



The Pondicherry Co-operative Societies Act, 1972

Act 7 of 1973

Keyword(s):

Apex Society, Associate Member, By-Laws, Central Society, Collector, Committee, Co-operative Advisory Council, Co-operative Bank, Co-operative Year, Financing Bank, Land Development Bank, Officer, Pondicherry, Registrar, Sale Officer, Self-reliant Society

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THE PONDICHERRY CO-OPERATIVE SOCIETIES ACT, 1972

(No. 7 of 1973)

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THE PONDICHERRY CO-OPERATIVE SOCIETIES ACT, 1972
(No. 7 of 1973)

6-7-1973.

AN ACT

to consolidate, amend and unify the laws relating to co-operative societies in the Union territory of Pondicherry.

BE it enacted by the Legislative Assembly of Pondicherry in the Twenty-third Year of the Republic of India as follows :—

CHAPTER—I

PRELIMINARY

1. **Short title, extent and commencement.**—(1) This Act may be called the Pondicherry Co-operative Societies Act, 1972.

(2) It extends to the whole of the Union territory of Pondicherry.

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

1. The Act came into force on the 1st day of July, 1974, *vide* Extraordinary Gazette No. 78, dated 29th June, 1974.

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

(1) “Apex society” means a society whose area of operations extends to the whole of the Union territory of Pondicherry and which has as its principal object the promotion of the principal objects and the provisions of facilities for the operations of other societies affiliated to it and declared as such by the Registrar ;

(2) “associate member” means a member who possesses only such privileges and rights of a member and who is subject only to such liabilities of a member as may be specified in this Act, the rules and the by-laws ;

(3) “by-laws” means the registered by-laws for the time being in force and includes a registered amendment of the by-laws ;

(4) “central society” means a society whose area of operations is confined to a part of Pondicherry and which has its principal objects the promotion of the principal objects and the provision of facilities for the operations of other societies affiliated to it;

(5) “Collector” means the Chief Officer in charge of Revenue Administration of Pondicherry, and includes in relation to any function to be performed by the collector under this Act, such other Gazetted Officer as the Government may, by notification in the Official Gazette, appoint ;

(6) “committee” means the governing body of a registered society, to whom the management of its affairs is entrusted;

(7) “Co-operative Advisory Council” means the council constituted under section 166 ;

(8) “Co-operative bank” means a registered society doing the business of banking and falling under the purview of the Banking Regulation Act, 1949 (Central Act 10 of 1949.) (as applicable to co-operative societies) ;

(9) “Co-operative year” means the period commencing on the 1st day of July of any year and ending with the 30th day of June of the succeeding year or, in the case of any registered society or class of registered societies, the accounts of which are made up to any other date with the previous sanction of the Registrar, the year ending with such date ;

(10) "financing bank" means a registered society which has as its principal object the lending of money to other registered societies ;

(11) "Government" means the Administrator appointed by the President under article 239 of the Constitution ;

(12) "Land Development Bank" means a Co-operative Land Development Bank registered or deemed to be registered under this Act;

(13) "member" means a person joining in the application for the registration of a society and a person admitted to membership after registration in accordance with this Act, the rules and the by-laws and includes an associate member ;

(14) "Officer" includes a president, vice-president, chairman, vice-chairman, secretary, assistant secretary, treasurer, member of committee, and any other person empowered under the rules or the by-laws to give directions in regard to the business of the society ;

(15) "Pondicherry" means the Union territory of Pondicherry;

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

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

(18) "Registrar" means a person appointed to perform the duties of a Registrar of Co-operative Societies under this Act, and includes a person on whom all or any of the powers of a Registrar under this Act, have been conferred under section 3;

(19) "rules" means rules made under this Act;

(20) "Sale Officer" means an officer of the co-operative department empowered by the Registrar by general or special order to attach and sell the property of defaulters or to execute the decisions or award of the Registrar or to execute or carry out any other orders of the Registrar in regard to the attachment and sale of property ;

(21) "self-reliant society" means a registered society which does not receive assistance in any form from the Government under Chapter VI or from any registered society receiving such assistance from the Government.

Explanation—A cash credit with a financing bank for the maintenance of fluid resources shall not be regarded as assistance under this clause, notwithstanding that the financing bank receives assistance from the Government ;

(22) "society with limited liability" means a registered society the liability of whose members for the debts of the society on its liquidation is limited by its by-laws ;

(23) "society with unlimited liability" means a registered society, whose members are, on its liquidation, jointly and severally liable for and in respect of all its obligations and to contribute to any deficit in the assets of the society ;

(24) "Tribunal" means a Tribunal constituted under section 139 ;

(25) "trustee" means the trustee referred to in section 87.

CHAPTER—II

REGISTRATION

3. **The Registrar.**—(1) The Government may appoint a person to be the Registrar of Co-operative Societies for Pondicherry.

(2) The Government may also appoint one or more persons to assist such Registrar, and may, by general or special order, confer on any such person or persons all or any of the powers of the Registrar under this Act and such person or persons shall work under the general guidance, superintendence and control of the Registrar.

4. **Societies which may be registered.**—(1) Subject to the provisions of this Act, a society which has as its object the promotion of the economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered under this Act with limited or unlimited liability:

Provided that—

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

(ii) an agricultural credit society shall be registered only with limited liability :

Provided further that no society shall be registered if in the opinion of the Registrar it is likely to be economically unsound or the registration of which may have an adverse effect on the co-operative movement.

(2) Whether the liability of the members of a registered society is unlimited or limited by shares, the liability of the Government or of a financing bank, which has taken shares in such registered society, shall be limited to the share capital subscribed by the Government or such financing bank.

5. Change of liability.—(1) Subject to the provisos to subsection (1) of section 4 and to any rules made in this behalf, a registered society may, by an amendment of its by-laws, change its liability from unlimited to limited :

Provided that—

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

(ii) any member or creditor shall, notwithstanding any by-law or contract to the contrary, have the option of withdrawing his shares, deposits or loans, as the case may be within two months of the service of such notice on him; and

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

6. Conditions of registration.—(1) No society, other than a society of which a member is a registered society shall be registered under this Act which does not consist of at least twenty-five independent persons residing or owning immovable property in the same town or village or in the same group of villages, save when the Registrar otherwise directs.

Explanation.—An independent person is one who is not dependent upon another member for his means of livelihood.

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

7. Power of Registrar to decide certain questions.—When any question arises whether for the purposes of this Act any person is an independent person or is a resident of or owns immovable property in a town or village or group of villages, the question shall be decided by the Registrar.

8. **Application for Registration.**—(1) An application for registration shall be made to the Registrar.

(2) The application shall be signed—

(a) in the case of a society of which no member is a registered society, by at least twenty-five persons qualified in accordance with the requirements of sub-section (1) of section 6 and sub-section (1) of section 20 and who are not disqualified for admission as members under sub-section (1) of section 22; and

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

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

9. **Registration.**—(1) If the Registrar is satisfied that—

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

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

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

(d) the proposed society complies with the requirements of sound business and has reasonable chances of working successfully ; and

(e) the area of operations of the proposed society does not overlap the area of operations of another society of the same class save as permitted by the Registrar ;

he may within three months from the date of receipt of the application register the society and its by-laws :

Provided that if the Registrar is unable to dispose of the application within the aforesaid period, he shall make a report to the Government stating therein the reason for his inability to do so and the Government may allow him such further time as may be considered necessary to dispose of such application.

(2) If the Registrar refuses to register a society and its by-laws, he shall communicate the order of refusal with the reasons for the refusal to any person who has signed the application for the registration of the society and who has been nominated in this behalf by the persons who have signed that application.

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

11. **Amendment of the by-laws of the registered society.**—(1) No amendment of the by-laws of a registered society shall be valid until the same has been registered under this Act.

(2) An application for the registration of an amendment of the by-laws of a registered society shall be made in the prescribed manner, and sent to the Registrar by registered post together with a copy of the amendment of the by-laws.

(3) If the Registrar is satisfied that an amendment of the by-laws is not contrary to this Act or the rules, he shall register the amendment.

(4) If the Registrar refuses to register an amendment of the by-laws of a registered society, he shall after giving the registered society an opportunity of making its representations, communicate to the society by registered post the order of refusal with the reasons therefor.

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

(6) An amendment of the by-laws of a registered society shall take effect from the date, if any, specified in the amendment and where no such date is specified, it shall take effect from the date on which it is registered.

(7) Without prejudice to the provisions of this section, where any amendment of the by-laws proposed by a society involves, in the opinion of the Registrar, a material change in the objects or operations of the society, the amendment shall be registered only subject to such rules as may be made in this behalf.

12. Power to direct amendment of by-laws.—(1) Where the Registrar is satisfied that for the purpose of altering the area of operations of a registered society or for the purpose of improving the services rendered by it or for any other purpose specified in the rules, an amendment of the by-laws is necessary, he may, after consulting in the manner prescribed, the financing bank, if any, to which the society is affiliated by notice in writing, call upon the society to show cause, within such time as may be specified in the notice, why the amendment should not be made.

(2) If, within the time specified in the notice referred to in sub-section (1), the registered society fails to make the amendment, the Registrar may, after giving the society an opportunity of making its representations, register the amendment and issue to the society a copy of such amendment.

(3) Any amendment of the by-laws registered under sub-section (2) shall have the same effect as an amendment of the by-laws registered under section 11 unless the registration is cancelled in pursuance of a decision in appeal.

13. Change of name.—(1) A society may, by resolution passed at a general meeting and with the approval of the Registrar, change its name.

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

(3) The change of the name of a society shall not affect any rights or obligations of the society or render defective any legal proceedings by or against it, and any legal proceedings which might have been continued or commenced by or against the society under its former name may be continued or commenced under its new name.

14. Amalgamation, transfer or division of societies.—(1) A society may, with the previous approval of the Registrar, by resolution passed by two-thirds majority of the members present and voting at a special general meeting held for the purpose, decide—

- (a) to amalgamate with another society ;
- (b) to transfer its assets and liabilities, in whole or in part, to any other society ;
- (c) to divide itself into two or more societies :

Provided that, when such amalgamation, transfer, division aforesaid, involves a transfer of the liabilities of a society to any other society, no order on the resolution shall be passed by the Registrar, unless he is satisfied that—

(i) the society, after passing such resolution, has given notice thereof in such manner as may be prescribed to all its members, creditors and other persons whose interests are likely to be affected (hereinafter, in this section referred to as "other interested persons"), giving them the option, to be exercised within one month from the date of such notice, of becoming members of any of the new societies, or continuing their membership in the amalgamated society or demanding payment of their share or interest or dues, as the case may be;

(ii) all the members and creditors and other interested persons, have assented to the decision, or deemed to have assented thereto by virtue of any member or creditor or any other interested person failing to exercise his option within the period specified in clause (i) aforesaid; and

(iii) all claims of members and creditors and other interested persons who exercise the option within the period specified, have been met in full or otherwise satisfied.

(2) Notwithstanding anything contained in the Transfer of Property Act, 1882 (Central Act 4 of 1882), or the Registration Act, 1908 (Central Act 16 of 1908) in the event of division, the registration of the new societies and in the event of amalgamation, on the amalgamation the resolution of the societies concerned with amalgamation, shall in each case be sufficient conveyance to vest the assets and liabilities of the original society or amalgamating societies in the new societies or amalgamated society, as the case may be.

(3) The amalgamation of societies, or division of a society shall not affect any rights or obligation of the societies so amalgamated, or society so divided or render defective any legal proceedings which might have been, continued or commenced by or against the societies which have been amalgamated, or divided; and accordingly, such legal proceedings may be continued or commenced by or against the amalgamated society, or the new societies.

(4) Where two or more societies, have been amalgamated or a society has been divided the registration of such societies or society shall be cancelled on the date of registration of the amalgamated society, or the new societies between which the society may have been divided.

15. **Power to direct amalgamation.**—(1) Where, in the opinion of the Registrar, the amalgamation of two or more registered societies is necessary or desirable for increasing their strength or usefulness, he may, after consulting the financing bank, if any, to which the societies are affiliated call upon by notice in writing such societies to amalgamate into one society in accordance with the procedure specified in section 14 and within the maximum time limit that may be specified by him.

(2) If the societies fail to amalgamate into one society within a period specified therefor the Registrar may, after giving an opportunity to the committee of each of the societies to state its objections, if any, and may, by order in writing, direct the amalgamation of the societies into one society and furnish to each such society a copy of the by-laws of the amalgamated society, as proposed by him.

(3) Every society so directed shall within one month from the date of receipt by it of the Registrar's direction, give notice of the direction to all its members and creditors in such form and manner as may be specified by the Registrar, and if the society fails to give notice of the direction within the said period, the Registrar or any person authorised by him in this behalf may give such notice.

(4) (a) Any member of any society so directed may notwithstanding any by-law to the contrary, by notice given to the society of which he is a member within a period of one month from the date of receipt by him of the notice of the direction, intimate his intention not to become a member of the amalgamated society.

(b) Any creditor of any society so directed may, notwithstanding any agreement to the contrary, by notice given to the society of which he is a creditor within the period referred to in clause (a), demand a return of the amount due to him.

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

(6) After the expiry of one month from the date of despatch of the notice of the direction to all the members and creditors of all the societies, the Registrar may, subject to the provisions of section 9, but notwithstanding anything contained in section 8, register the amalgamated society and the by-laws thereof. On such registration, the registration of the original societies shall be deemed to have been cancelled.

(7) The registration of the amalgamated society shall be a sufficient conveyance to vest in it all the assets and liabilities of the original societies and the repayment of the share capital of the members and the satisfaction of the claims of the creditors, if any, referred to in sub-section (4) shall be made by the amalgamated society within such time as the Registrar may fix.

16. Reconstruction of societies.—Where a proposal for a compromise or arrangement—

- (a) between a registered society and its creditors; or
- (b) between a registered society and its members,

is approved at a special general meeting called for the purpose, the Registrar may, on the application of the society or of any member or of any creditor of the society, or in the case of a society which is being wound up, the Liquidator, order reconstruction, in the prescribed manner, of the society.

17. Joint ventures of societies.—Any two or more registered societies may, with the prior approval of the Registrar, by resolution passed by two-thirds majority of the majority of the members present and voting at a general meeting of each such society, enter into an agreement for carrying out any specific business or businesses :

Provided that each member has had clear ten days written notice of the resolution, and the date of the meeting.

18. Classification.—The Registrar shall, in accordance with the rules made in this behalf, classify registered societies with reference to their objects, area of operations, membership or any other matter specified in the rules.

19. Conversion.—Any registered society may, in accordance with the rules made in this behalf and subject to such conditions as may be specified in the rules, resolve to convert itself into a registered society of a class different from the one to which it belongs ;

Provided that where any amendment of the by-laws proposed by a society is in the opinion of the Registrar such as to convert the society into a society of a class different from the one to which it belongs, the Registrar may direct the society to take action under this section.

CHAPTER—III

MEMBERSHIP OF REGISTERED SOCIETY

20. **Qualification for membership of society.**—(1) Subject to the provisions of section 22, the rules made in this behalf or the by-laws of the society,—

- (a) any individual competent to contract under section 11 of the Indian Contract Act, 1872; (Central Act 9 of 1872);
- (b) any registered society;
- (c) the Government,

shall be eligible for admission as a member of a registered society:

Provided that this section shall not apply in the case of a society formed exclusively for the benefit of the students of any college or school

Provided further that a Hindu undivided family as such shall not be eligible for admission as a member of a registered society :

Provided also that persons who are minors or of unsound mind may be admitted as members of such class of registered societies as may be prescribed and such members shall possess only such privileges and rights of members and be subject only to such liabilities of members as may be prescribed :

Provided also that in a society formed for the promotion of the economic interests of its members, through a specified activity no person other than one who is likely to be benefited directly by such activity may be admitted as a member of such society unless such admission is permitted specifically by the rules:

Provided also that where a society is formed exclusively for the benefit of persons engaged in any particular industry, no person who is not an actual worker in the industry shall be admitted in excess of such percentage of the total membership of the society as may be prescribed :

Provided also that membership in any society other than a society formed for the benefit of the scheduled castes or scheduled tribes shall not be refused merely on the ground that a person belongs or does not belong to a particular religion, race, community caste, sect or denomination.

(2) (a) Any person qualified for the membership of a society under the provisions of this Act and its by-laws shall, on application made in the form, if any, prescribed for the purpose, be admitted as a member of the society by the Committee within 14 days from the date of receipt of application :

Provided that any member so admitted may be removed from membership by the Committee for reasons to be recorded in the minutes of the meeting to be convened within one month from the date of the order.

(b) If in the opinion of the Committee, an applicant is not qualified for admission, the Committee shall within 14 days from the date of receipt of application communicate to the applicant by registered post, the reasons for not admitting him and invite his representation, if any, within 14 days from the date of receipt of the communication.

(c) On receipt of the representation, or where no representation is received, on the expiry of 14 days from the date of receipt of the communication by the applicant, the committee shall either admit the applicant or for good and sufficient reasons to be recorded, refuse admission to the applicant and the decision refusing admission with the reasons therefor shall be communicated to the applicant by registered post within 7 days from the date of the decision and such person shall have the right to appeal within one month from the date of receipt of the decision.

(d) If at any stage the committee fails to act according to the procedure laid down above, the applicant will have the right to appeal to the Registrar, who shall pass necessary order, presuming that the applicant has been refused admission.

(e) The Registrar shall dispose of any appeal under this sub-section within one month from the date of its receipt.

(3) Notwithstanding anything contained in this section, the Government may declare by notification in the Official Gazette that the provisions of this section shall not apply in the case of a particular society, if its membership has to be restricted on grounds of public interest.

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

21. **Associate members.**—(1) Notwithstanding anything contained in section 20, a society of such classes as may be prescribed may admit any person or, with the approval of the Government, any institution as an associate member.

Explanation—Institution will mean any religious institution, educational institution, medical institution, social organisation, canteen, local body, joint stock company and partnership firm.

(2) An associate member shall not be entitled to any of the privileges of membership, to participate in the general meetings and elections or to become an officer of the society or to any share in any form whatsoever in the assets or profits of the society.

(3) Save as provided in this section, an associate member shall have only such privileges and be subject to such liabilities as may be specified in the rules and the by-laws of the society.

22. **Disqualifications for membership of society.**—(1) No person shall be eligible for admission as a member of a society, if he—

(a) is an applicant to be adjudicated an insolvent or is an undischarged insolvent; or

(b) has been sentenced for any offence involving moral turpitude, such sentence not having been reversed and a period of five years has not elapsed from the date of the expiration of the sentence; or

(c) is a paid employee of the society or of its financing bank or of any registered society for which it is the financing bank; or

(d) has been expelled from membership under this Act and a period of three years has not elapsed from the date of such expulsion; or

(e) is engaged directly or indirectly in a business or industry or activity similar to that of the society or inconsistent with or prejudicial to the work of the society; or

(f) has resigned from the membership of the society and a period of two years has not elapsed from the date of such resignation; or

(g) is already a member of a society of the same class except as prescribed in the rules.

(2) A member of a registered society shall cease to be a member of the society, if he—

(a) applies to be adjudicated, or is adjudicated an insolvent;
or

(b) is sentenced for any such offence as is described in clause (b) of sub-section (1) :

Provided that where a person ceases to be a member under this clause, he shall be restored to membership if and when the sentence is annulled on appeal or revision; or

(c) becomes a paid employee of the society or of its financing bank or of any registered society for which it is the financing bank; or

(d) is expelled from membership under this Act; or

(e) undertakes directly or indirectly any business or industry or activity similar to that of the society or inconsistent with or prejudicial to the work of the society; or

(f) is also a member of another society of the same class:

Provided that if at the commencement of this Act, any person is a member of more than one society of the same class, then at the expiry of a period of ninety days from such commencement, he shall cease to be a member of all such societies, unless he has previously resigned his membership of all but one society.

(3) (a) The provisions of clause (b) of sub-section (1) and clause (b) of sub-section (2) shall not apply to a person seeking admission to, or to a member of, a society exclusively formed for the reclamation of such class of persons as may be prescribed;

(b) The provisions of clause (c) of sub-section (1) and clause (c) of sub-section (2) shall not apply to a person seeking admission to, or to a member of a society which has as its principal object the provision of employment to its members or which is composed exclusively of the employees of the financing bank:

Provided that a member of the society composed exclusively of the employees of the financing bank shall not be eligible for election to the committee of the financing bank.

23. Right of members to services by registered society and application for redress.—(1) Every member of a registered society shall be entitled to the services available to the members of the registered society under the provisions of its by-laws and such services shall, on application made by him, be rendered to him by the committee.

(2) If any member of any registered society 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 one month from the date of such application, he may apply to the Registrar for redress.

(3) An application to the Registrar under sub-section (2) shall be made within one month from the date of receipt of the decision of the committee refusing the service where any service is refused or within two months from the date of application to the society where the decision of the committee has not been communicated.

(4) If the Registrar is satisfied that the refusal of any service is unreasonable, improper or discriminatory, he may, after giving the committee an opportunity of making its representations, by order, direct the committee to render the service.

(5) Where any service is rendered by the committee in pursuance of an order under sub-section (4), the committee and the member to whom such service is rendered shall have the same rights and be subject to the same liabilities in relation to such service as if no such order has been made.

24. Expulsion.—(1) Any member of a registered society who has acted adversely to the interests of the society may be expelled upon a resolution of the general body passed at a special meeting convened for the purpose by the votes of not less than two-thirds of the total number of the members present and voting at the meeting.

(2) No member shall be expelled under sub-section (1) without being given an opportunity of making his representations and until the resolution referred to in that sub-section is approved by the Registrar. A copy of the resolution expelling the member as approved by the Registrar shall be communicated to the member.

25. Votes of members.—(1) (a) No member of a registered society shall have more than one vote in the affairs of the society.

(b) Every question which may come before a meeting of a registered society or of the committee shall be decided by a majority of the members present and voting at the meeting and in every case of equality of votes, the question shall be deemed not to have been decided :

Provided that—

(a) in the case of an equality of votes at an election, the choice shall be by casting lots ;

(b) the society may by its by-laws restrict the right of a member to vote in any specified matter ;

(c) where the Government or a financing bank is a member of the society, every person nominated to the committee of the society by the Government or the financing bank, as the case may be, shall have one vote ;

(d) an associate member shall not be entitled to vote;

(e) save as otherwise provided in the by-laws, a member who is a minor or of unsound mind shall not be entitled to vote.

(2) A registered society which has invested any part of its funds in the shares of another registered society may appoint one of its members not disqualified for such appointment under the rules or the by-laws of such other society to vote in the affairs of such other society.

(3) Save as provided in sub-section (1) or sub-section (2), no member of a registered society shall vote by proxy.

26. Rights of member to see book, etc.—(1) Every member of a society shall be entitled to inspect free of cost, at the society's office during office hours, or any time fixed for the purpose by the society, a copy of the Act, the rules, and the by-laws, the last audited annual balance sheet, the profit and loss account, a list of members of the committee, a register of members, the minutes of committee meetings and those portions of the books and records in which transactions with the society have been recorded.

(2) A society shall furnish to a member, on request in writing and on payment of such fees as may be prescribed therefor, a copy of any of the documents mentioned in the foregoing sub-section within one month from the date of payment of such fees.

27. **Restrictions on transfer of share or interest.**—No transfer by a member of any share held by him or his interest in the capital of a registered society or any part thereof shall be valid unless—

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

(b) the transfer is made to a member of the society with the approval of the committee.

28. **Restrictions on withdrawal of share.**—Except in the case of death or expulsion or cessation of membership for residing outside the area of operations of the society, the share of a member shall not be refunded, unless—

(a) the member has held the share for not less than five years; and

(b) such refund is in accordance with the by-laws of the society.

29. **Transfer of interest on death of member.**—(1) Subject to the provisions of section 41, on the death of a member of a registered society, the society shall transfer the share or interest of the deceased member in the capital to the person nominated in accordance with the rules, or, if no person has been so nominated, to the heir or legal representative of the deceased member :

Provided that such nominee, heir or legal representative, as the case may be, being eligible for admission, 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 the capital of the society.

(2) Notwithstanding anything contained in sub-section (1) and subject to such conditions as may be specified in the rules, a registered society may of its own motion and shall, if so required by any such nominee, heir or legal representative, as the case may be, pay to him the value of the share or interest of the deceased member in the capital ascertained in accordance with the rules.

(3) A registered 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 registered 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.

30. Liability of past member or of the estate of a 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 registered society for the debts of the society as they existed—

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

(b) in the case of a deceased member, on the date of his death.

shall continue for a period of two years from such date:

Provided that the liability of the Government or of a financing bank which have or has taken shares in a registered society shall cease on the date on which the Government or the financing bank ceases to be a member.

(2) Where the Registrar has by order in writing under sub-section (1) of section 126 directed a registered society to be wound up, the liability of a past member or of the estate of a deceased member who ceased to be a member or died within two years immediately preceding the date of the order 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 on the date of his death, as the case may be.

CHAPTER—IV

MANAGEMENT OF REGISTERED SOCIETIES

31. General meetings.—(1) (a) Subject to the provisions of this Act, the rules and the by-laws, the ultimate authority of a registered society shall vest in the general body of its members:

Provided that nothing contained in this clause shall affect the exercise by the committee or any officer of a registered society of any power conferred on such committee or such officer by this Act or the rules or the by-laws.

(b) Notwithstanding anything contained in clause (a) where the area of operations of a registered society is not less than such area as may be prescribed, or where the registered society consists of not less than such number of members as may be prescribed, the registered society may, and if so directed by the Registrar shall, provide by an amendment of its by-laws for the constitution of a smaller body consisting of such number of the members of the registered society as may be prescribed, elected in accordance with the rules (hereinafter referred to as the representative general body) to exercise all or any of the powers of the general body as may be specified in the by-laws and any reference, by whatever form of words, in this Act to the general body or a meeting thereof shall, where a representative general body has been constituted under this clause, have effect in respect of the powers exercisable by the representative general body as if such reference were a reference to the representative general body or a meeting thereof, as the case may be:

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

(c) The exercise of any power by the representative general body shall be subject to such restrictions and conditions as may be prescribed by the rules or the by-laws.

(2) (a) A general meeting of a registered society shall be held once in a year for the purpose of—

(i) approval of the budget for the ensuing year with reference to the programme of the activities of the society prepared by the committee;

(ii) consideration of the audit report and the annual report;

(iii) disposal of the net profits;

(iv) reviewing the loans given to the members of the committee and their near relatives and directing action for recovery of dues in case of default;

(v) consideration of any other matters which may be brought forward in accordance with the provisions of the Act or by-laws of the society.

(b) The Registrar or any other person deputed by him shall have the right to attend the committee or general body meeting of any society.

(3) (a) The committee may, at any time, call a special general meeting of the registered society, and shall call such a meeting within one month of the date of a requisition in that behalf from—

(i) such number of the members or proportion of the total number of members as may be specified in the by-laws; or

(ii) the Committee of the financing bank to which the society is affiliated; or

(iii) any other registered society of such class as may be prescribed for the purpose; or

(iv) the Registrar.

(b) The requisition referred to in clause (a) shall be in writing and shall specify the subjects that shall be placed for consideration at the special general meeting.

(4) (a) If the committee refuses or fails to call a meeting in accordance with a requisition under clause (a) of sub-section (3), or if, in the opinion of the Registrar, there is no committee or officer competent under this Act or the rules or the by-laws to call a meeting, or if there be a dispute regarding the competence of the committee to function, the Registrar may call the meeting himself.

(b) (i) If, at a special general meeting of the registered society called in pursuance of such requisition or by the Registrar himself under clause (a) of this sub-section the quorum is not present, the meeting shall stand adjourned to such other day and at such other time as the committee or the Registrar, as the case may be, may determine.

(ii) If, at the adjourned meeting also, a quorum is not present for holding the meeting, the members present shall be the quorum.

(iii) In respect of any meeting called under clause (a) of this sub-section, the Registrar may, notwithstanding anything contained in the by-laws of the society, determine the period of notice for such meeting, the time and place of the meeting and the subjects to be considered thereat and may preside over such meeting or authorise any person to so preside.

(5) The Registrar may order that the expenses incurred in calling the special general meeting shall be paid out of the funds of the society or any other registered society at whose instance such meeting was called or by such person as, in the opinion of the Registrar, was responsible for the refusal or failure to call the meeting under sub-section (4).

32. Appointment of committee.—(1) The management of a registered society shall vest in a committee constituted in accordance with the Act, the rules and the by-laws. It shall exercise such powers and perform such duties as may be conferred or imposed respectively by the Act, the rules and the by-laws :

Provided that, in the case of a society registered after the commencement of this Act, the persons who have signed the application to register the society may appoint a committee to conduct the affairs of the society for a period of three months from the date of registration or for such further period not exceeding nine months as the Registrar may consider necessary; but the Committee appointed under this proviso shall cease to function as soon as a committee has been constituted in accordance with the by-laws.

(2) Where the by-laws so provide, the Government or the Registrar may nominate all or any of the members of the Committee for such period as may be specified in the by-laws :

Provided that the entire Committee may be nominated for a total period not exceeding three years from the commencement of the society and thereafter not more than one-third of the Committee may be nominated for a further period not exceeding three years and the remaining by-election.

(3) The Committee shall consist of not less than 7 and not more than 15 members in a registered society classified as a primary society and not less than 9 and not more than 21 members in a registered society classified as a central or an apex society :

Provided that out of the total number of members of the Committee, a certain number, not less than 2, may be reserved for women and for weaker sections among the members of such class of societies and in such manner as may be prescribed.

(4) (a) Where the Government or a financing bank has taken shares in, or given financial or other assistance to a registered society, the Government or the financing bank, as the case may be, may nominate one member to the Committee of the society, if it is classified as a primary society or a central society and not more than 2 members to the Committee of the society if it is classified as an apex society.

(b) Whether the Government or the financing bank or both should make the nominations shall be determined by the Government.

(c) Where the Government nominates, the nominee shall be a Government servant.

(d) The Government or the financing bank may, at any time, withdraw any person or persons so nominated and fill up the vacancy or vacancies by fresh nomination.

(5) (a) All the members of any committee constituted under this Act, shall hold office for a term of three years from such date as may be specified. All the members of the Committee including those elected or co-opted in casual vacancies caused by death or resignation or otherwise, shall vacate their office on the expiry of the term. The election of all the members of the Committee shall be completed one week before the date of expiry of the term :

Provided that, in the case of the first election of the members of the Committee under this Act, all the members on any Committee constituted before the commencement of this Act, shall vacate their office on such date as may be notified, irrespective of the period or periods for which they might have been elected.

(b) If for any unavoidable reason election to a committee is not held before the expiry of its term, the Registrar may, for reasons to be recorded in writing, direct that the term of office of the members of the committee shall extend upto such date as he may fix, provided that such extension shall not be for a period exceeding six months.

(c) The term of office of a member of any committee nominated thereto by the Government, the Registrar or the financing bank, if such member is a non-official, shall be for a period not exceeding three years and shall expire with the expiry of the term of office of the elected members.

(6) The election of the members of the Committee shall be by ballot in such manner as may be prescribed :

Provided that, any casual vacancy in the office of a member of the Committee shall be filled in such manner as may be specified in the rules or the by-laws and a member of the committee filling a casual vacancy shall hold office so long only as the member of the committee whose place he takes would have been entitled to hold office if the vacancy had not occurred.

(7) (a) A meeting of the committee shall be held at least once in three months. The President shall convene the meetings of the committee. He may, at any time, called a special meeting of the committee, and shall call such a meeting within fifteen days of the date of a requisition in this behalf from—

(i) not less than one-third of the members of the committee; or

(ii) the committee of the financing bank to which the society is affiliated; or

(iii) the Register.

(b) The requisition referred to in clause (a) shall be in writing and shall specify the subjects that shall be placed for consideration at the special meeting of the committee.

33. Appointment of new committee or administrator on failure to constitute committee, etc.—(1) Where the term of office of a committee has expired and a new committee has not been constituted or where the Registrar is satisfied—

(a) that a new committee cannot be constituted before the expiry of the term of office of the existing committee, or

(b) that a new committee fails to enter upon office on the date on which the term of office of the existing committee expires, the Registrar may, either of his own motion or on the application of any member of the society, after consulting the financing bank, by order appoint—

(i) a new committee consisting of not more than three members of the society; or

(ii) one or more administrator or administrators who need not be a member or members of the society, to manage the affairs of the society till a new committee enters upon office :

Provided that, before making such order, the Registrar shall publish a notice on the notice board of the head office of the society inviting objections to the making of the order within a period specified in the notice and consider such objections :

Provided further that, it shall not be necessary to publish such notice in cases where the Registrar is satisfied that it is not reasonably practicable to do so.

(2) The committee or administrator or administrators appointed under sub-section (1) shall, subject to the control of the Registrar and to such instructions as he may from time to time give, have power to exercise all or any of the functions of the committee or any officer of the society and take all such action as may be required in the interest of the society.

(3) The committee or administrator or administrators shall arrange for the constitution of a new committee or for the entering upon office of the new committee, as the case may be.

34. Disqualifications for membership of committee.—(1) No person shall be eligible for being elected or appointed as a member of a committee if he—

(a) is such near relation as may be prescribed of a paid employee of the registered society; or

(b) (i) is in default to the society or to any other registered society or if he is a representative of a society, which is in default to the financing bank or to any other registered society, in respect of any sum of money due by him or by the society, which he represents for a period exceeding three months :

Provided that, a member of the committee who has ceased to hold office as such under this sub-clause shall not be eligible for a period of one year from the date on which he ceased to hold office, for re-election as a member of the committee, of the registered society of which he was a member or for election to the committee of any other registered society; or

(ii) is a person against whom any decree, decision, award or order referred to in section 133 has been obtained or a representative of a society against which such decree, decision, award or order has been obtained; or

(iii) is a person against whom an application has been made for the recovery of debts under section 134 or for the sale of the mortgaged property or any part thereof under section 105 :

Provided that a member of the committee who has ceased to hold office, as such under sub-clauses (ii) and (iii) shall not be eligible for a period of three years from the date on which the dues involved in such decree, decision, award order

or as application have been fully discharged for re-election as a member of the committee of the registered society of which he was a member or a representative, or for election to the committee of any other registered society; or

(c) is interested directly or indirectly in any contract made with the society, or in any sale or purchase made by the society privately or in any auction or in any contract or transaction of the society (other than investment and borrowing) involving financial interest; or

(d) is interested as a member of the committee, in any such contract, sale, purchase or transaction and a period of five years has not elapsed from the date of completion of such contract, sale, purchase or transaction:

Provided that, clauses (c) and (d) shall not apply to such class of contracts, sales, purchases or transactions as may be prescribed; or

(e) is employed as legal practitioner on behalf of the registered society or against the registered society or on behalf of or against any other registered society which is a member of the former registered society; or

(f) is an associate member; or

(g) is a minor or of unsound mind; or

(h) has been sentenced for any offence under this Act, such sentence not having been reversed and a period of three years has not elapsed from the date of the expiration of the sentence; or

(i) has been removed from the office of the member of the committee of the registered society or of any other registered society or disqualified under section 35.

(2) No person shall be eligible for being elected or appointed as a member of a committee, if he had held office as a member of the committee for two consecutive terms unless a period of three years has elapsed from the date on which his last term of office expired:

Provided that, a person elected as a member of a committee for a term of three years shall be deemed to have held office for the full term, even if there be any break in that term through resignation or other cause:

Provided further that, a member elected or co-opted for not less than one year against a casual vacancy during the term of a committee, shall be deemed to have held office for a full term;

(3) Any person elected to the committee of a society for the first term after the commencement of this Act shall not be eligible for election to the committee of that society for the second term, if he had already served or had been elected for a period not less than three years immediately before the commencement of this Act.

(4) No person shall be eligible for being elected or appointed as a member of the committee,

(a) of any registered society, if he is not able to read and write ; and

(b) of a registered society classified as a central or an apex society, if he has not been a member of a society for a period not less than three years.

(5) (a) No person shall, at the same time, be a member of the committees of more than three registered societies.

(b) Subject to the provisions of clause (a), no person shall, at the same time, be a member of the committees of more than one registered society classified as an apex society or of the committees of more than one registered society, classified as a central society.

(c) If any person, is on the date of his election or appointment as a member of the committee—

(i) a member of the committees of three registered societies ; or

(ii) a member of the committee of a registered society classified as an apex society or a central society, and the committee to which he is elected or appointed on that date is the committee of any such apex society or, as the case may be, central society ; then his election or appointment on the date aforesaid shall be void.

(d) If any person is at the commencement of this Act, a member of the committees of more than three registered societies, then at the expiry of the period of ninety days from such commencement, he shall cease to be a member of the committees of all such registered societies, unless he has previously resigned his membership of the committees of all but three of those societies.

(6) A member of the committee shall cease to hold his office as such if he—

(a) becomes subject to any of the disqualifications mentioned in sub-section (1) ;

Provided that, where a member of the committee ceases to hold his office as such by reason of having been sentenced for any offence under this Act, he shall be restored to office for such portion of the period for which he was elected or appointed as may remain unexpired at the date of such restoration if and when the sentence is annulled on appeal or revision and any person elected or appointed to fill the vacancy in the interim shall on such restoration vacate office ; or

(b) ceases to be a member of the registered society ; or

(c) purchases directly or indirectly any property of another member brought to sale for recovery of any money due from such other member to the society.

(7) (a) No member of a committee which has been superseded shall be eligible for election or appointment to the committee of that society or to a committee of any other registered society for a period of three years from the date of expiry of the period of supersession.

(b) No member of a committee in respect of which proceedings for supersession under section 83 are pending shall be eligible for election or appointment to the committee of that society or to a committee of any other registered society till the termination of those proceedings.

(8) Nothing in this section shall apply to a member nominated to the committee by the Government or the Registrar.

(9) Any question as to whether a member of the committee was or has become subject to any of the disqualifications mentioned in this section, shall be decided by the Registrar.

35. Disqualifications for office bearers.—(1) A member of the committee shall not hold any of the offices of president, chairman vice-president, secretary, assistant secretary, treasurer, or an office of any other designation in more than one registered society.

(2) If any member of a committee is at the commencement of this Act, an office-bearer of more than one registered society, then at the expiry of the period of ninety days from such commencement, he shall cease to be an office-bearer of all such registered societies, unless he has previously resigned his office in all but one of the societies.

36. Removal of disqualification.—(1) Where in the course of an audit under section 74 or an inquiry under section 75, or an inspection under section 76 or section 77, it appears that a person who is, or was, a member of a committee has misappropriated or fraudulently retained any money or other property or been guilty of breach of trust in relation to the society or of gross mismanagement of the affairs of the society or of misfeasance or default in carrying out his obligations and functions under the law, the Registrar may, without prejudice to any other action that may be taken against such member, by order in writing remove such person from the office of member of committee, if he holds such office or disqualify him from holding in future the office of a member of the committee, if he has ceased to hold such office.

(2) No person shall be removed or disqualified under subsection (1) without being given an opportunity of making his representations. A copy of the order removing or disqualifying him shall be communicated to him.

CHAPTER—V

DUTIES AND PRIVILEGES OF REGISTERED SOCIETIES

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

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

39. First charge of society.— (1) Subject to the prior claim, if any, of the Government in respect of land revenue or any money recoverable as land revenue, any debt or outstanding demand due to a registered society from any member or past member or the estate of a deceased member shall be a first charge—

(i) upon the crops or other agricultural produce of such member ; for the raising of which the loan was taken from the registered society by such member ; and

(ii) upon any cattle, fodder for cattle, agricultural or industrial implements or machinery, or raw materials for manufacture supplied or purchased in whole or in part out of the loan of money given by the registered society, or on any articles manufactured from raw materials so supplied, or purchased or on any workshop, godown, or place of business constructed or purchased out of any such loan.

(2) No property or interest in property which is subject to a charge in favour of a registered society under sub-section (1) shall be sold or otherwise transferred or converted in any manner without the previous written permission of the society.

(3) A member or a past member of the nominee, heir or legal representative of a deceased member of a registered society shall, if so required by the society, deposit with, or entrust to the custody of, the society, such property as is subject to a charge under sub-section (1) at such place and in such manner as may be prescribed until the debt or outstanding demand due to the society is fully paid and shall also pay towards all expenses incidental to the removal, transport or maintenance of the property so deposited or entrusted to custody. The charges connected with the removal, transport or maintenance of such property shall be recovered from the member or past member or the estate of the deceased member as the case may be, in accordance with such scale as may be prescribed.

(4) Notwithstanding anything contained in any law for the time being in force, any transaction made in contravention of sub-section (2) shall be null and void.

(5) The charge created by sub-section (1) in favour of a registered society shall be available as against any claim of the Government arising from a loan granted under the Land Improvement Loans Act, 1883 (Central Act 19 of 1883), after the grant of the loan by the society.

40. Charge of immovable property or interest in the land as tenants, of members borrowing loans from certain registered societies.—Notwithstanding anything contained in this Act or in any other law for the time being in force—

(i) a member who makes an application for a loan to a registered society of which the majority of the members are agriculturists shall, if he owns land, or other immovable property or has interest in any land as a tenant make a declaration in the form prescribed, if any, that he thereby creates a charge upon such land or other immovable property or such portion thereof or the interest in the land as a tenant as may be specified in the declaration, in respect of the loan which the society may make to the member on the application and future loans, if any, that may be made to him, from time to time, by the society together with interest on such loan or loans ;

(ii) a declaration made under clause (i) may be varied or cancelled at any time by the member with the previous written permission of the society in favour of which such charge has been created ;

(iii) no member shall alienate the whole or any part of the land or other immovable property or interest therein or of the interest in the land as a tenant, specified in the declaration made under clause (i) until the said declaration is cancelled ; and any transaction made in contravention of this clause shall be null and void:

Provided that it shall be lawful to a member to mortgage such land or any part thereof in favour of a land development bank.

(iv) subject to the claims of the Government in respect of land revenue and to the claims of the land development bank in respect of any money payable under a mortgage in favour of the land development bank, there shall be first charge in favour of the society on such land or interest specified in the declaration made under clause (i) for and to the extent of the dues owing by him on account of the loan ;

(v) the declaration made under clause (i) or any variation or cancellation thereof under clause (ii), shall be sent by registered post by the society to the sub-registrar having jurisdiction over the area in which the land or the other immovable property is situated ;

(vi) on receipt of the declaration or variation or cancellation, the sub-registrar shall register such declaration or variation or cancellation and issue a copy thereof to the registered society ;

(vii) any declaration made under clause (i) or any variation or cancellation thereof under clause (ii) which has not been registered under clause (vi) shall be null and void.

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

42. Financing bank not to have a claim on certain sums of money.— No financing bank shall have a charge upon or be entitled to set off towards any debt due from a registered society—

(i) any sum invested by a registered society with it out of the reserve fund ; or

(ii) any sum invested with it by such society out of the provident fund established under section 72 or the gratuity established under section 73.

43. Shares, interest, etc., not liable to attachment.— Subject to the provisions of section 41, the share or interest of a member in the capital of a registered society or the amount to the credit of an employee of the society in the provident fund established under section 72, including contributions, if any, made to the fund by the society or any sum invested by the society from out of the provident fund accumulations on the amount to the credit of a member in the thrift deposit held by the 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 or employee of the society, as the case may be, and the official Assignee under the Presidency Towns Insolvency Act, 1909 (Central Act 3 of 1909) nor a Receiver under the Provincial Insolvency Act, 1920 (Central Act 3 of 1920) shall be entitled to or have any claim on such share, interest, amount or sum.

44. Reserve fund and bad debt reserve not liable to attachment.— The reserve fund or the bad debt reserve of registered society invested by such society in accordance with the provisions of section 68 shall not be liable to attachment under any decree or order of a court in respect of any debt or liability incurred by the society.

45. Deduction from salary or wages.— (1) A member of a registered society may execute an agreement in favour of that society providing that his employer or the officer disbursing his salary or wages shall be competent on a requisition in writing from the

society, to deduct every month from the salary or wages payable to him such amount as may be specified in the requisition towards the amount due by him to the society, in respect of any debt or other demand owing by the member to the society from time to time :

Provided that the said agreement shall also include a clause that if the member ceases to be an employee of the establishment, the balance of the dues shall be deductible from the gratuity payable to him.

(2) (a) Where any such agreement as is referred to in subsection (1) has been executed by a member of a registered society, the employer or the officer disbursing the salary or wages of such member shall, on receipt of a requisition from the society, make the deduction from the salary or wages payable to the member in accordance with the requisition, and pay, within such time as may be specified in the rules in respect of any society or class of societies, the amount so deducted to the society.

(b) Where the amount to be deducted in any month in accordance with the requisition made by a society, or where a requisition has been made by two or more societies in respect of the same person, the total amount to be deducted in accordance with all the requisitions, exceeds one-half of his salary or wages actually payable to him for the month, the employer or the officer disbursing the salary or wages shall deduct from such salary or wages a sum representing one-half of such salary or wages. The amount deducted shall, where deductions have been made against requisitions received from two or more societies, be paid by the employer or the officer disbursing the salary or wages to all the societies in proportion to the amounts to be deducted according to their requisitions :

Provided that where any amount is due to such class of registered societies as may be specified in the rules, the entire salary or wages for the month or such portion thereof as may be specified in the rules in respect of any such class of societies may be deducted and paid as aforesaid.

(3) The employer or the officer disbursing the salary or wages shall maintain such registers as may be prescribed.

(4) The provisions of this section shall also apply to all such agreements—

(a) of the nature referred to in sub-section (1) as are in force at the commencement of this Act; and

(b) as are executed by the members of any society registered in any other State.

(5) The provisions of this section shall apply notwithstanding any law to the contrary for the time being in force.

(6) If any employer or the officer disbursing the salary or wages of any such member as is referred to in sub-section (1), fails without reasonable cause to comply with any of the provisions of this section, he shall be punishable with fine which may extend to five hundred rupees.

(7) Nothing contained in this section shall apply to establishments under a railway administration operating any railway as defined in clause (20) of article 366 of the Constitution.

46. Exemption from compulsory registration of instruments relating to shares and debentures of registered society.—Nothing contained in any law for the time being in force in Pondicherry relating to registration of documents involving transfer of immovable properties shall apply to—

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

(b) 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 to the security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures; or

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

47. Right to set off where a registered society purchases immovable property at a sale for any sum due to it.—(1) Where, under this Act or any rule made thereunder, any sum due to a registered society from any person is recoverable as an arrear of land revenue

and the immovable property of such person is brought to sale and the society is the purchaser at such sale, the sum due to the purchaser shall be set off, in whole or in part, against the purchase money and the remainder, if any, of the purchase money shall be paid to the Collector or other officer empowered by the Collector in that behalf within thirty days of the date of sale.

(2) Where the purchaser refuses or omits to complete the payment of the remainder, if any, of the purchase money, the property shall be resold at the expense and hazard of such purchaser and the amount of all loss or expense which may attend such refusal or omission shall be recoverable from such purchaser in the same manner as arrears of public revenue. Where the property, on the second sale, sells for a higher price than at the first sale, the difference or increase shall be the property of him on whose account the said first sale was made.

48. **Power to exempt from stamp duty and registration fee.**—The Government, by notification in the Official Gazette, may, in the case of any registered society or class of registered societies, remit—

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

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

Provided that such power to remit shall not be exercised in relation to stamp duty in respect of bills of exchange, cheques, promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies and receipts, and in relation to any other stamp-duty chargeable and falling within entry 96 in List—I in the Seventh Schedule to the Constitution.

49. **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 any person was entered in such register or list as a member; and

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

50. **Proof of entries in societies book.**—(1) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if duly 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 or liquidator of a registered society and no officer in whose office the books of a registered 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 the contents of which can be proved under sub-section (1), or to appear as a witness to prove the matters, transactions, and accounts therein recorded, unless by order of the court or the arbitrator made for a special cause.

CHAPTER—VI

STATE AID TO REGISTERED SOCIETIES

51. **Investment by Government in registered societies.**—(1) The Government may subscribe directly to the share capital of a registered society.

(2) Notwithstanding any agreement to the contrary, the Government shall not be entitled to any dividend on the shares taken by them with any such registered society at a rate higher than that at which such dividend is payable in respect of any other share in that society.

52. **Provision of funds by Government to apex society.**—The Government may, subject to appropriation by law, provide moneys to the apex society for the purchase of shares in other registered societies.

53. **Partnership of Government with apex society.**—(1) An apex society which is provided with moneys by the Government under section 52 shall, with such moneys, establish a fund to be called the “Principal State Partnership Fund”.

(2) An apex society shall utilise the Principal State Partnership Fund for the purpose of—

(a) directly purchasing shares in other registered societies;

(b) providing moneys to a registered society (hereinafter in this chapter referred to as the central society) to enable that society to purchase shares in other registered societies (hereinafter in this chapter referred to as the primary societies);

(c) making payments to the Government in accordance with the provisions of this chapter; and for no other purpose.

54. Subsidiary State Partnership Fund.—(1) A central society which is provided with moneys by an apex society from the Principal State Partnership Fund shall, with such moneys, establish a fund to be called the 'Subsidiary State Partnership Fund'.

(2) A central society shall utilise the Subsidiary State Partnership Fund for the purpose of—

(a) purchasing shares in primary societies;

(b) making payments to the apex society in accordance with the provisions of this chapter; and for no other purpose.

55. Approval of Government for purchase of shares.—No shares shall be purchased in a registered society from the moneys in the Principal State Partnership Fund or the Subsidiary State Partnership Fund except with the previous approval in writing of the Government.

56. Liability to be limited in respect of certain shares.—Where shares are purchased in a registered society by—

(a) the Government; or

(b) an apex society or a central society from the Principal State Partnership Fund or the Subsidiary State Partnership Fund, as the case may be;

the liability in respect of such shares shall, in the event of the registered society being wound up, be limited to the amount paid in respect of such shares.

57. Restrictions on amount of dividend.— An apex society which has purchased shares in other registered societies from the moneys in the Principal State Partnership Fund and a Central Society

which has purchased shares in primary societies from the moneys in the Subsidiary State Partnership Fund shall be entitled only to such dividend on the said shares as is declared by the society concerned and is payable to other shareholders of that society.

58. **Indemnity of apex and central societies.**—(1) If a registered society in which shares are purchased from the Principal State Partnership Fund is wound up or is dissolved, the Government shall not have any claim against the apex society which purchased the shares in respect of any loss arising from such purchase :

Provided that the apex society shall remit to the Government any money received from the liquidator of the dissolved society in repayment of the share capital invested in the society from the said Partnership Fund and any dividend paid on such share capital.

(2) If a registered society in which shares are purchased from the Subsidiary State Partnership Fund is wound up or is dissolved, neither the Government nor the apex society shall have any claim against the central society which purchased the shares in respect of any loss arising from such purchase :

Provided that the central society shall credit to the Subsidiary State Partnership Fund and remit to the apex society to the credit of the Principal State Partnership Fund any money received from the liquidator of the dissolved society in repayment of the share capital invested in the society from the subsidiary State Partnership Fund.

59. **Disposal of share capital and dividend etc.**—(1) All moneys received by an apex society in respect of shares of other registered societies purchased from the money in the Principal State Partnership Fund on redemption of such shares or by way of dividends or otherwise shall be credited to that Fund.

(2) All moneys received by a central society in respect of shares of primary societies purchased from the moneys in the Subsidiary State Partnership Fund on redemption of such shares or by way of dividends or otherwise, shall in the first instance be credited to that Fund and then transferred to the apex society which shall credit them to the Principal State Partnership Fund.

(3) All moneys and dividends referred to in sub-section (1) and sub-section (2) shall, notwithstanding that the shares stand in the name of the apex society or the central society, as the case may be, be paid to the Government.

(4) Save as provided in sub-section (3), the Government shall not be entitled to any other return on the moneys provided by them to an apex society under section 52.

60. Disposal of Principal State Partnership Fund and Subsidiary State Partnership Fund on winding up of an apex or central society.—(1) If an apex society which has established a Principal State Partnership Fund is wound up or is dissolved, all moneys to the credit of, or payable to that fund shall be paid to the Government.

(2) If a central society which has established a Subsidiary State Partnership Fund is wound up or is dissolved, all moneys to the credit of, or payable to that Fund shall be paid and credited to the Principal State Partnership Fund from which it received moneys under clause (b) of sub-section (2) of section 53.

61. Principal State Partnership Fund and Subsidiary State Partnership Fund not to form part of assets.—Any amount in a Principal State Partnership Fund or a Subsidiary State Partnership Fund shall not form part of the assets of the apex society or the central society, as the case may be.

62. Agreement by Government and apex society.—Subject to the foregoing provisions of this Chapter—

(a) the Government may enter into an agreement with an apex society setting out the terms and conditions on which they shall provide moneys to the apex society for the purpose specified in sub-section (2) of section 53.

(b) an apex society may, with the previous approval of the Government enter into an agreement with a central society, setting out the terms and conditions on which it shall provide moneys to that society from the Principal State Partnership Fund for the purpose specified in clause (b) of sub-section (2) of section 53.

63. Other forms of State aid to registered societies.—Notwithstanding anything contained in this Act or any other law for the time being in force, the Government may—

(a) grant loans or make advances to any registered society;

(b) guarantee the repayment of principal and payment of interest on debentures issued by registered society ;

(c) guarantee the repayment of share capital of a registered 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 registered society ;

(e) guarantee the repayment of deposits received by a registered society and payment of interest on such deposits; and

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

64. Provisions of this Chapter to over-ride other laws.—The provisions of sections 52 to 62 shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

CHAPTER—VII

PROPERTY AND FUNDS OF REGISTERED SOCIETIES

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

Provided that, with the special sanction of the Registrar a registered society may make loans to another registered society :

Provided further that a registered society may make such loans as may be specified in the by-laws to any of its paid employees.

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

(a) a registered society may make a loan to a depositor on the security of his deposit;

(b) a financing bank may provide overdraft to or discount bills and cheques of depositors subject to such limits and conditions as may be prescribed by the Government; and

(c) a financing bank may advance loans on the pledge of gold jewels subject to such limits and conditions as may be prescribed by the Government.

(3) If in the opinion of the Government , it is necessary in the interest of the society or societies concerned to do so, the 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.

(4) 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 by-laws with the approval of the financing bank, by general or special order, regulate the extent, conditions and manner of making loans by any society or class of societies to its members or other societies.

66. Restrictions on borrowings.—(1) A registered society shall receive deposits and loans only to such extent and subject to such conditions as may be prescribed by the rules or the by-laws.

(2) If, in the opinion of the Registrar, it is necessary so to do for ensuring safety of the funds obtained under sub-section (1), for proper utilisation of such funds in furtherance of the objects of the society or societies concerned and for keeping them within the borrowing limits as laid down in the rules and by-laws, the Registrar may, by general or special order, impose additional conditions on any society or class of societies, subject to which and the extent up to which such society or such class of societies may receive deposits, issue debentures or raise loans from any creditor other than a financing bank.

67. Restrictions on other transactions with non-members.—Save as is provided in sections 65 and 66 the transactions of a society with persons other than members shall be subject to such restrictions, if any, as may be prescribed.

68. Investment of Funds.—Subject to the provisions of sub-sections (3) and (4) of section 65, a registered society may invest or deposit its funds—

- (a) in the Government Savings Bank; or
- (b) in any of the securities specified in section 20 of the Indian Trusts Act, 1882 (Central Act 2 of 1882); or
- (c) in the shares or securities of any other registered society, provided that no such investment shall be made in the shares of any society with unlimited liability except with the general or special sanction of the Registrar and subject to such limits as may be specified by him from time to time; 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.

69. **Funds not to be divided among members.**—(1) No part of the funds of a registered society, except net profits as declared by the Registrar for the purposes of this Act, shall be divided by way of bonus or dividend or otherwise among its members :

Provided that payment may be made to a member for work done by him as Secretary or as clerk on such scale as may be prescribed by the by-laws.

(2) Save as provided in sub-section (1), no payment shall be made out of the funds of a registered society to the President or to any officer of the society by way of honorarium for any service rendered by him to the society.

70. **Properties not to be mis-used.**—Any property, movable or immovable, in the possession of a society shall not be used or allowed to be used except in accordance with the procedure laid down in the rules and the by-laws.

71. **Disposal of net profits.**—The net profits of any registered society as declared by the Registrar for the purposes of this Act in respect of any Co-operative Year shall be appropriated—

first, for being credited to a Reserve Fund, the amount so credited being not less than twenty-five per cent of the net profits;

secondly, towards contribution to the Co-operative Education Fund at such rate not exceeding two per cent of the net profits as may be prescribed ;

thirdly, towards contribution to such other funds and at such rates as may be prescribed ;

fourthly, towards payment of dividend on shares to members or transfer to the dividend fund as may be prescribed ;

fifthly, towards payment of bonus to members and paid employees of the registered society at such rate and subject to such conditions as may be prescribed ;

sixthly, towards contribution to such other funds or such purposes and at such rates as may be specified in the by-laws ;

seventhly, towards contribution to the common good fund at such rate not exceeding ten per cent of the net profits as may be prescribed ; and

eighthly, the balance, if any, of the net profits being credited to the Reserve Fund.

72. Contributory Provident Fund.— (1) A registered society shall establish a contributory provident fund for the benefit of its employees to which shall be credited all contributions made by the employees and the society in accordance with the rules and by-laws or the Employees Provident Funds Act, 1952 (Central Act 19 of 1952) whichever is more beneficial.

(2) A contributory provident fund established by a registered society under sub-section (1)—

- (a) shall not be used in the business of the society ;
- (b) shall not form part of the assets of the society ;
- (c) shall not be liable to attachment or be subject to any other process of any court or other authority ;
- (d) shall be invested in the financing bank.

73. Gratuity.— The employees of a society shall be entitled to gratuity at such rates and on such conditions as may be prescribed and such gratuity accruing annually shall be invested in the financing bank.

CHAPTER—VIII

AUDIT, INQUIRY, INSPECTION, SURCHARGE AND SUPERSESSION

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

Provided that the accounts of any apex society or Central Society, or of any society under Sugar Mills or Spinning Mills, or any Urban Bank with deposits of not less than fifty lakhs of rupees, shall be audited by a Chartered Accountant authorised by the Registrar in consultation with the committee of such society.

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

(3) The Registrar or the person authorised by him under sub-section (1), 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 the society and may summon any person in possession of, or responsible for, the custody of any such books, accounts, documents, securities, cash or other properties to produce the same at any place at the headquarters of the society or any branch thereof.

(4) Every person who is, or has at any time been, an officer or employee of the society and every member and past member of the society shall furnish such information in regard to the transactions and working of the society as the Registrar or the person authorised by him may require.

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

(6) Every registered society shall pay to the Government such fee for the audit of its accounts for each co-operative year as may be fixed by the Registrar in accordance with the rules made in this behalf and the fee levied for audit shall be recoverable in the manner specified in section 138 :

Provided that the Government may, by general or special order, exempt any society or class of societies from the payment of the whole or any part of the fee payable for audit for any co-operative year.

(7) (a) If the result of the audit discloses defects and irregularities, the society shall within three months from the date of receipt of the audit memorandum take steps to rectify the defects and remedy the irregularities and report to the Registrar the action taken by it thereon.

(b) The Registrar may also make an order directing the society or its officers to take such action as may be specified in the order to remedy the defects within the time specified therein.

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

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

(a) (i) He 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 the society and may summon any person in possession of, or responsible for, the custody of any such books, accounts, documents, securities, cash or other properties to produce the same at any place at the headquarters of the society or any branch thereof ;

(ii) Where a person summoned under sub-clause (i) fails or refuses to produce any record or property of the society specified in the summons, any magistrate of the first class in whose jurisdiction the person concerned reside shall, on a complaint from the Registrar or the officer holding the inquiry that the person summoned has been evading or wilfully delaying the production of such records or property, issue a warrant for the production of the records and properties of the society to such Registrar or the officer holding the inquiry :

Provided that no such complaint shall be made by the officer holding the inquiry without the previous sanction of the Registrar.

(b) He may seize the books, accounts or documents of the society, if he considers that such seizure is necessary to ensure the safety of such books, accounts or documents or to facilitate his inquiry, and shall give the person from whose custody the books, accounts or documents have been seized a receipt for the same :

Provided that the books, accounts or documents so seized shall be retained by him only for so long as may be necessary for their examination and for the purpose of inquiry :

Provided further that the books, accounts or documents shall not be retained for more than sixty days at a time except with the permission of the next higher authority.

(c) He may summon any person who, he has reason to believe, has knowledge of any of the affairs of the society and may examine such person on oath and may summon any person to produce any books, accounts or documents belonging to him or in his custody if the Registrar or the person authorised as aforesaid has reason to believe that such books, accounts or documents contain any entry relating to transactions of the society.

(d) (i) He may, notwithstanding any rule or bye-law prescribing the period of notice for a general meeting of the society or for a meeting of the committee, require any officer or officers of the society to call a general meeting or a meeting of the committee at such time and place at the headquarters of the society or any branch thereof to consider such matters as may be specified by him and the provisions of sub-clauses (i) and (ii) of clause (b) of sub-section (4) of section 31 shall apply to any meeting called under this sub-clause as if it were a meeting called in pursuance of a requisition under clause (a) of sub-section (3) of that section.

(ii) If the officer or officers of the society refuses or refuse or fails or fail to call such meeting or if in the opinion of the Registrar there is no committee or officer or officers competent under this Act, the rules or the bye-laws to call such meeting, or if there be a dispute regarding the competence of the committee, officer or officers to call such meeting, the Registrar or the person authorised by him under sub-section (1) shall have power to call the meeting himself and the provisions of clause (b) of sub-section (4) of section 31 and sub-section (5) of that section shall apply to such meeting as if it were a meeting called under clause (a) of the said sub-section (4).

(3) When an inquiry is held under this section, the Registrar shall communicate the result of the inquiry—

(i) in case the Government have subscribed directly to the share capital of the registered society or in case any moneys are due from the registered society either to the Principal State Partnership Fund or to the Subsidiary State Partnership Fund referred to in Chapter VI, to the Government or to any officer appointed by the Government in this behalf ;

(ii) to the financing bank, if any, to which the society is affiliated ; and

(iii) to the society concerned.

(4) The Registrar may, by order in writing, direct any officer of the society or its financing bank to take such action as may be specified in the order to remedy, within such time as may be specified therein, the defects, if any, disclosed as a result of the inquiry.

76. Inspection.— (1) The Registrar may, of his own motion, or on the application of a creditor of a registered society, inspect or direct any person authorised by him in this behalf by general or special order in writing to inspect the books of the society and the person so authorised shall have all the powers of the Registrar when holding an inquiry under section 75 :

Provided that no such inspection shall be made or directed on the application of a creditor unless the creditor—

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

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

(2) Where an inspection is made under sub-section (1), the Registrar shall communicate the results of such inspection—

(a) where the inspection is made on his own motion to the society ; and

(b) where the inspection is made on the application of a creditor, to the creditor and to the financing bank, if any, to which the society is affiliated.

(3) The Registrar may, by order in writing, direct any office, of the society to take such action as may be specified in the order to remedy within such time as may be specified therein the defects if any, disclosed as a result of the inspection.

77. Inspection of books by financing bank.— (1) A financing bank shall have the right to inspect through an officer or a member of its paid staff the books of any registered society which is its member or a society financed by such member.

(2) An officer or member of the paid staff of the financing bank inspecting the books of a society 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 the society and may also call for such information, statements and returns as may be necessary to ascertain the financial condition of the society,

(3) An officer of the financing bank shall also have power to summon any person in possession of or responsible for the custody of any books, accounts, documents, securities, cash and other properties referred to in that sub-section to produce the same for inspection or verification at any place at the headquarters of the society or any branch thereof.

78. **Costs of inquiry and inspection.**— Where an inquiry is held under section 75 or an inspection is made under section 76, the Registrar may, after giving the parties an opportunity of making their representations, apportion the costs, or such part of the costs as he may think right, between the society, the members or creditors demanding an inquiry or inspection, the officers or former officers of the society. Costs may also be awarded by the Registrar to the financing bank in the case of inspection under section 77, by the financing bank.

79. **Registered society to pay certain expenses.**— Every registered society shall pay to the Government such sum as may be determined in the prescribed manner in respect of any special or additional staff employed by the Government for the purpose of the society.

80. **Suspension of officer or servant of society.**— (1) Where in the course of an audit under section 74 or an inquiry under section 75 or an inspection under section 76 or section 77, it is brought to the notice of the Registrar that a paid officer or servant of a registered society has committed or has been otherwise responsible for misappropriation, breach of trust or other offence, in relation to the society, the Registrar may, if in his opinion, there is *prima facie* evidence against such paid officer or servant and the suspension of such paid officer or servants is necessary in the interests of the society, direct the committee of the society pending the investigation and disposal of the matter, to place or cause to be placed such paid officer or servant under suspension from such date and for such period as may be specified by him.

(2) On receipt of a direction from the Registrar under sub-section (1), the committee of the registered society shall, notwithstanding any provision to the contrary in the by-laws, place or cause to be placed the paid officer or servant under suspension forthwith.

(3) The Registrar may direct the committee to extend from time to time, the period of suspension and the paid officer or servant suspended shall not be reinstated except with the previous sanction of the Registrar.

81. Registrar's power to give directions in the public interest, etc.--

(1) Subject to the rules made in that behalf, where the Registrar is satisfied that in the public interest or for the purposes of securing proper implementation of co-operative production and other development programmes, approved or undertaken by the Government or to secure the proper management of the business of the society generally, or for preventing the affairs of the society being conducted in a manner detrimental to the interests of the members, or of the depositors or the creditors thereof, it is necessary to issue directions to any class of societies generally or to any society or societies in particular, he may issue directions to them from time to time, and all societies or the society concerned, as the case may be, shall be bound to comply with such directions :

Provided that in so far as co-operative banks are concerned, the Registrar shall exercise the powers only with prior consultation with the Reserve Bank of India.

(2) The Registrar may modify or cancel any directions issued under sub-section (1) and in modifying or cancelling such directions may impose such conditions as he may deem fit.

82. Surcharge.—(1) Where in the course of an audit under section 74 or an inquiry under section 75 or an inspection under section 76 or section 77 or the winding up of a society, it appears that any person, who is or was entrusted with the organisation or management of the society or any past or present officer or servant of the society has misappropriated or fraudulently retained any money or other property or been guilty of breach of trust in relation to the society or has caused any deficiency in the assets of the society by breach of trust or wilful negligence or has made any payment which is not in accordance with this Act, the rules or the by-laws, the Registrar himself or any person specially authorised by him in this behalf, of his own motion or on the application of the committee, liquidator or any creditor or contributory, may inquire into the conduct of such person or officer or servant and make an order requiring him to repay or to restore the money or property or any part thereof with interest at such rate as the Registrar or the person authorised as aforesaid thinks just or to contribute such sum to the assets of the society by way of compensation in respect of the misappropriation, misapplication of funds, fraudulent retainer, breach of trust or wilful negligence or payments which are not in accordance with this Act, the rules or by-laws as the Registrar or the person authorised as aforesaid thinks just:

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

Provided further that no order shall be passed against any person referred to in this sub-section unless the person concerned has been given an opportunity of making his representations.

(2) Any sum ordered under this section to be repaid to a registered society or recovered as a contribution to its assets may be recovered in the same manner as arrears of land revenue.

(3) This section shall apply notwithstanding that such person or officer or servant may have incurred criminal liability by his act.

83. **Supersession of committee.**—(1) (a) If, in the opinion of the Registrar the committee of any registered society is not functioning properly or wilfully disobeys or wilfully fails to comply with any lawful order or direction issued by the Registrar under this Act or the rules he may, after giving the committee an opportunity of making its representations, by order in writing, dissolve the committee and appoint either a person (hereinafter referred to as the special officer) or a committee of two or more persons (hereinafter referred to as the managing committee) to manage the affairs of the society for a specified period not exceeding two years.

(b) The period specified in such order may, at the discretion of the Registrar, be extended from time to time provided that such order shall not remain in force for more than four years in the aggregate.

(2) Where a special officer, is appointed, the Registrar may appoint an advisory board consisting of not more than five persons to advise the special officer in such matters as may be specified by him.

(3) The special officer or the managing committee appointed under sub-section (1) shall, subject to the control of the Registrar and to such directions as he may, from time to time, give, have power to exercise all or any of the functions of the committee or of any officer of the society and to take such action as may be required in the interests of the society.

(4) The Registrar may fix the remuneration payable to the special officer or the managing committee appointed under sub-section (1). The amount of remuneration so fixed and such other expenditure incidental to the management of the society during the period of supersession as may be approved by the Registrar shall be payable from the funds of the society.

(5) The special officer or the managing committee appointed under sub-section (1) shall, at the expiry of the period of his or its appointment arrange for the constitution of a new committee in accordance with the provisions of this Act, the rules and the by-laws.

(6) Before taking any action under sub-section (1) in respect of any registered society, the Registrar shall inform the financing bank to which the society is indebted and before passing any order, he shall consult the aforesaid bank.

(7) Nothing contained in this section shall be deemed to affect the power of the Registrar to order the winding up of the society under section 126.

(8) An order under sub-section (1) shall take effect from the date specified therein unless stayed by an order of the Government. Where an order under sub-section (1) is reversed on appeal, the special officer, or the managing committee, as the case may be, appointed under sub-section (1) shall forthwith hand over the management of the society to the committee.

(9) Notwithstanding anything contained in the preceding sub-sections, it shall not be necessary to give an opportunity to the committee to state its objections and to consult the financing bank, in cases where the Registrar is of the opinion that it is not reasonably practicable to do so, subject however to the condition that in such cases the period of supersession shall generally be for six months and in case a new committee cannot be constituted or enter upon office in accordance with the by-laws of the society within the period of supersession the period may be extended for a further period not exceeding six months.

CHAPTER—IX

SETTLEMENT OF DISPUTES

84. **Disputes.**—(1) If any dispute touching the constitution of the committee or the management or the business of a registered society (other than a dispute regarding disciplinary action taken by the society or its committee against a paid servant of the society) arises—

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

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

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

(d) between the society and any other registered society;

such dispute shall be referred to the Registrar for decision.

Explanation: For the purposes of this section, a dispute shall include—

(i) a claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member whether such debt or demand be admitted or not; and

(ii) a claim by a registered society against a member, past member or the nominee heir or legal representative of a deceased member for the delivery of a possession to the society of land or other immovable property resumed by it for breach of the conditions of assignment or allotment of such land or other immovable property :

Provided that no dispute relating to, or in connection with, any election to a committee shall be referred under this sub-section till the date of the declaration of the result of such election.

(2) The Registrar may, on receipt of such reference—

(a) decide the dispute himself or transfer it for disposal to any person subordinate to and empowered by him; or

(b) subject to such rules as may be prescribed, refer it for disposal to an arbitrator or arbitrators.

(3) Subject to such rules as may be prescribed, the Registrar may withdraw any dispute referred under sub-section (1) to any person subordinate to him or transferred under clause (a) or referred under clause (b) of sub-section (2) by the Registrar or any person subordinate to him and—

(a) decide the dispute himself; or

(b) transfer it for disposal to any person subordinate to and empowered by him; or

(c) refer it for disposal to an arbitrator or arbitrators, or

(d) re-transfer the same for disposal to the person from whom it was withdrawn; or

(e) refer it for disposal to the arbitrator or arbitrators from whom it was withdrawn.

(4) If a question arises, whether for the purposes of this section, any person is or was a member of a registered society, or whether any dispute referred for decision is a dispute touching the constitution of the committee, or the management or the business of the society, such question shall be decided by the Registrar.

(5) Where any dispute referred to the Registrar under sub-section (1) or withdrawn by him under sub-section (3) relates to immovable property, the Registrar or the person or the arbitrator or arbitrators to whom it is transferred, referred or re-transferred under sub-section (2) or sub-section (3) may, on the application of a party to the dispute, direct that any person who is interested in such

property whether such person be a member or not, be included as a party to the dispute and any decision that may be passed on the reference by the Registrar, the person, the arbitrator or arbitrators aforesaid, as the case may be, shall be binding on the party so included, provided that he shall be liable only to the extent of such property.

(6) The Registrar may pass such interlocutory orders as he may deem fit in the interests of justice.

(7) The provisions of the Arbitration Act, 1940 (Central Act. 10 of 1940) shall not apply to proceedings under this chapter

CHAPTER— X

LAND DEVELOPMENT BANKS

85. **Application of chapter to Land Development Banks.**—This chapter shall apply to—

(a) Co-operative banks advancing loans, other than short-term loans, for the purposes herein enumerated (hereinafter referred to as “Land Development Banks”), that is to say—

- (i) land improvement and productive purposes ;
- (ii) the erection, rebuilding or repairing of houses for agricultural purposes;
- (iii) to acquire land for the formation of economic holding and other like purposes; or
- (iv) to discharge debts.

Explanation—1 : For the purpose of this section, short-term loans means loans repayable from the sale proceeds of the next harvest as soon as they are realised or within one year from the date of the grant of the loan whichever period is longer.

Explanation—2 : Land improvement and productive purposes mean any work, construction or activity which adds to the productivity of the land, and in particular, includes the following that is to say—

(a) construction and repair of wells (including tube wells) tanks and other works for the storage, supply or distribution of water for the purpose of agriculture, for the use of men and cattle employed in agriculture ;

(b) renewal or reconstruction of any of the foregoing works, or alterations therein. or additions thereto;

(c) preparation of land for irrigation :

(d) drainage , reclamation from rivers or other waters or protection from floods or from erosion or other damage by water, or land used for agricultural purposes, or waste land which is culturable ;

(e) bunding and similar improvements ;

(f) reclamation, clearance and enclosure or permanent improvement of land for agricultural purposes ;

(g) horticulture ;

(h) purchases of oil engines, pumping sets and electrical motors for any of the purposes mentioned herein ;

(i) purchase of tractors or other agricultural machinery ;

(j) works undertaken by lift irrigation societies or electricity supply societies for productive purposes ;

(k) increase of the productive capacity of land by addition to it of special variety of soil ;

(l) construction of permanent farm houses, cattle sheds, and sheds for processing of agricultural produce at any stage; and

(m) such other purposes as the Government may , from time to time by notification in the Official Gazette declare to be improvement or productive purpose for the purpose of this Chapter.

86. Central Land Development Bank.—(1) There shall be a Central Land Development Bank for the entire Union territory of Pondicherry.

(2) A reference to Land Mortgage Bank in any law, or instrument for the time being in force in Pondicherry, shall, with effect from the commencement of this Act, be construed as a reference to a Land Development Bank within the meaning of this Chapter.

(3) With effect from the commencement of this Act, and until such time as the name of the Land Mortgage Bank functioning in Pondicherry at the commencement of this Act is changed into the Central Land Development Bank, all acts done by it or mortgages and other documents executed by it, or in its favour, and all suits and other proceedings filed by or against it shall be deemed to have been done, executed or filed, as the case may be, by or against it as Land Development Bank.

87. Appointment, powers and functions of Trustee.—(1) The Registrar, or any other person appointed by the Government in this behalf, shall be the Trustee for the purpose of securing the fulfilment of the obligations of the Central Land Development Bank to the holders of debentures issued by it.

(2) The Trustee shall be a corporation sole by the name of the Trustee for the debentures in respect of which he is appointed, and shall have perpetual succession and a common seal, and in his corporate name may sue and be sued.

(3) The powers and functions of the Trustee shall be governed by the provisions of this Act, and the instrument of trust executed between the Central Land Development Bank and the Trustee, as modified from time to time by mutual agreement between the Central Land Development Bank and the Trustee.

88. Issue of debentures.—(1) With the previous sanction of the Government and the Trustee, and subject to such terms and conditions as the Government may impose the Central Land Development Bank in the discharge of its functions as a Land Development Bank may issue debentures of such denominations, for such period and at such rates of interest, as it may deem expedient on the security of mortgages, or mortgages to be acquired or partly on mortgages held and partly to be acquired, and properties and other assets of the Land Development Bank.

(2) Such debentures may contain a term fixing a period not exceeding thirty years from the date of issue before which they shall be redeemable, or reserving to the committee the right to redeem at any time in advance of the date fixed for debenture not less than three months' notice in writing.

(3) The total amount due on the debentures issued by the Land Development Bank and outstanding at any time shall not exceed—

(a) where debentures are issued against mortgages held, the aggregate of—

(i) the amounts due on the mortgages; and

(ii) the amounts paid under the mortgages aforesaid and the unsecured amounts remaining in the hands of the Central Land Development Bank or the Trustee at the time;

(b) where debentures are issued otherwise than on mortgages held, the total amount as calculated under clause (a) increased by such portion of the amount obtained on the debentures as is not covered by a mortgage.

89. Guarantee by Government.—The principal of and interest on the debentures issued under section 88 or any specified portion thereof, may carry the guarantee of the Government, subject to such maximum amount as may be fixed by the Government, and subject to such conditions as the Government may think fit to impose.

90. Vesting of property in Trustee and debenture Holders' charge on assets.—Upon the issue of debentures under the provisions of section 8 the mortgage properties and other assets referred to in sub-section (3) of that section held by the Central Land Development Bank, shall vest in the Trustee, and the holders of debentures shall have a floating charge on all such mortgages and assets, and on the amount paid under such mortgages, and remaining in the hands of the Central Land Development Bank or of the Trustee.

91. Powers of Land Development Bank to advance loans and to hold lands.— Subject to the provisions of this Act and the rules made thereunder, it shall be competent for the Land Development Bank to advance loans for the purposes referred to in section 85, and to hold lands the possession of which is transferred to it under the provisions of this Chapter.

92. Priority of mortgage over other claims.— (1) A mortgage executed in favour of a Land Development Bank, shall have priority over any claim of the Government arising from a loan granted after the execution of the mortgage under the Land Improvement Loans Act, 1883 (Central Act 19 of 1883) or under any other law for the time being in force.

(2) Without prejudice to the provisions of sub-section (1), and notwithstanding anything contained in this Act or in any other law for the time being in force, a mortgage executed in favour of a land development bank, after commencement of this Act, shall subject to the claims of the Government in respect of land revenue, have priority over all other claims against the property secured by such mortgage.

93. Verification of encumbrances.— The Land Development Bank shall, before advancing any loan on the security of any immovable property verify encumbrances, if any, for a period of thirteen years immediately preceding the date of advance of such loan affecting such immovable property.

94. Registration of documents executed on behalf of a Land Development Bank.—(1) Notwithstanding anything contained in the Registration Act, 1908 (Central Act 16 of 1908) it shall not be necessary for any member of the committee, Secretary or other officer of Land Development Bank to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him in his official capacity or to sign as provided in section 58 of that Act.

(2) Where any instrument so executed, the registering officer to whom such instrument is present for registration, may, if he thinks fit refer to such member of the committee, Secretary or officer for information respecting the same and on being satisfied on the execution thereof shall register the instrument.

95. Mortgagor's powers to lease.— Notwithstanding anything contained in the Transfer of Property Act, 1882 (Central Act 4 of 1882) or any other law for the time being in force the duration of any lease executed by a mortgagor of property mortgaged shall in no case exceed five years.

96. Mortgages not to be questioned on insolvency of mortgagors.— Notwithstanding anything contained in the Provincial Insolvency Act, 1920 (Central Act 5 of 1920) or any corresponding law for the time being in force, a mortgage, executed in favour of Land Development Bank, shall not be called in question in any insolvency proceedings on the ground that it was not executed in good faith for valuable consideration, or on the ground that it was executed in order to give the bank a preference over the creditors of the mortgagor.

97. Right of Land Development Bank to pay prior debts of mortgagor.— (1) Where a mortgage is executed in favour of a land development bank for payment of prior debts of the mortgagor, the bank may, notwithstanding the provisions of sections 83 and 84 of the Transfer of Property Act, 1882 (Central Act 4 of 1882) by notice in writing require any person to whom any such debt is due to receive payment of debt or part thereof from the bank at its registered office within such period as may be specified in the notice.

(2) Where any such person fails to receive such notice or such payment, such debt or part thereof, as the case may be, shall cease to carry interest from the expiration of the period specified in the notice :

Provided that where there is a dispute as regards the amount of any such debt the person to whom such debt is due shall be bound to receive payment of the amount offered by the Land Development Bank towards the debt, but such receipt shall not prejudice the right, if any, of such person, to recover the balance claimed by him.

98. Special provision for mortgages executed by managers of Joint Hindu Families, Karnavans of Marumakkattayam tarwards or tavazhis or of Nambudry illoms, etc.— (1) Where a mortgage executed in favour of the Land Development Bank either before or after the commencement of this Act is called in question on the ground that it was executed by the manager of a Joint Hindu Family or the Karnavan of a Marumakkatayam Tarward or Tavazhi or of a Nambudri Illom, or the Manager of a Thiyya or Ezhava family, or the Ejaman or Ejamanthi of an Aliyasantana family, for a purpose not binding on the members thereof, whether majors or minors, the burden of proving the same shall, notwithstanding any law to the contrary be on the party raising it.

(2) A mortgage executed in favour of the Land Development Bank by the manager of a Joint Hindu Family or the Karnavan of a Marumakkatayam Tarward or Tavazhi or of a Nambudry Illom or the Manager of a Thiyya or Ezhava Family or the Ejaman or Ejamanthi of an Aliyasantana family shall be binding on the members thereof, whether major or minors, if the loan secured by the mortgage was granted for any of the following purposes namely :

(a) the improvement of agricultural land or of the methods of cultivation ; and

(b) the purchase of land.

99. Special provisions for mortgages by tenants in the Mahe area.— Tenants in Mahe region who have got fixity of tenure under the provisions of the Mahe Land Reforms Act, 1968 (Act 1 of 1968) shall be entitled to get loans from the Land Development Bank by mortgaging such lands in their possession, as tenants, to the Bank, subject to such conditions and restrictions as may be prescribed.

100. Powers of Land Development Bank in case the mortgaged property is wholly or partially destroyed or the security is rendered insufficient.— Where any property mortgaged to the Land Development Bank is wholly or partially destroyed or for any reason the security is rendered insufficient and the mortgager, having been given a reasonable opportunity by the committee of the Land Development Bank, to provide further security enough to render the whole security sufficient or to repay such portion of the loan as may be determined by the committee, has failed to provide such security or to repay such portion of the loan, the whole of the loan shall be deemed to fall due at once and the committee shall be entitled to take action against the mortgager under section 101 or section 103 for the recovery thereof.

Explanation : A security shall be deemed insufficient within the meaning of this section unless the value of the mortgage property including improvements made thereon exceeds the amount for the time being due on the mortgage by such proportion as may be specified in the by-laws of the Land Development Bank.

101. Distraint—When to be made.— (1) If any instalment payable under a mortgage executed in favour of the Land Development Bank or any part of such instalment has remained unpaid for more than one month from the date on which it fell due, the committee may, in addition to any other remedy available to the bank apply to the Registrar or to any person appointed by the Government under section 3, to assist the Registrar, for the recovery of such instalment or part by distraint and sale of the produce of the mortgaged land including the standing crops thereon. On receipt of such application, the Registrar or such person may, notwithstanding anything contained in the Transfer of Property Act, 1882 (Central Act 4 of 1882) take such action as is necessary to distraint and sell such produce :

Provided that no distraint shall be made after the expiry of twelve months from the date on which the instalment fell due.

(2) The distress shall not be excessive; the value of the property distrained shall be, as nearly as possible, equal to the amount due and the expenses of the distraint and the costs of sale.

102. Distraint—How to be effected.—(1) Before or at the time when a distraint is made under section 101, the distrainer shall serve or cause to be served upon the defaulter a written demand specifying the amount for which the distraint is made.

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

103. Sale of property distrained.—(1) If, within 15 days from the date of service of the demand referred to in section 102, the defaulter does not pay the amount for which the distraint was effected, the distrainer may sell in auction the distrained property or such part thereof as may in his opinion be necessary to satisfy the demand together with the expenses of the distraint and the cost of the sale.

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

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

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

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

104. Power of sale when to be exercised.—(1) Notwithstanding anything contained in the Transfer of Property Act, 1882 (Central Act 4 of 1882) where a power of sale without the intervention of the Court is expressly conferred on the Land Development Bank by the mortgage deed, the committee of such bank or any person authorised by such committee in this behalf shall, in case of default of payment of the mortgage money or any part thereof have power, in addition to any other remedy available to the bank, to bring the mortgaged property to sale without the intervention of the court.

(2) No such power shall be exercised unless and until;

(a) the committee has previously authorised the exercise of the power conferred by sub-section (1), after hearing the objections, if any, of the mortgagor or mortgagors ;

(b) notice in writing requiring payment of such mortgage money or part has been served upon :

(i) the mortgagor or each of the mortgagors ;

(ii) any person who has any interest in or charge upon the property mortgaged or in or upon the right to redeem the same ;

(iii) any surety for the payment of the mortgage debt or any part thereof; and

(iv) any creditor of the mortgagor who has in a suit for the administration of his estate obtained a decree for sale of the mortgaged property ;

(c) default has been made in payment of such mortgage money or part for three months after such service.

105. Application for sale and manner of sale.—(1) In exercise of the powers of sale conferred by section 104, the committee of the Land Development Bank or any person duly authorised by such committee may apply to the sale officer appointed in that behalf to sell the mortgaged property or any part thereof and such officer shall, after giving notice in writing to all the persons referred to in section 104, sell such property in the manner prescribed.

(2) The sale shall be by public auction and shall be held in the village where the mortgaged property is situated or at the nearest place of public resort if the sale officer is of opinion that the property is likely to sell to better advantage there.

106. Application to set aside sale on deposit and confirmation of sale in default or on dismissal of such application.—(1) When a mortgaged property has been sold under this Chapter, the mortgagor or any person having a right or interest therein affected by the sale, may at any time within thirty days from the date of sale, apply to the committee of the Land Development Bank to have sale set aside on his depositing at the office of such bank—

(a) for payment to the Land Development Bank, the amount specified in the proclamation of sale together with subsequent interest and the cost, if any, incurred by the bank in bringing the property to sale; and

(b) for payment to the purchaser, a sum equal to five per cent of the purchase money.

(2) If such deposit is made, the committee shall make an order setting aside the sale.

(3) Where no application is made under sub-section (1) or where such application is made and disallowed, the committee shall apply to the Registrar or the person authorised by him to make an order confirming the sale, and on such confirmation it shall become absolute.

107. Distribution of the proceeds of sale.—(1) The proceeds of every sale under this Chapter shall be applied by the sale officer, first in payment of all costs, charges and expenses properly incurred by him as incident to the sale or any attempted sale; secondly, in payment of all interest due on account of the mortgage in consequence whereof the mortgaged property was sold; thirdly, in payment of the principal money due on account of the mortgage; and lastly, the residue, if any, shall be paid to the person proving himself interested in the property sold or if there are more such persons than one, then to such persons according to their respective interests therein or upon their joint receipt.

(2) (a) Any person dissatisfied with the decision of the sale officer in regard to the distribution of such residue may, within thirty days of the communication to him of such decision, institute a suit in a court to establish the right he claims.

(b) The sale officer shall not distribute such residue until thirty days have elapsed from the communication of his decision to all the persons concerned or if a suit has been instituted within the said period of thirty days by any such person until the suit is disposed of or otherwise than in accordance with the decision of the Court therein.

Explanation : In this sub-section "Court" means the Civil Court which would have jurisdiction to entertain a suit to enforce the mortgage and within the limits of whose jurisdiction the property sold is situated.

108. **Certificate to purchaser.**—Where a sale of mortgaged property has become absolute, the sale officer shall grant a certificate specifying the property sold and the name of the person who at the time of the sale is declared to be the purchaser. Such certificate shall bear date, the day on which the sale became absolute.

109. **Delivery of property to purchaser.**—(1) Where the mortgaged property sold is in the occupancy of the mortgagor or of some person on his behalf or of some person claiming under a title other than a lease for a period not exceeding five years created by the mortgagor subsequent to the mortgage in favour of the Land Development Bank and a certificate in respect thereof has been granted under section 108, the Court shall, on the application of the purchaser, order delivery to be made by putting such purchaser or any person whom he may appoint to receive delivery on his behalf, in possession of the property.

(2) Where the property sold is in the occupancy of a tenant or other person entitled to occupy the same and a certificate in respect thereof has been granted under section 108, the Court shall on the application of the purchaser, and after notice to such tenant or other person, order delivery to be made by affixing a copy of the certificate of sale in some conspicuous place on the property and proclaiming to the occupant by beat of drum or other customary mode at some convenient place that the interest of the mortgagor has been transferred to the purchaser.

(3) In regard to the cases dealt within sub-sections (1) and (2) the provisions of rules 97 to 103 of order XXI of the First Schedule to the Code of Civil Procedure, 1908 (Central Act 5 of 1908) shall, *mutatis mutandis* and so far as may be, apply.

Explanation : In this section, “Court” shall have the same meaning as in section 107.

110. **Right of Land Development Bank to purchase the mortgaged property at sale.**—It shall be competent to a Land Development Bank to purchase the mortgaged property sold under this Chapter, but the property so purchased shall be disposed of by the bank by sale within such period as may be fixed by the Trustee.

111. **Appointment of Receiver and his powers.**—(1) The Committee of the Land Development Bank under circumstances in which the power of sale conferred by section 104 may be exercised, appoint in writing a receiver of the produce and income of the mortgaged

property or any part thereof and such receiver shall be entitled either to take possession of the property or collect its produce and income as the case may be, to retain out of any money realised by him, his expenses of management including his remuneration, if any as fixed by the committee, and to apply the balance in accordance with the provisions of sub-section (8) of section 69-A of Transfer of Property Act, 1882 (Central Act 4 of 1882).

(2) A receiver appointed under sub-section (1) may for sufficient cause and on application made by the mortgagor, be removed by the committee.

(3) A vacancy in the office of the receiver may be filled up by the committee.

(4) Nothing in this section shall empower the committee to appoint a receiver where the mortgaged property is already in the possession of a receiver appointed by a Civil Court.

112. Title of purchaser not to be impeached on the ground of irregularity, etc.—When a sale has been made in professed exercise of a power of sale under section 104, and has been confirmed under sub-section (3) of section 106, the title of the purchaser shall not be impeachable on the ground that no case had arisen to authorize the sale or that, due notice was not given or that the power was otherwise improperly or irregularly exercised, but any person damaged by an unauthorized or improper or irregular exercise of the power shall have his remedy in damages against the Land Development Bank.

113. Recovery of sums due to the Land Development Bank.—(1) Without prejudice to any other mode of recovery which is being taken or may be taken, any sum due to land development bank may be recovered as if it were an arrear of land revenue and for the purposes of such recovery the Registrar shall have the powers of a Collector under the Pondicherry Revenue Recovery Act, 1970 (Act 14 of 1970).

(2) Where any sum due to Land Development Bank is recoverable from any debtor and the immovable property of such debtor is brought to sale and the land development bank is the purchaser at such sale, the provisions of section 36 of the said Act shall apply thereto as if for the clause (iii) thereof, the following clause was substituted, namely :—

“(iii) The sum due to the purchase” shall be set off, in whole or in part, against the purchase money and the remainder, if any, of the purchase money shall be paid to the Collector or other officer empowered by the Collector in that behalf within thirty days of the date of Sale”.

114. Officers of Land Development Bank and Sale Officers not to bid at sale.—At any sale of movable or immovable property, held under the provisions of this Chapter, no officer or employee of the Land Development Bank, except on behalf of the bank of which he is an officer or an employee, and no person having any duty to perform in connection with such sale, shall either directly or indirectly bid for or acquire or attempt to acquire any interest in such property.

115. Power of Trustee to direct distraint and sale of produce and the sale of mortgaged property.—(1) The Trustee may direct the committee of Land Development Bank to take action against a defaulter under section 100 or section 101 or section 104 and if the committee neglects or fails to do so, the Trustee may take such action.

(2) Where such action is taken by the Trustee, the provisions of this Chapter and any rules or regulations made there under shall apply in respect thereto as if all references to the Land Development Bank or to its committee in the said provisions are reference to the Trustee.

116. Service of notice under the Act.—Whenever under the provisions of this Chapter, notice is required to be given to any person in writing, it shall be sufficient to send such notice by registered post.

117. Sections 102, 103 and 104 of the Transfer of Property Act 1882 to apply to such notices.—The provisions of sections 102 and 103 of the Transfer of Property Act, 1882 (Central Act 4 of 1882) and of any rules made by the High Court under section 104 of that Act for carrying out purposes of the said sections, shall apply, so far as may, in respect of all notices to be served under the provisions of this Chapter.

CHAPTER—XI

LIFT IRRIGATION SOCIETIES

118. Application of Chapter.—This Chapter shall apply only to lift irrigation societies.

119. Definitions.—In this Chapter, unless the context otherwise requires—

(1) "lift irrigation society" means a society the principal object of which is to supply water by lift irrigation mainly for agricultural purposes ;

(2) "small farmers lift irrigation society" means a lift irrigation society of which no member owns more than such extent of land as may be prescribed.

120. Declaration by members of a Lift Irrigation Society.—

(1) (a) Notwithstanding anything contained in this Act or in any other law for the time being in force, every person making an application for admission as a member of a lift irrigation society shall specify in such application, the particulars of the lands for which he desires supply of water by the lift irrigation society and, if the by-laws of such society so require, also make a declaration in the form prescribed, authorising the lift irrigation society to mortgage the lands specified in the application as security for any loan to be taken by the lift irrigation society in connection with, or to facilitate, the operation of such society.

(b) Where a declaration referred to in clause (a) is made by any person and such person is admitted as a member of the lift irrigation society, such society shall be entitled to mortgage the lands specified in the declaration or any portion thereof in favour of the Government, any Land Development Bank or any other financing institution from which such society takes a loan (hereinafter in this section referred to as the creditor) and such mortgage shall be binding on the person who made the declaration and his successors-in-interest in such lands.

(c) Any lift irrigation society taking a loan from any financing institution (other than the Government and any Land Development Bank) shall obtain the prior approval of the Registrar.

(2) No declaration made under sub-section (1) shall be varied or cancelled by a member without the previous written permission of the lift irrigation society and the lift irrigation society shall not give such permission without the approval of the creditor.

(3) (a) No land in respect of which a declaration has been made under sub-section (1) or any part of such land or any interest in such land shall be sold or otherwise transferred without the previous written permission of the lift irrigation society, and such permission shall not be given by the lift irrigation society without the approval of the creditor.

(b) Notwithstanding anything contained in any law for the time being in force, any transaction made in contravention of clause (a) shall be null and void.

(4) The declaration made under sub-section (1) or any variation or cancellation thereof shall be sent by registered post by the lift irrigation society to the sub-registrar having jurisdiction over the area in which the lands are situated.

(5) On receipt of the declaration, variation or cancellation, the sub-registrar shall, notwithstanding anything contained, in any law for the time being in force, register such declaration, variation or cancellation and issue a copy thereof to the lift irrigation society.

(6) Any declaration made under sub-section (1) or any variation or cancellation thereof which has not been registered under sub-section (5) shall, notwithstanding anything contained in this Act or in any other law for the time being in force, be null and void.

121. Agreement regarding period of membership, sharing of expenditure, etc.—(1) Notwithstanding anything contained in this Act, or in any other law for the time being in force, every person on being admitted as a member of lift irrigation society, shall, in addition to the declaration, if any, made under sub-section (1) of section 120 execute an agreement with the lift irrigation society specifying—

(i) that he shall continue as a member of such society so long as he continues to own the land for which water is supplied by the lift irrigation society or any portion thereof;

(ii) that he agrees to pay his share of the capital expenditure and the maintenance charges for providing supply of water (including overhead charges and depreciation) as may be determined by the committee from time to time with the approval of the Registrar; and

(iii) such other matters as may be prescribed.

(2) The agreement executed under sub-section (1) shall be sent by registered post by the lift irrigation society to the sub-registrar having jurisdiction over the area in which the lands are situated.

(3) On receipt of the agreement, the sub-registrar shall, notwithstanding anything contained in any law for the time being in force register such agreement and issue a copy thereof to the lift irrigation society.

(4) Any agreement executed under sub-section (1) which has not been registered under sub-section (3) shall, notwithstanding anything contained in this Act or in any other law for the time being in force, be null and void.

(5) The lift irrigation society shall be entitled to collect any sum due to the society under the agreement executed under sub-section (1) or on any account whatsoever, by any member or past or deceased member.

122. Prohibition against withdrawal of membership.—Notwithstanding anything contained in this Act or in any other law for the time being in force, no member of a lift irrigation society shall, so long as he continues to own the land for which water is supplied by the lift irrigation society or any portion thereof, be entitled to withdraw his membership :

Provided that the lift irrigation society may subject to such conditions as may be prescribed, permit any member to withdraw.

123. Regulation of supply of water.—The Committee of a lift irrigation society shall have the right to regulate the supply of water from the works of the society in accordance with such regulations as may be made by the committee in this behalf with the approval of the Registrar.

124. Admission of transferees of land and heirs, etc., as members.—Where a member of a lift irrigation society—

- (i) sells or otherwise transfers any land for which water is supplied by the lift irrigation society or any portion thereof; or
- (ii) dies ;

the transferee, or the heir or the legal representative, as the case may be, shall, if he is qualified for membership of such society, on application made, in the form, if any, prescribed for the purpose, be admitted by the committee as a member of the lift irrigation society :

Provided that the membership of any person admitted under this section may, with the approval of the Registrar, be terminated by the committee ; and any application for obtaining such approval shall be made within two months from the date of admission of such member.

125. Concessions and facilities for the small farmers' lift irrigation society.—Without prejudice to the provisions of Chapter VI, a small farmers' lift irrigation society shall be entitled to such special concessions and facilities as may be prescribed.

CHAPTER—XII

WINDING UP AND CANCELLATION OF REGISTRATION OF REGISTERED SOCIETIES

126. Winding up and cancellation of Registration of registered societies.—(1) If the Registrar, after an inquiry has been held under section 75 or an inspection has been made under section 76 or section 77, or on receipt of an application made by not less than three-fourths of the members of a registered society, is of opinion that the society ought to be wound up, he may, after giving the society an opportunity of making its representations, by order in writing direct it to be wound up and a copy of the order shall forthwith be communicated to the society by registered post.

(2) The Registrar may, by order in writing, direct the winding up of a registered society—

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

(b) where the society has not commenced working within the prescribed period or has ceased to work; or

(c) where in the opinion of the Registrar the society has no longer genuinely as its objects one or more of the objects specified in sub-section (1) of section 4 of this Act and has been working mainly for promoting the interests of any individual or group of individuals and not of the members generally.

127. Liquidator.—(1) Where the Registrar has made an order under section 126 for the winding up of a registered society he may, in consultation with the financing bank appoint a liquidator for the purpose and fix his remuneration.

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

(3) Where an appeal is preferred under clause (a) of sub-section (2) of section 140, an order of winding up of a registered society made under sub-section (1) of section 126 shall not operate thereafter until the order is confirmed in appeal :

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

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

128. Powers of liquidator.—(1) Subject to any rules made in this behalf the whole of the assets of a registered society in respect of which an order for winding up has been made, shall vest in the liquidator appointed under section 127 from the date on which the order takes effect and the liquidator shall have power to realize such assets by sale or otherwise.

(2) Subject to the control of the Registrar, such liquidator shall also have power—

(a) to institute and defend suits and other legal proceedings on behalf of the registered society by his name of 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 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 registered society, and subject to the provisions of this Act, to decide questions of priority arising between claimants ;

(d) to summon and enforce the attendance of witnesses and to compel the production of any books, accounts, documents, securities, cash or other properties belonging to or in the custody of the society by the same means and so far as many be in the same manner as is provided in the case of a civil court under the provisions of law relating to civil procedure for the time being in force in Pondicherry.

(e) subject to any rules made in this behalf, to pay claims against the registered 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; to apply the surplus, if any, remaining after payment of the claims for the 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.

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

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

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

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

(j) with the previous approval of the prescribed authority to make any compromise or arrangement with creditors or persons having any claim, present or future, whereby the society may be rendered liable ;

(k) with the previous approval of the prescribed authority, to compromise all calls or liabilities to any 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 alleged contributory or other debtor or a contributory or person apprehending liability to the society and all questions anyway relating to or affecting the assets or the winding up of the society on such terms as may be agreed and take any security for the discharge of any such call, liability, debt or claim and give a complete discharge in respect thereof.

(3) Any sum ordered under this section to be recovered as a contribution to the assets of a registered society or as cost of liquidation may be recovered, on a requisition be made in this behalf by the Registrar to the Collector in the same manner as arrears of land revenue.

(4) Save as provided in sub-section (3), orders made under this section shall, on application, be enforced by any civil court having local jurisdiction in the same manner as a decree of such court.

(5) When the affairs of a registered 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.

129. Cancellation of registration.—Where the affairs of a registered society have been completely wound up, the Registrar shall make an order cancelling the registration of the society. On the cancellation of its registration, the society shall cease to exist as a corporate body from the date of such order of cancellation.

130. Bar of legal proceedings.—Save in so far as is expressly provided in this Act, no civil court shall take cognizance of any matter connected with the winding up or cancellation of the registration of a registered society under this Act, and when a liquidator has been appointed, no suit or other legal proceeding shall lie or be proceeded with against the liquidator as such or against the society or any member thereof on any matter touching the affairs of the registered society, except by leave of the Registrar and subject to such terms as he may impose.

131. Restoration of society ordered to be wound up.—Where, in the opinion of the Registrar, a registered society which has been ordered to be wound up may be restored to a committee constituted in accordance with the provisions of this Act, the rules and the by-laws, he may, at any time, before the affairs of the society have been completely wound up, cancel or withdraw the order of winding up and direct the liquidator to constitute a committee in accordance with the provisions of this Act, the rules and the by-laws and hand over the management of the registered society to such committee.

CHAPTER—XIII

INSURED CO-OPERATIVE BANKS

132. Power of Reserve Bank of India to give certain directions to Co-operative Banks.—Notwithstanding anything contained in this Act, in the case of an 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 reorganisation), 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 13D of the Deposit Insurance Corporation Act, 1961 (Central Act 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 ;

(iv) no appeal, revision or review shall lie or be permissible against an order such as is referred to in clause (i), (ii) or (iii) made with the previous sanction in writing or on the requisition of the Reserve Bank of India and such order or sanction shall not be liable to be called in question in any manner.

(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 Corporation Act, 1961 (Central Act 47 of 1961) in the circumstances, to the extent and in the manner referred to in section 21 of that Act.

Explanation : For the purpose of this section—(i) “a co-operative bank” means a bank as has been defined in the Deposit Insurance Corporation Act, 1961 (Central Act 47 of 1961) ;

(ii) “Insured co-operative bank” means a society which is an insured bank under the provisions of the Deposit Insurance Corporation Act, 1961 (Central Act 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

(c) into which such insured co-operative bank is divided or converted under the provisions of section 14, 15 or 16.

CHAPTER—XIV

EXECUTION OF DECREES, DECISIONS, AWARDS AND ORDERS

133. Power of the Registrar to recover certain sums by attachment and sale of property.—The Registrar or any person subordinate to him empowered by the Registrar in this behalf may, subject to the rules and without prejudice to any other mode of recovery provided by or under this Act, recover—

(a) any sum due under a decree or an order of a civil court, a decision or an award of the Registrar or any person subordinate to and empowered by the Registrar or, arbitrator or, arbitrators or an order of the Registrar; or

(b) any sum due from a registered society or from an officer, former officer, member or past or deceased member of a registered society as such to the Government including any costs awarded to the Government in any proceedings under this Act; or

(c) any sum ordered to be paid towards the expenses of a general meeting of a registered society called under sub-section (4) of section 31 or sub-clause (ii) of clause (d) of sub-section (2) of section 75; or

(d) any sum-awarded by way of costs under section 78 to a registered society including a financing bank; or

(e) any sum ordered under section 128 to be recovered as a contribution to the assets of a registered society or as costs of liquidation; or

(f) any sum ordered under section 82 to be repaid to a registered society or recovered as a contribution to its assets ;

together with the interest, if any, due on such sum and the costs of process by the attachment and sale or by the sale without attachment of the property of the person against whom such decree, decision, award or order, has been obtained or passed.

134. Recovery of debts.—Notwithstanding anything contained in this Act or in any other law for the time being in force and without prejudice to any other mode of recovery which is being taken or may be taken, the Registrar or any person subordinate to

him empowered by the Registrar in this behalf, may, subject to the rules and on application from a registered society for the purpose, recover any debt or outstanding demand due to the society by any member or past or deceased member by sale of the property or interest in property which is subject to a charge under subsection (1) of section 39 :

Provided that no sale shall be ordered under this section unless the member or past member or the nominee, heir or legal representative of the deceased member has been served, in the manner prescribed, with a notice of the application to sell and has failed to pay the debt or outstanding demand within seven days from the date of such service.

135. Powers of financing bank to proceed against member of a registered society for recovery of moneys due to it from such society.—

(1) If a registered society is unable to pay its debts to a financing bank by reason of its members committing default in the payment of the moneys due by them, the financing bank may direct the committee of such society to proceed against such member under section 84 or section 133 as the case may be, and if the committee fails to do so within a period of ninety days from the date of receipt of such direction, the financing bank itself may proceed against such members under section 84 or section 133, in which case, the provisions of this Act, the rules or the by-laws shall apply as if all references to the society or its committee in the said provisions were references to the financing bank.

(2) Where a financing bank has obtained a decree or award against a society in respect of moneys due to it from the society, the financing bank may proceed to recover such moneys firstly from the assets of the society and secondly from the members to the extent of their debts due to the society.

136. Recovery of sums due to agricultural credit society.—Without prejudice to any other mode of recovery which is being taken or may be taken, any sum due to an agricultural credit society, may, if so resolved by the committee of the society, be recovered as if it were an arrear of land revenue and for the purposes of such recovery the Registrar shall have the powers of a Collector under the Pondicherry Revenue Recovery Act, 1970 (Act 14 of 1970).

137. Registrar or person empowered by him to be civil court for certain purposes.—The Registrar or any person empowered by him in that 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, to be a civil court.

138. **Recovery of sums due to Government.**—(1) All sums due from a registered society or from an officer, former officer, member or past or deceased member of a registered society as such to the Government including any costs awarded to the Government in any proceeding under this Act may be recovered in the same manner as arrears of land revenue.

(2) Sums due from a registered society to the Government and recoverable under sub-section (1) may be recovered, first, from the property of the registered 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 deceased members :

Provided that the liability of past members and of the estates of deceased members shall in all cases be subject to the provisions of section 30.

CHAPTER—XV

APPEALS, REVISION AND REVIEW

139. **Co-operative Tribunal.**—(1) The Government may constitute as many Tribunals as may be necessary for the purposes of this Act.

(2) Each Tribunal shall consist of one person only who shall be a judicial officer not below the rank of a subordinate Judge;

(3) Each Tribunal shall have such jurisdiction and over such area, as the Government may, by notification from time to time, determine.

140. **Appeals.**—(1) Any person aggrieved by—

(a) any decision passed or order made under sub-section (1) of section 82, section 83, sub-section (2), sub-section (3) or sub-section (4) of section 84, section 126, section 133 or section 157 ; or

(b) any award of an arbitrator or arbitrators under sub-section (2) or sub-section (3) of section 84,

may appeal to the tribunal :

Provided that nothing contained in clause (a) or clause (b) of this sub-section shall apply to—

(i) any decision, order or award under sub-section (2), sub-section (3) or sub-section (4) of section 84 in respect of any matter relating to or in connection with the constitution of a committee including any election thereto; or

(ii) any order of transfer, reference, withdrawal or retransfer of a dispute under sub-section (2) or sub-section (3) of section 84.

(2) (a) Any person aggrieved by any decision under section 7, section 9, section 11, section 12, section 14, section 24, section 34, section 35, section 120, section 121, section 123 or section 124, may appeal, if such decision, refusal, registration, approval or order is that of—

(i) the Registrar of Co-operative societies for Pondicherry, to the Government; or

(ii) any other person, to the Registrar.

Explanation—For the purpose of this clause “person aggrieved” means in relation to section 11 or section 12, or section 14, the registered society.

(b) Any person, who is refused admission to a registered society under section 20 or who is aggrieved by any order of the liquidator under section 128 may appeal to the Registrar.

(3) Any appeal under sub-section (1) or sub-section (2) shall, subject to the other provisions of this Act, be preferred within two months from the date of the decision, order, award, refusal, registration or approval complained of :

Provided that the appellate authority may admit an appeal preferred after the said period of two months, if it is satisfied that the appellant had sufficient cause for not preferring the appeal within the said period.

(4) In disposing of an appeal under this section, the appellate authority may, after giving the parties an opportunity of making their representations, pass such order thereon as the appellate authority may deem fit.

(5) The decision or order of the appellate authority on appeal shall be final.

(6) The appellate authority may pass such interlocutory orders pending the decision on the appeal as the appellate authority may deem fit.

(7) The appellate authority may award costs in any proceedings before the appellate authority to be paid either out of the funds of the registered society or by such party to the appeal as the appellate authority may deem fit.

141. **Revision.**—(1) The Registrar may, of his own motion or on application, call for and examine the record of any officer subordinate to him and the Government may of its own motion or on application call for and examine the record of the Registrar, in respect of any proceeding not being a proceeding in respect of which an appeal to the Tribunal is provided by sub-section of section 140, to satisfy himself or itself as to the legality, regularity or propriety of any decision passed or order made therein; and if, in any case, it appears to the Registrar or the Government, as the case may be, that any such decision or order should be modified, annulled, reversed or remitted for reconsideration, he or it may pass orders accordingly :

Provided that every application to the Registrar or to the Government for the exercise of the powers under this section shall be preferred within three months from the date on which the proceedings, decision or order to which the application relates was communicated to the applicant.

(2) No order prejudicial to any person shall be passed under sub-section (i) unless such person has been given an opportunity of making his representation.

(3) The Registrar or the Government, as the case may be, may suspend the execution of the decision or order pending the exercise of his or its power under sub-section (1) in respect thereof.

(4) The Registrar or the Government may award costs in proceedings under this section to be paid either out of the funds of the society or by such party to the application for revision as the Registrar or the Government may deem fit.

142. Review.—(1) The appellant or the applicant for revision or the respondent may apply for the review of any order passed under section 140 or section 141 on the basis of the discovery of new and important facts which, after the exercise of due diligence, were not then within his knowledge or could not be produced by him when the order was made, or on the basis of some mistake or error apparent on the face of the record or for any other sufficient reason :

Provided that no application for review shall be preferred more than once in respect of the same order.

(2) Every application for review shall be preferred within such time and in such manner as may be prescribed.

(3) The decision or order passed on the application in review shall be final.

(4) The authority competent to pass order on an application for review may pass such interlocutory orders pending the decision on the application for review as that authority may deem fit.

(5) The authority referred to in sub-section (4) may award costs in any proceedings for review to be paid either out of the funds of the registered society or by such party to the application for review as it may deem fit.

143. Execution of orders passed in appeal, revision or review.— Any order passed by the Tribunal, the Registrar or the Government under section 140, 141 or 142 shall be enforced by such authority and in such manner as may be prescribed.

144. Bar of jurisdiction of Civil Courts.—No order or award passed, decision or action taken or direction issued under this Act by an arbitrator, a liquidator, the Registrar or an officer authorised or empowered by him, the Tribunal or the Government or any officer subordinate to them, shall be liable to be called in question in any court.

145. Tribunal, Registrar, etc. to have certain powers of Civil Court.— (1) In exercising the functions conferred on it or him by or under this Act, the Tribunal, the Registrar, the arbitrator or any other person deciding a dispute and the liquidator of a society shall have

all the powers of a civil court while trying a suit under the Code of Civil Procedure, 1908 (Central Act 5 of 1908) in respect of the following matters, namely—

- (a) summoning and enforcing the attendance of any person and examining him on oath ;
- (b) requiring the discovery and production of any document ;
- (c) receiving evidence on affidavits; and
- (d) issuing commissions for the examination of witnesses.

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

146. **Orders to be pronounced.**—In cases where parties have been heard, the order, decision or award made or given by the Registrar or any officer or other person or a liquidator shall be pronounced on the day on which the case is finally heard or on some future day of which due notice shall be given to the parties.

CHAPTER—XVI

OFFENCES AND PENALTIES

147. **Punishment for furnishing false information or disobeying summons or other lawful order, requisition or direction.**—The committee of a registered society which, or an officer, employee, or a paid servant or any member of the society, who, wilfully makes a false return or furnishes false information, or any person who wilfully or without any reasonable excuse, disobeys any summons, requisition or other lawful order or direction issued under the provisions of this Act, or who wilfully withholds or fails to furnish any information lawfully 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.

148. **Punishment for acting in contravention of section 39, 40 or 120.**—Any person who acts in contravention of sub-section (2) of section 39 or fails to deposit or entrust to custody, property subject to a prior charge in favour of any registered society when required to do so by the society under sub-section (3) of that section or who acts in contravention of clause (iii) of section 40 or sub-section (3) of section 120 shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to five hundred rupees or with both.

149. Prohibition of the use of the word "co-operative" or its equivalent
(1) No person other than a registered society shall trade or carry on business under any name or title of which the word "co-operative" or its equivalent in any regional language forms part of it without the sanction of the Government.

(2) Whoever contravenes the provisions of sub-section (1) shall be punishable with fine which may extend to two hundred rupees and in the case of a continuing offence with further fine of fifty rupees for each day on which the offence is continued after conviction therefor.

150. Punishment for failure to give effect to decisions or award in references.—The Committee of any registered society or an officer or an employee or a paid servant thereof who fails to give effect to any order passed on the appeal filed under sub-section (2) of section 20 or sub-section (4) of section 23 or to any decision or award under section 84 or, where an appeal against such decision or award has been filed, to the order passed by the appropriate appellate authority, such decision or award or order not being a money decree, shall be punishable with fine which may extend to five hundred rupees.

151. Punishment for misuse of the properties of a registered society.—The committee of any registered society or an officer or an employee thereof who uses, or allows the use of the properties of the society otherwise than in the manner prescribed in the rules and the bye-laws or contravenes the provisions of section 70 in any manner shall be punishable with fine which may extend to five hundred rupees.

152. Corrupt practices.—(1) The following shall be deemed to be corrupt practices for the purposes of this Act—

- (i) receipt or sanction of a benami loan ;
- (ii) receipt of illegitimate gratification in cash or in kind in the course of dealings on behalf of the society ;
- (iii) signing of the minutes of the committee meeting without attending the meeting; and
- (iv) misuse of any money of the society.

(2) A person found guilty of any corrupt practice shall be punishable with fine which may extend to five hundred rupees or imprisonment for not more than one year or both.

(3) A person convicted under sub-section (2) shall be disqualified to hold office in any society for a period of six years from the date of such conviction.

(4) If any person collecting the share money for a society-information does not deposit the same in the financing bank, a Postal Savings Bank or in any other bank approved by the Registrar within 14 days of its receipt, he shall be punishable with fine which may extend to five hundred rupees.

(5) If any person collecting the share money for a society-information makes use of the funds so raised for conducting any trade or business in the name of the society to be registered or otherwise, he shall be punishable with fine which may extend to five hundred rupees.

(6) The provisions of this section shall be without prejudice to any action that may be taken against the offenders under any other law for the time being in force.

153. Registrar and other officers to be public servants.—(1) The Registrar or a person exercising the powers of the Registrar or any person authorised by him under any provisions of this Act shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code (Central Act 45 of 1860).

(2) Every paid officer or employee of a registered society shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code (Central Act 45 of 1860).

154. Punishment for offences not otherwise provided for.—Any registered society or any officer or member thereof or any other person guilty of an offence under this Act for which no punishment is expressly provided herein shall be punishable with fine not exceeding fifty rupees.

155. Cognizance of offences.—(1) No court inferior to that of a Subdivisional Magistrate shall try any offence under this Act.

(2) Every offence under this Act shall, for the purpose of the Code of Criminal Procedure, 1898 (Central Act 5 of 1898), be deemed to be non-cognizable.

(3) No prosecution shall be instituted under this Act without the previous sanction of the Registrar.

156. **Securing possession of records.**—(1) Where the committee of a registered society is reconstituted at a general meeting of the society, or is superseded by the Registrar and a special officer or managing committee is appointed under section 83 or where the society is ordered to be wound up and a liquidator is appointed under section 127 and such reconstituted committee, special officer, managing committee or liquidator as the case may be is resisted in or prevented from, obtaining possession of the books, accounts, documents, securities, cash and other properties, whether movable or immovable, of the society (hereinafter in this section referred to as the records and properties of the society) by the committee which has been reconstituted or superseded or by the society which has been ordered to be wound up or by any person who is not entitled to be in possession of the records and properties of the society, any Subdivisional Magistrate in whose jurisdiction the office of the society or the records and properties of the society is or are situated shall, on application by the reconstituted committee, special officer, managing committee or liquidator and on production of a certificate from the Registrar in the prescribed form setting forth that the committee of the society has been reconstituted or superseded or that society has been ordered to be wound up and that a special officer or managing committee or liquidator has been appointed as aforesaid, direct delivery to the reconstituted committee, special officer, managing committee or liquidator, as the case may be, of the possession of the records and properties of the society.

(2) No certificate shall be issued by the Registrar under sub-section (1) without making such inquiry as he deems necessary.

(3) For the purpose of the proceedings under sub-section (1), the certificate aforesaid shall be conclusive evidence that the records and properties to which it relates belong to the registered society.

(4) The Subdivisional Magistrate referred to in sub-section (1) may, pending disposal of an application for directing delivery to the reconstituted committee, special officer, managing committee or liquidator of the possession of the records and properties of the society mentioned in the certificate by the Registrar, appoint a Receiver to take possession of such records and properties or such portion thereof as may be necessary. The remuneration, if any, paid to the Receiver and other expenses incurred by him shall be paid out of the funds of the registered society concerned.

(5) Where the Registrar or any other officer not below the rank of Co-operative Sub-Registrar authorised by him in this behalf in the course of audit, inspection, inquiry or supervision is of opinion

that there is room to suspect gross negligence of duties, misappropriation or misuse of funds of the society or irregularity in recording proceedings or keeping accounts or books or is satisfied that the records, registers or the account books of a society are likely to be tampered with or destroyed and the funds and property of a society are likely to be misappropriated or misapplied he shall have power to take possession of any or all the books, registers, securities or documents, cash in hand or account books of the society and remove such seized records and property and to deal with them in any manner as may be directed by the Registrar.

(6) The Registrar or other officer seizing the records and property of a society under sub-section (5) shall prepare an inventory of the records and property seized in duplicate with his signature and require the officer, employee or member of the society from whose custody the records and property are seized to affix his signature in witness thereof and, if such officer or employee or member refuses to sign, then the Registrar or other officer seizing the records and property shall cause two or more persons to sign the inventory as witnesses to the correctness thereof. A copy of the inventory prepared under this section shall be delivered to the officer, employee or member of the society from whose custody the records and property were seized.

CHAPTER—XVII

MISCELLANEOUS

157. **Attachment of property.**—Where the Registrar is satisfied on the application of a registered society in respect of a reference made to him under sub-section (1) of section 84 or on the application of a liquidator appointed under section 127 in respect of the proceedings of such liquidator for determining the contribution to be made by a person to the assets of the society under clause (b) of sub-section (2) of section 128 or on the application of the committee or liquidator or any creditor to the society or otherwise in respect of any inquiry ordered into the conduct of any person under section 82 that any party to the reference or the person, as the case may be, is about to dispose of or remove from the local limits of jurisdiction of the Registrar the whole or any part of his property with intent to defeat or delay the execution of any decision that may be passed on the reference or of any order that may be passed against him by the liquidator or the Registrar as the case may be, the Registrar may, unless adequate security is furnished, direct the conditional attachment of the said property or such part thereof as he thinks necessary and such attachment shall have the same effect as if it had been made by a competent civil court.

158. Power to exempt societies from conditions as to registration.—Notwithstanding anything contained in this Act, the Government may by special order in each case and subject to such conditions, if any, as it may impose, exempt under special circumstances to be prescribed any society from any of the requirements of this Act as to registration.

159. Exemption of self-reliant societies.—Nothing contained in section 23, or section 32 shall apply to any self-reliant society or class of self-reliant societies which complies with such conditions as the Government may, by general or special order, specify.

160. Power to exempt registered societies.—Without prejudice to the power conferred by section 159, the Government may, by general or special order with effect from such date as may be referred to in the said order exempt under special circumstances to be prescribed any registered society from any of the provisions of this Act or may direct that such provisions shall apply to such society with such modification as may be specified in the order.

161. Delegation of powers of Government.—(1) The Government may, by notification in the Official Gazette, authorise any authority or officer to exercise any of the powers vested in it by this Act except the power to make rules and may in like manner withdraw such authority.

(2) The exercise of any power delegated under sub-section (1) shall be subject to such restrictions and conditions as may be prescribed or as may be specified in the notification and also subject to control and revision by the Government or by such officer as may be empowered by the Government in this behalf. The Government shall also have power to control and revise the acts or proceedings of any officer so empowered.

162. Acts of societies, etc. not to be invalidated by certain defects. No Act of a registered society or any committee or of any officer of the society shall be deemed to be invalid merely on the ground—

(a) of any vacancy or defect in the organisation of the society or the formation of the general body or the constitution of the representative general body or of the committees;

(b) of any defect or irregularity in the election or appointment of a member of the committee or an officer of the society or of any disqualification of such member or officer; or

(c) of any defect or irregularity in such act or proceeding not affecting the merits of the case.

163. **Certain Acts not to apply.**—The provisions of the Companies Act, 1956 (Central Act 1 of 1956), the Pondicherry Shops and Establishments Act, 1964 (Act 9 of 1964) and the Pondicherry Catering Establishments Act, 1964 (Act 6 of 1964) shall not apply to registered societies.

164. **Protection of action taken in good faith.**—No suit, prosecution or other legal proceeding shall lie against any officer or servant of the Government for anything which is in good faith done or intended to be done under this Act or any rule or by-law made hereunder.

165. **Duties of Police Officer.**—(1) It shall be the duty of every police officer to assist the Registrar or any person sub-ordinate to the Registrar reasonably demanding his aid for the lawful exercise of any power vesting in the Registrar or such persons under this Act or any rule, or by-law made thereunder.

(2) Any police officer who omits or refuses to perform any duty imposed on him under sub-section (1) shall be deemed to have committed an offence under section 29 of the Police Act, 1861 (Central Act 5 of 1861).

166. **Constitution of a Co-operative Advisory Council.**—(1) There shall be a Council to be called Pondicherry Co-operative Advisory Council consisting of the following members, namely :

- (i) Minister in-charge of the department dealing with co-operative societies in the Union territory of Pondicherry .. CHAIRMAN
- (ii) President of the apex societies .. MEMBER
- (iii) Six members to be nominated by the Government out of which one shall be a woman .. MEMBER
- (iv) Three members to be nominated by the Government from the Pondicherry Legislative Assembly .. MEMBER
- (v) The Secretary to Government in the Department dealing with co-operative societies .. MEMBER
- (vi) The Registrar of Co-operative Societies, Pondicherry .. MEMBER

- (vii) The Director of Agriculture, Pondicherry MEMBER
- (viii) The Director of Industries, Pondicherry MEMBER
- (ix) The Director of Fisheries, Pondicherry .. MEMBER
- (x) The Director of Animal Husbandry,
Pondicherry .. MEMBER

(2) Such officer as the 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, namely—

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

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

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

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

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

(4) The Government may, by general or special order, provide for—

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

(b) the duties of the Secretary to Council ;

(c) the 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.

167. Officers and employees of societies.—The Government may, in consultation with the Council,—

(a) make rules for regulating the qualifications, duties and responsibilities, re-muneration, allowances and other conditions of service of the officers and servants of different classes of societies ;

(b) constitute boards for the recruitment of officers and servants required by the societies and to advise on matters relating to service conditions; and

(c) direct any apex or central society to constitute and maintain a pool or common cadre of personnel to work as officers in the affiliated societies.

168. Power of Government to give directions.—(1) The Government may, by order, direct the Registrar to make an inquiry or to take appropriate proceedings under this Act in any case specified in the order; and the Registrar shall report to the Government in due course the result of the inquiry made or the proceedings taken by him.

(2) In any case, in which a direction has been given under sub-section (1), the Government may, notwithstanding anything contained in this Act, call for and examine the record of the proceedings of the Registrar and pass such orders in the case as it may think fit:

Provided that before passing any order under this sub-section, the person likely to be affected by such order shall be given an opportunity of making his representations.

169. Power to remove difficulties.—If any difficulty arises in giving effect to the provisions of this Act, the Government may make such order, not inconsistent with the provisions of this Act, as may appear to it to be necessary for the purpose of removing the difficulty :

Provided that no such order shall be made under this section after the expiration of two years from the commencement of this Act.

170. Power to make rules.—(1) The Government may, for the whole or any part of Pondicherry and for any registered society or class of such societies, make rules to carry out all or any of the purposes of this Act.

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

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

(ii) prescribe the procedure to be followed when societies change their form of liability ;

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

(iv) prescribe the conditions to be complied with by persons applying for admission or admitted as members, and provide for the election, admission and removal of members ;

(v) provide for the payment to be made and the interests to be acquired before the exercise of the right of membership ;

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

(vii) prescribe in the case of a financing bank the proportion of individual members to society members in the constitution of its general body or its committee, and the maximum number of members of its committee ;

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

(ix) provide for the appointment, suspension and removal of the members of the committee and other officers (not being a paid officer) and for the procedure at meetings of the committee and for the powers to be exercised and the duties to be performed by the committee and other officers ;

(x) prohibit a society from appointing a defaulting member of any society to its committee or to the committee of any other society and allowing him to exercise his rights of membership in the society or to represent it in another society and vote ;

(xi) provide for the prescription by the Registrar of the accounts and books to be kept and maintained by a society, the form in which accounts and books shall be kept and maintained and in case of failure to do so for the levy of expenses of writing up such accounts and books ;

(xii) provide for the periodical publication of a balance sheet showing the assets and liabilities of a society ;

(xiii) provide for the prescription by the Registrar of the returns to be submitted by a society to the Registrar, the person by whom and the form in which such returns shall be submitted and in case of failure to submit any such return, for the levy of the expenses of preparing it ;

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

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

(xvi) provide for—

(a) the appointment of an arbitrator or arbitrators to decide disputes ;

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

(c) the levy of the expenses incidental to such proceedings ;
and

(d) the enforcement of the decisions or awards in such proceedings ;

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

(xviii) prescribe the prohibitions and restrictions subject to which societies may trade with persons who are not members;

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

(xx) prescribe the payments to be made and the conditions to be complied with by members applying for loans, the periods for which loans may be made and the amount which may be lent, to an individual member ;

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

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

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

(xxiv) prescribe the procedure to be followed by a liquidator appointed under section 127 and provide for the disposal of the surplus assets, if any, of the society ;

(xxv) prescribe the procedure to be followed in presenting and disposing of all appeals and applications for revision and review under this Act and the fees to be paid in respect of such appeals and applications ;

(xxvi) prescribe the period for which and the terms under which aid may be given by the Government to co-operative societies and the terms under which the Government may guarantee the payment of interest on debentures issued or deposits received by co-operative societies ;

(xxvii) provide for the custody of property attached under this Act;

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

(xxix) provide for the levy of fees for granting certified copies of documents in the Registrar's office ;

(xxx) provide for the investigation of claims and objections that may be preferred against any attachment effected by the Registrar or any person empowered by him ;

(xxxi) provide for the recovery of costs awarded against the Government in cases under section 82;

(xxxii) prescribe the procedure for the attachment and sale of property under section 133;

(xxxiii) prescribe the procedure and the disposal of the business of the Tribunal ;

(xxxiv) prescribe the procedure to be followed and provide for other matters dealt with in Chapter X of this Act; and

(xxxv) provide for all matters expressly required or allowed by this Act to be prescribed by rules.

(3) All rules made under this Act shall be published in the Official Gazette and unless they are expressed to come into force on a particular day, shall come into force on the day on which they are so published.

(4) All rules made under this Act shall, as soon as may be after it is made, be laid before the Legislative Assembly of Pondicherry 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 modifications 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.

171. Repeals and savings.—(1) On the commencement of this Act, the Pondicherry Co-operative Societies Act, 1965 (Act 11 of 1965) and the Madras Co-operative Land Mortgage Banks Act, 1934 (Madras Act 10 of 1934) as in force in the Union territory of Pondicherry shall stand repealed.

(2) The repeal by sub-section (1) of the corresponding law shall not affect—

(i) the previous operation of the corresponding law or anything done or duly suffered thereunder; or

(ii) any right, privilege, obligation or liability acquired, accrued or incurred under the corresponding law; or

(iii) any penalty, forfeiture or punishment incurred in respect of any offence committed against the corresponding law; or

(iv) any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid and any such investigation, legal proceeding or remedy may be instituted, continued or enforced and any such penalty, forfeiture or punishment may be imposed as if this Act had not been passed.

(3) Subject to the provisions of sub-section (2), anything done or any action taken, including any appointment or delegation made, notification, order, instruction or direction issued, or any rule or regulation made or form prescribed, certificate granted or registration effected, under the corresponding law shall be deemed to have been done or taken under this Act and shall continue to have effect accordingly, unless and until superseded by anything done or any action taken under this Act.

(4) Notwithstanding the repeal of the enactments referred to in sub-section (1), any society existing in the Union territory of Pondicherry on the date of the commencement of this Act which has been registered or deemed to be registered under the repealed enactments shall be deemed to be registered under this Act and the by-laws of such society shall so far as they are not inconsistent with the provisions of this Act, continue in force until altered or rescinded.