



Bill Summary

The Constitution (One Hundred and Eleventh Amendment) Bill, 2009

- The Constitution (One Hundred and Eleventh Amendment) Bill, 2009 was introduced in the Lok Sabha on November 30, 2009 by the Minister of Agriculture, Consumer Affairs and Public Distribution System, Shri Sharad Pawar. The Bill was referred to the Department related Standing Committee on Agriculture (Chairperson: Shri Basudeb Acharia), which is expected to submit its report within three months.
- The Bill adds a new Directive Principles of State Policy stating that the “State shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of co-operative societies.” It further inserts a new part IX B in the Constitution (adding Articles 243ZH through 243ZT), which outlines certain guidelines for running co-operative societies.
- The state legislature shall specify the number of members of the Board of Directors of a co-operative society. The number is limited to 21. The term of the Board is for a period of five years. On every Board of a co-operative society, one seat shall be reserved for a person who is a Scheduled Caste or Schedule Tribe and two seats shall be reserved for women.
- The election of members to the Board must be conducted before the expiry of the previous one. The state legislature would outline the guidelines for conducting such elections.
- The state legislature shall make provisions for co-opting any person having experience in the field of banking, management, finance or specialization in a field related to a particular co-operative society as members of the Board. A maximum of two people can be co-opted to the Board. The co-opted member would not have the right to vote in any election of the co-operative society or be eligible for election as Chairman, President, Vice-Chairman or Vice-President.
- The Board of a co-operative society can be superseded in case of (a) persistent default; (b) negligence in the performance of its duties; (c) commission of any act prejudicial to the interest of the co-operative society or its members; (d) there is a stalemate in the constitution or function of the Board; or (e) the general body has failed to conduct the elections as per the required procedure.
- A Board cannot be superseded or suspended for more than six months. In case a Board has been superseded, the administrator appointed to manage the affairs of such a co-operative society shall arrange for conducting elections within the specified time period.
- The Board of a co-operative society which does not have any shareholding or guarantee or loan or financial assistance from the government cannot be superseded.
- The provisions of the Banking Regulations Act, 1949 will be applicable to banking co-operative societies.
- The state legislature may define the offences and penalties related to co-operative societies. An offence would be committed if (a) a co-operative society files a false return, (b) wilfully disobeys any summon or requisition issued under the state Act, (c) any employer who, without sufficient cause, does not pay to the co-operative society the amount deducted from an employee within a period of 14 days, (d) any officer who wilfully does not hand over custody of books, accounts or cash of a co-operative society to an authorized person, and (e) any person who adopts corrupt practices before, during or after the election of Board members or office bearers.

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