

**THE PUNJAB
SELF SUPPORTING
CO-OPERATIVE SOCIETIES ACT, 2006
(PUNJAB ACT No. 17 of 2010)**

The Punjab Self-Supporting Co-operative Societies Act, 2006 1

(Punjab Act No. 17 of 2010)

PART I

DEPARTMENT OF LEGAL AND LEGISLATIVE AFFAIRS, PUNJAB

Notification

The 8th November, 2010

No. 25-Leg./2010.—The following Act of the Legislature of the State of Punjab received the assent of the President of India on the 5th December, 2008, and is hereby published for general information :—

THE PUNJAB SELF-SUPPORTING CO-OPERATIVE SOCIETIES ACT, 2006

(Punjab Act No. 17 of 2010)

AN

ACT

to facilitate voluntary formation of self-supporting co-operative societies as self-reliant, self-help, mutually aided, autonomous, accountable, voluntary, democratic business enterprises, jointly owned, managed and controlled by members for their economic and social betterment through the financially gainful core services and for the matters connected therewith or incidental thereto.

BE it enacted by the Legislature of the State of Punjab in the Fifty-seventh Year of the Republic of India as follows :—

CHAPTER-I

Preliminary

1. (1) This Act may be called the Punjab Self-Supporting Co-operative Societies Act, 2006. Short title and commencement.

(2) It shall come into force on such date as the Government may by notification, appoint.

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

- (a)** “Arbitration Council” means an arbitration council referred to in section 57 ;
- (b)** “Board” means the governing body of a self-supporting co-operative society ;
- (c)** “bye-laws” means bye-laws made by a self-supporting co-operative society and registered with the Registrar ;
- (d)** “Chief Executive” means an executive head of a self-supporting co-operative society by whatever name called and appointed in accordance with the bye-laws ;

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- (e) “co-operative society” means a society registered or deemed to be registered under the Punjab Co-operative Societies Act, 1961 (Punjab Act No. 25 of 1961) ;
- (f) “Co-operative Tribunal” means a Tribunal constituted under section 59 ;
- (g) “core services” means the central services including value added services provided to the members, through which a self-supporting co-operative society intends to meet the needs common to them for the fulfilment of which, the self-supporting co-operative society has been formed ;
- (h) “Court” means the civil court or criminal court of competent jurisdiction ;
- (i) “deficit” means the net excess of expenditure over income, determined at the end of a financial year ;
- (j) “deficit charge” means the amount collected from or debited to the accounts of members in proportion to the use or non-use of the services of the self-supporting co-operative society in accordance with the bye-laws and resolution of the general body to meet deficit, if any, in whole or in part ;
- (k) “delegate” means a person elected by the members to represent them in the general body of another self-supporting co-operative society in accordance with bye-laws ;
- (l) “delegate general body” in relation to a self-supporting co-operative society means all its delegates ;
- (m) “delegate general body meeting” means a meeting of the delegates, conducted in accordance with the provisions of this Act, rules and the bye-laws ;
- (n) “Director” means a member of the Board of Directors ;
- (o) “Education Fund” means a fund established under section 14 of this Act for the purpose of imparting education to the members, officers and officials of a self-supporting co-operative society ;

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- (p) “family” includes husband, wife and their dependants ;
- (q) “Federal Self-Supporting Co-operative Society” means a Self-Supporting Co-operative Society constituted by at least five Self-supporting Co-operative Societies and registered as such under this Act ;
- (r) “general body” in relation to a self-supporting co-operative society means all its members ;
- (s) “general meeting” means a meeting of the general body of a self-supporting co-operative society ;
- (t) “Government” means the Government of the State of Punjab in the Department of Co-operation ;
- (u) “Government aid” includes Government share capital, loan, subsidy, guarantee, but does not include assistance provided under any scheme of the State or Central Government, where such assistance is also provided to organizations or institutions other than the self-supporting co-operative societies ;
- (v) “member” means a person, who is admitted as a member of the self-supporting co-operative society in accordance with the provisions of this Act, rules and bye-laws ;
- (w) “officer” means the President, Vice-President, Managing Director, Secretary, Manager, Member of the Board, Treasurer, Liquidator of a self-supporting co-operative society and includes any other person, empowered under the rules or bye-laws to give directions in regard to the business of such society ;
- (x) “office bearer” means any person elected as President, Vice-President or in any such like capacity by the Board, in connection with the affairs of a self-supporting co-operative society in accordance with the bye-laws ;
- (y) “owned fund” means the total paid-up share capital, reserve fund and any other funds created out of the profits and undistributed profits, minus accumulated losses ;

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- (z) “prescribed” means prescribed by rules ;
- (za) “Registrar” means a person referred to in sub-section (1) of section 3 ;
- (zb) “representative” means a member of the Board nominated by a self-supporting co-operative society to represent its interest in any other organisation or institution of which such society is a member ;
- (zc) “rules” means the rules made under this Act ;
- (zd) “Schedule” means a Schedule appended to this Act ;
- (ze) “Scheduled Bank” shall have the same meaning as assigned to it in the Reserve Bank of India Act, 1934 (Act 2 of 1934) ;
- (zf) “section” means a section of this Act ;
- (zg) “self-supporting co-operative society” means a self-supporting co-operative society registered under this Act ;
- (zh) “self-supporting co-operative society with limited liabilities” means the self-supporting co-operative society in which the liability of its members for its debts in the event of its being wound up, is limited by its bye-laws to such an extent as they may undertake to contribute to the assets of such society ;
- (zi) “self-supporting co-operative society with unlimited liabilities” means the self-supporting co-operative society, the members of which are in the event of its being wound up, jointly or severally liable for and in respect of its obligations and to contribute to any deficit in the assets of the society ;
- (zj) “service” means such facilities as are provided by the self-supporting co-operative society to its members to meet its objectives ;
- (zk) “special resolution” means a resolution of the general body or delegate general body passed by two-third majority of the members present and voting in the meeting ;
- (zl) “State” means the State of Punjab ;

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(zm) "sub-committee" means a sub-committee constituted by the Board as per bye-laws ;

(zn) "surplus" means the net excess of income over expenditure, arrived at, at the end of a financial year after the payment of dividend, if any, on share capital and before payment of surplus refund, allocation of reserves and other funds ; and

(zo) "surplus refund" means the refund from the surplus given to or credited to the accounts of the members, in proportion to their use of the services of the self-supporting co-operative society in accordance with the bye-laws and resolution of the general body.

CHAPTER-II

Registrar and registration of a self-supporting co-operative society

3. (1) The Registrar appointed under section 3 of the Punjab Co-operative Societies Act, 1961, shall be deemed to be the Registrar under this Act also. Registrar and other officers.

(2) The officers appointed by the State Government to assist the Registrar under the Punjab Co-operative Societies Act, 1961, shall be deemed to be the officers to assist the Registrar under this Act also.

(3) The officers referred to in sub-section (2), shall exercise such powers and perform such duties, as may be conferred and imposed on them under this Act by the Government, by a special or general order within the areas, as may be specified in the said order.

(4) The aforesaid officers shall be subordinate to the Registrar and shall work under his superintendence and control.

(5) For the purpose of removing any doubt, it is made clear that where any order is passed or decision is taken by an officer, by virtue of an order made by the Government under sub-section (3), it shall for the purpose of appeal, be deemed to be order or decision of that officer and not of the Registrar.

4. (1) No self-supporting co-operative society shall be registered under this Act, unless its bye-laws are found to be in conformity with the co-operative principles and guidelines mentioned in the Schedule, and consists of not less than ten members competent to make contract under the Indian Contract Act, 1872 (Central Act 9 of 1872) belonging to ten different families. Registration of a self-supporting co-operative society and federal self-supporting co-operative society.

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(2) For the purpose of registration, an application shall be submitted to the Registrar by hand or by registered post, signed by atleast ten persons, who wish to form a self-supporting co-operative society or by a duly authorised person on behalf of every self-supporting co-operative society which intends to form a federal self-supporting co-operative society and the Registrar shall give due acknowledgement thereof.

(3) The person by whom or on whose behalf such application is made, shall furnish such information in regard to the proposed self-supporting co-operative society or federal self-supporting co-operative society, as the case may be, as the Registrar may require.

(4) An application for registration shall be made to the Registrar which shall be accompanied by the following documents, namely :—

- (a) two copies of the proposed bye-laws of the self-supporting co-operative society or the federal self-supporting co-operative society, as the case may be ;
- (b) a list of names of members with their addresses and occupations ;
- (c) a list of members of the Board elected by the promoting members ;
- (d) a true copy of the minutes of the meeting at which the bye-laws were adopted ; and
- (e) receipt of deposit of registration fee as specified by the Registrar.

(5) The Registrar shall scrutinise the application and bye-laws submitted under sub-section (4) keeping in view the norms laid down in the Schedule and if he is satisfied that the application and the proposed bye-laws are in consonance with the provisions of this Act, he shall register the self-supporting co-operative society or the federal self-supporting co-operative society, as the case may be, and also its bye-laws and issue a certificate of registration and return in original the registered bye-laws after signing and putting a seal on them within a period of sixty days from the date of receipt of application to the concerned society or its duly authorised person, as the case may be.

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(6) If the application for registration is not in conformity with the provisions of sub-sections (4) and (5), the Registrar after giving an opportunity of being heard to the applicant, shall communicate the order for refusal together with reasons thereof within a period of sixty days from the date of receipt of the application to the duly authorised person. In case, no refusal is communicated within the said period, the self-supporting co-operative society or the federal self-supporting co-operative society, as the case may be, shall be deemed to have been registered and in that event, the Registrar shall send a certificate of deemed registration and the original copy of the deemed registered bye-laws signed and sealed by him within a period of thirty days after the expiry of the stipulated period of sixty days to the aforesaid duly authorised person.

(7) Where an order of refusal is received under sub-section (6), or where the certificate of deemed registration is not received by the duly authorised person within the period, specified in that sub-section, he may—

- (a) submit an application to the Registrar against the refusal and seek registration afresh ; or
- (b) make an appeal against the order of refusal or delay in issuing the certificate of deemed registration to the Co-operative Tribunal within a period of sixty days from the communication of such an order or within sixty days of the period prescribed for issuing the certificate of deemed registration.

(8) The certificate of registration signed by the Registrar with the seal of his office, shall be the conclusive evidence that the self-supporting co-operative society or the federal self-supporting co-operative society mentioned therein, is duly registered under this Act.

5. (1) Notwithstanding anything contained in the Punjab Co-operative Societies Act, 1961 (hereinafter in short referred to as the Act of 1961), a primary co-operative society which intends to convert itself into a self-supporting co-operative society, may apply to the Registrar for conversion into a self-supporting co-operative society under this Act :

Conversion of a primary co-operative society into self-supporting co-operative society.

Provided that where the Central Government or State Government has given Government aid to such a co-operative society, it shall, before applying for such conversion, return such Government aid ;

Explanation :—For the purpose of this sub-section, the expression “primary co-operative society” shall mean a co-operative society whose membership consists exclusively of individuals.

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(2) An application for conversion shall be submitted to the Registrar by hand or by registered post, by the duly authorised person of such primary co-operative society, along with the special resolution passed in this regard by giving thirty days notice.

(3) The duly authorised person shall furnish such information with regard to the primary co-operative society applying under sub-section (1), as the Registrar may require.

(4) Every such application shall be accompanied by—

- (a) a true copy of the special resolution passed by the general body certifying the fact that such primary co-operative society shall follow the co-operative principles and guidelines, mentioned in the Schedule ;
- (b) two copies of the bye-laws adopted by the general body of such primary co-operative society through a special resolution ;
- (c) evidence to show that the primary co-operative society is not in possession of any Government aid from the Central Government or the State Government ;
- (d) a true copy of the latest annual report and audited statement of accounts of such primary co-operative society ;
- (e) a list of members, who attended the meeting of general body or delegate general body of such primary co-operative society ; and
- (f) receipt of deposit of registration fee as may be specified from time to time by the Registrar.

(5) If the Registrar is satisfied that the application and the proposed bye-laws are in consonance with the provisions of this Act, he shall convert the primary co-operative society into a self-supporting co-operative society and register the same as such and its bye-laws and issue a certificate of registration and return the copy of the registered bye-laws duly signed and sealed by him within a period of sixty days from the date of receipt of application to such society through its duly authorised person.

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(6) If the application for registration is not in conformity with the provisions of sub-sections (4) and (5), the Registrar, after giving an opportunity of being heard to such a society, shall communicate by registered post, the order of refusal for registration along with the reasons therefor within a period of sixty days from the date of receipt of application for registration to the said society.

(7) Where an order of refusal is received under sub-section (6) by the duly authorised person within the period, specified in that sub-section, he may—

- (a) submit an application to the Registrar against the refusal and seek registration afresh ; or
- (b) make an appeal against the order of refusal or delay in issuing the certificate of deemed registration to the Co-operative Tribunal within a period of sixty days from the date of communication of such an order.

(8) The certificate of registration signed by the Registrar with the seal of his office, shall be the conclusive evidence that the self-supporting co-operative society mentioned therein is duly registered under this Act.

(9) If the application for registration is not disposed of within a period of sixty days or the Registrar fails to communicate the order of refusal within that period, the application shall be deemed to have been accepted for registration in accordance with the provisions of this Act after the expiration of a period of thirty days from the said period of sixty days.

(10) Where a primary co-operative society is converted and registered under sub-section (5), it shall send to the Registrar, Co-operative Societies, a copy of registration certificate issued under the Punjab Co-operative Societies Act, 1961, and the Registrar shall, within a period of thirty days from the receipt of such copy, cancel registration of such primary co-operative society and delete the name of such society from the register maintained by him.

(11) Consequent upon the conversion of a primary co-operative society into a self-supporting co-operative society, the assets, liabilities, rights, obligations and transactions of such primary co-operative society shall be deemed to be the assets, liabilities, rights, obligations and transactions of the

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self-supporting co-operative society. Like-wise, the members of the primary co-operative society shall be deemed to be the members of the self-supporting co-operative society.

(12) At the time of conversion of primary co-operative society into a self-supporting co-operative society, if the term of elected Board of Directors of primary co-operative society has not expired, the same Board of Directors shall continue to hold office for the remaining term or for one year, whichever is less.

Self-supporting co-operative society to be a body corporate.

6. (1) The self-supporting co-operative society shall be a body corporate by the name under which it is registered having perpetual succession and a common seal and shall be entitled to acquire, hold and dispose of property, to enter into contracts on its behalf, to institute, conduct and defend suits and other legal proceedings and to take all such steps as are necessary to achieve its objectives.

(2) All transactions entered into in good faith, in furtherance of the purposes of the self-supporting co-operative society prior to its registration, shall be deemed to be the transactions of the self-supporting co-operative society after registration ; provided a resolution to that effect is passed in the first meeting of the Board of such society after its registration.

(3) A self-supporting co-operative society registered with limited liability shall have the word 'Limited' as suffix to its name.

Display of name.

7. (1) Every self-supporting co-operative society shall display its full name, registration number and the address of its registered office in legible local language, conspicuously—

- (a) at every office or place at which it carries on business ;
- (b) on all notices and other publications ;
- (c) on all its contracts, business letters, orders for goods, invoices, statements of accounts, receipts and letters of credit ; and
- (d) on all bills of exchange, promissory notes, endorsements, cheques and orders for money, it signs or that are signed on its behalf.

(2) Where a self-supporting co-operative society has a seal, it shall display its full name in legible local language on its seal.

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(3) A self-supporting co-operative society shall not be registered with the same name, if another self-supporting co-operative society or a co-operative society, as the case may be, already stands registered by that name.

8. (1) Every self-supporting co-operative society shall make its bye-laws and shall function and be managed in accordance with the bye-laws.

(2) Subject to the provisions of this Act, the bye-laws made under sub-section (1), shall provide for the following matters, namely :—

- (i) the name, address and area of operation of the self-supporting co-operative society ;
- (ii) the object of the self-supporting co-operative society explicitly stating the provisions of core service to fulfil such common needs of the members, as the said society aims to fulfil ;
- (iii) eligibility, ineligibility and procedure for obtaining and retaining membership ;
- (iv) procedure for withdrawal, cessation and termination of membership ;
- (v) the services intended to be provided to the persons, who are not members ;
- (vi) fixation of minimum performance expected annually from each member in respect of use of services, financial commitment and participation in meetings, in order to be eligible to exercise the right to vote and the consequences of performance, below the expected norms ;
- (vii) the consequences of default in payment of any sum due from a member ;
- (viii) rights and duties of members ;
- (ix) the nature and extent of the liability of the members for the debts of the self-supporting co-operative society ;
- (x) the powers and functions of the general body ;
- (xi) the powers and functions of the delegate general body ;

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- (xii) the subjects, which may be dealt with by the general body and the delegate general body ;
- (xiii) the manner of convening the meetings of the general body and quorum required for meeting ;
- (xiv) the size and composition of the Board or the sub-committee, as the case may be ;
- (xv) the manner of conducting the election of the Board and filling up casual vacancies of the Board ;
- (xvi) the term of office and manner of removal of the Directors ;
- (xvii) the manner and frequency of convening the meetings of the Board and quorum required for a meeting ;
- (xviii) the powers and duties of the Board ;
- (xix) the powers and duties of the Chairperson of the Board ;
- (xx) the terms on which the self-supporting co-operative society may deal with a non-member ;
- (xxi) eligibility and ineligibility for becoming or continuing as a Director ;
- (xxii) the penalties for acting against the interest of the self-supporting co-operative society and for non-fulfilment of duties by members, office bearers, directors and staff ;
- (xxiii) the nature and extent of the liability of officers and members for debts contracted by the self-supporting co-operative society ;
- (xxiv) the authorization of an officer or officers to sign documents and to institute and defend suits and other legal proceedings on behalf of the self-supporting co-operative society ;
- (xxv) the manner of choosing delegates to federal self-supporting co-operative societies ;
- (xxvi) the rights, if any, which the self-supporting co-operative society intends to confer on any other self-supporting co-operative society and the circumstances under which these rights may be exercised by such society ;

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- (xxvii) the nature and extent of capital, if any, of the self-supporting co-operative society ;
 - (xxviii) the maximum share capital which a single member can hold ;
 - (xxix) the maximum return to members on paid-up share capital ;
 - (xxx) the source, type and extent of funds to be raised by the self-supporting co-operative society ;
 - (xxxi) the purposes for which the funds may be applied ;
 - (xxxii) the constitution of various funds and their purposes ;
 - (xxxiii) the functions and powers of the sub-committee ;
 - (xxxiv) the manner of appointment of auditors and their powers and functions ;
 - (xxxv) the manner of disposal of funds in the event of liquidation of self-supporting co-operative society ;
 - (xxxvi) the manner of constitution and functioning of arbitration council ;
 - (xxxvii) the manner of liquidation of the self-supporting co-operative society ;
 - (xxxviii) distribution of profits ; and
 - (xxxix) other matters which are identical or incidental and are required to be provided in the bye-laws.

9. (1) A self-supporting co-operative society may amend any of the provisions of its bye-laws : Amendment of bye-laws.

Provided that for making an amendment, a special resolution shall have to be passed by the general body of the self-supporting co-operative society.

(2) For the purpose of passing a special resolution referred to in subsection (1), a notice of thirty days shall have to be given in writing to each member of the general body alongwith a draft of the proposed amendment by registered post.

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(3) After the amendment is made, the same shall be forwarded by the self-supporting co-operative society to the Registrar within a period of thirty days from the date of making of amendment for registration.

(4) Every application forwarding amendment to the Registrar for registration, shall be accompanied by a copy of special resolution.

(5) If the amendment made in the bye-laws is found to be in conformity with the provisions of this Act and the rules made thereunder, the Registrar shall register it within a period of forty-five days from the date of receipt of the application. If the amendment made in the bye-laws is not found to be in conformity with the provisions of this Act and the rules made thereunder, the Registrar may refuse to register the amendment :

Provided that before refusing to register any amendment in the bye-laws, an opportunity of being heard shall be given to the self-supporting co-operative society by the Registrar.

(6) An order of refusal for registering an amendment in the bye-laws, shall be forwarded by the Registrar to the self-supporting co-operative society within a period of thirty days alongwith the reasons for refusal.

(7) In case, no order is passed by the Registrar for registering an amendment or refusing to register the amendment within a period of ninety days from the date of receipt of the application for registration, it shall be deemed that an amendment to the bye-laws has been registered.

(8) An appeal against the order of refusal to register an amendment in the bye-laws shall lie to the Co-operative Tribunal within a period of sixty days from the date of receipt of the communication of such refusal.

Transfer of assets and liabilities, division, amalgamation or merger of a self-supporting co-operative society.

10. (1) A self-supporting co-operative society may, by a special resolution of its general body decide to—

- (a) transfer its assets and liabilities, in whole or in part to any other self-supporting co-operative society, which agrees to such transfer by a special resolution of its general body ; or
- (b) divide itself into two or more self-supporting co-operative societies.

(2) Any two or more self-supporting co-operative societies may, by passing a special resolution of their respective general bodies, decide to amalgamate themselves and form a new self-supporting co-operative society.

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(3) Before passing a special resolution under this section, the self-supporting co-operative society shall give notice thereof together with a copy of such resolution to all its members and creditors for giving their consent.

(4) Notwithstanding any bye-laws or contract to the contrary, any member of a self-supporting co-operative society or creditor, not consenting to the special resolution, shall, during a period of thirty days from the date of service of the notice, have the option of withdrawing his shares, deposits, loans or services, as the case may be.

(5) Any member or creditor who fails to give his consent within the period specified under sub-section (4), shall be deemed to have consented to the special resolution.

(6) A special resolution, passed by a self-supporting co-operative society under this section shall not take effect until—

- (a) (i) the members and creditors have consented or are deemed to have consented to the special resolution under sub-section (4) or sub-section (5), as the case may be ; or
- (ii) all claims of the members and creditors, who have not consented to the special resolution referred to in sub-section (4) or sub-section (5), as the case may be, within the stipulated period, have been met in full; and
- (b) in the case of amalgamation or division of a self-supporting co-operative society or societies, as the case may be, a revised certificate of registration is issued by the Registrar on an application made by such self-supporting co-operative society or societies.

(7) When a special resolution passed by a self-supporting co-operative society under sub-section (1), takes effect, such a resolution shall, notwithstanding anything 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 conveyance.

(8) Consequent upon—

- (a) the transfer of whole of the assets and liabilities of a self-supporting co-operative society or societies, as the case may be, to another self-supporting co-operative society ; or

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- (b) division of a self-supporting co-operative society into two or more self-supporting co-operative societies ; or
- (c) merger of a self-supporting co-operative society into another self-supporting co-operative society ;

the earlier registration of such society shall stand cancelled and it shall be deemed to have been dissolved.

Conversion, division, amalgamation or merger of a self-supporting co-operative society.

11. Notwithstanding any conversion, division, amalgamation or merger, as the case may be, of a self-supporting co-operative society, its rights, privilege, obligation or liability shall not be affected and any investigation, legal proceeding or remedy in respect of such right, privilege, obligation or liability shall continue against the resultant self-supporting co-operative society.

Levy of fee.

12. For the services rendered under this Act, the Registrar may recover such fee, as may be specified by the Government, by notification in the Official Gazette, from time to time.

Promotion of subsidiary unit or organisation.

13. A self-supporting co-operative society, for the furtherance of its objects, may, by passing a special resolution, establish a subsidiary unit or collaborate with any other unit, organization, body or firm registered or incorporated, as the case may be, under the relevant law.

CHAPTER III Education Fund

Establishment of Education Fund.

14. (1) A self-supporting co-operative society shall establish a Fund to be known as the Education Fund to which such amount of its net profits, as may be specified by the Registrar, shall be credited :

Provided that such amount shall not exceed two per cent of the net profits.

(2) The Education Fund established under sub-section (1), shall be utilized for the purposes mentioned in section 32.

Payment out of Education Fund.

15. Out of the Education Fund, established under section 14, such amount, as may be determined by the Registrar, shall be paid to the Punjab State Co-operative Development Federation Limited, Chandigarh, registered under the Punjab Co-operative Societies Act, 1961, for the purpose of imparting education to the members, officers and officials of a self-supporting co-operative society.

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CHAPTER IV

Finance

16. A self-supporting co-operative society, may mobilize funds in the shape of share capital, deposits, debentures, loans, grants and other contributions from its members to such extent and under such conditions, as may be specified in its bye-laws. Mobilization of funds from members.

17. A self-supporting co-operative society may raise funds and other financial support by way of raising loan including guarantee from non-members, individuals, banks and other institutions on mutually agreed terms to such extent and subject to such conditions, as may be specified in its bye-laws. Raising of funds from external sources.

18. (1) The funds mobilized by a self-supporting co-operative society, shall primarily be used for the furtherance of its objectives. Use of funds.

(2) No part of the funds of a self-supporting co-operative society other than the net profits, shall be paid by way of bonus or dividend or otherwise distributed among its members.

(3) A self-supporting co-operative society may of its net profits in any year, pay on the paid up share capital of members, a dividend at the rate fixed by its general body in the annual general meeting.

19. (1) The surplus, if any, out of the business of a self-supporting co-operative society transacted during a financial year, may be used for any of the following purposes, namely :— Use of surplus.

- (a)** to deposit in a deficit cover fund, a business risk fund or any other fund created by a self-supporting co-operative society under its bye-laws for the benefit and development of such society ;

Provided that not less than twenty-five per cent of the net surplus of a self-supporting co-operative society in a financial year, shall be deposited in such funds ;

- (b)** to distribute as a surplus refund among its members ;
- (c)** to develop the business of the self-supporting co-operative society ;
- (d)** to provide services to the members of a self-supporting co-operative societies ; and
- (e)** to write off bad debts and losses of the self-supporting co-operative society.

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(2) A detailed report showing the purposes for which the surplus funds have been used under sub-section (1), shall be placed before the annual general meeting of the general body of a self-supporting co-operative society.

Management of deficit.

20. (1) The deficit, if any, arising out of the operation of the business of a self-supporting co-operative society during a financial year, shall be fully settled by debiting a part or whole of the deficit to the deficit cover fund or business risk fund, or as charge among its members.

(2) Notwithstanding the settlement of the deficit referred to in sub-section (1), a self-supporting co-operative society shall be at liberty to recover the deficit from any of its officers, if it is found that such deficit occurred due to the gross negligence or mis-management of the officer or officers, as the case may be :

Provided that no such settlement shall be allowed unless the deficit so arisen is audited and certified to be correct by the auditor appointed under section 50.

(3) The amount recovered under sub-section (2), may be allowed to be credited by the general body to the deficit cover fund or to the accounts of each member, as the case may be, in proportion to the deficit charge.

(4) No member shall be permitted to withdraw from the membership of the self-supporting co-operative society without paying his share towards clearing the deficit, if any.

Investment of funds.

21. A self-supporting co-operative society, may invest or deposit its funds in—

- (a) any federal society of which it is a member ;
- (b) a post office, a District Central Co-operative Bank Limited, the Punjab State Co-operative Bank Limited or any Scheduled Bank ;
- (c) the equity of other self-supporting co-operative society ; or
- (d) any of the securities specified in section 20 of the Indian Trust Act, 1882.

Restriction on contribution.

22. No self-supporting co-operative society shall make a contribution either in money or in kind, directly or indirectly, to any political party or religious organization or institution.

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CHAPTER V
Membership

23. (1) Any person who fulfils the conditions, specified in the bye-laws of a self-supporting co-operative society, may become its member. Eligibility for membership.

(2) Any self-supporting co-operative society, if it fulfils the conditions, specified in the bye-laws of the federal self-supporting co-operative society, may become its members.

(3) For becoming a member of a self-supporting co-operative society under sub-section (1) or a member of a federal self-supporting co-operative society under sub-section (2), as the case may be, an application shall have to be made under the bye-laws of such society.

(4) Notwithstanding anything contained in sub-sections (1), (2) and (3), it shall be the discretion of a self-supporting co-operative society or the federal self-supporting co-operative society, to admit a person or a self-supporting co-operative society as its member keeping in view the capacity of the services rendered by such society.

24. (1) A person shall be disqualified for becoming a member or continuing as a member of a self-supporting co-operative society, as the case may be, if he— Disqualification for membership.

- (a)** does not fulfil the eligibility criteria specified in section 23 ;
- (b)** acts in a manner affecting adversely the objects and interests of a self-supporting co-operative society ; or
- (c)** violates the provisions of bye-laws or acts in violation of the resolution passed by the general body or Board.

(2) The provisions contained in sub-section (1), shall apply in the case of disqualification of a member of a federal self-supporting co-operative society also.

25. (1) Any person, who desires to become a member of a self-supporting co-operative society, may submit an application in the manner as may be specified in the bye-laws. Admission of a person as member.

(2) On receipt of an application submitted under sub-section (1), the self-supporting co-operative society shall refer it to the Board for taking final decision.

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(3) The Board shall take a final decision on the application within a period of forty-five days.

(4) The Board shall admit a person for membership, if he is found eligible or it may refuse his admission, if he is not found eligible :

Provided that before refusing admission of a person, he shall be given an opportunity of being heard.

(5) If a person is not allowed to become a member, he shall be informed by the self-supporting co-operative society by registered post within a period of sixty days after the receipt of his application. In case, a person is not informed about the final decision on his application within the aforesaid stipulated period, he shall be deemed to have been admitted as a member of the self-supporting co-operative society and the self-supporting co-operative society shall be bound to issue him share certificate and include his name in the register of members within a period of sixty days from the date of such deemed admission.

Appeal against refusal

26. (1) Where a person is refused admission for becoming a member of a self-supporting co-operative society by the Board, he may file an appeal against his refusal to the Arbitration Council within a period of sixty days from the date of communication of his refusal.

(2) The Arbitration Council shall decide the appeal filed under subsection (1) within a period of ninety days from the date of filing such appeal, after giving an opportunity of being heard to the applicant.

Withdrawal from membership

27. Subject to the provisions of this Act, rules and the bye-laws made thereunder, a member may at any time, withdraw from the membership of a self-supporting co-operative society.

Cessation of membership

28. (1) If a member dies or resigns or his membership is terminated due to any of the disqualifications, specified under this Act, rules or bye-laws framed thereunder, he shall cease to be member of the self-supporting co-operative society.

(2) In the event of death of a member, the self-supporting co-operative society shall inform his nominee for the settlement of accounts within a period of reasonable time.

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(3) In the event of cessation of a membership in any case, other than death of a member, the self-supporting co-operative society shall inform the member for the settlement of accounts.

29. (1) The general body may, by passing a special resolution, terminate the membership of a member if he— Termination of membership.

- (a) commits any act which is prejudicial to the interest of the self-supporting co-operative society ; or
- (b) persistently makes default in payment of his dues or fails to comply with the provisions of the bye-laws ; or
- (c) becomes a member of any other self-supporting co-operative society with the same objects, falling under the local jurisdiction of the self-supporting co-operative society :

Provided that no such resolution shall be passed without giving the member concerned an opportunity of being heard.

(2) A member shall be informed about the special resolution passed under sub-section (1) by the self-supporting co-operative society within a period of thirty days from the date of passing of such resolution.

(3) A member whose membership has been terminated under sub-section (1), shall not be eligible for becoming a member of the self-supporting co-operative society for such period, as may be specified in the resolution referred to in that sub-section :

Provided that such period shall not exceed five years.

30. Any member aggrieved by the special resolution passed under sub-section (1) of section 29, may file an appeal to the Arbitration Council within a period of sixty days from the date of the communication of such resolution. Appeal against termination.

31. (1) Every self-supporting co-operative society, shall maintain a register of members. The name of every person admitted as a member of a self-supporting co-operative society, shall be entered in the register alongwith such particulars, as may be deemed necessary by the Board. Register of members.

(2) The name of a person—

- (i) who has withdrawn from the membership under section 27 ;
- (ii) who ceased to be a member under section 28; or

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(iii) whose membership has been terminated under section 29 ;

shall be deleted from the register of members.

(3) The register maintained under sub-section (1), shall be a *prima facie* evidence of the date on which any person was admitted to the self-supporting co-operative society as a member and of the date on which he ceased to be a member of such society.

(4) A copy of register of members, shall be submitted by the self-supporting co-operative society to the Registrar at the time of registration of such society.

(5) Any addition or deletion of members shall be communicated to the Registrar within a period of thirty days from the date of making such addition or deletion.

Imparting of
education to
members

32. Every self-supporting co-operative society shall in order to ensure its development in accordance with the principles of cooperation and efficient co-operative management, undertake directly or through the Punjab State Co-operative Development Federation Limited, programmes for the education of its members, the Directors of the Board, its employees and any other persons to whom the self-supporting co-operative society deems necessary to impart such education.

Exercise of
rights.

33. No member of a self-supporting co-operative society shall be allowed to exercise his right as a member, unless he has made payment, due from him to such society or has acquired such interest in the society, as may be specified in the bye-laws.

CHAPTER VI

General body of a self-supporting Co-operative Society and Management

Constitution of
general body and
management.

34. (1) The general body of a self-supporting co-operative society shall consist of all the members of such society :

Provided that where the bye-laws of a self-supporting co-operative society provide for constitution of a smaller body consisting of delegate members of such society, elected in accordance with the bye-laws, that smaller body shall exercise such powers of the general body, as may be specified in the bye-laws of such society.

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(2) The management of a self-supporting co-operative society shall vest with its general body.

35. The general body of a self-supporting co-operative society shall subject to the provisions of this Act, perform the following functions and duties, namely :—

Functions and
duties of general
body.

- (a) election and removal of Directors ;
- (b) consideration of the budget ;
- (c) consideration of the annual report of activities, audited financial statements of accounts and the auditors' report relating to the previous financial year ;
- (d) consideration of the report on deviations if any, from the approved budget relating to the previous financial year ;
- (e) disposal of surplus and management of deficit relating to previous financial year ;
- (f) creation and utilization of reserve fund and other funds ;
- (g) review of the report on the attendance of the meetings of the Board attended by the Directors ;
- (h) review of the use of the services rendered by the self-supporting co-operative society ;
- (i) review of the remuneration paid to any of the Director and internal auditor in connection with duties performed by him ;
- (j) review of the activities relating to education and training of members, Directors and staff of a self-supporting co-operative society ;
- (k) appointment of auditors and fixing their remuneration ;
- (l) consideration of making amendments of bye-laws ;
- (m) consideration of membership of a self-supporting co-operative society ;
- (n) collaboration, formation of subsidiary units and partnership with other self-supporting co-operative societies or co-operative societies; or any other organizations ;

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Meetings of the
general body of a
self-supporting co-
operative society.

- (o) amalgamation, division, merger or transfer of assets and liabilities and conversion of a self-supporting co-operative society into another self-supporting co-operative society ;
- (p) dissolution of a self-supporting co-operative society ;
- (q) consideration of the Registrar's report of inquiry; and
- (r) consideration of any other matter, which the Board may deem necessary to be considered by the general body.

36. (1) The Board may, at any time, call a meeting of the general body of the self-supporting co-operative society :

Provided that the annual meeting of the general body of the self-supporting co-operative society, shall be called with in a period of one hundred twenty days after the close of the financial year to consider and approve all or any of the functions and duties mentioned in section 35.

(2) If the Board fails to hold an annual general meeting as provided under sub-section (1), the Registrar can hold such meeting either by himself or through an officer authorised by him and such meeting shall have the same effect as if, it was convened by the Board itself.

(3) The meeting of the general body shall be presided over by the President of the self-supporting co-operative society. In case, the President is not present, the meeting shall be presided over by the Vice-President of the self-supporting co-operative society. In the absence of both the President and the Vice-President, the members present in the meeting shall choose one of the members to preside over the meeting.

(4) If the audited annual financial statement of accounts and annual report of activities of the self-supporting co-operative society for the previous financial year are not sent to each member by the Board, alongwith the notice to attend the annual general meeting by registered post, all Directors of the Board shall cease to hold their offices on the date of the annual general meeting.

(5) After the registration of a self-supporting co-operative society, the first meeting of the general body of such society shall be held within a period of six months from the date of its registration to transact the following business, namely :—

- (a) approval of accounts relating to expenses before the registration of the self-supporting co-operative society ;
- (b) fixing the limit up to which, the funds may be raised by such society ; and

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(c) any other matter which has specifically been mentioned in the bye-laws to be considered in such meeting.

(6) The quorum for general body meeting shall not be less than twenty-five per cent of the members eligible to vote or five hundred members eligible to vote, whichever is less.

37. (1) The members of a self-supporting co-operative society by signing a requisition may request the Board to call a special meeting of the general body of a self-supporting co-operative society : Special meeting of the general body of a self-supporting co-operative society.

Provided that such a requisition shall be signed by not less than ten per cent of the members of the self-supporting co-operative society.

(2) Notwithstanding anything contained in sub-section (1), the Registrar may, ask the Board to call a special meeting of the general body of a self-supporting co-operative society when he deems necessary either *suo moto* or on the receipt of any complaint, which necessitates to call for such a meeting.

(3) The requisition for calling special meeting, shall contain the reasons as to why the special meeting of the self-supporting co-operative society is felt necessary and it shall also contain an agenda of the matters proposed to be discussed in such a special meeting.

(4) The special meeting requisitioned under sub-section (1) or sub-section (2), as the case may be, shall be called by the Board within a period of thirty days from the date of receipt of the requisition of calling such a meeting. Consequences of not calling annual general meeting and special meeting.

38. If the Board fails to call an annual general meeting under sub-section (1) of section 36 or a special meeting of general body under sub-section (1) or sub-section (2) of section 37 within the stipulated period, all Directors shall cease to hold their offices on the date of expiry of the period, specified for calling such meeting.

39. (1) There shall be a Board of Directors for the management of every self-supporting co-operative society : Board of Directors.

Provided that in the case of a newly registered self-supporting co-operative society, the persons who have signed the application for the registration of the society, may appoint a promoter Board, for a period not exceeding one year from the date of registration, to run the affairs of such society and it shall cease to function as soon as a regular Board is constituted.

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(2) Every Director while exercising the powers and discharging duties, shall—

- (a) act honestly and in good faith and in the best interest of the self-supporting co-operative society ; and
- (b) exercise such due care, diligence and skill as a prudent person would exercise under similar circumstances.

(3) A Director, who is guilty of misappropriation or breach of trust or dishonesty, which causes loss or shortfall in revenue of the self-supporting co-operative society as determined by the general body, shall be personally liable to make good that loss or shortfall, without prejudice to any criminal action to which he may be liable under the relevant law.

Election of the
Directors of the
Board.

40. (1) The Directors of the Board shall be elected by the members of the self-supporting co-operative society in accordance with the bye-laws.

(2) The term of the Board shall be five years from the date of election :

Provided that the elected Directors shall continue to hold office till their successors are elected and assume charge as such.

(3) It shall be the responsibility of the existing Board to conduct election of the Directors in time before the expiry of its term.

(4) Where a self-supporting co-operative society fails to hold election of Directors, the Registrar shall hold the elections within a period of ninety days from the date of the expiry of the term of the Board.

(5) The expenses for holding elections by the Registrar, shall be borne by the self-supporting co-operative society.

(6) The vacancy of a Director shall be filled by election and the Director so elected, shall hold office for the remaining term of the Board.

Election of office
bearers of self-
supporting co-
operative society.

41. (1) The office bearers of a self-supporting co-operative society shall be elected by the Board from amongst its Directors in accordance with the provisions of bye-laws.

(2) The term of office bearers shall be co-terminus with the term of the Board.

(3) Any casual vacancy of the office bearer shall be filled in by the Board in accordance with the provisions of the bye-laws and the incumbent of the vacancy so filled, shall hold office for the remaining term of his predecessor.

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(4) Any office bearer may resign his office at any time by giving a one month's notice in writing to the Chief Executive.

(5) The resignations received under sub-section (4) by the Chief Executive, shall be placed by him before the Board for its consideration in its next meeting.

(6) The Board may accept or decline to accept the resignations placed before it.

42. (1) In case of any contravention of the provisions of sub-sections (2) and (3) of section 39, or any other provision of this Act, or rules or regulations, or bye-laws made there-under, the Board may, by a resolution, passed by two third majority of the Directors, remove any office bearer.

Removal of office bearer.

(2) The aggrieved office bearer may file an appeal against his removal to the Co-operative Tribunal within a period of thirty days from the date of the orders of his removal, whose decision thereon shall be final

(3) In the event of the occurrence of any vacancy of President of a self-supporting co-operative society by reasons of his death, resignation or removal, or otherwise, the Vice-President of such society shall act as President till the date, a new President is elected in accordance with the bye-laws.

(4) When the President is unable to discharge his functions owing to his absence, illness or for any other reason, the Vice-President shall discharge the functions of the President.

(5) The Vice-President during the period, he acts or discharges the functions of the President, shall have all the powers of the President.

43. A member shall be eligible for being chosen as a Director if,—

Eligibility for becoming a Director of a self-supporting co-operative society.

- (a) he has right to vote in the affairs of the self-supporting co-operative society ;
- (b) he has utilized the services of the self-supporting co-operative society during the previous financial year to the extent and in the manner specified in the bye-laws ;
- (c) he has no pecuniary interest in any contract made with the self-supporting co-operative society ;
- (d) he is not a defaulter of any other self-supporting co-operative society ; and

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- (e) a period of three years has elapsed from the date, such member ceased to be the Director for the following reasons, namely :—
 - (i) non-calling of annual general meeting or special general meeting under sections 36 and 37 respectively;
 - (ii) non-submission of annual report of activities and audited annual financial statement of accounts to the members under sub-section (4) of section 36 ;
 - (iii) non-conduct of elections of the Directors; and
 - (iv) absence from three consecutive meetings of the Board ;
- (f) a period of five years has elapsed from the date such a member ceased to be the Director on account of his removal ; and
- (g) the period of five years has elapsed from the date of conviction for an offence under this Act or for an offence of moral turpitude.

Powers and functions of the Board.

44. (1) Subject to the provisions of this Act, it shall be the primary duty of the Board to run the administration of a self-supporting co-operative society.

(2) Without prejudice to the generality of the foregoing provisions, such power shall include the power to—

- (a) admit a member of a self-supporting co- operative society and to terminate his membership in accordance with the provisions of this Act ;
- (b) hold election of office bearers and to appoint and remove the Chief Executive ;
- (c) frame policies regarding—
 - (i) organizing or providing of services to the members ;
 - (ii) mode of custody and investment of funds ;
 - (iii) manner of keeping accounts ;

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- (iv) mobilisation, utilisation and investment of funds ;
 - (v) monitoring and managing of information system ;
 - (vi) providing for returns to be filed with the concerned authorities ; and
 - (vii) such other matters, as may be considered necessary for the effective performance of the self-supporting co-operative society ;
- (d) consider the annual report, annual financial statements, annual plan and budget and place them before the general body for approval ;
- (e) consider audit and compliance reports of audit and place them before the general body for approval ;
- (f) review membership in other self-supporting co-operative societies, co-operative societies and other organizations ; and
- (g) take such other measures or do such other acts, as may be prescribed or required under this Act, or the bye-laws or as may be delegated by the general body.

45. The President of a self-supporting co-operative society shall discharge the following functions, namely :—

Powers and functions of the President.

- (a) to preside over the meetings of the Board and the general body ;
- (b) to have a right of casting vote in the event of equality of votes on any matter to be decided by the Board except in the matter of election of office bearers; and
- (c) to exercise such powers and to perform such functions, as may be conferred and assigned by the Board by a resolution.

46. (1) The Board shall regulate its own procedure by making bye-laws in this regard.

Procedure to be regulated by the Board.

(2) The Board shall meet at such time and place, as the Chief Executive, may decide :

Provided that the Board shall meet at least once in three months.

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Acts of a self-supporting co-operative society not to be invalidated by certain defects.

47. No act of self-supporting co-operative society or Board or of an officer shall be deemed to be invalid by reason only of the existence of any defect in the procedure or in the constitution of such society or of the Board or in the appointment or election of an officer.

Officers and employees of a self-supporting co-operative society.

48. (1) A self-supporting co-operative society shall appoint such officers and employees, as in its opinion, may be necessary for the efficient performance of the functions of the self-supporting co-operative society.

(2) The salary and allowances and other conditions of service of the officers and employees appointed under sub-section (1), shall be such, as may be determined by bye-laws.

CHAPTER-VII

Accounts

Accounts and records.

49. (1) Every self-supporting co-operative society, shall maintain and keep at its office, the following accounts, records and documents, namely :—

- (a) a true copy of registration certificate ;
- (b) a copy of its registered bye-laws ;
- (c) the minutes book ;
- (d) accounts of all sums of money received and expended and their respective purposes ;
- (e) accounts of all purchases and sales of goods ;
- (f) accounts of the assets and liabilities ;
- (g) an up-to-date register of all members and a list of members with voting rights ;
- (h) copies of the audit reports, special audit report and inquiry report, if any, and compliance reports thereon ; and
- (i) all such other accounts, records and documents, as may be required under this Act, rules and bye-laws.

(2) The books of accounts and other records, shall remain open for perusal by any Director or office bearer or the Registrar or his nominee during business hours.

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(3) Copies of the Act, bye-laws, minutes book pertaining to the general body meetings, reports and compliance thereon in respect of audit, special audit, inquiry, voters' list and accounts relating to a member, shall be made available to every member during business hours on payment of such fee, as may be specified by the Board.

(4) In the case of a self-supporting co-operative society with unlimited liability, a member may also have access to all books of accounts during business hours on payment of such fee, as may be specified by the Board.

50. (1) A self-supporting co-operative society shall get its accounts Audit. audited by a Chartered Accountant (hereinafter called as Auditor) as defined under the Chartered Accountants Act, 1949.

(2) A self-supporting co-operative society, at its annual general meeting, shall resolve to appoint an Auditor. The appointment shall be valid till the conclusion of succeeding annual general body meeting.

(3) The remuneration of an Auditor shall be such, as may be fixed by the general body.

(4) An Auditor shall cease to hold office on—

- (a) his resignation ; or
- (b) his removal ; or
- (c) completion of his term of office.

(5) The general body may, by special resolution, remove an Auditor from office.

(6) It shall be the duty of the Board to ensure that annual financial statements of accounts are prepared and presented for audit within ninety days of the closure of the financial year.

(7) The Board shall invite the Auditor in the annual general meeting at the expenses of the self-supporting co-operative society in respect of the matters relating to his duties and the audit done by him :

Provided that an Auditor may be invited by the Board in any general meeting also where any matter relating to audit is to be discussed.

(8) The Auditor shall be entitled to be heard at such meeting in respect of any business, which concerns him as Auditor.

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(9) On demand of an Auditor, the Directors including former Directors, members, managers or employees of a self-supporting co-operative society shall—

- (a) provide access to records, documents, books, accounts, vouchers, papers, securities, cash and other properties belonging to or in the custody of such self-supporting co-operative society ; and
- (b) furnish such information and explanations, as are, in the opinion of the Auditor, necessary to enable him to make the examination and report, and the aforesaid Directors, members, managers or employees are reasonably able to furnish.

(10) It shall be the duty of the Auditor to ensure that audited annual financial statement of accounts and his audit report are furnished to the self-supporting co-operative society within a period of forty-five days from the date of submission of annual statement of accounts to him by the Board.

(11) The report of the Auditor shall—

- (a) state whether the Auditor has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of the audit ;
- (b) state whether the balance sheet of the self-supporting co-operative society and income and expenditure account dealt with by the report, are in agreement with the books of accounts ;
- (c) indicate the basis on which each asset and liability was valued, and mention specifically and change in the manner in which such valuation was done in the financial year under examination and its effect on surplus or deficit ;
- (d) indicate the amount of surplus earned or deficit incurred from provision of services to the non-members as distinct from surplus earned or deficit incurred because of services to members in normal course of business ;
- (e) indicate every deviation in actual expenses and income from the estimated expenses and income in the approved budget ;

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- (f) state whether any of the Directors had at any time during the financial year under review, become ineligible under this Act to continue in office as a Director ;
- (g) state whether the decisions on disposal of surplus or assessment of deficit, of the general body, at its previous annual general meeting were implemented correctly and completely;
- (h) classify all debts and other assets as good, doubtful for recovery and bad and state whether the debts or other assets classified as doubtful and bad, are fully covered by adequate provision made in that behalf ;
- (i) state the details of loans given or credits allowed, if any, to any of the Directors or any member of his family including a self-supporting co-operative society, firm or company of which such Director or member of his family is a member ; and
- (j) state the factors contributing to the losses and indicate the members, Directors, officers, employees or staff, if any, responsible for such losses and extent of their responsibility for the same.

(12) The Auditor, who conceals the facts intentionally and causes damage to the self-supporting co-operative society, shall be guilty of an offence under this Act.

(13) Every self-supporting co-operative society shall file audit compliance report within a period of sixty days to the Auditor from the receipt of the audit report.

(14) The general body after consideration of the report of the Auditor, regarding apportionment of losses, shall forward it to the Arbitration Council, which after giving an opportunity of being heard to the concerned, shall pass an award for recovery, which shall be executed as per the provisions of this Act.

51. (1) A self-supporting co-operative society, which has raised funds from other individuals or institutions, shall be liable to a special audit, which may be ordered to be made by the Registrar on an application submitted by the creditor. Special Audit.

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(2) On receipt of an application under sub-section (1), the Registrar may order for making special audit on such terms and conditions, as may be specified by him.

(3) The cost of the special audit shall be borne by the creditor :

Provided that where during special audit, serious irregularities in the management of funds of a self-supporting co-operative society are found, the cost shall be borne by such society or the persons responsible for such irregularities.

Special audit
report.

52. (1) The special audit made under section 51, shall contain the following documents, namely :—

- (a) the statement of payment, which is found not to be in order ;
- (b) the amount of deficit or loss, which is found to have been caused by negligence or misconduct of any person in the performance of his duties ;
- (c) the amount of any sum received, which ought to have been accounted for, but is not brought into account by the person referred to in clause (b) ; and
- (d) any other material impropriety or irregularity, which was required to be observed while making expenditure or recovery of money.

(2) The special report shall be completed within a period of ninety days from the date of submission of the application submitted therefor.

(3) The Registrar shall, within a period of thirty days from the date of receipt of the special report, send copies of the same to—

- (a) the creditor, who had submitted an application for making special audit; and
- (b) the concerned self-supporting co-operative society.

Inquiry.

53. (1) The Registrar, shall have the right to seek all such information, as he may consider necessary to satisfy himself whether a self-supporting co-operative society has conducted its affairs in accordance with the provisions of this Act, rules or bye-laws. The said society shall furnish all such information to the Registrar.

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(2) The Registrar may, on the application of a federal self-supporting, co-operative society of which, the concerned self-supporting co-operative society is a member, or of a creditor, or of not less than one-third of the Directors or of not less than one-tenth of the members, hold an inquiry or cause an inquiry to be held into any specific matter or matters relating to any gross violation of any of the provisions of this Act, rules or bye-laws.

(3) The inquiry shall be completed within a period of six months from the date of ordering of the inquiry :

Provided that where the inquiry cannot be completed within the aforesaid period, the reasons thereof shall be recorded in writing and inquiry shall be completed within a period of next two months.

(4) The Registrar shall, within a period of sixty days from the date of the completion of the inquiry as mentioned in sub-section (3), communicate the report of inquiry to the—

- (a) concerned self-supporting co-operative society ;
- (b) applicant, federal self-supporting co-operative society or office bearer ;
- (c) the creditor ;
- (d) person authorised by the Directors; and
- (e) person authorised by the members.

(5) The inquiry officer conducting the inquiry under this section, shall, among other things, specifically state the amount of deficiency, or loss, which has been caused by negligence or misconduct of any person in the performance of his duties.

54. On communication of an inquiry report under sub-section (4) of section 53, to the concerned quarters, the Registrar may, where an inquiry report reveals mismanagement on the part of any or all of the officers or office bearers, without prejudice to any civil or criminal proceedings to which they may be liable, direct the Board to convene a general meeting within such time, as he may deem appropriate to bring to the notice of the general body, either directly or through his nominee, the findings of the inquiry report for taking necessary action.

Action on inquiry report.

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Powers to summon
and examine
persons and
documents.

55. (1) The person authorised to conduct audit, special audit or inquiry, as the case may be, under sections 50, 51 and 53, respectively, shall give the concerned self-supporting co-operative society a notice in writing of the date on which he proposes to conduct an audit, special audit or enquiry.

(2) The person conducting an audit, special audit or inquiry under sub-section (1), may :—

(a) require in writing—

(i) the officer concerned to produce such receipts, vouchers, statements, returns, correspondence, notes or any other documents, as he may consider necessary for the purpose of inquiry ;

(ii) any employee of the self-supporting co-operative society or other authority accountable for or having the custody or control of such receipts, vouchers, statements, returns, correspondence, notes, or other documents to appear in person ; and

(iii) any person having directly or indirectly any share or interest in any contract with the self-supporting co-operative society to appear in person or through an authorised agent before him and answer any question or sign a declaration with respect thereto.

(b) in the event of an explanation being required from any officer concerned, direct him in writing specifying the points on which his explanation is required to be submitted ; and

(c) exercise such other powers, as may be considered necessary for the purposes of this section.

Duty to provide
information and
documents to
members.

56. (1)(a) Every self-supporting co-operative society shall within a period of six months from the closure of the financial year, provide to its members, the following information and documents, namely :—

(i) audited annual statement of accounts ;

(ii) plan for disposal of profits as approved by the general body ;

(iii) up-to-date list of members, Directors and other office bearers of the self-supporting co-operative society ;

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- (iv) amendment if any, made in the bye-laws of the self-supporting co-operative society ;
- (v) dates of holding of general body meetings ;
- (vi) date of conducting elections ; and
- (vii) compliance report in respect of special audit report and inquiry report.

In case, the members of a self-supporting co-operative society are not provided the information and documents mentioned under sub-section (1), they shall have the right to seek information by making an application in writing to the Board. On receipt of such an application, the Board shall provide requisite information and documents within a period of fifteen days from the date of the receipt of the application ; and

- (b) In case, the Board fails to provide the information and documents referred to in clause (a), the members may make an application to the Registrar for seeking such information and documents, who shall on receipt of such application, direct, the self-supporting co-operative society to provide the requisite information and documents. The direction of the Registrar shall be binding on the self-supporting co-operative society and in case, such society fails to comply with the direction of the Registrar, the Registrar may order for conducting a special audit under section 51 or an inquiry under section 53, as he deems fit.

(2) The Board shall furnish the following information and documents to the Registrar every year within a period of thirty days from the holding of the annual general meeting, namely :—

- (i) annual report of activities of the self-supporting co-operative society ;
- (ii) annual financial statement of accounts as audited ;
- (iii) a statistical statement indicating the name of the self-supporting co-operative society and core services, offered by such society to its members, total number of members as on the last date of the financial year ;

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(iv) services provided to the members and to non-members and surplus or deficit of the financial year ; and

(v) disposal of surplus or management of deficit.

(3) The person conducting an inquiry, may fix a reasonable period for the purpose of compliance of the provisions of sub-section (2), and such compliance shall be mandatory on the person required to provide that information.

CHAPTER-VIII

Arbitration Council

Arbitration
Council.

57. (1) There shall be an Arbitration Council which shall be constituted by the general body to adjudicate any dispute arising under this Act.

(2) The Arbitration Council shall consist of three members. Out of these members, two members shall be appointed by the general body and one shall be appointed by the Registrar :

Provided that no person shall be appointed as a member of the Arbitration Council, who is holding the office of the Director.

(3) The Arbitration Council shall follow such procedure and exercise such powers for adjudication of disputes, as may be specified in the bye-laws.

Settlement of
disputes.

58. (1) If any dispute touching the constitution, management or the business of a self-supporting co-operative society arises,—

(i) among members, past members and persons claiming through members, past members and deceased members ; or

(ii) between a member, past member or a person claiming through a member, past member or deceased member and the self-supporting co-operative society, its Board, Director, or any officer, agent or employee of such society or office-bearer or liquidator, past or present ; or

(iii) between the self-supporting co-operative society and its Board or any past Board, any Director or any officer, agent or employee or office-bearer, or any past Director or any past officer, past

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agent or past employee or past office-bearer, or the nominee, heirs, or legal representatives of any deceased Director or any deceased officer, any deceased agent or deceased employee of such society, deceased office-bearer of such society.

the same shall be referred to the Arbitration Council.

(2) If any dispute touching the constitution, management or business of a self-supporting co-operative society arises :—

- (i) between a self-supporting co-operative society and any other self-supporting co-operative society or between a self-supporting co-operative society and liquidator of another self-supporting co-operative society or between the liquidator of one self-supporting co-operative society and liquidator of another self-supporting co-operative society, the same shall be referred to the Co-operative Tribunal.
- (ii) between a self-supporting co-operative society and any co-operative society or between a self-supporting co-operative society and liquidator of a co-operative society, the same shall be referred to the Registrar.

Explanation :—For the purpose of this sub-section, a dispute shall include—

- (i) a claim by a self-supporting co-operative society for any debt or other amount, due to it from a member, past member, the nominee, heirs or legal representatives of a deceased member, whether such debt or other amount due, is admitted or not ;
- (ii) a claim by a surety against the principal debtor where the self-supporting co-operative society has recovered any amount from the surety in respect of any debt or other amount due to it from the principal debtor as a result of the default of the principal debtor whether such debt or other amount due is admitted or not ;
- (iii) a claim by a self-supporting co-operative society against a member, past member, or the nominee, heir or legal representative of a deceased member for the delivery of possession of land or other immovable property resumed by such society for breach of the conditions of assignment or allotment of such land or other immovable property ; and

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- (iv) any dispute arising in connection with the election of Directors or delegates or representatives or President or Vice-President and other office bearers of the self-supporting co-operative society :

Provided that no dispute under this clause shall be entertained during the period commencing from the announcement of the election programme till the declaration of the results.

(3) If any question arises as to whether a dispute referred to the Arbitration Council or the Co-operative Tribunal or the Registrar, as the case may be, under this section, is or is not a dispute, touching the constitution, management or business of a self-supporting co-operative society, such a question shall be decided by the Arbitration Council, the Co-operative Tribunal or the Registrar to whom the dispute is referred.

(4) The Arbitration Council shall on deposit of the fee, specified in the bye-laws, decide the dispute in accordance with the provisions of this Act and the bye-laws. Pending final decision on the dispute, the Arbitration Council may make such interlocutory orders, as it may deem necessary in the interest of justice.

(5) Notwithstanding anything contained in sub-section (3), and without prejudice to any other mode of recovery, which is being adopted, or may be adopted, the Arbitration Council may, on the application made by the self-supporting co-operative society for the recovery of arrears of any sum advanced by it to any of its members, after making such inquiry, as the Arbitration Council deems fit and after giving an opportunity of being heard to such members, issue a certificate to the self-supporting co-operative society for the recovery of the amount stated therein to be due as arrears of land revenue.

(6) A certificate issued by the Arbitration Council under sub-section (5), shall be final and conclusive proof of the arrears stated to be due and the certificate shall be executed by the Chief Executive in the manner specified in this Act.

Constitution of
Tribunal.

59. (1) The Government may, by notification in the Official Gazette, constitute one or more Co-operative Tribunals for the adjudication of disputes as it may deem necessary with such powers, as may be specified in the notification.

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(2) The Co-operative Tribunal shall consist of members, appointed by the Government, possessing such qualifications, as may be specified by the Government.

(3) A Co-operative Tribunal shall have jurisdiction over the whole of the State or any part thereof as may be specified in the notification referred to in sub-section (1).

60. A person aggrieved by an order of the Arbitration Council, may Appeal. appeal to the Co-operative Tribunal within a period of sixty days from the date of receipt of such order.

61. Every decision, award or order duly passed by the Arbitration Council under section 58, by the Co-operative Tribunal under section 60, and by the liquidator under section 72, shall, if not carried out— Execution of decisions, decrees and order.

(a) be deemed to be a decree of a Civil Court, and shall be executed as a decree of such court ;

(b) be executed by the Registrar or any other person subordinate to him and empowered by the Registrar in this behalf, by attachment and sale or by sale without attachment of any property of the person or of the self-supporting co-operative society against whom the order, decision or award has been obtained or passed ; and

(c) be executed according to the law for the time being in force for the recovery of the arrears of land revenue.

62. Where the Arbitration Council or the Co-operative Tribunal, as Attachment before award the case may be, is satisfied that a party to any reference made to it under section 58 or section 60, with the intention to defeat or delay the execution of any decision, award or order that may be passed by it, is about to—

(a) dispose of the whole or any part of the property ; or

(b) remove the whole or any part of the property from the local limits of the jurisdiction of the Arbitration Council or the Co-operative Tribunal,

the Arbitration Council or the Co-operative Tribunal, as the case may be, may unless adequate security is furnished, direct conditional attachment of such property or part thereof as it may deem appropriate.

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Prohibition of the use of the word self-supporting co-operative.

63. (1) No person other than a self-supporting co-operative society registered under this Act, shall carry on business under the name or title of the word "self-supporting co-operative society" or its equivalent in any Indian Language or in any other manner, use this word while carrying out any trade or business.

(2) Any person contravening the provisions of sub-section (1), shall be punishable with fine of five thousand rupees and in the case of a continuing offence, after conviction of the first offence, with further fine of two hundred rupees for each day on which the offence continued.

Offences and penalties.

64. (1) Any person, who is required to furnish any information or document under this Act, knowingly furnishes incorrect or untrue information or document or knowingly omits to furnish such information or document, shall be guilty of an offence and shall on conviction, be punishable with fine of one thousand rupees or with the imprisonment for a term of three months or with both.

(2) Where it is proved that the offence referred to in sub-section (1), has been committed with the consent or connivance of any officer or office bearer of a self-supporting co-operative society, then such an officer or office bearer of such society, shall be deemed to be guilty of that offence and he shall be punishable with fine of ten thousand rupees or with imprisonment for a term of three months or with both.

(3) Any person, who contravenes the provisions of this Act, rules or bye-laws made under this Act, for which no separate penalty is provided under this Act, shall be guilty of an offence and shall, on conviction, be punishable with the fine of five thousand rupees.

Cognizance of offence.

65. No Court inferior to the court of Judicial Magistrate of First Class shall try any offence under this Act.

Limitation for instituting proceeding.

66. No proceeding under this Act can be instituted against any person for an offence committed under this Act after the expiration of a period of five years of the commission of such offence.

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CHAPTER-IX

Dissolution

67. (1) A self-supporting co-operative society may by a special resolution, decide to dissolve it or appoint a liquidator in respect thereof.

Dissolution of self-supporting co-operative society by members.

(2) The notice of the general body meeting called for passing a special resolution for the purpose of dissolution, shall also be sent by registered post to the Registrar, creditors if any, and to other self-supporting co-operative society to which such society is affiliated or have any partnership, for attending the meeting.

(3) The decision taken under sub-section (1), shall be conveyed by the self-supporting co-operative society to the Registrar, alongwith the following namely :—

- (a) assets and liabilities of the self-supporting co-operative society on the date of dissolution ;
- (b) the claim of creditors ;
- (c) the number of members ;
- (d) the nature and extent of the members, interest in the self-supporting co-operative society ; and
- (e) the name and address of the liquidator appointed by the self-supporting co-operative society.

(4) The Registrar shall, within a period of thirty days from the date of receipt of the special resolution, get it published at the expenses of the self-supporting co-operative society in two daily newspapers circulating in the locality where the head office of the self-supporting co-operative society is located of which at least one shall be in the regional language.

(5) When the special resolution is published, the Registrar shall ensure that all assets and liabilities of the self-supporting co-operative society have been settled and only thereafter, he shall inform the liquidator that the self-supporting co-operative society has been dissolved and its name has been deleted from the register.

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Dissolution of self-supporting co-operative society by the Registrar.

68. The Registrar may dissolve a self-supporting co-operative society or appoint a liquidator in respect of that society, if he has reason to believe that—

- (a) a self-supporting co-operative society has not commenced business within two years after the date of its registration or has not carried on business for two consecutive years after registration ; or
- (b) a self-supporting co-operative society has contravened any of the provisions of this Act :

Provided that before dissolving a self-supporting co-operative society or appointing a liquidator, an opportunity of being heard to such society shall be given by the Registrar.

Who may be appointed as liquidator.

69. No person shall be appointed as liquidator, if he—

- (a) has vested interest in the affairs of the self-supporting co-operative society ;
- (b) is insolvent, insane or of unsound mind ; or
- (c) is criminally convicted of any offence involving moral turpitude.

Remuneration of liquidator.

70. The liquidator appointed by a self-supporting co-operative society or the Registrar, as the case may be, shall be entitled to receive such remuneration as may be specified by the appointing authority.

Duties of liquidator.

71. (1) On his appointment, the liquidator, shall immediately inform the Registrar, if appointed by the self-supporting co-operative society, and the self-supporting co-operative society, if appointed by the Registrar and each claimant and creditor of the self-supporting co-operative society.

(2) The liquidator shall immediately publish notice of his appointment in vernacular newspaper, circulated in the locality in which the registered office of the self-supporting co-operative society is situated.

(3) In the notice mentioned in sub-section (2), the liquidator shall make it clear by requiring any person,—

- (a) indebted to the self-supporting co-operative society, to render an account at the specified time and place ;

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- (b) possessing property of the self-supporting co-operative society, to deliver it to the liquidator at the specified time and place ; and
- (c) having a claim against the self-supporting co-operative society, whether liquidated, unliquidated, future or contingent, to present particulars of such claim in writing to the liquidator at the specified time and place.

(4) The liquidator shall,—

- (a) take into custody and control of the property of the self supporting co-operative society ;
- (b) open and maintain an account for the funds of the self-supporting co-operative society ;
- (c) keep accounts of the funds of the self-supporting co-operative society, received and paid ;
- (d) maintain separate lists of members, creditors and other persons having claims against the self-supporting co-operative society ;
- (e) apply to the Registrar or general body for giving directions where it is found that the self-supporting co-operative society is unable to pay its obligations ; and
- (f) deliver to the Registrar financial statement of the self supporting co-operative society in such form, as the liquidator may consider proper or in which the Registrar may require.

72. (1) With effect from the date of appointment of liquidator in respect of any self-supporting co-operative society, whole of the assets of such society shall vest in the liquidator. Powers of liquidator.

(2) With a view to carry out the work related to liquidation of the self-supporting co-operative society, the liquidator may,—

- (a) appoint lawyers, accountants, engineers, appraisers or any other professional advisors or retain them, if already appointed ;
- (b) institute, conduct and defend suits and other proceedings on behalf of the self-supporting co-operative society ;

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- (c) carry on business so far as may be necessary for the purpose of liquidation of the self-supporting co-operative society ;
- (d) dispose of any property of the self-supporting co-operative society by public auction ;
- (e) execute any document in the name and on behalf of the self-supporting co-operative society ;
- (f) borrow money on the security of the property of the self-supporting co-operative society ;
- (g) settle or compromise any claim by or against the self-supporting co-operative society ; and
- (h) do any other Act, which he considers necessary for the purpose of liquidation of the self-supporting co-operative society.

(3) Where the liquidator has reason to believe that any person has in his possession or under his control or has concealed, withheld or misappropriated any property of the self-supporting co-operative society, he may take suitable steps for restoration of that property to the liquidator.

(4) The liquidator shall determine as to by whom and in what proportion, the cost of liquidation is to be borne.

(5) Where the deficit arising out of the operation of the business of a self-supporting co-operative society, which was required to be used or settled as per provisions of section 19, but the same has not been disposed of or settled, the liquidator may apportion the same with the concerned members of the self-supporting co-operative society by giving an opportunity of being heard to them.

Bar on
liquidator.

73. The liquidator shall not purchase directly or in-directly any property or part thereof or stock-in trade, debts or assests of the self-supporting co-operative society of which he has been appointed liquidator.

Disposal of surplus
assets of liquidated
self-supporting
co-operative
society.

74. When all the liabilities including the paid-up share capital of a liquidated self-supporting co-operative society have been met, the surplus assets shall not be divided among its members, but the same shall be applied to the objects described in the bye-laws. In case, no object is described to which the surplus assets can be applied, then the same can be applied to any object of public utility related to the promotion and development of the co-operative movement.

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75. When an order to wind up a self-supporting co-operative society has been passed by the general body or the Registrar, as the case may be, no suit or other legal proceedings relating to the business of such society, shall be proceeded with or instituted against the liquidator or against the society or any member thereof, except with the permission of the Registrar and subject to such conditions, as he may impose. Bar of suits or legal proceedings.

76. (1) The liquidator shall pay all the expenditure incurred on liquidation out of the assets of the self-supporting co-operative society. He shall also settle all claims pertaining to the self-supporting co-operative society out of the assets of such society. Final settlement.

(2) After making payment or settling claims, referred to in sub-section (1) the liquidator shall render the accounts thereof to the Registrar for approval.

(3) Where the Registrar approves the final accounts rendered by a liquidator under sub-section (2), the Registrar shall—

(a) issue directions with respect to the custody or disposal of the documents and record of the self-supporting co-operative society ; and

(b) discharge the liquidator.

(4) In case the liquidator is discharged under clause (b) of sub-section (3), the Registrar shall dissolve the self-supporting co-operative society and delete its name from the register of the self-supporting co-operative societies.

77. (1) In exercising the powers and functions conferred on it by or under this Act, the Arbitration Council, the Co-operative Tribunal, the liquidator, deciding a dispute under sections 58, 60 and 72, shall have all the powers of a Civil Court while trying a suit under the Code of Civil Procedure, 1908 (5 of 1908), in respect of the following matters, namely :— Power of civil court.

(a) summoning and enforcing the attendance of any person and examining him on oath ;

(b) requiring the discovery and production of any document ;

(c) proof of facts by affidavits ; and

(d) issuing commissions for examination of witnesses.

(2) In the case of an affidavit, any officer appointed by the Registrar, the Arbitration Council, the Co-operative Tribunal or the Liquidator, as the case may be, may administer the oath to the deponent.

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CHAPTER-X

Miscellaneous

Order for winding up, reconstruction and supersession of Board of self-supporting co-operative Bank.

78. Notwithstanding anything contained in this Act, in the case of a Self-Supporting Insured Co-operative Bank—

- (a) an order for winding up or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction including division or re-organization of the bank, may be made only with the previous sanction in writing of the Reserve Bank of India ;
- (b) an order for the winding up of the bank, shall be made by the Registrar, if so required by the Reserve Bank of India in the circumstances referred to in section 13-D of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (Central Act 47 of 1961) ;
- (c) if so required by the Reserve Bank of India in the public interest or for preventing the affairs by the bank being conducted in the manner detrimental to the interest of the depositors or for securing the proper management of the bank, an order shall be made by the Registrar for supersession of the Board of the Bank and the appointment of administrator therefor for such period or periods, not exceeding five years in the aggregate, as may from time to time be specified by the Reserve Bank of India, and the administrator so appointed, shall after the expiry of his term of office, continue in office until the day immediately preceding the date of the first meeting of the Board of such bank ;
- (d) an order for winding up of the bank or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction including division or reorganization or an order for the supersession of the Board of the bank and the appointment of an administrator therefor, made with the previous sanction in writing or on the requisition of the Reserve Bank of India, shall be final and shall not be liable to be called in question in any manner in any court ; and
- (e) the liquidator of the Self-Supporting Insured Co-operative Bank or the Transferee Bank, as the case may be, shall be under an obligation to repay to the Deposit Insurance and Credit Guarantee Corporation established under the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (Central Act 47 of 1961) in the circumstances to the extent and in the manner referred to in section 11 of the aforesaid Act of 1961.

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Explanation.—In this section—

- (a) the expression “Self-Supporting Co-operative Bank” shall have the meaning assigned to the co-operative bank in the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (Central Act 47 of 1961) ;
- (b) the expression “Self-Supporting Insured Co-operative Bank” means a self-supporting co-operative society which is an Insured Bank under the provisions of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (Central Act 47 of 1961) ;
- (c) the expression “Reserve Bank of India” means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (Central Act 2 of 1934) ;
- (d) the expression “Transferee Bank” in relation to Self-Supporting Insured Co-operative Bank, means a co-operative bank—
 - (i) with which such Self-Supporting Insured Co-operative Bank is amalgamated ; or
 - (ii) to which the assets and liabilities of such Self-Supporting Insured Co-operative Bank are transferred; or
 - (iii) into which such Self-Supporting Insured Co-operative Bank is divided under sub-section (1) of section 11 of the aforesaid Act of 1961.

79. (1) If any difficulty arises in giving effect to the provisions of this Act, the Government may, by an order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as it may deem necessary to remove such difficulty : Power to remove difficulty.

Provided that no such order shall be made after the expiry of a period of two years from the date of commencement of this Act.

(2) Every order made under sub-section (1), shall be laid, as soon as may be, after it is made, before the Legislative Assembly of the State of Punjab.

80. Save as otherwise expressly provided in this Act, no civil court shall have jurisdiction to entertain any suit or proceeding or any other matter which is governed under the provisions of this Act. Bar on jurisdiction.

81. No suit, prosecution or other legal proceedings shall lie against any person in respect of anything, which is in good faith done or intended to be done by him under this Act, rules or bye-laws made thereunder. Protection for action taken in good faith.

82. The Government may, by notification in the Official Gazette make rules for carrying out the purposes of this Act. Power to make rules.

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SCHEDULE

(See sections 4 and 5)

CO-OPERATIVE IDENTITY

A group of individuals or a co-operative society or a self-supporting co-operative society under this Act, shall frame by-laws;

Such societies shall be autonomous bodies, consisting of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise and are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Their founders and members shall follow the ethical values of honesty, openness, social responsibilities and caring for others.

They shall be governed by the guidelines as below :—

A. Voluntary and Open Membership :

These societies are voluntary organization, open to all persons, able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination ;

B. Democratic Control :

They are democratic organizations controlled by the members, who actively participate in setting their policies and making decision. Elected representatives of these co-operatives are accountable to their members;

C. Economic participation of members :

The members of such societies shall contribute equitably and control the capital of their co-operative democratically. At least, a part of the surplus arising out of the economic results would be the common property of the co-operates. The remaining surplus could be utilized benefiting members in proportion to their share in the co-operative society;

D. Autonomy and independence :

They are autonomous, self-help organizations, controlled by their members. If they enter into agreements with other organizations, including Government or raise capital from

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external sources, they do so on the terms that ensure their democratic control by members and maintenance of co-operative autonomy;

E. Education, Training and Information :

They shall provide education and training to their members, elected representatives, managers and employees so that they can contribute effectively to the development of their co-operative society. They also make the general public particularly young people, aware of the nature and benefits of cooperation.

F. Cooperation among Co-operatives :

They shall serve their members most effectively and strengthen the co-operative movement by working together through available local, national, regional and international structures; and

G. Concern for Community :

They shall focus on the needs of their members and work for the sustainable development through policies approved by their members.

REKHA MITTAL,

Secretary to Government of Punjab,
Department of Legal and Legislative Affairs.