THE HIMACHAL PRADESH CO-OPERATIVE SOCIETIES ACT,

ARRANGEMENT OF SECTIONS

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THE HIMACHAL PRADESH CO-OPERATIVE SOCIETIES ACT, 1968

(ACT NO. 3 OF 1969)[1]

(Received the assent of the President on the 22nd February, 1969 and was published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated the 19th July, 1969, pp. 665-699).

An Act to consolidate and amend the law relating to co-operative societies in Himachal Pradesh.

Amended, repealed or otherwise affected by,-

1.H.P. Act 15 of 1972[2], assented to by the Governor on the 21st August, 1972, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated the 7th September, 1972, pp. 798-799.

2.The Himachal Pradesh Adoption of Laws (State and Concurrent Subjects) Order, 1973, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated the 20th January, 1973, pp. 91-112.

3.H.P. Act No. 7 of 1976[3] assented to by the Governor on the 29th March, 1976, published in Rajpatra, Himachal Pradesh (Extra-ordinary), dated the 1st April, 1976, pp. 1032-1038.

4.H.P. Act No. 24 of 1978[4] assented to by the Governor on 4th May, 1978, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 10th May, 1978, pp. 536-537.

5.H.P. Act No. 13 of 1981[5] assented to by the Governor on 19th May 1981, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 21-5-1981, pp. 370-373.

1. For Statement of Objects and Reasons, see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated the 17th July, 1968, p. 564.

2. For Statement of Objects and Reasons, see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated the 10th June, 1972, p. 514.

3. For Statement of Objects and Reasons, see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated the 17th March, 1976, p. 875.

4. For Statement of Objects and Reasons see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 12th April, 1978, p. 346.

5. For Statement of Objects and Reasons see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 2nd April, 1981, p. 220.

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6.H.P. Act No. 20 of 1986[1] assented to by the Governor on 17th September, 1986, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 20th September, 1986, pp. 1534-1536.

7.H.P. Act No. 19 of 2006[2] assented to by the Governor on 28th September, 2006, published both in Hindi and English in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 30th September, 2006, pp. 4931-4936.

8.H.P. Act No. 21 of 2013[3] assented to by the Governor on 5th January, 2013, published both in Hindi and English in the Rajpatra, Himachal Pradesh, dated 30th January, 2013, pp. 6601-6603.

9.H.P. Act No. 24 of 2013[4] assented to by the Governor on 20th May, 2013, published both in Hindi and English in the Rajpatra, Himachal Pradesh, dated 29th May, 2013, pp. 1304-1307, effective from 14th February, 2013.

10.H.P. Act No. 20 of 2015[5] assented to by the Governor on 24th May, 2015, published both in Hindi and English in the Rajpatra, Himachal Pradesh, dated 30th May, 2015, pp. 1075-1078, effective from 1st April, 2014.

11.H.P. Act No. 9 of 2020[6] assented to by the Governor on the 27th October, 2020 and was published in the Rajpatra (e-Gazette), Himachal Pradesh dated 9th November, 2020, pp. 5067-5072).

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1. For Statement of Objects and Reasons see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 16th August, 1986, p. 1363. Act came into force from 7th January, 1988 vide Notification No. co-operative. E(11)21/74-IV, dated 30th December, 1987, published in the Rajpatra, Himachal Pradesh (Extra-ordinary) dated 26th April, 1988, p. 582.

2. Passed in Hindi by the Himachal Pradesh Vidhan Sabha. For Statement of Objects and Reasons see the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 25th August, 2006, pp. 3959 and 3962.

3. Passed in Hindi by the Himachal Pradesh Vidhan Sabha. For Statement of Objects and Reasons see the Rajpatra, Himachal Pradesh dated 29th August, 2012, pp. 3142 and 3144.

4. Passed in Hindi by the Himachal Pradesh Vidhan Sabha. For Statement of Objects and Reasons see the Rajpatra, Himachal Pradesh dated 9th April, 2013, pp 227-228 and 230.
5. Passed in Hindi by the Himachal Pradesh Vidhan Sabha. For Statement of Objects and Reasons see the Rajpatra, Himachal Pradesh dated 9th April, 2015, pp 201-204.
6. Passed in Hindi by the Himachal Pradesh Vidhan Sabha. For Statement of Objects and Reasons see the Rajpatra (e-Gazette), Himachal Pradesh dated 14th September, 2020, pp. 3522 and 3525-3526.

8 THE HIMACHAL PRADESHCO-OPERATIVE SOCIETIES ACT, 1968

BE it enacted by the Legislative Assembly of Himachal Pradesh in the Nineteenth Year of the Republic of India as follows:-

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement.- (1) This Act may be called the Himachal Pradesh Co-operative Societies Act, 1968.

(2) It extends to the whole of Himachal Pradesh.

(3) It shall come into force on such date[1] as the State Government may, by notification in the Official Gazette, appoint in this behalf.

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

[2][(1) "Auditor" means an auditor or auditors or auditing firm or an officer or official of the Government as included in the panel constituted under section 61.

(1A) "Bye-law" means a bye-law registered or deemed to have been registered under this Act; and includes a registered amendment of the bye-law;

(1B) "Collector" means the Collector of a district and includes a Deputy Commissioner and any other officer specially appointed by the State Government to perform the functions of the Collector under this Act;]

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

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

(4) "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;

(5) "Co-operative society with limited liability" means a co-operative society having the liability of its members limited by its bye-laws to the amount, if any, unpaid on the shares respectively held by them or to such amount as they may, respectively, thereby, undertake to contribute to the assets of the society in the event of its being wound up;

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1. The Act came into force from the 14th January 1971 vide Notification No. 5-8/69-
2. Co-op (S), dated the 13th January, 1971, published in the Rajpatra, Himachal Pradesh (Extra-ordinary), dated 14th January, 1971, p. 15.
Substituted for the existing clauses (1) and (1a) vide H.P. Act No. 9 of 2020.

[1][(6) Co-operative year" shall mean the year commencing on the 1st day of April;]

[2][(6-A) "Deposit Insurance Corporation" means the Deposit Insurance and Credit Guarantee Corporation established under section 3 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (47 of 1961);]

(7) "Dispute" means any matter capable of being the subject of civil litigation and includes a claim in respect of any sum payable to or by a co-operative society whether such claim be admitted or not;

(8) "Family" means husband, wife and unmarried sons and daughters;

(9) "Federal society" means a society not less than three-fourth of the members of which are societies;

(10) "Member" means a person joining in the application for the registration of a co-operative 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;

(11) "Officer" means the President, Vice-President, Chairman, Vice-Chairman, Secretary, Assistant Secretary, Manager, Member of a 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 co-operative society;

(12) "Registrar" means Registrar of Co-operative Societies appointed under section 3, and includes any person appointed to assist the Registrar on whom all or any of

the powers or duties of the Registrar have been or has been conferred or imposed, under this Act;

[3][(12-A) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934);]

(13) "Rules" means rules made or deemed to be made under this Act;

(14) "Prescribed" means prescribed by rules made under this Act;

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

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1. Clause (6) substituted vide H.P. Act No. 19 of 2006.
2. Clause (6-A) inserted vide H.P. Act No. 13 of 1981.
3. (12-A) inserted vide H. P. Act No. 13 of 1981.

(16) "State Government" or "Government" unless expressed otherwise, means the Government of Himachal Pradesh;

[1][(17) "State" means the State of Himachal Pradesh;]

(19) "Financing bank" means a co-operative society the objects of which include the creation of funds to be lent to other co-operative societies.

CHAPTER II

REGISTRATION OF CO-OPERATIVE SOCIETIES

3. Registrar.- [2][(1) The State Government may appoint a person to be the Registrar of Co-operative Societies for the State and may appoint such number of Additional Registrars, Joint Registrars, Deputy Registrars, Assistant Registrars and other persons, as it may think fit to assist him.]

(2) The State Government may, by general or special order, confer on any person appointed to assist the Registrar all or any of the powers of the Registrar under this Act.

(3) Every person appointed to assist the Registrar shall exercise the powers conferred on him under sub-section (2) subject to the general guidance, superintendence and control of the Registrar.

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

4. Societies which may be registered.- Subject to the provisions of this Act, and any rules framed thereunder, a co-operative society which has, as its objects, the promotion of the economic and social interests of its members or the public in accordance with the co-operative principles, or a co-operative society established with the object of facilitating the operations of such a society, including a society formed by the division of any existing co-operative society or amalgamation of existing co-operative societies, may be registered under this Act.

5. Registration with limited or unlimited liability.- (1) A co-operative society may be registered with or without limited liability:

Provided that -

(i) the liability of a co-operative society of which any member is

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1. Clause (17) amended vide A.O. 1973 and substituted vide H.P. Act No. 19 of 2006.
2. Sub-section (1) substituted vide H.P. Act No. 19 of 2006.
3. Sub-section (4) inserted vide H.P. Act No. 19 of 2006.

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a co-operative society shall be limited; and

(ii) no co-operative society shall be registered as a society with unlimited liability if, amongst its objects, it also includes any object other than the advancement of loans to its members.

(2) The word `limited' or its equivalent in any Indian language shall be the last word in the name of co-operative society registered or deemed to be registered under this Act with limited liability.

6. Restrictions on holding of shares.- In any co-operative society, no member other than the State Government or any other co-operative society shall-

(a) hold more than such portion of the total share capital of the society not exceeding one-fifth thereof as may be prescribed, or

(b) have or claim any interest in the shares of such society exceeding 1[one lakh] rupees:

Provided that the State Government may, by notification in Official Gazette, specify, in respect of any co-operative society, a higher maximum than one-fifth of the share capital or a higher amount than 2[one lakh] rupees, as the case may be 3[:]

4[Provided further that no individual member of a primary co-operative bank shall hold more than five percent of the total paid up share capital of such bank.

Explanation.- For the purpose of this section "primary co-operative bank" means a bank as has been defined in the Banking Regulation Act, 1949 (10 of 1949).]

7. Application for registration.- (1) An application for the registration of a co-operative society shall be made to the Registrar in such form as may be prescribed and the applicants shall furnish to him all such information about the society as he may require.

(2) Every such application shall conform to the following:-

(a) the application shall be accompanied by three copies of the bye-laws of the co-operative society;

(b) where all the applicants are individuals, the number of applicants shall not be less than ten, each of such ten persons being a member of a different family and competent to contract under section 11 of the Indian Contract Act, 1872 (9 of 1872), and where all the applicants are not individuals, the

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1. Substituted for the words "ten thousand" vide H.P. Act No. 9 of 2020.
2. Substituted for the words "ten thousand" vide H.P. Act No. 9 of 2020.
3. Substituted for the sign "." vide H.P. Act No. 9 of 2020.
4. Proviso and explanation inserted vide H.P. Act No. 9 of 2020.

number of such applicants shall not be less than five;

(c) every one of the applicants who is an individual shall be above the age of 18 years; and

(d) where the objects of the co-operative society include the creation of funds to be lent to its members and where all the applicants are individuals, the applicants shall reside in the same town or village or in the same group of villages, or belong to a common interest or pursue the same occupation.

(3) The application shall be signed-

(a) in the case of society of which no member is a co-operative society, by all individuals as qualified in accordance with the requirements of clause (b) and clause (c) of sub-section (2); and

(b) in the case of a society of which a member is a society, by a duly authorised person on behalf of every such society, and where all the members of the society are not societies, by all other members.

8. Registration.- 1[(1) On receipt of an application for registration of a co-operative society, the Registrar shall enter the particulars of the application in the Register of the applications to be

maintained either manually or electronically, and give a serial number to the application and thereafter shall register the society and its bye-laws if-

(a) the aims of the proposed society are not contrary to the provisions of this Act and the rules made thereunder; and

(b) the aims of the proposed society are not inconsistent with the principles of the social justice, as may be prescribed.]

(2) The application for registration shall be disposed of by the Registrar within a period of ninety days from the date of receipt thereof by him.

(3) If the Registrar fails to dispose of the application within the period specified in sub-section (2), the applicant society shall be deemed to have been registered.

(4) 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.

9. Evidence of registration.- Where a co-operative society is registered under this Act or is deemed to have been registered under sub-section (3) of section 8, the Registrar shall issue a certificate of registration signed by him, which shall be conclusive evidence that the society therein mentioned is a society duly registered under this Act, unless it is proved that

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1. Sub-section (1) substituted vide H.P. Act No. 9 of 2020.

the registration has been cancelled.

10. 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 contracts, institute and defend suits and other legal proceedings and to do all things necessary for the purposes for which it is constituted.

11. Amendment of bye-laws of a co-operative society.- (1) No amendment of any bye-law of a co-operative society shall be valid unless approved by the resolution of a general meeting and registered under this Act for which purpose three copies of the amendment shall be forwarded to the Registrar as prescribed.

[1][(2) On receipt of an application for amendment of bye-laws of a co-operative society, the Registrar shall enter the particulars of the application in the Register of applications to be maintained either manually or electronically; and give a serial number to the application and thereafter may register the amendment in the bye-laws if-

(a) the proposed amendments are not contrary to the provisions of this Act and the rules made there under; and

(b) the proposed amendments are not inconsistent with the principles of the social justice, as may be prescribed.].

(3) When the Registrar registers an amendment, he 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 the reasons therefor to the society.

(5) Any amendment which is not disposed of by the Registrar within 90 days of its receipt, shall be deemed to have been registered under this Act and the provisions of sub-section (3) of this section shall apply to such amendment.

(6) An amendment of the bye-laws of a co-operative society shall, unless it is expressed to come into operation on a particular day, come into force on the day on which it is registered.

[2][**xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx**]

12. Change of name and its effect.- (1) A co-operative society may, by an amendment of its bye-laws, change its name.

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1. Sub-section (2) substituted vide H.P. Act No. 9 of 2020.
2. Section 11-A added vide H.P. Act No. 7 of 1976 and omitted vide H.P Act No. 9 of 2020.

(2) Where a co-operative society changes its name, the Registrar shall enter the new name on the register of co-operative societies in the place of the former name and shall amend the certificate of registration accordingly.

(3) The change of name of a co-operative society shall not affect any rights or obligations of the co-operative society, or of any of its members or past members or deceased members; and any legal proceedings pending may be continued by or against the society under its new name.

13. 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 3 months from the date of service 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 period specified in sub-section (2) shall be deemed to have assented to the change.

(4) 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.

14. Amalgamation, transfer of assets and liabilities, conversion and division of societies.- (1) A co-operative society may, with the previous approval of the Registrar and by resolution passed by a three-fourth majority of the members present and voting at a special general meeting of the society-

(a) transfer its assets and liabilities in whole or in part to any other society;

(b) divide itself into two or more co-operative societies and form as such new societies;

(c) convert itself into any other class of society and form as such a new class of society [1][:]

[2][Provided that in case of an insured co-operative bank, no resolution under this sub-section shall be passed without the prior approval in writing of

1. Substituted for the sign ";" vide H.P. Act No. 13 of 1981. 2. Proviso inserted vide H.P. Act No. 13 of 1981.

the Reserve Bank of India.]

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

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

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

[1][**XXXXXXXXXXXXXXXXXXXX**.]

15. Cancellation of registration certificate of co-operative societies in certain cases.- (1) When the whole of the assets and liabilities of a co-operative society are transferred to another society in accordance with the provisions of section 14, the registration of the first mentioned society shall stand cancelled and that society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

(2) When two or more co-operative societies are amalgamated into a new co-operative society in accordance with the provisions of section 14, the registration of each of the amalgamating societies shall stand cancelled on the registration of the new society and each such society shall be deemed to have

1. Section 14-A inserted vide H. P. Act No. 7 of 1976 and omitted vide H.P Act No. 9 of 2020.

been dissolved and shall cease to exist as a corporate body.

(3) Where a society divides itself into two or more societies in accordance with the provisions of section 14, the registration of that society shall stand cancelled on the registration of new societies and that society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

(4) When a co-operative society is converted from one class to another in accordance with section 14, the registration of the first mentioned class of society shall stand cancelled and society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

16. Partnership of societies.- (1) Any two or more societies may, with the prior approval of the Registrar, by resolution passed by three-fourth majority of the members present and voting at a special general meeting of each such society, enter into partnership for carrying out any specific business or businesses provided that each member has had clear ten days' written notice of the date of the meeting.

(2) Nothing in the Indian Partnership Act, 1932 (9 of 1932), shall apply to such partnership.

CHAPTER-III

MEMBERS OF CO-OPERATIVE SOCIETIES AND THEIR RIGHTS AND LIABILITIES

17. Persons who may become members.- No person shall be admitted to membership 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 registered society (except a society under liquidation proceedings);

(c) State Government; and

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

18. Nominal or associate members.- (1) Notwithstanding anything contained in section 17, a society may also have the following kinds of members:-

(a) nominal members; and

(b) associate members.

(2) (a) A person with whom the co-operative society has or proposes to have business dealings may be admitted as a nominal member.

(b) In the school stores or any other such societies, a minor may be admitted as an associate member.

(c) A nominal or an associate member shall have no right to share in the profits of the society, nor shall he be eligible for the membership of the committee, nor shall he be entitled to such privileges and rights as may be specified in the bye-laws of the society in preference over a member.

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

19. Members not to exercise rights till due payment made.- No member of a 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 prescribed by the rules or the bye-laws of such society.

20. Votes of members.- Every member of a society shall have one vote, in the affairs of a society:

Provided that-

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

(b) in the case of equality of votes, the Chairman shall have a casting vote;

(c) where the Government is a member of the society, each person nominated [1][under section 35 or appointed as Managing Director under section 35-B] by the Government on the committee shall have one vote;

(d) where a share of a society is held jointly by more than one person, only the person whose name stands first in the share certificate and in its absence, in the member register shall have the right to cast one vote; and

(e) save as otherwise provided in the bye-laws, a minor to whom the share of a deceased member is transferred under section 23 shall not be entitled to vote.

21. Manner of exercising vote.- (1) Every member of a 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), the society which is a member of another society, may appoint such number of its members as may be prescribed, to vote in the affairs of such other society.

22. Restrictions on transfer of shares or interest.- (1) The transfer of a share or interest in the capital of a society shall be subject to such conditions and restrictions, as to the maximum holding as are specified in section 6.

1. Inserted vide H. P. Act No. 20 of 1986, effective from 7th January, 1988.

(2) A member shall not transfer any share held by him or his interest in the capital or property of any society or any part thereof unless-

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

(b) the transfer is made to the society or to a member of the society or to a person whose application for membership has been accepted by the society; and

(c) the committee has approved such transfer.

23. Transfer of interest on death of a member.- (1) On the death of a member of a society, the society shall transfer the share or interest of the deceased member to a person or persons nominated in accordance with rules or if no person has been nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member:

Provided that such nominee, heir or legal representative, as the case may be, is admitted as a member of the society:

Provided further that nothing in this sub-section shall prevent a minor or a person of unsound mind from acquiring by inheritance or otherwise the share or interest of a deceased member in a co-operative society.

(2) Notwithstanding anything contained in sub section (1), any such nominee heir or legal representative, as the case may be, may require the society to pay to him the value of the share or interest of the deceased member ascertained in accordance with the rules.

(3) A Society may pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(4) All transfers and payments made by a 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.

24. Disposal of share or interest of expelled, resigned or insane member.- When a member of a society is expelled or resigns in accordance with the rules or the bye-laws, or when a member becomes insane,-

(a) his share or interest shall be transferred to another person qualified to be the transferee in accordance with the provisions of section 22, and the value thereof determined in accordance with the rules, shall be paid to such member or, if he is insane, to any person appointed to manage his properties under the Indian Lunacy Act, 1912 (4 of 1912); or

(b) in case of a society with unlimited liability if the bye-laws so provide, the value of his shares or interest determined in accordance with the rule, shall be paid to him, or, if he is insane, to any person appointed to manage his properties under the Indian Lunacy Act, 1912 (4 of 1912).

25. Disposal of moneys due to an expelled or resigned or insane member.- All sums calculated in accordance with the rules to be due from a society to a member, other than payments in respect of the share or interest of such member of the society, shall, subject to the provisions of section 22, be paid:-

(a) in the case of a member who has been expelled or has resigned from a society, to him; and

(b) in the case of a member who has become insane, to any person appointed to manage his properties under the Indian Lunacy Act, 1912 (4 of 1912).

26. Rights of members to see books, etc.- (1) Every society shall keep open to inspection for its members or non-members free of charge, at all reasonable times, at the registered address of the society-

(a) a copy of this Act;

(b) a copy of the rules;

(c) a copy of the bye-laws of the society; and

(d) a register of members.

(2) All registers and records of a society except books and other documents relating to accounts other than one's own shall be open to inspection in the office of the society by any member of such society on payment of such fees as may be specified in the bye-laws.

(3) Subject to such conditions and payment of such fees as may be specified in the bye-laws, the society shall, on an application made by any member thereof, grant him a certified copy of such records or registers or extracts thereof.

27. Share or interest not liable to attachment.- Subject to the provisions of section 42, the share or interest or contribution of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court, in respect of any debt or liability incurred by such member, nor shall a receiver under the Provincial Insolvency Act, 1920 (5 of 1920), be entitled to have any claim on such share or interest or contribution.

28. Liability of members.- The members of a society shall, upon the winding up of the society, be jointly and severally liable to contribute towards any deficiency in the assets of the society-

(a) in the case of a society with unlimited liability, without limit; and

(b) in the case of a society with limited liability, subject to such limitation of amount as may be provided in the bye-laws.

29. Liability of past member and estate of deceased member.- (1) Subject to the provisions of sub-section(2), the liability of a past member or of

the estate of a deceased member of a co-operative society for the debts of the society as they existed-

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

(b) in the case of a 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 78, the liability of a past member or of the estate of deceased member who ceased to be a member or died within 2 years, immediately preceding the date on which the order of winding up takes effect, 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.

30. Members to furnish information as to their financial position and alienation of their immovable property.- (1) A full, true and accurate statement of his assets and liabilities shall be furnished-

(a) by an applicant for membership of a society with unlimited liability, with his application;

(b) by a member of a society with unlimited liability when required to do so by the Registrar or any person authorised by him by a general or special order or by the financing bank; and

(c) by a member of any other society, with an application for a loan or for acceptance as a surety.

(2) A member of a society shall, before the completion of each such transaction, furnish to the society of which he is a member, full, true and accurate information regarding any sale, mortgage, or transfer in any form whatsoever of his immovable property or any portion or share thereof and regarding any debt proposed to be incurred on the security of such property.

CHAPTER IV

MANAGEMENT OF CO-OPERATIVE SOCIETIES

31. Final authority in co-operative society.- The final authority in a co-operative society shall vest in the general body of members in a general meeting:

Provided that where the bye-laws of a co-operative society provide for the constitution of a smaller body consisting of delegates of members of the society elected or selected in accordance with such bye-

laws, the smaller body shall exercise such powers of the general body as may be prescribed or as may be specified in the bye-laws of the society [1][but shall not have the power to conduct election of managing committee and to amend the bye-

1. Substituted for the sign ":" vide H.P. Act No. 19 of 2006.

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laws:]

Provided further that nothing in this section shall affect any powers conferred on a committee or any officer of a co-operative society by the rules or the bye-laws.

32. Annual general meeting.- (1) A general meeting of every society shall be held once at least in every co-operative year for the purpose of-

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

(b) election, if any, in the prescribed manner of the members of the committee other than the nominated members;

(c) 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.

(2) Such meeting shall be held not more than 15 months after the date of the last preceding meeting held under sub-section (1):

Provided that the Registrar may, by general or special order, extend the period for holding such meeting for a further period not exceeding three months:

Provided further that if, in the opinion of the Registrar, no such extension is necessary, or if such meeting is not called by the society within the extended period (if any) granted by him, the Registrar or any person authorised by him may call such meeting in the manner prescribed and that meeting shall be deemed to be general meeting duly called by the society; and the Registrar may order that the expenditure incurred in calling such a meeting shall be paid out of the funds of the society or by such person or persons who, in the opinion of the Registrar, were responsible for the refusal or failure to convene the general meeting.

33. Special general meeting.- (1) A special general meeting may be called at any time by the President or by a majority of the members of a committee, and shall be called within one month-

(a) on a requisition in writing of one-fifth of the members of a society or of members, the number of which is specified in the bye-laws for the purpose, whichever is lower, or

(b) at the instance of the Registrar, or

(c) in the case of a society, which is a member of a federal society, at the instance of the committee of such federal society.

(2) If a special general meeting of a 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 call such meeting, and that meeting

shall be deemed to be a meeting duly called by the committee.

(3) The Registrar shall have power to order that the expenditure incurred in calling a meeting under sub-section (2) shall be paid out of the funds of the society or by such person or persons who, in the opinion of the Registrar, were responsible for the refusal or failure to convene the meeting.

1[**34. Constitution of the Managing Committee**.- (1) The management of every society shall vest in a managing committee constituted in accordance with this Act, rules and bye-laws, which shall exercise such powers and perform such duties as may be conferred or imposed respectively, by this Act, rules and bye-laws.

(2) The managing committee of a co-operative society shall be constituted by,-

(a) election from amongst the members of the society at the annual or special general meeting;

(b) nominees of other co-operative societies or institutions, if any, provided in the bye-laws;

(c) Government nominees, if any, nominated under section 35; and

2[(d) appointment made by the Registrar under section 34-A.]

3[xxxxxxxxxxxxxxxx]

4[(2-A). The managing committee shall, as soon as may be, elect from amongst its elected or nominated members a Chairman, Vice-Chairman; or a President, Vice-President, as the case may be, of the managing committee.

(2-AA**).** Notwithstanding anything contained in sub-section (2-A), where the State Government has-

(i) subscribed to the share capital of a co-operative society, or

(ii) assisted indirectly in the formation or augmentation of the share capital of a co-operative society as provided under section 48, or

(iii) guaranteed the repayment of principal amount and payment of interest on loans and advances to a society,

to the extent of rupees fifty lakhs or more, the State Government may appoint, one of the members nominated under section 35, as Chairman of the managing committee of such society:

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1. Section 34 substituted vide H.P. Act No. 21 of 2013.
2. Clause (d) inserted vide H.P. Act No. 20 of 2015, effective from 1st April, 2014.
3. First and second provisos omitted vide H.P. Act No. 24 of 2013, effective from
4. 14th February, 2013.
New sub-sections (2-A) and (2-AA) inserted vide H.P. Act No. 24 of 2013, effective from 14th February, 2013.

Provided that no member of a managing committee shall be eligible to be elected or appointed as Chairman or Vice-Chairman or President or Vice-President of the managing committee of such society, if such member is a Minister in the State Government**.]**

(3) The managing committee of a co-operative society shall consist of not less than five but not more than twenty-one members including Government nominees.

[1][XXXXXXXXXXXXXXXXXXXXXXX]

(4) The term of office of the elected members of the managing committee and its office bearers shall be five years from the date of election and the term of office bearers shall be co-terminous with the term of the managing committee:

Provided that the managing committee may fill a casual vacancy by nomination out of the same class of members in respect of which the casual vacancy has arisen, if the term of office of the managing committee is less than half of its original term.]

[2]**[34-A. Appointment of managing committee member by the Registrar.**- (1) Notwithstanding any limits specified in the bye-laws, in order to represent appropriate interests, the Registrar shall appoint additional number of members for the managing committee, not exceeding one-third of the number of elected members :

Provided that the total number of committee members so elected, nominated and appointed under sections 34, 35 and sub-section (1) of this section, shall not exceed the maximum limit specified under sub-section (3) of section 34.

(2) Out of the members appointed under sub-section (1), one shall be a person belonging to Scheduled Castes, one belonging to Scheduled Tribes and the remaining, if any, representing other appropriate interests including the interests of women, unless a member each belonging to the Scheduled Castes and Scheduled Tribes and representing other interests has already been elected on such committee.

(3) The members so appointed under sub-sections (1) and (2) shall hold office till the next election of the managing committee or till other persons are appointed in their place, whichever is earlier, and shall have the right to vote.

(4) The managing committee members appointed under this section may or may not be the members of the society but should possess all the qualifications prescribed for membership of a cooperative society and the managing committee.

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1. First and second provisos of sub-section (3) omitted vide H.P. Act No. 20 of 2015, effective from 1st April, 2014.
2. Section 34-A inserted vide H.P. Act No. 20 of 2015, effective from 1st April, 2014.

(5) If a vacancy occurs in the office of appointed member in the managing committee, the Registrar shall fill up such vacancy by appointment from amongst the same class of persons in respect of which the vacancy has arisen.]

1[**35. Nominees of the Government and other nominees on the committee of co-operative societies.-** (1) (a) Where the State Government-

(i) has subscribed to the share capital of a co-operative society; or

(ii) has assisted indirectly in the formation or augmentation of the share capital of a co-operative society as provided under section 48; or

(iii) has guaranteed the repayment of a principal and payment of interest on loans and advances to a society;

the State Government or any authority specified by the State Government in this behalf shall have the right to nominate 2[, having such qualifications and experience and in the manner as may be prescribed,] not more than three members or one-third of the total number of the members of the committee of the society whichever is less 3[.]

4[XXXXXXXXXXXXXXXXXXXXXXXXXXXX]

(b) Where the employer has contributed to the share capital of a co-operative society of his employees to the extent of rupees five thousand or more, the employer shall have right to nominate two members or one-third of the total members whichever is less, on the committee of such society.

(c) Where any financing institution notified in this behalf by the Government has provided finance to a co-operative society, such financing institutions shall have the right to nominate one member on the committee.

(2) A member nominated on the committee of a co-operative society under sub-section (1) shall hold office during the pleasure of the State Government or the specified authority or the employer or the financing institution, as the case may be.

(3) Where in a co-operative society in which shares have been subscribed or liability by way of guarantee for borrowing has been undertaken by the Government, exceeding fifty per centum of the working capital of the society, a difference of opinion in respect of any matter arises between any member of the committee nominated under sub-section (1) (a) 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 same were a decision taken by the committee.]

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1. Section 35 substituted vide H.P. Act No. 7 of 1976.
2. Inserted vide H.P. Act No. 20 of 1986, effective from 7th January,1988.
3. Substituted for the sign ":" vide H.P. Act No. 20 of 1986, effective from 7th January, 1988.
4. Proviso omitted vide H.P. Act No. 20 of 1986, effective from 7th January, 1988.

[1][**35-A. Power of Registrar to constitute new committee in certain cases.-** (1) Where in any co-operative society, a committee constituted in accordance with the provisions of this Act, rules and bye-laws does not exist, the Registrar may, notwithstanding anything to the contrary contained in this Act or rules or bye-laws, constitute by notification a committee for such society consisting of such number of members and not exceeding eleven out of whom not less than one-third shall be share-holders of such society, as he may deem fit:

Provided that if the number of the members of the committee so constituted is less than eleven, the Registrar may, from time to time, add a member or members to the committee.

(2) A committee constituted under sub-section (1) shall be deemed to be a committee for all the purposes of this Act, rules and bye-laws and shall continue to function for a period of two years or until such period as a committee for such society is constituted in accordance with the provisions of this Act, rules and bye-laws, whichever expires earlier:

Provided that the Government may by notification extend the period of two years so as not to exceed in the aggregate three years.]

[2][**35-B. Appointment, powers and functions of Managing Directors.-** (1) Where the Government has subscribed to the share capital of a co-operative society to the extent of rupees five lakhs or more, the Government may, notwithstanding anything contained in the bye-laws of the society, nominate another member in addition to those nominated under section 35 and appoint him as Managing Director:

Provided that no person shall be appointed as Managing Director of a co-operative society unless he is a member of the Indian

Administrative Service or the Himachal Pradesh Administrative Service or Class-I Officer of the Co-operative Department [3][or an officer having relevant specialized or technical qualification.]

(2) A person nominated and appointed as the Managing Director under sub-section (1) shall be ex-officio member of the committee and shall hold office during the pleasure of the State Government and shall have a right to participate in the deliberations of the committee and shall also have the right to vote.

(3) The Managing Director appointed under sub-section (1) shall exercise such powers as are assigned to him under the bye-laws or delegated to him by the committee. He shall discharge all such functions, consistent

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1. Section 35-A inserted vide H.P. Act No. 7 of 1976.
2. Section 35-B. inserted vide H.P. Act No. 20 of 1986, effective from 7th January, 1988.
3. Substituted for the words and signs "except the Himachal Pradesh State Co-operative and Development Bank and the Himachal Pradesh State Co-operative Milk Federation where technical persons may be appointed as Managing Directors" vide H.P. Act No. 19 of 2006.

with the bye-laws, as are assigned to him by the Government or the Registrar. He shall work under the superintendence and control of the committee.

(4) The Managing Director of a co-operative society shall be its principal executive officer. All employees of the society shall function and perform their duties under his superintendence and control.

(5) The Managing Director appointed under sub-section (1) shall be deemed to be on deputation with the society and his salary and allowances, as determined by the State Government, shall be paid from the funds of the society.]

36. Powers to depute Government servant to manage affairs of a co-operative society.- The State Government may, on the application of a society and on such conditions as may be prescribed, depute a Government servant to the service of the society for the purpose of managing its affairs and the Government servant so deputed shall exercise such powers and perform such duties as may be prescribed.

[1]**[37. Supersession of committee.-** (1) If, in the opinion of the Registrar, a committee of any co-operative society or any member thereof persistently makes default or is negligent in the performance of the duties imposed on it or him by this Act or the rules or the bye-laws or commits any act which is prejudicial to the interests of the society or its members, the Registrar, may, after giving such committee or members, as the case may be, an opportunity to state its or his objections, if any, by order in writing-

(a) remove the committee, and-

(i) order fresh election to the committee; or

(ii) appoint one or more administrators who need not be members of the society, to manage the affairs of the society for a period not exceeding one year specified in the order which period may at the discretion of the Registrar, be extended from time to time, so however, that the aggregate, period does not exceed five years; or

(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, the rules and the bye-laws.

(1-A) Where the Registrar, while proceeding to take action under sub-section (1) is of the opinion that suspension of the committee or any member during the period of proceedings is necessary in the interest of the co-operative society, he may suspend such 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

1. Section 37 substituted vide H.P. Act No. 7 of 1976.

removed, it or he shall be re-instated and the period of suspension shall count towards its or his term.

(2) The Registrar may fix such remuneration for the administrator as he may think fit. Such remuneration shall be paid out of the funds of the society.

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

(4) The administrator shall, at the expiry of his term of office arrange for the constitution of a new committee in accordance with the bye-laws of the society.

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

(6) 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 and the said period shall commence after the expiry of the term of the committee from which he is removed.]

38. Securing possession of records.- (1) (a) When the Registrar is satisfied that the books and records of a society are likely to be suppressed, tempered with or destroyed or the funds and the property of a society are likely to be mis-appropriated; or

(b) If the committee of a co-operative society is re-constituted at a general meeting of the society, or committee of a society is removed under section 37 or if the society is ordered to be wound up under section 78 and the outgoing members of the committee refuse to hand over the charge of the records and property of the society to the new committee or the administrator or the liquidator as the case may be, the Registrar or the person authorised by him may apply to the magistrate, within whose jurisdiction the society is functioning for seizing and taking possession of the records and property of the society.

(2) On receipt of an application under sub-section (1), the magistrate may 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 them and hand over the possession thereof to the Registrar, or the new committee or the administrator of the society or the liquidator as the case may be.

CHAPTER V

DUTIES AND OBLIGATIONS OF CO-OPERATIVE SOCIETIES

39. Address of societies.- Every co-operative society shall have an address registered in accordance with the rules to which all notices and

communications may be sent and shall send notice in writing to the Registrar of any change in address within thirty days of such change.

40. Right of members to services by society and application for redress.- (1) Every member shall be entitled to the services available to the members of the society under the provisions of its bye-laws and such services shall, subject to availability, be rendered to him on his application to the committee.

(2) If any member is refused any service or where the decision of the committee, on his application for services, is not communicated to him within a period of thirty days from the date of such application, he may make an application to the Registrar for redress, within thirty days from the date of receipt of the decision of refusal or within sixty days from the date of application to the society, as the case may be.

(3) If the Registrar is satisfied that the refusal of any service is un-reasonable, improper or discriminating, he may, after giving the committee an opportunity of making its representation, by order, direct the committee to render the service.

41. Liability to furnish information.- Every officer and every member of a society shall furnish such information in regard to the

transactions or working of the society as may be required of him by the Registrar or an auditor, arbitrator, liquidator or any person conducting an inspection or enquiry.

CHAPTER VI

PRIVILEGES OF CO-OPERATIVE SOCIETIES

42. Charges and set off in respect of shares or interest of members.- A society shall have a charge upon the share or interest in the capital, and on the deposits of a member or a past member or deceased member and upon any dividend, bonus or profits payable to a member, past member or deceased member in respect of any debt or outstanding demand owing to the co-operative society and the society may set off any sum credited or payable to such member in or towards payment of any such debt:

Provided that no co-operative bank shall have a charge upon any sum invested with it by a society out of the provident fund established by it under section 56 or its reserve fund; and no co-operative bank shall be entitled to set off any such sum towards any debts due from the society.

43. Register of members.- Any register or list of members or shares kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein:-

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

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

44. Proof of entries in society's books.- (1) A copy of any entry in a book of a registered 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 society and no officer in whose office the books of a 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 the order of the court or the arbitrator made for special cause.

45. 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 (16 of 1908), shall apply to-

(1) any instrument relating to share in a society notwithstanding that the 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 registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures; or

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

46. Deduction from salary to meet society's claim in certain cases.- (1) Notwithstanding anything contained in any law for the time being in force, a member of a 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 to the society the amount so deducted in satisfaction of any debt or other demand of the society against the member.

(2) On the execution of such agreement, the employer shall, if so required by the 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 within fourteen days from the date of deduction.

(3) If after the receipt of requisition made under the foregoing sub-section, 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 employer shall be personally liable for the payment thereof; and the amount shall be recoverable on behalf of the society from him as an arrear of land revenue, and the amount so due shall rank in priority in respect of such liability of the employer as wages in arrears.

47. Charge on immovable properties 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, if he owns any land or has interest in any land as a tenant shall make a declaration in the form

prescribed. Such declaration 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 taken a loan from a society of which he is a member, before the date of coming into force of this Act, and who owns any land or has interest in any land as a tenant and who has not already made such a declaration before the aforesaid date shall, as soon as possible, thereafter, make a declaration in the form and to the effect referred to in clause (i), and no such person shall, unless and until, he has made such declaration, be entitled to exercise any right as a member of the society;

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

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

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

Provided further that if a part of the amount borrowed by a member is paid, the society may, on an application from the member, release from charge created under the declaration made under clause (i) or (ii), such part of the movable or immovable property specified in the said declaration, as it may deem appropriate, with due regard to the security of the balance of the amount remaining

outstanding from the member :

[1][Provided further that no charge on land need be created if the amount of loan advanced is less than such amount as may be fixed by the State Government from time to time by a notification and such loan may be allowed to any member on his furnishing two sureties from the fellow members;]

(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, 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 (ii), for and to the extent of the dues owing by him on account of the loans and advances; and

(vii) the record-of-rights shall include the particulars of every charge on land or interest created under a declaration under clause (i) or (ii). The halka patwari shall note such charge in the village records within one week after the receipt of the declaration and shall thereafter return the declaration to the society concerned.

48. 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 a co-operative society;

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

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

(e) give financial assistance in any other form, including subsidies to any society.

49. Limitation.- (1) Notwithstanding any other provisions of the Limitation Act, 1963 (36 of 1963), the period of limitation for the institution of a suit to recover any sum including interest thereon due to a society by a member thereof shall be computed from the date on which such member dies or ceases to be a member of the society.

1. Substituted vide H. P. Act No. 7 of 1976.

(2) The provisions of the Limitation Act, 1963 (36 of 1963), shall not apply to proceedings taken [1][under sections 69, 73 and 88] of this Act.

50. 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 of such societies on account of profits.

(2) The Government may, by notification, remit in respect of any society or class of 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-operative society, officer or member, as the case may be, would be liable to pay such stamp duty;

(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, promisory 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 State Government.

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

(a) land revenue;

(b) taxes on agricultural income;

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

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

51. Insolvency of members.- Notwithstanding anything contained in the Provincial Insolvency Act, 1920 (5 of 1920), or any corresponding law for the time being in force, the dues of a society from a member, in insolvency proceedings against him shall rank in order of priority next to the dues payable by him to Government or to a local authority.

52. First charge of co-operative societies 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 the land revenue or any money recoverable as land revenue, any debt or outstanding demand

1. Substituted for the words and figure "under section 73" vide H.P. Act No. 13 of 1981.

owing to a co-operative society by any member or past member or deceased member shall be a first charge upon 1[movable property] the crops and 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 a 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 loan by the society.

CHAPTER VII

PROPERTIES AND FUNDS OF CO-OPERATIVE SOCIETIES

53. Investment of funds.- (1) A registered society may invest or deposit its funds-

(a) in the post office savings bank; or

(b) in any of the securities specified in section 20 of the Indian Trusts Act, 1882 (2 of 1882); or

(c) in the shares or the securities of any other registered society; or

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

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

(2) Any investment or deposit made before the commencement of this Act which would have been valid if this Act had been in force is hereby ratified and confirmed.

54. 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 per cent, as may be prescribed, to the co-operative education fund constituted under the rules.

55. Funds not to be divided.- No part of the funds, other than the dividend, equalisation or bonus equalisation funds as may be prescribed or the net profits of a society, shall be paid by way of bonus or dividend, or

1. Inserted vide H. P. Act No. 7 of 1976.

otherwise distributed among its members:

Provided that a member may be paid remuneration on such scale as may be laid down by the bye-laws, for any services rendered by him to the society.

56. Appropriation of profits.- (1) A society earning profit shall calculate the net profits by deducting from the gross profits for the year, all interest accrued and accruing in accounts which are overdue, establishment charges, interest payable on loans and deposits, audit fee, working expenses including repairs, rent, taxes and depreciation, and after providing for or writing of bad debts and losses not adjusted against any fund created out of profits. A society may, however, add to the net profits for the year, interest accrued in the preceding years, but actually recovered during the year. The net profits thus arrived at, together with the amount of profits brought forward from the previous year, shall be available for appropriation.

(2) A society may appropriate its net profits to the reserve or any other fund, to payment of dividends to members on their shares, to the contribution to the educational fund of the society which may be notified in this behalf by the Registrar, to the payment of bonus on the basis of support received from members and persons who are not members to its business, to payment of honoraria, provident fund to its employees, and towards any other purpose which may be specified in the rules or bye-laws:

Provided that, no part of the profits shall be appropriated except with the approval of the society in its annual general meeting and in conformity with the Act, rules and bye-laws.

57. Reserve fund.- (1) Every society shall maintain a reserve fund in respect of the profits, if any, derived from its transactions.

(2) Of the net profits of a society in each year there shall be carried to the reserve fund not less than twenty-five per centum or such higher proportion as may be prescribed for such society or class of societies.

(3) Save to the extent, and in such manner, as may be prescribed, no part of its reserve fund shall be used in the business of a society.

(4) Subject to the rules, any portion of the reserve fund not used in the business of a society shall be invested or deposited,-

(a) in the post office savings bank; or

(b) in any of the securities specified in section 20 of the Indian Trusts Act, 1882 (2 of 1882), other than those specified in clause (e) of that section; or

(c) in any other bank approved by the Registrar.

58. Regulation loan making policy.- (1) No society shall make loan to any person other than a member, or on the security of its own shares, or on security of any person who is not a member:

Provided that, with the special sanction of the Registrar, a society may

make loans to another society.

(2) Notwithstanding anything contained in the foregoing sub-section, a society may make a loan to a depositor on the security of the deposit.

(3) If, in the opinion of the State Government, it is necessary in the interest of the society or societies concerned to do so, the State Government may, by general or special order, prohibit, restrict, or regulate the lending of money by any society or class of societies on the security of any property:

Provided that the Registrar may, for ensuring safety of the funds of the society or societies concerned for proper utilisation of such funds in furtherance of their objects and for keeping them within the loan making limits laid down in the rules and bye-laws, in consultation with the financing bank, by general or special order, regulate further the extent, conditions and manner of making loans by any society or class of societies to its members or other societies.

59. Restrictions on borrowings.- A co-operative society shall receive deposits [1][from its members] and loans only to such extent and under such conditions as may be prescribed or as may be specified in the bye-laws.

60. Restrictions on other transactions with non-members.- Save as is provided in sections 58 and 59, the transactions of a society with person other than a member shall be subject to such prohibitions and restrictions, if any, as may be prescribed.

CHAPTER VIII

AUDIT, INQUIRY, INSPECTION AND SURCHARGE

[2]**[61. Audit.-** (1) Every co-operative society shall cause to be audited its accounts by an auditor, within six months from the close of a co-operative year to which the accounts relate.

(2) The accounts of a co-operative society shall be audited by an auditor approved in the general meeting of the society from the panel of auditors notified by the Government in this behalf. The qualifications, experience, manner of preparation of the panel of auditors and authorization thereof; and audit fee or remuneration to be paid by the society alongwith the manner of making payment shall be such, as may be prescribed.

(3) If at the time of audit, the accounts of a society are not complete, the auditor authorized under sub-section (2) may cause the accounts to be written up at the expense of the society.

(4) The audit fee or the remuneration, if any, due from any society or the expenses incurred in writing up the accounts of a society shall be recoverable in the manner as provided in section 90.

(5) Where a co-operative society fails to get its annual accounts

1. Inserted vide H.P. Act No. 9 of 2020.
2. Section 61 substituted vide H.P. Act No. 9 of 2020.

audited as per sub-section (1), the Registrar shall get the accounts of the society audited at the expense of the society.

(6) Where the Registrar is of the opinion that the affairs of any society aided as per the provisions of section 48, are not being managed in accordance with the cooperative principles or prudent commercial practices or the provisions of this Act, the rules or the bye-laws, he may by an order, provide for such special audit and the provisions of this Act, and the rules applicable to the audit shall also apply to such special audit:

Provided that the Registrar, if satisfied, may order special audit of a society not being aided as per the provisions of section 48, if a request to this effect is made by atleast one-forth members of the society.]

62. Nature of audit.- (1) The audit under section 61 shall include,-

(a) a verification of the cash balance, securities and stocks;

(b) a verification of the balance at the credit of the depositors and creditors and of the amounts due from the debtors of the society;

(c) an examination of the overdue debts, if any;

(d) a valuation of the assets and liabilities of the society;

(e) an examination of the transactions including the monetary transactions of the society;

(f) an examination of the statement of accounts to be prepared by the managing committee in such form as may be prescribed;

(g) a certificate of the profits realised; and

(h) any other matter that may be prescribed.

(2) The statement of accounts thus audited, together with the modifications, if any, made therein by 1[auditor] shall be final and binding on the co-operative society.

63. Auditor's report.- The auditor shall, within 10 days from the date of the completion of the audit, submit to the co-operative society and to the Registrar, together with the statement of accounts audited, an audit report including a statement of,-

(a) every transaction which appears to him to be contrary to law or to the rules or bye-laws;

(b) every sum which ought to have been but has not been brought into account;

(c) the amount of any deficiency or loss which appears to have resulted from any negligence or misconduct or which requires

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1. Substituted for words "the Registrar or any person authorised by him" vide H.P. Act No. 9 of 2020.

further investigation;

(d) any money or property belonging to the society which appears to have been misappropriated or fraudulently retained by any person;

(e) any of the assets which appear to him to be bad or doubtful; and

(f) any other matter prescribed.

64. Rectification of defects.- A co-operative society shall be afforded by the Registrar an opportunity of explaining any defects or irregularities pointed out by the auditor, and thereafter the society shall, within such time, and in such manner, as the Registrar may direct, remedy such defects and irregularities and report to the Registrar the action taken by it thereon.

65. Inspection of co-operative societies.- The Registrar may, from time to time, inspect a registered society himself or cause it to be inspected by some person authorised by him in this behalf by general or special order, and shall communicate the result of his inspection to the society within a period of one month from the date of completion of such inspection.

66. Inspection of books of an indebted co-operative society.- (1) Subject to the provisions of sub-section (2), on the application of a creditor of a society, an inspection shall be made of the books of the society by the Registrar or by a person authorised by him in this behalf by general or special order in writing.

(2) No such inspection shall be made unless,-

(a) the Registrar, after giving the society an opportunity of being heard, is satisfied that the alleged debt is a sum then due, and that the creditor has demanded payment thereof and has not received satisfaction within a reasonable time; and

(b) the creditor deposits with the Registrar such sum as security for the costs of the inspection as the Registrar may direct.

(3) The Registrar shall communicate the result of an inspection under this section to the creditor, to a society and to the financing bank, if any, of which the society is a member.

67. Inquiry by the Registrar.- (1) The Registrar may, of his own motion, by himself or by a person authorised by him by order in writing, hold an enquiry into the constitution, working and financial condition of a society.

(2) An enquiry of the nature referred to in sub-section (1) shall be held on the application of,-

(a) a society to which the society concerned is affiliated; or

(b) a majority of the members of the managing committee of the society; or

(c) not less than one-third of the total number of members of the

society.

(3) The Registrar or the person authorised by him under sub-section (1) shall, for the purpose of an enquiry under this section have powers, namely:-

(a) he may, notwithstanding any rule or bye-law specifying the period of notice for general meeting of the society, require the officer of the society to call a general meeting at such time and place at the head-quarters of the society or any branch thereof and to determine 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 himself; and

(b) any meeting called under clause(a) shall have all the powers of a general meeting called under the bye-laws of the society and its proceedings shall be regulated by such bye-laws except that no quorum shall be necessary for such meeting.

(4) Where an enquiry is made under this section, the Registrar shall communicate the result of the inquiry to the society, the co-operative society, if any, to which that society is affiliated and to the persons or authority, if any, at whose instance the enquiry is made.

68. Cost of inquiry.- Where an enquiry is held under section 67 or an inspection is made under section 66 on the application of a creditor, the Registrar may apportion costs, or such part of the costs as he may deem fit between the co-operative society to which the society concerned is affiliated, the society, the members or creditors demanding an inquiry or inspection, and the officers or former officers of the society:

Provided that-

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

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

69. 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 the provisions of 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 the society, the Registrar may, of his own motion or on the application of the committee, liquidator, or any creditor, inquire himself or direct any person authorised by him, by an order in writing in this behalf, to inquire into the conduct of such person :

1[Provided that no such inquiry shall be held after the expiry of six years from the date on which any act of commission or omission referred to in this sub-section comes to knowledge.]

(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 cost or compensation to such extent, as the Registrar may consider just and equitable.

(3) This section shall apply notwithstanding that the act is one for which the offender may be criminally responsible.

70. Access to documents-The Registrar and, subject to any restriction prescribed, an auditor, arbitrator, or any person conducting supervision or inspection or audit or inquiry shall at all reasonable times have free access to the books, accounts, documents, securities, cash and other properties, belonging to or in the custody of a society.

71. Powers of civil court.- (1) In exercising the functions conferred on him by or under this Act, the Registrar, the arbitrator or any other person deciding a dispute under section 73 and the liquidator of a co-operative society or person entitled to audit, inspect or hold any inquiry shall have all the powers of civil court while trying a suit, under the Code of Civil Procedure, 1908 (5 of 1908), in respect of the following matters:-

(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 affidavit; and

(d) issuing commission 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 oath to the deponent.

CHAPTER-IX

SETTLEMENT OF DISPUTES

72. 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 calming through a member, past member, or deceased member and the society,

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1. Proviso substituted vide H.P. Act No. 13 of 1981.

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; or

(e) a surety of a member, past member or a deceased member or a person other than a member who has been granted a loan by the society under section 58 whether such surety is or is not a member of the society;

such disputes 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 purposes of sub-section (1), the following shall be deemed to be disputes touching the constitution, management, or the business of a co-operative society, namely:-

[1][(a) a claim by the society for any debt or demand due to it from a member or an employee, or the nominee, heir or legal representative of a deceased member or an employee, whether such debt or demand be admitted or not;]

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

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

(3) 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, decision, thereon, of the Registrar shall be final and shall not be called in question in any court.

73. Reference of disputes to arbitration.- (1) The Registrar may, on receipt of the reference of a dispute under section 72,-

(a) decide the dispute himself; or

(b) transfer it for disposal to any person who has been invested

1. Clause (a) substituted vide H.P. Act No. 13 of 1981.

by the State Government with powers in that behalf; or

(c) refer it for disposal to an 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.

(4) The Registrar or the arbitrator to whom the dispute is referred, after giving the parties a reasonable opportunity of being heard, shall give his decision or award as the case may be.

(5) Where the decision or award has been made in the absence of a party, the said party, if aggrieved, may apply within one month of the

date of such decision or award for an order to set aside such decision or award and if it satisfies the Registrar or the arbitrator that there was sufficient cause of its non appearance when the matter was called on for hearing, the Registrar or arbitrator shall make an order setting aside his decision or award as the case may be.

74. Attachment before award.- Where a dispute has been referred to the Registrar under section 72 or transferred or referred to arbitration under clauses (b) and (c) of sub-section (1) of section 73, the Registrar, or the person invested with the powers to decide such dispute or the arbitrator, as the case may be, if satisfied on inquiry or otherwise that a party to such arbitration with intent to delay or obstruct the execution of any award that may be made-

(a) is about to dispose of the whole or any part of his property; or

(b) is about to remove the whole or any part of his property from the jurisdiction of the Registrar;

may, unless adequate security is furnished, direct a conditional attachment, and such attachment shall have the same effect as if made by a competent civil court.

75. Finality of award.- The award of the arbitrator or a decision by the Registrar, or the person invested with the power to decide disputes, under section 73 shall not be liable to be called in question in any civil or revenue court.

76. Notice necessary in suits.- No suit shall be instituted against a society or any of its officers in respect of any act touching the constitution, management or the business of the society, until the expiration of two months 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.

77. Power of Registrar to sanction compromise between a society and its creditors.- (1) Notwithstanding anything contained in this Act, where a compromise or arrangement is proposed between a society and its creditor or creditors or any class of them, the Registrar, upon an application made in the prescribed manner by the society or by any creditor, or, in the case of a society in respect of which an order has been passed for the winding up thereof, by the liquidator, may order a meeting of the creditors or the class of creditors, as the case may be, to be called, held and conducted in such manner as may be prescribed.

(2) If a majority in number of the creditors, or the class of the creditors, as the case may be, representing claims to three-fourth of the debts due by the society to the creditors, or the class of the creditors, present either in person or by proxy at the meeting, agree to any

compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Registrar, upon publication in the prescribed manner, be binding on all the creditors or the class of creditors, as the case may be, and also on the society or, in the case of a society in respect of which an order has been passed for the winding up thereof, on the liquidator and on all persons who have been or may be required by the liquidator under section 80 to contribute to the assets of the society.

CHAPTER X

WINDING UP AND DISSOLUTION OF CO-OPERATIVE SOCIETIES

78. Order for the winding up of a society.- (1) The Registrar may, and if the rules in any case so prescribe, shall, by an order in writing, direct that a co-operative society shall be wound up, if-

(a) after an inspection has been made under section 65 or section 66 or any inquiry has been held under section 67; or

(b) on an application made upon a resolution carried by three-fourth of the members of the society present at a special general meeting called for the purpose; or

(c) on his own motion in the case of a society which-

(i) has not commenced working; or

(ii) has ceased working; or

(iii) has share capital and members deposits not exceeding rupees one thousand; or

(iv) has ceased to comply with any condition as to registration in this Act or in the rules or bye-laws;

he is of the opinion that society ought to be wound up.

(2) A copy of such order shall be communicated in the prescribed manner to the society and to the financing bank, if any, of which the society is a member.

(3) The order shall take effect-

(a) where no appeal is preferred under section 93 on the expiry of the time allowed for preferring an appeal; or

(b) where an appeal is preferred, upon the rejection of the appeal by the appellate authority.

79. Appointment of a liquidator.- (1) Where the Registrar has made an order under section 78 for the winding up of a society, he may, in accordance with rules, appoint a liquidator and may remove him and appoint another in his place and may also fix his remuneration.

(2) The Registrar may, if the circumstances require, appoint by nomination from the share holders of the society, a liquidation committee, comprising not more than seven and not less than three share holders, to advise and assist the liquidator, and may at any time remove any member of the committee or the whole committee and appoint another in his or its place, as the case may be.

(3) 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, damage to, such property, effects and claims.

(4) Where an appeal is preferred under section 93, the liquidator shall, pending the decision of the appeal, continue to have custody or control of the property, effects and actionable claims mentioned in sub-section (3) and have authority to take the steps referred to in that sub-section.

(5) Where an order of winding up of a society is set aside in appeal, the property, effects and actionable claims of the society shall re-vest in the society.

80. Powers of liquidator.- (1) Subject to any rules made in this behalf, the whole of the assets of a society in respect of which an order for winding up has been made, shall vest in the liquidator appointed under section 79 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 control of the Registrar-

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

(b) to determine, from time to time, the contribution (including debts due) to be made or remaining to be made by the members or the 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 society and subject to the provisions of this Act, to decide questions of priority arising between claimants;

(d) to pay claims against the society including interest upto 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 calculate the cost of liquidation and to determine by what person and in what proportions they 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 of the affairs of the society;

(h) to carry on 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; and

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

[1][(3) Any private transfer or delivery of, or an encumbrance or charge on, property, made or created after the order of the liquidator under this

1. Sub-section (3) inserted vide H.P. Act No. 13 of 1981.

section shall be null and void as against the society under liquidation.]

81. Priority of contribution assessed by liquidator.-

Notwithstanding anything contained in the Provincial Insolvency Act, 1920 (5 of 1920), the contribution assessed by liquidator shall rank next to debts due to the Government or to any local authority in order of priority insolvency proceedings.

82. Liquidator to deposit the books and submit a final report.- When the affairs of a 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.

83. Power of Registrar to cancel order of winding up or of registration of cooperative society.- (1) The Registrar may cancel an order for the winding up of the society in any case where, in his opinion, the society should continue to exist.

(2) In any other case, the Registrar shall, after considering the report of the liquidator, if any, order the registration of the society to be cancelled.

84. Bar of suit in winding up and dissolution matters.- Save in so far as it is expressly provided in this Act, no civil court shall take cognizance of any matter connected with the winding up or dissolution of a society under this Act and when a winding up or order has been made, no suit or other legal proceeding shall lie or be proceeded with against the society except by leave of the Registrar and subject to such terms as he may impose.

85. Disposal of surplus assets.- After all the liabilities including the paid up share capital of a cancelled society have been met, the surplus assets shall not be divided amongst its members but they shall be devoted to any object or objects described in the bye-laws of the society and when no object is so described to any object of public utility, determined by the general meeting of the society and in case of failure of the general meeting to determine the aforesaid object within the prescribed period, they may be assigned by the Registrar either in whole or in part to any or all of the following:-

(a) an object of public utility of local interest including co-operative education fund;

(b) a charitable purpose as defined in section 2 of the Charitable Endowments Act, 1890 (5 of 1890);

(c) financing bank until such time as a new society with similar object is registered in the same or neighbouring area when with the consent of the Registrar such surplus may be credited to the reserve fund of such new society.

CHAPTER XI

EXECUTION OF AWARDS, DECREES, ORDERS AND

DECISIONS

86. Enforcement of charge.- Notwithstanding anything contained in Chapter IX 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 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 52:

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.

[1][**86-A. Powers of a financing bank to proceed against defaulting members of a co-operative society.-** (1) If a co-operative society is unable to pay its debts to a financing bank according to the terms of agreement to this effect by reason of its members committing default in the payment of moneys due by them, the financing bank may direct the committee of such society to proceed against such members by taking action under sections 72, 73, 74, 75, 76, 86, 87, 89, 90 and 90-A of the Act.

(2) If the committee of the co-operative society fails to proceed against its defaulting members within a period of ninety days from the date of receipt of such direction from the financing bank, the financing bank itself may proceed against such defaulting members in which event, the provisions of sections 72, 73, 74, 75, 76, 86, 87, 89, 90 and 90-A of the Act, the rules and bye-laws made thereunder, shall apply as if all references to the society or its committee in the said provisions of this Act, rules and the bye-laws were references to the financing bank.

(3) After recovery of dues from the defaulter members of such society, the respective loan accounts of such members in the society and those of the society in the bank shall be credited proportionately by the society and the financing bank respectively.

86-B. Powers of financing bank to proceed against the members of a co-operative society.- Where a financing bank has obtained a decree or award against a co-operative society in respect of money due to it from the society, the financing bank may proceed to recover such money, firstly from the available assets of the society and thereafter from the members of the society to the extent of their debts due to the society:

Provided that the financing bank while proceeding against the indebted members of such society under this section shall first proceed against the defaulting members of the society and their sureties to recover such amount as may remain unsatisfied from the available assets of the society.]

1 . Sections 86-A and 86-B inserted vide H.P Act No. 24 of 1978.

87. Execution of orders.- 1[(1) Every order made by the Registrar under section 69 or under section 86, every decision or award made under section 73 and every order made under section 93 or 94, shall, if not carried out, be executed according to the law and under the rules for the time being in force for the recovery of arrears of land revenue:

Provided that an application for the recovery of any sum shall be made-

(i) to the Collector and shall be accompanied by a certificate signed by the Registrar or by any person authorised by him in this behalf;

(ii) within twelve years from the date fixed in the order, decision or award and if no such date is fixed, from the date of order, decision or award.]

(2) Any private transfer or delivery of, or encumbrance or charge on, property, made or created after the issue of the certificate of the Registrar or any person authorised by him, as the case may be, under sub-section (1), shall be null and void as against the society on whose application the said certificate was issued.

88. Execution of orders of liquidator.- The orders of the liquidator under section 80 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.

89. 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 power 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 136 of the first Schedule to the Limitation Act, 1963, (36 of 1963).

90. 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 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 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 29.

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1. Sub-section (1) substituted by H. P. Act No. 15 of 1972.

[1]**[90-A. Recovery of crop loans.-** (1) Notwithstanding anything contained in section 72 or section 73 or section 87, a co-operative society undertaking the financing of crops or seasonal agricultural finance, may apply to the Registrar for the recovery of arrears of any sum advanced by the society to any of its members on account of the financing of crops or seasonal agricultural finance and shall attach with such application a statement of accounts in respect of such arrears.

(2) On receiving an application under sub-section (1), the Registrar may, after making such enquiries as he deems fit and after affording the member concerned an opportunity of being heard, grant a certificate for recovery of the amount stated therein to be due as such arrears.

(3) Where the Registrar is satisfied that a co-operative society has failed to take action under sub-section (1) against any of its members, the Registrar on his own motion, may after making such enquiries as he deems fit and affording an opportunity of being heard to the member concerned, proceed to grant a certificate referred to in sub-section (2).

(4) A certificate granted by the Registrar under this section shall be final and conclusive proof of the arrears due therein and the same shall be recoverable according to the law for the time being in force for the recovery of the arrears of land revenue.

Explanation.- For the purpose of this section the expression:-

(a) "financing of crops" means advancing of loans for raising of crop during the ploughing season or later for ploughing, sowing, harrowing, weeding, harvesting, purchase of seeds or manure or for such other agricultural purposes as may be prescribed, such loans being repayable during season when the crops for which the loans were advanced are harvested;

(b) "seasonal agricultural finance" means advancing of loans for such agricultural purposes as may be prescribed, such loans being repayable on or before such date as may be prescribed in this behalf by the State Government and different dates may be prescribed for different loans.]

CHAPTER XII

JURISDICTION, APPEAL AND REVIEW

91. Indemnity.- No suit, prosecution or other legal proceedings whatever 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.

92. 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

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1. Section 90-A inserted vide H.P, Act No. 7 of 1976.

an amendment of its bye-laws;

(b) the removal of a committee;

(c) any dispute required under section 72 to be referred to the Registrar; and

(d) any matter concerning the winding up and the dissolution of a 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.

93. Appeal.- (1) An appeal shall lie under this section against,-

(a) an order of the Registrar made under sub-section (4) of section 8 refusing to register a society;

(b) an order of the Registrar made under sub-section (4) of section 11 refusing to register an amendment of the bye-laws of a society;

(c) a decision of a society 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;

(d) a decision of a society expelling any of its members;

(e) an order of the Registrar removing the committee of a co-operative society under section 37;

(f) an order made by the Registrar under section 68 apportioning the cost of the enquiry held under section 67 or an inspection made under 66;

(g) any order of surcharge under section 69;

(h) any decision or award made under section 73;

(i) an order made by the Registrar under section 78 directing the winding up of co-operative society;

(j) any order made by the liquidator of a society in exercise of the powers conferred on him by section 80; [1][* *]

(k) any order made under section 74 [2][;]

[3][(l) (m)XXXXXXXXXXXXXXXXXXX.]

1. The word "or" omitted vide H. P. Act No. 7 of 1976.

2. Substituted for the sign "." H. P. Act No. 7 of 1976.

3. Clauses (l) and (m) inserted vide H. P. Act No. 7 of 1976 and omitted vide H.P.

[1][(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 or the Deputy Registrar, to the Registrar or such Additional Registrar or Joint Registrar as may be authorised by him in this behalf; or

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

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

(3) No appeal shall lie under this section from any decision or order made by [2][any authority] in appeal.

94. Review and revision.- (1) The State Government except in a case in which an appeal is preferred under section 93 may call for and examine the record of any inquiry or inspection held or made under this Act or any proceedings of the Registrar or of any person subordinate to him or acting on his authority, and may pass thereon such orders as it thinks fit.

(2) The Registrar may, at any time,-

(a) review any order passed by himself; or

(b) call for and examine the record of any inquiry or inspection held or made under this Act or the proceedings of any person subordinate to him or acting on his authority, and if it appears to him that any decision, order or award or any proceedings so called or should for any reason be modified, annulled or reversed, may pass such order thereon as he thinks fit:

Provided that, before any order is made under sub-sections (1) and (2), the State Government or the Registrar, as the case may be, shall afford to any person likely to be affected adversely by such order, an opportunity of being heard [3][:]

[4][Provided further that every application under sub-sections (1) and (2) to the State Government or the Registrar, as the case may be, shall be made within ninety days from the date of communication of the order sought to be reviewed or revised.]

95. Interlocutory orders.- Where an appeal is made under section 93 or where the Government or the Registrar calls for the record of a case under

Act No. 9 of 2020.

1. Sub-section (2) substituted vide H.P. Act No. 19 of 2006.
2. Substituted for the words "the Registrar" vide H.P. Act No. 19 of 2006. 3. Substituted for the sign "." vide H. P. Act No. 13 of 1981.
4. Proviso inserted vide H. P. Act No. 13 of 1981.

section 94, the appellate authority or the Government or the Registrar, as the case may be, may be 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 the authority or the Government or the Registrar, may deem fit.

CHAPTER XIII

OFFENCES AND PENALTIES

96. Offences.- (1) Any person other than a co-operative society carrying on a 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 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 continuing 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 section 47 and 52 by disposing of any property in respect of which the society is entitled 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 without 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 society the amount deducted by him under section 46 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 hand over custody of books, records, cash, security and other property belonging to a society, of which he is an officer or custodian, to a person entitled under sections 38, 70 and 79 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 five rupees for every day during which the breach is continued after conviction for the first such breach.

(6) Any person who fraudulently acquires or abets in the acquisition

of any such property which is subject to a charge under sections 47 and 52 shall be punishable with fine which may extend to two hundred rupees.

97. Cognizance of offences.- (1) No court inferior to that of a magistrate first class shall try any offence under this Act.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1898 (5 of 1898), every offence under this Act shall for the purposes of the said Code be deemed to be non-cognizable.

(3) No prosecution under this Act shall be instituted without the previous sanction of the Registrar and without a complaint in writing made by him or by any person authorised by him in this behalf.

[1][CHAPTER XIII-A]

INSURED CO-OPERATIVE BANKS

97-A. Winding up order of insured banks.- Notwithstanding anything contained in this Act, in the case of any insured co-operative bank-

(i) an order for the winding up, or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction (including division or re-organisation), of the bank may be made only with the previous sanction in writing of the Reserve Bank of India;

(ii) 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 (47 of 1961);

(iii) if so required by the Reserve Bank of India in the public interest or for preventing the affairs of the bank being conducted in a manner detrimental to the interests of the depositors or for securing the proper management of the bank, an order shall be made for the supersession (removal) of the committee of management or other managing body (by whatever name called) 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 new committee of such bank;

(iv) no appeal, revision or review shall lie or be permissible against an order such as is referred to in clauses (i), (ii) or (iii) made with the previous sanction in writing or on the

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1. CHAPTER XIII-A added vide H. P. Act No. 13 of 1981.

requisition of the Reserve Bank of India and such order or sanction shall not be liable to be called in question in any manner;

[1][(iv-a) If an order for supersession of committee of such bank, as per the requisition of Reserve Bank of India, is made or has been made under this section, then no member of such committee

shall be eligible for being re-elected, reappointed, renominated or reco-opted on the committee of such bank or any other bank, for a period of ten years from the date of order of supersession of the committee.

(iv-b) Any person, who is a candidate for election to the member of managing committee of a co-operative bank, shall, while filing nomination paper, make a declaration to the effect that,-

(a) he has never been a member of the managing committee of a co-operative bank which has been superseded under the Act; or

(b) he has been a member of the managing committee of a co-operative bank which was earlier superseded under the Act and that a period of two terms of the committee has elapsed from the date of order of such supersession.]

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

Explanation.- For the purposes of this section,-

(i) "a co-operative bank" means a bank as has been defined in the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (47 of 1961);

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

(iii) "transferee bank" in relation to an insured co-operative bank means a co-operative bank,-

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

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

1. Clauses (vi-a) and (vi-b) inserted vide H.P. Act No. 9 of 2020.

(c) into which such insured co-operative bank is divided or converted under the provisions of section 14].

CHAPTER XIV

MISCELLANEOUS

98. Constitution of State Co-operative Council, its functions, etc. -[1][(1)(a) There shall be Council to be called the Himachal Pradesh State Co-operative Council consisting of the following members, namely:-

(i) Ministers, by whatever designation they may be called, dealing with the co-operative societies in the State;

(ii) Chairmen of apex societies;

(iii) five members to be nominated by the State Government out of which one shall be a woman, one a person belonging to a scheduled caste and one a person belonging to a scheduled tribe;

(iv) three members to be elected by the members of the Himachal Pradesh Legislative Assembly from amongst themselves;

(v) the Secretary to the Government in the department dealing with co-operative societies;

(vi) the Registrar of co-operative societies, Himachal Pradesh;

(vii) the Director of Agriculture, Himachal Pradesh; and

(viii) the Director of Industries, Himachal Pradesh.

(b) The Minister-in-charge of the department dealing with the co-operative societies shall be the Chairman of the Council.

(c) The Minister of State, if he is not the Chairman of the Council under clause (b) or in case there is no such Minister of State dealing with the co-operative societies, the Deputy Minister of the department of co-operative societies, shall be the Vice-Chairman of the Council:

Provided that if there is no such Minister of State or the Deputy Minister dealing with the co-operative societies to be the Vice Chairman or if such Minister of State or the Deputy Minister, as the case may be, happens to be the Chairman under clause (b) the Vice-Chairman shall be elected by the Council from amongst its members.]

(2) Such officer as State Government may appoint in this behalf shall act as the Secretary to the Council.

(3) The functions of the Council so constituted shall be as follows:-

(a) to advise the State Government on all general questions relating to co-operative movement;

1. Sub-section (1) substituted vide H.P. Act No. 7 of 1976.

(b) to review the co-operative movement and to suggest ways of co-ordinating the activities of the co-operative societies in the State;

(c) to suggest ways and means to remove the difficulties experienced by the co-operative societies in the State in their administration;

(d) to make *suo- motu* recommendations to the State Government in regard to any matter relating the administration of co-operative societies; and

(e) to report to the State Government on such matters as may be referred to it by the State Government for its opinion.

(4) The State Government may by general or special order provide for:-

(a) the calling of the meetings of the Council and the procedure at meetings;

(b) duties of the Secretary to the Council;

(c) sub-committees of the Council;

(d) the term of office of nominated members of the Council and travelling allowance and daily allowance admissible to the members of the Council.

99. 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.

100. Power to exempt co-operative societies from provisions of this Act.- The State Government may by an order in writing,-

(a) exempt any society or class of societies from the application of any of the provisions of this Act or any of the rules made there-under; and

(b) direct that any such provisions shall apply to such society or class of societies to such extent as may be specified in the order.

101. Service of notice under the Act.- Every notice or order issued or made under this Act may be served on any person by delivering the same to him or by properly addressing it to the last known place of residence or business of such person pre-paying and posting by registered post a letter containing the notice or order and unless the contrary is proved, such service

shall be deemed to have been effected at the time at which the letter would be delivered in the ordinary course.

102. Acts of co-operative societies not invalidated by certain defects.- (1) No act of a society or managing committee or of any officer or liquidator done in good faith in pursuance of the business of the society shall be deemed to be invalid by reason only of some defect subsequently discovered in the organisation of the society or in the constitution of the managing committee or in the appointment or election of the officer or liquidator or on the ground that such officer or liquidator was disqualified for his appointment.

(2) No act done in good faith by any person appointed under this Act shall be invalid merely by reason of the fact that his appointment has been cancelled by or in consequence of any order subsequently passed under this Act.

(3) The Registrar shall decide whether any act was done in good faith in pursuance of the business of a society.

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

104. Branches etc. of societies outside the State.- Every society registered outside Himachal Pradesh which has or establishes a branch or place of business in Himachal Pradesh shall within six months from the commencement of this Act or from the establishment of such branch or place of business, file with the Registrar a certified copy of the bye-laws and amendments and shall submit to the Registrar such returns and information as are submitted by similar societies in Himachal Pradesh in addition to those submitted to the Registrar of the State where it is registered.

105. Liability of a Government servant in connection with the affairs of a co-operative society.- Notwithstanding anything contained in any other provision of this Act or the rules, if a Government servant advises a committee of any co-operative society and his presence is recorded in the minutes of the committee then such Government servant shall also be held liable along with other members of the committee, for any action which may be initiated either departmentally or in a court of law on the basis of a decision having been arrived on his such advice.

106. Repeal.- The Himachal Pradesh Co-operative Societies Act, 1956 (13 of 1956), as in force in the areas comprised in Himachal Pradesh immediately before 1st November, 1966 and the Punjab Co-operative Societies Act, 1961 (25 of 1961), as in force in the areas added to Himachal Pradesh under section 5 of the Punjab Re-organisation Act, 1966 (31 of 1966), are hereby repealed.

107. Savings of\ existing society.- (1) Every society now existing which has been registered under the Co-operative Credit Societies Act, 1904 (10 of 1904), or under the Co-operative Societies Act, 1912 (2 of 1912), or under the Himachal Pradesh Co-operative Societies Act, 1956 (13 of 1956), or

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under the Punjab Co-operative Societies Act, 1954 (14 of 1955), or under the Punjab Co-operative Societies Act, 1961 (25 of 1961), shall be deemed to be registered under 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 until altered or rescinded.

(2) All appointments, rules or orders made, all notifications and notices issued, all transactions entered into and all suits and proceedings instituted under any of the Acts repealed under section 106 shall, so far as they are consistent with the provisions of this Act be deemed to have been respectively made, issued, entered into and instituted under this Act.

108. Appointment of a Co-operative Appellate Tribunal.- The State Government may appoint a Co-operative Appellate Tribunal as prescribed under the rules and delegate to such Tribunal all or any of the

appellate or revisional power which it exercises [1][under sections 93, 94 and 95.]

CHAPTER XV

POWER TO MAKE RULES

109. Power to make rules.- (1) The State Government may, for the whole or any part of the State and for any co-operative society or class of co-operative societies after previous publication, 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:-

(a) the applicant to whom the order refusing the registration of a co-operative society may be sent by the Registrar;

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

(c) the matters in respect of which a co-operative society shall make bye-laws;

(d) the procedure to be followed for amendment of bye-laws by a society;

(e) the qualifications or disqualifications of individuals who may be admitted as members of societies;

(f) the appointment by a society of any one of its members to represent and vote on its behalf at a meeting of another society of which it is a member;

(g) the procedure for the nomination of a person to whom the share or interest of a member on his death may be transferred

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1. Substituted for the words and figures "under section 94 and 95" vide H.P. Act No. 7 of 1976.

or value thereof may be paid;

(h) the mode in which the value of a deceased member's share shall be ascertained;

(i) the procedure for calling general meetings, its quorum, writing of minutes and powers and duties of the chairman;

(j) the powers of the general house;

(k) writing off any bad debts and assets;

(l) the election of members of committee by the general body of a society;

(m) the requisitioning of a general meeting of a society;

(n) the remuneration payable to a new committee or administrators appointed in place of a committee removed by the Registrar;

(o) the qualifications or disqualifications for membership of committee of society;

[1][(oo) the qualifications, experience and the manner of nomination of members on the committees of societies under section 35;]

(p) the qualifications of employees of societies;

(q) the prohibitions against affairs of a society being interested in contracts with the society;

(r) the matters connected with the membership of the State Government in co-operative societies;

(s) the rate at which dividend may be paid by societies;

(t) the payment to be made to the co-operative education fund by a co-operative society out of its net profits and the mode of its investments;

(u) the mode of investment of funds of a society;

(v) the objects of the reserve fund of a society and its investment;

(w) the mode of disposal of reserve fund of a society on its winding up;

(x) the extent and conditions subject to which a co-operative society may recover deposits and loans;

(y) the restrictions on transaction by a co-operative society with non-members;

(z) the restrictions on grant of loans by a society against its

1. Clause (oo) inserted vide H.P. Act No. 20 of 1986, effective from 7th January, 1988.

shares;

(aa) the levy of audit-fees on co-operative societies;

(ab) the procedure to be followed in proceedings before the Registrar, arbitrator or other person deciding disputes;

(ac) the conditions subject to which assets of a society shall vest in liquidator and the procedure to be adopted in winding up of a co-operative society;

(ad) the procedure for recovery of amounts due or payable to a co-operative society;

(ae) the mode of making attachment before award;

(af) the manner of registering the address of a co-operative society;

(ag) the account books and registers to be kept by a co-operative society and powers of the Registrar to direct the accounts and books to be written up;

(ah) the manner of certification of entries in the books of a society and of copies of documents kept by it in the course of its business;

(ai) the statements and returns to be furnished by a society to the Registrar;

(aj) the restrictions on persons appearing as legal practitioners;

(ak) the inspection of documents and the levy of fees for granting certified copies thereof;

(al) constitution of co-operative education fund under section 54;

(am) the matters expressly required or allowed by this Act to be prescribed;

(an) the matters connected with the Council constituted under section 98; and

(ao) the matters connected with the Co-operative Appellate Tribunal appointed under section 108.

(3) In making any rule under this Act, the State Government may direct that any person committing a breach thereof shall on conviction by a court be punishable with fine which may extend to fifty rupees and, where the breach is a continuing one, with further fine which may extend to ten rupees for every day after the first during which the breach continues subsequent to such conviction.

(4) Every rule under this section shall be laid, as soon as may be after it is made, before the Legislative Assembly while it is in session for a total period of not less than fourteen days which may be comprised in one session or in two or more successive sessions and if before the expiry of the session in

which it is so laid or the sessions aforesaid, the Assembly makes any modification in the rule or decides 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.