



**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

CIVIL APPEAL NO. 8743 OF 2013

**REGISTRAR CANE COOPERATIVE
SOCIETIES & ORS.**

... APPELLANTS

VERSUS

**GURDEEP SINGH NARVAL (DEAD)
THROUGH LRS. & ORS.**

... RESPONDENTS

WITH

CIVIL APPEAL NO. 8746 OF 2013

CIVIL APPEAL NO. 8745 OF 2013

AND

CIVIL APPEAL NO. 8744 OF 2013

J U D G M E N T

ALOK ARADHE, J.

1. These batch of appeals raise an important question regarding legal status of two Sugarcane Cooperative Societies on bifurcation of erstwhile State of Uttar Pradesh and interplay between Uttar Pradesh Reorganisation Act, 2000 (Reorganisation Act) and Multi-State Cooperative Societies Act, 2002 (2002 Act). The core issue is whether Sugarcane Growers Cooperative Societies, Bajpur and Gadarpur, situated in Udham Singh Nagar, District of Uttarakhand could be treated as Multi-State

Cooperative Societies by operation of Section 103 of 2002 Act, despite their prior reorganisation and confinement of their area of operations to a single State, under the statutory framework governing State reorganisation.

- 2.** For the facility of reference, facts from C.A. No.8743 of 2013 are being referred to. Sugarcane Growers Cooperative Society, Bajpur (Society) is a Sugarcane Growers Cooperative Society whose area of operation originally included 96 villages in Bajpur and 34 villages in Suar, District Rampur in the erstwhile State of Uttar Pradesh. The Society was registered under the U.P. Cooperative Societies Act, 1965 (1965 Act). The Registrar, Cane Cooperative Societies, Uttar Pradesh, on 10.07.1998 passed an order superseding the managing committee of the society. The District Cane Officer, Udham Singh Nagar assumed the charge of the society, as its administrator.
- 3.** The Parliament enacted the Reorganisation Act, by which the State of Uttaranchal ('now Uttarakhand') was created with effect from 09.11.2000. On reorganisation of the State of Uttar Pradesh, 34 Revenue Villages, including village Suar, fell into the territory of the successor State of Uttar Pradesh and the villages of Tehsil Bajpur fell into the successor State of

Uttaranchal. Thus, the area of operation of society spanned over the two states, namely State of U.P. and State of Uttarakhand.

- 4.** A meeting between the officers of State of U.P. and Officers of State of Uttaranchal was convened on 08.02.2001, in which it was decided that in respect of the societies which have assumed the status of a multi-state cooperative society, a meeting of General Body shall be convened for reconstitution of such societies and with consent of both the States, the proposal shall be sent for their reorganization to the Central Registrar, Multi-State Cooperative Societies. Accordingly, a meeting of the General Body of the Society was convened on 03.04.2001 in which unanimously a resolution for reorganisation of the Society was passed. The Cane Commissioner/Registrar Cooperative Societies, Uttar Pradesh on 03.11.2001 made appropriate amendments in bye-law no.3 of the Society.
- 5.** The Deputy Cane Commissioner, Moradabad by an order dated 14.05.2002 directed deletion of names of 34 villages including the village Suar in District Rampur, from the area of operation of the society and ordered inclusion of the said villages in Sugarcane Cooperative Society Ltd. Suar, District Rampur, U.P. Consequently, the area of the operation of the society was

curtailed and restricted to the areas which fell in the Territory of State of Uttaranchal.

- 6.** The respondent No.1's name, who is a cane grower of village, Suar, was not included in the list of members of the society. He, therefore, filed a Writ Petition before the High Court, which was dismissed on 13.12.2002, on the ground that respondent No.1 has an alternative remedy of arbitration before the Central Registrar under the 2002 Act. The respondent no.1 thereupon initiated arbitration proceeding before the Central Registrar against his exclusion from membership of the society. The sole arbitrator by an award dated 31.08.2004, held that by virtue of Section 103 of 2002 Act, the society became a Multi-State Cooperative Society on 09.11.2000. It was further held that the meeting of the General Body of the Society dated 03.04.2001 and order dated 14.05.2002 passed by Deputy Cane Commissioner were illegal and void, and Respondent No.1 continued to be a *bona fide* member of the society.
- 7.** The Registrar, Cane Cooperative Societies, Uttaranchal, on 17.03.2005, issued a notification initiating the process of election of the Society, which was challenged by respondent No.1 in a Writ Petition. However, during the pendency of the writ petition, the Registrar withdrew the aforesaid notification.

Accordingly, the Writ Petition was dismissed as withdrawn, with the liberty to file fresh proceeding, if occasion so arises.

- 8.** The Registrar, Cane Cooperative Societies, Uttaranchal, issued a fresh notification on 20.07.2006 for election of the Managing Committee of the Society. The respondent No.1 again approached the High Court by filing a Writ Petition. The High Court, by judgment and order dated 14.03.2007, *inter alia*, held that the Society is a Multi-State Cooperative Society under the 2002 Act. Therefore, the notification dated 20.07.2006 issued by Registrar, Cane Cooperative Societies, Uttaranchal is bad in law. The High Court directed the Registrar, Multi-State Cooperative Societies or the nominee of the Government of India to hold election for Managing Committee of the Societies whose area of operation fall in the States of Uttar Pradesh and Uttarakhand.
- 9.** The judgment and order dated 14.03.2007, is challenged by the State of Uttarakhand and members of Sugarcane Growers Cooperative Society, Gadarpur, Udham Singh Nagar, Uttarakhand in Civil Appeal Nos. 8743 of 2013, 8745 of 2013 and 8744 of 2013. Civil Appeal No.8746 of 2013, has been filed by Cane farmers of Sugarcane Growers Cooperative Society, Gadarpur, Udham Singh Nagar, Uttarakhand, against order dated 05.09.2006 by which Writ Petition, challenging the

election conducted by the State of Uttaranchal in respect of their society, has been dismissed. In the aforesaid factual background, these appeals arise for our consideration.

- 10.** Learned Senior Counsel for the appellants in Civil Appeal Nos. 8743 of 2013, 8745 of 2013 and 8744 of 2013, has invited the attention of this Court to the provisions of Reorganisation Act and 2002 Act. It is submitted that Section 103 of 2002 Act, does not, by itself, confer an automatic or deemed status of a Multi-State Cooperative Society upon every society registered under the State Cooperative Societies Act, merely because the parent State has undergone reorganisation. It is urged that a factual inquiry is required to be undertaken to determine the applicability of Section 103 of the 2002 Act. In support of the aforesaid submission, reliance has been placed on the decisions of this Court¹.
- 11.** Learned counsel for the appellants in Civil Appeal No. 8746 of 2013 has contended that by virtue of Section 103(1) of the 2002 Act, the Sugarcane Growers Cooperative Society, Gadarpur is deemed to be a Multi-State Cooperative Society. It is submitted that the respondents have failed to follow the scheme envisaged

¹ State of Uttar Pradesh through Principal Secretary and Others v. Milkayat Singh and Others; 2025 SCC OnLine SC 2802

under the 2002 Act, and the amendments carried out in bye-laws of the Society are illegal. In support of the aforesaid submission, reliance has been placed on the decision of this Court².

12. Learned Additional Solicitor General while inviting the attention of this Court to Section 87 of the Reorganisation Act, has contended that both the States had already taken necessary steps to reorganize the Multi-State Cooperative Societies into two state cooperative societies, within a period of two years, therefore, the societies shall cease to be Multi-State Cooperative Societies. It is urged that the decision of this Court³ did not consider the impact of Section 87 of the Reorganisation Act.

13. We have considered the submissions made on both sides and have perused the record. At this stage, it is apposite to take note of the relevant statutory provisions. The Reorganisation Act is a parliamentary enactment designed to provide for a comprehensive legal framework governing the territorial, institutional, administrative and legal consequences arising from bifurcation of the erstwhile State of Uttar Pradesh. The said Act came into force w.e.f. 09.11.2000. Section 87 of the

² Naresh Shankar Srivastava v. State of Uttar Pradesh & Ors., (2009) 16 SCC 157

³ Naresh Shankar Srivastava (supra)

Reorganisation Act provides that the law which was applicable on the date of bifurcation of State would continue to cover the successor State i.e., Uttaranchal (now Uttarakhand) for a period of two years, as applicable by order, subject to such adaptations and modifications of the law. This provision embodies the doctrine of legislative continuity, ensuring that statutory regimes governing local institutions, including Cooperative Societies, remain operational until replaced by fresh legislation. Section 87 of the Act is extracted below for the facility of reference: -

“87. Power to adapt laws.—

For the purpose of facilitating the application in relation to the State of Uttar Pradesh or Uttaranchal of any law made before the appointed day, the appropriate Government may, before the expiration of two years from that day, by order, make such adaptations and modifications of the law, whether by way of repeal or amendment, as may be necessary or expedient, and thereupon every such law shall have effect subject to the adaptations and modifications so made until altered, repealed or amended by a competent Legislature or other competent authority.

Explanation.— In this section, the expression “appropriate Government” means as respects any law relating to a matter enumerated in the Union List, the Central Government, and as respects any other law in its application to a State, the State Government.”

14. Section 93 of the Reorganisation Act provides that provisions of the said Act shall have effect notwithstanding anything inconsistent therewith contained in any other law. Section 93 reads as under: -

“93. Effect of provisions of the Act inconsistent with other laws. –

The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law.”

15. The 2002 Act was enacted to consolidate and amend the law relating to cooperative societies, with objects not confined to one State and serving the interests of members in more than one State, to facilitate the voluntary formation and democratic functioning of cooperatives as people’s institutions based on self-help and mutual aid and to enable them to promote their economic and social betterment and to provide functional autonomy. Under the 2002 Act, a Multi-State Cooperative Society may come into existence either by registration under Section 5 or by conversion into a Multi-State Cooperative Society under Section 22 of the 2002 Act. A Multi-State Cooperative Society may also come into existence by a legal fiction as provided under Section 103(1) of the 2002 Act. Section 103 of the 2002 Act deals with cooperative societies functioning immediately before Reorganisation of States.

- 16.** The Constitution (Ninety-Seventh Amendment) Act, 2011 incorporated Part IX-B in the Constitution of India, which deals with provisions relating to cooperative societies. The High Court of Gujarat struck down Part IX-B of the 97th Constitutional Amendment on 22nd April, 2013, on the ground that it required ratification of the majority of State Legislatures as per Article 368(2) of the Constitution of India. Subsequently, the Government of India filed a Civil Appeal against this judgment before this Court, which, in its majority judgment dated 20th July, 2021, pronounced that Part IX-B of the Constitution of India is operative only insofar as it concerns Multi-State Cooperative Societies both within the various States and in the Union Territories of India. Therefore, in order to bring the 2002 Act in consonance with Constitution (Ninety-Seventh Amendment) Act, 2011, to plug loopholes in the existing legislation and to strengthen the governance of Multi-State Cooperative Societies, the 2002 Act was amended by Act No.11 of 2023 with effect from 03.08.2023.
- 17.** A proviso to Section 103 was added by Amendment Act No.11 of 2023. The proviso came into force with effect from 03.08.2023. Section 103(1) as amended by Act No.11 of 2023 is extracted below for the facility of reference: -

“103(1) Where, by virtue of the provisions of Part II of the State Reorganisation Act, 1956 (37 of 1956) or any other enactment relating to reorganisation of states, any cooperative society which immediately before the day on which the reorganisation takes place, had its objects confined to one state becomes, as from that day, a multi-state cooperative society, it shall be deemed to be a multi-state cooperative society registered under the corresponding provisions of this Act and the bye-laws of such society shall, in so far as they are not inconsistent with the provisions of this Act, continue to be in force until altered or rescinded.

[Provided that where all the successor States take necessary steps to divide or reorganise such deemed multi-State co-operative society into State co-operative societies in order to confine their objects, services and the members to respective States within a period of three years, such deemed multi-State cooperative society shall cease to be a multi-State co-operative society:

Provided further that the deemed multi-State co-operative society other than those mentioned in the first proviso shall submit an application for registration and obtain the certificate of registration from the Central Registrar.]”

- 18.** Now, we may advert to the facts of the case in hand. In exercise of powers conferred by Section 87 of the Reorganisation Act, admittedly the State of Uttaranchal (now Uttarakhand) adopted the provisions of U.P. Cooperative Societies Act, 1965. A meeting between the officers of Uttar Pradesh and Officers of State of Uttaranchal was convened on 08.02.2001 wherein it was decided that in respect of Societies which have assumed the status of Multi-State Cooperative Societies, a meeting of General

Body shall be convened for reconstitution of such societies and with consent of both the States, the proposal shall be sent for their reorganization to the Central Registrar, Multi-State Cooperative Societies. A meeting of the General Body of the Sugarcane Growers Cooperative Society, Bajpur was convened on 03.04.2001 in which a resolution for constituting separate Sugarcane Growers Cooperative Societies consisting of 34 villages in Rampur, District of U.P. and 34 villages in Bajpur, District Udham Singh Nagar, was unanimously passed. Accordingly, Cane Commissioner/Registrar Cooperative Societies, Uttar Pradesh on 03.11.2001 made appropriate amendments to bye-law no.3 of the Society.

- 19.** The Deputy Cane Commissioner, Moradabad, by an order dated 14.05.2002, directed deletion of names of 34 villages including the village Suar in District Rampur from the area of operation of the society and ordered inclusion of the said villages in Sugarcane Growers Cooperative Society Ltd. Suar, District Rampur, U.P. Consequently, the area of the operation of the society was curtailed and restricted to the areas which fell in the Territory of State of Uttaranchal.
- 20.** The area of operation of Sugarcane Growers Cooperative Society, Gadarpur, consisted of 102 villages. On bifurcation of the State,

9 villages of Suar Tehsil in Rampur continued to be in State of Uttar Pradesh whereas 93 villages, namely 70 villages of Gadarpur, 14 villages of Tehsil, Bajpur and 5 villages of Tehsil Kiccha in Udham Singh Nagar fell in the territory of new State of Uttaranchal. In pursuance of policy decision taken by officers of both the States on 08.02.2001, consequential action was taken by Administrator of the society in presence of general body on 19.04.2003, by which 9 villages of Tehsil Swar District, Rampur were directed to be deleted and a decision was taken to reconstitute the Society with remaining 93 villages in the State of Uttaranchal. The Registrar, Cooperative Societies, Uttaranchal passed a consequential order on 01.12.2003, implementing the deletion of 9 villages from the area of operation of Sugarcane Growers Cooperative Society, Gadarpur.

- 21.** The 2002 Act came into force w.e.f. 19.08.2002. However, prior to it, a meeting between the officers of State of Uttar Pradesh and Uttaranchal was convened on 08.02.2001, wherein decision was taken to reconstitute and reorganize the societies as their area of operation fell within the States of Uttar Pradesh and Uttaranchal. The said action and the consequential action of reconstitution of the society was taken under the transitional regime as provided under Section 87 of the Reorganisation Act.

22. We may now take note of Section 103 of 2002 Act which introduces a deeming fiction, whereby certain societies affected by reorganisation may be treated as Multi-State Cooperative Societies. It is well settled legal proposition that a legal fiction must be strictly confined to the purpose for which it is created and cannot be extended beyond its legitimate field. Legal fictions are crafted tools, precise in purpose and limited in reach. The deeming fiction created under Section 103 of the 2002 Act cannot, in any case be construed in isolation so as to override the express statutory scheme contained in Reorganisation Act, which is an enactment governing all legal, administrative and institutional consequences arising from bifurcation of erstwhile State of Uttar Pradesh. The Reorganisation Act has also a non-obstante clause i.e., Section 93. The deeming fiction which though provides for a contingency on bifurcation of State, embodied in Section 103 of 2002 Act, did not apply in view of decision taken for reconstitution of the societies under the Reorganisation Act.

23. For yet another reason, the Societies cannot be treated as Multi-State Cooperative Societies under the 2002 Act. This Court⁴ has held that deeming fiction under Section 103 of 2002 Act is

⁴ *Milkayat Singh and Others (supra)*

neither automatic nor universal, but is conditional upon factual determination of the objects of the concerned Society and it has to be ascertained whether the object of such Society extend to more than one State. This Court emphasised the conceptual distinction between 'objects' and 'area of operation' and clarified that residence of the members or the geographical spread of activity cannot substitute the statutory requirement that principal objects must themselves be Multi States in character. Applying the aforesaid principle to the instant appeals, and on careful scrutiny of bye-laws, it is evident that the object of the society are confined to safeguarding and promoting the interests of local canegrowers and their objects do not evince any intention to serve the members across the State boundaries.

- 24.** Thus, the statutory scheme and chronology of events leave no manner of doubt that decisions taken to reorganize the societies on bifurcation of erstwhile State of Uttar Pradesh are valid in view of Sections 87 and 93 of Reorganisation Act. Section 103 of 2002 Act neither operates automatically nor could it retrospectively invalidate the completed actions undertaken under the Reorganisation Act. It is a cardinal principle of interpretation of statutes that provisions contained in two statutes must be, if possible, interpreted in a harmonious

manner to give full effect to both the statutes⁵. The overriding effect of Reorganisation Act and effect of Section 103 of the 2002 Act necessitates a harmonious construction by which operation of legal fiction has to be restricted, in cases where action for reorganisation of the Societies has already been taken and in respect of the Society whose objects and area of operation are confined to a single State. A deeming provision under Section 103 of 2002 Act cannot unsettle such completed action for reorganisation, by virtue of Sections 87 and 93 of the Reorganisation Act. In the absence of multiple State objects in the bye-laws of the Societies, the same cannot be treated as Multi-State Cooperative Societies, as statutory pre-conditions for invoking Section 103 of 2002 Act are absent.

- 25.** In so far as, the decision rendered by this Court⁶ is concerned, suffice it to say that the aforesaid decision dealt with provisions of Multi-State Cooperative Societies Act, 1984 and the impact of Sections 87 and 93 of Reorganisation Act was not considered. Therefore, the same has no application to these appeals.

⁵ In re: Interplay between Arbitration Agreements under Arbitration and Conciliation Act, 1996 and Stamp Act, 1899; (2024) 6 SCC 1.

⁶ Naresh Shankar Srivastava (supra)

- 26.** In view of foregoing discussion, we hold that Sugarcane Growers Cooperative Societies, Bajpur and Gadarpur are not Multi-State Cooperative Societies under the 2002 Act. The judgment and order dated 14.03.2007 passed by the High Court is quashed and set aside. The judgment and order dated 05.09.2006 passed in C.A. No.8746 of 2013 by High Court is upheld. The authorities under the State Cooperative law shall take steps to conduct the elections of the Societies expeditiously.
- 27.** In the result, Civil Appeal Nos. 8743 of 2013, 8744 of 2013 and 8745 of 2013 are allowed, whereas Civil Appeal No. 8746 of 2013 is dismissed. There shall be no order as to costs.

.....**J.**
[PAMIDIGHANTAM SRI NARASIMHA]

.....**J.**
[ALOK ARADHE]

NEW DELHI;
MARCH 10, 2026.