

Kerala Co-Operative Societies Rules, 1969

CONTENTS

CHAPTER 1 :- Preliminary

1. Short title and extent
2. Definitions

CHAPTER 2 :-REGISTRATIONOF CO-OPERATIVE SOCIETIES AND THEIR BYE-LAWS

3. Application for Registration
4. Registration
- 4A. Manner of issuing certificate if the registration certificate is irrecoverably lost
5. Subject matter of bye laws
6. Model Bye-laws
7. Period within which societies shall commence working
8. First General Body Meeting
- 8A. General Body Meeting
9. Procedure Regarding Amendment of Bye-laws
10. Manner of calling upon societies to make or amend the bye-laws
11. Registrar to keep a Record of Names, Address and Bye-laws of Societies
12. Procedure regarding change of liability
13. Amalgamation, transfer of assets and liabilities or division of societies
14. Manner of consulting the Financing Bank and Circle Co-operative Union when the Registrar directs amalgamation and division
15. Classification of societies according to types

CHAPTER 3 :-RIGHTSAND LIABILITIES OF MEMBERS OF CO-OPERATIVE SOCIETIES

16. Conditions to be complied with for admission for membership
- 16A. Identity card
- 16B. Identity card on request
- 16C. Issue of duplicate identity card
- 16D. Appeal
17. Restriction on the admission of members in certain types of societies
18. Procedure for the expulsion of members

- 18A. Ensuring participation of members
- 19. Voting
- 20. Payment to be made to acquire rights of a member
- 21. Valuation of shares of a deceased member
- 22. Shares not to be hypothecated to society
- 23. Nomination of an Heir
- 24. Right to obtain documents from Registrar s Office
- 25. Members right to inspect the accounts in the Society
- 26. Prohibition on admission of members and transfers of shares on the eve of general meeting
- 27. Prohibition of membership in two credit or housing societies
- 28. Restriction on the right of vote at the election

CHAPTER 4 :- MANAGEMENT OF SOCIETIES

- 29. Accounts and other books to be maintained by societies
- 30. Power of Registrar to direct Accounts and other books to the written up
- 31. Period for which account books are to be maintained by the societies
- 32. Certifying copies of resolutions, entries in books etc. by societies
- 33. Statement and returns to be furnished by society
- 34. Representative General body and its Constitution
- 35. Procedure regarding conduct of Election to the Committee of Societies
- 36. Power to Call Special General Body meeting
- 37. Procedure for appointment of Nominees and their removal from the Committee of a society
- 38. Constitution of Committee, resignation and removal from membership
- 39. Election and term of the members of the Committee
- 40. Remuneration payable to new committee, administrator or administrators appointed by the Registrar
- 41. Procedure regarding the constitution of committees of new. societies in the case of a division of a society
- 42. Constitution and strength of committee of societies having individuals and societies as members
- 43. Election of President, Vice President etc., by members of committee
- 44. Disqualification of membership of committee
- 44A. Delegate of Societies in the. committee to another society to be members of the committee
- 45. Disqualification of a member of a Society to be a Delegate of another Society
- 46. Term of office of member of committee who is a delegate of another Society
- 47. Custody of cash, securities, records, sales etc. of a society
- 48. Payment of travelling allowance, daily allowance and sitting fees to the members of the societies and of the committee

- 49. Payment of remuneration of committee members of Societies
- 50. Prohibition against being interested in contract etc

CHAPTER 5 :- PRIVILEGES OF CO-OPERATIVE SOCIETIES

- 51. Charge on land owned or held by members borrowing loans from certain societies
- 52. Deduction from salary or wages

CHAPTER 6 :- PROPERTIES AND FUNDS OF SOCIETIES

- 53. Constitution of co-operative education fund
- 53A. Constitution of Co-operative Member Relief Fund
- 54. Manner of investment of funds
- 55. Restrictions on borrowings
- 56. Restriction on grant of loans
- 57. Transactions with non-members
- 58. Provident Fund
- 59. Gratuity
- 60. Mode of Investment of Reserve Fund
- 61. Object of Reserve Fund and disposal thereof on the winding up of a society
- 62. Writing off bad debts and losses
- 63. Maintenance of fluid resources by societies

CHAPTER 7 :- AUDIT

- 64. Audit
- 64A. Qualifications of an Auditor
- 64B. Audit Report
- 65. Levy of Audit fees

CHAPTER 8 :- INQUIRY, INSPECTION AND SURCHARGE

- 66. Procedure for the conduct of inquiry and inspection

CHAPTER 9 :- SETTLEMENT OF DISPUTES

- 67. Reference of disputes, payment of expense and decisions on disputes
- 68. Mode of Communication of orders and decisions in deciding disputes

CHAPTER 10 :- WINDINGUP AND DISSOLUTION OF CO-OPERATIVE SOCIETIES

- 69. Procedure to be adopted by liquidator
- 70. Disposal of records of a society ordered to be wound up

CHAPTER 11 :- EXECUTIONFOR DECISIONS, AWARDS AND ORDER

- 71. Application for enforcement of charge

72. Issue of certificate under section 76
73. Execution Proceedings under the Revenue Recovery Act
74. Procedure for execution of decision, Award or Order
75. Order in which proceedings shall be taken
76. Rules for seizure and sale of movable property
77. Attachment of salary or allowance of Public Officer or servant of a Railway administration or Local Authority or Firm
78. Attachment of Share or Interest in movable
79. Attachment of Decree
80. Attachment of debt, share and other property not in possession of defaulter
81. Procedure in attachment and sale of immovable property
82. Application to set aside sale on deposit
83. Application to set aside sale on ground of irregularity or fraud
84. Delivery of possession
85. Sale of immovable property to be proportionate to the amount due
86. Private alienation of property after attachment to be void
87. Process servers to be paid batta
88. Batta, Interest and other charges recoverable from the proceeds
89. Receipts for payment of amount due
90. Investigation of claims and objections to attachment of property
91. Termination of attachment
92. Attachment in execution of decree of several courts and rateable distribution of assets
93. Attachment before Judgment
94. Procedure for Recovery of sums due to Government

CHAPTER 12 :- APPEALS, REVISION AND REVIEW

95. Headquarters etc., of the Tribunal
96. Custody of Records etc. of the Tribunal
97. In addition to the powers conferred by other rules, the Secretary shall have the following duties and powers subject to the general control of the Tribunal, namely
98. Form of appeals and application
99. Presentation of appeals and application
100. Registration of appeals and applications
101. Maintenance of Registers
102. Intimation to Registrar of Co-operative Societies as to the Registration or appeal or application
103. Admission
104. Death of the party
105. Determination of the legal representatives
106. Abatement
107. Failure to pay fees
108. Procedure for cross objection
109. Notice of Parties to appear before the Tribunal

- 110. Service of notice etc
- 111. Adjournment of hearing
- 112. Advancement of Hearing
- 113. Hearing
- 114. Restoration of appeals and applications
- 115. Fresh evidence in appeal
- 116. Order of the Tribunal
- 117. Communication of order
- 118. Returning of documents
- 119. Inspection of documents
- 120. Search of Records
- 121. Certified copies
- 122. Application of Code of Procedure, etc
- 123. Fees for appeals
- 124. Presentation and disposal of appeals and revision, before other authorities
- 124A. Fees for appeals and applications for revision before the Government or Registrar
- 125. Communication of Decision in Appeals or Revision

CHAPTER 13 :- CO-OPERATIVE UNIONS

- 126. Constitution of circles
- 127. Circle co-operative union
- 128. Eligibility to vote in the election
- 129. Election of members of circle co-operative union
- 130. Counting of votes
- 131. Rejection of ballot paper
- 132. Announcement of results
- 133. Custody of ballot papers after voting
- 134. Postponement of election
- 135. Disqualification to vote
- 136. Disputes relating to election
- 137. Resignation of member
- 138. Filling up of interim vacancies
- 139. Functions of the circle co-operative union
- 140. Funds
- 141. Management of union
- 142. Meeting of the circle co-operative union
- 143. Termination of membership
- 144. Duties and powers of the office bearers
- 144A. Removal of Chairman by non-confidence motion
- 145. Budget
- 146. Duties of unions
- 147. State Co-operative Union
- 148. Affiliation of co-operative societies
- 149. Election of delegates to the general body
- 150. Settlement of disputes
- 151. Procedure for conduct of election
- 152. Nomination of candidate

- 153. Withdrawal of candidature
- 154. Conduct of election
- 155. Counting of votes
- 156. Rejection of ballot paper
- 157. Announcement of results
- 158. Disqualification for membership in the managing committee
- 159. Termination of membership in the managing committee
- 160. Election of Chairman
- 161. Removal of Chairman by no-confidence motion
- 162. Resignation of members
- 163. Filling of interim vacancies in the managing committee
- 164. Meeting of the general body and power
- 165. Meeting of the managing committee
- 166. Powers and duties of the managing committee
- 167. Remuneration payable to members
- 168. Powers of Chairman and Secretary
- 169. Establishment
- 170. Audit of Accounts of Co-operative Union
- 171. XXX XXX XXX
- 172. XXX XXX XXX
- 173. XXX XXX XXX
- 174. XXX XXX XXX
- 175. XXX XXX XXX

CHAPTER 14 :- MISCELLANEOUS

- 176. Registrars power to rescind resolution
- 177. Societies to furnish statistics on employment to the Labor Bureau
- 178. Use of premises
- 178A. Opening of Branches
- 179. Restriction of officers of society appearing as legal practitioners
- 180. Societies not to act without previous sanction of Registrar in certain matters
- 181. Power to exempt from Rules

CHAPTER 15 :- ESTABLISHMENT

- 182. Classification under Section 80 (1)
- 183. Age limit
- 184. Probation
- 185. Promotions
- 186. Qualifications
- 187. Vacancies in Apex Society
- 188. Staff Pattern
- 188A. Employment assistance to dependents of employees dying in harness
- 189. Remuneration and allowances
- 190. Leave Rules
- 191. Medical Aid

192. Security to be furnished by the Employees of Societies
193. Duties and Responsibilities and Conduct
194. Prohibition of pecuniary transactions
195. Prohibition of personal contracts etc
196. Framing of Rules by the Societies
197. Maintenance of Service Register
198. Disciplinary Action
199. Travelling allowance and other allowance
200. Savings
201. Special provisions in respect of certain promotions

Kerala Co-Operative Societies Rules, 1969

In exercise of the powers conferred by S. 109 of the Kerala Co-operative Societies Act, 1969 (21 of 1969) and in supersession of the Kerala Co-operative Societies Rules, 1969 published under Notification of the Agriculture (Cooperation) Department No.24595/C3/69/AD, dated the 15th May, 1969 as SRO. No. 206/69 in the Kerala Gazette Extraordinary dated the 21st May, 1969 and the Rules on the subject made under Madras Co-operative Societies Act, 1932 (Madras Act VI of 1932) and the Travancore-Cochin Co-operative Societies Rules, 1953, the Government of Kerala hereby make the following rules, the same having been previously published as required by sub-section (1) of the said Section, namely.

1. Issued under Notn. No. 35649/69/AD dt.14-7-1969 Published in K.G. Ex. No.164 dt. 14-7-1969 as SRO 280/69.

CHAPTER 1 Preliminary

1. Short title and extent :-

These Rules may be called the Kerala Cooperative Societies Rules, 1969.

2. Definitions :-

In these Rules, unless the context otherwise requires.-

- (a) "Act" means the Kerala Co-operative Societies Act, 1969.
- (b) "Decree" means any order, decision or award referred to in Section 76 of the Act.
- (c) "Decree Holder" means any person holding a decree.
- (d) "Default" means failure on the part of any person, to repay to the financing bank or to any other society a loan or any other

amount due to it within the time fixed for repayment or to return to the society within the time fixed the finished goods in respect of raw materials advanced or to keep any other obligation for the fulfillment of which a time limit has been specified in the bye-laws.

(e) "Defaulter" means any Co-operative Society against which or any person against whom a decree has been obtained.

(f) "Form" means a form set out in appendix II.

(g) "Net Profit" means net profit as certified by the Registrar.

(h) "Person" includes the Government and a Co-operative Society.

(i) "Sale Officer" means an officer of any Department empowered by the Registrar by general or special order to conduct the attachment and sale or sale without attachment of the property of defaulters, or to execute the order or decision of the Registrar in regard to the attachment and sale or sale without attachment of the property of the defaulter.

(j) "Section" means a section of the Act.

(k) "Working Capital" means such portion of the Reserve Fund other funds, paid up share capital, loans and deposits received by a society and debentures issued by a society as have not been invested in buildings and other fixed assets.

CHAPTER 2 REGISTRATION OF CO-OPERATIVE SOCIETIES AND THEIR BYE-LAWS

3. Application for Registration :-

(1) Every application for registration of a Society under sub-section (1) of Section 6 shall be made in duplicate in Form No. 1, be accompanied by-

(a) three copies of the proposed bye-laws of the society;

(b) a certificate from the Bank or Banks stating the credit balance in favor of the proposed Society therein;

(c) a list of persons in duplicate who have contributed to the share capital, together with the amount contributed and the entrance fee paid by each of them;

¹[(d) the scheme showing the details as to the soundness of the proposed business of the society; and]

(e) [such other information and documents as may be required by the Registrar].

(2) When the applicants are individuals, the application shall be signed by not less than 25 persons each of such persons being a member of a different family.

(3) Where any member of a society to be registered is a registered

society, a member of the committee of such registered society shall be authorized by the committee of that society by a resolution, to sign the application for registration and the bye-laws on its behalf, and a copy of such resolution shall be appended to the application.

(4) where any member of a society to be registered is a body whether statutory or non-statutory, committee or corporation that body shall authorize any person to sign the application for registration and the bye-laws on its behalf, and a copy of the resolution giving such authority shall be appended to the application.

(5) The application shall be sent to the Registrar by registered post, or delivered in office in person.

(6) Court Fee stamps, of the value of Rs.5 shall be affixed to the original application.

4. Registration :-

(i) On receipt of an application under rule 3, the Registrar shall enter particulars of the application in the Register of application to be maintained in Form 2 give a serial number, to the application and issue a receipt in acknowledgement thereof.

(ii) The Registrar shall then examine the application and the bye-laws in order to satisfy that the conditions specified in clauses (a) to (e) of section 7 and rule 3 are satisfied.

(iii) The Registrar may call for such further information or make such enquiry as he may deem necessary or direct the Chief Promoter to make such modifications in the proposed bye-laws as he may deem fit. The chief Promoters shall there upon furnish such information or make such modifications in the proposed bye-laws as the Registrar may direct with the consent of the applicants within a period to be specified by him.

(iv) If the Registrar is satisfied that the proposed Society has complied with the above requirements he may register the society and its bye-laws and issue to the society free of cost, a certificate of registration in Form No. 3 signed by himself and bearing his official seal along with a certified copy of the bye-laws as approved and registered by him. The certificate of registration shall contain the registration number of the society and the date of its registration. The Registrar may assign for each District and each class or such class of Societies, a code symbol, for giving registration numbers to the societies. When a society has been registered, the: bye-laws as approved and registered by the

Registrar shall be the registered bye-laws of the society for the time being in force.

(v) When the Registrar is not satisfied, he shall pass an order of refusal together with the reasons therefor and communicate it by registered post to the Chief Promoter within 7 days of such order.

(vi) Any decision to register the Society under sub-rule (iv) or any refusal of an application for registration of a society under sub-rule (v) shall be made within 3 months from the date of receipt of application.

(vii) A copy of the certificate of registration together with a copy of the bye laws shall be furnished to the Financing Bank, Central or Apex Society, ²[the Circle Co-operative Union concerned and the State Cooperative Union].

4A. Manner of issuing certificate if the registration certificate is irrecoverably lost :-

The certificate to be issued by the Registrar under sub-section (2) of section 8 shall be in Form No. 3A.

5. Subject matter of bye laws :-

(1) The bye-laws of a society shall not be contrary to the provisions of the Act and these Rules and may deal with all or any of the matters specified below and with such other matters incidental to the organization of the society and the management of its business, as may be deemed necessary.--

(a) the name and address of the society and its branches if any;

(b) the area of operation;

(c) the objects of the society;

(d) the manner in which and the limit upto which the funds of the society may be raised the maximum share capital which one member may hold and the purpose to which the funds would be made applicable;

(e) the terms and qualifications for admission to membership, the payment, if any to be made or interest to be acquired as a condition precedent for exercising the right of membership;

(f) the privileges, rights, duties and liabilities of members including nominal and associate members;

(g) the nature and extent of the liability of the members for the debts contracted by the societies;

(h) the circumstance under which withdrawal from membership

shall be permitted, the manner in which penalty shall be levied on members found to be guilty of breach of bye-laws;

(i) the consequences of default in payment of any sum due by a member;

(j) conditions regarding sale or disposal of produce of members, wherever applicable.

(k) the procedure for expulsion of members and as to how the assets and liabilities of an expelled member shall be dealt with;

(l) the manner of making, amending and repealing bye-laws;

(m) the constitution and reconstitution of the committee and removal of the officers and the duties and powers of the committee and the officers;

(n) the mode of custody and investment of funds and mode of keeping the accounts and records. The preparation and submission of such annual or order statements as specified in these rules and the publication of the same.

(o) the disposal of net profit;

(p) appointment of a provisional committee wherever necessary;

(q) the mode of convening annual and special general body meetings, issue of notices, and the business which may be transacted there at;

(r) in the event of winding up of the society, the purpose for which surplus assets, if any, shall be utilized;

(s) the conduct of elections to the committee and other bodies of the society as provided in the bye laws, including the right of members to be elected by different constituencies and appointment of Returning Officer;

(t) affiliation to the State Co-operative Union, Financing Bank or any other institution and the charges to be paid in respect of such affiliation;

(u) the procedure to be followed in cases of withdrawal, Ineligibility and death of members;

(v) the conditions if any, under which the transfer of share or interest of a member may be permitted;

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

(x) the authorization of an officer or officers to sign documents and to institute and defend suits and other legal proceedings on behalf of the society;

(y) the constitution and maintenance of various funds as required to be maintained under the provisions of the Act, Rules and bye-laws;

(z) constitutions of representative General body consisting of delegates of members of the society and the mode of election of representatives to exercise the powers of the general body of members and to specify the powers which may be exercised by such similar body;

(aa) the settlement of disputes touching the constitution of the committee or the management or the business of the society falling within the purview of S. 69; and

(ab) procedure regarding valuation of shares for the purpose of refund of shares.

(2) In the case of Credit Societies;

(i) the maximum loan admissible to a member;

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

(iii) the conditions on which loans may be granted to members and to members of Managing committee and penalties for misapplication of loan so advanced;

(iv) the procedure for granting extension of time for the repayment of loans and advances;

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

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

(viii) matters referred to in sub-rule (1).

(3) (i) In the case of non-Credit Societies, the mode of conducting business such as manufacture, purchase, sale, sk-taking and other like matters;

(ii) Matters referred to in sub-rule (1).

(4) In the case of composite society, that is to say, society having both credit and non-credit functions, matters referred to in sub-rules (1), (2) and (3).

6. Model Bye-laws :-

(i) It shall be competent to the Registrar to frame bye-laws for each class or classes of societies and to suggest modifications thereto from time to time;

(ii) Such model bye-laws shall be adopted by a society with such modifications, if any, as may be suggested by the society and agreed to by the Registrar.

7. Period within which societies shall commence working :-

Every society shall commence working within a period of six months of its registration. The Registrar may give further extension not exceeding six months if in his opinion such extension is necessary.

Explanation.--For the purpose of this rule the society shall be deemed to have commenced working if it has held the first general body meeting after its registration and admitted members and has allotted shares.

8. First General Body Meeting :-

(1) Within three months from the date of registration of a Society the Chief Promoter thereof, shall convene the first General Body Meeting of all persons who had signed the application for registration of the society. Where the Chief Promoter fails to convene the meeting as aforesaid, it shall be convened by any person authorized in that behalf by the Registrar.

(2) At the first general body meeting, the following business shall be transacted;

(i) Election of a President for the meeting;

³(iA) Reading and recording of the registered bye-laws of Society].

(ii) Admission of members and allotment of shares;

(iii) Receiving a statement of accounts and reporting all transactions entered into by the Chief Promoter;

(iv) Passing budget for the working of the society for the year, if any;

(v) Any other matters connected with the working of the society.

8A. General Body Meeting :-

A notice of the General Body Meeting stating the place, date and hour of the meeting together with the agenda shall be given to every member at least fifteen clear days before the date of the meeting in the manner specified in the bye-laws:

Provided that in urgent cases, General Body Meeting can be convened by giving notice, less than a period of fifteen clear days.

9. Procedure Regarding Amendment of Bye-laws :-

(i) Every proposal for amendment to the bye-laws of a society shall be made only by a resolution passed by a 2/3 majority of the members present and voting. Such resolution shall be forwarded to the Registrar within one month from the date of the General Body Meeting at which such amendment was passed provided that to Registrar may condone the delays, if any, for sufficient cause.

⁴[(ii) No such resolution shall be valid, in the case of a society having not more than two thousand members, unless intimation of

the amendment proposed has been given to the members of the society either in person and their full signature in token of having received the same has been obtained, or by post under certificate of posting and in other cases, it shall be sufficient if the date, time, place and agenda of such General Body Meeting with details of the amendment proposed are published in two vernacular dailies having wide circulation in the area of the operation of the society, in the notice board of the society, at the head office and branches and also in the notice board of the office of the Assistant Registrar of Co-operative Societies of the circles within which the area of the operation of the society falls.]

(iii) Every application made to the Registrar for the registration of amendment shall be signed by the Secretary and two members of the committee and shall contain the following particulars.-

(a) the date of the General Body Meeting at which the amendment was made;

(b) the number of days notice given to convene the general body meeting;

(c) the number of days notice required as per the bye-laws for the General Body Meeting;

(d) the total number of members of the society on the date of such meeting;

(e) the number of members who formed the quorum for such meeting;

(f) the number of members present at such meeting;

(g) the number of members who exercised their votes at the meeting; and

(h) the number of members who voted for the amendment.

(iv) the proposal shall be accompanied by.-

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

(b) four copies of the text of the bye-laws as it would stand after amendment, signed by the officers authorized in this behalf by the committee of the society.

10. Manner of calling upon societies to make or amend the bye-laws :-

(1) The order to be issued under sub-section (5) of section 12 shall be in Form No, 5 and the notice calling for representation under subsection (6) of section 12 shall be in Form No.6

(2) Rule 9 shall not apply when action is taken under this rule.

11. Registrar to keep a Record of Names, Address and Bye-laws of Societies :-

(1) A Register in Form No.4 showing the number, name and address of all Societies registered under this Act and the date on which its bye-laws or the amendments thereto are registered.

(2) A copy of each of the bye-laws of the Societies registered by him, the amendments to bye-laws as and when registered should be filed along with the original bye-laws.

12. Procedure regarding change of liability :-

Without prejudice to rule 9 no amendment to bye-laws of a society changing its liability from un-limited to limited under section 11 shall be registered unless;

(i) the amendment has been approved by a resolution passed by a 2/3 majority of the members present and voting at a meeting of the general body specially called for the purpose of which at least seven clear days notice has been given to all its members; and

(ii) the claims of all the members and creditors who have exercised the option referred to in clause (b) to sub-section (4) of that section within the period specified therein have been satisfied.

13. Amalgamation, transfer of assets and liabilities or division of societies :-

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

(2) The Registrar may after examining the details furnished in the application and other particulars which he may call for from the society, give his approval, for the proposals, if it appears to him to be in the best interest of the society or societies concerned;

Provided that in the case of transfer of Assets and Liabilities under sub-rule (1), the concurrence of the transferee society shall be obtained before giving such approval;

(3) On receipt of the approval to the proposals, from the Registrar, the society shall convene a meeting of a special general body, called for the purpose, giving 15 clear days notice and pass a resolution for amalgamation, transfer of assets and liabilities or

division as the case may be by two third majority of the members present and voting at that meeting. In the case of amalgamation or division the resolution shall include the draft bye-laws proposed for adoption; consequent on the approval of the proposals referred to in sub-rule (2). In the case of amalgamation, the draft bye-laws shall also include provision for appointment of its committee by nomination.

(4) When the resolution so passed is deemed to have been taken effect under sub-section (6) of S. 14 the society concerned shall report the fact to the Registrar.

(5) On receipt of the report from the society under sub-rule (4), the Registrar shall after satisfying himself that the procedure has been properly followed, declare that the resolution has taken effect and register the amalgamated or divided societies.

14. Manner of consulting the Financing Bank and Circle Co-operative Union when the Registrar directs amalgamation and division :-

Before issuing any order under sub-section (8) or (9) of S. 14, the Registrar shall prepare a draft scheme in respect of such amalgamation or division stating in particular the manner in which the assets and liabilities of the society or the societies proposed for division or amalgamation, as the case may be, is to be dealt with the composition and strength of the new Committee or committees of the society or societies resulting from such amalgamation or division and the bye-laws which such society or societies shall follow. The Registrar shall send a copy of the scheme to the Financing Bank, and Circle Co-operative Union for their views within such time as may be specified by him. If no reply from the Financing Bank and the Circle Co-operative Union is received within the time fixed, it will be presumed that the Financing Bank and Circle Cooperative Union are agreeable to the scheme prepared by the Registrar. After considering the views if any, received from the Financing Bank and the Circle Co-operative Union the Registrar shall send the order under subsections (8) and (9) of section 14 to the committee or each of the committees concerned calling upon it or them to amalgamate or divide, as the case may be within such time as may be specified in the order.

15. Classification of societies according to types :-

⁵[15. Classification of societies according to types.--

After the registration of a society the Registrar shall classify the society into one or other of the following types according to the principal object provided in the bye-laws.--

	Type	Examples
(1)	Co-operative Banks:	
	(a) Apex Banks	State Co-operative Bank and Co-operative Central Land Mortgage Bank.
	(b) Central Banks	District Central Co-operative Banks
	(c) Other Banks	Urban Banks, Primary Land Mortgage Banks.
(2)	Credit Societies:	
	(a) Agricultural Credit Societies	Service Co-operative Societies at the Primary level.
	(b) Composite Credit Societies	Multipurpose societies, Rural Banks, Agricultural Improvement Societies, Rubber Karsha- ka Societies.
	(c) Non-Agricultural Credit Societies.	Harijan Societies, Employees Credit societies.
(3)	Marketing Societies:	
	(a) Apex Marketing Society	State Co-operative Marketing Federation, State Fish Marketing Federation.
	(b) Primary Marketing Societies	.All purchase and sale societies and Marketing Societies of Agricultural produce.
	(c) Non-Agricultural Marketing Societies	Fish Marketing Societies, Egg Marketing Societies.
(4)	Consumers Societies:	
	(a) Apex	Federation of Consumers Societies.
	(b) Central	District Wholesale Co-operative Stores.
	(c) Primary consumers Stores	Co-operative Stores and Canteens.
(5)	Processing	

	Processing societies:	
	(a) Agricultural Processing Societies	Societies which process Agricultural produce like Co-operative Sugar Factories, Tea Factories, Tapioca Processing Units, Oil crushing, Paddy Hulling Societies and Coffee curing.
	(b) Industrial Processing societies	Fish curing societies, Tanners Societies.
	(c) Other Processing societies	Ayurveda Co-operative Societies.
(6)	Farming Societies:	
	(a) Better Farming Societies	Such a society purchases materials in bulk and provides improved methods of cultivation among the members without pooling their lands and resources.
	(b) Joint Farming Societies	In this Type, the members of the society pool their lands and resources and carry on cultivation jointly under the auspices of the society. The profit is divided among themselves after meeting the cost of cultivation and other expenses of the society, in proportion to the extent of land held by each.
	(c) Tenant Farming Societies	Such society acquires or owns the land for Cultivation, It parcels out the land in convenient economic units to the members for their independent cultivation, fixing a rent. The relationship between the society and the members is that of a landowner and tenants.
	(d) Collective Farming Societies	In this type, the whole lands are owned and held by the society. The Cultivation is carried on in the land by the society employing the members. The profits of the society are distributed among members in proportion to the work done by them.
(7)	Producers Society:	
	(a) Apex	State Handloom Weavers Society, State Handicraft Society.
	(b) Central	Central Coir Marketing Society.
	(c) Primary	Weavers Societies, Carpenters Societies, Societies for Blacksmiths, Pottery Society, Coir Societies, Mat Weaving Societies, Forest Laborers Societies, Labor Contract Societies, Cattle Breeding Societies, Dairy Societies, Poultry Societies, Piggery Societies, Malsya Ulpadaka Societies.
(8)	Housing Society:	
	(a) Co-operative Building Society	These are based on individual ownership.
	(b) Co-	The assistance for construction of houses in accordance with

	operative House Building Society	the approved type designs, is provided, by the Society. In the former type, members themselves construct the houses. In the latter type, the society builds on behalf of the members.
	(c) Co-operative House Construction Society	These societies acquire land, construct houses and allot them to members on hire purchase system.
	(d) Tenancy Housing Society	The society owns site, constructs houses according to the type designs and rents out them to the members. The relationship between the society and the member is that of a houseowner and tenant.
	(e) Other Housing Society	House Mortgage Bank, Such societies advance loan for repair, remodeling of old houses, on the security of the houses and other landed properties.
(9)	Miscellaneous Society:	
	(a) Social Welfare Society	Better living societies, Education societies, Literary societies.
	(b) Commercial Societies	Insurance, Motor Transport and Rickshaw Pullers Societies, Co-operative Printing Press and Work Shop etc.
	(c) Others	Not falling in either of the above sub classes. (1) Lift Irrigation Society. (2) Producers-cum-Consumers Society.

Note.--

(i) if any question arises as to the classification of a society, it shall be referred to the Registrar for decision and his decision thereon shall be final.

(ii) If the Registrar alters the classification of a society from one class of society to another or from the sub class thereof to another, he shall issue to the society/and the Financing Bank a copy of his order and the society shall fall under that category with effect from the date of that order].

1. Substituted by SRO. No. 1317/90 published in K.G. Ex. No. 914 dt.26-9-1990.

2. Substituted by Notn. SRO.510/69 dt.12-12-1969 Published in K.G. No. 50 dt. 23-12-1969.

3. Inserted by SRO. 1317/90 dt. 24-9-90 published In K.G. Ex. No. 914 dt. 26-9-90.

4. Substituted by SRO No. 1606/92 published in K.G. No. 49 dated 15-12-92.

5. Substituted by Notn. SRO. No. 510/69 dt. 12-12-1969.

CHAPTER3 RIGHTS AND LIABILITIES OF MEMBERS OF CO-

OPERATIVE SOCIETIES

16. Conditions to be complied with for admission for membership :-

(1) No person shall be admitted as a member of a society unless--

(a) he has applied in writing in the form if any laid down by the society;

(b) his application is approved by the committee of the society;

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

(d) in the case of other societies or a body of persons, whether incorporated or not, and any statutory or non-statutory Board, approved by the Government, Committee or Corporation constituted for the development of any industry the application for membership shall be accompanied by a resolution authorizing it to apply for such membership.

(2) No person shall be eligible for admission as a member of a Cooperative Society, if he,--

(a) has not attained the age of 18 years;

(b) is not a resident of or does not own or possess land within the area of operation of the society, provided that this clause shall not apply in the case of a society formed exclusively for the students of any School or College;

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

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

(e) is a paid employee of the Society or of its Financing Bank or of any society for which it is the Financing Bank, provided that this restriction shall not apply to Co-operative Motor Transport Societies, Co-operative Workshops, Societies for the employees of Financing Banks, and Societies formed for benefit of actual workers; or

(f) has been surcharged under S. 68 and a period of 3 years has not elapsed since the payment of money or restoration of property as directed in the said order of surcharge.

(3) Where a person already admitted to membership is seen to have been ineligible for membership at the time he was so admitted as a member or if he subsequently becomes ineligible for

membership the committee of the Society may remove the person from membership after giving him an opportunity for making his representation if any, and the person concerned shall thereupon cease to be a member of the society.

(4) Where a member of a society becomes ineligible to continue as such, the Registrar may of his own motion or on a representation made to him by any member of the society or by the financing Bank, by an order in writing declare that he has ceased to be a member of the society from the date of his order. The Registrar shall give such person an opportunity to state his objection, if any, to the proposed action and if the person wishes to be heard, he shall be given an opportunity to be heard before passing an order as aforesaid.

16A. Identity card :-

¹[16A. Identity card.--

(1) A person admitted as a member of a Society shall be issued with an identity card, in Form 6A, which shall be conclusive evidence to prove his membership in the society. The member shall furnish two copies of his recent photograph of passport size to the society. Copies of the photograph shall be attested by the Chief Executive of the society or an officer specially empowered in this behalf by the committee of the Society and one copy of the duly attested photograph shall be affixed in the identity card and the other copy shall be affixed in the Register in Form 6B maintained for the purpose. The identity card shall also bear the seal of the Society.

(2) An existing member shall, within one month from the date of commencement of these rules, furnish to the society concerned two copies of his recent photograph of passport size and the Society shall issue identity card to him within a period of fifteen days from the date of receipt of the photograph:

Provided that the Registrar may, in deserving cases, for reasons to be recorded in writing, extend the above period of one month and fifteen days for a further period upto one month or fifteen days, as the case may be.

(3) the identity card shall be issued direct to the member concerned after obtaining his acknowledgement in the Register in Form 6B and shall not be supplied to any other person on his behalf.)

16B. Identity card on request :-

¹[16B. Identity card on request

(1) A member who fails to obtain his identity card as provided in R. 16A may apply to the Chief Executive or such other officer specially empowered in this behalf by the Committee of a Society for the issue of an identity card.

(2) On receipt of an application under sub-rule (1) the officer specified therein may, if satisfied himself, after such inquiry as he deems fit, as to the correctness of the facts and particulars furnished in such application, issue an identity card to the applicant.

(3) Where such officer is of opinion that the identity card should not be issued, he shall, after affording reasonable opportunity to the applicant to be heard, make an order rejecting the application.

(4) The order shall record the reasons for the refusal and shall be communicated to the applicant.]

16C. Issue of duplicate identity card :-

²[16C. Issue of duplicate identity card.--

(1) Where an identity card issued to a member under the preceding rules has been lost, defaced or accidentally destroyed or damaged, a duplicate thereof may be issued on application, if the officer specially empowered in this behalf by the Society, is satisfied himself, after such inquiry as he deems fit, about the correctness of the facts and particulars furnished in such application:

Provided that no application shall be rejected without giving the applicant an opportunity of being heard.

(2) Where the original of an identity card for which a duplicate was issued has been recovered later, such original shall be surrendered to the Society for safe custody.]

16D. Appeal :-

²[16D. Appeal.-

(1) If any Society refuses to issue identity card to any member the aggrieved person may appeal to the Registrar within fifteen days from the date of receipt of the order of such refusal and the Registrar, shall dispose of such appeal within thirty days of receipt of the appeal]

17. Restriction on the admission of members in certain types of societies :-

In a society formed for the promotion of the canonic interest of its members through a specified activity or in a society formed exclusively for the benefit of persons engaged in any particular industry, no person other than one who is likely to be benefited directly by such action or an actual worker in the industry as the case may be shall be admitted in excess of the limit that may be specified in the bye-laws or in any case in excess of 10 percent of the total number of members in the society.

18. Procedure for the expulsion of members :-

A member who has acted adversely to the interest of the society may be expelled from the society as per S. 17, adopting the following procedure.--

(a) Where any member of a society proposes to bring a resolution for expulsion of any other member he shall give a written notice thereof, to the chairman of the Society. On receipt of such notice or when the Committee itself decides to bring in such resolution, the Committee shall send a registered notice to the member concerned to furnish his explanation, if any, in the matter within 15 days from the date of receipt of the notice. The member shall also be given an opportunity for being heard in person, if he so desires.

(b) On obtaining the explanation, if any, and on being heard in person, if he so desires and on giving opportunity to the complainant, to substantiate his allegation or after taking into consideration any written representation which he might have sent to the Committee or General Body, the committee shall decide as to the course of action to be adopted against the member concerned. If the committee decides to expel the member it shall convene a special General Body Meeting after issuing due notice appending the agenda thereto and place the matter before it for decision under section 17.

18A. Ensuring participation of members :-

(1) No member shall be eligible to continue to be a member of a co-operative society if he is not using the services of the society for two consecutive years in the following manner:

(a) In case of a credit society, a member who has made a deposit or has become a borrower or surety or availed or purchased products or any other services made available by such society as specified in the bye-laws;

(b) In the case of any other society, a member who has involved in anyone of the objects specified in the bye-laws or has availed the products or using the service made available by such co-operative society as specified in the bye-laws;

(c) In the case of Central or Apex Societies/Banks/Federation, if the member society has not borrowed the amount from such Central or Apex Societies/Banks/Federation/and in the case of Apex societies Banks/Federations where the main object is to lend the amount to the member societies or if the member society is not using the services made available by such society/federation as specified in the bye-laws”;

(2) (a) A register in Form No. 32, shall be maintained by every society. The Chief Executive of the society shall be responsible for the proper maintenance of the register.

(b) The details with regard to each and every member of a society shall be made up-to-date and place before the Committee within sixty days on completion of every year.

(c) The Committee shall examine and certify the register as to the details so recorded by the Chief Executive, within thirty days from the date of placing it before the committee.

(d) The Chief Executive of the Society shall forward a certificate to the Registrar, as to the up-to-date maintenance of the register within three months of the close of the year

(e) The Chief Executive of the society shall submit this register before the Electoral Officer for verifying the eligibility of members who are qualified to vote at the election

19. Voting :-

A member shall be deemed to have exercised his right to one vote at an election of the committee of the society, if ³[xxx] he expresses the choice in favor of such number of persons as are to be elected, ⁴[or in favor of a lesser number of persons to be elected].

20. Payment to be made to acquire rights of a member :-

The payments to acquire right of membership shall include--.

(i) Admission fee

(ii) Subscription to share capital

(iii) Any other payments required to be made under the bye-laws.

21. Valuation of shares of a deceased member :-

If a member dies, the sum representing the value of his share or interest in the capital of the society payable to his nominee, heirs or legal representative, as the case may be, shall be ascertained in the following manner.--

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

22. Shares not to be hypothecated to society :-

The shares of a society shall not be hypothecated to that society or any other society by the members as a security for a loan.

23. Nomination of an Heir :-

(1) A member of a society may nominate a person 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 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 vary or revoke such nomination and any other nomination made in accordance with the rules.

(2) The nomination made for the purpose shall be-

(a) in writing signed by the member making it, and attested by at least two witnesses, each of whom has seen the member signing it; and

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

24. Right to obtain documents from Registrar s Office :-

(1) Any person may on payment of fees at the rates as may be prescribed by the Registrar obtain a certified copy of any public document not being a document privileged under the Indian Evidence Act, filed in the office of the Registrar, provided that no such person shall be entitled to the supply of such copy unless he satisfies the Registrar that he requires it to seek redress in any matter in which he is aggrieved or for any other lawful purpose,

(2) The application fee shall be paid in the shape of Court Fee Stamps.

(3) Along with every application for copies, copying sheets of the prescribed value for preparing the copies shall be supplied.

Note.- Each statement, account, report, petition, order or the like shall be treated as a separate document and shall be written on separate copying stamp paper.

(4) Copies must be transcribed only on the front page of every copying paper.

25. Members right to inspect the accounts in the Society :-

(1) Any member of a registered society may, at any time during office hours and on payment of such fee as may be prescribed, by himself or by an agent who is a member specially authorized by him in writing, inspect the accounts of the society in so far as they relate to his transactions with it.

(2) The member shall pay to the society a fee for inspection at the rates specified in the bye-laws provided that such rates shall not in any case exceed.--

(a) Rs.5 for any one Co-operative year to which the accounts to be inspected relate.

(b) Rs.3 for every such additional Co-operative year.

(c) Rs.25 for any one member at any one such inspection irrespective of the number of years.

26. Prohibition on admission of members and transfers of shares on the eve of general meeting :-

⁵[(1)No Society shall admit members or approve the transfer of shares within sixty days prior to the date of election or the date of the general body meeting];

(2) Any person admitted as member and any person in whose favor the transfer of shares have been approved in contravention of this rule shall not have the right to membership or the right to vote at the said ⁶[election or at the general body meeting].

27. Prohibition of membership in two credit or housing societies :-

(1) A person applying for admission as a member of any credit society (not being a Land Mortgage Bank, House Mortgage. Bankor Financing Bank) or a housing society shall be admitted as such

member only with the previous sanction in writing of the Registrar, if on the date of such application such person is a member of any other such credit society or housing society. Such sanction may be accorded by the Registrar either in relation to any individual credit or housing society or in relation to class of credit or housing societies.

Explanation.-- In this rules.-

(i) "House Mortgage bank" means a society which has as its principal object the provision of long-term credit primarily on the mortgage of houses.

(ii) "Land Mortgage Bank" means a society which has its principal object the provision of long-term credit primarily on the mortgage of agricultural lands.

(2) Where a person has become a member of any society referred to in sub-rule (1) in contravention of the provisions of that sub-rule, such society shall remove him from membership upon a written requisition from Registrar.

28. Restriction on the right of vote at the election :-

No member of a society shall be eligible to vote at the meeting fixed for any election to the committee of that society, unless 30 days prior to the date of such meeting he acquires the number of shares for membership as may be provided in the bye-laws of the society of which he is a member.

1. Rules 16A to 16D inserted by SRO 845/92 published in K.G. Ex. No. dt. 14-7-1992.

2. R.16A to D inserted by SRO No. 845/92 published in K.G. Ex. No. dated 14-7-92.

3. The word "only" omitted by Notn. No. 510/69 dt. 12-12-69.

4. Added by ibid.

5. Sub-rule (1) substituted by SRO. No. 1485/89 published in K.G. Ex. No. 801 dt. 28-8-89.

6. Substituted by SRO. No. 1485/89 published in K.G. Ex. No. 801 dt. 28-8-89.

CHAPTER 4 MANAGEMENT OF SOCIETIES

29. Accounts and other books to be maintained by societies :-

(1) Every society shall keep and maintain for such period and in such manner such accounts, books and registers in connection with the business of the society as the Registrar may from time to time direct, and shall make them available to officers authorized by the Registrar for the purpose of inspection, audit, etc.

(2) Without prejudice to the provisions of the foregoing sub-rule the societies shall, in general, keep and maintain the following accounts and books.-

(a) Minutes book for recording the proceedings ¹[of the sub committee, of the Committee] and of the general body of members;

(b) Share Application Register containing the name and address of the applicant, the date of receipt of application, the number of shares applied for and in case of refusal, the date of communication of the decision refusing the admission to the applicant.

(c) Admission Register showing ¹³[the name, address and signature or thumb impression of each member] the date of admission, the shares taken by him and the amount paid by him towards such shares and the amount of share capital, if any, refunded to him together with the date of each such payment and refund;

(d) Nomination Register showing the name and address of the persons nominated by the members as per rule 23;

(e) Day Book (Cash Book) showing daily receipts and expenditure and the balance at the end of each day;

(f) Receipt Book containing forms in duplicate one of each set to be issued for money received by the society and the other to serve as counterfoil;

(g) Voucher file containing all vouchers for contingent expenditure incurred by the Society, numbered serially and filed chronologically;

(h) Ledgers of borrowing, showing deposits and other borrowing of all kinds in separate folios;

(i) General Ledger showing receipts and disbursements and outstanding under various heads from day to day;

(j) Register of monthly receipts and disbursements;

(k) Register of Dividend;

(l) Suspense Account Register,

(m) Rectification Register;

(n) In the case of Societies issuing loans;

(i) Loan application Register;

(ii) Loan ledger showing the number and date of disbursement of each loan issued to members, the purpose for which it is granted

and the date or dates of repayment distinguishing principal and interest;

(iii) Liability register showing the indebtedness of each member to the society, whether on account of loans taken directly by him or on account of loans for which he is surety;

(iv) Register of immovable property of defaulters brought in auction by the society;

(v) Register of closed loans;

(vi) Register showing progress of application for arbitration and execution.

(vii) Register of declaration made under section 36;

(viii) Register of lands cultivated by members;

(ix) Credit limit statement;

(o) In the case of a society with unlimited liability, property statement of members showing the assets and liabilities of each individual member on the date of his admission with full details of the property including the survey numbers of the lands, the statement being revised as often as may be necessary and in any case at least once a year and such statements being entered in a stitched volume;

(p) In the case of a society to which rule 36 applies, register of fluid resources showing the immediate liabilities of the society and the extent of fluid resources available to meet them.

30. Power of Registrar to direct Accounts and other books to the written up :-

The Registrar may by order in writing direct any society to get any or all the accounts and books required to be kept by it under rule 29 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 Registrar as the case may be, may depute an officer authorized in this behalf to write up the accounts and books. 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 charged which the society concerned should pay to the Government or person authorized and to direct its recovery from the society.

31. Period for which account books are to be maintained by the societies :-

The following records shall be retained till the completion of period

indicated below, from the date of audit of accounts contained therein.-

1.	Original certificate of Registration together with the Bye-laws	Registered Permanent
2.	Amendments to Bye-laws	Permanent
3.	Admission register with the list of share holders	Permanent
4.	Day Book	Permanent
5.	Ledgers of deposits and other borrowings	Permanent
6.	Reserve fund ledger	Permanent
7.	Audit certificate	Permanent
8.	Property statement of members	Permanent
9.	Investment account in other institutions	Permanent
10.	Act and Rules	Permanent
11.	Minutes Books	Permanent
12.	Share withdrawal Register	Permanent
13.	Register of immovable property of defaulters brought in auction	Permanent
14.	Register of fluid resources	Permanent
15.	General ledger	Permanent
16.	Investment register	Permanent
17.	General information register	Permanent
18.	Register of bonus on purchase	Permanent
19.	Register of inspection of affiliated societies	Permanent
20.	Register of loan applications from societies	Permanent
21.	Register of delegates and delegation fees	Permanent
22.	Register of assets and liabilities of affiliated societies	Permanent
23.	Stock book of forms Said furniture	Permanent
24.	Acquittance Roll -- 10 years.	
25.	Chitty ledger, ehitty day book and chitty minutes book- 12 years	
26.	Receipt book -- 10 years.	

27.	Register of monthly receipts and disbursements-- 5 years.
28.	Letter file -- 5 years.
29.	Voucher file -- 5 years.
30.	Price fixation register --5 years.
31.	Loan ledger -- 3[Permanent]
32.	Liability register -- 3[Fermanent]
33.	Register of closed loans -5 years.
34.	Store keepers day book -- 5 years.
35.	Purchase book -- 5 years.
36.	Goods ledger -- 5 years.
37.	Share application register -- 3 years.

38.	Loan application register -- 3 years.
39.	Letter book register --3 years.
40.	Register of joint purchase -- 3 years.
41.	Register of joint sales -- 3 years.
42.	Register of application for arbitration and execution -- 3 years.
43.	Dividend register --7 years.
44.	General current register -- 3 years.
45.	Disposal register - 3 years.
46.	Dispatch register -- 3 years,
47.	Incidental charges register -- 3 years.
48.	Register of issue to the salesman -- 7 years.
49.	Register of establishment charges -- 3 years.
50.	Suppliers personal register -- 3 years.
51.	Trade advance register -- 3 years.
52.	Register of contingent charges -- 3 years.
53.	Suspense account Register -- 5 years.
54.	Sales chit -- 2 years.
55.	Daily sales book -- 2 years.
56.	Register of purchase made by members -- 3 years.
57.	Register of condemned articles -- 1 years.
58.	Deficits by drayage and wastage -- 3 years.
59.	Bond register -- 10 years.
60.	Nomination register -- Permanent
61.	Rectification Register -- 5 years.
62.	Register of declaration made under section 36 -- 12 years.

63.	Register of lands cultivated by member -- Permanent.
64.	Credit limit statement -- 3 years.
65.	Any other records for such period as the Registrar may direct.

32. Certifying copies of resolutions, entries in books etc. by societies :-

(1) For the purpose specified in sub- section (1) and (2) of section 103 copies of the documents or entries shall be certified by the President or the Secretary of the Society and not less than two members of the committee:

Provided that --

(i) Where an order has been passed under section 72 appointing

liquidator of the society by the liquidator, and

(ii) When a committee or administrator /administrators have been appointed under section 32 or section 33 by any person of such committee or any one of the administrators duly authorized in this behalf by such committee or administrator may certify the copies.

(2) Every certified copy shall bear the seal of the society.

(3) The charges to be levied for the supply of such certified copies shall not exceed the amounts specified below: -

Details	Fees payable
(1) For every 174 words or fraction thereof of written or typed matter.	0.25 Paise.
(2) Where copies are supplied in printed forms	The cost of forms fixed by the committee plus the fees calculated at the rate specified in term (1) in respect of the written or typed matter.

33. Statement and returns to be furnished by society :-

(1) Every co- operative society shall prepare for each co-operative year in such form as may be specified by the Register --

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

(b) a profit and loss account;

(c) a balance sheet;

(d) such other statements or returns as may be specified by the Registrar.

(2) Every society shall submit to the Registrar annually, within such time as he may direct, a copy of the statements specified in sub-rule (1) duly certified by the committee.

(3) In case of failure by any society to submit any statements or returns specified in the foregoing sub-rules, within the time directed by him, the Registrar may depute an officer or any person authorized in this behalf to prepare the necessary statements or returns. 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 society concerned should pay to the Government or to the person concerned and to direct its recovery from the society.

(4) Every Co-operative Society shall prepare a list of its members as on the last day of each Co-operative year. The list shall be kept open at the office of the society during office hours for inspection

by any member of the society free of cost

34. Representative General body and its Constitution :-

(1) For the purpose of sub- section (2) of section 27 --

(a) the area of operation of a society shall be the area comprised in one or more than one Taluk; or

(b) the number of members of a society is not less than 1000

(2) The representative general body shall consist of--

(a) the members of the committee of the society;

(b) representatives of members residing in such area or belonging to such class of members as may be specified in the bye- laws such representatives being elected at a special meeting of such members;

(3) Notwithstanding anything contained in sub-rule (1) or sub-rule (2),

(a) the area or class of members specified under clause (b) of subrule (2) shall be such that not more than 50 members reside in that area or as the case may be, belong to that class;

(b) the total number of members of any representative general body shall not in any case exceed --

(i) 50 in case the total number of members of the society does not exceed 1,500 and

(ii) 200 in any other case.

35. Procedure regarding conduct of Election to the Committee of Societies :-

The election of the members of the committee of a Society shall be conducted in the following manner.

⁴[(1)The Committee shall meet at least 60 days in advance of the date of expiration of its term and pass a resolution fixing the date, time and place for the conduct of the election of the new committee. A copy of the resolution shall be sent to the Registrar by registered post within a week.

(2) The Registrar may on receipt of such resolution appoint a Returning Officer for the conduct of election. The Returning Officer so appointed may be given such remuneration as may be fixed by the Registrar. The Returning Officer shall take necessary steps for the conduct of election and the committee shall render all necessary help to the Returning .Officer for the constitution of the Committee],

⁵[Explanation-- For the purpose of sub-rules (1) and (2) the

expression Registrar means, (a) in the case of Societies having State- wide jurisdiction, the Registrar of Co-operative Societies; (b) in the case of Societies the jurisdiction of which is confined to one district and in the case of primary Societies, the jurisdiction of which exceeds one circle, the joint Registrar of the District concerned; and (c) in the case of Primary Societies the jurisdiction of which does not exceed one circle the Assistant Registrar of the Circle concerned].

(3) ⁴[(a) ⁶[The Returning Officer shall give intimation regarding the details of election of the members of the Committee to all members included in the final list of the voters, to vote at the election of the committee, either in person and obtain their full signature in token of having received the same, or by post under certificate of posting or by publishing such details in two vernacular dailies having wide circulation in the area]. A copy of the intimation shall also be affixed on the notice board of the Head Office and the branches, if any, of the society. The intimation shall contain the following particulars.--

- (i) The number of vacancies to be filled up by election:
- (ii) Any area or constituency that is specified in the bye-laws from which members are to be elected;
- (iii) The date on which, the place at which and the hours between which nomination paper shall be filed by the contesting candidate or by his proposer or seconder such dates not being less than seven clear days before the dates fixed for the election;
- (iv) the date and hour when the nomination papers will be scrutinized;
- (v) the date on which, the place at which and the hours between which, polling will take place].

(b) The committee in office shall prepare a list of members qualified to vote at the election in accordance with the provisions of the Act, these Rules and Bye-laws as stood on a date 30 days prior to the date fixed for the poll and supply the same, to the Returning Officer. The Returning Officer shall publish copies of the list by affixing them to the notice Board at the Head Office of the society and its branches, if any, not less than fifteen days prior to the date fixed for election inviting objections, if any, in the matter, within three days of publication. The list shall specify the admission number, name of the member, name of the Father or Husband and the address of such member. After considering the objections, if any, the Returning Officer shall publish a final list of eligible voters on the Notice Board of the Society and in its branches, if any, not

less than ten days prior to the date fixed for the poll. A copy of such list shall be supplied by the society to any member on payment of such fees as may be prescribed by the committee.
7[xxxx].

(c) (i) The nomination of the candidates for election shall be made in the form prescribed by the society which on application shall be supplied by the committee to any member, free of cost.

(ii) Every nomination paper shall be signed by two members whose names are included in the list of members. One of the members shall sign the form as proposer and the other as seconder for the nomination. The nomination paper shall also contain a declaration signed by the candidate proposed for election to the effect that he is willing to stand for election.

(iii) Every nomination paper shall be presented in person or sent by registered post acknowledgement due, by the candidate himself or by his proposer or seconder to the Returning Officer, so as to reach him before the date and hour specified in item (iv) of the notice referred to in clause (a).

The Returning Officer shall enter on the nomination paper its serial number and certify the date and hour at which the nomination paper is received by him and shall immediately give a written acknowledgement for the receipt of the nomination paper. Any nomination paper which is not delivered or received on or before the date and time fixed for its receipt shall be rejected.

(d) No member shall be nominated as a candidate for election to fill a seat on the committee if he.--

(i) is ineligible to vote;

(ii) does not possess the necessary qualifications, if any, specified in the bye-laws of the society for election as a member of the committee or;

(iii) is disqualified to be a member under the provisions of the Act and Rules or a member of the committee under these Rules.

(e) (i) on the day following the date fixed for the receipt of nomination papers, the Returning Officer shall take up the scrutiny of the nomination papers. The candidate or his proposer or his seconder may be present at the time of scrutiny of nomination papers;

(ii) the Returning Officer shall examine the nomination papers and shall decide objection which may be made by any person in respect of any nomination and may, either on such objection or on his own motion and after such summary inquiry, if any, as he thinks necessary, reject any nomination;

Provided that the nomination of a candidate shall not be rejected merely on the ground of an Incorrect description of his name or of the name of his proposer or seconder or of any other particulars relating to the candidate or his proposer or seconder as entered in the list of members referred to in clause (b) if the identity of the candidate or proposer or seconder as the case may be is established beyond reasonable doubt;

(iii) the Returning Officer shall give all reasonable facilities to the contesting candidates or their proposers, or seconders, as the case may be, to examine all the nomination papers and satisfy themselves that the inclusion of the name of the contesting candidate is valid;

(iv) the Returning Officer shall endorse on each nomination paper his decision accepting or rejecting the same, as the case may be, and if the nomination paper is rejected, he shall record in writing a brief statement of his reasons for such rejection:

(v) the Returning Officer shall not allow any adjournment of the proceedings except when such proceedings are Interrupted or obstructed by riot or affray or by causes beyond his control.

(f) The list of valid nomination as decided by the Returning Officer shall be published on the notice board of the society containing the names in alphabetical order and address of the candidates as given in the nomination papers, on the same day on which the scrutiny of the nomination papers is completed.

(g) Any candidate may withdraw his candidature by notice in writing signed by him and delivered in person or through the proposer or seconder at any time after the presentation of his nomination paper but before 5 p.m. on the day following the day on which the valid nominations are published under clause (f) to the Returning Officer. A notice of withdrawal of candidature once given shall be irrecoverable.

8(gg) [Soon after the expiry of the time fixed for the withdrawal of candidature, the Returning Officer shall publish the final list of contesting candidates in the Notice Board of the Society].

(h) If for any area or constituency for which election is to be held, the number of candidates whose nomination papers have been declared valid does not exceed the number of candidates to be elected for that area or constituency, the Returning Officer shall on the day fixed for the election, announce the names of all such candidates whose nominations are valid and declare them to have been duly elected to the committee. If the number of candidates whose nominations are valid exceeds the number to be elected for

any area or constituency, the Returning Officer shall arrange for conducting a poll on the date fixed for the purpose. 8[If the number of valid nominations received by the Returning Officer is less than the number of candidates to be elected but it constitutes quorum for a meeting of the committee as provided for in sub-section (5) of section 28 of the Act and bye-laws of the society, he shall declare such of the candidates whose nominations have been found to be valid, as duly elected; the persons who are so declared to have been duly elected shall form the committee. The committee so constituted shall also arrange to conduct the electoral process once again to fill up the remaining vacancies in accordance with the procedure laid down in the Rules]. 9[For the efficient conduct of election the Returning Officer may arrange one polling booth for every 1200 voters or part thereof in a society and for every 1200 voters or part thereof appoint polling and counting officers as follows:

Polling Personnel:

Presiding Officer 1

Polling Officers 2

Polling Assistant 1

Counting Personnel:

Counting Supervisor 1

Counting Officers 2

Counting Assistant 1

Provided that where there is only one polling booth the Returning Officer himself may act as the Presiding Officer and no separate Polling Officer as provided above need be appointed:

Provided further that if the counting of votes commences immediately after the completion of polling, the officers appointed for the conduct of the polling may be appointed as Counting Officers;

⁹[(hh) The Polling and Counting Officers may be appointed only from among employees of the Government Department in which the administrative control of the society is vested].

(i) The committee shall provide the Returning Officer with ballot boxes, ballot papers, copy of the list of members referred to in clause (b) and such other articles as may be necessary for the conduct of elections. The ballot box shall be so constructed that the ballot papers can be introduced therein but cannot be taken out therefrom without the box being unlocked.

(j) A candidate contesting the election may, by a letter to the Returning Officer appoint an agent to represent him at every booth

where polling is held to identify the voters and to watch the recording of votes. Such letter shall contain the consent in writing of the agent concerned.

(k) Canvassing of votes by any person at the place where elections are to be conducted shall be prohibited.

(l) Immediately before the commencement of the poll, the Polling Officer shall show the empty ballot box to such persons as may be present at the time and shall then lock it up and affix his seal in such manner as to prevent its being opened without breaking the seal. The candidate or his agent may also affix his own seal, if he so desires.

(m) Every member who desires to exercise his right of vote ¹⁰[shall, subject to the provisions of clause (o), be supplied with a ballot paper] containing the names of contesting candidates, arranged in the alphabetical order, either printed, typewritten or cyclostyled according to convenience, on the ballot paper. The ballot paper shall be serially numbered and shall also bear the seal of the society and also the initials of the Returning Officer and further contain a column for the voter to inscribe a mark (X) against the names of persons to whom he wants to vote.

(n) Each polling station and where there is more than one polling booth at a station, each such booth shall contain a separate compartment in which the members can record their votes in secrecy.

(o) No ballot paper shall be issued to a member ¹¹[unless he produces his identity card and the polling officer is satisfied] that the member concerned is the same person as noted in the list furnished to him. When a ballot paper is issued, the serial number of the ballot paper issued will be noted against the name of the member in the voters list. On receipt of such ballot paper, the member shall proceed to the polling compartment set apart for the purpose and indicate the person or persons in whose favor he exercises his vote by inscribing a mark (X) against the name of the candidate or candidates, as the case may be, put the ballot paper in the ballot box kept for the purpose with utmost secrecy. If owing to blindness or other physical infirmity, or illiteracy, a member is unable to inscribe the mark on the ballot paper, the polling officer or the Returning Officer shall ascertain from him the candidate or candidates in whose favor he desires to vote, inscribe the mark (X) on his behalf and put the ballot paper in the ballot box.

(p) If at any stage of the polling the proceedings are interrupted or obstructed by any riot or affray or if at such elections it is not

possible to take the poll for any sufficient cause, the Returning Officer shall have power to stop the polling, recording his reasons for such an action in the minute book of the society.

12[Provided that where the Returning Officer is not able to record the reasons in the minutes book, he shall report the fact together with reasons thereto to the Registrar under intimation to the Secretary of the Society].

(q) No voter shall be admitted after the hours fixed for the poll. But a voter who enters the premises where ballot papers are being issued before the close of the polling hour shall be issued the ballot paper and allowed to vote.

(r) The counting of votes shall take place immediately after the close of the poll, if possible. If this is not possible, the ballot box shall be sealed with the seal of the Returning Officer; and the contesting candidates or their agents if they so desire, and be kept by Returning Officer under his safe custody. The Returning Officer shall then announce and also intimate in writing to the candidates or their agents the time and place at which the counting shall commence. Votes shall be counted by or under the supervision of the Returning Officer. Each candidate and his authorized agent shall have a right to be present at the time of counting. But the absence of any candidate or his agent at the time of counting, shall not vitiate counting or announcement of results by the Returning Officer. The number of votes secured by each candidate and the results by the elections shall be announced by the Returning Officer as soon as the counting is over. **13**[In the case of equal division of votes, the result shall be decided by lots to be drawn by the Returning Officer).

(s) The result of the elections shall also be recorded in the minutes book of the society and attested by the Returning Officer and shall also be notified immediately on the notice board of the society, the members so elected shall be deemed to have been elected by the general body of the society for the purposes of clause (b) of S.29.

(t) A ballot paper shall be rejected by the Returning Officer, if--

(i) it bears any mark by which member who voted can be identified; or

(ii) it does not bear the seal of the society and the initials of the Returning Officer; or

(iii) the mark indicating the vote thereon is placed in such manner as to make it doubtful to which candidate the vote has been cast--or

(iv) if it bears mark for **14**[xxx] more than the number of

candidates to be elected.

15[(4) After the announcement of the results of the election, the Returning Officer shall keep the ballot papers used and unused in a sealed cover and hand them over to the Secretary of the society for safe custody. The Secretary shall preserve them for three months from the date of the announcement of the results of the election. They shall not be destroyed after the period referred to above if any dispute relating to or in connection with the election is pending].

36. Power to Call Special General Body meeting :-

(1) The committee of a society shall call a 16[special general body meeting] thereof under sub-section (1) of S.30,--

(a) within one month from the date of receipt, of a requisition in writing from the Registrar; or

(b) within one month from the date of receipt of a requisition in writing from 1/5th of the total number of members,

(2) Notwithstanding anything contained in the bye-laws of a society as to the mode of summoning general meetings and the object, time and place of such meetings, the Registrar or any person authorized by him may at any time summon a special general body meeting of the society in such manner and at such time and place within the area of its operation as he may direct. He may also direct who should preside over such meetings and what matters shall be discussed by the meeting. Such meetings shall have all the powers of a meeting called according to the provisions of the bye-laws of the society notwithstanding that the meeting does not have the quorum fixed for a general body meeting under the bye-laws. Such meetings will not be invalid on the ground of any defect in the issue of notice, if the Registrar is of opinion that the business transacted and the decision taken in the meeting were in the better interest of the society, and orders that the meeting and its deliberations were in order. The orders of the Registrar in the matter shall be final. The expenses for summoning such meetings shall be borne by the society.

(3) The procedure to be followed and the business to be transacted in a meeting of the committee summoned under sub-section (4) of S. 30 shall be as directed in the requisition made by the Registrar or the person authorized. No decision of the committee shall be invalid on the ground that there was no quorum as stipulated in the bye-laws or that there was some defect in the issue of notice to the

members of the committee in that behalf.

37. Procedure for appointment of Nominees and their removal from the Committee of a society :-

(1) Appointment of nominees of Government under S. 31 shall be made, in the case of Apex societies by the Government and in the case of other societies by the Registrar. ¹⁷[xxx].

(2) The powers, duties, the functions and responsibilities of a person nominated to the committee under S. 31 or under the bye-laws of a society by any authority ¹⁸[xxx] shall be the same as those of a member duly elected under the bye-laws.

(3) When the Registrar or any other Officer exercising the powers of the Registrar is on the committee either as a nominated or as an exofficio member of any society, no resolution or decision taken by that society at a meeting in which such officer or officers in their capacity as a member of the committee participate shall be deemed to carry with it the sanction of the Registrar. Registrars or any other Officers presence at such committee meetings in the above capacity shall not preclude the Registrar or other officers from examining such resolutions or decisions, in exercise of his powers conferred by the Act or Rules and in passing orders either according to or refusing sanction or approval.

¹⁹[xxx]

38. Constitution of Committee, resignation and removal from membership :-

²⁰[When a committee is constituted under S. 28, the Secretary or the Chief Executive or any other officer discharging the functions of the Secretary or the Chief Executive shall, within one week from the date of the constitution of the committee convene the committee to elect its President and other office bearers. The Committee so convened shall elect its President and other office bearers and also by resolution authorize the officers concerned to take charge from the outgoing office bearers].

(2) A report showing the names and addresses of the members of the committee which has taken charge and date on which they took charge shall be sent to the Registrar, Financing Bank and Circle Cooperative Union by the President of Society, within a week of their taking charge.

(3) Any member of a committee, whether elected or nominated

may tender his resignation to the President of the committee.

(4) The President, on receipt of a resignation, shall within seven days from the date of receipt thereof place it before the committee, of the society for consideration if the member is an elected person or send it to the authority who nominated the member, if he is a nominee. The resignation shall have effect only from the date of its acceptance by the committee or the authority who nominated the member concerned as the case may be. The fact of its acceptance or otherwise shall also be communicated to the member concerned. In the case of nominees the fact of acceptance or otherwise shall be communicated to the society also.

(5) ²¹[Casual vacancy of an elected member] of the committee shall be filled up election in the manner provided in the rules. In the case of nominated members the vacancies will be filled up by fresh nomination subject to the provisions in R. 37.

(6) Where the President desires to tender resignation the letter of resignation shall be placed before the committee for consideration.

39. Election and term of the members of the Committee :-

²²"39. Election and term of the members of the Committee.--

(1) The bye-laws of every society shall provide for the term of its Committee.

(2) Notwithstanding anything contained in the bye-laws, for the purpose of calculating the term of a Committee, year shall be taken to be a period of twelve months from the date of assumption of office by the Committee. All the members of the Committee (including those elected in casual vacancies) whether representing societies or individuals shall vacate their office on the expiry of the term of the Committee irrespective of the date on which they were elected as member of the committee.

(3) The election of all the members of the Committees shall be held before the expiry of the term of office of the existing Committee";

40. Remuneration payable to new committee, administrator or administrators appointed by the Registrar :-

The Committee or Administrator or Administrators appointed under Ss. 32 and 33 shall be eligible for remuneration at the rates fixed by the Registrar. The expenses thereof shall be borne by the society or societies concerned.

41. Procedure regarding the constitution of committees of

new. societies in the case of a division of a society :-

(1) At the meeting of the General Body of the Society, in which the division of the society, is considered as per.S14 such of the members of the original society as will become members of any new society shall appoint a committee consisting of not more than 5 members of such new society (hereinafter in this rule referred to as the Interim Committee) to conduct the affairs of such new society for a period of three months from the date of its registration or for such further period as the Register may extend from time to time. The members of the Interim Committee shall appoint from among themselves a President.

(2) The names of the members of the interim Committee of each of the new societies shall be reported to the Registrar, Financing Bank and Circle Co-operative Union along with a copy of the resolution passed.

(3) On the Registration of the new societies; the Committee of the original society shall deliver possession of the records, cash and properties in its possession to the interim committees of the new societies appointed under sub-rule (1).

(4) The interim committee of each of the new societies shall, notwithstanding anything contained in these rules or the bye-laws of the new society; exercise all the powers Conferred and discharge all the duties imposed on the committee by the bye-laws of such new society.

(5) The interim committee of each of new societies shall, before the expiry of its-term of office, arrange for the constitution of a committee in accordance with provisions of the Act, these Rules and the bye-laws of the new society. The Interim Committee shall handover the management of the society to the committee so constituted and shall cease to function as such, thereafter irrespective of the period for which it was appointed.

42. Constitution and strength of committee of societies having individuals and societies as members :-

²³(1) Where the members of a society consist of both individuals and societies, the committee of the society shall consist of such number of individual members and members representing societies as may be fixed in the bye-laws].

²⁴[(2) The election of Members in the Committees representing individuals shall be made by the individual members only and

election of Members of the Committee representing Societies .shall be made by the delegates representing society members only]

43. Election of President, Vice President etc., by members of committee :-

(1) The election of President, Vice-President, Treasurer or any other officer by whatever name he is designated shall be in the manner specified in this rule.

(2) As soon as a new committee is constituted, a meeting of the members of the new committee shall be convened.

(3) The meeting shall be presided over by any member, who is not a candidate for the election, chosen by the committee, (hereinafter referred to in this Rule as the Presiding Officer) for the purpose.

(4) The nomination papers shall be presented to the Presiding Officer at the meeting. The Presiding Officer shall decide the objections, if any, that may be made at the time, to any nomination after making such summary enquiry, as he thinks necessary and announce the name or names of the eligible candidate or candidates.

(5) When there is not more than one valid nomination for any office, the Presiding Officer shall declare the candidate, in respect of whom the nomination paper has been received, duly elected to such office.

(6) Where there is more than one valid nomination for any office, the Presiding Office shall forthwith arrange for taking a poll by providing the ballot papers and ballot box. The member shall make the mark X in the ballot paper against the name or names of the candidate or candidates for whom he desires to vote and put the ballot paper into the ballot box with utmost secrecy.

(7) As soon as all the members present have recorded their votes, the Presiding Officer shall open the ballot box in the presence of the members count the votes and announce the results of election with the number of votes secured by each ²⁵[in the case of equal division of votes, the result shall be decided by lots to be drawn by the Presiding Officer].

(8) The proceedings of the meeting with the results of the election shall be recorded in the minutes book of the society and attested by Presiding Officer.

(9) The ballot papers and other records shall be secured in container which shall be affixed with the seal of the society and of the candidates who desire to affix their seals and they shall be

preserved for three months from the date of election. It shall be the responsibility of the Secretary to keep these records intact. They shall be destroyed after that period, if no dispute relating to or in connection with the election is referred, to the Registrar.

44. Disqualification of membership of committee :-

(1) ²⁶[No. member of the society shall be eligible for being elected, or appointed as a member of the committee of the society under S. 28 if he].-

(a) is disqualified under S. 28; or

(b) is a near relative of a paid employee of the society; or

(c) (i) is in default to the society or to any other society in respect of any loan or loans taken by him or loan in which he has stood surety, for such period, as is prescribed in the bye-laws of the society concerned or in any case for a period exceeding three months or is a defaulter to the society or to any other society; or

(ii) has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency such sentence not having been reversed or offence pardoned and a period of three years has not elapsed from the date of expiration of the sentence: or

(d) is interested directly or indirectly in any contract made with the society or in any sale or purchase made by the society privately or in any action or in any transaction of the society other than investment and borrowing involving financial interest, if the contract or transaction is subsisting or if the contract, sale, purchase or transaction be not completed; or

(e) is employed otherwise than in an honorary capacity as legal adviser or as legal practitioner on behalf of the society or against the society which is a member of the former society; or

(f) is a paid employee of the society or of any other society;

Provided that the Registrar may by general or special order exempt any society or any person from the operation of this clause for such period to be specified by him in the order of exemption; or

²⁷[Provided further that this clause shall not apply in the case of an Employees Co-operative Society].

(g) is of unsound mind, a deaf, mute or blind person or a leper; or is a minor or a nominal, or an associate member. ²⁸[xxx].

²⁷[Provided that the disqualification of leprosy shall not apply to the members of Committees of Societies formed for the rehabilitation of lepers; or]

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

(i) is carrying the same business as is being carried on by the society; or

(j) is disqualified under any other provisions in the bye-laws of the society; or

(k) ²⁹[was a member of the Committee] which has been superseded and a period of one year has not elapsed from the date of supersession; or

(l) has been surcharged under section 68.

³⁰[(m) xxxxxx].

(2) A member of the committee shall cease to hold his office as such, if he--

(a) becomes disqualified under sub-rule (1), provided that where a member ceases to hold his office as such by reason of having been sentenced for any offence, he shall be restored to office for such portion of the period for which he was elected or appointed as may remain unexpired at the date of such restoration, if and when the sentence is annulled on appeal or revision and any person elected or appointed in the vacancy in the interim period shall on such restoration vacate office; ³¹[]

³²[Provided further that the disqualification under subclause (i) of clause (c) of sub-rule (1) shall be deemed to be accrued only after expiry of a period of one month from the date of receipt by the member concerned of a notice from the society demanding him to clear off the defaulted amount specified therein and he fails to remit or cause to remit the amount within the said period; or]

(b) cease to be a member of the society;

³³[Provided that this clause shall not apply to a person nominated by the Government or any other authority specified in this behalf by the Government under sub-section (1) of S.31 of the Act or by Government or Registrar under sub-section (1) of S. 28 of the Act]

(c) is subsequently seen to be disqualified under sub-rule (1) on the date of election itself.

³⁴[Provided that the disqualification under sub-clause (i) of clause (c) of sub-rule (1) shall be deemed to be accrued only after the expiry of a period of one month from the date of receipt by the member concerned of a notice from the society demanding him to clear off the defaulted amount specified therein and he falls to remit or cause to remit the amount within the said period).

(3) If any person is or becomes disqualified to be a member of the

committee, the Registrar may on his own motion or on a representation made to him by any member of the society or by its Financing Bank by an order in writing declare that he shall cease to be a member of the committee of the society concerned from the date of such disqualification. Before passing an order, the Registrar shall give such person an opportunity to state his objections, if any, against the proposed action and if the person wishes to be heard he shall be given an opportunity to be heard.

35Explanation.--For the purpose of clause (b) of the sub-rule (i), the near relations shall be the following, namely.--

1. Husband
2. Wife
3. Son
4. Daughter
5. Brother
6. Sister
7. Father
8. Mother
9. Uncle (Maternal)
10. Father-in-law
11. Mother-in-law
12. Son-in-law
13. Daughter-in-law
14. Step-son
15. Step-daughter
16. Wifes brother
17. wifes sister
18. Husbands brother
19. Husbands sister

Note.-- Brother and sister will not include step-brother and step-sister half-brother and half-sister].

44A. Delegate of Societies in the. committee to another society to be members of the committee :-

36[44A. Delegate of Societies in the. committee to another society to be members of the committee.--

The Person appointed to represent a society in any other society and vote shall be a member of the committee of the society which he represents:

Provided that if the affairs of the society are managed by Administrator/Administrators/Administrative Committee, appointed

37[under S. 28 or S. 32 or S. 33] of the Act, the person or persons so appointed shall have power to nominate any member of the society to be its delegate in the other society and such delegate shall be eligible to be elected as a member of the committee of the other society in which he sits as a delegate if he is otherwise qualified to be a delegate under the relevant rules:

38[xxxx]

45. Disqualification of a member of a Society to be a Delegate of another Society :-

(1) No member shall be appointed to represent a society in any other society and vote if, on the date thirty days prior to the date fixed for a meeting for the conduct of any election relating to the Society.

(a) he is in default to the society of which he is a member in respect of any loan or loans taken by him for such period as may be specified in its bye-laws or in any case for a period exceeding three months; or

(b) he is a person against whom any decision, award or order referred to in sub-section (3) of S. 70 has been obtained; or

(c) he is member of the other society in his individual capacity.

(2) Any, member who has been appointed to represent a society in another society and vote shall cease to hold his appointment as such if he has committed default to the society of which he is a member and if the default continues for the period prescribed in the bye-laws or in any case for a period exceeding three months or if any decision, award or order referred to in S.70 has been obtained against such member.

46. Term of office of member of committee who is a delegate of another Society :-

A delegate of one society sitting on the committee of another society shall cease to be a member of such committee,-

(a) if the society which elected him as a delegate withdraws him or elects another delegate in his stead; or

(b) in case he was elected as a delegate by a society, on the supersession of the committee of such society under S. 32:

39[xxxxx]

(c) if the registration of the society, of which he is delegate, is cancelled, or

(d) if he incurs any disqualification mentioned in R.44, or
(e) if the society which sends him as delegate is in default to the society, in the committee of which he sits as a delegate:

40[Provided that in the cases of delegates of primary Co-operative Agricultural Development Banks in the Committee of the Kerala State Cooperative Agricultural Development Bank and of Primary Housing Societies in the Committee of the Kerala State Co-operative Housing Federation Ltd., the disqualification shall apply only if the default exceeds six months].

41[Provided further that in the case of delegates of Primary Agricultural Credit Societies in the Committee of the District Co-operative Banks, this disqualification shall apply only if the default exceeds ninety days].

42[(f) if he ceases to be a member of the committee of the society which he represented:

43[xxxxx]

(g) if he was nominated as such by the Administrator/Administrators/Administrative Committee under the proviso to rule 44A, when an elected committee of the society which he represented enters upon office, unless he is one among the members of the committee which entered upon office].

47. Custody of cash, securities, records, sales etc. of a society :-

(a) It shall be the duty of the paid Secretary/Manager of every society to maintain and keep in proper form all the accounts, registers, other records and the seal of the society, under his safe custody and shall be personally responsible for their safety. He shall also be the custodian of cash, securities and all other properties of the society subject to the overall control of the President.

(b) If there is no paid Secretary/Manager it shall be the duty of the President to arrange to maintain the accounts and registers in proper form and to keep the cash balance and other assets including bonds and securities under safe custody. He will also act as the Treasurer of the society in cases where there are no specific provisions in the bye-laws to elect or appoint a Treasurer. Where there are other arrangements for the safe custody of the cash balance by the Secretary and the cashier under double lock system the responsibility to account for the cash balance to the Committee will be that of the Secretary.

44[(c) The President and Secretary/Manager/Treasurer of President

where there is not paid Secretary/Manager/Treasurer] shall be bound to produce the records, cash balances and other assets, before the officers of the Department and other persons authorized by the Registrar by general or special order for verification, inspection, audit or inquiry, etc.

(d) Notwithstanding anything contained in the above clauses, the committee of the society shall primarily be responsible for the maintenance and safety of all accounts, records, cash and other assets of the society. It shall be the duty of the committee to see that the Officers concerned discharge their functions and perform their duties as laid down in these rules and the bye-laws.

48. Payment of travelling allowance, daily allowance and sitting fees to the members of the societies and of the committee :-

(1) Members of one society attending ⁴⁵[the general body meeting] of another society may be paid travelling allowance to and from their usual place of residence and daily allowance by the former society, but they shall not be given any sitting fees.

(2) Members of the committee may be paid by the society travelling allowance to and from their usual place of residence as well as daily allowance or sitting fee for attending the meetings of the committee ⁴⁶[xxx].

(3) Members of the Committee proceeding on tour in connection with the business of the society may be paid travelling allowance and daily allowance in respect of such tours by the society.

(4) No member of a society or the committee thereof shall, if he has claimed or drawn any allowances from the society, which he represents, draw any travelling allowance or daily allowance in respect of any Journey made to attend any meeting of another society, from that other society or from any other society whose meetings also he attended, on the same journey. If however a member of a society or the committee thereof, is detained at the headquarters of the society, for a period not exceeding seven days in order to attend a meeting of the general body or committee of another society, that other society shall pay daily allowance to that member for the number of days he is so detained,

(5) The Registrar shall fix the maximum rates of travelling allowances and daily allowances or sitting fees for any society or class of societies and each society may fix the rate in its own bye-laws with reference to its financial resources.

49. Payment of remuneration of committee members of Societies :-

A society may pay remuneration or honorarium to the members of the Committee based on the extent of business done by such members with the society or on the value of service rendered by such members to the society or on such other basis as may be laid down in the bye-laws of the society for the purpose and with the approval of the Registrar.

50. Prohibition against being interested in contract etc :-

(1) No officer of a Co-operative society shall have an interest, directly or indirectly otherwise than as such officer.--

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

(b) in any property sold or purchased 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.

1. Substituted by Notn. SRO. 510/69.

2. Omitted and substituted by SRO 1317/90 published in K.G.Ex. No. 914 dt.26-9-90.

3. Substituted by SRO, 1317/90 published in K.G.Ex. No. 914 dt. 26-9-90.

4. Substituted by Notn. SRO 510/69.

5. Inserted by SRO. No. 6/85, published in K.G. No. 1 dt. 1-1-1985.

6. Substituted by SRO. 1736/85, published in K.G. No. 51 dt. 24-12-85.

7. Omitted by SRO. No. 225/75 published in K.G. No. 10 dt. 11-3-1975.

8. Inserted by SRO. No. 1317/90 published In K.G. Ex. No. 914 dt. 26-9-90.

9. Substituted by SRO. No.1440/88 published In K.G. No. 44 dt. 8-11-1988.

10. Substituted by SRO. 845/92 published in K.G. Ex. dt. 14-7-92.
11. Substituted by ibid.
12. Added by SRO. 1317/90 published in K.G. Ex. No. 914 dt. 26-9-90.
13. Added by Notn. S. FLO. 510/69 dt. 12-12-1969.
14. The words, "less or" were omitted by Notn. SRO. 510/69 dt. 12-12-1969.
15. Sub-section (4) inserted by SRO. No.790/76, dt. 24-7-1976 in K.G.No.31 dt. 3-8-1976.
16. Omitted and substituted by SRO.1317/90 published in K.G.Ex.914 dt. 26-9 90.
17. Omitted by Notn. SR0.510/69 dt. 12-12-1969.
18. Omitted by SRO. No. 961/75 dt. 30-9-1975 published in K.G. No. 42 dt. 28-10-1975.
19. Sub-rule (4) omitted by SRO. No. 90/76 dt. 29-12-1975 in K.G. No. 4 dt. 27-1-1976. It ran as follows.
20. Substituted by SRO. No. 1317/90 published in K.G. Ex. No.914 dt. 26-9-90.
21. Substituted by SRO.845/92 published in K.G. Ex. dt. 14-7-92.
22. Substituted by SRO.845/92 dt. 7-7-92 published in K.G. No. dt. 14-7-92
23. Substituted by Notn.SR0.510/69.
24. Numbered by ibid.
25. Inserted by Notn. SRO. 510/69.
26. Substituted by ibid and corrected by Notn. dt. 23-11-70 published in K.G. No. 4 dt. 27-1-1970.
27. Inserted by Notn. SRO. 510/69 and corrected by Notn. dt. 23-11-1970 published in K.G. No. 4 dt. 27-1-1970.
28. Omitted by Notn. SR0.444/70 published in K.G. No. 51 dt 22-12-1970.
29. Substituted by Notn. SRO. 510/69 and corrected by Notn. dt. 23-11-1970 published in K.G. No. 4 dt. 27-1-1970.

30. Clause (m) omitted by SRO. No. 16/81 published in K.G. No. 1 dt. 6-1-1981.
31. The word "or" omitted by SRO. No. 1125/89 published In K.G. No. 26 dt. 27-6-89.
32. Proviso added by Ibid.
33. Proviso added by SRO.No.581/76 published In K.G. No. 22 dt. 1-6-76.
34. Added by SRO. 1125/89 in K.G. No. 26 dt. 27-6-89.
35. Substituted by SRO. No. 1610/88 published in K.G. No. 48 dt. 6-12-88.
36. R.44A inserted by SRO No. 1485/89 published in K.G. Ex. No. 801 dt. 28-8-89 w. e. f. 18-7-89.
37. Substituted by SRO 845/92 published in K.G. Ex. No. 28 dt. 14-7-92.
38. Proviso omitted by ibid.
39. Omitted as per SRO. 845/92 dt. 7-7-92 published in K.G. Ex. No. dt. 14-7-92.
40. Added by Notn. SRO. 33/71 published in K.G. No. 4 dt. 26-1-1971 and substituted by Notn. G. O. (M. S.) No.73/87/Co-op. dt. 21-12-1987 as SRO.No.79/88 published in K.G. No. 2 dt. 12-1-1988.
41. Second proviso added by G.O. (M.S.) 281/80/AD dated 26-7-1980 as SRO. No. 787/80 published in K.G.No. 36 dt. 9-9-1980.
42. Inserted by SRO.No. 1485/89 in K.G.Ex. No.801 dt. 28-8-89 came into force from 18-7-89.
43. Omitted as per SRO.845/92 published in K.G. Ex. No. dt. 14-7-1992.
44. Substituted by SRO. 1317/90 published in K.G. Ex. No.914 dt 26-9-90 for "The President and Secretary/Manager or President where there is no paid Secretary/ Manager".
45. Substituted by SRO. 1317/90 published in K. G.Ex. No. 914 dt. 26-9-90.
46. Omitted by Notn. SRO. 510/69 published in K.G. No. 50 dt. 23-12-1969. as corrected by Notn. dt. 23-1-1970 published in K.G. No. 4 dt. 27-1-1970.

CHAPTER 5 PRIVILEGES OF CO-OPERATIVE SOCIETIES

51. Charge on land owned or held by members borrowing loans from certain societies :-

(1) A declaration to be made under clause (1) of Section 36 shall be in Form No. 7

(2) A register of such declarations shall be kept by the society in Form No. 8.

52. Deduction from salary or wages :-

(1) On the execution of an agreement under sub-section (1) of section 37, the society may send intimation by registered post/local delivery of the execution of the agreement to the employer or the officer disbursing the salary or wages of the member who has executed the agreement and furnish the said employer or officer with a copy of such agreement certified in the manner specified in R.32. The employer or the officer disbursing the salary or wages shall on receipt of such intimation from the society make a note of the agreement in the register maintained by him for the disbursement of salary or wages.

(2) In respect of every member who has executed the said agreement and in respect of whom intimation has been sent under sub-rule (1), the society may send to the employer or the officer disbursing the salary or wages of the member, a requisition every month for the recovery from the salary or wages of such member of the amount payable by the member to the society for the month and for the remittance of such amount to the society. Such requisition shall be in Form No. 9 and shall specify the total amount to be recovered from the salary or wages of the member for the month and shall be sent at least seven clear days prior to the last working day of the month.

(3) A member who has executed such an agreement shall, on every occasion he becomes subject to a new pay disbursing authority whether by reason of change of office or- place of employment or otherwise, within a week of his becoming so subject., give intimation of the same to the society. The society shall within a fortnight of the receipt of such intimation send the requisition by registered post of the execution of the agreement to such pay disbursing authority and furnish the said authority with a copy of such agreement certified in the manner specified in rule 32. The employer or the officer concerned shall on receipt of such requisition from the society, make a note of the agreement in the

register maintained by him for the disbursement of salary or wages.

(4) Any amount recovered by an employer or officer disbursing salary or wages from an employee by deduction from his salary or wages in pursuance of a requisition received from any society or societies as the case may be, shall be remitted by such employer or officer as the case may be to the society or societies concerned within the period specified in sub-section (2) of section 37.

(5) The costs of remittance to the society or societies of the deductions made shall be borne by the society or societies concerned. The employer or the officer disbursing the salary or wages shall furnish to the society or societies, as the case may be, along with the remittance a statement, of recoveries effected from the members and the cost of remittance of the money to the society or societies in Form No. 10.

(6) Where an amount deducted by the employer or the officer disbursing the salary or wages, of the member of a society under sub-section (2) of section 37 is remitted by such employer or officer to a society, the society, shall promptly issue to such employer or officer a receipt for the amount so remitted; and the receipt given by the society for such amount shall constitute a good and sufficient discharge of the liability of such employer or officer in respect of any claims by such member against such employer or officer.

(7) Any amount realized by a society from a member by deduction shall be given credit by the society to the account of such member with effect from the date on which the amount was deducted by the employer or the officer, disbursing the salary or wages irrespective of the date on which the amount was actually received by such society. On the appropriation of the amount in the accounts of the society, the particulars of credit for the amount realized shall forthwith be furnished to the member by the society.

(8) The employer or the officer disbursing the salary or wages shall maintain a register showing the recovery and remittance of moneys due to societies in Form No. 11.

CHAPTER 6 PROPERTIES AND FUNDS OF SOCIETIES

53. Constitution of co-operative education fund :-

The net profits of any society as declared by the Registrar in respect of any co-operative year shall be appropriated in the manner set forth in section 56, subject to the following conditions, namely.-

(1) Not less than 15% of the net profits shall be carried to the Reserve Fund.

¹[(2) (a) Every society having a net profit of Rs. 1,000/- and above shall set apart a sum calculated at five per cent of the net profit for contribution to the Co-operative Education Fund contemplated in clause (b) of sub-section (1) of S. 56 subject to maximum of Rs.25,000/-]

(b) The sum so allocated shall be remitted to the credit of Cooperative Education Fund in the Kerala State Co-operative Bank within two months of the date of receipt of the audit certificate.

(c) The Co-operative Education Fund shall be maintained and administered by the Kerala State Co-operative Union. It shall be utilized for the furtherance of co-operative education including propaganda as contemplated in the Act and the Rules and Regulations framed by the Union and approved by Government.

(d) No part of the Co-operative Education Fund shall be spent by the said union except in accordance with the regulations of the Union and the General directions that may be issued by the Registrar or Government from time to time.

(e) The said Union shall maintain a separate account for this fund in accordance with the regulations to be framed by the Union, with the approval of Government. The regulations shall, among other things provide for contributions to the All India Cooperative Union and assistance to Circle Co-operative Unions.

(f) It shall be competent for the Government, if found necessary, to constitute a committee of not more than five members of whom two shall be elected members of the Managing Committee of the Kerala State Co-operative Union, for the administration of the Cooperative Education Fund. On the constitution of the Committee, the Committee of the State Co-operative Union shall hand over charge of the cash, records and other documents in respect of this fund to the committee constituted under this sub-rule. The period of the committee and the details of its working shall be as laid down by Government from time to time.

(3) Every Agricultural Credit Society other than a Land Mortgage Bank or a society the object of which is to grant long term loans exclusively on the mortgage of immovable properties and every financing bank other than a financing bank the object of which is to provide funds for the grant of long term loans on the mortgage of immovable properties, shall set apart not less than 15% of its net profits towards an Agricultural Credit Stabilization Fund. This fund shall not be utilized except with the prior written permission of the

Registrar.

²[(4)A society may utilize the balance of the net profit for payment of dividends to its members on their paid up share capital at such rate not exceeding twenty per cent as may be decided by the General body.]

53A. Constitution of Co-operative Member Relief Fund :-

(1) Every Society having net profit shall set apart a sum calculated at ten per cent of the net profit subject to a maximum of Rupees One Lakh as contribution to the Co-operative Member Relief Fund.

(2) The sum so allocated shall be remitted to the credit of Member Relief Fund maintained by the Registrar of Co-operative Societies in the Kerala State Co-operative Bank within two months from the date of receipt of audit certificate.

(3) In the case of failure of remittance of Member Relief Fund as aforesaid, the Chief Executive of the Society making such default shall be liable to pay a penal interest at the rate of 6% per annum on the default amount.

(4) The Member Relief Fund shall be maintained and administered by the Registrar of Co-operative Societies as per the directions of a committee consisting of Minister for Co-operation, Government of Kerala, Secretary to Government, Co-operation Department and Registrar of Co-operative Societies.

(5) The Registrar of Co-operative Societies should prepare a list of members of Co-operative Societies who are eligible to get assistance from Member Relief Fund and place that list before the committee. The committee shall select the eligible members from the list and provides financial assistance from the fund

54. Manner of investment of funds :-

(1) A society may, with the previous sanction in writing of the Registrar, invest the whole or any portion of its funds in the purchase or lease of land on the acquisition, construction or renewal of any building that may be necessary to conduct its business. The amount of the funds so invested shall be recouped on such terms as may be determined in each case by the Registrar:

Provided that this sub rule shall not apply-

(a) to immovable property purchased-

(i) by a society at a sale held in execution of a decree, decision or award obtained by it for the recovery of any sum due to it; or

(ii) by a Financing Bank at a sale held in execution of a decree,

decision or award obtained by a society financed by it for the recovery of any sum due to such society or at a sale by or on behalf of the liquidator of such society;

(b) to the purchase or lease of lands or purchase, construction or remodeling of buildings of a Society, whose objects according to its bye-laws include such purchase, lease, construction or remodeling:

Provided further that no recoupment of the amount invested under this sub-rule shall be necessary when the investment is made-

(a) by a society from its building fund raised out of net profit as per the bye-laws; or

(b) by a society other than a credit society in which the share capital raised from the members is intended to build up the special kind of business for which it has been registered.

(2) No society shall dispose of any immovable property acquired by the society without the prior sanction of the general body and of the Registrar;

Provided that Housing Societies, the bye-laws of which specifically provide for the purchase and sale of immovable property, may dispose of those properties without the sanction of the Registrar or of the general body.

55. Restrictions on borrowings :-

(1) Subject to the provisions in sub-rule (2) a society shall not receive deposits and loans, whether from members or non-members in excess of the limit fixed in the bye-laws of that society.

(2) A 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 loan 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 S. 20 of the Indian Trusts Act, 1882 (Act of 1882):

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

³[(3) The receiving of deposits or loans referred to in sub-rules (1) and (2) shall be subject to such further terms and conditions as may be fixed or directions or guidelines as may be issued, from time to time, by the Registrar or the National Bank for Agricultural and Rural Development or the Reserve Bank of India, as the case may be, by general or special order;].

56. Restriction on grant of loans :-

(1) No financing bank or credit society, other than an agricultural credit society with unlimited liability, a Land Mortgage Bank and a society the object of which is to grant long term loans, exclusively on the mortgage of immovable properties, shall grant loans for periods ⁴[exceeding five years].

⁵[xxx]

(2) The Registrar shall have power to fix by general or special order in writing the amount of the maximum lending limit of a Financing Bank or a credit society other than an agricultural credit society with unlimited liability, a land mortgage bank and, a society the abject of which is to grant long term loans exclusively on the mortgage of immovable properties, which may be available for the grant of short term loans and loans repayable after one year but within three years or five years as the case may be from the, date of grant of loans:

Provided that the total amount of loans granted under the proviso to sub-rule (1) shall not exceed 50% of the total amount of loans permissible under this sub-rule for periods exceeding -one year but not exceeding five years.

(3) No agricultural credit society with unlimited liability shall grant loans for periods exceeding five years.

Explanation.-- In this rule the term short term loans means loans repayable from the sale proceeds of the next harvest as soon as they are realized or within one year from the date of the grant of the loan, whichever period is longer.

(4) The Registrar may In consultation with the Financing Bank by general or special order prohibit or regulate the grant of loans by a central bank or a society where such grant is considered neither in the interest of the society nor in the interest of the development of cooperative movement on sound lines.

⁶[(5) The grant of loans or advances to any members or non-members by a society shall be subject to such terms and conditions as may be fixed or directions or guidelines as may be issued, from time to time, by the Registrar or the National Bank for Agriculture and Rural Development or the Reserve Bank of India, as the case may be by general or special order].

57. Transactions with non-members :-

Subject to the provisions under Ss. 58 and 59, no society shall

enter into any transaction with a person other than a member unless--

- (a) the bye-laws of the society permit it for the purpose; or
- (b) the previous sanction of the Registrar has been obtained by the society.

58. Provident Fund :-

Every society, shall establish a contributory Provident Fund for its employees and frame regulations for the maintenance and the utilization of the said Fund. Among other matters, such regulations shall provide for the following namely.--

- (i) an amount not less than ten per cent of the employees basic pay to be deducted from the employees salary as contribution.
- (ii) a sum at the rate of ten per cent of the basic pay of the employees salary shall be made by the society as employers contributions.
- (iii) advances which may be made against the security of the provident fund and mode of recovery thereof.
- (iv) refund of employees contribution and contribution made by the society.
- (v) mode of investment of the provident fund and payment of interest thereon:

Provided that when the Employees Provident Fund Act, 1952, is applicable to the society, and the provisions of that Act are more beneficial, the Fund shall be maintained in accordance with the provisions of the said Act.

59. Gratuity :-

Every society shall make in its bye-laws provision for payment of gratuity to its employees and frame regulations for its administration. Among other matters such regulations shall provide for the following--

- (i) all monthly paid employees on the permanent establishment shall be eligible for gratuity;
- (ii) service rendered by employees must be continuous and satisfactory;
- (iii) when an employee who has put in at least 5 years satisfactory service is retired voluntarily from service or if he is permanently disabled while in service or if he dies while in service the society shall pay to him or to his legal heirs as the case may be a gratuity not exceeding half months pay for every completed year of service:

Provided that in no case shall the gratuity exceed fifteen months pay.

60. Mode of Investment of Reserve Fund :-

(1) Notwithstanding anything contained in rule 54 a society shall invest or deposit its reserve fund in the following modes.--

- (i) in the case of societies with an area of operation limited to one district, save the Financing Bank, in the Central Co-operative Bank;
- (ii) in the case of all other societies in the Apex Bank; and

⁷[(iii) in the case of all societies, in trust securities, provided that the Government may by general or special order, permit any society or class of societies to utilize the reserve fund, either in full or in part in the business of such society or societies:

Provided further that the Registrar may, by general or special order, permit any society or class of societies to utilize up to 50% of the Reserve Fund in the business of such society or societies].

⁸[(2) When the utilization of the Reserve Fund of a society in its business is sanctioned by Government or the Registrar under tills rule, the Financing Bank concerned shall, on the expiry of 2 months from the date of receipt of the sanction of the Government or the Registrar, refund the amount to the society, without asking for any notice of withdrawal].

61. Object of Reserve Fund and disposal thereof on the winding up of a society :-

(1) the reserve fund shall belong to the society as a whole and is intended to meet unforeseen losses. It shall be indivisible and no member shall have any claim to a share in it. It may be drawn upon only with the special sanction of the Registrar to meet unforeseen losses incurred.

(2) On the winding up of a 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 discharge such liabilities of the society, as may remain undischarged out of the assets of the society, in the following order, namely.---

- (i) the debts due to the Government;
- (ii) other debts of the society;
- (iii) the paid up share capital; and
- (iv) the dividend upon such share capital at a rate not exceeding 10% per annum for any period for which no dividend 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:

Provided that in the case of a Co-operative workshop for Ex-servicemen, any balance of assets remaining after meeting the other debts of the society shall be credited to the Government and the Soldiers Post War Reconstruction Fund Committee upto the extent of the value of the original gifts in proportion to the contributions made by them. Surplus assets, if any, shall alone be applied by the liquidator for the discharge of the paid up share capital and dividend as laid down in clauses (iii) and (iv):

Provided further that in the case of societies other than Cooperative Workshops for Ex-servicemen, any balance of assets remaining after meeting the debts of the society, shall be credited to the Government in proportion to the amount of money granted by them and the surplus assets, if any, alone shall be applied by the liquidator for the discharge of the paid up share capital and dividend as laid down in clauses (iii) and (iv).

(3) Such portion of the funds as shall remain after the payment mentioned in sub-rule (2), shall be applied to such local objects of public utility as may be selected by the General Body and approved by the Registrar. If within 30 days after the issue of notice by the liquidator after the final closing of the society, the general body fails to make any selection approved by the Registrar, the latter may use the above mentioned portion of the fund in supporting other Co-operative Societies in the neighborhood or shall deposit with Co-operative Bank of the area until a new Co-operative Society in the area is registered in which event the funds shall be credited to the Reserve Fund of such society. If in the opinion of the Registrar there is no prospect of a new society being formed in such area within a reasonable time, the Registrar shall assign the amount to the Bad Debt reserve or reserve fund of the financing Bank of the area.

62. Writing off bad debts and losses :-

(1) Such of the dues to the society including loans and interest thereon which are found irrecoverable and duly certified as such by the auditors appointed under section 63 may be written off with the approval of the general body and sanction of the Registrar.

(2) Before sanction for the write off is accorded the opinion of the financing bank may be obtained if the society is indebted to the financing bank.

63. Maintenance of fluid resources by societies :-

(1) Every society with limited liability which obtains any portion of its working capital by deposits and not coming within the purview of the Banking Regulation Act, 1949 shall maintain fluid resources in such form and according to such standards as may be fixed by the Government from time to time by general or special order and utilize only such portion of its working, capital in lending business and distribute its assets in accordance with such standards. The minimum liquid cover shall normally be of the following scale;-

(i) full value of the fixed deposit matured and due for payment at the close of business on any day;

(ii) 25% of the total of its demand and time liabilities excluding item (i) at the close of business in any day.

Explanation;- Liquid cover means assets which may be converted into ready cash and includes all or any of the following.---

(a) 100% of cash on hand, balance with Banks, Post Office Savings Bank and of unencumbered investments representing the statutory Reserve Fund.

Note.--- Societies shall take credit for purposes of fluid resources only such amounts invested in savings deposits as are readily withdrawable without notice.

(b) 90% of the market value of Government securities including postal cash certificate or National Savings Certificates.

(c) 80% of the market value of debentures of Land Mortgage Banks and also of other trustee securities.

(d) 80% of fixed deposits with other banks approved by the Registrar,

(e) Undrawn portion of cash credit with any bankers approved by the Registrar or with the Apex or Central Co-operative Bank.

9[(f) 80% of the market value of Bhadratha Social Security Certificate issued by the Kerala State Financial Enterprises Limited].

(2) The Government may, by general or special order empower the Registrar to relax the form or the standard so fixed for a specified period, in the case of any society or class of societies.

(3) Co-operative Banks for which the Banking Regulation Act, 1949 is applicable to the standard prescribed under section 24 of that Act shall be maintained.

1. Substituted by SRO. 1304/92 published in K.G. Ex. No. 381 dt. 29-9-92 shall set apart a sum calculated at the rates given below out of its net profits for to the Co-op. Education Fund, contemplated in clause (b) of sub-sec. (1) of S. 56.

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Upto	Rs. 300	Nil	
From	Rs. 300	upto Rs. 1000	1%
From	Rs. 1001	upto Rs. 5000	1 1/2%
From	Rs. 5001	upto Rs. 25000	2%
From	Rs. 25001	upto Rs. 50000	2 1/2%
From	Rs. 50001	upto Rs. 2 lakhs	3%

Above Rs.2 lakhs 3 1 /2% subject to a maximum of Rs. 10,000.

2. Inserted by G.O. (P) 14/94/ Co-opn dt.28-1-1994, published in K.G. Ex. No. 68 dt. 28-1-1994 as SRO 115/94.

3. Inserted by SRO. 1485/89 published in K. G.Ex.801 dt. 28-8-89 w. e. f. 18-7-89.

4. Substituted by Notn. SRO. 33/71 published in K.G. No. 4 dt. 26-1-1971.

5. Omitted by Notn. SRO. 33/71 published in K.G. No. 4 dt. 26-1-1971.

6. Inserted by SRO. No. 1485/89 published in K.G. Ex. 801 dt. 28-8-89.

7. Substituted by Notn. SRO. 434/72 published in K.G. No. 34 dt. 29-8-1972.

8. Substituted by Notn. SRO. 434/72 dt.24-7-1972 in K. G. No. 34 dt. 29-8-1972.

9. Inserted by SRO. 1338/90 published in K.G. No. 40 dt. 9-10-90 w. e. f. 1-7-89.

CHAPTER 7 AUDIT

64. Audit :-

(1) The audit under section 63 shall in all cases extend back to the last date of the previous audit and shall be carried out upto the last date of the Co-operative year immediately preceding the audit or where the Registrar so directs in the case of any particular society or class of societies, such other date as may be specified by the Registrar.

(2) The auditor shall submit an audit memorandum in the form prescribed by the Registrar on the accounts examined by him and on the Balance sheet and final accounts as on the date for the period upto which the accounts have been audited and shall state

whether in his opinion and to the best of his information and according to the explanations given to him, the said accounts give all the information required by the Act and give a true and fair view.-

(i) in the case of the balance sheets of the state of societys affairs as at the end of the year or any other subsequent date to which the accounts are made up and examined by him and

(ii) in the case of the profit and loss account of the profit or loss for the year or the period covered by the audit, as the case may be.

(3) the audit memorandum shall state.--

(a) whether the Auditor had obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit;

(b) whether in his opinion, proper books of accounts, as required by the Act, these rules and the bye-laws of the society have been kept and regularly maintained by the society so far as it appears from the examination of these .books; and

(c) whether the balance sheet and the final accounts, examined by him are in agreement with the books of accounts and returns of the society.

(4) Where any of the matters referred to in sub-rule (3) are answered in the negative or with a qualification, the persons who does the audit shall specify the reasons for the answers in the audit memorandum.

(5) The audit memorandum shall also contain schedules with full particulars of.--

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

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

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

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

(v) an audit classification statement prepared in accordance with the instructions issued by the Registrar from time to time; and

(vi) any other matters specified by the Registrar on this behalf.

(6) Within six months of the date of audit the Registrar shall grant to the concerned society an audit certificate and a copy of the audit memorandum specified to sub-rule (2) duly signed by him. While communicating the audit memorandum, the Registrar may modify o r expunge any portion thereof which appears to him to be

objectionable or not justified by facts.

(7) the society shall inserted by ¹[Published or exhibit in the Notice Board of the society].

(i) the audit certificate;

(ii) the statement showing the receipts and disbursements for the year;

(iii) the profit and loss account; and

(iv) the balance sheet in the manner specified by the Registrar and shall also keep them open for inspection by Any member of the society. The summary of the audit memorandum shall also be read out at the general body meeting of the society.

64A. Qualifications of an Auditor :-

(1) Auditor means an officer under the Director of Co-operative Audit, possessing graduation or post graduation and a Higher Diploma in Co-operation or Junior Diploma in Co-operation or Higher Diploma in Co-operation and Management or Higher Diploma in Co-operation and Business Management awarded by the Board of Examinations of State Co-operative Union or National Council for Co-operative Training (NCCT), New Delhi or Graduation or Postgraduation in Commerce with specialization in Co-operation or Diploma in Co-operative Audit or B.Sc. (Cooperation and Banking) Degree of Kerala Agricultural University.

(2) The academic qualification stated above is not applicable to the existing employees of Co-operative Department who has experience in audit or inspection of co-operative societies as on the date of this notification and who has completed the period of probation successfully and who has a working knowledge in Malayalam language:

(i) A Chartered Accountant means Chartered Accountant, defined in the Chartered Accountants Act, 1949 (Central Act No.XXXVIII of 1949) who have a fair knowledge of the functioning of the co-operation and shall have an experience of at least two years in auditing and the Chartered Accountants shall have working knowledge in Malayalam Language;

(ii) Auditing firm means a firm of more than one Chartered Accountant within the meaning of the Chartered Accountants Act, 1949, who or which shall have a fair knowledge of the functioning of the co-operation and shall have an experience of at least two years in auditing of which the auditing firm would like to be included in the panel and Chartered Accountants shall have working

knowledge in Malayalam Language;

(iii) An officer who had retired from the service of the department of Co-operation as Auditor or Inspector of Co-operative Societies or an officer who had acquired the educational qualifications and working experience of minimum five years in Co-operative Audit shall be appointed as Auditor. Provided he had not elapsed the period of five years from the date of superannuation:

Provided that the retired auditors shall be appointed for audit only in case there is no auditor left in the panel approved by the Director of Co-operative Audit and for that purpose the Director of Co-operative Audit shall approve a panel of retired auditors, separately every year.

(iv) The general body meeting of society/societies shall appoint departmental auditor under the control of Director of Co-operative Audit from among the panel prepared by him and apply to the Director of Co-operative Audit to render the services of the Auditor/Auditors exclusively for the society/ bank or for a group of societies by remitting the required audit cost as per the provisions of Kerala Service Rules: Provided that the Director of Co-operative Audit shall notify the category or rank of officers to be entrusted for audit in co-operative societies and the panel of officers shall be prepared in accordance with the category/rank in the notification.

(v) It has been made obligatory for an auditor to submit the report within 30 days from the date of completion of the audit of the society even though no statutory penalty has been laid down, in the Act that the defaulting auditor shall not be entitled to avail the exemption provided in section 106 of the Act.

64B. Audit Report :-

(1) The auditor shall submit an audit memorandum in the form specified by the Director of Co-operative Audit on the accounts examined by him and on the balance sheet and final accounts as on the date for the period up to which the accounts have been audited and shall state whether in his opinion and to the best of his information and according to the explanations given to him, the said accounts give all the information required by the Act and give a true and fair view,-

(i) in the case of the balance sheets of the state of society's affairs as at the end of the year or any other subsequent date to which the accounts are made up and examined by him; and

(ii) in the case of the profit and loss account of the profit or loss for

the year or the period covered by the audit, as the case may be.

(2) The audit memorandum shall state:

(a) whether the Auditor had obtained all the information and explanation which to the best of his knowledge and belief were necessary for the purpose of his audit;

(b) whether in his opinion, proper books of accounts, as required by the Act, these rules and the bye-laws of the society have been kept and regularly maintained by the society so far as it appear from the examination of these books; and

(c) whether the balance sheet and the final accounts, examined by him are in agreement with the books of accounts and returns of the society.

(3) Where any of the matters referred to in sub-rule (2) are answered in the negative or with a qualification, the person who does the audit shall specify the reasons for the answers in the audit memorandum.

(4) The audit memorandum shall also contain schedules with full particulars of,-

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

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

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

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

(v) an audit classification statement prepared in accordance with instructions issued by the Registrar from time to time; and

(vi) any other matters specified by the Registrar on this behalf.

(5) Within three months from the date of receipt of the audit report the Director of Co-operative Audit shall issue the audit certificate and a copy of the audit memorandum specified in sub-rule (1) duly signed by him. While communicating the audit memorandum, the Director of Co-operative Audit may modify or expunge any portion thereof which appears to him to be objectionable or not justified by facts.

(6) The society shall publish or exhibit in the Notice Board of the society,-

(i) the copy of audit certificate;

(ii) the statement showing the receipts and disbursements for the year;

(iii) the profit and loss account; and

(iv) the balance sheet in the manner specified by the Director of Co-operative Audit and shall also keep them open for inspection by any member of the society. The summary of the audit memorandum shall also be read out at the general body meeting of the society.

(7) The Director of Co-operative Audit shall have powers to issue directions to the societies to prepare and submit any other statements and schedules and call for any details which are necessary for the conduct and completion of audit.

(8) The Director of Co-operative Audit shall be an officer on deputation from the Indian Audit and Accounts Service not below the rank of Deputy Accountant General or an officer from Indian Administrative Service.

65. Levy of Audit fees :-

(1) Every co-operative society shall pay to Government within one month of receipt of the annual audit certificate an audit fee calculated on the Working Capital as on the last day of the co-operative year to which the audit relates or on the total sales during the year on the gross income during the year as the case may be, as shown below;-

Type of society	Audit fees to be calculated
(1)	(2)
(1) Credit societies (Excepting Primary Land Mortgage Bank, Housing Societies and House Mortgage Banks)	On- Working Capital.
(2) Primary Land Mortgage Banks, House Mortgage Banks, Housing Societies	On the aggregate of loans issued and that recovered during the year under audit.
(3) Societies having credit and Non-Credit Activities	On working capital or on sale proceeds of goods whichever is higher.
(4) Societies dealing in goods (excepting Coir Societies)	On sale proceeds.
(5) Coir Co-operative Societies	On proceeds of Coir sold as owners as well as on the commission realized on goods sold as agents.
(6) Transport Societies	On hire charges collected and sale proceeds of articles.
(7) Other societies	On gross income.

If any doubt arises as to which of the categories, a particular co-operative society

is to be included for the purpose of calculation of audit fees, the matter shall be decided by the Registrar.

²[xxx]

(2) (a) The Registrar shall be competent to appoint one or more or more Auditors specially or exclusively for the audit of the accounts of one or more Societies, each having a Working Capital or annual sales exceeding ³[Rs.5 lakhs].

(b) Where the Registrar appoints special auditors under the foregoing sub rule, the fee payable by such society or societies shall be the entire or the proportionate cost of the staff as may be determined by the Registrar.

(3) The following classes of societies are exempted from the payment of audit fees-

(a) All Co-operative Societies of which all or a majority of the members are Harijans ⁴[or Girijans].

(b) All farming Societies.

(c) All Social Welfare Societies.

(d) Any society or group of societies which has its accounts audited at its own expense by an office of the Co-operative Department by virtue of the provisions contained ⁵[in sub-rule (2)], or under an arrangement approved by the Registrar to audit the accounts of the society.

(e) Any society for the 1st year of audit, irrespective of the date of commencement of business.

⁵[(f) Any Weavers Society or Coir Co-operative Society or Housing Society, or primary Society formed for the benefit of fishermen until it has completed the sixth Co-operative year after its commencement of business].

(g) any credit society the Working capital of which does not exceed Rs.2000 and any other society the sales of gross income of which does not exceed Rs. 10,000.

⁶[(4) the audit fees for the purpose of sub-rule(1) shall be calculated at the rate of 30 paise for every one hundred rupees or part thereof on the working capital, the value of sales or the gross income, as the case may be, upto Rs. one lakh, at the rate of 40 paise for every next one hundred rupees or part thereof upto Rs.5 lakhs and at the rate of Rs.25 paise for every next one hundred rupees or part thereof exceeding Rs.5 lakhs provided that the maximum audit fees payable by a society shall not exceed Rs.5,000].

1. SRO. 1317/90 published in K.G. Ex. No. 914 dt. 26-9-90.

2. Omitted by Notn. SRO. 510/69 published in K.G. No. 50 dt. 23-12-69 and corrected by Notn. dt. 23-1-70 published in K.G. No. 4 dt. 27-1-70.

3. Substituted by SRO. 132/85 published in K.G. No. 5 dt. 29-1-1985.

4. Inserted by SRO. No. 1178/85 published in K.G. No. 36 dt. 10-9-1985.

5. Substituted by Notn. SRO. 510/69.

6. Substituted by SRO. 132/85 published in K.G. No. 5 dt. 29-1-85.

CHAPTER 8 INQUIRY, INSPECTION AND SURCHARGE

66. Procedure for the conduct of inquiry and inspection :-

(1) (i) An order, authorizing inquiry under Section 65 or inspection under Section 66 shall among other things, contain the following:

- (a) the name of the society whose affairs are to be inquired into or whose books of accounts are to be inspected;
- (b) the name of the person authorized to conduct the inquiry or inspection;
- (c) the specific point or points on which the inquiry or inspection is to be made, the period within which the inquiry or inspection is to be completed and report submitted to the Registrar;
- (d) costs of inquiry or inspection;
- (e) any other matter relating or pertaining to the inquiry or inspection.

(2) A copy of every order authorizing inquiry under section 65 or inspection under section 66 shall be issued to the President or the Secretary of the Society concerned by registered post with acknowledgement due. A copy of the order shall also be made available to the Central Society or societies, to which the society in respect of which the order is issued, is affiliated;

(3) If the inquiry or inspection cannot be completed within the time specified in the order referred to in sub-rule (1)(c), the person conducting the inquiry or inspection shall submit an interim report stating the reasons for failure to complete the inquiry or inspection, and the Registrar, if he is satisfied, may grant such extension of time as he may deem necessary or he may withdraw the inquiry or inspection from the officer to whom it is entrusted and hold the inquiry or inspection himself or entrust it to such other person as he deems fit.

(4) On receipt of the orders referred to in sub-rule (1) the person authorized to conduct the inquiry or inspection shall proceed to examine the relevant books of accounts and other documents in the possession of the society or any of its officers, members, agents or servants and obtain such information or explanation from any such officers, members, agents or servants of the society in regard to the transaction and working of the society as he deems necessary for the conduct of such inquiry or inspection.

(5) The person authorized to conduct the inquiry or inspection shall submit his report to the Registrar on all points mentioned in the order referred to in clause (c) of sub-rule (1). The report shall invariably contain a latest balance sheet of the society, and the last known addresses of the members of the Committee and of the Secretary. The report shall also contain his findings and the reason therefor; supported by such documentary or other evidence as recorded by him during the course of the inquiry or inspection. He shall also specify in his report the costs of the inquiry or inspection

together with reasons and recommend to the Registrar the manner in which the entire cost or a part thereof may be apportioned amongst the parties specified in Section 67. The Registrar shall pass such orders thereon as may be considered just after giving a reasonable opportunity of being heard to the society, person or persons concerned.

CHAPTER 9 SETTLEMENT OF DISPUTES

67. Reference of disputes, payment of expense and decisions on disputes :-

(1) The reference of any dispute to the Registrar under section 69 of the Act shall be in writing. The application shall be accompanied by a list of relevant records on which the dispute is based and a receipted chalan to evidence payment of the fees fixed under clause (a) of sub-rule (7), for deciding the dispute. In the case of an application filed for and on behalf of a society a certified copy of the resolution adopted by the committee; resolving to file the application, shall also be filed. Sufficient copies of the application for service on the defendant or defendants shall also be filed. Whenever necessary, the Registrar may require the party referring the dispute to him to produce a certified copy of the records on which the dispute is based and such other statements or records as may be required by him before proceeding with the consideration of such reference.

(2) The Registrar or the person deciding the dispute or the arbitrator shall have power to administer oaths, to require the attendance of all parties concerned and of witnesses and, to require the production of all books and documents relating to the matter of the dispute.

(3) The Registrar, or the person deciding the dispute or the arbitrator may of his own motion or on the application of any party to the dispute, inspect any property which is the subject matter of the dispute on giving notice to both the parties to the dispute or summon and examine any person as a witness or issue commissions for examination of witness whose evidence the Registrar or the person deciding the dispute or the arbitrator, as the case may be, feels necessary for disposing of the dispute.

(4) (a) The Registrar or the person or the arbitrator deciding the dispute shall record a brief note in English or in the vernacular of the evidence of the parties to the dispute and witnesses who attend, and upon the evidence so recorded and after consideration

of any documentary evidence produced by the parties a decision or award, as the case may be, shall be given in accordance with justice, equity and good conscience. Such decision or award shall be reduced to writing and pronounced at once or on some future date of which due notice shall be given to the parties.

(b) In the absence of any party to the dispute duly summoned to attend, the dispute may be decided ex-parte.

(5) The award or any order passed by the arbitrator under sub-section (3) of section 70 of the Act shall be forwarded to the Registrar in duplicate along with all the papers and proceedings of the dispute.

(6) The case records will also contain a case diary written in hand by the authority deciding the dispute, specifying the date or dates on which the case was taken up for consideration, noting the action taken on each such date. The names of persons examined and documents exhibited, with the relevant dates shall also be noted therein. The parties concerned may on production of the required number of copying sheets be given copies of the decision or award or order from the office of the Registrar before whom the application was presented under sub-rule (1) above.

¹(7) (a) The fees for deciding the dispute shall be as follows:-

I. Monetary disputes--

Forty paise for claims of every Rs. 10 or part thereof, subject to a minimum of Rs. 10 and a maximum of Rs.500.

II. Non-monetary disputes.--

(i) For cases filed by the employees of the society Rs.50.

(ii) In other cases Rs.500.

Note:- The fees shall be paid in advance into the nearest Government Treasury. All petitions and applications presented under this rule shall bear court fee stamps as required under the Kerala Court Fees and Suit Valuation Act, 1959 (10 of 1960)].

(b) The Registrar or such other person deciding the dispute or the arbitrator shall have power to direct any party to the dispute to pay the costs of the other party with interest in appropriate case and the interest awarded on the amounts decreed shall not exceed the contract rate from the date of the suit, to the date of realization of the amount.

(8) In the proceedings before the Registrar or such other person deciding the dispute or the arbitrator, legal practitioners shall not be entitled, as a matter of right, to appear to represent parties.

68. Mode of Communication of orders and decisions in

deciding disputes :-

An award, decision or order passed by the Registrar or any other person deciding the dispute or the arbitrator referred to in S. 70 of the Act, shall be sent to the applicant by the Registrar with his seal affixed thereon, by Registered post. One copy of the award, decision, or order shall be retained in the file concerned and the same kept intact for a period of 12 years. A gist of the award shall also be communicated by the Registrar to the defendants, by the post in case they are not present at the time of delivering the order or decision.

1. Substituted by SRO. 132/85 published in K.G. No. 5 dt. 29-1-85.

CHAPTER 10 WINDING UP AND DISSOLUTION OF CO-OPERATIVE SOCIETIES

69. Procedure to be adopted by liquidator :-

Where a liquidator has been appointed under sub-section (1) of S. 72 the following procedure shall be adopted:

(1) The appointment of the Liquidator shall be notified by the Registrar in the Official Gazette.

(2) 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 is ordered, to be submitted to him within two months of publication of such 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 sub-rule.

(3) The liquidator shall, after settling the assets and liabilities of the society as they stood on the date on which the order for its winding up was made, proceed to determine the contribution to be made by each of its members, past members or by the estates of nominees, heirs or legal representative of deceased members or by any officers or former officers to the assets of the society under clause (b) of subsection (2) of S. 73. If the sum assessed against any member is not recovered, the liquidator may issue subsidiary order or orders against any other member or members regarding such contributions and such orders shall be enforceable in the same manner as the original orders.

(4) The liquidator shall submit to the Registrar, a quarterly report in such form as the Registrar may specify, stating the progress

made in the winding up of the society.

(5) The liquidator may with the previous sanction of the Registrar, empower any person by general or special order in writing to make collections and to grant valid receipts on his behalf.

(6) All funds in the charge of the liquidator shall be deposited in the Post Office Savings Bank or in a financing bank or with such other banks as may be approved by the Registrar and shall stand in the name of the liquidator.

(7) The Registrar shall fix the amount of remuneration, if any, to the liquidator under sub-section (1) of S. 72 or the charges to be paid to Government to meet the cost of the liquidator. Such charge shall be included in the cost of liquidation which shall be payable out of the assets of the society in priority to all other claims.

(8) The liquidator shall have power to call for meetings of members of the society under winding up from time to time.

(9) At the conclusion of the winding up proceedings, a general meeting of the members of the society shall be called. At such meeting, the liquidator shall summarise his proceedings, and report what sum, if any, remains in his possession after meeting all the liabilities of the society as determined under the rules and suggest how the surplus, if any, should be utilized.

(10) 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 financing bank and shall be available for meeting the claims of the person or persons concerned. If even on the expiry of three years from the date of deposit such amount remains unpaid, the Registrar may of his own motion or on the application of the financing bank pass an order directing that the said amount shall be added to the bad debt reserve of the financing bank.

(11) ¹[A liquidator may, at any time, for good and sufficient reasons, be removed by the Registrar] and he shall on such removal be bound to hand over all the properties and documents of such society to such person as the Registrar may direct. The Registrar may appoint any other person as liquidator, on such removal.

70. Disposal of records of a society ordered to be wound up

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All the books and records of a society, the affairs of which have been wound up, shall be retained by the liquidator in his office for a

period of three years from the date of the report referred to in sub-section (3) of S. 73. On the expiry of the said period of three years, the books and records may be destroyed by the liquidator on taking order, to that effect, from the Registrar.

CHAPTER 11 EXECUTION FOR DECISIONS, AWARDS AND ORDER

71. Application for enforcement of charge :-

(1) Every application under S. 75 shall be signed by a person authorized in that behalf by the committee of the society concerned. This application shall specify the amount due as on date, distinctly noting the amount originally disbursed, interest, costs, if any, etc. the name and full address of person from whom the amount is due and the particulars of repayment, if any, already made. The properties on which the society claims charge shall also be specified with sufficient details in the application for an order under section 75. The application shall be accompanied by a receipted chalan in token of having remitted the fee at the rates prescribed by the Registrar.

(2) The application shall be presented either in person or by registered post to the Registrar with such number of additional copies as may be required to be served on the person or persons against whom execution proceedings are taken.

(3) On receipt of the application, the Registrar shall arrange to make entries thereof in a register maintained in his office for the purpose and issue a notice of the application together with a copy thereof to the concerned person directing him to pay the debt or outstanding demand within 30 days from the date of service of the notice.

(4) If the party fails to pay the debt or outstanding demand within the time limit prescribed, the Registrar may make an order directing the payment of the debt or outstanding demand due to the society, by sale of the property or any interest therein which is subject to a charge under sub-section (1) of section 35.

Provided that if the concerned person files objections as to the correctness of the amount, the maintainability of the application or the right of the society to proceed against the property specified, the Registrar shall decide the points at issue before passing an order directing the sale of the property for the recovery of the debt or outstanding demand.

(5) Any amount remaining due after the sale of the properties, having a first charge in respect of which an order under section 75

has been issued, may be realized by the society in the manner provided in Chapter XI of the Act

72. Issue of certificate under section 76 :-

(1) The holder of any decision, award or order referred to in Section 76 of the Act shall, if the said decision, award or order is not carried out, apply to the Registrar for the execution thereof under clause (c) of section 76 or for a certificate to be issued under clause (a) or (b) of the said section:

Provided that no application for execution under clause (c) of section 76 shall be entertained, if a certificate has already been issued under clause (a) or (b) of the said section.

certificate referred to in Clause (a) or (b) of section 76 shall be in Form No. 12, and be issued under the name and signature of the Registrar and shall bear the date And seal of his office.

(2) The Registrar may, on receipt of an application under clause (1) above for the issue of a certificate issue the certificate, only on his satisfying that no such certificate has been issued to the party to enable him to apply for execution either to the Collector or a civil court of competent jurisdiction, previously.

(3) In case, a certificate issued under sub-rule (2) is lost Or destroyed before the party could apply for execution either to the Civil Court or Collector, the Registrar may, on his payment of a penalty of Rs.5 paid into the Treasury issue a duplicate of the certificate already given with the word "Duplicate" marked thereon.

73. Execution Proceedings under the Revenue Recovery Act :-

Recovery of money under clause (b) of section 76 shall be made by Revenue officers and when the decision, award or order is executed through them, the costs of execution under Revenue Recovery Act shall be recovered and credited to Government. This shall be deducted in the first instance from the amounts realized and balance alone paid to the decree-holder.

74. Procedure for execution of decision, Award or Order :-

(1) If any decision, award or order has to be executed as provided under clause (c) of Section 76 the holder of such order, decision or award (hereinafter referred to as the "decree holder") shall apply to the Registrar.

(2) Every such application, shall be made in the form specified by the Registrar and shall be signed by the decree-holder and shall be accompanied by the original of the order, decision or award and the receipted chalan obtained from the Treasury for payment of fees, specified by the Registrar. The decree-holder may indicate whether he wishes to proceed against the immovable property mortgaged to the decree- holder or other immovable property or to secure the attachment of any movable property.

(3) On receipt of such application the Registrar shall verify the correctness and genuineness of the particulars set forth in the application, with the records, if any available in his office and forward it to the Sale Officer for action. The Sale Officer will prepare a demand notice, in writing in duplicate, in the form prescribed by the Registrar setting forth the name of defaulter and the amount due from him and serve it on the defaulter concerned.

(4) Where a defaulter dies before the decree has been fully satisfied an application under sub-rule (1) may be made against the legal representatives of the deceased and thereupon all the provisions of this Rule shall apply, as if such legal representatives were the defaulters.

75. Order in which proceedings shall be taken :-

Unless the decree-holder has expressed a desire that proceedings shall be taken in a particular order as laid down in sub-rule (2) of R. 74, execution shall ordinarily be taken in the following manner.

(i) movable property of the defaulter shall be first proceed against but this shall not preclude the immovable property being proceeded against simultaneously in case of necessity.

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

76. Rules for seizure and sale of movable property :-

In the seizure and sale of movable properties the following rules shall be observed

(i) The sale officer shall, after giving previous notice to the decree-holder proceed to the village where the defaulter resides or the property to be distrained is situated and serve the demand notice

upon the defaulter, if he is present. If the amount due together with the expenses be not at once paid, the sale officer shall make the distress and shall immediately deliver to the defaulter a list or inventory of the property distrained and an intimation of the place, day and hour at which the distrained property will be brought to sale if the amounts due are not previously discharged. If the defaulter is absent the sale officer shall serve the demand notice on some adult member of his family, or on his authorized agent or when such service cannot be effected, shall affix a copy of the demand notice on some conspicuous part of his residence. He shall then proceed to make the distress and shall affix the list of the property attached on the usual place of residence of the defaulter endorsing thereon the place where the property may be lodged or kept and an intimation of the place, day and hour of sale, if the amounts due are not previously discharged.

(ii) After the distress 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 distrained, he shall be bound to do so and any loss incurred, owing to his negligence shall be made good by the decree-holder. If the attached property is livesk the decree-holder shall be responsible for providing the fodder, thereof. In such case the decree-holder shall be entitled to realize from the defaulter, the expenses incurred by him for maintaining the livesk or for keeping in tact the property distrained. The Sale Officer or the decree-holder shall not work the livesk or make use of the goods or effects distrained.

(iii) The Sale Officer may, at the instance of the defaulter or of any person claiming an interest in such property, leave it in the village or place where it was attached in the charge of such defaulter or person if he enters into a Contract in the form specified by the Registrar with one or more sufficient sureties for the production of the property at the place of sale when called for.

(iv) The distress shall be made after sun rise and before sun set and not at any other time.

(v) The distress made shall not be excessive, that is to say, the property distrained, shall as nearly as possible, be proportionate to the sum due by the defaulter together with interest and all expenses incidental to the distraint, detention and sale, and it shall not include (i) the ordinary wearing apparel of the defaulter and his family; and (ii) his implements of husbandry and ploughing cattle, provided that the implements of husbandry over which the decree-

holder has a first charge may be distrained.

(vi) If crops or ungathered products of the land belonging to the defaulter 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 expenses of reaping or gathering and storing such crops or products shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold.

(vii) It shall be lawful for the Sale Officer to force open and enter any 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 defaulter and lodged therein:

Provided that it shall not be lawful for a sale officer to break open or enter any apartment in such dwelling house appropriated for the occupation of women except as provided under clause (viii).

(viii) Where the sale officer may have reason to suppose that the property of defaulter is lodged within a dwelling house the outer door of which may be shut, or within any apartment appropriated to women, which by the usage of the country, 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 police 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 and in like manner as he may break open the door of any room within the house. The Sale Officer may also, in the presence of the Police Officer and after giving due notice for the removal of women within the apartment enter the said apartment for the purpose of distraining the defaulters property. If any deposited therein, but such property, if found shall immediately be removed from such apartment, so as to enable the women to occupy it.

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

Provided that where the property seized is subject to speedy and natural decay, or where the expenses 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 fifteen days, unless the amount due is sooner paid.

(x) At the appointed time, the property shall be sold in public auction in terms of one or more lots as may be decided by the sale officer 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:

Provided further that the Registrar 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 seven days a fresh proclamation under clause (ix) shall be made unless the defaulter consents to waive it.

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

(xii) The property shall be paid for in cash at the time of sale or as soon thereafter as the sale officer 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 in the payment of purchase money, the property shall be resold.

(xiii) Where it is proved to the satisfaction of any Civil Court of competent jurisdiction that any property which has been distrained under these rules has been forcibly or clandestinely removed by any person, the Court may order forthwith such property to be restored to the Sale Officer.

(xiv) Where prior to the day fixed for sale, the defaulter or any person acting in 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.

77. Attachment of salary or allowance of Public Officer or servant of a Railway administration or Local Authority or Firm :-

Where the movable property to be attached is the salary or allowance or wages of a public officer or of a servant of a railway

company or local authority or a firm or a company the Registrar may on receiving a report from the Sale Officer, order that the amount shall, subject to the provisions of S. 60 of the Code of Civil Procedure, 1908 (Central Act V of 1908) be withheld from such salary or allowances or wages either in one payment or by monthly installments as the Registrar may direct and upon notice of the order, the officer or other person whose duty it is to disburse such salary or allowance or wages shall withhold and remit to the sale officer, the amount due under the order or the monthly installment, as the case may be.

78. Attachment of Share or Interest in movable :-

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

(2) 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 Registrar ordering the attachment and be held subject to his further orders.

(3) 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 final decision of the Registrar issuing the notice:

Provided that, where such property is in the custody of a court or Registrar of another District any question of title or priority arising between the decree holder and any other person, not being the defaulter claiming to be interested in such property by virtue of any assignment, attachment or otherwise, shall be determined by such court or Registrar.

Explanation:- In this rule "Public Officer" includes a liquidator appointed under S. 72 of the Act.

79. Attachment of Decree :-

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

(a) if the decree sought to be attached was passed by Registrar or

by any person to whom a dispute was transferred by the Registrar under S. 70 or by an arbitrator within the local limits of the jurisdiction of Registrar then by the order Of the Registrar concerned.

(b) if the decree sought to be attached was passed by a court and has not been sent for execution to any other court, then by the issue to such court, of a notice by the Registrar concerned, requesting such court to stay the execution of its decree unless and until,-

(i) the Registrar aforesaid cancels the notice; or

(ii) the holder of the decree sought to be executed, or the defaulter applied to the Court receiving such notice to execute its own decree; and

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

(2) Where the Registrar makes an order under clause (a) or where a Court receives an application under clause (b) (ii) of sub rule (1), such Registrar or court shall, on the application of the decree-holder who has attached the decree or his defaulter, proceed to execute the attached decree and apply the net proceeds in satisfaction of the decree sought to be executed.

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

(4) Where the property to be attached in execution of a decree is a decree other than a decree of the nature referred to in sub-rule(1) the attachment shall be made by the issue of a notice by Registrar to the holder of such decree, prohibiting him from transferring or charging the same in any way; and where such decree has been passed by any court or by a different Registrar or by any person to whom dispute was transferred under S. 70 of the Act by a different Registrar or by an arbitrator in another district, also by sending to such court or to the Registrar concerned, as the case may be, a notice to abstain from executing the decree sought to be attached until such notice is cancelled by the Registrar who sent the notice.

(5) The holder of a decree sought to be executed in the manner provided under this rule shall give the court or the Registrar executing the decree, such information and aid as may reasonably be required.

(6) On the application of the holder of a decree sought to be executed by the attachment of another decree, the Registrar making an order of attachment under this 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 Registrar or otherwise, shall be valid so long as the attachment remains in force.

80. Attachment of debt, share and other property not in possession of defaulter :-

(1) Where the movable property to be attached is,--

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

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

(c) other movable property not in the possession of the defaulter except properly deposited in, or in the custody of any civil court, the attachment shall be made by a written order signed by the Registrar 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 thereof; and

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

(2) 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 movable property to the person in possession of such property. As soon as the debt referred to in clause (a) of sub rule (1) or the share or deposit referred to in clause (b) thereof matures, the Registrar may direct the person concerned to pay the amount to him. Where the share is non-withdrawable, the Registrar shall arrange for its sale through a broker. Where the share is withdrawable, its value shall be paid to the Registrar or to the party concerned as soon as it becomes payable. In the case of the other movable property referred to in

clause (c) of sub rule(1) the person concerned shall place it in the hands of the Registrar, as soon as it becomes, deliverable to the defaulter.

(3) Immovable 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.

81. Procedure in attachment and sale of immovable property :-

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

(a) The application presented under sub-rule(2) of rule 74 shall contain a description of the immovable property to be proceeded against sufficient for its identification, specifying the boundaries, survey number etc., and the defaulters share or interest in such property, to the best of the belief and knowledge of the decree holder and so far as he has been able to ascertain it.

(b) The demand notice issued under sub-rule (3) of rule 74 shall contain the name of the defaulter, the amount due, including 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 nonpayment the particulars of the properties to be attached and sold or sold without attachment as the case may be. This demand notice shall be served on the defaulter in the manner provided in these rules:

Provided that where the Registrar is satisfied that a defaulter; with intent to defeat or delay the execution proceedings against him, is about to dispose of the whole or any part of his property, the demand notice issued shall not allow any time to the defaulter for payment of the amount due by him and the property of the defaulter shall be attached forthwith.

(c) If the defaulter fails to pay the amount specified in the demand notice within the time stipulated therein, the sale officer shall proceed to attach and sell or sell without attachment as the case may be immovable property noted in the application for execution in the following manner: -

(d) Where attachment is required before sale, the officer shall cause a notice of attachment to be served on the defaulter, as laid down in rule 76(i). A copy of the attachment notice shall also be affixed in some conspicuous part of the defaulters last known place

of abode. The notice shall specify the amount due with interest, cost, etc., and shall set forth that unless the whole amount inclusive of interest, cost, etc., be paid within the date therein mentioned, the immovable property concerned will be brought to sale. A copy of the notice shall be sent to the decree-holder. The notice of attachment shall be published in the concerned village and society offices and also by beat to Tom-tom.

(e) Proclamation of sale shall be published by affixing a notice in the offices of the Registrar, the Tahsildar and of the society concerned, at least thirty days before the date fixed for the sale and also by the beat of Tom-tom in the village on 2 consecutive days previous to the date of sale and on the date 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 defaulter. It shall specify the date, 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.

(f) When any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree-holder shall when the amount for the realization of which the sale is held exceeds Rs. 100 furnish to the sale officer within such time as may be fixed by him or the Registrar an encumbrance certificate from the Registration Department for a 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 clause (3) of rule 80 prior to the date of application for execution. The time for production of encumbrance certificate may be extended at the discretion of sale officer or Registrar. 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 Registrar or 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 (e) shall be made, unless the defaulter expresses his consent in writing to waive it. The sale shall be held after expiry of

not less than 30 days calculated from the date on which notice of the proclamation was affixed in the office of the Registrar, Taluk Office and the society office whichever is later. The time and place of sale shall be fixed by the Registrar and 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 Registrar:

Provided that in case where an encumbrance certificate is not obtainable owing to the destruction of the connected records, an affidavit from the village officer 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.

(g) A sum of money equal to 15% of the price of the immovable property shall be deposited by the purchaser with 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 (k) the sale officer shall dispense with the requirements of this clause.

(h) The remainder of the purchase money and the amount required for the general stamp for the certificate under sub-rule (5) of R.83 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 reason, be extended at the discretion of the Registrar upto thirty days from the date of sale:

Provided further that in calculating the amount to be paid under this rule, the purchaser shall have the advantage of any set off to which he may be entitled under clause (k).

(i) In default of payment within the period mentioned in clause (h) the deposit may, If the Registrar 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.

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

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

(l) Where prior to the date fixed for a sale, the defaulter or any person acting on his behalf or any person claiming an interest in the property sought to be sold tenders, payment of the full amount due together with interest, 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 orders of attachment, if any, in force.

82. Application to set aside sale on deposit :-

(1) Where immovable property has been sold by the sale officer, 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 Registrar;-

(a) for payment to the purchaser, a sum equal to 5% of the purchase money, and

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

(2) If such deposit and application are made within thirty days from the date of sale, the Registrar shall pass an order setting aside the sale and shall repay to the purchaser the purchase money so far as it has been deposited, together with the 5 per cent deposited by the applicant:

Provided that if more persons than one have made deposit and application under this rule, the application of the first depositor to the officer authorized to set aside the sale shall be accepted.

(3) If a person applies under Rule 83 to set aside the sale of immovable property, he shall not be entitled to make an application under this rule.

83. Application to set aside sale on ground of irregularity or fraud :-

(1) At any time, within thirty days from the date of sale of immovable property, the decree-holder or any person entitled to share in a ratable distribution of the assets or whose interests are affected by the sale, may apply to the Registrar 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 aforesaid unless the Registrar is satisfied that the applicant has sustained substantial injury by reason of such irregularity, mistake or fraud.

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

(3) On the expiration of thirty days from the date of sale, if no application to have the sale set aside is made or if such application has been made and rejected, Registrar 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 which has been made or on ground other than those alleged in any application which has been made and rejected, he may, after recording his reason in writing set aside the sale.

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

(5) After the confirmation of any such sale, the Registrar shall grant a certificate of sale bearing his seal signature to the purchaser. Such certificate shall state the property sold and the name of the purchaser and it shall be conclusive evidence of the fact of the purchase in all courts and Tribunals, where it may be necessary to prove it and no proof of the seal or signature of the Registrar shall be necessary unless the authority before whom it is produced shall have reason to doubt its genuineness. But such certificate shall be registered under the Registration Act for the time being in force, at the cost of the parties to whom they are issued.

(6) An order made under this rule shall subject only to the provision of Section 83 be final and shall not be liable to be questioned in any suit or other legal proceedings.

84. Delivery of possession :-

Where any lawful purchaser of immovable property is resisted and prevented by any person other than a person, (not being the defaulter) claiming in good faith to be in possession of the property on his own account, from obtaining possession of the immovable property purchased, any court of competent jurisdiction, on application and production of the certificate of sale referred to in sub-rule (5) of R. 83 above, shall cause the proper process to be issued for the purposes of putting such purchaser in possession in the same manner as if the immovable property purchased had been

decreed to the purchaser by a decision of the court.

85. Sale of immovable property to be proportionate to the amount due :-

It shall be lawful for the sale officer to sell the whole or any portion of the immovable property of defaulter in discharge of money due: Provided that so far as may be practicable no larger section of immovable property shall be sold than may be sufficient to discharge the amount due with interest and expenses of attachment, if any and sale.

86. Private alienation of property after attachment to be void :-

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

Explanation:- For the purpose of this claims enforceable under the attachment include claims for the rateable distribution of assets under rule 92.

87. Process servers to be paid batta :-

Persons employed in serving notices or in other process under these rules shall be entitled to batta at such rates as may from time to time be fixed by the Registrar, subject to a maximum of five rupees a day.

88. Batta, Interest and other charges recoverable from the proceeds :-

Where the cost and charges incurred in connection with attachment and sale or sale of movable property, or the attachment and sale or sale without attachment of immovable property under these rule exceed the amount of the cost deposited by the decree holder under rule 74 such excess shall be deducted from the sale proceeds of the property sold or the moneys paid by the defaulter as the case may be, and the balance shall be made available to the decree holder.

89. Receipts for payment of amount due :-

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

90. Investigation of claims and objections to attachment of property :-

(i) 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 such claims or objections and dispose of it on merits:

Provided that no such investigation shall be made when the sale officer considers that the claim or objection is frivolous.

(ii) Where the property to which the claim or objection related has been advertised for sale, the sale officer may adjourn the sale pending the decision on the objection petition.

(iii) 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 orders shall be conclusive.

(iv) Any deficiency of price which may happen on a resale held under clause (xii) of rule 76 or clause (g) or (j) of Rule 81 by reason of the purchasers default, all expenses attending such resale shall be certified by the sale officer to the Registrar and shall at the instance of either the decree holder or the defaulter be recoverable from the defaulting purchaser under the provisions of these rules. The costs, if any, incidental to such recovery shall also be borne by the defaulting purchaser.

(v) Where the property may on the second sale, fetch higher price than at the first sale, the defaulting purchaser at the first sale shall have no claim to the difference or increase.

91. Termination of attachment :-

Where any property has been attached in execution of a decree but by reason of the decree holders defaults, the Registrar is unable to proceed further with the application for execution, he shall either

dismiss the application or for any sufficient reasons adjourn the proceedings to a future date. Upon the dismissal of such application, the attachment shall cease.

92. Attachment in execution of decree of several courts and rateable distribution of assets :-

(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 realize such property and shall determine claims thereto and any objection 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 realize such property and shall determine any 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 notice in pursuance of applications for execution of decrees against the same defaulter have been received from more than one decree-holder and the decree holders have not obtained satisfaction, the assets after deducting the costs of realization, 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 (Central Act V of 1908).

93. Attachment before Judgment :-

(1) Every attachment of property under section 78 of the Act shall be made in the same manner as provided in the rules in Chapter XI of these Rules.

(2) Where a claim is preferred to the property attached under sub-rule (1) such claim shall be investigated in the manner and by the authority specified in rule 92 (Rule 90).

(3) A direction made for the attachment of any property under sub-rule (1) may be withdrawn by the Registrar:-

(a) When the party concerned furnishes the security required together with security for the costs of the attachment; or

(b) When the liquidator determines under clause (b) of sub-section (2) of Section 73 that no contribution is payable by the party concerned; or

(c) When the Registrar passes an order under sub-section (2) of Section 68 that the party concerned need not repay or restore any money or property or contribute any sum to assets of the society by way of compensation; or

(d) When the dispute referred to in sub-section (1) of section 69 of the Act has been decided against the party at whose instance the attachment was made.

(4) Any 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 the 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.

94. Procedure for Recovery of sums due to Government :-

Sums due to Government from a society or from an officer or member or past member of a society shall be recovered by the Revenue authorities on receipt of an application to that effect from the Registrar in the manner provided for recovery of arrears of land revenue. This application shall be accompanied by a certificate referred to in sub-section (1) of Section 79. The certificate referred to in section 79 shall be in Form No. 13 issued under the name and signature of the Registrar and shall bear the date and seal of his office.

1. Substituted by SRO. 1317/90 published in K.G.Ex.No.914 dt. 26-9-90.

CHAPTER 12 APPEALS, REVISION AND REVIEW

95. Headquarters etc., of the Tribunal :-

(1) The Tribunal appointed under section 81 shall be called. The Kerala Co-operative Tribunal" and its headquarters shall be at Trivandrum.

(2) The Tribunal shall hold its sittings at Headquarters and such other places as may be notified by the Tribunal from time to time.

(3) The staff of the Tribunal shall consist of-

- (a) An Officer of the Co-operative Department as Secretary.
- (b) Such other staff as may be fixed by Government from time to time.
- (4) The office of the Tribunal shall be open from 10.15 a.m. to 5.15 p.m. on all days except on Sundays and other Public Holidays.

96. Custody of Records etc. of the Tribunal :-

(1) The Secretary shall have the custody of the records of the Tribunal and shall exercise such powers as are assigned to him by these rules.

(2) The official seal to be used in the Tribunal shall be such as the Tribunal may from time to time direct, and shall be kept in the safe custody of the Secretary.

(1) Subject to any general or special direction given by the Tribunal the seal of the Tribunal shall not be used save under the authority in writing of the Secretary.

(2) The Secretary shall keep separate lists of cases filed from the area of jurisdiction of each Deputy Registrar (General) in the order of registration showing the number and year of the case and the name of the parties under different headings for each class of cases. At the commencement of each half of a calendar year he shall prepare a list of such cases ready for hearing called "the ready list" of the area of jurisdiction of a Deputy Registrar and forward a copy of the same to the concerned Deputy Registrar (General) for publication on the Notice Board of the Deputy Registrar (General).

(3) The Secretary shall, in consultation with the Tribunal, prepare at the end of each month a list of cases to be heard under different classes in the next month at each of the sitting places with dates of hearing and forward the same to the concerned Deputy Registrars for publication on the Notice Boards of the said Deputy Registrars not less than Seven days prior to the date of beginning of the first session of the sitting in that month. The cases listed for hearing in the monthly list shall subject to any special direction that may be given by the Tribunal, be in the order of registration.

97. In addition to the powers conferred by other rules, the Secretary shall have the following duties and powers subject to the general control of the Tribunal, namely :-

(i) to require any petition of appeal application for review or other proceedings presented to the Tribunal to be amended in accordance with the practice and procedure of the Tribunal or to be

represented after such requisition as the Secretary is empowered to make in relation thereto has been complied with;

(ii) to publish the date of hearing of appeals, application or other proceedings and issue notice thereof;

(iii) to grant leave, to inspect and search the records of the Tribunal and order the grant of copies of documents to parties to proceedings.

98. Form of appeals and application :-

(1) (a) Every appeal Memorandum to the Tribunal under subsection(1) of section 82 shall be in Form No, 15 of Appendix II of these rules and be verified in the manner specified therein.

(b) It shall be in duplicate and be accompanied by the following: -

(i) Two copies (one of which shall be a certified or authenticated copy of the original of the order, decision or award appealed against bearing court fee stamps of Rs. 1.50).

(ii) By such number or additional copies of appeal memorandum and its enclosures as there are respondents; and

(iii) Treasury receipt evidencing the payment of the fees prescribed under rule 123.

(2) (a) Every application for review under section 85, by the Tribunal shall be in Form No. 16 of Appendix II of these rules and be verified in the manner specified therein.

(b) It shall be duplicate and be accompanied by the following: -

(i) Two copies (of which one shall be the original or authenticated copy of the original order, decision or award appealed against bearing court fee stamp of Rs. 1.50).

(ii) Such number of additional copies of the order of the Tribunal as there are counter petitioners; and

(iii) Treasury receipt evidencing the payment of the fees prescribed under rule 123.

(3) All memoranda of appeals, applications for review, affidavits and other proceedings shall be written in blue black ink or type written or printed fairly and legibly in Malayalam or in English on substantial white foolscap folio paper with an outer margin about 4 cms. wide inner margin about 1.5 cms. wide and shall be stitched together book-wise.

(4) All principal applications other than memoranda of appeal and application for review shall be headed with a cause title in Form No. 17 of Appendix II of these rules. Every such application shall also contain immediately after the cause title, a brief statements of its

contents and the provision of law under which it is made.

(5) The full name, residential address, and description of each party and if a party applies or responds in a representative character, that fact also shall be set out at the beginning of the appeal memorandum and other principal application and the same need not be repeated in the subsequent proceedings in the same appeal or application. The description shall include the surname and such other particulars as may be necessary to identify the persons. Provided that the Arbitrator or such other person who passes the award or make the decision shall not be a necessary party for such appeal or revision preferred to the Tribunal from his award or decision.

(6) Every appeal memorandum and other principal application shall at the foot thereof, contain a list of the documents filed therewith and it shall be signed by the party or his Pleader or agent or a statement signed as aforesaid to the effect that no document is filed therewith.

(7) Signing:- All papers filed before the Tribunal by party or Pleader shall be signed by the person filing the papers with his signature above his name superscribed and shall contain the date of signing and presentation.

(8) Docketing:- All proceedings before the Tribunal shall docketed on the reverse of the final sheet endorsing the name of the Tribunal, the number and year of the proceedings of which they relate, the relief sought, the fee paid or payable, if any, the name of the person who produces the same and the date of production.

(9) Interlocutory application.

(a) Interlocutory application shall be headed with the cases title of the Proceedings in Form No. 18.

(b) Interlocutory applications shall state only the order prayed for and shall not contain any statement of facts or argumentative matter.

(c) Unless the Tribunal otherwise orders, notice of all interlocutory applications shall given to the other parties in the proceedings.

(d) Facts required to be proved in interlocutory proceedings shall unless otherwise provided or ordered be proved by affidavit.

(10) Form etc., of affidavit:- Every affidavit filed before the Tribunal shall be drawn up and authenticated in the manner prescribed by the Civil Rules of Practice for the time being in force.

99. Presentation of appeals and application :-

(1) Every appeal or application shall be presented in person by the appellant or applicant as the case may be or by his Pleader or duly authorized agent to the Secretary during office hours at the Headquarters, or to the Tribunal at any sitting place outside the Headquarters or shall be sent by registered post to the Headquarters in the name of the Secretary to the Co-operative Tribunal, Trivandrum. A memorandum of appeal or application or other documents sent by registered post shall be deemed to have been presented before the Tribunal on the day on which it is received at the Headquarters of the Tribunal.

(2) Where an appeal or applications is signed and presented by an agent or Pleader it shall be accompanied by a letter of authority or Vakkalath, appointing him as such and duly signed by the appellant or the applicant, as the case may be.

(3) No appeal or application shall be accepted by the Secretary, unless it conforms to the provisions of sub-rule (2) and of the provisions in Rule 98.

100. Registration of appeals and applications :-

(1) On receipt of any appeal or application, the Secretary shall endorse on it the date of its receipt. The Secretary shall as soon as possible examine:-

(a) whether the person presenting it has authority to do so;

(b) whether it is made within the period of limitation (if any) laid down in the Act; and

(c) whether it conforms to the provisions of the Act and these rules.

(2) If the Secretary is satisfied that the appeal or application is in order he shall cause the appeal or application to be registered in the appropriate register maintained under Rule 101.

(3) If the Secretary finds, that the appeal or application presented to him does not conform to any of the provisions in the Act and these rules, he shall make a note on the appeal or application to the effect and call upon the party concerned or his agent or Pleader by a notice in Form No. 19 of Appendix II to cure the defects within a reasonable period to be specified by him or where the appeal or application has not prima facie been made within the period of limitation to show cause why it should not be rejected as time barred. The Secretary may for sufficient cause extend the period for the purpose of curing the defects or showing cause as aforesaid provided that if extension of more than 15 days is sought, the Secretary shall place the matter before the Tribunal and obtain

orders on that behalf.

(4) If the defect is cured or sufficient cause is shown to the satisfaction of the Secretary as required in the notice aforesaid the Secretary shall cause it to be registered in the appropriate register.

(5) If the defect is not cured or if sufficient cause is not shown to the satisfaction of the Secretary, he shall under order of the Tribunal fix a date for hearing of which due notice in Form No. 20 of Appendix II shall be given to the party concerned or his agent or Pleader.

(6) On the date so fixed, the Tribunal shall hear the party or his agent or Pleader and pass suitable orders either rejecting the appeal/application, or directing it to be registered.

(7) When an appeal/application has ordered to be registered under sub-rule (6) the Secretary shall see that it is registered as soon as practicable and in any case not later than seven days from the date of the said order.

101. Maintenance of Registers :-

The Secretary shall maintain separate registers for each sitting place for-

(a) Appeals in Form No.21 of Appendix II

(b) Application for review in Form No. 22 of Appendix II

(c) Application for revision in Form No. 23 of Appendix II

(d) Application for restoration in Form No. 24 of Appendix II

(e) Application for Miscellaneous matters in Form No.25 of Appendix II

(f) Unregistered appeals and application in Form No.26 of Appendix II.

102. Intimation to Registrar of Co-operative Societies as to the Registration or appeal or application :-

When an appeal or application has been registered under rule 100, the Secretary shall as soon as may be, send an intimation thereof in Form No.27 of Appendix II to the Registrar of Cooperative Societies or other officer concerned calling for the records and proceedings relating to such appeal or application unless the papers are already in the office of the Tribunal.

103. Admission :-

(1) On receipt of the records and proceedings relating to the appeal

or application the Tribunal shall go through the relevant records and if he is of opinion that there is substance in the appeal or application he shall admit it.

(2) If the Tribunal is of opinion, that there is no substance in the appeal or application he may direct that it be placed before the Tribunal for preliminary hearing on a date to be fixed by him.

(3) Where the Tribunal fixes a date for preliminary hearing under sub-rule(2), the Secretary shall give a notice thereof to the appellant or the applicant, as the case may be or his agent or pleader in Form No.28 of Appendix II.

(4) Where in any case the Tribunal is of the opinion, that it is not necessary to go through any record or proceedings pertaining to an appeal or application he may admit it.

104. Death of the party :-

(1) If any party to a proceeding dies before the conclusion of the final hearing of the same the Tribunal shall adjourn further proceedings to enable the impleading of the legal representatives of the deceased. If the application for the impleading is not made within 90 days of the date of death of the party, the proceedings shall abate as regards the deceased. The application for impleading may be either by the party interested in getting final orders passed on the proceedings or by any legal representative of the deceased even though not so interested.

(2) There shall be no abatement by reason of the death of any party between the conclusion of the final hearing and the passing of the order, but the order may in such cases be passed notwithstanding the death of the party and shall have the same force and effect as if it had been passed before the death took place.

105. Determination of the legal representatives :-

If a question arises in any proceedings as to whether a person is or is not legal representative of a deceased party, the Tribunal may determine the question summarily after taking such evidence as it deems necessary, or direct the person asserting to be the legal representative to produce an order of a competent court to establish his assertion and adjourn the proceedings for the purpose.

106. Abatement :-

(1) Where pending proceedings abate, no fresh proceedings shall

be started on the same cause of action.

(2) Any person bound to apply for impleading legal representative of a deceased party may apply within 60 days from the date of abatement for an order to set aside the abatement and if it is proved that he was prevented by any sufficient cause from continuing the proceedings the Tribunal shall set aside the abatement.

(3) The provisions of section 5 of the Limitation Act, 1963 shall apply to applications under sub-rule (2).

107. Failure to pay fees :-

Where the whole or any part of any fee provided for any document by any law for the time being in force has not been paid the Tribunal may in its discretion at any stage, allow the person by whom such fee is payable to pay the whole or part, as the case may be of such fee and upon such payment the document in respect of which the fee is payable shall have the same force and effect, as if such fee had been paid in the first instance.

108. Procedure for cross objection :-

Provisions relating to an appeal/application shall apply mutatis mutandis to cross objections also except that it shall not be necessary to assign a separate serial number to it.

109. Notice of Parties to appear before the Tribunal :-

(1) After an appeal or application is admitted, the Tribunal shall set a date for hearing and thereupon the Secretary shall send a notice in Form No. 29 of Appendix II to the parties concerned calling upon them to appear before the Tribunal on the date specified in the notice.

(2) The notice shall also state that if the party concerned does not appear either in person or through his pleader or authorized agent on the date specified in the notice or on any subsequent date on which the hearing may be adjourned, the Tribunal shall hear and decide the appeal or application as the case may be, ex-parte.

(3) In the case of notice to the respondent, a copy each of the appeal or application, as the case may be with exhibits thereon shall also be sent along with the notice.

110. Service of notice etc :-

All processes, notices or summons directed to be given to any person shall be in writing under the signature of the Secretary of the Tribunal with seal affixed thereto and shall be served in the manner provided in the Code of Civil Procedure for the issue of a notice of summons under that code by a Civil Court. Every process sent by post shall be registered prepaid for acknowledgement. An acknowledgement containing the signature of the persons served or an endorsement by postal authorities to the effect that the notice or summons was refused shall unless the contrary is proved, be deemed to be sufficient to hold that the notice or summons was duly served.

111. Adjournment of hearing :-

(1) On the date fixed for hearing or on any other date to which the hearing may be adjourned, if it is found that notice to any party has not been served, fresh notice shall be ordered and the hearing of the case shall be adjourned to a convenient date.

(2) If there is no sitting on the date fixed for hearing or if that day happens to be a holiday the case or cases posted to that day shall be adjourned to a definite date by the Secretary on the next date or sitting and the adjourned date or dates shall be notified in the notice board of the sitting place over the signature of the Secretary.

(3) The Tribunal may either suo motu or on the application of any party and at any stage, adjourn the hearing of any proceedings to a definite date.

(4) Every adjournment granted at a sitting shall be announced forthwith and any adjournment otherwise granted by the Tribunal shall be notified in the notice board of the sitting place over the signature of the Secretary.

112. Advancement of Hearing :-

The date fixed for hearing may be advanced by the Tribunal either suo motu or on the application of any party, notice of such application shall be given to the opposite party before the application is heard and if the hearing is advanced to any other date that date shall be announced at that sitting itself.

113. Hearing :-

(1) Where on the date fixed for hearing or on any other date to

which the hearing may be adjourned, any party does not appear when the proceedings is called on for hearing, the Tribunal may dispose of the proceedings ex-parte.

(2) On the date fixed for hearing or on any other date to which the hearing may be adjourned, the appellant or applicant shall ordinarily be heard first in support of the appeal or application. The respondent, if necessary, shall be heard next and in such a case the party beginning shall be entitled to reply.

114. Restoration of appeals and applications :-

(1) Where a principal application is disposed of ex-parte any absentee party, if aggrieved, may apply to the Tribunal, within 30 days from the date of communication of the order, for restoring such proceedings to the file and where it is shown to the satisfaction of the Tribunal that he was prevented by sufficient cause from appearing when the proceeding was called on for hearing, the Tribunal shall restore the same and proceed with it. Provided that where the other party had appeared at the hearing such party shall be given notice and an opportunity of being heard before the order for restoration of the appeal or application is made.

(2) The provisions of these rules relating to appeals or applications shall mutatis mutandis apply to application of restoration.

115. Fresh evidence in appeal :-

(1) The parties to an appeal shall not be entitled to produce additional evidence, whether oral or documentary, in the Tribunal but if-

(a) the authority, from whose order the appeal is preferred has refused to admit evidence which ought to have been admitted;

(b) the party seeking to adduce additional evidence satisfies the Tribunal that such evidence, notwithstanding the exercise of due diligence, was not within his knowledge or could not be produced by him at or before the time the order under appeal was passed; or

(c) The Tribunal requires any document to be produced or any witness to be examined to enable it to decide the case for any other substantial cause, the Tribunal may allow such evidence or document to be produced or witness to be examined.

(2) No order for admission of additional evidence shall be passed on the application of any party without affording an opportunity to the opposite party to be heard in the matter.

- (3) Where additional evidence is allowed or directed to be produced, the Tribunal shall record the reasons for its admission and shall specify the points to which the evidence is to be confined.
- (4) When either party produces additional evidence the opposite party shall be entitled to produce rebutting evidence.
- (5) Wherever additional evidence is allowed to be produced the Tribunal may either take such evidence or direct any officer of the Tribunal to take such evidence in the presence of the parties. The party calling a witness shall examine him in chief and the opposite party may cross examine him, in which case the party calling may examine the witness in re.
- (6) The documents proved in appeal shall be exhibited marking P series for the appellant and R series for the respondent and the witnesses examined shall be separately numbered serially, designating PW and RW respectively.
- (7) The evidence of every witness examined before the Tribunal shall be taken down in writing by or in the presence and under the personal direction and superintendence of the Tribunal.

116. Order of the Tribunal :-

- (1) After the final hearing of every proceedings the Tribunal shall pass an order, whether immediately or on some subsequent date.
- (2) Every order shall be dated and signed by the Tribunal.
- (3) Every order of the Tribunal shall be in writing and shall bear the seal of the Tribunal.

117. Communication of order :-

The Secretary shall communicate in the same manner as a notice issued, the final orders on all appeals and other principal applications to the parties.

118. Returning of documents :-

All documents produced before the Tribunal for the hearing of any case shall be got back from the Secretary on application, by the party who produced them within three months from the date of communication of the Tribunal's final order and if not so taken back within the specified time, the Secretary shall not be responsible for any loss of or damage to the documents. The party taking them shall give, in writing an undertaking to the effect that such documents will be produced whenever required by the Tribunal.

119. Inspection of documents :-

- (1) Any party shall be at liberty to inspect any document recited or referred to in any proceedings and filed in the Tribunal therewith.
- (2) Every party desiring to inspect any proceedings filed in the Tribunal shall present a memorandum to the Secretary stating the proceedings of which inspection is required and inspection shall be allowed without the payment of any fee during the pendency of such proceedings.
- (3) If leave for inspection is granted, the inspection of the record shall be made in the presence of any officer specified by the Secretary and the fee for inspection except where inspection without payment is permitted shall be 75 paise for every hour or part of an hour during which the specified officer shall be engaged and shall be paid by court fee stamps affixed to the application.

120. Search of Records :-

On every application for search of documents search fee at the following rates shall be paid in court fee stamps,-

(i)	When the applicant state the year to which it belongs	Rs. 1.00
(ii)	When the applicant does not know the year to which it belongs:	
	(a) for the five year of search	Rs. 1.00
	(b) for every year in addition to the first year	Rs.0.50

B. When the document is more than ten years old-- Double the rates under A:

Provided that no such fee be paid by the party to the proceedings where the application for search is made in a proceeding which is pending disposal on the date of application.

Provided further that not such fee need be paid by a party to the proceedings, in the case of an application for a copy of an order passed within one year prior to the date of application.

Explanation:- For the purposes of this rule only one search fee need be paid for all documents forming party of the record in the same proceedings and the document shall be deemed to be of the date of the proceedings of which it forms part of the records.

121. Certified copies :-

- (1) Any person entitled to obtain a copy of any proceedings or document filed in or kept in the custody of the Secretary may present an application thereof to the Secretary in Form 30. Any person who is not a party to an appeal may on application be granted a copy of the final order of the Tribunal subject to the payment of copying fees in accordance with sub-rule (3).

(2) Copies of the minutes or notes of the Tribunal or other confidential papers shall not be granted.

(3) Along with every application for copies, copying stamp papers necessary for preparing the copies at the prescribed rate shall be supplied.

Note:- Each statement, account, report, petition, order or the like should be treated, as a separate document and should be written on separate copying stamp paper.

(4) Copies must be transcribed only on the front page of every stamp paper.

(5) All copies furnished by the Secretary shall be certified to be true copies and shall be sealed with the seal of the Tribunal.

(6) Every copy shall bear an endorsement showing the following particulars and be initialed by the person preparing the copy:-

(a) the year and the number of the proceeding;

(b) the name of the Tribunal;

(c) the name of the applicant;

(d) the number and date of application;

(e) the date of calling for additional stamp paper, if any;

(f) date of production of additional stamp papers;

(g) date for appearance to receive the copy; and

(h) date of delivery of copy.

(7) The Secretary shall grant copies of all documents applied for except where he feels any doubt about the propriety of granting a copy of document, in which case, he shall obtain and follow the directions of the Tribunal.

122. Application of Code of Procedure, etc :-

(1) Save otherwise provide by the Act and the rules, the provisions of the Code of Civil Procedure, 1908 and the Civil Rules of Practice for the time being in force shall, wherever necessary with suitable variations, govern:-

(i) The form of and the procedure relating to all applications, statements, memos and other records made to or filed in the Tribunal;

(ii) Any other cognate or ancillary matter arising for consideration of disposal by the Tribunal.

(2) If any difficulty arises in giving effect to the procedure laid down in these rules, the Tribunal may as occasion may require do anything which appears to be necessary for the purpose of removing the difficulty.

123. Fees for appeals :-

²[(1) In appeals and or applications before the Tribunal the fees at the following rates shall be paid by the appellants or the applicants as the case may be:-

A An appeal under section 82:

(a) Monetary disputes:-2% of the amount involved subject to a minimum of Rs. 50 and maximum of Rs.500

(b) Non-monetary disputes;

(i) Disputes relating to any matter of an election to the Committee of the Society: Rs. 500

(ii) other disputes: Rs. 100

B An application for review under section 85: Rs.50

Note:- The fees shall be paid in advance in the nearest Government Treasury].

(2) In any application filed by the Registrar before the Tribunal including applications under S. 85, it shall not be necessary for the payment of any fee specified in these rules.

124. Presentation and disposal of appeals and revision, before other authorities :-

(1) An appeal under sub-section (2) of S. 83 or an application for revision under sub section (2) of S. 87 of the Act shall be presented by the appellant or by his duly appointed agent, either in person during office hours or sent by registered post, to the appellate or revising authority.

(2) When such an appeal or application for revision is represented by an agent, it shall be accompanied by a letter of authority of the appellant appointing him as such.

(3) Every appeal or application for revision shall be accompanied by the original or a certified copy of the order appealed against or sought to be revised and such number of copies of the petition as there are respondents.

(4) The appeal/application for revision shall be in the form of a memorandum and shall:

(a) Specify the name and address of the appellant/applicant and also the name and address of the respondent or respondents.

(b) State by whom the order appealed against or sought to be revised was made.

(c) Set forth concisely and under distinct heads, the grounds of objection to the order appealed against or sought to be revised

together with a memorandum of evidence.

(d) State precisely the relief which the appellant or applicant claims; and

(e) Give the date of the order appealed against or sought to be revised.

(5) Immediately on receipt of the appeal or application for revision the appellate or revising authority shall as soon as possible, examine the papers filed and ensure that:

(a) the person presenting the appeal or the application has the locus standi to do so.

(b) it is made within the prescribed time limit.

(c) and it conforms to all the provisions of the Act and these Rules.

(6) The appellate or revising authority may call upon the appellant or the applicant for revision to remedy the defects, if any, or furnish such additional information, as may be necessary, within a period of fifteen days of the receipt of the notice to do so. If the appellant or the applicant for revision fails to remedy to the defects or furnish the additional information called for, within the said period, the appeal or the revision petition may be dismissed.

(7) The revising authority may before passing orders obtain from any subordinate officer such further information in regard to the enquiry or the proceedings for the purpose of verifying the regularity of such proceedings or the correctness, legality or propriety of any decision passed or order made therein. The revising authority may also call for and obtain from the parties connected with such enquiry or proceedings such information as is necessary with reference to the examination of the records of enquiry or proceedings.

(8) The appellate or revising authority shall on the basis of the enquiry conducted and with reference to the records examined pass such order on the appeal or on the application for revision as may seem just and reasonable.

(9) An appeal filed under sub-section (1) (c) of S. 83 shall be disposed of by the appellate authority within a period of 2 months.

124A. Fees for appeals and applications for revision before the Government or Registrar :-

³[124A. Fees for appeals and applications for revision before the Government or Registrar.--

(1) In appeals or applications before the Government or the Registrar under S. 83 of the Act the appellants or the applicants, as

the case may be, shall pay Rs. 100 as fees.

(2) Every application to the Registrar or the Government for the exercise of the powers under S. 87 of the Act shall be accompanied by a chalan receipt for the remittance of Rs. 50 as fees for such application.

Note:- The fees shall be paid in advance into the nearest Government Treasury. All appeals and applications presented under Ss. 83 and 87 of the Kerala Co-operative Societies Act, 1969 shall also bear Court Fee Stamps as required under the Kerala Court Fees and Suits Valuation Act, 1959 (10 of 1960)].

125. Communication of Decision in Appeals or Revision :-

Every decision or order of the appellate or revising authority under subsection(2) of S. 83 or sub-section (1) of S. 87, as the case may be shall be in writing and it shall be communicated to the appellant or applicant as the case may be and to such other parties as in the opinion of that authority, are likely to be affected by the decision or order and to the officer concerned against whose order the appeal or application for revision was preferred.]

CHAPTER 13 CO-OPERATIVE UNIONS

126. Constitution of circles :-

There shall be such number of circles extending over such area as may be notified in the Gazette by Government in this behalf.

127. Circle co-operative union :-

The office of a circle co-operative union shall be housed in the Office of the Assistant Registrar of Co-operative Societies (General) of the Circle. A circle co-operative union shall have a seal of its own.

128. Eligibility to vote in the election :-

(1) For the election of members under clause (a) of sub-section (2) of section 88, the members of the committees of all the societies within the circle shall elect 8 members from among themselves as specified under the said clause.

(2) The Board of Directors of the District Co-operative Bank shall elect one of its Directors to the circle co-operative union and intimate the name to the Assistant Registrar of Co-operative

Societies (Audit) of the circle within such time as may be notified by him, for the purpose.

(3) The representatives of the employees referred to in clause (b) of subsection (2) of section 88 shall be elected from among the full time paid employees of all co-operative societies within the circle as registered with the Assistant Registrar (Audit in a register to be maintained for the purpose.

Explanation.--In the case of Apex, Central and other societies having branches in more than one circle, only the employees of those branches located within the limit of the circle will be eligible to register their names and to vote in the circle in which the branch office is situated.

129. Election of members of circle co-operative union :-

The election of members of a circle co-operative union shall be conducted in the manner specified below:-

(a) The Assistant Registrar of Co-operative Societies (Audit) having jurisdiction over a circle shall be the Returning Officer for the conduct of election of members to that circle co-operative union.

(b) A circle co-operative union in office shall meet at least 60 days in advance of the date of expiration of the term of existing members and pass a resolution fixing the date, time and place for the conduct of election of the members of that circle co-operative union and a copy of the resolution shall be sent to the Registrar of Co-operative Societies and to the Returning Officer by registered post within one week from the date of resolution for further action.

(c) On receipt of a copy of the resolution under clause (b), the Returning Officer shall immediately require by notice the committees of the societies referred to in items (i) to (v) of clause (a) of section 88 within the circle, to furnish within 15 days from the date of notice, lists of members of the committees of such societies as also of the full time employees of those societies as on the date 60 days prior to the date fixed for the poll. The Returning Officer shall also require in writing the District Co-operative Bank having jurisdiction over the circle to furnish the name of their representative mentioned in clause (c) of sub-section (2) of section 88 as also of its full time employees as on the date 60 days prior to the date fixed for the poll within the said time limit. The Returning Officer shall register the names received in a register maintained for the purpose.

Explanation. - A society having area of operation in more than one

circle shall be deemed to be a society within the circle in which the head office of that society is situated.

(d) Members of the societies referred to items (i) to (v) of clause (a) of subsection (2) of section 88 shall constitute separate constituencies for the election of members under the respective items and the total number of members under the said items shall be the constituency for the election of members under items (vi) and (vii) of the said clause. Employees under items (i) and (ii) of clause (b) of sub-section (2) of the said section shall constitute separate constituencies for the election of their representatives under those items. The Returning Officer shall prepare separate lists of members eligible to vote to the constituencies and publish the same on the notice board of the circle cooperative union not less than 30 days prior to the date of election inviting objections, if any, to be filed within 3 days of publication. After considering the objections, if any, the Returning Officer shall publish the final lists of the members of the societies and employees eligible to vote, on the notice board of the circle co-operative union, not less than 25 days prior to the date of election. One copy of the final list shall be handed over to the Secretary, circle co-operative union for further action. The circle co-operative union shall arrange to make available, copies of the final lists for sale to any person included in the lists on payment of such fee as may be fixed by the circle cooperative union.

(e) (1) The Returning Officer shall give intimation of the election to the respective societies under certificate of posting for publishing the same on the notice board of the societies and also for circulation among voters of such societies. A copy of the intimation shall also be affixed on the notice board of the circle cooperative union.

(2) The intimation of election issued by the Returning Officer shall contain the following particulars, namely:-

(i) the number of vacancies to be filled up by election;

(ii) the constituency to which election is to be held;

(iii) the date on which, the place at which, and hours between which nomination papers shall be filed by contesting candidates such date not being less than 10 days before the date fixed for the poll;

(iv) the date on which, the place at which and the hour at which nomination papers shall be scrutinized;

(v) the date on which, the place at which and hours between which polling, if necessary, will take place.

(3) The nomination of the candidates for election shall be made in Form No. 14A.

(4) (i) Every nomination paper shall be signed by two persons whose names are included in the list referred to in clause (d) above. One member shall sign the form as proposer and the other as seconder for the nomination. The nomination paper shall also contain a declaration signed by the candidate proposed for election to the effect that he is willing to stand for election. The proposer and the seconder shall be voters of the same constituency from which the candidate is proposed for election.

(ii) Every nomination paper shall be presented in person to the Returning Officer by the candidate himself or by his proposer or seconder.

(iii) The Returning Officer shall enter on the nomination paper the serial number and certify the date and hour at which the nomination paper is received by him and also immediately acknowledge the receipt of the nomination paper.

(iv) On the day following the day fixed for the receipt of nomination papers the Returning Officer shall take up scrutiny of the nomination papers. The candidate, his proposer and seconder may be allowed to be present at the time of scrutiny.

(v) The Returning Officer shall examine the nomination papers and shall decide all objections which may be made at the time to any nomination and may either on such objections or on his own motion after such summary enquiry, if any, as he thinks necessary, reject any nomination for valid reasons or accept the same:

Provided that the nomination of a candidate shall not be rejected merely on the ground of an incorrect description of his name or of the name of his, proposer or seconder, or of any other particulars relating to the candidate or of his proposer or seconder as entered in the list of members referred to in clause (d) if the identity of the candidate, proposer or seconder as the case may be, is established beyond reasonable doubt.

(vi) The Returning Officer shall give all reasonable facilities to the contesting candidates or their representatives to examine the nomination papers and satisfy that the inclusion of any contesting candidate is valid.

(vii) The Returning Officer shall endorse on each nomination paper his decision accepting or rejecting the same and if the nomination paper is rejected shall record in writing a brief statement of his reasons for such rejection.

(f) The list of valid nomination as finalized by the Returning Officer

shall be published on the notice board of the circle co-operative union on the same day on which the scrutiny of the nomination papers is completed.

(g) Any candidate may withdraw his candidature by notice in writing signed by him and delivered at any time after the presentation of his nomination paper before 5 p.m. on the day following the day on which the valid nominations are published by the Returning Officer either by such candidate in person or by his proposer or seconder. A notice of the withdrawal of candidature once given shall be final.

(h) If for any category (hereinafter referred to as constituency) for which election is to be held, the number of candidates in respect of whom valid nomination papers have been filed does not exceed the number of candidates to be elected to that constituency the candidates for whom valid nominations have been received shall be deemed to have been duly elected to that constituency.

(i) If the number of candidates for any constituency exceeds the number to be elected, the Returning officer shall arrange for taking a poll on the date fixed for the purpose. The Returning Officer shall arrange to open necessary polling booths and appoint the required number of polling officers.

(j) The Returning Officer shall provide the polling officer with ballot boxes, ballot papers, copies of the lists of voters and such other articles as may be necessary for the conduct of the election. The ballot box shall be so constructed that ballot papers can be introduced therein but cannot be taken out there from without the box being unlocked.

(k) A candidate contesting the election may by a letter addressed to the Returning Officer appoint an agent each to represent him at every booth where polling is held. The agent so appointed shall be a voter of that polling booth.

(l) Immediately before the commencement of the poll, the polling officers shall show the empty ballot box to such persons as may be present at the time and shall then lock it up and affix his seal upon it in such manner as to prevent its being opened without breaking the seal. The candidate or his agent may also affix his own seal, if he so desires.

(m) Separate ballot papers for each constituency containing the names of candidates, the seal of the union and the serial numbers shall be got printed or stencilled.

(n) Each polling booth shall contain a separate compartment in which the members can record their votes screened from

observation.

(o) No ballot paper shall be issued to a voter, unless the voter produces his identity card in Form No. 6A issued by the Chief Executive of the concerned society from which he is a voter and the polling officer is satisfied that the voter concerned is the same person as noted in the voters list furnished to him.

(p) On receiving the ballot paper, a voter shall forthwith proceed to the polling compartment, make the mark X or + on the ballot paper against the name or names of the candidate or candidates for whom he desires to vote and put the ballot paper in the ballot box with utmost secrecy.

(q) If owing to blindness or other physical infirmity or illiteracy a member is unable to mark the ballot paper, the polling officer shall ascertain from him the candidate or candidates in whose favor he desires to vote, make the mark on his behalf openly and put the ballot paper in the ballot box.

(r) The Returning Officer shall arrange for the collection of ballot boxes and other records from the different polling booths soon after termination of the polling.

130. Counting of votes :-

The counting of votes shall commence immediately after the polling is completed and the ballot boxes are collected at a common place. Votes shall be counted by or under the supervision of the Returning Officer. Each candidate and his authorized agent shall have a right to be present at the time of counting. In the case of equal division of votes the result shall be decided by lots to be drawn by the Returning Officer.

131. Rejection of ballot paper :-

(1) A ballot paper shall be rejected,-

(a) if it bears any mark by which the voter who voted can be identified; or

(b) if it does not bear the seal of the union; or

(c) if the mark indicating the vote thereon is placed in such manner as to make it doubtful to which candidate the vote has been cast; or

(d) if the voter has voted for more candidates than the number required to be elected.

(2) The authority competent to reject a ballot paper shall be the Returning Officer.

132. Announcement of results :-

(1) The number of votes secured by each candidate and the results of the election shall be announced by the Returning Officer as soon as the counting is over.

(2) The results of the election shall be recorded in the minutes book of the union by the Returning Officer.

133. Custody of ballot papers after voting :-

The Secretary of the union shall, take custody of the ballot papers and shall preserve them for three months from the date of the poll. The ballot papers and other records relating to the election shall be secured in a container which shall be affixed with the seal of the union and of the candidates who desire to affix their seals. They shall be destroyed after the said period of three months if no dispute relating to or in connection with that election is referred to the Registrar.

134. Postponement of election :-

If, for any reason it appears to the Returning Officer that the election or anything in connection with it, cannot be held or completed on the day as hereinbefore fixed he may postpone the same to other dates, from time to time, as he deems fit.

135. Disqualification to vote :-

A person shall be disqualified to vote at the election of the circle co-operative union:-

(a) if he is not a member of a managing committee of a society which he represents; or

(b) in the case of employees, if he is not a full time paid employee.

136. Disputes relating to election :-

(1) Any dispute relating to the election to the circle co-operative union shall be referred to the Registrar.

(2) The procedure prescribed for the disposal of reference under section 69 shall mutatis mutandis apply to the disposal of disputes under sub-rule (1).

(3) All applications and petitions to revise any order passed at any stage of the election to the circle co-operative unions shall be filed within 30 days from the date of the issue of the order sought to be

revised.

137. Resignation of member :-

A member may at any time resign his membership of the circle co-operative union. The resignation letter shall be sent to the Secretary of the union who shall cause the same to be placed before the next meeting of the union after 15 days from the date of the letter for acceptance unless the member withdraws the same within that time. The resignation shall take effect on its acceptance or on the expiry of 45 days from the date of the letter of resignation, whichever is earlier.

138. Filling up of interim vacancies :-

Interim vacancy of a member shall be filled up by election in the manner provided in these rules and the person so elected shall hold office for the remaining term of office of the person in whose place he was elected.

139. Functions of the circle co-operative union :-

The functions of a circle cooperative union shall be-

- (i) to organize, assist and generally develop co-operative societies within the circle;
- (ii) to carry on co-operative propaganda and to spread education on cooperative principles and practices according to the instructions of the Registrar and the State Co-operative Union;
- (iii) to offer views on matters relating to registration of societies, registration of amendments to the Bye-laws of societies, amalgamation and division of societies, supersession of committees, winding up of societies and other matters referred to it by the registrar;
- (iv) to settle all matters of common interest, to advise and assist the primary societies in the circle and to further their interests in every way.
- (v) to undertake any other functions or discharge such duties as may be entrusted to it by the Registrar or the State Co-operative Unions.

140. Funds :-

The funds of the circle co-operative unions shall consist of-

- (i) grants from the Co-operative Education Fund;

- (ii) grants from State Co-operative Union;
- (iii) grants from the State Government; and
- (iv) donations from other Co-operative Institutions.

141. Management of union :-

The management of the affairs of a circle cooperative union shall vest in the body constituted under section 88. The members of the circle co-operative union shall elect one of its members other than an ex-officio member to be its Chairman.

142. Meeting of the circle co-operative union :-

- (1) The members of a circle co-operative union shall meet at least once in every month.
- (2) The Secretary shall issue notice convening the meetings. At least three days notice shall be given for convening a meeting of the members of the union.
- (3) Eight members shall form the quorum for a meeting.
- (4) The Chairman and in his absence a member elected from among themselves by the members present shall preside over the meeting. All questions before the union shall be decided by a majority of votes. Should there be equality of votes, the chairman or the other person presiding shall have a casting vote.
- (5) All the decisions of the union shall be recorded in a minutes book and attested by the members present in the meeting.

143. Termination of membership :-

- (1) If a member absents himself from three consecutive meetings without permission he shall cease to be a member of the union. However, it shall be competent to the circle co-operative union to reinstate him if he gives satisfactory explanation for his absence.
- (2) A member of the committee of a society elected as a member of a circle co-operative union shall cease to hold that post if he ceases to be a member of the managing committee of the society which he represented.
- (3) An employee of a society shall not be eligible to be elected or continued to be a member of a circle co-operative union if he is not a full time paid employee.

144. Duties and powers of the office bearers :-

- (1) The Chairman of the union shall have general control over the

affairs of the union.

(2) The Secretary shall be responsible for the day-to-day working of the union and the staff of the union shall be under his control. He shall have custody of cash and assets and shall manage the funds of the union. It shall be his duty to cause proper accounts to be maintained and audited. He shall initiate action on all matters referred to the union and take further action subject to the decision of the union. He shall be the officer to sue and be sued on behalf of the union. He may also incur expenditure within the budget allotment.

(3) The services of the members of the union shall be gratuitous. However, the members, other than the ex-officio members, may be paid sitting fees and travelling allowance for attending the meeting of the union and for journey in connection with the business of the union at the rates prescribed by the Registrar.

144A. Removal of Chairman by non-confidence motion :-

(1) The Chairman of a Circle Co-operative Union may be removed from his office by a nonconfidence motion as follows:-

(i) Notice of non-confidence motion shall be signed by such number of members as shall constitute not less than one half of the total strength of the managing committee, together with a copy of the motion which is proposed to be moved shall be delivered to the Registrar, in person by any two member signing the notice.

(ii) Any officer of the Co-operative Department, authorised by the Registrar in this behalf, shall arrange for the consideration of the motion in a meeting of the managing committee to be held at the office of the Circle Co-operative Union on a date appointed by him, which shall not be later than thirty days from the date on which the copy of the motion referred to in clause (i) was delivered to the Registrar. The said officer shall give to the members, not less than fifteen clear days of notice of such meeting and of the time appointed thereof;

(iii) The officer authorised under clause (ii) shall preside over the meeting convened under this rule;

(iv) A meeting convened for the purpose of considering a motion under this rule shall not, for any reason be adjourned;

(v) No meeting under this rule shall be held if at the time appointed under the foregoing provisions or within half an hour from such time, such number of members as shall constitute one half of the total strength are not present;

- (vi) As soon as the meeting convened under this rule has commenced the officer presiding at the meeting shall read to it the motion for the consideration of which it has been convened and declare the motion to be open for debate;
- (vii) No debate on any motion under this rule shall be adjourned;
- (viii) The officer presiding over the meeting shall not speak on merits of the motion nor shall he be entitled to vote thereon but he shall regulate the proceedings of the meeting;
- (ix) A copy of the minutes of the meeting showing the result of the voting together with a copy of the motion shall, on the termination of the meeting, be forwarded to the Registrar forthwith by the officer presiding over the meeting;
- (x) If the motion is carried with the support of more than one half of the total strength of the managing committee and if the Chairman does not resign his office within two days after the passing of the motion, the Registrar shall, by notification in the Gazette, remove him from the office;
- (xi) If no meeting could be held for want of quorum as required under clause (v), or if the motion is not carried by such a majority as required under clause (x), no notice of any subsequent motion expressing want of confidence on the same Chairman shall be allowed until after the expiry of six months from the date of the meeting;
- (xii) No notice of motion under this rule shall be allowed within six months of assumption of office by the Chairman".

145. Budget :-

The union shall prepare the budget estimate and programme of activities for each year and forward one copy to the State Co-operative Union and another copy to the Registrar. The annual report on the working of the union together with a statement of accounts shall also be sent to the State Co-operative Union and the Registrar.

146. Duties of unions :-

- (1) The unions shall communicate its views on all matters referred to it by the Registrar within 15 days or within the time specified by the Registrar, in each case.
- (2) The members of the union shall elect a delegate from among themselves to the State Co-operative Union.

147. State Co-operative Union :-

- (1) The office of the State Co-operative Union shall be at Thiruvananthapuram.
- (2) The Union shall have a seal.
- (3) The Union shall undertake activities incidental or conducive to the furtherance of its objects specified in the Act.
- (4) The funds of the State Co-operative Union shall consist of-
 - (i) affiliation fees and annual renewal fees from societies;
 - (ii) allotments from the Co-operative Education Fund;
 - (iii) subsidies or grants from the Government;
 - (iv) amounts realized from publications;
 - (v) donations from societies and other sources.

148. Affiliation of co-operative societies :-

- (1) Application for affiliation under sub-section (1) or renewal under subsection (2) of section 90 shall be sent to the Secretary, State Cooperative Union, in Form No. 14 along with fee at the rate specified in sub-rule (2).
- (2) The affiliation fee and annual renewal fee payable by societies shall be at the following rates, namely:-

Paid up share capital of the society		Rate of fees
		Rs.
(1)	Rs.40 lakhs and above	500
(2)	Rs.20 lakhs and above but below Rs.40 lakhs	450
(3)	Rs.3 lakhs and above but below Rs.20 lakhs	400
(4)	Rs. 1 lakh and above but below Rs.3 lakhs	250
(5)	Rs.50,000 and above but below Rs. 1 lakh	150
(6)	Rs.25,000 and above but below Rs.50,000	100
(7)	Rs. 10,000 and above but below Rs.25,000	75
(8)	Rs. 5,000 and above but below Rs. 10,000	50
(9)	Below Rs.5,000	25

- (3) Application for renewal shall be sent at least one month before the date on which the affiliation ceases to be in force.

149. Election of delegates to the general body :-

The members of the circle cooperative unions and the Managing Committee members of the Apex Societies, District Co-operative Banks and the Central societies other than the District Co-operative

Banks shall from among themselves elect their delegates by a resolution passed at a meeting of the union or of the managing committee, as the case may be, convened for the purpose.

150. Settlement of disputes :-

(1) Any dispute relating to any matter in the constitution of the general body and managing committee of the State Co-operative Union shall be referred to the Government and the decision thereon shall be final.

(2) The procedure prescribed for the disposal of references under section 69 of the Act shall mutatis mutandis apply to the disposal of disputes, except that the authority to bear and dispose of the dispute shall be the Government.

(3) All applications and petitions to revise any order passed at any stage of constitution of the general body and the managing committee shall be filed within 30 days from the date of the order sought to be revised.

151. Procedure for conduct of election :-

(1) The managing Committee of the State Co-operative Union in office shall meet at least 60 days in advance of the date of expiration of its term and pass a resolution fixing the date, time and place for the conduct of the election of the new managing committee. A copy of the resolution shall be sent to the Registrar by registered post within one week from the date of resolution for further action.

(2) The Registrar may, on receipt of such resolution, appoint a Returning Officer and as many Assistance Returning Officers, as may be necessary, for the conduct of the election to the managing committee. The Returning Officer shall take necessary steps for the conduct of the election and the State Co-operative Union shall render all necessary help to the Returning Officer for the constitution of the new managing committee.

(3) The Secretary, State Co-operative Union, shall prepare a list of voters in respect of each category of members referred to in clauses (a) to (g) of sub-section (4) of section 89 (hereinafter referred to as constituency) as it stood on the date 30 days prior to the date fixed for the election and supply the same to the Returning Officer. The Returning Officer shall publish the copies of the lists on the notice board at the head office of the State Co-operative Union not less than 20 days prior to the date fixed for the election inviting

objections, if any, in the matter within three days of publication. The list shall specify the serial number, name of the delegate and the address of the institution which he represents and the district. A copy of the list shall be supplied to any voter included in that list on payment of such fee as may be specified by the State Co-operative Union. The Returning Officer shall hold the election after giving 10 days notice to the voters.

(4) The notice shall contain informations regarding-

- (a) the number of members to be elected;
- (b) the constituency to which elections is to be held;
- (c) the date on which, the place at which and the hours between which nomination papers shall be filed (such date being not less than seven clear days before the date fixed for the poll);
- (d) the date at which, the place at which and the hour at which, nomination papers shall be scrutinized;
- (e) the date on which, the place at which and the hours between which the polling if required will take place.

152. Nomination of candidate :-

(1) The nomination of a candidate shall be made in Form No. 14B.

(2) Every nomination paper shall be signed by two members whose names are included in the list of voters for that constituency. One member shall sign the form as proposer and the another as seconder for the nomination. The nomination paper shall also contain a declaration signed by the candidate proposed for the election to the effect that he is willing to stand for the election.

(3) Every nomination paper shall be presented in person to the Returning Officer by the candidate himself or by his proposer or seconder, before the date and hour specified in the notice.

(4) The Returning Officer shall enter on the nomination paper its serial number and certify the date and hour at which the nomination paper is received by him and also immediately acknowledge the receipt of the nomination paper.

(5) On the day following the date fixed for the receipt of nomination papers, the Returning Officer shall take up the scrutiny of the nomination papers. The candidate and his proposer and seconder may be allowed to be present at the time of scrutiny.

(6) The Returning Officer shall examine the nomination papers and shall decide all objections which may be made at the time to any nomination and may either on such objections or on his own motion after such summary enquiry, if any, as he thinks necessary, reject

any nomination or valid reasons or accept the same:

Provided that the nomination of a candidate shall not be rejected merely on the ground of an incorrect description of his name or of the name of his proposer or seconder, or of any other particulars relating to the candidate or his proposer or seconder, as entered in the list of members referred to in sub-rule (3) of rule 151 if the identity of the candidate, proposer or seconder, as the case may be, is established beyond reasonable doubt.

(7) The Returning Officer shall give all reasonable facilities to the contesting candidates or their representatives to examine all the nomination papers and satisfy themselves that the inclusion of any contesting candidate is valid.

(8) The Returning Officer shall endorse on each nomination paper his decision accepting or rejecting the same and if the nomination paper is rejected shall record in writing a brief statement of his reasons for such rejection.

(9) The list of valid nominations as finalized by the Returning Officer shall be published on the same day on which the scrutiny of the nomination papers is completed.

153. Withdrawal of candidature :-

Any candidate may withdraw his candidature by notice in writing signed by him and delivered, at any time after the presentation of his nomination paper before 5 p.m. on the day following the day on which the valid nominations are published, to the Returning Officer by such candidate. A notice of withdrawal of candidature once given shall be final.

154. Conduct of election :-

(1) If for any constituency for which election is to be held, the number of candidates in respect of whom valid nomination papers have been filed does not exceed the number of candidates to be elected for that constituency, the candidates for whom valid nominations have been received shall be deemed to have been duly elected for that constituency and the Returning Officer shall make announcement to this effect on the date fixed for the poll.

(2) If the number of candidates for any constituency exceeds the number to be elected, the Returning Officer shall arrange for taking a poll on the date fixed for the purpose. The Returning Officer may arrange to open polling booths.

(3) The Returning Officer shall be provided with the ballot boxes,

ballot papers, copy of the lists of voters referred to in sub-rule (3) of rule 151 and such other articles as may be necessary for the conduct of the election. The ballot box shall be so constructed that ballot papers can be introduced therein but cannot be taken out therefrom without the box being unlocked.

(4) A candidate contesting the election may, by a letter addressed to the Returning Officer, appoint a voter of the booth as agent to represent him at every booth where polling is held sufficiently in advance before the commencement of polling. Such letter shall contain the consent in writing of the agent concerned.

(5) Immediately before the commencement of the poll, the Returning Officer shall show the empty ballot box to such persons as may be present at the time and shall then lock it up and affix his seal upon it in such manner as to prevent its being opened without breaking the seal. The candidate or his agent may also affix his own seal, if he so desires.

(6) The ballot papers shall contain serial numbers, name of the candidates, seal of the Union and Signature of the Returning Officer.

(7) Each polling booth shall contain a separate compartment in which the members can record their votes screened from observation.

(8) No ballot paper shall be issued to a member unless the Returning Officer is satisfied that the member concerned is the same person as noted in the list furnished to him.

(9) On receiving the ballot paper, a member shall forthwith proceed to the polling compartment, make the mark x or + on the ballot paper against the name or names of the candidate or candidates for whom he desires to vote and put the ballot paper in the ballot box with the utmost secrecy.

(10) If owing to blindness or other physical infirmity or illiteracy a member is unable to mark the ballot paper, the Returning Officer shall ascertain from him the candidate or candidates in whose favor he desires to vote, make the mark on his behalf openly and put the ballot paper in the ballot box.

155. Counting of votes :-

The counting of votes shall commence after the polling is complete. Vote shall be counted by or under the supervision of the Returning Officer. Each candidate and his authorized agent shall have a right to be present at the time of counting. In the case of equal division

of votes the result shall be decided by lots to be drawn by the Returning Officer.

156. Rejection of ballot paper :-

(1) A ballot paper shall be rejected-

(a) if it bears any mark by which the member who voted can be identified; or

(b) if it does not bear the seal of the Union and the signature of the Returning Officer; or

(c) if the mark indicating the vote thereon is placed in such manner as to make it doubtful to which candidate the vote has been cast; or

(d) if the voter has voted for more candidates than the number required to be elected.

(2) The authority competent to reject a ballot paper shall be the Returning Officer.

157. Announcement of results :-

(1) The number of votes secured by each candidate and the results of the election shall be announced by the Returning Officer as soon as counting is over and also reported to the Secretary of the Union on the same day. The election records shall be sent to him in a separate sealed cover. The candidates or their authorized agents may also affix their seal on the cover if so desired.

(2) The Secretary of the Union shall take custody of the above said sealed cover and shall preserve them for three months from the date of the poll. They shall be destroyed after the said period of three months, if no dispute relating to or in connection with that election is referred to Government.

(3) If, for any reason, it appears to the Returning Officer that the election or anything in connection with it cannot be held or completed on the day as herein before fixed, he may postpone the same to other dates from time to time, as he deems fit.

158. Disqualification for membership in the managing committee :-

No person shall be eligible for appointment as a member of the managing committee of the State Co-operative Union if he(i) is a near relative of a paid employee of the Union;

(ii) is disqualified to be a member of the circle co-operative union

or a committee member or has ceased to be an employee of the society he represents.

Explanation.--For the purpose of item (i) near relatives are those noted in rule 44.

159. Termination of membership in the managing committee :-

(1) A member of the managing committee of the Union shall automatically cease to hold office a such-

(i) if he ceases to be a member of the committee of the society or member of the circle co-operative union;

(ii) if the society or the circle co-operative union which elected him as a delegate withdraws him or appoints another delegate in his stead:

Provided that a delegate appointed after the publication of the final lists of voters of an election shall not be eligible to vote at that election.

(iii) if he becomes subject to any other disqualification mentioned in rule 158.

(2) In the case of members representing employees of societies they shall cease to hold office when they cease to be employees of societies.

(3) If any person is or becomes disqualified to be a member of the managing committee. the Registrar may, on his own motion or on application, by an order in writing, declare that he shall cease to be a member of the managing committee of the State Co-operative Union from the date of such disqualification. Before passing an order, the Registrar shall give such person an opportunity to state his objections, if any, against the proposed action and if the person wishes to be heard he shall be given an opportunity to be heard.

160. Election of Chairman :-

The members of the Managing Committee shall elect one of its members, other than an ex-officio member, to be the Chairman of the State Co-operative Union.

161. Removal of Chairman by no-confidence motion :-

(1) The Chairman may be removed from his office by a no-confidence motion as follows-

(i) Notice of a no-confidence motion shall be signed by such

number of members as shall constitute not less than one half of the total strength of the managing committee, together with a copy of the motion which is proposed to be moved and shall be delivered to the Registrar, in person by any two members signing the notice.

(ii) Any officer of the Co-operative Department, authorized by the Registrar in this behalf, shall arrange for the consideration of the motion in a meeting of the managing committee to be held at the office of the State Cooperative Union on a date appointed by him, which shall not be later than thirty days from the date on which the copy of the motion referred to in clause (i) was delivered to the Registrar. The said officer shall give to the members, not less than fifteen clear days of notice of such meeting and of the time appointed therefore.

(iii) The officer authorized under clause (ii) shall preside over the meeting convened under this rule.

(iv) A meeting convened for the purpose of considering a motion under this rule shall not, for any reason, be adjourned.

(v) No meeting under this rule shall be held if at the time appointed under the foregoing provisions or within half an hour from such time, such number of members as shall constitute one half of the total strength are not present.

(vi) As soon as the meeting convened under this rule has commenced the officer presiding at the meeting shall read to it the motion for the consideration of which it has been convened and declare the motion to be open for debate.

(vii) No debate on any motion under this rule shall be adjourned.

(viii) The officer presiding over the meeting shall not speak on merits of the motion nor shall he be entitled to vote thereon but he shall regulate the proceedings of the meeting.

(ix) A copy of the minutes of the meeting showing the result of the voting together with a copy of the motion shall, on the termination of the meeting, be forwarded to the Registrar forthwith by the officer presiding over the meeting.

(x) If the motion is carried with the support of more than one half of the total strength of the managing committee and if the Chairman does not resign his office within two days after the passing of the motion, the Registrar shall, by notification in the Gazette remove him from office.

(xi) If no meeting could be held for want of quorum as required under clause (v), or if the motion is not carried by such a majority as required under clause (x), no notice of any subsequent motion expressing want of confidence on the same Chairman shall be

allowed until after the expiry of six months from the date of the meeting.

(xii) No notice of motion under this rule shall be allowed within six months of assumption of office by the Chairman.

162. Resignation of members :-

An elected member of the managing committee may resign from the committee of the Union. The resignation letter shall be sent to the Secretary of the Union who shall cause the same to be placed before the next meeting of the Union after 15 days from the date of the letter for acceptance unless the member withdraws the same within that time. The resignation shall take effect on its acceptance or on the expiry of 45 days from the date of the letter of resignation, whichever is earlier. A nominated member may resign from the managing committee by a letter addressed to the Secretary to Government (Co-operation Department), and the resignation shall take effect from the date of acceptance of the same by the Government.

163. Filling of interim vacancies in the managing committee :-

A member elected or nominated to fill an interim vacancy shall hold office for the remaining term of office of the members, in whose place he was elected or nominated, as the case may be.

164. Meeting of the general body and power :-

(1) The supreme authority of the Union shall vest in the general body.

(2) The general body meeting of the State Co-operative Union shall be held every year within three months of the close of the Co-operative year. The managing committee may also at any time call a general meeting of the State Co-operative Union for the conduct of its business, and shall call such a meeting within one month after receipt of a requisition from 1/5th of the number of members of the Union or from the Registrar of Co-operative Societies.

(3) The quorum for the general body meeting shall be 20 or 1/4th of the number of members of the State Co-operative Union, whichever is less.

(4) The general body shall have, among other matters, the following powers--

- (i) consideration and approval of the budget and programme of activities of the State Co-operative Union;
 - (ii) approval of the annual report and audited accounts of the Union;
 - (iii) other matters referred to it by the managing committee or by the Registrar.
- (5) The General Body shall not, however, interfere with the action of the managing committee or of any officer of the Union performed in exercise of the powers conferred on them.
- (6) The Chairman shall preside over the meeting of the general body. In his absence, a member chosen by the members present from among themselves shall preside over the meeting. Every member shall have one vote. All questions shall be decided by a majority of votes, of the members present and voting in case of equality of votes, the Chairman or, as the case may be, the member presiding shall have a casting or second vote.
- (7) At least fifteen days notice shall be given to the members for convening the general body meeting.

165. Meeting of the managing committee :-

- (1) The Chairman shall preside over the meeting of the managing committee. In his absence, a member chosen by the members present from among themselves shall preside over the meeting.
- (2) The quorum for the meeting shall be nine and seven days clear notice shall be given for the meeting.
- (3) All questions shall be decided by a majority of the votes of the members present and voting and in case of equality of votes, the Chairman or, as the case may be, the member presiding shall have a casting or second vote.
- (4) If a member absents himself from three consecutive meetings of the managing committee without permission he shall cease to be a member. However, it shall be competent to the managing committee to reinstate him if satisfactory explanation is given for his absence.

166. Powers and duties of the managing committee :-

- (1) It shall be the duty of the managing committee to carry out the objects of the Union and it shall have power--
- (a) to affiliate co-operative societies and collect affiliation and annual renewal fees;
 - (b) to raise and invest funds;

- (c) to prepare and submit budget and programme of activities for the ensuing year to the general body meeting;
- (d) to arrange for the convening of the general body meeting and for the timely election of the members of the managing committee;
- (e) to accept the resignation of the elected members of the managing committee and to arrange for election of members in their places;
- (f) to incur expenditure out of the funds of the Union, to watch the utilization of funds and to maintain proper accounts;
- (g) to frame regulations for the day-to-day conduct of business of the Union and lay-down the duties and functions of each officer employed by the Union;
- (h) to arrange for carrying out such programmes relating to cooperative education and training as may be specified by the Registrar;
- (i) to appoint committees or sub-committees from among themselves to facilitate the working of the Union and to delegate powers to such committees or sub-committees;
- (j) to submit annual report and statement of accounts to the general body meeting and to the Government;
- (k) to offer views on matters relating to amendments of bye-laws of societies, supersession of committee etc. and other matters referred to it by the Registrar;
- (1) generally to perform all such other functions as are necessary to fulfill the objects of the Union and for the conduct of business of the Union.
- (2) No proceedings of the managing committee shall be invalid on account of any defect in the constitution of the committee.

167. Remuneration payable to members :-

The services of the members of the managing committee shall be gratuitous. However, they may be paid travelling allowance and sitting fees for attending the meetings of the committee at the rates decided by the Registrar.

Notes.-

- (1) No Dearness Allowance shall be paid for any day for which sitting fee is paid.
- (2) Only one sitting fee shall be paid to a member even if he attends more than one committee meeting on the same day.

168. Powers of Chairman and Secretary :-

Subject to such resolutions as the managing committee may, from time to time, pass the Chairman and Secretary shall have the powers mentioned below-

(1) The Chairman shall have general control over all the affairs of the State Union.

(2) (i) The Secretary shall be responsible for the day-to-day working of the Union and the staff shall be under his direct control.

(ii) He shall take action to carry out the decisions of the managing committee.

(iii) He shall manage the funds of the Union and cause proper accounts to be maintained and audited.

(iv) He shall issue notice convening the meeting.

(v) He shall prepare the annual report and statement of accounts and submit the same to the managing committee and to other authorities. He shall be the officer to sue and be sued on behalf of the Union.

169. Establishment :-

The Registrar shall, with the approval of Government, fix the strength of the establishment, scale of pay, qualifications, mode of recruitment and service conditions of the employees of the State Cooperative Union.

170. Audit of Accounts of Co-operative Union :-

(1) The Registrar shall audit or cause to be audited by a person authorized by him by general or special order in writing in this behalf, the accounts of every circle co-operative union and the State Cooperative Union at least once in a year free of cost.

(2) The audit shall include the verification of cash balance and securities and a valuation of the assets and liabilities of the circle and State Co-operative Union and an assessment as to whether the activities of the said Unions have been conducted fairly and honestly.

(3) The audit report shall be in the form specified by the Registrar.";

171. XXX XXX XXX :-

172. XXX XXX XXX :-

173. XXX XXX XXX :-

174. XXX XXX XXX :-

175. XXX XXX XXX :-

* Substituted by G.O.(P) 14/94/ Co.op. dt.28-1-1994 Pub. in K.G.Ex.68 dt 28-1-1994 as SRO 115/94 with immediate effect, and corrected by Noti. No. 4394/BI/94/Co.op. dt. 26-5-1995

CHAPTER 14 MISCELLANEOUS

176. Registrars power to rescind resolution :-

Notwithstanding anything contained in the bye-laws of a registered society, it shall be competent for the Registrar to rescind any resolution of any meeting of any society or of the committee of any society, if it appears to him that such resolution is ultra- vires of the objects of the society, or is against the provisions of the Act, Rules, Bye-laws or any direction or instructions issued by the Department, or calculated to disturb the peaceful and orderly working of the society or is contrary to the better interest of the society.

177. Societies to furnish statistics on employment to the Labor Bureau :-

Every society which employs paid establishment shall, if so required by general or special orders of the Government, furnish to the labor bureau constituted by the Government of India, in the Ministry of Labor and Employment, statistics connected with the employees at such periodical intervals and in such form and within such time as may be required by the said Bureau.

178. Use of premises :-

No society or Union shall except with the previous sanction of the Registrar, use or allow to be used any premises used for its business or portion thereof for any purpose other than such business or other co-operative activities.

Provided that the premises may be allowed to be used for the conduct of poll in connection with the elections to the State or Central Legislature:

Provided further that no such sanction shall be granted to any society for using or allowing to be used any such premises or portion thereof for political purposes.

178A. Opening of Branches :-

The Kerala State Co-operative Bank, the Kerala State Co-operative Agricultural and Rural Development Bank, District Co-operative Banks, Primary Agricultural Credit Societies, Service Co-operative Banks, Primary Agricultural and Rural Development Banks, Urban Banks and Farmer's Service Co-operative Banks shall submit application for opening offices in the name of Regional Office, Zonal Office, Branch Office, Sub Office or Extension Centre as per the norms fixed by the Registrar from time to time, and every such application shall be accompanied by a chalan receipt for the remittance of fees calculated at the rates given below:

(i) Kerala State Co-operative Bank/ Kerala State Co-operative Agricultural and Rural Development Bank and District Co-operative Banks.----- Rs. 10,000 for each branch

(ii) Primary Agricultural Credit Societies/Service Co-operative Banks, Primary Agricultural and Rural Development Banks, Farmers Service Co-operative Banks and Urban Banks.-----Rs. 5,000 for each branch

"Provided that such amount shall not be refunded to the applicant bank irrespective of the fact that whether sanction is accorded or not

179. Restriction of officers of society appearing as legal practitioners :-

(1) No officer of a society shall appear as a legal practitioner.-

(i) against such society or against any other society which is a member of the former society; or

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

(2) Any such person who contravenes the provisions of sub-rule (1) shall cease to be the officer of such society.

180. Societies not to act without previous sanction of Registrar in certain matters :-

No society shall do any act which is not expressly provided for by the bye-laws of such society without the previous express sanction of the registrar for the same.

181. Power to exempt from Rules :-

The State Government may, by general or special order and subject to such conditions as they deem fit, exempt any registered society or class of such societies from any of the provisions of these rules or may direct that such provisions shall apply to such society or class of societies with such modifications as may be specified in the order.

CHAPTER 15 ESTABLISHMENT

182. Classification under Section 80 (1) :-

For the purpose of sub-section (1) of S.80, the societies in the State shall be classified as shown in Appendix III: Provided that the Government may on their own motion or otherwise, after consultation with the Registrar, revise such classification once in every three years.

183. Age limit :-

²[(1) A candidate for appointment by direct recruitment must have completed 18 years and must not have completed 37 years of age on the first day of July of the year in which the applications for appointment are invited:

Provided that the upper age limit shall be raised by 5 years in the case of candidates belonging to any of the Scheduled Castes/Scheduled Tribes or adult members of such Castes/Tribes and their children when such adult members are converted to other religions and by three years in the case of candidates belonging to any of the Other Backward Classes ³[and by three years in the case of candidates who are ex-service men].

Provided further that in the case of applicants who are employees of Cooperative Societies for appointment in the Apex Societies and other Societies having one or more districts as area of operation, the maximum age limit shall be 50 years]

⁴[(2) No employee shall be eligible to continue in the service of a society after ⁵[the last day of the month in which he attains the age of 58 years]

184. Probation :-

(1) Every person appointed to any of the categories of the service of a society ⁶[by direct recruitment and by promotion] shall, from the date on which he joins duty by on probation for a total period

of one year on duty within a continuous period of two years. However the appointing authority may extend the period of probation upto two years to enable the appointing authority to decide whether the probationer is suitable for regularization or not.

(2) At the end of the prescribed or extended period of probation, as the case may be, the appointing authority shall regularize the appointment if the probationer is found suitable for such appointment.

(3) If the appointing authority decides that the probationer is not suitable for such appointment, it shall by order in writing discharge him from service ⁷[or in case of promotion revert him to the lower category].

Provided that no such order shall be passed unless the prior approval of the Registrar therefore has been obtained and unless the person concerned has been given a reasonable opportunity of showing cause against the action proposed to be taken in regard to him.

⁸[Provided further that where there are more than one grade to the same category, and duties and responsibilities attached to the different grades are one and the same, and appointments to the higher grade or grades are made by promotion from lower grades, probation shall be insisted only in the lowest grade to such category].

185. Promotions :-

(1) Appointments to higher categories of service in a society shall ordinarily be made by promotion from among members eligible for appointment to such category in accordance with these rules on the basis of seniority in the feeder category. The feeder category for this purpose shall be prescribed by the society by framing suitable subsidiary regulations with the approval of the Registrar.

⁹[(1A) the Registrar shall have powers to issue guidelines for adoption by the co-operative institutions with regard to fixing of seniority of employees/interse seniority of employees of different categories].

¹⁰[(2) It shall be competent for the committee of a society to relax the qualifications of an employee, whether appointed before or after the commencement of these rules, for the purpose of promotion, in deserving cases, with prior approval of the Registrar and for reasons to be recorded].

186. Qualifications :-

11[(1) No person shall be eligible for appointment in any post unless he possesses the qualifications prescribed for the post as shown below:-

(i) All posts other than those requiring technical qualifications, the starting pay of which is Rs.250 and above.	12[A. A degree in Commerce or Masters Degree in Arts of a recognized University, with Co-operation as special subject.]
	OR B. (i) B.A., B.Sc., or B.Com., Degree of a recognized University and
	13[(ii) Higher Diploma in Co-operation (H.D.C. of State Co-operative Union Kerala or H.D.C. and H.D.C.M. of the National Council for Co-operative Training) or successful completion of the subordinate (Junior) Personnel Co-operative Training Course (Junior Diploma in Co-operation).]
	OR C. Diploma in Rural Services with Cooperation as optional subject.
	14[OR D. B.Sc., (Co-operation & Banking) Degree of the Kerala Agricultural University].
(ii) Other supervisory and Ministerial posts other than those requiring Technical qualifications, the starting pay of which is below Rs. 250.	S.S.L.C. or its equivalent and successful completion of the Subordinate Personnel Co-operative Training Course (Junior Diploma in Co-operation).
(iii) Typist	S.S.L.C. or its equivalent with Type writing (Lower)
(iv) Stenographer	S.S.L.C. or its equivalent with Type writing & Shorthand (Lower)
(v) All other posts with starting pay below Rs. 100.	Seventh Standard.

Note.--

(1) Nothing in this rule shall apply to the present incumbents for the present post they hold.

(2) Qualifications for any special posts not mentioned in this rule shall be decided by the Government in consultation with the State Co-operative Union.

15[(3) Diploma in Co-operative Course conducted by the Karnataka State Co-operative Federation limited shall be considered as an alternative qualification in lieu of the Junior Diploma in Co-operation Course conducted by the State Cooperative Union, Kerala, for the candidates belonging to Kasargod District for appointment in. the Co-operative Societies of the District.

16[(2) Notwithstanding anything contained in sub-rule (1), a Co-operative Society formed for the benefit of the members belonging to Scheduled Caste or Scheduled Tribe may appoint any person belonging to a Scheduled Caste or Scheduled Tribe, as the case may be, as its Secretary subject to the condition that he shall possess the minimum general educational qualification specified in sub-rule (1) on the date of such appointment and that he shall acquire the Higher Diploma in Co-operation or successfully complete subordinate (Junior) personal Co-operative Training Course, within a period of two years from the date of such appointment:

Provided that the Registrar of Co-operative Societies shall be competent to extend the period of acquiring the said diploma or successfully completing the said training for a further period of one year, if the person so appointed satisfies the Registrar of Co-operative Societies, through the Committee of the Society in the service of which he is employed, that he was unable to acquire the said diploma or to successfully complete the said training within the said period of two years from the date of appointment for reasons beyond his control].

17[The dependents of employee dying in harness seeking employment assistance under R. 188A and who are likely to be considered for appointment to posts other than those requiring technical qualifications shall be given relaxation from possessing the co-operative training qualifications mentioned in R. 186, for a period of three years from the date of appointment. Appointments made in relaxation of co-operative training qualification will be purely provisional until they acquire the said qualification within the prescribed period for which relaxation is given].

187. Vacancies in Apex Society :-

Notwithstanding anything contained in R. 189 for appointments to the 50 % of the vacancies arising in an Apex Society or other Federal type Society having other societies as its members experience in the societies which are members of the respective Apex society or Federal type Society, as the case may be, shall be necessary additional qualification.

188. Staff Pattern :-

Every society shall adopt the staff pattern indicated in Appendix III to these rules, according to the type and class to which it belongs:

Provided that where any society cannot adopt such staff pattern due to its financial position, the members of the committee may work in an honorary capacity in lieu of appointing any paid employee:

Provided further that where any society is in need of any change in the pattern of staff including the scale of pay under special circumstances the same may be made by the Society with the prior approval of the Registrar of Co-operative Societies.

188A. Employment assistance to dependents of employees dying in harness :-

18[188A. Employment assistance to dependents of employees dying in harness.--

It shall be competent for the committee of a Society to appoint a person, who is a dependent of an employee who dies while in service, subject to the following conditions, namely:-

(a) the deceased employee shall have put in a minimum service of two years in the society;

(b) the employment assistance shall be given only to one dependent of the deceased employee and the appointment offered and once accepted shall under no circumstances be allowed to be changed;

(c) the application for appointment under this scheme shall be made by the dependent within one year from the date of death of the employee. Where the dependent happens to be a minor, the application shall be submitted within a period of three years from the date of his/her attaining the age of majority;

(d) the appointment under this scheme shall be extended only to a post in the lowest grade of the particular category In respect of which the normal method of appointment involves direct recruitment.

(e) the appointment shall be consistent with the qualifications prescribed in the rules;

(f) subject to the age of superannuation, the upper age limit shall not apply in the case of widow/widower, and in the case of other dependents age limit prescribed in the rules shall strictly be followed;

(g) if the applicant is the widow/widower of the deceased employee, he/ she shall not have remarried on the date of application;

(h) the Board of Directors of the Society concerned shall adopt a resolution to give appointment to the dependent of the deceased employee;

(i) appointment shall be made only with the prior concurrence of the Registrar of Co-operative Societies.

Explanation: For the purpose of this rule, "dependent" means any member of the family of a deceased employee of a society who has no independent means of livelihood and who was dependent on the earnings of the deceased employee at the time of his/her death, for his/her maintenance and " family" means and include the following relatives of the deceased employee in the order of priority as indicated below:

(i) widow/Widower

- (ii) Son
- (iii) Daughter
- (iv) Brother
- (v) Sister
- (vi) Father
- (vii) Mother
- (viii) Nephew/Niece

"(1) Where the widow/widower is not in a position to avail of the benefit and where the children of the deceased employee are minor, employment assistance will be given to any of other dependents only with the consent of the widow/widower and where the widower is not alive, with the consent of the guardian of the minor children".

(2) Sons and daughters shall not include adopted sons and adopted daughters.

(3) Brothers and sisters shall not include step brothers and step sisters, half brothers/ half sisters.

(4) An unemployed married son or an unemployed married daughter of the deceased employee, whose spouse is also unemployed may also be considered for the assistance, provided the other dependents of the deceased employee are being looked after by him/her].

189. Remuneration and allowances :-

19[x x x x]

(2) The scale of pay for different categories of posts shall be as shown in Appendix III to these rules.

(3) **20**[xxx] All employees of societies shall be eligible for Dearness Allowance at the rates allowed by the Government to their employees.

21[(4) Employees of Societies who are physically handicapped shall be eligible for a monthly conveyance allowance at the rates at which and subject to the terms and conditions under which such allowance is paid from time to time by the Government to the employees in Government Service who are physically handicapped]

190. Leave Rules :-

(1) No leave of any kind can be claimed as a matter of right. It is left to the discretion of the authority empowered to grant, refuse or revoke leave of any description according to the exigencies of

service.

(2) An employee recalled to duty before the expiry of leave of any kind is entitled to avail the balance of leave together with any leave subsequently earned, as soon as he can be spared from duty.

(3) Leave shall ordinarily granted on previous written applications only. Absence without leave whether in continuation of sanctioned leave or otherwise shall be treated as leave without pay and the employees shall be subject to disciplinary action by the institution for such absence.

(4) Any employee who is in charge of cash shall not absent himself from station or leave his headquarters even during holidays without obtaining previous sanction in writing from the competent authority.

(5) No employee having authorization under bye-laws to sign documents and to institute and defend suits and other legal proceedings shall leave his station on holidays without obtaining the permission of his immediate superior officer.

(6) An employee before proceeding on leave shall intimate to the sanctioning authority his address while on leave and shall keep the said authority informed of the change in the address, if any, previously furnished by him.

(7) No employee who is on leave shall take service or accept any employment elsewhere which involves the receipt of a fee or remuneration without obtaining the previous sanction of his appointing authority.

(8) Every employee of a society shall be eligible for different kinds of leave (including surrender of earned leave for the purpose of encashment) as in the case of State Government employees as prescribed under the Kerala Service Rules.

(9) The authority competent to sanction different kinds of leave to the various categories of staff shall be such officer of the society as may be specified in the special bye-laws adopted by the society with the approval of the Registrar.

191. Medical Aid :-

Every employee of a Co-operative Society shall be entitled to a sum of *[Rs.300] in a year by way of Medical Allowance;

Provided that the employees of those societies which come under the Employees State Insurance Scheme shall not be entitled to this benefit.

192. Security to be furnished by the Employees of Societies

:-

(1) The employees of Societies shall furnish security according to the form and standard prescribed by the Registrar from time to time.

(2) The Registrar shall be competent to exempt any employee or any class of employees from the above provision if it is found that insistence of such security is not essential.

193. Duties and Responsibilities and Conduct :-

No employee shall, except when generally or specially empowered or permitted in this behalf by the committee, communicate directly or indirectly any documents or information which has come into his possession in the course of his official duties, or has been prepared or collected by him in the course of such duties, whether from Official sources or otherwise, to any other person, or institution or to the press.

194. Prohibition of pecuniary transactions :-

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 clause shall not apply for the borrowings by an employee on the security of his deposits, savings, Insurance Policies or documents from other institutions and individuals.

195. Prohibition of personal contracts etc :-

(1) No employee of a co-operative society shall have any interest directly, or indirectly, other than as an employee in:-

(a) any contract made with the society; or

(b) any property sold or purchased by the society; or

(c) any other transaction of the society except as investments made in or loans taken from the society under provisions of residential accommodation by the society to any employee of the society.

(2) No employee of a Co-operative Society shall purchase directly or indirectly any property of a member of the society against which his dues to the society are sought to be recovered.

196. Framing of Rules by the Societies :-

Necessary bye-laws shall be framed and implemented by the societies regarding the duties and responsibilities of the employees not inconsistent with the provisions of the Kerala Co-operative Societies Act and other Act relevant to it.

197. Maintenance of Service Register :-

Every society shall maintain a service register in the form prescribed *by the Registrar for every employee to indicate his date of birth, qualifications, date of appointment, etc. The Chief Executive Officer shall authenticate the entries in the register and such register of the Chief Executive Officer shall be authenticated by the President/Chairman and kept in his custody.

Note.--The date of birth of the employee shall be that entered in the school admission register, Matriculation Book or S.S.L.C. Book.

198. Disciplinary Action :-

(1) Any member of the establishment of a Co-operative Society may, for good and sufficient reasons, be punished by imposing any of the following penalties, namely:-

- (a) Censure;
- (b) Fine (in the case of employees in the last grade);
- (c) Withholding of increments with or without cumulative effect;
- (d) Withholding of promotion;
- (e) Recovery from pay of the whole or part of any pecuniary loss caused to the society, by negligences or breach of orders or otherwise;
- (f) Reduction to a lower rank;
- (g) Compulsory retirement;
- (h) Dismissal from service.

(2) No kind of punishment shall be awarded to an employee unless he has been informed in writing of the grounds on which it is proposed to take action against and he has been afforded an opportunity including a personal hearing to defend himself. Every order awarding punishment shall be communicated to the employee concerned in writing stating the grounds on which the punishment has been awarded.

(3) The authority competent to impose the various penalties on different categories of employees shall be as shown in the table below:-

Rank of the employee	Authority competent to impose	
	Penalties under (a) to (c)	Penalties under (d) to (h)
Secretary/Manager or other Chief Executive Officer and *[all employees holding posts higher than that of Senior Clerk/Senior Assistant/I Grade Assistant/Equivalent other employees with same or identical scale of pay]	President/Chairman	Sub-Committee/Executive Committee
All other employees	Secretary/Manager or other Chief Executive Officer	President

(4) An appeal shall lie against every order imposing a penalty to the competent appellate authority, shown in the table below:-

Rank of Appellant	Authority competent to dispose of appeal against	
	Penalties under (a) to (c)	Penalties Under (d) to (h)
Secretary/Manager or other Chief Executive Officer and **[all employees holding posts higher than that of Senior Clerk/Senior Assistant/1st Grade Assistant/Equivalent other employees with same or identical scale of pay]	Executive Committee or Board of Management	Board of Management
All Other employees	President	Executive Committee Board of Management

(6) An authority competent to appoint an employee may suspend him pending enquiry into serious charges against such employee. No employee shall however be kept under suspension for a period exceeding six months at a time. In no case an employee shall be kept under suspension for a continuous period exceeding one year without the prior approval of the Registrar. ***[A n employee under suspension shall be entitled to subsistence allowance payable under the Kerala Payment of Subsistence Allowance Act, 1972 (27 of 1973)].

****[Provided that an employee not coming under the purview of the Kerala Payment of Subsistence Allowance Act, 1972 (27 of 1973) shall be entitled to subsistence allowance at the rate admissible to the State Government Employees as prescribed under the Kerala Service Rules].

199. Travelling allowance and other allowance :-

In respect of travelling allowance and all other allowances other than Dearness Allowance to the employees of Co-operative

Societies the provisions of the Kerala Service Rules shall apply.

200. Savings :-

*[200. Savings.--

Nothing in these rules as amended by the Kerala Co-operative Societies (Amendment) Rules, 1988 in G.O.(MS) No.18/88/Co-op. dated the 17th day of June, 1988 or any rules made thereunder shall operate to debar from employment by any person or employee of any privilege of emoluments or any right except age of retirement, to which he is entitled by the term of any contract or agreement or conditions of service subsisting between such person and a Co-operative Society as on the 1st January, 1974. Nothing in these rules as amended by the Kerala Co-operative Societies (Amendment) Rules, 1988 in G.O.(MS). NO. 18/88/Co-op. dated the 17th day of June, 1988 shall be interpreted as disqualification for promotion to any higher post or posts to the employees in service of a Cooperative society as on the 1st January, 1974, provided they possessed the qualifications, if any, prescribed in the bye-laws or other Service Regulations, of such society].

201. Special provisions in respect of certain promotions :-

**[201. Special provisions in respect of certain promotions.--

All promotions of employees, who were in service of any Co-operative society before the commencement of the Kerala Co-operative Societies (Amendment) Rules, 1988 issued under G.O. (MS). No. 18/88 Co-op. dated the 17th day of June 1988, made to any higher post or posts after the 1st day of January, 1974 and before the publication of the said rules in the Gazette shall be deemed to have been made in accordance with the provisions of rules 185 and 200 as amended by the said rules].

1. Inserted by SRO. 596/73 pub. in K.G. Ex. No. 952 dt. 27-9-1973 w.e.f. 1-1-1974.

2. Substituted by G.O.(MS) No. 367/79/AD dt. 27-9-1979 pub. in K.G. No. 40 dt. 9-10-1979 as SRO 1151/79.

3. Inserted to the proviso as per SRO. No.1607/92 pub. in K.G. No. 49 dt. 15-12-1992.

4. Sub-rule (2) Substituted by SRO No.870/75 dt. 27-9-1975 pub. in K.G. Ex. No. 571 dt. 29-9-1975 w.e.f. from 15-10-1975.

5. Substituted as per SRO. No. 188/93.

6. Inserted by SRO. No. 1605/92 pub. in K.G. No. 49 dt. 15-12-1992.
7. Omitted and inserted by SRO. No.1605/92 pub. in K.G. No. 49 dt. 15-12-92.
8. Second proviso inserted by ibid.
9. Inserted by SRO. 1609/92 pub. in K.G.No. 49 dt. 15-12-92
10. Substituted by Notn. G.O. (MS) No.18/88/Co-op. dt. 17-6-88 as SRO. No. 724/88 pub. in K.G. Ex. No. 525 dt. 17-6-88 (1-1-74)
11. Renumbered as sub-rule (1) of that rule by SRO. No. 387/77 dt. 11-4-1977 pub. in K.G. No. 19 dt. 10-5-1977.
12. Category A substituted by SRO. No.485/76 pub. in. K.G. No. 19 dt. 11-5-1976
13. Substituted by SRO. 1608/92 pub. in K.G. No. 49 dt. 15-12-92.
14. Inserted by SRO. No. 1853/86 pub. in K.G. No. 48 dt. 9-12-1986.
15. Inserted by SRO. 1302/92 dt. 16-9-92 pub. in K.G. No. 38 dt. 29-9-92.
16. Inserted by SRO. No. 387/77 dt. 11-4-77 pub. in K.G. No. 19 dt. 10-5-77.
17. Inserted by SRO. No. 1340/90 pub. in K.G.38 dt. 25-9-90 w.e.f. 13-10-88
18. Inserted by SRO. No. 1613/88 pub. in K.G. No. 48 dt. 6-12-88.
19. Omitted by SRO. No. 46/87 pub. in K.G. No. 2 dt. 13-1-1987.
20. Omitted by ibid.
21. Inserted by Noti. SRO. No. 133/85 pub.in K.G. No. 5 dt. 29-1-1985.
22. Substituted by Noti. G.O.(MS)446/80/AD dt. 24-11-1980 and substituted by SRO. No. 65/87 pub. in K.G. No. 2 dt. 13-1-1987.
23. See Notification dated 30-9-1975 prescribing the form
24. Substituted by SRO. 1303/92 pub. in K.G. No. 38 dt. 25-9-92.
25. Substituted by G.O. (MS) 498/80/AD dt.30-12-1980 pub. as SRO. No. 46/81 in K.G. No. 2 dt. 13-1-1981.

26. Inserted by SRO. 913/90 pub. in K.G. No. 26 dated 26-6-90.

27. Substituted by Notn-G.O. (MS) No.18/88/Co-op. dt. 17-6-88 as SRO. No. 724/88 pub. in K.G. Ex. No. 525dt. 17-6-88 (1-1-1974).

28. Inserted by Notn. G.O. (MS) No.18/88/Co-op. dt. 17-6-88 as SRO No. 724/88 pub. in K.G. Ex. No. 525 dt. 17-6-88 (1-1-1974).