[1]THE PUNJAB CO-OPERATIVE SOCIETIES ACT, 1961

(PUNJAB ACT 25 OF 1961)

[Received the assent of the President of India on the 22nd June, 1961 and first published for general information in the Punjab Government Gazette (Extraordinary), Legislative Supplement, dated the 8th July, 1961.]

1	2	3	4
Year	No.	Short title	Whether repealed or otherwise affected by Legislation
1961	25	The Punjab Co-operative Societies Act, 1961.	[2] Amended by Punjab Act 25 of 1964 [3] Amended by Punjab Act 4 of 1965 [4] Amended by Punjab Act 26 of 1969 with effect from 10th September, 1969 Amended by the Adaptation of Punjab Laws Order 1970 [5]Amended by Punjab Act No. 6 of 1974 [6]Amended by Punjab Act No. 11 of 1975 [7]Amended by Punjab Act No. 13 of 1977 [8]Amended by Punjab Act No. 3 of 1978 [9]Amended by Punjab Act No. 8 of 1978 [10]Amended by Punjab Act No. 15 of 1978 [11]Amended by Punjab Act No.12 of 1981 [12]Amended by Punjab Act No.26 of 1981 [13]Amended by Punjab Act No.19 of 1993 [14]Amended by Punjab Act No.15 of 1994

An Act to consolidate and amend the law relating to co-operative societies in the State of Punjab.

[1]For Statement of Objects and Reasons, [2]For Statement of Objects and Reasons, [3]For Statement of Objects and Reasons, [4]For Statement of Objects and Reasons,

[5]For Statement of Objects and Reasons, [6]For Statement of Objects and Reasons, [7]For Statement of Objects and Reasons, [8]For Statement of Objects and Reasons, [9]For Statement of Objects and Reasons, [10]For Statement of Objects and Reasons, [11]For Statement of Objects and Reasons,

[12]For Statement of Objects and Reasons,

[13]For Statement of Objects and Reasons,

[14]For Statement of Objects and Reasons,

See Punjab Government Gazette (Extraordinary), 1964 pages 935-37. See Punjab Government Gazette (Extraordinary), 1965 pages 355-56. See Punjab Government Gazette (Extraordinary), 1969 pages 1032-33.
March,1994, page 304.

Be it enacted by the Legislature of the State of Punjab in the Twelfth Year of the Republic of India as follows :-

CHAPTER 1

PRELIMINARY

SECTION-1

1. **Short title, extent and commencement.** (1) This Act may be called the Punjab Co-operative Societies Act, 1961.

2. It extends to the whole of the State of Punjab.

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

SECTION-2

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

[1][(a) "associate member" means a member who holds jointly a share of a co-operative society with others but whose name does not stand first in the share certificate;]

[2][(aa)] "bye-laws" means the registered bye-law for time being in force;

(b) "committee" means the governing body of a co-operative society, by whatever name called, to which the management of the affairs of the society is entrusted;

(c) "co-operative society" means a society registered or deemed to be registered under this Act;

(d) "co-operative society with limited liability" means a co-operative society the liability of whose members is limited by its bye-laws to the amount, if any, unpaid on the shares individually held by them or to such amount as they may individually

1. Inserted by Punjab Act 26 of 1969, section 2.

2. Re-numbered by the Act ibid

undertake to contribute to the assets of the society, in the event of its being wound up;

(e) "co-operative society with unlimited liability" means a co-operative society the liability of whose members is unlimited for the purpose of contributing jointly and severally to any deficiency in the assets of the society in the event of its being wound up;

(f) "Government" means Government of the State of Punjab;

(g) "member" means a person joining in the application for the registration of a cooperative society and a person admitted to membership after such registration in accordance with this Act, the rules and the bye-laws, and includes a nominal and an associate member and the Government when it subscribes to the share-capital of a society;

F [(gg) "net profits" means profits after deduction of establishment charges, contingent charges, interest payable on loans and deposits, audit fee and such other sums as may be prescribed;

(ggg) "nominal member" means a person admitted to membership as such after registration in accordance with the bye-laws;

(h) "officer" means the president, vice-president, chairman, vice-chairman, managing director, secretary, manager, member of committee, treasurer, liquidator, administrator and includes any other person empowered under the rules or the bye-laws to give directions in regard to the business of a cooperative society ;

(i) "prescribed" means prescribed by rules;

F Inserted by Punjab Act 26 of 1969, section 2

(j) "Registrar" means a person appointed to perform the functions of the Registrar of Co-operative Societies under this Act [1][* * * *] ;

(k) "producers society" means a society formed with the object of producing and disposing of goods and commodities as a collective property of its members, and includes a society formed with the object of the collective disposal of the labour of its members ; and

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

CHAPTER II

REGISTRATION OF CO-OPERATIVE SOCIETIES

SECTION-3

[2][3. **Registrar and other officers and their powers :-** (1) The Government may appoint a person to be the Registrar of Co-operative Societies for the State.

(2) To assist the Registrar in his functions under this Act the Government may appoint such number of Additional Registrars, Joint Registrars, Deputy Registrars, Assistant Registrars and other persons with such designations as it may think fit.

(3) The Government may, by general or special order, confer on any person appointed under sub-section (2), all or any of the powers of the Registrar under this Act.

(4) Every person appointed under sub-section (2) shall exercise his powers subject to the general superintendence and control of the Registrar.].

1. Omitted by Punjab Act 6 of 1974, section-2

2. Substituted by Punjab Act No. 26 of 1969, section 3

[1][(5) Notwithstanding anything contained in this Act, where any power of the Registrar is exercised by any person by virtue of the order issued by the Government under sub-section (3), the order passed or decision made by such person shall, for the purpose of appeal, be deemed to be the order or decision of that person and not of the Registrar.]

4. **Societies which may be registered:-** (1) Subject to the provisions hereinafter contained, a society which has as its object the promotion of the economic interest 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, the liability of the society of which a member is a co-operative society shall be limited.

(2) The word "limited" or its equivalent in any Indian language shall be the last word in the name of every society registered under this Act with limited liability.

SECTION - 5

5. **Restrictions on registration :-** No society, other than a society of which a member is a co-operative society, shall be registered under this Act, unless it consists of at least ten individuals above the age of eighteen years.

SECTION - 6

[2][6. **Restrictions on holding of shares. -** No member other than the Government or a co-operative society shall, hold more

1. Added by Punjab Act No. 6 of 1974, section-3.

2. Substituted by Punjab Act 19 of 1993, section 2.

than such portion of the share capital of a co-operative society, as may be prescribed which in no case shall exceed one-tenth of the share capital, or, have or claim any interest in the shares of such a co-operative society exceeding fifty thousand rupees, whichever is less]

SECTION - 7

7. **Application for registration :-**

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

(2) The application shall be signed,-

(a) in the case of a society of which no member is a co-operative society, by at least ten persons qualified in accordance with the requirements of section 5; and

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

are less than ten other members, by all of them.

SECTION - 8

(8) **Registration :-**

(1) If the Registrar is satisfied -

(a) that the application complies with the provisions of this Act and the rules;

(b) that the objects of the proposed society are in accordance with section 4;

(c) that the proposed bye-laws are not contrary to the provisions of this Act and the rules; and

(d) the proposed society has reasonable chances of success, the Registrar may register the society and its bye-laws.

(2) When the Registrar refuses to register a society, he shall communicate the order of refusal, together with the reasons therefor, to such of the applicants as may be prescribed.

(3) The application for registration shall be disposed of by the Registrar within a period of two months from the date of receipt thereof by him.

SECTION -9

9. Registration certificate :

Where a society is registered under this Act, the Registrar shall issue a certificate of registration signed by him, which shall be conclusive evidence that the co-operative society therein mentioned is duly registered under this Act.

SECTION - 10

10. Amendment of bye-laws of a co-operative society :

(1) No Amendment of bye-laws of a co-operative society shall be valid unless such amendment has been registered under this Act.

(2) Every proposal for such amendment shall be forwarded to the Registrar and if the Registrar is satisfied that the proposed amendment -

(i) is not contrary to the provisions of this Act and the rules;

(ii) does not conflict with co-operative principles; and

(iii) will promote the economic interests of the members of the society, he may register the amendment.

(3) The Registrar shall forward to the society a copy of the registered amendment together with a certificate signed by him and such certificate shall be conclusive evidence that the amendment has been duly registered.

(4) Where the Registrar refuses to register an amendment of the bye-laws of a co-operative society, he shall communicate the order of refusal together with reasons therefor, to the society in the manner prescribed.

[1][**10. A. Power to direct amendment of bye-laws of co-operative society.**

(1) If in the opinion of the Registrar, an amendment of the bye-laws of a co-operative society is necessary or desirable in the interest of such a society or of the co-operative movement, or to bring such bye-laws in conformity with any provision of the Act or rules made thereunder he may by notice in writing, call upon the society to make such amendment

1. Inserted by Punjab Act No. 26 of 1969 section 4

within a period of three months of the date of service of the notice.

(2) If within the period specified in sub-section (1) the co-operative society fails to make such an amendment the Registrar may after giving the society an opportunity of making its representation, register the amendment and issue to the society a copy of the amendment together with a certificate signed by him.

(3) The certificate issued under sub-section (2) shall be conclusive evidence that amendment has been duly registered and such amendment shall have the same effect as an amendment registered under section 10.]

SECTION -11

11. **Change of name. -(1)** A co-operative society may, by an amendment of its bye-laws, 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) Where a co-operative society changes its name, the Registrar shall enter the new name on the register of co-operative societies in place of the former name and shall amend the certificate of registration accordingly.

SECTION -12

Change of liability. -(1) Subject to the provisions of this Act

and the rules, a co-operative society may, by an amendment of its bye-laws, change the form or extent of its liability.

(2) When a co-operative society has passed a resolution to change the form or extent of its liability, it shall give notice thereof in writing to all its members and creditors and, notwithstanding any bye-law or contract to the contrary, any member or creditor shall, during a period of one month from the date of

serivce of the notice upon him, have the option of withdrawing his shares, deposits or loans, as the case may be.

(3) Any member or creditor who does not exercise his option within the
(4) period specified in sub-section (2) shall be deemed to have assented to the change.

An amendment of a bye-law of a co-operative society changing the form or extent of its liability shall not be registered or take effect until either-

(a) the assent thereto of all members and creditors has been obtained ; or

(b) all claims of members and creditors who exercise the option, referred to in sub-section (2) within the period specified therein have been met in full.

SECTION -13

13. Amalgamation, transfer of assets and liabilities and division of co-operative societies :

(1) A co-operative society may with the previous approval of the Registrar and by a resolution passed by a two-thirds majority of the members present and voting at a general meeting of the society, -

[1] [(a) transfer its assets and liabilities in whole or in part to another co-operative society provided the co-operative society to which the assets and liabilities are to be transferred also passes a resolution in the aforesaid manner to accept such assets and liabilities in whole or in part, as the case may be;]

(b) divide itself into two or more co-operative societies.

(2) Any two or more co-operative societies may, with the previous approval of the Registrar and by a resolution passed by a two-thirds majority of the members present and voting at a general meeting of each such society, amalgamate themselves and form a new co-operative society.

(3) The resolution of a co-operative society under sub-section (1) or sub-section (2) shall contain all particulars of the transfer, division or amalgamation, as the case may be.

(4) When a co-operative society has passed any such resolution, it shall give notice thereof in writing to all its members and creditors and, notwithstanding any bye-laws or contract to the contrary, any member or creditor shall, during the period of one month of the date of service of the notice upon him, have the option of withdrawing his shares, deposits or loans, as the case may be.

(5) Any member or creditor who does not exercise his option within the period specified in sub-section(4) shall be deemed to have assented to the proposals contained in the resolution.

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

1. Substituted by Punjab Act 26 of 1969, section 5

(a) the assent thereto of all the members and creditors has been obtained; or

(b) all claims of members and creditors who exercise the option referred to in sub-section (4) within the period specified therein have been met in full.

(7) Where a resolution passed by a co-operative society under this section involves the transfer of any assets and liabilities, the resolution shall, notwithstanding, anything contained in any law, for the time being in force, be a sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.

1[(8) Where the Registrar is satisfied that it is necessary in the interest of the co-operative society or co-operative societies that -

(i) any co-operative society be divided to form two or more co-operative societies; or

(ii) one or more co-operative societies be amalgamated with any other co-operative society; or

(iii) two or more co-operative societies be amalgamated to form a new co-operative society, then, notwithstanding anything hereinbefore contained, the Registrar may, after consulting the financing institution, if any, provide for -

(a) the division of that co-operative society into two or more co-operative societies; or

(b) the amalgamation of the society or societies -

1. Inserted by Punjab Act, 8 of 1978, section-2.

(i) with any other co-operative society; or to

(ii) form a new co-operative society;

with such constitution including representation on the committee, property rights, interests, liabilities, duties and obligations, as may be specified in the order.

(9) No order shall be made under sub-section (8), unless :-

(a) a copy of the proposed order has been sent under certificate of
(b) posting to the society or societies concerned and the creditors; and

(10) the Registrar has considered the objections received from the
(11) society or societies concerned or from any member or creditor of such society or societies within such period, being not less than fifteen days from the date of posting of the proposed order, as may be specified by the Registrar in this behalf in the proposed order.

The Registrar may, after considering the objections referred to in sub-section (9), make such modification in the proposed order as he may deem fit and the order may contain such incidental, consequential and supplemental provisions as the Registrar may deem necessary to give effect to the same.

A member or creditor who had objected to the proposed order under sub-section (9)shall have the option of withdrawing his share, deposits or loans, as the case may be, on an application which shall be made to the society to which his share, deposit

or loan stands allocated by virtue of the order under sub-section (8), within a period of thirty days of the date of such order.

(12) Save as provided in sub-section (11), the order passed by the Registrar under sub- section (8) shall be final and where such an order involves the transfer of any assets and liabilities the same shall, notwithstanding anything contained in any law for the time being in force, be a sufficient conveyance to vest the assets and liabilities in the society in which these are vested under that order without any further assurance.]

SECTION - 14

14. Cancellation of registration certificates of co-operative societies in certain cases :-

(1) Where the whole of the assets and liabilities of a co-operative society are transferred to another co-operative society in accordance with the provisions of section 13, the registration of the first mentioned co-operative society shall stand cancelled and the society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

1[(1-A) Where one or more co-operative societies are amalgamated with any other co-operative society by an order under sub-section (8) of section 13, the registration of the co-operative society or co-operative societies, as the case may be, so amalgamated shall stand cancelled and the society or societies whose registration stands so cancelled shall be

1. Inserted by Punjab Act 8 of 1978, section-3

deemed to have been dissolved and shall cease to exist as a corporate body on the date of the aforesaid order and the members thereof shall become the members of the other co-operative society.]

(2) Where two or more co-operative societies are amalgamated into a new co-operative society in accordance with provisions of section 13, the registration of each of the amalgamating societies shall stand cancelled on the registration of the new society, and each society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

(3) Where a co-operative society divides itself into two or more co-operative societies in accordance with the provisions of section 13, the registration of that society shall stand cancelled on the registration of the new societies, and that society shall be deemed to have been disolved and shall cease to exit as a corporate body.

(4) The amalgamation and splitting of co-operative societies shall not in any manner whatsoever affect any right or obligation of the resulting co-operative society or societies or render defective any legal proceedings by or against the co-operative society or societies and any legal proceedings that might have been continued or commenced by or against the co-operative society or the societies, as the case may be, before the amalgamation or splitting, may be continued or commenced by or against the resulting co-operative society or societies.

CHAPTER III

MEMBERSOF CO-OPERATIVE SOCIETIESANDTHEIR RIGHTSAND LIABILITIES

SECTION - 15

15. **Persons who may become members.-** No person shall be admitted as member of a co-operative society except the following, namely :-

(a) an individual competent to contract under section 11 of the Indian Contract Act, 1872 (9 of 1872);

(b) any other co-operative society;

(c) the Government ; and

(d) such class or classes of persons or associations of persons as may be notified by the Government in this behalf.

F **[15 A.Restrictions on individuals in becoming members of certain co-operative societies.**

(1) No individual shall be admitted as member of a central or apex society unless such a society has been exempted by the Registrar

in this behalf, by a general or special order.

(2) The Central and apex societies having individuals as members on the date of commencement of the Punjab Co-operative Societies (Amendment) Act, 1969, shall retire the shares of such individuals within a period of three years of such commencement in the prescribed manner.

EXPLANATION - For the purpose of this section, section 26, section 26-B and section 84-A. -

F Inserted by Punjab Act No. 26 of 1969 section-6.

(a) "primary society" means a co-operative society whose membership consists exclusively of individuals ;

(b)"central society" means a co-operative society whose membership includes primary societies;

(c)"apex society" means a co-operative society whose membership includes central societies.]

F **[15 - B. Provision for admission as member in the case of certain societies.**

(1) Notwithstanding anything to the contrary contained in this Act :-

(i) every person eligible for admission as a member of a co-operative society shall be deemed to have been admitted as a member of the society from the date of receipt of his application for such admission in the office of that society;

(ii) the Registrar may, of his own motion or on a complaint made by the committee of the society or any aggrieved person, by an order determine that such a person is not eligible to be a member of the society and on such determination that person will cease to be a member :

Provided that no such order shall be made unless the person already admitted as a member is given an opportunity of being heard and where an order is to be made on the basis of a complaint it shall be made within a period of thirty days of the receipt thereof.

(2) The provisions of this section shall apply only to a Primary

F Inserted by Punjab Act No. 8 of 1978, section-4.

Land Mortgage Bank and to a co-operative society having one of its objects advancing of loans for the purpose of raising of crops or seasonal agricultural operations.]

SECTION - 16

16. Nominal or associate members :-

(1) Notwithstanding anything contained in clause (d) of section 15, a co-operative society may admit any person as a nominal or associate member in accordance with its bye-laws.

(2) A nominal or associate member shall not be entitled to any share in any from whatsoever, in the assets or profit of the co-operative society.

(3) Save as provided in this section, a nominal or associate member shall have such privileges and rights of a member and be subject to such liabilities of a member, as may be specified in the bye-laws of the society.

SECTION - 17

17. Member not to exercise rights till due payment made :- No member of a co-operative society shall exercise the rights of a member unless he has made such payments to the society in respect of membership or has acquired such interest in the society as may be specified in the bye-laws.

SECTION - 18

18. Votes of members :- Every member of a co-operative society shall have one vote in the affairs of the society.

Provided that :-

(a) in the case of an equality of votes, the chairman shall have a second or casting vote;

(b) a nominal or associate member shall not have the right of vote;

(c) where the Government is a member of the co-operative society, each person nominated by the Government on the committee shall have one vote.

SECTION - 19

19. Manner of exercising vote :-

(1) Every member of a co-operative society shall exercise his vote in person and no member shall be permitted to vote by proxy.

(2) Notwithstanding anything contained in sub-section (1), a co-operative society which is a member of another co-operative society, may, subject to the rules, appoint one of its members to vote on its behalf in the affairs of that other society.

SECTION - 20

20. Restriction on transfer of shares or interest :- The transfer of the share or interest of a member in the capital of a co-operative society shall be subject to such conditions as to maximum holding as are specified in section 6.

SECTION - 21

21. Transfer of interest on death of members:-

(1) On the death of a member a co-operative society may transfer

the share or interest of the deceased member to the person nominated in accordance with the rules, made in this behalf, 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, or 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 bye-laws :

Provided that -

(i) In the case of a co-operative society with unlimited liability, such nominee, heir or legal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid;

(ii) in the case of a co-operative society with limited liability, the society shall transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the rules and bye-laws for membership of the society, or on his application within one month of the death of the deceased member to any person specified in the application who is so qualified; and

(iii) no such transfer or payment shall be made except with the consent of the nominee, heir or legal representative, as the case may be.

(2) A co-operative society shall, subject to the provisions of section 31 and unless within six months of the death of member

prevented by an order of competent 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 a co-operative 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.

SECTION - 22

22. **Liability of past members and estate of deceased member :-** (1) Subject to the provisions of sub-section (2), the liability of a past member or the estate of a deceased member of a co-operative society for the debts of the society as they existed ;-

(a) in the case of a past member, on the date on which he ceased to be a member ; and

(b) in the case of deceased member, on the date of his death; shall continue for a period of two years from such date.

(2) Where a co-operative society is ordered to be wound up under section 57, the liability of a past member or of the estate of a deceased member who ceased to be member or died within two years immediately preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed, but such liability shall extend only to the debts of the society as they existed on the date of his ceasing to be a member or death, as the case may be.

CHAPTER IV

MANAGEMENTOF CO-OPERATIVE SOCIETIES

SECTION - 23

23. Final authority in a co-operative society :-

(1) The final authority in a co-operative society shall vest in the general body of members;

[1][* * * * * *]

F [(1-A)Notwithstanding anything in sub-section (1), where a co-operative society consists of not less than such number of members as may be prescribed, the society may provide in its bye-laws for the constitution of a smaller general body designated as the representative general body, to be elected in the prescribed manner for a term of three years, consisting of such number of members of the society and to exercise all or such of the powers of the general body as may be specified in the bye-laws, and thereupon any reference in this Act to the general body or meeting thereof shall be construed as a reference to the representative general body or its meetings :

Provided that the representative general body shall not alter any provision in the bye-laws relating to its constitution or powers.]

(2) Notwithstanding anything contained in sub-section (2) of section 19, each delegate shall have one vote in the affairs of the society.

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1. 1. Proviso omitted by Punjab Act 26 of 1969
F section-7. Inserted by Punjab Act 26 of

Section - 24

24. Annual general meeting :-

A general meeting of a co-operative society shall be held once in a year for the purpose of -

(a) approval of the programme of the activities of the society prepared by the committee for the ensuing year;

(b) election, if any, of the members of the committee other than

(c) nominated members ;

consideration of the audit report and the annual report ;

(d) disposal of the net profits ; and

(e) consideration of any other matter which may be brought forward in accordance with the bye-laws :

F [Provided that where the committee of any co-operative society has divided the area of operation of the society into zones in the manner laid down in sub-section (1-A) of section 26, election of the members of the committee may not be held in general meeting.]

SECTION - 25

25. Special general meetings :-

(1) The committee of a co-operative society may, at any time call a special general meeting of the society and shall call such meeting within one month after the receipt of a requisition in writing from the Registrar or from such number of members or a proportion of the total number of members, as may be provided in the bye-laws.

F Proviso inserted by Punjab Act 26 of 1969 section-8.

(2) If a special general meeting of a co-operative society is not called in accordance with the requisition referred to in sub-section (1), the Registrar or any person authorised by him in this behalf shall have the power to call such meeting and that meeting shall be deemed to be a meeting called by the committee.

SECTION - 26

Election and nomination of members of committees :-

The members of the committee of a co-operative society shall be elected in the manner prescribed and no person shall be so elected unless he is a share holder of the society.

[1][(1-A) The committee of any co-operative society may subject to the
[2][(1-B) approval of the Registrar, divide the area of operation of the society into zones for the purpose of election of members of the committee.]

The term of office of a committee elected after the commencement of the Punjab Co-operative Societies (Amendment) Act, 1993, shall be five years from the date of its election :

Provided that the term of office of the existing committee shall remain three years :

Provided further that where in terms of the provisions of the bye-laws of a society one-third members of its committee retire every year, the term of office of such a committee shall, after the commencement of the Punjab Co-operative Societies (Amendment) Act, 1993, expire on the date on which retirement of any of its one-third members falls for the first time.]

1. Inserted by Punjab Act 26 of 1969, section 9 (i) w.e.f. 10.9.1969
2. Substituted by Punjab Act No. 19 of 1993 section 3

[1][(1-C) Each committee shall, ninety days before the expiry of its term, make arrangements for the constitution of a new committee in accordance with the provisions of this Act and rules and bye-laws made thereunder.]

2 [(1-D) Where any committee has ceased to hold office and no committee has been constituted in accordance with the provisions of this Act and rules and bye-laws made thereunder, the Registrar may, by an order in writing appoint a Government employee as an Administrator for such period as may, from time to time, be specified in the order and the Administrator shall, before the expiry of the period of his appointment, arrange for the constitution of new committee in accordance with the provisions of this Act and rules and bye-laws made thereunder ;]

2. Substituted by Punjab Act 6 of 1974, section-4.

validation Section 5 of Punjab Act No. 6 of 1974 reads as under :- "Nothwithstanding any judgment, decree or order of any court or other authority, any appointment, reappointment or continuance of an Administrator beyond a period of six months ordered at any time after 1st January, 1973, and before the commencement of the Punjab Co-operative Societies (Amendment) Ordinance, 1973, shall be deemed to be as valid and effective as if the same had been made under the provisions of sub-section (1-D) of section 26 as substituted by the Punjab Co-operative Societies (Amendment) Act, 1974 and accordingly no act done or order passed by such Administrator shall be called in question merely on the ground that his appointment, reappointment or continuance was not made in accordance with law."

1. Inserted by Punjab No. 26 of 1969, section 9 (i) w.e.f. 10th September, 1969 2. Inserted by Punjab Act 6 of 1974, section 4

1[Provided that the total period for which an Administrator may be appointed, shall not, in any case, exceed six months in the case of primary society, and, one year in the case of a central society and apex society.]

2[(1-E) The provisions of sub-section (3) and sub-section (4) of section 27 shall apply to the Administrator appointed under sub-section (1-D) as if the Administrator had been appointed under that section.]

3[(1-F) Notwithstanding anything contained in this section, where the bye-laws, of a society so provide, the first committee may be nominated by the Registrar for a period of six months extendable upto one year in the case of a primary society, and for a period of one year extendable upto three years in case of a central society or an apex society:

Provided that the Registrar, may make such changes in the membership of a nominated committee at the time of each extension, as he may consider appropriate, subject, however, to the condition that no mid-term change shall be made during any of the extended periods.]

(2) Notwithstanding anything contained in sub-section (1),-

4[(a) where the Government have subscribed to the share capital of a co-operative society or has guaranteed the repayment of the principal of and payment of interest on debentures issued for loans raised by a co-operative society, the

Government or any person authorised by it in this hehalf shall have the right to nominate on the committee such number of persons not

(1) Sustitued by Punjab Act No. 19 of 1993, section-3 (2) Inserted by Punjab Act 26 of 1969, section-9
(3) Substituted by Punjab Act 19 of 1993, section-3 (4) Substituted by Punjab Act 19 of 1993, section-3.

exceeding three or one-third of the total number of members thereof, whichever is less, as the Government may determine:

Provided that where the Government has subscribed to the share capital of a co-operative society to the extent of twenty lacs of rupees or more, the Government may, notwithstanding anything contained in the bye-laws of the society,-

(a) appoint one of the members nominated in the aforesaid manner as Chairman of the committee of such society ; or

(b) nominate another member in addition to those nominated in the aforesaid manner and appoint him as Managing Director:

Provided further that no person shall be appointed to act as Managing Director unless he is a member of Indian Administrative Service, Punjab Civil Service (Executive Branch) or a Deputy Registrar, a Joint Registrar or an Additional Registrar, Co-operative Societies;]

(b) Where the Industrial Finance Corporation, the State Finance Corporation or any other financing institution notified in this behalf by the Government has provided finance to a co-operative society, the Industrial Finance Corporation, State Finance Corporation or other financing institution as the case may be, shall have the right to nominate one person on the committee.

F [(2A) Where the Government appoints a Chairman or Managing Director under the proviso to clause (a) of sub-section (2), the Chairman or Managing Director, if any, as the case may be,

F Inserted by Punjab Act 26 of 1969, section 9 w.e.f. 10th September, 1969.

holding office immediately before such appointment shall cease to hold office on such appointment.

(2B) The terms and conditions of service of the Managing Director or
(3) Chairman, as the case may be appointed by the Government shall be
(4) such as may be determined by the Government and the remuneration payable to the Managing Director or Chairman as the case may be, shall be paid out of the funds of the co-operative society.]

A person nominated under sub-section (2) shall hold office during the pleasure of the Government or the Corporation or other financing institution, as the case may be.

Where, in a co-operative society in which shares have been subscribed for liability by way of guarantee for borrowing exceeding fifty percentum of the working capital of the society has been undertaken by the Government, a difference of opinion in respect of any matter arises between the nominated members of the committee and other members thereof, the matter shall be referred by the committee to the Government whose decision thereon shall be final and will operate as if the same were a decision taken by the committee.

SECTION - 26 -A

[1] [26-A Co-option of members :

(1) Notwithstanding anything in section 26, the Registrar may, by an order in writing, direct the committee of any co-operative society or any class of co-operative societies to co-opt in the prescribed manner for serving on the committee such number of members not exceeding two as may be specified in the directions.

(1) Inserted by Punjab Act No. 26 of 1969, section 10 w.e.f. 10th September, 1969

(2) Where a direction is issued under sub-section (1), co-option shall be made from amongst members of the co-operative society belonging to scheduled castes, scheduled tribes or backward classes or from amongst members who as landowner or tenant or as both do not hold more than the prescribed area of agricultural land and fulfil the prescribed conditions.

(3) Members co-opted under sub-section (2), for serving on the committee of a co-operative society shall have the same rights and privileges and shall be subject to the same liabilities as elected members of the committee of that society.

SECTION - 26-B

26-B Restrictions on membership etc. :-

(1) No individual shall, at any time, be a member of committee of -

(a) more than two primary societies ; and

(b) more than one central and one apex society :

Provided that nothing in this sub-section shall apply to a member nominated under sub-section (2) of section 26 or to a member of the committee of an apex or central society nominated to serve on the committee of another apere or central society, as the case may be, in accordance with the provisions of their bye-laws.

[1] [(2) No person shall be eligible for being elected to the committee of any co-operative society after he has served on the committee of that co-operative society for two continuous terms, unless a period of not less than one term has expired since he last so served.

1. Substituted by Punjab Act 19 of 1993, section 4

Explanation - For the purpose of computing the period of two terms under sub-section (2), if a person ceased to serve on the committee on account of resignation tendered by him, he shall be deemed to have so served for the full term in which resignation was tendered.]

SECTION - 27

[1] **[27 - Removal or suspension of committee or member thereof :-**

1. If, in the opinion of the Registrar, a committee or any member of a committee persistently makes default or is negligent in the performance of the duties imposed on it or him by this Act or the rules or bye-laws made thereunder, or commits any act which is prejudicial to the interests of the society or its members, or makes default in the implementation of production or development programmes undertaken by the co-operative society, the Registrar may, after giving the committee or the member, as the case may be, a reasonable opportunity to state its or his objections, if any, by order in writing -

(a) remove committee, and appoint a Government servant as an administrator, to manage the affairs of the society for a period not exceeding one year as may be specified in the order ;

(b) remove the member and get the vacancy filled up for the remaining period of the outgoing member, according to the provisions of this Act and rules and bye-laws made thereunder.

(2) Where the Registrar, while proceeding to take action under sub-section (1) is of opinion that suspension of the committee or member during the period of proceedings is necessary in

1. Substituted byPunjab Act No. 26 of 1969, section 11 w.e.f. 10th September, 1969

the interest of the co-operative society, he may suspend the committee or member, as the case may be, and where the committee is suspended, make such arrangements as he thinks proper for the management of the affairs of the society till the proceedings are completed.

Provided that if the committee or member so suspended is not removed, it or he shall be reinstated and the period of suspension shall count towards its or his term.

(3) The administrator so appointed shall, subject to the control of the
(4) Registrar and to such instructions as he may from time to time give,
(5) have powers to perform all or any of the functions of the committee
(6) or of any officer of the society and take all such action as may be
(7) required in the interest of the society.

The Registrar may fix the remuneration payable to the person appointed as administrator and the amount of such remuneration and other costs, if any, incurred in the management of the society shall be payable from its funds.

The administrator shall, before the expiry of his term of office arrange for the constitution of a new committee in accordance with the provisions of this Act and rules and bye-laws framed thereunder.

Before taking any action under sub-section (1) in respect of a co-operative society, the Registrar shall consult the financing bank to which the society is indebted.

A member who is removed under sub-section (1) may be

disqualified for being elected to any committee for such period not exceeding three years as the Registrar may fix.]

8TH FINAL PRINT AS ON 05.10.2006

THE PUNJAB COOPERATIVE SOCIETIES ACT, 1961

SECTION - 28

28. **(1) (a) Securing possession of records, etc. :-** If the record,
(b) registers or the books of accounts of a co-operative society are likely to be tampered with or destroyed and the fund and property of a society are likely to be misapropriated or misapplied ; or

If the committee of a co-operative society is reconstituted at a general meeting of the society or, the committee of a society is removed by the Registrar under section 27 or if the society is ordered to be wound up under section 57 and the outgoing members of the committee refuse to hand over charge of the records and property of the society to those having or entitled to receive such charge;

the Registrar may apply to the magistrate, within whose jurisdiction the society functions, for securing the records and property of the society.

(2) On receipt of an application under sub-section (1), the Magistrate may, by a warrant, authorise any police officer not below the rank of Sub-Inspector, to enter and search any place where the records and the property are kept or are believed to be kept and to seize such records and property, and the records and property so seized shall be handed over to the new committee or administrator of the society or the liquidator as the case may be.

SECTION - 29

29. Acts of co-operative societies not to be invalidated by certain defects :-

No act of a co-operative society or of any committee or of any

officer shall be deemed to be invalid by reason only of the existence of any defect in procedure or in the constitution of the society or of the committee or in the appointment or election of an officer or on the ground that such officer was disqualified for his appointment.

CHAPTER V
PRIVILEGESOF CO-OPERATIVE SOCIETIES

SECTION - 30

30. Co-operative societies to be bodies corporate :-

The registration of a co-operative society shall render it a body corporate by the name under which it is registered having perpetual succession and a common seal, and with power to hold property, enter into contract, institute and defend suits and other legal proceedings and to do all things necessary for the purposes for which it is constituted.

SECTION - 31

31. First charge of co-operative society on certain assets :-

(1) Notwithstanding anything contained in any law for the time being in force, but subject to any prior claim of the Government in respect of land revenue or any money recoverable as land revenue, any debt or outstanding demand owing to a co-operative society by any member or past member or deceased member shall be a first charge upon the crops and other agricultural produce, cattle, fodder for cattle, agricultural or industrial implements or machinery, raw materials for manufacture and any finished products manufactured from such

raw materials, belonging to such member, past member or forming part of the estate of the deceased member as the case may be.

(2) No person shall transfer any property which is subject to a charge under sub-section (1) except with the previous permission in writing of the co-operative society which holds the charge.

(3) Notwithstanding anything contained in any law for the time being in force, any transfer of property made in contravention of the provisions of sub-section (2) shall be void.

(4) The charge created under sub-section (1) shall be available as against any claim of the Government arising from a loan granted under the Land Improvement Loans Act, 1883 (19 of 1883), or the Agriculturists Loans Act, 1884 (12 of 1884), after the grant of the loan by the society.

SECTION - 32

32. **Charge on immovable property of members borrowing loans from certain societies :-** Notwithstanding anything contained in this Act or in any other law for the time being in force, -

(i) any person who makes an application to a society of which he is a member for a loan shall, if he owns any land or has interest in any land as a tenant, make a declaration in the prescribed form, which shall state that the applicant thereby creates a charge on such land or interest specified in the declaration for the payment of the amount of the loan which the society may

make to the member in pursuance of the application and for all future advances, if any, required by him which the society may make to him as such member subject to such maximum as may be determined by the society together with interest on such amount of the loan and advances ;

(ii) any person who has borrowed a loan from a society of which he is a
(iii) member before the date of the coming into force of this Act, and
(iv) who owns land or has any interest in land as a tenant shall, as soon as possible, make a declaration in the form and to the effect referred to in clause (i);

a declaration made under clause (i) or clause (ii) may be varied at any time by a member with the consent of the society in favour of which such charge is created ;

no member shall alienate the whole or any part of the land or interest therein specified in the declaration made under clause (i) or clause (ii) until the whole amount borrowed by the member together with interest thereon is paid in full:

Provided that for the purpose of paying in full to the society the whole amount borrowed by the member together with interest thereon, the member may, with the previous permission in writing of the society and subject to such conditions as the society may impose, alienate the whole or any part of such land or interest therein:

Provided further that standing crops on any such land may be alienated with the previous permission of the society;

(v) any alienation made in contravention of the provisions of clause (iv) shall be void.

(vi) subject to the prior claims of the Government in respect of land revenue or any money recoverable as land revenue, there shall be a first charge in favour of the society on the land or interest specified in the declaration made under clause (i) or clause (ii) for and to the extent of the dues owing by him on account of the loan and advances;

(vii) the record of rights shall also include the particulars of every charge on land or interest created under a declaration under clause (i) or clause (ii) notwithstanding anything contained in section 31 of the Punjab Land Revenue Act, 1887.

EXPLANATION :- For the purpose of this section, society shall mean any co-operative society or class of co-operative societies specified in this behalf by the Government by a general or special order.

SECTION -33

33. Charge and set off in respect of share of contribution or interest of members :- A co-operative 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 mamber 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 the estate of deceased member in or towards payment of any such debt.

SECTION - 34

34. Share or contribution or interest not liable to attachment :-

Subject to the provisions of section 33, the share or contribution or interest of a member or past member or deceased member in the capital of a co-operative 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, 1920 (V of 1920), shall not be entitled to or have any claim on such share or contribution or interest.

SECTION - 35

35. Register of members :-

Any register or list of members or shares kept by any co-operative society shall be prima facie evidence of any of the following particulars entered therein -

(a) the date on which any person entered in such register or list became a member : and

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

SECTION -36

36. **Admissibility of copy of entry as evidence : -**

(1) A copy of any entry in a book of co-operative society regularly kept in the course of its business, shall, if certified in such manner as may be prescribed, 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.

(2) No officer of a co-operative society and no officer in whose office the books of a co-operative society are deposited after liquidation shall in any legal proceedings to which the society or the liquidator is not a party, be compelled to produce any of the society's books or documents the contents of which can be proved under this section, or to appear as a witness to prove the matters, transactions and accounts therein recorded, except under order of the court or the arbitrator made for special cause.

SECTION-37

37. Exemption from compulsory registration of instruments:-

Nothing in clauses (b) and (c) of sub-section (1) of section 17 of the Indian Registration Act, 1908 (XVI of 1908), shall apply to-

(1) any instrument relating to shares in a co-operative society notwithstanding that assets of the society consist in 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) an endorsement upon or transfer of any debenture issued by any such society.

SECTION- 38

38. Exemption from certain taxes, fees and duties :-

(1) The Central Government may by notification in the Official Gazette, remit the income-tax payable in respect of the profits of any class of co-operative societies or the dividends or other payments received by members of any class or such societies on account of profits.

(2) The Government may, by notification remit in respect of any class of co-operative societies-

(a) the stamp duty chargeable under any law for the time being in force in respect of any instrument executed by or on behalf of a co-operative society or

by an officer or member thereof and relating to the business of such society, or any class of such instruments or in respect of any award or order made under this Act, in cases, where, but for such remission the co-operatiave society officer or member, as the case may be, would be liable to pay such stamp duty; and

(b) any fee payable under any law for the time being in force relating to the registration of documents or court fees.

Explanation:- In this sub-section 'Government' means in relation to stamp duty in respect of bills of exchange, cheques,

promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies and receipts, the Central Government and save as aforesaid the Government.

(3) The Government may, by notification, exempt any class of co-operative societies from-

(a) land revenue;

(b) taxes on agricultural income;

(c) taxes on sale or purchase of goods; and

(d) taxes on professions, trades, callings and employments.

SECTION-39

39. Deduction from salary to meet co-operative societies claim in certain cases :-

(1) Notwithstanding anything contained in any law for the time being in force , a member of a co-operative society may execute an agreement in favour of the society providing that his employer shall be competent to deduct from the salary or wages payable to him by the employer, such amount as may be specified in the agreement and to pay the amount so deducted to the society in satisfaction of any debt or other demand owing by the member to the society.

(2) On the execution of such agreement, the employer shall, if so required by the co-operative society by a requisition in writing and so long as the society does not intimate that the whole of such debt or demand has been paid, make the deduction in accordance with the agreement and pay the amount so

deducted to the society, as if it were a part of the salary or wages payable on the day as required under the Payment of Wages Act,1936 (IV of 1936). Such payment shall be valid discharge of the employer for his liability to pay the amount deducted.

(3) If after the receipt of a requisition made under sub-section (2), the employer at any time fails to deduct the amount specified in the requisition from the salary or wages payable to the member concerned or makes default in remitting the amount deducted to the society, the society shall be entitled to recover any such amount from the employer as arrears of land revenue and the

amount so due from the employer shall rank in priority in respect of the liability of the employer equal to that of the wages in arrears.

SECTION - 40

40. **Other forms of State aid to Co-operative Societies:-** Notwithstanding anything contained in any law for the time being in force, the Government may-

(a) subscribe to the share capital of a co-operative society;

(b) give loans or make advances to co-operative society;

(c) guarantee the repayment of principal and payment of interest on debentures issued by a co-operative society;

(d) guarantee the repayment of the share capital of a co-operative society and dividends thereon at such rates as may be specified by the Government;

(e) guarantee the repayment of principal and payment of interest on loans and advances to a co-operative society; and

(f) give financial assistance in any other form, including subsidies, to any co-operative society.

CHAPTER VI

PROPERTIESAND FUNDSOF CO-OPERATIVE SOCIETIES

SECTION - 41

41. Funds not to be divided by way of profit :-

No part of the funds of co-operative society shall be divided by way of bonus or dividend or other-wise among its members;

Provided that after at least one-tenth of the net profits in any year have been carried to the reserve fund, payments from the remainder of such profits and 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 bye-laws.

SECTION - 42

42. Contribution to charitable purpose:-

Any co-operative society may, with the sanction of the Registrar, after one-tenth of the net profits in any year has been carried to the reserve fund, contribute an amount not

exceeding five percent of the remaining net profits to any purpose connected with the development of co-operative movement or charitable purpose as defined in section 20 of the Charitable Endowments Act, 1890(VI of 1890).

SECTION-43

43. Contribution to Co-operative Education Fund :-

A co-operative society shall out of its net profits in any year credit such portion of the profits not exceeding 5 percent as may be prescribed to the Co-operative Education Fund constituted under rules.

SECTION-44

44. Investment of Funds :-

(1) A co-operative society may invest or deposit its fund-

(a) in the post office savings bank; or

(b) in any of the securities specified in section 20 of the Indian Trust Act, 1882;

or

(c) in the shares or securities of any other co-operative society; or

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

(e) in any other mode permitted by the rules.

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

SECTION - 45

45. Restrictions on loans :-

(1) A co-operative society shall not make a loan to any person other than a member :

Provided that with the general or special sanction of the Registrar a co-operative society may make loan to another co-operative society.

(2) Nothwithstanding anything contained in sub-section (1), a co-operative society may make a loan to a depositor on the security of his deposit.

SECTION - 46

Restrictions on borrowings :- A co-operative society shall receive deposits and loans only to such extent and under such conditions as may be prescribed or as may be specified in the bye-laws.

SECTION -47

47. Restrictions on other transactions with non-members:-

Save as is provided in sections 45 and 46, the transactions of a co-operative society with person other than member shall be subject to such prohibitions and restrictions, if any, as may be prescribed.

CHAPTER VII

AUDIT, INQUIRY, INSPECTIONAND SURCHARGE

SECTION - 48

48. **Audit :-**

(1) The Registrar shall audit or cause to be audited by a person authorised by him by general or special order in writing in this behalf, the accounts of every co-operative society at least once in each year,

(2) The audit under sub-section (1) shall include an examination of over-due debts, if any, the verification of the cash balance and securities, and a valuation of the assets and liabilities of the society.

(3) The person auditing the accounts of a co-operative society shall have free access to the books, accounts, papers, vouchers, stock and other property of such society and shall be allowed to verify its cash balance and securities.

(4) The directors, managers, administrators and other officers of the society shall furnish to the person auditing the accounts of a co-operative society all such information as to its transactions and working as such person may require.

(5) The Registrar or the person authorised by him under sub-section (1) to audit the accounts of a co-operative society shall have power where necessary -

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

(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 officer, agent, servant, or member in possession of such books, documents, cash or securities and in the event of serious irregularities discovered during audit, to take them into custody.

(6) If at the time of audit the accounts of a society are not complete, the Registrar or the person authorised by him under sub-section (1) to audit, may cause the account to be written up at the expense of the society.

(7) Audit fee, if any due from any co-operative society shall be recoverable in the same manner as is provided in section 67.

SECTION - 49

49. Inspection of societies :-

The Registrar, or any person authorised by general or special order in this behalf by the Registrar, may inspect a co-operative society. For the purpose of inspection, the Registrar or the person so authorised by the Registrar shall at all times have access to all books, accounts, papers, vouchers, securities, stock and other property of the society and may in the event of serious irregularities discovered during inspection take

them into custody and shall have power to verify the cash balance of the society and subject to the general or special order of the Registrar to call a committee and a 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 the person making such inspection may require.

SECTION - 50

50. Inquiry by Registrar :-

(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, 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 co-operative society.

(2) The Registrar or the person authorised by him under sub-section (1) shall have the following powers, namely :-

(a) he shall at all times have, for purposes of examination, free access to the books, accounts, cash and other properties belonging to or in 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, F[and may, if considered necessary, by an order in writing, direct the society to hand over to him all such books, accounts, documents and securities as may be specified in the order];

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

F Inserted by Punjab Act 26 of 1969, section-12

(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) Any meeting called under clause (b) of sub-section (2) shall have all
(4) the powers of a general meeting called under bye-laws of the society and its proceedings shall be regulated by such bye-laws.

The Registrar shall communicate a brief summary of the report of the inquiry to the society, the financing institutions, if any, to which the society is affiliated, and to the persons or authority, if any , at whose instance the inquiry is made.

SECTION - 51

51. Inspection of books of indebted societies :-

(1) The Registrar shall, on the application of a creditor of a co-operative 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 no such inspection shall be made unless the applicant -

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

deposits with the Registrar such sum as security for the costs of proposed inspection as the Registrar may require.

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

SECTION - 52

52. Costs of inquiry :-

Where an inquiry is held under section 50, or an inspection is made under section 51, the Registrar may apportion the cost, or such part of the costs, as he may think fit between the society, the members or creditor demanding an inquiry or inspection, and the officers or former officers and the members or past member of the society:

Provided that -

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

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

SECTION - 53

53. Recovery of costs :-

Any sum awarded by way of costs under section 52 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.

SECTION -54

54. **Surcharge.**

(1) If in the course of an audit, inquiry, inspection or the winding up of a co-operative society it is found that any person, who is or was entrusted with the organisation or management of such society or who is or has at any time been an officer or an employee of the society, has made any payment contrary to this Act, the rules or the bye-laws or has caused any deficiency in the assets of the society by breach of trust or wilful negligence or has misappropriated or fraudulently retained any money or other property belonging to such society, the Registrar may of his own motion or on the application of the committee, liquidator or any creditor, enquire himself or direct any person authorised by him, by an order in writing in this behalf, to inquire into the conduct of such person:

Provided that no such inquiry shall be held after the expiry of six years from the date of any act or omission referred to in this sub-section.

(2) Where an inquiry is made under sub-section (1), the Registrar may, after giving the person concerned an opportunity of being heard, make an order requiring him to repay or restore the money or property or any part thereof, with interest at such rate, or to pay contribution and costs or compensation to such extent, as the Registrar may consider just and equitable.

CHAPTER VIII

SETTLEMENTOF DISPUTES

SECTION - 55

55. Disputes which may be referred to arbitration :-

(1) Notwithstanding anything contained in any law for the time being in force, if any dispute touching the constitution, management or the business of a co-operative society arises-

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

(b) between a member, past member or person claiming through a member, past member or deceased member and the society, its committee or any officer, agent or employee of the society or liquidator, past or present; or

(c) between the society or its committee and any past committee, any officer, agent or employee, or any past officer, past agent or past employee or the nominee, heirs or legal representatives of any deceased officer, deceased agent, or deceased employee of the society; or

(d) between the society and any other co-operative society, between a society and liquidator of another society or between the liquidator of one society and the liquidator of another society;

such dispute shall be referred to the Registrar for decision and no court shall have jurisdiction to entertain any suit or other proceeding in respect of such dispute.

(2) For the purpose of sub-section (1), the following shall be deemed to be disputes touching the constitution, management or the business of co-operative society, namely -

(a) a claim by the society for any debt or demand due to it from a
(b) member or the nominee, heirs or legal representatives of a deceased
(c) member, whether such debt or demand be admitted or not ;

(3) a claim by a surety against the principal debtor where the society has recovered from the surety any amount in respect of any debt or demand due to it from the principal debtor as a result of the default of the principal debtor, whether such debt or demand is admitted or not; and

any dispute arising in connection with the election of any officer of the society.

If any question arises whether a dispute referred to the Registrar under this section is or is not a dispute touching the constitution, management or the business of a co-operative society, the decision thereon of the Registrar shall be final and shall not be called in question in any court.

SECTION - 56

56. **Reference of disputes to arbitration :-** (1) The Registrar may, on receipt of the reference of dispute under section 55.-

(a) decide the dispute himself; or

(b) transfer it for disposal to any person who has been invested by the Government with powers in that behalf; or

(c) refer it for disposal to one arbitrator.

(2) The Registrar may withdraw any reference transferred under clause (b) of sub-section (1) or referred under clause (c) of that sub-section and decide it himself or refer the same to another arbitrator for decision.

(3) The Registrar or any other person to whom a dispute is referred for decision under this section may, pending the decision of the dispute, make such interlocutory orders as he may deem necessary in the interest of justice.

CHAPTER IX

WINDING UPOF CO-OPERATIVE SOCIETIES

SECTION - 57

57. Winding up of co-operative societies :-

(1) If the Registrar, after an inquiry has been held under section 50, or an inspection has been made under section 51, or on receipt of an application made by not less than three-fourths of the members of a co-operative society, is of opinion that the society ought to be wound up, he may issue an order directing it to be wound up.

(2) The Registrar may of his own motion make an order directing the winding up of a co-operative society-

(a) where it is a condition of the registration of the society that the society shall consist of at least ten members and the number of members has been reduced to less than ten; or

(b) where the co-operative society has not commenced working or has ceased to function in accordance with co-operative principles.

(3) The Registrar may cancel an order for the winding up of a co-operative society, at any time, in any case where, in his opinion, the society should continue to exist.

(4) A copy of such order shall be communicated by registered post to the society and to the financing institutions, if any, of which the society is a member.

SECTION - 58

58. Liquidator :-

(1) Where the Registrar has made an order under section 57 for the winding up of a co-operative society, he may appoint a liquidator for the purpose and fix his remuneration.

(2) A liquidator shall, on appointment, take into his custody or under his control all the property, effects and actionable claims to which the society is or appears to be entitled and shall take such steps as he may deem necessary or expedient, to prevent loss or deterioration of, or damage to such property, effects and claims. He may carry on the business of the society so far as may be necessary with the previous approval of the Registrar.

(3) Where an appeal is preferred under section 68 an order of winding up of a co-operative society made under section 57 shall not operate thereafter until the order is confirmed in appeal:

Provided that the liquidator shall continue to have custody or control of the property, effects and actionable claims mentioned in sub-section (2) and have authority to take the steps referred to in that sub-section.

(4) Where an order of winding up of a co-operative society is set aside in appeal, the property, effects and actionable claims of the society shall revest in the society.

SECTION - 59

59. Powers of Liquidator :-

(1) Subject to any rules made in this behalf, the whole of the assets of a co-operative society, in respect of which an order for winding up has been made, shall vest in the liquidator appointed under section 58 from the date on which the order takes effect and the liquidator shall have power to realise such assets by sale or otherwise.

(2) Such liquidator shall also have power, subject to the control of the Registrar,-

(a) to institute and defend suits and other legal proceedings on behalf of the co-operative society by the name of his office;

(b) to determine from time to time the contribution (including debts due and costs of liquidation) to be made or remaining to be made by the members or past members or by the estates or nominees, heirs or legal representatives of deceased members or by any officers or former officers, to the assets of the society;

(c) to investigate all claims against the co-operative society and subject to the provisions of this Act, to decide questions of priority arising between claimants;

(d) to pay claims against the co-operative society, including interest up to the date of winding up according to their respective priorities, if any, in full or rateably, as the assets of the society

may permit; the surplus, if any, remaining after payment of the claims being applied in payment of interest from the date of such order of winding up at a rate fixed by him but not exceeding the contract rate in any case;

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

(f) to determine whether any person is a member, past member, or nominee of deceased member;

(g) 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;

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

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

(j) to make any compromise or arrangement with any person between whom and the society there exists any dispute and to refer any such dispute to arbitration;

(k) after consulting the members of the society, to dispose of the surplus, if any, remaining after paying the claims against the society, in such a manner as may be prescribed; and

(l) 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 co-operative 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.

(3) When the affairs of a co-operative society have been wound up, the liquidator shall make a report to the Registrar and deposit the records of the society in such place as the Registrar may direct.

SECTION - 60

60. Priority of contributions assessed by liquidator :-

Notwithstanding anything contained in the Provincial Insolvency Act, 1920, the contribution assessed by a liquidator shall rank next to debts due to the Government or to any local authority in order of priority in insolvency proceedings.

SECTION - 61

61. Power of Registrar to cancel registration of a co-operative society.

(1) The Registrar may after considering the report of the liquidator

(2) made to him under sub-section (3) of section 59 order the registration of the co-operative society to be cancelled.

An order passed under sub-section (1) shall be communicated by registered post to the president of the society and to the financing institutions, if any, of which the society was a member.

CHAPTER X

EXECUTIONOF AWARDS, DECREES,

ORDERSAND DECISIONS

SECTION - 62

62. Enforcement of charge.

Nothwithstanding anything contained in Chapter VIII or any other law for the time being in force, but without prejudice to any other mode of recovery provided in this Act, the Registrar or any person subordinate to him empowered by the Registrar in this behalf may, on the application of a co-operative society, make an order directing the payment of any debt or outstanding demand due to the society by any member or past or deceased member, by sale of the property or any interest therein, which is subject to a charge under section 31:

Provided that no order shall be made under this section unless the member, past member or the nominee, heir or legal representative of the deceased member, has been served with a notice in the manner prescribed.

SECTION - 63

[1][63. Execution of certain decisions, awards and orders :-

Every decision, award or order duly passed under section 54, 56, 62, 68 or 69 shall, if not carried out-

(a) on a certificate signed by the Registrar or any person authorised by him in this behalf, be deemed to be a decree of a civil court and shall be executed in the same manner as decree of such court; or

1. Substituted byPunjab Act No. 26 of 1969, section 13 w.e.f. 10th September, 1969

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

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

Provided that an application for the recovery of any sum in the last aforesaid manner shall be made to the Collector and shall be accompanied by a certificate signed by the Registrar or any person authorised by him in this behalf.],

SECTION - 64

64. Execution of orders of liquidator :-

The orders of the liquidator under section59 shall be executed according to the Act and under the rules for the time being in force for the recovery of arrears of land revenue.

SECTION - 65

65. Attachment before award:-

Where the Registrar is satisfied that a party to any reference made to him under section 55 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 the property; or

(b) remove the whole or any part of the 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 may be prescribed.

SECTION - 66

66. Registrar or person empowered by him to be civil court for certain purposes :-

The Registrar or any person empowered by him in this behalf shall be deemed, when exercising any powers under this Act for the recovery of any amount by the attachment and sale or by the sale without attachment of any property, or when passing any orders on any application made to him for such recovery or for taking a step-in-aid of such recovery, to be civil court for the purposes of Article 182 of the First Schedule to the Indian Limitation Act, 1908 (9 of 1908).

SECTION - 67

67. Recovery of sums due to Government.

(1) All sums due from a co-operative society, or from an officer or member or past member of a co-operative society as such, to Government, including any costs awarded to Government under any provision of this Act, may on a certificate issued by the

Registrar in this behalf, be recovered in the same manner as arrears of land revenue.

(2) Sums due from a co-operative society to Government and recoverable under sub-section (1) may be recovered, firstly, from the property of the society, secondly, in the case of a society the liability of the members of which is limited, from the members, past members or the estates of 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;

Provided that the liability of past members and the estates of deceased members shall in all cases be subject to the provisions of section 22.

SECTION - 67 - A

67-A. Recovery of certain loans as arrears of land revenue :-

[1][(1) Notwithstanding anything contained in section 55 or section 56 or section 63, a co-operative society may apply to the Registrar for the recovery of arrears of any loan advanced by it to any member, together with interest accrued thereon and when such an application is made it shall be accompanied by an up -to-date statement of accounts in respect of such loan and interest thereon.]

[2][(2) The Registrar may, on receipt of an application under sub-section (1) or suo moto, after making such enquiries as he deems fit and after affording the member concerned an opportunity of being heard, grant a certificate in the prescribed form for the recovery of the amount due from such member on account of loan and interest thereon.

1. Substituted by Punjab Act No. 15 of 1978, section-2.

2. Inserted by Punjab Act No. 3 of 1978, section 4, w.e.f. 16th November, 1977

(3) Subject to the order, if any, that may be passed in appeal under section 68, the certificate granted by the Registrar under sub-section (2) shall be final and conclusive and the amount specified therein as due from the member on account of loan and interest thereon shall be recovered in the same manner as arrears of land revenue.]

CHAPTER XI

APPEALSAND REVISION

SECTION - 68

68. Appeals.

(1) An appeal shall lie under this section against-

(a) an order of the Registrar made under sub-section (2) of section 8 refusing to register a society;

(b) an order of the Registrar made under sub-section (4) of section 10 refusing to register an amendment of the bye-laws of a co-operative society;

[1][(bb) an order of the Registrar made under section 10.-A directing amendment of bye-laws of a co-operative society;];

(c) a decision of a co-operative society, other than a producer's society,

(d) refusing to admit any person as a member of the society who is otherwise duly qualified for membership under the bye-laws of the society;

a decision of a co-operative society expelling any of its members;

2[(e) an order made by the Registrar removing or suspending a committee or a member thereof under Section 27;];

1. Inserted by Punjab Act No. 26 of 1969 section 14 w.e.f. 10th September, 1969 2. Substituted by ibid

(f) an order made by the Registrar under section 52 apportioning the costs of an inquiry held under section 50 or an inspection made under section 51;

(g) any order of surcharge under section 54;

(h) any decision or award made under section 56;

(i) an order made by the Registrar under section 57 directing the winding up of a co-operative society;

(j) any order made by the liquidator of a co-operative society in exercise of the powers conferred on him by section 59;

(k) any order made under section 65 ;and

1[(l) grant of a certificate under sub-section (2) of section 67-A for the recovery of the amount due from a member on account of loan and interest thereon.]

2 [(2)An appeal against any decision or order under sub-section (1) shall be made within sixty days from the date of decision or order,

(a) if the decision or order was made by the Assistant Registrar to the Deputy Registrar;

(b) if the decision or order was made by the Deputy Registrar to the Registrar or such Additional Registrar or Joint Registrar as may be authorised by the Registrar in this behalf;

(c) if the decision or order was made by the Joint Registrar or Additional Registrar, to the Registrar;

(d) if the decision or order was made by the Registrar, to the Government; and

1.Inserted by Punjab Act No. 3 of 1978 section 5 w.e.f. 16th November, 1977

2.Substituted by Punjab Act No. 26 of 1969, section 14 w.e.f. 10th September, 1969

(e) if the decision or order was made by any other person, to the Registrar or such Additional Registrar or Joint Registrar or Deputy Registrar or Assistant Registrar as may be authorised by the Registrar in this behalf.

(3) No appeal shall lie under this section from any decision or order made by any authority in appeal.

(4) Any appeal under sub-section (1) pending immediately before the commencement of the Punjab Co-operative Societies (Amendment) Act, 1969, before any authority shall stand transferred to the authority to whom such appeal lies on such commencement.].

SECTION - 69

[1] **[69. Revision.**

The State Government and the Registrar may, suo moto or on the application of a party to a reference, call for and examine the record of any proceedings in which no appeal under section 68 lies to the Government or the Registrar, as the case may be, for the purpose of satisfying itself or himself as to the legality or propriety of any decision or order passed and if in any case it appears to the Government or the Registrar that any such decision or order should be modified, annulled or revised, the Government or the Registrar, as the case may be, may, after giving persons affected thereby an opportunity of being heard, pass such order thereon as it or he may deem fit.]

1.Substituted by Punjab Act No. 26 of 1969, section 15 w.e.f. 10th September, 1969

SECTION - 70

7. Interlocutory orders :

Where an appeal is made under section 68 or where the [1][Government or the Registrar] calls for the record of a case under section 69, the appellate authority or the [Government or the Registrar], as the case may be, may, in order to prevent the ends of justice being defeated, make such interlocutory orders, including an order of stay, pending the decision of the appeal or revision as such authority or the [Government or the Registrar] may deem fit.

[2][CHAPTER XI-A]

[3][INSURED CO-OPERATIVE BANK]

SECTION -70-A

70-A Order for winding up, reconstruction, supersession of

(1) **Committee etc. of Insured Co-operative Bank.** -Notwithstanding

(2) anything contained in this Act, [3][in the case of an insured co-operative bank,] -

an order for winding up or an order sanctioning a scheme of compromise or arrangement or of amalgamation or [4][reconstruction including division or reorganisation] of the bank may be made only with the previous sanction in writing of the Reserve Bank of India;

an order for the winding up of the bank shall be made by the Registrar if so required by the Reserve Bank of India in the

circumstances referred to in section 13-D of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (Central Act 47 of 1961.)

1.Substituted for the word "Government" by the Act 26 of 1969, section 16 w.e.f. 10th September, 1969

2.Chapter XI-A inserted by Punjab Act 12 of 1981 section 2

3.Substituted by Punjab Act 15 of 1994, section 2

4.Substituted by Punjab Act 12 of 1981, section 2

(3) if so required by the Reserve Bank of India in the public interest or for preventing the affairs of the bank being conducted in the manner deterimental to the interests of the depositors or for securing the proper management of the bank, an order shall be made by the Registrar for supersession of the committee of the bank and the appointment of an administrator therefor for such period or periods not exceeding five years in the aggregate, as may from time to time be specified by the Reserve Bank of India, and the administrator so appointed shall after the expiry of his term of office continue in office until the day immediately preceding the date of the first meeting of the committee of such bank;

(4) an order for winding up of the bank or an order sanctioning a scheme of compromise or arrangement or of amalgamation or [1][reconstruction including division or reorganisation] or an order for the supersession of the committee of the bank and the appointment of an administrator therefor made with the previous sanction in writing or on the requisition of the Reserve Bank of India shall be final and shall not be liable to be called in question in any manner in any Court; and

(5) the liquidator or [2][insured co-operative bank] or the transferee bank, as the case may be, shall be under an obligation to repay the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (Central Act 47 of 1961) in the circumstances, to the extent and in the manner referred to in section 21 of the Act.

Explanation-In this section, -

(a) the expression " co-operative bank" shall have the meanings

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1. Inserted by Punjab Act 12 of 1981, section 2

2. Substituted by Punjab Act 15 of 1994, section

assigned to it in the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (Central Act 47 of 1961);

(b) the expression " insured co-operative bank" [1][means a co-operative society] which is an insured bank under the provisions of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (Central Act 47 of 1961);

[2][(bb) the expression "Reserve Bank of India" means the Reserve Bank of India constitued under the Reserve Bank of India Act, 1934 (Central Act 2 of 1934);

(c) the expression " transferee bank" in relation to an insured co-operative bank means a co-operative bank -

(i) with which such insured co-operative bank is amalgamated , or

(ii)to which the assets and liabilities of such insured co-operative bank is transferred, or

(iii)into which such insured co-operative bank is divided under sub-section (1) of section 13.]

CHAPTER XII

OFFENCESAND PENALTIES

SECTION-71

71. Offences.

(1) Any person other than a co-operative society carrying on business under any name or title of which the word "co-operative", or its equivalent in any Indian language, is part, without the sanction of the Government shall be punishable

1. Substituted for the words "a cooperative bank" by the Punjab Act 15 of 1994, section 2
2. Substituted by the Act ibid section 2

with fine which may extend to two hundred rupees and in the cases of a continuing breach with a further fine which may extend to five rupees for every day during which the breach is continued after conviction for the first such breach.

(2) Any member or past member or the nominee, heir or legal representative of a deceased member of a co-operative society who contravenes the provisions of sections 31 and 32 by disposing of any property in respect of which the society is entited to have a first charge under that section or do any other act to the prejudice of such claim, shall be punishable with fine which may extend to five hundred rupees.

(3) A co-operative society or an officer or member thereof wilfully making a false return or furnishing false information, or any person wilfully or wihtout any reasonable excuse disobeying any summons, requisition or lawful written order issued under the provisions of this Act or wilfully not furnishing any information required from him by a person authorised in this behalf under the provisions of this Act, shall be punishable with fine which may extend to two hundred rupees.

(4) Any employer who, without sufficient cause, fails to pay to a co-operative society the amount deducted by him under section 39 within a period of fourteen days from the date on which such deduction is made shall, without prejudice to any action that may be taken against him under any law for the time being in force, be punishable with fine which may extend to five hundred rupees.

(5) Any officer or custodian who wilfully fails to handover custody of books, records, cash, security and other property belonging to a co-operative society, of which he is an officer or custodian, to a person entitled under sections 26,48,49,50 or 58 shall be punishable with fine which may extend to two hundred rupees and in the case of a continuing breach with a further fine which may extend to [1][twenty-five rupees] for every day during which the breach is continued after conviction for the first such breach.

(6) Any person who fradulently acquires or abets in the acquisition of any such property which is subject to a charge under sections 31 and 32 shall be punishable with fine which may extend to two hundred rupees.

SECTION - 72

72. Cognizance of offence.

(1) No court inferior to that of a 2[Judicial Magistrate] of the first class

(2) shall try any offence under this Act.

No prosecution shall be instituted under this Act without the previous sanction of the Registrar and such sanction shall not be given without giving to the person concerned a reasonable opportunity to represent his case.

SECTION -73

73. Address of Societies.

Every co-operative society shall have an address registered in the manner prescribed to which all notices and communications may be sent, and shall send to the Registrar notice of every change thereof within thirty days of such change.

1. Substituted for the words "five rupees" by Punjab Act 26 of 1969, section 17 w.e.f. 10.9.1969

2. Substituted by Punjab Act 25 of 1994 for the words "magistrate"

SECTION-74

74. Copy of Act, rules and bye-laws, etc. to be open to inspection.

Every co-operative society shall keep a copy of this Act, the rules and its bye-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.

SECTION-75

75. Prohibition against the use of the word " co-operative" .

No person other than a co-operative society shall trade or carry on business under any name or title of which the word"co-operative" or its equivalent in any Indian language is part:

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 carried on business at the date on which the Co-operative Societies Act,1912 (2 of 1912). came into operation.

SECTION-76

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

SECTION-77

1 **[77.** **Power to exempt.**

Where the Government is satisfied that it is necessary so to

1. Substituted by Punjab Act No. 26 of 1969, section 18 w.e.f. 10.9.1969

do for furthering any object of the society or class of societies specified in its or their bye-laws, it may, by a general or special order, published in the Official Gazette, exempt such society or class of societies from any provision of this Act].

SECTION-78

78. **Liquidator to be public servant.**

Any person apointed as liquidator under the provisions of this Act or the rules shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

SECTION -79

79. **Notice necessary in suits.**

No suit shall be instituted against a co-operative 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.

SECTION-80

80. **Companies Act not to apply.**

The provisions of the Companies Act, 1956(1 of 1956), shall not apply to co-operative societies.

SECTION-81

81. **Saving of existing societies.**

(1) Every society now existing which has been registered under

the Co-operative Credit Societies Act,1904, or under the Co-operative Credit Societies Act, 1912 or under the Punjab Co-operative Societies Act, 1954 shall be deemed to be registered under the corresponding provisions of this Act , and its bye-laws shall, so far as the same are not

inconsistent with the express provisions of this Act, continue in force untill altered or rescinded.

(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 they are consistent with the provisions of this Act, be deemed to have been respectively made, issued and instituted under this Act, save that an order made cancelling the registration of a society shall be deemed, unless the society has already been finally liquidated, as an order issued under section 57 for its being wound up.

SECTION -82

82. **Bar of jurisdiction of courts :-**

(1) Save as provided in this Act, no civil or revenue court shall have any jurisdiction in respect of -

(a) the registration of a co-operative society or its bye-laws or of an amendment of a bye-law;

(b) the removal of a committee;

(c) any dispute required under section 55 to be refered to the Registrar; and

(d) any matter concerning the winding up and the dissolution of a co-operative society.

(2) While a co-operative society is being wound up, no suit or other legal proceedings relating to the business of such society shall be proceeded with or instituted against, the liquidator as such or against the society or any member thereof, except by leave of the Registrar and subject to such terms as he may impose.

(3) Save as provided in this Act. no order, decision or award made under this Act shall be questioned in any court on any ground whatsoever.

SECTION - 83

83. Powers of civil court :- (1) In exercising the functions conferred on it by or under this Act, the Registrar, the arbitrator or any other person deciding a dispute under section 56 and the liquidator of a co-operative soicety or person entitled to audit, inspect or hold an inquiry shall have all the powers of a civil court, while trying a suit, under the Code of Civil Procedure, 1908 (5 of 1908), in repect of the following matters namely-

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

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

(c) proof of facts by affidavits: and

(d) issuing commissions for examination of witnesses.

(2) In the case of an affidavit, any officer appointed by the Registrar, the arbitrator or any other person deciding a dispute and the liquidator, as the case may be, may administer the oath to the deponent.

SECTION -84

84. Indemnity.

No suit, prosecution or other legal proceeding shall lie against the Registrar or any person subordinate to him or acting on his authority in respect of anything in good faith done or purporting to have been done under this Act.

[1] [84-A. Constitution of common cadre of employees of certain societies.

(1) An apex society may suo moto, and when required to do so by the Registrar, shall constitute a common cadre of all or specified class

(2) of employees in the service of that society or in the service of the central societies which are members of the apex society or in the service of the primary societies which are members of the apex society or the aforesaid societies.

When a common cadre is consituted under sub-section (1) the apex society shall make rules for the regulation of recruitment and conditions of service of such employees with the prior approval of the Registrar.].

[2] **[84-B. Dearness allowance.** Notwithstanding anything contained in this Act or any other law for the time being inforce, or any agreement, settlement of award, no employee of a co-operative society shall be paid dearness allowance at a rate higher than that admissible to the employees of the Government drawing pay at the same rate.].

SECTION -85

85. Rules

(1) The Government may, for any co-operative society or class of

1. Inserted by Punjab Act No. 26 of 1969, section 19 w.e.f. 10.9.1969
2. Inserted by Punjab Act 26 of 1981, section 2

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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 provide for all or any of the following matters, namely -

(i) the maximum number of shares or portion of the capital of a co-operative society which may, subject to the proivisions of section 6, be held by a member :

(ii) the form 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;

(iii) the procedure and contitions for change in the form and extent of the liability of a co-operative society;

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

(v) the conditions to be complied with by persons applying for admission or admitted as members, for the election and admission of members, and for the payment to be made and the interest to be acquired before the exercise of the right of membership:

(vi) the manner in which funds may be raised by means of shares and debentures or otherwise;

(vii) for general meeting of the members and for the procedure at such meetings and the powers to be exercised by such meetings:

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

(ix) the proportion of individuals and societies in the constitution of the committee of management and the general body of a co-operative society of which another co-operative society is a member;

(x) subject to the provisions of section 26, the election and nomination of members of committees, the appointment or election of officers and the suspension and removal of the members and other officers, and for the powers to be exercised and the duties to be performed by the committees and other officers;

1 [(xa)restrictions on transactions of officers and past officers with the co-operative society:

(xb) the manner in which share of individuals shall be retired under sub-section (2) of section 15-A;

(xc) election of members of representative general body under sub-section (1A) of section 23 and the number of members of a co-operative society required under that sub-section;

(xd) the area of agricultural land, the conditions required to be fulfilled and the manner of co-option, for the purpose of section 26-A;];

2 [(xe) the manner in which the vacancies caused as a result of retirement of members of a committee shall be filled;];

(xi) the appointment and regulation of work entrusted to person or persons replacing the committee in pursuance of section 27;

1. Inserted by Punjab Act No. 26 of 1969, section 20 w.e.f. 10.9.1969 2. Inserted by Punjab Act No. 3 of 1978, section 6 (i) w.e.f. 16.11.1977

(xii) prohibiting a co-operative society from electing a defaulting member on its committee or to be its representative;

(xiii)the accounts and books to be kept by a co-operative society, the audit of such accounts and the charges, if any, to be made for such audit, and for

the periodicial publication of a balance-sheet showing the assets and liabilities of a co-operative society;

(xiv)the returns to be submitted by a co-operative society to the Registrar, 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;

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

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

(xvii)the appointment of an arbitrator to decide disputes;

(xviii) the procedure to be followed in proceedings before the Registrar, arbitrator or other persons deciding disputes including the appointment of a guardian for a party to the dispute who is minor or who, by reason of unsoundness of mind or mental infirmity, is incapable of protecting his interest, and the levy of the expenses relating to such proceedings;

(xix)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 liability of past members and of the estates of deceased members;

(xx) the mode in which the value of a deceased member's share of interest shall be ascertained and for the nomination of a person to whom such share or interest may be paid or transferred;

(xxi)the payments to be made and 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;

1[(xxia) the form of certificate to be issued under sub-section (2) of section 67-A;]

(xxii)the formation and maintenance of reserve funds and other funds and the objects to which such funds may be applied, and for the investment of any funds under the control of a co-operative society;

(xxiii) the extent to which a co-operative society may limit the number of its members;

(xxiv) the conditions under which profits may be distributed to the members of a co-operative society with unlimited liability, and the maximum rate of dividend which may be paid by co-operative societies;

(xxv)the calculation and writing off of bad debts by co-operative societies;

(xxvi) the procedure to be followed by a liquidator appointed under section 58 in respect of provisions of section 59;

1. Inserted by Punjab Act No. 3 of 1978, section 6 (i) w.e.f. 16.11.1977

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

(xxviii) the form of orders referred to in sections 63 and 64;

(xxix) the issue and service of processes and for proof of service thereof;

(xxx) the manner of effecting attachment;

(xxxi) the custody, preservation and sale of property under attachment;

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

(xxxiii) the immediate sale of perishable articles;

(xxxiv) the inspection of documents in the office of the Registrar or of any other officer or authority and the levy of fees for granting certified copies of the same;

(xxxv) the terms and conditions on which Government may make share-capital contribution or give assistance, financial or other, to societies and the terms and conditions on which Government may gurantee the payment of the principal or interest on debentures issued by societies or loans raised by them;

(xxxvi) the manner in which funds may be raised by a society or a class of societies by means of shares or debentures or otherwise and the quantum of funds so raised;

(xxxvii) for giving reasonable notice of the charge under sections 31 and 32;

(xxxviii) qualifications for members of the committee and employees of a society or class of societies and the conditions of service subject to which persons may be employed by societies;

(xxxix) the method of communicating or publishing any order, decision or award required to be communicated or published under this Act or the rules.

(3) Every rule made under this section shall be laid as soon as may be after it is made before 1 [**] the State Legislature while it is in session for a total period of ten days which may be comprised in one session or in two successive sessions, and if before the expiry of the session in which it is laid or the session immediately following 2[the Legislature] agree in making any modification in the rule or 2[the Legislature] agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

SECTION - 86

86. Repeal and Saving.

The Punjab Co-operative Societies Act, 1954 (14 of 1955), is hereby repealed, but notwithstanding such repeal, anything done or any action taken under the repealed Act shall, to the extent of being consistent with this Act, be deemed to have been done or taken under this Act.

1. The words " each House of" omitted by the Adaptation of Punjab Laws order 1970. 2. Substituted for the words "both Houses" by the order ibid.

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(PUNJAB ACT 15 OF 1961)

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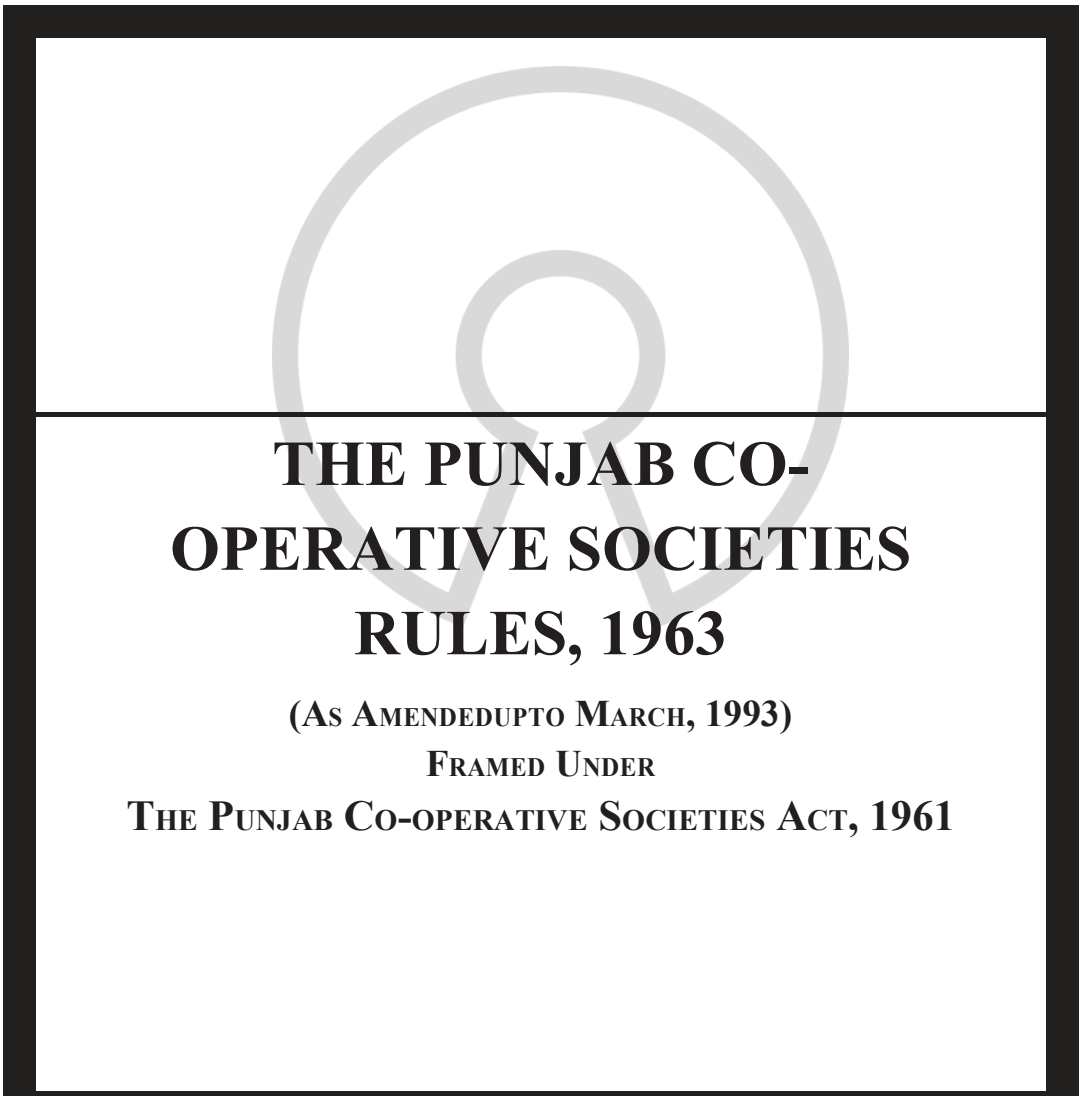
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