PUNJAB LEGISLATIVE ASSEMBLY

The Punjab Co-operative Societies Bill, 1950.

BILL No. 11 OF 1950

WHEREAS it is expedient further to amend the law relating to Co-operative Societies in the Punjab, it is hereby enacted as follows :—

Preliminary

Short title and extent

1. (*1*) This Act may be called the Punjab Co-operative Societies Act, 1950.

(*2*) It extends to the whole of Punjab.

Definitions

2. In this Act, unless there is anything repugnant in the subject or context,—

(*a*) "By-laws" means the registered by-laws for the time being in force, and includes a registered amendment of the by-laws ;

(*b*) "Committee or Board of Directors" means the governing body of a registered society to whom the management of its affairs is entrusted ;

(*c*) "Government" means Government of the State of Punjab ;

[illegible]lember" includes a person or society [illegible]ining in the application for the registra-[illegible]on of a society and a person or society admitted to membership after registration in accordance with the by-laws and the rules ;

(e) "Mortgage Bank" means a Co-operative Mortgage Bank registered or deemed to be registered under this Act ;

(f) "Officer" includes a President, Chairman, Secretary, Treasurer, member of committee, employee or any other person empowered under the rules or the by-laws to give directions in regard to the business of registered society ;

(g) "Registered society" means a society registered or deemed to be registered under this Act ;

(h) "Registrar" means a person appointed to perform the duties of a Registrar of Co-operative Societies under this Act ; and

(i) "Rules" means rules made under this Act.

Registration

The Registrar

3. Government may appoint a person to be Registrar of Co-operative Societies for the State or any portion of it, and may appoint persons to assist such Registrar, and may, by general or special order, confer on any such persons all or any of the powers of a Registrar under this Act.

Societies which may be registered

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

Provided that unless Government by general or special order otherwise directs—

(1) the liability of a society of which a member is a registered society shall be limited ;

(2) the liability of a society of which the *Primary* object is the creation of funds to be lent to its members, and of which the majority of the members are agriculturists, and of which no member is a registered society, shall be unlimited

5. Where the liability of the members of a registered society is limited by shares, no member other than a registered society shall—

Restrictions on interest of member of society with limited liability and a share capital

(*a*) hold more than such portion of the share capital of the society, subject to a maximum of one-fifth, as may be prescribed by the rules ; or

(*b*) have or claim any interest in the shares of the society exceeding one thousand rupees.

6. (*1*) No society, other than a society of which a member is a registered society, shall be registered under this Act, which does not consist of at least ten persons above the age of 18 years and, where the object of the society is the creation of funds to be lent to its members, unless such persons—

Conditions of Registration

(*a*) reside in the same town or village or in the same group of villages ; or

(*b*) save where the Registrar otherwise directs, are members of the same tribe, class, caste, or occupation.

(*2*) The word 'limited' shall be the last word in the name of every society with limited liability registered under this Act.

7. When any question arises whether for the purposes of this Act, a person is an agriculturist or a non-agriculturist, or whether any person is a resident in a town or village or group of villages, or whether two or more villages shall be considered to form a group, or whether any person belongs to any particular tribe, class, caste or occupation, the question shall be decided by the Registrar, whose decision shall be final.

Power of Registrar to decide certain questions

8. (*1*) For purposes of registration an application to register shall be made to the Registrar.

Application for Registrations

(*2*) The application shall be signed—

(*a*) in the case of a society of which no member is a registered society, by at least ten persons qualified in accordance with the requirements of section 6, sub-section (*1*) ; and

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

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

Registration

9. If the Registrar is satisfied that a society has complied with the provisions of this Act and the rules made thereunder and that its proposed by-laws are not contrary to the Act or to such rules, he may, if he thinks fit, register the society and its by-laws.

In case of refusal, an appeal shall lie to Government within two months from the date of the issue of the order of refusal.

Evidence of Registration

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

Amendment of the by-laws of a registered society.

11. (1) No amendment of the by-laws of a registered society shall be valid until the same has been registered under this Act, for which purpose a copy of the amendment shall be forwarded to the Registrar.

(2) If the Registrar is satisfied that any amendment of the by-laws is not contrary to this Act or to the rules, he may, if he thinks fit, register the amendment and shall issue to the society a copy of the amendment so registered by him and such a copy shall be conclusive evidence of the due registration of the amendment.

Change of name.

12. (1) A registered society, may, by a resolution of a general meeting and with the approval

of the Registrar, change its name ; but such change shall not affect any right or obligation of the society, or of any of its members or past members and, any legal proceedings pending may be continued by or against the society under its new name.

(*2*) Any such change of name shall be duly registered as an amendment to the society's by-laws.

Rights and Liabilities of Members

13. (*1*) Subject to the proviso to section 4 and to any rules made in this behalf, a registered society may, with the previous sanction of the Registrar, change its liability from limited to unlimited or from unlimited to limited : Change of liability.

Provided that—

(*i*) The society shall give notice in writing of its intention to change its liability to all its members and creditors ;

(*ii*) Any member or creditor shall, notwithstanding any by-laws or contract to the contrary, have the option of withdrawing his shares, deposits or loans as the case may be within three months of the service of such notice on him and the change shall not take effect until all such claims have been satisfied ; and

(*iii*) any member or creditor who does not exercise his option within the period aforesaid shall be deemed to have assented to the change.

(*2*) Notwithstanding anything contained in the proviso to subsection (*1*) the change shall take effect at once if all the members and creditors assent thereto.

14. (*1*) A registered society may, by a resolution passed by a two-thirds majority of the members present at a general meeting of the society held specially for the purpose and with the approval of the Registrar, divide itself into two or more societies. The assets, including the reserve fund, and the Division and amalgamation of societies liabilities of the society shall be divided among the new societies in such manner as the members of the society may agree or, in case of disagreement, in such manner as may be considered just by the Registrar whose decision shall be final.

(*2*) Subject to the general provisions contained in section 6 any two or more registered societies may, by a resolution passed by a two-thirds majority of the members present at a general meeting of each of such societies held specially for the purpose and with the approval of the Registrar amalgamate as a single society. Such amalgamation may be effected without cancellation, or a division of the funds of the amalgamating societies.

(*3*) No division or amalgamation shall be effected under this section unless—

(*a*) notice in writing of the resolution and date of meeting to consider such division or amalgamation, has been sent at least fifteen clear days before the date of the meeting to each member of the society or societies, at his last known address ; and

(*b*) notice in writing of the intention to divide or amalgamate has also been given to each of the creditors of the original society or societies concerned at his last known address, any such creditor shall, notwithstanding any contract to the contrary, have the option of withdrawing his deposit or loan within three months of the service of such notice on him and the Registrar shall not register the new societies or society until all such claims have been satisfied.

(*4*) The division shall take effect on the registration of the new societies and the amalgamation shall take effect on its approval by the Registrar ; and such approval shall not be accorded till the lapse of one month from the date of the resolution of the general meeting of the society last agreeing to the amalgamation.

(5) The resolution or resolutions of the society or societies concerned or the order of approval of the Registrar as the class may be, shall, on such division or amalgamation be a sufficient conveyance to vest the assets and liabilities of the original society or societies in the new society or societies.

Members not to exercise rights till the payment made.

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

Disclosure of liabilities and restrictions on further borrowings.

16. (*1*) In any society or class of society which Government may by notification specify, a member shall, on his admission and on any subsequent date when required by the committee, disclose all his liabilities, and after his admission to such society shall not borrow in cash or in kind from any agency other than the society save with the previous written sanction of the society recorded in the form of a resolution in a general meeting, and subject to any limit laid down in such resolution :

Provided that with the previous approval of the Registrar a society may delegate its power of sanction under this section to its committee.

(*2*) Any member of a society who contracts any loan in contravention of sub section (*1*) shall render himself liable to such penalty not exceeding Rs 200 to be determined in a general meeting of the society subject to the approval of Registrar and the amount be held realizable as a debt due to the society.

Votes of members.

17. (*1*) Subject to the exception mentioned in subsection (*2*) of this section, no member of a registered society shall have more than one vote in its affairs; provided that in the case of an equality of votes the Chairman shall have a second or casting vote.

(*2*) A registered society may appoint one of its members or one or more persons representing its members to vote in the affairs of any other registered society of which it is a member ; and the persons so representing members shall each have one vote.

Restrictions on transfer of shares or interest.

18. (*1*) The transfer or charge of the share or interest of a member in the capital of a registered society shall be subject to such conditions as to maximum holdings as may be prescribed by this Act or by the rules.

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

(*a*) he has held such share or interest for not less than one year ; and

(*b*) the transfer or charge is made to the society or to a member of the society or to a person whose application for membership has been accepted by the committee.

Duties of Registered Societies

Address of Societies.

19. Every registered society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send to the Registrar notice of every change thereof, within 30 days of such change.

Copy of Act, Rules and By-laws to be open to inspection.

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

Committee and its responsibility.

21. (*1*) In every registered society there shall be a committee of management which shall conduct the society's affairs according to the Act, the rules and its by-laws.

(*2*) The members of such a committee shall be personally responsible for any loss sustained through acts contrary to the Act, the rules, or the by-laws, or by failure to exercise the prudence and diligence of ordinary men of business in the conduct of their society's affairs.

(*3*) The determination of such responsibility and the consequent loss shall be undertaken in the manner prescribed by the rules in this behalf.

22. (*1*) The Registrar shall audit or cause to be audited by some person authorised by him by general or special order in writing in this behalf the accounts of every registered society once at least in every year. Audit

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

(*3*) (*a*) The Registrar, the Collector or any other person duly authorised to audit the accounts of any registered society shall have free access to the books, accounts, papers and vouchers of such society and shall be allowed to verify its cash balances and securities.

(*b*) The directors, managers and other officers of the society shall furnish to the Registrar or other person appointed to audit the accounts of a registered society all such information as to its transactions and working as the Registrar or such persons may require.

(*4*) The Registrar and every other person appointed by him to audit the accounts of a registered society shall have power when necessary :—

(*a*) to summon at the time of his audit any officer, servant, or member of the society who he has reason to believe can give valuable information in regard to transactions of the society or the management of its affairs ;

(*b*) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to the society, by the officer, agent, servant, or member in possession of such book, document, cash or securities.

23. The Registrar may inspect a registered society himself or cause it to be inspected by some person authorised by him in this behalf by general or special order. For the purpose of inspection the Registrar or person so authorised shall at all times have access to all books, accounts, papers, vouchers and securities, and shall have power to Inspection of a society.

verify the cash balances of the society, and subject to the general or special orders of the Registrar, to call a committee and general meeting. Every officer or member of the society shall furnish such information with regard to the working of the society as the Registrar or person making such inspection may require.

Privileges of Registered Societies.

Societies to be bodies corporate. 24. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to hold property, to enter into contracts, to institute and defend suits and other legal proceedings, and to do all things necessary for the purposes of its constitution.

Prior claim of Society. 25. Subject to any claim of the Crown in respect of land revenue, or any money recoverable as land revenue, or as a public demand, or any claim of a landlord in respect of rent, or any money recoverable as rent, any debt, or outstanding demand due to a registered society from any member, past member or the estate of a deceased member, shall, on debts subsequent to the date of passing this Act —

(*a*) be the first charge upon the crops, or other agricultural produce of such member or past member, or belonging to the estate of such deceased member at any time within two years from the date on which the last instalment of such supply or loan shall become repayable ;

(*b*) if the demand is due in respect of the supply of, or of any loan granted for the purchase of cattle, fodder for cattle, agricultural or industrial implements, or machinery, or raw material for manufacture be the first charge upon any cattle or things so supplied, or purchased, in whole or in part from raw materials so supplied, or purchased : provided that when any cattle, fodder for cattle, agricultural or industrial implements, or machinery, or raw material for manufacture are purchased within two months from the date on which a loan is taken from a registered society for that purpose, the purchase may be presumed to have been made with the aid of the loan.

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

Charge and set off in respect of share, or contribution or interest of members.

27. Subject to the provisions of section 26, the share or contribution or interest of a member, past member, or deceased member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of any Court in respect of any debt or liability incurred by such member, and a Receiver under the Provincial Insolvency Act, 1907, shall not be entitled to or have any claim on such share or contribution or interest.

Share or contribution or interest not liable to attachment.

28. (*1*) On the death of a member of a registered society, such society may transfer the share or interest of the deceased member to the person or persons nominated in accordance with the by-laws of the society, if duly admitted as member or members of the society, or if there is no person so nominated to such person as may appear to the Committee to be the heir or legal representative of the deceased member if duly elected a member of the society or may pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest as ascertained in accordance with the rules or by-laws :

Transfer of interest on death of member.

Provided that such nominee, heir or legal representative, as the case may be, may require that payment shall be made by the society within one year from the death of the member of the value of the share or interest of such member ascertained as aforesaid.

(*2*) A registered society shall subject to the provisions of section 26 and unless within six months of the death of the member prevented by an order of acompetent Court, pay to such nominee, heir or legal representative, as the case may be, all other moneys due to the deceased member from the society.

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

Liability of past member and estate of deceased member.

29. (1) The liability of an original member of a registered society for the debts of the society shall begin from the date of the registration of the society, and the liability of a subsequent member shall begin from the date on which he is accepted by the committee or by any authority which is subordinate to the general meeting and to which has been duly delegated power to accept members subject to the confirmation of the general meeting.

(2) The liability of a past member or of the estate of a deceased member for the debts of a registered society as they existed on the date of his ceasing to be member or of his decease, as the case may be, shall continue for a period of two years from such date :

Provided that where the right to admit members has been delegated to the committee or a sub-committee or officer subject to confirmation by the general meeting if the membership of an applicant accepted by the committee, sub-committee or officer is not confirmed by the general meeting the liability of such ex-member for the debts of the society as they existed at the date of the general meeting in which his membership was not confirmed shall continue only until he shall have paid any sums due to the society or for two years whichever period is less.

(3) When the registration of a society is cancelled the liabilities of members, past members and estates of deceased members as they stand at the time of cancellation shall continue till liquidation is complete.

Register of members

30. (1) Any register or list of members or shares kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein—

(a) the date at which any person entered in such register or list became a member ;

(b) the date at which any such person ceased to be a member.

(2) when any dispute arises whether any person whose name is entered in such register or list of members is a member of a registered society or not, the question shall be referred to the Registrar for decision and his decision shall be final.

31. (*1*) A copy of any entry in a book of a registered society regularly kept in the course of business, shall, if certified in such manner as may be prescribed by the rules, be received in any suit or legal proceedings, as *prima facie* evidence of the existence of such entry, and shall be admitted as evidence of the matters, transactions, and accounts therein recorded in every case where and to the same extent as the original entry itself is admissible.

Admissibility of copy of entry as evidence.

(*2*) No officer of a registered society or liquidator of a society and no officer in whose office the books of a society are deposited after liquidation shall in any legal proceedings be compelled to produce any of the society's books the contents of which can be proved under subsection (*1*) or to appear as witness to prove the matters, transactions and accounts recorded, unless specially ordered by the Court or arbitrator. In such a case, a copy of the order, with reasons therefor, shall be served through the Registrar upon the officer or liquidator as the case may be.

32. Any representative of a registered society duly empowered by it under the Rules shall have power on behalf of the society to institute, defend, compromise, withdraw, conduct suits and other legal proceedings and to receive or pay money in connection with such proceedings. Such representative shall be deemed to be a competent authority for all legal proceedings.

Power of attorney to represent registered society.

33. Nothing in Section 17 of the Indian Registration Act, 1908, shall apply to—

Exemption from compulsory registration of instruments relating to shares and debentures of registered society and power of attorney.

(*1*) any instrument relating to shares in a registered society, notwithstanding that the assets of such society consist whole or in part of immovable property ; or

(*2*) any debenture issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except in so far as it entitles the holder thereof to the security afforded by a registered instrument whereby the society has mortgaged, conveyed, or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures ; or

(3) any endorsement upon or transfer of any debenture issued by any such society.

(4) any resolution passed or decision made under the provisions of section 14 of this act which, under sub-clause (5) of that section, constitutes a conveyance of assets and liabilities.

Power to exempt from stamp duty and registration fees.

34. (1) The Government by notification in the official Gazette may in the case of any registered society or class or registered societies remit—

(a) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society or by an officer or member and relating to the business of such society, or any class of such instruments, or awards of the registrar or arbitrators under this Act, are respectively chargeable, and

(b) any fee payable under the law of registration for the time being in force.

Property and Funds of Registered Societies

Restrictions on loans

35. (1) A registered society may grant loans only to such extent and under such conditions as may be prescribed in this Act, the rules and the by-laws of the society.

(2) Except with the general or special sanction of the registrar, a registered society shall not make a loan to any person or society other than a member.

(3) Save with the sanction of the Registrar, a registered society shall not lend any money on the security of movable property.

(4) Government may by general or special order, prohibit or restrict the lending of money on mortgage of immovable property by any registered society or class of registered societies.

36. (*1*) A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules and by-laws. **Restrictions on borrowing and maintenance of fluid resources**

(*2*) The Registrar may by general or special order prescribe the maintenance of fluid resources in respect of all deposits and loans received by a registered society.

37. Save as provided in sections 35 and 36, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions, if any, as Government, may, by rules, prescribe. **Restrictions on other transaction with non-members**

38. (*1*) A registered society may invest or deposit its fund— **Investment of funds**

(*a*) in the Post Office Savings Bank, or

(*b*) in any of the securities specified, in section 20 of the Indian Trusts Act, 1882, or

(*c*) in the shares or on the security of any other registered society, or

(*d*) with any bank or person carrying on the business of banking, approved for this purpose by the Registrar, or

(*e*) in any other made permitted by the rules.

(*2*) Any investments or deposits made before the commencement of the Act which would have been valid if this Act had then been in force are hereby ratified and confirmed.

39. No part of the funds of a registered society shall be divided among its members by way of bonus or dividend or otherwise : **Funds not be divided by way or profits**

Provided that after at least one-fourth or any lesser portion as Government may direct, of the net profits in any year or shorter period approved by Government has been carried to a reserve fund, payments from the remainder of such profits and also from any profits of past years available for distribution may be made among the members to such extent and under such conditions as may be prescribed by the rules or by laws :

Provided also that in the case of a society with unlimited liability no distribution of profits shall be made without the general or special order of Government in this behalf.

Contributions to Charitable purpose

40. Any registered society after having made to the reserve fund the payments prescribed in section 39, may, with the sanction of the Registrar, contribute an amount exceeding ten per cent of the remaining net profits to any charitable purpose as defined in section 2 of the Charitable Endowments Act, 1890, or to a fund to be expended solely on such purpose, expenditure from this fund shall be subject to the previous sanction of the Registrar.

Distraint and sale of produce on behalf of Mortgage Banks

Distraint when to be made

41. (*1*) If any instalment or any part of such instalment payable or part thereof under a valid mortgage executed in favour of a mortgage bank has remained unpaid for more than one month from the date on which it fell due, the committee may, in addition to any other remedy available to the bank, apply to the Registrar for the recovery of such instalment or part thereof by distraint and sale of produce of the mortgaged land including the standing crops thereon.

(*2*) On receipt of such an application, the Registrar may take such action as is necessary to distrain and sell such produce :

Provided that—

(*a*) the value of the property distrained shall not so far as possible, exceed the amount due on the mortgage together with the expenses of the distraint and the costs of the sale ;

(*b*) such portion of the produce shall be exempted from distraint as, in the opinion of the Registrar having regard to the income of the judgment debtor from all sources, except such income as is dependent on the will of another person, is sufficient to provide for the maintenance of the defaulter and the members of his family dependent on him for a period of six months from the date of distraint ;

(c) no distraint shall be made after the expiry of twenty years from the date on which the mortgage was executed or from the date on which the instalment fell due.

Distraint how to be effected

42. (1) Before or at the time when a distraint is made under section 41, the distrainer shall serve or caus: to be served upon the defaulters a written notice of demand specifying the amount for which the distraint is made.

(2) The notice of demand shall be dated and signed by the distrainer and shall be served upon the defaulter by delivering a copy to him or to some adult male member of his family at his usual place of abode or to his authorised agent, or when such service cannot be effected, by affixing one copy of the notice on conspicuous part of his abode and another, or the mortgaged land.

Sale of property distrained

43 (1) If, within fifteen days from the date of service of the demand referred to in section 42, the defaulter does not pay the amount for which the distraint was effected, the distrainer may sell in auction the distrained property or such part thereof as may in his opinion be necessary to satisfy the demand together with the expenses of the distraint and the costs of the sale :

(2) From the proceeds of such sale, a deduction shall be made at a rate not exceeding one anna in the rupee on account of the costs of the sale.

(3) From the balance thereof, shall be deducted the expenses incurred by the distrainer on account of the distraint;

(4) The remainder, if any, shall be applied to the discharge of the amount for which the distrain was made :

(5) The surplus, if any, shall be delivered to the person whose property has been sold and he shall be given a receipt for the amount discharged from the proceeds of the sale.

Mortgages in favour of a Mortgage Bank not to be effected by Insolvency Proceedings

44. Sections 53 and 54 of the Provincial Insolvency Act, 1920, shall not apply to any mortgage executed in favour of a mortgage bank.

Appointment of a Receiver on behalf of the Mortgage Bank

When Receiver is to be appointed

45. (*1*) When a mortgage conferring on the mortgage a power of sale without the intervention of a court has been executed in favour of a mortgage bank by a person who is not a member of a tribe notified as an agricultural tribe under section 4 of the Punjab Ali:n ation Land Act, 1900, the Registrar may on the application of the bank in whose favour the mortgage deed has been executed, appoint in writing a receiver of the produce and income of the mortgaged property or any part thereof:

Provided that the Registrar shall not appoint a Receiver when the mortgaged property is already in the possession of a Receiver appointed by a Civil Court.

(*2*) Such Receiver shall be entitled either to take possession of the property or to collect its produce and income as the case may be, and to retain out of any money realised by him, his expenses of management including his remuneration, if any, as fixed by the Registrar, and to apply the balance in accordance with the provisions of subsection (*8*) of section 69 (A) of the Transfer of Property Act, 1882.

(*3*) A Receiver appointed under this section may, for sufficient cause and on application made by the mortgagor or the mortgagee be removed by the Registrar.

(*4*) A vacancy in the office of Receiver may be filled up by the Registrar.

Inspection of affairs

Enquiry by Registrar

46. (*1*) The Registrar may of his own motion, or on the application of a majority of the committee, or of not less than one-third of the members, and shall on the request of the Collector, hold an enquiry, on direct some person authorised by him by order in writing in this behalf to hold an enquiry into the costititution, working and financial condition of a registered society.

(2) The Registrar or the person authorized by him under subsection (1) shall have the following powers, namely :—

(a) he shall at all times have free access to the books, accounts, papers, vouchers, securities, cash and other properties belonging to or in the custody of the society and may summon any person in possession or responsible for the custody of any such books, accounts, documents, securities, cash or other properties to produce the same at any place within the district within which the society has its registered address.

(b) (i) he may, notwithstanding, any rule or by-law prescribing the period of notice for a general meeting of a society, require the officers of the society to call a general meeting at such time and place at the headquarters of the society and to consider such matters, as may be directed by him. If the officers of the society refuse or fail to call such a meeting, he shall have power to call at himself.

(ii) Any meeting called under clause (b) (i) shall have all the powers of a general meeting called under the by-laws of the society and its proceedings shall be regulated by such by-laws.

(c) He may summon any person who is reasonably believed by him to have any knowledge of the affairs of the society to appear before him at any place at the headquarters of the society or any branch thereof and may examine such person on oath.

(3) The Registrar shall communicate a brief summary of the report of this enquiry to the society, the financing bank, if any, to which the society is affiliated, and to the persons or authority, if any, at whose instance the enquiry is made.

Inspection of books of indebted society

47. (1) The Registrar shall, on the application of a creditor of a registered society, inspect or direct some person authorised by him by order in writing in this behalf to inspect the books of the society :

Provided that—

(*a*) the applicant satisfies the Registrar that the debt is a sum then due, and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and

(*b*) the applicant deposits with the Registrar such sum as security for the cost of proposed inspection as the Registrar may require.

(*2*) The Registrar shall communicate the result of any such inspection to the creditor.

Costs of enquiry

48. Where an enquiry is held under section 46, or an inspection is made under section 47, the Registrar may apportion the costs, or such part of the costs as he may think right, between the society, the members or creditor demanding an enquiry or inspection, and the officers or former officers and the members or past members of the society :

Provided that—

(*a*) no order of apportionment of the costs shall be made under this section unless the society or persons liable to pay the costs thereunder has or have been heard or had or have had a reasonable opportunity of being heard ;

(*b*) the Registrar shall state in writing under his own hand the grounds on which the costs are apportioned.

Recovery of costs

49. Any sum awarded by way of costs under section 48 may be recovered, on application to a Magistrate having jurisdiction in the place where the person from whom the money is claimable actually and voluntarily resides or carries on business, and such Magistrate shall recover the same as if it were a fine imposed by himself.

Winding up and dissolution of society

Supersession of committee

50. (*1*) If the Registrar after an enquiry has been held under section 46 or inspection has been made under section 47, is of opinion that the committee of the society is mismanaging the affairs of the

society and that a change in administration will improve the society within a reasonable time and that action under section 52 is not necessary, he may suspend the committee and appoint one or more persons to carry on the business of the society for a period not exceeding two years. The period specified in such order may at the discretion of the Registrar be extended from time to time: provided that such order shall not remain in force for more than 3 years in the aggregate. Such person or persons shall have the power of the committee prescribed under the Act, rules and by-laws :

Provided that no original order suspending the committee shall be passed unless the committee has been given an opportunity to show cause against the action proposed to be taken in regard to it :

Provided further that the provisions of this section shall not apply to—

(1) the Punjab Co-operative Union ;

(2) societies registered as Central Banks and Credit Unions.

(*2*) The Registrar may fix any remuneration for such person or persons as he thinks fit and this shall be paid out of the funds of the society.

(*3*) The committee of the society aggrieved by such order of the Registrar may appeal within ninety days from the date of the order to the State and this decision of the State thereon shall be final and conclusive.

51. (*1*) The affairs of the society may be wound up — **Winding up and cancellation**

(*a*) after enquiry under section 46 or inspection under section 47 ;

(*b*) on the application of three-fourths of the members.

(2) If the Registrar is of opinion that the society should be wound up, he may issue an order in writing directing it to be wound up, and if he thinks fit may appoint a liquidator for the purpose and fix his remuneration. He may also, if he thinks fit, suspend the committee of the society and appoint one or more persons to take charge of the books, records, vouchers and other papers and all assets of the society and to transact such business of the society as may be necessary. This suspension and appointment shall remain in force until the order of cancellation takes effect, or an appeal, if any, against the order of cancellation is accepted. There shall be no appeal against an order under this subsection.

(3) The Registrar shall make an order cancelling the registration of the society after two months from the date of order for winding up the affairs of the society under subsection (2) ; and the society shall be deemed to be dissolved from the date of such order. The Registrar shall send copies of this order of winding up and cancellation to the society by registered post.

Cancellation if membership falls below 10.

52. Where it is a condition of the registration of a society that it should consist of at least 10 members, the Registrar may, by order in writing, cancel the registration of the society if at any time it is proved to his satisfaction that the number of the members has been reduced to less than ten persons qualified under the by-laws to be members.

Effect of cancellation of registration

53. Where the registration of a society is cancelled, the society shall cease to exist as a corporate body—

(a) in the case of cancellation in accordance with the provisions of section 51, from the date on which the order of cancellaation takes effect ;

(b) in the case of cancellation in accordance with the provisions of section 52, from the date of the order.

Powers of Liquidator.

54. (1) Subject to the control of the Registrar a liquidator appointed under section 51 shall have powers—

(a) to take charge of the books, records, vouchers, and other papers, and all assets of the society.

(b) to fix time or times within which creditors shall prove their debts and claims or be included for the benefit of any distribution made before those debts or claims are proved ;

(c) to institute and defend suits and other legal proceedings on behalf of the society in the name of his office ;

(d) to make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim, present or future, whereby the society may be rendered liable ;

(e) to compromise all calls or liabilities to calls and debts, and liabilities capable or resulting in debts and all claims, present or future, certain or contingent, subsisting or supposed to subsist between the society and a contributory or alleged contributory or other debtor or person apprehending liability to the society and all questions in any way relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt, or claim and give a complete discharge in respect thereof ;

(f) from time to time, to determine subject to provisions of section 29, the contributions to be made or remaining to be made by the members or past member, by the estate or nominee, heir or legal representative of deceased members, or by any officer or former officer, to the assets of the society, such contributions including debts due from such members or persons, and from time to time revise any order of contribution until the winding up is completed, and to realize such contributions, provided that the liquidator shall not determine the contribution, debt or assets to be recovered from any person unless any opportunity of being heard has been given to such person ;

(*g*) subject to the above proviso, to determine by what persons and in what proportion the cost of the liquidation shall be borne ;

(*h*) to investigate all claims against the society and, subject to the provisions of this Act, to decide questions of priority arising out of the date of the order winding up the society under section 51 (*2*) or rateably according to the amount of such claims as may be admitted and as the assets of the society permit ;

(*i*) to refer disputes to the Registrar for decision ;

(*j*) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society ;

(*k*) to carry on the business of the society so far as may be necessary for the beneficial winding up of the same ;

(*l*) to certify a copy of any entry in any book, register, or list regularly kept by the society in such manner as may be prescribed by the rules and such a copy shall be admissible in evidence of the existence of the entry and shall be admitted as evidence of the matters and transactions therein recorded in every case, where, and to the same extent to which, the original entry would, if produced, has been admissible to prove such matters.

(*2*) Subject to any rules, a liquidator appointed under this section shall, in so far as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of witnesses and to compel the production of books, accounts, documents, securities, cash or other properties belonging to or in the custody of the society by the same means and (so far as may be) the same manner as is provided in the case of a Civil Court under the Code of Civil Procedure, 1908.

(*3*) When the affairs of the society have been finally wound up the liquidator shall deposit the books, records, vouchers and other papers, and all assets of the society in such place or with such person as the Registrar may direct :

Provided that any order of a liquidator under subsections (*d*), (*e*), (*f*), (*g*) and (*h*) shall require the previous sanction of the Registrar, and the Registrar shall not accord such sanction, until he has afforded an opportunity to the persons affected by such order to be heard.

Power of Registrar to assess damages.

55. (*1*) Where in the course of an enquiry under section 46 or inspection under section 47 or the winding up of a society, it appears to the Registrar that any person who has taken part in the organization or management of the society or any past or present President, Secretary, member of the managing committee or officer of the society has misapplied, or fraudulently retained or become liable or accountable for any money or property of the society or has been guilty of misfeasance or breach of trust in relation to the society, the Registrar may, of his own motion or on the application of the committee or liquidator or of any creditor or contributory, enquire into the conduct of such person and, after giving such person an opportunity of being heard, make an order requiring him to repay or restore the money or property or any part thereof respectively with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of the society by way of compensation in regard to the misapplication, retainer misfeasance, or breach of trust as the Registrar thinks just.

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

56. (*1*) If any dispute touching the business of a registered society arises—

(*a*) between the members of the society, or

(*b*) between a member and a society, its committee or any officer, agent or servant of the society ; or (*c*) between the society or its committee and any officer, agent or servant of the society ; or

(*d*) between the members of a committee or officers of the society ; or

(*e*) between the society and any other registered society ;

Such dispute shall be referred to the Registrar for decision.

(*2*) When any question arises whether for the purposes of this section a matter referred for decision is a dispute or not, the question shall be decided by the Registrar whose decision shall be final.

(*3*) In the case of a dispute involving property which is given as collateral security, it shall be competent to the person deciding such dispute to issue a mortgage award which shall have the same force as a mortgage decree of a competent civil court.

(*4*) On receipt of such references, the Registrar may—

(*a*) decide the dispute himself ; or

(*b*) refer it, subject to such rules as may be prescribed for disposal to arbitrator or arbitrators, or withdraw it and deal with it himself.

Explanation. For the purposes of this section, the word "dispute" includes claim by a registered society for debts or demands due to it from a member or an officer or for assets of such members or officers or a similar claim by a member or an officer against a registered society, or demands due to a surety by his principal debtor, whether such debts or demands be admitted or not. The word "member" includes a past member or person claiming through a member of a deceased member. The words "officer" or "servant" include a past officer, agent or servant as the case may be.

Attachment before award

57. Where the Registrar is satisfied that a party to any reference made to him under subsection (*1*) of

section 56, with intent to defeat or delay the execution of any decision that may be passed thereon is about to—

(*a*) dispose of the whole or any part of his property, or

(*b*) remove the whole or any part of his property from the local limits of the jurisdiction of the Registrar.

The Registrar may, unless adequate security is furnished, direct the conditional attachment of the said property or such part thereof as he thinks necessary. Such attachment shall be executed by a Civil Court having jurisdiction in the same way as an attachment order passed by itself and shall have the same effect as such an order :

Provided that the powers of the Registrar under this section shall not be delegated to any officer below such rank as the Provincial Government may prescribe in this behalf.

Power to enforce and production of documents

58. Wherever in this Act it is provided that the Registrar or person duly authorised by general or special order in writing by the Registrar in this behalf, shall hold an inspection under section 47 or shall wind up a society or shall arbitrate or decide a dispute the Registrar or person so authorised, as the case may be, shall have the power to summon and enforce the attendance of witnesses including the parties interested or any of them and to examine them on oath, and to compel the production of documents by the same means and as far as possible in the same manner as is provided in the case of a civil court by the Code of Civil Procedure, 1908.

Money how recovered.

59. (*1*) Every order duly passed by a liquidator under section 54, by the Registrar under section 55, his nominee or arbitrator under section 56 or by the Registrar in appeal or revision under section 61 may, if not carried out, be referred for execution to a civil court having jurisdiction and such civil court shall execute it in the same manner as if it were a decree passed or being executed by itself.

(*2*) Every order passed under section 21, determining the responsibility for the loss incurred by the society in the like manner shall be referred for execution to a civil court having jurisdiction to execute decree of the amount specified in the order and the said civil court shall execute it in the same manner as if it were a decree passed or being executed by itself.

(3) The orders described in this section shall be in such form as may be prescribed by Government in the rules framed in this behalf.

Appeal against award.

60. (1) Any party aggrieved by an award of an arbitrator may appeal to the Registrar in person or through an agent within two months of the date of the award.

(2) The Registrar may at any time call for the record of any case pending before, or disposed of by, any arbitrator or arbitrators and pass such order as he thinks fit, provided that he shall not pass order reversing or modifying any proceeding or order of an arbitrator or arbitrators without giving the parties concerned an opportunity of being heard.

(3) When an award is under consideration, in revision or on appeal, the Registrar may order the Court in which such award is pending for execution, to stay the execution proceedings, and may call for the file of the case.

Suspension of arbritration proceedings.

61. If in proceedings under section 56 the question at issue between a society and a claimant, or between different claimants, is one involving complicated questions of law and facts, the Registrar may, if he thinks fit, either —

(a) state a case and refer it to the District Judge for decision, and the decision of the District Judge shall be final, or

(b) call upon one of the parties to institute a regular suit in a civil court for decision of the case, within a period, not exceeding six months, to be fixed by himself and shall in the meanwhile suspend proceedings. If no such suit is instituted within the period so fixed, the Registrar shall take action as laid down in section 56.

62. On the dissolution of a registered society the funds including the reserve fund, shall be applied first to discharging the liabilities of the society and to paying the costs of liquidation, then to the repayment of the share capital, and then, provided the by-laws of the society permit, to the payment of a dividend for any period for which no disposal of profits was made, at a rate not exceeding 10 per cent per annum. Disposal of funds after liquidation.

Any sum that may remain, may be applied to such object of local and public utility as may be selected by the majority of those who were members at the time of cancellation of the society, and approved by the Registrar.

If within three months of the final liquidation of the society, the majority of the members at the time of cancellation of the society, fail to select an object that is approved by the Registrar, the latter shall credit the balance of the funds including the reserve fund to the co-operative society to which the society was affiliated or shall deposit the amount in some bank or co-operative society until a new co-operative society is registered with a similar area of operation or including as members a majority of the members of the cancelled society, in which case it shall be credited to the reserve fund of the new society.

Offences

63. It shall be an offence under this Act, if — Offences and penalties.

(*a*) an officer or member of a registered society wilfully does anything forbidden by this Act, or wilfully neglects or refuses to do any act, or

(*b*) an officer or member wilfully makes a false return or furnishes false information, or

(*c*) any person wilfully or without any reasonable excuse disobeys any summons, requisition or lawful written order issued under the provisions of this Act, or does not furnish any information lawfully required from him, by a person authorised in this behalf under the provisions of this Act.

Punishment for disposing of property in contravention of section 25.

64. Any member, or past member, or the nominee, heir or legal representative of a deceased member, contravening the provisions of section 25 by fraudulently disposing of any property over which a registered society has a charge under that section, or doing any other act to the prejudice of such charge, shall be punishable, with imprisonment which may extend to three months or with fine not exceeding two hundred rupees.

Prohibition of the use of the word "Co-operative"

65. (*1*) No person other than a registered society shall trade or carry on business under any name or title of which the word "Co-operative" or its vernacular equivalent as notified in the *Punjab Government Gazette*, is part without the sanction of Government :

Provided that nothing in this section shall apply to the use of the word "Co-operative" by any person or his successor in inter st in any name or title under which he traded or carried on business on the date on which Act II of 1912 came into operation.

(*2*) Whoever contravenes the provisions of this subsection (*1*) shall be punishable with fine which may extend to fifty rupees, and in the case of continuing offence with further fine of five rupees for each day on which the offence is continued after conviction thereof.

Punishment of offences.

66. Any registered society or any officer or member thereof or any other persons guilty of an offence under this Act for which no punishment is expressly provided therein shall be punishable with fine not exceeding fifty rupees.

Cognizance of offence.

67. (*1*) No court inferior to that of a Magistrate of the first class shall try any offence under this Act.

(*2*) No prosecution under this Act shall be lodged without the previous sanction of the Registrar, which shall not be given without giving to the party concerned a reasonable opportunity to be heard.

Appeals.

68. An appeal against an order or decision of the Registrar under section 51 (*3*) and 55 may be made by any party aggrieved or affected by the order or decision, within two months of the date of the communication of the order or decision to such authority as Government may by notification appoint.

69. (*1*) Save in so far as is expressly provided in this Act, no civil or revenue court shall have any jurisdiction in respect of any matter concerned with the winding up or dissolution of a registered society under this Act, or of any dispute required by section 56 to be referred to the Registrar. Bar of jurisdiction of court.

(*2*) While a society is in liquidation, no suit or other legal proceeding shall be proceeded with, or instituted against the liquidator as such, or against the society, or any member thereof, on any matter touching the affairs of the society, except by leave of the Registrar and subject to such terms as he may impose.

(*3*) No order of the Registrar relating to any matter, which under this Act is to be referred to the Registrar and in respect of which the decision of the Registrar is to be final, shall be liable to be challenged, set aside, modified, revised or declared void in any Court upon any ground whatsoever except want of jurisdiction.

Miscellaneous

70. (*1*) All sums due from a registered society or from any officer, former officer, or member, or past or deceased member of a registered society, as such, to Government may be recovered according to the law and under the rules for the time being in force for the recovery of arrears of land revenue. Recovery of sum due to Government.

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

(*2*) The liability of past members, or the estates of deceased members shall in all cases be subject to the provisions of section 29.

71. Notwithstanding anything contained in this Act, Government may, by special order in each case and subject to such conditions, if any, as it may impose, exempt any society or *class of societies* fom any of the requirements of this Act as to registration. Power to exempt societies from conditions as to registration.

Reasons. Keeping in view particularly, thrift, soil conservation and consolidation of holdings societies where it is difficult to get the minimum number of members prescribed in law for the registration of societies, the addition will do away with frequent references to Government for exemption in each individual case.

Power to exempt registered societies from provisions of the Act.

72. Government may, by general or special order, to be *published in the official Gazette,* exempt any registered society, or class of *registered societies* from any of the provisions of this Act, or may direct that such provisions shall apply to such society or class of societies with such modification as may be specified in the order.

Liquidator to be public servant.

73. Any person appointed liquidator under the provisions of this Act or the rules thereunder shall, when he is performing his duties as such, be deemed to be a public servant within the meaning of Section 21 of the Indian Penal Code.

Notice necessary in suits.

74. No suit shall be instituted against a registered society or any of its officers in respect of any Act touching the business of the society until the expiration of three months next after notice in writing has been delivered to the Registrar or left at his office, stating the cause of action, the name, description and place of residence of the plaintiff and the relief which he claims, and the plaint shall contain a statement that such notice has been so delivered or left.

Limitation.

75. Notwithstanding anything contained in the first schedule to the Indian Limitation Act, 1908, the period of limitation for the recovery of a debt, including interest thereon, due to a registered society by one of its members shall be three years from the date on which such member dies or ceases to be a member of the society.

Rules.

76. (*1*) Government may, for the whole or any part of Punjab and for any registered society or class of such societies, make rules to carry out the purposes of this Act.

(*2*) In particular and without prejudice to the generality of the foregoing power, such rules may—

(*a*) subject to the provisions of section 5, prescribe the maximum number of shares or portion of the capital of a registered society which may be held by a member;

(*b*) prescribe the forms to be used and the conditions to be complied with in the making of applications for the registration of a society and the procedure in the matter of such applications ;

(*c*) subject to the provisions of section 13 prescribe the procedure to be followed when societies change their former liability ;

(*d*) prescribe the matters in respect of which the society may or shall make by-laws and for the procedure to be followed in making, altering and abrogating by-laws, and the conditions to be satisfied prior to such making, alteration or abrogation ;

(*e*) prescribe the conditions to be complied with by persons applying for admission or admitted as members ; and provide for the election and admission of members and for the payment to be made and the interests to be acquired before the exercise of the right of membership ;

(*f*) regulate the manner in which funds may be raised by means of shares or debentures or otherwise ;

(*g*) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings ;

(*h*) prescribe the prohibitions and restrictions subject to which societies may transact business with persons who are not members ;

(*i*) prescribe the proportion of individuals and societies in the constitution of the committee of management and the general body of a registered society of which another registered society is member ;

(*j*) provide for the appointment, suspension and removal of the members of the committee and other officers, and for the procedure at meetings of the committee, and for the powers to be exercised and the duties to be performed by the committee and other officers ;

(*k*) prescribe rules for the appointment and regulation of work entrusted to person or persons replacing committee in pursuance of section 50 ;

(*l*) prohibit a registered society from electing a defaulting member on its committee or to be its representative ;

(*m*) prescribe the accounts and books to be kept by a registered society and provide for the audit of such accounts and the charges, if any, to be made for such audit, and for the periodical publication of a balance-sheet showing the assets and liabilities of a registered society ;

(*n*) prescribe the returns to be submitted by a registered society to the Registrar and provide for the persons by whom and the form in which such returns shall be submitted and in case of failure to submit any such returns for the levy of expenses of preparing it ;

(*o*) provide for the persons by whom and the form in which copies of entries in books of societies may be certified and for the charges to be levied for the supply of such copies ;

(*p*) prescribe the manner in which a registered society may empower its representative to be its attorney in legal proceedings under section 32 ;

(*q*) provide for the formation and maintenance of a register of members and where the liabilities of the members are limited by shares, of a register of shares ;

(*r*) provide for—

(*i*) the appointment of an arbitrator, or arbitrators to decide disputes ;

(*ii*) the procedure to be followed in proceedings before the Registrar, arbitrator or arbitrators or other persons deciding disputes including the appointment of a guardian for a party to the dispute who is a minor or who, by reason of unsoundness of mind or mental infirmity, is incapable of protecting his interests ;

(*iii*) the levy of the expenses relating to such proceedings ;

(*s*) provide for the withdrawal and expulsion of members and for the payments, if any, to be made to members who withdraw or are expelled and for the liabilities of past members or the estates of deceased members ;

(*t*) provide for the mode in which the value of a deceased member's shares or interest shall be ascertained, and for the nomination of a person to whom such share or interest may be paid or transferred ;

(*u*) prescribe the payments to be made and the conditions to be complied with by members applying for loans, the period for which any loans may be made, and the maximum amount which may be lent, to any member ;

(*v*) provide for the formation and maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of a registered society ;

(*w*) prescribe the extent to which a registered society may limit the number of its members ;

(*x*) prescribe the conditions under which profits may be distributed to the members of a registered society with unlimited liability, and the maximum rate of dividend which may be paid by registered societies ;

(*y*) provide for the writing off of bad debts;

(*z*) prescribe the procedure to be followed by a liquidator appointed under section 51 in respect of provisions of section 54;

(*aa*) prescribe the procedure to be followed in presenting and disposing of appeals under this Act;

(*bb*) prescribe the procedure to be followed by the Registrar in hearing parties under section 54 (proviso);

(*cc*) prescribe the forms of orders to be executed as decrees under section 58;

(*dd*) provide for the issue and service of processes and for proof of service thereof;

(*ee*) provide for the inspection of documents in the Registrar's office and the levy of fees for granting certified copies of the same;

(*ff*) provide for—

(*i*) the manner of effecting distraint;

(*ii*) the custody, preservation and sale of the distrained property;

(*iii*) the investigation of claims by persons other than the defaulter to any right or interest in the distrained property, and for the postponement of the sale pending such investigation;

(*iv*) the immediate sale of perishable articles.

(*3*) Government may delegate, subject to such conditions, if any, as it thinks fit, all or any of its powers to make rules under this section to any authority specified in the order of delegation.

Indian Companies Act not to apply. 77. The provisions of the Indian Companies Act, 1913, shall not apply to registered societies.

78. (*1*) Every society now existing which has been registered under the Co-operative Credit Societies Act, 1904, or under the Co-operative Societies Act, 1912, shall be deemed to be registered under corresponding provisions of this Act, and its by-laws shall, so far as the same are not inconsistent with the express provisions of this Act, continue in force until altered or rescinded. Saving of existing Societies.

(*2*) All appointments, rules and orders made, notifications and notices issued and suits and other proceedings instituted under the said Acts shall, so far as may be deemed to have been respectively made, issued and instituted under this Act.

STATEMENT OF OBJECTS AND REASONS

The present law governing Co-operative Societies is contained in the All India Act, II of 1912. When that Act was passed Co-operation in India was still in its infancy and 38 years of further experience have shown a number of points in which the Act needs improvement. The Bombay and Madras Presidencies have already passed new Co-operative Societies Acts. The Bombay Act is No. VII of 1925 and the Madras Act is No. VI of 1932. The present bill has followed these Acts in many places where it has been found necessary to improve upon Act II of 1912 and there is thus good evidence that the changes are genuinely necessary. Where there are innovations, these have been suggested by the practical experience of official and non-official co-operators.

GURBACHAN SINGH BAJWA,

Minister-in-Charge.

S. B. CAPOOR,
Secretary to Government, Punjab
Legislative Department.

SIMLA-4 :
The 8th
March 1950.

ABNASHA SINGH,
SECRETARY,
Punjab Legislative Assembly.

N. B. The above Bill was published in the *Punjab Government Gazette (Extraordinary)*, dated the 3rd March 1950, under proviso to Rule 85 of the Rules of Procedure of the Punjab Legislative Assembly.

290 PLA—500—10-3-50—SGPP Simla.