

AccountAble™

Regulation of Societies: Karnataka and Kerala

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It has proved very difficult to get the latest amendments for each state. Therefore, please re-confirm the information in this circular before taking any important decisions.



Karnataka

[Karnataka Societies Registration Act, 1960¹]

Registration: By filing application for registration as given in schedule A [rule 3(1)] along with Memorandum of Association and certified copy of Rules and Regulations (Sec. 8). A copy of the relevant extracts from the minutes of the general meeting² (at which the registration was resolved) should also be given with the memorandum.

All documents to be filed with the Registrar of Societies at Raichur, Bellary or Shimoga District³ with a fee of Rs.100.

Registrar will issue a certificate as prescribed in schedule B [rule 3(5)] on registering the society.

If the registrar refuses⁴ to register a society, you can appeal to the Karnataka Appellate Tribunal within 60 days of the refusal.

Alteration: You are allowed to alter the objects of the society or change its name. For this you have to convene a special general body meeting. A written notice of this meeting should be delivered to the members of the society 21 days before the

meeting. Three-fourths (75%) of the members have to approve the change (Sec. 10).

Every change has to be filed with the Registrar within 30 days from its making.

The change will become effective only when approved by the Registrar of Societies [Sec. 10(2)]. If the registrar does not approve the change, you can appeal to Karnataka Appellate Tribunal within sixty days from the date of refusal to register amendment [Sec. 10(3)].

You can also amalgamate the society with another society either wholly or partly. For this, you have to convene two special general meetings⁵. A written notice of this meeting should be delivered to the members of the society 21 days before the first meeting. Three-fourths (75%) of the members have to approve the change at both the meetings (Sec. 21).



Annual General Meeting: A society registered under this act has to hold general meetings every year [Sec. 11(1)]. First annual general meeting is to be held within 18 months of registration. Subsequent meetings should be held within nine months of the end of the year [Sec. 11(2)].

List of Governing Body Members: To be filed every year within fourteen days of annual general meeting (Sec. 13).

Accounts: The society should keep books of accounts at the registered office or at any other place⁶. These books of accounts

¹ Originally called Mysore Societies Registration Act, 1960

² Of the unregistered society

³ Please confirm jurisdiction for your district.

⁴ Refusal is communicated by registered post [rule 3(4)]

⁵ At an interval of 30 days

⁶ Which the governing body thinks fit

should include Income and Expenditure Account, Balance Sheet, and books of sale and purchase of goods by the society (Sec. 12).

File a copy of audited Balance Sheet and Income and Expenditure Account to the Registrar of Societies along with list of governing body members.

Fee of Rs.100 is to be paid for every one lakh⁷ rupees of the total amounts of Income and Expenditure or part thereof for filing⁸ (Sec. 13).

Enquiry by the Registrar: If one-third of the members of the society apply to the Registrar for holding an enquiry⁹, then the Registrar must hold the enquiry. The Registrar can initiate such an enquiry on his own also (Sec. 25).

During the enquiry, the Registrar¹⁰ shall have free access to the books of accounts, documents, securities, cash and other properties belonging to the society. He can summon any person¹¹ to produce relevant documents. He can also examine such a person under oath.

Dissolution: Three-fourths (75%) of the members or more may decide in a special general meeting to dissolve the society (Sec. 22). Government's consent is required for dissolving the society, if it is a member or a contributor or interested in the society. However, the government can neither dissolve a society on its own, nor can it take over the society.

Disposal of property upon dissolution: After dissolution members will not receive any profits from the society. Three-fifths (60%) of the members can decide to give

⁷ Notification No.RD141MUNOMU 2002(l) dated 30.3.2002 [Karnataka Societies Registration (Amendment) Rules, 2002]

⁸ For example, if income is Rs.1 lakh, fee will be Rs.100; if it is Rs.3 lakhs, fee will be Rs.300. If it is Rs.3.2 lakhs, fee will be Rs.400.

⁹ Into the constitution, working and financial condition of a registered Society

¹⁰ Or the inspecting officer authorized by the registrar

¹¹ Responsible for custody of books of accounts, documents etc. of the Society

the property (left after settlement of all debts and liabilities) to another society. In case of default, the principal civil court¹² can decide to give the property to any other society [Sec. 23 (1)].

Majority of members can also decide to give the property of the society to the state Government at the time of dissolution [Sec. 23(2)].

Others: All documents of the society are open to public for inspection on payment of fee of Rs.25. Copies can be taken and can also be certified by the Registrar on payment of Rs.5 for every hundred words (Sec. 24).

Kerala

In the state of Kerala, two Acts are applicable:

1. **Malabar Region:** Societies Registration Act, 1860 as amended¹³ by the Madras Act No. 24 of 1954.
2. **Rest of Kerala:** The Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955¹⁴.

Malabar Region

[Societies Registration Act, 1860 as amended by Madras Act # 24 of 1954]

Malabar Region includes six districts of present Kerala state. These are Kasaragod, Kannur, Wayanad, Kozhikode, Malappuram, and Palakkad.

Registration: By filing Memorandum of Association and certified copy of Rules and Regulations (Sec. 3). All documents to be filed with the Inspector General of Registration¹⁵.

Alteration: You are allowed to alter the objects of the society, change its name or merge with another society. For this, you

¹² Of original jurisdiction of the district

¹³ Malabar Region was a part of Madras Presidency under the British occupation. Later it was merged with the present state of Kerala. Hence the Act has been amended by the Madras Act.

¹⁴ w.e.f. 20thAug, 1955 vide Notification No. Em. 8-4032/55/EHL

¹⁵ Locations not known to us.



have to convene two general body meetings¹⁶ and three-fifths of the members have to approve the change (Sec. 12).

List of Governing Body Members: To be filed every year within fourteen days of annual general meeting. This should be filed in January, if general meetings are not held (Sec. 4).

Accounts: No specific provisions.

Dissolution: Three-fifths (60%) of the members or more may decide in a general meeting to dissolve the society (Sec. 13). The Government's consent is required for dissolving the society, if it is a member or a contributor or interested in the society. However, the government can neither dissolve a society on its own, nor can it take over the society.

Disposal of property upon dissolution: A society's property cannot be distributed among its members. However, three-fifths of the members present at the time of dissolution can give the property (left after

satisfaction of all debts and liabilities) to another society (Sec. 14).

Others: All documents of the society are open to public for inspection on payment of Re.1. Copies can be taken and can also be certified by Inspector General of Registration (Sec. 19).

Rest of Kerala

[The Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955]

The remaining districts i.e. Thrissur, Erana-kulam, Idukki, Kottayam, Alappuzha, Pa-thanamittita, Kollam & Thiruvananthapuram are covered under the Travancore Act.

Registration: By filing Memorandum of Association and certified copy of Rules and Regulations (Sec. 3). All documents to be filed with the Registrar of Societies along with a fee of Rs.100.

Alteration: You are allowed to alter the objects of the society, or merge with another society. For this, you have to convene two general body meetings¹⁷ and three-fifths (60%) of the members have to approve the change (Sec. 18).

For any change to memorandum or rules and regulations of a society, a resolution has to be passed at a general meeting. A certified¹⁸ copy of such resolution effecting the amendment has to be filed with the Registrar within 14 days of the meeting (Sec. 22).

There is no special provision for change of name under the Act.

Annual General Meeting: The governing body of the society should hold the first general meeting of the society within 18 months from the date of registration. After that, the general meeting should be held in every calendar year within 15 months of the previous meeting [Sec. 7(1)].

List of Governing Body Members: The society should have a minimum of three persons in the governing body. The list is to be

¹⁶ At an interval of one month

¹⁷ At an interval of one month

¹⁸ Certified to be a correct copy by at least three members of the governing body.

filed every year within fourteen days of annual general meeting [Sec. 7(3)].

Accounts: The governing body of the society has to maintain proper books of accounts (Sec. 12).

An audited Balance Sheet and Income and Expenditure Account signed by at least



three members of the governing body should be filed every year with the registrar within 21 days of the general meeting (Sec. 13).

The state government can ask the governing body to periodically submit Balance Sheet and Income and Expenditure Account of the society.

The registrar¹⁹ can examine the book of the society periodically, and submit a report (of the inspection) to the government. It is the duty of the governing body²⁰ to assist the inspecting officer [Sec. 19(1)].

The Inspecting Officer can enter the premises of the society. He/ she can also search any other place and may seize the account books or documents²¹ [Sec. 19(2)].

The State Government can pass any suitable orders after reviewing the report [Sec. 19(3)].

Dissolution: Three-fourths (75%) of the members or more may decide in a general meeting to dissolve the society (Sec. 23). Government's consent is required for dissolving the society, if it is a member or a contributor or interested in the society (Sec. 23).

¹⁹ Or any other officer authorised by the State Government

²⁰ Or servants of the society

²¹ If he feels that the books and documents of the society are withheld without sufficient excuse

Alternatively, 10% of members on the rolls of a society can apply to the District Court²² for dissolution of the society (Sec. 25). The State Government can also make this application to the District Court. However, it can neither dissolve a society on its own, nor can it take over a society.

Disposal of property upon dissolution: A society's property cannot be distributed among its members. However, three-fifths (60%) of the members present at the time of dissolution can decide to give the property (left after satisfaction of all debts and liabilities) either to the State Government²³ or to another society with similar objects (Sec. 24).

Others: All documents of the society are open to public for inspection on payment of Re.1. Copies can be taken and can also be certified by the Registrar (Sec. 31).

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²² Where the society is registered

²³ On such terms as may be mutually agreed upon