

PART IV (A): PROVINCIAL COUNCILS
Provincial Councils Notifications
CO-OPERATIVE SOCIETIES STATUTE No.03 OF 1998 OF THE
WESTERN PROVINCE PROVINCIAL COUNCIL

A Statute to provide for the development of Co-operative Societies and to consolidate the law relating to the Constitution and Administration of Co-operative Societies and to provide for matters connected therewith and incidental thereto. This Statute is inconsistent with the Co-operative Societies Law No. 5 of 1972 as amended by Co-operative Societies (Amendment) Acts, No. 32 of 1983 and No. 11 of 1992.

CHAPTER I

REGISTRATION

Short Title.	1 . This Statute may be cited as the Co-operative Societies Statute No. 03 of 1998, of the Western Province Provincial Council.
	CHAPTER I REGISTRATION
Appointment of Registrar, Deputy, Senior Assistant, and Assistant Registrar and powers of Commissioner of Co-operative Development and Persons appointed to assist the Commissioner,	<p>2. (1) There may be appointed a Registrar of Co-operative Societies for the Western Province of Sri Lanka, and such number of Deputy, Senior Assistant, or Assistant Registrar as may be necessary.</p> <p>(2) The Minister-in-charge of the subject of Co-operative in the Western Province Provincial Council, may by general or special order, confer on any Deputy, Senior Assistant or Assistant Registrar, all or any of the powers of a Registrar under this Statute, or under any rules made Thereunder.</p> <p>(3) The person appointed to be, or to act for the time being as the Commissioner of Co-operative Development, shall have and may exercise the same powers as are vested in the Registrar of Co-operative Societies by this Statute, and by any rules made or deemed to be made thereunder.</p> <p>(4) Each of the persons appointed to assist the Commissioner of Co-operative Development shall have and may exercise such of the powers of the Registrar under this Statute and under any rules made or deemed to be made there under as may be specified by the Minister-in-charge of the subject of Co-operatives in the Western Province Provincial Council in any general or special order made under this section.</p>
Societies which may be registered.	<p>3. (1) Subject to the provisions hereunder contained -</p> <p>(a) a society which has, as its object the provision, in accordance with co-operative principles, of specified services contributing to the economic, social, educational and cultural welfare of its members ;</p> <p>(b) a society consisting of registered societies as its members, established with the object of facilitating the operation of societies referred to in paragraph (a) may be registered under this statute with or without limited liability :</p> <p>Provided that the liability of a society of which a member is a registered society shall be limited.</p>

Conditions of Registration.	<p>4. (1) No society shall be registered under this Statute if -</p> <ul style="list-style-type: none"> (a) it consists only of members, it does not consist of at least twenty persons, who are over eighteen years of age or reside or are employed or owns immovable property within the area of operation of the society and who is capable of utilizing the services rendered by the society ; or (b) it consists only of registered societies, it does not have at least three members ; (c) it has not obtained a report or recommendation from such person or institution as is prescribed, to the effect that - <ul style="list-style-type: none"> (i) the activities it proposes to engage in, are economically feasible ; (ii) its proposed by-laws are not inconsistent with the provisions of this Statute or any rules made thereunder ; (d) the proposed by-laws have not been adopted at a general meeting duly summoned for the Purpose ; (e) its proposed by-laws do not contain provision that at least two members of the committee of the society shall be persons who are between the ages of eighteen and thirty-five ; (f) all the members signing the application for registration have not completed the payments in respect of their membership ; or (g) such society has failed to furnish all information as may be required by the Registrar for the purpose of registration ; and <p>The provisions of Section 4(1)(a) and (e) shall not apply in the case of a School Co-operative Society and the provisions of Section 4(1)(a) shall not apply in the case of a society which is a member of a registered Co-operative Society.</p> <p>(2) Where, for the purposes of this section, any question arises as to whether the conditions specified in the preceding provisions have been satisfied, that question shall be decided by the Registrar, whose decision shall be final.</p>
Application for registration.	<p>5. (I) For the purpose of registration, an application in the form as may be prescribed, shall be made to the Registrar.</p> <p>(2) The application shall be signed -</p> <ul style="list-style-type: none"> (a) in the case of society of which no member is a registered society, by at least twenty persons qualified in accordance with the requirements of section 4(1)(a); and (b) in the case of a society of which a member is a registered society, by a person duly <p>(3) The application shall be accompanied by -</p> <ul style="list-style-type: none"> (a) two copies of the proposed by-laws ; (b) a feasibility report pertaining to the economic activities which the society proposes to engage in ; (c) certified copies of minutes of the general meeting at which the resolution to register the society was passed under the by-laws adopted together with details of attendance ; (d) A certificate by the committee of the society confirming the payment of membership fees by the members signing the application and the fact that such moneys are in the custody of such committee.

Registration.	<p>6. If the Registrar is satisfied that a society has complied with the provisions of this Statute, and the rules made there under; that the activity in which the society proposes to engage is economically feasible, and that its proposed by-laws are not contrary to this Statute, or to any rules made there under, he may, if he thinks fit, register the society, and its by-laws within thirty days. An appeal shall be presented to the Minister-in-charge of the subject against the refusal of the Registrar to register any society within 30 days from the date of such refusal. The Minister shall give his decision within 60 days of such appeal.</p>
Evidence of registration.	<p>7. (1) 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.</p> <p>(2) the Registrar shall, upon registering a society under section 6, issue to such society a certificate of registration.</p>
Amendment of the by-laws of a registered Society	<p>8. (1) Any registered society may, subject to this Statute and the rules made thereunder, amend its by - laws, including the by - law which declares the name of the society.</p> <p>(2).(a) No amendment of the by-laws of a registered society shall be valid until that amendment has been registered under this Statute, for which purpose two copies of the amendment shall be forwarded to the Registrar.</p> <p>(b). No amendment of a by-law of a registered society shall be registered unless such amendment is accompanied by a report referred to in section 4(I)(c)(II).</p> <p>(3) If the Registrar is satisfied that any amendment of the by - laws is not contrary to this Statute or to the rules, he may , if he thinks fit, register the amendment' An appeal in accordance with such rules as may be made in that behalf shall lie to the Minister against the refusal of the Registrar to register any amendment of any by-law</p> <p>(4) An amendment which changes the name of a society shall not affect any right or obligations 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.</p> <p>(5) Where the Registrar registers an amendment of the by-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.</p> <p>(6) In this section "amendment" includes the making of a new by - law and the variation or rescission of a by-law'</p>
Amalgamation, Division and Transfer of assets and liabilities of	<p>9. (1) A registered society may, with the previous approval of the Registrar and by a resolution passed by a two-thirds majority of the members or delegate present and voting at a general meeting of the society -</p>

<p>registered Societies.</p>	<p>(a) transfer its assets and liabilities in whole or in part to any other registered society ; or</p> <p>(b) divide itself into two or more societies</p> <p>(2) Any two or more registered societies may, with the previous approval of the Registrar and by a resolution passed by a two-thirds majority of the members or delegates present and voting at a general meeting of each such society, amalgamate themselves and form a new society.</p> <p>(3) (a) A resolution passed by a registered society under subsection (1) or subsection (2) shall contain all particulars of the transfer, division or amalgamation as the case may be.</p> <p>(b) No approval shall be given by the Registrar to any society to transfer its assets and liabilities to any other registered society, to divide itself into two or more societies or to amalgamate with another registered society if –</p> <p>(i) a report or recommendation has not been obtained from a person or institution as is prescribed, regarding the economic feasibility of the proposed transfer, division or amalgamation;</p> <p>(ii) a report stating that the by-laws of the societies into which the registered society has been divided or amalgamated, as the case may be, are not inconsistent with the provision of the Statute or any rule made thereunder has not been obtained from an institution or designated person as for the purposes of section 4</p> <p>(4) Where a registered society has passed any such resolution, it shall give notice thereof in writing to all its members and creditors and, notwithstanding any by-laws or contract to the contrary, any member or creditor shall, during the period of one month of the date of service of the notice upon him, have the option of with drawing his shares, deposits or loans, as the case may be.</p> <p>(5) Any member or creditor who does not exercise his option within the period specified in sub-section (4) shall be deemed to have assented to the proposals contained in the resolution.</p> <p>(6) Where a resolution passed by a registered society under this Section involves the transfer of any assets and liabilities, the resolution shall, notwithstanding any thing contained in any law for the time being in force, be a sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.</p>
<p>Cancellation of Registration certificates of registered societies in certain cases.</p>	<p>10. (1) Where the whole of the assets and liabilities of a registered society are transferred to another registered society in accordance with the provisions of section 9, the registration of the first mentioned society shall stand cancelled and that society shall be deemed to have been dissolved and shall cease to exist as a corporate body.</p>

	<p>(2) When two or more registered societies are amalgamated into a new society in accordance with the provisions of section 9, the registration of each of the amalgamating societies shall stand cancelled on the registration of the new society and each such society shall be deemed to have been dissolved and shall cease to exist as a corporate body.</p> <p>(3) Where a registered society divides itself into two or more societies in accordance with the provisions of Section 9, the registration of that society shall stand cancelled on the registration of the new societies, and that society shall be deemed to have been dissolved and shall cease to exist as a corporate body.</p>
	<p>CHAPTER II</p> <p>MEMBERS OF REGISTERED SOCIETIES AND THEIR RIGHTS AND LIABILITIES</p>
No member to exercise their rights till payments due are made	<p>11 (1) No member of a registered society shall exercise the rights of a member, unless or until he has made such payments to the society in respect of membership or acquired such interest in the society as may be prescribed by the rules or by-laws. Where the liability of a society is limited, no member, other than a registered society shall hold such portion of the-share capital of the society, subject to a maximum of one fifth.</p> <p>(2) Where a member of a registered society has not made such payment to the society or acquired such interest in the society as is referred to in subsection (1), it shall be lawful for the society to deduct any sum of money due to the society from the member, from any sum of money due from the society to such member, in respect of the purchase of any scheduled agricultural product, as an agent of the Paddy Marketing Board, in respect of such payment or such interest as referred to in subsection (1).</p>
Mode of payment to purchase of shares.	<p>(11) (a) (i) A member may commence payment for the purchase of any share with an initial payment of rupees ten and shall increase payment of such instalment to rupees one hundred within one year from the date of such initial payment. The minimum value may be increased as desire. The total value of a share may be paid in a single instalment;</p> <p>provided however that no member shall enjoy the full rights of a member including the right of voting and the rights of hold city office until a period of one year is elapsed and the total value of a share is paid in full :</p> <p>provided further that this provision shall not apply in the case of persons applying for new registration of a society to the Registrar under the procedure set out in sections 4(1)(a),4(1)(b) 5(1) and 5 (2) of this Statute :</p> <p>Provided further that the provision of the proviso immediately following subsection (II)(a)(i) shall not apply in the case of a Registered School Co-operative Society and in the case of Co-operative Societies the members of which are registered Co-operative Societies.</p>

Eligibility to Vote.	11 (b) A member shall be entitled to vote at any meeting of a registered society and be elected to any office in such society only after obtaining full member ship.
Disqualification.	II (c) No person, who is a member of Parliament, Provincial Council, Municipal Council, Urban Council, or Pradesheeya Sabha, shall be eligible to be elected or to continue in office as a member of the committee of a registered co-operative Society.
Disqualification For election as chairman.	II (d) A person shall be disqualified from being elected as a Chairman of a registered society, if he is on the date of his election, the Chairman of any other registered society, the objects of witch are not similar to the objects of the first mentioned society, the membership of which consists of registered societies.
Disqualification for representating Secondary and tertiaory societies'	II (e) In the case of a society of which members are registered societies a representative appointed in accordance with the provisions of section 16(2) of this Statute for the purpose of voting and representing the member societies shall cease to function as a committee member of the said primary society and it shall be unlawful to represent a society of which members are registered societies, in respect of the said primary society
Associate member's.	<p>12.(1) A registered society may admit as any associate member, and person who enters into a contract for the transaction of business with in accordance with the by-laws of the society</p> <p>(2)Such associate member shall not be entitled to any part whatsoever of the capital or profits of the society or to exercise the power of voting in functioning of the society.</p> <p>(3)Except as provided in sub-section (2) above, associate member shall have the rights and privileges of a member as may be clearly stated in the by-law of the society and shall be accountable for any duties of a member</p>
Contracts with society of members who are minors	<p>13. 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 Statute or the rules made there under and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society;</p> <p>Whether as principal or as Surety, and shall be enforceable at law by or against such person notwithstanding this minority or non-age.</p>
Contracts by officer> of societies.	14. The subsequent discovery, of any defect in the appointments of, or of any disqualification for election of, any officer of a registered society shall not be a ground for invalidating or avoiding any contract entered into by such officer on behalf of such society.

Votes of members.	<p>15. No member of any primary society shall have more than one vote in the conduct of the affairs of the society</p> <p>Provided that in the case of an equality of votes the Chairman shall have a casting vote.</p>
Manner of exercising votes.	<p>16. (1) No member of a primary society shall at any meeting of the society exercise his vote except in person ;</p> <p>Provided however, that voting through a delegate at any meeting of the Society may be allowed to vote if it is so provided under the by-laws of the society.</p> <p>(2) In the case of a society of which members are registered societies, the board of management of the said member society shall appoint a suitable person or persons for the purpose of voting and representing the member societies in the conduct of the affairs of such first mentioned society.</p>
Restriction on transfer of share or interest.	<p>17. (1) The transfer of the share or other 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 Statute or by the rules.</p> <p>(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 –</p> <p>(a) he has held such share or interest for not less than one year; and</p> <p>(b) The transfer 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.</p>
	<p style="text-align: center;">CHAPTER III</p> <p style="text-align: center;">RIGHTS, OBLIGATIONS AND PRIVILEGES</p>
Address of Society	<p>18. Every registered society shall have an address to which all notices and communications may be sent, and within seven days of any change of such address, shall notify the Registrar of such change.</p>
Copies of Statute rules, by-laws Etc., to be open to inspection.	<p>19. (1) Every registered society shall keep a copy of the Statue, and of the rules made thereunder, and of its by-laws and a list of its members open to inspection free of charge at all reasonable times, at the registered address of the society.</p> <p>(2) The register shall contain the following information –</p> <p>(a) the name, address, and vocation of every member;</p>

	<p>(b) date of enrolment as a member ;</p> <p>(c) date on which such member forfeited membership ;</p> <p>(d) Reasons for forfeiture of membership.</p>
	<p style="text-align: center;">CHAPTER IV</p> <p style="text-align: center;">PRIVILEGES OF REGISTERED SOCIETIES</p>
Societies to be bodies corporate.	<p>20. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, 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.</p>
disposal of produce to or through society	<p>21. (1) A registered society which has as one of its objects the disposal of any article which is the produce of agriculture or animal husbandry or any other industry, may provide in its by-laws or may contract with its members –</p> <p>(a) that every such member who produces any such article, shall dispose of the whole or of any specified amount, proportion or description thereof to or through the society, and</p> <p>(b) that any member who is proved or adjudged, in such manner as may be prescribed by rules, to be guilty of a breach of the by-laws or contract, shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by rules, or by its by-laws.</p> <p>(2) A contract made by a registered society under subsection (1) shall create in favour of the society a first charge upon all articles. whether produced or about to be produced, to which the contract relates.</p> <p>(3) In any legal proceedings arising out of a contract under subsection (1), it shall not be a defence that the contract is in restraint of trade.</p> <p>(4) A member of a registered society shall be deemed not to have contravened any by-law of the society which requires him to deliver any produce to the society, if the failure to deliver such produce was due to the fact that he had, prior to becoming a member of the society, contracted to deliver the produce to some other person.</p> <p>(5) Every person who applies for membership of a registered society shall, if required so to do, disclose in his application particulars of all contracts made by him for the delivery of any produce to any other Person.</p>
Compulsory sale of produce through a registered society in certain cases.	<p>22. (1) Where the Minister is satisfied in the case of any registered society that the members of the society or any section thereof are producers of any article or articles in any district or area in the Western Province , the Minister-in-charge of the subject of co-operatives in the Western Province Provincial Council, may in his discretion, by Order, direct each producer of that article in</p>

	<p>such province, or in any district or area in such Province as the case may be, whether such producer is or is not a member of the society, to sell to or through the society such part of the total quantity of that article produced by him as is not required for his own use or consumption.</p> <p>(2) Every Order made under subsection (1) shall be published in the Gazette and shall specify the article, the area in which the Order shall operate and the basis on which the producer of such article shall be Paid.</p>
	<p>(3) Every Order shall come into operation on the date of its publication in the Gazette and shall subject to the provisions of subsection (5) continue in operation until it is rescinded</p> <p>(4) Every Order shall, as soon as may be after it has come into operation, be brought before the western Province, Provincial Council for approval'</p> <p>(5) Every Order which the Western Province, Provincial Council refuses to approve shall be deemed to be rescinded, but without prejudice to the validity of anything previously done or suffered to be done thereunder. The date on which an Order shall be deemed to be rescinded shall be the date on which the western Province Provincial Council refuses to approve the order' and such date shall be notified in the Gazette</p> <p>(6) (a) The Minister-in-charge of the subject of Co-operatives in the Western Province provincial Council may at any time by Order published in the Gazette (such Order being hereinafter referred to as an "amending Order")vary any Order previously made under subsection (1)' Every amending Order shall come into operation on the date of its publication in the Gazette</p> <p>(b) An order made under subsection (1), which is varied by an amending order shall continue in operation, as so varied, for theperiod during which it would have been in operation if it had not been so varied, and no longer.</p> <p>(c) Every amending Order shall be brought before the Western Province Provincial Council for approval.</p> <p>Provided, however, that where an order made under sub section (1) is varied by one or more amending orders before it is approved by the western Province Provincial council under subsection (4), the Order, when it is brought before the Western Province Provincial Council for approval under that sub section, shall have incorporated therein all variations effected by such amending order or orders, and it shall not be necessary in any such case to bring any such amending Order separately before the Provincial Council.</p> <p>(d) The refusal of the western Province Provincial council to approve any amending order which is brought before the western Province Provincial council for approval shall deemed to be a rescission of that amending Order, and the Order made under subsection (1) shall, from the date of such rescission, continue in operation as though that amending order had not been made</p>

	<p>(e) The Minister-in-charge of the subject of Co-operatives in the Western Province Provincial Council may at any time rescind any Order previously made under subsection (1). Notification of the rescission of any such Order shall be published in the Gazette and such Order shall be deemed to be rescinded upon the date of such publication.</p> <p>(7) Every Order shall, when approved by the Provincial Council, be as valid and effectual as if it were herein enacted.</p> <p>(8) Every notification required to be published in the Gazette under this section shall be published under the hand of the Minister-in-charge of the subject of Co-operative in the Western Province Provincial Council.</p>
	<p>(9) The provisions of any Order made under this section shall, notwithstanding that they are inconsistent with or in conflict with the provisions of any other written law, prevail over such other written law for the period during which the Order is in force.</p> <p>(10) Every producer who is directed by Order under subsection (1) to sell any article to or through a registered society of which he is not a member, shall, in respect of any such sale in compliance with such direction and of any matter or transaction arising out of such sale, be subject to the same conditions and obligations to which he would have been subject if he were a member of the society.</p> <p>(11) Where any producer in respect of whom an Order is made under subsection (1), and who is not a member of the registered society, applies for admission as a member of the society, the society shall –</p> <p>(a) if he so desires, deduct from any funds received or held by the society on his account, the whole or any portion of the subscription for membership ; or</p> <p>(b) admit him as a member upon payment in full of such subscription subject to any such deduction as aforesaid.</p>
Persons soliciting others to violates contracts.	<p>23 . (t) Any person who, having knowledge or notice that any other person has contracted under section 21 or is bound by an Order under Section 22 to sell any article produced by such other person to or through a registered society, solicits or persuades such other person to sell or deliver such article, in violation of such contract or in contravention of such Order, as the case may be, shall be guilty of an offence and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding one thousand rupees.</p> <p>(2) Where the person convicted of an offence under sub section (1) is a body corporate, every person who at the time of the commission of the offence was a director or officer of the body corporate shall be deemed to be guilty of that offence unless he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of</p>

	<p>the offence.</p> <p>(3) With regard to selling and delivering articles in accordance with the provisions in section 21,22 and 23 wherein the discretion of the Hon'ble Minister incharge of the subject is referred to, such discretion shall be exercised only in respect of selling and delivering essential articles in a situation a state of emergency has been declared in the country or the Minister –incharge of the subject is satisfied that such and emergency situation has arisen in the Western Province.</p>
Rights of registered society over crops, agricultural produce, cattle, impliments, raw material and manufactured articles belonging to any member.	<p>24. Subject to any prior claim of the Republ'; or the Provincial Council on the property of a debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent, and to any prior registered charge thereon –</p> <p>(a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge –</p> <p>(i) upon crops or other agricultural produce raised in whole or in part with a loan taken from the society by such member or past member;</p> <p>(ii) upon any cattle, fodder for cattle, agricultural or industrial implements, or raw materials for manufacture, supplied to or purchased by such member or past member in whole or in part from any loan whether in money or goods given to him by the society;</p>
	<p>(iii) upon any sum of money due from the society to such member in respect of the purchase of any scheduled agricultural product as an agent of the Paddy Marketing Board'</p> <p>(b) any outstanding demands or dues payable to a 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</p>
Charge and set-off in respect of shares or interest of members.	<p>25. A registered society shall have a charge upon the shares or other 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 –</p> <p>(a) any debt due to the society :</p> <p>(b) any debt due to any other registered society :</p> <p>Or</p> <p>(c) any amount due to the liquidator of any registered society:</p> <p>from such member or past member or estate, and may set off, or pay to such other society, or liquidator, as the case may be, 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 or amount</p>

<p>Shares, contributions and other interests not liable to attachment or sale.</p> <p>Transfer of interest on death of member.</p>	<p>26. Subject to the provisions of Section 25, the share contribution or other 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 appointed under Chapter L of the Civil Procedure Code, shall be entitled to, or have any claim on, such share, contribution or other interest.</p> <p>27.(1)on the death of a member, a registered Society may transfer the share or other interest of the deceased member to the person nominated in accordance with the rules made in that behalf, or, if there is no person so nominated, to such persons 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 other interest, as ascertained in accordance with the rules or by-laws:</p> <p>Provided that –</p> <p>(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 other interest of the deceased member ascertained as aforesaid; and</p> <p>(b) in the case of a society with limited liability, the society may transfer the share or other interest of the deceased member to such nominee, heir or legal representative' as the case may be, who is qualified in accordance with the rules and by-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.</p> <p>(2) A member of a registered society shall pay all other moneys due to the registered society to such nominee, heir or legal representative as the case may be.</p> <p>(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.</p>
<p>Deposits by or on behalf of minor.</p>	<p>28. (1) A registerd society may receive deposits from or for the benefit of minors and it shall be lawful for a registered society to pay to such minors the interest which may become due on such deposits. 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.</p> <p>(2) The receipt of any minor or guardian for money paid to him by a society under this section shall be a sufficient discharge of the liability of that society in respect of that money.</p>

Liability of past member and estate of deceased member for debts of society.	<p>29. (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 continue for a period of two years reckoned from that date.</p> <p>(2) The estate of a deceased member shall, for a period of two years reckoned from the date of his decease, be liable for the debts of the society as they existed on the date of his decease.</p>
Register of members.	<p>30. Any register or list of members kept by any registered society shall be prima facie evidence of any of the following particulars entered therein :-</p> <p>(a) the date on which the name of any person was entered in such register or list as a member;</p> <p>(b) the date on which any such person ceased to be a member.</p>
Proof of entries in books of society.	<p>31. (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.</p> <p>(2) No officer of any registered 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 sub section (1) or to appear as a witness to prove any matters, transactions or accounts therein recorded, unless the court for special reasons so directs.</p>
Deposits of securities as pledges by a society	<p>32. Notwithstanding any written or other law for the time being in force, registered society may –</p> <p>(a) Pledge as security for a general balance of account any securities held by it ; and</p> <p>(b) Authorize the creditor, in the event of default of payment on the date of the termination of a notice issued to the society, to sell any or all of such securities, without recourse to court, and to credit the proceeds to such balance of account.</p>
Right to acquire and sell property.	<p>33. (1) A registered society may acquire by purchase , gift or otherwise and take on lease lands, buildings or other movable or immovable property, or sell, mortgage, lease exchange or otherwise dispose of lands, buildings or other movable or immovable property or any purpose connected with its objects ;</p> <p>(2) (a) a registered society shall not acquire or sell any movable property exceeding the value of one hundred thousand rupees except the stocks of consumer goods, without permission of the general body and prior written approval from the Registrar.</p>

	<p>(b) a registered society may acquire by purchase, gift or otherwise add take or lease lands, buildings or other movable property, or construction of buildings or sell mortgage, lease exchange or otherwise dispose of with the permission of general body and prior written approval from the Registrar.</p>
Compulsory acquisition of lands and buildings.	<p>34. (1) Where any land or building is required for any purpose connected with the objects of a registered society, that purpose shall be deemed to be a public purpose and that land or building may be acquired under the Land Acquisition Act by the Government or the Provincial Council for that society.</p> <p>(2) Where any land or building is to be acquired under the Land Acquisition Act by the Government or the Provincial Council for a registered society, that society shall, before an Order relating to that land or building is made under section 38 of that Act, pay to the government and the Provincial Council the amount determined under that Act as the compensation payable in respect of that land or building and also the costs incurred by the Government or the Provincial Council in the acquisition proceeding.</p> <p>Provided, however, that where it becomes necessary to take possession of any land or building on the ground of any urgency before the amount of compensation is determined under that Act, that society shall pay to the Government before such Order is made such amount as, in the opinion of the acquiring officer is likely to be determined as the compensation payable in respect of that land or building, and shall pay the balance amount, if any, after the amount of compensation is determined under that Act.</p>
	<p style="text-align: center;">CHAPTER V</p> <p style="text-align: center;">GENERAL PROVISIONS RELATIONS TO BY.LAWS</p>
By-laws of a society to bind members,	<p>35. (1) Every by-law of a registered society shall, upon registration, be binding upon the society and the members thereof to the same extent as if the by-law contained a covenant by each such member to observe the provisions of the by-law.</p> <p>(2) Any dispute arising out of the interpretation of by-law of a registered society shall be referred to the Registrar for his decision, and his decision shall be final and conclusive in law.</p>
Power to make by-laws in restraint of trade.	<p>36. No by-law made by a registered society in respect of any matter for which by-laws are authorized by any rule to be made, shall be called in question in any court of law on the ground only that such by-law constitutes a contract in restraint of trade.</p>
Power to make by-laws for the imposition of fines on members.	<p>37 .The by-laws made by any registered society may, subject to the rules, provide for the imposition of fines on the members of the society for contravention of its by-laws:</p> <p>Provided, however, that no such fine shall be imposed on any member</p>

	<p>unless -</p> <p>(a) notice in writing of the intention to impose such fine and the reasons therefore have been given in writing to him by the society; and</p> <p>(b) he has failed to show, within such time and :in such manner as may be prescribed by rules, sufficient cause against the imposition of the fine.</p>
	<p style="text-align: center;">CHAPTER VI</p> <p style="text-align: center;">PROPERTY AND FUNDS OF REGISTERED SOCIETIES</p>
Loans made by registered societies	<p>38. (1) A registered Society shall not make any loan to any person other than a member;</p> <p>Provided that, with the approval of the general body of a registered society and on such conditions as may be imposed by it, a registered society may grant loans to another registered society or supply goods on credit to an associate member.</p> <p>(2) Except with the approval of the general body, a registered society shall not lend money on the Security of any movable property other than agricultural property.</p>
Deposits and loans received by registered societies.	<p>39. (1) 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 the rules or bylaws.</p> <p>(2) Where a loan is granted to a registered society by a bank on the mortgage of any immovable or movable property, such property shall, from and after the date of the registration of such mortgage under the Registration of Documents Ordinance, be charged with the payment of the moneys due under such mortgage in priority to every other debt of such registered society whatsoever and every mortgage or charge affecting such property, except a mortgage or charge affecting such property which is secured by a duly registered under the Registration of Documents Ordinance prior to such date.</p>
Restrictions on Other transaction with non-members.'	<p>40. Save as provided in sections 38 and 39 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.</p>
Investment of society's funds	<p>41. (1) A registered society may deposit or invest its funds in any of the securities other than a first mortgage of immovable property specified in section 20 of the Trusts Ordinance, or with any banker or person acting as a banker approved for this purpose, or in the shares or on the security of any other registered society, approved for this purpose, or in any other mode permitted by the rules.</p> <p>(2) Any deposit or investment made before the commencement of this</p>

	Statute which would have been valid if this Statute had been in force is hereby ratified and confirmed.
Disposal of profits	<p>42. (1) Every registered society shall, out of its net profits in any financial year as ascertained by the audit under section 44 –</p> <p>(a) transfer an amount not being less than twenty-five per centum of the net profits to the reserve fund Statutory reserve of the society; and</p> <p>(b) Contribute such portion of the net profits as may be prescribed by rules to the Co- operative Fund established under the rules.</p> <p>(2) The balance of the net profits may be utilized for all or any of the following purposes:-</p> <p>(a) payment of dividends to members on their paid up share capital at a rate not exceeding the rate prescribed in the rules;</p> <p>(b) payment of rebates to members on the value of the business done by them with the society to the extent and in the manner specified in the by-laws;</p> <p>(c) contributions to such funds as may be prescribed in the by-laws;</p> <p>(d) payment of bonus to employees of the society;</p> <p>(e) payment on such other account as may be specified in the by-laws;</p> <p>(f) contributions of an amount not exceeding ten per centum of the net profits to a Common Welfare Fund for expenditure on any social, cultural or recreational purpose, or the advancement of any other object of any other fund for local or public utility.</p>
	<p style="text-align: center;">CHAPTER VII ACCOUNTS, BUDGET, AUDIT,INQUIRY,INSPECTION OR INVESTIGATION OF A REGISTERED SOCIETY</p>
Accounts of the society.	<p>43. (a) (1) Every registered society shall cause proper accounts of the income and expenditure, assets and expenditure, assets and liabilities and of all other transactions of the society to be kept.</p> <p>(2) Every registered society shall prepare an annual statement of accounts and statistics relating to the activities of the society, as may be required by the Registrar or any person authorized by him.</p> <p>Such statement of accounts shall be submitted to the Registrar or other person</p>

	<p>authorized by him within three months of the close of the financial year to which it relates.</p> <p>(3) Where a registered society fails to comply with any of the provisions of this section every member of the committee of such society shall be guilty of an offence, and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding two thousand rupees:</p> <p>Provided, however, that no such member shall be guilty of an offence if he proves that the offence was committed without his knowledge and that he exercised all due diligence to prevent the commission of that offence.</p>
Preparation of Budgets.	<p>(b) (1) Every registered society shall prepare a budget in respect of every financial year setting out projections of revenue, expenditure both recurrent and capital, financial and cash resources, investments of funds, budgeted profit and loss accounts, income and expenditure accounts and balance sheets pertaining to that year.</p>
	<p>(2) Such budget shall be presented to the general body of the society for its approval not later than two months prior to the commencement of the financial year to which it relates.</p> <p>(3) A copy of such budget shall be transmitted to the Registrar one month prior to the commencement of the financial year to which it relates.</p> <p>(4) The form and manner in which the budget shall be prepared and the minimum information that it should contain, shall be as determined by the Registrar.</p> <p>(5) The Minister- in-charge of the subject of the Provincial Council may where he considers it expedient to do so having regard to the membership of a registered society and its income and expenditure by special or general order exempt any society from the requirement of this section.</p> <p>(6) Every member of the committee shall be guilty of an offence, in the event of failure to comply with any of the provisions contained in the above section, and after summary trial before a Magistrate shall be liable to a fine not exceeding two thousand rupees.</p> <p>Provided, that if any member proves that the offence was committed without his connivance and he has always acted with due diligence to avert any offence being committed, that member shall not be guilty of such offence.</p>
Audit.	<p>44. (1) The Registrar shall audit or cause to be audited by some person authorized by him by general or special order in writing in that behalf the accounts of every registered society once at least in every year. Where the management of a Co-operative Society is by a Co-operative Departmental Board , the accounts shall be caused to be audited by the Internal Audit Section of the Western Province without being audited by the Department.</p> <p>(2) The audit under sub section (1) shall include –</p>

	<p>(a) an examination of overdue debts;</p> <p>(b) a valuation and verification of assets and liabilities of registered societies:</p> <p>(c) an examination as to whether the organization systems, procedures, books, records and other documents have been properly and adequately to ensure proper financial control and the presentation of designed information, to enable to continuous evaluation of the activities of the society, and whether such systems, procedures, books, records and other documents are in effective operation ;</p> <p>(d) an examination as to whether the conduct of the society has been in accordance with the provisions of this Statute, or rules, regulations or by-laws made there under and whether administration of the affairs of the society has been in accordance with the provisions of such Statute, rules, regulations or by-laws;</p> <p>(e)an examination as to whether the utilization of the Fund has been efficiently and economically carried out;</p>
	<p>(f) A an examination as to whether a satisfactory procedure has been formulated so as to ensure the safety of money and property belonging to and under the control of, the registered society;</p> <p>(g) an examination as to whether the accounts audited have been so designed as to present a true and accurate account of the affairs of the society in respect of the period under consideration having due regard to the principles of accountancy, financing and valuation; and</p> <p>(h) other Prescribed matters.</p> <p>(3) For the purposes of an audit under sub section (1), the Registrar or any person authorized by him to audit the accounts shall have the power –</p> <p>(a) to summon any past or present officer, agent, servant or member of the society or any other person who, in the opinion of the Registrar or the person authorized by him to audit, can give material information about any transactions of the society or the management of its affairs;</p> <p>(b) to require the production of any book or document relating to the affairs of the society, or any cash security, or other property belonging to the society, by any past or present officer, agent, servant or member of the society or other person in possession of or having the custody of such book, document, cash security or other property; and</p> <p>(c) to take into his custody books of accounts or the documents of the society where he discovers a fraud in the course of such audit</p>

	<p>(4) The Registrar or any person authorized by general or special order in writing in that behalf by the Registrar, shall at all times have access to and be entitled to examine all books documents, accounts and papers, securities and cash in hand of a registered society and every person in charge of or maintaining or having possession of the aforesaid shall produce them to the Registrar or such authorized person or furnish such information in regard to the transactions and working of the society as the Registrar or the authorized person making such inspection or audit may require.</p> <p>(5) The Registrar and every person authorized by him to audit the accounts of a registered society shall be deemed to be public servants within the meaning of the Penal Code.</p> <p>(6) (a) If, in the course of, or at the conclusion of an audit under subsection (1), it is found that any person, who is or was entrusted with the organization or management of a society, or who is or has at any time been an officer or an employee of a society has made any payment or has used any funds of the society contrary to the provisions of this Statute or the rules made under this Statute or any other law, rules or regulations relating to co-operative societies or financial procedure approved by the Registrar or any general directions issued by the Registrar or the Co-operative Employees Commission or the by-laws of the society or the working rules of the society, the Registrar shall disallow every such payment and every such use of funds and surcharge the same on the person making or authorizing the making of such illegal payment or such use of</p>
	<p>funds and shall charge against any person, the amount of any deficiency or loss incurred by the negligence or misconduct of that person and any amount which ought to have been, but is not, brought into account by that person and shall in each case certify the amount due from such person and communicate his decision in writing to such person.</p> <p>(b) Before making any disallowance or surcharge against any person, the Registrar, or any person authorized by general or special order in writing in that behalf by the Registrar, shall offer an opportunity to such person to be heard or to make any representations with regard to the matters which he may think fit, and shall in the event of his making such disallowance or surcharge, furnish such person in writing, on application being made to him for that purpose with the reasons for his decision in respect of such disallowance or surcharge.</p> <p>(c) The provision of section 66(2) shall apply, mutatis mutandis in a case where the decision made by the Registrar is not complied with.</p>
Communication Of defects in society audit to societies	<p>45. (1) If on an audit held under section 44 any defects in the working of a registered are disclosed, the Registrar may bring the defects to the notice of the society and if the is a member of another society, also to the notice of that other society.</p> <p>(2) The Registrar may make an order directing the society or its officers to take such action as may be specified in the order within the time mentioned</p>

	therein to remedy the defects disclosed.
Inquiry	<p>46. (1) Where the membership moneys or moneys which are not membership moneys of a Co-operative Society registered with the Registrar of Co-operative societies are misused the Registrar may of his own motion, and shall, on the application of majority of the committee, or of not less than one-third of the members, or representatives who are eligible to be present at a General meeting in terms of the by-laws of a registered society or one third of the total membership or one hundred members of the society which ever is less, hold an inquiry or direct some person authorized by him or order in writing in that behalf, to hold an inquiry into the constitution, working, and financial condition of the registered society.</p> <p>Provided, however, the Registrar shall have the power to hold a preliminary inquiry or direct in that behalf to find whether there is a prima facie case for such an inquiry, before directing to hold an inquiry as provided in subsection (1) hereto.</p> <p>(2) For the purposes of an inquiry under subsection (1), the Registrar or any person authorized by him to hold an inquiry, shall have the power-</p> <p>(a) to summon any past or present officer, agent, servant or member of the society or any other person who, in the opinion of the Registrar or the person authorized by him to inquire, can give material information about any transactions of the society or the management of its affairs;</p> <p>(b) to require the production of any book or document relating to the affairs of the society, or any cash, security, or other property belonging to the society, by any past or present officer, agent, servant or member of the society or other person in possession of or having the custody of such book, document, cash, security or other property;</p> <p>(c) to summon a general meeting of the members of the society at such time and place as may be specified by him to determine such matters as may be directed by him; and</p> <p>(d) to take into his custody books of accounts or the documents of the society where he has reason to believe that, there is a fraud or irregularity, in the course of such inquiry;</p> <p>(3) Any meeting summoned under subsection (2)(c) shall have all the powers of a general meeting called under the by-laws of the society and its proceedings shall be regulated by such by-laws except that no quorum shall be necessary for such meeting and the provisions of the by-laws relating to the period of notice relating to a general meeting shall not be applicable. The Registrar or any person authorized by him may preside at such meeting but shall have not vote; In the event of an equality of votes a person who is not entitled to a primary vote shall not have a casting vote and the matters shall be referred to the next meeting for determination.</p>

	<p>(4) Where an inquiry is held under this section the Registrar shall communicate the result of the inquiry to the society and to the society, if any, of which that society is a member and to any bank to which the society is indebted.</p> <p>(5) The Registrar and every person authorized by him to hold an inquiry under this section shall be deemed to be public servants within the meaning of the Penal Code.</p>
<p>Inspection books and investigation of The affairs of a society.</p>	<p>47. (1) The Registrar may of his own motion, or on the application of a majority of the committee, or of not less than one-third of the members or representatives who are eligible to be present at a general meeting in terms of the by-laws, or one-third of the total membership or one hundred members of the society whichever is less, or creditor of a registered society, inspect, or direct any person authorized generally or specially by him by order in writing in that behalf to inspect, the books of the society.</p> <p>Provided that no such inspection shall be made on the application of a creditor unless the applicant-</p> <p>(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</p> <p>(b) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.</p> <p>(2) The Registrar may of his own motion investigate or direct any person authorized by him to investigate the affairs of any registered society.</p> <p>(3) The Registrar, or any person authorized by the Registrar under this section –</p> <p>(a) shall at all time 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 or member</p>
	<p>of the society shall furnish such information in regard to the transactions and working of the society as the person making an inspection or an investigation may require; and</p> <p>(b) shall have the power to take into his custody books of accounts or the documents of the society where he discovers a fraud in the course of such inspection or investigation.</p> <p>(4) The results of any such inspection -</p> <p>(a) where such inspection is held of the Registrar's own motion, may be communicated by the Registrar to the society and to any bank to which the society is indebted; and</p>

	<p>(b) Where such inspection is held on the application of a creditor, shall be communicated by the Registrar to the creditor and to the society.</p> <p>(5) Where an inspection is held under subsection (1) on the application of a creditor of a registered society, the Registrar may apportion the costs, or such part of the costs, as he may think fit between the society and the creditor.</p> <p>(6) Any sum awarded by way of costs against any society or creditor under this section may be recovered, on application to the Magistrate's Court having jurisdiction in the place where the registered office of the society is situated or the creditor resides, in like manner as a fine imposed by the Court.</p> <p>(7) The Registrar and every person authorized by him to inspect the books or investigate the affairs of a registered society shall be deemed to be public servants within the meaning of the Penal Code.</p> <p>(8) For the purpose of an inspection or investigation under the provisions of this section, the Registrar or any person authorized by him to hold an inspection or investigation, shall have the power –</p> <p>(a) to summon any past or present officer, agent, servant or member of a society or any other person who in the opinion of the Registrar or the person authorized by him, to inquire, can give material information about any transaction of the society or management of its affairs;</p> <p>(b) to require the production of any book or document relating to the affairs of the society by any past or present officer, agent, servant or member of the society or other person in possession of or having the custody of such book, document, cash security or other property;</p> <p>(c) to summon a general meeting of the members of the society at such time and place as may be specified by him, to determine such matters as may be directed by him; and</p> <p>(d) to take into custody books of accounts or the documents of the society where he has reason to believe that there is a fraud, or irregularity in the course of such inspection or investigation.</p>
	<p style="text-align: center;">CHAPTER VIII SUSPENSION OR INTERDICTION AND REMOVAL OF OFFICERS OF A REGISTERED SOCIETY AND DISSOLUTION OF THE COMMITTEE OF A REGISTERED SOCIETY</p>
Dissolution of the committee of a society and removal of	<p>48. (A) (I) If the Registrar is of opinion after an inquiry under section 46 or an inspection or investigation under Section 47 that the committee of any registered society or any members of such committee are not performing their</p>

<p>members of committee from office.</p>	<p>duties in a proper manner, he may after giving the committee or its members an opportunity to state their objections if any in writing to the dissolution of the committee or the removal of any members from office, and after considering such objections at a general meeting of the society summoned by him, by order in writing,</p> <p>(a) dissolve the committee or remove any members of the committee from office;</p> <p>(b) direct that the affairs of the society shall be managed and administered by a suitable person or persons appointed as hereinafter provided.</p> <p>(2) The members of the committee or the members of the committee who are removed from office under sub section (1)(a) above, shall not be entitled to be re-elected to any office in such society or in any other registered Co-operative Society, from the date of the order of such dissolution or removal, and any such re-election to an office shall be unlawful.</p> <p>(3) If the Registrar is of opinion, after an inquiry under section 46 or an inspection or investigation under section 47 , that a committee of a registered society or a member of a past committee has not performed its or his duties in a proper manner, the Registrar may, after taking action in terms of the provisions of subsection (1), with regard to the said committee or past members of such committee, provide for issuing a direction in writing prohibiting the said past committee or any member thereof, from being re-elected to any committee of the said society or any other registered Co-operative Society. The election of any such person to the committee of any registered Co-operative Society after such direction shall be unlawful.</p> <p>(4) The term of office of a person or persons appointed on an order issued under subsection (1) of section (b) shall be restricted to the unexpired part of the term of office of the person removed under section 48(1) a. Provided however if a General Body has not been established in accordance with the by-laws of any registered society, the Registrar or the Commissioner shall have the power to extend the term of office of the person so appointed until the election of a committee after establishing the General Body. Where any by-law prevents the establishment of such General Body the Registrar shall have the power to exempt the society from the requirements of such by-law and make necessary provisions for the establishment of a General Body.</p> <p>(5) Where any order is made under sub section (1), the Registrar shall, by the same or subsequent order, appoint a fit and proper person or two or more such persons to manage and administer the affairs of the society and may from time to time remove or replace any person so appointed or appoint additional persons.</p> <p>(6) Subject to the general direction and control of the Registrar, any person or persons appointed under this section to manage the affairs of a registered society -</p>
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	<p>(a) shall have the power to recover the assets and discharge the liabilities of the society and take such other steps as may be necessary in its interest ;</p> <p>(b) shall have and may exercise all the powers, rights and privileges of a duly constituted committee of the Society, and where it becomes necessary to do so in the interest of the efficient management of the affairs of such society, such of the powers of the General Body as are necessary in such interest to the exclusion of such General Body.</p> <p>(7) Persons appointed under this section by the Registrar to manage the affairs of a registered society shall be jointly and severally responsible for any loss sustained through any such acts committed by them as are contrary to the law or the by-laws of the society.</p> <p>(8) The Registrar may fix the remuneration payable to any person or persons appointed by him under this section to manage the affairs of a registered society' The amount of such remuneration and other expenses if any, incurred in the management of the society shall be payable from its funds.</p> <p>(9) It shall be the duty of the person or persons appointed under this section to manage the affairs of a registered society and holding office immediately prior to the date on which the direction under paragraph (b) of subsection (1) ceases to have effect to arrange prior to the date aforesaid, for the appointment of a new committee in accordance with the by-laws of the society.</p> <p>(10) Before the completion of an inquiry under section 46 or an inspection or investigation under section 47, if the Registrar is of opinion that a prima facie case has been established against the committee, the Registrar shall have the power to suspend such committee for a period of six months and appoint an interim board to manage and administer the affairs of a society. The Registrar shall complete such inquiry or investigation within six months from the date of suspension of such committee and take a final decision regarding the dissolution of such committee under subsection (1).</p>
Suspension or interdiction and removal of salaried officers etc.	<p>48.(B) (1) If the Registrar is of the opinion after an inquiry under section 46, or an inspection 46 or investigation under Section 47 , that any officer or employee of any registered society is not performing his duties in a proper manner, or is unfit or otherwise unable to discharge his duties efficiently, he may notwithstanding anything to the contrary in this Statute, the Co- operative Employees Commission Statute, No. 01 of 1994 of the Provincial Council or any other law after giving such officer or employee, an opportunity to state their objection by order in writing suspend or interdict as the case may be such officer or employee pending such inquiry as may be necessary and after such inquiry remove such officer or employee from office.</p> <p>Provided that any employee aggrieved by an order of removal made under this subsection, may appeal there from to the Co-operative Employees Commission established under Statute No. 01 of 1994 of the Provincial Council within a period of thirty days, and the decision of such Commission shall be</p>

	<p>final.</p> <p>(C) Notwithstanding anything contained in this Statute or any other law or by-laws of a registered society, the Registrar shall nominate some number of persons as members of the committee of such society and nominate Chairman and Vice Chairman thereof from and among such persons as he thinks fit, or as the case may be, when it is his opinion that it is expedient to</p>
	<p>nominate some number of persons as members of the committee, in order to ensure the efficient management of affairs of the registered society which run by the State capital or for the purpose of securing the investment or advances made in money or goods by the State to that society.</p> <p>Provided, that such nominated number of members shall be less than one half of the total membership of such committee.</p> <p>(2) Where any officer or employee is removed under sub section (1) and where such order for removal has been affirmed by the Co-operative Employees' Commission or no appeal against such order has been preferred within thirty days, another as the case may be in accordance with the provisions applicable in respect to such election or appointment.</p>
	<p style="text-align: center;">CHAPTER IX</p> <p style="text-align: center;">DISSOLUTION OF A REGISTERED SOCIETY</p>
Dissolution	<p>49. (1) If the Registrar, after an inquiry under Section 46, or an anpection or an investigation under 47, or on receipt of an application made by three-fourths of the members of a registered society, and after giving an opportunity to the society and to the creditors of such society to state their objections, is of opinion that the society ought to be dissolved, he may by order under his hand cancel the registration of the society.</p> <p>(2) Any member or any creditor of a registered society may, within two months from the date of an order under subsection (1), appeal from such order to the Minister - in - charge of the subject of Co-operative in the Western Province Provincial Council.</p> <p>(3) Where no appeal is presented within two months from the making of an order canceling the registration of a society, the order shall take effect on the expiry of that period. Where an appeal is presented within the two months, the order shall not take effect until it is confirmed.</p> <p>(4) Where the Registrar cancels the registration of a society under sub section (1), he may appoint one or more persons to be in charge of the books, documents and other property of the society and to manage the affairs of the society until the order canceling the registration of the society takes effect, or until such order is reversed in appeal by the Minister- in-charge of the subject of Co-operative in the Western Province Provincial Council.</p>

	<p>On the appointment of such person or persons the committee of the society or any other person in charge of the books, documents, and other property of the society shall hand over such books, documents or property to the first-mentioned person or persons and such committee shall until the order canceling the registration takes effect or until such order is reversed in appeal by the Minister-in-charge of the subject of Co-operative in the Western Province Provincial Council cease to function.</p>
cancellation of registration of society	<p>50. The Registrar may by order in writing cancel the registration of any registered society_</p> <p>(a) where it is a condition of the registration of the society that the society shall consist of at least twenty members if the number of members of such society has been reduced to less than twenty; or</p> <p>(b) if a registered society has not commenced working during one year from the date of registration of such society or has ceased to work for a period of two years prior to the date of making the order of cancellation under this section.</p> <p>(c) Where the number of members of a society has been reduced to less than the minimum number of members specified in the condition relating to its number of members.</p>
Effect of cancellation of registration	<p>51. Where the registration of a society is cancelled by an order under section 49 or under section 50, the society shall cease to exist as a corporate body from the date on which the order takes effect, hereinafter referred to as the date of dissolution:</p> <p>Provided that any privileges conferred on the society by or under this Statute or any Statute shall be deemed to be vested in any liquidator or liquidators appointed for that society by the Registrar.</p>
Liquidation after cancellation of registration of society.	<p>52. Where the registration of a society is cancelled under section 49 or section 50 the Registrar may appoint one or more persons to be the liquidator or liquidators of the society.</p> <p>All the property of the society shall vest in the liquidator or liquidators on the date on which the order of cancellation under section 49 or section 50, as the case may be, takes effect.</p>
Liquidator's powers. Cancellation of registration of society.	<p>53. (1) A liquidator appointed under section 52 shall, subject to the guidance and control of the Registrar and to any limitations imposed by the Registrar by order under section 54, have power to –</p> <p>(a) determine from time to time the contributions to be made by members and past members or by the estates of deceased members of the society to its assets;</p> <p>(b) appoint a day by proclamation or notice before which creditors whose</p>

	<p>claims are not already recorded in the books of the society shall state their claims for admission or be excluded from any distribution made before they have proved them;</p> <p>(c) decide in accordance with the provisions of this Statute any question of priority which arises between creditors:</p> <p>(d) refer for arbitration under section 58 any dispute of any description mentioned in that section (references therein to the society being construed as references to the liquidator), and institute and defend suits and other legal proceedings on behalf of the society by his name or office</p>
	<p>(e) decide by what persons and in what proportions the costs of liquidation are to be borne;</p> <p>(f) give such direction in regard to the collection and distribution of assets as may be necessary in the course of winding up the society;</p> <p>(g) compromise any claim by or against the society provided the sanction of the Registrar has first been obtained;</p> <p>(h) call such general meetings of members as may be necessary for the proper conduct of the liquidation;</p> <p>(i) take possession of the books, documents and assets of the society;</p> <p>(j) sell the property of the society; and to deposit all money collected in arbitration in such manner as may be directed by the Registrar;</p> <p>(k) carry on the business of the society so far as may be necessary for winding it up beneficially; provided that nothing herein contained shall entitle the liquidator of a credit society to issue any loan; and</p> <p>(l) Arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Registrar.</p> <p>(2) Where there is any debt payable by any member or past member to a society whose registration is cancelled under section 49 or section 50 and such person is a member of any other society registered under this Statute after the date of such cancellation, then the liquidator of such first mentioned society appointed under section 52, shall, subject to the guidance and control of the Registrar and to any other limitations imposed by the Registrar by order under section 54, have power to require that such other society shall recover, from any sum of money due from such society to such person, a sum not exceeding such debt in like manner as if it was a debt due from such member to such other society and transmit the same to the liquidator.</p> <p>(3) Subject to such rules as may be made in that behalf, any liquidator appointed under this Statute shall, in so far as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce</p>

	the attendance of parties and witnesses and to compel the production of documents by the same means and (so far as may be) in the same manner as is provided in the case of a District Court under the Civil Procedure Code.
Power of Registrar to control liquidation.	<p>54. (1) A liquidator shall exercise his powers subject to the control and direction of the Registrar, who may –</p> <ul style="list-style-type: none"> (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 society;
	<ul style="list-style-type: none"> (d) by order in writing limit the powers of a liquidator under section 53; (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 society; (g) make order for the remuneration of the liquidator; or (h) refer for arbitration any dispute (not being a dispute so referable under section 53(1) (d) between the liquidator and any third party, if such party consents in writing to be bound by the decision of the arbitrator. <p>(2) There shall be established a fund called the "Co-operative Fund" to which all sums collected by the liquidator shall be credited. The Registrar shall administer the fund in accordance with the rules.</p>
Enforcement of order.	<p>55. (1) The decision of an arbitrator on any matter referred to him under section 54 shall be binding upon the parties, and shall be enforceable in like manner as an order made by the Registrar under that section.</p> <p>(2) An order made by a liquidator or by the Registrar under section 53 or section 54 shall not be called in question in any civil court, and shall be enforced by any Civil Court having jurisdiction over, the place where the registered office of the society is situated in like manner as a decree of that Court;</p> <p>provided that any bank which is a creditor of a society whose registration has been cancelled shall be entitled to appeal to the Minister-in-charge of the subject of Co-operative in the Western province provincial Council from an order made by a liquidator or by the Registrar under section 53 or section 54 within two months from the date of such order of the liquidator or the Registrar.</p> <p>(3) Where no appeal is presented to the Minister-in-charge of the subject of Co-operative in the Western Province Provincial Council within two months</p>

	<p>of the making of an order by a liquidator or by the Registrar under section 53 or Section 54, such order of the liquidator or, the Registrar shall take effect on the expiry of that period. Where an appeal is presented to the Minister-in-charge of the subject of Co-operative in the Western Province provincial Council within the two months, the order of the liquidator or the Registrar shall not take effect until it is confirmed by the Minister.</p>
Limitation of the Jurisdiction of the Civil Court	<p>56. Save in so far as hereinbefore expressly provided, no Civil Court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under. This, Statute.</p>
Closure of Liquidation.	<p>57. (1) In the liquidation of a society whose registration has been cancelled, the funds, including the reserve fund, shall subject to the provisions of section 39(2) be applied first to the cost of liquidation, then to the repayment of Government loans and Government guaranteed loans and provincial Council Loans then to the discharge of the other liabilities of the society, then to</p>
	<p>the payment of the share capital and then, provided the by-laws of the society permit, to the payment of a dividend at a rate not exceeding six per centum per annum for any period for which no disposal of profits was made, and to the payment of a rebate to members for any period for which no disposal of profits has been made where such period is immediately preceding the date of dissolution.</p> <p>(2) When the liquidation of a society has been closed and any creditor of that society has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the Gazette; and, in respect of any claim against the funds of such society, no action shall be maintainable unless it is commenced within the three months from the date of the publication of such notice in the Gazette.</p> <p>(3) Any surplus remaining after the application of the funds to the purposes specified in sub section (1) and the payment of any claims for which an action is instituted under sub section</p> <p>(2), may be applied to such object of local or public utility as may be selected, subject to the approval of the Registrar, by the persons who were officers of the society at the date of the dissolution thereof.</p> <p>If such persons fail within three months after the date on which the liquidation of the society is closed to select as aforesaid an object approved by the Registrar, the Registrar shall deposit the surplus in a bank or with a registered society.</p> <p>The surplus so deposited may be paid into such Surplus Fund as may be constituted for the purposes of this Statute. Disbursement out of such Surplus Fund may be made at the discretion of the Registrar for such purposes and in such manner as may be provided in the rules.</p> <p>Provided, however, that any interest accruing on the surplus may be paid</p>

	into the Co-operative Fund.
	CHAPTER X DISPUTES
Settlement of Disputes.	<p>58. (1) If any dispute touching the business of a registered society arises-</p> <p>(a) among members, past members and members, and persons claiming through past members and deceased members, or among officers or employees of the society, whether past or present, or among heirs or legal representatives of deceased officers or employees; or</p> <p>(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 or employee of the society, whether past or present, or any heir or legal representative of any deceased officer or employee; or</p> <p>(c) between the society or its committee and any officer or employee of the society, whether past or present, or any heir or legal representative of any deceased officer or employee; or</p>
	<p>(d) between the society or its committee and _</p> <p>(i) any Person who was a member or an officer or employee of any other society whose business or part thereof was transferred to the society;</p> <p>(ii) any person who claims through any member or past member or deceased member of the society referred to in sub - paragraph (i);</p> <p>(iii) any person who is the heir or legal representative of any officer or employee of the society referred to in sub - .paragraph (i); or</p> <p>(e) between the society and any other registered society, such disputes shall be referred to the Registrar for decision.</p> <p>Any claim by a registered society for any debt, demand or damages due to it from a member, officer or employee, whether past or present, or any nominee, heir or legal representative of a deceased member, officer or employee, or any claim by a member, officer or employee whether past or present, or any nominee heir or legal representative of a deceased member, officer or employee for any debt, demand or damages due to them from a registered society, whether such debt demand or damages be admitted or not, shall be deemed to be a dispute touching the business of the society within the meaning of this subsection.</p> <p>(2) The Registrar may, on receipt of a reference under sub-section (1) –</p>

	<p>(a) decide the dispute himself, or</p> <p>(b) Refer it for disposal to an arbitrator or arbitrators.</p> <p>(3) Any party aggrieved by an award of the arbitrator or arbitrators may appeal therefrom to the Registrar within Thirty days (excluding Saturdays, Sundays and Public Holidays) from the date of such award by a written appeal giving reasons therefore, and if the party against whom such award was made is making the appeal, such party shall forward a sum of fifty rupees or ten per cent or such award, whichever is more, as a deposit for such appeal. If a party demanding an award is making the appeal, such party shall forward a sum of rupees fifty or ten per cent of the award, whichever is more, as a deposit for the appeal.</p> <p>Provided, that in the event of the above appeal deposit exceeds a sum of rupees ten thousand, the maximum value of the appeal deposit shall be rupees ten thousand and such amount shall be accepted as the prescribed appeal deposit under the preceeding provisions.</p> <p>(4) No party to any appeal made to the Registrar under sub section (3) shall be entitled, either by himself or by any representative, to appear before and be heard by the Registrar on such appeal.</p> <p>(5) A decision of the Registrar under sub section (2) or in appeal under sub section (3) shall be final and shall not be called in question in any civil court.</p> <p>(6) The award of the arbitrator or arbitrators under sub section (2) shall, if no appeal is Preferred d to the Registrar under sub section (3) or if any such appeal is abandoned or withdrawn, be final and shall not be called in question in any civil court.</p>
	<p>(7) The provisions of the Prescription Ordinance shall not apply to any claim which is the subject of a dispute under this section.</p> <p>(8) If any question arises whether a dispute referred to the Registrar under this section is a dispute touching the business of a registered society the decision thereon of the Registrar shall be final and shall not be called in question in any civil court.</p> <p>(9) In this section "member" includes associate member.</p>
Enforcement of a decision or award.	<p>59. (1) Where a decision of the Registrar on a dispute or an appeal referred or made to him under section 58, (hereafter in this section called a "decision") or an award of an arbitrator on a dispute referred to him under that section, even if no appeal has been duly presented to the Registrar under the said section hereafter in this section called an " award" is that a sum of money is due from one party to the dispute to another party to the dispute, and such sum together with posts and interest, if any, has not been paid, the Registrar may in respect of the party from whom such sum is due, hereafter in this</p>

	<p>section called the "defaulter", -</p> <ul style="list-style-type: none"> (a) issue a certificate to a Government Agent, Assistant Government Agent, Fiscal or Deputy Fiscal, containing particulars of such sum together with costs and interest, and the name of such defaulter ; or (b) issue a certificate to a District Court having jurisdiction in any district where the defaulter resides or in which any property movable or immovable owned by the defaulter is situate, containing particulars of the sum due together with costs and interest, if any, and the name of the defaulter ; or (c) issue a certificate containing particulars of the amount due and the name and last-known place of business or residence of the defaulter to a Magistrate having jurisdiction in the division in which such place is situate. <p>(2) (a) where the Registrar issues a certificate under paragraph (a) of subsection (1) to a Government Agent, Assistant Government Agent, Fiscal or Deputy fiscal, such officer is hereby empowered and required to cause such sum together with costs and interest to be recovered from the defaulter by seizure and sale of his movable property</p> <p>(b) the said seizure shall be effected in such manner as such officer shall deem most expedient in that behalf, and every property so seized shall be kept for five days at the cost and charge of the defaulter. If the defaulter does not pay such sum as is due together with costs and interest, and the cost and charge of seizing and keeping the property, within the said five days, the Government Agent, Assistant Government Agent, Fiscal or Deputy Fiscal, as the case may be, shall cause the said property to be sold by public auction.</p> <p>(c) The sum realized by the sale shall be applied –</p> <ul style="list-style-type: none"> (i) first, in payment of the cost and charge of seizing, keeping and selling the property, and (ii) secondly, in satisfaction of the sum of money due together with costs and Interest <p>And any balance remaining shall be restored to the owner of the property seized.</p>
	<p>(3) Where a certificate is issued to a District Court under paragraph (b) of subsection (1), the Court shall thereupon direct a writ of execution to issue to the Fiscal authorizing and requiring him to seize and sell all or any of the property movable and immovable of the defaulter, or such part thereof as he may deem necessary for the recovery of such sum, and the provisions of sections 226 to 297 of the Civil Procedure Code shall, mutatis mutandis, apply to such seizure and sale.</p> <p>(4) Where a certificate is issued to a Magistrate under paragraph (c) of</p>

	<p>subsection (1), the Magistrate shall thereupon summon such defaulter before him to show cause why further proceedings for the recovery of the amount should not be taken against him, and in default of sufficient cause being shown, the amount shall be deemed to be a fine imposed by a sentence of the Magistrate on such defaulter for an offence punishable with fine only or not punishable with imprisonment, and the provisions of section 291 (except paragraphs (a) and (d) of sub section (1) of that section) of the Code of Criminal Procedure Act, No. 15 of 1979 shall thereupon apply, and the Magistrate may make any direction which, by the provisions of that section, he could have made At the time of imposing such sentence. Any defaulter sentenced to a term of imprisonment in default of the fine imposed in accordance with section 291 of the Code of Criminal Procedure Act, No' 15 of 1979, shall not be absolved from the payment of any sum of money mentioned in the certificate specified in section 59 (1) (c).</p> <p>(5) Where the Registrar issues a certificate under this section, he shall issue to the defaulter a notification thereof by personal service, registered post or telegraph; but non – receipt of such notification by the defaulter shall not invalidate proceedings under this section.</p> <p>(6) Nothing in this section shall authorize or require a District Court or Magistrate in any proceedings thereunder to consider, examine or decide the correctness of any statement in the certificate of the Registrar.</p> <p>(7) Any sum realized by a sale under subsection (3) and any sum paid or levied as fine under subsection (4) shall be transmitted by the District Court or the Magistrate, as the case may be, to the Registrar who shall dispose of such sum inaccordance with the relevant decision or award.</p>
Registrar to decide certain other matters	<p>60. (1) Where the application for membership of a registered society made by any person is refused by the society, such person may appeal to the Registrar against the refusal and the decision of the Registrar on such appeal shall be final and binding on the society.</p> <p>(2) Where any question arises as to whether a member of a registered society has been duly elected to any office in the society or whether a member has ceased to be a member or officer of the society, or whether any general meeting of the society had been validly held, that question shall be decided by the Registrar whose decision shall be final.</p>
	<p>CHAPTER XI</p> <p>RULES</p>
Rules.	<p>61. (1) The Minister in charge of the subject of Co - operatives in the Western Province provincial Council 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 Law.</p>
	<p>(2) In particular, and without prejudice to the generality of the powers conferred by subsection (1), such rules may –</p>

	<p>(a) prescribe the conditions to be complied with in applying for the registration of a society and the procedure in the matter of such applications ;</p> <p>(b)prescribed the conditions to be complied with by persons applying for admission or admitted as members, and provide for the 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 :</p> <p>(c) provide for the withdrawal and expulsion of members and for the payments to be made to members who withdraw or are expelled, and for the liabilities of past members ;</p> <p>(d) prescribe the extent to which the registered society may limit the number of its members ;</p> <p>(e) provide for 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 ;</p> <p>(f) subject to the provisions of section 3, prescribe the maximum number of shares or portion of the capital of a registered society which may be held by a member ;</p> <p>(g) prescribe 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 ;</p> <p>(h) prescribe 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> <p>(i) regulate the manner in which funds may be raised by means of shares or debentures or otherwise and the rate of interest which may be paid on deposits;</p> <p>(j) provide for general meetings of the members, and for the procedure at such meetings and the powers to be exercised by such meetings;</p> <p>(k) to prescribe the disqualification of a member of a registered society from being elected as a member of the Committee of Management or of a regional or branch committee.</p> <p>(l) provide for the appointment, suspension, and removal of the members of the committee and other officers, and for the procedure at meetings of the committee, and for the powers to be exercised and the duties to</p>
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	be performed by the committee and other officers;
	<p>(m) prescribe the matters in respect of which a society may or shall make by - laws, and for the procedure to be followed in making, altering, and rescinding by - laws, and the conditions to be satisfied prior to such making, alteration, or rescission;</p> <p>(n) prescribe 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;</p> <p>(o) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and provide for the levy of contributions from all or any registered societies to a fund to be known as the Co-operative Fund, to be used for the audit and supervision of and assistance to existing societies and co-operative propaganda, for Co-operative education and training, and provide for the administration of that Fund;</p> <p>(p) prescribe the 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;</p> <p>(q) provide for the persons by whom, and the form in which, copies of entries in books of registered societies may be certified;</p> <p>(r) provide for the formation and maintenance of a register of members, and, where the liability of the members is limited by shares, of a register of shares;</p> <p>(s) provide for the formation and the maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of any registered society;</p> <p>(t) prescribe the manner in which any question, as to the breach of any by - 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;</p> <p>(u) prescribe the mode of appointing an arbitrator or arbitrators, and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators, and the enforcement of the decisions of the Registrar or the awards of arbitrators;</p> <p>(v) prescribe the conditions to be observed by a registered society applying for the financial assistance of Government; or of the Provincial Council;</p> <p>(w) determine the cases, not expressly provided for in this Statute, in</p>

	<p>which an appeal shall lie to the Minister against orders made by the Registrar;</p> <p>(x) prescribe the procedure to be followed by a liquidator appointed under section 52, and the cases in which appeals shall lie from the orders of such liquidator;</p> <p>(y) provide for the establishment and maintenance of the Surplus Fund referred to in section 57 and prescribe the manner and purposes for which the moneys of such Fund may be disbursed;</p>
	<p>(z) Prescribe the forms to be used, the fees to be paid, the procedure to be observed, and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Statute or the rules made there under.</p> <p>(3) No rule shall have effect unless it has been approved by the Provincial Council. Notification of such approval shall be published in the Gazette.</p> <p>(4) Every rule shall, upon the publication in the Gazette of the Notification referred to in subsection (3), be as valid and effectual as though it were herein enacted.</p>
	<p style="text-align: center;">CTIAPTER XII DEBTS DUE TO GOVERNMENT</p>
Recovery of sums due to government and the Provincial Council.	<p>62. (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, including sums due on Government loans Provincial Council Loans and Government Guaranteed loans and Provincial Council guaranteed loans and any sums granted, by the Government may be recovered in manner provided for the recovery of debts due to the Republic by the State Debtors Ordinance, and shall, subject to the provisions of section 39(2), be entitled to a preference of payment over sums due to any other person or persons.</p> <p>(2) Sums due from a registered society to Government and a Provincial Council and recoverable under subsection (1) may be recovered, first from the property of the society; secondly in the case of a registered society of which the liability of the members is limited, from the members, subject to the limit of their liability; and thirdly, in the case of other societies, from the members.</p>
	<p style="text-align: center;">CHAPTER XIII MISCELLANEOUS</p>
Special power of Minister to exempt any society from requirements as to registration.	<p>63. Notwithstanding anything contained in this Statute, the Minister 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 Statute as to registration.</p>

Special power of Minister to exempt societies from provisions of this Statute.	64. The Minister in charge of the subject of Co-operatives in the Provincial Council may by general or special order exempt any registered society or class of societies from any of the Provisions of this Statute, 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.
Restriction of use of word "Co-operative."	65. (1) No person other than a registered society shall, without the sanction of the Minister- in-charge of the subject of co-operatives in the Provincial Council trade or carry on business under any name or title of which the word "Co-operative", or in Sinhala the words "Eksath Sahakara" (එක්සත් සහකාර) or "Samupakara" (සමුපකාර) or in Tamil the word "Aikkiya" (ஐக்கிய) or "Kutturavu" (குதுரவூ) form part:
	<p>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 prior to the twenty second day of September, 1921.</p> <p>(2) whoever contravenes the provisions of this section shall be liable on conviction after summary trial by a Magistrate's Court to a fine which may extend to five hundred rupees, and in The case of a continuing offence, with a further fine of fifty rupees for each day on which the offence is continued after conviction therefore.</p>
Registrar may order repayment or restoration of money or other property due to a society.	<p>66. (1) Where in the course of an audit under section 44 or an inquiry under section 46, or inspection or books of a society under section 47 or investigation or in the course of the liquidation of a registered society, it appears that any sum of money or other property is due to the society from any person or group of persons who or which has taken part in the organization or management of the society or from any past or present officer or employee of the society who has utilized the funds of the society contrary to the provisions of this Statute or any other law or rules or regulations made thereunder or the by-laws or the working rules of the society or financial procedure approved by the Registrar or any general direction issued by the Registrar or the Co-operative Employees Commission, the Registrar may, of his own motion or upon the application of the committee or the liquidator or any creditor or contributor of the society, as the cases may be, examine the conduct of such person or group of persons or officer or employee and make an order requiring him or such group-</p> <p>(a) to repay with such interest as the Registrar thinks fit such money or part thereof,</p> <p>(b) to restore such other property or part thereof, or</p> <p>(c) to contribute such sum as the Registrar thinks fit to the assets of the society by way of compensation.</p> <p>Before making any such order against any person or group of persons the Registrar shall give that person or group of persons an opportunity of being heard and of showing cause why such order should not be made.</p>

	<p>(2) where an order under subsection (1) for the repayment of any sum to a registered society, or for the contribution of any sum to its assets by way of compensation, has not been complied with, such sum may be recovered by the Magistrate having jurisdiction in the division in which the registered place of business of the society is situated or in which the person or group of persons or officer or employee against whom the order was made resides or carries on business as through it were a fine imposed by a sentence of the Magistrate, on such person or group of persons or officer or employee for an offence punishable with fine only or not punishable with imprisonment, and the provisions of section 291 (except paragraphs (a) and (d) of subsection (1) of that section) of the Code of Criminal Procedure Code Act, No. 15 of 1979 shall thereupon apply, and the Magistrate may make any direction which, by the provisions of that section, he could have made at the time of imposing such sentence. Nothing in this section shall authorize or require the Magistrate in any proceedings thereunder to consider, examine or decide the correctness of any order made by the Registrar.</p> <p>(3) Neither the preceding provisions of this section nor the making of any order thereunder may be deemed or construed to preclude or otherwise affect the institution or maintenance of a prosecution against any person or group of persons, or officer or employee referred to in sub section (1) in respect of any offence under any other written law.</p>
Declaration of assets and liabilities.	<p>67. (1) The Chairman and every member of the committee of a registered society shall make, to the Commissioner of Co-operative Development, in the prescribed form, an annual declaration of-</p> <ul style="list-style-type: none"> (a) all his assets and liabilities; (b) all the assets and liabilities of his spouse; and (c) all the assets and liabilities of each of his children <p>as on the thirty-first day of March of the year in respect of which such declaration is made.</p> <p>(2) The declaration referred to in subsection (1) shall be made by the Chairman or member of the committee of a registered society, to the Commissioner of Co-operative Development, within three months of his election or appointment, as the case may be, as such Chairman or member, and unless he ceases to be such Chairman or member, before the first day of July of every year succeeding the year in which he made his first declaration</p>
Liability of officers, & etc for breach of trust.	<p>68. It shall be lawful for the Registrar, after the accounts of a registered society have been audited as provided in section 44 or after an inquiry under section 46 or an inspection of books and investigation of affairs of a registered society has been held under section 47, to require any person, being a person who is or has at any time been entrusted with or being a persons having or at any time having had the dominion of, any money, or any goods or property, in his capacity as an officer or a member or a servant of the society, to pay over or</p>

	<p>produce such amount of money or balance thereof or pay the value of such goods or property which is shown in the books of accounts or statements kept or signed by such persons as held by or due from him as such officer, member or servant; and if such person upon being so required, fails to pay over or produce such amount of money or balance thereof forthwith or the value of such goods or property or to duly account therefore, he shall be guilty of the offence of criminal breach of trust and shall on conviction after summary trial before a Magistrate be liable to imprisonment of either description for a term not exceeding ten years and shall also be liable to a fine, notwithstanding that such punishment exceeds the ordinary jurisdiction of a Magistrate.</p>
Registrar may require bank to produce any information & etc.,	<p>69. Notwithstanding anything in any other written law, the Registrar may, where he considers it necessary to do so, require any bank-</p> <p>(a) to furnish any information regarding the transactions of any registered society with the bank;</p> <p>(b) to produce a copy showing the account of the society with the bank from the ledger. kept by the bank; or</p> <p>(c) to produce any cheques paid to the credit of the society or endorsed by the society.</p>
Who may conduct prosecutions.	<p>70. It shall be lawful for an officer of the Department of Co-operative Development to investigate, inquire and conduct prosecutions which fall within Chapter XVII of the Code of Criminal Procedure Act, No. 15 of 1979 in respect of any matter involving a registered society.</p>
Companies Ordinance and Trade Unions Ordinance not to apply.	<p>71. The provisions of the Companies Ordinance, and of the Trade Unions Ordinance, and of any enactments amending those Ordinances, shall not apply to societies registered under this Statute.</p>
Saving of existing rules etc.,	<p>72. (1) With the coming into force of this Statute, every society registered or deemed to have been registered under the Co-operative Societies Law, No. 5 of 1972 read with Cooperative Societies (Amendment) Act, No. 32 of 1983 and No. 11 of 1992 or under any enactment repealed by that Law shall be deemed to have been registered under this Statute and the by-laws of such society shall until the same are amended or repealed continue in force to such extent as is consistent with the provisions of this Statute.</p> <p>(2) All rules made under the Co-operative Societies Law, No. 5 of 1972 read with Co-operative Societies (Amendment) Act, No. 32 of 1983 and No. 11 of 1992 or under any enactment repealed by that Law and in force at the commencement of this Statute shall, until new rules are made under section 6 in substitution therefore, be deemed to have been made under this Statute, and shall continue in force to such extent as in consistent with the provisions of this Statute.</p> <p>(3) All appointments and orders made, notification and notices issued, all</p>

	<p>civil or other proceedings instituted or deemed to have been made, issued or instituted, and all disputes that have arisen under Co-operative Societies, Law No. 5 of 1972 read with Co-operative Societies (Amendment) Act, No. 32 of 1983 and No. I I of 1992 or under any enactment repealed by that Law and in force at the commencement of this Statute, shall be deemed to have been respectively made, issued, and instituted and to have arisen under this Statute.</p>
Assets relating to deposits insured under Monetary Law Act not to be utilized except for meeting liabilities relating to such deposits.	<p>73. Where any registered society carrying on banking business of any kind has insured its deposits under Part II of Chapter V of the Monetary Law Act the assets relating to the deposits insured under that Part, shall notwithstanding anything in any other provisions of this Statute, not be utilized for any purpose other than to meet the liabilities relating to such deposits.</p>
Penalty for non-compliance with this Statute.	<p>74. (1) Every registered society or an officer or employee or member thereof which or who willfully neglects or refuses to do any act or to furnish any information required for the purposes of this Statute by the Registrar or other person duly authorized by him in that behalf, and every person who willfully or without any reasonable excuse disobeys any summons, requisition Or lawful written order issued under the provisions of this Statute, or fails to furnish any information lawfully required from him by a person authorized to do sounder the provisions of this Statute, and every registered society or officer or employee or member thereof which or who willfully makes a false return or furnishes false information, shall be guilty of an offence under this Law.</p> <p>(2) Every person who commits any offence referred to in subsection (I) shall, on conviction after summary trial before a Magistrate, be liable to imprisonment of either description of term not exceeding two years or to a fine not exceeding twelve thousand rupees or both such fine and imprisonment.</p> <p>(3) Where any offence under this Statute is committed by a registered society, every officer of the society bound by the by-laws or the rules to perform any duty whereof the offence is a breach, or if there is no such officer, then every member of the committee, unless that member is proved to have been ignorant of or to have attempted to prevent the commission of the offence, shall be liable to the same penalty as if he had committed the offence.</p>
Protection for action of Registrar, & etc.,	<p>75. No suit or prosecution shall lie against the Registrar, Deputy Commissioner, Senior Assistant Commissioners, Assistant Commissioners, or other persons duly authorized or appointed by the Registrar under sections 44, 46, 47, 48, 49, 52, 66 and 67 of this Statute for any act which in good faith is done or purported to be done in the performance of their duties or the discharge of their functions under this Statute.</p>
Registrar's powers to summon general or committee meetings and to	<p>76. (1) The Registrar or any person authorized by general or special order in that behalf by him shall have the power or summon at any time specified general meeting of any society or regional general meeting of such society, at such time and place may be specified by him, and the quorum for such</p>

<p>be present at such meeting and speak.</p>	<p>meetings be one fifth of the delegates of the General Body present this shall not be applicable to any dormant Co-operative Society, and shall not be applicable to committees of General Body. Such general meeting or regional general meeting of a society shall have the same powers specifically confirmed under the by-laws of the society on the respective general meeting.</p> <p>(2) The Registrar or any person authorized by written order in that behalf by him shall have the power to summon at any time committed meeting or regional Committees meeting of any registered society, at such time and place as may be specified by him and the quorum for such meeting shall be one fifth of the delegates of the General Body present; this shall not be applicable to any dormant Co-operative Society, and shall not be applicable to committees of the General Body. Such committee meeting or regional committee meeting shall have the same powers as specifically confirmed under the by-laws of the society in the respective committee meeting.</p> <p>(3) At any special general meeting summoned under subsection (1) above, or any committee meeting summoned under sub section (2) above, the Registrar or any person authorized by him on that behalf shall have the power to call for books and documents of the society as he may be thinks necessary and it shall be the duty of the Secretary of such society to comply with all such orders. The Registrar or any person authorized by law on that behalf shall preside at any such meeting summoned under subsection (1) and (2), and shall not have the general voting rights the determination of matters contained in the agenda.</p> <p>(4) The Registrar or any person authorized by general or special written order in that behalf by him shall have the power to be present at any general meeting or committee meeting and to speak at such meeting. But the Registrar or any such authorized person shall not have the right of voting at such meeting.</p>
<p>Interpretation.</p>	<p>77. In this Statute, unless the context otherwise requires -</p> <p>" by - laws" means the registered by laws for the time being in force and includes a registered amendment of the by -laws ;</p> <p>"committee" means the governing of a registered society to whom the management of its affairs is entrusted and includes the board of directors of a registered society, and persons appointed and nominated by the Registrar under section 48 of this Statute.</p> <p>"officer" includes every person who is the Chairman, Vice Chairman, Secretary, Treasurer or Manager of a society or any branch thereof or a member of the committee of a society, and any other person who is empowered by the rules or by - laws of a society to give directions in regard to the business of the society.</p>
	<p>"salaried officer" means the executive officers and the manager or any other salaried person authorized by working regulations or by-laws, who are paid by the society.</p>

	<p>" bank" means –</p> <p>(a) any person or body of persons, corporate or unincorporate, which carries on in Sri Lanka the business of accepting from the public, or of creating, demand deposits ;</p> <p>(b) any agency or institution acting on behalf of the Government (whether established by any written law or otherwise) which makes loans, advances or investments of accepts deposits of money from the public ;</p> <p>(c) the Development Finance Corporation of Ceylon established under the Development Finance Corporation of Ceylon Act ; and</p> <p>(d) any other person or body of persons declared by the Cabinet Minister in-charge of the subject of Finance, in consultation with the Cabinet Minister-in-charge of the subject of Co-operative Development, by Order published in the Gazette, to be a bank for the purposes of this Statute.</p> <p>" primary society" means a registered society not being a society established with any object, or for any purpose referred to in paragraph (b) (c) or (d) of section 3(1) ;</p> <p>" rules" means rules made or deemed to have been made under this Statute ;</p> <p>"Registrar" means the person appointed to perform the duties of the Registrar of Co-operative Societies of the Western Province Provincial Council under this Statute ;</p> <p>" registered society" means a society registered or deemed to be registered under this Statute ;</p> <p>" member" includes a person joining in the application for the registration of a society, and a person admitted to membership after registration in accordance with the rules and by-laws ;</p> <p>"Minister" means the person appointed to carry - out the duties of the Minister in-charge of the subject of co - operative in the western province.</p> <p>"Government Funds" means the .loans advances and grants by the government, and includes the loans, grants or advances referred to in Sections 42 and 57 of this Statute.</p>
In case of discrepancy, that the text in Sinhala will be upheld.	78. For the purposes of interpreting the context of this statute the Sinhala copy shall be deemed to be the original copy.

