

KARNATAKA CO-OPERATIVE SOCIETIES RULES, 1960

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KARNATAKA CO-OPERATIVE SOCIETIES RULES, 1960

In exercise of the powers conferred by sub-section (1) of Section 129 of the Karnataka Co-operative Societies Act, 1959 (Karnataka Act 11 of 1959), the Government of Karnataka hereby makes the following Rules, namely, the Karnataka Co-operative Societies Rules, 1960, the previous publication of the draft of such Rules having been made in Notification No. A and F 21 CAD 59, dated 18th February, 1960 published in Part I,, Section 2-C of the Karnataka Gazette, Extraordinary, dated 22nd February, 1960;

CHAPTER 1 Preliminary

1. . :-

These Rules may be called the Karnataka Co-operative Societies Rules, 1960.

2. Definitions :-

In these Rules, unless the context otherwise requires,

(a) "Act" means the Karnataka Co-operative Societies Act, 1959; and "Section" means a section of the Act;

¹[(aa) "Audit fee" means a fee prescribed under Rule 30 of these rules for the audit of accounts of every Co-operative Society;]

²[(b) x x x x x;]

(c) "decree" means any order, decision or award referred to in Section 101;

(d) "decree-holder" means any person holding a decree as defined in clause (c);

³[(dd) "Form" means a form appended to these rules;]

(e) "judgment-debtor" means any co-operative society against which or any person against whom a decree as defined in clause (c) has been obtained;

(f) "person" includes the State Government and a co-operative society;

(g) "Recovery Officer" means a person subordinate to the Registrar, and empowered to exercise the powers of the Registrar under Section 101;

(h) "Sale Officer" means an officer empowered by the Registrar by general or special order, to attach and sell the property of judgment-debtors or to execute any decree by attachment and sale of property;

⁴ [(hh) "section" means a section of the Xct;]

(i) "Society" means a Co-operative Society;

(j) Other words and expressions defined in the Act shall have the meanings assigned to them in the Act.

1. Clause (aa) inserted by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

2. Clause (b) omitted by GSR 85, dated 28-3-1987.

3. Clause (dd) inserted by Notification No. DRL 1 CCS 63, dated 23-12-1963.

4. Clause (hh) inserted by GSR 563, dated 23-6-1965, w.e.f. 26-6-1965.

CHAPTER 2 Registration of Co-operative Societies and their Bye-Laws

3. Application for Registration and Procedure :-

(1) Every application for the registration of a co-operative society under Section 6 shall contain the particulars specified in and be in the form given in Schedule A appended to these Rules. The application shall also mention the name and address of one of the applicants to whom any communication may be sent by the Registrar.

(2) In cases where the application for registration under Section 6 is signed by a person duly authorised on behalf of any co-operative society, which is one of the applicants, a copy of the resolution of the committee of such society giving such authority shall accompany the application.

(3) The Registrar may, for the purpose of satisfying himself of the matters specified in Section 7, call for such further particulars or make such inquiry as he may deem necessary. He may permit the applicants, if so desired by them, in writing to make such alterations or additions to the proposed bye-laws submitted with the application in order to make them conform to the provisions of the Act, and the Rules thereunder.

(4) If the Registrar refuses to register a Co-operative Society, he shall communicate the order of refusal by registered post to the applicant mentioned in the application under sub-rule (1).

4. Change of form and extent of liability :-

(1) A change in the form or extent of liability of a Co-operative Society shall be effected by a resolution passed at a general meeting of the society.

(2) At least fifteen days clear notice of such meeting shall be given to every member of the Co-operative Society, which shall be accompanied by a copy of the proposed resolution.

5. Subject-matter of bye-laws :-

(1) The bye-laws of a Co-operative Society shall provide for the following matters, namely:

(a) the name and address of the society;

(b) the area of its operations;

(c) the objects of the society;

(d) the manner in which funds may be raised and the maximum share capital which an individual member may hold;

(e) the nature and extent of the liability of the members;

(f) the extent to which the society may borrow funds and the rate of interest payable on such funds;

(g) the entrance and other fees to be collected from members;

(h) the purposes for which its funds may be applied;

(i) the terms and conditions of admission of members and their rights and liabilities;

(j) the mode of holding meetings and of issue of notices;

(k) the mode of appointment and removal of the committee and other officers, the duties and powers of the committee and such officers and their terms;

(l) the disposal of net profits;

(m) the preparation and submission of the annual statement specified by the Registrar and the publication of the same;

(n) the mode of custody and investment of the funds and the mode of keeping accounts;

(o) the constitution of an "Agricultural Credit Stabilisation Fund" in case of every Co-operative Society, which facilitates the operations of affiliated agricultural Co-operative credit societies and which has received financial assistance from the State Government;

(p) in the case of credit societies,

(i) the maximum loan admissible per member;

(ii) the maximum rates of interest on loans to members;

(iii) the conditions on which loans may be granted to members;

(iv) the procedure for grant of loans and advances and for the

grant of extension of time for the repayment of such loans and advances;

(v) the consequences of default in payment of any sums due; and

(vi) the circumstances under which a loan may be recalled.

(q) In the case of non-credit societies (including productive and distributive types), the mode of conducting business, the procedure to be followed in purchasing and selling articles, the procedure for stock-taking, the responsibility for the stock of the society, and other allied matters.

(2) A society may make bye-laws for the following matters, namely.

(a) the circumstances under which withdrawals 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 a member may be permitted;

(d) the method of appropriating payments made by members from whom moneys are due;

(e) the authorisation of an officer to sign documents and to institute and defend suits and other legal proceedings on behalf of the society;

(f) the method of recruitment, the conditions of service and the authority competent to fix, revise or regulate the scales of pay and allowances of paid officers and employees of the society and the procedure to be followed in the disposal of the disciplinary cases against them; and

(g) whether the society is to be affiliated to any supervising union or a financing bank or other institution; and if so, the charges to be paid in respect of such affiliation.

(3) The bye-laws of a Co-operative Society may provide for such matters not specified in sub-rules (1) and (2) as are incidental to the organisation of the society and the management of its business.

6. Procedure regarding amendment of bye-laws :-

(1) Where a Co-operative Society proposes to amend its bye-laws, no such amendments shall be made save by a resolution passed by a two-thirds majority of the members present and voting, at a general meeting of the society;

(2) No such resolution shall be valid, unless notice of the proposed amendment has been given to the members of the society in accordance with the bye-laws;

(3) In every case in which a society proposes to amend its bye-laws, an application shall be made to the Registrar together with,
(a) a copy of the resolution referred to in sub-rule (1),
(b) such number of copies of the proposed amendment as may be specified by the Registrar in this behalf;
(c) a certificate signed by the Presiding Authority of the meeting that the procedure specified in sub-rule (1) and sub-rule (2) and in the bye-laws has been followed; and
(d) any other particulars that may be required by the Registrar in this behalf.

(4) Every such application shall be made within 1[sixty days] from the date of the general meeting at which such amendment was passed:

Provided that the Registrar may condone the delay, if any, for sufficient cause.

(5) When the Registrar registers an amendment of the bye-laws of a Co-operative Society he shall send a copy thereof to the financing bank, if any, to which the Co-operative Society is affiliated.

¹[(6)

²[(a) Where the Registrar proposes any amendment to the bye-laws of a Co-operative Society under sub-section (5) of Section 12, the authority competent to convene the general meeting shall, notwithstanding anything contained in the rules or the bye-laws place such proposal before the annual or special general meeting, as the case may be, and a decision on such proposal shall be taken at such meeting.

³ [x x x x x.]]

1. Sub-rule (6) inserted by GSR 392, dated 8-12-1977, w.e.f. 29-12-1977.

2. Clause (a) of sub-rule (6) substituted by GSR 85, dated 28-3-1987.

3. Clauses (b) and (c) of sub-rule (6) omitted by GSR 85, dated 28-3-1987.

CHAPTER 3 Members of Co-operative Societies : Their Rights and Liabilities

7. Procedure to enforce prohibition of membership in two or more credit societies :-

(1) Where a person has, without the sanction of the Registrar and contrary to the law then in force become a member of two or more primary, co-operative credit societies, before the commencement of the Act, either or all of such societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect:

Provided that before making the requisition the Registrar shall give a months notice in writing to such person, calling upon him to select the society in which he wishes to continue as member, and consider the objections, if any, raised by him in the matter.

(2) The Registrar may permit persons who are members of more than one primary co-operative credit society, to continue their membership in such societies for a period to be fixed by him, but only for the purpose of discharging their obligations to such societies and not for contracting fresh obligations or for serving on the committees of management of such societies.

8. Admission of members before the general meeting of a society :-

No Co-operative Society shall admit members within thirty days prior to the date of its annual general meeting.

9. Chairman to have a second or casting vote :-

In the event of an equality of votes, the Chairman of a meeting of a Co-operative Society shall have a second or casting vote.

10. Disabilities of a defaulting member :-

(1) No member of a society, who is in arrears to the society in respect of any loan taken by him, 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 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 a representative of the society as from the end of the said period.

11. Appointment of nominees :-

(1) A member of a Co-operative Society may nominate a person or persons to whom, in the event of his death, his share or interest in the capital of the society shall be transferred or the value thereof or any other moneys due to him from the society shall be paid. Such member, may, from time to time, revoke or vary such nomination.

(2) When a member nominates more than one person in respect of any shares held by him, he shall, as far as practicable, specify the amount to be paid or transferred to each nominee in terms of a whole share.

(3) A nomination made by a member under this rule shall not be valid and shall not, in the event of the death of the member, have effect, unless,

(a) it is made in writing and is signed by the member in the presence of at least two witnesses; and

(b) it is registered in the books of the society kept for the purpose.

12. Value of share of a member :-

(1) If a member resigns his membership of a Co-operative Society or is removed under Rule 7, or dies or otherwise ceases to be a member, the sum representing the value of his share or interest in the 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 manner following:

(i) In the case of a 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 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 resignation, removal or death, as the case may be:

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

(2) In case of a dispute between a member or his nominee, heir or legal representative and the society regarding the value of the share or interest in the share capital, the decision of the Registrar thereon shall be final.

CHAPTER 3A Representative General Body

12A. Representative general body of a Co-operative Society :-

(1) The area of operation of a Co-operative Society for purpose of clause (a) of sub-section (2) of Section 26 shall be more than one district.

(2) The number of members of a Co-operative Society for purpose of clause (b) of the said section be five thousand.

12B. Number of members of the representative General Body and their elections :-

1 (1)

(a) Where the area of operation of a Co-operative Society having representative general body extends to the whole of the State of Karnataka the number of representatives to be elected shall be one for each Taluk except in respect of City Corporations. In respect of City Corporations there shall be one representative for each assembly constituent of the City Corporation. If the membership in a Taluk or an Assembly constituency within a City Corporation is less than fifty, such area shall be attached to the neighbouring Taluk or Assembly constituency to be determined by the Registrar.

(b) Where the area of operation of a Co-operative Society having representative General Body is more than a District but not extending to the whole State, the maximum number of representatives to be elected shall be one hundred. In such cases the number of representatives to be elected from each Taluk or Assembly constituency in case of City Corporation, to be determined by the Registrar.

(2)

(a) For election to the representative General Body a Co-operative Society whose area of operation extends to more than one District shall convene the meeting of all the members from a particular district at the District Headquarters. Other Co-operative Societies having the representative General Bodies with area of operation of less than a

(b) Notwithstanding anything contained in these rules or the bye-laws of the Co-operative Society, the Committee of Co-operative Society shall give notice in writing to all the members atleast fifteen days before the meeting through certificate of posting specifying the number of representatives to be elected as well as the date on which, the time at which and the hour between which the polling will take place. The Co-operative Society shall publish a

list of members who are defaulters atleast fifteen days before the date of meeting. The said list shall be published on the notice board of the Head Office and the branch offices in the District/Sub-Division concerned. The Returning Officer shall preside over such meetings and conduct elections to the Representative General Body.

(c) Notwithstanding anything contained in the bye-laws of a Co-operative Society, no quorum shall be necessary for such a meeting.

(d) Save as provided in the rules, the provisions of Rule 14 shall mutatis and mutandis apply for election of members to the Representative General Body.

(3)

(a) For a Co-operative Society having Representative General Body whose area of operation extends to the whole of the State of Karnataka, each Revenue Division shall constitute a separate electoral college. The number of Directors to be elected from each Revenue Division at the General Meeting of such Co-operative Society shall be two where the total membership in a Division is upto fifteen thousand and three if it is above fifteen thousand.

(b) For a Co-operative Society having representative General Body whose area of operation extends to more than one District but not extending to the whole State, each District shall constitute a separate electoral college. The number of Directors to be elected from each District at the General Meeting of the Co-operative Society shall be determined by the Registrar subject to the provisions of sub-section (2) of Section 28A of the Act.

(c) For a Co-operative Society having representative General Body whose area of operation does not extend beyond one District, each Taluk shall constitute a separate electoral college. The number of Directors to be elected from each Taluk at the General meeting of the Co-operative Society shall be determined by the Registrar subject to the provisions of sub-section (2) of Section 28-A of the Act.

(d) Notwithstanding anything contained in these rules or bye-laws of a Co-operative Society having Representative General Body whose area of operation extends to the whole of the State of Karnataka there shall not be more than one Director representing a District. Among the candidates from the District only one candidate who has secured the highest number of votes in the election shall be deemed to have been elected as a Director.

1. Rule 12-B substituted by GSR 186, dated 10-7-1986.

CHAPTER 4 Management of Co-operative Societies

13. Election of the members of the Committee by the general body :-

(1) A Co-operative Society may, for the purpose of election of members to the committee, divide its membership into different groups on a territorial or any other basis.

(2) The bye-laws of such a society may specify the number or proportion of the members of the committee, who may be elected to represent each such group on the committee and may specify further that such representatives may be elected,

(a) by all the members of the society; or

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

¹ (3) x x x x x.

1. Sub-rule (3) including the proviso omitted by Notification No. CMW 159 CLM 98, dated 26-3-1999

13A. Issue of identify card to members :-

¹ The Chief Executive shall issue to every member of the society an identify card indicating the name of the society, full name, membership number, age and residential address of the member. The recent passport size photo of the member shall also be affixed on the identity card of the society duly signed by him and attested by the Chief Executive under the seal of the society.

1. Rule 13-A substituted by Notification No. CMW 159 CLM 98, dated 26-3-1999.

14. Procedure for election of members of the committee :-

¹ Election of the members of the Committee of Management of a Co-operative Society shall be held in the following manner, namely.

(1) The Registrar shall appoint an officer or official of the State Government or a local authority as Returning Officer for the purpose of conducting the election of members to the committee of every co-operative society.

(2) The Returning Officer appointed under sub-rule (1) shall publish

a calendar of events for the purpose of conduct of elections of members of the committee, at least twenty-one days before the date of election.

(3) The Chief Executive shall publish the provisional list of voters thirty days before the date of election.

(4) The Chief Executive shall publish a list of defaulters to the society and the list of eligible voters fifteen days before the date of election.

(5) A member who is a defaulter to the society under sub-section (2) of Section 20 shall not have the right to vote.

(6)

(1) A member who desires to contest as a candidate for election as a member of the Committee shall give at least seven clear days notice in writing to the Returning Officer or any other person authorised by him before the date of election or

(2) A Member may nominate any other member who is qualified to be chosen as a member of the committee and such nomination shall be filed before the concerned Returning Officer or any other person authorised by him at least six clear days before the date of election.

(7) Each nomination shall contain the consent of the proposed candidate in writing.

(8) Notice or nomination in respect of an individual member shall be proposed and signed by at least ten individual members competent to vote the election and no member shall propose more than one candidate for the same constituency:

Provided that this clause shall not apply to a notice or nomination to be filed on behalf of a co-operative society.

(9) The nomination without the consent of the proposed candidate or received after the date and time fixed for receipt of the nomination shall be liable to be rejected.

(10) The notice of nomination shall be accompanied by a receipt of deposit either by cash or by way of Bankers cheque or Demand Draft drawn in favour of the society as specified below:

Category of society depending upon the area of Amount to be		
operation		deposited
(a)	Where the area of operation of the society is part of a taluk	Rs. 100/-
(b)	Where the area of operation of the society extends to the whole of a taluk.	Rs. 300/-
(c)	Where the area of operation of the society extends to more than a taluk and less than a district.	Rs. 1,000/-
(d)	Where the area of operation of a society extends to a district.	Rs. 1,500/-

(e)	Where the area of operation of a society extends to more than a district.	Rs. 2,000/-
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Provided that in case of candidates belonging to scheduled castes and scheduled tribes and women candidates the deposit to be paid shall be 50% of the amount prescribed above.

(11) If a candidate fails to secure one-tenth of the valid votes polled in the election, the amounts so deposited shall be forfeited to the society.

(12) For the purpose of sub-rules (10) and (11), the total votes polled for the constituency or where no specific constituency is stipulated the total votes polled in the election shall be considered.

(13) The notice or nomination shall be scrutinised by the Returning Officer on the date notified in the calendar of events.

(14) The Returning Officer shall endorse on each notice or nomination the decision of either accepting or rejecting the said notice or nomination.

(15) Notice or nomination papers of contesting candidates disqualified to be elected to the Committee shall be rejected and a brief statement of reasons shall be recorded for such rejection.

(16) The Returning Officer shall after scrutiny prepare a list of candidates whose notice or nominations are valid and shall publish the same on the Notice Board of the society on the same day.

(17) A candidate may withdraw his notice or nomination by a notice in writing delivered in person before 3 p.m. on the following day of scrutiny to the Returning Officer or any other person authorised by him.

(18) The Returning Officer or the person authorised by him shall note the date and time of receipt of the notice of withdrawal.

(19) A person who has given notice of withdrawal shall not be allowed to withdraw such a notice.

(20) The Returning Officer shall on being satisfied of the genuineness of the case of withdrawal, cause the notice of withdrawal to be published on the notice board of the society on the same day.

(21) After expiry of the time allowed for withdrawal, the Returning Officer shall prepare a list of valid contesting candidates and publish it on the notice board of the society and in such other places as he may deem fit on the same day.

(22) If the number of candidates is equal to the number of members to be elected, the Returning Officer shall declare them as elected immediately. He shall publish the list of members so declared as elected on the notice board of the society and deliver a copy of the result sheet to the Chief Executive on the same day.

(23) If the number of contesting candidates is more than the number of members to be elected, the names of such candidates with the symbols allotted to them shall be written/typed or printed and be published on the Notice Board of the society at least three days before the date of election.

(24) The Returning Officer shall allot symbols to contesting candidates except those symbols which are allotted to recognised political parties in the State.

Explanation. For the purpose of this sub-rule a recognised political party means every political party recognised by the Election Commission of India as a National Party or as a State party in the State of Karnataka under the Election Symbols (Reservation and Allotment) Order, 1968.

(25) A register shall be kept at the place of election and every voter shall before affixing his signature in the register kept for the purpose shall produce identity card issued under Rule 13-A and then sign in the register and proceed to secure the identification slip. The voter shall produce the identity card before obtaining identification slip and after receiving the identification slip, he shall be allowed to proceed to cast his vote.

(26) Poll shall be conducted between 10 A.M. to 3 P.M:

Provided that all voters who have obtained identification slips before the time fixed for closing the poll and present at the polling booth shall be allowed to vote.

(27) The Returning Officer shall appoint as many such number of Assistant Returning Officers, Presiding Officers and Polling Officers to conduct the poll and as many counting assistants to count the votes as may be necessary.

(28) On a member producing the identification slip the Presiding Officer or Polling Officer shall issue him a ballot paper bearing the seal of the society and the signature of the Presiding Officer or Polling Officer.

(29) Canvassing or soliciting of votes during the conduct of election shall be strictly prohibited within 100 meters from the place of polling.

(30) Voting shall be by ballot and a voter shall mark (X) on or near the symbol against the name of the candidate, whom he wishes to vote and fold the ballot paper and deposit in the ballot box.

(31) Polling Officer shall help the illiterate or physically handicapped or disabled voters who require help, while making marks against the names of the candidates according to the desire of the voter.

(32) After the polling is over, the Polling Officer shall close the poll and deliver the ballot box to the Returning Officer, who shall arrange for counting, immediately after polling.

(33) The counting Assistants shall arrange all valid ballot papers after rejecting a ballot paper:

(a) If it bears any signature to identify the voter.

(b) If it does not bear the seal of the society or initial of the Polling Officer.

(c) If it contains more marks than the number of seats to be elected.

(34) After the counting is over.

(i) If equality is found to exist between the candidates to be declared elected, the Returning Officer shall forthwith decide between these candidates, by lot and the candidate on whom the lot falls shall be considered to have received an additional vote.

(ii) The candidates who have secured the maximum number of votes shall be declared as elected.

(35) The Returning Officer shall declare the result of election immediately after the counting of votes and publish the list of elected candidates on the notice board of the society and deliver a copy of it to the Chief Executive on the same day.

(36) The Returning Officer shall arrange to keep in safe custody, in the society, in a sealed box the ballot papers and counterfoils, the register containing the signature of members and the result of the counting. These can be destroyed six months after the election, or on the final disposals or dispute or appeals, if any, relating to election.

(37) The fees to be paid to the Election Officers/officials shall be fixed by the Registrar of CS from time to time

1. Rule 14 substituted by Notification No. CMW 159 CLM 98, dated 26-3-1999.

14A. Manner of convening the meeting of all the members of the Committee for electing officer bearers :-

(1) The Chief Executive shall within fifteen days from the date of constitution or deemed constitution of the committee after general election and immediately before the expiry of the term of office of the President or Chairperson, Vice-President or Vice-Chairperson and such other office bearers as are required to be elected under the bye-laws of the Co-operative Society. One of the elected members who is not a candidate for the election of President or

Chairperson, Vice-President or Vice-Chairperson shall be chosen to preside over such meeting. The meeting shall be convened by giving seven days notice sent by registered post, indicating the date, time and place of meeting.

(2) Whenever the office of the President or Vice-President or Chairperson or Vice-Chairperson falls vacant due to death or resignation or otherwise or for any other reason, the Chief Executive shall call a meeting in accordance with sub-rule (1) to fill up such a vacancy within a period of fifteen days from the date of occurrence of such vacancy.

(3) Not less than two hours before the time fixed for the meeting for the election of President or Chairperson. Vice-President or Vice-Chairperson or any other office bearers, any elected member may nominate any other elected member for being elected as President or Chairperson, Vice-President or Vice-Chairperson or other office bearers, as the case may be, delivering a nomination paper to the Chief Executive.

(4) No elected members shall nominate under sub-rule (3) more than one candidate for the office of the President or Chairperson, Vice-President or Vice-Chairperson or any other office bearer of the Society:

Provided that if any elected member has nominated more than one candidate for the office of the President or Chairperson or Vice-President or Vice-Chairperson or any other office bearers of the Society the nomination which is received first shall be considered for scrutiny.

(5) After the commencement of the meeting, the Chief Executive shall place before the person presiding over the meeting (hereinafter referred to as the Presiding Authority) all the nomination papers received by him. The Presiding Authority shall scrutinise all such nomination papers and shall read out to the members present at such meeting, the names of the members who in his opinion have been duly nominated together with those of the proposers.

(6) Any candidate may withdraw his candidature by notice in writing duly signed by him and delivered to the Presiding Authority immediately after the scrutiny of nomination papers.

(7) The notice of withdrawal may be given either by the candidate in person or by his proposer who had been authorised in, this behalf in writing by the candidate.

(8) No person who has given a notice of withdrawal of his candidature under sub-rule (6) shall be allowed to cancel the notice

of withdrawal.

(9) The Presiding Authority shall, on being satisfied as to the genuineness of notice of withdrawal and the identity of the person delivering it under sub-rule (7) read out to the member present at such meeting the names of the persons withdrawing their candidature.

(10) After the time fixed for withdrawal is over if there is only one candidate who has been validly nominated and has not withdrawn his candidature in the manner and within the time specified, the Presiding Authority shall forthwith declare such candidature duly elected as President or Chairperson, Vice-President or Vice-Chairperson or any other office bearer of the Society, as the case may be.

(11) If the number of candidature who have been validly nominated and who have not withdrawn their candidature are more than one, then the Presiding Authority shall proceed to conduct the election as hereinafter provided.

(12) Votes shall be taken by secret ballot and the members voting for and against any candidate shall record their votes in the ballot papers supplied to them.

(13) Any member present at the meeting may refrain from voting if he so chooses to do.

(14) After voting by all the elected members present and wishing to vote, is over the Presiding Authority shall count the votes and declare that the candidate to whom the highest number of valid votes have been given to have been duly elected.

(15) When an equality of valid votes is found to exist between any two or more candidates and the addition of one vote will entitle any of those candidates to be declared elected, the Presiding Authority shall forthwith decide between those candidates by lot in such manner as he may determine and proceed as if the candidate on whom the lot falls has received an additional vote. He shall thereafter declare the candidates on whom the lot falls to have been duly elected.

(16) The Presiding Authority shall cause a record of the minutes of the meeting which shall contain the names of all the elected members present. The minutes shall be signed by the Presiding Authority as well as the members present. The minutes shall be made available to any member for inspection.

14B. Manner of holding elections to the first committee of management after registration :-

(1) After registration of the Society, the Registrar shall appoint a Returning Officer for conducting elections to the first committee of management:

(2) Such election shall be held in the First General Meeting of the Society. Rule 14 of the said rules shall mutatis mutandis apply for such election:

Provided that no list of defaulters as contemplated under Rule 14 is required to be published:

(3) Registrar may appoint the person whom he authorises to attend the First General Meeting, to be the Returning Officer.

14C. The manner of convening meeting of all the members of the first committee for election of the office bearers :-

(1) After the members of the first committee are elected under Rule 14-B, the Chief Executive or the officer authorised by the Registrar (hereinafter referred to as the Authorised Officer) shall convene a meeting for the purpose of election of President or Chairperson, Vice-President or Vice-Chairperson and such other office bearers as are required to be elected under the bye-laws of the Co-operative Society.

(2) The meeting under this sub-rule (2) shall be convened by the Chief Executive or the Authorised Officer as the case may be, within fifteen days from the date of election members of the first committee of Management under Rule 14-B, by issuing a notice of not less than seven days sent by registered post indicating the date, time and place of the meeting.

(3) Not less than two hours before the time fixed for the meeting for the election of President or Chairperson, Vice-President or Vice-Chairperson or any other office bearers, any elected member may nominate another elected member for being elected as President or Chairperson, Vice-President or Vice-Chairperson or any other office bearers, as the case may be, by delivering a notice of nomination to the Chief Executive or the Authorised Officer.

(4) In other respects, the provision of Rule 14-A shall mutatis mutandis apply.]

15. Remuneration payable to Administrator and Special Officer :-

- ¹ (1) The remuneration payable to an Administrator appointed
(2) The remuneration payable to a Special Officer appointed under Section 30-A shall be such as the State Government may from time to time determine.
(3) The amount of remuneration and other costs, if any, incurred in relation to the management of the Co-operative Society by the Administrator or the Special Officer, shall be paid out of the funds of the Society.

1. Rule 15 substituted by GSR 85, dated 28-3-1987.

16. Disqualification for membership of committee :-

x x x x x.]

17. Officers and employees of Co-operative Societies qualifications, etc :-

(1) Subject to the budget allotment sanctioned by the general body, the managing Committee shall prescribe from time to time the strength of the establishment of the society and the ¹[scale of pay and other allowances] admissible to each member thereof with the prior approval of the ²[Government.]

³Provided that no post which is to be filled by deputation or otherwise of a Government Servant shall be created except with the prior approval of the Government.

(2) No persons shall be eligible for appointment to the posts mentioned below unless he possesses the qualification specified against them: A. Secretary, Assistant Secretary or Manager.

(i) ⁴[Degree or a post-graduate degree in Co-operation or a degree of B.A.] or B.Com. or B.Sc., L.Com., and D.Com., or degree of any recognised university in the case of societies having a working capital of rupees one lakh or more and S.S.L.C. (completed or eligible for admission to University or Government service) in others; and

(ii) a pass in the Government Technical Examinations in Book-keeping, Banking, Co-operation and Auditing or the examination in these subjects or examinations conducted by the Regional Co-operative Schools provided that a person who has taken ⁵[a degree or post-graduate degree in Co-operation or] the B.Com. degree shall be exempted from passing these examinations.

⁶[(i) ⁷[A degree or post-graduate degree in co-operation or any

other degree of a] University established by Law in India; or
(ii) S.S.L.C. and a pass in the Examination in Book-keeping, Banking, Co-operation and Auditing held by Government or Examinations conducted by the Regional Co-operative Schools⁸[or P.U.C. Diploma in Co-operation awarded by the State Council of Vocational Education in Kamataka].]

(3) No appointment by direct recruitment shall be made except by calling for applications from eligible candidates by notifying the same; provided that, this restriction shall not apply to the appointment of an officer whose services have been lent by the Government.

9 [x x x x x.]

1. Substituted for the words "scale of pay" by GSR 85, dated 28-3-1987.

2. Substituted for the word "Registrar" by Notification No. CMW 1 CLM 97, dated 12-12-1997.

3. Proviso inserted by GSR 178, dated 26-7-1985, w.e.f. 27-7-1985.

4. Substituted for the words and letters "Degree of a B.A." by GSR 85, dated 28-3-1987.

5. Inserted by GSR 85, dated 28-3-1987.

6. Items (i) and (ii) substituted by S.O. 379, dated 25-1-1978, w.e.f. 9-2-1978.

7. Substituted for the words "A Degree or by GSR 85, dated 28-3-1987.

8. Inserted by GSR 373, dated 10-12-1980, w.e.f. 18-12-1980.

9. Rules 17-A, 17-B, 17-C and 17-D omitted by GSR 85, dated 28-3-1987.

18. . :-

(a) Conditions of service of officers and employees of Co-operative Societies.

¹(1) Every candidate for appointment by direct recruitment of any post in the services of the Co-operative Society must have attained the age of eighteen years and not attained the age of,

(i) thirty-eight years in the case of a person belonging to any of the Scheduled Castes or Scheduled Tribes Backward Tribes;

(ii) thirty-six years in case of a person belonging to any of the Backward Castes or Backward Communities;

(iii) thirty-three years in the case of others. On the last date fixed for the receipt of application or on such other date as may be specified by the Appointing Authority or the Recruitment Committee, as the case may be.]

Provided that this restriction shall not apply to a Government Servant whose services are lent to the society or to a person who is already in service, of any Co-operative Society, if his age at the time he entered such service was in accordance with the rules then in force applicable to the area concerned:

²Provided further that where any post has to be filled by a person of high qualifications and special experience, the age restriction may be relaxed with the previous approval of the Registrar:

³(1 A) Notwithstanding anything contained in clause (1), the maximum age limit for appointment shall be deemed to be enhanced by ten years in the case of candidate who is widow.

⁴(2) Age of Retirement. The date of compulsory retirement of an officer or employee of any Co-operative Society is the date on which he attains the age of fifty eight years:

Provided that where the officer or employee concerned is physically fit to carry on the work efficiently his period of service may be extended with the approval of the Registrar, up to such period not beyond the date on which he attains the age of sixty years:

⁵[x x x x x.]

⁶Provided further that in respect of an officer or an employee of any Co-operative Society to whom Rule 50 of the Karnataka Co-operative Societies Rules, 1952, was applicable, the date of compulsory retirement shall be the date on which he attains the age of sixty years.

⁷(3) Leave

(i) Leave cannot be claimed as a matter of right. Wilful absence without previous sanction whether in continuation of leave or otherwise shall render an employee liable for disciplinary action;

(ii) Fifteen days casual leave may be granted to an employee in a calendar year casual leave cannot be accumulated or carried forward from year to year. Casual leave shall not ordinarily be allowed for more than seven days at a time;

(iii) An employee shall be entitled for "earned leave" on full pay at the rate of one-eleventh of the period spent on duty. The earned leave can be accumulated up to a maximum period of ⁸[240 days];

- (iv) Subject to the balance of leave at his credit, an employee may be sanctioned earned leave for a period up to 20 days at a time;
- (v) Earned leave subject to a maximum of four months may be granted to an employee if due, on full pay before his retirement. In case an employee cannot be spared in the interest of work of the institution, such leave may be granted after retirement;
- (vi) "Sick leave" on production of a medical certificate from a Government Medical Officer, not below the rank of an Assistant Surgeon, may be granted on half pay, if leave is due. Such leave shall not exceed a period made up by reckoning fifteen days for each year of service in the institution without break. The total of such leave shall in no case exceed twelve months throughout the total service of an employee;
- (vii) "Maternity leave" of absence from duty may be granted on full pay to married women employees of a Co-operative Society for a period which shall not ordinarily exceed two months but which may be extended to three months at the discretion of the sanctioning authority. In no case shall maternity leave extend beyond six weeks from the date of confinement, provided that no maternity leave shall be granted to married women employee having three or more living children;
- (viii) "Leave without pay" up to a maximum of one year in the whole service of an employee may be granted in addition to all other leave earned and admissible under these rules;
- (ix) "Leave may be cancelled by the authority empowered to grant it:]

Provided that not more than two months such leave shall accrue to a person at any time and provided further no employee shall claim leave as a matter of right at any time.

9(4) Gratuity.

- (1) The Committee of a Co-operative Society shall grant gratuities on retirement to the employees of the Co-operative
 - (a) when an employee leaves the service within five years from the date of his permanent appointment, he shall have no claim to this benefit;
 - (b) when an employee who has put in five to ten years service retires from service or if he dies while in service, gratuity not exceeding half a months pay for every year of service which he was drawing on the date of retirement or death as the case may be;
 - (c) when an employee who has put in more than ten years service retires from service or if he dies while in service, gratuity not exceeding a months pay for every year of service, which he was

drawing on the date of retirement, or death, as the case may be.

(ii) The maximum amount payable to any employee shall not exceed fifteen months pay under any circumstances. N.B. Pay means the average monthly salary drawn during the last year of the employees active service.]

(5) Service Register. The society shall maintain a record of services of every employee as also of the leave availed of by him from time to time. All changes affecting the rank, emoluments, transfers from one branch to another and other allied matters, shall be recorded in this register and attested by the President of the society in the case of the Secretary, and by the Secretary in the case of the other employees.

(6) Use of official information. No employee shall, except when generally or specially empowered or permitted by the managing committee, communicate directly or indirectly, to any other person or institution or to the Press, any document or information which has come to his possession in the course of his official duties, or has been prepared and collected by him in the course of such duties, whether from official sources or otherwise.

(7) Pecuniary relation. No employee shall have pecuniary transactions with individuals or institutions coming in contact with him in the course of his official duties or accept directly or indirectly either on his own behalf or on behalf of any other person any gift, gratuity, or reward from any person with whom he may have to deal in his official capacity:

Provided that this rule shall not apply to the borrowings by an employee on the security of his deposits, savings, insurance policy or other documents from other institutions.

10(8) Taking Part in Politics and Election. No employee of a Co-operative Society.

(a) shall be a member of or be otherwise associated with, any political party or any organisation which takes part in politics nor shall takes part in, subscribe in aid of, or assist in any other manner, any political movement or activity;

(b) shall canvas or otherwise interfere with or use his influence in connection with or take part in an election to Parliament, any legislature or local authority or in any election to the Managing Committee or other Office bearers of the society: Provided that.

(i) an employee of the Co-operative Society qualified to vote at such election may exercise his right to vote;

(ii) an employee of the Co-operative Society shall not be deemed to have contravened the provisions of this sub-rule by reason only

that assists in the conduct of an election in the due performance of a duty imposed on him by or under any law for the time being in force.

Explanation. This display by an employee of the Co-operative Society on his person, vehicle or residence of any electoral symbol shall amount to using his influence in connection with an election within the meaning of this sub-rule.]

(9) Punishments. Any employee who contravenes the provisions of Rules 6, 7 and 8 shall be liable for such punishment as the managing committee may determine.

(10) Any member of the establishment may, for good and sufficient cause, be punished. The managing committee or the person authorised by such committee shall be the authority competent to censure, fine, suspend, reduce, dismiss or withhold the increment of the employee of the society.

(11) No kind of punishment shall be awarded to any employee unless he has been informed in writing of the grounds on which it is proposed to take action against him and he has been afforded a reasonable opportunity to defend himself.

(12) An appeal shall lie to the general body of the society by any employee who has been punished.

(b) Appointment of Secretary by certain classes of Societies. Every Co-operative Society whose area of operation extends beyond a district, every District Co-operative Central Bank, every Marketing Society, every Consumers Society, every Processing Society, and every ¹⁰ [Primary Agriculture and Rural Development Bank] shall appoint a paid Secretary approved by the Registrar. The services of such a Secretary shall not be dispensed with without the previous sanction of the Registrar.

1. Clause (1) of sub-rule (a) substituted by GSR 5, dated 31-12-1993, w.e.f. 4-1-1994.

2. Second proviso inserted by GSR 1256, dated 29-11-1966 and shall be deemed to have come into force w.e.f. 15-11-1966.

3. Clause (1-A) inserted by Notification No. CMW 105 CLM 97, dated 28-3-1998.

4. Clause (2) substituted by GSR 1256, dated 29-11-1966 and shall be deemed to have come into force w.e.f. 15-11-1966.

5. First Proviso omitted by GSR 190, dated 29-9-1993.

6. Second proviso inserted by GSR 407, dated 24-11-1969.

7. Clause (3) substituted by GSR 1256, dated 29-11-1966 and shall be deemed to have come into force w.e.f. 15-11-1966.
8. Substituted for the words "four months" by Notification No. CMW 30 CLM 98, dated 31-10-1998
9. Clause (4) substituted by GSR 1256, dated 29-11-1966 and shall be deemed to have come into force w.e.f. 15-11-1966.
10. Substituted for the expression "Land Mortgage Bank" by GSR 85, dated 28-3-1987.

19. Prohibition against being interested in contracts, etc :-

- (1) No officer of a Co-operative Society shall have any 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 by 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.

CHAPTER 5 Properties and Funds of Co-operative Societies

20. Rate of contribution payable to Co-operative Education Fund :-

¹ Every society whose net profits exceed five hundred rupees and declares the payment of a dividend to its members on their paid up share capital at the rate specified in column (1) of the Table below, shall contribute towards the Co-operative Education Fund of the State Federal Society notified by the State Government, at the rate specified in the corresponding entry of column (2) of the said Table, namely.

1. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3- 1987.

21. Disposal of unappropriated profits :-

Any profits not appropriated in the manner specified in the Act, the Rules and the bye-laws shall forthwith be credited by a Co-operative Society to its reserve fund.

21A. Maximum rates of Travelling Allowance, Daily Allowance and sitting fee :-

¹(1) For the purpose of sub-rule (2), the Co-operative Societies shall be classified as follows, namely:

1. Class I-

- (a) The Karnataka State Co-operative Apex Bank Limited.
- (b) The Karnataka Co-operative Consumers Federation Limited.
- (c) The Karnataka State Co-operative ²[Primary Agriculture and Rural Development Bank] Limited.
- (d) The Karnataka State Co-operative Marketing Federation Limited.
- (e) The Karnataka State Co-operative Union Limited.
- (f) The Karnataka State Federation of Co-operative Sugar Factories Limited.
- (g) Co-operative Sugar Factories.
- (h) The Karnataka State Co-operative Housing Federation Limited.
- (i) The Karnataka State Urban Co-operative Bank Federation Limited.
- (j) The Central Arecanut Marketing and Processing Co-operative Society Limited.
- ³[(k) The Karnataka Co-operative Milk Producers Federation Limited, and the Milk Producers Co-operative Societies Unions, coming under the purview of the Karnataka Co-operative Milk Producers Federation Limited.]
- (l) The Karnataka State Scheduled Castes and Scheduled Tribes Co-operative Housing Corporation Limited.
- ⁴(m) The Malaprabha Co-operative Oil Mills Limited, Nargund.]
- ⁵[(n) Karnataka Co-operative Oilseeds Growers Federation Limited and Regional Oilseeds Growers Co-operative Unions coming under the purview of Karnataka Co-operative Oilseeds Growers Federation Limited.

2. Class II-

- (a) State Level Co-operative Societies other than those specified in Class I.
- (b) District Central Co-operative Banks.
- (c) Urban Banks and other Co-operative Societies to which the

provisions of the Banking Regulation Act, 1919 are applicable.

(d) Co-operative Spinning Mills.

⁶[(e) The Kodagu Coffee Growers Co-operative Society Limited, Madikere.

⁵[(f) The Malnad Area Marketing Co-operative Society Limited, Shimoga.

(g) The Coorg District Co-operative Marketing Federation Limited, Virajpet

⁸[(h) The Karnataka Coffee Processing Co-operative Society Limited, Mysore.

⁹[(i) The Malleshwaram Co-operative Society Limited, Malleshwaram, Bangalore.

¹⁰[(j) Veerashyva Co-operative Society Limited, Bagalore.

¹¹[(k) The Totgars Co-operative Sale Society Limited, Sirsi.

¹²[(l) The Farmers Co-operative Oils Limited, Binkadakatti.

3. Class III-

(a) The Central Co-operative wholesale Stores.

(b) Co-operative Societies whose area of operation extends to a District other than those specified in Classes I and II.

(c) Co-operative Societies whose area of operation is more than a District but less than the State other than those specified in Class II.

4. Class IV- Co-operative Societies whose area of operation is not less than a Taluk but less than a District other than a district but less than those specified in Classes I, II and III.

5. Class V-

(1) The Co-operative Societies whose area of operation is less than Taluk other than those specified in Classes I, II, III and IV.

(2) The maximum rate of travelling allowance, daily allowance and sitting fee for the purpose of the second proviso to Section 56, for the members of the class of Co-operative Societies referred to in sub-rule (1) shall be as specified in Schedules I, II and III:

Provided that, no member shall be paid both the daily allowance and sitting fee but he shall be entitled only for either the daily allowance or the sitting fee:

¹³ [Provided further that the Registrar of Co-operative Societies may permit the Office bearers of a Co-operative Society specified under Clauses III, IV and V to travel by Air in exceptional circumstances.

1. Rule 21-A inserted by GSR 35, dated 18-1-1980, w.e.f. 7-2-1980.

2. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3- 1987.
3. Item (k) substituted by GSR 185, dated 29-11-1994.
4. Item (m) inserted by GSR 155, dated 1-8-1992.
5. Items (f) and (g) inserted by GSR 60, dated 18-10-1983, w.e.f. 8-3-1984.
6. Item (e) inserted by GSR 174, dated 1-3-1983, w.e.f. 28-7-1983.
8. Item (h) inserted by GSR 92, dated 4-4-1984, w.e.f. 19-4-1984.
9. Item (i) inserted by GSR 49, dated 9-2-1987, w.e.f. 10-2-1987.
10. Item (j) inserted by GSR 126, dated 16-7-1992, w.e.f. 17-7-1992.
11. Item (k) inserted by GSR 137, dated 17-7-1992.
12. Item (1) inserted by GSR 185, dated 29-11-1994.
13. Second proviso to sub-rule (2) inserted by GSR 98, dated 4-4-1984, w.e.f. 26-4-1984.

22. Manner of determining net profits under sub-section (1) of Section 57 and rate at which dividend may be paid by Co-operative Societies :-

(1) In determining net profits from which not less than 25 per cent are to be taken to the reserve fund under sub-section (2) of Section 57, the following procedure shall be adopted.

- (a) All interest accrued due, but not actually realised shall be deducted from the gross profits for the year, before the net profits are arrived at. So much of the accrued interest that has been so deducted from the profits of the year, as are actually recovered during the subsequent year, may be added to the profits of the subsequent year. The Registrar may, in special cases and after due enquiry, permit a society to treat interest accrued due for a period not exceeding one year as profits; but, if the amount so permitted to be treated as profits is not actually recovered during the subsequent year, it shall be deducted from the profits of such subsequent year before the net profits of that year are arrived at;
- (b) All interest paid and due for the year shall be charged off to

profit;

(c) All management expenses paid and due for the year shall be charged off to profit;

(d) All rents, rates, taxes, subscriptions and insurance charges paid and due for the year shall be charged off to profit;

(e) Audit fee due for the year in accordance with the scale fixed by Government shall be charged off to profit;

(f) Adequate provision for depreciation on furniture, stock, buildings, land and other property owned by the society shall be made in accordance with the provisions of the bye-laws and charged off to profit;

(g) In the case of Trading Co-operative Societies, Marketing Co-operative Societies, Industrial Co-operative Societies and Processing Co-operative Societies provision shall also be made for contribution to the Trade fluctuation Fund in pursuance of the bye-laws to be framed for this purpose;

(h) Any other items notified by the Registrar as being a charge on the profits of any particular class or type of societies shall also be charged off to profit during the audit of such class or type of societies.

¹[(2) No Co-operative Society shall pay its share-holders a dividend exceeding ²[twenty-five per cent] in any year on the paid-up share capital in the name of each share-holder:

³ [x x x x x:]

Provided further that bonus, if any, paid on shares shall also be subject to the overall limitation mentioned in this sub-rule.]

1. Sub-rule (2) substituted by GSR 80, dated 5-3-1976, w.e.f. 18-3-1976.

2. Substituted for the words "twelve per cent" by Notification No. CMW 261 CLM 96, dated 10-11-1997.

3. First proviso omitted by Notification No. CMW 261 CLM 96, dated 10-11-1997.

23. Object and investment of Reserve Fund :-

(1) A reserve fund maintained by a Co-operative Society shall belong to the society and is intended to meet unforeseen losses. It shall be indivisible and no member shall have any claim to a share in it.

(2) A Co-operative Society shall not invest or deposit its reserve fund except in one or more of the modes mentioned in clauses (a) to (d) of Section 58 of the Act:

Provided that the Registrar may, by general or special order, permit any Co-operative Society or any class of Co-operative Societies to invest the reserve fund or a portion thereof on its own business, or in the

(3) No Co-operative Society whose reserve fund has been separately invested or deposited shall draw upon, pledge or otherwise employ such fund, except with the sanction of the Registrar previously obtained in writing.

24. Disposal of Reserve Fund on winding up of a Co-operative Society :-

(1) On the winding up of a Co-operative Society, the reserve fund together with other funds constituted by the society in accordance with its bye-laws, shall be applied by the liquidator to the discharge of such liabilities of the society as may remain undischarged out of the assets of the society, in the following order, namely:

(a) the debts of the society;

(b) the dividend upon paid-up share capital at rates not exceeding six per cent for any periods for which dividend has not been paid, or such dividend upon paid up share capital as will bring dividend to the maximum rate for any period for which the dividend at a rate lower than the maximum specified has been paid. No dividend shall, however, be paid on share capital, if the bye-laws of the society do not provide for payment of dividend.

(2) Any surplus funds remaining after the payment mentioned in sub-rule (1) shall be utilised in the following manner and subject to the following conditions, namely:

(a) in the case of a Co-operative Society other than a financing bank,

(i) the surplus funds shall be applied to such object of public utility as may be selected by the general body of the dissolved society at a meeting and approved by the Registrar. It shall be competent for the liquidator to constitute a trust to carry on such object and to require the general body to select a trustee or trustees from among the ex-members or other persons. If the general body does not select a trustee or trustees or if selection of a trustee or trustees by the general body is not acceptable to the liquidator, the liquidator

may himself appoint a trustee or trustees. The trustee or trustees, as the case may be, shall execute a deed in such form as Registrar may from time to time specify. A trust created under this sub-clause shall be governed by the provisions of the law relating to public charitable trusts, for the time being in force;

(ii) If within thirty days, after the issue of notice by the liquidator appointed to wind up the affairs of the society, the general body fails to make any selection that is approved by the Registrar, the Registrar may place the surplus funds on deposit or otherwise with a financing bank working in the area in which the society which is being wound up carried on its operations, until a new Co-operative Society with similar objects is registered in such area in which case the funds shall be credited to the reserve fund of such society. If in the opinion of the Registrar, there is no prospect of new society being formed in such area within a reasonable time, the Registrar shall assign the amount to the bad debt reserve or the reserve fund to the financing bank working in such area.

(b) In the case of financing bank, the surplus funds shall be assigned by the Registrar to the reserve fund or funds of any other financing bank or banks to which the societies working in the area in which the financing Bank which is being wound up carried on its operations are affiliated. If there is no financing bank working in such area, the Registrar shall invest the amount in the State Co-operative Bank, until a new financing bank is formed in such area, in which case the funds shall be credited to the reserve fund of such financing bank.

25. Borrowings by Co-operative Societies :-

¹[(1) No Co-operative Society shall without the previous sanction of the State Government, receive deposits and loans whether from members or non- members exceeding in total 30 times, the total amount of its paid up share capital accumulated reserve fund and building fund minus accumulated losses.]

² [(2) x x x x x.]

(3) In calculating the total amount of liability for the purposes of this rule, in the case of an agricultural purchase and sale society or a multipurpose society, specified in this behalf by the Registrar by general or special order, a sum equal to the amounts borrowed by such society from a central financing agency for giving advances on the security of agricultural produce shall be deducted from the amount of the actual liability of such society.

(4) In calculating the total amount of liability for the purposes of this rule, in the case of a District Co-operative Central Bank or a Land Mortgage Co-operative Society a sum equal to the face value of the gilt-edged securities owned by such bank, up to an amount equal to

(5) A Co-operative Society which accepts deposits and loans from members only and has no liability to any person other than the members, may receive such deposits and loans in excess of the limit referred to in sub-rule (1) if the excess amount is deposited in a Co-operative Bank to which it is affiliated or is invested in Government or other securities specified in Section 20 of the India Trusts Act, 1882:

Provided that the amount so deposited or invested, or any part thereof, is not withdrawn or otherwise utilised for the repayment of the deposits accepted in excess of the aforesaid limit.

1. Sub-rule (1) substituted by Notification No. CMW 169 CLM 98, dated 10-3-1999

2. Sub-rule (2) omitted by Notification No. CMW 169 CLM 98, dated 10-3-1999.

26. Transactions with non-members :-

Save as otherwise provided for in Section 59 and Section 60 and except with the general or special sanction of Government no Co-operative Society shall enter into any credit transaction with a person other than a member, unless.

(a) the bye-laws of the society permit it to enter into such transactions; or

(b) the previous sanction of the Registrar has been obtained by the society.

27. Restrictions on grant of loans by a Co-operative Society :-

(1) No Co-operative Society shall grant loans or make advances against the security of its own shares.

(2) The total amount of loans granted by a Co-operative Society to the members of its Committee of Management and outstanding against them in the aggregate shall not at any time exceed twenty-five per cent of the total of all loans granted by the society and

outstanding against its members at any time.

28. Maintenance of fluid resources :-

Every Co-operative Society accepting deposits and granting cash credits shall maintain fluid resources in such form and according to such standards as may be fixed by the Registrar, from time to time, by general or special order.

28A. Declaration by a member borrowing loans from certain societies :-

(1) A declaration under clause (1) of sub-section (1) of Section 33 shall be in form I.

(2) A register of such declaration shall be kept by the society in form II.

CHAPTER 6 Audit

29. Subject-matter of audit :-

(1) The audit under sub-section (1) of Section 63 shall include, in addition to the matters specified in sub-section (2) of the said section, the following particulars.

(a) a verification of the balances at the credit of the depositors and creditors and of the amounts due by the society's debtors, of such proportion thereof as may be fixed by the ¹[Director of Co-operative Audit;]

(b) an examination of the transactions of the members of its committee;

(c) an examination of the statement of accounts of the society to be prepared by the committee in such form as may be determined by the ²[Director of Co-operative Audit;]

(d) a certification of the profits actually realised ³[or loss actually incurred]; and

⁴[Director of Co-operative Audit].

(2) The statement of accounts as audited, under sub-rule (1) together with the modifications, if any, made therein by the ⁵[Director of Co-operative Audit], shall be final and binding on the society.

1. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

2. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.
3. Inserted by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.
4. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.
5. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

30. Audit fees :-

(1) Every Co-operative Society shall pay to the State Government ¹[or at a rate equal to the average cost incurred for appointment of auditors under Rule 441 of the Karnataka Civil Services Rules, 1959] a fee for the audit of its accounts for each Co-operative year in accordance with the scale fixed by the ²[Director of Co-operative Audit], with the previous approval of the State Government in respect of the class of societies to which it belongs.

³[(1A) Every Co-operative Society, where the Government decides to post audit staff for concurrent and final audit of accounts, shall pay audit cost in accordance with the provisions of Rule 441 of the Karnataka Civil Services Rules, 1959. The need to post such audit staff and its

(1B). In the event of a Co-operative society failing to pay the fees or cost payable to the Government under the provisions of sub-rule (1) or (1-A), the Director of Co-operative Audit may call upon the financing bank of the concerned Co-operative Society to remit the outstanding amount of fee or cost to the Government. On receipt of such demand, the financing bank shall remit the sum as audit fee or the cost to the Government out of the amount at the credit of society and if there is no sufficient balance at the credit of such society to meet the demand to the extent of balance available and remaining amount shall be remitted as and when it becomes available in the accounts of the society. The financing bank shall comply with the directions issued by the Director of Co-operative Audit and shall also furnish a certificate to the Director of Co-operative Audit indicating the particulars of the remittance of fees or cost so remitted on behalf of the society.]

(2) All ⁴ [fees or cost] payable under this rule shall be recoverable in the manner specified in Section 104 of the Act.

(3) The [Director of Co-operative Audit] may, subject to such conditions as may be laid down by the State Government remit the whole or any part of the fees payable under sub-rule (1) by a particular society or by a particular class of societies for any year or other specified period.

1. Inserted by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

2. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

3. Sub-rules (1-A) and (1-B) inserted by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

4. Substituted for the word "fees" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

CHAPTER 7 Settlement of Disputes

31. Procedure for reference and arbitration :-

(1) A reference to the Registrar of any dispute under Section 70 of the Act shall be in writing and stamped with such stamp and in accordance with such scale as may be notified by Government in this behalf.

¹[(2) No Co-operative Society shall refer to the Registrar any dispute relating to the election of any of its members to its committee without the previous sanction of the State Government and no amount shall be spent out of the funds of the Co-operative Society for the purpose of such dispute without the previous sanction of the State Government.]

(3) Where on receipt of a reference under sub-rule (1) the Registrar decides under clause (c) of sub-section (2) of Section 71 to refer it for disposal by arbitration, the reference shall be made to one arbitrator appointed by the Registrar.

(4)

(a) The Registrar, the Arbitrator, or other person deciding the dispute shall, after service of summons on the parties concerned, in a manner prescribed by these rules, record a brief note of the evidence of the parties and witnesses who attend and upon the evidence so recorded, and after consideration of any documentary evidence produced by the parties, shall give a decision or award, as the case may be, in accordance with justice, equity and good conscience.

(b) The decision or award given shall be in writing and pronounced in open Court. If a party duly summoned fails to attend, the dispute may be decided ex parte. Ex parte decisions on awards may, on sufficient cause for non-attendance being shown, be set aside by the Registrar, and the dispute ordered to be re-taken on the file and disposed of: Provided that no application for setting aside an ex parte decision or award shall lie, unless made within thirty days from the date of such decision or award, then the party for whose non-attendance, such decision or award was made, had been duly served in the dispute or in other cases within thirty days from the date of knowledge of such decision or award having been made.

(5)

²(a) When the Registrar, -

(i) decides the dispute himself under clause (a); or

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

(iii) refers a dispute for disposal to an Arbitrator under clause (c), of sub-section (1) of Section 71, he shall have powers to require the party or parties concerned to deposit in advance such fee as may be determined by him.

(b) The Registrar, Arbitrator, or other persons deciding a dispute under Section 71 shall have power to order the ²[fees and expenses] incurred in determining such dispute to be paid either out of the funds of the society or by such party or parties to the dispute, as he may think fit.

(c) The Registrar, may, in his discretion, remit the whole or any part of the fees collected under clause (a).

(6)

(a) Where one of the parties to the dispute is a minor or a person of unsound mind, the Registrar on being satisfied of the fact of the minority or unsoundness of mind, and after notice to the proposed guardian shall appoint a proper person to be guardian for such minor

(b) When a necessity arises for the appointment of a guardian to a minor or a person of unsound mind in a dispute before the Arbitrator appointed by the Registrar to decide the dispute, the file may be returned to the Registrar, for the appointment of a guardian.

(7) (a) When an award has been made, the person who made it should cause it to be filed in the office of the Registrar, together

with any depositions and documents which have been taken and proved before him and notice of the filing shall be given to the parties. (b) Where the decision or award involved the payment of money or delivery of grain and such payment is not made within one week or such further time as may be allowed by the Registrar, the Registrar may, on the application of the decree-holder, issue a certificate, as provided for in Section 101 of the Act. The certificate shall be in the following form: Office of the Registrar of Co-operative Societies, Bangalore. Dispute No..... Of..... Certified that a decree/decision/award as noted in the enclosure has been passed in the above dispute and the same has not been satisfied (or satisfied in part).

3 [(8) The following scale of batta be paid to witnesses summoned by the party at whose instance the witness is summoned, Witness will be divided into two classes.

Class I Persons whose monthly income is Rs. 3,500 and above.

Class II Persons whose monthly income is below Rs. 3,500.

SCALE OF BATT

T.A. for journey to and fro from the place of hearing where the latter is in a different station from that of the witness.

Class of Witness	Journey by Road	Conveyance charges from Bus/Rail to place of the hearing	Subsistence allowance including expenses per day	
			At Bangalore	At other place within the State
Class I	Two times the ordinary bus fare	Two Rupees per Kilometre	Rs. 60-00	Rs. 40-00
Class II	Single ordinary bus fare	Rupee one per Kilometre	Rs. 40-00	Rs. 30-00

(9) Expenses under sub-clause (8) shall be treated as costs of the dispute and the authority deciding the dispute shall have full power to determine by whom or out of what property and to what extent such costs and all other costs incidental to the dispute are to be paid and to give all necessary directions for the purposes aforesaid. Where the authority deciding the dispute directs that any costs shall not follow the event, the authority shall state its reasons in writing . Interest on cost at any rate not exceeding six per cent per annum may be awarded and such interest shall be added to the costs and shall be recoverable as such.

1. Sub-rule (2) substituted by GSR 392, dated 8-12-1977, w.e.f. 29-12-1977.

2. Clause (a) substituted by GSR 358, dated 29-11-1975, w.e.f. 11-12-1975.

3. Sub-rule (8) substituted by GSR 83, dated 5-6-1996.

32. Mode of service of summons :-

(1) Every summons issued under the Act and these rules shall be in writing, shall be authenticated by the seal, if any, of the officer by whom it is issued and shall be signed by such officer or by any person authorised by him in writing in that behalf. It shall require the person summoned to appear before the said officer at a stated time and place, and shall specify whether his attendance is required as a party to a dispute to answer the claim or as a witness to give evidence or to produce a document or for both purposes, and any particular document the production of which is required shall be described in the summons with reasonable accuracy.

(2) Any person may be summoned to produce a document without being summoned to give evidence; and any person summoned merely to produce document shall be deemed to have complied with the summons, if he causes such document to be produced, instead of attending personally to produce the same.

(3) The service of summons under the Act on any person may be effected in any of the following ways,

(a) by giving or tendering it to such person; or

(b) if such person is not found, by leaving it at his last known place of residence or of business or by giving or tendering it to some adult member of his family; or

(c) if the address of such person is known to the Registrar or other authorised person by sending it to him by registered post prepaid for acknowledgement; or

(d) if none of the means aforesaid is available, by affixing it in some conspicuous part of his last known place of residence or business.

(4) Where the serving officer delivers or tenders copy of the summons to the person summoned personally 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, to an acknowledgement of service endorsed on the original summons.

(5) The serving officer shall in all cases in which the summons has been served under sub-rule (4) endorse or annex, or cause to be

endorsed or annexed, on or to the original summons a return stating the time when and the manner in which summons was served and the name and address of the person, if any, identifying the person served and witnessing the delivery or tender of the summons.

(6) Where the party to be summoned is a public officer or is a servant of a Railway Company or local authority, the officer issuing the summons may, if it appears that the summons may be most conveniently so served, send it by registered post, prepaid for acknowledgement for service on the party to be summoned, to the head of the office in which he is employed, together with a copy to be retained by the party.

CHAPTER 8 Winding up and Dissolution of Co-operative Societies

33. Procedure to be adopted by Liquidator :-

Where a Liquidator has been appointed under sub-section (1) of Section 73, the following procedure shall be adopted,

(a) The appointment of the Liquidator shall be notified by the Registrar in the Official Gazette;

(b) The Liquidator shall, as soon as the order of winding up of the society takes effect, publish by such means as he may think proper, a notice requiring all claims against the society, the winding up of which has been ordered, to be submitted to him, within ¹[one month] of publication of the notice. All liabilities recorded in the account books of a society shall be deemed ipso facto to have been duly submitted to him under this clause;

(c) The Liquidator shall decide questions of priority arising between claimants and shall draw up a scheme for the payment of their dues;

(d) The Liquidator shall recover all sums and other properties to which the society is entitled and may institute such suits for that purpose or such suits incidental to liquidation proceedings as he may think proper;

(e) The Liquidator may empower any person, by general or special order in writing, to make collections and to grant valid receipts on his behalf;

(f) The Liquidator shall, after settling the assets and liabilities of the society, as they stood on the date on which the order of winding up is made, proceed next to determine the contribution to be made by each of its members, past members or by the estates, or nominees, heirs or legal representatives of deceased members or

by any officers or former officers respectively to the assets of the society, under clauses (b) and (c) of sub-section (2) of Section 74. Should necessity arise, he may also make a subsidiary order regarding such contributions and such order shall be enforceable in the same manner as the original order;

(g) All the funds in the charge of the Liquidator shall be deposited in the Government Treasury or in the Post Office Savings Bank or in a Co-operative Bank or with such other Bank as may be approved by the Registrar and shall stand in his name;

(h) The Registrar shall fix the amount of remuneration, if any, to be paid to the Liquidator. The remuneration shall be included in the cost of liquidation, which shall be payable out of the assets of the society in priority of all other claims;

(i) ²[The Liquidator may call] for meetings of the members of the society, under liquidation:

³ [Provided that if for any reason it is impracticable for the Liquidator to convene the general meeting of the members of the dissolved society

(j) The Liquidator shall submit to the Registrar a quarterly report in such form as the Registrar may specify showing the progress made in the Liquidation of the society;

(k) The Liquidator shall keep such books and accounts as may from time to time be prescribed by the Registrar who may at any time cause such books and accounts to be audited;

(l) At the conclusion of the liquidation, the Liquidator shall call for a general meeting of the members of the dissolved society at which the Liquidator or any other person authorised by him by special or general order in writing in this behalf, shall summarise the result of his proceedings and shall take a vote as to the disposal of any surplus funds in the manner prescribed in sub-rule (2) of Rule 24. The Liquidator shall submit his final report to the Registrar with a copy of the proceedings of the general meeting referred to above and make over to the Registrar all books and registers and accounts, etc., belonging to the society and all books and accounts relating to the liquidation proceedings kept by him;

(m) If any liability cannot be discharged by the Liquidator owing to the whereabouts of the claimants not being known or for any other cause, the amount covered by such undischarged liability may be deposited in a Co-operative Bank and shall be available for meeting the claims of the person or persons concerned;

(n) A Liquidator may, at any time, be removed by the Registrar and he shall on such removal be bound to hand over all the property

and documents relating to the society under liquidation to such persons as the Registrar may direct;

(o) All the books and records of a society whose registration has been cancelled and the proceedings of liquidation of a society ordered to be wound up may be destroyed by the Registrar after the expiry of three years from the completion of the liquidation.

1. Substituted for the word "two months" by GSR 85, dated 28-3-1987.

2. Substituted for the words "The Liquidator shall call" by GSR 85, dated 28-3-1987.

3. Proviso inserted by GSR 85, dated 28-3-1987.

CHAPTER 9 Execution of Awards, Decrees, Orders and Decisions

33A. Approved Societies :-

All societies which are registered or deemed to be registered under the Karnataka Co-operative Societies Act, 1959, and affiliated to any District Central Co-operative Bank within the State of Karnataka, are declared as approved societies for the purposes of Section 100 of the Act.

33B. Manner of enquiry to be made by the Registrar before granting certificates to approved Societies for the recovery of the amount of arrears :-

(1) An approved society shall send intimation to the borrower fifteen days prior to the due date for the repayment of the loan in Form III requiring the borrower to repay the loan on or before the due date and notifying the debtor that on failure to pay the dues in time, action will be taken against him under Section 100 of the Act.

(2) In case the society has not sent an intimation, the society shall, before submitting an application to the Registrar for obtaining a certificate under Section 100, send a notice in Form IV, informing the borrower that the failure on his part to repay the dues in time has made him liable for action being taken against him under Section 100 of the Act.

(3) If the debt is not discharged on the due date, the society shall submit to the Registrar an application in Form V for the grant of a certificate under Section 100 for the recovery of the debt due to it

by the debtor as an arrear of land revenue, within one month from the date when the debt was due.

(4) The application for grant of a certificate under Section 100 shall be accompanied by a copy of the ledger account certified as true by the Secretary and either the Chairman or any one of the members of the Managing Committee of the Society, and a copy of the intimation or the notice sent to the borrower to pay the dues in time.

(5) On receipt of an application from a society and before the grant of the certificate the Registrar may request the Deputy Commissioner to take action in accordance with sub-section (3) of Section 100.

(6) On receipt of an application from « society referred to in sub-rule (3) and further supported by an affidavit regarding the demand and its urgency, the Registrar shall decide such application within fifteen days from the date of receipt of the application by him, after causing such inquiry as to the correctness and truthfulness of the demand, as he may think fit.

(7) The Registrar may, if deemed necessary, cause a notice in Form VI to be issued to the borrower and to the sureties, if any, within ten days from the date of the receipt of the application asking him to show cause why a certificate under Section 100 for the recovery of the dues as an arrear of land revenue should not be granted to the society.

(8) In the event of the borrower making a representation and disputing the demand of the society within a period of eight days from the date of receipt of a notice given to him by the Registrar, the Registrar shall take such evidence as he may think necessary from the records of the society to satisfy about the correctness of the transaction. In the absence of such representation from the borrower, the Registrar shall proceed forthwith to decide the application of the society after causing such enquiry to be made as he may think fit.

(9) The Registrar shall decide the application for grant of certificates under Section 100 received from societies as expeditiously as possible and, in any case, not later than two months from the date of the receipt of the application by him.

(10) The Registrar shall maintain a Register of applications from societies for grant of certificates in Form VII and of the certificates granted by him to applicant societies.

34. Application for execution to the Recovery Officer :-

(1) Every decree-holder requiring execution of a decree under the provisions of clause (c) of Section 101, shall apply to the Recovery Officer within whose jurisdiction the judgment-debtor resides or has property and shall deposit the probable cost of execution as may be fixed by such officer.

(2) Every such application shall be made in the form specified by the Registrar and shall be signed by the decree-holder. The decree-holder may indicate whether he wishes to proceed against the immoveable property mortgaged to the decree-holder or other immoveable property or to secure the attachment of moveable property. Where he wishes to proceed against immoveable property, he shall give in the applications such description of the property as is sufficient for its identification. In case such property can be identified by boundaries or numbers in a record of rights, settlement or survey, the specification of such boundaries or numbers and the specification of the judgment-debtors 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, shall be given in the application.

(3) On receipt of such application, the Recovery Officer shall verify the correctness and genuineness of the particulars set forth in the application with the records, if any, in the office of the Registrar and prepare a demand notice, in writing, in duplicate in the form specified by the Registrar, setting forth the name of the judgment-debtor and the amount due and forward it to the Sales Officer. In case the execution is against immoveable property, the amount shall include the expenses, if any, and the batta to be paid to the person who shall serve the demand notice, the time allowed for payment; and in case of non-payment, the particulars of the immoveable properties, if any, to be attached and sold or to be sold without attachment as the case may be:

Provided that where the Recovery Officer is satisfied that judgment-debtor with intent to defeat or delay the execution proceeding against him is about to dispose of the whole or any portion of his property, the demand notice issued shall not allow any time to the judgment-debtor for payment of the amount due by him and the property of the defaulter shall be attached forthwith.

35. Procedure in execution :-

(1) Unless the decree-holder has expressed a desire that proceedings should be taken in a particular order as laid down in sub-rule (2) of Rule 34 execution shall ordinarily be taken in the following manner,

(i) moveable property of the judgment-debtor shall be first proceeded against; but this shall not preclude the immoveable property being proceeded against simultaneously in case of necessity;

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

36. Attachment and sale of specific moveable property including crops on land :-

(1) In the attachment and sale of moveable property the following rules shall be observed,

(a) The Sale Officer shall after giving previous notice to the decree-holder, proceed to the village where the judgment-debtor resides, or has property to be attached and serve the demand notice issued under sub-rule (3) of Rule 34 upon the judgment-debtor, if he is present. If the amount due together with the expenses be not at once paid, the Sale Officer shall make the attachment by seizure or otherwise and shall immediately deliver to the judgment-debtor a list or inventory of the property attached and an intimation of the place, date and hour at which the attached property will be brought to sale, if the amounts due are not paid before such date. If the judgment-debtor is absent, the Sale Officer shall serve the demand notice aforesaid on some adult male member of his family, or on the authorised agent of the judgment-debtor or when such service cannot be effected, shall affix a copy of such demand notice on some conspicuous part of the judgment-debtors residence. He shall then proceed to make the attachment and shall fix the list or inventory of the property attached on the usual place of residence of the judgment-debtor, endorsing thereon the place where the property may be lodged or kept and an intimation of the place,

date and hour of sale;

(b) After the attachment is made, the Sale Officer may arrange for the custody of the property attached, with the decree-holder or otherwise. If the Sale Officer requires the decree-holder to undertake the custody of the property he shall be bound to do so and any loss incurred due to his negligence shall be made good by the decree-holder. If the attached property is live-stock, the decree-holder shall be responsible for providing the necessary food therefor. The Sale Officer may, at the instance of the judgment-debtor 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 judgment-debtor or person, if he enters into a bond in the form specified by the Registrar with one or more sufficient sureties for the production of the property when called for;

(c) No attachment under clauses (a) or (b) shall be made after sunset and before sunrise;

(d) The attachment made shall not be excessive, that is to say, the property attached shall be in value as nearly as possible proportionate to the sum due by the judgment-debtor, together with interest and all expenses incidental to the attachment and sale;

(e) If crops or ungathered products of the land belonging to judgment-debtor are attached, the Sale Officer may cause them to be sold when fit for reaping or gathering or at his option may cause them to be reaped or gathered in due season and stored in proper place until sold. In the latter case, the expense 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;

(f) The Sale Officer shall not work the bullocks or cattle, or make use of the goods or moveables attached and he shall provide the necessary food for the cattle or livestock, the expense attending which 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;

(g) It shall be lawful for the Sale Officer to force open any stable, cow-house, granary, godown, out-house or other building and he may also enter any dwelling house, the outer door of which may be open and may break open the door of any room in such dwelling house for the purpose of attaching property belonging to a judgment-debtor and lodged therein, provided always that it shall not be lawful for the officer to break open or enter apartment in

such dwelling house appropriated for the zenana or residence of women except as hereinafter provided;

(h) When the Sale Officer may have reason to suppose that the property of a judgment-debtor is lodged within a dwelling house, the outer door of which may be shut or within any apartments appropriated to women, which by custom or usage are considered private, the Sale Officer shall represent the 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 Sale Officer may force open the outer door of such dwelling house, in like manner as he may break open the door of any room within the house, except the zenana. The Sale Officer may also, in the presence of a Police Officer, after due notice given for the removal of women within a zenana and after furnishing means for their removal in a suitable manner, if they be women of rank who, according to the custom or usage cannot appear in public, enter the zenana apartments for the purpose of attaching the judgment-debtors property, if any deposited therein, but such property, if found, shall be immediately removed from such apartments after which they shall be left free for occupation as before;

(i) The Sale Officer shall on the day previous to and on the day of sale, cause proclamation of the time and place of the intended sale to be made by beat of drum in the village in which the judgment-debtor resides and in such other place or places as the Recovery Officer may consider necessary to give due publicity to the sale. No sale shall take place until after the expiration of the period of 15 days from the date on which the sale notice has been served or affixed in the manner prescribed in clause (a):

Provided that where the property seized is subject to speedy and natural decay, or where the expense of keeping it in custody is likely to exceed its value, the Sale Officer may sell it at any time before the expiry of the said period of 15 days unless the amount is sooner paid;

(j) At the appointed time, the property shall be put up in one or more lots, as the Sale Officer may consider advisable, and shall be disposed of to the highest bidder:

Provided that it shall be open to the Sale Officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons. 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 judgment-debtor:

Provided further, that the Recovery Officer or the Sale 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 7 days, a fresh proclamation under clause (h) shall be made unless the judgment-debtor consents to waive it;

(k) 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. Where the purchaser fails to pay the purchase money, the property shall be resold;

(1) Where any property which has been attached under these rules has been forcibly or clandestinely removed by any person, the Sale Officer may apply to Magistrate having jurisdiction for restoration of such property. Where the Magistrate is satisfied about the truth of the facts, as alleged in the application he may order forthwith such property to be restored to the Sale Officer;

(m) Where prior to the sale, the judgment-debtor or any person acting on his behalf or any person claiming an interest in the property attached pays the full amount due including interest, batta and other costs incurred in attaching the property, the Sale Officer shall cancel the order of attachment and release the property forthwith;

(n) The moveable properties mentioned as exempt from attachment in the proviso to Section 60 of the Code of Civil Procedure, 1908 (V of 1908), shall not be liable to attachment or sale under these rules.

37. Attachment of other moveable property :-

(1) Where the moveable property to be attached is the salary or allowances or wages of an officer or servant of Government or Railway Company or local authority, the Recovery Officer may, on receiving a report from the Sale Officer, order that the amount shall, subject to the provisions of Section 60 of the Code of Civil Procedure, 1908 (V of 1908), be withheld from such salary or allowances or wages, either in one payment or by monthly instalments as the said Recovery Officer may direct and upon notice of the order, the Officer or other person whose duty it is to disburse such salary or allowances or wages shall withhold and remit to the

Sale Officer the amount due under the order or the monthly instalment, as the case may be.

(2) Where the property to be attached consists of the share or interest of the judgment-debtor in moveable property belonging to him and another as co-owners, the attachment shall be made by a notice to the judgment-debtor, prohibiting him from transferring the share or interest or charging it in any way.

(3) Where the property to be attached is a negotiable instrument not deposited in a Court, nor in the custody of a public officer, the attachment shall be made by actual seizure and the instrument shall be brought to the office of the Recovery Officer ordering the attachment and be held subject to his further orders.

(4) Where the property to be attached is in the custody of any Court or public officer, the attachment shall be made by a notice to such Court or officer requesting that such property and any interest or dividend becoming payable thereon may be held subject to the further orders of the Recovery Officer issuing the notice:

Provided that where such property is in the custody of a Court or Recovery Officer of another district, any question of title or priority arising between the decree-holder and any other person not being the judgment-debtor, claiming to be interested in such property by virtue of any assignment, attachment or otherwise shall be determined by such Court or Recovery Officer, as the case may be.

(5)

(a) 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, if the decree sought to be attached was passed by the Registrar or by any person to whom a dispute was transferred by the Registrar under Section 71 of the Act or by an Arbitrator, then by the order of the Registrar;

(b) Where the Registrar makes an order under clause (a) he shall, on the application of the decree-holder, who has attached the decree, proceed to execute the attached decree and apply the net proceeds in satisfaction of the decree sought to be executed;

(c) The holder of a decree sought to be executed by the attachment of another decree of the nature specified in clause (a), 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, for the holder thereof;

(d) Where the property to be attached in execution of a decree is a decree other than a decree of the nature referred to in clause (a), the attachment shall be made by the issue of a notice by the

Recovery Officer to the holder of such decree, prohibiting him from transferring or charging the same in any way;

(e) The holder of a decree attached under this sub-rule, shall give the Recovery Officer executing the decree such information and aid as may reasonably be required;

(f) On the application of the holder of a decree sought to be executed by the attachment of another decree, the Recovery Officer making an order of attachment under this sub-rule 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, either through the said Recovery Officer or otherwise, shall be recognised so long as the attachment remains in force.

(6) Where the moveable property to be attached is,

(a) a debt due to the judgment-debtor in question;

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

(c) other moveable 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 a debt, the creditor from recovering the debt and the debtor from making payment thereof;

(ii) in the case of a 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; and

(iii) in the case of any other moveable property except aforesaid, the person in possession of it from giving it over to the judgment-debtor. A copy of such order shall be sent in the case of the debt to the debtor, in the case of the share or deposit to the proper officer of the corporation and in the case of the other moveable property except property deposited in or in the custody of a Civil Court, to the person in possession of such property. As soon as the debt referred to in clause (a) or the deposit referred to in clause (b) mature, the Recovery Officer may direct the person concerned to pay the amount to him.

38. Attachment and sale of immoveable property :-

(1) Immoveable property shall not be sold in execution of a decree unless such property has been previously attached:

Provided that where the decree has been obtained on the basis of a mortgage of such property it shall not be necessary to attach it.

(2) In the attachment and sale or sale without attachment of immoveable property, the following rules shall be observed,

(a) The Sale Officer shall serve or cause to be served a copy of the demand notice issued under sub-rule (3) of Rule 34 upon the judgment-debtor or, if he is not available, upon some adult male member of his family or upon his authorised agent, or, if such service is not possible, shall affix, a copy thereof on some conspicuous part of the immoveable property about to be attached and sold or sold without attachment, as the case may be;

(b) If the judgment-debtor fails to pay the amount specified in the demand notice within the time allowed, or, if no time is allowed, immediately, the Sale Officer shall proceed to attach and sell, or sell without attachment, as the case may be, the immoveable property specified in the demand notice;

(c) Where attachment is required before sale, the sale officer shall cause a notice of attachment to be served on the judgment-debtor personally or on an adult male member of his family, or on his authorised agent. Where such service is not possible, the notice shall be affixed in some conspicuous part of the judgment-debtors last known place of residence. The fact of attachment shall also be proclaimed by beat of drum or other customary mode at some place on or adjacent to the property attached, and at such other place or places as the Recovery Officer 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 such notice shall be sent to the decree-holder. Where the Recovery Officer so directs the attachment shall also be notified in the Official Gazette;

(d) Proclamation of sale shall be published by affixing a notice in the office of the Recovery Officer and in the Taluk Office at least thirty days before the date fixed for the sale. It shall also be published by beat of drum in the village on two consecutive days previous to the date of sale and on the day of sale prior to the commencement of the sale. Such proclamation shall, where attachment is required before sale, be made after the attachment has been effected. Notice shall also be given to the decree-holder and the judgment-debtor. The proclamation shall state the time and place of sale and specify as fairly and accurately as possible,

(i) the property to be sold;

(ii) any encumbrance to which the property is liable;
(iii) the amount for the recovery of which sale is ordered; and
(iv) every other matter which the sale officer considers material for a purchaser to know in order to judge the nature and value of the property.

(e) When any immoveable 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 Sale Officer within such time as may be fixed by him or by the Recovery Officer, an encumbrance certificate from the Registration Department for the period of not less than twelve years prior to the date of attachment of the property sought to be sold, or in cases falling under the proviso to sub-rule (1) prior to the date of the application for execution. The time for the production of the encumbrance certificate may be extended at the discretion of the Sale Officer or the Recovery Officer as the case may be:

Provided that in case where an encumbrance certificate is not obtainable owing to the destruction of the connected records, an affidavit from the village patwari (shambhogue) in regard to the encumbrances known to him supported by a certificate from the Registration Department that the encumbrance certificate cannot be granted owing to the destruction of the connected records, shall be accepted in the place of an encumbrance certificate;

(f) The sale shall be by public auction to the highest bidder, provided that it shall be open to the Sale 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 or the Sale 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 to a longer period than 7 days, a fresh proclamation under clause (d) shall be made, unless the judgment-debtor consents in writing to waive it;

(g) The sale shall be after the expiry of not less than 30 days calculated from the date on which notice of the proclamation was affixed in the office of the Recovery Officer. The time and place of sale shall be fixed by the Recovery Officer 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 said Recovery Officer;

(h) A sum of money equal to 15 per cent of the price for which the immoveable property is purchased in the auction shall be paid by

purchaser to the Sale Officer at the time of purchase, and in default of such deposit, the property shall forthwith be resold: Provided that, where the decree-holder is the purchaser and is entitled to set off the purchase money under clause (1) the Sale Officer shall dispense with the requirements of this rule:

¹[Provided further that where the Government is the purchaser the purchase money shall be remitted to the Decree-holder immediately after the expiry of ninety days from the date of the sale.]

(i) The remainder of the purchase money and the amount required for the general stamp for the sale certificate shall be paid within 15 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 Recovery Officer up to 30 days from the date of sale:

Provided further that in calculating the amounts to be paid under this clause, the purchaser shall have the advantage of any set off to which he may be entitled under clause (1);

(j) In default of payment of the remainder of the purchase money, within the period mentioned in clause (i), the deposit, may, if the Recovery Officer thinks fit, after defraying the expenses of the sale, be forfeited to the Government and the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may subsequently be sold;

(k) Every resale of immoveable property in default of payment of the amounts mentioned in clause (i) within the period allowed for such payment, shall be made after the issue of a fresh proclamation in the manner and for the period therein before prescribed for the sale.

(1) Where a decree-holder purchases the property, the purchase money and the amount due on the decree shall be set off against

(3) Where prior to the sale, the judgment-debtor, 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, batta and other expenses incurred in bringing the property to sale, including the expenses of attachment, if any, the Sale Officer shall forthwith release the property after cancelling where the property has been attached, the order of attachment.

(4)

(a) Where immoveable property has been sold, any person either owning such property or holding an interest therein by virtue of a

title acquired before such sale may apply to have the sale set aside on his depositing with the Recovery Officer,

(i) For payment to the purchaser a sum equal to 5 per cent of the purchase money; and

(ii) 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 costs due in respect of such amount, less amount which may since the date of such proclamation have been received by the decree-holder.

(b) If such deposit and application are made within 30 days from the date of sale, the Recovery Officer 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 5 per cent deposited by the applicant:

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

²[Provided further that where the purchaser is the Government, sale shall be set aside if the person owning the property or any person interested, therein,

(i) makes the application within sixty days from the date of sale along with,

(a) a sum equal to five per cent of the purchase money for payment to Government; and

(b) fifty per cent of the amount due under the decree payment to the decree holder; and

(ii) pay the balance within thirty days thereafter i.e., within ninety days from the date of sale.]

(c) If a person applies under sub-rule (5) to set aside the sale of an immoveable property, he shall not be entitled to make an application under this sub-rule.

(5)

(a) At any time within 30 days from the date of the sale of an immoveable property, the decree-holder or any person entitled to share in a rateable distribution of the assets or whose interests are affected by the sale, may apply to the Recovery Officer to set aside the sale on the ground of a material irregularity or mistake or fraud in publishing or conducting it: Provided that no sale shall be set aside on the ground of irregularity, or mistake or fraud unless the said Recovery Officer is satisfied that the applicant has sustained substantial injury by reason of such irregularity, mistake or fraud:

3[Provided further where the purchaser is Government the sale will be confirmed,

(a) after the expiration of sixty days where no application to have sale set aside is made under sub-rule (4); or

(b) after the expiration of ninety days where an application to set aside under sub-rule (4) is made but the balance of the amount due under the decree is not deposited within ninety days from the date of sale.]

(b) If the application be allowed, the said Recovery Officer shall set aside the sale and may direct a fresh one.

(6)

(a) On the expiration of thirty days from the date of sale, if no application to have the sale set aside, either under sub-rule (4) or sub-rule (5) is made or if such application has been made and is rejected, the said Recovery Officer shall make an order confirming the sale:

Provided that if he shall have reason to think that the sale ought to be set aside notwithstanding that no such application has been made or 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;

(b) Whenever the sale of any immoveable property is not confirmed or is set aside, the deposit or the purchase money, as the case may be, shall be returned to the purchaser.

(7) On the confirmation of a sale under this rule, the Recovery Officer shall grant a certificate of sale bearing his seal and signature to the purchaser, and such certificate shall state the property sold and the name of the purchaser, and it shall be conclusive evidence of the fact of the sale to such purchaser.

4 [(8) the land purchased by Government in satisfaction of any decree prior to commencement of the Karnataka Co-operative Societies (V Amendment) Rules, 1977 shall be reconveyed to the person who own the property or held an interest therein by virtue of a title acquired before the sale if he makes application for such reconveyance and deposits with the recovery officer within a period of ninety days from the date of coming into force of these rules,

(a) five per cent of the purchase money as solatium;

(b) purchase money at the interest of eight and a half per cent per annum from the date of sale up to the date of deposit.]

1. Second proviso inserted by GSR 329, dated 27-10-1977, w.e.f. 3-11-1977.

2. Second proviso inserted by GSR 329, dated 27-10-1977, w.e.f. 3-11-1977.
3. Second proviso inserted by GSR 329, dated 27-10-1977, w.e.f. 3-11-1977.
4. Sub-rule (8) inserted by GSR 329, dated 27-10-1977, w.e.f. 3-11-1977.

38A. Transfer of property which cannot be sold :-

¹ (1) When in execution of an order sought to be executed under Section 101, any property cannot be sold for want of buyers, if such property is in the possession of the defaulter or some person in this behalf, or some person claiming it under a title, created by the defaulter subsequent to the issue of the certificate by the Registrar or any person authorised by him under clause (a) or (b) of the said section, the officer conducting the execution shall as soon as practicable report the fact to the Court or the Deputy Commissioner or the Registrar, as the case may be, and the Society applying for the execution of the said order.

(2) On receipt of a report under sub-rule (1), the society may, within six months from the date of the receipt of the report or within such further period as may for sufficient reasons be allowed in any particular case by the Court or the Deputy Commissioner or the Registrar, submit an application in writing to the Court, the Deputy Commissioner or the Registrar, as the case may be, stating whether or not it agrees to take over such property.

(3) On receipt of an application under sub-rule (2), notices shall be issued to the defaulter and to all persons known to be interested in the property, including those whose names appear in the Record of Rights as persons holding any interest in the property, about the intended transfer.

(4) On receipt of such a notice, the defaulter, or any person owning such property or holding an interest therein by virtue of a title acquired

(5) On failure of the defaulter, or any person interested, or any person holding any interest in the property, to deposit the amount under sub-rule (4), the Court or the Deputy Commissioner or the Registrar, as the case may be shall direct the property to be transferred to the Society on the conditions stated in the certificate in Form III.

(6) The certificate granted under sub-rule (5) shall state whether

the property is transferred to the Society in full or partial satisfaction of the amount due to it from the defaulter.

(7) If the property is transferred to the Society in partial satisfaction of the amount due to it from the defaulter, the Court or the Deputy Commissioner or the Registrar, as the case may be, shall on the production by the society of a certificate signed by the Registrar recover the balance due to the society in the manner laid down in Section 101.

(8) The transfer of the property under sub-rule (5) shall be effected as follows.

(a) Where the property is growing or standing crop, it may be delivered to the society before it is cut and gathered and the Society shall be entitled to enter the land, and to do all that is necessary for the purpose of tending and cutting and gathering;

(b) Where the property is in the possession of the defaulter or of some person on his behalf or some person claiming under a title created by the defaulter subsequent to the issue of a certificate under Section 101, the Court or the Deputy Commissioner or the Registrar, as the case may be, shall, order delivery to be made by putting the society or any person whom the Society may appoint to receive delivery on its behalf, in actual possession of the property and if need be, by removing any person who illegally refuses to vacate the same;

(c) Where the property is in the possession of a tenant or other person entitled to hold the same by a title acquired before the date of issue of a certificate under Section 101, the Court or the Deputy Commissioner or the Registrar as the case may be, shall order delivery to be made by affixing a copy of the certificate of transfer of the property to the society in some conspicuous place on the property and proclaiming to such person by beat of drum or other customary mode at some convenient place, that the interest of the defaulter has been transferred to the Society.

(9) The Society shall be required to pay expenses incidental to sale.

(10) Where the land is transferred to the Society under clause (a) of sub-rule (8) before a growing or standing crop is cut and gathered, the Society shall be liable to pay the current years land revenue on the land.

(11) The Society shall forthwith report any transfer of property under sub-clause (b) or (c) of sub-rule (8) to the Village Accountant for information and entry in the Record of Rights.

(12) The Society to which the property is transferred under sub-rule (5), shall maintain for each such defaulter a separate account

showing all the expenses incurred including payment to outside encumbrances, land revenue and other dues on the property and all the income derived from it.

(13) The Society to which the property is transferred under sub-rule (5), shall use its best endeavour to sell the property as soon as practicable to the best advantages of the Society as well as that of the defaulter, the first option being always given to defaulter who originally owned the property. The sale shall be subject to the confirmation by the Registrar. The proceeds of the sale shall be applied to defraying the expenses of the sale and other expenses incurred by the Society and referred to in sub-rules (9) and (12) and to the payment of the arrears due by the defaulter under the order in execution, and the surplus (if any), shall then be paid to the defaulter.

(14) Until the property is sold, the society to which the property is transferred under sub-rule (5) shall use its best endeavours to lease it or to make any other use that can be made of it so as to derive the largest possible income from the property.

(15) When the society to which property is transferred under sub-rule (5) has realised all its dues, under the order in execution of which the property was transferred, from the proceeds of management of the property, the property, if unsold, shall be restored to the defaulter.]

1. Rule 38-A inserted by GSR 563, dated 23-6-1965, w.e.f. 26-6-1965.

39. Effect of an attachment on private alienation, etc :-

Where an attachment has been made under these rules, any private transfer or delivery of the property attached or of any interest therein and any payment to the judgment-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 purpose of this sub-rule, claims enforceable under an attachment include claims for the rateable distribution of assets under sub-rule 44.

40. Batta, costs and receipts for payments made :-

(1) Persons employed in serving notices or other processes under these rules shall be entitled to batta at such rates as may from

time to time be fixed by the Recovery Officer.

(2) Where the cost and charges incurred in connection with the attachment and sale of moveable property or the attachment and sale or sale without attachment of immoveable property under this rule, exceeds the amount of the cost deposited by the decree-holder under sub-rule (1) of Rule 34, such excess shall be deducted from the sale proceeds of the property sold or the moneys paid by the judgment-debtor as the case may be, and the balance shall be made available to the decree-holder.

(3) Every person making a payment to the Sale Officer or other officer empowered by the Recovery Officer in that behalf, 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 such officer; such receipt shall state the name of the person making the payment and the subject-matter in respect of which the payment is made.

41. Investigation of claims to property attached :-

(1) Where any claim is preferred to or any objection is made to the attachment of, any property attached under these rules, on the ground that such property is not liable to such attachment, the Sale Officer shall investigate the claim or objection and make an order either rejecting the claim or allowing the claim and to that extent raising the attachment made:

Provided that the Sale Officer may refuse to investigate the claim if he considers that the claim or objection is frivolous or made on or after the date fixed for sale.

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

(3) Where a claim or an objection is preferred the party against whom an order is made may institute a suit within six months from the date of the order to establish the right which he claims to the property in dispute, but subject to the result of such suit, if any, the order shall be conclusive.

42. Loss caused by re-sale due to default by purchaser at first sale :-

(1) Any deficiency of price, which may happen on a re-sale held,

under clause (k) of sub-rule (1) of Rule 36 or clause (h) and (k) of sub-rule (2) of Rule 38, by reason of the purchasers default, and all expenses attending such re-sale shall be certified by the Sale Officer to the Recovery Officer and shall, at the instance of either the decree-holder or the judgment-debtor be recoverable from the defaulting purchaser. The costs, if any, incidental to such recovery shall also be borne by the defaulting purchaser.

(2) Where the property is on second sale, sold for a higher price than the first sale, the defaulting purchaser at the first sale, shall have no claim to the difference or increase.

43. Dismissal of application for execution for default of decree-holder :-

Where any property has been attached in execution of a decree, but by reason of the decree-holders default, the Sale Officer or Recovery Officer is unable to proceed further with the application for execution such officer 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.

44. Distribution of assets when there are claims under several decrees :-

(1) Where the Sale Officer attaches or has attached under these rules, any property not in the custody of any Court, which is already under attachment made in execution of a decree of any Court such Court shall receive and realise such property and shall determine claims thereto and any objections to the attachment thereof:

Provided that where the property is under attachment in the execution of decrees, of more Courts than one, the Court which shall receive or realise such property and shall determine and claim thereto and any objection to the attachment thereof shall be the Court of the highest grade, or where there is no difference in grade between such Courts, the Court under whose decree the property was first attached.

(2) Where assets are held by the Sale Officer and before the receipt of such assets, demand notices in pursuance of applications for execution of decree against the same judgment-debtor have been received from more than one decree-holder and the decree-holders have not obtained satisfaction, the assets after deducting the costs

of realisation, shall be rateably distributed by the Sale Officer among all such decree- holders in the manner provided in Section 73 of the Code of Civil Procedure, 1908.

45. Death of judgment-debtor Execution against legal representative :-

(1) Where a judgment-debtor dies before the decree has been fully satisfied, an application under sub-rule (1) of Rule 34 may be made or continued against the legal representative of the deceased and thereupon all the provisions of this Chapter shall, save as otherwise provided in this rule, apply as if such legal representative were the judgment-debtor:

Provided that a show-cause notice shall be issued to such legal representative and his objections heard, before execution is proceeded against him.

(2) Where the decree is executed against such legal representative, he shall be liable only to the extent of the property of the deceased which has come to his hands and has not been duly disposed of; and for the purpose of ascertaining such liability, the Recovery Officer executing the decree may, of his own motion or on the application of the decree-holder, compel such legal representative to produce such accounts as he thinks fit.

46. Fee for processes issued under these Rules :-

Where, in connection with the proceedings on an application under Section 100 of the Act, any person requires the issue of any process or objects to any process issued or objects to any order passed, he shall pay such fee, as may be specified by the Registrar in this behalf.

47. Mode of making attachment before judgment :-

(1) Attachment of property under Section 103 of the Act, shall be made in the manner provided in Rules 36, 37 and 38.

(2) Where a claim is preferred to property attached under sub-rule (1), such claim shall be investigated in the manner and by the authority specified in Rule 41.

(3) Where an attachment of any property is made under sub-rule (1), the Recovery Officer shall order the attachment to be

withdrawn,

(a) when the party concerned furnishes the security required, together with security for the cost of the attachment;

(b) when the liquidator determines under clause (b) of sub-section (2) of Section 74 of the Act that no contribution is payable by the party concerned; or

(c) when the Registrar passes an order under sub-section (1) of Section 69 that the party concerned need not repay or restore any money or property or contribute any sum to the assets of the society by way of compensation or;

(d) when the dispute referred to in sub-section (1) of Section 71 has been decided against the party at whose instance the attachment was made.

(4) Attachment made under sub-rule (1) shall not affect the rights existing prior to the attachment, of persons not parties to 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 the property under attachment in execution of such decree.

(5) 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 upon an application for execution of such decree to apply for re-attachment of the property.

48. Procedure for distraint and sale of produce including standing crops on property mortgaged to a 1[Primary Agriculture and Rural Development Bank :-

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(1) On receipt of an application from the Committee of a ¹ [Primary Agriculture and Rural Development Bank] under Section 88, the Registrar may, after satisfying himself that the instalment or any part of such instalment has remained unpaid for more than one month from the date on which it fell due, and that the application has been made within twelve months from the date on which the instalment fell due, make an order for the distraint of a sufficient part of the produce of the mortgaged land including the standing crops thereon.

(2) On the making of an order under sub-rule (1) the Registrar shall send a copy of such order to the Sale Officer for effecting the distraint ordered, whereupon the Sale Officer shall proceed in the

manner

provided for in Rule 36 for attachment and sale of specific moveable property so far as such provisions apply to distraint and sale of the produce of land including standing crops.

1. Substituted for the expression "Land Mortgage Bank" by GSR 85, dated 28-3-1987.

49. Sale of mortgaged property under Section 89 :-

(a) The procedure prescribed in Rule 38 for sale without attachment of immoveable property shall, to the extent necessary, be applicable to a sale of mortgaged property under Section 89.

(b) The provision of Rule 42 shall also apply to such sales.

CHAPTER 9A Primary Agriculture and Rural Development Bank

49A. Procedure for submission and consideration of applications for loans from 5[Primary Agriculture and Rural Development Banks :-

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(1) All applications for loans from a ¹[Primary Agriculture and Rural Development Bank] shall be made in the form prescribed by the ²[State Agriculture and Rural Development Bank]. The form shall among

(2) Every ³[Primary Agriculture and Rural Development Bank] shall keep sufficient stock of printed copies of the forms of loan applications and shall supply them to the intending borrower on payment of such fees as may be specified, from time to time, by the State Development Bank.

(3) Every ⁴[Primary Agriculture and Rural Development Bank] shall specify, from time to time, the name, designation and address of the officer (hereinafter in this Chapter referred to as "the receiving officer"), who shall receive all loan applications from the intending borrowers.

(4) The application together with copies of necessary documents and the amount of all fees specified by the ⁵[State Agriculture and Rural Development Bank] with the approval of the Registrar and deposit equivalent to the value of one share of the Bank shall be submitted by the applicant to the Receiving Officer.

(5) On receipt of an application for loan, the Receiving Officer shall

affix his initials on the application and mention his designation and the date of receipt of the application.

(6) After an application for loan has been received, the Receiving Officer shall verify whether it contains all the necessary particulars and is accompanied by the necessary documents. If any details are lacking, he shall get the application completed by the applicant.

(7) Each application shall be entered in the chronological order in the register of applications for loans from the 4[Primary Agriculture and Rural Development Bank] to be maintained by the Receiving Officer and shall be dealt with in the same order.

(8) For purposes of Section 82-6, the prescribed officer shall be, in the case of applications for loans not exceeding ⁶[Ten Thousand] rupees, the Co-operative Extension Officer; and in the case of applications for loans exceeding ⁷[ten thousand] rupees the Assistant Registrar of Co-operative Societies.

(9)

(i) Immediately after the application is entered in the register of applications for loans from the 1[Primary Agriculture and Rural Development Bank], the Receiving Officer shall forward it to the Prescribed Officer. The Prescribed Officer shall give at least eight days public notice in Form IV calling upon all persons interested to present their objections to the grant of the loan, applied for. The notice shall also be affixed at the chavadi of the village or villages where the applicant resides and in the limits of which the land or lands proposed to be improved or offered, as security for the loan is or are situated. A copy of the notice shall be exhibited in the head office and relevant branch office, if any, of the 2[Primary Agriculture and Rural Development Bank] concerned and in the office, if any, of the person giving the notice.

(ii) If any person interested fails to appear as required by the aforesaid notice, the questions at issue shall be decided in his absence and such person shall have no claim whatsoever against the property for which the loan applied for will be sanctioned till such time as the loan together with interest thereon or any other dues arising out of the loan are paid in full by the loanee.

(10) The prescribed Officer shall after making an order under sub-section (2) of Section 82-B, forward the applications within two days of their disposal to the [Primary Agriculture and Rural Development Bank] concerned. The ⁸[Primary Agriculture and Rural Development Bank] may appoint an enquiry Officer (hereinafter in this Chapter referred to as "the Enquiry Officer") to enquire into the applications. The Enquiry Officer shall make inquiry by. actually

visiting the land in which the improvement is proposed to be effected and the lands and other property offered as security. He shall, after such inquiry, forward a report in the form prescribed by a regulation made by the ⁹[State Agriculture and Rural Development Bank].

(11) The enquiry Officer may make such other enquiries as may be necessary and shall value the lands according to such formula as may be laid down by the ¹⁰[State Agriculture and Rural Development Bank], with the approval of the Registrar, from time to time, estimate the

(12) After completion of the enquiry, the application together with his reports shall be submitted by the enquiry Officer to the ¹[Primary Agriculture and Rural Development Bank] together with the Certificate regarding outstanding Government dues and the certificates specified by the ¹¹[State Agriculture and Rural Development Bank].

(13) On receipt of the report of the Enquiry Officer under sub-rule (12), the ¹²[Primary Agriculture and Rural Development Bank] shall satisfy itself that the inquiry has been properly conducted. If there are any deficiencies, the Bank shall get them completed immediately.

(14) The ¹³[Primary Agriculture and Rural Development Bank] may then undertake further scrutiny as may be necessary and pass final orders.

(15) In the case of rejection of applications for loans, the reasons therefor shall be communicated by the Bank to the applicant. When the loan has been sanctioned, the Bank shall lay down the terms and conditions regarding grant of the loan, regarding payment of instalments, submission of report on the progress of improvement of land and release of subsequent instalments. The applicant shall be required to be present at the head office or branch office of the Bank on a date to be fixed for execution of the mortgage deed and for receiving the amount of loan or the first instalment thereof.

(16) The applicant, while receiving the amount of the loan or the first instalment of the loan, shall purchase shares of the Bank to such extent as may be required under the bye-laws of the Bank. The ¹⁴ [Primary Agriculture and Rural Development Bank] shall issue receipt to the applicant giving full particulars of the amount paid by him from time to time.

1. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.

2. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.
3. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.
4. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.
5. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.
6. Substituted for the words "five thousand" by GSR 40, dated 6-1-1972, w.e.f. 27-1-1972.
7. Substituted for the words "five thousand" by GSR 40, dated 6-1-1972, w.e.f. 27-1-1972.
8. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.
9. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.
10. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.
11. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.
12. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.
13. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.
14. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.

49B. Registration of mortgage or lease under Section 85-A

:-

Copies of instruments referred to in Section 85-A, duly certified by the Secretary of the [Primary Agriculture and Rural Development Bank], shall be sent by the ¹ [Primary Agriculture and Rural Development Bank] to the Registering Officer concerned within a period of three months from the date of execution of the instruments, by registered post or by delivery in person.

1. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.

49C. Submission of report for confirmation of sale under Section 89-A :-

(1) The report referred to in sub-sections (1) and (2) of Sections 89-A, shall contain, amongst other details, the following particulars.

(a) a brief account of the circumstances which rendered the sale necessary;

(b) full details showing how, the provisions of sub-section (2) of Section 89 have been complied with;

(c) full details showing how the procedure for holding the sale of immovable property has been followed;

(d) name of the Sale Officer;

(e) place of sale;

(f) date of sale;

(g) description of property sold;

(h) name of purchaser and his address;

(i) value realised;

(j) cost of sale; and

(k) date of receipt of purchase money from the purchaser.

(2) The ¹[State Agriculture and Rural Development Bank] or the Registrar may call for any clarification deemed necessary from the ²[Primary Agriculture and Rural Development Bank] and satisfy itself or himself that the sale has properly been conducted and the ³[Primary Agriculture and Rural Development Bank] shall furnish the same forthwith. The Registrar may call for any clarification from the ⁴[State Agriculture and Rural Development Bank] for the same purpose and ⁵ [State Agriculture and Rural Development Bank].

1. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.

2. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.

3. Substituted for the expression "Land Development Bank" by GSR 85. dated 28-3-1987.

4. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.

5. Substituted for the expression "State Land Development Bank" by GSR 85, dated 28-3-1987.

49D. Certificate of purchase :-

The certificate to be granted by ¹ [Primary Agriculture and Rural Development Bank] under sub-section (1) of Section 89-C shall be in Form V.]

1. Substituted for the expression "Land Development Bank" by GSR 85, dated 28-3-1987.

CHAPTER 9B Co-operative Appellate Tribunal

49E. Sittings of the Tribunal :-

The headquarters of the Tribunal shall be at Bangalore and all appeals and applications shall be heard at Bangalore:

Provided that if, in the opinion of the Chairman of the Tribunal there is sufficiently a large number of appeals and applications arising out of orders and other proceedings in any particular area, he may direct the Tribunal to sit at any convenient place in the State of Karnataka, to hear and dispose of such appeals and applications, in which case sufficient notice of the sitting shall be given in writing to the parties concerned, and by publication on the notice board of Tribunal and in any two newspapers having circulation in the State.

49F. Office hours and holidays :-

The Office hours and holidays of the Tribunal shall be the same as for State Government Offices.]

CHAPTER 10 Miscellaneous

50. Maintenance of register of names, etc., of Co-operative Societies :-

The Registrar shall maintain.

(1) A register of the names and addresses of all Co-operative Societies registered under the Act, and

(2) A record of the bye-laws of each such Co-operative Society, with all subsequent amendments thereto arranged in the order in which the amendments are registered.

51. Accounts and other books to be maintained by societies

:-

A Co-operative Society shall keep such account books and registers in connection with the business of the society, as the ¹ [Director of Co-operative Audit] may, from time to time, require.

1. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

52. Power of Director of Co-operative Audit to direct accounts and books to be written up :-

The ¹²[Director of Co-operative Audit] may, by order in writing, direct any Co-operative Society to get any or all the accounts and books required to be kept by it under Rule 51 written up to such date, in such form and within such time as he may direct. In case of failure by any society to do so, the ³[Director of Co-operative Audit] may depute an officer subordinate to him or authorise any other person to write up the accounts and books. In such cases, it shall be competent for the ⁴ [Director of Co-operative Audit] to determine with reference to the time involved in the work and the emoluments of the officer deputed or other person authorised, the charges which the society concerned should pay to the State Government or the person authorised, as the case may be and to direct its recovery from the society.

1. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

2. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

3. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

4. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

53. Statements and Returns to be furnished by Societies :-

(1) Every Co-operative Society shall prepare for each Co-operative year in such form as may be specified by the ³[The Director of Co-operative Audit and furnish within two months from the end of that year to the Registrar and the Director of Co-operative Audit],

- (a) a statement showing the receipts and disbursements for the year;
- (b) a profit and loss account;
- (c) a balance sheet; and
- (d) such other statements or returns as may be specified by the¹[Director of Co-operative Audit.

]

²[(2) Any other statements and returns which the Registrar or the Director of Co-operative Audit may direct to be furnished under Section 63(4-A) shall also be furnished to the Registrar or the Director of Co-operative Audit, as the case may be.

(2A) After the Director of Co-operative Audit or the person authorised by him has verified the statements of accounts and granted his audit certificate, the society shall publish the audit certificate and such of prescribed statements as he may direct in the manner specified by him and the audit certificate shall be granted within one year from the date of the receipt of the statements specified in sub-rule (2).]

³[(3) Every Co-operative society shall, in addition to the annual statements specified in the⁴ [Act and Rules] also submit to the Registrar

(4) In case of failure by any society to submit any statement or return specified in sub-rule (1) or (3) within the time directed by him, 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 it, the charges which the society concerned should pay to the State Government and to direct its recovery from the society.

(5) Every Co-operative Society shall prepare a list of its members as on the last day of each Co-operative year. The list of members shall be received fourteen 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.

1. Substituted for the word "Registrar" by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

2. Sub-rules (2) and (2-A) substituted for sub-rule (2) by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

3. Sub-rule (3) substituted by GSR 141, dated 21-5-1986, w.e.f. 29-5-1986.

4. Substituted for the words "Act or in the rules" by GSR 251, dated 19-11-1988.

53A. Procedure for seizure of books, documents, securities of society, etc :-

¹ (1) Any Officer or person who seizes any book or property of a society under Section 66, shall prepare a list of all things seized and shall give the person from whose custody the books or property have been seized, a copy of such list and a receipt for having seized the same. A copy of the list shall also be sent to the next higher authority or such Officer person 2 [within twenty-four hours of such seizure.]

(2) If such Officer or person reasonably suspects that the seizure which he is about to make under Section 66 is likely to be obstructed or resisted by any person, he may send a requisition to the Officer-in-charge of the nearest police station seeking police help and it shall be the duty of such Police Officer to give necessary help to make such seizure.

(3) The books or property so seized shall be retained by such Officer or person only for so long as may be necessary for their examination or inspection or for any inquiry under this Act:

Provided that the books or property so seized shall not be retained for more than sixty days at a time except with the permission of the next higher authority.]

1. Rule 53-A inserted by GSR 24, dated 7-11-1985.

54. Certifying copies of entries in books :-

(1) For the purpose specified in Section 123 a copy of an entry in the books of a Co-operative Society regularly kept in the course of a business shall be certified.

(a) by the Chairman or Secretary of the society and shall also bear the society's seal; or

(b) by the Liquidator where an order has been passed under Section 73, appointing a Liquidator of the society.

¹ (2) Charges for preparation of certified copies shall be rupee one per folio if the preparation of copies is by Photocopying process including photostat, Xerox or resograph or any other process by

which the original is mechanically or electronically copied representing faithfully the original.

(3) If the certified copies are prepared otherwise than as provided under sub-rule (2), the charges shall be as specified in the table below.

Sl. No	Nature of document	Charges per folio
(1)	(2)	(3)
1.	Application for registration of a Society	Re. 1
2.	Bye-laws of registered society	Rs. 2
3.	Amendment of bye-laws of a registered Society	Rs. 3
4.	Certificate of registration	Rs. 3
5.	Orders for cancellation of the registration of a Society	Re. 1
6.	Audit Report (Memorandum) of the registered Society (a) Report part (b) Balance Sheet and other financial statements part	Rs. 2 Rs. 4
7.	Annual Balance Sheet	Rs. 4

1. Sub-rules (2) and (3) substituted for sub-rule (2) by Notification No. CMW 64 CLM 91, dated 3-6-1996, w.e.f. 10-6-1996.

55. Restrictions on persons appearing as legal practitioners :-

(1) In proceedings before the Registrar, the Arbitrators or any other person deciding a dispute or in proceedings in appeals before the Registrar, or the State Government, a legal practitioner shall not be entitled to appear to represent any party; but the Registrar or any other authority deciding a dispute or hearing an appeal may permit such appearance in special cases.

(2) Any officer of a Co-operative Society who appears as a legal practitioner,

(i) against such society or against any other Co-operative Society, which is a member of the former society; or

(ii) (otherwise than in an honorary capacity) on behalf of such society or on behalf of such other society, which is a member of the former society;

56. Inspection of documents :-

¹ (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, free of charge, and may obtain certified copies thereof on payment of the fees as are specified in sub-rule (2) or (3) as the case may be.

(2) Charges for preparation of certified copies shall be rupee one per folio if the preparation of copies is by photo copying process including photostat, Xerox or resograph or any other process by which the original is mechanically or electronically copied representing faithfully the original.

(3) If the certified copies are prepared otherwise than as provided under sub-rule (2) the charges shall be as specified in the table below.

TABLE		
Sl. No	Nature of document	Charges per folio
(1)	(2)	(3)
1.	Application for registration of Society	Re. 1
2.	Certificate of registration	Rs. 2
3.	Bye-laws of a registered society	Rs. 2
4.	Amendment of bye-laws of a Society	Rs. 3
5.	Order of cancellation of the registration of a Society	Re. 1
6.	Audit Memorandum of a Society	
	(a) Report part	Rs. 2
	(b) Balance Sheet and other financial statements part	Rs. 4
7.	Annual Balance Sheet of a Society	Rs. 4
8.	Order of surcharge under Section 69	Rs. 2
9.	Order referring a dispute for arbitration under Section 71	Rs. 2
10	Order of supersession of Committee or removal of any member thereof	Rs. 2
11.	Any other order against which an appeal is provided	Rs. 2

1. Rule 56 substituted by Notification No. CMW 64 CLM 91, dated 3-6- 1996, w.e.f. 10-6-1996.

SCHEDULE 1

TRAVELLING ALLOWANCE

[See Rule 21-A]

SCHEDULE 1

TRAVELLING ALLOWANCE

[See Rule 21-A]

Sl. No.	Class of Co-operative Society	Journey within the State		By Bus	Journey outside the State but within India		
		By Air	By Train		By Air	By Train	By Bus
1	2	3	4	5	6	7	8
1.	Class I	Actual air fare	Single class air conditioned Railway fare/single I Class railway fare	Two times the bus fare	Actual air fare	Single I class air conditioned railway fare/single Railway 1 class fare	Two times the bus fare
2.	Class II	actual air fare	Single I class air conditioned Railway fare/ single I Class railway fare	Two times the bus fare	actual air fare	Single I class air conditioned railway fare/ Single I class Railway fare	Two times the bus fare
3.	Class III	Not allowed	Single II class Railway fare	Two times the bus fare	Not allowec	Single II class Railway fare	Two times the bus fare
4.	Class IV	Not allowed	Single II class Railway fare	Two times the bus fare	Not allowec	Single II class Railway fare	Two times the bus fare
5.	Class V	Not allowed	Single II class Railway fare	Two times the bus fare	Not allowec	Single II class Railway fare	Two times the bus fare

SCHEDULE 2

Daily Allowance

Si No.	Class of Co-operative Society	Halt at Bangalore city and other places outside the State within India, excluding places mentioned in column (4)	Halt at Ahmadabad, Bombay, Calcutta, Delhi, Hyderabad, Kanpur, Lucknow, Madras, Mussore, Nagpur, Pune, Simla, Shrinagar, Goa	Halt at other Places within the State

1	2	3	4	5
1.	Class I	200-00	[300-00]	150-00
2.	Class II	175-00	[275-00]	125-00
3.	Class III	150-00	[250-00]	100-00
4.	Class IV	125-00	[250-00]	75-00
5.	Class V	100-00	[250-00]	50-00

SCHEDULE 3

Sitting Fee

SCHEDULE 3

Sitting Fee

Sl. No.	Class of Co-operative Society	Sitting Fee
1	2	3
1.	Class I	[One hundred and ten rupees per day]
2.	Class II	[Eighty rupees per day]
3.	Class III	[Seventy-five rupees per day]
4.	Class IV	[Fifty rupees per day]
5.	Class V	[Twenty-five rupees per day]