

BANKING REGULATION (CO-OPERATIVE SOCIETIES) RULES, 1966

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BANKING REGULATION (CO-OPERATIVE SOCIETIES) RULES, 1966

In exercise of the powers conferred by Section 52 read with Cl. (zj) of Sec. 56 of the Banking Regulation Act, 1949 (10 of 1949), and after consultation with the Reserve Bank of India, the Central Government hereby makes the following rules, the same having been previously published as required by sub-section (3) of Section 52 of the said Act, namely :

1. Short title and commencement :-

(1) These rules may be called the Banking Regulation (Co-operative Societies) Rules, 1966.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions :-

In these rules unless the context otherwise requires.-

(a) "the Act" means the Banking Regulation Act, 1949 (10 of 1949)

;

(b) "commencement of these rules" means -

(i) in the case of a co-operative society which at the commencement of Banking Laws (Application to Co-operative Societies) Act, 1965, is a co-operative bank and is carrying on the business of banking the date on which these rules come into force;

(ii) in the case of a co-operative society which becomes a co-operative bank or which commences banking business as a co-operative bank after the commencement of Banking Laws (Application to Co-operative Societies) Act, 1965, the date on which these rules come into force or the date on which the co-operative society so becomes a co-operative bank or so commences banking business, whichever is later;

(c) "form" means a form appended to these rules;

(d) "place of business" of a co-operative bank includes any sub-office, pay-office, sub-pay-office and any place of business at which deposits are received, cheques cashed, moneys lent, or any other form of business referred to in sub-section (1) of Section 6 of the Act is transacted ;

(e) "principal office of the co-operative bank" means the office of the co-operative bank which will be responsible for the submission of the returns prescribed under the Act or these rules;

1 (f) "principal office of the Reserve Bank" means

(i) in relation to a primary co-operative bank, the office of the Urban Banks Department of the Reserve Bank; and

(ii) in relation to a Central Co-operative Bank or a State Co-operative Bank, the office of the Rural Planning and Credit Department of the Reserve Bank - to which the returns prescribed under the Act or these rules are required to be submitted;]

(g) "quarter" means a period of three months ending on the last day of March, June, September or December of any year;

(h) all expressions used and not defined in these rules but defined in the Act shall have the same meaning as assigned to them under the Act;

(i) references in these rules to sections of the Act shall mean references to those

1. Subs. by S.O. 269 (E), published in the Gazette of India, Extraordinary, Pt. D, Sec. 3 (ii), dated 29th March, 1985 (w.e.f.

29th March, 1985).

3. Submission of returns :-

(1) A return prescribed under the Act or these rules shall be submitted in the form prescribed for the purpose or as near thereto as circumstances admit.

(2) Such return shall be submitted by the principal office to a co-operative bank to the ¹[principal office] of the Reserve Bank situated in the State in which the co-operative bank has its principal office or to such other office of the Reserve Bank as may be specified by the Reserve Bank on an application to be made ² [in this behalf -

(a) by a primary co-operative bank to the Reserve Bank of India Central Office, Urban Banks Department, Bombay ; and

(b) by a Central Co-operative Bank or a State Co-operative Bank to the Reserve Bank of India, Central Office, Rural Planning and Credit Department, Bombay.]

(3) A co-operative bank shall intimate to the principal office of the Reserve Bank, the address of its principal office within one month from the commencement of these rules and any change in such address within one month of such change.

(4) Notwithstanding anything contained in sub-rule (2), the Reserve Bank may, at any time, direct that the returns prescribed under the Act or these rules shall be submitted from any other specified office to a co-operative bank to any other specified office to the Reserve Bank.

(5) Wherever a return prescribed under the Act or these rules relates to a particular day or date the return shall be prepared on the basis of the figures of that day or date in respect of offices working on that day or date, and the preceding working day's figures in respect of offices where that day or date is a holiday.

1. Subs. by S.O. 269 (E), published in the Gazette of India, Extraordinary, PL II, Sec. 3 (ii), dated 29th March, 1985 (w.e.f. 29th March, 1985). for the words "Office of the Agricultural Credit Department".

2. Subs. by the Gazette of India, Extraordinary, PL II, Sec. 3 (ii), dated 29th March, 1985 (w.e.f. 29th March, 1985)., for certain words.

4. List of officers :-

(1) A co-operative bank shall, not later than one month from the commencement of these rules, send to the ¹[office specified in sub-rule (2)] a written statement containing a list of-

(a) the names, the official designations and specimen signatures of the officers

(b) the names and address of the directors of the co-operative bank or the members of the committee of management of the co-operative bank.

²[(2) The statement containing the lists referred to in Cls. (a) and (b) of sub-rule (1) shall be sent by a primary co-operative bank to the principal office of the Reserve Bank and by a Central Cooperative Bank and also to the office of the National Bank situated in the State in which the Co-operative Bank has its principal office or to such other office of the National Bank as may be specified by the National Bank.]

³[(3)] Any change in the list referred to in sub-rule (1) shall be intimated to the principal office of the Reserve Bank ⁴ [and, in the case of a Central Co-operative Bank and a State Cooperative Bank, also to the office of the National Bank as specified under sub-rule (2)] within one month from the occurrence of such change.

1. Subs. by S.O. 269 (E), published in the Gazette of India, Extraordinary, Pt. D, Sec. 3 (ii), dated 29th March, 1985 (w.e.f. 29th March, 1985), for the words "principal office of the Reserve Bank".

2. Ins. by S.O. 269 (E), published in the Gazette of India Extraordinary, Pt. II, Sec. 3 (ii), dated 29th March, 1985 (w.e.f. 29th March, 1985) for sub-rule (2).

3. Renumbered by the Gazette of India, Extraordinary, PL II, Sec. 3 (ii), dated 29th March, 1985 (w.e.f. 29th March, 1985).

4. Ins. by the Gazette of India, Extraordinary, PL II, Sec. 3 (ii), dated 29th March, 1985 (w.e.f. 29th March, 1985).

5. Form of statement of cash reserve and unsecured advances :-

The statement to be submitted under Section 18 and the return to be submitted under sub-section (2) of Section 20 of the Act shall be in Form I and Form II, respectively.

6. Licensing of co-operative societies :-

A co-operative society or a bank desiring to have a licence under

Section 22 of the Act shall apply to the principal office of the Reserve Bank in the form specified below, namely -

1[(a) In the case of a co-operative society desiring to commence banking business after the commencement of Banking Laws (Application to Co-operative Societies) Act, 1965,-

(1) as a Primary Co-operative Bank, in Form III-A,

(2) as a Central Co-operative Bank, in Form III-B, and

(3) as a State Co-operative Bank, in Form III-C ;]

1 [(b) in the case of a co-operative society, which at the commencement of Banking Laws (Application to Co-operative Societies) Act, 1965, was carrying on business as a co-operative bank or co-operative bank which has come into existence as a result of the division of any other co operative society carrying on business as a co-operative bank, or the amalgamation of two or more co-operative societies carrying on banking business or a primary credit society which becomes a primary co-operative bank after such commencement, and desires to carry on banking business, in Form IV.]

1. Subs. by the Gazette of India, Extraordinary, PL II, Sec. 3 (ii), dated 29th March, 1985 (w.e.f. 29th March, 1985)., for Cl. (a).

7. Opening of new places of business :-

An application by a co-operative bank for permission to open a new place of business or change the location of an existing place of business under Section 23 of the Act shall be submitted **1** [In Form V -

(a) in the case of a primary co-operative bank to the principal office of the Reserve Bank; and

(b) in the case of a Central Co-operative Bank or a State Co-operative Bank to the office of the National Bank situated in the State in which the co- operative bank has its principal office or to such other office of the National Bank as may be specified by the National Bank, and an advance copy of the application be submitted directly to the principal office of the Reserve Bank.]

1. Subs. for the word "ten" by S.O. 700, dated the 31st January, 1979, published in the Gazette of India, Pt. II, Sec.3 (ii). dated the 24th February, 1979.

8. List of offices :-

A list relating to the offices of a co-operative bank shall be sent, within a period of one month from the close of every quarter, in Form VI, -

(a) by a primary co-operative bank to the principal office of the Reserve Bank ; and

(b) by a Central Co-operative Bank or a State Co-operative Bank to the principal office of the Reserve Bank and also to such office of the National Bank as may be specified by the National Bank.]

9. Other returns :-

The returns to be submitted under sub-section (3) of Section 24 , Section 26 and sub-section (1) of Section 27 shall be in Form VII, Form VIII and Form IX, respectively.

10. Manner of publication of accounts and balance-sheet :-

The balance-sheet and profit and loss account prepared in pursuance of Section 29 of the Act together with the auditor's report shall be published within a period of ¹[nine] months from the end of the period to which they relate in a newspaper which is in circulation at the place where the co-operative bank has its principal office. Explanation 1.- For the purposes of this rule the expression "newspaper" means any newspaper or journal published at least once a week but does not include a journal other than a banking, commercial, financial or economic journal. ²[{Explanation 2.- In the case of a co-operative bank the deposit liabilities of which, as at the end of the period to which the accounts and balance-sheet relate, do not exceed ³ [twenty] lakhs of rupees, a display, in a conspicuous place at the principal office, and at every place of business of such bank, or a copy of the balance-sheet and profit and loss account with the auditor's report shall be deemed to constitute compliance with the provisions of this rule.]

1. Subs. by G.S.R. 1609, dated the 18th October, 1967.

2. Subs. by G.S.R. 209, dated the 30th October, 1969.

3. Subs. for the word "ten" by S.O. 700, dated the 31st January, 1979, published in the Gazette of India, Pt. II, Sec.3 (ii). dated the 24th February, 1979.

11. Manner of holding inquiries :-

(1) For the purpose of holding an inquiry under sub-section (2) of Section 47A of the Act, the Reserve Bank shall appoint in writing

one of its officers (hereinafter referred to as the said officer) for holding the inquiry and shall also authorise him to exercise the power conferred on the Reserve Bank under sub-section (3) of the said Section 47A .

(2) The said officer shall send by registered post to the co-operative bank at its principal office, a statement giving sufficient particulars of the contravention or default of the nature referred to in sub-section (3) or sub-section (4) of Section 46 of the Act.

(3) A co-operative bank to which a statement is addressed under sub-rule (2), shall before the expiry of 30 days from the receipt of such statement, send in writing to the said officer its answer to the said statement together with particulars of the documentary or other evidence on which it proposes to rely.

(4) The said officer shall appoint a date and place for holding the inquiry and intimate the same by registered post to the co-operative bank at its principal office and the date so appointed shall not be earlier than thirty days from the date of issue of the statement to the co-operative bank.

(5) At the enquiry, the co-operative bank shall be entitled to be represented by any of its directors or officers as its authorised representative but shall not be entitled to be represented by a legal practitioner.

(6) At the inquiry an officer of the Reserve Bank not being the officer conducting the inquiry, shall present the case for the Reserve Bank, including evidence on the matter. Therefore, the authorised representative of the co-operative bank shall present its case including the evidence in relation thereto.

(7) On the date appointed for the purpose under sub-rule (4) the co-operative bank shall be represented at the inquiry by its authorised representative and the said officer shall commence the inquiry on the same day, unless, for reasons to be recorded in writing and communicated to the co-operative bank in person or by registered post, he adjourns the hearing to a later date. Such date shall not be earlier than fifteen days from the date of issue of such communication to the co-operative bank.

(8) In case the authorised representative of the co-operative bank fails to appear before the said officer on the appointed date or such adjourned date, as the case may be, without sufficient cause, the

said officer shall proceed with the inquiry ex pane and give his findings on the basis of the evidence placed before him by the officer of the Reserve Bank presenting the case.

(9) Once the inquiry has commenced, it shall be continued on day-to-day basis, including holidays, until all the witnesses for the Reserve Bank and the co-operative bank have been examined, unless the said officer, for reasons to be recorded in writing, decides that adjournment of the inquiry is necessary beyond the following day.

(10) The authorised representative of the co-operative bank and the officer of the Reserve Bank presenting the case may cross-examine the witnesses other than a witness produced by the representative of the co-operative bank or, as the case may be, by the officer of the Reserve Bank presenting the case.

(11) After the conclusion of the inquiry, the said officer shall record his findings and submit the entire record to the Reserve Bank.]

12. Banking Companies Rules, 1949, not to apply :-

]. Nothing contained in Banking Companies Rules, 1949, shall apply to co-operative societies.