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CHAPTER 164

CO-OPERATIVE SOCIETIES

ARRANGEMENT OF SECTIONS

SECTION

PART I

PRELIMINARY

1. SHORT TITLE
2. INTERPRETATION

PART II

REGISTRATION

3. APPOINTMENT OF REGISTRAR AND ASSISTANT REGISTRARS
4. SOCIETIES WHICH MAY BE REGISTERED
5. CONDITIONS OF REGISTRATION
6. APPLICATION FOR REGISTRATION
7. REGISTRATION
8. SOCIETIES TO BE BODIES CORPORATE
9. EVIDENCE OF REGISTRATION

PART III

DUTIES AND PRIVILEGES OF SOCIETIES

10. AMENDMENT OF THE BY-LAWS OF A REGISTERED SOCIETY
11. ADDRESS OF SOCIETY
12. COPY OF ACT, RULES, BY-LAWS, ETC., TO BE OPEN TO INSPECTION
13. DISPOSAL OF PRODUCE TO OR THROUGH A REGISTERED SOCIETY
14. CREATION OF CHARGES IN FAVOUR OF REGISTERED SOCIETIES
15. CHARGE AND SET-OFF IN RESPECT OF SHARES OR INTEREST OF MEMBERS
16. SHARES OR INTEREST NOT LIABLE TO ATTACHMENT OR SALE
17. DEPOSITS BY OR ON BEHALF OF MINORS
18. REGISTER OF MEMBERS
19. PROOF OF ENTRIES IN BOOKS OF SOCIETY

PART IV

RIGHTS AND LIABILITIES OF MEMBERS

20. QUALIFICATION FOR MEMBERSHIP
21. MEMBERS NOT TO EXERCISE RIGHTS TILL DUE PAYMENT MADE
22. VOTES OF MEMBERS
23. REPRESENTATION BY PROXY
24. NO INDIVIDUAL TO HOLD MORE THAN ONE-FIFTH OF SHARE CAPITAL OF ANY SOCIETY
25. LIABILITY OF PAST MEMBER AND ESTATE OF DECEASED MEMBER FOR DEBTS OF SOCIETY

PART V

PROPERTY AND FUNDS OF REGISTERED SOCIETIES

26. LOANS MADE BY A REGISTERED SOCIETY
27. DEPOSITS AND LOANS RECEIVED BY A REGISTERED SOCIETY
28. RESTRICTION ON OTHER TRANSACTIONS WITH NON-MEMBERS
29. INVESTMENT OF FUNDS
30. DISPOSAL OF PROFITS

PART VI

AUDIT, INSPECTION AND INQUIRY

31. AUDIT
32. POWER OF REGISTRAR TO INSPECT SOCIETIES' BOOKS, ETC
33. INQUIRY AND INSPECTION

PART VII

DISSOLUTION

34. DISSOLUTION
35. CANCELLATION OF REGISTRATION OF A SOCIETY DUE TO LACK OF MEMBERSHIP
36. EFFECT OF CANCELLATION OF REGISTRATION
37. LIQUIDATION AFTER CANCELLATION OF REGISTRATION OF SOCIETY
38. LIQUIDATOR'S POWERS
39. POWERS OF REGISTRAR TO CONTROL LIQUIDATION
40. ENFORCEMENT OF ORDER
41. LIMITATION OF THE JURISDICTION OF THE CIVIL COURT
42. CLOSURE OF LIQUIDATION

PART VIII

DISPUTES

43. SETTLEMENT OF DISPUTES
44. CASE STATED ON QUESTION OF LAW

PART IX

RULES

45. RULES

PART X

MISCELLANEOUS

46. RECOVERY OF SUMS DUE TO GOVERNMENT
47. SPECIAL POWERS OF MINISTER TO EXEMPT ANY SOCIETY FROM REQUIREMENTS AS TO REGISTRATION
48. SPECIAL POWER OF MINISTER TO EXEMPT SOCIETIES FROM PROVISIONS OF ACT
49. POWER TO EXEMPT FROM STAMP DUTY AND REGISTRATION FEES
50. PROHIBITION OF THE USE OF THE WORD "CO-OPERATIVE"
51. PUNISHMENT OF FRAUD OR MISAPPROPRIATION
52. EXEMPTION
53. PENALTY FOR NON-COMPLIANCE WITH ACT

PART III

DUTIES AND PRIVILEGES OF SOCIETIES

Amendment of
the by-laws of a
registered society
LN 46A of 1978

10.—(1) Any registered society may, subject to this Act and the rules, amend its by-laws.

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

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

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

(5) In this section, "amendment" includes the making of a new by-law and the variation or rescission of a by-law.

Address of
society

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

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

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

Disposal of
produce to or
through a
registered society

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

(a) that every such member who produces any such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and

(b) that any member who is proved or adjudged, in such a manner as may be prescribed by the rules, to be guilty of

a breach of the by-laws or contract shall pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the aforesaid rules.

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

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

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

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

16. Subject to the provisions of section 15, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a Court in respect of any debt or liability incurred by such member, and a trustee in bankruptcy shall not be entitled to, or have any claim on, such share or interest:

Provided that where a society is dissolved the property and the shares of any member who has been adjudicated in bankruptcy shall be vested in the trustee in bankruptcy.

17.—(1) A registered society may receive deposits from or for the benefit of minors and it shall be lawful for a registered

Creation
charges
of regis
societies

Charge
off in re
shares c
of mem

Shares c
not liab
attachm
sale

Deposit
on beha
minors

society to pay such minors the interest which may become due on such deposits. Any deposits made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may, together with the interest accrued thereon, be paid to the guardian of that minor for the use of the minor.

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

Register of members

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

(a) the date at which the name of any person was entered in such register or list as a member;

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

Proof of entries in books of society

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

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

PART IV

RIGHTS AND LIABILITIES OF MEMBERS

Qualification for membership

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

(a) have attained the age of sixteen years;

(b) be resident within or in occupation of land within the society's area of operations as described by the by-laws.

21. 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.

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

Provided that in the case of an equality of votes the chairman shall have a casting vote:

Provided further that in the case of societies of which a registered society is a member that society may have such voting powers as are provided in the by-laws.

23. A registered society which is a member of any other registered society may appoint any one of its members or, with the consent of the Registrar, any other person as its proxy for the purpose of voting in the conduct of the affairs of such other registered society.

24. No member, other than a registered society, shall hold more than one-fifth of the share capital of any co-operative society.

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

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

PART V

PROPERTY AND FUNDS OF REGISTERED SOCIETIES

26. A registered society shall not, except as provided in section 29, make any loan to any person other than a member:

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

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

Restriction on other transactions with non-members

28. Save as provided in sections 26 and 27, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the rules.

Investment of funds

29. A registered society may invest or deposit its funds—

- (a) with any bank approved for this purpose by the Registrar; or
- (b) in any securities issued or guaranteed by a Government under the British Crown; or
- (c) with any other registered society approved for this purpose by the Registrar; or
- (d) in any other mode approved by the Registrar.

Disposal of profits
LN 46A of 1978

30.—(1) At least one-fourth of the net profit of every registered society, as ascertained by the audit prescribed by section 31, shall be carried to a fund to be called the reserve fund, which shall be employed as prescribed by the rules. The remainder of such profits and any profits of past years available for distribution may be divided among the members by way of dividend or bonus, or allocated to any funds constituted by the society, to such extent or under such conditions as may be prescribed by the rules, or by-laws:

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

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

PART VI

AUDIT, INSPECTION AND INQUIRY

Audit

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

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

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

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

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

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

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

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

(a) proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and

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

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

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

(5) Any sum awarded by way of costs against any society or person under this section may be recovered, on application to the Court in the place where the registered office of the society is situated or the person resides or carries on business for the time being, in like manner as a fine imposed by the Court.

PART VII

DISSOLUTION

Dissolution
LN 46A of 1978

34.—(1) If the Registrar, after holding an inquiry or making an inspection under section 33 or on receipt of an application made by three-fourths of the members of a registered society, is of the opinion that the society ought to be dissolved, he may make an order for the cancellation of the registration of the society.

(2) Any member of a registered society may, within two months from the date of an order under subsection (1), appeal from such order in the prescribed manner to the Minister.

(3) Where no appeal is presented within two months from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period. Where an appeal is presented within two months, the order shall not take effect until it is confirmed.

(4) Where the Registrar makes an order for the cancellation of the registration of a society under subsection (1) he may make such further order as he may think fit for the custody of the books and documents and the protection of the assets of the society until the order cancelling registration takes effect.

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

35. The Registrar may, by order in writing, cancel the registration of any registered society other than a society which includes among its members one or more registered societies, if at any time it is proved to his satisfaction that the number of the members has been reduced to less than ten. Every such order shall take effect from the date thereof.

Cancellation of
registration of a
society due to
lack of
membership

36. Where the registration of a society is cancelled by an order under section 34 or under section 35 the society shall cease to exist as a corporate body from the date on which the order takes effect, hereinafter referred to as the date of dissolution:

Provided that any privileges conferred on the society by or under sections 14, 15 and 16 shall be deemed to be vested in any liquidator appointed for that society by the Registrar.

37. Where the registration of a society is cancelled under section 34 or section 35 the Registrar may appoint one or more persons to be, subject to his direction and control, the liquidator or liquidators of the society.

38.—(1) A liquidator appointed under section 37 shall, subject to the guidance and control of the Registrar and to any limitations imposed by the Registrar by order under section 39 have power to—

(a) determine from time to time the contribution to be made by members and past members or by the estate of deceased members of the society to its assets;

(b) appoint a day by notice before which creditors whose claims are not already recorded in the books of the society shall state their claims for admission or be excluded from any distribution made before they have proved them;

(c) decide any question of priority which arises between creditors;

(d) refer disputes to arbitration and institute and defend suits and other legal proceedings on behalf of the society by his name or office;

(e) decide by what persons and in what proportions the costs of liquidation are to be borne;

(f) give such directions in regard to the collection and distribution of assets as may be necessary in the course of winding up the society;

(g) compromise any claim by or against the society provided the sanction of the Registrar has first been obtained;

(h) call such general meetings of members as may be necessary for the proper conduct of the liquidation;

(i) take possession of the books, documents and assets of the society;

(j) sell the property of the society;

(m) prescribe the accounts and books to be kept by a registered society, and for the periodical publication of a balance sheet showing the assets and liabilities of a registered society;

(n) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and provide for the levy of contributions from all or any registered societies to a fund to be used for the audit and supervision of existing societies and prescribe for the administration of such a fund;

(o) prescribe the returns to be submitted by registered societies to the Registrar, and the persons by whom and the form in which the same are to be made;

(p) provide for the persons by whom, and the form in which, copies of entries in books of registered societies may be certified;

(q) provide for the formation and maintenance of a register of members and, where the liability of members is limited by shares, a register of shares;

(r) provide for the inspection of documents and registers at the Registrar's office and the fees to be paid therefor and for the issue of copies of such documents or registers;

(s) prescribe the manner in which any question as to the breach of any by-law or contract relating to the disposal of produce to or through a society, may be determined, and the manner in which the liquidated damages for any such breach may be ascertained or assessed;

(t) prescribe the mode of appointing an arbitrator and the procedure to be followed in proceedings before the Registrar or such arbitrator;

(u) prescribe the forms to be used, the fees to be paid, the procedure to be observed and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Act or the rules.

PART X

MISCELLANEOUS

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

Recovery of
sums due to
Government

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

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

Special powers
of Minister to
exempt any
society from
requirements as
to registration
LN 46A of 1978

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

Special power of
Minister to
exempt societies
from provisions
of Act
LN 46A of 1978

49. The Minister by notification in the Gazette may, in the case of any registered society or class of registered societies, remit—

Power to exempt
from stamp duty
and registration
fees
LN 46A of 1978

(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 are respectively chargeable; or

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

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

Prohibition of
the use of the
word "co-
operative"
LN 46A of 1978

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

(2) Any person who contravenes the provisions of this section shall be guilty of an offence and shall be liable on summary conviction to a fine of ten dollars, and in the case of a continuing offence to a further fine of two dollars for each day during which the offence continues.

51. If any person obtains possession by false representation or imposition of any property of a society, or having the same in his

Punishment of
fraud or
misappropriation

possession withholds or misapplies the same, or wilfully applies any part thereof to purposes other than those expressed or directed in the rules of the society, and authorised by this Act, he shall on the complaint of the society, or of any member authorised by the society, or the committee thereof, or of the Registrar or any Assistant Registrar by his authority, be liable on summary conviction to a fine of forty dollars with costs, and to be ordered to deliver up all such property or to repay all moneys applied improperly, and, in default of such delivery or repayment, or of the payment of such fine to be imprisoned for three months.

Exemption
Cap. 175
Cap. 76

52. The provisions of the Companies Act, and the Trade Unions Act shall not apply to a registered society.

Penalty for non-compliance with Act

53.—(1) (a) Any registered society or an officer or a member thereof, wilfully neglecting or refusing to do any act or to furnish any information required for the purposes of this Act by the Registrar or other persons duly authorised by him in this behalf; or

(b) any person wilfully or without any reasonable excuse disobeying any summons, requisition or lawful written order issued under the provisions of this Act, or failing to furnish any information lawfully required from him by a person authorised to do so under the provisions of this Act,

shall be guilty of an offence under this Act.

(2) Every offence referred to in subsection (1) shall be punishable with a fine of two hundred dollars.

CHAPTER 164

CO-OPERATIVE SOCIETIES

Subsidiary Legislation

CONFERMENT OF POWERS OF THE REGISTRAR (Section 3(b))

LN 30/

[20th July 1979]

The powers of the Registrar specified in the First Schedule are conferred on the persons specified in the Second Schedule:—

FIRST SCHEDULE

Sections 23 and 33
Rules 23,25,39,43(3) and 45

SECOND SCHEDULE

Senior Co-operative Societies Officers;
Co-operative Societies Officers;
Assistant Co-operative Societies Officers.

CO-OPERATIVE SOCIETIES RULES (Section 45)

222/232
LN 42/1

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

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

Register
Societies:

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

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

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