

Delhi Co-Operative Societies Rules, 1973

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FORM 1 :- ANNEXURE

Delhi Co-Operative Societies Rules, 1973

CHAPTER 1 Preliminary

1. Short Title And Application :-

1. These rules may be called the Delhi Co-operative Societies Rules, 1973.
2. These rules extend to the whole of the Union Territory of Delhi.
3. These rules shall come into force with effect from the 2nd April, 1973.

2. Definitions: - :-

In these rules, unless the context otherwise requires -

1. The expression "The Act" means the Delhi Co-operative Societies Act, 1972 Act (Act No.35 of 1972).
2. "Borrowed capital" means the total loans, deposits and other borrowings of a co-operative society including the debentures subscribed and paid up.
3. "Cooperative Year" means the year ending on 31st day of March or in the case of any Cooperative Society or class of Cooperative Society the accounts of which are, with the previous sanction of the Registrar, balanced on any other day, the year ending on such day: (Amended on 18.5.89).
4. "Decree" means any decree of a civil court and includes any de
5. "Decree-holder" means any person in whose favour a decree has been passed or a decision, award, or order capable of execution under section 71 has been made.
6. "Default" means failure on the part of the co-operative society,

member or other persons to repay, to the Financing Bank or any other co-operative society, a loan or any other amount due to it within the time fixed for repayment or to return to the co-operative society within the time fixed for finished goods in respect of raw material advanced or to keep any other obligation for the fulfillment of which time limit has been specified in the bye-laws.

7. "Defaulter" means any co-operative society, member or other person committing default.

8. "Defunct society" means a co-operative society classified as such during the course of an audit or enquiry or inspection or after reasons to be recorded in writing declared as such by the Registrar.

9. "Financing Bank" means the Delhi State co-operative Bank Ltd.; (Deleted on 6.2.1992 Vide No. F.47/9/GH/Coop./263-271).

10. "Form" means a form prescribed by the rules.

11. "General Body" in relation to any co-operative society means all the members of the co-operative society and in relation to a co-operative society which has provided for the constitution of a representative, general body, all the delegates or representatives constituting the representative general body elected in accordance with the provisions of the bye-laws of such a co-operative society or the rules approved by the Registrar and the word "member" in relation to general body or general meeting wherever occurring in these rules or bye-laws of such a co-operative society shall always be construed as such delegate or representative.

12. "General Meeting" means a meeting of the general body.

13. "Government" means the Lt. Governor (Added on 6.8.97).

14. "Government dues" include -

a. Audit fee leviable for audit under section 53.

b. Cost of enquiry leviable under section 57.

c. Loans, share capital, subsidy and grant-in-aid refundable under the terms of any agreement executed between the co-operative society and the President of India.

d. Arbitration fee etc.

e. Any amount spent or to be spent by the government on conducting elections of a committee, process fee and diet charges for civil arrest, imprisonment and civil confinement of the defaulters and contribution.

15. "Judgment-debtor" means any person against whom a decree has been passed or decision, award or order capable of execution under section 71 has been made.

16. MCL means the extent to which a co-operative society may receive deposits. Loans and advances from non-members (Amended on 24.5.82).

17. "Model bye-laws" means a set of bye-laws approved and proposed by the Registrar for general adoption by a class of co-operative society.

18. Near Relative means father, mother, husband, wife, son, daughter, son-in-law, daughter-in-law, sister, brother, brother-in-law, sister-in-law;

(Added on 6.8.97).

19. "Net Profit" of a co-operative society means the profit remaining after allowing for the following charges

namely -

a. Establishment charges, contingent charges, interest payable on loans and deposits at approved rates and audit fee approved by the Registrar.

Explanation- Where the Registrar has powers under the roles to prescribe the qualification, number and the pay and allowances of the employees of a co-operative society the "Establishment Charges" shall mean the establishment charges determined on the number of employees fulfilling the prescribed qualifications on the rates as may be determined by the Registrar from time to time.

1. All usual working charges such as repairs, rent, taxes and the like, - bounties or subsidies received, depreciation and irrecoverable book debts written off with the prior approval of the Registrar.

2. Capital expenditure written off either wholly or in part.

3. Capital loss actually incurred and not adjusted against funds created out of profits.

4. Provisions for estimated bad debts, if any.

5. Any other charges allowed by the Registrar in writing.

1. "Official Gazette" means the Delhi Gazette.

2. "Order" means any order made by the Registrar in exercise of his powers under the Act, the roles and the bye-laws.

3. "Owned Capital" means the paid-up share capital, reserve fund, any other reserve which has been created out of profits and undistributed and inappropriate profits, if any.

4. "Paid up Share Capital" means such portion of the subscribed share capital as is actually paid-up in cash and/or credited as paid-up.

5. "Person" include the Government, a Cooperative Society, a Firm, a Joint Stock Company, of any other body corporate constituted under any law for the time being enforce (Amended on 18.8.84).

6. "Primary Society" means a co-operative society whose membership consists of -

a. Individuals

b. Individuals and Government

c. Individuals and the Financing Bank

Explanation- "Individual" shall mean natural born person competent to contract and not specifically disqualified from the membership of a co-operative society under the roles and its bye-laws.

1. "Promoter" means person or persons who take(s) part in the process of the organisation and promotion of a co-operative society and signs the application for registration.

2. "Schedole" means the schedole appended to these roles.

3. "Section" means the section of the Act.

4. "Share" means share in the capital of the co-operative society.

5. "Working Capital" includes such portion, of the reserved fund, other reserves appropriated out of profits, paid-up share capital, loans and deposits received by a co-operative society and debentures issued by a co-operative society as have not been locked up in building and other fixed assets.

6. Word and expressions defined in the Act and used, but not defined, in these rules, shall have the meanings assigned to them in the Act.

3) Unless otherwise specified in the rules and the bye-laws of a co-operative society

1. Words importing the masculine gender include the feminine gender.

2. Words in singular include their plural and vice versa.

3. Expressions referring to writing include printing, typing, lithography, photography and other methods of representing or reproducing words in a visible form.

4. With reference to a person who is unable to sign his name, the word "signature" shall include his "Thumb-impression" or other mark duly attested to signify his signature; and

5. When any rule or any bye-laws of a co-operative society requires the determination of one half, one third or other fraction of a number and that number is not evenly divisible by two, three or such other figures as may be required, the number next below, which is evenly divisible by two, three or such other figure shall be taken for the original number.

CHAPTER 2 Registration

3. Persons Appointed To Assist The Registrar. :-

(1) Joint Registrar Deputy Registrar or Assistant Registrar.

(2) The Lt. Governor may confer on any person appointed to assist the Registrar all or such of the functions. Persons appointed to assist the Registrar under section 3 may be designated as the Additional Registrar, and powers of the Registrar under the rules as may be specified by him by order made in writing.

(3) The Registrar may appoint other field and ministerial staff to enable him or other officers to whom powers of the Registrar have been conferred to carry on his functions efficiently and for the promotion of the co-operative movement.

The existing Sub Rule (4), (5) + (6) shall be deleted (deleted on 9.9.88)

4. Classification Of Co-Operative Societies. :-

(1) subject to the provisions of sub-section (1) of section 4, a co-operative society formed with the object of facilitating the operation of any one of the classes or sub-classes hereinafter given shall be classified as a co-operative society of that class or sub-class namely:- .

(a) "Resource-Society" means a co-operative society formed with the objective of obtaining for its members the credit, goods or services

required by them such as:

- (i) Thrift and Urban Credit Co-operative Society.
 - (ii) Agricultural Credit Co-operative Society.
 - (iii) Agricultural Non-Credit co-operative society.
 - (iv) Multipurpose Co-operative society which includes amongst its primary objects specified in (ii) and (iii) above.
 - (v) Urban Thrift & Credit Co-operative Bank.
 - (vi) Co-operative Bank.
 - (vii) Co-operative Land Mortgage Bank.
 - (viii) (a) Industrial Producers Co-operative Society.
 - (b) Weavers Co-operative Society.
 - (c) Labour and Construction Co-operative Society.
 - (d) Industrial Processing Co-Operative Society.
 - (e) Motor Transport Co-operative Society.
 - (f) Industrial Service Co-operative Society.
 - (ix) Housing Finance Co-operative Society (Added on 8.3.93 vide notification No. F-4T/9/GH/Ceop/920)
 - (x) Thrift & Retirement and other ancillary benefits co-operative society. (Added on 24.8.93)
- (b) "Producers society" means a Co-operative Society formed with the object of producing and disposing of goods as the collective property of its members and includes a co-operative society formed with the object of the collective disposal of the labour of the members of such co-operative society.
- (c) "Consumers Society" means a co-operative society formed with the object of obtaining and distributing goods to or of performing services for its member, as well as to other consumers within the area of operation specified in the bye-laws, and of dividing among its members and customers in a proportion prescribed by the rules or by the bye-laws of such co-operative society, the profits accruing from such supply and distribution.
- (d) "Housing Society" means a co-operative society formed with the object of providing its members with dwelling houses subject to the provisions of these rules and on the conditions to be determined by the Lt. Governor from time to time and may be of any of the following types:-
- (i) "Tenant Ownership Housing Co-operative Society" where land is held either on lease hold or free hold basis by the co-operative society and the houses are to be owned by members.
 - (ii) "Tenant Co-partnership Housing Co-operative Society" which holds both land and buildings either on lease hold or free hold basis and allots them to the members.
 - (iii) "Plot-holders Housing Co-operative Society" which acquires land either on lease hold or Free hold basis, develops it into a residential area according to lay-out plan approved by the prescribed authority and sells residential plots to its members on the leasehold or free-hold basis.

(iv) "Plot Owners Housing Maintenance Co-operative Society", where the flats are owned by individuals in the Multi storeyed Buildings on lease hold or free hold basis. (Added on 24.5.82)

The existing Sub Rule (d), (ii) (deleted Vide Notification No. F47/9/GH/Coop./920 dt. 8.3.93)

(e) "Processing Society" means a co-operative society the object of which is the processing of goods by mechanical or manual process.

(f) "Marketing society" means a co-operative society formed for the purpose of marketing agricultural or other produce and includes amongst its objects, the supply of the requisites of such production.

(g) "Joint Farming Society" means a co-operative society in which with the object of increasing agricultural production, employment, income and better utilization of resources, land held by members is pooled together and is jointly cultivated by the members on behalf of the co-operative society.

(h) "Collective Farming Society" means a cooperative society in which the object of increasing agricultural production land is acquired from outside in the name of cooperative society and is collectively and jointly cultivated by the members themselves on behalf of the cooperative society.

(i) "Co-operative Union" means a co-operative society which has as its principal object the undertaking of Co-operative Education, Propaganda And Training.

(2) Every Co-operative Society shall be classified by the Registrar in accordance with sub-ruled)

(3) The Registrar may sub-divide any class of Co-operative Societies into categories with reference to the composition of their membership, the nature of business transacted by them or the articles handled by them or any other similar consideration.

(4) If any co-operative society classified as aforesaid is a federal society it may be classified as Apex or Central Cooperative Society.

NOTE:- (i) "Apex Co-operative Society" means a co-operative society whose area of operation extends to the whole of the Union territory of Delhi and which has as its principle objects the promotion of the principal objects and provisions of facilities for the operation of other co-operative societies affiliated to it.

(ii) "Central Co-operative society" means a co-operative society whose area of operation is confined to a specified part of the Union Territory of Delhi and which has as its principal object the promotion of the principal objects and the provision of facilities for the operation of other co-operative societies affiliated to it.

(5) If any question arises as to the class to which a cooperative society belongs within the meaning of this rule, the question shall be referred to the Registrar whose decision shall be final.

5. Procedure For Conversion Of A Co-Operative Society Into A Different Class. :-

(1) Any co-operative society may, at a meeting of its general body specially called for the purpose, of which at least seven clear days notice has been given to its members, resolve to convert itself by an amendment of its bye-laws into a co-operative society of a class different from the one to which it belongs. The said resolution (hereinafter In this rule referred to "as the preliminary resolution") shall include the amendments to the bye-laws proposed for adoption by this co-operative society.

(2) (i) A copy of preliminary resolution shall be sent to the members and creditors of the society;

(ii) Any member of the co-operative society may, notwithstanding any bye-laws to the contrary by notice-given to the cooperative society within a period of one month from the date of receipt by him of the preliminary resolution intimate his intention to withdraw his share capital from the co-operative society-.

(iii) Any creditor of the co-operative society may, notwithstanding any agreement to the contrary, by notice given to the cooperative society within the period referred to in clause (ii).. intimate his intention to demand a return of the amount due to him.

(3) After the expiry of two months from the date of dispatch of the preliminary resolution to all the members and creditors of the co-operative society, a meeting of the members of the co-operative society, of which at least fifteen clear days notice shall be given to its members shall be convened for considering the preliminary resolution. If, at such meeting, the preliminary resolution is confirmed by a resolution passed by a majority of not less than two-thirds of the members present and voting either Without changes or with such changes as, in the opinion of the Registrar, are not material, he may, on receipt of a copy such resolution certified in the manner specified in the rules and subject to the provisions of section 11, register the amendment to the bye-laws adopted by the co-operative society. On such registration the conversion shall be deemed to have taken effect.

The opinion of the Registrar as to whether the changes made in the preliminary resolution are or are not material shall be final.

(4) At the meeting referred to in sub-rule (3) provisions shall be made by another resolution for:-

(i) the repayment of the share capital of the members who have given notice under clause (ii) of sub rule (2), and

(ii) the satisfaction or the claims of all the creditors who have given notice under clause (iii) of sub-rule (2).

Provided that no members or creditor shall be entitled to such repayment or satisfaction until the preliminary resolution is confirmed as provided in sub-rule (3).

(5) If, in the opinion of the Registrar, the provision made for the

repayment of the share capital of the members and the satisfaction of the claims of creditors referred to in sub-rule (4) is not satisfactory, the Registrar may refuse to register the amendment to the bye-laws adopted by the co-operative society.

6. Application For Registration :-

(1) Every application for registration of a co-operative society under sub section (1) of section 7 shall be made in Form (i) in Hindi or English, and shall subject to the provisions of sub-rules (ii) and (iii), be duly signed by the applicants and be accompanied by:-

(a) four copies of the proposed bye-laws of the co-operative society duly signed by each of the persons who sign the application for registration.

(b) A certificate from the Financing Bank that the amount of share capital raised by the promoters has been deposited in the name of the proposed co-operative society in suspense account.

(c) A list for persons who have contributed to the share capital together with the amount contributed by each of them, and the entrance fee paid by them.

(d) The scheme showing the details explaining how the working of the co-operative society will be economically sound and, where the scheme envisages the holding of immovable property by the co-operative society, the description of immovable property proposed to be purchased, acquired or transferred to the co-operative society the scheme shall be drawn in accordance with the viability norms for registration of different classes/types of societies as given in Schedule VII to these rules. These norms can be modified by the Registrar from time to time. (Amended on 6.8.97)

(e) Such other documents as may be specified in the model bye-laws, if any.

(f) A declaration on oath from each of the promoters to the effect that, he is not a member of the family of any other promoter joining in the application for registration within the meaning of explanation given under section 5.

(g) In the case of a housing co-operative society an affidavit from each of the promoter members:

(i) that he does not own a residential house or plot of land for construction a residential house thereon in his own name or in the name of his wife or dependent children on lease-hold or free hold basis in the Union territory of Delhi.

(ii) that he or his wife or any of his dependent children is not a member pf any other housing society;

(iii) that he or his wife or any of his dependent children is not dealing in the business of purchase or sale of house/land in the Union Territory of Delhi directly or indirectly either as a principal or an agent,

(h) a statement showing financial position of each of the promoters.

(i) Certified copy of the resolution of the promoters which shall specify the name and address of one of the applicants to whom the Registrar may address his correspondence under the rules before registration and dispatch or hand over registration documents referred to in sub-rule (3) of rule 8.

(2) Where any member of a co-operative society to be registered is a registered co-operative society, a member of the committee of such a registered co-operative society shall be authorised by the committee by 6 resolution to sign the application for registration and the bye-laws on its behalf, and a copy of such resolution shall be appended to the application.

(3) Where any member of a co-operative society to be registered is a firm, company, corporate body, society registered Under the societies Registration Act 1860, or public trust registered under any law for the time being in force relating to registration of public trusts, or a local authority, then such firm, company, corporate body, society, public trust or local authority shall duly authorised any person to sign the application for registration and the bye-laws on its behalf, and a copy of such authority shall be appended to the application.

(4) The application shall be sent to the Registrar by registered post, or delivered by hand.

(5) On receipt of an application under rule 6, the Registrar shall enter Particulars of the application in the register of applications to be maintained in form 2, give a serial number to the application and issue a receipt in acknowledgement thereof.

7. Disposal Of Application For Registration :-

(1) On receipt of the application under rule 6 and before passing final order under section 9 the Registrar may call for such further information from the applicants or make such independent enquiries as he may deem fit.

(2) Registrar may give, whenever necessary, the reasonable time not exceeding one month to the promoters to modify the proposed byelaws before finally registering the Co-operative Society which should be within the limit prescribed under section 9 of the Act. (Amended on 9.9.98)

(3) On registering a co-operative society and its bye-laws under sub-section (1) of section 9, the Registrar shall, as soon as may be, notify the registration of the cooperative society in the official Gazette and grant to the coop. society a certificate of registration in Form 3 signed by him and bearing his official seal and containing the registration number of the co-operative society, and the date of its registration. The Registrar shall also furnish the co-operative society a copy of the byelaws approved and registered by him with a certificate in the following form recorded on the last page of the bye-laws after the signatures of the promoters:-

Certified that these bye-laws have, been registered under section 9(1) of

The Delhi Co-operatives societies Act, 1972 at page

Volume No..... this.....day of.....19

Signature

Seal.....

(4) The documents referred in sub-rule (3) shall be delivered to a person authorised or shall be dispatched by post under "acknowledgement due" registered cover.

8. Maintenance Of Register. :-

(1) The Registrar shall maintain a register in Form 4 of all-co-operative societies registered or deemed to be registered under the Act.

(2) The Registrar shall divide the register into several parts, one for each of the following classes of co-operative societies:-

(a) Resources.

(b) Producers.

(c) Agricultural.

(d) Housing.

(e) Consumers.

(f) Federal.

(3) The Registrar shall assign for each class or sub-class of co-operative society a code symbol for giving registration No. to the co-operative society and the co-operative society shall be registered from the date specified in the certificate of registration.

(4) All the existing co-operative societies shall be deemed to be registered under the Act, and shall first be entered in the register under distinct code symbol assigned to a class of co-operative society to which the existing co-operative society belongs in chronological order with reference to the date of earlier Registration deemed to be the registration under the Act. A list of all such co-operative societies shall be published in Form 9 in the official Gazette soon after the publication of the notification under sub-sec. (3) of section 1.

(5) If the particulars of any existing co-operative society deemed to be registered under the Act are not so published or published under classification different from the aims and objects in the existing registered bye-laws, the existing co-operative society shall make an application in writing to the Registrar within 30 days of the publication of the list referred to in sub-rule (4) for the publication of its name in the official Gazette.

(6) On receipt of the application under sub-rule (5), the Registrar, after making such enquiries as may be deemed fit by him, shall pass appropriate order thereon.

(7) After entering the existing co-operative society in the register, new co-operative society to be registered under the Act shall be entered in the register.

(8) The Registrar shall keep in separate guard files in loose leaf system in respect of each part of the register referred to in sub-rule (2) wherein copies of registered bye-laws of the co-operative society shall be kept in chronological order of the registration. Each page in this file shall be serially numbered. Each volume of this file shall be given its distinct serial number.

9. Commencement Of Business :-

Every co-operative society shall commence working within three months from the date of its registration.

10. Form Of Report Under Proviso To Sub Section (3) Of Section 9. :-

The report to be made by the Registrar to the Lt. Governor under the proviso to sub-section (3) of section 9 shall be in Form 6.

11. Refusal To Register :-

Without prejudice to the generality of the power under sub-section(Z) of section 9, the Registrar may refuse to register a co-operative society on any one of the following grounds:-

(1) No co-operative society shall be registered by the name which is identified with or which nearly resembles the name by which a co-operative society is in existence and has been previously registered or thenam9.is in contravention of any law for that time being in force. (Amended on 24.5.82)

(2) No proposal for the registration of a co-operative society may be accepted by the name which is likely in the opinion of the Registrar, to deceive or mislead the members of the public as to its nature of identity.

(3) The Registrar may not consider the proposal favourably if in his opinion the aims and objects of the co-operative society are similar to those of a co-operative society already functioning in that area satisfactorily.

(4) Except otherwise permitted, the members of a co-operative society do not reside within the area of its operation or in the opinion of the Registrar are drawn from heterogeneous elements.

(5) If in the opinion of the Registrar area of operation of a co-operative society extends over an un-manageable area.

(6) The proposal for registration of a co-operative society is against the principles of co-operation.

(7) Any other ground considered just and equitable by the Registrar.

12. Matters In Respect Of Which Registrar May Direct Society To Make Bye-Laws Or Society May Make Bye-Laws.

:-

- (1) The Registrar may require a co-operative society to make bye-laws in respect of all or any of the following matters, namely:-
- (a) the name of the co-operative society, address of the co-operative society and its branches;
 - (b) the area of operation;
 - (c) the objects of the co-operative society;
 - (d) the manner in which and the limit up to which the funds of the co-operative society may be raised, the maximum share capital which any one member may hold and the purpose to which the funds would be made applicable;
 - (e) the terms and qualifications for admission to membership;
 - (f) the privileges, rights, duties and liabilities of members including nominal, associate and sympathiser members;
 - (g) the consequences of default of members;
 - (h) conditions regarding sale or disposal of produce of members, wherever applicable;
 - (i) In the case of Credit Co-operative Societies:
 - (i) The maximum loan admissible to a member;
 - (ii) The maximum rates of interest on loans to members;
 - (iii) The conditions on which loans may be granted to members and penalties for misapplication of loans so advanced,
 - (iv) The procedures for granting extension of time for the repayment of loans and advances;
 - (v) The consequences of default;
 - (vi) The circumstances under which a loan may be recalled;
 - (j) In the case of non-credit co-operative society, the mode of conducting business, such as manufacture, purchase sale, stock-taking and other like matters;
 - (k) In the case of a composite co-operative society, that is to say. society having both credit and non-credit functions, matters referred to in clauses (i) and (j);
 - (1) The mode of holding meetings of the general body and of the committee;
 - (m) The procedure for expulsion of members;
 - (n) The manner of making, altering and abrogating bye-laws;
 - (o) The mode of appointment either by election or otherwise and removal of members of the committee and other officers. if any, their duties and powers;
 - (p) The Chairmans or Presidents powers, duties and functions and his removal on his losing support of the majority;
 - (q) The method of recruitment, the conditions of service and the authority competent to fix, revise or regulate the scale of pay and. allowances of salaried officers and servants of the co-operative society and the procedure to be followed in the disposal of disciplinary case against them;

- (r) The mode of custody and investment of funds and mode of keeping the accounts and records;
 - (s) The manner in which penalty should be levied on a member who is found to be guilty of breach of bye-laws;
 - (t) The disposal of net profits;
 - (u) Appointment of a provisional committee, where necessary;
 - (v) The mode of appointment and removal of committee and its powers and duties;
 - (w) The mode of convening annual and special general meetings, issue of notices, and the business which may be transacted there at;
 - (x) In the event of winding up of the society, the purpose for which surplus, if any, shall be utilised;
 - (y) The conduct of election to the committee and other bodies of the co-operative society as provided in the bye-laws, including the number of members to be elected by different constituencies and appointment of returning officer;
 - (z) Any other matter incidental to the management of its business.
- (2) A co-operative society may make bye-laws for "H" or any of the following matters that is to say:-
- (a) the circumstances under which withdrawal from membership may be permitted;
 - (b) the procedure to be followed in cases of withdrawal, ineligibility and death of members;
 - (c) the conditions, if any, under which the transfer of share or interest of member may be permitted;
 - (d) the method of appropriating payments made by members from whom moneys are due;
 - (e) the authorisation of an officer or officers to sign documents and to institute and defend suits and other legal proceedings on behalf of the co-operative society;
 - (f) the constitution and maintenance of various funds as required to be maintained under the provisions of the Act, rules and bye-laws;
 - (g) constitution of representative general body consisting of delegates of members of the society and the mode of election of such delegates to exercise the powers of the general body and to specify the powers which may be exercised by such representative general body.

13. First Bye-Law Of A Co-Operative Society. :-

When a co-operative society has been registered, the bye-laws of the co-operative society as approved and registered by the Registrar shall be the bye-laws of the society.

14. Model Bye-Laws :-

The Registrar shall make model bye-laws of each class or sub-class of a

co-operative society which may be adopted with or without changes, if any.

15. Amendment Of Bye-Law. :-

(1) Subject to the provisions of this rule, the bye-laws of a co-operative society may be amended by-passing a resolution at a meeting of its general body held for that purpose.

(2) The co-operative society shall give due notice in accordance with its bye laws to all the members for considering any amendment thereof.

(3) An amendment shall be deemed to have duly passed, if a resolution in that behalf is passed at a meeting of its general body by not less than two-thirds of the members present there at, and voting.

(4) After the resolution is passed, a copy thereof shall, within a period of two months from the date of the meeting at which the resolution was passed, be furnished to the Registrar along with:-

(a) a copy of the relevant bye-laws in force with amendments proposed to be made in pursuance of the resolution, together with reasons justifying such amendments;

(b) four copies of the text of The bye-laws as they would stand after amendment, signed by the officers duly authorised in this behalf by the committee of the society;

(c) a copy of the notice given to the members of the society of the proposal to amend the bye-laws;

(d) such other information as may be required by the Registrar;

(5) On receipt of the copy of the resolution and other particulars referred to in sub-rule (4), the Registrar shall examine the amendment proposed by the society and if he is satisfied that the amendment is not contrary to the Act or the rules and is in the interest of the cooperative society and co-operative movement, he may register the amendment certified by him under sub-section (3) of section 11. Where the Registrar is of the opinion that the proposed amendment may be accepted subject to any modification, he may indicate to the cooperative society such modification after explaining in writing his reasons therefore. The Registrar shall register or refuse to register the amendment within a period of three months. In case no decision is arrived at within that period of three months, the Registrar may after reasons to be recorded in writing extend the period for another one month. The power of extending the period shall not be delegated to any other person appointed to assist the Registrar. (Amended on 8.8.97).

16. Manner Of Calling Upon Society To Make Amendment To Bye-Laws :-

(1) If it appears to the Registrar that an amendment of a bye-law of a co-operative society is necessary or desirable in the interest of such co-

operative society, he may call upon the co-operative society to make the amendment.

(2) The Registrar may by serving a Notice in form 7 call upon a society to make an amendment within a period of sixty days, by convening a general body meeting of the society. (Amended on 8.8.97)

(3) After the expiry of the period specified in the notice under sub-rule (2), and if the society fails to make the amendment, the Registrar after giving the co-operative society an opportunity of being heard, may register the amendment and issue to the co-operative society a copy of such amendment certified by him with a certificate) signed by him. With effect from the date of registration, the amendment is binding on the co-operative society and its members subject to appeal, if any.

All amendments of the bye-laws relating to the same co-operative society when registered by the Registrar shall be assigned a consecutive number in chronological order and shall be noted in index to the bye-laws to be maintained by the co-operative society in the registration file.

17. Registration File :-

Each co-operative society shall keep at its registered address a registration file containing:-

- (a) Registered bye-laws.
- (b) An index of amendment of bye-laws.
- (c) All registered amendments to the bye-laws duly entered in the index along with certificates of registration of amendments.
- (d) Certificate of registration.
- (e) A copy of the Act.
- (f) A copy of rules.
- (g) The above File shall be open for inspection at all times during working hours to the Registrar or any other officer authorised by him and every member of the society.

18. Change In Name Of Society. :-

1. The name of a co-operative society may be changed under section 14 so however that it does not refer to any caste or religious or regional denomination and is not inconsistent with the objects of the co-operative society. (Amended on 9.9.88)

2. Every change in the name of a co-operative society shall be made by amendment of its bye-laws and shall be notified in the official Gazette.

3. After the change in the name is approved by the Registrar the Co-operative Society shall send the original registration certificate for amendment to the Registrar, who shall return the same to the cooperative society duly amended.

19. Change In Liability :-

1. The change of liability of a co-operative society from unlimited to limited and vice-versa or in terms of multiple of share capital, shall be secured by passing a resolution in that behalf at a general meeting of the co-operative society indicating in clear terms the manner of changing the liability. The co-operative society shall give 30 days notice in writing of such meeting to all its members and creditors and shall furnish them with copies of the resolution proposed to be moved at the meeting. After the resolution is duly moved and passed, a copy thereof shall be send to the Registrar within three months of its passing.

2. Every notice to be given by the co-operative society under sub-sec. (2) of section 14 shall be sent by post under certificate of posting or other wise to the address of each of its members and creditors gs recorded in the book of the co-operative society. A copy of such notice shall be exhibited on the notice board of the co-operative society and a copy shall also be sent to the Registrar for exhibition on the notice board in his office; and thereupon, notice of the resolution to change the form or extent of its liability shall be deemed to have been duly given to all its members and creditors, notice not being send to their correct address or notice not being received by them, notwithstanding.

3. For the purpose of determining the claims of a member under clause (b) of sub-sec. (4) of sec. 14 the value of a share of a member in a co-operative shall be ascertained as follows:-

a. In the case of a co-operative society with unlimited liability, the value of the share shall be the actual amount received by the co-operative society in respect of such share.

b. In the case of the co-operative society with limited liability, the value of the share shall be the amount arrived at by a valuation based on the financial position of the -co-operative society as shown in the last audited balance sheet, provided that it shall not exceed the amount actually received by the co-operative society in respect of such share.

Explanation - For purposes of this rule, form of liability refers to limited or unlimited while extent of friability means (a) face value of share (b) the multiple of the value of shares subscribed, and (c) value limited as to particular amount (such as guarantee liability) etc.

4. Any member or creditor desiring to exercise his opinion under sub-sec. (2) of sec. 14 shall inform the co-operative society accordingly in writing and where he does not propose to withdraw hih entire shares or deposits, the members or creditor shall clearly indicate in writing the extent of his withdrawal. The option once exercised shall be final and shall not be revoked. The co-operative society shall examine and draw up a scheme for orderly payment of all the claims in an equitable manner including shares, the value to which shall be ascertained in accordance with the provisions of sub-rule (3). the scheme may also provide for settlement of claims by mutual agreement. Where Registrar does not approve the scheme on the ground of impracticability or undesirability, the resolution

passed by the society under sub-rule (1) shall be ineffective, and the form and extend of liability of a co-operative society shall not be deemed to be changed in accordance with the resolution passed aforesaid.

5. After the Registrar approves the scheme, the cooperative society shall make payments to members and creditors as provided in clause (b) of sub-sec. (4) of sec. 14 and make a report to that effect to the Registrar and furnish the Registrar with a proposal to amend the bye-laws of the co-operative society duly passed in the behalf. On receipt of the proposal, the Registrar shall register the amendment in accordance with the provisions of section 11.

20. Amalgamation, Transfer Of Assets And Liabilities, Division Or Conversion Of Societies :-

1. Every co-operative society desiring to effect amalgamation, transfer of assets and liabilities, division or conversion, shall make an application to the Registrar in that behalf giving full details about such amalgamation, transfer, division or conversion, as the case may be.

2. On receipt of the application referred to in sub-rule (1), the Registrar may invite opinions from members and shareholders or creditors or from any other person who in the opinion of the Registrar is interested in the affairs of the co-operative society and may call for such further information or particulars from the co-operative society as he may deem necessary.

3. On receipt of such application, the Registrar may, after examining the details furnished in the application and after considering all suggestions received by him in response to his invitation referred to in sub-rule (2), and other particulars which he may call upon the co-operative society to furnish, give his approval to the amalgamation, transfer, division or conversion, as the case may be, in the interest of the co-operative society.

4. After the receipt of the approval of Registrar under sub-rule (3), the co-operative society shall convene a special general meeting by giving notice of at least 15 clear days to all its members and creditors and pass a resolution for amalgamation, transfer of assets and liabilities, division or conversion, as the case may be, by two-third majority of the members present and voting at the meeting. The resolution so passed shall contain the purpose and the full scheme indicating how the proposed amalgamation, transfer or division or conversion would be useful to the co-operative society and be given effect to where the scheme involves transfer of liabilities of the co-operative society to another co-operative society, a statement to that effect shall be made in the application to be made under sub-rule (1). where the scheme involves transfer of liabilities of the co-operative society, the co-operative society shall give written notice in Form 8 to all the members, creditors and other persons whose interests are likely to be affected by such transfer. The notice shall also

be published in at least one newspaper in English and one in Vernacular language in circulation in the Union Territory of Delhi and a copy thereof shall be exhibited on the notice board in the office of the co-operative society and the Registrar.

5. Within one month from the date of notice referred to in sub-rule (4), the members, creditors and other persons whose interests are likely to be affected by the transfer of the liabilities of the co-operative society may exercise their option as required by sub-section(4) of section 15 in writing duly signed by them and delivered or caused to be delivered to the co-operative society, failing which they shall be deemed to have assented to the transfer of liabilities of the co-operatives society to another co-operative society. The option once exercised shall be final and shall not be revoked.

6. The co-operative society shall meet in full or otherwise satisfy all claims of members and creditors and other interested persons who exercise the option.

7 For the purposes of determining the claims of a member under clause (b) of sub-section (6) of section 15, the value of the share of a member shall be ascertained as follows:-

(a) In the case of a co-operative society with unlimited liability, the value of a share shall be the actual amount received by the co-operative society in respect of such share.

(b) In the case of a co-operative society with limited liability, the value of a share shall be the amount arrived at by a valuation based on the financial position of the co-operative society as shown in the last audited balance sheet provided that it shall not exceed the actual amount received by the co-operative society in respect of such share.

8. The co-operative society shall submit a report to the Registrar of the action taken by it and request him to give effect to its decision for amalgamation, transfer, division or conversion by registering the amalgamated or converted co-operative society or the new co-operative society as the case may be and canceling the registration of the cooperative societies which have been amalgamated, divided or converted.

9. On receipt of the report from the cooperative society under sub-rule (8) the Registrar shall, after satisfying himself that the procedure has been properly followed, register the amalgamated, divided or converted cooperative societies and cancel the registration of the cooperative societies which have been amalgamated, divided or converted.

21. Direction By Registrar For Amalgamation, Division And Reorganisation Of Societies. :-

1. Before issuing any order under Sub-Sec. (1) of Sec. 16 providing for the amalgamation, division or reorganisation of any coop. society or societies, the Registrar shall prepare a draft scheme in respect of such

amalgamation division or reorganisation staling in particular the manner in which the new committee or committee of the coop. society or societies resulting from such amalgamation, conversion or reorganisation shall be constituted and the bye laws which such coop. society or societies shall follow. The Registrar shall send a copy on the draft of the order proposed to be issued by him under Sub-Sec. (1) of Sec. 16 to the coop. society or each of to coop. societies concerned calling upon-it or class of members thereof or from any creditor or class of creditors to submit such objections or suggestion together with its own or their own suggestions and objections within a period of not less than two months from the date on which the copy of draft aforesaid was received by it or them.

2. The Registrar shall consider all such suggestions and objections and make such modification in the draft order as may seem to him desirable in the light of those suggestions or objections and then issue a final order under sub- section (1) of section 16.

3. Any member or creditor of each of the co-operative societies to be amalgamated, divided\r reorganized, who has objected to the scheme of amalgamation, division or reorganisation with in the period specifying in 9ub-rule(1), may apply to the Registrar for payment of his share or interest, if he be a member, and the amount\n satisfaction of his dues, if he be creditor. Such application shall be separate and distinct from the objection or suggestion which he may have submitted to the co-operative society or the Registrar under clause (b) of sub-section (2) of section 16. It shall be competent for the Registrar to nominate an officer not below the rank of an Astt. Registrar to investigate such applications and to determine the payments required to be made to the members or creditors as the case may be.

4. Subject to the provisions of the Act, the rules and the bye-laws, the Registrar may by order require the cooperative society concerned to meet in full or satisfy other wise all due claims of the members and creditors and thereupon the co-operative society shall be bound to meet in full or satisfy otherwise all due claims of the members and creditors within such time as may be specified by the Registrar in the order.

22. Reconstruction Of A Society :-

1. Where in the case of defunct societies or a co-operative society which is being wound up, a proposal for compromise or arrangement-

(a) between a co-operative society and its creditors:

(b) between the co-operative society and its members, is received, the Registrar may on the application of the co-operative society or any member or of any creditor of the co-operative society or of the liquidator, order reconstruction of the co-operative society in the manner hereinafter given.

2. An application for reconstruction of a co-operative society under sub-

rule (1) may be made in Form 9. On receipt of such application, the Registrar may taking into consideration the compromise or arrangement for reconstruction of the co-operative society, if he thinks fit, prepare a draft order indicating -

(i) the manner in which the amounts payable by the co-operative society to its creditors should be paid and the amounts recoverable from its debtors and members should be recovered:

(ii) the manner in which the share capital, if any, of such member should be reduced;

(iii) the manner in which the scheme of reconstruction should be implemented: and

(iv) the manner in which the bye-law of the co-operative society Will stand amended in cruder to given effect to the scheme of reconstruction.

A copy of the draft order shall be exhibited on the notice board of the co-operative society and a copy thereof shall be exhibited on the notice board of the office of the Registrar inviting objections and suggestions from, all those interested within a specified time, which shall not exceed one month.

3. After taking into consideration the objections and suggestion (if any) received, the Registrar may issue an order approving such reconstruction or staying further proceedings in respect of such reconstruction. On issue of an order approving the reconstruction, the co-operative society shall stand reconstructed and the bye-laws of the co-operative society shall be modified to that effect and to the extent.

4. After the order referred to in sub-rule (3) has been made by the Registrar the order of the liquidation already passed shall be deemed to have been withdrawn with effect from the date of the order under sub-rule (3).

23. Appeal Against The Refusal To Register The Amendment To Bye-Laws :-

Where an application for registration of an amendment in the bye-laws of a cooperative society is rejected by the Registrar under sub-section (4) of section 11, the appeal, if any, shaft be made only after the committee has reconsidered the matter in a meeting and has decided to prefer an appeal which shall be signed by the officer of the society authorised in this behalf by the committee. A copy of the resolution of the committee shall be attached with the memorandum of appeal. (Amended on 6.8.97)

23A Before making an order cancelling the registration of a co-operative society under sub-sec. (5) of section19, the Registrar shall give to the society reasonable opportunity of being heard.

CHAPTER 3 Members of Coop. Societies, their Rights and Liabilities

24. Conditions To Be Complied With For Admission To Membership:- :-

1 . No person shall be admitted as member of a co-operative society unless-

(i) he has applied in writing in the form laid down by the co-operative society or in the form specified by the Registrar, if any, for membership along with a declaration .on oath that he is- net 9 member of any other co-operative society having similar objects; (Amended on 24.5.82)

(ii) his application is approved by the committee of the co-operative society in pursuance of the powers conferred on it in that behalf and subject to such resolution as the general body may in pursuance of the powers conferred on it in that behalf from time to time pass, and in the case of nominal, associate, or sympathiser member by an officer of the society authorised in that behalf by the committee. (Amended on 24.5.82).

(iii) he has fulfilled all other conditions laid down in the Act, the Rules and the Bye-laws;

(iv) in case of a firm, company or body corporate, society registered under the societies Registration Act, 1860, a public trust registered under any law for the time being in force relating to registration of public trust or a local authority, the application for membership is accompanied by a resolution authorising it to apply for such membership, and the sanction of the Lt. Governor has been accorded.

(v) in case of a Cooperative Housing Society, he has been a resident of the National Capital Territory of Delhi-for a minimum period of three years at the time of applying for a membership in such society.

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2. In case of vacancy in a housing society including group housing society where layout and building plans have been approved by the competent authority, the same shall be filled by the committee by notifying It in leading daily newspaper of Delhi in Hindi and English. In case the number of applications are more than the notified vacancies the membership shall be finalised through draw of lot in the presence of authorised representative of the Registrar. (Added on 6.8.97;

25. Disqualification Of Membership :-

1. No person shall be eligible for admission as a member of a co-operative society if he...

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

(b) has been sentenced for any offence other than an offence of a political character or an offence not involving moral turpitude and dishonesty and a period of five years has not elapsed from the date of expiry of the sentence:

(c) in the case of membership of a housing society:-

(i) owns a residential house or a plot of land for the construction of a residential house in any of the approved or un-approved colonies or other localities in the National Capital Territory of Delhi, in his own name or in the name of his spouse or any of his dependent children, on lease hold or free-hold basis or on power of attorney or on agreement for sale;

Provided that disqualification of membership as laid down in sub-rule (1) (c)(i) shall not be applicable in case of co-sharers of property whose share is less than 66.72 sq. metres of land;

Provided further that the said disqualification shall not be applicable in case of a person who has acquired property on power of attorney or through agreement for sale and on conversion of the property from leasehold to freehold on execution of conveyance deed for it, if such person applies for the membership of the housing society concerned; (Amended on 6.8.97)

(ii) he deals in purchase or sale of immovable properties either as principal or as agent in the national Capital Territory of Delhi: or

(iii) he or his spouse or any of his dependent children is a member of any other housing society except otherwise permitted by the Registrar.

2. Notwithstanding anything contained in the rules or the bye-laws of the co-operative society, if a member becomes, or has already become, subject to any disqualification specified in sub-rule (1), he shall be deemed to have ceased to be a member from the date when the disqualifications were incurred.

3. A member who ceases to be a member of a co-operative society under sub-rule (2), shall not be entitled to exercise rights of memberships or incur liability as member with effect from the date referred to in sub-rule (2) but as from the date he becomes a creditor of the co-operative society in respect of the amount due to him on account of paid up share capital, deposit, cost of land deposited or any other amount paid by him to the co-operative society as its member. As from the date of his ceasing to be a member or the society under sub-rule (2), the amount standing to his credit shall be paid to him by the co-operative society within 3 months and when the co-operative society is already under liquidation, the amount due to him will be credited as a debt due to a third party from the co-operative society. (Amended on 24.5.82).

4. If any question as to whether a member has incurred any of the disqualification referred to in sub-rule (1) arises, it shall be referred to the Registrar for decision. His decision shall be final and binding on all concerned. The power of the Registrar under this rule shall not be delegated to any other person appointed to assist the Registrar.

26. Terms And Conditions On Which Persons Referred To In Section 20(1) May Be Admitted As Members

:-

The following shall be the terms and conditions on which persons referred

to in sec. 20 (1) (d) may be admitted as a member of a co-operative society:-

1. The number of such persons admitted to the membership of a co-operative society shall not exceed 5 percent of its total membership at any time.
2. The head office of such persons shall be within the area of operation of the co-operative society.
3. Such persons shall carry on their business within the area of operation of the co-operative society.
4. Such persons shall purchase at least 10 shares in the capital of the cooperative society.
5. The aims and object of such persons are not contrary to those of the co-operative society.
6. Such persons do not carry on competing business with that of the co-operative society within the local limits specified in the bye-laws or by the Registrar.
7. Any other condition which the Lt. Governor may notify.

Provided that in case of Urban Cooperative Banks the Registrar may permit enrollment of such persons/members not exceeding 5% of the total number of members after considering the financial position of the Urban Cooperative Banks concerned. (Added on 18.8.84)

27. Procedure For Admission Of Joint Members And Minors And Persons Of Unsound Mind Inheriting The Share Or Interest Of Deceased Member. :-

1. A co-operative society may admit joint members provided they make a declaration in writing that the person whose name stands first in the share certificate shall have the right to vote. and all other rights shall be enjoyed jointly and shares and liabilities shall be borne jointly and severally by them as provided under the Act, the rules and the bye-laws; Provided that in case of group housing/house building society, the joint membership shall be restricted to only person in first degree blood relations. (Amended on 6.8.97)

Explanation : - First degree, blood relation means, father, mother, brother, sister, son, daughter and also spouse.

2. In accordance with the procedure laid down in its bye-laws and these rules for admission of any member, a co-operative society may admit minors and persons of unsound mind inheriting share or interest of deceased members as its members through their legal representatives or guardians respectively. The members so admitted will enjoy such rights and liabilities as are laid down in the bye-laws of the co-operative societies that are consistent with the Act and rules.

28. Prohibition Of Membership In Two Co-Operative Societies :-

No individual/primary society, being a member of a primary co-operative society/federal society of any class shall be a member of any other co-operative society of the same class without the general or special permission of the Registrar, and where an individual/primary society has become a member of two co-operative societies of the same class, either or both of the co-operative societies shall be bound to remove him from membership after giving proper opportunity to such individual/primary society in writing. The individual/primary society shall, however, have the right to appeal to the Registrar against the order of the society within thirty days after the receipt of the order of the termination of membership. The decision of the Registrar shall be final and binding on all concerned. (Amended on 6.8.97)

29. Admission Of Members Before Meeting Of Its General Body. :-

No co-operative society shall admit members within one month prior to the date of a meeting of its general body.

30. Disposal Of Application For Admission Of Member. :-

1. On receipt of an application for membership, the co-operative society shall enter particulars of the application in the register of applications in the following form, giving a serial No. to the application-and shall issue a receipt in acknowledgment thereof:-

S.No.	Date of Name & Address	Decision of	Date of Receipt of applicant
committee resolution of application of committee			

2. A Cooperative Society shall dispose of an application received for admission as member as early as possible but in no case later than one month from the date of its receipt. In case the committee decides not to admit the applicant as member of the Society, the Society shall communicate its decision together with the reasons thereof to the applicant immediately thereafter in writing either in person or through the Registered Post; provided that in case of Federal Society or Financing Bank, period of disposing of application from the date of its receipt shall be three months. (Amended on 9.9.88)

3. The appeal to the Registrar against the order for refusal to admit a member shall be made within 30 days of the date of communication of refusal.

4. A person whose application for membership has been approved by a Committee of a co-operative society shall deposit the membership fee and the amount of qualifying share (s) necessary to become a member within 14 days of the information of admission as member of the society sent to him in person-or by Registered Post. If no such amount is deposited within the stipulated period, the resolution of managing Committee approving the membership of the person concerned shall become valid and in-operative. (Amended on 8,9.88)

31. Withdrawal From Membership :-

(a) Withdrawal from Membership

1. In a co-operative society with unlimited liability, a member, who is not indebted to the co-operative society and is not a surety for an unpaid debt, may withdraw from the co-operative society after giving such notice to the secretary of the co-operative society as may be laid down in the bye-laws of the co-operative society.

2. In a co-operative society with unlimited liability, a member, who withdraws or is otherwise removed or expelled from the society, shall be entitled to repayment without interest of any money paid by him or his predecessor-in-interest towards the purchase of shares after such period as may be laid down in the bye-laws.

3. Notwithstanding anything contained in the bye-laws, no member of a co-operative society with limited liability shall ordinarily be permitted to seek withdrawal or refund of his shares.

Provided that where the co-operative society has created a share transfer fund out of its net profits, its managing committee may, keeping in view the overall interest of the co-operative society, allow withdrawal of shares. ,

Provided further that such withdrawal of shares at any time shall not exceed five percent of the aggregate paid-up share capital of the society, excluding Government contributions, as it stood on the 31st March of the preceding year.

(b) Withdrawal of Members

1. Subject to the provisions of the Act, the rules and the bye-laws of a co-operative society, a member may withdraw from the society after giving three months notice to the Secretary of his intention to resign his membership of the society.

2. No resignation of a member shall be accepted by the society unless the member has paid (in full) his dues, if any to the co-operative society and has also cleared his liability, if any, as surety to any other member or otherwise.

3. Any member, whose resignation has been accepted by the co-operative society, or any heir or legal representative of a deceased member, may demand refund of the share capital held by such member or deceased member and the co-operative society shall, subject to the provisions of section 25 or section 26, as the case may be and subject to the provisions of the bye-laws, refund the amount within six months from the date of acceptance of the resignation or as the case may be, the date of demand by the heir or legal representative of the deceased member.

4. In all cases where share capital is to be refunded, valuation of the shares to be refunded shall be made in accordance with the provisions contained in rule 32.

5. Irrespective of the nature of liability of a co-operative society, the

share capital subscribed by the Government in a co-operative society or by a Central or Apex Co-operative Financing Institution will be retired in such a manner and during such period as may be determined by the Registrar from time to time.

32. Valuation Of Shares :-

1. Where a member of a co-operative society cease to be a member thereof, the sum representing the value of his share or interest in the share capital of the society to be paid to him or his nominee, heir, or legal representative, as the case may be, shall be ascertained in the following manner, namely:-

(i) in the case of a co-operative society with unlimited liability, it shall be the actual amount received by the society in respect of such share or interest;

(ii) in the case of a co-operative society with limited liability, it shall be the amount arrived at by a valuation based on the financial position of the society as shown in the last audited balance-sheet preceding the cessation of membership.

Provided that the amount so ascertained shall not exceed the actual amount received by the society in respect of such share or interest.

2. Where a person is allotted a share by a co-operative society, the payment required to be made, therefore, shall not exceed the face value of the share notwithstanding anything contained in the bye-laws of the society.

3. When a share is transferred by a member to another member duly admitted as a member of a co-operative society, the transferee shall not be required to pay anything in excess of the value of the share determined in accordance with sub-rule (1).

33. Maintenance Of Register Of Members :-

Every co-operative society shall maintain a register of members showing:-

(a) the name, address and occupation of each member, and a statement of shares held by him;

(b) the date on which the members name was entered in the register after depositing membership fee and share money;

(c) the date on which any person ceased to be a member;

(d) the nominee appointed by a member.

34. Procedure For Transfer Of Shares :-

(1) No transfer of shares shall be effective unless:-

(a) It is made in accordance with the provisions of the bye-laws:

(b) A clear fifteen days notice in writing is given to the co-operative society indicating therein the name of the proposed transferee. His consent, his application for membership, where necessary, and the value

proposed to be paid by the transferee.

(c) After the transferee has made payment of the value of the shares so transferred and paid the value of any interest to be transferred to the society, as may be agreed upon between the transferee, the transferor and the society, transfer shall be registered in the books of the society, the Transferee shall thereupon become the member of the society and shall acquire all rights of the membership and shall hold such interest as from the date approved by the managing committee.

(d) Thereafter and after all liabilities of the transferor due to the society are discharged, the transferor shall be paid the value of his shares transferred to the transferee determined in accordance with the rule 32 and the value of the other interest transferred provided the value shall not exceed the amount actually paid by the transferor in acquiring such interest in the society.

(e) The transferee shall hold such share subject to charge, if any

34A. When Membership Of A Co-Operative Housing Society May Be Transferred :-

Without prejudice to the provisions of the Act and these rules and bye-laws of the society, the membership of a member of a cooperative housing society may be transferred to a person who has acquired freehold rights in respect of a property related to such membership in that society;

Provided that in the intervening period till a person acquires free hold rights of the property, the rights of the original member shall remain suspended in the society without prejudice to the mortgage charge of the financing institution, if the original member has raised loan for the property;

Provided further that the above provision shall become operative immediately on intimation of the said transaction by the transferee to the committee of the concerned society and the Registrar for which due acknowledgement of the receipt of the communication shall be obtained by the transferee;

Provided also that the Registrar, every year shall fix and notify the transfer fee to be paid by the transferee to that society, the money so received shall be part of "Common Good Fund" for the society and shall be utilised only for common purposes, for which a separate account shall be maintained by the concerned society. (Amended on 8.8.97)

35. Nomination Of Persons :-

1. For the purpose of transfer of his share or interest under sub-section (1) of section 26, a member of a co-operative society may, by a document signed by him or by making a statement in any book kept for the purpose by the society, nominate any person or persons. Where the

nomination is made by a document, such document shall be deposited with the society during the members life time and where the nomination is made by a statement, such statement shall be signed by the member and attested by one witness.

2. The nomination made under sub-rule (1) may be revoked or varied by any other nomination made in accordance with that sub-rule.

3. The record of nomination shall be kept by a co-operative society in such manner as may be laid down in the bye-laws.

4. When a member of a co-operative society nominates more than one person, he shall, as far as practicable, specify the amount to be paid or transferred to each nominee in terms of whole share and the interest accrued in the Society.

5. The value of the share or interest transferred or paid to a nominee or nominees shall be determined on the basis of the sum actually paid by the member to acquire such share or interest unless the bye-laws provided for calculation on a different basis.

6. (i) Where a member of co-operative society has not made any nomination, the society shall, on the members death, by a public notice exhibited at the office of the society invite claims or objections for the proposed transfer of the share or interest of the deceased with the time specified in the notice.

(ii) After taking into consideration the claim or objections received in reply to the notice or otherwise, and after making such inquiries as the committee considers proper in the circumstances prevailing, the committee shall decide as to the person who in its opinion is the heir or the legal representative of the deceased member and proceed to take action under section 26, subject to any appeal which may be filed to the Registrar by any person claiming the share, or interest of deceased member within 30 days of the decision of the committee. The orders of the Registrar on such appeal shall be final and binding upon all concerned.

7. If the committee refuses to transfer the share or interest of the deceased member to his nominee or his successor-in-interest, or fails to take a decision on the application of such nominee or the successor-in-interest as the case may be, within 30 days of the date of such refusal or the date of such application, a nominee or any person claiming to be a successor-in-interest of the deceased member shall file an appeal to the Registrar, who after hearing the society and the applicant or any other person interested, shall pass such order as he may deem fit and on such condition as he may impose and order made by the Registrar shall be final and binding on all concerned.

35A. Procedure For Expulsion Of Members :-

1. Notwithstanding anything contained in the bye-laws, any member who has been persistently defaulting in payment of his dues or the payment of

claims made by a housing society for raising funds to fulfill its objects, has been failing to comply with the provisions of the bye-laws regarding sales of his produce through the society or other matter in connection with his dealings with the society or who, in the opinion of the committee, has brought disrepute to the society or he has done other acts detrimental to the interest or proper working of the society, the society may by a resolution passed by a majority of not less than three fourths of the members entitled to vote who are present at a meeting of the committee held for the purpose, expel a member from the society;

Provided that prior to placing the matter before the meeting of the committee, the member concerned shall be served with three registered notices in this regard and in case of member of a housing society, also a public notice in a leading newspaper regarding the proposed expulsion shall be given fifteen days prior to holding of the committee's meeting:

Provided further that no resolution shall be valid, unless the member concerned has been given an opportunity of representing his case in the committee of the society. (Amended on 6.8.97)

2. When a resolution passed in accordance with sub-rule (1) or (2) is sent to the Registrar or otherwise brought to his notice, the Registrar may consider the resolution and after making such enquiry as to whether full and final opportunity has been given under sub-rule (1) or (2) give his approval and communicate the same to the society and the member concerned within a period of 6 months. The resolution shall be effective from the date of approval. (Amended on 24.5.82)

3. Expulsion from membership may involve forfeiture of shares held by the member. The share shall be forfeited with the prior permission of the Registrar. In that event, the value of the share forfeited shall be credited to the reserve fund of the society.

4. No member of a co-operative society who has been expelled under the foregoing sub-rule shall be eligible for re-admission as a member of that society or for admission as a member of any other society of the same class for a period of three years from the date of such expulsion.

Provided that the Registrar may, on an application either by the society or the member expelled and in special circumstances, sanction the re-admission or admission, within the said period, of any such member as a member of the said society or of any other society of the same class, as the case may be. Before giving such sanction for re-admission or admission by the Registrar, an opportunity of hearing may be given to both the society and member concerned. (Amended on 24.5.82)

36. Penalty/Equalization Charges From New Members Of Housing Society :-

Penalty for belated payment or equalisation charges for new membership on enrolment at the advanced stage of construction, and payment of interest to a member who has resigned his membership In a group

housing cooperative society.

1. In case of default in payment of demand in cooperative group housing society by the members equalisation charges on enrolment as a member against vacancy and payment of interest on resignation by member, the maximum rate of interest charges shall be as under, which shall be approved by a resolution of the general body of the society:-

(a) for default of payment of installment upto six months - @ 12% per annum.

(b) for default of payment of installment upto one year - @ 15% per annum.

(c) for default of payment of installment for more than one year - @ 18% per annum.

(d) Equalisation charges/interest to be charged from the member enrolled at the advance stage of construction @ 24% per annum.

(e) interest to be paid by a group housing society to a resigned/expelled member on the amount deposited after deducting the administrative expenditure incurred by the society @ 7% per annum.

2. The Registrar shall be competent to review the above rates periodically. (Added on 6.8.97)

37. List Of Members Of Co-Operatives :-

1. Every co-operative society shall prepare a list of its members as on the last day of each co-operative year. The list shall be kept open at the office of the society, during office hours for inspection by the any member of the society. The list of members shall be revised thirty days prior to the date of the meeting fixed for the election of the committee of the society and shall include the members admitted and exclude the members removed during the period commencing from the date when the list was last revised and ending with the date of the revision of the list. The list shall be in Form 10.

2. A list drawn in accordance with sub-rule (!) shall be supplied by the society to the member on payment of Rs. 10/- per 100 members or part thereof. (Amended on 6.8.97)

38. Restriction Of Defaulting Member To Vote At The Election. :-

Restriction on defaulting member to vote at the election:- No member including the primary society in case of federal society shall be eligible to vote at the meeting fixed for any election, if on that date thirty days prior to such meeting, a member is a defaulter to the society or is a representative of defaulting society against whom a decree has been passed under section 61. (Amended on 6.8.97)

39. Disabilities Of A Defaulting Member. :-

1. No member of a co-operative society, who is in arrears to the society in respect of any loan taken by him, for such period as is specified in its bye-laws or in any case for a period exceeding three months, shall be appointed to represent the society in any other co-operative society and to vote on its behalf in such other co-operative society.

2. Where a member of a co-operative society so appointed falls in arrears to the society for the period specified in sub-rule (1), subsequent to his appointment, he shall cease to be representative of the society as from the end of the said period.

40. Cessation Of Membership. :-

Without prejudice to the provisions of section 27, a person shall cease to be a member of a co-operative society on his resignation from the membership thereof being accepted or on the transfer of the whole of his share or interest in the society to another member, or on his death, removal or expulsion or incurring any of the disqualifications specified in the Act and the rules.

41. Inspection Of Documents In The Registrars Office By Members Of Societies And The Scale Of The Fees For Supply Of Copies Of Documents.

:-

1. A member of a co-operative society or any member of the public may inspect the following documents in the office of the Registrar, and may obtain certified copies thereof, on payment of the following fees:-

Per 200 Words or less

(i) Application for registration of a co-operative society. 75 P

(ii) Certificate of registration 75 P

(iii) Bye-laws of societies 75 P

(iv) Amendment of bye-laws of a society 75 P

(v) Order of cancellation of the registration of a society 75 P

(vi) Audit report of a society 1 Rs.

(vii) Annual balance sheet 1 Rs.

(viii) Order under section 59 75 P

(ix) Order referring a dispute for decision 75P

(x) Order of supersession of a committee or

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removal of any member thereof 75 P

(xi) Any decision, order award, and judgement against which an appeal is provided. 50P

2. A member of the co-operative society or a member of public can inspect all or any of the documents referred to in sub-rule (1) after paying inspection fee of Re. 1. The inspection fee of any of the above documents will be for all or any of these documents which shall be

specified in the application for inspection.

3. An application accompanied by a receipt for the approximate amount deposited with the Registrar, of the charges for inspection or obtaining copy shall be made to the Registrar specifying the nature of document required. All such applications shall be complied within a fortnight of the receipt of the application. Any deficiency in copying charges shall be made up at the time of taking delivery of the copy. If the receipt for deposit of the amount is not attached the application will not be considered valid.

4. A copy of any of the documents referred to in sub-rule (1) shall be certified by the Assistant Registrar as true copy of the original with the following endorsement made thereon:-

- (i) Date of receipt of application.
- (ii) Date on which the copy was ready for delivery.
- (iii) Date on which delivered.
- (iv) Copying charges.
- (v) Certified to be true copy of the original.

Prepared by

Signature

Asstt. Registrar.

Checked by Seal:-

Where under any rule or order a copy of any decision, order award and judgment is required to be attached with the memorandum of appeal, only a copy having the endorsement referred to in this subrule and signed by the Assistant Registrar shall be a valid copy for that purpose.

41. A Deleted on 6.8.97

CHAPTER 4 Management of Cooperative Societies

42. Closing Of Accounts :-

Every co-operative society shall maintain accounts and book for the purpose of recording business transactions by it and close them every year on 31st March, by the 30th April. Each closing entry in the cashbook, in each ledger account shall be signed by the President, the Secretary and the Treasurer or any other approved members of the society authorised by the Managing Committee. The closing balances, which are thus authenticated, shall be carried forward to the following year commencing on the 1st April. For the purposes of calling the annual general body meeting as provided in section 29, the date fixed for making up the accounts for the year shall be 30th April of each year (Amended on 18.5.89)

43. Accounts And Other Books To Be Maintained By Societies. :-

Every co-operative society shall keep and maintain the following accounts and books for the purpose of recording the business transacted by it:-

- (a) Minute books for recording the proceedings of the general body.
- (b) Register of applications for membership containing the name and address of the applicant, the date of receipt of application, the number of shares applied for and in case of refusal, the date of communication of the decision refusing admission to the applicant.
- (c) Admission book, showing the name and address of each member, the date of admission, the shares taken by him and the amount of share capital, if any refunded to him together with the date of each such payment and refund.
- (d) Nomination register.
- (e) Cash book, showing daily receipts and expenditure, and the balance at the end of each day.
- (f) Receipt book, containing forms in duplicate, one of each set to be issued for money received by the society and the other to serve as counterfoil.
- (g) Voucher file, containing all vouchers for contingent expenditure incurred by the society, numbered serially and filed chronologically.
- (h) Ledger of borrowings, showing deposits and other borrowings of all kinds.
- (i) In the case of societies issuing loans:-
 - (i) Loan ledger, showing the number and date of disbursement of each loan issued to members the amount of loan, the purpose for which it is granted and the date or dates of repayment, distinguishing principal and interest.
 - (ii) Liability register showing the indebtedness of each member to the society whether on account of loan taken directly by him or on account of loan which he stands as surety.
- (j) In the case of a society with unlimited liability, property statement of members showing the assets "and liabilities of each individual member on the date of his admission with full details of the property including the survey number of the lands, the statement being revised as often as may be necessary and in any case at least once in three years and such statements being entered in a register in a stitched volume
- (k) In the case of a society, the working capital of which exceeds twenty thousand rupees, general ledger showing receipts and disbursements and the outstanding under various heads from day to day.
- (l) In the case of a Co-operative bank, register of fluid resources showing the immediate liabilities of the society and the extent of fluid resources available to which the Banking Regulation Act, 1949 applies according to the instructions of the Reserve Bank.
- (m) Monthly register of receipts and disbursements.
- (n) Register of dividend.

44. Power Of Registrar To Direct Accounts And Books To Be Written Up. :-

The Registrar may, by order in writing, direct any co-operative society to get any or all of the accounts and books required to be kept by it under rule 43 written up to such date, in such form and within such time as he may direct. In case of failure by any co-operative society to do so, the Registrar may depute an officer subordinate to him to write up the accounts and books. In such case it shall be competent for the Registrar to determine, with reference to the involved in the work and the emoluments of the officer deputed to do so, the charges which the society concerned shall pay to the Government and to direct its recovery from the society.

45. Certifying Of Entries In Books. :-

1. For the purpose specified in sub-section(i) of section 41, a copy of any entry in a book of a society regularly kept in the course of business shall be certified:-

(i) by the President or Secretary and by not less than two members of the committee.

(ii) where an order has been passed under section 32 dissolving the committee and appointing an administrator by the Registrar, or any officer authorised by him.

(iii) where an order has been passed under sub-section (1) of section 66 appointing a liquidator of the society by the Registrar.

2. Every certified copy shall bear the seal of the co-operative society.

46. Registrar May Require Statements And Returns To Be Furnished. :-

1. Every co-operative society shall prepare for each co-operative year.

(a) a statement showing the receipts and disbursements for the year in Form 11;

(b) a profit and loss account in Form;

(c) a balance-sheet in Form 13; and

(d) such other statement or return as may be specified by the Registrar from time to time.

2. Every balance sheet of a co-operative society shall give a true and fair view of the state of affairs of the society as at the end of the Co-operative year. Every profit and loss account of the society shall give a true and fair view of the profit and loss of the society for the Co-operative year. Every Co-operative society shall submit to the Registrar annually within April each year a copy of each of the statements specified in sub-rule (1) (Amended on 18.5.89).

Explanation - For purposes of this sub-rule reference to balance sheet or profit and loss account, shall include any subsidiary statements or documents annexed thereto and any notes thereon.

3. Without prejudice to sub-rule (1) every consumers society and every producers society, any other society, if so, required by the Registrar by order shall submit to him annually within such time as may be specified in that order, a statement of verification of the stock at the close of the preceding co-operative year of articles in which the society transacts business.

4. In case of failure by any society to submit any statement or return specified in sub-rule (1), (2) or (3) within the time specified therein, the Registrar may depute an officer to prepare the necessary statement or return. In such cases it shall be competent for the Registrar to determine with reference to the time involved in the work and the emoluments of the officer deputed to do so, the charges which the society concerned shall pay to the Government and to direct its recovery from the Society.

47. Reservation And Destruction Of Books And Records Etc. :-

The books and records of a co-operative society shall be preserved as is set forth in scheduled I or as may from time to time be directed by the Registrar. A list of record destroyed from time to time shall be prepared and kept by the secretary.

48. Officers Who Are To Maintain The Account Books. :-

1. The committee of a co-operative society shall specify which of the officer of a society shall :-

- (a) keep the books of account;
- (b) keep other books and registers; and
- (c) prepare returns and statements

Provided that a person charged with the keeping of accounts shall not be the incharge of cash.

2. If the committee of a co-operative society has not specified the officers required to be specified in sub-rule (1) notwithstanding anything contained in the bye-laws of the society, the following officers shall be responsible for keeping accounts, record etc. indicated against each namely:-

(a) Treasurer

He shall keep or cause to be kept all the books of accounts and vouchers and shall prepare or cause to be prepared annual profit and loss account, receipt and disbursement Account and the Balance sheet. Whosoever may be writing these books of accounts, they shall always be deemed to be in his custody, possession, power and control. He shall be responsible for their safe delivery to his successor after making a list of documents handed and taken over.

(b) Secretary

He shall keep or cause to be kept all other records of the society and shall be responsible for preparation and submission of various returns to the

Registrar. Whosoever may be keeping these records, these shall always be deemed to be in his custody, possession, power and control. He shall be responsible for making over the charge of his record to his successor under proper charge report to be signed by the relieving and the relieved officers.

(c) Cash

Cash balance in hand shall always remain in the hand of the Treasurer or any other official appointed by the committee and such treasurer or official authorised shall sign the cash book against closing cash in hand. (Amended on 24.5.82)

49. Minimum Staff To Be Employed. :-

1. Every co-operative society shall from time to time determine at a meeting of the committee the minimum members of paid staff required for its business. The committee shall prescribe their qualifications and experience and the emoluments. The committee shall be competent to appoint, dismiss or remove any paid staff.

2. The minimum paid staff for a co-operative bank and any co-operative society with a working capital or annual transactions of rupees five lakhs or over shall be:-

(i) One Secretary or Manager.

(ii) One Accountant.

(iii) One Cashier.

50. Qualifications Of Paid Staff. :-

1. In. the Co-operative Societies of all classes including Financing Bank, the appointment of paid staff shall be subject to such directions as the Registrar may from time to time issue in regard to their technical and educational qualifications and in regard to their minimum number and pay and allowances and security deposits.

2. No society of the class referred to in sub-rule (1) shall appoint any person as its paid officer or servant in any category of service, unless he possesses the qualifications prescribed by the Registrar from time to time. No society shall retain in service any paid officer or servant if he does not acquire the qualifications within such time as the Registrar may direct. The Registrar may, for special reasons, relax in respect of any paid officer or servant or a class of officer or servants the provisions of the rule in regard to qualifications etc. No near relative of any member of a committee or a member of the committee of financing bank to which the society is indebted shall be appointed as its paid staff. (Amended on 6.8.97)

51. General Body Meetings. :-

1. Without prejudice to the provisions of section 29 and 30, the meetings

which shall be convened by a co-operative society of its general body shall be:-

- (a) preliminary general meeting;
- (b) annual general meeting; and
- (c) special general meeting.

2. Notwithstanding anything contained in the Act, rules and bye-laws, every co-operative society shall within a period of not less than one month and not more than three months from the date of its registration, hold a general meeting which shall be called "preliminary general meeting". In this meeting the following business shall be discussed and decided:-

- (a) Approval of allotment of shares, amount collected and amount spent in connection with registration of the society before registration.
- (b) Election of members of the committee.
- (c) Programme of activities and the budget estimates for the ensuing year.

3. Without prejudice to the provisions of section 29, every co-operative society shall hold a meeting of its general body which shall be styled its Annual General Meeting" at the intervals and in accordance with the provisions specified below: -

- (a) the first annual general meeting shall be held within eighteen months of its registration.
- (b) the next annual general meeting shall be held by the society within six months of 15th April following the expiry of the co-operative year in which the first, annual general meeting was held and thereafter an annual general meeting shall be held within six months after 15th April following the expiry of each co-operative year. (Amended on 18.5.89)
- (c) except in the case where in the exercise of his power under section 29, the Registrar has extended the time for holding the annual general meeting by any co-operative society, not more than fifteen months shall lapse between the date of one annual general meeting and that of the next.

(d) where a managing committee of the society fails to hold the general body meeting within the prescribed time limit referred to above, the Registrar, shall call a general body meeting of the society to transact the business as provided under section 29 and the expenditure incurred thereon shall be a charge on the delinquent members of the committee of the society who have failed to conduct the general body meeting of the society within the prescribed time limit. The said amount shall be recoverable as arrears of land revenue from such delinquent members of the committee of the society by the Registrar. (Added on 6.8.97)

4. A requisition for a special general meeting to be convened under section 30 shall state the object of the meeting time and date of the meeting, and shall be signed by the members or the Registrar, as the case may be, and shall be sent to the registered office of the society.

On receipt of the requisition as aforesaid, it shall be considered by the committee of the society which shall convene the special general meeting or direct its Secretary to convene the special general meeting. At special general meeting no business other than that specified in the notice shall be transacted.

52. Constitution Of A Representative General Body. :-

1. A co-operative society with limited liability may, if its area of operation extends to the whole of the Union Territory of Delhi or its membership exceeds three thousand, provide in its bye-laws for the constitution of a representative general body.

2. Where a co-operative society so provides in its bye-laws to constitute a representative general body. it shall with the permission of the Registrar, divide its members into different groups on a territorial or other basis.

3. The bye-laws of such a society may specify the number or proportion of the members of the representative general body who may be elected to represent each such group:- .

(a) by all the members of the society;

(b) by the only that particular group of members of the society to which such representatives belong.

4. The members who are elected to represent each such group shall be called delegates. A delegate shall hold office and attend general meetings till fresh delegates are elected in their places. Each delegate shall have one vote. A member shall cease to be a delegate if he:-

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

(b) resigns his office as a delegate.

A casual vacancy in the office of a delegate in any area or group shall be filled by election by members in the area or group concerned.

53. Quorum Of A General Meeting. :-

1. Notwithstanding any thing contained in the bye-laws, the quorum for a general meeting shall be one third of the total number of members subsisting as such on the date of notice of the meeting subject to a minimum of ten members.

2. No business shall be transacted at any general meeting unless there is a quorum at a time where the business of the meeting is due to commerce.

3. If within one hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned for half an hour on the same day, which should be specified in the notice calling the meeting, but if the meeting is called upon the requisition of the members of the society (not the Registrar) it shall stand dissolved. (Amended on 6.8.97)

Provided that at the adjourned meeting, no quorum shall be necessary.

4. If at any time during the meeting sufficient number of members is not

present to form a quorum, the Chairman/President of the meeting, on his own motion or on his attention being drawn to this fact, shall adjourn the meeting at such convenient time, date and place as he thinks fit, and the business to be transacted at the adjourned meeting shall be transacted in the usual manner even if no quorum is there present.

54. Powers Of Annual General Meeting. :-

1. Without prejudice to the provisions of section 29, the general meeting alone shall have the power to transact the following business:-

(a) Fixing the maximum credit limit of a co-operative society subject to the approval of the Registrar.

(b) Election, suspension and removal of members of the committee other than the nominated members. Provided that an interim vacancy of the committee may be filled up by Co-option by the remaining member of the committee till the election is held.

(c) Expulsion of the members.

55. Voting In General Meeting. :-

1. A resolution which is put to the vote of a general meeting shall be decided by a show of hand unless (whether before or after the declaration of the result of the show of hands) a poll is demanded by at least ten members and agreed to by the Chairman and if no poll is demanded, a declaration by the Chairman of such meeting that a resolution has been carried or lost and an entry to that effect in the minutes of the proceedings shall, for the purposes of the Act, be conclusive proof of the fact that such resolution has been duly carried or lost but. It shall not be proof of the number or proportion of the votes recorded in favour of or against such resolution.

2. If a poll is demanded, the votes shall be taken in such manner and at such time as the Chairman of the meeting directs subject to any provision in the bye-laws in this behalf, and the result of such poll shall be deemed to be the decision regarding the resolution over which the poll is demanded.

3. Subject to the Rules and the bye-laws, when a poll is taken the* voting may be by ballot, if the Chairman of the meeting so decides.

4. When a poll is taken the number of members voting for or against a resolution shall be recorded in the minutes of the proceedings.

56. Length And Service Of Notice For Calling General Meeting. :-

1. Annual general meeting of a co-operative society may be called by giving not less than 14 days notice in writing.

2. Special general meeting of a co-operative society may be called by giving not less than seven days notice in writing.

3. Notwithstanding anything contained in the bye-laws, when a general

meeting is called under the proviso to sub section (1) of section 29, or in pursuance of sub-section (2) of section 30, the Registrar may determine the period of notice for such meeting, the time and place of the meeting and the subject to be considered thereat. Registrar may preside over such meeting or authorise any person to so preside.

4. Notice of every general meeting of a co-operative society shall be given to every member of the society either personally or by sending it by post to him at his registered address in the Union Territory of Delhi, or if he has no registered address in Delhi to the address if any out of Delhi supplied by him to the society for giving notices to him. Where the notice is sent by post, service thereof shall be deemed to be effected after the expiry of forty-eight hours after the letter containing the notice is posted by properly addressing, prepaying and posting it, provided that where a member has intimated to the society in advance that notice of a general meeting should be sent to him by registered post with or without acknowledgement due and has deposited or has given under taking to deposit with the society a sum sufficient to defray the expenses of doing so, the service of the notice shall not be deemed to be effected unless it is sent by registered post.

5. The accidental omission in the opinion of the Registrar to give notice or a non-receipt of notice by any member shall not invalidate the proceedings at the general meeting.

6. The notice of an annual general meeting shall be accompanied by a copy each of audited balance-sheet profit and loss account together with the audit report thereon relating to the preceding year and the report of the committee. (Amended on 24.5.82)

57. Minutes Of General Meeting. :-

1. Every co-operative society shall cause minutes of proceedings of general meetings to be entered in a book kept for that purpose.

2. Unless the minutes are drawn up and are duly signed by the Chairman immediately on the termination of the meeting, the minutes free from all alterations or corrections, shall be drawn up and shall be signed by the Chairman of the meeting within four working days from the time when the meeting terminated, the minutes so signed shall be evidence of the proceeding of the meeting. (Amended on 24.5.82)

3. Until the contrary is proved, every general meeting of a society in respect of the proceedings where of minutes have been so recorded shall be deemed to have been duly called and held.

58. Election Of Committee. :-

1. Notwithstanding anything contained in these rules or the bye-laws and without prejudice to the generality of the powers of the Lt. Governor, in sub-section (1) of section 31, election of members of the committee of a

class of society specified below shall be conducted in the manner given in Schedule II, namely:-

- (a) Federal Society.
- (b) Financing Bank.
- (c) Consumers Society.
- (d) T & C Urban Co-operative Banks.
- (e) Housing Societies.
- (f) Any other society whose membership exceeds two hundred.

2. Notwithstanding anything contained in the bye-laws, the election of the members of the committee of a society of any class not falling under classes specified in sub-rule (1) shall be by show of hand in the manner given in Schedule III unless a poll is demanded in which case it shall be held by secret ballot.

3. Every cooperative society shall hold elections of its committee in the manner as prescribed in Sub-Rule (1) or (2) above, as the case may be, within 30 days from the expiry of one year from the date of last election of its committee.

Provided that in case a cooperative society fails to conduct election of its committee within the period specified above, the Registrar may after issuing the requisition under section 50 (1) of the Act, appoint an election officer to call a Special General body Meeting of the cooperative society and hold election of its committee provisionally within 60 days from his appointment.

Provided for the reason beyond the control of the election officer he may conduct the election of the committee, after the expiry of 60 (sixty) days by taking extension of time from the Registrar. The Registrar may grant extension of time for conducting election specifying the reasons for such extension. (Added on 9.9.88)

4. Notwithstanding anything contained in Rule 62 herein after provided where the Registrar appoints election officer under Sub-Rule (3) he shall order the election of all the members of the committee irrespective of their terms of retirement there under.

Provided that all such elections shall be conducted by secret ballot by the Election Officer appointed by the Registrar irrespective of any provisions made there under in Sub-Rule (1) and (2) and schedule II & III under Rule 58. (Added on 9.9.88)

5. In all cooperative societies, including the class of cooperative societies prescribed for the purpose of sub-section (1) of section 31, two posts shall be reserved for women in the committee;

Provided that in case no woman comes forward to contest the election, the committee shall be competent to co-opt women member(s) subsequently within a period of one month of the election. (Added on 8.8.97)

58A. Election In Prescribed Societies :-

For the purpose of sub-section (1) or section 31, the classes of co-op. societies are prescribed as under:-

(1) Societies constituted under the multi-unit Co-operative Societies Act 1942.

(2) Federal Co-operative Societies.

(3) Financing Bank.

(4) Urban Thrift and Credit Banks. (Added on 24.5.82)

Provided that in the case of a federal cooperative society, the primary society shall be asked to intimate the name of the its delegate who is not a defaulter to the society or any other society on or before the prescribed date for the purpose fixed by the returning officer appointed by the Lt. Governor. In respect of the delegate so nominated by a primary society, his details alongwith photograph, a copy of the resolution of the primary society shall be forwarded to the returning officer so as to reach his office on or before the prescribed date. if any society has not responded to the notice of the returning officer upto the prescribed date and tune, the said primary society shall not be eligible to participate in the elections to be conducted thereafter. (Added on 6.8.97).

59. Disqualifications For Membership Of Committee. :-

No person shall be eligible for election as a member of the Committee if:-

(a) he is in default to any co-operative society in respect of any sum due from him to the society; (Amended on 8.8.97)

(b) he has, directly or indirectly, any interest in any contract to which the co-operative society is a party except in transaction made with the co-operative society as a member in accordance with the objects of the society as stated in the bye-laws:

(c) he has, at any time during a period of one year prior to the date of scrutiny of nomination papers, when engaged in any private business, trade or profession of any description which is carried on by the society:

(d) he has committed any offence involving dishonesty or moral turpitude during the period of five years prior to the date of scrutiny of nomination paper or he has been ordered to repay or restore the property or money or any part thereof under sub-section (2) of section 59 by the Registrar. (Amended on 8.8.97)

(e) he is subject to any of the prohibitions contained in rule 60;

(f) he, during a period of 12 months proceeding the date of filing of nomination papers, has been carrying on, through agencies other than the Co-operative society of which-he is member, same business as being carried out by the Society. .

(g) he is a member of an elected committee of any co-operative society which has ceased to function or which has not fulfilled its objects as stated in its bye-laws and has been included in the list of D class societies maintained by the Registrar, or is a member of an elected committee of a society which is under winding up process;

(h) he has ceased to be a member of an elected committee of any co-operative society within a period of one year preceding the date of inclusion of such society in the list of D class societies maintained by the Registrar on the operation of order of winding up of such society under section 63:

(i) he incurs any other disqualification laid down in the bye-laws of the society;

(j) he is a near relative of paid Employee of the Society. (Amended on 24.5.82)

(k) he has not completed minimum period of one year from the date of acquiring membership in the society: (Added on 8.8.87)

(l) a person shall not be eligible to contest election for the committee/board of directors of any class of cooperative society simultaneously on two seats; Provided that if a sitting member contests the election for another seat, he shall resign from that seat before filling the nomination paper. (Added on 6.8.97)

60. Cessation Of Membership Of Committee. :-

A member of the committee shall cease to hold his office as such if he:-

(a) continues to be in default in respect of any sum due from him to the co-operative society for such period as may be laid down in the bye-laws,

(b) ceases to be a member;

(c) is declare insolvent;

(d) becomes of unsound mind;

(e) is convicted of an offence involving dishonesty or moral turpitude; or

(f) becomes subject to any disqualification which would have prevented him from seeking election, had he incurred that disqualification before election. Explanation (Deleted on 24.5.82)

61. Prohibition Against Being Interested In Contracts Etc. :-

1. Without prejudice to the provisions of the bye-laws, no officer of a co-operative society shall have an interest directly or indirectly, otherwise than as such officer:-

(a) in any contract made with the society; or

(b) in any property sold or purchased or leased by or to the society: or

(c) in any other transaction of the society except as investment made or as loan taken from the society or the provision of residential accommodation by the society to any paid employee of the society.

2. No officer of a co-operative society shall purchase directly or indirectly, any property of a member of the society sold for the recovery of his dues to the society.

3. The prohibitions contained in this rule shall continue to apply for a period of two years after a person ceases to be an officer of the society.

62. Terms Of Office Of Members Of Committee :-

Deleted on 6.8.97

63. Term Of Office Of Member Of Committee Who Is Delegate Of Another Society. :-

A delegate of one society sitting on the committee of another society shall vacate his seat in such committee: -

- (a) if the society which elected him as a delegate withdraws him or elects another delegate in his place; or -
- (b) if the committee of the society which elected him as a delegate has been superseded; or
- (c) if the society of which he is a delegate becomes defunct or commits default and continues to be a defaulter for a period exceeding three months: or (d) if the affairs of the society of which he is a delegate are ordered to be wound up.

64. Constitution And Strength Of Committee Of Financing Bank. :-

Notwithstanding anything contained in the Bye-laws of the Financing Bank, the Maximum strength of the Board of Directorate shall be 19 including three Government Nominees, nominated by the Government. The Nominee Directors will be one from the Finance Department, Govt. of NOT of Delhi, one from Cooperative Department and the third will be Managing Director/Chief Executive Officer of the Bank who would act as Member Secretary of the Board. The remaining 16 Directors shall have five Institutional Directors and 11 elected Directors as under: -

(a) Institutional Directors: -

- (i) One seat reserved for Urban Cooperative Banks Federation.
- (ii) One seat for Delhi State Coop. Union.
- (iii) One seat for Delhi Cooperative Housing Finance Corp.
- (iv) One seat for Delhi State Agricultural Coop. Marketing & Supply Federation Ltd.
- (v) One seat for Delhi State Women Cooperative Marketing & Service Federation Ltd.

Note: -The above institution shall nominate their representatives who shall be either President/Chairman or General Secretary/Secretary of the Institution concerned.

(b) Elected representatives (Directors)

- (i) Two representatives of Urban Thrift & Credit Cooperative Societies.
- (ii) Three Representatives from Agricultural Credit/Non-Agricultural Credit Societies which will include Agricultural Marketing/Fruit & Vegetable Growers Marketing Cooperative Societies/Federation, excluding Delhi State Coop. Agricultural Marketing & Supply Federation Ltd.
- (iii) One representative by weavers (Handloom) Cooperative Societies.

(i v) One representative by Industrial/Leather/Labour/Transport Cooperative Societies including individual members.

(v) One representative by Consumer Stores/Housing Cooperative Societies/Group Housing Societies.

(vi) One representative by economical weaker section cooperative societies.

Note: - Economically weaker sections as provided for in Sub-section (6) of section 31 of the Act will be deemed for the purpose of (vi) above, a society where the minimum membership in such society shall be more than 50% of the total membership consisting of land owners not owning more than one acre of land or tenants on agricultural land.

(vii) One representative of SC/ST Cooperative Societies (Reserved).

(viii) One representative of Women Cooperative Societies other than Federation (Reserved).

Note: - For the purpose of SC/ST & Women Cooperative Societies mentioned in (vii) & (viii) above respectively minimum membership in such societies of the respective category shall be more than 50% of the total membership of the respective categories.

(1) Provided that the election of the different categories shall be by votes of the same category of the society for their representatives.

(2) The Board of Directors shall elect a president out of the Directors and the election of the President shall be conducted by the Returning Officer within a week after the declaration of Directors result.

(3) The President can only be removed from his office by votes of no confidence by a majority of three-fourth members of the Board of Directors. (Amended on 24.1.2001) vide (Notification No. F42/DSCB/U/BKG/Coop/532-539)

65. Meetings Of The Committee :-

1. A committee of a co-operative society shall exercise all the powers of the society, discharge all the duties as may be specified in its bye-laws by means of resolutions passed at its meetings. No resolution shall be passed by circulation.

2. A committee shall meet as often as required but a meeting shall be held at least once in every month, in case of Primary Societies and one in three months in case of Federal Societies and Financing Bank provided that where the committee fails to hold meeting for 3 consecutive months in case of primary Coop. Societies and 9 months in case of Federal Societies and Financing Bank, the Registrar may appoint the Election Officer for conducting the Election of the managing committee of such Primary Society, Federal society or Financing bank. (Amended on 24.5.82)

3. Notice of every meeting shall be given to every member of the committee in writing under the signature of the President or Secretary at least 5 days prior to the scheduled date to meeting which must be served

either personally or by post under certificate of posting. Where the notice is sent by post services thereof shall be deemed to be effective after the expiry of 48 hours after the letter containing the notice is posted properly, addressing, prepaying, posting it. Provided that where a member has initiated to the society in advance that notice of a committee meeting should be sent to him by Registered post with or without acknowledgement due and has deposited or had given undertaking to deposit with the society a sum sufficient to defray the expenses of doing so, the service of notice shall not be deemed to be effective unless it is sent by Registered Post. However, in case of an emergent meeting, the service of such notice of the emergent meeting must be ensured at least 24 hours before the scheduled date and time of the meeting. (Amended on S.9.88)

4 If a member of the committee of a society fails to attend its three mandatory meetings (monthly)/(quarterly) consecutively, he shall be given notice of it by registered post and shall be deemed to have vacated his office and from that date shall cease to be a member of the committee, the vacancy shall be filled by co-option by other members of the committee. (Amended on 6.8.97)

5. Notwithstanding anything contained in the bye-laws of any co-operative society, the committee of a co-operative society shall cause minutes of all proceedings of its meeting to be entered in the book for the purpose in handwritten at the spot in presence of members present and voting. The minutes of each meeting shall contain the names of the members present, names of the members, if any, dissenting from or not concurring in and of its religion. At the end of the minutes each member present and voting shall sign them. If the minutes are not made and recorded in this manner they shall not be considered valid and under such circumstances, it shall be presumed that no meeting was held.

Provided that in case of urban cooperative banks, urban thrift and credit societies and co-operative federations, the proceeding shall be signed by the Chairman of the meeting and shall be confirmed in the next meeting of the committee. (Amended on 6.8.97)

6. Notwithstanding anything contained in the bye-laws of the co-operative society, the quorum for a committee shall be one third of the total number of the members of committee subject to a minimum of three. (Amended on 6.8.97)

66. Suppression Of Committee. :-

I. The notice to show cause why the committee of a co-operative society shall not be removed under section 32 shall contain the grounds on which the proposed action is contemplated and shall be addressed to the Chairman/President of the society and sent to him at his last known address, if any, or at the registered address of the society by registered post. The service of the notice shall be complete as soon as the letter

containing this notice is posted.

2. As soon as the Registrar under section 32 makes the order removing the committee. All the members of the committee shall be deemed to have vacated their respective offices from the date of the order and shall hand over charge of the assets and liabilities and record of the society to a person appointed by the registrar or to the Administrator appointed by him.

CHAPTER 5 Privileges of a Cooperative Society

67. Form Of Declaration To Be Made By Members Borrowing Loans. :-

1. A declaration required to be made under clause (i) and clause (ii) of section 37, shall be in Form 14.

2. A register of such declaration shall be kept by the co-operative society in Form 15.

3. A charge on any immovable property created by a member in favour of a co-operative society for amount borrowed or likely to be borrowed by him, from time to time, shall, subject to the provisions of clauses (iv) and (vi) of section 37 continue in force till the person creating the charge ceases to be a member of the society.

4. Where a member of a society creates a charge on his land or on his interest in any land as a tenant by declaration under-section 37, the society may, if compelled to make use of such property for the recovery of the loan granted to such member against the security of such property or interest in the property, utilise the whole or any portion of such property which may be sufficient to satisfy the amount due with interest and any incidental expenses incurred in that connections.

5. Where a charge is created by a member on his land or on his interest in any land as a tenant by declaration under section 37 society, shall record or cause to be recorded such particulars of charge in the Record of Rights maintained by the village officers of the village where such property is situated. Such recording of the charge in the Record of Rights of the village shall be treated as a reasonable notice of such charge created under section 37.

6. Without prejudice to the generality of the powers given in Explanation below section 37. Financing Bank, all agricultural credit and non-credit co-operative societies shall come within the purview of section 37 from the commencement of the rules. (Amended on 9.9.88)

68. Restriction On Borrowing By Society With Limited Liability. :-

1. A cooperative society shall receive deposits and loans only to such extent according to the following parameters or as per provisions contained in the byelaws. The general body of a society shall be

competent to fix the maximum credit limit in respect of the society based on the audited accounts and the committee of a society shall be competent to fix the maximum credit limit of an individual borrower. (Amended on 6.8.97)

2. The M.C.L. of a co-operative society may be fixed by the general body at any limit but not exceeding the limits given below:- .

(i) Society other than Consumers, Housing and Financing Bank

(a) Society classified A during the last audit.

Seven times the paid-up share capital plus accumulated reserves and undistributed profits minus the total of losses and loans falling overdue payable to Financing Bank and other agencies.

(b) Societies classified B and C during the last audit.

Five times the paid-up share capital plus accumulated reserves and undistributed profits minus the total of losses and loans fallen overdue payable to Financing Bank and other agencies.

(c) Societies classified D during the last audit and newly registered Societies.

Three times the paid share capital less loss and over-dues.

Explanation - The classification of societies as (A) (B) (C) (D) shall be made on the norms specified in Schedule (VI) (Annexed). (Added on 24.5.82)

(ii) Consumers Societies.

Against hypothecation or pledge of goods, the M.C.L. will be equal to the aggregate of paid-up share capital, accumulated reserves, undistributed profits and value of the goods in stock hypothecated or pledged.

(iii) Housing Societies.

Twenty times the paid-up share capital plus accumulated reserves and profits provided the repayment of principal and interest is secured by mortgage or pledge of tangible assets and securities.

(iv) Financing Bank.

Fifteen times the paid-up share capital plus accumulated reserves minus losses, actual bad debt and overdue interest recoverable.

Provided that the Registrar may reduce or increase the above M.C.L. at the time of according his approval, (3) A co-operative society which accepts deposits and loans from members alone and has no liability to any person other than the members, may receive deposits and loans from the members in excess of the limit referred to in sub-rule

(3) if the excess amount is deposited in the fixed deposit account with the Financing Bank or is invested in Govt. securities specified in section 20 of the Indian Trust Act, 1882 provided that the amount so deposited or invested or any part thereof is not withdrawn or otherwise utilized except for the payment of the deposit accepted in excess of the aforesaid limit.

69. Raising Of Funds Of Co-Operative Societies. :-

1. Every co-operative society, which has a share capital shall provide in the bye-laws the maximum amount of such share capital, the number of shares into which It is divided, the class of shares, the face value of each share of each class and the rights and liabilities attaching to each class of shares and where the full amount of the shares is not payable on allotment, the amount and the number of installments in which it is required to be paid and such other incidental matters.

2. Any co-operative society, which is authorized under its bye-laws to raise funds by the issue of debentures and bonds may, with the prior sanction of the Registrar, frame regulations regarding the maximum amount to be raised by the issue of debentures and bonds, the class or classes of debtors and bonds, the face value of each-debenture or bond, the date on which the debentures or bonds are to be redeemed, the rate at which interest is payable, the terms and conditions regarding transfer of debentures and bonds and other incidental matters.

3. The total amount of debentures and bonds issued at any time together with the other liabilities incurred by the society shall not exceed the maximum amount which the society can borrow under the provisions of rule 68, and its bye-laws.

4. The Registrar may, by general or special order, lay down such additional conditions as the societies may receive deposits, issue debentures or raise loans from any creditor other than the Financing Bank.

70. Maintenance Of Liquid Resources And Distribution Of Assets. :-

Every co-operative society which obtains any portion of its working capital by deposits, shall:-

(i) Maintain such liquid resources and in such form as may be specified by the Reserve Bank of India in the case of Urban Thrift and Credit Banks and Financing Bank and by the Registrar in the case of other Societies and

(ii) Utilize only such portion of its working capital intending business and distribute its assets in accordance with such standards as may be specified from time to time by the Registrar. (Amended on 24.5.82)

71. Regulation Of Loans To Be Granted By Societies. :-

1. In case of grant of loans against security movable or immovable property, the lending co-operative society shall maintain such margin as the Registrar may, by general or special order, direct from time to time with reference to different commodities securities or classes of co-operative societies.

2. It shall be lawful for a society to grant loans without taking security of movable or immovable property if the purpose for which the loans given

is considered production-worthy or credit-worthy and it is reasonably expected that the loans will be repaid by the loanee. The Registrar may issue directions to the co-operative societies to ensure that credit-worthy purposes indicated above receive finance from the societies without any difficulties on the one hand, and without being detrimental to the financial interest of the societies on the other.

3. Except with the general or special permission of the Registrar, the loan advanced to a member by a society, or to a co-operative society by the Financing Bank. shall be subject to such conditions as may be laid down by the Registrar, with the approval Of the Financing Bank, including the maximum amount to be advanced and the period of repayment, both in regard to total advances to members and societies as also against different types of securities.

4. No society shall carry on transactions on credit or the Registrar in that behalf may issue sanction trade credit to its members or to non-members except in accordance with the general directions that.

5. In the matter of grant loans to societies by the Financing Bank or to members by primary co-operative societies, the Registrar may lay down. with the approval of the Financing Bank. the procedure regarding receiving applications, assessing credit needs, making inquiries in respect of the production programme for which such loan is required and the procedure to finally sanctioning the loan as also the rates of finance to be followed from year to year and the nature of inquiries to be made for the purpose of financing of different crops and imposition of certain conditions regarding proper utilization of loan and sale of agricultural produce through specified co-operative organizations before such finance is granted.

6. The Registrar may by general or special order prohibit or regulate grant of loans by the Financing Bank or a co-operative society where such grant is considered neither in the interest of the co-operative society nor in the interest of the development of co-operative movement on sound lines.

72. Conditions To Be Complied With By Members Applying To Loans. :-

(1) Every member of a co-operative society applying for a loan from the co-operative society shall be required to hold shares in such manner and in such proportion to the amount of loan applied for by him as may be specified in the bye-laws of the co-operative society.

(2) Subject to the maximum limit specified in the bye-laws, a loan to be granted to a member of a resource society, and the period of its repayment shall be in accordance with the standard laid down by the Registrar. A loan in excess of the maximum amount may be granted to a member with the previous sanction of the Registrar.

73. Credit Limits By Non-Credit Societies. :-

(1) No co-operative society whose objects do not include grant of loan or financial accommodation to its members shall grant loans or sanction credit to any member without the sanction of the Registrar. Provided that any co-operative society which has as some of its objects, supply of goods or services required by members for production purposes, may supply goods or provide service on credit against sufficient security on condition that the cost of the goods supplied or services provided shall be recoverable from the amount of the sale proceeds of the agricultural produce or other goods produced by the members.

(2) A consumer co-operative society may sell goods on credit to its members and other customers up to the extent of deposits received from them. .

74. Manner Of Recalling Of Loan. :-

(1) Notwithstanding anything contained in the agreement entered into with the borrowing member, the committee, of a co-operative society shall be entitled, after giving a weeks notice to such member, to recall the entire loan amount immediately, when it is satisfied that the loan given has not been applied for the purpose for which it was given or there has been breach of any of the conditions for grant of such loan.

(2) Nothing in this rule shall be deemed to preclude the Registrar from directing the co-operative society to recall a loan of his own motion, when it is brought to his notice that the loan given by the society has been misapplied or conditions thereof have not been followed. The Registrar may make in the matter such inquiries as he may deem necessary and after giving a show cause notice to the cooperative society issue, with the prior approval of the Financing Bank, necessary directions to the co-operative society. The directions issued by the Registrar in this respect shall be complied with by the co-operative society.

75. Shares Not To Be Hypothecated To The Society. :-

The shares of society shall not be hypothecated to that society but its members as a security for a loan.

76. Loans On Surety Ship Of Non-Members. :-

No, society shall make any loan to a member on a bond secured by the suretyship of a non-member, provided that the Registrar may for special reasons, exempt any society by name the operation of this rule.

Directives by Registrar for the successful conduct of the Business

The Registrar may, from time to time, issue such directives as he considers necessary for the successful conduct of the business of a co-operative society or class of co-operative societies.

78. Loans And Subsidies By Government. :-

(1) Loans and subsidies to a co-operative society or class of co-operative societies may be granted by Government by a general or special order from time to time.

(2) An application by a co-operative society for a loan or subsidy or both from a Government Department or Government sponsored agency shall be made through the Registrar. While forwarding the application, the Registrar shall record his opinion regarding the eligibility of the co-operative society for the said loan or subsidy or both, its financial position and the desirability of sanctioning to the society the said loan or subsidy or both.

(3) A co-operative society receiving Government loan or subsidy or a society in which a share or shares have been subscribed or liability by way or guarantee has been undertaken by the Government, shall furnish such information and submit such returns as the sanctioning authority or the Registrar may from time to time, require. (Added on 24.5.82)

(4) In case of default in repayment of loans, the Financing Bank shall charge a penal rate of interest not exceeding 1% (percent) per annum over and above the normal rate of interest from the defaulting societies.

(5) In case of default in repayment of loans by the members of any class of societies, the penal rate- of interest shall be charged not exceeding 3 percent per annum, by the co-operative society over and above the normal rate of interest from the date of default. (Added on 24.5.82)

Explanation: -Sub Rules (4) & (5) of this Rule shall be applicable to a Financing Bank only in case of default in repayment of loans and subsidies granted by govt. routed through such Bank to a Cooperative Society or class of coop. Societies or in case of default in repayment of such loans and subsidies by the members of any class of societies. (Added on 9.6.98)

CHAPTER 6 Properties and Funds Coop. Societies

79. Distribution Of Profits. :-

1. No dividend shall be declared or paid except out of net profits left after making the contribution towards reserve fund required to be made under the provisions of section 46 and sub rule (3). In no co-operative society, the dividend shall exceed 18 percent per annum on paid-up share capital. Dividend shall be payable at such rate not exceeding this limit to the registered share holders, as may be approved by the general body and not otherwise. Share holders/members will have no right to the dividend unless declared and approved by general body. The dividend shall be paid to all member within three months of the approval by the general body. No dividend shall be paid by the co-operative society while any claim due from the co-operative society to a depositor or lender remains unsatisfied.

(Amended on 8.8.97)

2. Notwithstanding anything contained in the rules and the bye-laws of the society, the Registrar may by a general or special order direct that a co-operative society shall not pay dividend or shall pay dividend at a reduced rate.

3. In the case of an agricultural credit co-operative society. 10 percent of net profits after contribution to the reserve fund under the proviso to section 46, shall be credited to Agricultural Stabilization Fund to be utilised for enabling the borrowers to make postponement of repayment of loans on account of famine, drought, or such other unforeseen causes. Any subsidy for special bad debt reserve given by the Government shall also be credited to this Stabilisation Fund.

4. Any distribution of the Remaining balance of profits under section 46 and after the distribution of dividend under sub-rule (1) shall be in accordance with the bye-laws of the society regarding such distribution. It shall be in proportion to the wages earned by each member in the cases of a producers society, and to the amount of goods purchased by each member, or where it is so provided in the bye-law by each member or customer in the case of consumers society. It shall also be proportion to the amount of rent paid by each member in the case of a Housing Society, may be in proportion to the goods obtained or sold through the society by each member, or to the loans borrowed from and the deposits made with the society by each member.

5. Any cooperative society that pays dividend may give incentive/gift to its members, with the approval of the general body, not exceeding five per cent of its net profit subject to a maximum of two hundred rupees per member.

Provided that directions of the Reserve Bank of India in this behalf shall govern primary urban cooperative banks.

Provided further that the house building and group housing societies shall not be eligible to give incentive/gift. (Amended On 8.8.97).

80. Contribution Towards Co-Operative Education Fund :-

Every co-operative society shall credit a sum calculated at two percent of its net profits subject to a maximum of Rs. 10,000 every year for contribution to the Co-operative Education Fund to be administered by the Registrar. This Fund shall be kept with State Bank of India and the Lieutenant Governor shall nominate a committee with Registrar as its Chairman, one officer from the office of the registrar, six representative of Contributing societies, two representatives of Delhi State Coop. Union and Principal of the Co-operative Training Institute which shall advise the Registrar for the Administration of Co-operative Education Fund. And such amount payable by the Society shall be a charge on the funds of the society. (Amended on 13.10.92)

80A. Contribution Towards National Funds :-

Subject to the provisions of section 47, a cooperative society may with the sanction of the Registrar contribute a sum out of its net profits in the National defence Funds, other funds of National importance or welfare schemes of the Government. (Amended on 8.8.87)

81. Investment Of Fund. :-

In addition to the manner specified in section 49, a co-operative society may invest or deposit its funds:-

- (a) with the Financing Bank.
- (b) with the Nationalized Commercial Banks.
- (c) with the State Bank of India.
- (d) in any other manner permitted by the Registrar.

82. Use Of Reserve Fund In The Business Of A Society. :-

A co-operative society may, subject to the approval of the general body and to such conditions as the general body may impose, use in its business the reserve fund: -

- (i) upto one fourth of its reserve fund when the owned capital is less than the borrowed capital;
- (ii) upto one half of its reserve fund when the owned capital is equal to or exceeds the borrowed capital and
- (iii) the entire reserve fund when there is no borrowed capital;

Provided that in the case of clauses (i) and (ii), the balance fund shall be invested in an approved mode of investment as per the provisions of the Act, the rules and the bye-laws of the society. (Amended on 8.8.87).

83. Write Off Debts And Other Sum Due. :-

No co-operative society shall write off in whole or in part any debt or other sums due to it without the previous sanction of the Registrar.

Provided that the committee of the society shall be competent to write off the bad debts from the bad debts funds created out of profits subject to the limit of ten per cent or ten thousand rupees per annum when ever is more. (Amended on 8.8.97)

CHAPTER 7 Audit, Inquiry, Inspection and Surcharge

84. Procedure For Appointment Of Auditors And For Conducting Audit. :-

1. The audit of accounts of societies shall be conducted by departmental auditors appointed by the Registrar or by certified auditors appointed by the Registrar from time to time on such terms and conditions as he deems

fit.

Provided that the Registrar shall draw the panel of departmental auditors and certified auditors in advance, at least, six months before the close of the year so that statutory audit of society is complete in time to enable the society to hold its annual general body meeting as provided under section 29 and also to file income tax returns as prescribed under the law. Where the total sales, turnover or gross receipts of a society exceeds Rs. 40,00,000/- (or figure as amended from time to time as per Income Tax Law) in a year, a Tax Audit under section 44(AB) of the Income Tax Act shall also be (inducted by the certified auditors for which additional fee shall be paid as prescribed by the Registrar from time to time. An auditor can undertake the audit of a society for a maximum period of three years. It shall be the duty of the society to select an auditor from the panel approved by the Registrar and inform about the selection to the Registrar within fifteen days of selection through the registered post. If the society fails to get its statutory audit completed within six months of the close of the cooperative year, the Registrar shall be competent to get the audit conducted at the cost risk and liability of the members of the committee of a society who have failed to get the audit of the society conducted in time. The fee shall be a charge against the delinquent officials of the committee of the society and shall be recoverable as an arrears of land revenue. (Amended on 6.8.97)

2. While fixing charges on account of services rendered by the auditors which are payable to them, the Registrar shall besides other things have regards to the turnover or sale or working capital of the society. (Added on 9.9.88)

3. The amount fixed under clause (1) above which is payable to the departmental auditors shall be deposited in the Govt. account and the amount payable to the certified auditors, appointed by the Registrar shall be paid to them directly as per provisions contained in schedule IV of these Rules. (Added on 9.9.88)

Explanation -

1. For purposes of this Chapter, audit shall include annual or periodical audit, continuous or concurrent audit and test or super audit and re-audit.

2. For purpose of this rule, "a certified auditor" includes: -

(a) a Chartered Accountant within the meaning of the Chartered Accounts Act, 1949,

(b) a person who holds Govt. Diploma in Coop. Accounts or Govt. Diploma in Cooperation and Accountancy.

(c) a person who has served as an auditor in the Co-operative Department of any State Government or under the Registrar and whose name has been included by the Registrar in the panel of certified auditors maintained and published by him in the official Gazette at least once in every year.

4. The audit under sub-section (1) of section 53 shall in all cases extend

back to the last date of the previous audit and shall be carried out up to the last date of the co-operative year immediately, preceding the audit or where the Registrar so directs in the case of any particular society or class of societies such other date as may be specified by the Registrar.

5. Unless the Registrar directs otherwise, the audit of a co-operative society shall be conducted in the registered office of the society.

6. Previous intimation shall be given to the society before the audit is commenced.

7. The officers and employees of the society shall give the audit officers all assistance necessary for the completion of the audit and for this purpose in particular prepare such statements and take such action with regard to the verification or examination of its accounts the may require.

8. (i) The audit report shall state:-

(a) whether or not the audit officer has obtained all the information's and explanations which he required.

(b) whether or not in his opinion the balance-sheet and the profit and loss accounts referred to in the report are drawn up in conformity with the law;

(c) whether or not such balance-sheet exhibits a true and correct account of the state of affairs of the society according to the best of his information and the explanations given to him and as shown by the books of the society:

(d) whether, in his opinion, books and accounts have been kept by the society as required under the Act, the rules and the bye-laws:

(e) whether there has been any material impropriety or irregularity in the expenditure or in the realisation of money due to the society:

(ii) Where any of the matter referred to in sub-clauses (a), (b), (c) or (d) Of clause (8) (i) is answered in the negative or in the affirmative with any remarks, the report shall state the reason for such answer with facts and figures, in support of such reasons.

9. The audit report shall also contain schedules with full particulars of : -

(i) all transactions which appear to be contrary to the provisions of the Act, the rules or the bye-laws of the society:

(ii) all sums which ought to have been brought have not been brought into account by the society;

(iii) any material impropriety or irregularity in the expenditure or in the realization of money due to the society;

(iv) any money or property belonging to the society which appears to the auditor to be bad or doubtful debt; and

(v) any other matter specified by the Registrar in this behalf.

10. The summary of audit report as prepared by audit or shall be read out in general meeting. The audit report together with its accompaniments shall be open to inspection by any member of the society. The Registrar may, however, direct that any portion of the audit report which appears to him to be of objectionable nature or not justified by facts shall be

expunged and the portion so expunged shall not form part of the audit report.

11. The audit officer shall examine the monetary transactions of a society in so far as may be necessary for the purpose of ascertaining whether there has been any material impropriety or irregularity in the expenditure for on the realization of moneys due to the society and whether any transaction infringes any provisions of the Act, rules or bye-laws, or any directions of the managing committee. In case of difference of opinion between the audit officer and the society in regard to the propriety of any of its monetary transactions the Registrar shall decide the matter and his decision shall be final.

12. If the result of the audit held under the last preceding rules discloses any defects in the working of a society, the society shall, within three months from the date of audit report, explain to the Registrar the defects or the irregularities pointed out by the auditor, and take steps to rectify the defects and remedy irregularities, and report to the Registrar in Form 16 the action taken by it thereon, the compliance report shall continue to be submitted till all the defects are rectified or irregularities remedied to the satisfaction of the Registrar. The Registrar may also make an order directing the society or the officers to take such action as may be specified in the order to remedy the defects, within the time specified therein, where the society concerned is a member of a federal society.

85. Audit Fee :-

1. A Co-operative Society shall pay on or before the 31st December of each year, an audit fee «t such rates as may be fixed by the Registrar with the prior approval of the Lt. Governor. (Amended on 18.5.89)

2. The Registrar shall have power to increase the prescribed audit fee, in special cases, for reasons to be recorded in writing.

3. The Audit fee shall be credited to Audit Fee fund to be controlled by the Registrar as per provisional contained in Schedule IV. (Added on 9.9.88)

The Registrar may, at his discretion, remit either wholly or in part the audit fee payable by any society.

86. Procedure And Principles For The Conduct Of Inquiry And Inspection. :-

1. An order authorizing an inspecting officer under section 54 Inquiry officer under section 55 or inspecting officer under section 56 shall among other things constitute the following .-(Amended on 24.5.82)

(a) the name of the person authorized to conduct the inquiry or inspection:

(b) the name of the society whose affairs are to be inquired into or whose books are to be inspected;

- (c) the specific point or points on which the inquiry or inspection is to be made, the period within which the inquiry or inspection is to be completed and report submitted to the Registrar;
 - (d) cost of inquiry;
 - (e) any other matter relating to the inquiry or inspection.
2. A copy of every order authorizing inspection under section 54, Inquiry under sec. 55 or Inspection under sec. 56 shall be supplied to the Financing Bank. (Amended on 24.5.82)
 3. If the inquiry or inspection cannot be completed within the time specified in the order referred to in sub-rule (1) the person conducting the inquiry or inspection shall submit an interim report stating the reasons for failure to complete the inquiry or inspection and the Registrar if he is satisfied, grant such extension of time for the completion of the inquiry or inspection as he may deem necessary or he may withdraw the inquiry or inspection from the officer to whom it is entrusted and hold the inquiry or inspection himself or entrust it to such other person as he deems fit.
 4. On receipt of the order referred to in sub-rule (1) the person authorized to conduct the inquiry or inspection shall proceed to examine the relevant books of accounts and other documents in possession of the society or any of its officers members, agents or servants and obtain such information or explanation from any such officers, members, agents or servants in regard to the transactions and working of the society as he deems necessary for conduct of such inquiry or inspection.
 5. The person authorized to conduct the inquiry or inspection shall submit his report to the Registrar, on all the points mentioned in the order referred to in sub-rule (1) or rule 86. The report shall contain his findings and the reasons therefore supported by such documentary or other evidence as recorded by him during the course of his inquiry or inspection. He shall also specify in his report the cost of the inquiry or inspection together with reasons and recommend to the Registrar the manner in which the entire cost of a part thereof may be apportioned, amongst the parties specified in section 57. The Registrar shall pass such orders thereon as may be considered just after giving a reasonable opportunity of being heard to the person or persons concerned.
 6. If the result of any inquiry held under section 55 or an inspection made under section 56 discloses any defects in the working of the society, the Registrar may bring such defects to the notice of the society and if the society is a member of a Federal Society to the notice of the Federal Society. The society shall submit a rectification report in Form 16 and shall continue to submit such rectification reports to the Registrar till all the defects are rectified or the irregularities are remedied to the satisfaction of the Registrar.
 7. The Registrar may also make an order, directing the society or its officers or the federal society to take such action, as may be specified, in

the order to remedy the defects within the time specified therein.

87. Procedure For Assessing Damages Against Delinquent Promoters Etc. Under Section 59. :-

1. On receipt of the report made by the auditor, or person authorized to make Inspection under section 54 or inquiry under section 55 or inspection under section 56, or by the liquidator or otherwise, the Registrar or Any other person authorized by him may make such further inquiries as he may deem necessary regarding the extent to which the person who has taken any part in the organization or management of a society or any decimal past or present, officer of the society has misapplied or retained, or become liable or accountable, for any money, property of the society, or has committed misfeasance or breach of trust in relation to the society. (Amended 24.5.82)
2. On the completion of the further inquiries under sub rule (1), where necessary, the Registrar or the person authorized by him shall issue a. notice to the person or persons concerned furnishing him on them the particulars of the acts of misapplication, retention, misfeasance or breach of trust and the extent of his or their liability involved therein and calling upon him or them to put in statements in his or their defense within fifteen days of the date of issue of the) notice.
3. On receipt of the statements referred to in sub-rule (2), the Registrar or the person authorized by him if he is satisfied that there are reasonable grounds for holding the person or persons liable, shall frame charges.
4. The person or persons concerned shall, after the charges are framed, be asked to put in his statement in defense and to indicate the documentary or oral evidence which he would like to produce. The Registrar or the person authorized by him may permit production of other documentary or oral evidence, if considered necessary, subsequently.
5. The Registrar or the person authorized by him. shall thereafter record the evidence led by the society or the liquidator or the person or persons concerned and take on record the documents proved by them, and shall thereafter fix a date for hearing arguments of the parties.
6. On the day fixed for hearing under sub-rule (5), the Registrar or the person authorized by him, shall hear the arguments and may pass his final orders on the same day or on any day fixed by him within twenty days from the date on which the hearing was completed. On the day so fixed, the Registrar or the person authorized by him, as the case may be, shall make his final order either ordering repayment of the money or return of the property to the society together with interest at such rate as may be specified by him or to contribute such amount to the assets, of the society by way of compensation in regard to is application, retention, misfeasance or breach of trust as may be determined or may reject the claim submitted on behalf of the society.

7. The Registrar or the person authorized by him, may also provide in his order for the payment of the-cost of the proceedings under this rule or any part of such cost as he thinks just.

8. The Registrar or the person authorized by him shall furnish a copy of his order, under sub-rule (6) to the party concerned within ten days of the date on which he makes his final order.

CHAPTER 8 Settlement of Disputes

88. Procedure For Making Reference Of Dispute :-

1. Where a party to a dispute referred to in sub-section (1) of section 60 desires to have the dispute determined in accordance with the said section, the party shall apply to Registrar in writing in Form 17 stating inter alia (i) all the facts constituting the cause of action, (ii) names and addresses of the other parties (iii) facts showing that this subject matter of dispute is not barred by limitation, (iv) relief claimed in terms of money or otherwise. Each statement in the application shall have separate consecutive paragraphs serially numbered,. At the end of the application then shall be made verification with the place and date of verification.

2. A party, referring the dispute under sub-section (1) of section 60 to the Registrar shall pay a fee of rupees one hundred plus the process-fee at the rate of rupees ten for each party which shall be deposited in advance in the Financing Bank in the name of the Registrar in Settlement and Executive Service Expenses Fund", the original of pay-in-slip for the deposit of this account shall be attached with the application for reference of a dispute. The application for reference of a dispute shall be delivered in the office of the Registrar personally and receipt obtained or by registered post alongwith as many spare copies of the application as there are parties on the opposite side. Provided that the Registrar shall be competent to revise the fee and process fee for referring the dispute under sub-section (1) of section 60 from time to time.

3. On receipt of the application, the Registrar shall enter it in a register in Form 18 and allot case No. on the application. (Amended on 24.5.82)

4. If the Registrar is satisfied that the application is maintainable under sec. 6C), he shall by an order, admit the application for decision of the dispute in accordance with the act and Rules and record his findings on the following points within 45 days of the receipt of the case (Amended on 6.8.97):-

(i) whether there is a dispute

(ii) whether the dispute comes with in the purview of sub-sec. (1) of section 60.

(iii) whether the dispute is between parties mentioned in clauses. (a) (b) (c) and (d) of sub-section (1) of section 60.

(iv) Whether the dispute is with in time according to sub-section (4) of section 60.

5. After the application has been admitted by the Registrar and after the claimant has deposited the arbitration fee in the manner and according to the scale of fees fixed by him, the application along with his orders thereon shall be referred for decision to the arbitrator.

Explanation - The expression "Arbitrator" wherever occurring in these rules, means the authority mentioned in sub-section(I) of section 61 whether the authority may be the Registrar himself.

6. The Registrar or the arbitrator, as the case may be, shall have power to appoint or remove a guardian for the party to the dispute who is a minor or who by reasons of unsoundness of mind or mental infirmity, is incapable of protecting his interest.

7. In these proceedings, the arbitrator shall fix the date, hour and the place of hearing of the dispute.

8. The arbitrator may issue summons or notices at least fifteen days before the date fixed for the hearing of the disputes requiring:-

(i) the attendance of the parties concerned and of witnesses: and .

(ii) the production of all books and documents relating to the matter in dispute.

9. Summons or notices may be served by:-

(i) registered post, or

(ii) personal service through the Secretary or a member of the staff of the society or any of the parties to the dispute; or

(iii) affixing a copy of summons or notice at the last known place of residence or business of the person concerned,

When he refuses to sign that acknowledgement or he cannot be found.

10. Service of summons or notice on the Secretary or Principal executive officer by whatever designation known, shall be regarded as service on that society. -

11. Where the serving officer delivers or tenders a copy of the summons personally to the person summoned or to an agent or other person on his behalf, he shall require the signature of the person to whom the copy is so delivered or tendered in token of acknowledgement of service endorsed on the original summons.

12. The serving Officer shall in all cases, in which the summons has been served under clauses (ii) and (iii) of sub-rule (9), make an endorsement on, or annex to, the original summons, a return, stating the time when and the manner in which the summons was served and the name and address of the person, if any, identifying the person concerned and witnessing the delivery or tender of the summons.

13. The sufficiency of proof of service of the summons or notice shall be decided by the authority which issued the same.

14. In the case of absence of any party to the dispute duly summoned the dispute may be decided ex-parte.

89. Award Or Decision :-

The arbitrator shall make a memorandum of the statements of the parties who attended and of such witnesses as are examined, and upon the evidence so recorded and after consideration of any documentary evidence produced by either party shall make an award in accordance with justice, equity and good conscience, he shall record his award signed and date it within a period of three months and shall communicate it to the party concerned. In case the arbitrator is unable to decide the case and make the award within three months he shall seek extension of the period in writing from the Registrar by making an application to him. (Amended on 9.9.88)

2. The award shall contain the number of reference, the names and description of the parties and particulars of the disputes and shall specify clearly the relief granted, the amount decreed, the future interest allowed, if any, and the costs awarded.

3. If no award is made immediately upon the conclusion of the hearing of the parties, the arbitrator shall fix the date and place of delivery of the award and shall, except for reasons to be recorded in writing, deliver the award on the date so fixed.

4. The award shall be communicated to the parties by:-

(a) pronouncement of the award, or

(b) registered post to any party which may be absent on such date.

5. The arbitrator shall have power to order the expenses of determining a dispute or the cost of either party, to be paid by such party or parties to the dispute as he may think fit. (Amended on 6.8.97)

Provided that the expenses or the cost so awarded shall not exceed 7.5 per cent of the awarded amount over the arbitration fee deposited by the claimant with the Registrar.

6. The original records of the dispute and the proceedings before the arbitrator shall be delivered to the Registrar by the arbitrator, after the decision or award has been delivered.

7. Any document or record tendered by a party may on application be returned to the party after the disposal of the appeal, if any, or after the period of appeal.

8. A copy of the decision or award shall, on application be given to a party by the Registrar duly certified on payment of the prescribed fee.

90. Withdrawal Of A Reference By The Registrar. :-

On an application by any party to the arbitration proceedings pending before an arbitrator, the Registrar may for reasons to be recorded in writing withdraw the reference from the arbitrator appointed and may decide the dispute himself and give an award in the manner provided in rule 89 or make fresh appointment.

91. Appointment Of Persons As Arbitrator. :-

1. For a purpose of clause (c) of sub-section (1) of section 61, the Registrar may appoint any person who fulfills such qualification as may be specified by the Registrar to perform the duties of the arbitrator for dispute for a period to be specified in the order, which shall not ordinarily exceed one year but may be extended by the Registrar by further special order for further periods not exceeding one year at a time.

For the purpose of sub-rule (1) of rule 91, Registrar shall appoint Arbitrators from amongst:-

(a) Gazetted officers including retired, of any department under the-Delhi Administration or Central or State Govt. or (Amended on 24.5.82)

(b) Officers, paid staff or members of any co-operative society with at least 3 years experience having academic qualifications of not less than a Degree from any University or Diploma in Cooperation or (Amended on 24.5.82)

(c) Chartered Accountants. .

(d) Officers of local bodies, public sector undertakings, etc. (Amended on 6.8.97)

92. Arbitration Fee. :-

The Registrar shall have power to require the person referring a dispute under sub-section (1) of section 60 to deposit in advance with the Financing Bank in "Settlement and Executive Expenses Fund" a fee at the rate specified in the Table, below which may be revised by the Registrar from time to time.

Table A

(Schedule of Fee for an arbitration)

1. In respect of disputes relating to claims of money referred to under section 60.

(i) Fee payable by a party on account of arbitration is as follow:-

(a) in case of claim below Rs. 100 Rs.25.

(b) in case of claim for Rs. 100 or above..... 3% of the claim subject to a minimum of Rs. 200/- and maximum of Rs.5000/-. (Amended on 6.8.97)

(ii) In case of dispute of non monetary nature a fee of not less than Rs. 100 and not more than Rs. 750 in each case, as may be considered reasonable by the Registrar. (Amended on 9.9.88)

2. The arbitrator may be paid out of the fee recovered under sub-rule (1) of rule 92, such fee as the Registrar may think proper.

3. No fee shall be payable to an arbitrator till the dispute referred to him is finally decided.

4. The Registrar may, in his discretion, remit the whole or any part of the fees collected under sub-rule (1).

5. All fees for services rendered in respect of arbitration or execution proceedings payable by a party shall be de-posted in the financing Bank in the "Settlement and Execution Services Expenses Fund" which shall be administered by the Registrar in accordance with the Regulations

contained in Schedule IV.

93. Deleted On 6.8.97 :-

CHAPTER 9 Winding up of cooperative societies

94. Procedure For Issue Of Winding Up Order. :-

1. Before passing the order under section 63, the Registrar shall give an opportunity to the society to show cause against the proposed order. The show cause notice shall be sent to the President of the Society at its registered address under registered post. The service of this notice will be complete after 48 hours of the posting of the letter properly addressed and pre-paid, containing the notice. The notice shall state the grounds on which the order under section 63 is proposed to be made.
2. After considering the reply from the Society which shall be supported by the resolution of its committee, or if no reply is received by the Registrar within fifteen days of the service of the notice under sub-rule (1), he shall proceed to pass the order under section 63.
3. The order passed under section 63 and sub-section (1) of section 66 shall be communicated to the President of the society in the manner specified under sub-section (4) of section 63, at the registered address of the Society. The communication will be complete as soon as the letter containing the order is so posted.
4. The order referred to in sub-rule (3) shall also be published in the official Gazette.
5. The order referred to in sub-rule (3) shall take effect from the date of order notwithstanding whether or not it is published in the official Gazette and shall operate in favour of all creditors, contributories, debtors and any other persons, having custody, possession and control over any asset or record of the society.

95. Appointment Of A Liquidator. :-

1. Where a liquidator is appointed under sub-section (1) of section 66, the Registrar may limit or restrict his powers by order appointing him or by subsequent order but, otherwise, he shall have the same powers as a liquidator is given in the Act.
2. The Registrar may remove the liquidator at any time without assigning any reasons and may appoint another liquidator. The liquidator on his removal shall hand over all the property, documents, record etc. relating to the society under liquidation to his successor or to any person nominated by the Registrar in this respect. A charge report to be signed by the relieved and relieving officer shall be drawn and a copy of the same duly signed shall be forwarded to the Registrar.
3. The liquidator shall be described by the style liquidator of particular society in respect of which he acts and not by his individual name.

96. Procedure To Be Followed By The Liquidator :-

1. The liquidator shall, as soon as the order of winding up of a co-operative society takes effect, publish by such means as he may think proper, a notice requiring all claims against the co-operative society, the winding up of which has been ordered to be submitted to him within one month of the publication of the notice. All liabilities recorded in the account book of a co-operative society shall be deemed if so facto have been duly submitted to him under this sub-rule.

2. The liquidator may fix time within which the creditors are to prove their debts or claims. If no claim is made within two months of the date of order of winding up, the liquidator may refuse to entertain such claims.

3. The liquidator soon after his appointment shall take charge of the books of accounts and other documents of the society and all its assets. There shall be prepared immediately on the relevant date a statement as to affairs of the society containing the following particulars:-

(a) the assets of the society stating separately the cash balance in hand and at the Bank, if any, and the negotiable securities, if any, held by the society;

(b) its debts and liabilities;

(c) the names and addresses and occupation of its creditors stating separately the amount of secured and unsecured debts and in the case of secured debts, particulars of the securities given;

(d) the debts due to the society and the names, residences and occupations of the persons from whom they are due and amount due; and

(e) such other information as may be called by the Registrar.

4. The statement required to be prepared under sub-rule (3) shall be made on the basis of the record of the society, audit reports, and on the basis of the statements made by the members of the committee at the relevant date or by the person who is at that date, the Manager, Secretary or Treasurer or other officer of the Society. The liquidator shall examine them on oath. This statement shall be submitted by the liquidator to the Registrar within twenty one days of the date of his appointment or within such extended time not exceeding three months from the date of the said order.

5. The liquidator shall, after setting the assets and liabilities of the co-operative society as they stood on the date on which the order for winding up is made, proceed next to determine the contribution to be made by each of its members or by the estates of nominees, heirs or legal representatives of deceased members or by any officers or former officers to the assets of the society under clauses (b) and (c) of sub-section (2) of section 67. Should necessity arise, he may make a subsidiary order regarding such contributions and such order shall be enforceable in the same manner as the Original order.

6. As soon as practicable after orders under sub-rule (5) have been passed, the liquidator shall settle a list of contributions with powers to rectify the membership register in pursuance of any order which may be passed by the arbitrator or the Registrar in accordance with the provision of the Act and the rules, and shall cause the assets to be collected.

7. In settling the list referred to in sub-rule (6) the liquidator shall distinguish between those who are contributories in their own rights and those who are contributories as being representatives of or liable for the debts of others.

8. The liquidator may at any time after his appointment require any contributory for the same being on the list of contributories, any trustee, banker, agent or officer of the society to pay, deliver, surrender or transfer forthwith to the liquidator any money, property or books or paper in his hands to which the society is prima-facie entitled.

9. No contributory for the time being on the list shall be allowed by way of set off any money claimed to be due to him or to the estate he represents, from the society in respect of any independent dealing or contract with the society.

10. All funds in charge of the liquidator shall be deposited in the Banking Bank in the current account to be opened in the name of the society under liquidation which shall be deposited by him in this account within 24 hours of their receipt. All payments on account of the society shall be made by cheques drawn by the liquidator in favour of the payee. The liquidator may keep with him a cash balance of Rs. 20 to meet petty expenses on liquidation proceedings.

11. Any order passed by the liquidator under clauses (b) and (e) of sub-section (2) of section 67 shall be submitted by him to the Registrar for his approval. The Registrar may confirm or modify such order or refer it back to the liquidator for further enquiry or action.

12. Any person untruthfully so stating himself as the creditor or the contributory of the society shall be guilty of the offence under section 182 of the Indian Penal Code. (Act XIV of 1860) and shall on the application of the liquidator be punished accordingly. ,

97. Application Of Assets Of The Society. :-

Subject to the provisions of rule 98 as to the preferential payments, the assets of the society shall be applied in order of priority as given below for payment of the liabilities:-

- (1) Pro-rata payment of all outside liabilities.
- (2) Pro-rata repayment of loans and deposits of members.
- (3) Pro-rata refund of share capital.
- (4) Pro-rata payment of dividend on the shares at the rate not exceeding 6-1/4 per cent per annum for the period of liquidation.

98. Preferential Payments :-

In the winding up proceedings, there shall be paid in priority to all other debts and liabilities of the society under liquidation:-

(a) All Government dues, all revenues, taxes, cesses and rates due from the society to the Central Government or to the local authority at the relevant date and having become due and payable within two years next before that date.

(b) All wages or salary of any employee in respect of services rendered to the society and due for a period not exceeding two months within the twelve months next before the relevant date subject to maximum of Rs. 500.

(c) The debts mentioned in the foregoing clause (a) and (b) shall rank equally amongst themselves and be paid in full, unless the assets are insufficient to them, in which case they shall abate in equal proportion.

99. Interest On Amount Due From A Society Under Liquidation. :-

A creditor of the society under liquidation may apply to the liquidator for payment of interest on any debt due to him from the society up to the date of order of the Registrar, for winding up. The rate at which the interest may be paid shall be in the case of Financing Bank, the contract rate and in any other case the rate which may be fixed by the Registrar, which shall not exceed the contract rate. Provided that if any Surplus assets remain after all the liabilities including the liabilities on shares have been paid off further interest to rate not exceeding contract rate may be allowed by the Registrar to the Creditors from the date mentioned above till the date of repayment of the principal.

100. Liability Due To Claimant Who Where About Not Known. :-

If any liability cannot be discharged by the liquidator owing to the whereabouts of the claimant not being known or any other cause, the amount representing such undischarged liabilities shall be deposited in the name of the Registrar with the Financing Bank and shall remain at the disposal of the creditors for a period of three years from the date of winding up order; thereafter this amount shall be treated as surplus amount which shall be utilized in the manner mentioned in rule 105. The Registrar may under special circumstances pay them liabilities claimed even after the stipulated period of three years.

101. Maintenance Of Accounts And Submission Of Report By The Liquidator :-

1. The liquidator shall keep such books and accounts as may be laid down by the Registrar or audit officer.
2. The liquidator shall during the tenure of his office but not less than twice in a year prepare an account of his receipts and payments as

Liquidator. A senior auditor shall be appointed by the Registrar as the audit officer who shall audit these accounts on behalf of the Registrar. When accounts are audited by the audit officer one copy shall be kept by the audit officer and the other returned to the liquidator with his report. The liquidator shall produce for purposes of audit all vouchers and accounts and shall furnish such information as may be required by the audit officer. The liquidator shall rectify all irregularities and defects pointed out by the audit officer to his satisfaction and shall submit to him a rectification report.

3. No audit fee shall be charged for audit of the accounts under this rule.

102. Service Of Legal Practitioner. :-

Whenever it is considered necessary by the liquidator to defend or to institute any legal proceedings for and on behalf of the society under liquidation, he shall approach the Registrar who shall after considering all the facts and circumstances of the case, provide the service of the legal practitioner at the cost of the society under liquidation, if the Registrar or the Government has been imp leded in such proceedings the cost of defending them by the Registrar or the Government shall also be paid out of the funds of the society. If no funds are available with the liquidator arrangements shall be made at Government expenses but the cost of such arrangements shall be ultimately recovered from the contributories and paid to the Government as preferential debt under clause (a) of sub-rule (1) of rule 98.

103. Action To Be Taken Against The Delinquent Promoters Or Members Or Members Of The Committee: :-

The liquidator shall make a report to the Registrar for purposes of taking action under section 59 where in his opinion, any fraud has been committed by any person in the promotion, rgnisation.registr8tion or management of the society under liquidation in relation to the society since its registration or any deficiency in the assets of the society has been caused by the breach of trust, or willful negligence or by retaining any money or other property belonging to the society. This report shall be submitted to the Registrar as soon as practicable after preparation of the statement referred to in sub-rule (3) of rule 96. On receipt of this report, the Registrar shall proceed to take action under section 59.

104. Effect Of Winding Up Order On Antecedent Transactions :-

1. Any transfer of shares in a society under liquidation made within six months next before the relevant date except transfer of shares to the deceased members, heirs or nominee, shall be void and not binding upon the liquidator notwithstanding anything contained in the Act; rules or the

bye-laws of the society.

2. Any transfer of property, movable or immovable delivery of goods, payment, execution or other acts relating to property made taken or done by or against a co-operative society within six months next before the relevant date, which, had it been made, taken or done by or against an individual within three months before the presentation of an insolvency petition on which he is adjudged insolvent, would be deemed in his insolvency a fraudulent preference, shall in the event of the co-operative society being wound up, be deemed a fraudulent preference of its creditors and contributories and be invalid accordingly.

105. Termination Of Liquidation Proceedings :-

The winding up proceedings of a society shall be closed within one year from the date of the order of the winding up, unless the Registrar extends the period.

Provided that the Registrar shall not grant any extension for a period exceeding six months at a time and three years in the aggregate, and shall immediately after the expiry of three years from the date of the order for winding up of the society, deem, that the liquidation proceedings have been terminated if there are no central amounts due to the Governments or the Financing Bank by the society and pass an order terminating the liquidation proceedings.

Explanation -In the case of co-operative society which is under liquidation at the time of commencement of the Act, the order for winding up of the society shall be deemed for the purpose of this rule to have been passed on the date of such commencement.

2. Notwithstanding anything contained in the foregoing sub-rule the Registrar shall terminate the liquidation proceedings on receipt of the final report from the liquidator. The final report of the liquidator shall state that the liquidation proceedings of the society have been closed, and how the winding up has been conducted and the property and the claims of the society have been disposed of and shall include a statement showing a summary of the account of the winding up including the cost of liquidation, the amount (if any) standing to the credit of the society in liquidation, after paying off its liabilities including the share or interest of members, and suggest how the surplus should be utilised.

3. The liquidator before submitting the final report may call a meeting of general body of the society and place the report before it if permitted by the Registrar. .

106. Disposal Of Surplus Assets. :-

The surplus assets, as shown in the final report of the liquidator of a society which has been wound up, may either be divided by the Registrar, with the previous sanction of the Lt. Governor, amongst its members in

such manner as may be prescribed or be devoted to any object or objects provided in the bye-law of the society, if they specify that such surplus shall be utilised for the particular purpose or may be utilised for both the purposes. Where the surplus is not so divided amongst the members and the society has no such bye-laws, the surplus shall vest in the Registrar, who shall hold it in-trust and shall transfer it to the reserve fund of a new society registered with a similar object, and serving more or less an area which the society to which the surplus belonged was serving if considered feasible and advisable by the Registrar.

Provided that, where no such society exists or is registered within three years of the cancellation of registration of the society whose surplus is vested in the Registrar, or where the Registrar does not think it desirable and feasible to do so, the Registrar may distribute the surplus, in the manner he thinks, best, among any or all of the following:-

- (a) An object of public utility and of local interest as may be recommended by the members in general meeting.
- (b) A federal society with similar objects to which the society of which registration has been cancelled, was eligible for affiliation, or where no federal society exists, the State federal society which may be notified in this behalf by the State Government and
- (c) any charitable purpose as defined in section 2 of the Charitable Endowments Act, 1890.

107. Relevant Data. :-

The expression "relevant date" as appearing in this chapter shall mean the date of order of winding up made under sub-section (1) of section 63.

108. Disposal Of Record. :-

All the books and records of a co-operative society whose registration has been cancelled may be destroyed under the orders of the Registrar after the expiry of a period of three years from the date of cancellation.

109. Final Order Of Cancellation. :-

The order made by the Registrar under sub-section (1) of section 69 shall also be published in the official Gazette.

CHAPTER 10 Execution of Awards, Decree, Orders and Decisions

PART 1 Enforcement of Charge

110. Application Under Section 70 :-

1. Every application under section 70 shall be made in Form 19 and shall be signed by a person authorised by the committee of a cooperative society. It shall be accompanied by an inventory of the property to be

sold containing a reasonably accurate description of the same

2. No application under sub-rule (1) shall be entertained unless the society making the application deposits the necessary fee for expenses of sale of the property which shall be 5 per cent of the outstanding debt or demand of the society against the defaulter in respect of which the application is made irrespective of the fact whether that such amount is recovered or not by sale of the property subject to charge.

3. On receipt of application referred to in sub-rule (1) the Registrar or any other officer authorised by him in this behalf in writing by special or general order (hereinafter referred to as the Sales Officer, which shall include his successor or assigns) shall, if he is satisfied that the particulars set forth in the application are correct and prepare a demand notice in duplicate in Form 20, setting forth the name of the member, past member or the nominee, heir or legal representative of the deceased member, the amount due from him together with interest and cost, if any, and the description of the property or interest in property for the sale of which the application has been made by the society, and calling upon him to remit within seven days from the date of service of the notice total amount due under the demand. The Sales Officer shall serve or cause to be served the demand notice upon the member, past member, or the nominee, heir or legal representative of the deceased member if he is present or upon some adult male member of his family or upon his authorised agent, or when such service cannot be effected, shall affix or cause to be affixed a copy of the demand notice on some conspicuous part of his residence or the place where the property subject to charge is kept. If the member or past member or nominee, heir or legal representative of the deceased member, fails to pay the debt or outstanding demand within the period aforesaid, the Sales Officer shall proceed to sell the property.

4. The provisions of rules in Part III of this Chapter shall, in so far as they are not repugnant to the subject or context, apply to the sale of the property or interest in the property as if the society which made the application is a decree holder and the member, past member or the nominee, heir or legal representative of the deceased member, is a defaulter of judgment debtor.

PART 2 Execution of Decision, Award or Order by the Collector according to the provisions of Land Revenue Code

111. Procedure For Execution By The Collector. :-

1. Where any decision, award or order providing for the recovery of money is executable by the Collector under clause (a) of section 71, it shall be executed by a Revenue officer empowered by the Collector by general or special order to do so (hereinafter referred to as the "Recovery Officer" which shall include his successors and assigns) in accordance with

the provisions of the Punjab Land Revenue Act (Act XVII of 1887)-which shall include any other Act for the time being in force in the Union Territory of Delhi relating to recovery of land revenue, the rules, orders or regulations issued there under from time to time (hereinafter referred to as the "Land Revenue Code").

2. When any decree holder desires to have the decree executed through the Collector under clause (a) of section 71, he shall apply to the Registrar in Form 21 for the issue of a certificate for the recovery of the decretal amount as arrears of land revenue. The application shall be delivered in the office of the Registrar personally and a receipt obtained or sent by registered post.

3. Soon after the receipt of the above application, the Registrar shall call for original records of the arbitration and shall check up if the decision or the award had been given in accordance with the rules and shall check up contents of the application with reference to the relevant original records of the case. If he is satisfied about the correctness of the award/decision and the application, he or any officer authorised by him shall issue certificate in Form 22 to the decree holder. In case the Registrar is satisfied that the decision/award is in contravention of the provisions of the Act & Rules, he may refer the arbitration case back to the arbitrator for necessary rectifications(s). (Amended on 9.9.83)

4. Within a period of 60 days soon after the issue of the certificate referred to in sub-rule (3) the decree holder shall apply in Form 23 of the Recovery Officer delivered in person and a receipt obtained or sent by registered post. The application shall be accompanied by:

- (a) A certified copy of the award, and
- (b) original certificate issued by the Registrar under sub-rule (3)
- (c) receipted pay-in-slip for deposit of executive fee in the State/Bank of India.

Provided that the Registrar may extend the period of 60 days after hearing the decree holder in person for the reasons for delay.

5. If the application mentioned in sub-rule (4) is complete in all respect and is accompanied by all the documents, the same shall be entered in the Demand Register and given a distinctive case number and shall be dealt with by the Recovery Officer as if it is a suit filed by the decree-holder against the judgment-debtor. This case number shall be quoted in all process issued in the case from time to time. He shall thereafter issue various processes for the recovery of the decretal amount according to the Land Revenue Code.

6. The decree holder shall deposit in the "Settlement and Execution Expense Fund an initial lump sum fee of Rs. 25/- for issue of process in the execution case. There after, a fee of 5 per cent shall be charged on all sums recovered by the Recovery Officer from the judgement debtor, which be credited to the foresaid fund.

112. Accounting Procedure :-

1. All amounts recovered from the, judgement debtors by the Recovery Officer shall first be deposited in the Current account to be kept in his official designation in the State Bank of India, which shall be operated by him. The payment to decree holder of all amounts recovered on his behalf during the course of execution proceedings shall be made by the Recovery Officer by crossed cheque drawn on the above current account against the deposits relating to the decree holder after deducting the recovery fee of 5 per cent of the gross amount recovered, with in 7 days of the receipt of amount. (Amended on 24.5.82)
2. The Recovery Officer shall keep separate personal ledger account of each decree-holder In which all the relevant retails of recoveries made, with names-or defaulters from whom made, payments made to decree-holder from time to time and expenses recovered shall be entered. The Recovery officer in token of its correctness shall attest individual entries in these ledgers.
3. A separate account of receipt and issue of receipt books shall be kept by the Recovery Officer. The receipt books shall remain in the personal safe custody of the Recovery Officer.
4. Each bailiff shall deposit the amount recovered by him in the State Bank of India in the current account of the Recovery Officer. Each bailiff shall render to the accountant appointed by the Recovery Officer a true and faithful account of all receipts and deposits made by him that shall be entered in the cashbook with full clarity and alt the entries made in the cashbook shall then be attested by the Recovery Officer. The Accountant shall bring any unusual delay in deposit of the amount in the State Bank by any bailiff to the personal notice of the Recovery Officer.
6. The Recovery Offic.er shall be responsible for the maintenance of true and correct accounts of the recoveries and deposits, he shall also act as the controlling officer in respect of the staff maintained and paid out of the "Settlement and execution Expenses Fund" in accordance with the regulation of the Fund.

113. Mode Of Payment Of Decretal Amount. :-

1. All money payable under the certified award shall be paid as follows:
 - (a) with the Recovery Officer or with any person authorised by him against official receipt.
 - (b) Out of the court to the decree4iolder. Where any payment is made tinder clause (a) notice of payment shall be made by the Recovery Officer to the decree holder.
2. Where any money payable under (he Award under execution by the Recovery Officer is paid by the Judgement debtor out of court to the decree-holder or the award is, otherwise adjusted in whole or in part to the satisfaction of the decree-holder the decree-holder shall certify payment or adjustment to the Recovery Officer and he shall record such

payment or adjustment in the personal ledger account maintained by him.

3. The judgement debtor may also inform the Recovery Officer of such payments or adjustment* and apply to him to issue notice in Form 24 to the decree-holder to show cause one day to be fixed by the Recovery Officer, why which payment or adjustment should not be recorded in the personal ledger account of the decree-holder as having been paid or adjusted in the execution proceedings, and if after service of such notice, the decree holder fails to show cause, the Recovery Officer may record the payment and/or adjustment in the above manner. A payment or adjustment. Which has not so been recorded as aforesaid, shall not be recognised by the Recovery Officer executing the award.

114. Coat Of Execution :-

The Recovery Officer executing the award may recover in addition to the decretal amount from the judgement-debtor debtor the cost of execution as arrears of land revenue and pay such amount to the decree-holder.

115. Transfer Of Decrees :-

Where any property to be sold in realization of any decree is situated outside the Union Territory of Delhi, the decree shall be forwarded for execution in accordance with the provisions of the Revenue Recovery Act, 1890 (Act 1 of 1890) to the Collector of that District where the property of judgement debtor/defaulters is situated.

PART 3 Execution on Decision, Award or order by the Registrar

116. Procedure In Execution. :-

1. Where any decree-holder desires to have the decree executed under provisions of clause (b) of section 71, he shall apply to the Registrar or the officer authorised by the Registrar in this behalf by a special or general order (hereinafter referred to the "Recovery Officer"), in Form 25, which shall be signed by decree-holder. The decree-holder shall indicate whether he desires to proceed against the person of the defaulter or against his movable or immovable property or both and shall state in what way he wants the assistance of the Registrar according to the Act and rules.

2. On receipt of the application referred to in sub-rule (1), the Recovery Officer shall call for original record and shall verify the correctness and genuineness of the particulars set forth in the application with the records.

3 Without prejudice to the provisions of the Code of Civil Procedure/ 1909 (Act No. V of 1908) the, Recovery Office shall, on being satisfied about the correctness and genuineness of the application received by him, order

execution

(a) by delivery of any property specifically decreed.

(b) by attachment and sale or sale without attachment of any property.

(c) by arrest and detention in person.

(d) in such other manner as the nature of relief granted may require.

4. Wherein these proceedings under clause (b) of section 71, any person requires the issue of any process, or object to any process issued or proposed to be issued, or requires the adjournment of any proceedings, he shall pay the fee as fixed in schedule IV which may be revised by the Registrar from time to time. Thereafter the Recover Officer shall issue processes. The provisions of section 36 to 74, 135, 135A and Order XXI in the First Schedule of the Code of Civil Procedure, 1908 (Act V of 1908) shall mutatis mutandis apply to the executions ordered under clause (b) of section 71. The decree holder shall indicate whether he wishes to proceed in the first instance against the property of the defaulter or against his person.

5. Without prejudice to the generality of the foregoing sub-rule, a demand notice stating therein the decree-holder shall be prepared in duplicate in Form 26 by the application filed by the decree-holder and the demand notice to the defaulter.

117. Order In Which Proceedings Shall Be Taken. :-

Unless the decree-holder has indicated under sub-rule (4) of rule 11G the property of the defaulter shall be proceeded against, the execution shall ordinarily be taken in the following manner, namely:-

(i) Movable property of the defaulter shall be first proceeded against, but nothing in this clause shall preclude the immovable property being proceeded against simultaneously in case of necessity.

(ii) If there is no movable property, or if the sale proceeds of the movable property, or properties attached and sold are insufficient to meet in full the demand of the decree-holder, the immovable property mortgaged to decree holder or other immovable property belonging to the defaulter, may be proceeded against.

118. Rules For Seizure And Sale Of Movable Property. :-

In the seizure and sale of movable property, the following rules shall be observed:

(i) The Recovery Officer shall, after giving previous notice to the decree-holder, proceed to the village where the defaulter resides or the property to be detained is situated and serve the demand upon him in Form 27. If the demand together with the interest and all expenses is not at once paid, the Recovery officer shall make the distress and shall immediately deliver to the defaulter a list or inventory of the property

distained and an intimation of the place, day and hour at which the distrained property will be brought to sale if the amounts due are not previously discharged.

(ii) After the distress is made, the Recovery Officer may arrange for the custody of the property attached with the decree-holder or otherwise.

(iii) If the, recovery Officer requires the decree-holder to undertake the custody of the property, he shall be bound to do so and any loss incurred owing to his negligence shall be made good by the decree-holder. If the attached property is livestock, the decree-holder shall be responsible for providing the necessary food therefore.

(iv) The Recovery Officer may, at the instance of the defaulter or of any person claiming an interest in such property, leave it in the village or place where it was attached, in the charge of such defaulter or person if h6 enters into a bond in Form 28 with one or more sufficient sureties for the production of the property at the place of sale when called for.

(v) The distress shall be made after sunrise and before sunset and not at any other time.

(vi) The distress levied shall not be excessive, that is to say, the property distained shall be as nearly as possible proportionate to the sum due by the defaulter together with interest and all expenses incidental to the distraint, detention and sale. .

(vii) If crops are ungathered products of the land, belonging to a defaulter are attached, the Recovery Officer may cause them fore sold when fit for reaping or gathering or at his option may cause them to be reaping or gathered in due season and stored in proper place until sold. In the latter case, the expenses of reaping or gathering and storing such crops or products shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold.

(viii) The Recovery Officer shall not work the bullock or cattle, or make use of the goods or effects distrained, and he shall provide the necessary food for the cattle livestock, the expenses attending which shall be defrayed by the owner upon his redeeming the property, or from proceeds of the sale in the event of its being sold.

(ix) The Recovery Officer may force upon any stable, cow house, grainary, godown, out house or other building and he may also enter any dwelling house the outer door of which may be open the may break open the door of any room in such dwelling house for the purpose of attaching property belonging to defaulter and lodged therein, provided always that it shall not be lawful for the Recovery Officer to break open or enter any apartment in such dwelling house appropriated for the occupation of women except as hereinafter provided.

(x) Where the Recovery Officer may have reason to suppose that the property of a defaulter is lodged within a dwelling house the outer door of which may be shut, or within any apartments appropriate to women which, by the usage of the country are considered private, the Recovery

Officer shall represent that fact to the officer-in-charge of the nearest police station. On such representation, the officer-in-charge of the said station shall send a Police Officer to the spot in the presence of whom the Recovery Officer may force open the outer door of such dwelling house in like manner as he may break open the door of any other- room within the house. The Recovery Officer may also in the presence of the Police Officer, after due notice given for the removal of women and, after furnishing means for their removal in suitable manner (if they be women of rank who according to the customs of the country cannot appear in public) enter the rooms for the purpose of distaining their property of the defaulter, if any, deposited therein but such property, if found, shall be immediately removed from such rooms, after which they shall be left free- to them former occupants.

(xi) The Recovery Officer shall on the day previous to and on the day of sale cause proclamation in form 29 of the time and place of the intended sale to be made by beat of drum in the village in which the defaulter resides and in such other place or places as the Registrar may consider neic66irary to give due publicity to the sate.

(xii) No sale shall take place until after the expiration of the period of fifteen days from the date on which the sale notice has been served or affixed in the manner specified in clause (i), provided {hat where the property seized is subject to speedy and natural day, or where the expenses of keeping it in custody are likely to exceed Ms value, the Recovery Officer may sell it at any time before the expiry of the said period of fifteen days unless the amount due is sooner paid.

(xiii) At the appointed time, the property shall be put, up in one or more lots as the Recovery Officer may consider advisable, and shall be disposed off to the highest bidder: Provided that it shall be open to the Recovery Officer to decline to accept the highest bid where the price offered appears to be unduly low or for other sufficient reasons. Provided further, that the Registrar or the Recovery Officer may, in his discretion, adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sate is so adjourned for a longer period than seven day a fresh proclamation under clause (xi) shall be made unless the defaulter consents to waive it

(xiv) Where the property is sold for more than the amount due, the excess amount after deducting the interest and the expenses of process and the other charges shall be paid to the defaulter.

(xv) The Property shall be paid for in cash at the time of sale or as soon thereafter as the officer holding the sale shall appoint and the purchaser shall not be permitted to carry away any part of the property until he has paid for it in full.

(xvi) Where the purchaser fails in the payment of the purchase money, the property shall be resold.

(xvii) Where it is proved to the satisfaction of any civil court of competent

jurisdiction that any property which has been distrained under these rules has been forcibly or clandestinely removed by any person, the court may order forthwith such property to be restored to the Recovery Officer.

(xviji) Where prior to the day fixed for the sale, the defaulter or any person acting on his behalf or any person claiming an interest in the property attached, pays the full amount due including interest and other costs incurred in attaching the property the Recovery Officer shall cancel the order of attachment and release the property forthwith.

(xix) No member of the committee of a society having the debt or outstanding demand for which the sale is being made, shall without the express permission of the Registrar bid either directly or indirectly for the purchase of the property which is subject to charge under section 36.

(xx) No officer or other person having a duty to perform in connection with any sale shall, whether directly or indirectly bid for, acquire or attempt to acquire any interest in the property sold.

(xxi) Where the property is sold, of which actual seizure has been made. it shall be delivered to the purchaser. Where the property sold is in the possession of any person delivery thereof to the purchaser shall be made by giving notice to the person in possession prohibiting him delivering possession of the property to any other person except the purchaser.

119. Attachment Of Salary Or Allowances Of Public Officer Or Of Servant Of A Railway Administration Or Local Authority

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Where the movable property to be attached is the salary or allowance or wages of a public officer or of a servant of railway administration or local authority or a. firm or accompany, the Recovery Officer may order in Form 30 that the amount shall, subject to the provisions of section 60 of the Code of Civil Procedure, 1908 (Central Act V of 1908), be withheld from such salary or allowance or wages either in one payment or by monthly installments as the Recovery Officer may direct and upon notice of the order, the officer or other person whose duty is to disburse such salary or allowances or wages Shall withhold and remit to the Recovery Officer, the requisite amount.

120. Attachment Of Decree. :-

1. Where the property to be attached is a decree either for the payment of money or for, sale in enforcement of a mortgage or charge the attachment shall be made-

(a) if the decree sought to be attached was passed by the Registrar or by any persona whom dispute was referred by the Registrar under section 61, on the order of the Registrar on the application of the Recovery Officer

(b) if the decree sought: to be attached was passed by a court and has

not been sent for execution to any other court, by the issue to such court of a notice by the Recovery Officer, requesting such Court to stay the execution of its decree unless and until-

(i) the Recovery Officer cancels the notice, or
(ii) the holder of the decree sought to be executed by the Registrar or the judgment debtor thereof applied to the Court receiving such notice to execute its own decree and

(c) if the decree sought to be attached is pending execution in a Court which did not pass the Same, by the Recovery Officer Seeking to attach such decree in execution, sending the notice referred to in clause (b) to such Court, where upon the provisions of that clause shall apply in the same manner as if such Court had passed the decree and the said notice had been sent to it in pursuance of the said clause.

2. Where the Registrar makes an order under clause (a) of sub-rule (1) or when a Court receives a notice under clause (b) or (c) of the said sub-rule, the Registrar or the Court shall, on the application of the decree-holder who has the decretum attached or his defaulter proceed to execute the attached decree and apply the net proceeds in satisfaction of the decree being executable by the Recovery Officer.

3. The holder of a decree sought to be executed by the attachment of another decree of the nature specified in such rule (1) shall be deemed to be the representative of the holder of the attached decree and to be entitled to execute such attached decree in any manner lawful for the holder thereof.

4. The holder of a decree attached under this rule shall give the court or the Recovery Officer executing the decree such information and aid as may reasonably be required.

5. On the application of the holder of a decree sought to be executed by the attachment of another decree, the Recovery Officer shall give notice of such order to the judgment debtor bound by the decree attached, and no payment or adjustment of the attached decree made by the judgment debtor in contravention of such order after receipt of notice thereof, shall be recognised so long as the attachment remains in force.

121. Attachment Of Debt, Share And Other Property Not In Possession Of Defaulter. :-

1. Where the movable property to be attached is

(a) a debt due to the defaulter in question.

(b) a share in the capital of a corporation or a deposit invested therein, or

(c) other movable property not in the possession of the defaulter except property deposited in or in the custody of any Civil Court, the attachment shall be made by a written order signed by the Recovery Officer prohibiting:-

(i) in the case of the debt, the creditor from recovering the debt and the debtors from making payment thereof.

(ii) in the case of the share or deposit, the person in whose name the share or the deposit may be standing from transferring the share or deposit or receiving any dividend or interest thereon.

(iii) in the case of the other movable property except as aforesaid, the person in possession of it from giving it over to the defaulter.

2. A copy of such order shall be sent in the of the debt of the debtor, in the case of the share or deposit, to the proper officer of the corporation and in the case of the other movable property, (except as aforesaid), to the person in possession of such property. As soon as the debt referred to in clause (a) of sub-rule (1) or the deposit referred to in clause (b) of that sub-rule matures, the Recovery Officer may direct the person concerned to pay the amount to him. Where the share is not withdrawable, the Recovery Officer shall arrange for it sate through a broker. Where the share is withdrawable, its value shall be paid to the Recovery Officer as soon as it becomes payable, in the case of the other movable property referred to in clause (c) of such-rule (1), the person concerned shall place it in the hands of the Recovery Officer, as Soon as it becomes deliverable to the defaulter.

122. Procedure In Attachment And Sale Of Immovable Property.

:-

I n the attachment and sale or sale without attachment of immovable property, the following rules shall be observed;-

(i) The application presented under rule 116 shall contain a description of the immovable property to be proceeded against, sufficient for, its identification and in case such property can be identified by boundaries or number in .record of settlement or survey, the specification of such boundaries or numbers in record of settlement or survey, the specification of such boundaries or numbers-and the specification of the defaulters share or interest in such property to the best of the belief of the decree-holder and so far as he has been able to ascertain it.

(ii) The demand notice issued by the Registrar under sub-rule (5) of rule 116 shall contain the name of the defaulter, the amount due including the expenses, if any, and the time allowed for payment and in case of non-payment, the particulars of the properties to be attached and sold or to be sold without attachment as the case may be. After receiving the demand notice, the Recovery Officer shall serve or cause to be served a copy of the demand notice Upon the defaulter or upon some adult male member of his family at his usual place of residence, or upon his authorised agent, or if such personal service is not possible shall fix a copy thereof on some conspicuous part of last known residence or on some conspicuous part of the immovable property about to be attached and sold or sold without attachment, as the case may be:

Provided that where the Recovery Officer is satisfied that a defaulter with intent to defeat or delay the execution proceedings against him is about

to dispose off the whole or any part of his property, the demand notice issued by the Registrar under sub-rule (5) or rule 116 shall not allow any time to the defaulter for the payment of the amount due by him and the property of the defaulter shall be attached forthwith.

(iii) If the defaulter fails to pay the amount specified in the demand notice within the time allowed, the Recovery Officer shall proceed to attach and sell or sell without attachment, as the case may be the immovable property noted in the application for execution in the manner hereinafter specified.

(iv) Where the attachment is required before sale the Recovery Officer shall, if possible, cause a notice of attachment to be served on the defaulter personally. Where the personal service is not possible, the notice shall be affixed in some conspicuous part of the defaulters last known residence, if any. The fact of attachment shall also be proclaimed beat of drum or other customary mode at some place on or adjacent to such property and at such other place, or places as the Registrar may consider necessary to give due publicity to the sale. The attachment notice shall set forth that unless the amount due with interest and expenses be paid within the date therein mentioned, the property will be brought to sale. A copy of the notice shall be sent to the decree-holder. Where the Recovery Officer so direct, the attachment shall also be notified by public proclamation in a local newspaper.

(v) Proclamation of sale shall be published by affixing a notice in the office of the Registrar at least thirty days before the date fixed for the sale. Such proclamation shall state the decree-holder and the defaulter, the time and place of sale and also shall specify as fairly and accurately as possible:-

(a) the property to be sold.

(b) any encumbrance to which the property is liable,

(c) the amount for the recovery of which the sale is ordered, and

(d) every other matter which the Recovery Officer considers material for a purchaser to know in order to judge the nature and value of the property.

(vi) When any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree holder shall, when the amount for the realisation of which the sale is held, exceeds Rs. 100 furnish to the Recovery Officer within such time as may be fixed by him or by the Registrar an encumbrance certified sought to be sold. The time for production of the encumbrance certificate may be extended at the discretion of the Recovery Officer or the Registrar. The sale shall be by public auction to the highest bidder, provided that it shall be open to the recovery officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons and provided also that the Recovery officer may in his discretion adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sale is so adjourned for a longer

period than seven days, afresh notice shall be issued unless the defaulter consents to wawait. The sale shall be held after the expiry of not less than thirty days calculated from the date on which notice of the proclamation was affixed in the office of the Registrar and the place of sale shall be the village where the property to be sold is situated or such adjoining prominent place of public resort as may be fixed by the Recovery Officer

(vii) A sum of money equal to 25 percent of the price of the immovable property shall be deposited by the purchaser in the hands of the Recovery Officer at the time of the purchase, and in default of such deposit, the property shall forthwith be resold. ,

(viii) The remainder of the purchase money and the amount required for the general stamp for the certificate shall be paid within fifteen days from the date of sale. Provided that the time for payment of the cost of the stamp, may, for good and sufficient reasons, be extended at the discretion of the Registrar up to thirty days from the date of sale.

(ix) Provided further that in calculating the amount to be paid under this clause, the purchaser shall be set the advantage of any set-off to which he may be entitled. In default of payment within the period (mentioned in clause (viii)), the deposit may, if the Registrar thinks fit, after defraying the expenses of the sale before being paid to the Government and the defaulting purchaser shall forfeit all claims to the property or any part of the sum for which it may subsequently be sold.

(x) Every resale of immovable property in default of payment of the amounts mentioned in clause (viii) within period allowed for such payment shall be made after the issue of fresh proclamation in the manner the period herein before specified for the sale.

(xi) Where a decree-holder purchases the property, the purchase money and the amount due on the decree shall be set off against one another, and the Recovery Officer shall enter up satisfaction of the decree in whole or in part accordingly.

(xii) Where prior to the date fixed for sale, the defaulter or any person acting on his behalf or any person claiming an interest in the property sought to be sold tenders payment of the full amount due together with interest and other expenses incurred in bringing the property to sale, including the expenses of attachment, if any the Recovery Officer shall forthwith release the property after canceling, where the property has been attached, the order of attachment.

123. Application To Set Aside Sale On Deposit. :-

Where the Recovery Officer, any person either owning such property or holding an interest therein by virtue of title acquired before such sale may apply to have the sale set aside on his depositing with the Recovery Officer-, has sold immovable property

(a) for payment to the purchaser, a sum equal to 2 per cent of the

purchase money, and

(b) for payment to the decree-holder, the amount of arrears specified in the proclamation of sale as that for the recovery of which the sale was ordered together with interest thereon and the expenses of attachment, If any, and sale and other cost due in respect of such amount less any amount which may since the date of such proclamation have been received by such decree-holder.

2. If such deposit an application at made within thirty days from the date of sale, the Registrar shall pass an order setting aside the sale and shall repay to the purchaser the purchase money so far as it has been deposited, together with the 2 per cent deposited by the applicant.

Provided that if more persons than one have made deposit and application under this rule, the application of the first depositor to the Recovery Officer shall be accepted.

124. Application To Set Aside Sale On Ground Of Irregularity Of Fraud. :-

1. At any time within thirty days from the date of the sale of immovable property, the decree holder or any person entitled to share in a rateable distribution of the assets or where interests are effected by the sale; may apply to he Registrar to set aside the sale, on the ground of a material irregularity or mistake or fraud in publishing or conducting the sale.

Provided that no sale shall be set aside on the ground aforesaid unless the Registrar is satisfied that the applicant has sustained substantial injury by reason of such irregularity, mistake or fraud.

2. If the application is allowed, the Registrar shall set aside the sale and may direct a fresh one.

3. On the expiration of thirty days from the date of sale if no application to have the sale set aside is made under rule 123 or under sub-rule (1) of this rule or if such application has been made and rejected, the Registrar shall make an order confirming the sale.

Provided that if he shall have reason to believe that the sale ought to be set aside not Withstanding that no such application has been made on grounds other than those alleged in any application which has been made and rejected. He may after recording his reasons in writing set aside the sale.

4. Whenever the sale of any immovable property is not so confirmed or is set aside, the deposit or the purchase money, as the case may be, shall be returned to the purchaser.

5. After the confirmation of any such sale, the Recovery Officer shall grant a certificate of sale bearing his seal and signature to the purchaser.

6. Such certificate shall state the property sold and the name of the purchaser and it shall be conclusive evidence of the fact of the purchase in all courts and tribunals, where it may be necessary to prove It and no proof of the seal or signature of the Recovery Officer shall be necessary

unless the authority before whom It is produced shall have reason to doubt its genuineness.

125. Delivery Of Possession. :-

Where any lawful purchaser of immovable property is resisted and prevented by any person other than a person not being the defaulter claiming in good faith to be in possession of the property on his own account, from obtaining possession of the immovable property purchased, any court of competent jurisdiction on application and production of the certificate of sale provided for by rule 124 shall cause the proper process to be issued for the purpose of putting such purchaser in possession, in the same manner as if the immovable property purchased has been decreed to the purchaser by a decision of the court.

126. Sale Of Immovable Property To Be Proportionate To That Amount Due :-

The Recovery Officer may sell the whole or any portion of the immovable property of a defaulter in discharge of money due provided always that so far as may be practicable, no larger section or portion of the immovable property shall be sold than may be sufficient to discharge the amount due with interest, and expenses of attachment, if any, and sale.

127. Private Alienation Of Property After Attachment To Avoid :-

Where an attachment has been made under those rules, any private transfer or delivery of the property attached or of any interest therein and any payment to the defaulter of any debt, dividend or other moneys contrary to such attachment shall be void as against all claims enforceable under the attachment.

Explanation-: For the purposes of this rule, claims enforceable under an attachment include claims for the retentive distribution of assets.

128. Receipts For Payment Of Amount Due :-

Every person making a payment towards any money due for the recovery of which application has been made under these rules shall be entitled to a receipt for the amount signed by the Recovery Officer or other Officer empowered by the Registrar. Such receipt shall state the name of the person making the payment and the subject matter in respect of which the payment is made.

129. Investigation Of Claims And Objection To Attachment Of Property. :-

1. Where any claim is preferred to, or any objection is made to the

attachment of any property attached under those rules on the ground that such property is not liable to such attachment, the Recovery Officer shall investigate the claim or objection and dispose off it on merit.

2. Where the property to which the claim or objection relates, has been advertised for sale, the Recovery Officer may postpone the sale pending the investigation of the claim or objection.

130. Determination Of Attachment. :-

Where any property had been attached In execution of a decree, but by reason of the decree holders default, the Recovery Officer is unable to proceed further with the application for execution he shall either dismiss the application or for any sufficient reason adjourn the proceedings to a future date. Upon the dismissal of such application, the attachment shall cease.

131. Attachment In Execution Of Decree Of Civil Court And Reteable Distribution Of Assets. :-

Where assets are held by the Recovery Officer and before the receipts of such assets, demand notices in pursuance of applications for execution of decree against the same defaulter have been received from more than one decree-holder and the decree-holder have not obtained satisfaction, the assets after deducting the cost of realisation, shall be reteably distributed by the Recovery Officer among all such decree-holders in the manner provided is section 73 of the Code of Civil Procedure, 1908 (Central Act V of 1908).

132. Mode Of Making Attachment Before Judgement. :-

1. Attachment of property prior to award for decree shall be made in the manner provided in the foregoing rule of this Chapter.

2. Attachment made under sub-rule (1) shall not affect the rights existing prior to the attachment of persons not parties the proceedings in connection with which the attachment was made, nor bar any person holding a decree against the person whose property is attached from applying for the sale of property under attachment in execution of such decree

3. Where property is under attachment by virtue of the provisions of this rule and a decree is subsequently passed against the person whose property is attached, it shall not be necessary to file an application for execution of such decree and to apply for re-attachment of the property.

133. Effect Of Attachment :-

Where an attachment has been made, any private transfer or delivery of the property attached or o) any interest therein and any payment to the

judgement debtor of any debt dividend or other moneys contrary to such attachment, shall be void as against all claims enforceable under the attachment.

Explanation- For the purposes of is rule, claims enforceable under an attachment include claims for the reliable distribution of assets.

134. Arrest And Detention

:-

1. A judgement debtor may be arrested in execution of a decree at any hour and on any day, and shall as soon as practicable, be brought before the Recovery Officer and his detention may be in the civil prison OF in the Jail.

Provided firstly, that for the purpose of making an arrest under this rule, no dwelling house shall be-entered after sunset and before sunrise.

Provided secondly, that no outer door of a dwelling house shall be broken open unless such dwelling house is in the occupancy of the judgement debtor and he refuses or in any way prevents access thereto, but when the office authorised to make the arrest has duly gained access to any dwelling house he may break open the door of any room in which he has reason to believe the judgement debtors to be found.

Provided thirdly, that, if the room is in the actual occupancy to a women-who is not the judgement debtor and who according to the customs of the country does not appear in public the officer authorised to make the arrest shall give notice to her that she is at liberty to withdraw, and after allowing a reasonable time for her to withdraw, and giving her reasonable facility for withdrawing, may enter the room for the purpose of making the arrest.

Provided fourthly, that where the decree in execution of which a judgement debtor is arrested, is a decree for the payment of money and the judgement debtor pays the amount of the decree and the costs of the arrest to the officer arresting him such officer shall at once release him.

2. The Lieutenant Governor may, be notification in the Official Gazette, declare that any person or class of persons whose arrest might be attended with danger or inconvenience to the public shall not be liable to arrest in execution of a decree other wise than in accordance with such procedure as may be prescribed by him in this behalf.

3. Where a judgement-debtor is arrested in execution of a decree for the payment of money and brought before the Recovery Officer, he shall inform him that he may apply to be declared an insolvent and that he may be discharged if he has not committed any act of bad faith regarding the subject of the application and if he complied with the provisions of the law of insolvency for the time being in force.

4. Where a judgement-debtor expresses his. intention to apply to be declared an insolvent and furnishes security to the satisfaction of the Recovery Officer that he will within one month so apply, and that he will

appear, when called upon, in any proceeding upon the application or upon the decree in execution of which he was arrested, the Recovery Officer, may release him from arrest, and if he fails so to apply and to appear, the Recovery officer may either direct the security to be realised or commit him to the civil person in execution of the decree.

135. Prohibition Of Arrest Or Detent/On Of Women In Execution Of Decree For Money. :-

Notwithstanding anything in this part, the Recovery Officer shall not order the arrest or detention in the civil prison of a woman in execution of a decree for the payment of money.

136. Detention And Release :-

1. The person detained in the civil prison in execution of a decree shall be so detained:-

(a) Where the decree is for the payment of a sum of money exceeding fifty rupees, for a period of six months, and

(b) in any other case, for a period of six weeks, provided that he shall be released from such detention before the expiration of the said period of six months .or six weeks, as the case may be.

(i) On the amount mentioned in the warrant for his detention being paid to the Recovery Officer.

(ii) On the decree against him being otherwise fully satisfied, or

(iii) On the request of the person, on whose application he has been so detained and if the-Recovery Officer is fully satisfied that the decree was satisfied.

(jv) On the omission of the person, on whose application he has been so detained, to pay subsistence allowance.

Provided also that he shall not be released from such detention without the order of the Recovery Officer.

2. A judgement debtor released from detention under this rule shall not merely by reason of his release be discharged from his debt, but he shall not be liable to be rearrested under the decree in execution of which he was detained in the civil prison.

PART 4 GENERAL

137. Procedure For Recovery Of Sums Due To Government. :-

The provisions of rules 116 to 136 shall apply in regard to the recovery of any sum due to the Government from a society or from an officer, former officer, member or past or deceased member of a society in pursuance of a demand issued by the Registrar or by any authority competent to issue such demand including any costs awarded to the Government in proceedings under the Act as if the Government were a decree holder and

the society or officer, former officer, member or past or deceased member of a society, as the case may be, was a defaulter, subject to the following medications, namely:-

(1) The Registrar may, of his own motion, take any steps which he may deem suitable in the matter of such recovery in accordance with the provisions of those rules and without any applications having been made to him in that behalf under these rules.

(2) It shall not be necessary to deposit any sum by way of costs as required by these rules.

(3) It shall not be necessary for the Recovery Officer to give the decree holder previous notice.

(4) It shall not be necessary to send a copy of the attachment notice to the decree-holder.

(5) It shall not be necessary to give notice of the proclamation of sale to the decree-holder.

138. Powers Of The Recovery Officer Not To Be Behind The Decree And Certificate. :-

The Recovery Officer shall not go behind the decree or the certificate issued by the Registrar pursuant of provision to clause (a) of section 71. He shall not alter it nor shall entertain any objection as to validity or legality or correctness of the decree or the certificate under execution.

Provided that a decree passed against a person who was dead at the time of passing the decree without bringing his legal representative on the record shall not be executed.

Provided further that where terms of a decree are ambiguous it will be competent for the Recovery Officer to ascertain its precise terms first before issuing any process for execution.

139. Questions Relating To Execution, Discharge Or Satisfaction. :-

1 All questions arising between the parties to the arbitration proceedings in which award was made or amount certified to be recovered as arrears of land revenue, and relating to execution, discharge, or satisfaction of the decision, award or order under execution shall be determined by the Recovery Officer, executing the decree, award, decision or order.

2. Where a question arises as to whether a person is, or is not the legal representative of a party, such question shall be decided by the Recovery Officer for purpose of execution, discharge or satisfaction of the decree, award, decisions or order under execution.

140. Limit Of Time And Execution :-

1. A decree-holder will have the right to executive his decree in order to realise the fruits of his litigation and for that purpose he may make any

number of applications in succession. The Recovery Officer shall not refuse execution unless his application is barred by article 136 of the Indian Limitation Act, 1963 (Act no 36 to 1963).

2. Notwithstanding any thing contained in the bye-laws or these rules; if in the opinion of the Registrar any co-operative society is reluctant to take or does not take execution against judgement debtor due to false sympathy or other wise the Registrar may, by an order in writing authorise any officer or the Financing Bank to call and to send the award or orders obtained by the cooperative society for execution. The Financing Bank there upon shall take action for the execution of such decree as if it is a decree holder itself.

141. Execution By Society Under Liquidation :-

1. The liquidator shall take necessary action to get the decree in favour of a cooperative society in respect of which he has been appointed the liquidator, executed, in accordance with the provisions of the Chapter.

2. Any order issued by the liquidator against any contributory shall be executed in the manner prescribed in rules III to 115 provided that he shall not be required to deposit the execution charges alongwith the application for execution.

142. Assistance And Information :-

A decree-holder applying to execute a decree shall give the Registrar and Recovery Officer such information and aid As may reasonably be required.

CHAPTER 11 Appeals and Revisions

143. Delhi Co-Operative Tribunal :-

A tribunal constituted by the Lt. Governor, under sub-section (1) of section 78 shall be called the Delhi Co-operative Tribunal whether it consists of one or more members (hereinafter referred to as the "Tribunal").

144. Qualifications And Appointment Of Presiding Officer And Other Members Of Delhi Co-Operative Tribunal :-

1. Where the Tribunal consists of only one member he shall be designated as "Presiding Officer of the Tribunal" and where the Tribunal consists of more than one member, one of them shall be designated as President and others as members of the Tribunal.

2. The Presiding Officer or the President of the Tribunal shall be person who has been a judge of any High Court, or a retired Distt. Judge or a person who has for not less than 10 years been an advocate or a pleader, or who has held the office of the Registrar, Joint Registrar, or Deputy

Registrar for not less than continuous period of three years at a time, or has not less than five years judicial experience at his credit. Provided that the Lt. Governor shall be competent to relax the qualifications in case of any person otherwise qualified in his opinion which shall not be called in question in any Civil or Revenue Court.

3. The other member(s) of the Tribunal shall be non-official closely associated with co-operative movement provided that at the time of his appointment as a member, he shall neither be holding any office of profit under the Central Government, Delhi Administration, any local authority or of any cooperative society, the Committee Of a Co-operative society or its paid officer, nor he shall be a member of the committee of any co-operative society other than an educational co-operative society or a federal society which in the opinion of the Registrar is not a business institution.

145. Term Of Office Of Presiding Officer And The President Of The Tribunal And Its Other Members. :-

1. The Presiding officer or the President of the Tribunal shall ordinarily hold office for a period of not less than two years and not more than five years as the Lt. Governor may specify by notification in the Official Gazette. If no such term is specified, he shall hold office for a period of two years from the date of his appointment.

2. The other members of Tribunal shall hold office for a period of one years. They will be eligible for re-appointment.

3. The Presiding Officer, President and any other member of the Tribunal, may resign his office at any time.

4. The Lt. Governor may also terminate the appointment of the President Officer, President or any other member of the tribunal at any time without assigning any reasons, or giving any notice, if in the opinion of the Lieutenant Governor he is unable or unfit to continue to perform the duties of his office or he accepted any office or appointment without his prior approval.

5. If any vacancy occurs by leave of absence, deputation, death, resignation, expiry of the period of appointment, termination of the appointment, or for any other cause whatsoever, such vacancy shall be filled up by a person qualified for appointment.

146. Holding Of Other Officer. :-

The Presiding Officer, the President or other member of the Tribunal may with the previous permission of the Lt. Governor hold any other office, appointment or employment of evocation or carry on any profession or business, provided that holding of such office, employment, evocation or carry on such profession or business is not inconsistent with his position on the Tribunal.

147. Procedure Regarding Disposal Of Appeals By The Tribunal. :-

The proceedings of the Tribunal shall be governed as far as practicably by the provisions of the Code of Civil Procedure, 1908 (Central Act v of 1908)

148. Headquarter Of The Tribunal :-

The Place of the Headquarters and the time of sitting of the Tribunal shall be notified by the Registrar in the Official Gazette.

149. Decision Of The Tribunal :-

Where the Tribunal consists of more than one member, the decision of the majority shall prevail. Where the members , are equally divided the decision of the President shall be the decision of the Tribunal in that case.

150. Procedure Regarding Appeal Other Than Those To The Tribunal And Application For Revision. :-

1. An appeal under sub-section (2) of Section 76 or an application for revision under sub-section (6) of section 78 and section 80 shall be either presented in person or sent by registered post to the appellate or revising authority.

2. The appeal or the application for revision shall be in the form of a memorandum and shall be accompanied by the original or certified copy of the order appealed for or sought to be revised.

3. Every appeal or application for revision shall -

(a) specify the name and address of the appellant or applicant and also the name and address of the respondents, as the case may be;

(b) state by whom the order appealed from or sought to be revised was made;

(c) set forth concisely and under distinct heads, the grounds of objection to the order appealed from or sought to be revised together with a memorandum of evidence;

(d) state precisely the relief which the appellant or the applicant claims; and

(e) give the date of the order appealed for or sought to be revised.

4. Where an appeal under sub-section (2) of section 76 is preferred after the said expiry of sixty days specified in sub-section (2) of the said section, it shall be accompanied by a petition supported by an affidavit setting forth the facts on which the appellant relies to satisfy the appellate authority that he had sufficient cause form not-preferring the appeal within the said period of sixty days.

5. On receipt of the appeal or the application for revision, the appellate or revising authority shall as soon as possible examine it and ensure that -

(a) the person presenting the appeal or the application has the locus standi to do so;

(b) it is made within the prescribed time-limit; and

(c) it confirms to all the provisions of the Act and these rules.

6. The appellate or revising authority may call upon the appellant or the applicant for revision to) remedy the defects, if any, or furnish such additional information as may be necessary, within a period of fifteen days of the receipt of the notice to do so.

7. The revising authority may, before passing orders under sub-section (6) or section 78 or under section 80, obtain from any subordinate officer such further information in regard to the enquiry or the proceedings for the purpose of verifying the regularity of such proceedings or the correctness, legality or propriety of any decision passed or order made therein. The revising authority may also call for and obtain from the parties connected with such enquiry or proceedings such information as is necessary with reference to the examination of the records of enquiry or proceedings and the information obtained from the subordinate officer.

8. In the proceedings before the appellate or revising authority, legal practitioners shall be entitled to appear to represent parties.

9. The appellate or revising authority shall on the basis of the enquiry conducted and with reference to the records examined pass such order on the appeal or on the application for revision as may seem just and reasonable.

10. Every order of the appellate or revising authority under sub-section (2) of section 76 sub-section (6) of section 78 to section 80, as the case may be, shall be in writing and it shall be communicated to the appellant or applicant, to such other parties as in the opinion of the authority are likely to be affected by the decision or order and to the officer concerned against whose order the appeal or the application for revision was made.

151. Application For Review. :-

1. Every application under sub-section (1) of section 79 shall be in the form of a memorandum setting forth concisely and under distinct heads the new and important facts which, after the exercise of due diligence, were not then within the knowledge of the applicant or could not be produced by him when the order was made or mistakes or errors apparent on the face of the record or other reasons on the basis of which review is sought. A memorandum of evidence shall accompany it.

2. The application shall be accompanied by the original or a certified copy of the order to which the application relates.

3. No application for review shall be entertained unless it is accompanied by such additional number of copies as there are parties to the original order.

The application shall, so far as it may be necessary, be disposed off by the tribunal or Registrar or Lt. Governor in such manner as may, be

deemed fit, provided that no order prejudicial to any person shall be passed unless such person has been given an opportunity of making representation.

CHAPTER 12 Miscellaneous

152. Forms Of Processes :-

The forms of various processes to be issued by any authority in exercise of its powers under subsection (1) of section 94 shall be those given in Schedule V and may be modified or altered by such authority according to exigency.

153. Public Documents :-

The following documents shall be created as public documents.

- (a) The Registration Register.
- (b) The Registration certificate of a society.
- (c) The registered bye-laws of the society including registered amendments.
- (d) Any order cancelling the registration of the Society.
- (e) Annual accounts of the Society as audited by the Registrar.
- (f) Any decision of the Registrar or award of the Arbitrator.

Without prejudice to the provisions of section 123, 124, 128 and 131 of the Indian Evidence Act, 1872, all the public documents shall be open to inspection by any member of the public on payment of a fee of RS.1/- for each occasion for any lawful purpose.

154. Special Rule :-

1. Notwithstanding anything contained in these rules, the procedure laid down in this rule shall apply to a society in which either shares have been subscribed by the Government or liability by way of guarantee for borrowing exceeding fifty per cent of the working capital of the society has been undertaken by the Government.

Provided that it shall not be incumbent upon such a society to follow the procedure laid down in clauses (i) and (ii) if its working capital does not exceed Rs. 1,00,000 or it does not have another co-operative society as its member.

2. (i) Notice of all general body meetings shall be given to the Registrar, the Registrar may, of his own motion or on a reference made to him, declare the proceedings of the general meetings as invalid, if he is satisfied that the meeting was held without proper notice or without all the members not having received the notice for the meeting or if the meeting was not conducted at the appropriate place and time.

(ii) No matter shall, except with the permission or direction or directions of the Registrar be considered either in a meeting of a general body or

committee or in a meeting of any smaller body set up if the agenda of which is not circulated to all members at least fifteen clear days or seven days in advance, respectively.

(iii) Should a difference of opinion in respect of any matter arise between a nominated members of the committee and other members thereof, the opinion of the nominated members shall be recorded in the minutes of the proceedings of the meeting in the words of the nominated members and the proceedings shall also be got signed from the nominated member. The Chairman, shall, as soon as possible, make a reference to the Lt. Governor and if no reference is made within seven days of the date of the meeting, the Registrar may, on receipt of a report from a nominated members make a reference to the, Lt. Governor for getting his decision which shall be final on the issue on which difference of opinion was so recorded.

3. In a society in which shares have been subscribed by the Government, the Registrar may, after such inquiry as he may deem fit and after giving the person concerned a reasonable opportunity of showing cause, remove any member of the committee who has been guilty of any act or omission resulting in financial loss to the society.

155. Power To Exempt From Rules :-

The Lt. Governor may, by general or special order, exempt any society or any class of societies from any of the provisions of these rules or may direct that such provisions shall apply to such society or class of societies with such modifications and/or conditions as may be specified in the order.

156. Financing Bank To Render Banking Services :-

1. The financing Bank shall render free of charge such banking services to the Registrar as he may require to carry out the purposes of the Act and the Rules.

2. Without prejudice to the generality of the foregoing sub-rule (1), the Financing Bank shall render the following services to the Registrar, namely:

(a) maintenance of "Audit Fee Recovery Fund" in which all receipts and payments on account of audit fee leviable under the rules shall be booked;

(b) maintenance of "Settlement and execution Expenses Fee Fund" in which all receipts relating to the fees leviable under the rules for settlement of disputes and execution of decrees, and payment from the Fund shall be recorded:

(c) current account to be opened in the name of societies under liquidation to be operated upon by the liquidator;

(d) current account of the Recovery Officer for temporary credit of dues

on account and payment to decree-holder;

(e) current account of the Registrar relating to surplus funds of society whose registration has been cancelled. This account, shall be called Registrar Co-operative Societies Liquidation Account:

(f) Registrar Co-operative Societies suspense Account for keeping amount of unclaimed amounts from the assets of society under liquidation; and

(g) Suspense Accounts of Societies under registration.

3. All the above funds shall be administered by the Registrar in accordance with the Regulations contained in Scheduled IV.

4. The Financing Bank would have no claim over the amount standing to the credit of the above accounts and funds from time to time. The Registrar may, however, allow in his discretion some service charges.

5. All cheques deposited for credited to various funds and accounts referred to above shall be cleared through the Clearing House and proceeds thereof credited to various funds and accounts. Financing Bank shall issue pass books separately for each fund and account and shall supply the information of the transactions as may be required by the Registrar.

6. The provisions of this rule shall apply to all funds held by the Financing Bank at the commencement of these rules relating to deposits held by it under the above heads.

157. Removal Of Doubt. :-

If any doubt arises as to the interpretation of any of the provisions of these rules, the matter shall be referred to the Lt. Governor or such other officer as may be specified by the Lt. Governor by a general or special order in this behalf, and the Lt. Governor or such other officer shall decide the same.

158. Repeal :-

The Delhi Co-operative Societies Rules, 1950 are hereby repealed.

Provided that any action taken, order issued, bye-laws made under the provisions of the rules hereby repealed shall, in so far as it is not inconsistent with the provisions of these rules, be deemed to have been taken, issued or made under the provisions of these rules.

FORM 1

ANNEXURE

Rule 2 (ii) : "Cooperative Year" means the year ending on the 30th day of June, or in the case of any co-operative society or class of co-operative society the accounts of which are, with the previous sanction of the registrar, balanced on any other day, the year ending on such day.

Rule 2 (xv) : "M.C.L." means the extent to which a co-operative society may receive deposits, loans and advances from members and non-members:

Rule 2 (xxii) : "Person" includes the Government and a co-operative society.

Rule 3 (4) : A government servant may become a member of a consumer's co-operative Society or operative Society. He may become member of any co-operative society organised exclusively for the employees of the department concerned and take part in its management deposit, invest or lend money to it or borrow from it and stand surety for a borrower. He may also invest or deposit money in any co-operative society or a co-operative bank.

Rule 3(5) : Notwithstanding anything contained in the conduct rules of the services for the time being in force by which the Government servants are governed and except as provided in sub-rule (4), no Government servant shall take a loan or an overdraft from more than one co-operative society on behalf either of himself or any other member of his family or stand surety for any person borrowing from such society without the previous permission of the Head of the Department in writing. If any such loan is given in violation of this rule it shall be recovered personally from the members of the committee with Interest and damages.

Rule 3 (6) : A co-operative society and its committee or any of its officers shall not act contrary to this provisions of sub rules (3) to (5), If any Government servant is made a member of a co-operative society in violation of sub-rule (5) his membership will be void.

Rule 4 (d) (ii) : "Housing Finance Co-operative Society" which has its principal object of raising funds, providing finance to its members for construction of houses and or purchase of residential plots according to Scheme and plan approved by prescribed authority after mortgage of immovable property in favour of co-operative society.

Rule 7 (2) : The Registrar may give, wherever necessary, opportunity to promoters to modify the proposed byelaws before finally registering the co-operative society or rejecting the application for registration of the co-operative society.

Rule 11(1) : No co-operative society shall be registered by the name which in the opinion of the Registrar is undesirable.

Explanation - A name which is identical with or too nearly resembles the names by which a cooperative society in existence has been previously registered, may be deemed to be undesirable by the Registrar.

Rule 15(5) : On receipt of a copy of the resolution and other particulars referred to in sub-rule (4), the Registrar shall examine the amendment proposed by the society and if he is satisfied that the amendment is not contrary to the Act or the Rules and is in the interest of co-operative society and co-operative movement, he may register the amendment and issue to the co-operative society a copy of the amendment certified by him under subsection (2) of section 13. Where the Registrar is of the opinion that the proposed amendment may be accepted subject to any modification, he may indicate to the co-operative society such

modification after explaining in writing his reason therefore.

Rule 18(1) : The name of a co-operative society may be changed under section 14 so however that it does not refer to any caste or religious denomination and is not inconsistent with the objects of the co-operative society.

Rule 24(i) : He has applied in writing in the form laid down by the co-operative society or in the form specified by the Registrar if any, for membership.

Rule 24(ii) : His application is approved by the committee of the co-operative society in pursuance of the powers conferred on it on that behalf and subject to such resolution as the general body may in pursuance of the powers conferred on it on that behalf from time to time pass. and in the case of nominal associate or sympathiser member, by an officer of the society authorised in the behalf by the committee.

Rule 25(c) (i) : He owns a residential house or a plot of land for construction of a residential house in any of the approved or un-approved colonies or other localities in the Union Territory of Delhi, in his own name or in the name of his spouse or any of his dependent children, on lease hold or free hold basis:

Rule 30(2) : A co-operative society, shall dispose of an application received for admission as a member as early as possible and in no case later than the expiration of a period of one month from the date of receipt of the application by the society. In case of refusal to admit, such society shall communicate its decision together with reasons, therefore to the applicant which shall be dispatched to the applicant.

Rule 30(4) : The person whose application for membership has been approved by the Managing Committee of a co-op. society shall deposit the membership fee and the amount of the qualifying shares necessary to become a member, within 14 days of the passing of the resolution by the managing committee approving his membership. If no such amount is deposited within the period, the resolution of the managing committee approving the membership of the person concerned shall become void and in-operative.

Rule 36(3) : When a resolution passed in accordance with sub-rule (1) or (2) is sent to the Registrar or otherwise brought to his notice, the Registrar may consider the resolution and after making such inquiries as he may deem fit, give his approval and communicate the same to the society and the member concerned the resolution shall be effective from the date of such approval.

Rule 36 : Provided that the Registrar may, on an application either by the society or the member expelled and in special circumstances, sanction the re-admission of admission within the said period, of any such member as a member of the said society or of any other society of the same class, as the case may be.

Rule 11(1) : A list drawn in accordance with sub-rule (1) shall be supplied

by the society to a member on payment of Rs.5/- per copy.

Rule 42 : Every co-operative society shall maintain accounts and books for purpose of recording business transactions by it and close them every year on the 30th June, by the 15th July. Each closing entry in the cash book in each ledger account shall be signed by the President, the Secretary and the Treasurer or any other approved members of the society authorised by the, managing committee. The closing balances which are thus authenticated shall be carried forward to the following year commencing on the 1st July. For the purposes of calling the annual general body meeting as provided under section 29, the date fixed for making up the accounts for the year shall be 15th July of each year.

Rule 42

as on 24.5.82 : Every co-operative society shall maintain accounts and books for the purpose of recording business transactions by it and close them every year on the 30th June, by the 31st July. Each closing entry in the cash book in each ledger account shall be signed by the President, the Secretary and the Treasurer or any other approved members of the society authorised by the Managing Committee. The closing balances which are thus authenticated shall be carried forward to the following year commencing on the 1st authenticated shall be carried forward to the following year commencing on the 1st July for the purposes of calling the annual general body meeting as provided in section 29, the date fixed for making up the accounts for the year shall be 31st July of each year.

Rule 46(2) : Every balance sheet of a co-operative society shall give a true and fair view of the state of affairs of the society as at the end of the co-operative year. Every profit and loss account of the society shall give a true and fair view of the profit and loss of the society for the co-operative year. Every co-operative society shall submit to the Registrar, annually within July each year a copy of each of the statements specified in sub-rule (1).

Rule 48(8) : Cash.

Cash Balance in hand shall always remain the hands of the President.

RULE 50

After sub rule (3) Explanation : Relative includes any one related to the person concerned or to his wife through a common ancestor not more than a grand father or any one married to a person so related.

Rule 51 (3) (b) The next annual general meeting shall be held by the society within six months of 15th July following the expiry of the co-operative year in which the first, annual general meeting was held and thereafter an annual general meeting shall be held within six months after 15th July following the expiry of each co-operative year.

Rule 53(3) : If within a hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned ordinarily to the same day in the next week at the same time and place but if the meeting is called upon. the requisition of the members (Not the Registrar)

it shall stand dissolved.

Provided that at the adjourned meeting, no quorum shall be necessary.

Rule 56 (6) : The notice of an annual general meeting shall be accompanied by a copy of each of audited balance .sheet, profit & loss account together with the audit certificate thereon relating to the preceding year and the report of the committee and budget estimates for the ensuing year.

Rule 57 (2) : Unless the minutes are drawn up and are duly signed by the Chairman immediately on the termination of the meeting, the minutes free from all alteration or corrections, shall be drawn up and shall be signed by the Chairman of the meeting within seventy two hours from the time when the meeting terminated. The minutes so signed shall be evidence of the proceedings of the meeting.

Rule 58 (1) (e): Any other society whose membership exceeds five hundred.

Rule 58 (3) : Every co-operative society shall hold elections of its committee in the manner as prescribed in Sub-Rule (1) or (2) above, as the case may be, within 30 days from the expiry of one year from the date of last election of its committee.

Provided that in case a co-operative society fails to conduct Election of its committee within the period specified above, the Registrar may after issuing the requisition under section 30(1) of the Act, appoint an election officer to call a Special General Body Meeting of the co-operative society and hold election of its committee provisionally within 60 days from his appointment.

Provided for the reason beyond the control of the election officer he may conduct the election of the committee, after the expiry of 60 (sixty) days by taking extension of time from the Registrar. The Registrar may grant extensions of time for conducting election specifying the reasons for such extension. (Added on 9.9.88).

Rule 59(a) : He is in default to any co-operative society in respect of any sum due from him to the society or owes to any co-operative society an amount exceeding his maximum credit limit;

Rule 59(a) : He has committed any offence involving dishonesty or moral turpitude prior to the date of scrutiny of nomination paper he has, during a period of 12 months preceding the date of filing of nomination papers remained inactive as member or has been carrying on, through agencies other than the co-operative society of which he is a member the same business as is being carried on by the co-operative society.

Rule 60 : He is a near relative of a paid employee of the society provided that if any question rises whether or not a member is near relative of the paid employee, it shall be referred to the Registrar whose decision thereon shall be final.

Rule 60 : Explanation-For purpose of clause (d) of rule 59 and clause (e) of rule 60, a person convicted of an offence involving dishonesty or moral

turpitude shall remain disqualified for being a member of the committee of a co-operative society for a total period of five years from the date of the commission of the offence and not from the date of conviction.

Rule 62 : Terms of Office of Members of Committee.

(1) Without prejudice to the provisions of sub-section (3) of section 31, the bye-laws of every co-operative society shall provide that the term of office of all the members of its committee shall expire on the same date or that a certain proportion of the members of its committee shall retire in each year. In the former case all the members of the committee including those selected against casual vacancies whether representing society or individuals, shall vacate the respective offices on the same date their successors are elected as members of the committee. In the latter case, the members of the committee due for retirement in each year. including those elected in their places in casual vacancies, shall vacate their office on the date specified in that year but will continue to hold office till their successors are elected.

Rule 62

As on 24.5.82 : Without prejudice to the provisions of sub-section (3) of Section 31 and notwithstanding anything contained in the bye-laws, certain proportion of members of its committee, not less than 1/3, shall retire in each year. The members of the committee due for retirement shall vacate their offices on the date specified in that year but will continue to hold office till their successors are elected. Provided that the retirement of 1/3 members during the first two years would be by draw of lots by Managing Committee."

Rule 62(2) : A committee shall meet as often as required but a meeting shall be held at least once in every months

Rule 65(3) : Notice of every meeting of the committee shall be given to every members of the committee in writing.

Rule 65(3) : Notwithstanding anything contained in the bye-laws, the committee of a co-operative society shall cause minutes of all proceedings of its meetings to be entered in the book for the purpose in hand written at the spot in the presence of members present and voting. The minutes of each meeting shall contain the names of the members present, names of the members, if any, dissenting from or not concurring in any resolution. At the end of the minutes, each member present and voting shall sign them. If the minutes are not made and recorded in this manner, they shall not be considered valid and it shall be deemed that no such meeting was duly called and held.

Rule 68 (1) : Without prejudice to the generality of the powers given in Explanation below section 37, all agricultural credit and non-credit co-operative societies shall come within the purview of section 37 from the commencement of the rules.

Rule 68(1) : No co-operative society shall receive deposits, loans secured or unsecured, advances or over drafts against hypothecation or pledge of

goods from members or non-members which exceed the M.C.L. fixed from time to time in general meeting subject to the approval of the Registrar who may at any time reduce it.

Rule 70 (1) : Maintain such liquid resources and in such form as may be specified from time to time by the Registrar, and No dividend shall be declared or paid except out of net profits left after making the contribution towards reserve fund required to be made under the provisions of section 46 and sub-rule (3). In no co-operative society, the dividend shall exceed 10 per cent per annum on paid-up share capital. Dividend shall be payable at such rate not exceeding this limit to the registered share holder, as may be approved by the general body and not otherwise. Shareholders/members will have no right to the dividend unless declared and approved by general body. The dividend shall be paid to all members within three months of the approval by the general body. No dividend shall be paid by the co-operative society while any claim due from the co-operative society to a depositor or lender remains unsatisfied.

Rule 80 : Every co-operative society shall credit a sum calculated at two percent of its net profits subject to a maximum of Rs.;2,500 every year for contribution to the co-operative Education Fund to be administered by the Registrar. The Registrar may frame regulations for the utilization and the administration of the Fund. This fund shall be kept with the Financing Bank. Any sum amount payable by the society shall be a charge on the fund of the society.

Rule 85(1) A Co-operative society shall pay on or before the 31st March of each year, an audit fee at such rates as may be fixed by the Registrar with the prior approval of the Lt. Governor.

Rule 86(1) An order authorising enquiry under section 55 or inspection under section 56 shall, among other things contain the follows:-

Rule 86(2) A copy of every order authorising enquiry under section 55 or inspection under section 56 shall be supplied to the Financing Bank.

Rule 87(1) On receipt of the report made by the auditor, or person authorised to make enquiry under section 55 or inspection under section 56, or by the liquidator or otherwise, the Registrar or any other person authorised by him may make such further enquiries as he may deem necessary regarding the extent to which the person who has taken any part in the organisation or management of a society or any deceased past or present, officer of the society has misapplied or retained or become liable to accountable for any money, property of the society or has committed misfeasance or breach of trust in relation to the society.

Rule 88(2) : A party, referring the dispute under sub section (1) of section 60 to the Registrar shall pay a fee of Rs.2 which shall be deposited in advance in the Financing Bank in the name of the Registrar in "Settle and Executive Service Expenses Fund": the original of pay-in-slip for the deposit of this account shall be attached with the application for the reference of a dispute. The application for reference of a dispute

shall be delivered in the office of the Registrar personally and receipt obtained or by registered post alongwith as many spare copies of the application as there are parties on the opposite side.

Rule 89(1) : The arbitrator shall make a memorandum of the statements of the parties who attend and of such witnesses as are examined, and upon the evidence so recorded and after consideration of any documentary evidence produced by either party shall make an award in accordance with justice, equity and good conscience; he shall record his award in writing, sign and date it and shall communicate it to the parties.

Rule 91 (2) (a) Gazetted Officers of any department of Government; or
(b) Officers, paid staff or member of any co-operative societies:

Rule 92 : TABLE (A) (i) (b): In case in claims for Rs. 100 or above 2-1/2 percent of the claim subject to minimum of Rs.25 and Maximum of Rs. 500.

Rule 92 (ii) : In case of dispute of non-monetary nature a fee of not less than Rs. 100 and not more than Rs.500 in each case, as may be considered reasonable by the Registrar.

Rule 92 : TABLE A: (i) (b).as on 24.5.82

In case of claims for Rs. 100 or above. 3% of the claim subject to minimum of Rs.25and maximum of Rs. 500

Rule 92 : TABLE A (ii) as on 24.5.82: In case of dispute of non monetary nature.....a fee of not less than Rs. 100 and nor more than Rs.500 in each case, as may be considered reasonable by the Registrar

Rule 111(3) : As on 24.5.82 soon after receipt of the above application, the Registrar shall call for the original record of arbitration and shall check up the contents of the application with reference to original recorded. If he is satisfied about the correctness and genuineness of the application, he or any officer authorised by him shall issue the certificate in Form 22 to the decree holder.

Rule 111(3) : As on 24.5.82 Soon after the receipt of the above application, the Registrar shall call for the original record of arbitration and shall check up the contents of the application with reference to original record. If he is satisfied about the correctness and genuineness of the application, he or any officer authorised by him shall issue he certificate in Form 22 to the decree-holder. After issue of the recovery certificate. the decree holder shall not accept any payments directly against which the recovery certificate has been issued.

Rule 111(4) : Soon after the issue of the certificate referred to in sub-rule (3) the decree holder shall apply in form 23 to the Recovery Officer delivered in person and a receipt obtained or sent by registered post. The application shall be accompanied by:

a) a certified copy of the award; and

b) original certificate issued by the registrar under sub-rule (3)

c) receipted pay-in-slip for deposit of execution fee in the Financing Bank.

Rule 112(1) : All amounts recovered from the judgement debtors by the

Recovery Officer shall first be deposited in the current account to be kept in his official designation in the Financing Bank which shall be operated by him. The payment to decree-holder of all amounts recovered on his behalf during the course of execution proceedings shall be made by the Recovery Officer by crossed cheque drawn on 1h« above current account against the deposits relating to the decree holder after deducting the recovery fee of 5 per cent on the gross amount recovered.

Schedule (II) : Under Rule 58: The Committee shall prepare a list of members as it stood on the date thirty days prior to the date fixed for the poll. and publish copies of the said list by affixing them upon the Notice Board at the Head Office of the Society and in its branches, if any, not less than ten days prior to the date fixed for nomination.

The list shall specify the admission number and the name of the member, the name of the father or husband as the case may be. and the address of such member. A copy of the H«t shall be supplied by the society to any member on payment of such fee as may be specified by the Committee. Where no fee as may be specified the secretary or any other person authorised by the bye-laws, shall supply such list on payment of any amount of Rupees five only.

Schedule (IV) : Regulation 7(4) Under Rule 85: On receipt Of the above statement, Asst. Registrar (Audit) shall record the payments in relevant accounts of the society and draw a cheque for the amount representing the total of all the amounts shown in the above monthly statement in favour of the Registrar, Co-op. Societies and send it to the Cashier of his office for deposit into Government Account.

Rule25 (c) (i) He owns a residential house or a plot of land for the construction of Residential house in any of the approved or un-approved colonies or other localities in the Union Territory of Delhi, in his own name or in the name of his spouse or any of his dependent children, on leaseholder free hold basis provided that disqualification as laid down in sub-rule (1) (c) (1) shall not be applicable in case of persons who are only co-shares of joint ancestral properties in congested localities (slum areas) whose share's less than 66.72 sq. meters (80 Sq: yards) of land

PROVISIONS OF THE COOPERATIVE SOCIETIES RULES PRIOR TO AMENDMENTS BEFORE 6TH AUGUST, 1997

Rules 6 (d) : The scheme showing the deals explaining how the working of the Coop. Society will be economically sound and where the scheme envisages the holding of immovable property by the Cooperative Society, the description of immovable property proposed to be purchased, acquired or transferred to the cooperative society.

Rule 15 (5) : "Period of Amendment fixed under the Rule was 6 months and extended period was 2 months."

Rule 16 (2) : The Registrar may by serving a Notice in Form No. 7 call upon a Society to make an amendment within a period not exceeding 60 days.

Rule 23 : Where an application for registration of an amendment in the Byelaws of a coop. society is rejected by the Registrar under Sub-sec. (4) of Sec. 11 of the appeal, if any, shall be made only after a meeting of the General Body has reconsidered the matter and has decided to prefer the appeal which shall be signed by the officer of the society authorised in this behalf by the General Meeting. A copy of the resolution of the general body shall be attached with the memorandum of appeal.-

Rule 24 (iii) : His application is approved by the Committee of the Coop. Society in pursuance of the powers conferred on it in that behalf and subject to such resolution as the general body may in pursuance of the powers conferred on it in that behalf from time to time pass, and in the case of nominal, associate, or sympathiser member by an officer of the society authorised in that behalf by the Committee.

Rule 28 : No individual, being a member of a primary cooperative society of any class shall be a member of any other cooperative society of the same class without the general or special permission of the Register, and where an individual has become a member of two coop. societies of the same class either or both of the coop. societies shall be bound to remove him from membership upon written requisition from the Registrar to that effect.

Rule 34 A : Subject to the provisions of the Act and these Rules, the membership of a member of a cooperative housing society may be transferred to a person who has acquired free hold rights in respect of a property related to such membership in that society.

Rule 36(1) : Notwithstanding anything contained in the byelaws, any member who has been persistently defaulting in payment of his dues or the payment of claims made by a housing society for raising-funds to fulfill its object has been failing to comply with the provisions of the byelaws regarding sales of his produce through the society or, other matter in connection with dealing with the society or who, in the opinion of the committee, has brought disrepute to the society or he has done other acts detrimental to the interest or proper working of the society, the society may, by a resolution passed by a majority of not less than three fourth of the members entitled to vote who are present at a general meeting, held for the purpose, expel a member from the society.

Provided that no resolution shall be valid, unless the member concerned has been given an opportunity of representing his case to the general body and no resolution shall be effective, unless it is approved by the Registrar.

Rule 36(2) : Where any member of a cooperative society proposes to bring a resolution for expulsion of any other member, he shall give a written notice thereof to the President of the society. On receipt of such notice or when the committee itself decides to bring in such resolution, the consideration of such resolution shall be included in the Agenda for the next general meeting and a notice thereof shall be given to the

member against whom such resolution is proposed to be brought, calling upon him to be present at the general meeting, to be held not earlier than a period of one month from the date of such notice and to show cause against expulsion to the general body of members. After hearing the member, if present or after taking into consideration any written representation which he might have sent, the general body shall proceed to consider the resolution.

Rule 37(2) : A list drawn in accordance with sub-rule (1) shall be supplied by the society to a member on payment of Rs. 1/- per 100 members or part thereof.

Rule 38 : No member shall be eligible to vote at the meeting fixed for any election. If on the date thirty days prior to the date of such meeting. He is a defaulter against whom degree has been issued under section 61.

Rule 41-A : Notwithstanding anything contained in these rules or the bye-laws of the cooperative Group Housing Societies, vacancy or vacancies arising as a result of resignation, expulsion or cessation of membership in such societies shall until the allotment of land is made to them by Delhi Development Authority, not be filled-up. Vacancy or vacancies arising after the allotment of land to such societies shall be filled-up from amongst the willing registrants for flats with the Delhi Development Authority under its Self Financing Schemes or amongst the members of other cooperative Group Housing Societies which are yet to be allotted land by the Delhi Development Authority or from amongst the members of such societies, as have not reached the stage .of construction of flats. (Amended on 19.8.91) Declared invalid by D.H.C. in C.W. No. 4184/92 of 1993).

Rule 50(iii) : Except with the previous approval of the Registrar, no relative of any member of the committee or the Secretary or the Treasurer of a Cooperative Society or a member of the committee of Financing Bank to which the society is indebted shall be appointed as its paid staff.

Explanation : "Near Relative" included .any one related to the person concerned or to My wife through a common ancestor not more than a grand father or any one married to a person so related. (Amended on 13.8.84)

Rule 53(3) : If within one hour from the time appointed for the meeting a quorum is not present the meeting shall stand adjourned for one hour on the same day which should be specified in the notice calling the meeting, but if the meeting is called upto the requisition of the members of the society (not the Registrar) it shall stand dissolved. (Amended on S.8.88)

Provided that at the adjourned meeting, no quorum shall be necessary.

Rule 58(5) : In all Cooperative societies, including the class of Cooperative Societies, prescribed for the purpose of sub-section (1) of Section 31, one post shall be reserved for women in the Managing Committee (Added on 8.11.93)

Rule 59 (a) : He is in default to the society in respect of any sum due from him to the society or owes the society an amount exceeding his maximum credit limit.

Rule 59(d) : He has committed any-offence involving dishonesty or moral turpitude during a a period of 5 years prior to the date of scrutiny of nomination paper. (Amended on 24.5.82 1 13.1.83)

Rule 59 (k) : He has not completed minimum period of six months from the date of acquiring membership of society incase of an urban cooperative Bank. (Added on 9.9.88)

Rule 62 : Without prejudice to the provisions of sub-section (3) of Section 31 of the Act and notwithstanding anything contained in the byelaws of the society, 1/3rd of the members of the committee shall retire in each year. The members of the committee due for retirement shall vacate their office on the date specified in that year but will continue to hold their office till their successors are elected.

Provided that retirement of 1/3rd members during the first two year should be decided by draw of lost by the managing committee. (Amended on 9.9.88)

Rule 64 : Notwithstanding anything contained in the byelaws of the Financing Bank, the maximum strength of the committee of the Financing Bank shall be fixed by the Registrar, he will also be competent to fix the proportion of the representation of various classes of the societies in the committee of the Finance Bank and proportion of individual members to society members on the committee and also prescribe conditions as to the holding of shares and deposits in the Financing bank to make an individual eligible for being elected on its committee. No defaulter society shall be eligible for representation on the committee of the Financing Bank.

Rule 65 (a) : If a member of the Committee of a Cooperative Society fails to attend its three consecutive meetings; he shall be deemed to have vacated his office and from that date shall cease to be a member of the committee. The vacancy can be filled by co-option by other members of the Committee.

Rule 65 (5) : Notwithstanding anything contained in the byelaws of any cooperative society, the committee of a cooperative society shall cause minutes of all proceedings of its meeting to be entered in the book for the purpose of handwritten at the spot in the presence of members present and voting, the minutes of each meeting shall contain the names of the members present, names of members, if any, dissenting from or not concurring in any of its resolution. At the end of the minutes each member present and voting shall sign them. If the minutes are not made and recorded In this manner they shall not be considered valid and under such circumstances, it shall be presumed that no meeting was held.

Provided on the request from a cooperative society, the Registrar may relax any of the conditions mentioned above subject to such conditions,

as he may deem fit, under the circumstances of each case. One of the conditions will be that minutes will be circulated before the next meeting.

Rule 68 (1) : No cooperative society shall receive deposits, loans secured or unsecured, advances or over drafts against hypothecation or pledge of goods from non-members which exceed the M.C.L. fixed from time to time in general meeting subject to the approval of the Registrar who may at any time reduce it.

Rule 68(1) : Without prejudice to generality of the powers of the Registrar under sub*rule (1) the M.C.L. of the cooperative society may be fixed by the genera] body at any limit but not exceeding the limits given below:-

Rule 79 (1) : No dividend shall be declared or paid except out of net profits left after making the contribution towards reserve fund required to be made under the provisions of section 46 and sub rule (3). In no cooperative society, the dividend shall exceed 12 percent per annum on paid-up Share capital.

Rule 81 A : A Cooperative society may with the sanction of the Registrar, invest its fund, out of its net profits in the National Defence Fund or other funds of national importance.

Rule 82 (b) : In the shares of the Reserve Bank.

Rule 82 : A cooperative society may, subject to the approval of the Registrar and to such conditions as he may impose, use its business:-,

(i) upto one fourth of its reserve fund when the owned capital is less than the borrowed capital:

(ii) upto one half of its reserve fund when the owned capital is equal to or exceeds the borrowed capital; and

(iii) the entire reserve fund when there is no borrowed capital.

Rule 84(1) : The audit of the accounts of societies shall be conducted by Departmental Auditors appointed by the Registrar or by certified auditors appointed by the Registrar from time to time on such terms and conditions as he deems fit.

Rule 88(2) : A party, referring the dispute under sub-section (1) of section 60 to the Registrar shall pay a fee to Rs. 10/- plus process fee at the rate of 2.50 for each party which shall be deposited in advance in the Financing Bank in the name of the Registrar in "Settlement and Executive Service Expenses Fund": the original pay-in-slip for the deposit of this account shall be attached with the application for reference of a dispute. The application for reference of a dispute shall be delivered in the office of the Registrar personally and receipt obtained or by registered post alongwith as many spare copies of the application as there are parties on the opposite side.

Rule 88 (4) : If the Registrar is satisfied that the application is maintainable under Sec. 60, he shall by an order, admit the application for decision of the dispute in accordance with the Act and Rules and record his findings on the following points:-

Rule 89 (5) : The arbitrator shall have power to order the expenses of determining a dispute or the cost of either party to be paid by such party or parties to the disputes as he may think fit.

Provided that the expenses or the cost so awarded shall not exceed 2½ per cent of the awarded amount over the arbitration fee deposited by the claimant with the Registrar.

Rule 92 (i) (b) : In case of claims for Rs.100/-or above.....3% of the claims subject to min minimum of Rs.25 and maximum of Rs-750. (Amended on 9.9.88)

Rule 93 : In the proceedings under rule 89 & 92, any party to the dispute may take the assistance of any other person to represent the case on his behalf but may not engage a legal practitioner for the purposes. If a legal practitioner is a member of a cooperative society and represents the society in these proceedings the other party to the dispute staff have a right to be represented by a legal practitioner. (Declared invalid by Delhi High Court in Civil Writ No. 196 of 1981)

Rule No. 7 : I am to request to consider this / these amendment/ amendments In the Interest of your society and to call upon you this notice under rule 16 (2) of the Delhi Cooperative Societies Rule, 1973 to take necessary steps to make the amendments to the byelaws of your society within _____ days from the date of receipt of this notice, failing which action will be taken as provided under section 11 (2) of the Delhi Coop. Societies-Act, 1972.

Schedule-II : The Committee in office shall meet sixty clear days in advance of date of expiration of its terms and by resolution determine, the date, time and place for convening a general body meeting for the conduct of election of its successor committee.

Schedule-II

(para 3) : A copy of the list shall be supplied by the Society to any member on payment of such fees as may be specified by the Committee. Where no fee has been specified, the Secretary or any other person authorised by the Bye-laws, shall supply such list on payment of any amount of Rupees Five only).