

Under Rule 130 of the Tamil Nadu Legislative Assembly Rules, the following Bill which was introduced in the Legislative Assembly of the Tamil Nadu on 9th May, 2022 is published together with Statement of Objects and Reasons for general information:-

L.A Bill No. 37 of 2022

***A Bill further to amend the Tamil Nadu
Co-operative Societies Act, 1983.***

BE it enacted by the Legislative Assembly of the State of Tamil Nadu in the Seventy-third Year of the Republic of India as follows:—

1. (1) This Act may be called the Tamil Nadu Co-operative Societies (Fourth Amendment) Act, 2022. Short title and commencement.

(2) It shall come into force at once.

Tamil Nadu Act
30 of 1983.

2. In section 87 of the Tamil Nadu Co-operative Societies Act, 1983, for sub-section (1) including the first proviso thereto, the following sub-section and the proviso shall be substituted, namely:— Amendment to section 87.

“(1) Where in the course of an audit under section 80 or an inquiry under section 81 or an inspection or investigation under section 82 or inspection of books under section 83 or the winding-up of a society, it appears that, any person who is or was entrusted with the organisation or management of the society or any past or present officer or servant of the society, either on his own or in connivance with any other person, has misappropriated or fraudulently retained or transferred any money or other property or been guilty of breach of trust in relation to the society or has caused any deficiency in the assets of the society by breach of trust or negligence or has made any payment which is not in accordance with this Act, rules or by-laws, the Registrar himself or any person specially authorised by him in this behalf, of his own motion or on the application of the Board, liquidator or any creditor or contributory, may frame charges against, such person or officer or servant or such other person and after giving a reasonable opportunity to the person concerned and in the case of his demise, to his representative who inherits his estate or a person who holds his estate, to answer the charges, make an order requiring him to repay or restore the money or property, or any part thereof with interest at such rate as the Registrar or the person authorised as aforesaid thinks just or to contribute such sum to the assets of the society by way of compensation in respect of the misappropriation, misapplication of funds, fraudulent retention or transfer of money or other property, breach of trust or negligence or payments which are not in accordance with this Act, rules or by-laws as the Registrar or the person authorised as aforesaid thinks just:

Provided that no action shall be commenced under this sub-section after the expiry of seven years from the date of detection of any act or omission referred to in this sub-section.”.

STATEMENT OF OBJECTS AND REASONS.

Sub-Section (1) of section 87 of the Tamil Nadu Co-operative Societies Act, 1983 (Tamil Nadu Act 30 of 1983) provides for passing surcharge order on a member of the board or an employee of a Co-operative Society, if he has misappropriated or fraudulently retained money or has been guilty of breach of trust in relation to the society or has willfully caused deficiency in the assets of the society. The first proviso thereunder provides a limitation of seven years from the date of act or omission, to initiate surcharge action. Audit under section 80, or inquiry under section 81 or inspection or investigation under section 82 or inspection of books under section 83 or the winding-up of a society is a prerequisite for initiating surcharge action under the said sub-section (1) of section 87. Generally, incidents of misappropriation, fraudulent retention of money, etc. in a co-operative society are brought to notice of the appropriate authority by the reports of the aforesaid inquiry, inspection or investigation, which are ordered on the basis of allegations or complaints, that are more often received after expiry of the aforesaid seven year limitation period. Moreover, the said section 87 does not provide for taking action against outsiders who, in connivance with the management or employees of the society, are involved in the aforesaid misdeeds.

2. In order to protect the interests of co-operative societies, the Government have decided to amend section 87 of the Tamil Nadu Co-operative Societies Act, 1983 (Tamil Nadu Act 30 of 1983), so as to provide for initiation of surcharge action in all such aforesaid cases.

3. The Bill seeks to give effect to the above decision.

I. PERIYASAMY,
Minister for Co-operation.

Secretariat,
Chennai-600 009,
9th May 2022.

K. SRINIVASAN,
Secretary.