

Co-operative Societies Act

Principal Act

Act. No. 1971-09		<i>Commencement</i>	30.4.1971
		<i>Assent</i>	30.4.1971
Amending enactments	Relevant current provisions		Commencement date
Act. 1974-25 1980-04 2007-17	ss. 19A-19C, 28, 53(2), 57 s. 3 ss. 3(1)-(2), 7(1), 10(3), 31(3), 35(1), 46, 50, 52(1), 53(1), 55-57, 58(1)		14.6.2007

ARRANGEMENT OF SECTIONS

Section

**PART I.
PRELIMINARY.**

1. Short title.
2. Interpretation.

**PART II.
REGISTRATION.**

3. Appointment of Registrar and Assistant Registrars.
4. Societies which may be registered.
5. Conditions of registration.
6. Application for registration.
7. Registration and appeals.
8. Societies to be bodies corporate.
9. Evidence of registration.

**PART III.
DUTIES AND PRIVILEGES OF SOCIETIES.**

10. Amendment of bye-laws.
11. Address of society.
12. Copy of Act, rules, bye-laws, etc., to be open to inspection.
13. Disposal of produce to or through a society.
14. Creation of charges in favour of societies.
15. Charge and set off in respect of shares or interest of members.
16. Shares or interest not liable to attachment or sale.
17. Transfer of interest on death.
18. Deposits by or on behalf of minors.
19. Register of members.
- 19A. Books of account, etc.
- 19B. Form in which books of account may be kept.
- 19C. General provisions as to accounts and balance sheets.
20. Proof of entries in books of society.
21. Conversion of company into society.

**PART IV.
RIGHTS AND LIABILITIES OF MEMBERS.**

22. Qualification for membership.
23. Members not to exercise rights until due payment made.

24. Restriction of membership in society.
25. Votes of members.
26. Representation by proxy.
27. Contracts of society with members who are minors.
28. Maximum shareholding.
29. Restriction on transfer of share or interest.
30. Liability of past member and estate of deceased member for debts of society.

PART V.

PROPERTY AND FUNDS OF REGISTERED SOCIETIES.

31. Loans made by societies.
32. Deposits and loans received by societies.
33. Restrictions on other transactions with non-members.
34. Investment of funds.
35. Disposal of profits.

PART VI.

AUDIT, INSPECTION AND INQUIRY.

36. Audit.
37. Power of Registrar to inspect books, etc.
38. Inquiry and inspection.

PART VII.

DISSOLUTION OF A REGISTERED SOCIETY.

39. Winding up.
40. Powers of liquidator.
41. Power of Registrar to control liquidation.
42. Enforcement of order.
43. Power to summon witnesses.
44. Bar of suit in winding up matters.
45. Cancellation of registration.
46. Appeal to the Government.
47. Closure of liquidation.

PART VIII.

SURCHARGE AND ATTACHMENT.

48. Power of Registrar to surcharge officers, etc.
49. Attachment of property.
50. Appeal to Government.

PART IX.

DISPUTES.

- 51. Settlement of disputes.
- 52. Case stated on question of law.

**PART X.
RULES.**

- 53. Rules.

**PART XI.
MISCELLANEOUS.**

- 54. Recovery of sums due to Government.
- 55. Special power of Government to exempt from registration.
- 56. General power of exemption.
- 57. Power to exempt from stamp duty and registration fees.
- 58. Prohibition of the use of the word “co-operative”.
- 59. Certain legislation not to apply to societies.
- 51. Penalty for non-compliance.
- 61. Punishment of fraud or misappropriation.

AN ACT TO PROVIDE FOR THE FORMATION AND TO REGULATE THE OPERATION OF CO-OPERATIVE SOCIETIES.

PART I.
PRELIMINARY.

Short title.

1. This Act may be cited as the Co-operative Societies Act.

Interpretation.

2. In this Act, unless the context otherwise requires,—

“bonus” means a share of the profits of a registered society divided among its members in proportion to the volume of business done with the society by them from which the profits of the society were derived;

“bye-laws” means the registered bye-laws made by a society in the exercise of any power conferred by this Act, and includes a registered amendment of the bye-laws;

“committee” means the governing body of a registered society to whom the management of its affairs is entrusted;

“dividend” means a share of the profits of a registered society divided among its members in proportion to the share capital held by them;

“member” includes a person or registered society joining in the application for the registration of a society, and a person or registered society admitted to membership after registration in accordance with the bye-laws;

“officer” includes a chairman, secretary, treasurer, member of committee, or other person empowered under the rules or bye-laws to give directions in regard to the business of a registered society;

“registered society” means a co-operative society registered under this Act;

“Registrar” means the Registrar of Co-operative Societies appointed under section 3 and includes any person when exercising such powers of the Registrar as may have been conferred upon him under that section.

PART II.
REGISTRATION.

Appointment of Registrar and Assistant Registrars.

3.(1) The Government shall appoint a fit and proper person to be the Registrar of Co-operative Societies.

(2) The Government may appoint one or more Assistant Registrars of Co-operative Societies, and any Assistant Registrar so appointed may, subject to any directions given to him by the Registrar, exercise all the powers and perform all the duties of the Registrar, other than the powers conferred by sections 39, 41, 48, 49 and 51.

4. Societies which may be registered.

Subject to the provisions hereinafter contained, a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under this Act with or without limited liability as the Registrar may decide:

Provided that the liability of a society which includes at least one registered society among its members shall be limited.

Conditions of registration.

5.(1) No society, other than a society of which a member is a registered society, shall be registered under this Act, which does not consist of at least ten persons each of whom is qualified under section 22 for membership.

(2) The word “co-operative” shall form part of the name of every society registered under this Act.

(3) The word “limited” shall be the last word in the name of every society with limited liability registered under this Act.

(4) When for the purposes of this section any question arises as to age, residence, or occupation of land constituting the qualification of any person, that question shall be decided by the Registrar whose decision shall be final.

Application for registration.

6.(1) For the purposes of registration, an application shall be made to the Registrar.

(2) The application shall be signed—

- (a) in the case of a society of which no member is a registered society, by at least ten persons qualified in accordance with the requirements of section 5(1); and

(b) in the case of a society of which a member is a registered society, by a duly authorized person on behalf of every such registered society, and, where all the members of the society are not registered societies, by ten other members, or, when there are less than ten other members, by all of them.

(3) The application shall be accompanied by copies of the proposed bye-laws of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require.

Registration and appeals.

7.(1) If the Registrar is satisfied that a society has complied with the provisions of this Act and the rules, and that its proposed bye-laws are not contrary to this Act or to the rules, he may, if he thinks fit, register the society and its bye-laws and an appeal shall lie to the Government against the refusal of the Registrar to register any society within one month from the date of such refusal.

(2) On registration the society shall pay such fee as may be required by the rules.

Societies to be bodies corporate.

8. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings, and to do all things necessary for the purpose of its constitution.

Evidence of registration.

9. A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered, unless it is proved that the registration of the society has been cancelled.

PART III.

DUTIES AND PRIVILEGES OF SOCIETIES.

Amendment of bye-laws.

10.(1) Any registered society may, subject to this Act and the rules, amend its bye-laws, including the bye-law which declares the name of the society.

(2) No amendment of the bye-laws of a registered society shall be valid until that amendment has been registered under this Act, for which purpose copies of the amendment shall be forwarded to the Registrar.

(3) If the Registrar is satisfied that any amendment of the bye-laws is not contrary to this Act or to the rules, he may, if he thinks fit, register the amendment and an appeal shall lie to the Government against the refusal of the Registrar to register any amendment of any bye-law.

(4) An amendment which changes the name of a society shall not affect any right or obligation of the society or of any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.

(5) When the Registrar registers an amendment of the bye-laws of a registered society, he shall issue to the society a copy of the amendment certified by him, which shall be conclusive evidence of the fact that the amendment has been duly registered.

Address of society.

11. Every registered society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send to the Registrar notice of every change of that address.

Copy of Act, rules, bye-laws, etc., to be open to inspection.

12. Every registered society shall keep a copy of this Act and of the rules and of its bye-laws and a list of its members open to inspection, free of charge, at all reasonable times at the registered address of the society.

Disposal of produce to or through a society.

13.(1) A registered society which has as one of its objects the disposal of any article produced or obtained by the work or industry of its members whether the produce of agriculture, animal husbandry, forestry, fisheries, handicrafts or otherwise, may provide in its bye-laws, or may otherwise contract with its members—

- (a) that every such member who produces any such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and
- (b) that any member who is proved or adjudged, in such manner as may be prescribed by the rules to be guilty of a breach of the bye-laws or contract, shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the rules.

(2) No contract entered into under the provisions of this section shall be contested in any court on the ground only that it constitutes a contract in restraint of trade.

Creation of charges in favour of societies.

14.(1) Subject to any prior claim of the Crown on the property of the debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent and in the case of immovable property to any prior registered charge thereon—

- (a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all crops or other agricultural produce, felled timber or other forest produce, marine produce, fish (fresh-water and salt-water), livestock, fodder, agricultural, industrial and fishing implements, plant, machinery, boats, tackle and nets, raw materials, stock in trade and generally all produce of labour and things used in connection with production raised, purchased or produced in whole or in part from any loan whether in money or in goods given him by the society:

Provided that nothing herein contained shall affect the claim of any bona fide purchaser or transferee without notice;

- (b) any outstanding demands or dues payable to a registered housing society by any member or past member in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society shall be a first charge upon his interest in the immovable property of the society.

Charge and set off in respect of shares or interest of members.

15. A registered society shall have a charge upon the shares or interests in the capital and on the deposits of a member or past member or deceased member and upon any dividend, bonus, or profits payable to a member or past member or to the estate of a deceased member in respect of any debt due to the society from such member or past member or estate, and may set off any sum credited or payable to a member or past member or estate of a deceased member in or towards payment of any such debt.

Shares or interest not liable to attachment or sale.

16. Subject to the provisions of section 15, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and neither his assignee in insolvency nor a receiver duly appointed shall be entitled to, or have any claim on, such share or interest.

Transfer of interest on death.

17.(1) On the death of a member, a registered society may transfer the share or interest of the deceased member to the person nominated in accordance with the rules made in this behalf, or, if there is no person so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member, or may pay to such nominee, heir or legal

representative, as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the rules or bye-laws:

Provided that—

- (a) in the case of a society with unlimited liability such nominee, heir or legal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid;
- (b) in the case of a society with limited liability, the society may transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the rules and bye-laws for membership of the society, or on his application within six months of the death of the deceased member to any person specified in the application who is so qualified.

(2) A registered society shall pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(3) All transfers and payments made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

Deposits by or on behalf of minors.

18.(1) A registered society may receive deposits from or for the benefit of minors and it shall be lawful for a registered society to pay such minors the interest which may become due on such deposits and any deposits made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may together with the interest accrued thereon, be paid to the guardian of that minor for the use of the minor.

(2) The receipt of any minor or guardian for money paid to him under this section shall be a sufficient discharge of the liability of the society in respect of that money.

Register of members.

19. Any register or list of members kept by any registered society shall be prima facie evidence of any of the following particulars entered therein—

- (a) the date at which the name of any person was entered in such register or list as a member;
- (b) the date at which any such person ceased to be a member.

Books of account, etc.

19A.(1) Every registered society shall—

- (a) cause to be kept proper books of account with respect to its transactions, its assets and liabilities; and
- (b) establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances.

(2) For the purposes of paragraph (a) of subsection (1), proper books of account shall not be taken to be kept with respect to the matters mentioned in that paragraph if there are not kept such books as are necessary to give a true and fair view of the state of the affairs of the society and to explain its transactions.

Form in which books of account may be kept.

19B.(1) Any book of account to be kept by a registered society may be kept either by making entries in bound books or by recording the matters in question in any other manner.

(2) Where any such book of account is not kept by making entries in a bound book but by some other means, the society shall take adequate precautions for guarding against falsification and facilitating its discovery.

General provisions as to accounts and balance sheets.

19C.(1) Every revenue account of a registered society shall give a true and fair view—

- (a) if it deals with the affairs of the society as a whole, of the income and expenditure of the society as a whole; or
- (b) if it deals with a particular business conducted by the society, of the income and expenditure of the society in respect of that business, for the period to which the account relates.

(2) Every registered society shall, in respect of each year of account, cause to be prepared either—

- (a) a revenue account which deals with the affairs of the society as a whole for that year; or
- (b) two or more revenue accounts for that year which deal separately with particular businesses conducted by the society.

(3) In a case falling within paragraph (b) of subsection (2), without prejudice to the application of subsection (1)(b) to each revenue account dealing with a particular business conducted by the society, the revenue accounts in question, when considered together, shall

give a true and fair view of the income and expenditure of the society as a whole for the year of account to which they relate.

(4) Every balance sheet of a registered society shall give a true and fair view as at the date of the balance sheet of the state of affairs of the society.

(5) A registered society shall not publish any revenue account or balance sheet unless—

- (a) it has been previously audited by the auditor last authorized to audit the accounts and balance sheet of the society;
- (b) it incorporates a report by the auditor stating whether in his opinion it complies with the provision of subsection (1) or subsection (4) which is applicable in that case; and
- (c) it has been signed by the secretary of the society and by two members of the committee of the society acting on behalf of that committee.

(6) If in relation to any revenue accounts or balance sheet of a registered society a member of the committee of the society fails to take all reasonable steps to secure compliance—

- (a) with the provision of subsection (1) or subsection (4) which is applicable in that case; or
- (b) in a case falling within subsection (2)(b), with subsection (3),

he is guilty of an offence and is liable on summary conviction to a fine of £50 unless he proves that he had reasonable grounds to believe, and did believe, that a competent and reliable person was charged with the duty of seeing that the relevant provision was complied with and was in a position to discharge that duty.

Proof of entries in books of society.

20.(1) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such manner as may be prescribed by the rules, be received in any legal proceeding, civil or criminal, as prima facie evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

(2) No officer of any such society shall, in any legal proceedings to which the society is not a party, be compelled to produce any of the society's books, the contents of which can be proved under subsection (1) or to appear as a witness to prove any matters, transactions or accounts therein recorded, unless the court for special reason so directs.

Conversion of company into society.

21.(1) A company registered under the Companies Act¹ may, by a special resolution, determine to convert itself into a registered society.

(2) A resolution for the conversion of a company into a registered society shall be accompanied by a copy of the bye-laws of the society therein referred to, and shall appoint seven persons, members of the company, who, together with the secretary shall sign the bye-laws, and who may either be authorized to accept any alterations made by the Registrar therein, without further consulting the company, or may be required to lay all such alterations before the company in general meeting for acceptance as the resolution may direct.

(3) With the bye-laws a copy of the special resolution for conversion of the company into a registered society shall be sent to the Registrar, who shall thereupon proceed to deal with the resolution as if it were an application for registration under section 6.

(4) A copy of the resolution for the conversion of the company into a registered society under the seal of the company, together with the certificate of registration issued by the Registrar, shall be sent for registration to the office of the Registrar of Companies, and, upon the registration of such resolution and certificate, the conversion shall take effect.

(5) Upon the conversion of a company into a registered society, the registry of the company under the Companies Act shall become void, and shall be cancelled by the Registrar of Companies; but the registration of a company as a registered society shall not affect any right or claim for the time being subsisting against the company, or any penalty for the time being incurred by such company, and, for the purpose of enforcing any such right, claim, or penalty, the company may be sued and proceeded against in the same manner as if it had not become registered as a society and every such right or claim, and the liability to such penalty, shall have priority as against the property of such society over all other rights or claims against or liabilities of the society.

PART IV. **RIGHTS AND LIABILITIES OF MEMBERS.**

Qualification for membership.

22. In order to be qualified for membership of a co-operative society a person, other than a registered society, must—

- (a) have attained the age of 18 years;
- (b) be resident within or in occupation of land within the society's area of operations as described by the bye-laws.

¹ 1930-07

Members not to exercise rights till due payment made.

23. No member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society, as may be prescribed by the rules or bye-laws.

Restriction of membership in society.

24. Except with the sanction of the Registrar, no person shall be a member of more than one registered society whose primary object is to grant loans to its members.

Votes of members.

25. No member of any registered society shall have more than one vote in the conduct of the affairs of the society:

Provided that—

- (a) in the case of an equality of votes, the chairman shall have a casting vote;
- (b) in the case of societies of which a registered society is a member, that society may have such voting powers as are provided in the rules and bye-laws.

Representation by proxy.

26. A registered society which is a member of any other registered society may appoint any one of its members as its proxy for the purpose of voting in the conduct of the affairs of such other registered society.

Contracts with society of members who are minors.

27. The minority or non-age of any person duly admitted as a member of any registered society shall not debar that person from executing any instrument or giving any acquittance necessary to be executed or given under this Act or the rules made thereunder, and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society; and any such contract entered into by any such person with the society, whether as principal or as surety, shall be enforceable at law or against such person notwithstanding his minority or non-age.

Maximum shareholding.

28. No member of a registered society, other than another registered society, shall have or claim any interest in the shares of the society exceeding £500:

Provided that the Registrar may, by notice in writing, authorize any member of a society to have or claim an interest in the shares of that society not exceeding the amount specified in the notice.

Restriction on transfer of share or interest.

29.(1) The transfer or charge of the share or interest of a member or past member or deceased member in the capital of a registered society, shall be subject to such conditions as to maximum holding as may be prescribed by this Act or by the rules.

(2) In the case of a society registered with unlimited liability, a member shall not transfer any share held by him or his interest in the capital of the society or any part thereof, unless—

- (a) he has held such share or interest for not less than one year; and
- (b) the transfer or charge is made to the society, or to a member of the society, or to a person whose application for membership has been accepted by the committee.

Liability of past member and estate of deceased member for debts of society.

30.(1) The liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall not continue for a period of more than two years reckoned from that date.

(2) The estate of a deceased member shall not be liable for the debts of the society as they existed on the date of his decease for a period of more than two years reckoned from the date of his decease.

PART V.

PROPERTY AND FUNDS OF REGISTERED SOCIETIES.

Loans made by societies.

31.(1) A registered society shall not, except as provided in section 34, make any loan to any person other than a member:

Provided that, with the consent of the Registrar, a registered society may make loans to another registered society.

(2) Except with the permission of the Registrar, a registered society shall not lend money on the security of any movable property other than produce or goods in which the society is authorized to deal.

(3) The Minister responsible for finance may, by general or special order, prohibit or restrict the lending of money on mortgage of any description of immovable property by any registered society.

Deposits and loans received by societies.

32. A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by rules or bye-laws.

Restrictions on other transactions with non-members.

33. Save as provided in sections 31 and 32, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the rules.

Investment of funds.

34. A registered society may invest or deposit its fund—

- (a) in a post office savings bank, or with any bank or person carrying on the business of banking approved for this purpose by the Registrar; or
- (b) in any securities issued or guaranteed by the government; or
- (c) with any other registered society approved for this purpose by the Registrar; or
- (d) in any other mode approved by the Registrar.

Disposal of profits.

35.(1) At least one-fourth of the net profits of every registered society, as ascertained by the audit prescribed by section 36, shall be carried to a fund to be called the Reserve Fund, which shall be employed as prescribed by the rules. After deduction of any tax which may have been charged on such society in accordance with the provisions of the Income Tax Act², the remainder of such profits and any profits of past years available for distribution may be divided among the members by way of dividend or bonus, or allocated to any funds constituted by the society, to such extent or under such conditions as may be prescribed by the rules or bye-laws:

Provided that in the case of a society with unlimited liability, no distribution of profits shall be made without the general or special order of the Minister responsible for finance.

² 1952-11

(2) Any registered society, may, with the sanction of the Registrar, after one-fourth of the net profits in any year has been carried to a reserve fund, contribute an amount not exceeding ten per cent of the remaining net profits to any charitable purpose or to a common-good fund.

PART VI.
AUDIT, INSPECTION AND INQUIRY.

Audit.

36.(1) The Registrar shall audit or cause to be audited by some person authorized by him by general or special order in writing the accounts of every registered society once at least in every year.

(2) The audit under subsection (1) shall include an examination of overdue debts, if any, and a valuation of the assets and liabilities of the registered society.

(3) The Registrar and every other person appointed to audit the accounts of a society shall have power when necessary—

- (a) to summon, at the time of his audit, any officer, agent, servant or member of the society who he has reason to believe can give material information in regard to any transactions of the society or the management of its affairs; or
- (b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by the officer, agent, servant or member in possession of such book, document, cash or securities.

Power of Registrar to inspect books, etc.

37. The Registrar, or any person authorized by general or special order in writing by the Registrar, shall at all times have access to all the books, accounts, papers and securities of a registered society, and shall be entitled to inspect the cash in hand, and every officer of the society shall furnish such information in regard to the transactions and working of the society as the person making such inspection may require.

Inquiry and inspection.

38.(1) The Registrar may, of his own motion, and shall, on the application of a majority of the committee, or of not less than one-third of the members of a registered society, hold an inquiry or direct some person authorized by him, by order in writing in this behalf, to hold an inquiry into the constitution, working, and financial condition of a registered society; and all officers and members of the society shall furnish such information in regard to the affairs of the society and produce the cash in hand and such books, accounts, papers and securities of the society as the Registrar or the person authorized by him may require.

(2) The Registrar shall, on the application of a creditor of the registered society, inspect or direct some person authorized by him in writing in this behalf to inspect the books of the society, if the applicant—

- (a) proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and
- (b) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(3) The Registrar shall communicate the results of any such inspection to the creditor and to the society into whose affairs inquiry has been made.

(4) Where an inquiry is held under subsection (1) or an inspection is made under subsection (2), the Registrar may apportion the costs or such part of the costs, as he may think right, between the registered society, the members demanding an inquiry, the officers or former officers of the society, and the creditor, if any, on whose application the inquiry was made.

(5) Any sum awarded by way of costs against any society or person under this section may be recovered on application to the magistrates' court in like manner as a fine imposed by such court.

PART VII.
DISSOLUTION OF A REGISTERED SOCIETY.

Winding-up.

39.(1) If the Registrar, after an enquiry has been held or after an inspection has been made under section 38 or on the receipt of an application made by three-fourths of the members of a registered society present at a special meeting convened for the purpose, is of opinion that such society ought to be wound up, he may issue an order directing it to be wound up and may appoint a liquidator for the purpose and fix his remuneration.

(2) The Registrar may, on his own motion, make a winding up order in respect of a registered society which has not commenced working or has ceased working or the membership of which is reduced to less than twelve members and may appoint a liquidator for the purpose and fix his remuneration.

(3) No registered society shall be wound up save by an order of the Registrar.

Powers of liquidator.

40.(1) A liquidator appointed by the Registrar shall have power—

- (a) to take immediate possession of all assets belonging to the registered society and of all books, records and other documents pertaining to the business thereof and to carry on the business of such society as far as may be necessary for the beneficial winding up of the same;
- (b) to refer to arbitration as provided in section 51 any dispute touching the business of the society referred to in section 51(1) and to institute and defend suits and other proceedings on behalf of the registered society by his name of office;
- (c) to investigate all claims against the registered society, and, subject to the provisions of this Act to decide by order questions of priority arising between claimants;
- (d) to pay claims against the registered society, including interest up to the date of the order for winding up, according to their respective priorities, if any, in full or ratably, as the assets of such society permit, and the surplus, if any, remaining after payment of the claims being applied in payment of interest from the date of such order at such rate not exceeding the contract rate as may be fixed by him;
- (e) to fix the time or times within which creditors shall prove their debts and claims or be included for the benefit of any distribution made before those debts or claims are proved;
- (f) from time to time to determine by order the contribution to be made or remaining to be made by the members or past members or by the estates or nominees or heirs of deceased members or by any officer, to the assets of the registered society, such contribution to include debts due from such members or persons and such contributions shall be determined at the discretion of the liquidator both as to the persons who shall be called upon to pay and the amounts which they shall pay, but without prejudice to any right of contribution amongst themselves:

Provided that the liquidator shall not determine the contribution, debt or dues to be recovered from a past member or the estate of a deceased member unless opportunity has been given to such member or to the legal representative of the estate to answer the claim;

- (g) to determine by order by what persons and in what proportions the costs of the liquidation are to be borne; and
- (h) to arrange for the distribution of the assets of the registered society in a convenient manner when a scheme of distribution has been approved by the Registrar.

(2) Any person aggrieved by any order of the liquidator made under paragraph (c), (f), or (g) of subsection (1), may appeal to the Registrar within twenty-one days from the date of such order, and the decision of the Registrar shall be final and conclusive.

Power of Registrar to control liquidation.

41. A liquidator shall exercise his powers subject to the control and revision of the Registrar who may—

- (a) rescind or vary any order made by a liquidator and make whatever new order is required;
- (b) remove a liquidator from office;
- (c) call for all books, documents and assets of the registered society;
- (d) by order in writing, limit the powers of a liquidator under section 40;
- (e) require accounts to be rendered to him by the liquidator at his discretion;
- (f) procure the auditing of the liquidator's accounts and authorize the distribution of the assets of the registered society;
- (g) refer any subject of dispute between a liquidator and any third party to arbitration if that party shall have consented in writing to be bound by the decision of the arbitrator.

Enforcement of order.

42. Every order made by a liquidator under section 40 or by the Registrar under this Act shall, upon a certificate under the hand of the Registrar, be enforced by the Court of First Instance in the same manner as an order of such court.

Power to summons witnesses.

43. The Registrar and any person authorized by the Registrar to hold an inquiry or make an inspection under section 38 and any liquidator or arbitrator appointed by the Registrar under the provisions of this Act or any rules shall be empowered to summon and enforce the attendance of the parties interested and of any witness, to examine witnesses on oath and to compel the production of books and documents in the same manner as far as possible and with the same powers as those possessed by the Court of First instance.

Bar of suit in winding up matters.

44. Save as in so far as it may be expressly provided in this Act, no court shall take cognizance of any matter connected with the winding up of a registered society and when a winding up order has been made, no suit or other legal proceedings shall lie or be proceeded with against such society except by the leave of the Registrar and subject to such terms as he may impose.

Cancellation of registration.

45. When the affairs of a registered society for which a liquidator has been appointed have been wound up or, where no liquidator has been appointed after two months from the making of an order under section 39 by the Registrar or after confirmation of such order on appeal, the Registrar shall make an order cancelling the registration of such society, and the society shall be dissolved from the date of such order.

Appeal to the Government.

46. Any person aggrieved by any order of the Registrar under section 39 may appeal to the Government within twenty-one days from the date of such order and the decision of the Government shall be final and conclusive.

Closure of liquidation.

47.(1) In the liquidation of a society whose registration has been cancelled, the funds, including the Reserve Fund, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of such society, then to the payment of the share capital.

(2) Any surplus remaining after the application of the funds to the purposes specified in subsection (1) shall not be divided among the members but such surplus shall be devoted to any object or objects described in the bye-laws of the society whose registration has been cancelled, and, where no object is so described, shall be deposited by the Registrar in a bank or with a registered society, until such time as another society operating in the same area shall have been registered when such surplus shall be transferred to such new society for the purpose of forming a reserve fund under the rules:

Provided that, in the liquidation of a society, the members of which are registered societies, any surplus may be divided amongst such registered societies in such manner as described in the bye-laws of the society whose registration has been cancelled:

Provided further that any interest accruing on the deposit may be paid into such audit and supervision funds as may be constituted under the rules.

PART VIII.
SURCHARGE AND ATTACHMENT.

Power of Registrar to surcharge officers, etc.

48.(1) Where, in the course of the winding up of a registered society, it appears that any person who has taken part in the organization or management of such society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation to

such society, the Registrar may, on the application of the liquidator or of any creditor or contributory, examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of such society by way of compensation in regard to the misapplication, retainer, dishonesty or breach of trust as the Registrar thinks fit.

(2) This section shall apply notwithstanding that the act is one for which the offender may be criminally responsible.

Attachment of property.

49. Where the Registrar is satisfied that any person with intent to defraud or delay the execution of any order that may be made against him under section 40 or 48 or of any decision that may be given in a dispute referred to the Registrar or to any arbitrators under any rules in that behalf in force for the time being is about to dispose of the whole or any part of his property, the Registrar may, unless adequate security is furnished, order the conditional attachment of such property and such attachment shall have the same effect as if made by a competent court.

Appeal to Government.

50. Any person aggrieved by any order of the Registrar made under section 48 or 49, may appeal to the Government within twenty-one days from the date of such order and the decision of the Government shall be final and conclusive.

**PART IX.
DISPUTES.**

Settlement of disputes.

51.(1) If any dispute touching the business of a registered society arises—

- (a) among members, past members and persons claiming through members, past members and deceased members; or
- (b) between a member, past member, or person claiming through a member, past member or deceased member, and the society, its committee, or any officer of the society; or
- (c) between the society or its committee and any officer of the society; or
- (d) between the society and any other registered society,

such dispute shall be referred to the Registrar for decision and a claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal

representative of a deceased member, shall be deemed to be a dispute touching the business of the society within the meaning of this subsection.

(2) The Registrar may, on receipt of a reference under subsection (1),—

- (a) decide the dispute himself; or
- (b) refer it for disposal to an arbitrator or arbitrators.

(3) Any party aggrieved by the award of the arbitrator or arbitrators may appeal therefrom to the Registrar within such period and in such manner as may be prescribed.

(4) A decision of the Registrar under subsection (2) or in appeal under subsection (3) shall be final and shall not be called in question in any civil court.

(5) In this section, the award of the Registrar under subsection (2)(a) and the award of the arbitrator or arbitrators under subsection (2)(b) shall, if no appeal is preferred to the Registrar under subsection (3), or if any such appeal is abandoned or withdrawn, be final and shall not be called in question in any civil court and these awards together with the decision of the Registrar under subsection (4) shall be enforced in the same manner as if they had been judgments of a civil court.

Case stated on question of law.

52.(1) Notwithstanding anything contained in section 51, the Registrar, at any time when proceedings to a decision under this Act, or the Government at any time when an appeal has been preferred to him against any decision of the Registrar under this Act, may refer any question of law arising out of such decision for the ruling of the court.

(2) Such judge or judges as the Chief Justice may direct may consider and determine any question of law so referred and the ruling given on such question shall be final and conclusive.

PART X. RULES.

Rules.

53.(1) The Government may make all such rules as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Act.

(2) In particular, and without prejudice to the generality of the power conferred by subsection (1), such rules may provide for—

- (a) forms to be used and the conditions to be complied with in applying for the registration of a society and the procedure in the matter of such applications;

- (b) conditions, to be complied with by persons applying for admission or admitted as members, election and admission of members from time to time, and the payment to be made and interest to be acquired before exercising rights of membership;
- (c) subject to the provisions of section 28, the maximum number of shares or portion of the capital of a registered society which may be held, by a member;
- (d) the extent to which a registered society may limit the number of its members;
- (e) the withdrawal and expulsion of members and payments to be made to members who withdraw or who are expelled, and the liabilities of past members;
- (f) general meetings of the members and for the procedure at such meetings and the powers to be exercised at such meetings;
- (g) the appointment, suspension and removal of the members of the committee and other officers, and the procedure at meetings of the committee, and the powers to be exercised and the duties to be performed by the committee and other officers;
- (h) matters in respect of which a society may or shall make bye-laws and the procedure to be followed in making, altering and rescinding bye-laws, and the conditions to be satisfied prior to such making, alteration or rescission;
- (i) the manner in which funds may be raised by means of shares or debentures or otherwise;
- (j) the conditions to be observed by a registered society applying for financial assistance from government;
- (k) the payments to be made, the conditions to be complied with and the forms of the bonds, instruments or other documents to be executed by members applying for loans or cash credits, the period for which loans may be made or credits granted, and the maximum amount which may be lent and the maximum credit which may be allowed to individual members, with or without the consent of the Registrar;
- (l) the mode in which the value of a deceased member's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred;
- (m) the mode in which the value of the interest of a member who is suffering from mental disorder and incapable of managing himself or his affairs shall be ascertained and the nomination of any person to whom such interest may be paid or transferred;

- (n) the formation and maintenance of reserve funds, and the objects to which such funds may be applied, and investment of any funds under the control of any registered society;
- (o) the conditions under which profits may be distributed to the members of a society with unlimited liability and the maximum rate of dividend which may be paid by societies;
- (p) the accounts and books to be kept by a registered society, and for the periodical publication of a balance sheet showing the assets and liabilities of a registered society;
- (q) the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and the levy of contributions from all or any registered societies to a fund to be used for the audit and supervision of existing societies and co-operative propaganda and the administration of such a fund;
- (r) returns to be submitted by registered societies to the Registrar, and the persons by whom and the form in which the same are to be made;
- (s) the persons by whom, and the form in which, copies of entries in books of registered societies may be certified;
- (t) the formation and maintenance of a register of members, and, where the liability of members is limited by shares, of a register of shares;
- (u) the inspection of documents and registers at the Registrar's office and the fees to be paid therefor and the issue of copies of such documents or registers;
- (v) the manner in which any question as to the breach of any bye-law or contract relating to the disposal of produce to or through a society may be determined, and the manner in which the liquidated damages for any such breach may be ascertained or assessed;
- (w) the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators;
- (x) the procedure to be followed by a liquidator appointed under section 39(2) and the cases in which appeals shall lie from the orders of such liquidator;
- (y) the forms and fees and the procedure to be observed and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Act or the rules;

- (z) the remuneration of officers and persons employed by registered societies and of members of the committee thereof.

PART XI.
MISCELLANEOUS.

Recovery of sums due to Government.

54.(1) All sums due from a registered society or from an officer or member or past member of a registered society as such to the Government, may be recovered in the manner provided for the recovery of debts due to the Government under the law for the time being in force.

(2) Sums due from a registered society to the Government and recoverable under subsection (1), may be recovered firstly, from the property of the society, secondly, in the case of a society of which the liability of members is limited, from members, subject to the limit of their liability, and thirdly, in the case of other societies, from the members.

Special power of Government to exempt from registration.

55. Notwithstanding anything contained in this Act, the Government may, by special order in each case, and subject to such conditions as he may impose, exempt any society from any of the requirements of this Act as to registration.

General power of exemption.

56. The Government may, by general or special order, exempt any registered society or class of societies from any of the provisions of this Act, or may direct that such provisions shall apply to any society or class of societies with effect from such date or with such modifications as may be specified in the order.

Power to exempt from stamp duty and registration fees.

57. The Minister responsible for finance may, by notice in the Gazette, in the case of any registered society, remit—

- (a) the stamp duty payable on any instrument or class of instruments executed by or on behalf of such society, or by an officer or member of such society and relating to the business of such society; and
- (b) any fee payable upon the registration of any document under any law.

Prohibition of the use of the word “co-operative”.

58.(1) No person other than a registered society shall trade or carry on business under any name or title of which the word “co-operative” is part without the sanction of the Government:

Provided that nothing in this section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the commencement of this Act.

(2) A person who contravenes the provisions of this section is guilty of an offence and is liable, on summary conviction, to a fine of £50, and in the case of a continuing offence, to a further fine of £5 for each day during which the offence continues.

Certain legislation not to apply to societies.

59. The provisions of the Companies Act, and of any law relating to trade unions, shall not apply to societies registered under this Act.

Penalty for non-compliance.

60. (a) A registered society or an officer or a member thereof, wilfully neglecting or refusing to do any act or to furnish any information required for the purposes of this Act by the Registrar or other persons duly authorized by him in this behalf; and
- (b) a person wilfully or without reasonable excuse disobeying any summons, requisition or lawful written order issued under the provisions of this Act, or failing to furnish any information lawfully required from him by a person authorized to do so under the provisions of this Act,

is guilty of an offence and is liable, on summary conviction, to a fine of £50.

Punishment of fraud or misappropriation.

61. A person who obtains possession by false representation or imposition of any property of a society, or having it in his possession, withholds or misapplies it, or wilfully applies any part thereof to purposes other than those expressed or directed in the rules of the society, and authorized by this Act, is, on the complaint of the society, or of any member authorized by the society, or the committee thereof, or of the Registrar, liable on summary conviction to a fine of £50 and to be ordered to deliver up all such property or to repay all moneys applied improperly, and, in default of such delivery or repayment, or of the payment of such fine, to imprisonment for twelve months.