

LACCADIVE, MINICOY AND AMINDIVI ISLANDS COOPERATIVE SOCIETIES REGULATION, 1960

The Laccadive, Minicoy and Islands Co-operative Societies Regulation, 1960. Promulgated by the President in the Eleventh Year of the Republic of India. Regulation to facilitate the formation and working of Co-operative Societies or the promotion of thrift, self-help and mutual aid among agriculturists and other persons, in the Laccadive, Minicoy and Amindivi Islands. Exercise of the powers conferred by article 240 of the Constitution, the President is pleased to promulgate the following Regulation made Chapter 1 PRELIMINARY (1) This Regulation may be called the Laccadive, Islands Co-operative Societies Regulation, 1960. (2) It extends to the whole, of the Laccadive, Minicoy and Amindivi Islands. (3) It shall come into force on such date as the Central Government may appoint. In this Regulation, unless the context otherwise requires,— (a) "Administrator" means the Administrator of the islands; (b) "by-laws" means the registered by-laws for the time being in force and includes a registered amendment of the by-laws; (c) "committee" means the governing body of a registered society, by whatever name called, to which the management of its affairs is entrusted; (d) "financing bank" means a registered society, the main object of which is to lend money to other registered societies; (e) "Islands" means the territory of Laccadive, Minicoy and Amindivi Islands; (f) "member" includes a person joining in the application for the registration of a Society and a person admitted to membership after registration in accordance with the by-laws and rules; (g) "officer" includes a president, vice-president, chairman, vice-chairman, secretary, assistant secretary, treasurer, member of a committee and any other person, empowered under the rules or by-laws to give directions in regard to the business of the society; (h) "registered society" means a society registered under this Regulation; (i) "registered society with limited liability" means a registered society in which the liability of its members, for the debts of the society in the event of its being wound up, is limited by its by-laws— (i) to the amount, if any, unpaid on the shares respectively held by them; or (ii) to such amount as they may, respectively, undertake to contribute to the assets of the society; (j) "registered society with unlimited liability" means a registered society, the members of which are, in the event of its being wound up, jointly and severally liable for and in respect of all obligations and to contribute to any deficit in the assets of the society; (k) "Registrar" means a person appointed to perform the duties of a Registrar of Co-operative societies under this Regulation and includes a person on whom all or any of the powers of the Registrar under this Regulation have been conferred under section 3; "rules" means rules made under this Regulation. Chapter 11 REGISTRATION 3. The Administrator may appoint a person to be the Registrar of Co-operative societies for the islands and may, by general or special order, confer on any other person all or any of the powers of the Registrar under this Regulation

4. Subject to the provisions of this Regulation, a society which has 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 under this Regulation with or without limited liability. Provided that the liability of a society of which a registered society is a member shall be limited.

5. Without prejudice to the provisions contained in section 4, a registered society may change its liability from limited to unlimited or from unlimited to limited in the manner and subject to such restrictions as may be prescribed by the Registrar. Where the liability of the members of a registered society is limited, no member other than a registered society, or the State Government, shall have or claim any interest in the shares of the society, exceeding one thousand rupees. 7. (1) No society, other than a society of which a member is a registered society, shall be registered under this Regulation which does not consist of at least ten persons who have attained the age of majority within the meaning of section 3 of the Indian Majority Act, 1875, and, where the object of the society is the creation of funds to be lent to its members, unless such persons— (a) reside within the islands; (b) save where the Registrar otherwise directs, are members of the same tribe, class or occupation. (2) The word "limited" shall be the last word in the name of every society with limited liability registered under this

Regulation. B. (1) For purposes of registration an application to register shall be made to the Registrar. for •registra- 'tion. (2) The application shall be signed— (a) in the case of a society of which no member is a registeted society, by at feast' ten persons qualified in accordance with the requirements of Sub-section (1) of section 7; and (b) in the caSé 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 -membets of the society are not registered societies, by leh other mem± ers or, when there are less than ten other, members by all of them. (3) The application shall be accompanied by a copy of the proposed by-laws of the society, and the persons by whom or on whose behalf such application is made shall funiish such information in regard to the society as the registrar may requite. 9. (1) If the Registrar is satisfied that a Society has complied with the Registra_ tion provisions of this Regulation and the gules and that. •its' proposed by-laws are —not-contrary-to-this-Regulation-or-to the rules, he naay register the society and its by-laws. (2) In case of refusal, an. appeal shall lie to the Administrator within two months from the date of receipt of the order of refusal: Provided that in cornputing such period all or any of the months of June, July, August and September shall be excluded

10. A certificate of registration signed by the 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.No amendment of the by-laws of a registered society shall be 11. valid •until the same has been registered •under this Regulation, for which purpose a copy of the amendment shall be forwarded to the Registrar. (2) (a) If the registrar is satisfied that any amendment of the by-laws is not contrary Io this Regulation ot to the rules, he-may register the amendment• (b) In case of refusal, an appeal •shall lie to the Administrator within two months from the date of receipt of the order of refusal: Provided that •in computing such period all or any of the months of June, J uly, August and September shall be excluded. (3) When the Registrar registers an amendment of the by-laws of a registered society, he shall issue to the society a copy of the amendment certified by him, which sha!t• be conclusive evidence that the same is duly registered. Chaiter III RIGHTS AND LIABILITIES OF MEMBERS 12. (1) No member of a registered society shall, save as otherwise pro- vided •in sub-section (2), exercise the rights of a member unless ot until he has made-such -payment-,to the .society in respect of membership or acquired such interest in the society as may be presctibed by the rules and by-laws. (2) The persons who have signed the application to .register the society may elect 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 as the Registrar may consider desirable: Provided that the committee shall cease to function as soon as the members of the society have elected a committee in accordance with its by-laws. Eviden.ce Of registration. Amend ment of by-laws Of regis t" ered society Member not to exercise- rights till due pey- ment made 13: (1)--The-committeo may at any time call a general: meeting of the General meetings. society and shall cull such a meeting within one month after •receipt of a .requisition in vv:iiing from the Regi9ftar ot from a financing bank to which the society is indebted or -from such number of members or proportion of the total number of members as may be specified in the by-laws of the society. (2) If a general meeting is not called in accordance with such requi- sition, the Registrar shall have power to call a general meeting of the Society himself. 14. •(1) No Inernbe: of any registered society shall have more than one Votes of vote in the affaivs of •the society; provided that in the case of an equality of members• votes the Chairman shall have a casting vote. (2) A registered society which has invested any patt of its funds in the shares of another registered society may appoint any of its members not disqualified for such appointnment under any rules prescribed in that behalf to vote in the affairs of such other registered society

15. Subject to the movisions of section 6 and to such conditions as may Transfer of be prescribed by rules, a member of a registered society may transfer his share shere or or interest in the capital of that society.interest. Chapter PRIVILEGES OF REGISTERED SOCIETIES •16. The registration of a society shali render it a body .corporate by the societies to nanne undei. which it is registered, with perpetual succession and acommon be bodies seal, and with power to hold property, to enter into contracts, to institute and corporate. defend suits and other legal proceedings and to do all things necessary for the purposes for which it was constituted. 17. (1) Subject to the prior. claim, if any, of the Government in respect Prior claim of land revenue or any money recoverable as land revenue, •any debt or out- of society. standing demand due to a registered society from any member or past member ot 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 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 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 converted in any manner without the previous written permission of the society. (3) A member or a past member or 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 charge under sub-section (1) at such place and in such manner as may be prescribed by the by-laws 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, and the charges connected with the removal, transport or maintenance of such property shall be recovered from the member or the past member or the estate of the deceased member, as the case may be in accordance with such scale as may be so prescribed. (4) Notwithstanding anything contained in any law, any transaction made in contravention of sub-section (2) shall be 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 by it after the grant of the loan by the society.

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

19. Subject to the provisions of section 18, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a Court in respect of any debt or liability incurred by such member, and neither, the Official Assignee under the Presidency Towns Insolvency Act, 1909* nor a Receiver under the Provincial Insolvency Act, 1920, shall be entitled to or have any claim on such share or interest. **20. (1)** Subject to the provisions of section 18, a registered society may, on the death of a member, transfer his share or interest in the capital to the person nominated in accordance with the rules made in this behalf, or, if there is no person so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member, or pay to such nominee, or his heir or legal representative, as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the rules or by-laws. Provided that--- (a) in the case of a registered society with unlimited liability, such nominee, heir or legal representative, as the case may be, may require payment by the Society of the value of the share or interest of the deceased member ascertained as aforesaid; and (b) in the case of a registered society with limited liability, the society shall transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the rules and by-laws for membership of the society, or on his application within one month of the death of the deceased member to any person specified in the application who is so qualified. **(2)** Subject as aforesaid, 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. **(3)** 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. **21 ..** The liability of a past member or of the estate of a deceased member for the debts of a registered society as they existed on the date of his ceasing to be a member or of his decease, as the case may be, shall continue for a period of two years from such date.

22. 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. Liability of past member or of the estate of a deceased member. Register of members.

23. (1) A copy of any entry in a book of a registered society regularly proof of kept in the course of business shall, if certified in such manner as may be in books of prescribed by the rules, be received in any suit or legal proceedings as prime 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 proceeding; to which the society or the liquidator is not a party, be compelled to produce any of the books of the society 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 special cause. 24. (1) Notwithstanding anything contained in any law to the contrary Deduction from salary for the time being in force, 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 to deduct every month from the salary or wages payable to him, such amount or instalments of amount as may be specified in such agreement and to pay the amount so deducted to the society in satisfaction of any debt or other demand owing by the member to the society. (2) (a) On the execution of such agreement, the employer or the officer disbursing the salary or wages of the member, shall, if so required by the society by a requisition in writing and so long as such debt or demand or any part of it remains unpaid, make the deduction in accordance with the agreement and pay the amount so deducted to the society. (b) The employer or the officer disbursing the salary or wages shall maintain such registers as may be prescribed by the Administrator or the Registrar from time to time

25. Notwithstanding anything contained in any law to the contrary Government for the time being in force, the Central Government may, subject to such aid to registered general or special orders in writing as it may make in this behalf, grant loans to take Shares in or give financial assistance in any other form to any registered society. Chapter V PROPERTY AND FUNDS OF REGISTERED SOCIETIES 26. (1) A registered society shall not make a loan to any person other than a member: Provided that, with the general or special sanction of the Registrar, a registered society may make loans to another registered society. (2) Save with the sanction of the Registrar; a registered society shall not lend money on the security of movable property other than agricultural produce. - Notwithstanding anything contained in sub-sections (1) and (2), a registered society may make a loan to a depositor on the security of his deposit. (4) The Administrator may, by general or special order, prohibit or restrict the lending of money on mortgage of immovable property to any registered society or class of registered societies

27. A registered society shall receive deposits and loans only to such extent and under such conditions as may be prescribed by the rules or by-laws of the society

28. A registered society may invest or deposit its funds in such manner as may be specified in this behalf by rules

29. No part of the funds of a registered society shall be divided by way of bonus or dividend or otherwise among its members: Provided that payment may be made to a member for the work done by him as Secretary or as clerk on such scale as may be prescribed by the by-laws: Provided also that after at least one-fourth of the net profits in any year has been carried to a reserve fund, payments from the remainder of such profits and from any profits of past years available for distribution may be made—(a) as a bonus to a member for any specific service rendered by him to the society including work done as Secretary or as clerk; and (b) among the members to such extent and under such conditions as may be prescribed by the rules or by-laws

30. Any registered society may, after one-fourth of the net profits in any year has been carried to a reserve fund, contribute an amount not exceeding ten per cent. of the remaining net profits to such poor fund as may be constituted by the Administrator. 31. (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. (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, -documentsi -other properties belonging to or in the custody of the society and may summon any person in possession of responsible for the Restri- ctions on receipt of deposits and loans. I nvestment of funds. Funds not to be divi- ded among members. Contribu- tion to cha- ritable purposes. Audit. 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 officer or member of the. society shall furnish such infor- mation in regard to •the.transactions• and working of the society as the Registxat Of the person authorised by him under sub-section (1) may require. Chapter INQUIRY AND INSPECTION 32. (1) The RegiStar may, of his own motion, and shall on-the request Inquiry by Registrar. of the Administrator or ori the application of a majority of the committee .or of not less than one-thild of the members, hold an inquiry, or direct some person authorised by him by Older 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) 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 or res- ponsible for of any such books, accounts, documents, securities, cash or other•propetties to produce the same at any place at the headquarters of the society or any branch thereof; (b) he may summon any person who, he has reason to believe, has knowledge of any of the affairs of the society Io appeai before him at any place at the headquarters of the society or any branch thereof and may examine such person on oath; (c) he may, notwithstanding any rule or. by-law prescribing the period Of notice foi a general meeting of the society, require the officers of the society to catl a general meeting at-such time and place at the headquarters of the sogiety or any.branch thereof. and to determine such matters as may be dire- cted by him; and if the officers of the society refuse or fail to call such a meet• ing, he shall have power- to cail it himself; and any meeting called under thie clause shall -have all the powers of a general meeting called under by-laws of the society and its proceedings shall be regulated by such by-taws. (3) When.an'inquiry is made under this section, the registrar shall communicate the _result of the inquiry to the financing bank, if any, to which lhe- society.is indebted, 33. (1) A financing bank shall have the right to inspect the books Of any inspection registered society which is indebted to it; and the inspection may be made Of books by finan- either by an officer of that bank or by a member of its paid staff certified by cing bank. the Registrar as competent to undertake such inspection. (2) The officer or member so inspecting shall at all reasonable times have free access to the books, accounts, documents, securities, cash and other properties belonging to ot 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 and the safety of the sums tent to it by the financing bank. Chapter SUPERSESSON OF COMMITTEE OF SOCIETY 34. (1) (a) If, in the opinion of the Registrar, the committee of any regis- Superses- tered society is not functioning properly, he may, after giving an opportunity to Sion of committee. the committee to state its objections, if any, by order in writing, dissolve the committee and appoint a suitable person or persons 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. The person or persons so appointed 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 of any officer of the-society, and to take all such action as may be required in the interests of the society. (3) The Registrar. may fix the remuneration payable to the -person or persons so appointed; and the amount of such remuneration and other costs, if any, incurred in the management of the \$ocietyt shall be payable from its funds. (4) The person or persons so appointed shall, at the expiry of the period of his or their appointment, take steps •for the constitution of a new committee in accordance with the by-laws of the sociefy. (5) Before taking any action under sub-section (Ij in respect of a financing bank or in respect of a society indebted to a financing bank, the Registrar shall consult in the•former case such bank whether in or outside the Islands as may be -specified "in this behalf by the Administrator. and in the tatter case the "financing bank concerned, regarding such action. (6) *Nothing in this section shall be deemed to affect the power of the Registrar to cancel the registration of the society under section 35., Chapter DISSOLUTION OF SOCIETY 35. (1) (a) if the Registrar, after an inquiry has been held undet section Dissolution. 32 or after an inspection has been made

under section 33 or on receipt of an application made by three-fourths of the members of a registered society, is of opinion that the society ought to be dissolved, he may, by order in writing, cancel the registration of the society. (b) A copy of the order shall forthwith be communicated to the society. (2) Any member of the society may, within two months from the date of the order made under sub-section (1), appeal to the Administrator against such order: Provided that in computing such period, all or any of the months of June, July, August and September shall be excluded. (3) Where an appeal against an order cancelling the registration of the society is not presented within the time referred to in sub-section (2), the order shall take effect on the expiry of that time. (4) Where such appeal is presented within the time referred to in sub-section (2), the order shall not take effect until it is confirmed by the Administrator and such confirmation is communicated to the society.

36. (1) Where the registration of a society is cancelled under section 35, Winding up. the Registrar may appoint any person to be liquidator of the society. (2) Subject to any rules that may be made under this Regulation, the whole of the assets of the society shall, on the appointment of a liquidator under sub-section (1), vest in such liquidator and he shall have power to realise such assets by sale or otherwise. (3) Such liquidator shall also have power, subject to the control of the Registrar,— (a) to institute and defend suits and other legal proceedings on behalf of the society by his name of office; (b) to determine from time to time the contribution 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, such contribution including debts due from such members or persons; (c) to investigate all claims against the society and subject to the provisions of this Regulation to decide questions of priority arising between claimants; (d) to pay claims against the society (including interest up to the date of cancellation of registration) according to their respective priorities, in full or so far as the assets of the society permit; the surplus, if any remaining after payment of the claims being applied in payment of interest from the date of such cancellation at a rate fixed by him but not exceeding the contract rate in any case; (e) to determine by what persons and in what proportions the costs of the liquidation are to be borne; (f) to 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; and (g) to carry on the business of the society so far as may be necessary for the beneficial winding up of the same. (4) A liquidator appointed under this section shall, in so far as such powers are necessary for carrying out the purpose of this section, have power 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 such means and in such manner as may be prescribed by rules made in this behalf. (5) When the affairs of the society have been wound up, the liquidator, shall deposit the records of the society in such place as the Registrar may direct. (6) Any person aggrieved by any order of the liquidator may appeal to the Registrar against such order within two months from the date of the issue of the order. Provided that in computing such period, all or any of the months of June, July, August and September shall be excluded.

Chapter. IX SURCHARGE 37. (1) Where in the course of an audit under section 31 or an inquiry under section 32 or the winding up of a society, it appears that any person who has taken part in the organisation or management of the society or any past or present officer 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, the Registrar may, of his own motion or on the application of the committee or liquidator or of any creditor or contributory, examine into the conduct of such person or officer and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of the society by way of compensation in respect of the misappropriation, fraudulent retention or breach of trust as the Registrar thinks just. (2) The Order of the Registrar under sub-section (1) shall be final unless it is set aside by the Administrator on application made by the party aggrieved within three months of the date of receipt of the order by him: Provided that in computing such period, all or any of the months of June, July, August and September shall be excluded. (3) This section shall apply notwithstanding that such person or officer may have incurred criminal liability by his act.

Chapter X ARBITRATION 38. (1) If any dispute touching the business of a registered 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, agent or servant, 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, or of the society, or (d) between the society and any other registered society, such dispute shall be referred to the Registrar for decision. 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, is a dispute touching the business of the society within the meaning of this sub-section. (2) The Registrar may, on receipt of such reference,— (a) decide the dispute himself, or (b) transfer it for disposal to any person who has been invested by the administrator/ With powers in that behalf, or (c) 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 reference transferred under clause (b) of sub-section (2) or referred under clause (c) of that sub-section and decide it himself. (4) the Registrar may, of his own motion or on the application of a party to a reference, revise any decision thereon by the person to whom such reference was transferred or by the arbitrator or arbitrators to whom it was referred: Provided that no order prejudicial to any person shall be made under this sub-section unless that person has been given a reasonable opportunity of being heard. (5) (a) Any decision of the Registrar under clause (a) of sub-section (2) or under sub-section (4) shall be final and shall not be called in question in any civil or revenue court. (b) Any decision that may be made by the person to whom a reference is transferred or by the arbitrator or arbitrators to whom it is referred shall, save as otherwise provided in sub-section (4), be final and shall not be called in question in any civil or revenue court. Chapter XI EXECUTION OF AWARDS, DECREES, ORDERS AND DECISIONS 39. (1) Notwithstanding anything contained in this Regulation or in Enforce- any law and without prejudice to any other mode of recovery which is being ment Of charge. taken or may be taken, the Registrar or any other person subordinate to him empowered by the Registrar in this behalf may, subject to such rules as may be prescribed and on application from a registered society for the purpose, make an order directing the payment of any debt or outstanding demand due to the society by any member, or past or deceased member, by sale of the property or any interest in the property which is subject to a charge. under sub-section (1) of section, 17: Provided that no such 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 with a notice of the application to sell and has failed to pay the outstanding demand within seven days from the date of such notice. (2) Every order for sale made under sub-section (1) shall be deemed to be a decree of a civil court and shall be executed in the same manner as a decree of such court.

40. Every order made by the Administrator or Registrar under section 37 or every decision or award made under section 3b, or every order made by the liquidator or Registrar under section 36 or every order made under section 50, shall, if not satisfied, be executed and enforced in such manner as may be prescribed by rules. If the Registrar is satisfied on an application, report or enquiry that Attachment 41 of property any person With intent to delay obstruct the enforcement of any order. before award- decision or award that may be made against him under the provisions of this regulation or order.. Regulation— (a) is about to dispose of the whole or any part of the property; or (b) is about to remove the whole or any part of the property from the jurisdiction of the Registrar, the arbitrator or liquidator, as the case may be, he may, unless adequate security is furnished, direct the attachment of the said property; and such attachment shall have the same effect as if made by a competent civil court. 42. (1) -All sums due from a registered society or from an officer, former Recovery of officer, member or past or deceased member of registered society as such to sums due to Government- the Government including any costs awarded to the Government in any proceeding under this Regulation may be recovered in such manner as may be prescribed by rules. (2) Sums due from a registered society to the Government and recoverable under sub-section (1) may be recovered, firstly, from the property of the society; secondly, in the case of a Society the liability of the members of which is limited, from the members, past members, or the estate of the deceased members subject to the limit of liability, and thirdly, in the case of other societies from the members, past members or the estate of the deceased members : Provided that the liability of past members and of the estates of the deceased members shall in all cases be subject to the provisions of section 21 . Chapter OFFENCES AND PENALTIES 43. It shall be an offence under this Regulation, if — a registered society or an officer or member thereof wilfully makes a false return or furnishes false

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

44. Any person who acts in contravention of sub-section (2) of section 17 or fails to deposit or entrust to custody when required to do so by any registered society under sub-section (3) of that section shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to five hundred rupees.

45. (1) No person other than a registered society shall trade or carry on business under any name or title of which the word "co-operative" is part without the sanction of the Administrator. **(2)** Whoever contravenes the provisions of sub-section (1) shall be punishable with fine which may extend to fifty rupees, and in the case of a continuing offence with further fine of five rupees for each day on which the offence is continued after conviction therefor

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

47. (1) The Administrator shall by order specify the courts by which offences under this Regulation shall be tried in the Laccadive and Minicoy Islands and in the Amindivi Islands. **(2)** No prosecution shall be instituted under this Regulation without the previous sanction of the Registrar, and such sanction shall not be given without giving the party concerned an opportunity of being heard. **Chapter XIII MICELLANEOUS 48.** 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

49. Save in so far as is expressly provided in this Regulation no civil court shall take cognizance of any matter connected with the winding up or dissolution of a registered society under this Regulation, and when a liquidator has been appointed, no suit or other legal proceeding shall lie or be proceeded with by the society except by leave of the Registrar and subject to such terms as he may impose. Punishment for contravention of section 17, Prohibition of the use of the word "co-operative". Punishment for offences not otherwise provided for. Cognizance of offence. Address of societies. Bar of suit in certain cases. **50. (1)** The Administrator or the Registrar may call for and examine the record of any enquiry or the proceedings of any Officer subordinate to him for the purpose of satisfying himself as to the legality or propriety of any decision or order passed and as to the regularity of the proceedings of such officer. **(2)** If, in any case it appears to the Administrator or the Registrar that any decision or order or proceedings so called for should be modified, annulled, or reversed, the Administrator or the Registrar, as the case may be, may pass such order thereon as to him may seem fit: Provided that, no order prejudicial to any person shall be made under this section unless that person has been given a reasonable opportunity of being heard. Power of Administrator and Registrar to call for and examine records and to pass orders thereon

51. The Central Government may by notification in the Official Gazette, Power to in the case of any class or registered societies remit— exempt from stamp duty and registration fees. **(a)** the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society or by an officer or member and relating to the business of such society or any class of such instruments or decisions, awards or orders of the Registrar or arbitrators under this Regulation are respectively chargeable; and **(b)** any fee payable under the law of registration for the time being in force

52. Notwithstanding anything contained in this Regulation, the Administrator may, by special order in each case and subject to such Conditions, if any, as he may impose, exempt any society from any of the requirements of this Regulation as to registration

53. The Administrator may, by general or special order, exempt any class of registered societies from any of the provisions of this Regulation or may direct that such provisions shall apply to such class of societies with such modifications as may be specified, in the order

54. The provisions of the Companies Act, 1956 shall not apply to registered societies

55. No act of a registered society or any committee or of any officer of the society, shall be deemed to be invalid by reason only of some defect in the organisation of the society or in the formation of the general body or in the appointment or election of the officer or on the ground that he was disqualified

for his office. 56.' - (1) - The- Administrator may, by notification in the Official Gazette and subject to the condition of pievious publication, make. tules: to carry out all ot any. of-the purposes of this Regulation. Power to exempt so- .cieties from conditions as to regis• *ration. Power to exempt registered societies from provi- sions of Regulation. Companies Act, 1956 not to apply Acts of societies. be invalida- ted by cer- tain defects.. Power to make rules. (2) In particular and without prejudice to the generality of the foie-going power, such rules may= (a), regulate the manner in whiöh a registered society may.change its liability from limited to unlimited or from unlimited to limited and the restrictions that may be imposed on such change; (b). subject to. the provisions of section 6, prescribe the maximum number of shares or portion of the capital of a society which may be held by a member; (c) 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; (d) provide for the, matters in respect of which a Society may or. shall make by-laws and for thé procedure to be followed in •making, altering and by-laws, and the conditions •to be satisfied prior to such making, alteGfiFÖFäFrogation; (e) prescribe the conditions to be complied with by persons applying for admission or admitted as members, and provide for the election and admission of members, and the payment to be made and the interests to be acquired before the exercise of the light of membership; (f) prescribe the conditions subject to which a member of a registered society may transfer his share or interest in the capital of that society; (g). regulate the manner in which funds may be raised by means of shares or.debentures ot otherwise; (h) provide for general meetings of the - members and the procedüre at such meeting and the powers to be exetcised at such meetings; (i) prescribe in the case Of a financing bank— (a) the proportion of individual members to society members in the constitution of its general body or of its committee; and (b), the maximum number of members Of its committee; - (j) provide for the appointment, Suspension and•removal of the members of the committee and other officers and for the procedure at meetings of the committee and the powers to be exercised and the duties to be performed by the committee and other officers; (k) prohibit a registered society from appointing a defaulting member of any registered society to its committee or to the committe of any other society and allowing him to exercise his tights of membetship in the society or to teptesent it in another society and vote; (D-p)escribe--the-aceounts- and books to be kept by. a •tegristered society, the audit of such accounts, the charges, if any, to be made for such audit, and the periodical publication of a balance sheet •showing the assets and liabilities of such society; (m) prescribe the returns to be submitted by ä' registered society to the Registrar and the persons by. whom and the form in which such returns shall be submitted arid in case of failure to submit. anym such return, the, lieuy of the expenses of preparing it; (n) provide for the persons by whom and lhe form in Which' copies of entries in books of registered societies may be certified and the charges to be levied for the supply of such copies; (o) provide for the formation and maintenance of a register of membets and, where the liability of the members is limited by shares, of a register. of shares; (p) prescribe the extent and the conditions subject to which a registered society may receive deposits and loans; (c0 regulate the manner in which a registered society may invest... or deposit its funds; (r) piovide for— (i) the appointment of an arbitrator or arbitrators to decide disputes; (iii the procedure to be followed in proceedings before the Registrar, arbitrator or -arbitrators ot 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; and (iii) the levy of the expenses incidental to such proceedings; (s) provide for the Withdrawal and expulsion •of members and the payments,- if any, to be made to members. who withdraw o: and expelled -and the liabilities of past members or the estates Of deceased members; (t) prescribe the prohibitions and restrictions subject to which registered societies may trade with persons who ate not members; (u) provide' for the mode in .which the value of a deceased member's interest shall be ascertained, and the nomination of a person to whom such interest may be paid or transferred; prescribe the payments to be made and the conditions to be- complied with by members applying for loans, the period for which loans may be made and the amount which may be fent to an individual member; (w) provide for the formation and maintenance of reserve funds, and the objects to which such funds may be applied, and the investment of •anyw funds under the control of a registered, society; (x) prescribe the conditions under which profits may be distributed to the nwmbets of a registered society with unlimited liability and the maximum rate of dividend which, may be paid by registered societies; (y) prescribe the procedute to be followed by a liquidator appointed under section 36, and the disposal of the surplus assets, if any, of the society; (z)

prescribe the period for which, and the terms under which, aid may be given by the Central Government to registered societies; (aa) provide for the custody of property attached under this Regulation; (bb) provide for the issue and Service of processes and proof of service thereof; (cc) provide for the inspection of documents in the Registrar's office and the levy of fees for granting certified copies of the same; (dd) provide for the investigation of claims and objections that may be preferred against any attachment effected by the Registrar or an officer empowered by him; (ee) prescribe the manner in which orders and decisions referred to in section 40 may be executed and enforced; (ff) provide for the mode of making attachments under section 41; (gg) provide for the manner of recovery of 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; and (hh) all matters expressly required or allowed by this Regulation to be prescribed by rules

57. If immediately before the commencement of this Regulation there is Repeal.in force in the whole or any part of the Islands any law corresponding to this •Regulation, that law shall on such commencement stand repealed.

