

## ORISSA ACT 7 OF 1997

**\* THE ORISSA CO-OPERATIVE SOCIETIES ( SECOND AMENDMENT )  
ACT, 1996**

[ Received the assent of the President on the 8th July 1997, first published in an extraordinary issue of the Orissa Gazette, dated the 23rd July 1997 ]

AN ACT FURTHER TO AMEND THE ORISSA CO-OPERATIVE SOCIETIES ACT, 1962.

**B**E it enacted by the Legislature of the State of Orissa in the Forty-seventh Year of the Republic of India as follows:—

Short title  
and com-  
mencement.

1. (1) This Act may be called the Orissa Co-operative Societies (Second Amendment) Act, 1996.

(2) It shall come into force on the date of its publication in the *Orissa Gazette*.

Amendment  
of section  
14-B.

2. In the Orissa Co-operative Societies Act, 1962, in section 14-B,—

Orissa Act  
2 of 1963.

(a) in sub-section (1),—

(i) for clause (a), the following clause shall be substituted, namely:—

“(a) Subject to the provisions of section 123, and notwithstanding anything to the contrary contained in any other provisions of this Act and the Rules or Bye-laws framed thereunder, or any other law, for the time being in force, where the Registrar, for reasons to be recorded, is of the opinion that a Co-operative Society in which majority of the shares have been subscribed or liabilities by way of guarantee for borrowing exceeding fifty per centum of the working capital of the Society have been undertaken by the State Government;

(i) has become sick and it is not possible to rehabilitate it or run it in a viable manner; or

(ii) being in processing, manufacturing or other industrial sector, has its processing, manufacturing or other units lying either incomplete for want of required funds for completing those, or idle, or under utilised, for want of working capital for running it, or for any other reasons; or

(iii) being in a marketing, trading commercial or any other sector, has ceased to undertake necessary operations, or cannot undertake such operations in a viable manner;

and it is necessary, in the public interest, to transfer the assets and liabilities of the said Society, to any other Society or person, or a company, firm or body, whether incorporated or not, the Registrar may, after consulting the Financing Banks and other institutions to which such Society is indebted, and the State Government, on the choice of a transferee, nature of transfer, and other incidental, consequential and supplemental matters, by notice in writing, call upon the Committee of the Society to transfer, within such time, as may be specified therein its assets and liabilities to any other Society or person, or a company, firm or body, whether incorporated or not, on such terms and conditions as may be formulated by the Registrar :

\*For the Bill see *Orissa Gazette*, Extraordinary, dated the 27th June 1996 ( No. 657 )

Provided that no such consultation shall be made without determining the value of the assets and liabilities of the Society concerned by a valuer to be appointed, and through a procedure to be adopted with the previous approval of the Government."

(ii) after clause (b), the following clause shall be added, namely:—

"(c) The Registrar shall, within such time and in such manner as may be considered reasonable by him, in the facts and circumstances of the transfer under clause (b) settle the claims, if any, of the members, depositors, creditors, employees of the Society and other persons concerned having any right, assets or liabilities in relation to the Society in accordance with law, so however that no such right, asset or liability of any of the persons aforesaid, existing as on the date of the transfer, is increased, and make payments due, if any, under the settlement, to the Society or any such persons."

(b) for sub-section (4), the following sub-section shall be substituted, namely:—

"(4) For the purpose of this section at any stage of proceeding thereunder, it shall be competent for the State Government to give such directions to the Registrar, as it may deem proper in the facts and circumstances of every case, and such directive shall be binding on the Registrar".

(c) after sub-section (4), the following sub-section shall be added, namely :—

"(5) Notwithstanding anything contained in the Transfer of Property Act, 1882 or the Registration Act, 1908, an order issued under this section shall be sufficient conveyance to transfer the assets and liabilities of the society." 4 of 1882. 16 of 1908.

(d) For the Explanation, the following Explanation shall be substituted' namely:—

"Explanation:—For the purposes of this section,—

- (i) 'company' shall mean a company as defined in the companies Act, 1956;
- (ii) 'sickness' in respect of a Society shall ordinarily mean non-viability, and may bear such other meaning as assigned to it under Sick Industrial Companies (Special Provisions) Act, 1985 or any other law in force ; and
- (iii) 'Transfer' shall include transfer by way of management contracts, lease or any other mode."