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No. L-11019/6/2023-L&M
Government of India
Ministry of Cooperation
Office of the Central Registrar of Cooperative Societies

Atal Akshay Urja Bhawan, New Delhi
Dated: 16 February, 2023

To

Registrar of Cooperative Societies,
All States/UTs

Sub.: Provisions of Multi-State Cooperative Societies Act, 2002 & Rules made there under for liquidation proceedings of a multi-State cooperative society - reg.

Sir/Madam,

I am directed to refer to the above mentioned subject and to enclose herewith provisions of Multi-State Cooperative Societies Act, 2002 & Rules made there under for liquidation proceedings of a multi-State cooperative society.

This issues with the approval of the Competent Authority.

Yours faithfully,


16.2.23

(Jitender Nagar)

Deputy Commissioner (Cooperation)

Copy to

1. All Liquidators of a Multi-State Cooperative Society (as per list)
2. NIC for uploading on office website.

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Provisions of Multi-State Cooperative Societies Act, 2002 & Rules made there under for liquidation proceedings of a multi-State cooperative society:

(I) Section 89 - Liquidator :

1. A liquidator shall, on appointment, take into his custody or under his control all the property, effects and actionable claims to which the multi-State co-operative society is or appears to be entitled and shall take such steps as he may deem necessary or expedient to prevent loss or deterioration of, or damage to, such property, effects and claims and he may carry on the business of the multi-State co-operative society so far as may be necessary with the previous approval of the Central Registrar.
2. Where an appeal is preferred under clause (f) of sub-section (1) of section 99, an order for the winding up of a multi-State co-operative society made under section 86 shall not operate thereafter until the order is confirmed in appeal: Provided that the liquidator shall continue to have custody or control of the property, effects and actionable claims mentioned in subsection and have authority to take the steps referred to in that sub-section.
3. Where an order for the winding up of a multi-State co-operative society is set aside in appeal, the property, effects and actionable claims of the society shall re-vest in the society.

(II) Section 90 - Powers of liquidator:

1. Subject to any rules made in this behalf, the whole of the assets of a multi-State co-operative society in respect of which an order for winding up has been made, shall vest in the liquidator from the date on which the order takes effect and the liquidator shall have power to realise such assets by sale or otherwise.
2. Liquidator shall also have power, subject to the control of the Central Registrar—
 - a. to institute and defend suits and other legal proceedings on behalf of the multi-State cooperative society by the name of his office;
 - b. to determine from time to time the contribution (including debts due and costs of liquidation) to be made or remaining to be made by the members or past members or by the estates or nominees, heirs or legal representatives of the deceased members or by any officers or former officers, to the assets of the multi-State co-operative society;
 - c. to investigate all claims against the multi-State co-operative society and subject to the provisions of this Act, to decide questions of priority arising between claimants;
 - d. to pay claims against the multi-State co-operative society, including interest up to the date of winding up according to their respective priorities, if any, in full or rateably, as the assets of the society may permit; and the surplus, if any, remaining after payment of the claims being applied in payment of interest from the date of such order or winding up at a rate fixed by him but not exceeding the contract rate in any case;

(3)

- e. to determine by what persons and in what proportions the costs of the liquidation are to be borne;
 - f. to determine whether any person is a member, past member or nominee of a deceased member;
 - g. to give such directions in regard to the collection and distribution of the assets of the multi State co-operative society as may appear to him to be necessary for winding up the affairs of that society;
 - h. to carry on the business of the multi-State co-operative society so far as may be necessary for the beneficial winding up of the same;
 - i. to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging to have any claim, present or future, whereby the multi-State co-operative society may be rendered liable;
 - j. to make any compromise or arrangement with any person between whom and the multi-State co-operative society there exists any dispute and to refer any such dispute for decision;
 - k. after consulting the members of the multi-State co-operative society, to dispose of the surplus, if any, remaining after paying the claims against the society, in such manner as may be prescribed;
 - l. to compromise all calls or liabilities to calls and debts and liabilities capable of resulting in debts, and all claims, present or future, certain or contingent, subsisting or alleged to be subsisting between the multi-State co-operative society and a contributory or other debtor or person apprehending liability to the multi-State co-operative society and all questions in any way relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt or claim and give a complete discharge in respect thereof.
3. When the affairs of a multi-State co-operative society have been wound up, the liquidator shall make a report to the Central Registrar and deposit the records of the society in such place as the Central Registrar may direct.

(III) Section 88 - Reimbursement to the Deposit Insurance Corporation by liquidator

Where a cooperative bank, being an insured bank within the meaning of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, is wound up and the Deposit Insurance Corporation has become liable to the depositors of the insured bank under sub-section (1) of section 16 of that Act, the Deposit Insurance Corporation shall be reimbursed by the liquidator or such other person in the circumstances, to the extent and in the manner provided in section 21 of that Act.

(4)

(IV) Section 91 - Disposal of surplus assets:

The surplus assets, as shown in the report of a liquidator of a multi-State co-operative society which is wound up-

- a. may, if the bye-laws of the multi-State co-operative society specify the purpose for which surplus shall be utilised, be utilised by the Central Registrar for the said purpose, and
- b. if the bye-laws aforesaid do not specify the purpose, be divided by the Central Registrar with the previous sanction of the Central Government, amongst the members of such multi-State co-operative society in such manner as may be prescribed.

(V) Section 92 - Priority of contributions assessed by the liquidator:

Notwithstanding anything contained in any law relating to insolvency, the contribution assessed by a liquidator shall rank next to debts due to the Central Government or a State Government or a local authority in accordance with the order of priority in insolvency proceedings.

(VI) Section 95 - Execution of orders of liquidators:

Every order made by the liquidator under section 90 shall be executed according to the law for the time being in force for the recovery of arrears of land revenue.

(VII) Section 114 - Liquidator to be public servant:

Any person appointed as liquidator under the provisions of this Act shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code (45 of 1860)

(VIII) Section 117 - Bar of jurisdiction of courts

- (1) Save as otherwise provided in this Act, no court shall have jurisdiction in respect of-
- (a) the registration of a multi-state cooperative society or its byelaws or of an amendment of the bye-laws;
 - (b) any matter concerning the winding up and the dissolution of a multi-state cooperative society.

(2) While a multi-state cooperative society is being wound up, no suit or other legal proceedings relating to the business of such society shall be proceeded with or instituted against the liquidator or against the society or any member thereof, except by leave of the Central Registrar and subject to such terms and conditions as he may impose.

(3) Save as otherwise provided in this Act, no decision or order made under this Act shall be questioned in any court.

(IX) Rule 28 - Procedure to be adopted by liquidator:

When liquidator has been appointed under sub-section (1) of section 89, the following procedure shall be adopted:-

1. The liquidator shall, as soon as the order of winding up of the multi-state cooperative society takes effect, publish by such means as he may, think proper, a notice, requiring all claims against the multi-state cooperative society, the winding up of which has been ordered, to be submitted to him within two months of the publication of the notice. All liabilities recorded in the account books of a multi-state cooperative society shall be deemed *ipso-facto* to have been duly submitted to him under this clause.
2. The liquidator shall investigate all the claims against the multi State cooperative society and decide questions of priority arising between claimants.
3. The liquidator shall recover all sums and other properties to which the multi-state cooperative society is entitled and may institute such suits for that purpose or such suits incidental to liquidation proceedings as he may think proper.
4. The liquidator may empower any person, by general or special order in writing, to make collections and to grant valid receipts on his behalf.
5. The liquidator shall, after setting the assets and liabilities of multi-state cooperative society as they stood on the date on which the order of winding up is made, proceed next to determine from time to time the contribution including debts due and costs of liquidation to be made or remaining 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, to the assets of the multi-state cooperative society, under clause (b) of sub-section (2) of section 90. 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.
6. All funds in the charge of the liquidator shall be deposited in the Post Office Savings Banks or in a cooperative bank or with such other banks as may be approved by the Central Registrar and shall stand in his name.
7. The Central 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 multi-state cooperative society in priority of all other claims.
8. The liquidator may call for the meeting of the members of the multi-state cooperative society under liquidation.

(6)

9. The liquidator shall submit to the Central Registrar a quarterly report in such form as the Central Registrar may, specify showing the progress made in liquidation of the multi-state cooperative society.
10. The liquidator shall keep such books and accounts as may from time to time be specified by the Central Registrar who may at any time cause such books and accounts to be audited.
11. 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 authorised by him, by special or general order in writing in this behalf, shall summarise, the result of his proceedings and shall take a vote as to the disposal of any surplus funds. The liquidator shall submit his final report to the Central Registrar with a copy of the proceedings of the general meeting referred to above and make over to the Central Registrar all books and registers and accounts etc., belonging to the multi State cooperative society and all books and accounts relating to the liquidation proceedings kept by him.
12. 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 Cooperative Bank and shall be available for meeting the claims of the person or persons concerned.
13. A liquidator may, at any time, be removed by the Central 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 Central Registrar may direct.

(X) Rule 29 - Application of assets of the multi-state cooperative society:

The assets of the multi-State cooperative society shall be applied in order of priority as given below for payment of the liabilities:

1. Pro-rata payment of all outside liabilities
2. Pro-rata repayment of loans and deposits of members
3. Pro-rata refund of share capital
4. Pro-rata payment of dividend on the share at the rate not exceeding 6.25 per cent. per annum for the period of liquidation.

(XI) Section 93 - Powers of to cancel registration of a multi-State co-operative society:

The Central Registrar, after considering the report of the liquidator made to him under sub-section (3) of section 90, order the registration of the multi-State co-operative society to be cancelled and on such cancellation, that Society shall stand dissolved.

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