

Rules made under s.53.

**CO-OPERATIVE SOCIETIES RULES**

**(LN. 1971/069)**

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# Co-operative Societies

## CO-OPERATIVE SOCIETIES RULES

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**Title.**

1. These rules may be cited as the Co-operative Societies Rules.

**Register of Societies.**

2. The Registrar shall keep or cause to be kept at his office a register to be called “the register of societies” wherein shall be entered particulars relating to the registration of societies and their bye-laws.

**Original entries.**

3. All original entries in the register of societies shall be made by, or under the direction of, the Registrar and shall be signed by him.

**Alterations.**

4. Every alteration, interlineation or erasure in the register of societies shall be initialled by the Registrar.

**Inspection of register.**

5. The register of societies shall be open to inspection by the public at all reasonable times and shall be free of charge.

**Applications for registration.**

6. (1) Every application for the registration of a society shall be submitted to the Registrar in the form prescribed by him.  
  
(2) Three copies of the bye-laws which the society proposes to adopt shall be submitted together with the application.

**Registration.**

7. Where the Registrar decides to register a proposed society, the society and its bye-laws shall be registered in the register of societies.

**Duty of Registrar on registration.**

8. Upon the registration of a society, the Registrar shall forward to the society free of charge—
  - (a) a certificate of registration;

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- (b) a copy of the bye-laws of the society as approved by him and certified under his hand as having been approved by him; and
- (c) a copy of the Act and of the rules.

#### **Registrar to record reasons for refusal.**

9. When the Registrar refuses to register a society or its bye-laws, he shall record in writing his reasons for so doing.

#### **Register of members.**

10. Every registered society shall keep a register to be called the “register of members” wherein shall be entered–

- (a) the name, address and occupation of each member and a statement of the shares, if any, held by him;
- (b) the date on which each member’s name was entered in the register;
- (c) the date on which any member ceased to be a member; and
- (d) the nominee, if any, appointed under rule 18.

#### **Duty of society to keep accounts, etc.**

11. Every registered society shall keep such accounts and shall use such books as may from time to time be prescribed by the Registrar.

#### **Membership.**

12. The election and admission of members to a registered society, other than original members, shall be in such manner and on such conditions as the bye-laws shall prescribe.

#### **Withdrawal from society.**

13. A member may withdraw from a registered society by giving written notice to the secretary, but such withdrawal shall be without prejudice to section 30(1) of the Act.

#### **Expulsion of member.**

14. If a member acts in contravention of the rules or bye-laws or acts in any way detrimental to the interests of the registered society, such member may be expelled by a vote of two-thirds of the members present at a general meeting, upon a charge communicated to him in writing by the committee not less than one week before the meeting and such expulsion shall, however, be without prejudice to section 30(1) of the Act.

#### **Loss of qualifications.**

15. Any member who loses any of the qualifications for membership prescribed by the Act or the rules or the bye-laws shall cease to be a member of the registered society, and the committee shall cause his name to be struck off the register of members without prejudice to any liabilities of such person under section 30(1) of the Act.

#### **Consequences of withdrawal or expulsion.**

16. In the case of any registered society of limited liability holding deposits or loans from non-members, no member withdrawing, removed or expelled therefrom shall be entitled to a repayment of any money paid by him towards the purchase of shares.

#### **Limit of members.**

17. No registered society shall fix any limit to the number of its members.

#### **Nominees.**

18. (1) Every appointment of a nominee by any member of a registered society for the purpose of section 17 of the Act shall be made in writing signed by the member in the presence of two attesting witnesses.

(2) No member of a registered society with share capital shall be entitled to appoint more than one nominee unless that member holds more than one share.

(3) In any case where more than one nominee is appointed by any member, the number of shares to be transferred or the exact proportion of the amount available that is to be transferred to each of these nominees shall be specified at the time of the appointment.

(4) Every appointment of a nominee shall be recorded in the register of members.

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(5) For the purpose of a transfer to a nominee, the value of any share or interest shall be represented by the sum actually paid for that share or interest by the member holding it, unless the bye-laws of the registered society otherwise provide.

(6) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or by his guardian shall be, sufficient discharge to the registered society.

**Division of profits.**

19. (1) Unless otherwise authorized by the Governor under the proviso to section 35(1) of the Act, no dividend or payment on account of profits shall be made by a society registered with unlimited liability until the reserve fund has reached a proportion of not less than one tenth of the society's total liabilities.

(2) No registered society shall pay a dividend if the rate of interest on loans granted by it to its members exceeds ten per cent *per annum*.

(3) No registered society shall pay a dividend on share capital exceeding five *per cent per annum* of the capital actually paid up.

(4) A bonus based on wages or on the value of the products of a member, or a bonus or rebate on patronage calculated in proportion to the amount of the business done by each member with the registered society may be distributed periodically to the members from surplus funds after the deduction of all expenditure and after making provision for bad and doubtful debts and making allocation to the reserve fund.

**Maximum total amount of debts.**

20. (1) Every registered society shall from time to time, fix at a general meeting the maximum total amount of debts it may incur in loans or deposits whether from members or non-members.

(2) The maximum so fixed shall be subject to the sanction of the Registrar, who may at any time reduce it and no registered society shall receive loans or deposits which will make the total amount of its debts exceed the limit sanctioned by the Registrar.

**Debts from named lenders.**



20A.(1) Without prejudice to any amount fixed under rule 20, a registered society may fix at a general meeting the maximum total debt which it may incur in loans or deposits from a named lender.

(2) The maximum amount fixed under sub-rule (1) shall be subject to the sanction of the Registrar who may at any time reduce it and may attach such conditions as he may see fit to such sanction.

(3) Where the Registrar has given his sanction under sub-rule (2), a registered society shall not be in breach of rule 20 if any borrowing in accordance with such sanction increases the total amount of the debts incurred to above the amount for the time being approved under rule 20.

(4) No registered society shall receive loans or deposits from a named lender in excess of the amount sanctioned by the Registrar in respect of such lender nor be in breach of any condition imposed by the Registrar.

### **General meeting.**

21. The supreme authority in a registered society shall be vested in the general meeting of members at which every member has a right to attend and vote on all questions. Subject to sections 25 and 26 of the Act, each member shall have one vote only which shall be exercised in person and not by proxy.

### **First meeting.**

22. The first meeting of members shall have the same powers as are given to the annual general meeting, and shall be held immediately or not later than one month after the receipt of the certificate of registration of the society.

### **Annual general meeting.**

23. The annual general meeting of members shall be convened by the committee as soon as the report on the audit of the accounts of the registered society by the Registrar, or person authorized by him, is received by the committee. At least eight days' notice shall be given before any such general meeting is held:

Provided that the Registrar may at any time after the audit of the accounts has been completed convene the annual general meeting which shall proceed as if it had been convened by the committee.

### **Functions of annual general meeting.**

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24. The functions of the annual general meeting shall be—
- (a) to confirm the minutes of the previous annual general meeting and of any intervening special general meeting;
  - (b) to consider the reports of the committee and the balance sheet together with the report on the audit of the accounts of the registered society for the previous year as prepared by the Registrar or the person authorized by him;
  - (c) to approve the accounts or, if the accounts are not approved, to cause the secretary to notify the Registrar who shall consider the matter and make his decision thereon, and such decision as to the correctness of the accounts shall be final and conclusive;
  - (d) to hear and decide upon any complaints brought by members aggrieved by a decision of the committee, provided that notice of such complaints to be brought before the meeting shall be given to the secretary at least two days prior to the meeting; and
  - (e) to transact any other general business of the registered society.

#### **Special general meeting.**

25. A special general meeting of members may be convened at any time by the committee, and on receipt of a demand stating the object of the proposed meeting signed by not less than one-fifth of the members of the registered society, if such society is composed of less than one hundred members, or by twenty-five members, if such society consists of more than one hundred members, it shall be the duty of the chairman of the committee to convene such a meeting giving eight days' notice. If the chairman of the committee fails to convene a meeting within fourteen days from the receipt of a demand as aforesaid, the members applying for such a meeting shall have the right to convene the meeting by notice which shall contain the object of the proposed meeting and a statement to the effect that the meeting is convened on the failure of the chairman of the committee to convene the meeting demanded:

Provided that the Registrar or a person authorized by him may, at any time, summon a special general meeting of the registered society in such manner and at such time and place as he may direct, and he may also direct what matters shall be discussed at the meeting, such meeting shall have all the powers of a meeting called according to the rules.

## **Quorum at general meetings.**

26. (1) When a registered society consists of not more than one hundred and twenty members, one-half of the number of the members or thirty members, whichever is the less, shall form a quorum for the purposes of the annual or a special general meeting, and when a registered society consists of more than one hundred and twenty members, one-fourth of the total number of the members of such society shall form a quorum for the purposes of the annual or a special general meeting:

Provided that when any meeting is summoned by the Registrar any members present at such meeting shall be deemed to form a quorum.

(2) If within one hour after the time fixed for any meeting, other than a meeting convened by the Registrar, the members present are not sufficient to form a quorum, such meeting shall be considered as dissolved if convened on the demand of members; in all other cases it shall stand adjourned to the same day in the next week at the same time and place and a notice to that effect shall be posted by the secretary within twenty-four hours, and if at the adjourned meeting, a quorum is not present within one hour from the time appointed for the meeting, the members present shall form a quorum.

## **Chairman of general meeting.**

27. (1) The chairman of the committee or in his absence any other person elected by a majority of those present, shall preside at the annual or special general meeting:

Provided that the Registrar or a person appointed by him, shall preside at any meeting convened by himself or on his demand.

(2) The secretary or in his absence any other person nominated in writing by the chairman shall act as secretary at the meeting and the chairman, if necessary, may nominate other officers to assist at the meeting.

(3) The chairman may, by the decision of the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any meeting so adjourned other than the business left unfinished at the meeting from which the adjournment took place.

(4) The chairman shall have the right to order the closure of a discussion and put the matter to the vote.

## **Voting at general meeting.**

28. Any question submitted to the decision of the members present at a general meeting, unless otherwise dealt with in the rules, shall be decided by a majority of votes.

**Method of voting.**

29. (1) At any meeting, a resolution put to the vote shall be decided on a show of hands, unless voting by call of names or a ballot is demanded by at least five of the members present before the declaration of the result of the show of hands, and in such case voting by call of names or a ballot shall be taken, as the case may be.

(2) The chairman shall have an ordinary vote and in case of an equality of votes shall be entitled to a casting vote. In the case of a meeting convened by the Registrar and presided over by him or his representative, he or his representative shall not be entitled to vote except on an equality of votes, in which case they shall have a casting vote.

(3) In respect of every resolution put to the vote the chairman shall declare whether it has been carried or lost, and whether on a show of hands or unanimously or by a particular majority, and an entry to that effect in the minute book shall be conclusive evidence of anything therein contained.

**Minutes of general meeting.**

30. Minutes of every general meeting shall be entered in the minute book and signed by the chairman and secretary before the dissolution or adjournment of the meeting and shall contain—

- (a) the number and names of the members present at the meeting and the name of the chairman or of the person who presided at the meeting;
- (b) the time fixed for the meeting and the time the meeting commenced;
- (c) the total number of members on the date on which the meeting was held; and
- (d) all resolutions passed or decisions made at the meeting.

**Election of committee.**

31. (1) The committee shall be elected at a general meeting of the registered society to be held annually or convened for the purpose by the Registrar, and

its members shall hold office until the election of a new committee and they shall be eligible for re-election:

Provided that a special general meeting convened for the purpose by or on the demand of the Registrar or on demand of the members (in the case of registered societies with less than forty members, one-half of the members or ten members whichever is the less or, when a registered society consists of more than forty members, one-fourth of the total number of members) may remove the committee or any members thereof before the expiration of their period of office by a majority of three-fourths of the members present, and such members shall proceed at the same meeting to the election of others in their stead who shall hold office until the election of a new committee by the next general meeting convened for this purpose by the Registrar.

(2) The committee shall consist of five members and three shall constitute a quorum.

### **Chairman of committee.**

32. The committee shall elect its own chairman, who shall have an ordinary vote and on an equality of votes shall be entitled to a casting vote and in the temporary absence of the chairman, the committee shall elect one of its members to perform the duties of the chairman.

### **Duties of committee.**

33. (1) The committee shall represent the registered society before all competent public authorities and in all dealings and transactions with third persons, with power to institute or defend suits brought in the name of or against the society, and in general, it shall carry out such duties in the management of the affairs of the registered society as have not been specially assigned by the rules or the bye-laws to general meetings or to any other officer of the society.

(2) The committee shall always keep a copy of the latest annual balance sheet of the registered society together with the report referred to in rule 23, hung in a conspicuous place at the registered office of the society.

### **Meetings of committee.**

34. The committee shall meet as often as the business of the registered society may require and in any case not less frequently than once a month and such meetings of the committee shall be summoned by the secretary in writing.

**Procedure at meetings of committee.**

35. At each committee meeting the secretary shall—

- (a) read the minutes of the preceding meeting;
- (b) produce all relevant books of account in which payments or receipts have been recorded for inspection by members of the committee;
- (ba) give a summary of the receipts and payments made since the last meeting;
- (bb) together with the treasurer, produce, such cash as may be in their possession and such blank slips, receipts and other records of payment as are relevant to the entries in the books of account;
- (bc) produce such other records relating to the accounts as the committee may, by not less than three days notice in writing, require;
- (c) produce a statement showing the loans due and unpaid, for determination by the committee as to the action to be taken in each case;
- (d) produce applications for loans, if any, for determination by the committee in accordance with the priority of receipt; and
- (e) submit any other business for consideration by the committee.

**Minutes of meetings of committee.**

36. Minutes of committee meetings shall be recorded forthwith by the secretary in the minute book and shall be signed by the chairman or other presiding member and by the secretary and shall contain the following particulars:—

- (a) the names of the members present and the date of the meeting;
- (b) the name of the chairman or other presiding member; and

- (c) a short statement of all matter discussed and decisions made and a record as to whether each decision was made unanimously or by a majority.

### **Failure to attend meetings of committee.**

37. Any member of the committee, who, without due excuse approved by the committee, fails to attend at three consecutive meetings of the committee, shall be deemed to have vacated his office which shall thereupon be filled as provided by rule 38.

### **Vacancies on committee.**

38. (1) Vacancies occurring on the committee shall be filled within eight days by the election of substitutes elected by the remaining members of the committee:

Provided that when such election does not take place, the Registrar may appoint the required substitutes.

(2) Any substitutes elected or appointed under sub-rule (1) shall hold office until the expiration of office of the committee.

### **Borrowing powers.**

39. The committee may borrow money on behalf of the registered society to an amount not exceeding such total amount as may have been fixed in accordance with rule 20.

### **Banking account.**

40. (1) The committee may, subject to the approval of the Registrar, open a banking account and all cheques shall be signed by two members of the committee and the secretary:

Provided that with the authority in writing of the Registrar previously obtained cheques may be signed by one member of the committee and the secretary.

### **Employees.**

41. (1) The committee may—

- (a) appoint such clerks or employees as it considers necessary; and

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(b) fix the salary, wages or remuneration of every such clerk or employee.

(2) Every clerk or employee appointed under this rule shall hold office during the pleasure of the committee.

*Rules Applicable to Credit Societies.*

#### **Application for a loan.**

42. Members who desire to obtain a loan shall submit an application to the committee stating the amount and the purpose for which the loan is required, the term for which it is asked, whether it is desired to repay it by instalments, and the names of the proposed sureties or any other security which is offered.

#### **Sanction of loan.**

43. (1) The committee shall consider at a meeting every application for a loan, and if the committee is satisfied with the trustworthiness of the applicant, the sufficiency of the security offered and the prospects of advantage to the borrower, in the way of increased production or economy or otherwise, it may sanction the loan.

(2) No person other than members of the committee and the secretary and the Registrar and his staff shall be present at any meeting of the committee when an application for a loan is under consideration. A member of the committee who applies for a loan or who is proposed as surety for a loan shall withdraw while the relevant application is being discussed and if there is a difference of opinion concerning the granting of a loan, the voting shall be taken by ballot. The proceedings with regard to loans at committee meetings shall be kept secret, and any member of the committee or officer of the registered society infringing this rule shall be liable to immediate expulsion or dismissal.

#### **Security for loans.**

44. (1) Loans when approved by the committee, shall be granted to members who are able to obtain two sureties approved by the committee, or who can give other security to the satisfaction of the committee.

(2) If the committee are of the unanimous opinion that the members' personal character and industry are such that other security is not necessary, then, on approval by the Registrar, such loan may be made to the member without sureties or other security.



### **Purposes of loans.**

45. (1) No loan shall be made except for a purpose to be approved in each case by the committee.

(2) All loans made shall be applied by the borrowing members to such purpose as the committee has approved.

### **Documents relating to loans.**

46. When a loan is sanctioned by the committee, a notice shall be sent to the borrower to that effect, and, before the amount is advanced, the borrower (and his sureties if any) shall execute an instrument in writing setting out the terms of repayment of the loan and containing such other terms and conditions as the committee may consider necessary.

### **Restrictions on loans to defaulters.**

47. Where a member—

- (a) is in default in the payment of a loan or of an instalment of a loan; and
- (b) does not satisfy the committee that such default is due to a good cause,

such member shall not be entitled to receive another loan from the registered society.

### **Extension of loans.**

48. If, by reason of sickness or some other cause, a member finds that he will be unable to discharge his obligations to the registered society and notifies the secretary in writing before a loan is due, the committee may extend the time fixed for payment on such conditions as it thinks fit.

### **Misapplication of loan.**

49. Where the committee is satisfied that a member of the registered society who has obtained a loan has applied the proceeds thereof to a purpose other than the purpose which is stated in the application therefor under rule 42, the committee may, by notice in writing to the debtor, demand payment of the loan before the agreed date of payment.

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#### Recovery of loans.

50. Where—

- (a) a loan or an instalment of a loan has not been paid on the date on which it became due; and
- (b) no extension for the payment thereof has been given to the debtor by the committee under rule 48,

the committee shall take steps for the recovery of the same by referring the matter to the Registrar as prescribed in section 51 of the Act.

*Rule Applicable to Marketing Societies.*

#### Marketing.

51. (1) Every member of the society shall deliver to the society at such place as the committee shall direct such amount of articles produced or obtained by him as may be prescribed in the bye-laws or in the relevant contract to be disposed of by the society.

(2) Any member who is approved or adjudged in accordance with section 51 of the Act to be guilty of a breach of the bye-laws or the relevant contract, as the case may be, shall pay to the society as liquidated damages such sum as may be specifically assessed or ascertained in manner prescribed by the bye-laws or by the relevant contract and such sum shall be deemed to be a debt due to the society.

#### General.

52. The committee may, with the approval of the Registrar, cause bad debts to be written off the books of the registered society in such manner and at such times as the Registrar may deem fit.

#### Annual account and report.

53. The committee shall, in every year and as soon as conveniently possible within such time as the Registrar may direct,—

- (a) cause the secretary to prepare and send to the Registrar the yearly balance sheet, closed on the date specified by the Registrar, of the preceding year together with a detailed statement of the profit and loss account; and

- (b) prepare a report on the year's working of the registered society to be presented to the annual general meeting.

### **Transfer of shares.**

54. (1) Any share may be transferred with the approval of the committee to any other member at the option of the transferor, but if the transferee is not a member, he must be approved of as a member by the committee or the general meeting according to the bye-laws relating to the admission of members before the transfer can be registered; and if the bye-laws require a member to hold more than one share, the transferee must acquire by the transfer, or by the transfer and allotment, the number so required to be held before the transfer can be registered.

(2) Special transfer forms shall be provided by the Registrar.

(3) No transfer of a share shall be valid and effective unless and until such transfer has been registered by the secretary on the direction of the committee.

(4) No transfer of a share shall be registered if made by a member indebted to the registered society without special order of the committee, and until the transfer of a share is registered no right shall be acquired against the registered society by the transferee, nor shall any claim of the registered society upon the transferor be affected thereby.

### **Sales of shares of members in default.**

55. The committee may, in default of payment by any member indebted to the registered society to an amount not less than three- fourths of the sum paid up for the time being on any transferable share held by him, sell, transfer and register in the books of the registered society such share to any person entitled to hold the same under the rules or bye-laws for the best price obtainable therefor and apply the proceeds in or towards the discharge of the debt so due and of any expense incurred in or about the same, paying over the balance (if any) to the member, without being responsible for any loss occasioned thereby, and the defaulting member shall cease to have any further claim in respect of such share.

### **Remuneration.**

55A.(1) A registered society may in general meeting fix the rate of remuneration of the secretary, treasurer, and members of the committee.

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(2) No such remuneration shall be valid unless and until approved in writing by the Registrar and any payment of remuneration made without such approval shall not be valid and shall be recoverable from the person who made or authorized such payment.

(3) All remuneration shall be paid monthly in arrears.

#### **Secretary.**

56. (1) The committee shall appoint a secretary.

(2) The secretary may be a member of the committee but if he is he shall receive such remuneration as is payable to the secretary and no such remuneration as is payable to a member of the committee.

(3) No appointment made under sub-rule (1) shall be valid unless and until approved in writing by the Registrar.

(4) If the committee fails to appoint a secretary within fourteen days after registration or within fourteen days after such office has become vacant, the Registrar shall appoint a secretary and fix his rate of remuneration.

(5) The committee may determine the services of the secretary by one month's notice in writing:

Provided that no such determination of the services of a secretary appointed by the Registrar shall be valid unless and until approved in writing by the Registrar.

(6) The secretary, whether appointed by the Registrar or the committee, may resign his office by giving one month's notice in writing to the Registrar and to the committee.

#### **Payment of secretary.**

57. The remuneration of the secretary, if any, shall be paid from the funds of the registered society monthly in arrears.

#### **Security by secretary.**

58. (1) The secretary may be required to give security in such amount as the committee may determine.

(2) Every such security and the amount thereof shall be subject to the approval of the Registrar to be signified in writing to the committee.

### **Suspension of secretary.**

59. (1) The committee may at any time suspend the secretary for any irregularity in the performance of his duties.

(2) Such suspension shall be reported forthwith to the Registrar who shall approve or disallow the same and shall communicate his decision to the secretary and the committee in writing, and on notification of his approval of the suspension, the services of the secretary shall be determined without further notice.

(3) In the event of the suspension of the secretary, the committee shall forthwith appoint a substitute to hold office during the period of such suspension and shall report the name of such substitute to the Registrar.

### **Temporary absence of secretary.**

60. (1) The secretary shall not absent himself from duty save with the permission of the committee previously obtained.

(2) During the absence of the secretary, the committee shall appoint a temporary secretary and shall report the appointment to the Registrar.

(3) In case the secretary desires to be absent from duty for more than one month at any one time, the committee shall, before granting permission for such absence, obtain the previous approval of the Registrar therefor.

### **Duties of secretary.**

61. The duties of the secretary shall be—

- (a) to attend all meetings of the registered society and of the committee and to carry out all the instructions of the committee;
- (b) to be present at the office during the hours of business as fixed from time to time by the committee;
- (c) to record the whole of the transactions of the registered society in the books provided for that purpose, to conduct correspondence on behalf of the registered society, to prepare the annual statement of accounts and balance sheet, and to

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have charge of the documents, books and vouchers for payments and receipts on behalf of the registered society;

- (d) to receive all applications for loans and bring the same before the committee, to prepare receipts and other documents in the form prescribed for signature by borrowers prior to their taking the loans sanctioned, and with the authority of the committee to supply information about the registered society which may be applied for by members;
- (e) to receive all moneys due or payable to the registered society and issue receipts to the payer for the same from a counterfoil receipt book, obtaining at the same time the signature of the person making the payment on the counterfoil;
- (f) to deposit with the treasurer from moneys collected by him on behalf of the registered society all sums in excess of an amount to be fixed from time to time by the committee and to obtain from him a receipt on a form to be taken from the prescribed counterfoil book;
- (g) to keep separate all moneys belonging to the registered society and on no account to mix them with any other moneys, and to produce at all times when called upon to the committee, or the Registrar or any person authorized by him, all moneys in his hands belonging to the registered society;
- (h) to make payments as authorized by the committee, obtaining the payee's signature on the payment book prescribed by the Registrar:

Provided that if the payment is made outside the registered society's office, the secretary shall, in every instance, obtain from the payee a manuscript receipt and attach it to a separate page of the payment book;

- (i) to issue a receipt on a form to be taken from the prescribed counterfoil book when receiving money from the treasurer; and
- (j) to summon meetings as provided in the rules.

**Treasurer.**

62. The committee shall appoint one of the members of the committee, not being the chairman, to be the treasurer.

### Security by treasurer.

63. The treasurer may be required to give security for such amount as may be determined by, and to the satisfaction of, the committee.

### Duties of treasurer.

64. The duties of the treasurer shall be—

- (a) to receive from the secretary, as provided in paragraph (f) of rule 61, moneys collected by the latter on behalf of the registered society, furnishing him with a receipt on a form taken from the counterfoil book and obtaining at the same time the signature of the secretary on the counterfoil;
- (b) to advance money to the secretary for payments and obtain from him a receipt from the prescribed counterfoil book;
- (c) to place to the account of the registered society in such bank as may be approved by the Registrar any amount in his hands in excess of the amount fixed from time to time by the committee;
- (d) to keep separate all moneys belonging to the registered society and on no account to mix them with any other moneys, to produce at all times when called upon to the committee, the Registrar or any person authorized by him, all moneys in his hands belonging to the registered society; and
- (e) to keep a record on the prescribed form of all moneys received by him from the secretary and of all moneys paid to the secretary.

### Receipt books.

64A. All receipt books used by a registered society shall be of a type approved by the Registrar.

### Unfit officer.

65. If in any society, in the opinion of the Registrar, any member of the committee or other officer is unfit for the discharge of his duties, the society shall, on the requirement of the Registrar, dismiss him.

### Reserve fund.

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66. (1) The reserve fund of a registered society, created in pursuance of section 35(1) of the Act, may, with the sanction of the Registrar—

- (a) be utilized in the business of the registered society; or
- (b) be applied to meet occasional deficiencies incurred by the registered society.

(2) In sanctioning the utilization or application of the reserve fund under subrule (1), the Registrar may impose such terms and conditions as he may deem fit.

**Audit of accounts.**

67. In pursuance of section 36 of the Act, the accounts of every registered society shall be audited once at least in every year by some person authorized by the Registrar and such person shall have access to all the books and accounts of the registered society and shall examine every balance sheet and annual return of the receipts and expenditure, funds and effects of the registered society, and shall verify the same with the accounts and vouchers relating thereto, and shall either sign the same as found by him to be correct, duly vouched and in accordance with the Act, and shall report to the Registrar accordingly, or shall specially report to the Registrar in what respects he finds the same incorrect, unvouched or not in accordance with the Act and the Registrar shall thereupon forward the report of such person to the committee.

**Audit and Supervision Fund.**

68. (1) There shall be established a Fund, to be known as the Audit and Supervision Fund to which every registered society shall make an annual contribution.

(2) The Registrar shall administer the Audit and Supervision Fund and shall report in each year to the Financial and Development Secretary the income derived from contributions, the expenditure he has sanctioned from the Fund and the balance in his hands.

(3) The Registrar shall fix the amount of the annual contribution to the Fund, which shall be subject to a maximum of either five *per cent* of the net annual profits of the society or of one *per cent* of the working capital of the society and to a minimum of three *per cent* of the net annual profits or one half *per cent* of the working capital.



(4) The Fund shall be used for the purpose of remuneration of persons authorized under rule 67 to audit accounts of any registered society.

### **Bye-laws.**

69. (1) The bye-laws of a proposed society shall contain provision in respect of the following matters:—

- (a) the name of the society;
- (b) the registered address of the society;
- (c) the objects for which the society was established;
- (d) the purposes to which the funds may be applied;
- (e) the qualifications for membership, the terms of admission of members, and the mode of election;
- (f) the nature and extent of the liability of members; and
- (g) the manner of raising funds, including the maximum rate of interest on deposits.

(2) If the objects of the proposed society include the creation of funds to be lent to the members, the proposed bye-laws shall, in addition, contain provision in respect of the following matters:—

- (a) the occupation and residence of the members;
- (b) the conditions on which loans may be made to members, including—
  - (i) the rate of interest; and
  - (ii) the maximum amount which may be lent to a member; and
- (c) the consequences, if any, of default in the payment of any sum due on account of shares.

### **Amendment of bye-laws.**

70. (1) Where in pursuance of section 10(1) of the Act a registered society amends its bye-laws, such amendment shall be made by a resolution of the members of the registered society at a general meeting.

(2) No resolution under sub-rule (1) shall be valid and effective unless it was taken by a majority of not less than three-fourths of the members present at the general meeting at which the resolution was proposed.

(3) A copy of a resolution under sub-rule (1) shall be forwarded to the Registrar together with three copies of the amendment.

#### **Copies of entries.**

71. For the purposes of section 20 of the Act, a copy of an entry in the book of a registered society may be certified by a certificate written at the foot of such copy, declaring that it is a true copy of such entry and that the book containing the entry is still in the custody of the society and such certificate shall be dated and signed by the secretary and one member of the committee.

#### **Reference of disputes to the Registrar.**

72. (1) Reference of a dispute to the Registrar for decision under section 51(1) of the Act may be made—

- (a) by the committee; or
- (b) by the registered society in pursuance of a resolution in that behalf taken in general meeting; or
- (c) by any party to the dispute; or
- (d) where the dispute concerns a member of the committee and the registered society, by any member of the registered society.

(2) Every reference under this rule shall be made by a statement in writing addressed to the Registrar and such statement shall—

- (a) be dated;
- (b) specify the dispute;
- (c) set out full particulars of the dispute; and
- (d) be signed by the party making it.

### Reference to arbitration by the Registrar.

73. (1) Where, in pursuance of section 51(2) (b) of the Act, the Registrar decides to refer a dispute to arbitration, such decision shall be embodied in an order of reference under his hand.

- (2) Every order of reference under this rule shall—
- (a) specify the name, surname, place of abode and occupation of the arbitrator or arbitrators;
  - (b) set out the dispute and full particulars thereof; and
  - (c) limit the time within which the award shall be forwarded by the arbitrator or arbitrators to the Registrar:

Provided that, on good cause shown to his satisfaction, the Registrar may by a further order enlarge the time whether before or after the time limited by the order of reference has expired.

(3) Where the Registrar decides to refer a dispute to more than one arbitrator, such reference shall be to three arbitrators, of whom one shall be nominated by each of the parties to the dispute and the third shall be nominated by the Registrar and shall act as chairman.

(4) Where under sub-rule (3) reference is made to three arbitrators, the following provisions shall have effect—

- (a) if any party to the dispute fails to nominate an arbitrator within such time as the Registrar may specify, the Registrar may make the nomination himself;
- (b) if an arbitrator nominated by one of the parties to the dispute dies, or refuses or neglects to act, or by absence or otherwise becomes incapable of acting, the Registrar shall call upon the party concerned to nominate a new arbitrator within such time as the Registrar may specify, and if no new arbitrator is nominated accordingly, the Registrar may nominate one himself;
- (c) if the arbitrator who dies, or refuses or neglects to act, or becomes incapable of acting, was nominated by the Registrar, a

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new arbitrator shall be nominated in his place by the Registrar;  
and

- (d) the opinion of the majority of the arbitrators shall prevail.

#### **Proceedings before arbitrators.**

74. (1) The proceedings before the arbitrator or arbitrators shall, as nearly as possible, be conducted in the same way as proceedings before a court of law, and in particular the following provisions shall have effect in respect thereof –

- (a) notice of the time and place at which the proceedings are to be held shall be given to the parties to the dispute, and such notice shall be a ten days' notice;
- (b) a record of the evidence adduced before the arbitrator or arbitrators shall be made, dated and signed by the arbitrator or arbitrators;
- (c) documents produced as exhibits before the arbitrator or arbitrators shall be marked, dated and initialled by the arbitrator or arbitrators and shall be attached to the file of the proceedings; and
- (d) in the absence of any party duly notified to attend, the dispute may be decided by the arbitrator or arbitrators ex parte.

(2) The award of the arbitrator or arbitrators shall–

- (a) be in writing;
- (b) be dated and signed by the arbitrator or arbitrators; and
- (c) state the amount of the costs and expenses of the arbitration, if any, and by which party or parties to the dispute the same are to be paid.

(3) Upon the completion of the proceedings the arbitrator or arbitrators shall forward to the Registrar–

- (a) the file of the proceedings; and
- (b) the award.

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### **Proceedings before the Registrar.**

75. Where, in pursuance of section 51(2)(a) of the Act, the Registrar exercises the power of deciding a dispute himself, the proceedings before him in relation thereto shall, as nearly as possible, be conducted in the same way as proceedings before a court of law and rule 73 shall apply *mutatis mutandis* to such proceedings.