with such Society's seal with signature of retuming officer as the voter may direct, and every ballot paper, before it is issued shall be signed in full on its back by the presiding officer.

(2) At the time of issuing a ballot paper to a voter, the polling officer shall,

(a) record on its counterfoil the electoral roll number of the voter and obtain his signature or thumb impression on the said counterfoil;

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

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

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

Rule14R; Maintenance of Secrecy of voting within the polling station and voting procedure.- Every elector, to whom a ballot paper has been issued, shall maintain secrecy of voting within the polling station and for the

1.Substituted for the word “distinguishing marks” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

purpose observe the voting procedure laid down by Co-operative Election Authority

Rule14S; Recording of votes of blind or infirm voters.-(1) If the presiding officer is satisfied that owing to blindness or other physical infirmity, a voter is unable to recognize the symbols on the ballot paper or to make a mark thereon without assistance, the presiding officer shall permit such member to take with him a companion of not less than eighteen years of age to the voting compartment for recording the vote on the ballot paper on his behalf and in accordance with his wishes, and, if necessary, for folding the ballot paper so as to conceal the vote and inserting it into the ballot box;

Provided that no person shall be permitted to act as the companion of more than one voter at any polling station on the same day; Provided further that before any person is permitted to act as the companion of a voter on any day under this rule, the person shall be required to declare that he will keep secret, the vote recorded by him on behalf of the voter and that he has not already acted as the companion of any other voter at any polling station on that day.

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

Statement of Illiterate, Blind and Infirm Voters

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

SL.No.of the Voter	Full name of Voter	Full name of Companion	Address of Companies	Signature of Companion.

Signature of the P.O.

Rule14T; Closing of poll.- After the polling is over,

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

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

1.Substituted for the word “Commission” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

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

Rule14U; Sealing of ballot boxes after the poll.-(1) As soon as practicable after the closing of the poll, the presiding officer shall close the slit of the ballot box, seal up the slit and thereafter the ballot box shall be sealed and secured.

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

Rule 14V; Account of ballot papers.- The presiding officer shall, at the close of the poll, prepare a ballot paper account in

Form XVIII and enclose it in a separate cover with the words “Ballot Paper Account” super scribed thereon.

Rule14W; Sealing of other packets.-(1) The presiding officer shall then make into separate packet-

(a) the marked copy of the electoral roll;

(b) the counterfoils of the used ballot papers;

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

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

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

(f) any other cancelled ballot papers;

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

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

Rule14X; counting of votes.-(1) After the polling is over, the presiding officer/polling officer shall close the poll and deliver the sealed ballot box to the returning officer who shall arrange for counting of votes immediately. Votes shall be counted by or under the

supervision of the returning officer or the assistant returning officer. Each candidate or his authorised agent shall have a right to be present at the time of counting. But the absence of any candidate or his agent at the time of counting shall not vitiate counting or

1.Substituted for the word “candidate or of his authorised agent” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

announcement of results by the returning officer. The CEC has to issue guidelines in this regard.

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

Form-XXI and announce the particulars.

Rule14Y; Declaration of result of election and returns to CEC.-(1) After the counting is over-

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

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

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

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

Rule14Z; Grant of certificate of election to the elected candidate.- As soon as may be after a candidate has been declared to be elected by the returning officer, the returning officer shall grant to such candidate a certificate of election in

Form XXIII and obtain from the candidate anacknowledgement of its receipt duly signed by him and immediately send the acknowledgement to the District Election Officer.

Rule14AA; Election expenses.- All expenditures like stationary, printing, postage, Xeroxing, fax, rent for the ballot boxes, indelible ink, police security and such other items of expenditure related to the election of representatives or directors of a cooperative society shall be borne by the society. Expenditure towards preparation of electoral roll, the travelling and other allowances and also remuneration payable to the returning officer, assistant returning officer, presiding officer and other polling personnel shall also be borne by the society itself at such rates as may be fixed by the CEC from time to time.

Rule14AB; Custody of ballot boxes and papers relating to election.- (1)All ballot boxes used at an election shall be kept in such custody as the in the custody of the chief executive of such Co-operative Society.

(2) Chief Executive Officer shall keep in safe custody.

(a) the packets of unused ballot papers with counterfoils attached thereto;
(b) the packets of unused ballot papers whether valid or rejected,
(c) packets of counterfoils of used ballot papers;
(d) the packets of the marked copy of the electoral roll; and
(e) the packets of the declaration by voters and the attestation of their signatures, and (f) all other papers relating to election.

Rule14AC; Production and inspection of election papers.-(1) While in the custody of the returning officer,-

(a) the packets of unused ballot papers with counterfoil attached thereto;
(b) the packets of used ballot papers whether valid or rejected;
(c) packets of counterfoils of used ballot papers;
(d) the packets of the marked copy of the electoral roll and
(e) the packets of the declaration by voters and the attestation of their signatures.

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

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

(a) all other papers relating to the election shall be open to public inspection; and (b) copies thereof shall on application be furnished.

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

1.Substituted for the word “such custody as the CEC may direct” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015
2.Substituted for the word “Returning Officer” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

Rule14AD; Disposal of election papers.- Subject to any directions to the contrary given by the CEC or by a competent Court,-

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

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

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

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

Rule14AE; Return or forfeiture of candidate's deposit.-(1) The deposit made under rule 14A shall either be returned to the person making it or his legal representative or be forfeited to the cooperative society;

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

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

(4) Subject to the provisions of sub-rule (3), the deposit shall be forfeited if at an election where a poll has been taken the candidate is not elected and the number of valid votes polled by him does not exceed one sixth of the total number of valid votes polled by all the candidates divided by the number of members to be elected.

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

Rule14F; Report of casual vacancy in a cooperative society.- When a casual vacancy occurs in the office of a representative or director the chief executive of the cooperative society shall give notice of such vacancy within seven days from the date of if the remaining term of the office of the board is more than half of its original term to the CEA The CEA shall conduct elections within sixty days from the date it being notified about the occurrence of any casual vacancy in the office of a director or representative of a cooperative society to fill up such casual vacancy in the manner provided in these rules.

1. Inserted by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.f.e.6-6-2015.

Rule14AG; Election of the office-bearers –(1) The Returning Officer appointed for the conduct of general election of directors to the board shall be the Returning Officer for the conduct of election of the office bearers also.

(2) Whenever a casual vacancy occurs in the office of the President or Vice-President, or any other office bearers, the Chief Executive shall send a communication to the CEC conveying the occurrence of such vacancy within seven days from the date of occurrence of the vacancy. The CEC shall take steps for conducting election to fill up the casual vacancy in the office of the President or Vice President or any other office bearer as the case may be, and appoint a returning officer for the purpose of the conducting election to till casual vacancy.

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

(4) Not less than two hours before the time fixed for the meeting for the election of President or Vice-President or any other office-bearers, any member of the board desirous of being elected as the president or vice president or any other office-bearer, as the case may be, may submit his nomination by delivering the nomination paper in

Form XXIV to the Returning Officer. Such nomination shall be proposed by another member of the board eligible to do so and seconded by a third member of the board eligible to do so.

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

Provided that if any director has proposed or seconded more than one candidate for the office of the President or Vice-President or any other office bearer of the society, the nomination which is received first shall be considered for scrutiny.

(6) The Returning Officer appointed under sub-rule (1) shall preside over the meeting of the board convened for the purpose of electing the office

1. Inserted by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.f.e.6-6-2015. 2. Inserted by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.f.e.6-6-2015.

bearers or filling up the casual vacancy in the office of the President or Vice President as the case may be.

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

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

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

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

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

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

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

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

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

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

(17) When an equality of valid votes is found to exist between any two or more candidates and the addition of one vote will entitle any of those

candidates to be declared elected, the Returning Officer shall forthwith decide between those candidates by lot in such manner as he may determine and proceed as if the candidate on whom the lot falls has received an additional vote. He shall thereafter declare the candidate on whom the lot falls to have been duly elected.

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

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

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

Rule14AH; Elections to the first board after registration.– The provisions of Rules 13 B to 13 G and 14 to 14 AG shall, mutatis mutandis, apply to the election of the first board after registration of a society.

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

Rule14AI; Election of the office- bearers in the first board.–The provisions of Rule 14AG shall mutatis mutandis apply to the election of the office bearersb of the first board of the society after registration.

Rule14AJ; General meetings(1) The board of a co-operative society may, at any time, call a general meeting of its general body.

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

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

by giving a notice of atleast ten clear days in writing. The notice may be sent in the following modes, namely:

(a) by ordinary post; or by bulk post or by courier

(b) by e-mail, sms; or

(c) by local delivery under proper receipt; and

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

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

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

time and place of such meeting; and

(iii) the subjects to be considered in such meeting.

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

(4) The meeting notice shall clearly state the place, date, time and agenda of the meeting. The Chief Executive shall send detailed notes on each of the subjects in the agenda including a copy each of the audited balance-sheet, profit and loss account, together with the auditor's report thereon relating to the preceding year, a report on the follow up action taken by the board on the audit report for the preceding year and the proposal to amend the bye-laws if any with the text of the proposed amendment along with the notice of the meeting. However the chief executive should also make available at the office the detailed notes on all the subjects in the agenda and complete auditor's report relating to the preceding year, to the members who are desirous of such information.

(5) The quorum for the general meeting shall be the attendance of ten percent or thousand in numbers which ever is less of the total number of members with right to vote of the general body of the co-operative society. No business shall be transacted at any general

meeting unless there is a quorum at the time when the business of the meeting is due to commence.

(6) If there is no quorum within an hour from the time fixed for the meeting, such meeting shall be adjourned.

1. Inserted by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.f.e.6-6-2015.

2.Substituted for the word "Tweny percent" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

Provided that a meeting which has been convened on the requisition of the members shall not be adjourned but dissolved.

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

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

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

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

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

(12) The chief executive shall record the minutes of the proceedings of the meeting truly and accurately as per the deliberations in the meeting in the book kept for the purpose with its pages consecutively numbered. When any member expressed dissent in the deliberation on any subject, the Chief Executive shall record the same truly and accurately. The minutes of the meeting shall contain a fair and correct summary of the deliberations thereat.

(13) The proceedings of each meting so recorded by the chief executive shall be signed by him and the chairperson of the meeting.

(14) The chief executive shall send a certified copy of the minutes of the meeting to all the members, the Registrar and the financing bank within thirty days from the

date of such meeting and publish a certified copy on the notice board of the co-operative society.

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

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

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

Rule14AK; Board Meetings.(1) The board may meet as and when required for transacting the business stated in Section 28C of the Act, or the byelaws.

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

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

(a) by speed post; or

(b) by courier; or

(c) by local delivery under proper receipt

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

(4) The number next to fifty per cent of the strength of the board as specified in the bye-laws shall form the quorum for a meeting of the board. the members who are all attending the meeting shall sign in the Book kept for the purpose before commencement of

the board meeting. If there is no quorum at the time of transacting any business in any meeting of the board, no such business shall be transacted.

(5) The provisions of sub-rules (6) to (10) and (12) to (15) of rule 14AJ shall, mutatis mutandis apply to the board meetings.

(6) Normally no subject other than those listed in the agenda shall be taken up for discussion. However, if there is no sufficient time to wait for the

1. Inserted by Notification No.CO 226 CLM 2014, dated 6-6-2015, w.f.e.6-6-2015.

decision on any subject in the next meeting of the board, such subject may be taken up for discussion and decision as an additional subject with the permission of the Chairperson of the meeting after giving necessary notes on such subject to all the directors and after discussion and decision on all the subjects listed on the agenda; Provided that no subject relating to the following matters shall be taken up for discussion and decision as additional subject, namely

a) election of directors;

b) election of office-bearers;

c) filling up the post of a director

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

e) imposition of penalties against the employees; and

f) any subject involving financial implication;

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

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

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

(9) When any director expresses dissent in the deliberations on any subject, the Chief Executive shall record the same truly and accurately as per the deliberations in the minutes of the meeting. The minutes of the meeting so recorded and signed shall be sent to all the directors within seven days from the date of meeting.

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

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

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

Rule14AL; Reservation in favour of S.C. / S.T.s, Women and Backward Classes on the board.- Where the board of a cooperative society is elected on area/ constituency basis, the constituencies where reservation of seats shall be provided for in favour of S.C. / S.T.s, Women and Backward Classes on the board shall be decided in the Annual General Meeting preceding the date of the general election of the board and shall be subject to such guidelines as may be issued by the Government in this behalf. It shall be ensured that the reservation of seats shall be so rotated that all the constituencies are covered under reservation in a phased manner.

Provided that if in a constituency reserved for SC, ST, Women or Backward Classes a member belonging to that caste or class or category residing within that constituency is not available, a member from any other constituency but within the area of operation of the society may contest from that reserve constituency.

Rule 14ALA; Rotation of backward classes seats.: Two seats reserved for backward classes shall be filled up as following, namely,-

(i) all the seats for the first term shall be filled by candidates from category 'A'and

(ii) all the seats for the second and third term shall be filled by candidates from category 'A' and 'B'and

(iii)all the seats for the fourth term-shall be filled up by candidates from category 'A' ;

and this process shall be continued sequentially.

1.Substituted for the word “CEC” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

2. Rule 14-ALA inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

Provided that the Registrar of Co-operative Societies shall issue clarifications /directions /Instructions in this regard, if necessary."

Explanation:- Backward classes consisting of category "A" and "B" means as prescribed m Kamataka Panchayat Raj Act.]

Rule 14AM; Powers and Functions of the chief executive-(1) In addition to the powers stated in sub-sections (4) and (5) of Section 29G, the chief executive shall have the following powers and duties-

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

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

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

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

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

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

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

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

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

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

(10) Place before the board the reports of audit under section 63, inquiry under section 64 and inspection under section 65 along with actions that may be taken to rectify the defects or remedy the irregularities noted in the said reports;

(11) Send the reports of compliance on the rectification of the defects and remedying of the irregularities noted in the sai by the board and continue to send

such rectification reports to the Director of cooperative audit or the Registrar, as the case may be, periodically till all such defects are rectified and such irregularities are remedied,

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

(13) If any director of the cooperative society is eligible to continue in his post, under the Act, rules and bye-laws it has to report to the jurisdictional Registrar within thirty days.

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

(15) In respect of an apex society, the chief executive -

(i) shall have power to transfer the employees in consultation with the chairperson;

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

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

(17) If any decision or resolution is taken by the board of a Co-operative Society in clear contravention of the Act, Rules or byelaws, such decisions shall not be carried out and the Chief Executive shall report the matter to the jurisdictional Registrar].

1. Sub-rule (17) inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

[15: (1)Remuneration payable to the administrator and special officer- Any officer or employee of the Government or a Cooperative organization may be appointed as administrator or special officer of a cooperative society of the Act-

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

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

[16: Disqualification for membership of committee;x x x x x]

Rule17: (1)Officers and employees of Co-operative Societies qualifications, etc: (1)Subject to the budget allotment sanctioned by the General Body, the Managing Committee of the Co-operative society shall from time to time determine the strength of the establishment of the Co-operative society keeping in view the work load and the Business requirements of the Co-operative society and the scale of pay and other allowances admissible to each employee of the establishment thereof with reference to the financial position of the Co-operative society:

Provided that in respect of a Co-operative society which is under loss continuously during the preceding three years or where there is an accumulated loss or where the ratio of establishment expenditure to the working capital or turn over as at the end of preceding three years exceed two per

1. Rule 15 inserted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013.

2.Substituted for the word “Special officer” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

3. Substituted for the word “special officer” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

4.Substituted for the word “special officer” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

5. Substituted for the word “special officer” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

6. Substituted for the word “special officer” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

7. Rule 16 omitted by GSR 392, DATED 8-12-1977, w.e.f.29-12-1977.

8. Sub-rule (1) Substituted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

9. Substituted for the word “committee” by Notification No. CO 226 CLM 2014, dated 10-7-2013, w.e.f.10-7-2013.

cent, [prior approval of the prior approval of the Government shall be obtained for any such determination and prior approval of Registrar shall be obtained for increase in the scale of pay and other allowances]

Explanation- For the purpose of sub-rule (1)

(a) Establishment expenditure means all expenses on salary, allowances, traveling expenses, leave salary, gratuity, provident fund contributions and such other related expenses of all the employees of the Co-operative society;

(b) Working capital means, total of paid up share capital, reserve fund, other funds, deposits, borrowings and unappropriated profits of a Co-operative Society as have not been invested in buildings and other fixed assets;

(c) Turnover means sales during the year inclusive of credit sales and sales on commission basis provided that in case of sale of controlled commodities under Public Distribution System of Government, fifty percent of such sales is excluded from the sales turnover:

Provided that whenever any new post is created or any enhancement of allowances done or any revision of pay scales effected in any Co-operative society the Chief Executive of such Co-operative Society shall send a factual report to the Registrar along with complete details regarding the financial implications, the resolution of the committee and justification for the same:

Provided further that the Registrar may issue necessary guidelines to the Co-operative Societies in this behalf.

Provided also that,-

(a) the cadre strength of the Cooperative Societies in case of agricultural credit structure shall not exceed the limit specified by the National Bank for Agriculture and Rural Development, Human Resources Policy ,if specified.;

(b) the cadre strength of the Karnataka Milk Federation and District Milk unions shall be in accordance with the National Dairy Development Board, if specified.;

1. Substituted for the word “prior approval of the Registrar shall be obtained for any such determination of or increase in the scale of apply and other allowances" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

2. Substituted for the word “commission” by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

3. Substituted for the word “committee” by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013.

4. Provision inserted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013.

(c) the cadre strength in case of urban banks shall not exceed the limits specified by the Reserve Bank of India or method adopted by the nationalized banks.;

(d) the cadre strength of other cooperative societies shall not exceed the limit specified by the Registrar.

Provided also that, subject to sub-rule (1), in the absence of guidelines by National Bank for Agriculture and Rural Development, Reserve Bank of India, National Dairy Development Board, the Registrar of Co-operative Societies shall specify such guidelines.

(2) No persons shall be eligible for appointment to the posts mentioned below unless he possesses the qualification specified against them: The designation and qualification of the chief executive officer of agriculture credit structure, Karnataka Milk Federation and district milk union, urban banks shall be as specified in the Annexure and in respect of other societies, the Registrar of Co-operative Societies shall specify such guidelines"

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

[2]**[A. Chief Executive, Secretary, Assistant Secretary or Manager.** - (i) A degree or post-graduate degree in Co-operation of any recognised university; or

(ii) Any degree (other than degree or post-graduate degree in co-operation) of any recognized university:

Provided that preference shall be given to persons possessing higher diploma in Co-operative Management. If no suitable candidate with higher diploma in Co-operative Management is available, Diploma in Co-operation of an institute of Co-operative Management or a Co-operative training Centre shall be considered.]

B. Accountants, Clerks, Ledger-keepers, Sales Clerks and Shroffs.-[3][(i) A degree or post-graduate degree in co-operation or any other degree of a University established by Law in India; or

[4](ii) xxxxx.]

[6][**C**. In the case of an assisted Society, the Government shall appoint officers of the level of Group A Officers and the Registrar shall appoint up to

1.Inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

2.Clause A substituted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015.

3.Items (i) and (ii) substituted by S.O.379, dated 25-1-1978, w.e.f.9-2-1978.

4.Substituted for the words “A degree of” by GSR 85, dated 28-3-1978.

5.Clause (C) inserted by Notification No. CMW 70 CLM 2001, dated 20-06-2003, w.e.f.4-7-2003.

the level of Group B Officers specified in column (2) of the table below as the Chief Executives of the assisted Co-operative Societies.

[1]**[TABLE**

Category of Societies	Cadre of Officers who may be appointed as Chief Executive
All Co-operative Societies whose area of operation (i)is less than a District	----- not below the rank of Senior Inspector of Co-operative Societies
(ii)extends to a District	not below the rank of Assistant Registrar of Co-operative Societies
(iii)is beyond a District (including Apex Societies)	not below the rank of Deputy Registrar of Co-operative Societies.]]

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

(3) No appointment by direct recruitment shall be made except by calling for applications from eligible candidates by notifying the same; provided that, this restriction shall not apply to the appointment of an officer whose service have been lent by the Government.

3[Provided that this restriction shall not apply.–

(i) To the appointment of an officer whose services have been lent by the
(ii) Government;
To the filling up of a post through compassionate appointment as per rules;

[(iii) x x x x x.]]

5[(4) The Managing Board of a co-operative society may engage persons on "Out source" basis in the exigency of service of the co-operative society, for a period which ordinarily shall not exceed eleven months.]

1.Table substituted by Notification No. CMW 103 CLM 2004, dated 6-10-2004, w.e.f.7-10- 2004.
2.Proviso inserted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013 3.Proviso substituted by Notification No. CO 223 CLM 2006, dated 29-11-2007, w.e.f.29-11- 2007
4.Clause (iii) omitted by Notification No.CO91 CLM 2006, dated 5-10-2010, w.e.f.6-10-2010 5.Sub-rule (4) substituted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6- 2015

1[x x x x x.]

2**[17-A. Constitution of recruitment committee for direct recruitment**. (1) The recruitment committee for direct recruitment, shall be as following, namely.-

(i)	President of the concerned Co-operative Societies	President
(ii)	One Director to be selected by the Board of that Society	Member
(iii)	Registrar of Co-operative Societies or his nominee not below the Member rank of Assistant Registrar of Co-operative Societies	Member
(iv)	One Expert with experience in the field of cooperation with Member particular reference to the activities of the Co-operative society to be nominated by the board of that society	Member
(v)	The Chief Executive of the society	Member-Secretary

(2) The minimum quorum for the meetings shall be three.

3[**18. Conditions of service of the employees of the co-operative societies**.- Every co-operative society shall lay down in its bye-law, conditions of service of its employees. If it is not already laid down, it can be incorporated within three months from the date of commencement of these rules.]

19. Prohibition against being interested in contracts, etc.-(1) No officer of a Co-operative Society shall have any interest, directly or indirectly otherwise than as such officer.-

(a)in any contract made with the society; or

(b)in any property sold or purchased by the society; or

(c)in any other transaction of the society except as investment made or as loan taken from the society or the provision of residential accommodation by the society to any paid employee of the society.

(2) No [4][Office-bearer or member of the [5][Board] or employee] of a Co-operative Society shall purchase, directly or indirectly, any property of a member of the society, sold for the recovery of his dues to the society.

1.Rules 17-A, 17-B, 17-C and 17-D omitted by GSR 85, dated 28-3-1987.

2.Rules 17-A, inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

3.Rules 18 substituted by Notification No. CO 14 CLM 2013, dated 10-7-2013

4.Substituted for the word "officer" by Notification No. CO 223 CLM 2006, dated 29-11-2007, w.e.f.29-11-2007.

5.Substituted for the word "committee" by Notification No. CO 14 CLM 2013, dated 10-7- 2013, w.e.f.10-7-2013

Chapter V

Properties and funds of Co-operative Societies

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

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

(a)	President, Chairperson of the State Cooperative Federation	Chairperson
(b)	Four apex societies' president/ chairpersons i.e. Karnataka State Cooperative Apex Bank Ltd., Karnataka Cooperative Milk Federation Ltd., Karnataka State Cooperative Urban Banks Federation Ltd., and Karnataka State Credit Cooperative Societies Federation Ltd., Member are the members.	
(c)	The Director, Regional Institute of Co-operative Management, Bangalore.	Member
(d)	The Registrar of Cooperative Societies or his Nominee	Member
(e)	The chief executive officer of the State co-operative Federation.	Member Secretary

(3) The quorum for a meeting of the advisory committee shall be five. The advisory committee shall be convened at least once in three months.

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

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

(6) Subject to such directions as the advisory committee may give from time to time, the fund may be utilized for any of the following purposes

1.Rules 20 substituted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013

connected with the cooperative education, training and human resource development of the co-operative societies, namely:-

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

(b) human resource development in the cooperative societies;

(c) development of cooperative societies;

(d) capacity building and business management;

(e) professionalization;

(f) technical up gradation;

(g) education, training, research, man power and power and related infrastructure;

(h) research and development;

(i) development of the cooperative movement in general;

(j) co-operative propaganda and publicity;

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

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

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

(7) The State Co-operative Federation shall prepare annual budgets and formulate training and education programmes for the development of co-operatives and co-operative movement particularly in matters such as financial and business management in the co-operative societies, member education, awareness buildings on cooperative principles and values etc., according to the overall guidelines issued by the advisory committee and be responsible for implementation of the same.

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

(9) The board of every cooperative society shall also include in its annual budget provision for expenses on member and potential member education and training of its directors and employees. It shall ensure that the members, directors and employees are well informed and trained about the theory, principles and practice of co-operation. It shall also aim at ensuring that the

transparency, the levels of awareness, member participation and member control expected of any good co-operative society are reached out to the members, the directors and the employees of the co-operative society.]

1[**20-A. Funds of Karnataka State Co-operative Urban Banks Federation**.- (1) Every Urban Cooperative Bank shall contribute 1% of its net profit to the Karnataka State Co-operative Urban Banks Federation within thirty days from the date of its Annual General Meeting.

(2) The amount so contributed under in sub-rule (1) shall be maintained and administered by the Karnataka State Co-operative Urban Banks Federation and shall be utilized as advised by the advisory committee consisting of. –

(a)	President, Karnataka State Co-operative Urban Banks Federation	President

(b)	Presidents of four Urban Co-operative Banks nominated for such period by the Karnataka State Co-operative Urban Banks Federation	Member
(c)	Regional director, Regional Institute of Co-operative Management, Bangalore.	Member
(d)	Registrar of Co-operative Societies or his nominee not below the rank of Assistant Registrar of Co-operative Societies	Member
(e)	Chief Executive, Karnataka State Co-operative Urban Bank's Federation	Member Secretary

(3) The quorum for a meeting of the advisory Committee shall be five. The advisory committee shall convene a meeting at least once in three months.

(4) Sub rule (7) to (9) of rule 20 shall mutatis - mutandis apply to the Advisory Committee also.]

21. Disposal of unappropriated profits.- Any profits not appropriated in the manner specified in the Act, the Ru1es and the bye-laws shall forthwith be credited by a Co-operative Society to its reserve fund.

21-A. Maximum rates of Travelling Allowance, Daily Allowance and sitting fee.- x x x x x.]

22. Manner of determining net profits under sub-section (1) of Section 57 and rate at which dividend may be paid by Co-operative Societies.- (1)

In determining net profits from which not less than 25 per cent are to be taken to the reserve fund under sub-section (2) of Section 57, the following procedure shall be adopted.-

(a)All interest accrued due, but not actually realized shall be deducted from the gross profits for the year, before the net profits are arrived at. So much of the accrued interest that has been so deducted from the profits of the year, as are actually recovered during the subsequent year. The Registrar may, in special cases and after due enquiry, permit a society to treat interest accrued due for a period not exceeding one year as profits; but, if the amount so permitted to be treated as profits is not actually recovered during the subsequent year before the net profits of that year are arrived at;

(b)All interest paid and due for the year shall be charged off to profit;

(c)All management expenses paid and due for the year shall be charged off to profit;

(d)All rents, rates, taxes, subscriptions and insurance charges paid and due for the year shall be charged off to profit;

(e)Audit fee due for the year in accordance with the scale fixed by Government shall be charged off to profit;

(f)Adequate provision for depreciation on furniture, stock, building, land and other property owned by the society shall be made in accordance with the provisions of the bye-laws and charged off to profit;

(g)In the case of Trading Co-operative Societies, Marketing Co-operative Societies, Industrial Co-operative Societies and Processing Co-operative Societies provision shall also made for contribution to the Trade fluctuation Fund in pursuance of the by-laws to be framed for this purpose;

(h)Any other items notified by the Registrar as being a charge on the profits of any particular class or type of societies shall also be charged off to profit during the audit of such class or type of societies.

1[(2) No Co-operative Society shall pay its share-holders a dividend exceeding twenty-five per cent in any year on the paid-up share capital in the name of each share-holder:

3[x x x x x;]

Provided further that bonus, if any, paid on shares shall also be subject to the overall limitation mentioned in this sub-rule.]

23. Object and investment of Reserve Fund.-(1) A reserve fund maintained by a Co-operative Society shall belong to the society and is intended to meet unforeseen losses. It shall be indivisible and no member shall have any claim to a share in it.

(2) A Co-operative Society shall not invest or deposit its reserve fund except in one or more of the modes mentioned in clauses (a) to (d) of Section 58 of the Act:

Provided that the Registrar may, by general or special order, permit any Co-operative Society or any class of Co-operative Societies to invest the reserve fund or a portion thereof on its own business, or in the construction or purchase of buildings or lands required for carrying on the objects of the society.

(3) No Co-operative Society whose reserve fund has been separately invested or deposited shall draw upon, pledge or otherwise employ such fund, except with the sanction of the Registrar previously obtained in writing.

24. Disposal of Reserve Fund on winding up of a Co-operative Society.-(1) On the winding up of a Co-operative Society, the reserve fund together with other funds constituted by the society in accordance with its bye-laws, shall be applied by the liquidator to the

discharge of such liabilities of the society as may remain un discharged out of the assets of the society, in the following order, namely:

(a) the debts of the society;

(b) the dividend upon paid-up share capital at rates not exceeding six per cent for any periods for which dividend has not been paid,

or such dividend upon paid up share capital as will bring dividend to the maximum rate for any period for which the dividend at a rate lower than the

1.Sub-rule (2) substituted by GSR 80, dated 5-3-1976.

2.Substituted for the words “twelve per cent” by Notification No. CMW 261 CLM 96, dated 10-11-1997.

3.First proviso omitted by Notification No. CMW 261 CLM 96, dated 10-11-1997.

4.Substituted for the word, brackets and letters “(a) to (d)” by Notification No. CO 200 CLM 2009, dated 15-12-2009, w.e.f.16-12-2009.

maximum specified has been paid. No dividend shall, however, be paid on share capital, if the bye-laws of the society do not provide for payment of dividend.

1[(2) any surplus funds remaining after the payment mentioned in sub-rule (1) shall be utilized in the following manner and subject to the following conditions, namely.-

(a)in the case of a Co-operative Society other than a financing bank,- (i) the surplus funds shall be applied to such object of public utility as may be selected by the general body of the dissolved Society at a meeting and approved by the Registrar. If within thirty days, after the issue of notice by the liquidator appointed to wind up the affairs of the society, the General Body fails to make any selection that is approved by the

Registrar; the liquidator shall transfer the surplus funds to the Co-operative Development Fund.

(b)In the case of financing bank, the surplus funds shall be assigned by the Registrar to the reserve fund or funds of any other financing bank or banks, to which the societies working in the area in which the financing Bank which is being wound up carried on its operations are affiliated. If there is no financing bank working in such area, the Registrar shall direct the liquidator of the concerned liquidated society to transfer such surplus funds to the Co-operative Development Fund.

(c)The Registrar shall utilize the Co-operative Development Fund for the following purposes with the prior approval of the State Government, namely.-

(i) Organization and establishment of research centers for the purpose of conducting study, research in the Co-operative sector and to hold seminars and workshops at State/National level on the latest trends in Co-operative movement.

(ii) Creation of infrastructure such as construction of buildings, acquisition

(iii) of vehicles and other facilities.

Any other related development works, assignments entrusted by the State Government from time to time or any other statutory body/agencies who are in the Co-operative field, duly recognized and authorized by the State Government;

1.Sub-rule (2) substituted by Notification No. CMW 103 CLM 2004, dated 6-10-2004, w.e.f.7-10-2004

(iv) the Registrar shall submit annual progress report and future programmes of activities to be undertaken by the Department to the Government.]

1[**24-A. Transfer of surplus fund and assets of liquidated society**.- Notwithstanding anything contained in rule 24 and 33, the surplus amount available or indisposed immovable property is left with the liquidated society, the liquidator shall transfer the surplus fund to the co-operative development fund and the immovable property to Government as directed by the Registrar of Co-operative Societies.]

[**25. Borrowings by Co-operative Societies**.- x x x x x.]

26. Transactions with non-members.- Save as otherwise provided for in Section 59 and Section 60 3[x x x x x] no Co-operative Society shall enter into any credit transaction with a person other than a member, unless.-

(a)the bye-laws of the society permit it to enter into such transactions; or

(b) the previous sanction of the Registrar has been obtained by the society.

27. Restrictions on grant of loans by a Co-operative Society.- (1) No Co-operative Society shall grant loans or make advances against the security of its own shares.

(2) The total amount of loans granted by a Co-operative Society to the members of its 4[Board] of Management and outstanding against them in the aggregate shall not at any time exceed 5[ten per cent] of the total of all loans granted by the society and outstanding against its members at any time.

28. Maintenance of fluid resources.- Every Co-operative Society accepting deposits and granting cash credits shall maintain fluid resources in such form and according to such standards as may be fixed by the Registrar, fro l or special order.

28-A. Declaration by a member borrowing loans from certain societies.- (1) A declaration under clause (1) of sub-section (1) of Section 33 shall be in form I.

form II.

1.Rule 24-A inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015 2.Rule 25 omitted by Notification No. CO 200 CLM 2009, dated 15-12-2009, w.e.f.16-12-2009 3.The words "and except with the general or special sanction of Government" omitted by Notification No. CO 200 CLM 2009, dated 15-12-2009, w.e.f.16-12-2009

4.Substituted for the word "committee" by Notification No. CO 200 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013

5.Substituted for the words "twenty-five per cent" by Notification No.CO 200 CLM 2009, dated 15-12-2009, w.e.f.16-12-2009

[**28-B. General Meetings**.- x x x x x

28-C. Committee Meetings.- x x x x x.]

[**28-D. Foreign tour of Office bearers and members of Co-operative Society**.- The provisions relating to foreign tours of office-bearers and members shall be as following namely.-

(1) Foreign tour by a director or an office bearer of a Co-operative Society shall not be considered more than twice in their tenure with prior permission of the Government;

(2) If the director is on two boards, he shall not undertake foreign tour from both the societies during the same tenure;

(3) Foreign tour by chief executive or Officer or Official of a Co-operative Society shall not be considered more than twice in five years with the prior permission of Government;

(4) Foreign tour by the members of a Co-operative Society shall not be considered more than twice in five years

(5) The above foreign study tour shall be to acquire special knowledge and skills improvement, to attend workshop, seminar also.

Provided the above proposals of such Co-operative Societies which are in continuous profit during last three years and where there is no accumulated loss shall only be considered for foreign tours.]

Chapter VI
Audit

3[**29. Subject-matter of audit**.- (1) A cooperative society shall maintain books of accounts and registers having regard to its objects and showing a true and accurate picture/status of all the transactions relating to its affairs particularly with reference to all receipts and payments; all income and expenditure; administration and management; business operations; every contact made with members and those having business relationship with the society; conduct of general meetings/ board meetings/sub-committee meetings and such other meetings; transaction with members and nonmembers; loans and advances to the members and recovery of such loans; its assets and liabilities; all purchases and sales of goods; production, processing and manufacturing; utilization of

1.Rule 28-B and 28-C as inserted by Notification No. CO 226 CLM 2005, dated 6-7-2006, w.e.f.6-7-2015, omitted by Notification No. CO 223 CLM 2006, dated 29-11-2007, w.e.f.29-11-2007

2.Rule 28-D inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

3.Rule 29 substituted as Rules 29 and 29-A to 29-F by inserted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013

materials or labour; recruitment and promotion of employees and disciplinary action against them; raising resources and utilization of the funds; investment of funds; bank accounts; accounts

and audit; distribution of profit etc., It shall maintain the original registration certificate; its byelaws with the registered amendments; the service rules with upto date amendments; its business rules / subsidiary regulations with upto date amendments; the Cooperative Societies Act and rules with upto date amendments; other law books applicable to its business and administration; etc., It shall also keep such account books and registers in connection with the business of the society as the Registrar of Co-operative Societies may from time to time, require.

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

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

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

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

(c)verification of balances at the credit of the depositors and creditors and of the amounts due by the society's debtors, of such proportion thereof as may be fixed by the Registrar of Co-operative Societies or the Reserve Bank of India or NABARD as the case may be;

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

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

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

1.substituted for the words " and taken" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

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

(h)compliance with the transparency and other related laws to the extent applicable to the co-operative societies in the various transactions and operations of the society;

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

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

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

(l)any other matter that may be specified by the Register of Co-operative Societies or the Reserve Bank of India or the NABARD as the case may be:

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

(3) The board of every cooperative society shall ensure that the annual financial statements like the receipts and payments / income and expenditure, profit and loss and the

balance sheet along with schedules and other statements are prepared and presented for audit before the auditor or auditing firm within thirty days of the close of the cooperative year:

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

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

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

(c) statement of bank reconciliation and balance confirmation;

(d) membership and share schedule;

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

(f) loans and advances to the directors;

(g) loans and advances to the employees;

(h) demand, collection and balance statement;

(i) list of defaulter members;

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

(k) schedule of investments made and confirmation statement;

(l) schedule of bad and doubtful debts;

(m) loan confirmation statement;

(n) investment on the assets during the year;

(o) schedule of directors who have absented for three or more meetings of the board; (p) schedule of members who have not attended three or more general meetings; (q) schedule of members who have complied with the requirement of the bye-laws as far as obligations of membership are concerned;

(r) statement of misappropriation or embezzlement cases;

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

(t) schedule of the arbitration and execution cases;

(u) schedule of the reserves and other funds;

(v) schedule of the depositors if any;

(w) schedule of the assets and properties;

(x) schedule of the closing stock;

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

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

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

(5)While conducting the statutory audit of a co-operative society, the auditor/auditing firm may issue, from time to time during audit, interim objection to the chief executive of the co-operative society of to the officer performing duties of the chief executive for compliance or explaining the defects and irregularities pointed out in such objections within a period not exceeding five days. The chief executive shall return the interim objection sheets with the compliance/reply to the auditor/auditing firm within the time specified by the auditor. The auditor or auditing firm shall review the compliance report and drop such objections which, in his opinion, have been complied with satisfactorily and shall incorporate the remaining objections in the audit report.

29-A. Qualification for appoint diting firm.-(1) The auditor or

auditing firm who shall be included in the panel of auditors may be an auditor or auditing firm where as provided in the Act.

(2) None of the following persons shall be qualified for appointment as an auditor/auditing firm for a co-operative society.-

(i) an officer or employee of the co-operative society;

(ii) a person who is a member of that co-operative society;

(iii) a person who indebted to the co-operative society or who has given any guarantee or provided any security in connection with the indebtedness of any

third person to the co-operative society prior to or during the course of audit;

(iv) a person or a member of his family who has a direct or indirect interest in the affairs of the co-operative society; and

(v) a person who is willfully not complied with the provisions of the Act or the rules during the audit of accounts of any co-operative society for the previous co-operative year.

(3) Any person not having the qualification and experience for appointment as an auditor under Section 63 and any person no included in the panel of auditors or auditing firms maintained and approved by the Director of Co-operative Audit shall not be appointed as an auditor/auditing firm for the conduct of audit of accounts of any co-operative society.

(4) An auditor or auditing firm ceases to hold office when he.-

(a) resigns; or

(b) completes his/her term of office.

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

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

29-B. Procedure for enlistment of the Auditors and Auditing firms.- (1) The Director of Cooperative Audit shall give a public

notification in a widely circulated kannada news paper and through departmental website inviting applications from the intending Chartered Accountants and Chartered Accountants Firms [and Cost Accountants and Cost Accountant Firm] possessing the requisite qualification and experience and willing to be included in the list of Auditors and or Auditing firms for taking up the audit of accounts of any Co-operative societies.

(2) The Director of Co-operative Audit shall scrutinize the applications according to the rules and prepare a draft list of eligible Auditors and Auditing firms and publish in the Departmental Website.

Earlier sub-rule (3)

(3) The enlistment of the Auditor or Auditing Firm shall be valid till such period he withdraws his name or he is disqualified for any professional misconduct. Further, the Director of Co-operative Audit shall enlist any Auditor or Auditing Firm on an application made by the concerned in the format prescribed if applicant satisfied the required conditions.

Note.- The Director of Co-operative Audit shall categories the societies into three groups based on working capital and total turnover and also classify the Auditors into three categories based on their experience for assigning them to respective category of societies in the following manner.

Sl. No.	Categories of Societies	Panel of Chartered Accountant and Chartered Accountant Firms and Departmental Auditors eligible for audit
1	Group “A” Societies having more than RS.25 crores of working capital/turnover	Chartered Accountants and Chartered Accountant Firms having minimum of ten years experience.
2	Group “B” Societies having Chartered Accountants	Chartered Accountants and

	and Chartered Accountant more than Rs.10 crores of working capital/turnover	Chartered Accountant Firms having minimum of five years experience.
3	Group "C" Societies having less than Rs.10 crores of working capital/turnover, grouped into district-wise lists.	Chartered Accountants and Chartered Accountant Firms having minimum of three years experience and officials of the Department of Co-operative Audit, grouped into district-wise
	Auditors listed against 'A' Category Societies can Audit 'B' and 'C' Category Societies and Auditors listed against 'B' Category can take up the Audit of 'C' Category Societies.	

1.Inserted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

1[(3)

Sl. No.	Categories of Societies	Panel of Chartered Accountant and Chartered Accountant Firms and Departmental Auditors eligible for Audit and Cost Accountants and Cost Accountants Firms
1	Group "A" Societies having more than RS.25 crores of working capital/turnover	Chartered Accountants and Chartered Accountant and Cost Accountants Firms having minimum of ten years experience and officials of the Department of Co-operative Audit not below the rank of Deputy Director of Co-operative Audit.
2	Group "B" Societies having more than Rs.10 Crores of working capital/turnover and below Rs. 25 Crores of working capital/turnover.	Chartered Accountants and Chartered Accountant Firms having minimum of five years experience and officials of the Department of Co-operative Audit, having minimum of five years experience.
3	Group "C" Societies having less than Rs.10 Crores of	Chartered Accountants and Chartered Accountant Firms
	working capital/turnover, grouped into district-wise lists.	and Cost Accountants Firms having minimum of three years experience and officials of the Department of Co-operative Audit, Grouped into district-wise panels.

Auditors listed against 'A' Category Societies may Audit 'B' and 'C' Category Societies and Auditors listed against 'B' Category may audit of 'C' Category Societies.

Note.- District Central Co-operative Banks and Apex Bank shall select Chartered Accountants or Chartered Accounts Firms from the panel of auditors prepared and maintained by the National Bank.]

(5) The categorization of Auditors and grouping of co-operative societies shall be made/updated every year after the end of financial year.

(6) The general body of every cooperative society shall select an auditor/ auditing firm out of the panel communicated by the Director of Cooperative Audit for being appointed as the Auditor/auditing firm, for the audit of accounts of the cooperative society. But, the same person shall not be appointed as an auditor or auditing firm of the same cooperative society for more than two years consecutively.

1.Sub-rule (3) substituted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

(6)The Auditor/Auditing firm so appointed by the general body shall complete the audit of accounts of the cooperative society for the previous cooperative year in accordance with the provisions of the Act and these Rules as early as possible and submit the audited financial statements and the accompanying audit report within thirty days from the date of completion of audit or by the first day of September, whichever is earlier, to the cooperative society, the Registrar and the Director of Cooperative Audit and the financing agency, if any.

(7)Provided for the audit of co-operative year 2012-13, including arrears of audit if any, the board of a co-operative society is competent to appoint the Auditor from the panel communicated by the Director of Co-operative Audit and shall get its accounts audited before 1st of September, 2013.

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

(9)When a Co-operative Societies is newly registered, the General Body of the society is in its first general meeting shall appoint the Auditor or Auditing Firm from the list of eligible Auditors and Auditing Firms in the respective panel of Auditors published in the Departmental Website.

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

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

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

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

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

(12) The Director of Co-operative Audit shall be competent to issue necessary guidelines to the auditors or auditing firms for the purpose of ensuring timely completion of Audit.

(13) The Director of co-operative audit shall update the list of cooperative societies of every district as on 1st of April every year; reconcile it with that of the Registrar of Cooperative societies of that District.

29-C. Audit of a Cooperative Society which is defunct or under liquidation.–Where a society is under liquidation, the liquidator shall convene a General Body Meeting which shall appoint an Auditor or Auditing Firm out of the list of eligible Auditor or Auditing Firm published

in the Departmental Website. Where it is not possible to convene the general body meeting the liquidator shall follow the procedure in Rule 33(i).

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

29-E. Requisition for Re-audit of the account by the General body.- When the general body of a cooperative society resolves to provide for re-audit of any account of the society under sub-section (12) of Section 63, it shall appoint a different auditor or auditing firm for conducting such re-audit. The cost of such re-audit shall be borne by the cooperative society.

29-F. Re-audit of an account by the order of the State Government.- When the State Government orders for the re-audit of the accounts of a cooperative society, the Director of Co-operative Audit shall arrange for such re-audit by a different auditor or auditing firm. The cost of such re-audit shall be borne by the co-operative society.]

1[**29-G. Preservation of audit report**- Co-operative Societies shall maintain Audit report as a permanent record. Director of Co-operative Audit and District Deputy Director of Co-operative Audit shall maintain audit reports in digitalised format up to a period of ten years:

Provided in the event of any dispute or the pendency of a criminal case, The Department of Cooperative Audit shall preserve the record of a co-operative Society till such dispute or the criminal case is finally decided.]

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

1.Rule 29-G interested by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015
2.Rule 30 substituted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013

1**[30-A. Remittance of Audit** 2**[remunearation].-** In the event of a Co-operative Society failing to pay the remuneration payable to the Government or an auditor under the provisions of Rule 30, the Director of Co-operative Audit may call upon the bank where the concerned Co-operative Society has maintained its account to remit ht e outstanding amount of remuneration to the Government. On receipt of such demand, the bank shall remit the sum as audit remuneration to the Government or the concerned auditor out of the amount at the credit of society. The bank shall comply with the directions issued by the Director of Co-operative Audit and indicating the particulars of the remittance. Further the same procedure will be followed if any payment of remuneration is due to any Charted Accountant and Charted Accountant's Firms.]

Chapter VII
Settlement of Disputes

31. Procedure for reference and arbitration.-(1) A reference to the Registrar of any dispute under Section 70 of the Act shall be in writing and stamped with such stamp and in accordance with such scale as may be notified by Government in this behalf.

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

(3) Where on receipt of a reference under sub-rule (1) the Registrar decides under clause (c) of sub-section (2) of Section 71 to refer it for disposal by arbitration, the reference shall be made to one arbitrator appointed by the Registrar.

(4) (a) The Registrar, the Arbitrator, or other person deciding the dispute shall, after service of summons on the parties concerned, in a manner prescribed by these rules, record a brief note of the evidence of the parties and witnesses who attend and upon the evidence so recorded, and after consideration of any documentary evidence produced by the parties, shall give a decision or award, as the case may be, in accordance with justice, equity and good conscience.

(b)The decision or award given shall be in writing and pronounced in open Court. If a party duly summoned fails to attend, the dispute may be decided ex parte. Ex parte decisions on awards may, on sufficient cause for non-attendance being shown, be set aside by the Registrar, and the dispute ordered to be re-taken on the file and disposed of:

1.Rule 30-A interested by Notification No. . CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7- 2013

2.Substituted for the word "Fee" by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

3.Sub-rule (2) substituted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013

Provided that no application for setting aside an ex parte decision or award shall lie, unless made within thirty days from the date of such decision or award, then the party for whose non-attendance, such decision or award was made, had been duly served in the dispute or in other cases within thirty days from the date of knowledge of such decision or award having been made.

(5)[1][(a) When the Registrar,-

(i) decides the dispute himself under clause (a); or

(ii) transfer it for disposal to any person who has been invested by the State

(iii) Government with the powers in that behalf under clause (b); or
refers a dispute for disposal to an Arbitrator under clause (c), of sub-section (1) of Section 71, he shall have powers to require the party or parties concerned to deposit in advance such fee as may be determined by him.]

(b)The Registrar, Arbitrator, or other persons deciding a dispute under Section 71 shall have power to order the [2][fees and expenses] incurred in determining such dispute to be paid either out of the funds of the society or by such party or parties to the dispute, as he may think fit.

(c)The Registrar, may, in his discretion, remit the whole or any part of the fees collected under clause (a).

(6) (a) Where one of the parties to the dispute is a minor or a person of unsound mind, the Register on being satisfied of the fact of the minority or unsoundness of mind, and after notice to the proposed guardian shall appoint a proper person to be guardian for such minor or person of unsound mind. The person so appointed may, for sufficient reasons, be permitted to retire or be removed and a new guardian appointed in his place.

(b) When a necessity arises for the appointment of a guardian to a minor or a person of unsound mind in a dispute before the Arbitrator appointed by the Registrar to decide the dispute, the file may be returned to the Registrar, for the appointment of a guardian.

(7) (a) When an award has been made, the person who made it should cause it to be filed in the office of the Registrar, together with any depositions and documents which have been taken and proved before him and notice of the filing shall be given to the parties.

(b) Where the decision or award involved the payment of money or delivery of grain and such payment is not made within one week or such further time as may be allowed by the Registrar, the Registrar may, on the

1.Clause (a) substituted by GSR 358, dated 29-11-1975, w.e.f.11-12-1975.

2.Substituted for the word "Expenses" by GSR 358, dated 29-11-1975, w.e.f.11-12-1975.

application of the decree-holder, is ded for in Section 101 of the Act.

The certificate shall be in the following form:

Office of the Registrar of Co-operative Societies, Bangalore.

Dispute No….. Of……

Certified that a decree/decision /award as noted in the enclosure have been passed in the above dispute and the same has not been satisfied (or satisfied in part).

Seal of the Registrar. Signature of the Registrar.

1[(8) The following scale of batta be paid to witnesses summoned by the party at whose instance the witness is summoned, Witness will be divided into two classes.-

Class I - Persons whose monthly income is Rs. 8,000 and above.
Class II - Persons whose monthly income is below Rs. 8,000.

SCALE OF BATTA

Travelling allowance for journey to and fro from the place of hearing where the latter is in a different station from that of the witness.

Class of Witness	Journey by Road	Conveyance charges from Bus/Rail to hearing	Subsistence allowance including expenses per day	
			At Bangalore	At other place within the State
Class I	One and half times the bus fare	Four Rupees per kilometer	Rs.350-00	Rs.200-00
Class II	One and half times the bus fare	Three Rupees per kilometer	Rs.300-00	Rs.175-00

(9)Expenses under sub-clause (8) shall be treated as costs of the dispute and the authority deciding the dispute shall have full power to determine by whom or out of what property and to what extent such costs and all other costs incidental to the dispute are to be paid and to give all necessary directions for the purposes aforesaid. Where the authority deciding the dispute directs that any costs shall not follow the event, the authority shall state its reasons in writing.

Interest on cost at any rate not exceeding six per cent per annum may be awarded and such interest shall be added to the costs and shall be recoverable as such.

1.Sub-r 11-20

1.Sub-r ule (8) substituted by Notification No. CO 223 CLM 2006, dated 29-11-2007, w.e.f.29-07

32. Mo rules shall b is issued and that behalf. time and pla answer the purposes, an in the summ

de of service of summons.- (1) Every summons issued under the Act and these rules shall b e in writing:, shall be authenticated by the seal, if any, of the officer by whom it is issued and shall be signed by such officer or by any person authorized by him in writing in that behalf. It shall require the person summoned to appear before the said officer at a stated time and pla ce, and shall specify whether his attendance is required as a party to a dispute to answer the claim or as a witness to give evidence or to produce a document or for both purposes, an d any particular document the production of which is required shall be described ons with reasonable accuracy.

(2) Any person may be summoned to produce a document without being summoned to give evidenc e; and any person summoned merely to produce document shall be deemed to have compli ed with the summons, if he causes such document to be produced, instead of rsonally to produce the same.

(3) The service of summons under the Act on any person may be effected in any of the ays.-

(a) by giving or tendering it to such person; or

(b) if such person is not found, by leaving it at his last known place of residence or of business or by giving or tendering it to some adult member of his family; or

(c) if the address of such person is known to the Registrar or other authorized person by sending it to him by registered post prepaid for acknowledgement; or

(d) if none of the means aforesaid is available, by affixing it in some conspicuous part of his last known place of residence or business.

(4) Where the serving officer delivers or tenders copy of the summons to the person summoned personally or to an agent or other person on his behalf, he shall require the signature of the person to whom the copy is so delivered or tendered, to an acknowledgement of service endorsed on the original summons.

(5)The serving officer shall in all cases in which the summons has been served under sub-rule (4) endorse or annex, or cause to be endorsed or annexed, on or to the original summons a return stating the time when and the manner in which summons was served and the name and address of the person, if any, identifying the person served and witnessing the delivery or tender of the summons.

(6) Where the party to be summoned is a public officer or is a servant of a Railway Company or local authority, the officer issuing the summons may, if it appears that the summons may be most conveniently so served, send it by registered post, prepaid for acknowledgement for service on the party to be summoned, to the head of the office in which he is employed, together with a copy to be retained by the party.

CHAPTER VIII
Winding up and Dissolution of Co-operative Societies

33. Procedure to be adopted by Liquidator.- Where a Liquidator has been appointed under sub-section (1) of Section 73, the following procedure shall be adopted.-

(b)The Liquidator shall, as soon as the order of winding up of the society takes effect, publish by such means as he may think proper, a notice requiring all claims against the society, the winding up of which has been ordered, to be submitted to him, within 1[one month] of publication of the notice. All liabilities recorded in the account books of a society shall be deemed *ipsofacto* to have been duly submitted to him under this clause;

(c)The Liquidator shall decide questions of priority arising between claimants and shall draw up a scheme for the payment of their dues;

(d)The Liquidator shall recover all sums and other properties to which the society is entitled and may institute such suits for that purpose or such suits incidental to liquidation proceedings as he may think proper;

(e)The Liquidator may empower any person, by general or special order in writing, to make collections and to grant valid receipts on his behalf;

(f)The Liquidator shall, after settling the assets and liabilities of the society, as they stood on the date on which the order of winding up is made, proceed next to determine the contribution to be made by each of its members, past members or by the estates, or nominees, heirs or legal representatives of deceased members or by any officers or former officers respectively to the assets of the society, under clauses (b) and (c) of sub-section (2) of Section 74. Should necessity arise, he may also make a subsidiary order regarding such contributions and such order shall be enforceable in the same manner as the original order;

(g)All the funds in the charge of the Liquidator shall be deposited in the Government Treasury or in the Post Office Savings Bank or

1.Substituted for the word “two months” by GSR 85, dated28-3-1987.

in a Co-operative Bank or with such other Bank as may be approved by the Registrar and shall stand in his name;

(h)The Registrar shall fix the amount of remuneration, if any, to be paid to the Liquidator. The remuneration shall be included in the cost of liquidation, which shall be payable out of the assets of the society in priority of all other claims;

(i)[The Liquidator may call for meetings of the members of the society, under liquidation:

2[Provided that if for any reason it is impracticable for the Liquidator to convene the general meeting of the members of the dissolved society for the purpose of finalization of the Liquidation proceedings, he shall make a detailed report to the. Registrar with reasons therefore and shall, after obtaining the permission of the Registrar to dispense with the calling of such general meeting, submit his final report to Registrar.]

(j)The Liquidator shall submit to the Registrar a quarterly report in such form as the Registrar may specify showing the progress made in the Liquidation of the society;

(k)The Liquidator shall keep such books and accounts as may from time to time be prescribed by the Registrar who may at any time cause such books and accounts to be audited;

(l)At the conclusion of the liquidation, the Liquidator shall call for a general meeting of the members of the dissolved society at which the Liquidator or any other person authorized by him by special or general order in writing in this behalf, shall summarize the result of his proceedings and shall take a vote as to the disposal of any surplus funds in the manner

prescribed in sub-rule (2) of Rule 24. The Liquidator shall submit his final report to the Registrar with a copy of the proceedings of the general meeting referred to above and make over to the Registrar all books and registers and accounts, et., belonging to the society and all books and accounts relating to the liquidation proceedings kept by him;

(m)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 a Co-operative Bank and shall be available for meeting the claims of the person or persons concerned; Substituted for the words "The Liquidator shall" by GSR 85, dated28-3-1987.

1.Proviso inserted by GSR 85, dated 28-3-1987.

(n)A Liquidator may, at any time, be removed by the Registrar and he shall on such removal be bound to hand over all the property and documents relating to the society under liquidation to such persons as the Registrar may direct;

(o)All the books and records of a society whose registration has been cancelled and the proceedings of liquidation of a society ordered to be wound up may be destroyed by the Registrar after the expiry of three years from the completion of the liquidation.

Chapter IX
Execution of Awards, Decrees, Orders and Decisions

1[**33-A. Approved Societies**.- All societies which are registered or deemed to be registered under the Karnataka Co-operative Societies Act, 1959, and affiliated to any District Central Co-operative Bank within the State of Karnataka, are declared as approved Societies for the purposes of Section 100 of the Act.

33-B. Manner of enquiry to be made by the Registrar before granting certificates to approved Societies for the recovery of the amount of arrears.- (1) An approved society shall send intimation to the borrower fifteen days prior to the due date for the repayment of the loan in

Form III requiring the borrower to repay the loan on or before the due date and notifying the debtor that on failure to pay the dues in time, action will be taken against him under Section 100 of the Act.

(2) In case the society has not sent an intimation, the society shall, before submitting an application to the Registrar for obtaining a certificate under Section 100, send a notice in

Form IV, informing the borrower that the failure on his part to repay the dues in time has made him liable for action being taken against him under Section 100 of the Act.

(3) If the debt is not discharged on the due date, the society shall submit to the Registrar an application in Form V for the grant of a certificate under Section 100 for the recovery of the debt due to it by the debtor as an arrear of land revenue, within one month from the date when the debt was due.

(4) The application for grant of a certificate under Section 100 shall be accompanied by a copy of the ledger account certified as true by the Secretary and either the Chairman or anyone of the members of the Managing Committee of the Society, and a copy of the intimation or the notice sent to the borrower to pay the dues in time.

1.Rules 33-A and 33-B inserted by Notification No. DRL 1 CCS 63, dated 23-12-1963.

2.Substituted for the word “committee” by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013.

(5)On receipt of an application from a society and before the grant of the certificate the Registrar may request the Deputy Commissioner to take action in accordance with sub-section (3) of Section 100.

(6) On receipt of an application from a society referred to in sub-rule (3) and further supported by an affidavit regarding the demand and its urgency, the Registrar shall decide such application within fifteen days from the date of receipt of the application by him, after causing such inquiry as to the correctness and truthfulness of the demand, as he may think fit.

Form VI to be issued to the borrower and to the sureties, if any, within ten days from the date of the receipt of the application asking him to show cause why a certificate under Section 100 for the recovery of the dues as an arrear of land revenue should not be granted to the society.

(8)In the event of the borrower making a representation and disputing the demand of the society within a period of eight days from the date of receipt of a notice given to him by the Registrar, the Registrar shall take such evidence as he may think necessary from the records of the society to satisfy about the correctness of the transaction. In the absence of such representation from the borrower, the Registrar shall proceed forthwith to decide the application of the society after causing such enquiry to be made as he may think fit.

(9)The Registrar shall decide the application for grant of certificates under Section 100 received from societies as expeditiously as possible and, in any case, not later than two months from the date of the receipt of the application by him.

(10)The Registrar shall maintain a Register of applications from societies for grant of certificates in

Form VII and of the certificates granted by him to applicant by him to applicant societies.]

34.Application for execution to the Recovery Officer.- (1) Every decree-holder requiring execution of a decree under the provisions of clause (c) of Section 101, shall apply to the Recovery Officer within whose jurisdiction the judgment-debtor resides or has property and shall deposit the probable cost of execution as may be fixed by such officer.

(2) Every such application shall be made in the form specified by the Registrar and shall be signed by the decree-holder. The decree-holder may indicate whether he wishes to proceed against the immoveable property mortgaged to the decree-holder or other immoveable property or to secure the attachment of moveable property. Where he wishes to proceed against immoveable property, he shall give in the applications such description of the property as is sufficient for its identification. In case such property can be identified by boundaries or numbers in a record of rights, settlement or

survey, the specification of such boundaries or numbers and the specification of the judgment-debtor's share or interest in such property to the best of the belief of the decree-holder and so far as he has been able to ascertain, shall be given in the application.

(3) On receipt of such application, the Recovery Officer shall verify the correctness and genuineness of the particulars set forth in the application with the records, if any, in the office of the Registrar and prepare a demand notice, in writing in duplicate in the form specified by the Registrar, setting forth the name of the judgment-debtor and the amount due and forward it to the Sales Officer. In case the execution is against immoveable property, the amount shall include the expenses, if any, and the batta to be paid to the person who shall serve the demand notice, the time allowed for payment; and in case of non-payment, the particulars of the immoveable properties, if any, to be attached and sold or to be sold without attachment as the case may be:

Provided that where the Recovery Officer is satisfied that a judgment-debtor with intent to defeat or delay the execution proceedings against him is about to dispose of the whole or any portion of his property, the demand notice issued shall not allow any time to the judgment-debtor for payment of the amount due by him and the property of the defaulter shall be attached forthwith.

35. Procedure in execution.- Unless the decree-holder has expressed a desire that proceedings should be taken in a particular order as laid down in sub-rule (2) of Rule 34 execution shall ordinarily be taken in the following manner,-

(i) moveable property of the judgment-debtor shall be first proceeded against; but this shall not preclude the immoveable property being proceeded against simultaneously in case of necessity;

(ii) if there is no moveable property, or if the sale proceeds of the moveable property or properties attached and sold are insufficient to meet in full the demand of the decree-holder the immoveable property mortgaged to the decree-holder, or other immoveable property belonging to the judgment- debtor may be proceeded against.

36. Attachment and sale of specific moveable property including crops on land.-In the attachment and sale of moveable property the following rules shall be observed.-

(a)The Sale Officer shall after giving previous notice to the decree-holder, proceed to the village where the judgment-debtor resides, or has property to be attached and serve the demand

notice issued under sub-rule (3) of Rule 34 upon the judgment-debtor, if he is present. If the amount due together with the expenses be not at once paid, the Sale Officer shall make the attachment by seizure or ediately deliver to the judgment-

debtor a list or inventory of the property attached and an intimation of the place, date and hour at which the attached property will be brought to sale, if the amounts due are not paid before such date. If the judgment-debtor is absent, the Sale Officer shall serve the demand notice aforesaid on some adult male member of his family, or on the authorized agent of the judgment-debtor or when such service cannot be affected, shall affix a copy of such demand notice on some conspicuous part of the judgment-debtor's residence. He shall then proceed to make the attachment and shall fix the list or inventory of the property attached on the usual place of residence of the judgment-debtor, endorsing thereon the place where the property may be lodged or kept and an intimation of the place, date and hour of sale;

(b)After the attachment is made, the Sale Officer may arrange for the custody of the property attached, with the decree-holder or otherwise. If the Sale Officer requires the decree-holder to undertake the custody of the property he shall be bound to do so and any loss incurred due to his negligence shall be made good by the decree-holder. If the attached property is live-stock, the decree-holder shall be responsible for

providing the necessary food therefore. The Sale Officer may, at the instance of the judgment-debtor or of any person claiming an interest in such property, leave it in the village or place where it was attached, in the charge of such judgment-debtor or person, if he enters into a bond in the form specified by the Registrar with one or more sufficient sureties for the production of the property when called for;

(c)No attachment under clauses (a) or (b) shall be made after sunset and before sunrise;

(d)The attachment made shall not be excessive, that is to say, the property attached shall be in value as nearly as possible proportionate to the sum due by the Judgment-debtor, together with interest and all expenses incidental to the attachment and sale;

(e)If crops or ungathered products of the land belonging to judgment-debtor are attached, the Sale Officer may cause them to be sold when fit for reaping or gathering of at his option may

cause them to be reaped or gathered in due season and stored in proper place until sold. In the latter case, the expense of reaping or gathering and storing such crops or products shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold;

(f)The Sale Officer shall not work the bullocks or cattle, or make use of the goods or moveables attached and he shall provide the necessary food for the cattle or livestock, the expense attending which shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold;

(g)It shall be lawful for the Sale Officer to force open any stable, cow-house, granary, godown, out-house or other building and he may also enter any dwelling house, the outer door of which may be open and may break open the door of any room in such dwelling house for the purpose of attaching property belonging to a Judgment-debtor and lodged therein, provided always that It shall not be lawful for the officer to break open or enter apartment in such dwelling house appropriated for the zenana or residence of women except as hereinafter provided;

(h)When the Sale Officer may have reason to suppose that the property of a judgment-debtor is lodged within a dwelling house, the outer door of which may be shut or within any apartments appropriated to w r usage are considered private, the

Sale Officer shall represent the fact to the Officer in charge of the nearest police station. On such representation the officer-in-charge of the said station shall send a Police Officer to the spot in the presence of whom the Sale Officer

may force open the outer door of such dwelling house, in like manner as he may break open the door of any room within the house, except the zenana. The Sale Officer may also, in the presence of a Police Officer, after due notice given for the removal of women within a zenana and after furnishing means for their removal in a suitable manner, if they be women of rank who, according to the custom or usage cannot appear in public, enter the zenana apartments for the purpose of attaching the judgment-debtor's property, if any deposited therein, but such property, if found, shall be immediately removed from such apartments after which they shall be left free for occupation as before;

(i)The Sale Officer shall on the day previous to and on the day of sale, cause proclamation of the time and place of the intended

sale to be made by beat of drum in the village in which the judgment-debtor resides and in such other place or places as the Recovery Officer may consider necessary to give due publicity to the sale. No sale shall take place until after the expiration of the period of 15 days from the date on which the sale notice has been served or affixed in the manner prescribed in clause (a):

Provided that where the property seized is subject to speedy and natural decay, or where the expense of keeping it in custody is likely to exceed its value, the Sale Officer may sell it at any time before the expiry of the said period of 15 days unless the amount is sooner paid;

(j)At the appointed time, the property shall be put up in one or more lots, as the Sale Officer may consider advisable, and shall be disposed of to the highest bidder:

Provided that it shall be open to the Sale Officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons. Where the property is sold for more than the amount due, the excess amount, after deducting the interest and the expenses of process and the other charges, shall be paid to the judgment-debtor:

Provided further, that the Recovery Officer or the Sale Officer may, in his discretion adjourn the sale to a specified day and hour recording his reasons for such adjournment. Where a sale is so adjourned for a longer period than 7 days, a fresh proclamation under clause (h) shall be made unless the judgment-debtor consents to waive it;

(k)The property shall be paid for in cash at the time of sale or as soon thereafter as the officer holding the sale shall appoint, and the purchaser shall not be permitted to carry

away any part of the property until he has paid for it in full. Where the purchaser fails to pay the purchase money, the property shall be resold;

(l)Where any property which has been attached under these rules has been forcibly or clandestinely removed by any person, the Sale Officer may apply to Magistrate having jurisdiction for restoration of such property. Where the Magistrate is satisfied about the truth of the facts, as alleged in the application he may order forthwith such property to be restored to the Sale Officer;

(m)Where prior to the sale, the judgment-debtor or any person acting on his behalf or any person claiming an interest in the property attached pays the full amount due including interest, batta and other costs incurred in attaching the property, the Sale Officer shall cancel the order of attachment and release the property forthwith;

(n)The moveable properties mentioned as exempt from attachment in the proviso to Section 60 of the Code of Civil Procedure, 1908 (V of 1908), shall not be liable to attachment or sale under these rules.

37. Attachment of other moveable property.-(1) Where the moveable property to be attached is the salary or allowances or wages of an officer or servant of Government or Railway Company or local authority, the Recovery Officer may, on receiving a report from the Sale Officer, order that the amount shall, subject to the provisions of Section 60 of the Code of Civil Procedure, 1908 (V of 1908), be withheld from such salary or allowances or wages, either in one payment or by monthly installments as the said Recovery Officer may direct and upon notice of the order, the Officer or other person whose duty it is to disburse such salary or allowances or wages shall withhold and remit to the Sale Officer the amount due under the order or the monthly installment, as the case may be.

(2) Where the property to be attached consists of the share or interest of the judgment-debtor in moveable property belonging to him and another as co-owners, the attachment shall be made by a notice to the judgment- debtor, prohibiting him from transferring the share or interest or charging it in any way.

(3) Where the property to be attached is a negotiable instrument not deposited in a Court, nor in the custody of a public officer, the attachment shall be made by actual seizure and the instrument shall be brought to the office of the Recovery Officer ordering the attachment and be held subject to his further orders.

(4) Where the property to be attached is in the custody of any Court or public officer, the attachment shall be made by a notice to such Court or officer requesting that such property and any interest or dividend becoming payable thereon may be held subject to the further orders of the Recovery Officer issuing the notice:

Provided that where such property is in the custody of a Court or Recovery Officer of another district, any question of title or priority arising between the decree-holder and any other person not being the judgment-debtor, claiming to be interested in such property by virtue of any assignment, attachment or otherwise shall be determined by such Court or Recovery Officer, as the case may be.

(5)(a) Where the property to be attached is a decree either for the payment of money or for sale in enforcement of a mortgage or charge, the attachment shall be made, if the decree sought to be attached was passed by the Registrar or by any person to whom

a dispute was transferred by the Registrar under Section 71 of the Act or by an Arbitrator, then by the order of the Registrar;

(b) Where the Registrar makes an order under clause (a) he shall, on the application of the decree-holder, who has attached the decree, proceed to execute the attached decree and apply the net proceeds in satisfaction of the decree sought to be executed;

(c) The holder of a decree sought to be executed by the attachment of another decree of the nature specified in clause (a), shall be deemed to be the representative of the holder of the attached decree and to be entitled to execute such attached decree in any manner, for the holder thereof;

(d) Where the property to be attached in execution of a decree is a decree other than a decree of the nature referred to in clause (a), the attachment shall be made by the issue of a notice by the Recovery Officer to the holder of such decree, prohibiting him from transferring or charging the same in anyway;

(e)The holder of a decree attached under this sub-rule, shall give the Recovery Officer executing the decree such information and aid as may reasonably be required; (f) On the application of the holder of a decree sought to be executed by the attachment of another decree, the Recovery Officer making an order of attachment under this sub-rule shall give notice of such order to the judgment-debtor bound by the decree-attached; and no payment or

adjustment of the attached decree made by the judgment-debtor in contravention of such order after receipt of notice thereof, either through the said Recovery Officer or otherwise, shall be recognized so long as the attachment remains in force.

(6) Where the moveable property to be attached is,-

(a)a debt due to the judgment-debtor in question;

(b)a share in the capital of a corporation or a deposit invested therein; or

(c)other moveable property not in the possession of the defaulter, except property deposited in or in the custody of any Civil Court, the attachment shall be made by a written order signed by the Recovery Officer prohibiting,-

(i)in the case of a debt, the creditor from recovering the debt and the debtor from making payment thereof;

(ii) in the case of a share or deposit, the person in whose name the share or the deposit may be standing, from transferring the share or deposit or receiving any dividend or interest thereon; and

(iii)in the case of any other moveable property except aforesaid, the person in possession of it from giving it over to the judgment-debtor. A copy of such order shall be sent in the case of the debt to the debtor, in the case of the share or deposit to the proper officer of the corporation and in the case of the other moveable property except property deposited in or in the custody of a Civil Court, to the person in possession of such property. As soon as the debt referred to in clause (a) or the deposit referred to in clause (b) mature, the Recovery Officer may direct the person concerned to pay the amount to him.

Where the share referred to in clause (b) is not withdrawable the said Recovery Officer shall arrange for its sale through a broker. Where the share is withdrawable, its value shall be paid to the said Recovery Officer or to the party referred to in clause (c) and the person concerned shall place it in the hands of the said Recovery Officer, as it becomes deliverable to the defaulter.

38. Attachment and sale of immoveable property.- (1) Immoveable property shall not be sold in execution of a decree unless such property has been previously attached:

Provided that where the decree has been obtained on the basis of a mortgage of such property it shall not be necessary to attach it.

(2) In the attachment and sale or sale without attachment of immoveable property, the following rules shall be observed,-

(a)The Sale Officer shall serve or cause to be served a copy of the demand notice issued under sub-rule (3) of Rule 34 upon the judgment-debtor or, if he is not available, upon some adult male member of his family or upon his authorized agent, or, if such service is not possible, shall affix a copy thereof on some conspicuous part of the immoveable property about to be attached and sold or sold without attachment, as the case may be;

(b)If the judgment-debtor fails to pay the amount specified in the demand notice within the time allowed, or, if no time is allowed, immediately, the Sale Officer shall proceed to attach and sell, or sell without attachment, as the case may be, the immoveable property specified in the demand notice;

(c)Where attachment is required before sale, the sale officer shall cause a notice of attachment to be served on the judgment-debtor personally or on an adult male member of his family, or on his authorized agent. Where such service is not possible, the notice shall be affixed in some conspicuous part of the judgment-debtor's last known place of residence. The fact of attachment shall also be proclaimed by beat of drum or other customary mode at some place on or adjacent to the property attached, and at such other place or places as the

Recovery Officer may consider necessary to give due publicity to the sale. The attachment notice shall set forth that, unless the amount due with interest and expenses be paid within the date therein mentioned, the property will be brought to sale. A copy of such notice shall be sent to the decree-holder. Where the Recovery Officer so directs the attachment shall also be notified in the Official Gazette;

(d)Proclamation of sale shall be published by affixing a notice in the office of the Recovery Officer and in the Taluk Office at least thirty days before the date fixed for the sale. It shall also be published by beat of drum in the village on two consecutive days previous to the date of sale and on the day of sale prior to the commencement of the sale. Such proclamation shall, where attachment is required before sale, be made after the attachment has been effected. Notice shall also be given to the decree-holder and the judgment-debtor. The proclamation shall state the time and place of sale and specify as fairly and accurately as possible,-

(i)the property to be sold;

(ii)any encumbrance to which the property is liable;

(iii)the amount for the recovery of which sale is ordered; and

(iv)every other matter which the sale officer considers material for a purchaser to know in order to judge the nature and value of the property.

(e)When any immoveable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree-holder shall, when the amount for the realization of which the sale is held exceeds Rs. 100, furnish to the Sale Officer within such time as may be fixed by him or by the Recovery Officer, an encumbrance certificate from the Registration Department for the period of not less than twelve years prior to the date of attachment of the property sought to be sold, or in cases

falling under the proviso to sub-rule (1) prior to the date of the application for execution. The time for the production of the encumbrance certificate may be extended at the discretion of the Sale Officer or the Recovery Officer as the case may be:

Provided that in case where an encumbrance certificate is not obtainable owing to the destruction of the connected records, an affidavit from the village patwari (shanbhogue) in regard to the encumbrances known to him supported by a certificate from the Registration Department that the encumbrance certificate cannot be granted owing to the destruction of the connected records, shall be accepted in the place of an encumbrance certificate

(f)The sale shall be by public auction to the highest bidder, provided that it shall be open to the Sale Officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons and provided also that the Recovery Officer or the Sale Officer may, in his discretion, adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sale is so adjourned to a longer period than 7 days, a fresh proclamation under clause (d) shall be made, unless the judgment-debtor consents in writing to waive it;

(g)The sale shall be after the expiry of not less than 30 days calculated from the date on which notice of the proclamation was affixed in the office of the Recovery Officer. The time and place of sale shall be fixed by the Recovery Officer and the place of sale

shall be the village where the property to be sold is situated or such adjoining prominent place of public resort as may be fixed by the said Recovery Officer;

(h)A sum of money equal to 15 per cent of the price for which the immoveable property is purchased in the auction shall be paid by purchaser to the Sale Officer at the time of purchase, and in default of su hall forthwith be resold:

Provided that, where the decree-holder is the purchaser and is entitled to set off the purchase money under clause (1) the Sale Officer shall dispense with the requirements of this rule:

[1Provided further that where the Government is the purchaser the purchase money shall be remitted to the Decree-holder immediately after the expiry of ninety days from the date of the sale.]

1.Second proviso inserted by Notification No. GSR 329, dated 27-10-1977, w.e.f.3-11- 1977.

(i)The remainder of the purchase money and the amount required for the general stamp for the sale certificate shall be paid within 45 days from the date of sale:

2[x x x x x.]

Provided further that in calculating the amounts to be paid under this clause, the purchaser shall have the advantage of any set off to which he may be entitled under clause (1);

(j)In default of payment of the remainder of the purchase money, within the period mentioned in clause (i), the deposit, may, if the Recovery Officer thinks fit, after defraying the expenses of the sale, be forfeited to the Government and the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may subsequently be sold;

(k)Every resale of immoveable property in default of payment of the amounts mentioned in clause (i) within the period allowed for such payment, shall be made after the issue of a fresh proclamation in the manner and for the period therein before prescribed for the sale.

(l)Where a decree-holder purchases the property, the purchase money and the amount due on the decree shall be set off against one another, and the Sale Officer shall enter up satisfaction of the decree in whole or in part, accordingly.

(3) Where prior to the sale, the judgment-debtor, or any person acting on his behalf or any person claiming an interest in the property sought to be sold tenders payment of the full amount due together with interest, batta and other expenses incurred in bringing the property to sale, including the expenses of attachment, if any, the Sale Officer shall forthwith release the property after cancelling where the property has been attached, the order of attachment.

(4) (a) Where immoveable property has been sold, any person either owning such property or holding an interest therein by virtue of a title acquired before such sale may apply to have the sale set aside on his depositing with the Recovery Officer,-

(i)For payment to the purchaser a sum equal to 5 per cent of the purchase money; and

(ii) for payment to the decree-holder the amount of arrears specified in the proclamation of scale as that for the recovery

1.Substituted words and figures “within 15 days” by Notification No. CMW 70 CLM 2001, dated 20-6-2003, w.e.f.4-7-2003.

2.Proviso omitted by Notification No. CMW 70 CLM 2001, dated 20-6-2003, w.e.f.4-7-203

of which the sale was ordered together with interest thereon and the expenses of attachment, if any, and sale and other costs due in respect of such amount, less amount which may since the date of such proclamation have been received by the decree-holder.

(b)If such deposit and application are made within 30 days from the date of sale, the Recovery Officer shall pass an order setting aside the sale and shall repay to the purchaser the purchase money so far as it has been deposited together with the 5 per cent deposited by the applicant:

Provided that, if more persons than one have made deposit and application under this sub-rule, the application of the first depos er shall be accepted:

1[Provided further that where the purchaser is the Government, the sale shall be set aside if the person owning the property or any person interested, therein,-

(i)makes the application within sixty days from the date of sale along with,-

(a)a sum equal to five per cent of the purchase money for payment to Government; and

(b)fifty per cent of tile amount due under the decree for payment to the decree holder; and

(ii) pay the balance within thirty days thereafter i.e., within ninety days from the date of sale.]

(c)If a person applies under sub-rule (5) to set aside the sale of an immoveable property, he shall not be entitled to make an application under this sub-rule.

(5)(a) At any time within 30 days from the date of the sale of an immoveable property, the decree-holder or any person entitled to share in a rateable distribution of the assets or whose interests are affected by the sale, may apply to the Recovery Officer to set aside tile sale on the ground of a material irregularity or mistake or fraud in publishing or conducting it:

Provided that no sale shall be set aside on the ground of irregu1arity or mistake or fraud unless the said Recovery Officer is satisfied that the applicant has sustained substantial injury by reason of such irregularity, mistake or fraud:

1.Second proviso inserted by GSR 329, dated 27-10-1977, w.e.f.3-11-1977.

1[Provided further where the purchaser is Government the sale will be confirmed,-

(a) after the expiration of sixty days where no application to have sale set aside is made under sub-rule (4); or

(b) after the expiration of ninety days where an application to set aside under sub-rule (4) is made but the balance of the amount due under the decree is not deposited within ninety days from the date of sale.]

(c)If the application be allowed, the said Recovery Officer shall set aside the sale and may direct a fresh one.

(6)(a) On the expiration of thirty days from the date of sale, if no application to have the sale set aside, either under sub-rule (4) or sub-rule (5) is made or if such application has been made and is rejected, the said Recovery Officer shall make an order confirming the sale: Provided that if he shall have reason to think that the sale ought to be set aside notwithstanding that no such application has been made or on grounds other than those alleged in any application which has been made and rejected, he may, after recording his reasons in writing, set aside the sale; (b) Whenever the sale of any immoveable property is not confirmed or is set aside, the deposit or the purchase money, as the case may be, shall be returned to the purchaser.

(7) On the confirmation of a sale under this rule, the Recovery Officer shall grant a certificate of sale bearing his seal and signature to the purchaser, and such certificate shall state the property sold and the name of the purchaser, and it shall be conclusive evidence of the fact of the sale to such purchaser.

2[(8) The land purchased by Government in satisfaction of any decree prior to commencement of the Karnataka Co-operative Societies (V Amendment) Rules, 1977 shall be reconveyed to the person who own the property or held an interest therein by virtue of a title acquired before the sale if he makes application for such reconveyance and deposits with the recovery officer within a

period of ninety days from the date of coming into force of these rules.-

(a)five per cent of the purchase money as solatium;

(b)purchase money at the interest of eight and a half per cent per annum from the date of sale up to the date of deposit.]

1.Second proviso inserted by GSR 329, dated 27-10-1977, w.e.f.3-11-1977.

2.Sub-rule (8) inserted by GSR 329, dated 27-10-1977, w.e.f.3-11-1977.

1[38-A. Transfer of property which cannot be sold.- (1) When in execution of an order sought to be executed under Section 101, any property cannot be sold for want of buyers, if such property is in the possession of the defaulter or some person in this behalf, or some person claiming it under a title, created by the defaulter subsequent to the issue of the certificate by the Registrar or any person authorized by him under clause (a) or (b) of the said section the officer conducting the execution shall as soon as practicable report the fact to the Court or the Deputy Commissioner or the Registrar, as the case may be, and the Society applying for the execution of the said order.

(2) On receipt of a report under sub-rule (1), the society may, within SIX months from the date of the receipt of the report or within such further period as may for sufficient reasons be allowed in any particular case by the Court or the Deputy Commissioner or the Registrar, submit an application in writing to the Court, the Deputy Commissioner or the Registrar, as the case may be, stating whether or not it agrees to take over such property.

(3) On receipt of an application under sub-rule (2), notices shall be issued to the defaulter and to all persons known to be interested in the property, including those whose names appear in the Record of Rights as persons holding any interest in the property, about the intended transfer.

(4) On receipt of such a notice, the defaulter, or any person owing such property or holding an interest therein by virtue of a title acquired before the date of the issue of a certificate under Section 101, may within one month from the date of receipt of such notice, deposit with the Court or the Deputy Commissioner, or the Registrar, for payment to the society a sum equal to the amount due under the order sought to be executed together with interest thereon and such additional sum for payment of costs and other incidental expenses as may be determined in this behalf by the Court or the Deputy Commissioner or the Registrar, as the case may be.

(5) On failure of the defaulter, or any person interested, or any person holding any interest in the property, to deposit the amount under sub-rule (4), the Court or the Deputy Commissioner or the Registrar, as the case may be shall direct the property to be transferred to the Society on the conditions stated in the certificate in

Form in.

(6) The certificate granted under sub-rule (5) shall state whether the property is transferred to the Society in full or partial satisfaction of the amount due to it from the defaulter.

(7) If the property is transferred to the Society in partial satisfaction of the amount due to it from the defaulter, the Court or the Deputy Commissioner or the Registrar, as the case may be, shall on the production by the society of a

1.Rule 38-A inserted by GSR 563, dated 23-6-1965, w.e.f.26-6-1965.

certificate signed by the Registrar recover the balance due to the society in the manner laid down in Section 101.

(8) The transfer of the property under sub-rule (5) shall be effected as follows.-

(a)Where the property is growing or standing crop, it may be delivered to the society before it is cut and gathered and the Society shall be entitled to enter the land, and to do all that is necessary for the purpose of tending and cutting and gathering;

(b)Where the property is in the possession of the defaulter or of some person on his behalf or some person claiming under a title created by the defaulter subsequent to the issue of a certificate under Section 101, the Court or the Deputy Commissioner or the Registrar, as the case may be, shall, order delivery to be made by putting the society or any person whom the Society may appoint to receive delivery on its behalf, in actual possession of the property and if need be,. by removing any person who illegally refuses to vacate the same;

(c)Where the property is in the possession of a tenant or other person entitled to hold the same by a title acquired before the date of issue of a certificate under Section 101, the Court or the Deputy Commissioner or the Registrar as the case may be, shall order delivery to be made by affixing a copy of the certificate of transfer of the property to the society in some conspicuous place on the property and proclaiming to such person

by beat of drum or other customary mode at some convenient place, that the interest

of the defaulter has been transferred to the Society.

(9) The Society shall be required to pay expenses incidental to sale.

(10) Where the land is transferred to the Society under clause (a) of sub-rule (8) before a

growing or standing crop is cut and gathered, the Society shall be liable to pay the current year's land revenue on the land.

1[(11) The Society shall forthwith report any transfer of property under clause (b) or (c) of sub-rule (8).-

(i)to the City Municipal Corporation, Municipal Council or Town Panchayat in case the property is situated in a larger urban area, smaller urban area or transitional area respectively.

(ii) to the Village Accountant, in case the property is situated in other areas,

1.Sub-rule (11) substituted by Notification No. CMW 34 CLM 2004, dated 17-3-2004, w.e.f.27-3-2004.

for information and entry in the record of rights by the concerned authorities.]

(12) The Society to which the property is transferred under sub-rule (5), shall maintain for each such defaulter a separate account showing all the expenses incurred including payment to outside encumbrances, land revenue and other dues on the property and all the income derived from it.

(13) The Society to which the property is transferred under sub-rule (5), shall use its best endeavour to sell the property as soo t advantages of the Society as well

as that of the defaulter, the first option being always given to defaulter who originally owned the property. The sale shall be subject to the confirmation by the Registrar. The proceeds of the sale shall be applied to defraying the expenses of the sale and other expenses incurred by the Society and referred to in sub-rules (9) and (12) and to the payment of the arrears due by the defaulter under the order in execution, and the surplus (if any), shall then be paid to the defaulter.

(14) Until the property is sold, the society to which the property is transferred under sub-rule (5) shall use its best endeavours to lease it or to make any other use that can be made of it so as to derive the largest possible income from the property.

(15) When the society to which property is transferred under sub-rule (5) has realized all its dues, under the order in execution of which the property was transferred, from the proceeds of management of the property, the property, if unsold, shall be restored to the defaulter.]

39. Effect of an attachment on private alienation, etc.- Where an attachment has been made under these rules, any private transfer or delivery of the property attached or of any interest therein and any payment to the judgment-debtor of any debt, dividend or other moneys contrary to such attachment, shall be void as against all claims enforceable under the attachment.

Explanation.-For the purpose of this sub-rule, claims enforceable under an attachment include claims for the rateable distribution of assets under Rule 44.

40. Batta, costs and receipts for payments made.- (1) Persons employed in serving notices or other processes under these rules shall be entitled to batta at such rates as may from time to time be fixed by the Recovery Officer.

(2) Where the cost and charges incurred in connection with the attachment and sale of moveable property or the attachment and sale or sale without attachment of immoveable property under this rule, exceeds the amount of the cost deposited by the decree-holder under sub-rule (1) of Rule 34, such excess shall be deducted from the sale proceeds of the property sold

or the moneys paid by the judgment-debtor as the case may be, and the balance shall be made available to the decree-holder.

(3) Every person making a payment to the Sale Officer or other officer empowered by the Recovery Officer in that behalf, towards any money due for the recovery of which application has been made under these rules, shall be entitled to a receipt for the amount, signed by such officer; such receipt shall state the name of the person making the payment and the subject-matter in respect of which the payment is made.

41. Investigation of claims to property attached.- (1) Where any claim is preferred to or any objection is made to the attachment of, any property attached under these rules, on the ground that such property is not liable to such attachment, the Sale Officer shall investigate the claim or objection and make an order either rejecting the claim or allowing the claim and to that extent raising the attachment made:

Provided that the Sale Officer may refuse to investigate the claim if he considers that the claim or objection is frivolous or made on or after the date fixed for sale

.

(2) Where the property to which the claim or objection relates has been advertised for sale, the Sale Officer may postpone the sale pending the investigation of the claim or objection.

(3) Where a claim or an objection is preferred the party against whom an order is made may institute a suit within six months from the date of the order to establish the right which he claims to the property in dispute, but subject to the result of such suit, if any, the order shall be conclusive.

42. Loss caused by re-sale due to default by purchaser at first sale.- (1) Any deficiency of price, which may happen on are-sale held, under clause (k) of sub-rule (1) of Rule 36 or clause (h) and (k) of sub-rule (2) of Rule 38, by reason of the purchaser's default, and all expenses attending such re-sale shall be certified by the Sale Officer to the Recovery Officer and shall, at the instance of either the decree-holder or the judgment-debtor be recoverable from the defaulting purchaser. The costs, if any, incidental to such recovery shall also be borne by the defaulting purchaser.

(2) Where the property is on second sale, sold for a higher price than the first sale, the defaulting purchaser at the first sale shall have no claim to the difference or increase.

43. Dismissal of application for execution for default of decree-holder.- Where any property has been attached in execution of a decree, but by reason of the decree-holder's default, the Sale Officer or Recovery Officer is unable to proceed further with the application for execution such officer shall either dismiss the application or for any sufficient

reason adjourn the proceedings to a future date. Upon the dismissal of such application, the attachment shall cease.

44. Distribution of assets when there are claims under several decrees.- (1) Where the Sale Officer attaches or has attached under these rules, any property not in the custody of any Court, which is already under attachment made in execution of a decree of any Court such Court shall receive and realize such property and shall determine claims thereto and any objections to the attachment thereof: Provided that where the property is under attachment in the execution of decrees, of more Courts than one, the Court which shall receive or realize such property and shall determine and claim thereto and any objection to the attachment thereof shall be the Court of the highest grade, or where there is no difference in grade between such Courts, the Court under whose decree the property Was first attached.

(2) Where assets are held by the Sale Officer and before the receipt of such assets, demand notices in pursuance of applications for execution of decree against the same judgment-debtor have been received from more than one decree-holder and the decree-holders have not obtained satisfaction, the assets after deducting the costs of realisation, shall be rateably distributed by the Sale Officer among all such decree- holders in the manner provided in Section 73 of the Code of Civil Procedure, 1908.

45. Death of judgment-debtor-Execution against legal representative.- (1) Where a judgment-debtor dies before the decree has been fully satisfied, an application under sub-rule

(1) of Rule 34 may be made or continued against the legal representative of the deceased and thereupon all the provisions of this Chapter shall, save as otherwise provided in this rule, apply as if such legal representative were the judgment-debtor: Provided that a show-cause notice shall be issued to such legal representative and his objections heard, before execution is proceeded against him.

(2) Where the decree is executed against such legal representative, he shall be liable only to the extent of the property of the deceased which has come to his hands and has not been duly disposed of; and for the purpose of ascertaining such liability, the Recovery Officer executing the decree may, of his own motion or on the application of the decree-holder, compel such legal representative to produce such accounts as he thinks fit.

46. Fee for processes issued under these Rules.- Where, in connection with the proceedings on an application under Section 100 of the Act, any person requires the issue of any process or objects to any process issued or objects to any order passed, he shall pay such fee, as may be specified by the Registrar in this behalf.

47. Mode of making attachment before judgment.- (1) Attachment of property under Section 103 of the Act, shall be made in the manner provided in Rules 36, 37 and 38.

(2) Where a claim is preferred to property attached under sub-rule (1), such claim shall be investigated in the manner and by the authority specified in Rule 41.

(3) Where an attachment of any property is made under sub-rule (I), the Recovery Officer shall order the attachment to be withdrawn.-

(a) when the party concerned furnishes the security required, together with security for the cost of the attachment;

(b)when the liquidator determines under clause (b) of sub-section (2) of Section 74 of the Act that no contribution is payable by the party concerned; or

(c) when the Registrar passes an order under sub-section (1) of Section 69 that the party concerned need not repay or restore any money or property or contribute any sum to the assets of the society by way of compensation or;

(d)when the dispute referred to in sub-section (1) of Section 71 has been decided against the party at whose instance the attachment was made.

(4) Attachment made under sub-rule (1) shall not affect the rights existing prior to the attachment, of persons not parties to the proceedings in connection with which the attachment was made, nor bar any person holding a decree against the person whose property is attached from applying for the sale of the property under attachment in execution of such decree.

(5) Where property is under attachment by virtue of the provisions of this rule and a decree is subsequently passed against the person whose property is attached, it shall not be necessary upon an application for execution of such decree to apply for re-attachment of the property.

48. Procedure for distraint and sale of produce including standing crops on property mortgaged to a [1][Primary Agriculture and Rural Development Bank].- (1) On receipt of an application from the [2][Board] of a [3][Primary Agriculture and Rural Development Bank] under Section 88, the Registrar may, after satisfying himself that the installment or any part of such installment has remained unpaid for more than one month from the date on which it fell due, and that the application has been made within twelve

1. Substituted for the expression "Land Mortgage Bank" by GSR 85, dated 28-3-1987.
2. Substituted for the word "committee" by Notification No. CO 14 CLM 2013, dated 10-7-
3. 2013,w.e.f.10-7-2013.
   Substituted for the expression "Land Mortgage Bank" by GSR 85, dated 28-3-1987.

months from the date on which the installment fell due, make an order for the distraint of a sufficient part of the produce of the mortgaged land including the standing crops thereon.

(2) On the making of an order under sub-rule (1) the Registrar shall send a copy of such order to the Sale Officer for effecting the distraint ordered, whereupon the Sale Officer shall proceed in the manner provided for in Rule 36 for attachment and sale of specific moveable property so far as such provisions apply to distraint and sale of the produce of land including standing crops.

49. Sale of mortgaged property under Section 89.- (a) The procedure prescribed in Rule 38 for sale without attachment of immoveable property shall, to the extent necessary, be applicable to a sale of mortgaged property under Section 89.

(b)The provision of Rule 42 shall also apply to such sales.

[1][Chapter IX-A

[2][Primary Agriculture and Rural Development Bank]

49-A. Procedure for submission and consideration of applications for loans from [3][Primary Agriculture and Rural Developm lications for loans from a Primary

Agriculture and Rural Development Bank shall be made in the form prescribed by the 5[State Agriculture and Rural Development Bank.] The form shall among

other things contain a list of documents which are required to be submitted for purposes of dealing with the application.

(2) Every 6[Primary Agriculture and Rural Development Bank] shall keep sufficient stock of printed copies of the forms of loan applications and shall supply them to the intending borrower on payment of such fees as may be specified, from time to time by the 7[State Agricultural and Rural Development Bank.]

(3) Every 8[Primary Agricultural and Rural Development Bank] shall specify, from time to time, the name, designation and address of the officer

1. Chapter IX-A and Rules 49-A to 49-D inserted by GSR 563, dated 23-6-1965, w.e.f.26-6-1965.
2. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
3. Substituted for the expression “Land Development Banks” by GSR 85, dated 28-3-1987.
4. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
5. Substituted for the expression “State Land Development Bank” by GSR 85, dated 28-3-1987.
6. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
7. Substituted for the words “State Development Bank” by Notification No. CO 223 CLM 2006, dated 29-11-2007, w.e.f.29-11-2007.
8. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.

(hereinafter in this Chapter referred to as "the receiving officer"), who shall receive all loans applications from the intending borrowers.

(4) The application together with copies of necessary documents and the amount of all fees specified by the 1[State Agriculture and Rural Development Bank] with the approval of the Registrar and deposit equivalent to the value of one share of the Bank shall be submitted by the applicant to the Receiving Officer.

(5) On receipt of an application for loan, the Receiving Officer shall affix his initials on the application and mention his designation and the date of receipt of the application.

(6) After an application for loan has been received, the Receiving Officer shall verify whether it contains all the necessary particulars and is accompanied by the necessary documents. If any details are lacking, he shall get the application completed by the applicant.

(7) Each application shall be entered in the chronological order in the register of applications for loans from the Primary Agriculture and Rural Development Bank to be maintained by the Receiving Officer and shall be dealt with in the same order.

(8) For purposes of Section 82-B, the prescribed officer shall be, 3[x x x x x] the Assistant Registrar of Co-operative Societies.

(9) (i) Immediately after the application is entered in the register of applications for loans from the 4[Primary Agriculture and Rural Development Bank], the Receiving Officer shall give at least eight days public notice in

Form IV calling upon all persons interested to present their objections to the grant of the loan, applied for. The notice shall also be affixed at the chavadi of the village or villages where the applicant resides and in the limits of which the land or lands proposed to be improved or offered, as security for the loan is or are situated. A copy of the notice shall be exhibited in the head office and relevant branch office, if any, of the 5[Primary Agriculture and Rural Development Bank] concerned and in the office, if any, of the person giving the notice.

1. Substituted for the expression “State Land Development Bank” by GSR 85, dated 28-3-1987.
2. Substituted for the expression “Land Development Banks” by GSR 85, dated 28-3-1987. Two
3. words commas “in the case of applications for loans not exceeding ten thousand rupees, the
4. Co-operative Extension Officer; and in the case of applications for loans exceeding ten
5. thousand rupees” omitted by Notification No. CO 223 CLM 2006, dated 29-11-2007, w.e.f.29-11-2007.
   Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
   Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.

(ii) If any person interested fails to appear as required by the aforesaid notice, the questions at issue shall be decided in his absence and such person shall have no claim whatsoever against the property for which the loan applied for will be sanctioned till such time as the loan together with interest thereon or any other dues arising out of the loan are paid in full by the loanee.

(10) The prescribed Officer shall after making an order under sub-section (2) of Section 82-B, forward the applications within two days of their disposal to the Primary Agriculture and Rural Development Bank concerned. The 1[Primary Agriculture and Rural Development Bank] may appoint any enquiry Officer (hereinafter in this Chapter referred to as "the Enquiry Officer") to enquire into the applications. The Enquiry Officer shall make inquiry by actually visiting the land in which the improvement is proposed to be effected and the lands and other property offered as security. He shall, after such inquiry, forward a report in the form prescribed by a regulation made by the 3[State Agriculture and Rural Development Bank.]

(11) The enquiry Officer may make such other enquiries as may be necessary and shall value the lands according to such formula as may be laid down by the 4[State Agriculture and Rural Development Bank], with the approval of the Registrar, from time to time, estimate the repaying capacity of the applicant and examine the feasibility and utility of the proposed improvement. He shall then submit his report stating what amount of loan may be granted to the applicant against what security and for what purpose and the period within which it may be recovered from him.

(12) After completion of the enquiry, the application together with his reports shall be submitted by the enquiry Officer to the 5[Primary Agriculture and Rural Development Bank] together with the Certificate regarding outstanding Government dues and the certificates specified by the 6[State Agriculture and Rural Development Bank.]

(13) On receipt of the report of the Enquiry Officer under sub-rule (12), the 7[Primary Agriculture and Rural Development Bank] shall satisfy itself that the inquiry has been properly conducted. If there are any deficiencies, the Bank shall get them completed immediately.

1. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
2. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
3. Substituted for the expression “State Land Development Bank” by GSR 85, dated 28-3-1987.
4. Substituted for the expression “State Land Development Bank” by GSR 85, dated 28-3-1987.
5. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
6. Substituted for the expression “State Land Development Bank” by GSR 85, dated 28-3-1987.
7. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.

(14) The [1][Primary Agriculture and Rural Development Bank] may then undertake further scrutiny as may be necessary and pass final orders.

(15) In the case of rejection of applications for loans, the reasons therefore shall be communicated by the Bank to the applicant. When the loan has been sanctioned, the Bank shall lay down the terms and conditions regarding grant of the loan, regarding payment of installments, submission of report on the progress of improvement of land and release of subsequent installments. The applicant shall be required to be present at the head office or branch office of the Bank on a date to be fixed for execution of the mortgage deed and for receiving the amount of loan or the first installment thereof.

(16) The applicant, while receiving the amount of the loan or the first installment of the loan, shall purchase shares of the Bank to such extent as may be required under the bye-laws of the Bank. [2][The Primary Agriculture and Rural Development Bank] shall issue receipt to the applicant giving full particulars of the amount paid by him from time to time.

49-B. Registration of mortgage or lease under Section 85-A.- Copies of instruments referred to in Section 85-A, duly certified by the Secretary of the [3][Primary Agriculture and Rural Development Bank] shall be sent by the [4][Primary Agriculture and Rural Development Bank] to the Registering Officer concerned within a period of three months from the date of execution of the instruments by registered post or by delivery in person.

49-C. Submission of report for confirmation of sale under Section 89-A.- (1) The report referred to in sub-sections (1) and (2) of Sections 89-A, shall contain, amongst other details, the following particulars.-

(a) a brief account of the circumstances which rendered the sale necessary;

(b) full details showing how the provisions of sub-section (2) of Section 89 have been complied with;

(c) full details showing how the procedure for holding the sale of immovable property has been followed;

(d) name of the Sale Officer;

(e) place of sale;

(f) date of sale;

(g) description of property sold;

1. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
2. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
3. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.
4. Substituted for the expression “Land Development Bank” by GSR 85, dated 28-3-1987.

(h) name of purchaser and his address;

(i) value realized;

(j) cost of sale; and

(k) date of receipt of purchase money from the purchaser.

(2) The 1[State Agriculture and Rural Development Bank] or the Registrar may call for any clarification deemed necessary from the 2[Primary Agriculture and Rural Development Bank] and satisfy itself or himself that the sale has properly been conducted and the 3[Primary Agriculture and Rural Development Bank] shall furnish the same forthwith. The Registrar may call for any clarification from the State Agriculture and Rural Development Bank for the same purpose and such clarification shall be furnished forthwith by the 5[State Agriculture and Rural Development Bank.]

49-D. Certificate of purchase.- The certificate to be granted by 6[Primary Agriculture and Rural Development Bank] under sub-section (1) of Section 89-C shall be in

Form V.] [7][CHAPTER IX-B

Co-operative Appellate Tribunal

x x x x x

49-E.Sittings of the Tribunal. - x x x x x

49-F. Office hours and holidays.- x x x x x.]

CHAPTER X
Miscellaneous

50. Maintenance of register of names, etc., of Co- operative Societies.-**The Registrar shall maintain.-** (1) Aregister of the names and addresses of all Co-operative Societies registered under the Act, and

(2) A record of the bye-laws of each such Co-operative Society, with all subsequent amendments thereto arranged in the order in which the amendments are registered.

1. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.
2. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.
3. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.
4. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.
5. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.
6. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.
7. Chapter IX-B and Rules 49-E and 49-F omitted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013.

[1][**51. Accounts and other books to be maintained by societies.-** x x x x x .]

52. Power of Registrar to direct accounts and books to be written up.- The Registrar may, by order in writing, direct any Co-operative Society to get any or all the accounts and books required to be kept by it under Rule 51 written up to such date, in such form and within such time as the may direct. In case of failure by any Society to do so, the [4][Registrar] may depute an officer subordinate to him or authorize any other person to write up the accounts and books. In such cases, it shall be competent for the [5][Registrar] to determine with reference to the time involved in the work and the emoluments of the officer deputed or other person authorized, the charges which the society concerned should pay to the State Government or the person authorized, as the case may be and to t Its recovery from the society.

53. Statements and Returns to be furnished by Societies.- (1) Every Co-operative Society shall prepare for each Co-operative year in such form as may be specified by [6][The Director of Co-operative Audit and furnish within [7][One month] from the end of that year to the Registrar and the Director of Co-operative Audit].-

(a) a statement showing the receipts and disbursements for the year;

(b) a profit and loss account;

(c) a balance sheet; and

(d) such other statements or returns as may be specified by the [8][Director of Co-operative Audit.]

[9][(2) Any other statements, returns and information which the Registrar requires under section 27-B and any other statements and returns which the Auditor or Auditing firm requires under sub section (7) of section (63) shall also be furnished to the Registrar or the Auditor as the case may be.]

1. Rule 51 omitted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013.
2. Substituted for the words "Director of Co-operative Audit" by Notification No. CO 226 CLM 2005, dated 6-7-2006, w.e.f.6-7-5006.
3. Substituted for the words "Director of Co-operative Audit" by Notification No. CO 226 CLM 2005, dated 6-7-2006, w.e.f.6-7-5006.
4. Substituted for the words "Director of Co-operative Audit" by Notification No. CO 226 CLM 2005, dated 6-7-2006, w.e.f.6-7-5006.
5. Substituted for the words "Director of Co-operative Audit" by Notification No. CO 226 CLM 2005, dated 6-7-2006, w.e.f.6-7-5006.
6. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f.29-5-1986.
7. Substituted for the words "two months" by Notification No.CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013
8. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f.29-5-1986.
9. Sub-rule (2) substituted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-

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

[2][(4) x x x x x.]

(5) Every Co-operative Society shall prepare a list of its members as on the last day of each Co-operative year. The list of members shall be received fourteen days prior to the date of the meeting fixed for the election of the committee of the society and shall include the members admitted and exclude the members removed during the period commencing from the date when the list was last revised and ending with the date of the revision of the list.

[4]**[53-A. Procedure for seizure of books, documents, securities of Society, etc**.-

(1)Any Officer or person who seizes any book or property of a society under Section 66, shall prepare a list of all things seized and shall give the person from whose custody the books or property have been seized, a copy of such list and a receipt for having seized the same. A copy of the list shall also be sent to the next higher authority or such Officer person [5][within twenty-four hours of such seizure.]

(2)If such Officer or person reasonably suspects that the seizure which he is about to make under Section 66 is likely to be obstructed or resisted by any person, be may send a requisition to the Officer-in-charge of the nearest police station seeking police help and it shall be the duty of such Police Officer to give necessary help to make such seizure.

(3)The books or property so seized shall be retained by such Officer or person only for so long as may be necessary for their examination or inspection or for any inquiry under this Act:

Provided that the books or property so seized shall not be retained for more than sixty days at a time except with the permission of the next higher authority.

54. Certifying copies of entries in books.- (1) For the purpose specified in Section 123 a copy of an entry in the books of a Co-operative Society regularly kept in the course of a business shall e certified.-

(a)by the 6[Chief Executive] of the society and shall also bear the society's seal; or

1. Sub-rule (2-A) and (3) substituted as sub-rule (3) by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013
2. Sub-rule (4) omitted by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013
3. Substituted of the word "committee" by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013
4. Rule 53-A inserted by GSR 24, dated 7-11-1985.
5. Inserted by GSR 92, dated 7-3-1988, w.e.f.14-4-1988.
6. Substituted of the words "Chairman or Secretary" by Notification No.CMW 73 CLM 2000, dated 4-11-2003, w.e.f.5-11-2003

(b) by the Liquidator where an order has been passed under Section 73, appointing a Liquidator of the society.

1[(2) Charges for preparation of certified copies shall be rupee per folio if the preparation of copies is by Photocopying recess including Photostat, Xerox or resograph or any other process by which the original is mechanically or electronically copied representing faithfully the original.

(4)If the certified copies are prepared otherwise than as provided under sub-rule (2), the charges shall be as specified in the table below.-

TABLE

Sl.No	Nature of document	Charges per folio
(1)	(2)	(3)
1.	Application for registration of a Society	Re. 1
2.	Bye-laws of registered society	Rs. 2
3.	Amendment of bye-laws of a registered Society	Rs. 3
4.	Certificate of registration	Rs. 3
5.	Orders for cancellation of the registration of a Society	Rs. 1
6.	Audit Report (Memorandum) of the registered Society a) Report part b) Balance Sheet and other financial statements part	 Rs. 2 Rs. 4
7.	Annual Balance Sheet	Rs. 4

Note. - For the purpose of this rule and Rule 56, a folio means a group of 175 words. If, however, the entire text to be copied is less than 175 words, the said text shall be treated as one folio. If the total number of words to be copied divided by 175, leaves a remainder of less than 175 words, the remainder of less than 175 words, the remainder shall also be treated as one folio.]

55. Restrictions on persons appearing as legal practitioners.- (1) In proceedings before the Registrar, the Arbitrators or any other person deciding a dispute or in proceedings in appeals before the Registrar, or the State Government, a legal practitioner shall not be entitled to appear to represent any party; but the Registrar or any other authority deciding a dispute or hearing an appeal may permit such appearance in special cases.

(2) Any 2[office-bearer or member of the 3[Board] or employee] of a Co-operative Society who appears as a legal practitioner,-

1. Sub-rules (2) and (3) substituted for sub-rule (2) by Notification No. CMW 64 CLM 91, dated 3-6-1996, w.e.f.10-6-1996.
2. Substituted for the word "officer" by Notification No. CO 223 CLM 2006, dated29-11-2007, w.e.f.29-11-2007
3. Substituted for the word "committee" by Notification No. CO 14 CLM 2013, dated 10-7-2013, w.e.f.10-7-2013

(i) against such society or against any other Co-operative Society, which is a member of the former society; or

(ii) (otherwise than in an honorary capacity) on behalf of such society or on behalf of such other society, which is a member of the former society; shall be deemed to have vacated his office in the society;

1[**56. Inspection of documents**.- (1) A member of a Co-operative Society 2[x x x x x] may inspect the inspect the following documents in the office of the Registrar, free of charge, and may obtain certified copies thereof on payment of the fees as are specified in sub-rule (2) or (3) as the case may be.

(2) Charges for preparation of certified copies shall be rupee one per folio if the preparation of copies is by photo copying process including photostat, Xerox or resograph or any other process by which the original is mechanically or electronically copied representing faithfully the original.

(3) If the certified' copies are prepared otherwise than as provided under sub-rule (2) the charges shall be as specified in the table below.-

4[**TABLE**

Sl.No.	Nature of document	Charges per polio (Rs.)
1.	Application for registration of a society	10.00
2.	Certificate of Registration	25.00
3.	Order for cancellation of the registration of a society	25.00
4.	Order of surcharge under section 69	20.00
5.	Order referring a dispute for arbitration under Section 71	20.00
6.	Order of supersession of board or removal of any member thereof	25.00
7.	Bye-law copy of the society	25.00
8.	Members list of the Society	25.00
9.	Audit Report of the Society	25.00

1. Rule 56 substituted by Notification No. CMW 64 CLM 91, dated 3-6-1996, w.e.f.10-6-1996.
2. The words "or any member of the public" omitted by CO 22 CLM 2009, dated 29-6-2009, w.e.f.29-6-2009.
3. Inserted by CO 22 CLM 2009, dated 29-6-2009, w.e.f.29-6-2009
4. Table substituted by Notification No. CO 226 CLM 2014, dated 6-6-2015, w.e.f.6-6-2015

1[**ANNEXURE**

A. In respect of Urban Co-operative Banks and Non-Agricultural Credit Co-operative Societies:

Name of the Post	Qualification

Chief Executive	Degree from recognized University preference may be given to person possessing Certified Associate of Indian Institution of Bankers (CAIIB) or Higher Diploma in Co-operative Management (HDCM) or Post-graduation degree in co-operation from any recognized University

B. In respect of House Building Co-operative Societies and other types of Co-operative Societies:

Name of the Post	Qualification
Chief Executive	Degree from recognized with Higher Diploma in Co-operative Management granted by Regional Institute of Co-operative Management.

C. In respect of District Central Co-operative Bank:

Name of the Post	Qualification
Chief Executive	Appointment as per fit and proper criteria or on deputation of an officer not below the rank of Deputy Register of Co-operative Management.

D. In respect of Karnataka State Co-operative Land Development Bank:

Name of the Post	
Chief Executive	On deputation of an officer not below the rank of Joint Registrar of Co-operative Societies from the Department of Co-operation.

E. In respect of the Karnataka State Co-operative Apex Bank Limited:

Name of the Post	

1. Annexure inserted by Notification No. CO 226 CLM 2014, dated6-6-2015, w.e.f.6-6-2015

Chief Executive	On deputation of an I.A.S. Cadre Officer from the Government or an officer not below the rank of Additional Registrar of co-operative societies on deputation from the Co-operative Department of appointment as per fit and proper criteria.

F. In respect of Primary Agriculture Credit Co-operative Societies:

Name of the Post	
Chief Executive	Degree from any recognized University with computer knowledge and general Diploma in Co-operative Management granted by Co-operative Federation.

G. In respect of Karnataka State Co-operative Milk federation:

Name of the Post	Eligibility
Chief Executive	Deputation of I.A.S. Officer or Selection from among the Senior Officers of KMF in the Cadre of Functional Directors or by an officer not below the rank of Additional Registrar
	of Co-operative Societies.

H. In respect of District Co-operative Milk Union:

Name of the Post	
Chief Executive	Deputation of an Officer not below the rank of Joint Director from KMF.

I. In respect of Primary Milk Societies:

Name of the Post	
Chief Executive	P.U.C. with Computer Knowledge and general Diploma in Co-operative Management granted by Karnataka State Co-operative Federation.]