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PART III—Acts of the West Bengal Legislature.

GOVERNMENT OF WEST BENGAL

LAW DEPARTMENT

Legislative

NOTIFICATION

No. 712-L.—25th May, 2010.—The following Act of the West Bengal Legislature, having been assented to by the President of India, is hereby published for general information:—

West Bengal Act XL of 2006

THE WEST BENGAL CO-OPERATIVE SOCIETIES
ACT, 2006.

[Passed by the West Bengal Legislature.]

[Assent of the President of India was first published in the *Kolkata Gazette, Extraordinary*, of the 25th May, 2010.]

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THE WEST BENGAL CO-OPERATIVE SOCIETIES ACT, 2006

(Chapter I.—Preliminary.—Sections 1-3.)

An Act to consolidate and amend the law relating to Co-operative societies in West Bengal.

WHEREAS in order to infuse a new life into the Co-operative movement of West Bengal on the face of the new challenge of globalisation and liberalization of Indian Economy, it is necessary and expedient to make provisions to give healthy impetus and a sense of purpose for the Co-operative movement in West Bengal, to facilitate the voluntary formation and democratic functioning of the Co-operative societies in the State, to ensure members' involvement in making decisions, to make the Co-operative societies self-reliant and vibrant by changing the vision and mission of the institutions as required to face a new competitive economic scenario to promote thrift, self-help and mutual aid amongst the people with needs and interest in common, to provide for transparent, devoted and efficient management and services relevant to the needs of the Co-operatives, to diversify their activities, to put them on sound financial footing and to increase production in all sectors of life including agriculture and industry and above all to bring about economic and social regeneration including better and happier conditions of living for the weaker and poorer section of the community including womenfolk and to bring them within the fold of Co-operative movement and for that purpose to consolidate and amend the law relating to the Co-operative societies in West Bengal.

It is hereby enacted in the Fifty-seventh Year of the Republic of India, by the Legislature of West Bengal, as follows:—

CHAPTER I

Preliminary

Short title, extent and commencement.

1. (1) This Act may be called the West Bengal Co-operative Societies Act, 2006.

(2) It extends to the whole of West Bengal.

(3) It shall come into force on such date as the State Government may, by notification in the *Official Gazette*, appoint, and different dates may be appointed for different provisions of this Act.

State policy on Co-operative societies.

2. (1) It shall be the policy of the State to promote Co-operative societies, which are instruments of equity, social justice and economic development in fulfilment of the Directive Principles of the State Policy as enshrined in the Constitution of India.

(2) Save as otherwise expressly provided in this Act, the State shall not interfere in the management and operation of the Co-operative societies and shall recognise Co-operative societies as democratic institutions owned, managed and controlled by members for their economic and social betterment, operating their business based on mutual aid and Co-operative principles.

Co-operative principles.

3. The following shall constitute the Co-operative principles:—

- (i) membership in Co-operative societies shall be voluntary and available irrespective of caste, creed, race and religion to all persons who can make use of its services and are willing to accept the responsibilities of membership;

*The West Bengal Co-operative Societies Act, 2006.**(Chapter I.—Preliminary.—Section 4.)*

- (ii) Co-operative societies are democratic organisations controlled by their members who actively participate in setting their policies and making decisions. Their affairs shall be managed and administered by persons elected or appointed in the manner agreed by the members and accountable to them. Every member of a Co-operative society, other than a nominal member, shall have equal right of voting in accordance with the principle of "one member, one vote";
- (iii) member holding share capital shall only receive a strictly limited compensation, by way of dividend, if any;
- (iv) the economic results, arising out of the operations of a Co-operative society belonging to the members of that Co-operative society shall be distributed in such a manner as to avoid one member gaining at the expenses of other.

This may be done by decision of the members as follows:—

- (a) by provision for development of the business of the Co-operative societies;
- (b) by provision of common services; and
- (c) by distribution among the members in proportion to their transactions with the Co-operative societies;
- (v) as autonomous, self-help organisations, controlled by their members, Co-operative societies, if they enter into agreements with other organisations, including Governments or raise capital from external sources, they can do so on terms that ensure democratic control by their members and maintain their Co-operative autonomy;
- (vi) all Co-operative societies shall make provision for the education of their members, officers and employees and of the general public, in the principles and techniques of co-operation, both economic and democratic;
- (vii) all Co-operative societies, in order to serve better the interest of their members and their communities, shall actively co-operate in every practical way with other Co-operative societies at a local, national and international levels having as their aim the achievement of unity of action by co-operators throughout the world; and
- (viii) all Co-operatives shall have concern for the communities and shall work for the sustainable development of their communities through policies approved by their members.

Definitions.

4. In this Act, unless there is anything repugnant in the subject or context,—

- (1) "administrator" means an administrator appointed under section 35;
- (2) "apex Co-operative society" means a Co-operative society whose area of membership extends to the whole of West Bengal and the primary object of which is to promote the objects and to provide facilities for the operation of other Co-operative societies which are its members and includes West Bengal State Co-operative Bank Limited and West Bengal State Co-operative Agriculture and Rural Development Bank Limited;
- (3) "arbitrator" means an arbitrator appointed under section 103 and includes a board of arbitrators and a forum of arbitrators;
- (4) "area of membership" means the area as specified in the by-laws of a Co-operative society from which the membership is drawn;

*The West Bengal Co-operative Societies Act, 2006.**(Chapter I.—Preliminary.—Section 4.)*

- (5) "auditor" means a person appointed or authorised to act as an auditor under section 97;
- (6) "audit range" means an area over which an audit officer not below the rank of an Assistant Director of Co-operative Audit exercises his jurisdiction;
- (7) "block-level *mahila* self-help group Co-operative societies" means a credit Co-operative society formed by the self-help groups consisting of women members only within the administrative jurisdiction of a community development block;
- (8) "board" means a board of directors, the governing body of a Co-operative society constituted under section 32;
- (9) "borrowed capital" means the total of loans, deposits and such other borrowings as the Board of a Co-operative Society may decide;
- (10) "by-law" means a by-law registered under this Act and includes an amendment thereof;
- (11) "Central Co-operative bank" has the same meaning as in the National Bank for Agriculture and Rural Development Act, 1981;
- (12) "State Co-operative agriculture and rural development bank" means a Co-operative, the primary object of which include the creation of funds for lending money to its members and to the Co-operative agriculture and rural development banks;
- (13) "Central Co-operative society" means a Co-operative society, the primary object of which is to facilitate the working of other Co-operative societies which are its members within an area as may be prescribed and includes a Central Co-operative Bank Ltd.;
- (14) "consumer Co-operative society" means a Co-operative society, the primary object of which is to supply consumer goods and to render such other services to its members and other consumers as may be required in the matter of supply and production of consumer goods and includes a federation of such Co-operative societies;
- (15) "Co-operative society" means a Co-operative society registered under this Act and includes all Co-operative societies registered under the previous Acts;
- (16) "Co-operative agriculture and rural development bank" means a primary Co-operative society, the object of which include the creation of funds for lending money to its members on long-term basis and also to the beneficiaries of long-term loan on short-term basis for improvement of agricultural land and for other productive purposes and for construction of house and higher education of members or their wards.

61 of 1981.

Explanation.—In this clause—

- (i) "long-term" shall mean a term exceeding five years;
- (ii) "productive purposes" shall mean such effort, activity or construction as may be provided in the by-laws;
- (17) "Co-operative farming" means a Co-operative society, the principal object of which is to organise cultivation of lands held by it or by its members jointly or otherwise with a view to increasing agricultural production and employment by proper utilisation of land, labour and other resources;