

Fourteenth Kerala Legislative Assembly

Bill No. 249

**THE KERALA CO-OPERATIVE SOCIETIES
(AMENDMENT) BILL, 2020**

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further to amend the Kerala Co-operative Societies Act, 1969.

Preamble.—WHEREAS, it is expedient further to amend the Kerala Co-operative Societies Act, 1969 (21 of 1969) for the purposes hereinafter appearing;

BE it enacted in the Seventy First year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala Co-operative Societies (Amendment) Act, 2020.

(2) It shall come into force at once.

2. *Amendment of Section 22.*—In section 22 of the Kerala Co-operative Societies Act, 1969 (21 of 1969) (hereinafter referred to as to the Principal Act),—

in sub-section (1), after the existing proviso the following proviso shall be inserted, namely:—

“Provided further that the maximum amount of share capital that an individual member can hold in an urban co-operative bank having RBI license is limited to five percent of the value of total paid up share capital of the bank.”

STATEMENT OF OBJECTS AND REASONS

1. As per section 22 of the Kerala Co-operative Societies Act, 1969 (Act 21 of 1969), a member, other than government, any statutory or non-statutory Board, Committee or Corporation approved by Government in this behalf or any society,

shall hold a maximum of one fifth of the share capital of a society. The Reserve Bank of India has advised all urban co-operative banks to restrict the shareholding of an individual member of the bank to five percent of the total paid up share capital and the matter was considered in the meeting Taskforce on Co-operative Urban Banks (TAFUCB) and the Government considers it is necessary to restrict the shareholding of individual member of urban banks having RBI license, upto a maximum of five percent of the total paid up share capital.

2. The Bill seeks to achieve the above object.

FINANCIAL MEMORANDUM

The Bill, if enacted and brought into operation, would not involve any additional expenditure from the Consolidated Fund of the State.

KADAKAMPALLY SURENDRAN.

EXTRACT FROM THE RELEVANT PORTION OF THE
CO-OPERATIVE SOCIETIES ACT (21 OF 1969)

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22. *Restriction on holding shares*:—(1) In any society no member other than the Government, any statutory or non-statutory Board, Committee or Corporation approved by the Government in this behalf or any other society, shall hold more than such portion of the total share capital of the society, not exceeding one fifth thereof, as may be prescribed:

Provided that the Government may, by notification in the Gazette, specify in respect of any class of societies a higher maximum than one fifth of the share capital.

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