

The Uttar Pradesh Co-operative Societies Rules, 1968

CHAPTER I

Preliminary

- 1. Short title and commencement.** - (i) These rules may be called the Uttar Pradesh Co-operative Societies Rules, 1968.
(ii) These rules shall come into force from the date of their publication in the Gazette.
- 2. Definitions.** - In these rules, unless the context otherwise requires-
 - (a) "Act" means the Uttar Pradesh Co-operative Societies Act, 1965 (UP. Act No. XI of 1966);
 - (b) "Apex Society", "Apex Level Society" or "State Level Co-operative Society" means-
 - (1) Uttar Pradesh Sahkari Gram Vikas Bank Ltd., Lucknow;
 - (2) U.P. Co-operative Bank Ltd., Lucknow;
 - (3) U.P. Co-operative Federation Ltd., Lucknow;
 - (4) Pradeshik Co-operative Dairy Federation Ltd., Lucknow;
 - (5) U.P. Co-operative Union Ltd., Lucknow;
 - (6) U.P. Upbhokta Sahkari Sangh Ltd., Lucknow;
 - (7) U.P. Co-operative Sugar Factories Federation Ltd.;
 - (8) U.P. Cane Unions' Federation Ltd., Lucknow;
 - (9) U.P. Industrial Co-operative Association Ltd., Kanpur; or
 - (10) Any other Central co-operative society, fulfilling the following conditions-
 - (i) it includes in its membership at least one other Central co-operative society in the same line of business or trade, and
 - (ii) its area of operation covers the whole of Uttar Pradesh, and
 - (iii) its primary object is to facilitate the operation of the co-operative societies affiliated to it as ordinary members.

members whereof are engaged in agricultural occupation and Primary Co-operative Credit Society/Primary Agricultural Credit Society means a co-operative society ordinary membership whereof is not open to any other co-operative society and majority of ordinary members whereof are engaged in agricultural occupation and its primary object is to lend money to its members and raising of funds the refer.

Explanation. - Agricultural occupation shall include-

- (i) production, processing or marketing of agricultural crops.
 - (ii) horticulture, sericulture or animal husbandary which includes piggery, pisciculture and poultry farming besides dairying.
- (c-1) "Milk producers society" means a Co-operative Society, the ordinary members whereof are engaged in one or more activities concerning production, procurement and processing of milk or manufacturing of milk products, sale of milk or milk products, or dairy development programme].
- (d) "Additional Registrar" means an officer appointed as Additional Registrar of co-operative societies, under sub-section (2) of Section 3;
- (e) "Assistant Registrar" means a person appointed as Assistant Registrar under sub-section (2) of Section 3 and "District Assistant Registrar" means an Assistant Registrar appointed to hold charge of co-operative activities of a district;
- (f) "Joint Registrar" means an officer appointed as a joint Registrar of co-operative societies under sub-section (2) of section 3;
- (ff) "Cooperative Bank" means Primary Urban Cooperative Bank, Central Urban Bank, Central/District Cooperative Bank and Uttar Pradesh Cooperative Bank.
- (g) "Central Society" or "Central Co-operative Society" means a co-operative society, which has any other co-operative society as its ordinary member and which does not come under the category of a primary co-operative society;
- (gg) "Block Unions" means a co-operative society the area of operation where of is only part of a district and the primary object whereof is to arrange for the storage and distribution of seeds, fertilizers, pesticides, agricultural appliances or consumers goods and the membership whereof includes any other co-

- operative society as its ordinary member;
- (h) "Credit Society" means a society which has as its primary object the raising of funds to be lent to its members;
- (hh) "Candidate" means a voter eligible under the Act, Rules and the bye-laws of the society who files nomination paper to seek election-
- (i) as delegate, or
 - (ii) as member of the Committee of Management, or
 - (iii) as Chairman and Vice-Chairman of Co-operative Society;
- (i) "Co-operative Credit and Thrift Society" means a credit society of salary earners or wage earners the bye-laws whereof *inter alia* provide for raising of compulsory deposits from its members;
- (ii) "Delegate" means delegate of members or delegate of Society, as the case may be;
- (j) "Central Co-operative Bank" means a central bank as defined in clause (k) of Section 2;
- (jj) "Delegate of members" means an individual member elected by a group of individual members or the individual members of any area to represent them in general body of Co-operative Society;
- (k) "Consumer Stores" or "Consumer Society" means a primary society the primary object whereof is to obtain and sell to its members in retail goods generally required by its members;
- (kk) "Delegate of Society" means an individual appointed in accordance with these rules by the members of committee of management of a co-operative society to represent it in the general body of another co-operative society to which such society is a member;
- (l) "Decree Holder" means any person in whose favour an award or order, referred to in Section 92, has been made;
- [(II) "Election" means election of-
- (i) delegates, or

- (ii) member of the committee of management, or
 - (iii) Chairman, Vice-Chairman of a co-operative society;]
- (m) "Deputy Registrar" means an officer appointed as Deputy Registrar of Co-operative Societies under sub-section (2) of Section 3;
- (mm) "Election Officer" means an officer of the State Government, whom the District Magistrate may appoint as Election Officer for a Co-operative Society or a class or classes of co-operative societies or for an area or areas in this behalf;
- (n) "District Co-operative Bank", means a central co-operative bank having its Head Office at the Headquarters of a district;
- (nn) "Polling Officer" means a person appointed by the Election Officer to assist him in conducting election in a particular area or areas at any polling station;
- (o) "District Co-operative Federation", means a central society-
- (i) which is not a credit society,
 - (ii) which has its Head Office at the headquarters of a district,
 - (iii) the primary object of which is the procurement, production, processing or distribution of goods required by its member-societies or by the members of such member-societies or by the members of the societies affiliated to such member-societies, and
 - (iv) the majority of the members of member-societies are agriculturists.
- (oo) "Voter" means a member/delegate entitled to vote under the Act, Rules and the Bye-laws and includes persons nominated under Section 34 of the Act or sub-rule (2) of Rule 393, as also persons co-opted under Rule 421 (b) or 450 or nominated under Rule 451 on the Committee of Management of a society and whose names appear in the final voters list of the concerned society or constituency prepared for the purpose of election;
- (p) "Housing Society" means a co-operative society the primary object whereof is to provide to its members,-
- (i) land, building materials and/or other services necessary for the

construction of dwelling houses;or

(ii) dwelling houses on outright purchase, hire-purchase or on rent;

(pp) "Voters List" means-

(i) in the case of election of member of Committee of Management the list of delegates members of general body, as the case maybe,

(ii) in the case of election of Chairman, Vice-Chairman, or Delegates of Society the list of elected, co-opted and nominated members of the Committee of Management other than those who are government servants,

(iii) in the case of election of Delegate of Member, the list of members of area or from where the delegate is to be elected to the general body of the concerned society;

(q) "Industrial Society" means a co-operative society the primary object whereof is to manufacture goods itself or to facilitate the manufacturer of goods by its members;

(qq) "Primary Urban Co-operative Bank" means a primary co-operative society majority of members whereof are non-agriculturists and the primary object hereof is to accept deposits and to raise funds which it may invest and lend to its members;

(r) "Judgment-Debtor" means any person against whom an award or order referred to in Section 92, has been made;

(s) "Labour Contract Society" means a co-operative society, the primary object whereof is to carry out labour contract works or to secure employment for its members on piece-wage basis or time-wage basis or on partly piece-wage basis and partly time-wage basis;

(t) "Marketing society", means a primary society, the area of operation whereof is only a part of one district or a part of more than one district and the primary object whereof is to arrange for the marketing of the agricultural produce of its ordinary members;

(u) "Near relation of a person" refers to his following relations:-

(i) wife,

(ii) husband,

- (iii) son,
- (iv) daughter,
- (v) father-in-law,
- (vi) mother-in-law.
- (vii) wife's sister,
- (viii) wife's brother,
- (ix) husband's sister,
- (x) husband's brother
- (xi) father,
- (xii) mother,
- (xiii) grand-son or grand-daughter,
- (xiv) father's sister,
- (xv) brother,
- (xvi) brother's son,
- (xvii) sister,
- (xviii) sister's son,
- (xix) father's brother,
- (xx) mother's brother,
- (xxi) son-in-law,
- (xxii) daughter-in-law,
- (xxiii) sister's husband;

(uu) 'Other backward classes' of citizens shall have the meaning assigned to it in clause (b) of Section 2 of the Uttar Pradesh Public Services (Reservation for Scheduled Castes, Scheduled Tribes and other Backward Classes) Act, 1994;

(v) "Owned Capital of a co-operative society" means the total of the following items minus the accumulated losses, if any, of the society-

- (i) paid up share capital of the society;

- (ii) accumulated reserve fund of the society;
 - (iii) any other fund of the society [other than the co-operative education fund referred to in clause (h) of sub-section (1) of Section 58] for purposes is created out of its profit;and
 - (iv) fund created out of Government's grants provided to the society for purposes of creation of special reserves or for creation offunds;
- (w) "Production and Sale Society", means a co-operative society-
- (i) which is not a credit society,and
 - (ii) 'the primary object whereof is to grow, produce or process goods and sell the same or to help its members in the growth, production or processing of goods or to sell the goods grown, produced or processed by its members;
- (x) "Primary Society" means a co-operative society, ordinary membership whereof is not open to any other co-operative society:
- Provided that a co-operative marketing society, area of operation where of is only a part of a district or part of more than one district shall be a primary society whether or not any other co-operative society is its ordinary member:
- Provided further that a primary co-operative society, and share whereof has been purchased under Chapter VI of the Act, by a central or apex society shall continue to be a primary society notwithstanding purchased of such shares;
- (y) Uttar Pradesh Sahkari Gram Vikas Bank means a Co-operative Society as defined in sub-clause (1) of Section 2 of the Uttar Pradesh Sahkari Gram Vikas anks Act, 1964 (U.P. Act No. XVI of1964).
- (z) "Sale Officer" means a person empowered by the Registrar to carry out the functions of sale officer under these rules;
- (aa) "Recovery Officer" means a person subordinate to the Registrar and empowered by the Registrar to carry out the functions of recovery officer under these rules;
- (bb) "Section" means a section of the Act;

- (cc) "Urban Central Bank" means a central bank, the primary object whereof is to finance urban co-operative societies;
- (dd) "Urban Co-operative Society" means a co-operative society majority of members whereof are non-agriculturists;
- (ddd) "Weaker section" means the section of the society comprising persons belonging to the Scheduled Castes, the Scheduled Tribes, and the other backward classes of citizens;
- (ee) "Working Capital of Co-operative Society" means its owned capital together with such funds as are raised by it by deposits, borrowings any other means;
- (ff) "Wholesale Consumers Stores" means a central society, the primary object whereof is to obtain and sell such goods as are generally required for use by its members or by the members of the societies affiliated to such society.

CHAPTER II

Registration

3. An application for registration of a society shall be made in the form specified from time to time by the Registrar for the purpose. Such form shall be obtainable on payment of a fee of rupees fifty from the District Assistant Registrar on application in Form 'A'

4. (1) Along with the application form for registration referred in Rule 3, four copies of model bye-laws suitable for the proposed society shall be obtainable from the District Assistant Registrar on payment of rupees twenty per copy of bye-laws. In case such model bye-laws are not available it will be open to the applicants to frame their own proposed bye-laws.

(2) If model bye-laws are sought to be adopted, the same may be suitably filled in and three copies may be submitted along with the application. If model bye-laws are sought to be modified, the modifications to be made shall be shown therein and three copies of the modified bye-laws should be submitted along with the application. In case no model bye-laws are available and the applicants frame their own proposed bye-laws as mentioned in sub-rule (1), three copies of the proposed bye-laws so framed shall be prepared in printed form or neatly typed or cyclostyled and submitted along with the application.

5. Every application for registration shall conform to the requirements mentioned in sub-section (2) of Section 6. The first signatory to the application shall be a person who, with the approval of the person signing the application, has undertaken to work as member-secretary of the society for the interim period under sub-section (4) of Section 31, and one of the signatories shall also sign as a chief promoter with whom the Registrar may communicate in connection with the registration proposal.

6. An application for registration complete in all respects shall be submitted to the Registrar either by registered A.D. post or personally and in the latter case acknowledgment in Form 'B' shall be obtained from the Registrar.

7. The Registrar shall, on receipt of the registration application, enter or cause to be entered particulars of the application in the register-in Form 'C' and a serial number will be given to the application.

8. If the Registrar, on scrutiny of the registration proposal and where necessary, after making enquiries, is satisfied that-

- (a) the registration proposals conforms to the requirements of sub- section (2) of Section 6 and of sub-section (1) of Section 7;
- (b) the ordinary membership of the society in respect of individuals having regard to the objects of the society is confined to persons who, in his opinion, are either-
 - (i) users of services or credit offered by the society;
 - or
 - (ii) consumers of goods produced or provided by the society;
 - or
 - (iii) producers of goods consumed or marketed by the society;
 - or
 - (iv) regular suppliers of goods consumed or marketed by the society;
 - or
 - (v) workers in the society;
 - or
 - (vi) who belong to more than one category of such persons depending upon the nature of business of the society,
- (c) the proposed society is not likely to adversely affect the general working and pattern of the co-operative movement in the State;
- (d) the proposed society does not associate with its name, the name of any individual, community, caste or sect:

Provided that where a society is formed in any institution, establishment, of concern, it may include in its name the name of such institution, establishment or concern, as the case may be,

- (e) the proposed society complies with the requirements or conditions as laid down in Appendix I for societies in general as well as for that particular class of societies to which the proposed society belongs, he shall register the society and its bye-laws.

9. The Registrar may, before registering a society, make such minor alterations in the proposed bye-laws submitted with the application for registration as, in his opinion, are desirable; provided that the written consent for such alteration is obtained from the chief promoter or any one of the other applicants whosoever has

been authorised by the applicants for this purpose.

10. Where a co-operative society is registered under Section 7, the Registrar, shall enter or cause to be entered into the registration register in Form 'D' the address of the society as given in the application form.

11. After taking action as provided under Rule 10, the Registrar shall send to the society-

- (i) intimation of registration in Form'E';
- (ii) a certificate of registration in Form'F';
- (iii) a certified copy of the bye-laws so registered.

12. Where a co-operative society is deemed to be registered under the proviso to sub-section (1) of Section 7, the Registrar shall take action as provided in Rules 10 and 11.

CHAPTER III

Bye-Laws

13. Registrar may frame model bye-laws for each class of society or societies and make such change therein from time to time as he may consider necessary.

14. The model bye-laws as are appropriate for a society in the opinion of the Registrar may be adopted by such society with such modifications, if any, as may be considered necessary by the society having regard to its requirements.

15. The bye-laws of a co-operative society shall, subject to the provisions of the Act and the rules, cover the following matters namely-

- (i) The name and headquarters of the society;
- (ii) the area of its operation;
- (iii) the primary objects of the society;
- (iv) the secondary objects of the society;
- (v) the extent, manner and terms for raising of funds and the minimum and maximum amount of share capital which a member may hold;
- (vi) the purposes for which its funds may be applied;
- (vii) admission to membership, conditions and qualification for the same;
- (viii) disqualifications for membership;
- (ix) the payment to be made and interest to be acquired as a condition precedent to the exercise of right of membership and payment, if any, to be made there after,
- (x) the privileges, rights, duties and liabilities of members including nominal, associate and sympathizer members;
- (xi) the consequences of default in payment of any sum due by a member,
- (xii) the consequences of breach of bye-laws by members;
- (xiii) the constitution of the general body of the society;
- (xiv) withdrawal, removal and expulsion from membership;
- (xv) constitution of the committee of management and also of sub- committees, if any;
- (xvi) convening of the meetings of the general body, committee of management and others sub-committees, if any notice, business and quorum for such

- meetings, conditions and manner of postponement and adjournment of such meetings;
- (xvii) functions, powers and duties of committee of management, subcommittees and Chairman, Vice-Chairman, Secretary and other honorary or paid officers of the society;
 - (xviii) appointment, suspension, removal and punishment of officers and employees of the society subject to the provisions of regulations framed under Sections 121 and 122;
 - (xix) admission to the membership of another society and matters connected there to;
 - (xx) maintenance of accounts, books and registers, preparation and submission of returns and required statements;
 - (xxi) custody, maintenance and keeping of cash and valuable documents;
 - (xxii) creation, maintenance and use of funds constituted out of the profits or Otherwise;
 - (xxiii) procedure and other matters relating to elections;
 - (xxiv) matters which are incidental to the organisation and working of the society and to the management of its business;
 - (xxv) any other matter on which the society is required to make bye-laws under the provisions of the Act or the rules.

16. (a) In the case of a co-operative credit society the bye-laws shall, subject to the provisions of the Act and the rules, cover the following matters also-

- (i) the purpose, procedure, terms, conditions and security for grant of loans and extension, postponement, mode of recovery and circumstances for recalling of loans,
- (ii) fixation of credit limits of members,
- (iii) maximum loan admissible to a member,
- (iv) maximum rate of interest to be charged on loan,
- (v) surety, his duties and responsibilities,
- (vi) consequences of default or misutilisation,
- (vii) the constitution of a fund to be known as the Agricultural Credit Stabilisation Fund in case the society facilitates the agricultural operation of its members and has received financial assistance from the State Government.

(b) In the case of a non-credit co-operative society, the bye-laws shall, subject to the provisions of the Act and the rules, also provide for the manner of carrying on the business of the society including production, purchase, sale, stock-keeping and conducting non-commercial activities, if any.

17. When the form or extent of its liability is proposed to be changed by a co-operative society, a resolution for amendment of the relevant bye-laws shall be passed in a general meeting in accordance with the procedure laid down in Rules 24 to 27. The names of the members of the general body voting for or against the resolution shall be recorded separately in the proceedings of the meeting and each participant member shall sign against his name.

18. A copy of the resolution passed under Rule 17 shall be sent to all the members and creditors of the society along with the notice as provided in sub-section (2) of Section 11 and a copy of the resolution and the notice shall also be exhibited on the notice-board of the society and another copy thereof shall be sent to the Registrar.

19. Any member or creditor desiring to exercise his option under sub-section (2) of Section 11 shall inform the society accordingly in writing by registered post or by personal delivery under acknowledgment;

provided that the member who attended the meeting referred to in Rule 17 and voted in favour of the resolution, shall give reasons for demanding withdrawal of his shares or deposits.

20. After the options have been received by the society within the period referred to in sub-section (2) of Section 11, the society shall draw up in Form 'G' a scheme for orderly payment of the claims on the basis of the options of withdrawals. The scheme shall be submitted by the society to the Registrar along with the proposed change in the bye-laws relating to liability. In examining the scheme and the proposal for amendment of bye-laws the Registrar shall have regard to the following-

(a) that the options have been made *bonafide*;

(b) that the scheme does not adversely affect existence or proper functioning of the society;

(c) that the society has sufficient funds to pay the claims under the scheme;

(d) any other relevant consideration in the interest of the society.

21. Where the Registrar has approved the scheme, the society shall make payments to the creditors and members in accordance with the scheme so approved and make a report to that effect to the Registrar.

22. Without prejudice to the provisions of the Act and rules, the proposal for amendment in the bye-laws shall not be accepted unless the Registrar is satisfied that the requirements of Sections 11 and 12 & Rules 17 to 21 have been complied with and the society has made the payments in accordance with the scheme.

23. On registration of the amendment in the bye-laws, the Registrar shall make or cause to be made an entry in the liability column of the Registration Register accordingly and shall also take action as provided under Rule 29.

CHAPTER IV

Procedure Regarding Amendment of Bye-Laws

24. An amendment in the bye-laws of a co-operative society including substitution of the entire set of bye-laws by new bye-laws may be made by a resolution passed by the votes of at least two-thirds of the members of the general body of the society present and voting at the general meeting called for the purpose:

Provided that in case of model bye-laws or amendment previously approved by the Registrar or amendment required by the Registrar to be made under sub-section (1) of Section 14, the resolution may be passed by simple majority only.

25. Thirty days' notice for calling a general meeting of general body for consideration of amendment of bye-laws along with a copy of the proposed amendment shall be given to the members:

Provided that where amendment is sought to be made by substitution of the entire set of bye-laws by new bye-laws, or where amendment is sought to be made in pursuance of an order received from Registrar under sub-section (1) of Section 14, it shall not be necessary for the society to send a copy of the proposed amendment to the members along with the notice for the meeting, but the proposed amendment shall be made available for inspection from the date of issue of the notice during office hours at the office of the society and also at the branches, if any, of the society and this fact shall be intimated to the members through or along with the notice:

Provided further that fifteen days' notice shall suffice where a meeting has been called in pursuance of an order received from Registrar under sub-section (1) of Section 14:

Provided also that where meeting is summoned under proviso to Rule 26 with reduced quorum under Registrar's permission, seven days' notice shall suffice for such a meeting.

26. In the case of a limited liability society, a quorum of at least one-third, and in all other cases a quorum of two-thirds of the total number of members of the general body shall be required for a meeting at which the amendment of any bye-law is considered:

Provided that if the requisite quorum cannot be obtained at a meeting of a limited liability society, the Registrar may direct the society to call another meeting at which the required quorum will be reduced to one-fifth and also to inform the members in writing of the fact:

Provided further, that in case of model bye-laws or amendments previously

approved by the Registrar or required by the Registrar under sub-section (1) of Section 14 to be made by the society, the required quorum may be permitted by the Registrar to be further reduced to one-seventh, in case the meeting not held for want of reduced quorum of one-fifth. The fact that the meeting shall be held with further reduced quorum of one-seventh shall be mentioned in the notice of agenda for such meeting.

27. In every case in which a society has resolved for amendment of bye-laws, an application in Form 'H' for registration of the amendment shall be made to the Registrar within fifteen days from the date of the meeting in which the amendment has been resolved (unless the Registrar, for special reasons, condones the delay) shall be accompanied by-

- (a) three copies of the proposed amendment;
- (b) three certified copies of the resolution of amendment signed on behalf of the co-operative society by the secretary and counter-signed by the chairman of the meeting;
- (c) existing registered bye-laws of the society; and
- (d) registration certificate of the society.

28. (1) On scrutiny of the proposal for registration of an amendment of bye-law, if the Registrar is satisfied that-

- (i) the prescribed procedure for amendment of bye-laws of the society has been duly observed; and
- (ii) the proposal-
 - (a) conforms to the requirements of sub-section (2) of Section 12;
 - (b) is not inconsistent with any other provision of the bye-laws of the society;
 - (c) where it relates to change of name of society, is not such as to be misleading in respect of objects, activities or area of operation of the society;
 - (d) is otherwise not against the interest of the society or public interest;

he shall register the amendment within one month from the date of receipt of such proposal.

(2) If the Registrar does not register the amendment within one month then it will be deemed that he has refused to register the amendment and in such case it will be obligatory for the Registrar

to intimate the society within next following one month, the reasons for not registering the amendment.

(3) No amendment of a bye-law shall be acted upon before it has been registered.

29. Where the Registrar registers an amendment under Rule 28(1), he shall-

(a) make or cause to be made under his signature-

(i) an entry regarding amendment in the relevant column of the registration register,

(ii) an endorsement regarding amendment in the office copy of the original bye-laws in his office,

(b) retain for his office record one copy of the amendment so registered,

(c) send or cause to be sent a certified copy of the registered amendment-

(i) to the co-operative society concerned,

(ii) to the central society, if any, to which the society concerned is affiliated, if in his opinion the said amendment is of any significance to the central society,

(d) return or cause to be returned to the society,-

(i) the registration certificate noting therein the date of registration of amendment of bye-laws, and

(ii) the original bye-laws with endorsement regarding amendment.

29A. Where the bye-laws of a co-operative society are substituted by a new set of bye-laws. The Registrar may nominate the First Committee of Management including the Chairman and the Vice-Chairman. The nominated Committee of Management shall hold office till the Committee of Management is duly constituted:

Provided that the Registrar shall nominate the Committee of Management only in those Societies where elected Committee of Management is not existing. In case of the societies where the bye-laws have been substituted by a new set of bye-laws but the elected Committee of Management is still existing, the Registrar shall have powers to nominate the Committee of Management only after the expiry of term of the elected Committee of Management.

30. The Registrar, as provided under Section 14, may, by order in writing require a co-operative society to make amendment in its bye-laws under the following

circumstances:

- (a) where the registered name of the society is misleading in respect of its activity, membership or area of operation or is inconsistent with the provisions of Rule 8(d);
- (b) where the committee of management of the society has itself proposed an amendment, but the same could not be considered in the general meeting due to the inability of the general body to meet for want of requisite quorum;
- (c) where the amendment is necessary to remove any inconsistency with any provisions of the bye-laws, Act, Rules or Regulations;
- (d) where the amendment is necessary to avoid any defect in the constitution of the society in accordance with the provisions of the Act and the Rules;
- (e) where the amendment is necessary to implement any policy of Government of India or the State Government with regard to the cooperative activity with which the society is concerned;
- (f) where the amendment is necessary to improve or rationalize the process of election in co-operative societies;
- (g) where it is necessary to rationalize the membership or the area of operation of the society in relation to its activities;
- (h) where the amendment has already been adopted by other co-operative societies of the same class or category to which the society belongs;
- (i) where the amendment had already been proposed by the general body of the society, but the same has not been submitted to the Registrar for registration and the Registrar considers the amendment necessary in public interest or in the interest of the society;
- (j) where the society is, in the opinion of the Registrar, dominated by any particular interest or suffers from group rivalries and the amendment is necessary to save the society in the interest of its proper functioning from such domination or rivalries.

31. Where the Registrar issues an order for amendment of a bye-law under sub-section (1) of Section 14, the order shall contain-

- (a) the text of proposed amendment;
- (b) the period within which such amendment is required to be adopted by the society;
- (c) reasons for proposing the amendment.

32. If the society objects to make the proposed amendment, the Registrar shall consider the objections of the society and if satisfied that the objections of the society are correct, he may drop further proceedings, and if not satisfied, he shall take further action as provided under sub-section (2) of Section 14.

33. Where an amendment has been registered under sub-section (2) of Section 14, an entry thereof shall be made in the register maintained for the purpose in Form 'I' and a copy of the amendment so registered shall be sent to the co-operative society concerned. Action as provided in sub-rules (a), (b) and (c) of Rule 29 shall also be taken in regard to that amendment. If the society has sent registration certificate and original registered bye-laws to the Registrar, action as provided under sub-rule (d) of Rule 29, shall also be taken.

34. The Registrar shall keep a record of name and address of every co-operative society on the registration register referred to in Rule 10.

35. (a) Every co-operative society shall communicate in writing to the Registrar its complete postal address which shall not be inconsistent with the relevant provisions of the registered bye-laws of the society. The address so communicated by the society shall mention the name of district and also of the village, town, city, municipal ward or mohalla, street, house number and postal circle as may be necessary for making the address complete in all respects. The communication for any change of address sent to the Registrar under Section 107 shall be signed by the Secretary and countersigned by the Chairman.

(b) The Registrar on receipt of a communication from the society under sub-rule

(a) shall amend the previous address registered in the books and may require the society to notify the change in leading newspapers of the area, if he thinks

such notification necessary considering the activities, membership of business relationship of the society.

36. Until the change of address is communicated by the society to the Registrar in the manner laid down in sub-rule (a) of Rule 35, it shall be the responsibility of the Secretary of the society to ensure proper delivery to the society of any communication addressed at the last known address of the society.

37. Where any two or more co-operative societies propose for amalgamation or merger under Section 15 or where a co-operative society proposes to divide itself under Section 16, fifteen clear days' notice before the date of the general meeting to be called for the purpose shall be given to the Registrar by registered post or by personal delivery under acknowledgment in Form 'J'.

CHAPTER V

Membership

38. (1) (a) Subject to the provisions of Section 26-A every application for admission to the membership of a co-operative society shall be made to the, secretary who shall place such application as soon as may be, before the authority competent under the bye-laws of the society to take decision on the question of admission to the membership of the society (hereinafter referred to as the 'competent authority').

Explanation. - For disposal of an application for admission as a nominal or associate member, an officer of the society may be authorised by the committee of management of the society to be the competent authority.

(b) The competent authority shall consider the application for admission to membership and take final decision either admitting or refusing to admit the applicant to the membership of the society. Such decision shall, except when it does not become possible for some unavoidable reasons, betaken-

(i) in the case of nominal or associate membership, within fifteen days of the receipt of the application in the society, and

(ii) in any other case, within thirty-five days of the receipt of the application in the society. The decision shall be communicated to the applicant within seven days of the date of the decision.

(c) If the decision on the application for admission to membership is not taken and communicated to the applicant within-

(i) thirty days of the receipt of application in the case of nominal or associate membership, and

(ii) sixty days of the receipt of application in the case of ordinary or sympathiser membership, the application shall be deemed to have been rejected.

(2) No person shall be admitted as a member of a co-operative society unless-

(i) he fulfils the qualifications for membership as laid down in the Act, rules and the bye-laws of the society;

(ii) he has applied for membership of the society in the manner laid down in the bye-laws of the society.

39. Where the State Warehousing Corporation, a co-operative society or a society registered under Societies Registration Act of 1860 (Act No. 21 of 1860), company or other body corporate registered or incorporated under any law for the time being in force, applies for the membership of a co-operative society, the application for membership shall be made by such person or authority as may be competent to do so under the provisions of law or bye-laws governing such body.

Explanation. - The term "bye-law" shall also include the rules or Articles of Association or Memorandum of Association of the body concerned.

40. If two or more persons have jointly inherited the share or interest in the shares of a deceased member of a society, such person may be admitted to the ordinary membership of the society. As regards voting right in respect of the share or shares, such person shall by declaration nominate any one from amongst themselves to exercise the right of voting under Section 20, whereupon the society shall enter in the share certificate the name of such persons so as to head the name of the joint shareholders;

Explanation. - (i) Though the voting right shall be enjoyed only by the person so mentioned in the declaration and the share certificate, but all the liabilities shall be borne by all of them jointly and severally as provided under the Act, rules and the bye-laws of the society.

(ii) This rule will apply only so long as the share or shares are held jointly.

41. (1) No person who is an individual shall be a member of Co-operative Society which gives loans in cash or kind or both to its members, if such person is an undischarged insolvent.

(2) No person who is an individual shall be or continue as an ordinary member of the society if, in the opinion of the Registrar, he carries on the same kind of business as is being carried on by the society.

42. (1) No person who is an individual and who is already a member of a primary co-operative credit society shall, unless permitted by the Registrar for reasons to be recorded, be a member of another primary co-operative credit society (except where such society is a co-operative bank the main business of which is to advance long-

term loan to its members on the mortgage of immovable property).

(2) If an individual has become a member of two credit societies in contravention of sub-rule (1), he shall resign from membership of one of the two and on his failure to do so within 45 days of his being called upon to do so the society of which he became a member later shall remove him from membership.

43. No person shall, unless permitted by the Registrar for reasons to be recorded, be a member of a co-operative housing society, if such person is already a member of another co-operative housing society in the sametown.

44. (a) No person who has been expelled from the membership of a co-operative society under clause (b) of Rule 56 shall be admitted as a member of that society before lapse of a period of two years from the date the order of expulsion takes effect, as provided in sub-section (5) of Section 27.

(b) No person, who is an individual, shall be admitted as an ordinary member in-

(i) an Apex Society or Central Bank (other than U.P. State Co-operative Land Development Bank, an Urban Central Bank, and Uttar Pradesh Sahkari Avas Sangh);

(ii) a Central society which includes any other Central society in its ordinary membership.

(c) If a society mentioned in sub-rule (b) has on the date of coming into force of the Act, individuals as its ordinary members, the society shall within a period of one year from such date or such further period as the Registrar may, for reasons to be recorded, allow for any co-operative society, adjust its membership to any other class mentioned in sub-section (1) of Section 18, in accordance with the provisions of the bye-laws of the society.]

45. No joint stock company shall be admitted as an ordinary member in -

(i) an Apex or Central Bank other than a Primary Urban Co-operative Bank or an Urban Central Bank;

Provided that the total membership of such companies in a Primary Urban Co-operative Bank or Urban Central Bank shall not, without the prior approval of the Registrar, exceed five per cent of the total membership of such bank;

(ii) a Primary Agricultural Credit Society.

46. A nominal or an associate member shall pay only such admission fees as may be required under the bye-laws of the society. The admission fee shall not be refundable nor shall it bear any interest.

47. No associate or nominal member of a co-operative society shall, irrespective of the liability of the society, be liable to contribute to the assets of the society on its being wound up except repayment of any dues which he may be owing to the society singly or jointly with any other debtor.

48. Every person before being admitted to the membership of a co-operative society shall sign a declaration that he will be bound by the existing bye-laws of the society, and by any amendment thereof. Such declaration shall be attested by two persons.

49. A person who is already a member of a co-operative society by reason of his having joined in the application for the registration of the society shall, within one month of the registration of the society, be required by such society to sign the declaration referred to in Rule 48. If he fails to do so, he shall be liable for expulsion from the membership of the society.

50. A member of a co-operative society shall not be entitled to exercise the rights of the membership unless he has signed the declaration mentioned in Rule 48 or 49 as the case may be and has made such payment to the society as may be necessary in respect of membership or has acquired such interest in the society as may be provided in the bye-laws of the society.

51. No person shall be admitted as a sympathizer member of a co-operative society unless he submits an application in writing to the Secretary of the society on the form and in the manner provided for the purpose in the bye-laws of the society.

52. A sympathizer member of a co-operative society shall, on admission to membership, purchase shares the value and extent of which shall not be less than those provided for an ordinary member.

53. The liability of a sympathizer member of a co-operative society shall be co-extensive with that of an ordinary member and in the case of past sympathizer member or a deceased sympathizer member, the liability shall be the same as provided in Section 25.

54. (1) On the death of a sympathizer member of a co-operative society his membership shall cease and his heir or nominee shall not claim ordinary membership or sympathizer membership as a matter of right.

(2) An heir or a nominee of a sympathizer member of a co-operative society may, however, seek admission as an ordinary or sympathizer member of the society, if qualified for such membership and on his admission, the share or interest of the deceased sympathizer member shall be transferred to him according to the provisions of sub-section (1) of Section 24.

55. Where an heir or nominee of sympathizer member of a co-operative society is not admitted to the membership of the society, the society shall make payment to him as provided under sub-sections (2) and (3) of Section 24.

56. A person may, in the manner laid down in the rules-

(a) be removed from the membership of a co-operative society, if-

(i) he has ceased to fulfill the qualifications laid down under the Act, rules or the bye-laws of the society, for the membership of the society, or

(ii) he was admitted to the membership of the society, in contravention of the provisions of the Act, rules or the bye-laws of the society, or

(iii) he becomes of unsound mind, or

(iv) his membership of the society is inconsistent with the provisions of Rule 8 (b);

(b) be expelled from the membership of a society-

(i) if he has misappropriated any funds or property of the society or has caused damage to the property of the society and has for that offence been convicted under the Indian Penal Code, 1860;

Provided that he shall be eligible to become member of that or any other society after his acquittal in appeal or after he has served out the sentence and/or paid the fine, as the case may be, under the order of conviction, or

(ii) if he has caused detriment to the interest of the society by a breach of the bye-laws of the society, or

(iii) where a declaration made by a member in pursuance of any provisions of the bye-laws of the society is found to be either false or, there is suppression of any material information, in the declaration and such falsehood or suppression has enabled the member to get undue benefit

from the society, or has put the society to economic or a financial loss or other difficulties.

57. A person sought to be removed or expelled under Rule 56 shall be called upon by the committee of management to show cause within ten days of the receipt of the notice why he should not be removed or expelled, as the case may be, from the membership of the society.

58. (1) In case the notice referred to in Rule 57 is not replied within the time specified in that rule or the reply received is unsatisfactory in the opinion of the Committee of Management, the member may be removed or expelled, as the case may be, by the Committee of Management by a resolution passed in a meeting held within fifteen days of the expiry of the period of the notice.

(2) A copy of the agenda of the meeting of the Committee of Management convened for the purpose mentioned in sub-rule (1) shall also be sent to the member whose removal or expulsion is sought and the member concerned shall have the right to state his case in person before such meeting, if he so chooses.

59. No resolution passed under Rule 58 shall be effective unless it is carried by a majority of two-thirds of the members present and voting.

60. Where an order requiring the removal or expulsion of a member of a co-operative society is received from the Registrar under clause (a) of sub-section (2) of Section 27, the Committee of Management shall, within thirty days from the date of receipt of the order, remove or expel the member, as the case may be, in the manner laid down in Rules 57 and 58.

61. A copy of the resolution of the meeting referred to in Rule 58 or in Rule 60 or a copy of the order passed by the Registrar for removal or expulsion under sub-section (2) of Section 27, as the case may be, shall be sent by registered post or by personal delivery under acknowledgment to the member concerned

62. Any person removed or expelled from the membership of a co-operative society by the Registrar under sub-section (2) of Section 27 or by a co-operative society under Rule 58 or Rule 60 shall, notwithstanding such removal or expulsion, continue to be liable as provided in Section 25 and shall also continue to be liable to pay his debt to the society.

63. A member of a co-operative society shall cease to be such member on-

- (i) his death,
- (ii) his removal or expulsion from the society,
- (iii) his withdrawal from membership, or
- (iv) retirement, transfer or forfeiture of all the shares held by him.

64. A co-operative society shall on a request in writing and on payment of such fees as may be laid down in its bye-laws, give certified copies of any one or more of the documents named below within one month from the date of the payment of such fees-

(a) to any member-

- (i) a copy of the registered bye-laws of the society;
- (ii) a list of the members of the committee of management;
- (iii) a copy of the last audited balance-sheet and annual profit and loss account;
- (iv) duplicate copy of any one or more of the records of his transaction with the society in case of a credit society and of his credit dealings in case of any other society;

(b) to an ordinary or sympathizer member-

- (i) a list of members of the society;
- (ii) a copy of the proceeding of the meeting of the general body or of the committee of management or of any other committee of the society.

CHAPTER VI

Shares

65. In the case of a co-operative credit society of limited liability, no person who is an individual, shall, subject to the restrictions laid down in Section 22, hold shares of amount exceeding one-tenth of the subscribed share capital of the society.

66. Without prejudice to the provisions for liability under Section 25, and for charge and set-off under Section 41, a co-operative society may, under sub-section (3) of Section 23, return the shares of-

- (i) a member mentioned in any of the clauses (b) to (f) of sub-section (1) of Section 17 according to the terms and conditions of share-participation agreed to between the society and such member at the time of admission to membership;
- (ii) a member in a salary earner's co-operative society in the event of transfer of such member from the area of operation of the society or on cessation of his service by virtue of which he held membership of the society;
- (iii) a member of a co-operative society organised in an educational institution, if the member ceases to be a student or a member of the staff of the institution by virtue of which position he was holding membership of the society;
- (iv) a member of a co-operative society, if he has ceased to be a shareholder on account of adjustment of his membership to any other class under sub-rule (c) of Rule 44 or if he has been removed from membership under sub-rule (a) of Rule 56.

67. The share held by a person in a co-operative society may subject to the provisions of the Act and the rules be transferred to another co-operative society to which the membership of such person has been transferred.

68. A co-operative society may pending transfer of share of an outgoing member purchase such share from its own share transfer fund, if any, and recover the amount subsequently from the member to whom the share is ultimately transferred.

69. Shares held by a co-operative society in a Central Co-operative Society shall not be transferable except when-

- (i) the co-operative society is split up in two or more societies, in which case the Central Society may, with the approval of the Registrar transfer such proportion of the shares held by the original society to the new societies as is considered equitable,or
- (ii) any two or more co-operative societies are amalgamated or merged into one society in which case the Central Society may, with the approval of the Registrar, transfer all the shares held by the original societies to the new society in case of amalgamation and to the continuing society in case of merger,or
- (iii) a co-operative society has more shares in the opinion of the Registrar than it needs, in which case the Central Society may transfer such shares (as are considered to be in excess of the need) to another society which is a member of the same Central Society, on such terms and conditions as may be agreed upon between the transferor society and the transferee society and approved by the Central Society.

70. Subject to the provisions of the Act and the rules, a Central Co-operative Society may reduce its share capital according to a scheme approved by the Registrar and adopted by the general body of the society in a general meeting specially called for the purpose. Such a scheme may provide for-

- (i) extinguishing or reducing the liability on any of its shares in respect of share capital not paid up,or
- (ii) cancelling and paid-up share capital,or
- (iii) paying back any paid-up share capital which is in excess of the need of the Central Society.

71. The Registrar may direct a Central Co-operative Society desiring to reduce its share capital to issue a notice by registered post to every creditor who shall be entitled to object to the proposed reduction within one month from the date of the receipt of such notice.

72. If a creditor does not consent to the proposed reduction of the share capital, the Registrar may dispense with the consent of that creditor, in case the Central Co-operative Society secures payment of the debt of such creditor or satisfaction of the

claim with the time specified by the Registrar.

73. The Registrar, if satisfied with respect to every creditor of such Central Co-operative Society, who has objected to the reduction, that either his consent to the reduction has been obtained or his debt or claim has been paid or satisfied as provided in Rule 72, may make an order approving the reduction on such terms and conditions as the Registrar may think fit.

74. The resolution for the reduction of share capital of a Central Co-operative Society shall take effect from the date on which it is approved by the Registrar under Rule 73.

75. Shares held by a member in a co-operative society shall not be hypothecated by him as a security for any loan taken by him from a person or body other than the society of which he is a member.

76. Where an order of winding up a member society passed under Section 72, has become final, the share of such society shall be adjusted in dues which may be outstanding against the society and the balance, if any, shall be credited to the society.

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

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

78. (a) A nomination under Rule 77, shall be made by a member by signing a declaration on the form prescribed by the society or by making a statement in any book kept for the purpose by the society. When a nomination is made by signing the declaration, such declaration shall be deposited with the society during the member's life time. In either case the nomination shall bear the signature of the member making nomination and shall be attested by two witnesses.

(b) The nomination made under sub-rule (a) may be revoked or varied by any other nomination made in the manner laid down in sub-rule (a).

79. The name and address of every person nominated for the purpose of Section 24 and any revocation or variation of such nomination shall be entered in the register kept by the co-operative society for the purpose.

80. (a) When a member of a co-operative society dies without making a nomination, the society shall, by a public notice exhibited at the office of the society, invite, within the time specified in the notice, claims or objections for the proposed transfer of the share or interest of the deceased member or payment of the value of the share or interest and all other moneys due to the deceased member to his heir or legal representative.

(b) If no dispute arises about the claim of the person who appears to the committee of management to be the heir or legal representative of the deceased member, the committee of management shall transfer the share or interest of the deceased member or pay the value of the share or interest and all other money due to the deceased member to such a person.

(c) If no claim is preferred within the time specified in the notice mentioned in sub-rule(a), the society shall continue to hold the amount until the expiry of the period of limitation provided under the Limitation Act, 1963, for any action in respect of the claim. After the expiry of the said period of limitation, the society shall credit the amount to the share transfer fund and in the absence of such a fund, to the reserve fund. No claim for payment shall be entertained after the expiry of the period of limitation.

(d) If any dispute arises about the claim of any person to be the heir or legal representative of the deceased member, the society shall inform the claimants about the facts of the dispute having arisen and shall ask the parties to have the dispute settled in accordance with second proviso to sub-section (1) of Section 24. In case the parties fail to refer their case to the Registrar within one month from the date of the aforesaid communication from the society, the society shall itself refer the matter to the Registrar and take action in accordance with the said proviso.

(e) No payment of the value of the share or interest or other moneys due to a deceased member, shall be made to his heir or nominee or legal representative by the society unless the society obtains receipt of such

payment duly attested by two witnesses from amongst the members of the society.

81. (a) No transfer of shares by a member of a co-operative society to any person shall be effective unless-

(i) it is made in accordance with the provisions of the Act, rules and the bye-laws of the society;

(ii) a clear thirty day's notice in writing is given to the society indicating there in the name of the proposed transferee, his consent and application for membership, where necessary, and the value proposed to be paid by the transferee;

(iii) all liabilities of the transferor to the society are discharged; and

(iv) the transfer is registered in the society.

(b) Any change in favour of the society on the share so transferred will continue unless discharged otherwise.

82. (1) Where a member of a co-operative society ceases to be such member, the value of his share or interest in the share capital of the society to be paid to him or his nominee, heir, or legal representative, as the case may be, shall be equal to the actual amount paid by the member to the society.

(2) Where a person is allotted a share by a co-operative society or where a share is transferred by a member of a co-operative society and such transfer is approved by the Committee of Management of the society, payment required to be made in respect of such allotted or transferred share shall not exceed the face value of the share.

CHAPTER VII

Constitution of General Body of Co-operative Societies

[83. Ordinary or sympathiser members of a co-operative society shall -

- (i) if individuals [including curators of lunatic members and legal guardians of minor members referred to in Section 80 and sub-section (2) of Section 81] be represented on the general body of the society personally or through delegates in accordance with the provisions of the rules,
- (ii) if other than individuals, be represented on the general body of the society according to the provisions of clauses (b) and (c) of Section 20.]

84. [* * *]

[84A. The General body of co-operative society shall in the following cases be constituted-

(1) by delegates of its members-

- (a) where the society has as its members individuals, and other persons referred to in clauses (c) to (f) of sub-section (1) of section 17 of the Act, if any and the area of operation of the society extends to more than one revenue district,
- (b) where the society has as its members co-operative societies and the persons referred to in clauses (c) to (f) of sub-section (1) of Section 17 of the Act, if any,

(2) by all the individual members and any delegates of other members of the society-

(a) where the society has as its members-

- (i) individuals, and
- (ii) at least one co-operative society, and
- (iii) other persons referred to in clauses (c) to (f) of sub-section (1) of Section 17 of the Act, if any,

(b) where the co-operative society has as its members individuals and other persons referred to in clauses (c) to (f) of sub-section (1) of Section 17 of the Act, if any.

(3) in the case of Consumer Co-operative Societies, Cane Co- operative Societies and Co-operative Sugar Factory Societies by delegates of their members where the number of individual members and other persons referred to in clauses (b) to (f) of sub-section (1) of section 17 of the Act if any is 1,500 or more.

(4) by delegates of its members where the society has its members individuals, the number whereof exceeds 1500 (one thousand five hundred) and the area of operation of the society extends to more than one revenue district:

Provided that the number of such delegates shall not in, any case, exceed one hundred. However this restriction shall not apply in the case of cane cooperative society and co-operative sugar factory societies in which the number of delegates shall be in accordance with their byelaws, but shall not in any case exceed one thousand five hundred.

Explanation. - The term "member" used in this rule shall include an ordinary member and a sympathiser member but shall not include a nominal or an associate member.]

[85. Where a co-operative society is affiliated to any other society, the former may except in the case of societies referred in Rule 85-A appoint any one or more persons as may be specified in the bye-laws of the affiliating society as delegates to represent in the general body of the latter society:

Provided that no person shall be appointed as delegate unless he is a member of the general body of the former society and does not suffer from any of the disqualifications laid down for delegates in the rules and the bye-laws of the society:

Provided further that where the latter co-operative society provides for reservation of seats for weaker-section women in the committee of management for the former society shall out of the number of delegates to be appointed to the general body of the latter society, appoint at least one delegate from weaker section-women, as the case may be.]

[85A. The following societies may have delegates as follows:-

(a) The District/Central Co-operative Bank may have delegates in general body from each member as follows:-

(i) Primary Agricultural..... Credit Society	Six
(ii) Block Union	Four
(iii) Marketing Society	Four
(iv) District Co-operative..... Federation	Two
(v) District Wholesale..... Consumer Store	Two
(vi) Any other society	Two

Provided that in (i) to (vi) above at least one delegate each shall be from Scheduled Caste or Scheduled Tribes.

Provided further that a Primary Agricultural Co-operative Credit Society shall send at least one professional person out of six delegates to fulfil the requirement of sub-section (8) of Section 29.

(b) The District Co-operative Federation may have delegates in the general body as follows:-

(i) Marketing Society	Four
(ii) Block Union	Four
(iii) Processing Society	Four
(iv) Any other society	Two

Provided that at least one delegate each shall be from Scheduled Castes or Scheduled Tribes.

(c) The District Wholesale Consumer Store may have three delegates from each member society in its general body provided that in the case of primary consumer store at least one of the delegates be a woman.

(d) Marketing or Processing Societies may have delegates from each member society in their general body as follows:-

- | | | |
|-----|-------------------------------------|-----|
| (i) | Primary Agricultural Credit Society | Six |
|-----|-------------------------------------|-----|

(ii) Anyothersociety

Two

Provided that one of the delegates shall be a member belonging to Scheduled Castes or Scheduled Tribes.

(dd) Block Unions may have delegates in their general body from each member society equal to the number of Gram Sabhas falling in the area of operation of each member society.

(e) A co-operative society not covered in clause (a) to (dd) may have delegates from each member society in accordance with the bye-laws of the society and in the absence of such provisions in the bye-laws of the society the number of delegates shall be in accordance with the direction of the Registrar:

Provided that every member of the Central/District Cooperative Bank shall send three delegates to the general body of the Uttar Pradesh Cooperative Bank of which one shall be from the weaker section or woman and one shall be from professional person to fulfil the requirement of sub-section (8) of Section 29.

(f) Where the general body of a co-operative society consists of delegates of individual members the number of delegates of individual members shall be such as may be provided in the bye-laws of the society and in the absence of such provision in the bye-laws of the society the number of delegates shall be in accordance with the direction of Registrar].

86. No co-operative society shall appoint any person as its delegate to represent the society in another co-operative society, if the person suffers from any of the disqualifications laid down in any of the clauses (a), (b), (c), (d), (e), (f), (g), (i), (j), (k), (l), (m), (n) and (o) of sub-rule (1) of Rule 453.

86A. [* * *]

[87. A person who is already a delegate of a co-operative society shall cease to be such delegate, if-

(i) he incurs any disqualification referred to in Rule 86; or

(ii) he ceases to be a member of the society from which he is a delegate; or

(iii) the society of which he is a delegate, ceases to be a member of the society in which he is represented; or

- (iv) he ceases to be a member of the society which was a member of such society by which he was elected as a delegate to another co-operative society;or
- (v) he ceases to hold the office by virtue of which he was a delegate of the society in terms of the bye-laws of the society;or
- (vi) the society of which he was delegate is wound up under Section 72;or
- (vii) the society he represents is amalgamated with any other co-operative society or societies;or
- (viii) the society he represents is divided into two or more societies;or
- (ix) he resigns his office as delegate.]

87A. [* * *]

[88. Where the State Government, the Central Government, the State Warehousing Corporation, a society registered under the Societies Registration Act of 1860, a company or other body corporate registered or incorporated under any other law for the time being in force, is member of a co-operative society, it may appoint a person or persons as its delegate to represent it on the general body of the society by an order of competent authority or by a resolution of the general body, executive committee or of any other competent authority, as the case maybe:

Provided that the qualification of such person to be appointed as delegate shall be such as mentioned in the Representation of the People Act, 1951 for the election of the members of Legislative Assembly.]

89. A delegate once elected/appointed on the general body of a co-operative society shall continue to hold that office until either the body he represents elects/appoints another delegate in his place or he incurs any of the disqualifications mentioned in Rule 87 or forfeits his right to hold that office by virtue of the provision of the bye-laws of the co-operative society which he represents or in which he is represented.

Provided that if at the time of election of Chairman/Vice-Chairman/delegates, a society fails to elect the new delegate to represent the society, the already elected delegates in the previous election will continue in the General Body of the society, but he will not be eligible to contest or to vote in the election of the society concerned.]

CHAPTER VIII

Meetings

[90. Every Co-operative Society shall hold its Annual General Meeting once in every co-operative year. Such meeting shall be held, as soon as may be, after the annual returns have been submitted and its accounts have been audited under Section 64, but not later than 30th November in case of primary societies and not later than 31st December in case of Central and Apex Societies:

Provided that the Registrar may for reasons to be recorded, allow any society to hold its Annual General Meeting beyond November 30 or December 31, as the case may be, and in that case the Annual General Meeting shall be held within the period so extended.]

91. Where the Annual General Meeting of a co-operative society has in any year been held under Rule 90 before its accounts have been audited, the consideration of the matters mentioned in clauses (c), (d) and (f) of sub-section (1) of Section 32 shall be taken up in the next Annual General Meeting of the society.

92. For the purpose of consideration of the audit report of the previous co-operative year under clause (a) of sub-section (1) of Section 32 of the audit certificate shall be put up before the Annual General Meeting along with a summary of the main observations, objections and remarks in the audit report summary of which shall be prepared in the manner provided under Rule 93. The complete audit report shall be open to inspection of the members of the general body of the society in the office of the society during working hours after issue of the agenda and till the date of the Annual General Meeting.

93. The summary of the audit report referred to in Rule 92 shall, with the assistance of the Secretary of the society, be prepared by the Committee of Management of society or where the bye-laws of the society so provide by a special committee constituted for the purpose, in which case the summary shall be examined and approved by the Committee of Management before it is placed before the annual general meeting.

94. Nothing contained in Rules 92 and 93 shall prejudice the right of a member to draw the attention of the general body to any material point which has been omitted from the summary of the audit report and the general body may call for the audit

report and discuss that particular issue.

95. A meeting of the general body or of the Committee of Management or of the Executive Committee of a co-operative society shall be held only at the headquarters of the society.

Explanation. - The term "executive committee" shall mean any committee or sub-committee constituted by the Committee of Management to which all or any of the powers or functions of the Committee of Management are delegated.

96. Notice of a meeting shall be given in accordance with the provision of the Act, the rules or the bye-laws of the society.

97. (a) The quorum for a meeting under sub-section (4) of Section 15 shall be one-third of the total number of members of the general body of all the co-operative societies concerned and where the general meeting is adjourned for want of such quorum, the adjourned meeting may be held with the permission of the Registrar with the reduced quorum of one-fifth only;

provided that the members of the general body of the concerned societies have been informed in writing of the fact of the reduced quorum.

(b) The quorum for a meeting under sub-section (4) of Section 16 shall be one-third of the total number of members of the general body and where meeting is adjourned for want of such quorum, the adjourned meeting may be held with the permission of the Registrar with the reduced quorum of one-fifth only:

Provided that the members of the general body have been informed in writing of the fact of the reduced quorum.

98. The Chairman of the society or in his absence the Vice-Chairman or in the absence of the both, a member elected by the members present at the meeting shall preside over the meeting:

Provided that no person including the Chairman or Vice-chairman shall preside over a meeting when matters in which he has a personal interest are to be discussed.

99. The person presiding at the meeting shall conduct the proceedings in such manner as may be conducive to expeditious and satisfactory disposal of business and shall decide all points of order at the meeting.

100. No general meeting or meeting of the Committee of Management shall be held or proceeded with unless the members required to form a quorum as specified in the

Act, the rules and bye-laws are present.

101. If within half an hour of the time appointed for the meeting, the quorum is not complete, the meeting may be adjourned in accordance with the provisions of bye-laws of the society:

Provided that if the meeting has been called on the requisition of the members or of the delegates, and if the requisite quorum is not complete within an hour of the time appointed for the meeting, the meeting may be dissolved.

102. When a meeting other than a meeting referred to in Rule 26 or Rule 97 has been adjourned for want of quorum the adjourned meeting may be held with such reduced quorum not being less than fifty per cent of the original quorum as may be laid down in bye-laws of the society.

103. In a meeting the subjects shall be taken up for consideration in the order as mentioned in the agenda unless the person presiding over the meeting agrees to change the order with the concurrence of the majority of the members present: Provided that the election of an office-bearer or a delegate or co-option shall not be taken up unless specifically notified in the agenda.

104. An extraordinary general meeting called by the Registrar or by any person duly authorised by him in this behalf under sub-section (2) of Section 33, shall have all the powers and be subject to the same rules as for a meeting called according to the bye-laws of the society.

105. All matters before a meeting shall be decided in the form of resolution passed by a majority of votes of the members present unless a specific majority is required under the provisions of the Act, rules or the bye-laws of the society. In case of equality of votes, the person presiding over the meeting shall have a second or casting vote.

106. When the members present in a meeting are divided on any resolution, any member may demand a poll. When a poll is demanded, the person presiding over the meeting may put the resolution to vote.

107. Voting may be by show of hands unless otherwise specified in the rules, or the bye-laws of the society.

108. If all the business in the agenda cannot be transacted on the date on which the meeting is held, the meeting may be postponed to any other date as may be decided by the members present in the meeting or as may be specified in these rules or the

bye-laws of the society.

109. Members requisitioning a meeting under sub-section (2) of Section 33 or under Rule 14, shall give a statement of the objects for which the meeting is being requisitioned by them.

110. Every co-operative society shall send to the Registrar a copy of notice and agenda of the general meeting of the general body and also of the committee of management, when so required by the Registrar by general or special order. The society shall mention in the notice, its complete name, registration number and date of registration.

111. The Registrar for reasons to be recorded, may direct the meeting of a co-operative society called at his instance to postpone the consideration of any item of the agenda. Any decision of the meeting taken in contravention of such a direction of the Registrar shall be invalid and inoperative.

112. The minutes of the proceedings of all meetings shall be recorded in a book to be kept for the purpose and the minutes shall be signed by the person presiding at the meeting as well as by the Secretary of the society.

CHAPTER IX

Committee of Management

113. The Committee of Management of a co-operative society shall have such powers and duties as may, subject to the provisions of the Act and the rules, be laid down in the bye-laws of the society.

114. Any three members of the committee of management of a co-operative society may requisition the meeting of the said committee.

115. In the conduct of the affairs of a co-operative society every member of the committee of management shall exercise prudence and diligence of an ordinary man of business, shall not perform any act contrary to the provisions of the Act, rules or the bye-laws of the society and shall not default in the performance of the duties entrusted under the Act, the rules or the bye-laws of the society.

116. (a) No officer of a co-operative society shall, except as permitted by the bye-laws of the society, have any interest, directly or indirectly-

(i) in any contract made with the society,

(ii) in any property sold or purchased by the society,

(iii) in any transaction of a co-operative society other than the provision of residential accommodation by the society to any paid employee of the society, if the officer himself is a paid employee,

(b) No paid officer of a co-operative society shall purchase or allow any of his dependents to purchase any property of a member of a co-operative society sold for the recovery of dues of the co-operative society.

117. (a) Where a Government servant is a nominated or an *ex officio* member of the Committee of Management of a co-operative society, he shall not vote in the matter of election of an office-bearer or a delegate of the society.

(b) Where a member of the Committee of Management differs with the opinion of the majority, he may ask for recording his note of dissent in the proceedings of the meeting and such dissent shall be got suitably recorded in the proceeding by the person presiding over the meeting.

118. For the purpose of obtaining the opinion of the general body of a co-operative

society under sub-section (1) of Section 35, the Registrar shall call a general meeting of the general body of the society, for which purpose he shall issue a notice to the members of the general body whose names have been intimated to him by the society or ascertained by him from the records. Non-receipt of the notice by any members shall not invalidate the proceedings of such meeting.

119. The general meeting of the general body called under Rule 118 shall be presided over by the Registrar and the proceedings of this general meeting shall be recorded on a separate sheet of paper and signed by him.

[120. (1) Notwithstanding anything contained in these rules the quorum for a meeting under rule 118 shall be more than one-half of the total number of members of the general body and the proposal of the Registrar shall be considered to have been passed only if it has a majority support of two-third members present.

(2) The Registrar may dispense with the requirement of obtaining the opinion of the general body of a cooperative society under the proviso to sub-section (1) of Section 35 under the circumstances mentioned below-

(a) Where the records of the society pertaining to membership are incomplete or are not available;

(b) Where a meeting was called, but could not be held for want of quorum;

(c) Where the Society has not sufficient funds to meet the expenditure of holding a meeting of the general body;

(d) Where a meeting was called, but could not proceed with its business on account of disorder.

(3) Where the Registrar dispenses with the requirements of obtaining the opinion of the general body of the society under sub-rule (2) he shall record the fact together with reasons for dispensing with the opinion of the general body.]

121. Where an administrator is appointed under sub-section (3) or sub-section (4) of Section 35, he shall exercise all the powers of the Chairman under the Act, rules and the bye-laws.

122. The remuneration payable to administrator or administrators appointed under sub-section (3) or sub-section (4) of Section 35 and shall be such as the Registrar may, from time to time, determine and the same shall be payable from the funds of the society.

123. The expenses incurred in connection with the management of the co-operative society by the committee, administrator or administrators appointed under sub-section (3) or sub-section (4) of Section 35, shall be payable from the funds of the society.

[CHAPTER IX-A]

Committee of Administrators

123A. A meeting of the Committee of Administrators of a cooperative society shall be held only at the headquarters of the society.

123B. The Managing Director or the Secretary, as the case may be, shall convene the meeting of the Committee of Administrators hereinafter in this Chapter called the Committee, and the notice of such a meeting shall be given by him in accordance with the provisions of the Act, the rules or the bye-laws of the society made thereunder relating to the Committee of Management.

123C. Any three members of the Committee may requisition the meeting of the said Committee.

123D. The quorum for a meeting of the Committees shall be more than one-half of the total number of members of the Committee, or three members, whichever is greater.

123E. Generally seven days notice shall be necessary for convening the meeting of the Committee but in case of an emergent meeting three days notice shall be sufficient. In both cases the agenda of the meeting shall be sent along with such notice.

123F. The Chairman of the Committee or in his absence a member, elected by the members present at the meeting shall preside over the meeting:

Provided that no person shall preside over or participate in a meeting when matters in which he has a personal interest are to be discussed,

123G. The person presiding at the meeting shall conduct the proceedings in such a manner as may be conducive to, expeditious and satisfactory disposal of business and shall decide all points of order at the meeting.

123H. No meeting of the Committee shall be held or proceeded with unless the members required to form a quorum are present.

123I. When a meeting has been adjourned for want of quorum, the adjourned meeting may be held with the participation of not less than three members.

123J. In the meeting, the subjects shall be taken up for consideration in the order as mentioned in the agenda unless the person presiding over the meeting agrees to

change the order with concurrence of the majority of the members present.

123K. All matters in a meeting shall be decided in the form of a resolution by a majority of votes of the members present.

123L. In case of equality of votes the person presiding over the meeting shall have a second or casting vote.

123M. If the Committee is divided on a resolution, any Administrator of the said Committee may demand a poll. When a poll is demanded, the person presiding over the meeting may put the resolution to vote and the voting may be by show of hands.

123N. If all the business of the agenda can not be transacted on the date on which meeting is held, the meeting may be postponed for any other day as maybe decided by the members present in the meeting.

123O. A copy of the notice and the agenda of the meeting when so required by the Registrar, by general or special order shall be sent to the Registrar.

123P. The Registrar for reasons to be recorded may direct the Committee to postpone the consideration of any item of agenda. Any decision of the meeting taken in contravention of such a direction shall be invalid and inoperative.

123Q. The minutes of the proceedings shall be recorded in a book to be kept for the purpose and shall be signed by the person presiding at the meeting as well as by the Managing Director or the Secretary, as the case may be, of the society.

123R. No honorarium shall be paid to the Chairman or any member of the Committee.

123S. A member of the Committee shall get travelling allowance from his own society for attending the meeting of the Committee and Rules 386, 387 and 388 of the said rules shall mutatis mutandis apply to the members of the Committee in regard to the travelling and daily allowances.

123T. In the conduct of the affairs of a cooperative society every member of the Committee shall exercise prudence and diligence of an ordinary man of business, shall not perform any act contrary to the provisions of the Act, rules or the bye-laws of the society and shall not default in the performance of the duties entrusted under the Act, the rules or the bye-laws of the society.

CHAPTER X

Secretary

[124. (1) No co-operative society shall appoint any person as its secretary who does not possess the qualifications laid down under Section 120, or who fails to furnish the security as may, if any, be required under that Section or who is a near relation of a member of the Committee of Management of the Society. Every such appointment shall be subject to the Regulations, if any, framed under Section 121 or 122.

(2) Where the Government-

(a) has subscribed to the share capital of co-operative society to the extent of not less than one lakh rupees; or

(b) has given loans or made advances to a co-operative society; or

(c) has guaranteed the repayment of principal and the payment of interest on debentures issued by a co-operative society; or

(d) has guaranteed the repayment of principal and payment of interest and loans and advances to a co-operative society;

then, the appointment of the Secretary of such a co-operative society shall be made subject to the prior approval of the Registrar, as provided in Rule 125].

125. (1) While sending to the Registrar for his approval the proposal of appointment of any person as its Secretary the co-operative society shall submit to the Registrar entire records relating to the selection and shall also give reasons for selecting a particular candidate.

(2) If the person whose name has been submitted by the society to the Registrar under sub-rule (1) is considered by the Registrar as unsuitable, he shall intimate his objections to the society.

(3) On receipt of the objections from the Registrar under sub-rule (2), the society shall, in the light of his objection, reconsider the matters and suggest out of the applicants another name who is considered as most suitable. While doing so, the society shall also mention two more persons who in the opinion of the society, are fit to be appointed as Secretary.

(4) The Registrar may approve for appointment the candidate described as most

suitable by the society and if he considers such a candidate as unsuitable, he may approve one of the other two candidates and intimate his approval to the society with reasons.

(5) When the number of applicants does not exceed one or two, the Registrar may require the society to notify the vacancy again or he may approve the candidate selected by the society, as he may consider proper.

Explanation. - For the purpose of this rule, a candidate will be considered unsuitable by the Registrar only if-

- (i) the candidate does not fulfill the qualification laid down under Section 120 or under the regulations framed under Section 121 or Section 122 or under any other provisions of the rules and the bye-laws, or
- (ii) the candidate is a near relation of a member of the Committee of Management, or
- (iii) having regard to the education, experience or other relevant qualifications, an obviously better candidate out of the applicants, in the opinion of the Registrar, is available for appointment.

[126. Notwithstanding the provisions of Rules 124 and 125, a co-operative society may request-

- (i) the Registrar or the State Government through the Registrar to lend for a specific period to the society on deputation or free or on contribution basis the services of any Government servant to hold the office of the Secretary of the society;
- (ii) any Central Society to place the services of any of its employees on deputation with the co-operative society to hold the office of Secretary in the society for specific period.]

127. (1) Pending appointment of a Secretary under Rule 125 or 126, the Committee of Management of the society may, subject to the provisions of Section 120 and the regulations framed under Section 121 or 122, appoint any suitable person as Officiating Secretary.

(2) The Officiating Secretary appointed under sub-rule (1) shall hold office for a period not exceeding six months or until the appointment of a Secretary under Rule 125 or 126, whichever is earlier.

128. The Committee of Management of co-operative society may under sub-section

(3) of Section 31 appoint subject to the provisions of Rules 124 and 125 one or more persons to assist the Secretary, if such appointment is necessitated by the workload being so heavy that the Secretary alone is unable to perform his functions and discharge his duties efficiently and the society is able to bear the financial burden involved in such appointment. The person or persons so appointed shall work under the overall control, guidance and supervision of the Secretary.

129. The Secretary of a co-operative society shall not be a member of the Committee of Management of the society and shall have no right to vote even if he is a member of any other committee or sub-committee constituted under the rules or bye-laws of the society, where such a committee or, sub-committee includes a member of the general body or of the Committee of Management of the society.

[130. (1) Where the Secretary of co-operative society is of the opinion that-

(a) a resolution passed by the Committee of Management, or the general body of the society; or

(b) any order passed by an officer of a co-operative society, is not covered by the objects of the society, or is in contravention of the provision of the Act, the rules or the bye-laws of the society and that in case the implementation of such resolution or order is not stayed the order of annulment of the resolution or cancellation of the order which may eventually be made by the Registrar under section 128 will become infructuous, the Secretary shall forthwith-

(i) move the Chairman of the society in writing to refer the matter to the Registrar for his decision:

Provided that where the Chairman fails within three days of the receipt of Secretary's request to make the reference to the Registrar or to direct, in writing, the Secretary to make such reference, the Secretary may himself refer the matter to the Registrar for decision;

(ii) pending reference to and receipt of the decision of the Registrar, withhold the implementation of the resolution or the order, as the case may be, where the Secretary is satisfied for reasons to be recorded, that such a course is necessary in the interest of the society.

(2) The Registrar shall, as soon as may be, but not later than thirty days after receipt of the reference under sub-rule (1) examine the matter and if he decides the resolution or order referred to him by the Secretary-

(a) is not covered by the provisions of Section 128, he shall direct the resolution or order to become operative and the Secretary shall accordingly comply;

(d) is covered by the provisions of Section 128, he shall direct the Secretary to continue to withhold implementation of the resolution or order, as the case may be, pending action under Section 128 and the Secretary shall act accordingly:

Provided that before passing such order the Registrar shall require the Society to reconsider such resolution or order, as the case may be.

(3) Where no intimation of the decision taken by the Registrar has been received by the Secretary within thirty-five days of the date on which the reference was made, the Secretary shall not further withhold the implementation of the resolution or the order, as the case maybe.]

131. Nothing contained in Rule 130 shall prejudice the right of the Registrar to take action under Section 128, *suomotu*.

[131A. The Committee of Management and the Chairman of an apex society shall have no control over the Managing Director of the society in respect of the matter enumerated in subsection (4) of Section 31-A, of the Act unless specifically provided for in these rules or the bye-laws of the society.]

CHAPTER XI

State Aid to Co-operative Societies

132. For the purpose of providing money under clause (b) of sub-section (2) of Section 44, the State Government may-

- (a) lay down such terms and conditions as it may think fit, and
- (b) specify the co-operative societies in which shares have to be purchased.

133. (a) The State Government may on the application of a co-operative society and subject to the availability of funds provide financial assistance under clause (d) of Section 55 to the applicant society for any one or more of the following purposes-

- (i) facilitating the production or disposal of goods by the members of the society;
- (ii) conducting and developing agricultural or industrial activity undertaken by the society;
- (iii) redemption of prior debts, purchase and improvement of land by the members of the society or construction of any project for providing irrigation facilities for the benefit of its members;
- (iv) construction of dwelling houses by the society or by its members;
- (v) repayment of money previously borrowed by the society in accordance with its bye-laws;
- (vi) maintenance of staff for efficient management of the society;
- (vii) purchase of vehicles, machinery and equipment that may be necessary for carrying out the objects of the society; and
- (viii) any other object which the State Government may deem proper and which is provided in the bye-laws of the society.

- (b) The financial assistance granted to a co-operative society under sub-rule (a) shall be subject to such terms and conditions as the State Government may from time to time lay down by a general or special order.

134. A co-operative society seeking financial assistance under Chapter VI of the Act

shall furnish such information and submit such returns and complete such other formalities as the Registrar or the Government may at any stage require.

[135. The State Government shall determine the quantum of State participation in the capital of a co-operative society or class of co-operative societies. Ordinarily, it shall not be more than fifty per cent of the subscribed share capital of the society. It may be sixty per cent or more of the subscribed share capital of the society-in case of co-operative sugar factories, spinning and weaving mills, milk producers societies, union of such societies or federation of such unions, and in co-operative societies setting up cold storage or undertaking processing activities or such other industrial activities which, in the opinion of the State Government, require liberal State participation in the share capital of the society:

Provided that in the co-operative banks and primary agricultural cooperative credit societies, the State Government shall not invest more than twenty-five per cent of the subscribed capital of the society. Where it is more than twenty-five per cent, the State Government shall bring down it to twenty-five percent or less and the rest of the share capital shall be converted into grant to the society.]

CHAPTER XII

Properties and Funds of Co-operative Societies

[136. * * *]

137. Without prejudice to the provisions of Rule 91, no part of the net profits shall be appropriated except with the approval of the Annual General Meeting.

[138. (1) Every co-operative society shall out of its net profits contribute towards the Co-operative Education Fund within one month of the end of the year at the rate of half percent of its net profit or the amount given below whichever is higher:

- (a) Primary Co-operative Society - Rs. 500 per annum.
- (b) District/Central Co-operative Bank - Rs. 10,000 per annum.
- (c) Other Central Co-operative Societies - Rs. 5,000 per annum.
- (d) Uttar Pradesh Co-operative Bank, Uttar Pradesh Gram Vikas Bank, Uttar Pradesh Co-operative Federation - Rs. 1,00,000 per annum
- (e) Apex Societies other than (d) above - Rs. 25,000 per annum.

Provided that such co-operative societies which incur loss in the year shall also contribute towards the Co-operative Education Fund:

Provided further that the Registrar may remit fully or partially the contribution from any co-operative society on the ground of its bad financial condition.

(2) Every Co-operative Society shall out of its net profits contribute one percent or maximum Rs. 2,500/- towards the Research and Development Fund created in the apex society of the class, to which that society belongs to:

Provided that the contribution of the apex society of that class shall not be less than Rs. 10,000 and other class or classes may also contribute such sum to the fund as determined by the Registrar from time to time.

(3) Each primary, central and apex Co-operative Society shall deposit one per cent of its net yearly profit in an account to be notified by the Commissioner and Registrar of Co-operative Societies, Uttar Pradesh. This fund will be utilised for performance of activities related to monitoring and evaluation of their work and for research and planning of development activities.

The expenditure of the fund shall be made in such manner as may be decided by Commissioner and Registrar Co-operative Societies.]

139. (1) The Co-operative Education Fund shall be administered by the U.P. Co-operative Union in accordance with the regulation referred to in Rule 140 and on the recommendations of a sub-committee constituted as follows-

- (i) one representative of each apex level co-operative society nominated by the

Committee of Management of the society concerned;

(ii) one nominee each of the Cane Commissioner and Director of Industries;

(iii) one nominee of the State Government; and

(iv) an officer of the Co-operative Department nominated by the Registrar to act as member-convener.

(2) The sub-committee shall elect its own Chairman.

140. The U.P. Co-operative Union shall prepare regulations for the administration of the Co-operative Education Fund and matters connected therewith. These regulations shall be subject to the approval of the Registrar.

141. All sums to the credit of the Co-operative Education Fund shall be kept with the U.P. Co-operative Bank or in the account of the said bank in the Central Co-operative Banks of the district concerned.

142. No amount held in Co-operative Education Fund shall be spent or utilised except as provided in the regulations referred to in Rule 140.

143. The Co-operative Education Fund may be utilised for all or any of the following purposes-

(i) contribution to National Co-operative Union of India;

(ii) education of members of co-operative societies in co-operative principles and practices;

(iii) propagation of co-operative education;

(iv) preparation, production and publication of co-operative literature and other media of co-operative education;

(v) contribution to the authority formed under Section 122; and

(vi) with the permission of the Registrar, for any other purpose conducive to the attainment of the aforesaid objects.

[143A. The Research and Development Fund shall not be utilised by the concerned class of apex Co-operative Society on items other than the following:-

(1) to do any research for the development of Co-operative Movement or the development of any class or classes of societies,

- (2) to undertake any activity for the development of Co-operative Movement or the development of any class or classes of societies,
- (3) to endeavour to provide the research consultancy including studies if any, to the societies,
- (4) any other such work which may help or promote in achieving the objects.

143B. For the purpose of Research and Development Fund, the provisions of rules 139, 140, 141, 142, 145 and 146, shall *mutatis mutandis* apply as if they were meant exclusively for the Research and Development Fund itself.]

144. Utilisation of the Co-operative Education Fund shall, as far as possible, be uniformly spread over all the quarters of a co-operative year.

145. The yearly budget of the Co-operative Education Fund shall be so prepared that the total expenditure shall not exceed fifty per cent of the estimated receipts during the co-operative year in which the fund is first established and in any subsequent co-operative year, the expenditure shall not exceed fifty per cent of the amount in balance on 30th June last:

Provided that for extraordinary reasons like the holding of a national or international level conference in Uttar Pradesh, the expenditure in any particular co-operative year may with the permission of the State Government, increase up to eighty-five per cent of the amount in balance on 30th June last.

146. The accounts of the Co-operative Education Fund shall be audited as provided in Section 64, as if the accounts were of a co-operative society.

147. A co-operative society with unlimited liability may pay dividend on the share of a member or a past member in respect of a co-operative year only after the expiry of ten years from the date of receipt of the first instalment of such share.

148. A co-operative society with limited liability may start paying dividend on the first co-operative year's working. No dividend shall be payable on the amount paid up on any share which has not been held for at least six months at the close of the co-operative year for which profits are being distributed. On shares held for a period of less than a year and more than six months, dividend shall be payable only for six months.

149. After allocations to Reserve Fund and Co-operative Education Fund have been made by a co-operative society from its net profits under sub-section (1) of Section

58, the balance of the net profits may be utilised by it for all or any of the purposes mentioned in clauses (a), (b), (c) and (d) of sub-section (2) of that section:

Provided that where the Bad Debt Fund is not adequate to meet the estimated bad or doubtful debts, the balance of the net profits may be utilised as aforesaid only after the necessary amount has been contributed to the Bad Debt Fund to make it sufficient to meet the bad and doubtful debts.

Explanation. - "Bad Debt Fund" shall include "Bad Debt Reserves".

150. No part of the funds of a co-operative society not having share capital shall be divided amongst members as dividend.

151. (1) No dividend shall be paid by a co-operative society as long as any claim due from the society to any creditor as established in an inspection conducted under sub-section (1) of Section 66 is pending satisfaction, or

(2) where enquiry under sub-section (2) of Section 65 is in progress or has been completed and the Registrar has directed that no dividend shall be paid during the period specified in the order, no dividend shall be paid by the society during such period.

152. Non-issue of share certificate shall not prejudice the claim of a share-holder to dividend due under the provisions of the rules and the bye-laws.

153. If a co-operative society is in default to its financing bank to the extent of not less than fifteen per cent of the loan held by the society from the bank, such a society shall not utilize any part of its profits for any of the purposes mentioned in clauses (a) to (e) of sub-section (2) of Section 58 without the general or special permission of such financing bank.

154. An urban co-operative society shall not contribute towards Rural Improvement Fund.

155. A co-operative credit and thrift society of salary or wage-earners may be permitted in writing by the Registrar to contribute to the Reserve Fund not less than ten per cent of its net profits, if the society-

(i) is prepared to reduce its rate of interest on lending to the extent acceptable or suggested by the Registrar, and

(ii) has obtained agreements from the borrowing members for recovery of its dues from their salary as provided under Section 40.

156. A co-operative society applying to the Registrar under sub-section (3) of Section 58, may,-

- (i) if the majority of its members are students or trainees who are likely to leave the society on the completion of their studies or training, be permitted by the Registrar to reduce allocation to Reserve Fund to ten per cent of the net profit and to enhance rate of dividend to fifteen per cent and may also be exempted from contributing to any or all of the funds mentioned under clause (c) of sub-section (2) of Section 58;
- (ii) if it is a farming society, be permitted by the Registrar under sub-section (3) of Section 58, to enhance the percentage of dividend up to twenty per cent and reduce its contribution to "Co-operative Education Fund" up to one-tenth of the general rate mentioned in Rule 138;
- (iii) if it is a society of any other kind, be permitted by the Registrar to reduce its contribution to reserve fund to twenty per cent and enhance its percentage of dividend to twelve and a half per cent unless otherwise permissible under these rules.

157. No request of any co-operative society made under sub-section (3) of Section 58 shall be granted by the Registrar where the society-

- (i) is of unlimited liability,
- (ii) was placed below 'C' class in last audit classification,
- (iii) has over dues against members,
- (iv) is working with outside borrowing or non-members' deposits,
- (v) has undischarged financial commitment on the date of application, and
- (vi) has inadequate reserve fund or the reserve fund is not properly invested outside the business of the society.

158. A co-operative society making request to the Registrar under sub-section (3) of Section 58, may be required by him to submit for his approval the entire profit distribution proposal for the co-operative year concerned and he may in his discretion accept or reject or accept with modifications the request made by the society.

159. The permission accorded by the Registrar under sub-section (3) of Section 58, shall hold good for the particular co-operative year for which the sanction is accorded.

160. Except as provided in these rules, no permission will be accorded by the Registrar to any society under sub-section (3) of Section 58.

161. Every co-operative society shall, in addition to the funds mentioned in clause (c) of sub-section (2) of Section 58, create the National Defence Fund and if the society is a Consumer Store or is engaged in marketing business, "Price Fluctuation Fund" shall also be created.

162. Consistent with any instructions issued by the Registrar-

(i) a co-operative society, the principal business whereof is production, marketing or distribution of goods or providing of certain services, may distribute bonus to its members to the extent of half of the net profits available for distribution under sub-section (2) of Section 58 on their non-credit dealings with the society;

(ii) a co-operative farming society may pay bonus [to the extent of seventy-five per cent of its net profits available for distribution under sub-section (2) of Section 58] to its members in respect of their land and labour contribution made to the society. The valuation of such contribution shall be determined in accordance with the procedure laid down in the bye-laws.

163. Any profits not appropriated in the manner specified in the Act, the rules and the bye-laws of a co-operative society, shall be credited to the reserve fund of the society.

164. The reserve fund in a co-operative society with unlimited liability may be utilised in the business of the society unless the Registrar by a special order directs it to be invested in the manner mentioned in Rule 173 in which case it shall be so invested.

165. The reserve fund in a co-operative society with limited liability shall be invested in one or more of the modes mentioned in Rule 173:

Provided that where the reserve fund of a co-operative society exceeds twenty per cent of its working capital, the excess may, with the sanction of the Registrar, be utilised in the business of the society:

Provided further, that when a co-operative society is prohibited by its bye-laws from

borrowing either from its members or from others and has no out-side liability, the Registrar may permit the society to utilise up to seventy-five per cent of its reserve fund in its business.

166. A co-operative society may, with the permission of the Registrar, invest a specified portion of its reserve fund for any one or more of the following-

(i) acquisition or purchase of land and building and construction of building for-

(a) its office, staff and equipments,

(b) installation or operation of its machinery or plant;

(ii) purchase of machinery or plant which is required for its main business; and

(iii) acquisition or purchase of land and buildings and construction of buildings for purposes mentioned in clause (i) (a), and also for the benefit of its members in accordance with the provisions of its bye-laws, if the society is a co-operative housing society.

167. The reserve fund in a co-operative society may, with the sanction of the Registrar, be utilised for any one or more of the following purposes-

(i) to meet unforeseen losses;

(ii) to meet such claims of the creditors of the society as cannot be otherwise met; and

(iii) to provide for other financial needs in time of special scarcity.

168. The utilisation of the reserve fund under Rule 167 shall be subject to the condition that any amount drawn shall be re-imbursed from the profits accruing in subsequent co-operative year or years as directed by the Registrar. The Registrar may, however, having regard to the special circumstances of the society, permit that the reserve fund drawn and utilised for purposes mentioned under clauses (ii) and (iii) of Rule 167 may not be reimbursed wholly or partially as the Registrar may direct.

169. No co-operative society whose reserve fund has been separately invested or deposited in accordance with the provisions of Rule 173 shall draw upon, pledge or otherwise employ such fund except with the sanction of the Registrar previously obtained.

170. The reserve fund of a co-operative society shall be indivisible and no member shall have any claim to a specified share in it:

Provided that in the case of splitting up of a society into two or more societies, the reserve fund of the parent society shall be distributed between the new societies under the provisions of Section 16. The amounts so distributed shall be placed in the reserve fund of the society concerned.

171. (1) In the case of winding up of a co-operative society, the reserve fund and the other funds of the society shall be applied first in discharge of the liabilities of the society in accordance with the priority specified in items (i) to (vi) below-

- (i) salary and wages or other payments, if any, due to the employees of the society;
- (ii) security deposits of staff, if any;
- (iii) borrowings held from Government or on the guarantee of Government, if any;
- (iv) deposits of non-members, if any;
- (v) loans, if any; and
- (vi) deposits of members, if any.

(2) The balance, if any, after discharging the liabilities mentioned in sub-rule (1) shall be applied to the re-payment of the paid-up share capital and thereafter to the payment of dividend where it has not been paid.

(3) Notwithstanding anything contained in sub-rule (2), no dividend shall be paid if the bye-laws of the society do not provide for payment of dividend.

172. (1) Any surplus remaining after payments mentioned in Rule 171 shall be applied for contribution to National Defence Fund or to such charitable purposes or local objects of public utility as may be selected by the Committee of Management and approved by the Registrar. If within the time specified by the Registrar, the Committee of Management fails to make any selection of such object or purpose, which is approved by the Registrar, the Registrar may use the surplus fund either in contributing to National Defence Fund or to Co-operative Education Fund referred to in Rule 138.

(2) In the case of a financing bank being wound up, the surplus funds shall be

assigned to the Reserve Fund of any other financing bank or banks to which the societies working in the area of operation of the financing bank which is being wound up, are affiliated. In the absence of any financing bank, the amount shall be deposited in the Apex Co-operative Bank until a new financing bank is formed in such area in which case the amount shall be credited to the reserve fund of the new financingbank.

CHAPTER XIII

Investment of Funds

[173. (1) A Co-operative Society may invest or deposit its funds in any one or more of the following modes:-

- (i) any mode provided in clauses (a) to (c) of section 59;
- (ii) post office savings bank;
- (iii) any savings scheme launched by Central or State Government;
- (iv) the shares of a corporation or other body corporate in which the Central or the State Government or both hold more than fifty percent of the shares; and
- (v) the debentures floated by a corporation or a body corporate, if such debentures are guaranteed by the Central or the State Government or by Reserve Bank of India.

(2) A Co-operative Society shall not invest more than one fourth and, with the general or special permission of the Registrar, more than half of its reserve fund in the shares of any other co-operative society or societies.

(3) A Co-operative Society may, with the permission of Registrar, purchase shares of any co-operative society of all India character to which the Multi Unit Co-operative Societies Act, 1942 (Act No. 6 of 1942) or any other enactment pertaining to Co-operative Societies of all-India character applies:

Provided that the Registrar shall not refuse permission unless there be special reasons which shall be recorded, to refuse such permission.

(4) Any Central Co-operative Bank or the Uttar Pradesh Co-operative Bank may invest the amount excluding the amount to be kept by way of legal liability in profitable items subject to the norms and conditions laid down by Reserve Bank of India or National Bank for Agriculture and Rural Development.]

174. A Central or Apex Co-operative Bank shall not invest its funds in the shares of a non-credit society except to such extent and subject to such conditions as the Reserve Bank of India may specify in this behalf.

175. No co-operative society shall purchase shares in another co-operative society with unlimited liability.

176. A co-operative society may, with the previous sanction of the Registrar, invest the whole or any portion of its fund in the purchase or lease of land or in the purchase, construction, extension or remodelling 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 rule shall not apply-

(a) to immovable property purchased-

(i) by a society at a sale held in execution of a decree, order 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, order or award obtained by a society (such society being indebted to the financing bank) 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 land or purchase, construction or remodelling of buildings of a society, whose objects according to its bye-laws include such purchase, lease, construction or remodelling; or

(c) to the investment of the reserve fund of a society, such investment being governed by Rules 165 and 166:

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

(i) by a society from its building fund constituted out of its profits; or

(ii) by a co-operative housing society.

[176A. A Co-operative Society may with the previous sanctions of the Registrar sell, mortgage, lease, license or otherwise alienate an immovable property for the benefit of the society:

Provided that the Registrar before according sanctions to such sale, mortgage, lease, license etc. may make such enquiries or impose such conditions or restrictions on the Co-operative Society/Committee of Management or its members as the case may be, as he deems necessary.]

177. No co-operative society shall use its funds in the purchase of a motor vehicle unless-

(i) a resolution to this effect has been passed by the Committee of Management of the society and such resolution is in accordance with prior authorisation of

the general body;and

(ii) Prior permission for such purchase has been obtained from theRegistrar:

Provided that no such permission shall be necessary-

(i) in the case of a society which is placed in category 'A' or 'B' in the last audit; or

(ii) in the case of a motor transport co-operative society where the motor vehicle is required for the purpose of carrying on its normal transport business.

Explanation. - Motor Vehicle shall mean a Motor Vehicle as defined in the Motor Vehicles Act, 1939 (Act 4 of 1939)]

CHAPTER XIV

Restrictions on Borrowings

[178. The maximum liability of a co-operative society shall be fixed in its annual general meeting but it shall not exceed ten times of its owned capital:

Provided that the maximum liability of a cooperative society may, in special circumstances, exceed the limit fixed under this rule with the special sanction of the Registrar.]

179. The Registrar may, from time to time, specify the manner of calculation of maximum liability of a co-operative society or a class of co-operativesocieties.

180. The Registrar may at any time reduce the maximum liability of a co-operative society for reasons to be communicated by him to the co-operative society and may specify a period not being less than four months within which the society shall comply with such order of theRegistrar.

181. A co-operative society shall not receive deposits and loans, whether from members or non-members, exceeding its maximum liability fixed in accordance with Rules 178 and 179 or reduced under Rule 180.

[182. Except with the general or special permission of the Registrar, no co-operative society, which is an ordinary member of a Central Co-operative Bank shall contract a loan (other than acceptance of deposits) from any source other than the said Bank, unless the bank has given consent to take loan from other sources or had expressed its inability to finance the society.

183. No co-operative society other than a Cooperative Bank shall receive deposits in current or savings account without the general or special sanction of the Registrar: Provided that Primary Agricultural Co-operative Credit Societies shall accept the deposit amount under the provision of Section60:

Explanation. - For the purposes of this rule, the term "Cooperative Bank" shall not include State Land Development Bank or any Land Development Bank or a Society permitted to function as a Land Development Bank under Section 129.]

184. A co-operative society, governed by the Banking Regulation Act, 1949 (as amended by the Banking Laws, Application to Co-operative Societies Act, 1965) shall maintain a minimum liquid cover as required under thatAct.

185. (1) All co-operative societies, other than the co-operative societies mentioned in Rule 184, which accept loans and deposits and grant cash credit shall maintain a

minimum liquid cover according to the scale given below-

- (i) forty per cent of the current deposits (including deposits at call and fixed deposits matured but not drawn);
- (ii) twenty-five per cent of the Savings Bank deposits;
- (iii) twenty-five per cent of the fixed deposits maturing within next three months and twelve and a half per cent of the fixed deposits maturing within further next three months (including reserve fund deposits of societies);
- (iv) forty per cent of the undrawn portion of cash credit and of overdrafts granted to constituents:

Provided that the Registrar may, for reasons to be recorded, vary the percentage of liquid cover prescribed above.

186. Liquid cover for purposes of Rule 185 means only such assets as can be converted into ready cash at once and shall include the following-

- (i) cash in hand and balances with approved banks in current and savings bank accounts;
- (ii) ninety per cent of the market-value of unencumbered portion of Government securities (including Postal Cash Certificates and National Savings Certificates);
- (iii) eighty per cent of the market-value of unencumbered portion of bonds and shares of Industrial finance Corporation, debentures of the State Co-operative Land Development Bank and other trustee securities and fixed deposits with other approved banks;
- (iv) undrawn portion of cash credit or overdraft limit obtained against Government securities;
- (v) fifty per cent of undrawn portion of the assured cash credit from the State Bank of India or the Uttar Pradesh Co-operative Bank Ltd., or a Central Bank.

CHAPTER XV

Restrictions on Lendings

187. Save with the permission of the Registrar, no co-operative society with unlimited liability shall lend money on the security of movable property.

[188. (1) A Primary Agricultural Co-operative Credit Society shall decide its loan policy subject to the directions issued by the Registrar:

Provided that such direction shall be issued by the Registrar according to the guidelines of National Bank/Reserve Bank, if any.

(2) A Cooperative Bank including a Land Development Bank shall decide its loan policy according to the guidelines issued by NABARD/Reserve Bank of India.]

188A. [* * *]

[189. No co-operative society shall, except with the permission of the Registrar, lend money to a member on a bond secured by the suretyship of a non-member:

Provided that the said provision shall not apply to the Primary Agricultural Co-operative Credit Society and Co-operative Banks.]

190. No extension of the period for which a loan has been granted by a co-operative society shall be made without the consent of the sureties.

[191. A Cooperative Bank shall charge interest on the lendings and pay interest on the deposits as per guidelines of the National Bank and Reserve Bank.]

192. A co-operative society which supplies credit to its individual members, shall fix a limit beyond which the outstanding loan against any member shall not exceed. The limits so fixed shall, in the case of a co-operative society which is a borrowing member of a Central Bank, be subject to the approval of the Central Bank concerned and in the case of other societies, it shall be subject to the approval of the Registrar by general or special order.

[193. (1) A Primary Agricultural Cooperative Credit Society and any other Cooperative Society shall decide the rate of interest on lendings and deposits as per directions of the Registrar:

Provided that such direction shall be issued by the Registrar according to the guidelines of National Bank and Reserve Bank, if any.]

194. [* * *]

195. (a) In the case of a co-operative society of salary or wage-earners no loan shall

be advanced by the society to its members unless the member executes an agreement in favour of the society as provided in sub-section (1) of Section 40.

(b) The co-operative society shall, within a fortnight of the advance of loan to the member, forward, a duly certified copy of the agreement executed by the member, to the employer or the pay disbursing authority concerned for deduction under the said agreement.

196. No co-operative society whose primary objects do not include grant of loan or financial accommodation to its members, shall grant loan or sanction cash credit to any member without the special sanction of the Registrar.

197. No co-operative society shall give to or receive from any other co-operative society loans, advances or deposits except according to the provisions of the Act, rules or the bye-laws of the society concerned or except where prior approval of the Registrar has been obtained for such transactions by general or special order.

198. [* * *]

199. [* * *]

200. Save as provided under Sections 60 and 61 and the rules, no co-operative society shall enter into any transaction relating to the business of the society with any non-member, except as permissible under the bye-laws of the society or under a general or special order of the Registrar.

CHAPTER XVI

Contributory Provident Fund

201. (1) Every co-operative society which has in its service five or more employees holding whole-time substantive appointment, shall establish a contributory provident fund referred to in sub-section (1) of Section 63.

(2) The said contributory provident fund shall, subject to the provisions of the Act and the rules, be governed by such conditions as laid down in the bye-laws of the society.

202. The contributions to be credited to the contributory provident fund of a co-operative society shall be subject to the following conditions-

(i) that the rate of monthly contributions by an employee shall be such as he may desire, but it shall not be less than five per cent and not more than fifteen per cent of the salary of the employee per month; and

(ii) that the rate of contribution by the society at the end of each co-operative year shall be such as is determined by the Committee of Management of the society:

Provided that the society shall not contribute more than six and a quarter per cent of the employee's salary during the year without the approval of the Registrar:

Provided further that the Registrar's approval shall not be necessary where a co-operative society was, before the date of coming into force of these rules contributing more than six and a quarter per cent of the salary of an employee and such percentage is not proposed to be raised further:

Provided further that the contribution of the society shall in no case exceed the contribution made by the employee.

203. The interest accrued on the investment of the contributory provident fund shall be credited to the account of the individual employee concerned, in proportion to the balance standing to his credit at the close of the preceding co-operative year.

204. The contributory provident fund shall be invested in any one or more of the modes' given below-

(i) in any of the securities specified in Section 20 of the Indian Trust Act (No. 2 of 1882) ;or

(ii) with any bank approved for the purpose by the Registrar; or

(iii) in post office savings bank;or

(iv) in any of the saving schemes launched by the Central Government or State Government.

CHAPTER XVII

Audit

[205. The annual and other returns including the statement of bad and doubtful assets of a co-operative society along with all the books, relevant accounts, documents, papers, securities, cash and other properties shall be made available by the Society to the Registrar or any other person conducting audit under Section 64 as and when required for checking and verification:

Provided that the Committee of Management of the concerned Co-operative Bank shall appoint a chartered accountant to conduct the audit of the bank from the panel of Chartered Accountants prepared according to the provisions of Section 64 of the Act for this purpose. The audit fee shall be paid by the concerned bank to the concerned Chartered Accountant as determined by the Registrar.]

206. The copies of audit report along with the audited statement of accounts and returns referred to in Rule 367 shall be submitted by the auditor to-(i) every audited co-operative society, (ii) his superior officer or officers, (iii) the Registrar and, if so directed by the Registrar, also to the Central Society to which the audited society is affiliated. The audit report shall *inter alia* mention-

- (a) every transaction which, in the opinion of the auditor, is contrary to the provisions of the Act, the rules or of the bye-laws of the society;
- (b) every sum which ought to have been, but has not been brought into account of the society;
- (c) the amount of any efficiency or loss which, in the opinion of the auditor, has resulted from any negligence or misconduct on the part of any officer of the society;
- (d) any money or property belonging to the society which, in the opinion of the auditor, has been misappropriated or fraudulently retained by any person;
- (e) any of the assets of the society which, in the opinion of the auditor, is bad or doubtful;
- (f) the fact whether all the books of accounts as required by the Act, the rules or by the bye-laws of the society have been properly kept by the society;
- (g) the fact whether the balance-sheet and profit and loss account examined by the auditor are in agreement with the books of accounts and returns and

maintained by the society;

(h) any material impropriety or irregularity in expenditure or in the realization of the dues to the society;

(i) the result of examination of the transaction between the society and the officers of the society;

- (j) any other matter which in the opinion of the auditor is essential for the economic well-being of the society.

207. The auditor shall, in the case of-

- (i) a primary agricultural co-operative credit society;
- (ii) any other primary co-operative society whose working capital does not exceed rupees fifty thousand; and
- (iii) such other co-operative societies (whether primary or not) as may be specified by the Registrar in this behalf,

place before the meeting of the Committee of Management of the society concerned to be summoned for the purpose on a requisition from the auditor such objections as can be readily complied with or removed by the Committee of Management, and shall record against such items, compliance or removal of such objection effected under resolution of the Committee of Management. The rest of the objections of the audit note shall be retained in the audit report and communicated to the society for due compliance within specified period.

208. (1) The auditor shall, in the case of audit of primary co-operative societies referred to in Rule 207 and such other societies as the Registrar may specify in this behalf, also make oral verification of accounts and transaction from the members particularly from those members who are illiterate, and shall record his verification on the members pass-books and ledger accounts relating to such members and shall make a mention of such verification in his audit report.

(2) It shall ordinarily be the responsibility of the Secretary of the society to produce before the auditor such members as may be required by the auditor for oral verification. In the event of any difficulty in this regard, the auditor may approach the Chairman and in case the Chairman is not available, the Vice-Chairman for producing the required members before the auditor for oral verification.

209. In regard to co-operative societies, other than those mentioned in Rule 207, the auditor shall issue from time to time, during audit, interim objections to the Secretary of the society for compliance or explaining the defects or irregularities pointed out in such objections. The Secretary shall return the interim objection sheets along with the compliance report to the auditor within the time specified by the auditor within the time specified by the auditor. The auditor shall review the compliance report and

waive such objections which in his opinion have been complied with satisfactorily and shall incorporate the remaining objections in the final or periodical audit report, as the case maybe.

210. If the auditor considers that any amendment should be made in the annual or other returns prepared by the society, he shall bring the same to the notice of the society for being incorporated in the accounts of the current co-operative year by making such entries in the books of the society as may benecessary.

211. In case the amendments suggested under Rule 210 are incorporated by the society during audit, the auditor shall certify the accounts and returns as correct, attaching to the balance-sheet an audit certificate to that effect in the form specified by the Registrar for the purpose.

212. In case the co-operative society fails to incorporate the amendments suggested under Rule 210, before the audit is complete, the auditor shall qualify the audit certificate by mentioning therein amendments suggested by him under Rule 210, for which purpose a separate sheet may be attached, ifnecessary.

213. Where during the course of audit of a co-operative society serious irregularities leading to embezzlement or misappropriation of funds, or stocks are detected or suspected, the auditor shall, without discontinuing audit inform confidentially his superior officer, if any, the Registrar and also the Chairman or the Secretary of the society, if such information to the Chairman or the Secretary is not likely to be prejudicial to further enquiries in the matter or to the interest of the society.

214. (1) A co-operative society audited by the auditor shall send to him a copy of the agenda notice of the meeting in which his audit report is to be considered whether such meeting is of the Committee of Management or of the generalbody.

(2) The auditor may on his own motion and shall, when required by the Registrar, attend such meeting and shall be entitled to be heard at such meeting in respect of any of the observations and objections made by him in the audit report of the society.

215. A special report on serious irregularities, misappropriations and embezzlements incorporated in the audit report shall be separately submitted by the auditor to the Registrar under confidential cover as expeditiously as possible after the completion of the audit.

216. Unless otherwise directed by the Registrar, a co-operative society in respect of

which an order of winding up under Section 72 has become final, shall in addition to the annual audit be audited once after the issue of the order for winding up and again before the cancellation of the registration of the society.

217. Without prejudice to any other rule-

- (a) the Committee of Management of a co-operative society may arrange to have its accounts internally audited on a periodical or other basis by such persons and on such terms (including payment of fees) as may be prescribed or approved by the Registrar by general or special order,
- (b) special audit or re-audit of accounts of a co-operative society shall be conducted when so required by the State Government or by the Registrar;
- (c) running audit of a co-operative society or class of co-operative societies, shall be conducted, if and when required by the Registrar.

218. The Registrar may also arrange for super audit of a co-operative society so as to check up the quality of audit conducted by an auditor.

219. The Registrar shall, from time to time, issue instructions laying down the standards for audit classification of co-operative societies. The auditor shall, in each co-operative year, classify a co-operative society in accordance with such standards and mention detailed reasons for the classification made by him.

220. Every co-operative society shall be liable to pay audit fee at such rates and on such terms as may be fixed by the State Government from time to time.

221. The Registrar may on the request of a co-operative society and for reasons to be recorded remit wholly or partly the audit fee payable by or on behalf of the society.

222. The persons conducting the audit of a co-operative society shall on completion of the audit, assess the audit fee chargeable from the society. The note of such assessment shall form part of the audit report:

Provided that in the case of primary credit societies, affiliated to a Central Bank, the auditor shall also send a consolidated assessment order at the end of each month in respect of such societies to the bank concerned and the bank may pay on their behalf audit fee after receiving an advice or "no objection" intimation from the societies concerned and the audit fees so paid by the Central Bank shall, unless otherwise provided in the rules, be recoverable by the Central Bank from the

societies concerned:

Provided further that where a co-operative society is of the opinion that the audit fee has been wrongly assessed against it, the society may, within thirty days of the receipt of the note of assessment, make a representation to the Registrar. Pending disposal of such representation, the Registrar may require the society to deposit the audit fee, without prejudice to the result of its representation whereupon the society shall deposit the audit fee under protest subject to its right to claim refund or adjustment against subsequent assessment of such amount as may be due in consequence of the decision on its representation.

223. (a) Within 60 days of the receipt of the note of the assessment, a co-operative society shall, without prejudice to the provisions of Rule 222, remit to the local treasury or to the Central Co-operative Bank of the district, as the Registrar may direct, the audit fee due from the society.

(b) Where the audit fee is remitted to the Central Co-operative Bank or is paid by the Central Co-operative Bank on behalf of affiliated co-operative credit societies under Rule 222, the amount of audit fee shall be credited to a separate account in the Central Bank named as "co-operative societies audit fee accounts", and the amount at the credit of this account shall be remitted to the local treasury under instructions from the Registrar.

224. A co-operative society shall remove the defects pointed out in the audit report and shall submit to the Registrar a compliance report within 60 days from the date of receipt of the audit report by the Society. In special circumstances the period of 60 days may be extended by the Registrar on the request of the society. If the Registrar is not satisfied with the compliance made by the society, he shall direct the society to send further compliance on the lines so specified by the Registrar within such time as he may specify. The society shall make further compliance accordingly and shall submit compliance report to the Registrar within the time specified by him.

CHAPTER XVIII

Settlement of Disputes

225. When a dispute, relating to any matter referred to in sub-section (1) of Section 70 arises, the aggrieved party shall, on the form, if any, prescribed for the purpose by the Registrar, apply to the Registrar stating the substance of the dispute and the claim; besides, mentioning the name and address of the opposite party or parties. If the party desires the dispute to be decided by a board of arbitrators under clause (c) of sub-section (1) of Section 71, it shall also mention in the application the name of its nominee for the board of arbitrators.

226. If the application referred to in Rule 225 discloses that the applicant desires the dispute to be decided by a board of arbitrators, the Registrar shall give a notice by registered post to the opposite parties at the address or addresses given in the application, calling upon the said party or parties to intimate the name of one nominee on the board of arbitrators within 30 days from the date of receipt of the notice.

Explanation. - If there are more than one opposite parties, all of them shall be required to make a common choice for one nominee to the board of arbitrators.

227. If within the period of notice referred to in Rule 226, the Registrar does not receive the name of the nominee of the opposite party or parties or receives from the opposite party or any of the opposite parties an intimation to the effect that it is not desired to have the dispute decided by a board of arbitrators, or the opposite parties, fail to agree on a common nominee, the Registrar may decide the dispute himself or appoint an arbitrator to decide it.

228. If the parties to the dispute have desired to have dispute decided by a board of arbitrators and the names of their nominees have been received within the period specified in rule 226, the Registrar shall nominate a person as a third member to act as President of the said Board.

[229. (1) Where the dispute relates to property or money claim the reference shall-

(a) In case the value of the property or the amount of claim involved does not exceed rupees Two lakh, be made to the District Assistant Registrar:

Provided that where the dispute is between two or more Co-operative societies belonging to more than one district in the same division, the reference shall be made to the Deputy Registrar or the Joint Registrar of the Division, as the case may be:

Provided further that where the dispute is between two or more co-operative societies belonging to more than one district in different divisions, the reference shall be made to the Additional Registrar (law)

- (b) In case the value of the property or the amount of claim involved in the dispute exceeds rupees two lakh but does not exceed Rupees five lakh, be made to the Deputy Registrar or the Joint Registrar of the Division as the case may be:

Provided that where the dispute is between two or more co-operative societies belonging to the districts in different divisions, the reference shall be made to the Additional Registrar(law);

- (c) In case the value of the property or the amount of claim involved in the dispute exceeds rupees five lakh but does not exceed rupees ten lakh, be made to the Additional Registrar(Law);

- (d) In case the value of the property or the amount of claim involved in the dispute exceeds Rupees Ten Lakh, the reference shall be made to the Registrar Co-operative Societies appointed under sub-section (1) of Section 3.

- (2) Where the dispute relates to any matter not covered by sub-rural (1) the reference shall be made to the Deputy Registrar or Joint Registrar, of the Division, as the case may be;

Provided that where the dispute is between two or more Co-operative Societies belonging to the Districts within different divisions, the reference shall be made to the Additional Registrar having jurisdiction over the region concerned:

Provided further that where the dispute is between two or more Co-operative Societies within the region under the jurisdiction of more than one Additional Registrar, the reference shall be made to the Registrar, Co-operative Societies appointed under sub-section (1) of Section 3.

[230. On receipt of a reference under Rule 229-

- (a) the District Assistant Registrar may decide the dispute himself or appoint an arbitrator or president of the board of arbitrators, as the case may be, subject to the condition that-

(i) where the value of the property or the amount of claim involved does not exceed rupees fifty thousand, the arbitrator or the president of the board of arbitrators, as the case may be, shall be of the rank, not below that of an Inspector, Cooperative Societies, Group II, or be a person who retired as Inspector, Cooperative Societies, Group II;

(ii) where the value of the property or the amount of the claim involved in the dispute exceeds rupees fifty thousand but does not exceed rupees two lakh the arbitrator or the president of the board of arbitrators, as the case may be, shall be of the rank not below that of an Inspector, Cooperative Societies, Group I, or be a person who retired as an Inspector, Cooperative Societies

Group I.

[(b) the Deputy Registrar or the Joint Registrar of the division, as the case may be, may decide the dispute himself or appoint an arbitrator or the president of the Board of Arbitrators, as the case may be, an officer of the rank not below that of assistant registrar of cooperative department of state government or a person who retired as assistant commissioner and assistant registrar of cooperative department of state government;

(c) the Additional Registrar may decide the dispute himself or appoint an arbitrator or president of the board of arbitrators as the case may be, for the purpose, an officer of the rank not below that of Group 'A' Gazetted Officer of the State Government or a person who retired as a Group 'A' Gazetted Officer of the State Government:

Provided that where the dispute is covered under sub-rule (2) of rule 229, the arbitrator or the president of the board of arbitrators, as the case may be, shall not be a serving officer of the Department concerned with the supervision or administration of the apex Cooperative Society to which the dispute relates;

(d) the Registrar, Co-operative Societies, appointed under sub-section (1) of section 3, may decide the dispute himself or appoint an arbitrator or president of the board of arbitrators, as the case may be, an officer of the rank, not below the rank of Additional Registrar or a person who retired as Additional Registrar, Cooperative Societies, Uttar Pradesh;

231. If a question arises where the authority before which a dispute is pending has or has not the jurisdiction to decide the dispute, such question shall, without prejudice to the provisions of sub-section (3) of Section 70, and without affecting the right of appeal, be decided by the same authority.

232. The fee to be paid to a retired Government servant appointed to act as an arbitrator or president of the board of arbitrators under Rule 230 shall be such as may, subject to the general or special order of the State Government, be fixed by the Registrar.

233. If during the pendency of a dispute under Section 71 any person who is a party

to the dispute this, the Registrar or the arbitrator or the president of the board of arbitrators, as the case may be, on an application made in this behalf, substitute the name of the nominee, heir or legal representative of the deceased person as a party and may order the issue of fresh summons to such substituted person. When the nominee, heir or legal representative is a minor, the Registrar, or the arbitrator or the president of the board of arbitrators on being satisfied of the fact of his minority, shall appoint a person to be his guardian for the case in the manner provided under the Code of Civil Procedure, 1908 (Act No. 5 of 1908). Where a question arises as to whether any person is or is not the legal representative of the deceased person, such question shall be determined by the Registrar or the arbitrator or the president of the board of arbitrators, as the case maybe.

234. Where one of the arbitrators on the board of arbitrators this or is incapacitated or fails to attend without reasonable cause or refuses to work as an arbitrator, the president of the board of arbitrators shall refer the case to the Registrar who may take action as provided under sub-section (2) of Section 71.

235. Any party to a dispute desiring the Registrar or the arbitrator or the president of the board of arbitrators to issue summons for the attendance of a witness, shall deposit in advance such expenses as may be directed by the Registrar, arbitrator or the president of the board of arbitrators, as the case may be, for securing such attendance.

236. The Registrar, the arbitrator or the president of the board of arbitrators, as the case may be, shall, for the purpose of deciding the dispute fix the date or dates and the time and place of hearing.

237. (a) The summons issued shall be in writing and authenticated by the seal, if any, of the authority by whom it is issued and shall also be signed by such authority or by any person authorised by such authority in writing in that behalf. It shall require the person summoned to appear before the said authority at a stated time and place and shall specify whether his attendance is required for the purpose of giving evidence or to produce a document or for both purposes. Any particular document, the production of which is required for the purpose, shall be described in the summons with reasonable accuracy.

(b) Any person may be summoned to produce a document, without being

summoned to give evidence, and any person summoned merely to produce a document, shall be deemed to have complied with the summons, if he causes such document to be produced, instead of attending personally to produce the same.

(c) The summons may be served-

(i) by registered (acknowledgment due) post, or

(ii) by personal service through the secretary of the society or a member of the staff of the financing or supervising society.

(d) If the service of summons could not be effected by any of the modes specified under sub-rule (c), it may be effected by any other mode provided in the Code of Civil Procedure, 1908 (Act No. 5 of 1908).

238. Service of the summons on the chairman, or the secretary of a co-operative society, shall be deemed to be the service on that society.

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

[240. The arbitrator or the board of arbitrators shall give an award within the time fixed by the Registrar which shall not exceed three months; failing which Registrar may, either, on the request of the arbitrator or the board of arbitrators, as the case may be, extend the time which shall not exceed three months or may take action as provided under sub-section (2) of section 71, provided that the arbitrator or the board of arbitrators so appointed shall give an award in maximum three months or the time fixed by the Registrar but it shall not be more than six months:

Provided that no award shall be invalid by reasons of its being given after expiry of the time fixed, if the Arbitrator or board of Arbitrators so appointed gives an award in special circumstances after above mentioned maximum time period of six months or if application for extension has been made even subsequently and has been granted by the Registrar.

241. The Registrar, the arbitrator or the president of the board of arbitrators deciding a dispute shall record a brief note of the evidence of the parties and the witnesses, and after consideration of any documentary or oral evidence produced by the parties, shall give an award in accordance with justice, equity and good conscience. Every order made in the proceedings and the award shall be in writing.

[242. If any of the parties under dispute remain absent despite after such party has been duly

served with a notice, the dispute may be decided *ex parte* but if the defendant applies before the Registrar, arbitrator, board of arbitrators or appellate authority, as the case may be, for the cancellation of the *ex parte* award or order on the ground that the summon has not been duly served on him and for which he produces evidence, the *ex parte* award or order after satisfaction of the authority concerned shall be cancelled with reference to any or all defendants and a date shall be fixed on which the hearing of the case shall re-commence but the time for disposal of the dispute shall be calculated from the date of recommencement of the hearing:

Provided that no application to cancel the *ex parte* award can be made if appeal against the *ex parte* award had already been filed and that appeal had been dismissed except on the ground that the appellant had withdrawn it.]

243. In case where the dispute is decided by a board of arbitrator, the opinion of the majority shall prevail.

244. The award shall contain the reasons on which the decision is based and shall also contain an order as to costs, if any, and interest including future interest, if any, and shall also mention the number of the reference, the names and description of the parties and particulars of the dispute.

245. A copy of the award shall be given to each party, certified and sealed, in such manner as the Registrar may direct by general or special order.

246. (a) Any award made by an arbitrator or board of arbitrators shall be sent by him or by the president of the board of arbitrators, as the case may be, with all the papers, and proceedings of the dispute to the Registrar (who appointed the arbitrator or the president of the board of arbitrators in the case), within 15 days from the date on which the award is made.

(b) Any document or record tendered by a party may, on application, be returned to the party after-

(i) the disposal of appeal, if any, or

(ii) the period of filing appeal has expired and no appeal has been filed.

247. No appeal against an award shall be entertained under Section 97 or Section 98 unless the appeal is accompanied by duly certified copy of the award.

248. The execution of an award shall not remain withheld merely because the period of filing an appeal against the award has not expired or because an appeal against the award has been filed. The appellate authority may, however, on an application moved by the appellant, stay the execution of the award by an order in writing.

249. Any party considering itself aggrieved by the award made under Section 71 may file an appeal to the proper appellate authority within thirty days after the date of the communication of the award:

Provided that the time taken in obtaining a copy of the award shall be excluded while counting the period of thirty days.

250. In the arbitration proceedings or in the proceedings of appeal, no party shall be represented by any legal practitioner except where an appeal is being disposed of by the Tribunal under Section 97 or under Section 98.

251. Where any claim or objection has been preferred against attachment of any property under Section 94 on the ground that such property is not liable to such attachment, the Registrar shall decide the claim or objection on merits after affording to the parties a reasonable opportunity of being heard:

Provided that the claim or objection may be rejected summarily when it is considered to be frivolous.

CHAPTER XIX

Appeal and Reviews

252. [* *]

[253. The Tribunal shall consist of three persons as follows:

- (a) a District Judge or a retired District Judge who shall be the Chairman; and
- (b) a retired or serving officer of State Co-operative Service Group "A"...Member:
- (c) a retired or serving officer of the administrative services having experience of working of the Co-operative Department or Cane Department or Industries Department or Community Development Department of Uttar Pradesh

... Member:

Provided that if the State Government is of the opinion that it is difficult to appoint a suitable officer due to non-availability of an administrative officer having experience of working the co-operative Department or Cane Department or Industries Department or Community Development Department of Uttar Pradesh it may appoint a retired or serving officer of State co-operative Service who has been or is of Group "A" category as the member under this clause:

Provided further that if the Chairman or a member had not already retired from his parent service before his appointment as such he shall-

- (a) on retirement from his parent service, be entitled to draw his pension, gratuity and post-retirement leave encashment and withdraw the balance from his provident fund as if he has retired:
- (b) on his retirement from the post of the Chairman or Members in accordance with rule 255 be entitled to additional pension gratuity and post-retirement leave encashment which shall be calculated as follows:

First, the amounts shall be recalculated according to the rules applicable on the date of such retirement as if he had never retired from his parent service and his service had stood extended;

Second, the amounts already paid to him under clause (a) on retirement from his parent service, shall be deducted and the difference shall be payable to him.]

[254. (1)(a) The scales of pay admissible to the Chairman and the members shall be such as may be determined by the State Government from time to time.

Pay- (b) The scale of pay at the commencement of the Uttar Pradesh Co-operative Societies (twenty Seventh Amendment) Rules, 1995, are as follows:

(1) *Pay:*

<i>Name of the post</i>	<i>Scale of Pay</i>
(a) Chairman	Rs. 5,900-200-6,700
(b) Members	Rs. 4,500-150-6,700

Provided that the salary of a person appointed as the Chairman or a member who has retired as a District Judge, or who has retired from service under the State Government shall not be less than the salary paid or payable to him at the time of such retirement:

Provided further that the aforementioned pay of a person referred to in the first proviso who is in receipt of or has become entitled to receive any retirement benefits by way of pension, shall be reduced by the gross amount of pension, including commuted portion of pension, if any.

(2) The Chairman and a member shall receive dearness allowance and other allowances appropriate to their pay at the rate admissible to Group 'A' Officers of the State Government.

(3) A person on appointment in the Tribunal as the Chairman or a member shall be entitled to such leave and connected benefits as are admissible to Group 'A' Officer of the State Government.

(4) Every person appointed to the Tribunal as the Chairman or a member shall be entitled to pension and gratuity as per rules applicable to Group 'A' Officer of the State Government read with the provision to Rule 253.

(5) The Chairman or a member shall be entitled, to subscribe to the General Provident Fund at 'his option and in case of his so opting shall be governed by the provisions of General Provident Fund (Uttar Pradesh) Rules, 1985, as amended from time to time:

Provided that if a Chairman or a member was member of Higher Judicial Service or an All India Service immediately before his joining the Tribunal, he shall be governed by the rules which were applicable to him immediately before joining the Tribunal.

(6) *Travelling allowances.* - The Chairman or a member while on tour or on transfer (including the Journey undertaken to join the Tribunal or on the expiry of his term with the Tribunal to proceed to his home town) shall be entitled to the travelling allowance, transportation of personal effects and other similar matters at the same scales and at the same rates as are admissible to Group 'A' Officer of the State Government drawing similar pay.

(7) *Accommodation.* - Every person appointed in the Tribunal as Chairman or a member shall be provided with a rent free accommodation of a type admissible to an officer equivalent to his rank in the State Government:

Provided that if any such accommodation is not provided by the Government, or the Chairman or the member does not avail himself of the accommodation referred to above, he shall be reimbursed actual house rent paid by him upto the maximum limit of Rs. Two thousand per mensem:

Provided further that if the Chairman or a member is residing in the accommodation owned by him or by his/her spouse, he shall be entitled to house rent allowance admissible as per rules of the State Government in this regard.

(8) *Facility of the conveyance.* - The Chairman shall be entitled to a staff car and each member shall be entitled to conveyance allowance of Rs. six hundred permensem.

(9) *Facility of medical treatment.* - The Chairman or a member shall be entitled to medical treatment and hospital facilities as provided in the Uttar Pradesh Medical Attendance Rules, 1946 and the orders of the State Government issued in this behalf from time to time.

(10) *Residuary provisions.* - The condition of service of the chairman or a member for which there is no express provision in these rules shall be determined by the rules and orders for the time being applicable to him at the time of retirement or to group 'A' officers of the State Government.]

[255.] [(a) The Chairman or a member of the Tribunal shall hold office for a term of Six years from the date on which he enters upon his office:

Provided that no Chairman or Member shall hold office as such after he has attained the age of sixty-four years

(b) Notwithstanding anything contained in clause (a), the term of Chairman or a member, whether appointed before or after the commencement of the Uttar Pradesh Co-operative Societies (Thirty-ninth Amendment) Rules 2001, may be extended beyond six years so however, that such person shall not continue as Chairman or Member beyond the date he attains the age of [Sixty-eight years].

(c) No officer shall be appointed or shall continue as the Chairman or the Member of the Tribunal if he is or becomes the Chairman, Vice-Chairman or a member of the Committee of Management of any Co-operative Society.]

256. The headquarters of a Tribunal shall be at such place as is notified by the State Government in the Gazette,,

provided that the Tribunal may, for the convenience of parties to the dispute, decide to have for the disposal of the dispute its sitting at other places in the State.

257. (a) The memorandum of appeal to the State Government, the Tribunal or the Registrar, shall be presented by the appellant or his duly authorised agent, either in person during office hours, or shall be sent by registered post under acknowledgement.

(b) Every memorandum of appeal shall be accompanied by a certified copy of the order, decision or award against which the appeal is preferred and by as many copies of memorandum of appeal as there are parties.

(c) A memorandum of appeal shall-

(i) be either type-written or hand-written in ink legibly;

(ii) specify the name or names and the address or addresses of the appellant or appellants and also the name or names and address or addresses of the opposite party or parties, as the case maybe;

(iii) state the authority by which the award, order or decision against which appeal is preferred, was made or given;

(iv) clearly state the grounds on which the appeal is preferred;

(v) state precisely the relief which is claimed; and

(vi) give the date of the order, decision or award appealed against as well as date of communication of such order, decision or award to the appellant.

[257A. The application in the pending files shall be received -

(1) if the application is being moved in a case not fixed on the day the application is moved by an employee in the office designated by the Chairman;

(2) if the application is being moved in the case fixed for hearing on the day the application is moved by Reader;

(3) the records of all the pending appeals shall be kept and maintained by employee in the office designated by the Chairman in this regard. He shall be responsible for sending records of all the appeals fixed for hearing on any day in the previous evening to the Reader. Likewise, the Reader shall send back all the records of the appeals fixed on any day by the evening of that day to the persons in the office

designated by the Chairman for maintaining therecords;

- (4) the Secretary of the Tribunal shall receive all new appeals, shall make endorsement/report on that appeal as prescribed, and shall place it before the chairman, latest by the following day for obtaining his orders. The record shall then be sent to the office to the employee designated by the Chairman for maintaining therecord.
- (5) the Reader, or the employee in the office designated by the Chairman to maintain the records, on receipts of any application in the pending appeals, shall put the serial number on the application/documents in accordance with the Index sheet followed by the letters 'ka' or 'kha', as the case may be, and the serial number alongwith the letters 'ka' or 'kha' shall be entered by him in the Index Sheet. The documents marked 'ka' or 'kha' shall be kept in nathi 'ka' or nathi 'kha' as the case maybe.

The following documents shall be placed in nathi 'ka' :-

- (a) Index of papers (in the prescribed proforma).
- (b) OrderSheet.
- (c) Memorandum ofAppeal.
- (d) Copy of the order/award appealedfrom.
- (e) Original document filed by theparties.
- (f) Orders/Judgements of the higher Courts, if any
- (g) Judgement of theTribunal
- (h) Any other document considered important, and of lasting value, by the Chairman or theMembers.

All other document of the record shall be kept in nathi 'kha'

The documents in nathi 'ka' shall form permanent record and shall not be weeded out. The documents in nathi 'kha' shall be weeded out by the Record Keeper after the expiry of six years from the date of the judgement by the Tribunal, and the Record Keepers shall make a note in the red Ink on the Index Sheet that when the nathi 'kha' has been weeded out, he shall sign that endrosement and put his seal, and then shall place it before the Secretary of the Tribunal for his counter signature;

Provided that if a writ petition is pending in any case, the record of that case shall not be weeded

out so long the writ petition is pending.

257B. The registers to be maintained shall be prescribed by the Chairman, Tribunal.

257C. Duties to all the employees of the Tribunal shall be distributed and assigned by the Chairman, Tribunal.

257D. A Court fee stamp of Rs. 3 only shall be affixed on every adjourn application a court fee stamp of Rs. 1.50 shall be affixed on any other application moved in any case pending on the Tribunal.]

258. On receipt of the memorandum of appeal, the appellate authority shall endorse thereon the date of its receipt by it. The appellate authority shall, as soon as possible, examine it and satisfy itself that-

- (i) the person presenting it has the authority to do so;
- (ii) it is made within the prescribed time-input; and
- (iii) it conforms to the provisions of the Act and the rules.

259. The provisions of Section 5 and 12 of the Limitation Act, 1963 (Act 36 of 1963) shall apply in computing the period of limitation under Rules 258 and 260.

260. Where the appellate authority finds that the appeal presented before it does not conform to any of the relevant provisions of the Act or the rules, it shall make a note to that effect and may call upon the appellant to remove the defect within the specified period, or in case the appeal appears not to have been presented within the prescribed time or by a person competent to do so, to show cause within the specified period, why it should not be rejected.

261. (a) If the defect pointed out by the appellate authority is removed, or the show-cause notice is explained by the appellant to the satisfaction of the appellate authority, the latter may admit the appeal for hearing.

- (b) If the appellant fails to satisfy that the appeal has been presented within the prescribed time or by a person competent to do so or fails to remove the defects within the specified period, the appeal may be rejected.

262. Where the appeal is admitted, the appellate authority shall fix a date for hearing and intimate the date so fixed to appellant. An intimation of the date as fixed shall also be to the other party or parties along with a copy of the memorandum of appeal. the said intimation shall be sent by registered post under acknowledgement or by

Such other process as may be deemed appropriate by the appellate authority.

263. On the date fixed for the hearing of an appeal, the appellate authority shall go through the record and hear the parties to the dispute of their authorised agents and shall pass such order of the appeal as the appellate authority may deem just. The order passed shall contain the reasons on which the decision is based and shall also contain an order as to costs, if any, and interest including future interest, if any, and shall also mention the number of appeal and the names and description of the parties.

264. The appellate authority may, at its discretion adjourn to any other date the hearing of any appeal at any stage.

265. Every decision or order of the appellate authority shall be in writing.

266. An application for review under sub-section (1) of Section 99 shall be accompanied by the original or a certified copy of the order sought to be reviewed. The said application shall also be accompanied by such additional number of copies as there are parties in the order sought to be reviewed.

267. The application for review shall, so far as it may be necessary, be disposed of by the appellate authority in such manner as may be deemed fit by it:

Provided that no order prejudicial to any party shall be passed unless such party has been given an opportunity of making representation, and if necessary, also of being heard.

268. Any change in the personnel of the appellate authority shall not affect the right of the successor to-

(i) dispose of the appeal pending or part-heard before the change;

(ii) review the order passed in any case before the change.

269. Clerical or arithmetical mistake in orders, decisions, or awards made by the Registrar, Arbitrator or the Board of Arbitrators or in the orders made by the appellate authority or errors arising in such orders (including the orders of appellate authority), decisions or awards from any accidental slip or omission may at any time be corrected by the authority concerned either of its own motion or the application moved by any of the parties to the dispute.

CHAPTER XX

Winding up and Dissolution of Co-operative Societies

270. (a) The Registrar, before passing an order directing a co-operative society to be wound up, shall, except when an application has been made by not less than three-fourth of the members of the society for its being wound up, issue a notice by registered post or by personal delivery under acknowledgment to the Chairman or Secretary of the Society to show cause within the time specified in the notice, as to why the society may not be wound up under Section 72.

(b) The society shall consider the notice mentioned in sub-rule (a) and shall send a reply to the Registrar within the time specified in the notice.

(c) If the society fails to send the reply within the time specified in the notice, or the reply received is unsatisfactory, the Registrar may pass order directing the society to be wound up.

271. Any order under Section 72, directing that a co-operative society be wound up, and an order, under sub-section (1) of Section 73 appointing a liquidator and an order removing or changing a liquidator, shall be published in the Gazette or in any one or more of the modes mentioned herein below, as may, having regard to the circumstances of the case, be decided by the Registrar-

(i) by publication in the newspaper, having circulation in the area of operation of the society;

(ii) by affixing a copy of the order at the registered address of the society; and

(iii) by proclamation by beat of drum in the area of operation of the society.

272. The amount of remuneration payable to a liquidator shall be included in the costs of winding up. The costs of winding up shall be payable out of the assets of the society in priority to all other claims.

273. (a) All funds in the charge of a liquidator shall be deposited in the Post Office Savings Bank or in a Central Co-operative Bank or with any bank as may be approved by the Registrar. All such accounts shall be operated by the liquidator.

(b) All money's received during the course of winding up of the co-operative

society shall be deposited in the account mentioned in sub-rule(a).

(c) All payments out of the aforesaid account shall be made by the liquidator.

(d) All receipts and payments shall be accounted for in the records maintained for the purpose by the liquidator.

274. The liquidator shall, as soon as the order of winding up of a co-operative society takes effect, publish by such means as he thinks proper, a notice requiring all claims against the co-operative society which is being wound up to be submitted to him within thirty days of the publication of the notice. All liabilities recorded in the books of the co-operative society shall be deemed to have been duly submitted to him under this rule.

275. The liquidator shall then proceed to determine the liabilities of the co-operative society as they stood on the date on which the order of winding up was passed. Thereafter he shall take action as provided in clause (d) of sub-section (2) of Section 74.

276. (1) The liquidator shall, after determining the assets and liabilities of the society as they stood on the date on which order under Section 72 was passed, proceed to make contribution order under clauses (b) and (f) of sub-section (2) of Section 74.

(2) If necessity arises, he may also make a subsidiary order or orders in this regard under clause (b) or clause (f) of sub-section (2) of Section 74 and such orders shall be enforceable in the same manner as the original order.

277. The liquidator shall submit his contribution order or subsidiary order together with list of the property of each member and past member and of the estates of the deceased members, to the Registrar for approval, and the Registrar may, if he thinks fit, modify the order or refer it back to the liquidator for further inquiry or other action.

278. The Registrar may issue general instructions laying down the principles according to which and the manner in which the contributions shall be determined and the liquidator shall act according to these instructions.

279. The liquidator shall recover all sums and other properties to which the co-operative society is entitled and also the amount of contribution orders and subsidiary orders made by him under Rule 276 as approved by the Registrar. The liquidator may, by order in writing, empower any person to make collections and to

grant valid receipt on his behalf.

280. If necessary, a copy of the order of the liquidator, may, with the approval of the Registrar, be filed by the liquidator in the civil court having local jurisdiction, to be enforced as if it was a decree of that court.

281. The liquidator shall keep a summary of the evidence recorded by him and a list of the documents admitted by him in the proceedings regarding winding up of a co-operative society.

282. The liquidator shall have power to call at any time any member or members or a meeting of the members of the last Committee of Management or of the general body or a meeting of the creditors or a joint meeting of the creditors and members of the society which is being wound up. Such meeting shall be called, held and conducted in such manner as the liquidator may think fit.

283. The liquidator shall keep such books and accounts and shall submit such periodical returns to the Registrar as may from time to time be prescribed by the Registrar.

284. After all liabilities (including share capital) have been paid off, the Registrar may allow distribution of dividend if any, due to the shareholders on the shares held by them on the date of the order of winding up of co-operative society.

285. At the conclusion of the liquidation proceedings, a general meeting of the members of the general body of the society shall be called by the liquidators, at which the liquidator shall summarise his proceedings, point out the cause of the failure of the society and report what sum, if any, remains in balance after meeting all the liabilities of the society. He shall ascertain the wishes of all the members as regards disposal of the balance.

286. (a) The winding up proceedings of a co-operative society shall ordinarily be closed within a period of three years from the date the order of winding up takes effect, unless the period is extended by the Registrar.

Provided that the Registrar shall not grant any extension for a period exceeding one year at a time and the total period of such extension shall not, without the approval of the State Government, exceed four years.

(b) As soon as winding up proceedings are completed, the Registrar shall pass orders cancelling the registration of the co-operative society.

287. After expiry of three years from the date of the cancellation of the registration of the co-operative society, the books and records of the society may be destroyed under the supervision of the Registrar.

288. Where an order directing a co-operative society to be wound up is passed under Section 72 and no liquidator is appointed, the officer or officers of the society to be wound up shall, within fifteen days of the receipt of the order, send the books and records to the Registrar or to any other person authorised by him for this purpose and deposit the cash balance, if any, with the Central Co-operative Bank of the area of the Apex Co-operative Bank under intimation to the Registrar.

289. The Registrar shall keep an account of all the surplus money, if any, received from the liquidators or officer or officers of the societies whose registration has been cancelled.

290. Notwithstanding anything contained to the contrary in the bye-laws of a co-operative society or in the regulation framed under Section 121 or Section 122. the services of all the employees of a co-operative society which has been ordered to be wound up shall be deemed to have been terminated with effect from the date the order of winding up becomes final. The liquidator may re-employ any employee of the society, on such terms and conditions and for such period as he deems fit, subject to the approval of the Registrar.

CHAPTER XXI

Co-operative Farming Societies

291. Without prejudice to the provisions of clauses (a) and (b) of Section 78 and in addition to the requirements laid down in the foregoing rules relating to the registration of a society, the application for registration of a co-operative farming society shall be accompanied by-

- (a) an extract from the record of rights showing the total area with the recorded plot numbers of all land held by each of the applicants desiring to pool land under clause (a) of sub-section (1) of Section 77;
- (b) a communication in form C.F.-1, in triplicate in connection with the registration of the society showing details of land to be pooled under clause (a) of sub-section (1) of Section 77;
- (c) two copies of a map of the farm of the proposed society indicating the *Khasra* number of plots and the boundaries of the farm;and
- (d) any other documents and particulars as may be required by the Registrar.

292. Where a co-operative farming society is registered under Section 77, the Registrar shall, while forwarding a copy of the registration certificate to the Collector, under sub-section (2) of Section 77, also send the following-

- (a) a copy of the document referred to in Rule 291 (b),and
- (b) any other information, particulars or documents as the Registrar may think necessary.

293. On receipt of the copy of the Registration Certificate and other documents from the Registrar under Rule 292, the Collector shall cause an entry to be made-

- (i) in the relevant record to the effect that land contributed by members to the society is under the possession, control and management of the co-operative farming society, and
- (ii) in the register of co-operative farming societies in Form C.F.-2.

294. Where a co-operative farming society admits a new member after its

registration, the society shall send to the Registrar in respect of such member-

(i) particulars required under Rule 291 (a), and

(ii) statement in triplicate in Form C.F.-1 (A) along with two authenticated copies of the resolution of the society admitting such member.

The Registrar shall send to the Collector one copy of the resolution and a statement of the member referred to in sub-clause (ii) of this rule for action as provided in Rule 293.

295. Without prejudice to the provisions of other rules, every co-operative farming society shall, at the close of each co-operative year, submit to the Registrar, if so required by him, the following-

- (a) details of the land contributed by members enrolled during the year and of the land otherwise obtained by the society during the year;and
- (b) the latest map of the land held by the society.

296. (a) A co-operative farming society may, under the provisions of sub-section (3) of Section 79, grant permission to a *bhumidhar* member for making any transfer other than testamentary disposition, of the land contributed by him to the society, on any one or more of the grounds mentioned herein below-

- (i) if he is unable to cultivate land on account of his physical or mental infirmity;
- (ii) if he has to discharge his debts which he otherwise cannot do and the debt was contracted prior to the contribution of the land to the society by him;
- (iii) if he intends to take up his residence at a place far away from the place where the farm of the society is situated and from where he will not be able to take part in the agricultural operations on the farm of the society;
- (iv) if he intends to take up some profession other than agriculture;and
- (v) on any other ground, with the consent of two-thirds of the members of the society and with the approval of the Registrar:

Provided that the permission shall be granted only when the proposed transferee is qualified to become a member of the society and has also applied for such membership.

- (b) In case the co-operative farming society itself desires to purchase the land of a *bhumidhar* member desiring to dispose of under sub-rule (a) his land, the society shall be entitled to do so at a price agreed upon between

said *bhumidhar* member and the society:

Provided that no land shall be purchased without the prior approval of the Registrar at a price exceeding the amount calculated in the manner laid down under sub-rule (c).

(c) The price of the land of the *bhumidhar* member shall be calculated in the manner laid below:

It shall be equal to thirty-five times of the valuation at hereditary rates or seventy times the land revenue payable in respect of such land whichever is greater:

Provided that when the land revenue payable is less than the valuation at hereditary rates, an addition of an amount equal to ten times the difference between the valuation and the land revenue shall be made to the amount of the price.

297. (1) Where a person ceases to be a member of a co-operative farming society, the value of the land contributed by such outgoing member but which land is not given back to the member for reasons provided in Section 82, shall, for the purpose of exchange of land with the land of the society or for payment of compensation to the said outgoing member, be the amount as may be agreed upon between the outgoing member and the farming society:

Provided that where the mutually agreed amount exceeds the amount as calculated in the manner laid down in sub-rule (2), sanction of the Registrar shall be necessary before exchange of land or payment of cash compensation, as the case may be.

(2) For the purpose of sub-rule (1) the value of *bhumidhari* land shall be thirty-five times the valuation at hereditary rates or seventy times the land revenue payable in respect of such land whichever is greater, and in case of *sirdari* land it shall be fifteen times of such valuation:

Provided that where the land revenue paid in respect of the *bhumidhari* or *sirdari* land is less than the valuation at hereditary rates, an addition of an amount equal to ten times the difference between the valuation and the land revenue in case of *bhumidhari* land and five times such difference in case of *sirdari* land, shall be added to the value.

298. Where a co-operative farming society intends to purchase culturable land adjoining the farm of the society from a person other than a member of the society, it may do so at a price agreed upon between the society and the land-holder

concerned:

Provided that where the price mutually agreed upon between the society and the said land-holder exceeds the amount calculated in the manner provided in sub-rule (2) of Rule 297, sanction of the Registrar prior to the purchase shall be necessary.

299. An application by a co-operative farming society under sub-section (2) of Section 84 for the consolidation of the land held by it shall be made in Form C.F.-3.

300. On receipt of the application under Rule 299, the Assistant Collector shall issue a notice to the remaining tenure-holders of the Village requiring them to show cause within one month of the date of receipt of notice as to why the consolidation applied for by the society may not be made. If after hearing the objections, if any, the Assistant Collector considers that the consolidation is inexpedient, he shall record the reasons therefor and reject the application for consolidation. If there are no reasonable grounds for such rejection, he shall direct the Land Management Committee of the Village to put up proposals for consolidation of the land within three months of the date of the order.

301. The Land Management Committee shall with the assistance of the Lekhpal and the Chairman of the co-operative farming society concerned prepare first valuation *khasra* in Form C.F.-4, for all the fields which are likely to be exchanged. If there are any trees on the land likely to be exchanged, their valuation shall be recorded in the 'remarks' column of the valuation *khasra*.

302. The Land Management Committee shall, with the help of the valuation *khasra* prepared under Rule 301 prepare the consolidation proposals in Form C.F. - 5 in such a manner that land of approximately equal value shall be exchanged.

303. The consolidation proposals shall be submitted in triplicate to the Assistant Collector, the proposals shall be accompanied by the valuation *khasra* and two copies of the map of the land, one showing the farm of the co-operative farming society as it stood before consolidation and the other showing the position according to the consolidation proposals.

304. Where the Land Management Committee fails to submit the consolidation proposals within the time specified in Rule 300, the Assistant Collector shall direct the *Tahsildar* concerned to have the said proposals prepared under his supervision and submitted to the Assistant Collector within thirty days of the receipt of such

directions. The *Tahsildar* concerned shall comply with such directions.

305. On receipt of the consolidation proposals under Rule 303 or Rule 304 the Assistant Collector shall issue a proclamation inviting objections to the consolidation proposals within thirty days of the issue of the proclamation. One copy of the proclamation alongwith a copy of the proposal shall be affixed to the notice board of the court-room of the Assistant Collector and another such copy shall be pasted at some conspicuous place in the village where the farm of the co-operative farming society is situated. A copy of the proclamation shall also be served upon the farming society.

306. On the expiry of the period fixed in the proclamation, the Assistant Collector shall hear and decide objections, if any, and subject to the provisions of Section 84, pass final orders for consolidation of the land.

307. The order for consolidation shall take effect from the beginning of the *Fasli* year immediately following the order. In cases where compensation has to be paid under sub-section (4) of Section 84, the order of the Assistant Collector for consolidation shall not take effect unless the compensation has been paid up.

308. In cases where any encumbrance is attached to the land to be exchanged, the Assistant Collector shall direct that the encumbrance attached to the land shall be received by the tenure-holder responsible for discharging the said encumbrance.

309. Without prejudice to the provisions of Rule 15 the bye-laws of a co-operative farming society shall providefor-

- (i) the contribution of land funds and other property by members, their valuation and adjustment;
- (ii) the remuneration and wages to be paid to members working on the farm of the society;
- (iii) the payment of expenses and other dues of the farm of the society;
- (iv) the distribution of the produce of the society;and
- (v) the conduct of the affairs and the working of the farm of the society.

310. A co-operative farming society may obtain loan on mortgage without possession of the land under Section 86, subject to the following conditions-

- (i) the purpose for which loan is obtained is such as is to be of common benefit to the society and to the members thereof or is such as is most likely to increase agricultural production or to arrest deterioration or decay of the properties of the soil or check inroad of floods;
- (ii) the proposal for such loan has been adopted by the general body of the society and approved by the Registrar;and
- (iii) the members whose authorisation for mortgage is to be obtained have individually agreed in writing to the proposal referred to in clause (ii) and in such form as may be specified by the Registrar. Such authorisation shall bear the attestation of a Gazetted officer or an officer of Co-operative Department not below the rank of Group II Inspector, who shall affix his stamp below his signature.

311. Bonus payable to a member of a co-operative farming society under Rule 162 may be paid in cash or in kind or partly in cash and partly in kind and may be in lump-sum or in instalment and where a member is indebted to the society, it may be adjusted towards the amount due from him.

CHAPTER XXII

Execution of Awards, Decrees, Orders and Decisions

312. (a) Every decree-holder requiring execution of an award or order under the provisions of clause (b) of Section 92 shall apply to the Recovery Officer having jurisdiction over the area in which the judgment-debtor resides or has property and shall deposit the probable cost of execution as may be fixed by such officer.

(b) Every such application shall be made in the form specified by the Registrar and shall be signed by the decree-holder. The decree-holder may indicate whether he wishes to proceed against the immovable property mortgaged to him, if any, or other immovable property or to secure the attachment of movable property. Where he wishes to proceed against immovable property, he shall give in the application such description of the property as is sufficient for its identification. In case such property can be identified by boundaries or numbers in a record of rights, settlement or survey, the specification of such boundaries or numbers and the specification of the judgment-debtor's share or interest in such property shall be given in the application.

(c) On receipt of such application, the Recovery Officer shall verify the correctness of the particulars set forth in the application with the records, if any, in the office of the Registrar and prepare or cause to be prepared a demand notice, in writing, in duplicate in the form specified by the Registrar setting forth the name of the judgment-debtor and the amount due and forward it to the Sale officer. The demand notice shall include the expenses, if any, and shall require the payment to be made by a specified date failing which the immovable property in question shall be attached and sold or sold without attachment, as the case may be:

Provided that where the Recovery Officer is satisfied that the judgment-debtor with intent to delay or obstruct the execution proceedings against him is about to dispose of or remove from the jurisdiction of the Recovery Officer the whole or any part of his property, then the property of the judgment-debtor may, notwithstanding the time allowed in the demand notice, be attached forthwith.

313. Property of the judgment-debtor shall be proceeded against as requested in the application made by the decree-holder under Rule 312 and where it is not mentioned in such application as in what order the property may be proceeded against, the execution should ordinarily be taken in the following manner-

- (i) movable property of the judgment-debtor shall be first proceeded against; but this shall not preclude the immovable property being proceeded against simultaneously in case the proceeds from the movable property are likely to be insufficient to meet in full the claims of the decree-holder; and
- (ii) if there is no movable property, or if the sale proceeds of the movable property or properties attached and sold are insufficient to meet in full the claim of the decree holder, the immovable property belonging to the judgment-debtor may be proceeded against.

Attachment and sale of specific movable property including crops of land

314. The Sale Officer shall, after giving previous notice to the decree-holder proceed to the place where the judgment-debtor resides, or where the property sought to be attached is situated, as the case may be, and serve the demand notice issued under sub-rule (c) of Rule 312 upon the judgment-debtor, if available. If the notice of demand has been served on the judgment-debtor and he fails to pay the amount due under the demand notice, the Sale Officer shall make the attachment of the movable property and shall immediately deliver to the judgment-debtor a list or inventory of the property attached and an intimation of the place, date and hour at which attached property shall be brought to sale, in case the amount due is not paid before such date. If the judgment-debtor is not available the Sale Officer shall serve the demand notice on some adult male member of his family or on the authorised agent of the judgment-debtor and when service cannot be effected, the Sale Officer shall affix a copy of such demand notice on some conspicuous part of the judgment-debtor's residence. He shall then proceed to make attachment and shall fix the list or inventory of the property attached on the place where the judgment-debtor ordinarily resides and endorse thereon the place where the property may be lodged or kept and also the place, date and hour at which the sale shall be held.

315. After the attachment is made, the Sale Officer may arrange for the custody of the property attached, with the decree holder or otherwise. If the attached property is live-stock, the person in whose custody the live-stock has been placed shall be responsible for its maintenance, expenses on such maintenance being chargeable from the judgment-debtor. The Sale Officer may, at the instance of the judgment-debtor or of any person claiming an interest in such property, leave it in the Village

or place where it was attached, in the charge of such judgment-debtor or person, if he enters into a bond in the form specified by the Registrar with one or more sureties (as may be considered sufficient) for the production of the property when calledfor.

316. No attachment under Rule 314 or Rule 315 shall be made after sun-set and before sun-rise.

317. The attachment made shall not be excessive, that is to say, the property attached shall normally not exceed in value ten per cent above the sum due from the judgment-debtor together with the interest and all expenses incidental to the attachment and the sale.

318. If crops or ungathered produce of the land belonging to judgment-debtor are attached the Sale Officer may cause them to be sold when fit for reaping or gathering, or at his option, may at the cost of the judgment-debtor cause them to be reaped or gathered in due season and stored in proper place until sold.

319. It shall be lawful for the Sale Officer to force open any stable cow-house, granary, godown, out-house or other building and he may also enter any dwelling house, the outer door of which may be open and may break open the door of any room in such dwelling house for the purpose of attaching property belonging to a judgment-debtor and lodged there in;

provided always that it shall not be lawful for the officer to break open or enter into apartment in such dwelling house appropriated for the *zenana* or residence of women except as herein after provided.

320. When the Sale Officer may have reason to suppose that the property of a judgment is lodged within a dwelling house the outer-door of which may be shut or within any apartment appropriated to woman, which by custom or usage are considered private, the Sale Officer shall represent the fact to the Officer-in-charge of the nearest police station on such representation the Officer-in-charge of the said station shall send a Police Officer to the spot in whose presence the Sale Officer may force open the outdoor of such dwelling house, in like manner as he may force open the door of any room within the house, other than the *zenana*. The Sale Officer may also, in the presence of a Police Officer, after due notice given for the removal of women within a *zenana* and after furnishing means for their removal in a suitable manner, if they be women who according to the custom or usage, cannot appear in public, enter the *zenana* apartment for the purpose of attaching the judgment-debtor's property, if any deposited therein but such property if found, shall be immediately removed from such apartments which shall thereafter be left free for occupation as before.

321. The Sale Officer shall on the day previous to and on the day of sale, cause proclamation of the time and place of the intended sale to be made by beat of drum in the Village in which the judgment-debtor resides and in such other place or places as the Recovery Officer may consider necessary to give due publicity to the sale. The date for intended sale shall not be earlier than fifteen days from the date on

which the sale notice has been served or affixed in the manner laid down in Rule 314:

Provided that where the property seized is subject to speedy and natural decay, or where the expense of keeping it in custody is likely to exceed its value, an earlier date may be fixed on which the Sale officer may sell it unless the amount is sooner paid.

322. At the time appointed under Rule 321 the property shall be put up in one or more lots, as the Sale Officer may consider advisable, and shall be disposed of to the highest bidder:

Provided that it shall be open to the Sale Officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons. Where the property is sold for more than the amount due, the excess amount, after deducting the interest and the expenses of process and other charges, shall be paid to the judgment-debtor:

Provided further that the Recovery Officer or the Sale Officer may, in his discretion adjourn the sale to a specified day and hour recording his reasons for such adjournment. Where a sale is so adjourned for a longer period than seven days, a fresh proclamation according to Rule 321 shall be made unless the judgment-debtor consents to waive it.

323. The property shall be paid for in cash at the time of sale and the purchaser shall not be permitted to carry away any part of the property until he has paid for it in full. Where the purchaser fails to pay the purchase money, the property shall be re-sold.

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

325. Where prior to the sale, the judgment-debtor or any person acting on his behalf or any person claiming an interest in the property attached, pays the full amount due including interest, and other expenses incurred in attaching the property, the Sale Officer shall cancel the order of attachment and release the property forth with.

326. Subject to the provisions of Section 39, the movable property which is exempt from attachment under Section 60, of the Code of Civil Procedure, 1908 (No. V of 1908), shall not be liable to attachment or sale under these rules.

Attachment of other movable property

327. Where the movable property to be attached is the salary or allowances or wages of an officer or servant of Government or Railway or local authority or a co-operative society, the Recovery Officer may on receiving a report from the Sale Officer, order that the amount shall, subject to the provisions of Section 60 of the Code of Civil Procedure, 1908 (No. V of 1908), be withheld from such salary or allowances or wages, either in one payment or by monthly instalments as the said Recovery Officer may direct and upon notice of the order, the Officer or other person whose duty it is to disburse such salary or allowances or wages, shall withhold and remit to the Sale Officer the amount due under the order or the monthly instalment, as the case maybe.

328. Where the property to be attached consists of the share or interest of the judgment-debtor in movable property belonging to him and another as co-owners, the attachment shall be made by a notice to the judgment-debtor, prohibiting him from transferring the share or interest or charging or changing it in anyway.

329. Where the property to be attached is a negotiable instrument not deposited in a court, not in the custody of a police officer, the attachment shall be made by actual seizure and the instrument shall be brought to the office of the Recovery Officer ordering the attachment and be held subject to his further orders.

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

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

331. Where the property to be attached in execution of an award or order is an

award or order referred to in Section 92 either for the payment of money or for sale in enforcement of a mortgage or charge, the attachment shall be made by an order of the Registrar.

332. Where an order for attachment has been made under Rule 331, the Registrar shall, on the application of the decree-holder, who has got the award or order attached, make orders for the execution of the attached award or order and also for the application of the net proceeds in satisfaction of the award or order sought to be executed.

333. The holder of an award or order sought to be executed by the attachment of another award or order of the nature specified in Rule 331, shall be deemed to be the representative of the holder of the attached award or order and to be entitled to execute such attached award or order in any manner provided in the Act and the Rules.

334. Where the property to be attached in execution of an award or order is a decree other than an award or order of the nature referred to in Rule 331, the attachment shall be made by the issue of a notice by the Recovery Officer to the holder of such decree, prohibiting him from transferring or charging the same in any way.

335. The holder of an award or order or decree attached under Rules 331 to 334 shall give the Recovery Officer executing the award, order or decree such information and aid as may reasonably be required.

336. On the application of the holder of an award or order sought to be executed by the attachment of another award order or decree, the Registrar or the Recovery Officer, as the case may be, making an order of attachment, shall give notice of such order to the judgment-debtor bound by the award order or decree attached; and no payment or adjustment of the attached award order or decree made by the judgment-debtor in contravention of such order after receipt of the notice thereof shall be recognised so long as the attachment remains inforce.

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

(a) a debt to the judgment-debtor;

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

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

(i) in the case of a debt, the creditor from recovering the debt and the debtor from making payment there of;

(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 there on;and

(iii) in the case of any other movable property except aforesaid the person in possession of it from giving it over to the judgment-debtor.

(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, except properly deposited in or in the custody of a court, to the person in possession of such property.

(3) As soon as the debt referred to in clause (a) of sub-rule (1) or the deposit referred to in clause (b) of sub-rule (1) matures, the Recovery Officer may direct the person concerned to pay the amount to him. Where the share referred to in clause (b) is not withdraw able, the said Recovery Officer shall arrange for its sale through a broker. Where the share is withdraw able, its value shall be paid to the said Recovery Officer as soon as it becomes payable. In the case of other movable property referred to in clause (c) of sub-rule (1) above, the same shall be placed in the hands of the said Recovery Officer as soon as it becomes deliverable to the judgment-debtor.

(4) A person who has been required to pay the amount to Recovery Officer or to place the property in the hands of the Recover Officer, shall comply with the orders of the Recovery Officer and the payment of the amount or delivery of the property to the Recovery Officer, shall discharge such person as effectually as the payment or delivery to the party entitled to receive the same.

Attachment and sale of immovable property

338. (a) No immovable property shall, except as provided in the Act, be sold in execution of an award or order unless it has been previously attached:

Provided that where the award or order has been obtained on the basis of a

mortgage of such property, it shall not be necessary to attach it.

- (b) Immovable property shall be attached by an order prohibiting the judgment-debtor from transferring or charging the property in any way, and all persons from taking any benefit from such transfer or charge.

339. (a) The Sale Officer shall serve or cause to be served a copy of the demand notice issued under sub-rule (c) of Rule 312 upon the judgment-debtor and if he is not available, upon some adult male member of his family or upon his authorised agent and if such service is not possible, a copy there of shall be affixed on some conspicuous part of the immovable property sought to be attached and sold or sold without attachment, as the case may be.

- (b) If the judgment-debtor fails to pay the amount in terms of the demand notice, the Sale Officer shall proceed to attach and sell or sell without attachment, as the case may be, the immovable property specified in the demand notice.

- (c) The order of attachment shall be proclaimed at some place on or adjacent to such property by beat Of drum or other customary mode and at such other place or places as the Recovery Officer may consider necessary, to give due publicity to the sale and a copy of the order shall be affixed on some conspicuous part of the immovable property.

- (d) A copy of the attachment order shall also be served upon the judgment-debtor personally and if he is not available, upon some adult male member of his family or upon his authorised agent and if such service is not possible, it shall be affixed at some conspicuous part of last known place of his residence.

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

- (i) the property to be sold,
- (ii) any encumbrance to which the property is liable,
- (iii) the amount for the recovery of which sale is ordered, and
- (iv) every other matter which the Sale Officer considers material for a purchaser to know in order to judge the nature and value of the property.

(f) Where any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances, on the property, if any. The decree-holder shall, when the amount for the realisation of which the sale is held, exceeds rupees one hundred, furnish to the Sale Officer, within such time as may be fixed by him or by the Recovery Officer, an encumbrance certificate from the Registration Department for the period of not less than twelve years prior to the date of attachment of the property sought to be sold or in cases falling under the proviso to Rule 338 prior to the date of the application for execution. The time for the production of the encumbrance certificate may be extended at the discretion of the Sale Officer or the Recovery Officer, as the case may be:

Provided that in case where an encumbrance certificate is not obtainable owing to the destruction of the connected records, an affidavit from the Village patwari (*Lekhpal*) 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) The sale shall be by public auction to the highest bidder;

provided that it shall be open to the Sale Officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons and provided also that the Recovery Officer or the Sale Officer may, in his discretion, adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sale is so adjourned to a longer period than seven days a fresh proclamation under clause (e) shall be made, unless the judgment-debtor consents in writing to waive it.

(h) The sale shall be after the expiry of not less than thirty days calculated from

the date on which notice of the proclamation was affixed in the office of the Recovery Officer. The time and place of sale shall be fixed by the Recovery Officer and the place of sale shall be the locality where the property to be sold is situated or such adjoining prominent public place as may be fixed by the said Recovery Officer.

- (i) A sum of money equal to fifteen per cent of the price for which the immovable property is purchased in the auction shall be paid by the purchaser to the Sale Officer at the time of purchase and in default of such deposit, the property shall forthwith be sold:

Provided that where the decree-holder is the purchaser and is entitled to set off the purchase money, the Sale Officer shall dispense with the requirements of the foregoing rule.

- (j) The remainder of the purchase money and the amount required for the general stamp for the sale certificate shall be paid within fifteen days from the date of sale:

Provided that the time for payment of the cost of the stamp may, for good and sufficient reasons, be extended at the discretion of the Recovery Officer up to thirty days from the date of sale:

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

- (k) If by the expiry of the period mentioned in clause (j), the entire amount of purchase money is not paid-

- (i) the deposit paid under clause (i) shall, at the discretion of the Recovery Officer, be forfeited to the Government after defraying the expenses of sale, and

- (ii) the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may be subsequently sold.

- (l) Every re-sale of immovable property in default of payment of the amount mentioned in clause (j) within the period allowed for such payment shall be made after the issue of a fresh proclamation in the manner and for the period

prescribed for the sale in this rule.

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

340. (i) Where an order for the sale of immovable property has been made, if the judgment-debtor satisfies the Recovery Officer, that there is reason to believe that the amount of the decree may be raised by the mortgage, or lease or private sale of such property, or some part thereof, or of any other immovable property of the judgment-debtor, the Recovery Officer may, on the application of judgment-debtor, postpone the sale of his property comprised in the order for sale on such terms and for such period as he thinks proper, to enable the judgment-debtor to raise the amount.

- (ii) In such case the Recovery Officer shall grant a certificate to the judgment-debtor authorising him within a period to be mentioned therein to make the proposed mortgage, lease or sale:

Provided that all moneys payable under such mortgage, lease or sale, shall be paid not to the judgment-debtor, but to the Recovery Officer:

Provided also that no mortgage, lease or sale under this rule shall become absolute until it has been confirmed by the Recovery Officer.

- (iii) Nothing in this rule shall be deemed to apply to a sale of property directed to be sold in execution of an award of order for sale, in enforcement of mortgage of, or charge on, such property.

341. Where prior to the sale, the judgment-debtor, or any person acting on his behalf of any person claiming an interest in the property sought to be sold, tenders payment of the full amount due together with interest, and the expenses incurred in bringing the property to sale, including the expenses of attachment, if any, the Sale Officer shall forthwith release the property after cancelling where the property has been attached, the order of attachment.

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

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

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

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

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

(3) Where a person makes an application under Rule 343 to set aside the sale of his immovable property, he shall not, unless he withdraws the said application, be entitled to make an application under this rule.

(4) Nothing in this rule shall relieve the judgment-debtor from any liability he may be under in respect of costs and interest not covered by the proclamation of sale.

343. (a) At any time within thirty days from the date of the sale of an immovable property, the decree-holder or any person entitled to a share in the property or whose interest are affected by the sale, may apply to the Recovery Officer to set aside the sale on the ground of a material irregularity or mistake or fraud in publishing or conducting it:

Provided that no sale shall be set aside on the ground of irregularity or mistake or fraud unless the said Recovery Officer is satisfied that the applicant has sustained substantial injury to his interest by reason of such irregularity, mistake or fraud

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

344. (a) On the expiration of thirty days from the date of the sale if no application to have the sale set aside, either under Rule 342 or Rule 343, is made or if such application has been made and is rejected the said Recovery Officer shall make an

order confirming the sale:

Provided that if he has reasons to think that the sale ought to be set aside notwithstanding that no such application has been made or on grounds other than those alleged in any application which has been made and rejected he may, after recording his reasons in writing, set aside the sale.

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

345. On the confirmation of a sale, the Recovery Officer shall grant a certificate of sale bearing his seal and signature to the purchaser, and such certificate shall state the particulars of the property sold and the name of the purchaser, and it shall be conclusive evidence of the fact of the sale to such purchaser.

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

Explanation. - For the purpose of this rule claims enforceable under an attachment include claims for the rate able distribution of assets.

347. (a) Where the costs and charges incurred in connection with the attachment and sale of movable property or the attachment and sale or sale without attachment of immovable property under the rules, exceeds the amount of the cost deposited by the decree-holder under sub-rule (a) of Rule 312, such excess shall be deducted from the sale proceeds of the property sold or any money paid by the judgment-debtor, as the case may be, and the balance shall be made available to the decree-holder.

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

348. (a) Where any claim is preferred to or any objection is made to the attachment

of any property attached under these rules on the ground that such property is not liable to such attachment, the Sale Officer shall investigate the claim or objection and dispose it of on merits:

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

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

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

349. (a) Any deficiency of price which may happen on a resale held under Rule 323 or clauses (i) and (1) of Rule 339, by reason of the purchaser's default, and all expenses attending such resale shall be certified by the Sale Officer to the Recovery Officer and shall at the instance of either the decree-holder or the judgment-debtor be recoverable from the defaulting purchaser. The costs, if any, incidental to such recovery shall also be borne by defaulting purchaser.

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

350. Where any property has been attached in execution of an award or order but by reason of the decree-holder's default, the Sale Officer or Recovery Officer is unable to proceed further with the application for execution, such officer shall either dismiss the application or for any sufficient reason adjourn the proceedings to a future date. Upon the dismissal of such application, the attachment shall cease.

351. Where assets are held by the Sale Officer and before receipt of such assets demand notices in pursuance of application for execution of another award or order against the same judgment-debtor have been received from more than one decree-holder and the decree-holders have not obtained satisfaction, the assets after deducting the cost of realisation, shall be rate ably distributed by the Sale Officer, among all such decree-holders in the manner, provided in Section 73 of the Code of

Civil Procedure, 1908 (Act No. V of 1908).

352. (a) Where a judgment-debtor dies before the award or order has been fully satisfied, an application under sub-rule (a) of Rule 312 may be made by or continued against the legal representative of the deceased and thereupon all the provisions of this chapter shall, save as otherwise provided in this rule, apply as if such legal representative were the judgment debtor:

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

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

353. (1) Subject to the provisions of sub-rule (3), the Registrar may, before directing attachment of property under Section 94, require the person whose property is sought to be attached to furnish security in such sum and within such time as may be specified in the order.

(2) Where the person fails to show cause to the satisfaction of the Registrar why he should not furnish security or fails to furnish the security required within the time fixed by the Registrar, the Registrar may order that the property referred to in sub-rule (1) be attached

(3) The Registrar may, also in the order under the sub-rule above direct conditional attachment of the property.

(4) Attachment of property under Section 94 shall, subject to sub-rules above, be made in the manner provided in Rules 314 to 348.

354. (1) Where a claim is preferred to property attached under Rule 353 such claim shall be investigated in the manner and by the authority specified in Rule 348.

(2) Attachment of property made under Rule 353 shall be withdrawn-

(i) when the party concerned furnishes the security required, together with security for the costs of the attachment; or

(ii) when the liquidator determines under clause (b) of sub-section (2) of Section

74 that no contribution is payable by the party concerned;or

(iii) when the Registrar passes an order under Section 68, that the party concerned need not repay or restore any money or property or contribute any sum to the assets of the society by way of compensation;or

(iv) when the order of surcharge made by the Registrar under sub-section (2) of Section 68 against the party whose property has been attached is set aside in appeal under Section 98;or

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

(3) Attachment made under Rule 353 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.

(4) Where property is under attachment by virtue of the provisions of Rule 353 and an award or order is subsequently made against the person whose property is attached, it shall not be necessary upon an application for execution of such award or order to apply for re-attachment of the property.

CHAPTER XXIII

Fees and Expenses

[355. An application for enquiry in co-operative society under sub-section (2) of Section 65 shall be accompanied by fees at the rate specified below:

	Rs.
(i) in case of an Agricultural Primary Co-operative Society	25
(ii) in case of a district level Central Co-operative Society	100
(iii) in case of an Apex Level Co-operative Society	150
(iv) in case of any other co-operative society	50

356. An application by creditor of a co-operative society for inspection under Section 66 shall be accompanied by fees at the rate specified below:

	Rs.
(i) in case of an Agricultural Primary Co-operative Society	25
(ii) in case of a district level Central Co-operative Society	100
(iii) in case of an Apex Level Co-operative Society	150
(iv) in case of any other co-operative society	20

357. No action shall be taken on any application for inspection of a co-operative society or for enquiry into the affairs or matters relating to the affairs of a co-operative society, moved by a person who is neither a member of the co-operative society nor a creditor thereof unless such application is accompanied by a fee of rupees five hundred:

Provided that the amount in excess of the table of fees laid down in Rule 355 or 356 shall be refunded where on inspection or enquiry that allegations made in the said application are found to be correct.

Explanation. - The term "member" for the purpose of this rule shall include a member of the general body and also a member of the Committee of Management of the society.

358. A reference under sub-section (1) of Section 70 for settlement of a dispute shall-

(a) where the reference is covered under clause (a) of sub-rule (1) of Rule 229

and the value of the property or the amount of claim involved in the reference does not exceed Rs. 2,500 require fee of rupees twenty-five;

(b) where the reference is covered under clause (a), (b), (c) or (d) of sub-rule (1) of Rule 229 and the value of the property or amount of claim involved in the reference exceeds Rs. 2,500, be accompanied by a fee at the rate of one per cent of the value of the property or the amount of claim involved in the reference;

(c) where the reference is covered under sub-rule (2) or sub-rule (3) of Rule 229, be accompanied by a fee of Rs.500.

Provided that where a board of arbitrators is constituted under sub-section (1) of Section 71 on the request of the plaintiff, the amount of fee shall be that payable under the foregoing relevant clause with an addition either of 10 per cent thereof or Rs. 50 whichever is higher.

359. A memorandum of appeal shall-

(a) where the appeal is against the decision referred to in clause (c) of sub-section (1) of Section 98, requires no fee,

(b) where the appeal is against an award referred to in sub-section (1) of Section 97 or clause (h) of sub-section (1) of Section 98 of the Act be accompanied by a fee at two times the rate specified in Rule 358,

(c) in all other cases-

(i) where the Registrar, Co-operative Societies, appointed under sub-section (1) of Section 3 or Additional Registrar or Joint Registrar/Deputy Registrar appointed under sub-section (2) of Section 3 of the Act is the appellate authority, be accompanied by a fee at the following rate-

(a) two per cent of the amount of claim, if it is money or property claim,

(b) a fee of Rs. 200 if it is not a money or property claim,

(ii) where the State Government is the appellate authority, be accompanied by a fee of Rs. 300

(iii) where the Co-operative Tribunal is the appellate authority, be accompanied by a fee of Rs. 300

(iv) where any authority other than that mentioned in Rs. 150.]

clause (i) or clause (ii) or clause (iii) is the appellate authority, be accompanied by a fee of

360. An application for review under Section 99 shall be accompanied by a fee at half the rate specified for an appeal in Rule 359.

[361. An application for transfer of an appeal under Section 101 shall be accompanied by fee at the following rates -

(a) where the application for transfer is covered under sub-section (1) of Section 101, Rs. 250 the fee shall be

(b) where the application for transfer is covered under sub-section (2) of Section 101, Rs. 200 the fee shall be

(c) where the application for transfer is covered under sub-section (3) of Section 101, Rs. 150] the fee shall be

[362. In connection with execution proceedings, the following fees shall be charged-

(a) for an application for execution of an award order

(i) where the amount sought to be recovered is rupees two hundred and Rs. 10.00 fifty or less than

(ii) where the amount sought to be recovered is more than rupees two hundred and fifty an additional fee at the rate of 10 paise per hundred rupees or part thereof subject to maximum of rupees five hundred.

(b)	for each notice under execution proceedings	Rs.10.00
(c)	for the attachment of movable property of each judgment-debtor	Rs.25.00
(d)	for beat of drum for publicity to prior sale per day for each sale	Rs.20.00
(e)	sale fee for each sale	Rs.25.00
(f)	fee for every objection petition against sale	Rs.25.00
(g)	fee for the attachment of immovable property of each judgment-debtor	Rs.50.00
(h)	fee for sale of immovable property	Rs.50.00]

363. Any amount received or realized as fee or otherwise under the Act and these rules, shall be deposited in State Treasury under the head specified by the State Government or the Registrar from time to time. Registrar may also specify the manner of receipt or realization of fees and other amounts and of depositing the same in the Treasury.

CHAPTER XXIV

Account Books and Registers to be Kept by A Co-Operative Society

364. (1) Every co-operative society shall keep and maintain up-to-date and in such form as the Registrar may specify from time to time the under mentioned account books and registers for recording the business transactions of the society-

- (a) minute-book or books for recording the proceedings of the meetings of the general body, Committee of Management and of any other committees or sub-committees of the society;
- (b) register of application for membership of the society containing the name and address of the applicant, the number of the shares applied for and in case of refusal, the date of communication of the decision refusing admission to the applicant;
- (c) register of members showing the name and address of each member, the date of admission, the shares taken and the amount paid by the member towards such shares and the date of and the reasons for cessation of his membership;
- (d) register of nominations (made by members under Rule 77);
- (e) register of delegates of the members where general body of the society is constituted by delegates;
- (f) cash book showing daily receipts and expenditure and the balance at the end of each day;
- (g) receipt book;
- (h) a ledger for each member of the society;
- (i) voucher file containing all vouchers for expenditure made by the society numbered serially and filed chronologically;
- (j) a general ledger showing receipts and disbursements and the out standings under various heads from day today;
- (k) register of officers and office-bearers including delegates appointed if any;

- (l) register of dividend except in societies having no share capital;
- (m) such other books and registers as may be specified by the Registrar from time to time for a particular co-operative society or societies or class of co-operative societies or for a particular type of business conducted by a co-operative society or societies or class of co-operative societies:

Provided that a co-operative society -

- (i) which takes loans or deposits shall also maintain-
 - (a) ledger of borrowings showing deposits and other borrowings of all kinds; and
 - (b) a register of fluid resources;
- (ii) which takes loans or deposits and also gives loans shall also maintain-
 - (a) loan ledger, showing the number and date of disbursement of loan, the purpose for which it is granted and the date or dates on which repayment of principal and interest becomes due and is made; and
 - (b) liability register showing the indebtedness of each member to the society, whether on account of loans taken directly by him or on account of loan for which he stands assurity;
- (iii) with unlimited liability, shall also maintain a register containing the property statements of members showing the assets and liabilities of each ordinary member on the date of his admission to membership, with full details of the property including *Khasra* number of the plots of land such statements being duly verified as often as necessary and in any case, at least once in three co-operative years.

(2) (a) No co-operative society shall weed out any title deeds, deeds of agreement or contract, any vouchers, books of accounts or any other records which may be required for purposes of audit, inspection or enquiry.

- (b) Records other than those mentioned in sub-section (a) may, by a resolution of the committee of management of the society, be weeded out with the prior sanction of the Registrar:

Provided that no such records shall be weeded out which relates to transactions or

deals made within five years before the date of the passing of the resolution by the Committee of Management of weeding out records.

(c) The Registrar, before giving his sanction for weeding the records under sub-clause (b) shall ascertain from the Range Audit Officer concerned that no audit compliance, for the period to which the records related is pending.

365. The Registrar may, by an order in writing, direct a co-operative society to get any or all of the account books and registers written up to such date, in such form and with in such time as may be specified in the order. In case of inability or failure on the part of the society to do so, the Registrar may depute any person to assist the Secretary of the society to have the account books and registers written up.

366. In case where the account books have been written up with the assistance of the person deputed by the Registrar under Rule 365, the Registrar shall be competent to determine, with reference to the time and labour involved in the work, the expenses which the society concerned shall pay. In case of default in payment of the amount of expenses, the same shall be recoverable as arrears of land revenue, the society having in its turn a right to claim the amount from the person or persons whose duty it was to maintain such accounts.

CHAPTER XXV

Statements, Reports, Returns and Information to be Furnished by Co-operative Societies

367. Every Co-operative Society shall prepare for each co-operative year-

- (a) a revenue statement, showing the receipts and disbursements of the society during the year,
- (b) a balance-sheet, showing the assets and liabilities of the society as they stood on 30th June;
- (c) a profit and loss statement showing the profit and loss of the society during the year;
- (d) a statement regarding the disposal of net profit of the last year, and
- (e) such other statements or returns as may be specified by the Registrar from time to time.

368. A co-operative society shall prepare the statements and returns mentioned in Rule 367 within one month of the close of the co-operative year to which the statements and returns relate.

369. Every co-operative society shall submit copies of the statements and returns mentioned in Rules 367 and 368 to the Registrar in such form and number and by such date as may be fixed by the Registrar:

Provided that in case of Primary Co-operative Societies which are members of a Central Bank, the copies of the said statements and returns shall be submitted to the Central Bank which will have the same consolidation in a form prescribed by the Registrar and shall submit the said consolidation to the Registrar.

370. Without prejudice to the foregoing rules, every co-operative society shall submit to the Registrar for each co-operative year within such time as may be specified by him a statement of verification of cash and stock (as at the close of the co-operative year) conducted in the manner, if any, laid down by the Registrar.

371. A co-operative society shall also submit to the Registrar or to such other authority as the Registrar may from time to time direct such other statements,

reports and returns in such form and by such dates as may be fixed by the Registrar.

372. In case of failure by any co-operative society to submit any statement, report or return specified in the foregoing rules within the time fixed for their submission, the Registrar may depute a person to prepare the necessary statements, reports or returns. In such a case the provisions of Rule 366 shall apply.

CHAPTER XXVI

Inspection of Documents and Granting of Certified Copies Thereof

373. [(a) Any member of the public may be permitted on payment of a fee of rupees thirty, on each occasion of inspecting to inspect for any lawful purpose, any public document exclusive of public documents privileged under Sections 123, 124, 129 and 131 of the Indian Evidence Act, 1872, filed in the Office of the Registrar.]

(b) No permission for inspection under sub-rule (a) shall be granted unless an application stating the particulars of the document to be inspected and the purpose of such inspection has been made to the Registrar and the Registrar is satisfied that the person applying for inspection wants to make the inspection to seek redress in any matter in which he has an interest or for any other lawful purpose.

2[374. (a) Any person may, on payment of fees at the rate specified in sub-rule (d), obtain a certified copy of any public document filed in the Office of the Registrar, Arbitrator, Board of Arbitrators, appellate authority or the liquidator. Public document shall include decision, order or award by Registrar. Arbitrator or Board of Arbitrators or appellate authority or the liquidator.

(b) No copy shall be granted under sub-rule (a) unless the Registrar, Arbitrator, President of the Board of Arbitrators, the appellate authority or the liquidator, as the case may be, is satisfied that the person applying for such a copy requires it to seek redress in any matter in which he has an interest or for any other lawful purpose.

(c) The certified copy granted under this rule shall bear the seal and the signature of the Registrar, Arbitrator, President of the Board of Arbitrators, the appellate authority or the liquidator, as the case may be.

[(d) The rate of fee to be charged for obtaining a copy of document under this rule shall be as under:

		Rs. P.
(a)	Application for registration of aco-operativesociety	25.00
(b)	Certificate of registration of aco-operativesociety	25.00
(c)	Registered bye-laws of aco-operativesociety	Rupees 2.00 perpage

		subject to a minimum of rupees twenty-five.
(d)	Amendment of bye-laws of co-operative society	Rupees 2.00 per bye-law amended subject to a minimum of rupees twenty-five.
(e)	Any other document	Rupees 5.00 per page subject to a minimum of rupeestwenty-five].]

375. Copies of entries in the books of a co-operative society shall, for the purpose of Section 115, be considered as duly certified, if made by or under the direction of a member of the Committee of Management authorised by the society in this behalf and certified as correct by him and by the Chairman, Vice-Chairman or the Secretary of the society:

Provided that such certified copy shall invariably bear the seal of the society. The society may charge such fees as may be laid down in the bye-laws of the society for the issue of such certified copies.

376. Any member of a co-operative society may, at any time during office hours, by making an application to the secretary of the society and on payment of fees to the society at the rate specified in the bye-laws of the society either by himself or by an agent who shall be a member of the society and duly authorised in writing in this behalf, inspect the accounts and records of the society only in so far as they relate to the transactions of the member with the society.

CHAPTER XXVII

Duties and Functions of Honorary Organisers and Honorary Managers and Payment of Allowances and Honorarium

377. An honorary organiser shall grant a valid receipt for every amount received by him during the course of organisation of a society. He shall keep proper account of income and expenditure and shall deposit all receipts in the local district or Central Co-operative Bank according to the instructions of the Registrar. He shall be liable for any amount received by him or under his orders, but not properly accounted for.

378. An honorary organiser shall not charge any amount for services rendered by him or for his personal labour during the organisation of a society except such amount as is sanctioned with the approval of the Registrar by the Committee of Management formed after the registration of the society. No expenditure incurred during the course of organisation shall be valid unless it is approved by such committee as aforesaid. The honorary organiser shall be liable to refund any amount spent, but not approved by the Committee of Management as aforesaid.

379. An honorary organiser shall not carry on any business on behalf of the proposed society nor shall he incur any liability on behalf of the society.

380. An honorary organiser shall, without prejudice to the provisions of the foregoing rules-

- (i) obtain form of application for registration of the society and the bye-laws to be adopted by the society,
- (ii) explain to the persons who intend to become members of the society the objects and scheme of the proposed society and the main principles of co-operation,
- (iii) hold the organisational meeting or meetings of intending members for discussion and adoption of the bye-laws the scheme of working of the society and for appointment of Chief Promoter and first signatory for signing the application for registration,
- (iv) fill up the application form for registration and the organisation report and other statements and returns as may be necessary for the registration of the

society,

- (v) submit to the Registrar such other information as may be required by the Registrar from him during and concerning the organizational process,
- (vi) submit the amount of receipt and expenditure to the Committee of Management formed after the registration of the society, and
- (vii) hand over charge of all the papers and property, if any, of the proposed society to the first signatory referred to in Rule 5.

381. Where a person is appointed as honorary manager of a co-operative society, his term of appointment shall be specified in the order of appointment. He shall perform all the duties and functions specified in the bye-laws of the society or laid down by the general body or the Committee of Management of the society for manager. He shall work under the control and superintendence of the Secretary of the society.

382. The honorary manager shall not charge or accept any regular remuneration for the services rendered by him to the society, but may be entitled to honorarium as may be admissible to the officers of the society under the provisions of the Act, the rules or the bye-laws of the society. Such honorary manager shall not be a member of the Committee of Management of the society nor shall be deemed to be in the service of society.

383. No honorarium shall be paid to the Chairman, Vice-Chairman or any other member of the Committee of Management of a society.

[384. No person other than an employee of a co-operative society or a member of the Committee of Management of a co-operative society shall, except with general or special permission of the Registrar, be paid travelling allowance for attending any meeting of the Committee of Management of the society].

385. A delegate of co-operative society shall get travelling allowance from his own society for attending the meeting of the general body of the Central Co-operative Society of which his society is a member:

Provided that the T.A. shall be paid only after it is certified by the Central Society that he attended the said meeting of the general body of the Central Society.

386. No co-operative society shall allow travelling allowance to any member delegate or officer unless the travelling allowance bill has been duly submitted on

the form specified by the Registrar for the purpose and is accompanied by necessary certificates.

[387. (a) Claim for travelling allowance shall include-

- (i) fare of the class in which actually travelled but not higher than the class to which the claimant is entitled under sub-rule(c);
 - (ii) incidental charges amounting to one half of the fare of the class to which the claimant is entitled under sub-rule (c) if the journey is not performed by air or by rail in air-conditioned class;
 - (iii) daily allowance as provided under Rule 388.
- (b) No charges shall be admissible for road mileage from railway/bus station to camp or back in view of the incidental provided under clause (ii) of sub-rule(a).
- (c) Subject to prior approval of the Registrar, a Co-operative Society shall, have regard to its financial position and working capital, determine the class in which the members of its Committee of Management, delegates, and Officers shall be entitled to travel during the co-operative year:

Provided that such class shall not be higher than-

- (i) Second class in a co-operative society which on 30th June preceding, had a working capital of less than five lacs of rupees;
- (ii) first class in any other co-operative society;

Provided further that a co-operative society falling in clause (i) of sub-rule (b) of Rule 388, may allow its officers to travel by air-conditioned railway coach or by air:

- (d) Where journey has been performed by road in a conveyance for which hire or propulsion charges have been paid, the person shall be entitled to the fare to which he is entitled under sub-rule (c), besides the incidentals mentioned in clause (ii) of sub-rule (a);
- (e) Travelling allowance shall be for the distance either actually travelled by the person claiming travelling allowance, or the distance between the place of meeting of his residence whichever is shorter,
- (f) Save as provided in these rules, no travelling allowance shall be admissible to any member for attending the meeting of the general body of the society of which he is a member.

Explanation. - The word "class" means the class in which journey is performed by Rail/Bus.]

[388. (a) Daily allowance may be allowed by a co-operative society for each day of business at a rate of not exceeding the rate specified in sub-rule (b) ;

(b) The rate of daily allowance for the purpose of sub-rule (a) shall be subject to the following maximum limits-

(i) in the case of an Apex Co-operative Society, and such other societies, as the Registrar may, in view of its financial and business conditions and for reasons to be recorded, notify as at par with an Apex Society, rupees one hundred fifty per day:

Provided that in case of an apex society the daily allowance for a day preceding and following the day of business shall also be admissible at the said rate:

Provided further that the day preceding or following the day of business shall not be the day of business.

(ii) in the case of central co-operative society, rupees seventy-five per day;

(iii) in the case of an agricultural primary co-operative society, rupees thirty per day.

(iv) in the case of any other co-operative society, rupees sixty per day.

(c) In case of any doubt about any category of society for purposes of travelling allowance the opinion of the Registrar shall be final].

389. (a) For any journey, travelling allowance including daily allowance shall not be permissible from more than one source. A person claiming travelling allowance from a particular co-operative society shall furnish a certificate along with the travelling allowance bill and that he has travelled in the class charged for in the bill and that the travelling allowance for the journey mentioned in the bill has been claimed or obtained from any other source.

(b) Any other matter relating to travelling allowance and daily allowance not covered by these rules shall be governed by relevant Government rules on the subject.

[389A. The authority or authorities under Section 122 may be constituted by the State Government by Notification published in the Official Gazette].

CHAPTER XXVIII

Miscellaneous

390. The State Government after consulting the Chairman of all the Apex Level Co-operative Societies of the State, may, for purpose of Section 123, by notification in the Gazette, recognise-

- (a) every such Apex Society as a co-operative Federal Authority in respect of the societies which are affiliated to that Apex Society (or to such co-operative society which is affiliated to the Apex Society) and which, in the opinion of the State Government, are in the same line of business or activity as is that of the Apex Society, or
- (b) (i) the U.P. Co-operative Union (PCU) as a Co-operative Federal Authority in respect of all agricultural credit societies (including their Central Bank) and also for such other societies or class of societies as may be mentioned in the notification, and
 - (ii) one or more appropriate Apex Level Societies as Co-operative Federal Authority or authorities in respect of the rest of the societies.

391. (a) The Registrar may, under sub-section (2) of Section 123, fix the amount of contribution to be paid by a co-operative society or class of co-operative societies towards expenditure in respect of supervision of the societies and where such contributions (hereinafter referred as supervision fees) are to be paid by a co-operative society affiliated to a Central Co-operative Bank, the Registrar may order the bank to pay supervision fees on behalf of the affiliated society, whereupon the bank shall pay such fees.

- (b) Where a Central Co-operative Bank pays under sub-rule (a) supervision fees on behalf of a co-operative society affiliated to it, such bank shall be entitled to recover the same from the affiliated society subject to the conditions laid down below:

- (i) No supervision fees shall be charged from a society the owned capital of which was less than sixty per cent of its working capital on 30th June last:

Provided that the Registrar may, by order and for reasons to be recorded permit for such a period as he may specify in the order, recovery of supervision fees from society, the owned capital of which is not less than thirty per cent of its working capital;

- (ii) the rate of supervision fees to be charged shall not exceed one-twentieth of the interest earned by such society during the preceding co-operative year;and

(iii) the amount charged shall not exceed the sum paid by the bank.

(c) The Registrar may, for reasons to be recorded, grant total or partial exemption from the payment of supervision fees levied against any co-operative society or class of co-operative societies; whereupon the amount exempted shall not be recovered by the bank.

392. (a) Where a co-operative society fails to reconstitute its Committee of Management under sub-section (7) of Section 131, the Registrar shall after affording an opportunity to the society to reconstitute its Committee of Management within the time specified by him, constitute by nomination a Committee of Management of the society from amongst such persons as under the bye-laws of the society and the rules are qualified for the membership of the Committee of Management.

(b) Where the Committee of Management is nominated by the Registrar under sub-rule (a), the Registrar shall, within six months of such nomination call, or cause to be called a general meeting of the general body of the society for electing such number of members for the committee as are required to be elected under the bye-laws of the society. The Committee of Management reconstituted as a consequence of the elections so held shall forthwith replace the committee nominated by the Registrar under sub-rule(a).

(c) The Committee of Management nominated under sub-rule (a) shall, in the manner laid down in Rule 437, elect a Chairman and a Vice-Chairman of the society from amongst themselves in their first meeting. The term of the Chairman and Vice-Chairman so elected shall be co-existent with the term of the nominated Committee of Management.

[393. (1) A Co-operative Society other than an apex society may have as many persons on its Committee of Management as may be provided in its bye-laws; subject to a maximum of fifteen persons. In the case of an apex society the maximum number may be seventeen persons. Any other committee or sub-committee of the society shall be smaller than its Committee of Management and in no case such committee or sub-committee shall consist of more than seven persons:

Provided that in the Committee of Management of every Co-operative society four seats shall be reserved of which one shall be reserved for the person belonging to the Scheduled Castes or the

Scheduled Tribes and one shall be for a person belonging to the other Backward Classes of citizens and two shall be for women:

Provided further that the number of members elected in the Committee of Management of every co-operative society shall not be less than 9.

(2) Where a Co-operative Society referred to in sub-rule (1) for any reasons, whatsoever, fails to elect in the Committee of Management, such number of persons for whom seats are reserved, the deficiency may be filled or made good as the case may be, by the State Government or by an officer authorised by it in this behalf by nominating persons belonging to such class in the Committee of Management of such society.

NOTES

In case the state Government has to exercise powers under rule 393(2) to nominate a person from the reserved category, then that person should be a member of the constituency so that his constituency may not go unrepresented. When such a member is not available for that constituency then only any other person may be considered for nomination.

[393A. Notwithstanding, anything contained in these rules or the bye-laws of the society but subject to Rule 453, if the Committee of Management of a co-operative society referred to in the proviso to sub-rule (1) of Rule 393, on the date of commencement of this rule does not have as many persons as are referred in the above sub-rule of weaker sections or women, as the case may be, the State Government shall nominate on the Committee of Management of such societies as many persons as may be necessary to provide representation to the extent specified in the said proviso to sub-rule (1) of Rule 393, and upon the nomination so made, the Committee of Management of the concerned society shall retire the required number of persons by draw of lots by the authority of the Registrar, so as to accommodate such nominees on the Committee of Management.]

[393B. Where the term of the elected members of the Committee of Management of a co-operative society has not expired on the date of commencement of these rules and the Committee of Management of such society does not have such number of persons as provided in the aforesaid rules the State Government shall, notwithstanding anything contained in the bye-laws of such society, nominate on the Committee of Management thereof such number of persons as may be necessary for providing representation to such persons to the extent specified in the above referred rule and on the nomination being so made, the Committee of Management of the concerned society shall retire the required number of persons by draw of lots, so as to accommodate such nominees].

393C. [* * *]

[394. No resolution passed by the general body or the Committee of Management of a co-operative society shall, without the previous sanction of the Registrar, be rescinded, altered or amended by such

general body or Committee of Management, as the case may be, within six months from the date of passing of such resolution.]

395. Every notice or process issued by an authority under the Act or the rules shall be in writing and shall be signed by such authority or by any person duly authorised by the said authority in that behalf and authenticated by the seal, if any, of the authority by whom it is issued.

396. No co-operative society shall use or allow to be used any premises or portion thereof, which is meant for the business of the society, for any purpose other than such business or action related to such business.

397. No co-operative society shall, except with the prior approval of the Registrar, enter into partnership with any person. The terms of partnership shall also be got approved from the Registrar before the execution of the partnership deed. A copy of the partnership deed as executed shall be filed with the Registrar.

[398. It is hereby declared under clause (viii) of sub-section (1) of Section 103 that it shall be an offence under the Act if-

(a) an officer or member of the Committee of Management of a co-operative society acts on a proposed amendment of a bye-law; in contravention of sub-rule (3) of Rule 28;

(b) the secretary of the society fails to take action as required under sub-rule (a) or (b) of Rule 35, in case of change of address by a co-operative society;

(c) any person fails to comply with the orders of the Recovery Officer, made under sub-rule (4) of Rule 337;

(d) the Secretary/Managing Director or any officer of a co-operative society fails to furnish information and records under Rules 11 and 26 of the Uttar Pradesh State Co-operative Societies Election Rules, 2014;

(e) any person who seeks election in a co-operative society files nomination papers by fraud or mis-representation;

(f) an officer of the society fails to make payment of expenses incurred in connection with election;

(g) the Secretary or Managing Director fails to prepare the lists pertaining to election, within specified period as directed by authorized Officer of election commission.

399. A member of a co-operative credit society and person who is an applicant for the membership of a co-operative credit society shall furnish to such society

information about his financial position in such form as may be prescribed by the Registrar and shall inform the society forthwith whenever he transfers or alienates his immovable property.

400. No society shall include in its objects or takes up for consideration or discussion any matter which is likely to involve the society or its members in communal, religious or political controversy between members and members or between members and the society.

401. No co-operative society shall defray the expenses of any proceedings or suit unless-

- (i) the society itself is a party to such proceedings, and
- (ii) the interest of the society is likely to be affected by such proceedings or suit.

CHAPTER XXIX

Rules for Election in Co-Operative Societies

Part I

Post Registration Meeting and Election

[402. (1) Within a period of ninety days from the date of the registration of a co-operative society or within such extended period as may be permitted in writing by the Registrar, the society shall hold its first general meeting wherein only such persons as had joined in the application for registration of the society shall be entitled to participate.

(2) For the purposes of the meeting referred to in sub-rule (1), at least fifteen days, notice mentioning the date, time, place and agenda of the meeting shall be given by the person who signed the application for the registration as the first signatory (referred to in Rule5)].

403. Where the first signatory is not available to convene the meeting or he fails to convene the meeting as aforesaid it shall be convened by the Registrar or any person authorised by the Registrar by a general or special order.

404. At the first general meeting referred to in the Rule 402, the following business shall be transacted in the order given below -

- (i) election of the person to preside over the meeting (election to be held by show of hands);
- (ii) consideration of the statement of accounts, since the organisation of the society to the date of meeting;
- (iii) constitution of a provisional Committee of Management from out of the persons entitled to participate in the meeting as provided in sub-rule (i) of Rule 402;
- (iv) election of Chairman and Vice-Chairman of the society from amongst the members of the provisional committee;
- (v) fixation of maximum liability to be incurred by the society till the first annual general meeting of the society;
- (vi) admission of new members;and
- (vii) any other matter which may be necessary in view of the bye-laws of the

society.

[405. The procedure laid down in rule 444-B shall *mutatis mutandis* apply for purposes of election under clause (iii) or clause (iv) of rule 404.]

[406. The provisional Committee of Management constituted under clause (iii) of rule 404 and the Chairman and the Vice-Chairman elected under sub-rule (iv) of that rule shall hold office till the Committee of Management is duly constituted and the Chairman and Vice-Chairman are duly elected respectively:

Provided that in any condition provisional Committee of Management shall not hold the office for more than one year and it is the duty of the Secretary of the society to submit the proposal for the election of Committee of Management to the Election Commission within six months from the constitution of the committee.

[Part II Election Rules in Respect of Societies]

407. [* * *]

408. [* * *]

409. [* * *]

[410. [* * *]

411. [* * *]

412. [* * *]

413. [* * *]

[414. [* * *]

415. [* * *]

[416. [* * *]

[417. [* * *]

[418. [* * *]

419. [* * *]

[420. * * *]

[421. [* * *]

[422. [* * *]

[423. [* * *]

424. [* * *]

425. [* * *]

[426. [* * *]

427. [* * *]

428. [* * *]

Election of Chairman and Vice-Chairman

[429. [* * *]

[430. [* * *]

431. [* * *]

[432. [* * *]

[Part III]

**Constitution of Committee of Management in Case of Amalgamation, Division and
Supersession and Other Contingencies**

[433. In case of merger of one or more co-operative societies into another cooperative society, the Committee of Management of the latter society shall continue to hold office until a new committee is constituted in accordance with the Act, rules and bye-laws of the society].

[434. In case of a new co-operative society has been formed by amalgamation of two or more co-operative societies, the Registrar, while registering the new society and its bye-laws shall also nominate an interim Committee of Management to perform the duties of its office, until a regular Committee of Management is constituted in accordance with the rules and bye-laws of the society:

Provided that the interim committee shall be so constituted that as far as may be, all amalgamating societies may have their due representation on such committee].

[435. Where a co-operative society is divided into two more societies, the Registrar, while registering the new societies and the by-laws thereof shall also nominate interim Committee of Management for each such society. The interim Committee of Management of a society shall function till the regular Committee of Management of the society is constituted in accordance with the rules and the bye-laws of the society:

Provided that the interim Committee of Management shall be so constituted that the persons who reside permanently within the area of operation of the newly registered society and are elected members of the committee of management of the divided society, shall be nominated on the interim Committee of Management of the newly registered society:

Provided further that if the newly registered society is a District Co-operative Bank, the District Assistant Registrar, and Deputy Director (Agriculture Extension) and District Development Officer shall also be nominated *ex-officio* members of the so constituted interim Committee of Management of the said newly registered Society.]

[436. Where a Committee-

- (i) has been appointed by the Registrar under clause (a) of sub-section (3) of Section 35 and the number of members exceeds two; or
- (ii) has been nominated by the Registrar under Rule 434 or rule 435,

be appointed or as the case may be, nominated non-official members of each of such committees shall elect in the manner provided in Rule 437 from amongst themselves the Chairman and the Vice-Chairman.]

437. For purposes of election of the Chairman and the Vice-Chairman under Rule 436, nominations of candidates shall be invited in the meeting itself. Election after withdrawals, if any, shall be held by show of hands. In the event of equality of votes the issue shall be decided by drawing of lots. The meeting shall be presided over by one of the members of the committee to be chosen for the purpose.

[438. Where the Committee of Management of a co-operative society ceases to exist or to function or an interlocutory order passed under sub-section (3) of Section 71 or under Section 100 requires and interim arrangement to be made for the management of the affairs of the society, and an interim committee in pursuance of the order is appointed by the Registrar, such interim committee shall elect a Chairman and Vice-Chairman in accordance with the provisions of Rule 437.]

[438A. Where an interim committee of Management is appointed under rules 434, 435, or 438, it shall be the responsibility of such interim Committee of Management to arrange for reconstruction of an elected Committee of Management within six months of its appointment and such elected committee of Management shall, immediately on its constitution, replace the interim Committee of Management.]

[Part IV]

Election Rules in Respect of Co-operative Societies Notified Under Sub-Section (3) of Section 29 of the Act

[439. [* * *]

[440. [* * *]

[441. [* * *]

Date of the meeting and Notice to members

442. [* * *]

[443. [* * *]

[444. [* * *]

[444A. (1)(a) The number of members on the Committee of Management shall be determined according to the Act, rules and bye-laws of the society. A Co-operative society shall elect such

number of persons on its Committee of Management as may be provided in the Act, rules and the bye-laws of the society.

- (b) A person seeking election to the Committee of Management or of a delegate in the general body of the society from a particular area or constituency or class of members shall be elected by the members of the general body of the area/constituency or class of members, as the case may be:

Provided that in case of marketing society/district wholesale consumer store, individual members and delegate of society shall separately elect their respective members on the committee of Management.

(2) Notwithstanding anything contained in clause (b) of sub-rule (1) the Members of Committee of the Management of a Primary Consumer Society shall be elected by the members of the general body jointly.

(3) The Committee of Management of -

- (a) Marketing/processing society shall consists of -

- (i) Ten representatives from member societies, if the representatives of the individual member of the committee are three:

Provided that in case the number of representatives of individual members on the committee decreases, the number of representatives of member-societies on the committee shall increase to the extent of the decrease or representatives of individual members on the committee.

- (ii) Such number of representative, from individual members as are laid down in sub-rule (5) of this rule but not more than three.

- (iii) Two nominees of the State Government if the State Government is a shareholder. In case the State Government is not a shareholder the seats meant for nominees of the State Government shall be allocated to elected representative:

Provided that three seats in case of elected representative of members societies and one seat in case of representatives of individual members if the representatives of individual members is more than one, shall be reserved according to the provisions of sub-rule (1) of Rule 393:

Provided further that number of seats reserved from amongst member-societies shall increase to the extent of decrease in number of seats reserved for individual members.

- (b) District/Central Co-operative Bank shall consist of -

- (i) Nine representatives from member-societies;
(ii) Two representatives of individual members:

Provided that in case the number of representatives of individual members become nil, or decreases, the seats of member-societies on the committee shall increase to the extent of decrease of the seats meant for individual members:

Provided further that according to the provisions of sub-rule (1) of Rule 393, at least four seats shall be reserved of which one shall be reserved for the person belonging to the Scheduled Castes or the Scheduled Tribes, one shall be for a person belonging to the other Backward Classes of citizens and two shall be for women;

(iii) Under the provisions of sub-section (8) of Section 29, three professional persons from members-societies;

(iv) One Government servant nominee of State Government if the State Government is a shareholder. In case State Government is not a shareholder, the seat, meant for the nominees for the State Government shall be allocated to other elected representative on the Committee of Management according to the direction of the Registrar:

(bb) District Co-operative Federation shall consist of -

(i) Eleven representative from member-societies;

(ii) Two representatives from individual members:

Provided that in case the number or representatives to individual members become nil, or decreases, the seats of member-societies on the committee shall increase to the extent of decrease of the seats meant for individual members:

Provided further that according to the provisions of sub-rule (1) of Rule 393, at least four seats shall be reserved of which one shall be reserved for the person belonging to the Scheduled Castes or the Scheduled Tribes, one shall be for a person belonging to the Other Backward Classes of citizens and two shall be for women;

(iii) Two nominees of State Government if the State Government is a shareholder. In case State Government is not a shareholder, the seats, meant for the nominees for the State Government shall be allocated to other elected representative on the Committee of Management according to the directions of the Registrar:-

(c) District Wholesale Consumers Store shall consist of -

(i) Seven representatives from individual members;

(ii) Six representatives from member-societies;

- (iii) Two nominees of State Government, if State Government is a shareholder. In case State Government is not shareholder, the seats meant for the State Government nominees shall be allocated to other representatives on the committee according to the direction of the Registrar:

Provided that according to the provisions of sub-rule (1) of Rule 393. at least four seats shall be reserved of which one shall be reserved for the person belonging to the Scheduled Castes or the Scheduled Tribes, one shall be for a person belonging to the other Backward Classes of citizens and two shall be for women.

(4) The individual members of -

- (i) Marketing society;

- (ii) Block Union;

- (iii) District Co-operative Federation; and

- (iv) District/Central Co-operative Bank shall be subject to clause (b) of sub-section (2) of Section 18 of the Act represented on the Committee of Management of their respective societies as follows -

- (i) One representatives, if the membership is 100 or less;

- (ii) Two representatives if the membership is above 100 but not more than 500;

- (iii) Three representatives if the membership is above 500:

Provided that the total numbers of representatives of individual members on the Committee of Management of District/Central Co-operative Bank/District Co-operative Federation shall not exceed more than two.

(5) The societies not covered under sub-rule (1) and having individual members shall be represented on the Committee of Management according to the bye-laws of the society or in accordance with the direction of the Uttar Pradesh State Co-operative Election Commission in case bye-laws of the societies do not contain any provision in this respect.

(6) The Committee of Management of an apex society other than Uttar Pradesh Sahkari Gram Vikas Bank and Uttar Pradesh Co-operative Bank shall consist of -

- (a) Fourteen representatives from member-societies out of which, four seats shall be reserved according the provisions of sub-rule (1) of Rule 393 of which one shall be reserved for a person belonging to the Scheduled Castes or the Scheduled Tribes, one shall be for a person belonging to the other Backward Classes of citizens and two shall be for women;

- (b) Subject to the provisions of Section 34, two nominees of the State Government;
 - (c) One representative of the financial institution financing the Co-operatives society.
- (7) The Committee of Management of the Uttar Pradesh Sahkari Gram Vikas Bank shall consist of -
- (a) Fourteen representatives from individual members out of which four seats shall be reserved according the provisions of sub-rule (1) of Rule 393 of which one shall be reserved for a person belonging to the Scheduled Castes or the Scheduled Tribes, one shall be for a person belonging to the other Backward Classes of citizens and two shall be for women;
 - (b) Subject to the provisions of Section 34, two nominees of the State Government;
 - (c) One representative of the financial institution financing the Co-operative society.
- (8) The Committee of Management of Uttar Pradesh Co-operative Bank shall consist of -
- (a) Twelve representatives from member-societies out of which four seats shall be reserved according the provisions of sub-rule (1) of Rule 393 of which one shall be reserved for a person belonging to the Scheduled Castes or the Scheduled Tribes, one shall be for a person belonging to the other Backward Classes of citizens and two shall be for women.
 - (b) Under the provisions of Section-34, one Government servant nominated by the State Government.
 - (c) Under the provisions of sub-section (8) of Section 29 three professional persons from members-societies.
 - (d) One representative of the National Bank.

NOTES

The reservation in the constituencies for the Committee of Management should be done in rotation in each successive elections according to Hindi alphabetical order.

[444B. [* * *]

[444C. (1) The election in a co-operative society shall not be called in question either by arbitration or otherwise except on the ground that-

- (a) the election has not been a fair election by reasons that corrupt practice, bribery or undue influence has extensively prevailed at the election, or
- (b) the result of the election has been materially affected-

- (i) by improper acceptance or rejection of any nomination,or
- (ii) by improper reception, refusal or rejection of voters,or
- (iii) by gross failure to comply with the provisions of the Act, the Rules or the Bye-laws of the Society.

Explanation. - For the purpose of this rule corruption, bribery or undue influence shall have the meaning assigned to each under Section-123 of the Representation of People Act, 1951.

- (2) A dispute relating to election shall be referred by the aggrieved party within forty five days of the declaration of the result.]

[444D[* * *]

Part V

Terms of Office of The Committee of Management

445. Except as otherwise provided in Rules 406, 433, 434 and 435, the term of the Committee of Management of a Co-operative Society shall be five years. The term of the office of an elected member of the Committee of Management shall be co-terminus with the term of the Committee of Management.

446. A nominated member of the Committee of Management shall hold office during the pleasure of the authority which nominated him.

447. A co-opted member of the Committee of Management shall-

- (i) if co-opted in pursuance of the bye-laws of the society, holds office for the period provided in the bye-laws;
- (ii) if co-opted under sub-section (6) of Section 29 holds office till the completion of the term of the other members of the Committee of Management;
- (iii) if co-opted under rule 450; holds office for the unexpired term of the person against whose vacancy co-option has been made.

448. An *ex-officio* member (if any) of the Committee of Management of a cooperative society, shall continue on the Committee of Management for as long as he holds the office by virtue of which he was appointed or nominated as such member.

449.(1) “No person shall be eligible to be elected or co-opted as a member of the Committee of Management of a co-operative society after he has held such office in the society during two consecutive terms, whether full or part:

Provided that the period of office held by a person as a member of the Committee of Management constituted under Rule 404 or under Rule 434 or under Rule 435 of under clause (a) of sub-section (3) of Section 35 shall not count for reckoning the period under this rule.

(2) A member who has remained out of office (i.e. he does not remain a member of Committee of Management of a co-operative society) continuously for at least five years, shall again become eligible for election or co-option as a member of the Committee of Management of that society.”

450. The Committee of Management of every co-operative society may fill any casual vacancy on the Committee of Management by nomination out of the same class of members in respect of which the casual vacancy has arisen, if the term of

the office of the Committee of Management is less than half of its original term.

451. If the Committee of Management fails to fall up the vacancy by co-option under Rule 450, the Registrar may give thirty days' notice to the society to fall up the vacancy within such period and if the society fails to do so, the Registrar shall fall up the vacancy by making nomination from amongst persons qualified for the membership of the committee.

[452. The term of office of Chairman and Vice-chairman shall be co-extensive with the term of the Committee of Management.]

[Part VI]

Disqualification for Membership of The Committee of Management

[453. [(1) No person shall be eligible to be, or to continue as a member of the Committee of Management of any co-operative society, if-

- (a) he is under 21 years of age;
- (b) he is declared insolvent;
- (c) he is of unsound mind, or is deaf and dumb, or blind or suffers from leprosy;
- (d) he has been convicted for any offence involving, in the opinion of the Registrar, moral turpitude, such conviction not having been set aside in appeal;
- (e) he, or in the opinion of the Registrar, member of his family enters into or carries on, without the permission of the Registrar, within the area of operation of the society, the same kind of business as done by the society itself;
- (f) he enters into any transaction of contract with the society against the provisions of the Act or the bye-laws of the society;
- (g) he accepts or holds any office of profit under the society or under any society affiliated to such society:

Provided that this restriction shall not apply in case of such producers or workmen's society as have been permitted by the State Government to provide in their bye-laws for the participation of employees in the management of the society;

- [(h) he is not a member of the general body of the society;

Provided that the provision of this clause shall not apply in respect of the co-option of professional person under sub-section (8) of Section 29.]

- (i) he has been convicted of any offence under the Act or the rules, unless a period of three years has elapsed from the date of the conviction;
- (j) he is a person against whom an order under Section 91 has been obtained by a co-operative society and is pending satisfaction;
- (k) he is in default (at least for a period of six months), to the society in respect of any loan taken by him, or he is a judgment-debtor of the society;

(l) if he is already a member of the Committee of Management of three co-operative societies, i.e. one primary, one central and one apex society at a time but he shall be entitled to contest for the membership of the Committee of Management of more than three co-operative societies. In case of the election to the Committee of Management of more than three societies as specified above, he shall have to resign from the Committee of Management of such society or societies within one month so that he may not remain member of the Committee of Management of more than three societies. In case he fails to resign within the specified period then at the expiration of such period he shall be deemed to have resigned from all except one apex society and one central society and one primary society; to which he has been elected last;

(m) he has been dismissed for practicing fraud, or for bad or dishonest conduct from Government service or from service of a cooperative society or of a body corporate, such order of dismissal not having been set aside in appeal;

(n) he joined in the application for the resignation of, or was a member of the Committee of Management of a co-operative society which was subsequently wound up by Registrar under clause (a) of sub-section (2) of section 72 on the ground that the registration of the society was obtained by fraud, such order of the Registrar not having been reserved in appeal;

(o) he is otherwise disqualified under any of the provisions of the Act or the rules or the bye-laws of the society.]

[(p) if he is a delegate of a non-credit society which is a member of a Central Co-operative Bank or Uttar Pradesh Co-operative Bank and the society has committed a default for a period exceeding ninety days.

(q) if he has become a member of a primary agricultural credit society for the purpose of deposit only and his deposit in the society becomes less than Rupees One thousand.]

(2) A member of the Committee of Management of a co-operative society who absents himself from three consecutive meetings of the Committee of Management without reasonable cause shall not be entitled to continue as a member of the Committee of Management.

(3) The provisions of sub-rule (2) shall not apply to a nominated or an *ex-officio* member of the Committee of Management of a co-operative society.

(4) Any person who has contested for election to the membership of the Committee of Management of a co-operative society, but has lost such election, shall not be eligible to become such member by co-option or nomination.

(5) The disqualification laid down under sub-rule (1) shall apply subject to the following conditions-

(i) The disqualification laid down in clause (h) shall not apply to a nominated or an *ex-officio* member of the Committee of Management or to such co-opted member of the Committee of Management for whose co-option membership of the general body was not a condition under the bye-laws of the society;

(ii) the disqualification laid down in clause (d) or clause (m) shall cease to operate on the expiry of five years after the payment of fine under the conviction or after he has served out the sentence under the conviction or after the order of dismissal, as the case may be;

(iii) the disqualification laid down in clause (1) shall not apply to a Government servant nominated on the Committee of Management of a co-operative society under Section 34.]

[453A. A co-operative society which is affiliated to any other co-operative society shall not appoint any person who is or has been delegate of any co-operative society in the general body of the latter society, if-

(i) he ceases to be a member of the general body or the Committee of Management,
or

(ii) he incurs any of the disqualifications for being the member of the Committee of Management of the latter society as laid down in Rule 453.]

[454. It shall be the duty of the Committee of Management of a co-operative society to ensure that no person incurring any of the disqualifications continues to hold office of a member of the Committee of Management. As soon as the fact that a member is subject to any disqualification whether it was incurred prior or subsequent to his being such member, comes to the knowledge of the Committee of Management, the committee shall consider the matter in a meeting to be called for the purpose. A copy of the agenda of such meeting shall be served on the member (against whom action is proposed) either personally or by registered (acknowledgment due) post.

Where resolution for removal of the person concerned from the membership of the committee has been passed for reasons of such disqualifications a copy of such resolution shall also be sent to the person concerned by registered (acknowledgment due) post and thereupon such member shall not be allowed to attend any meeting of the Committee of Management or to function as the member of the Committee of Management in any other way. The office held by such member shall be declared vacant. If that person feels aggrieved by such action, he may, within thirty days from the date of the receipt of the notice, seek arbitration under the provisions of the Act and the Rules.]

[Part VII]

Removal of Chairman or Vice-Chairman by Vote of No-Confidence

455. No resolution expressing want of confidence in any person elected as Chairman or Vice-Chairman of a co-operative society shall-

(a) be removed except in the manner laid down in these rules, and

(b) where thirty months have not elapsed after the date of his election as Chairman or Vice-Chairman, as the case may be, be moved except with the prior permission of the authority specified in Rule 465.

[456. Notice for no-confidence motion shall be addressed to the authority specified in Rule 463 (hereinafter referred to as the "specified authority") stating clearly the grounds on which such motion is proposed to be moved and shall be signed by at least [more than half of the] members of the Committee of Management.]

457. At least three members of the Committee of Management signing the notice of no-confidence motion shall personally present to the specified authority the notice together with an affidavit signed by them to the effect that the signatures on the no-confidence motion are genuine and have been made by the signatories after hearing or reading the contents of the notice.

[458. (1) On receipt of the notice of no-confidence as provided in Rules 456 and 457, the specified authority shall fix such time, date and place as he may consider suitable for holding a meeting for the purpose of consideration of the proposed no-confidence motion:

Provided that such meeting shall be held within thirty-five days of the receipt of the notice of no confidence.

Provided further that at least twenty-one day's notice shall be given for holding such meeting.]

(2) The notice for meeting under sub-rule (1), shall also provide that in the event of the no-confidence motion being duly carried, election of the new Chairman or Vice Chairman, as the case may be, shall also be held in the same meeting.

[459. (1) The specified authority shall also nominate any Gazetted Government Servant (other than an Officer of Department which is concerned with the supervision and administration of the Society concerned) to act as a Presiding Officer of the meeting in which the resolution for no-confidence shall be considered.

(2) The quorum for such a meeting of the Committee of Management shall be [more than] half

of the total number of Members of the Committee.]

[460. The resolution for no-confidence shall be deemed to be carried, if passed by the majority of two-third of total number of the members of the Committee of Management.]

[461. When a resolution for no-confidence is carried, the Chairman or Vice-Chairman against whom it is carried shall cease to hold that office forthwith and shall be succeeded by his successor, who shall be elected by another resolution in the same meeting:

Provided that if the Vice-Chairman is elected Chairman, the Vice-Chairman shall be elected by another resolution in the same meeting.]

462. Election of the new Chairman or Vice-Chairman, as the case may be, under Rule 461, shall (notwithstanding other provisions Chapter XXIX) be conducted in the meeting under the chairmanship of the Presiding Officer referred to in Rule 459 in the following manner-

- (a) the Chairman or Vice-Chairman as the case may be, shall be elected from amongst the members of the Committee of Management;
- (b) nomination of candidates shall be proposed and seconded in the meeting itself. Election after withdrawal, if any, shall be held by show of hands;
- (c) the election shall be held by simple majority of the members present in the meeting. In case of equality of votes, the matter shall be decided by drawing of lots;
- (d) the proceeding of the meeting shall be signed by the Presiding Officer.

463. The new Chairman or Vice-Chairman elected under Rule 461 shall hold office only up to the remainder of the term of the Chairman or Vice-Chairman removed by the vote of no-confidence.

464. If the motion for no-confidence fails for want of quorum or lack of requisite majority at the meeting, no subsequent meeting for considering the motion of no-confidence shall be held within six months of the date of the previous meeting.

[465. The specified authority referred to in the rules of this part shall be District Magistrate of the district where the headquarters of the society is situated.]

Part VIII

THE UTTAR PRADESH STATE CO-OPERATIVE SOCIETIES ELECTION COMMISSION

[466. The Election Commission to be constituted by the State Government shall consist of the following offices –

- (i) The Chief Election Commissioner who shall be a retired officer from the post of the Secretary or above of the State Government to be appointed by the State Government.
- (ii) Two Election Commissioners to be appointed by the State Government of which one shall be a retired officer of co-operative Department who has held the post of Additional Commissioner And Additional Registrar for the period of at least three years, and the other shall be a retired officer who has held the post of Additional commissioner or Additional Director for a period of at least three years in the department to which the powers of Registrar, has been delegated by the State Government:

Provided that if the State Government is of the opinion that it is difficult to appoint a suitable officer due to non-availability of an officer who has held the post of Additional Commissioner or Additional Director for a period of at least three years in the department to which the power of Registrar has been delegated by the State Government then it may appoint a suitable officer of the co-operative department having same qualification mentioned formerly in clause (ii) above.]

467. Pay and allowances of officers of the Election Commission-The pay and allowances of the Chief Election Commissioner and Election Commissioners shall be such as may be determined from time to time by the State Government.

Provided that the salary of a person appointed as Chief Election Commissioner or Election Commissioners who has retired from service under the State Government shall not be less than the salary paid or payable to him at the time of such retirement:

Provided further that the aforementioned pay of a person referred to in the first proviso who is in respect of or a become entitled to receive any retirement benefits by way of pension shall be reduced by the gross amount of pension including commuted portion of pension, if any.

[468. The Chief Election Commissioner and Election Commissioners shall hold office for a term of 6 years from the date on which he enters upon his office:

Provided that no Chief Election Commissioner or the Election Commissioners shall hold office as such after he has attained the age of sixty five years.]

469. Staff and other expenses of Election Commission- The provision for office, staff, Budget Financial and other office expenses etc.for the Election Commission shall be such as may be decided by the State Government on the proposal of the Election Commission.

470. Rule making powers of the Election Commission- The election rules or regulations and the Business Rules for the working of the Election Commission shall be framed by the Election Commission with the prior approval of the State Government.

471. Headquarters- The headquarters of the Election Commission shall be at such place as may be specified by notification by the State Government.

Appendix I

(Referred to in Rule 8)

1. General Conditions-

- (i) Subject to the provisions of clause (d) of sub-section (2) of Section 6, the number of ordinary members joining an application for registration shall be such as would satisfy the Registrar suitability of the registration proposal; and that the area of operation is, in the opinion of the Registrar, appropriate with reference to the membership and business of the society.
- (ii) The bye-laws of a society shall restrict a member of its Committee of Management from voting in a meeting on any matter in which he has personal interest.

2. Condition in respect of particular class of societies-

- (i) **Credit Societies.** - (a) Where more than one person from a family is eligible for the membership of a co-operative society, the bye-laws shall, except in the case of salary earner' co-operative credit society, restrict advancement of loan only to one member of such family and provide for other conditions subject to which loans may be granted provided that where land is held jointly by more than one member of a family as co-shares, all such co-sharers may be eligible for loans according to their requirements.

(b) The bye-laws of such a society shall contain safeguard against grant to unproportionately heavy loans to the members of the Committee of Management for themselves or for the societies they represent, as the case maybe.

- (ii) **Credit and Thrift Societies.** - The bye-laws of such a society provide for raising of compulsory deposits from every member or members of such a society.
- (iii) **Production and Sale Society.** - The bye-laws of such a society shall contain a condition that every ordinary member, if himself a producer, shall sell whole or at least a specified portion of his marketable surplus to or through the society and if the ordinary member is another society, the latter shall impose a similar obligation on its members to ensure disposal to or through the former society,
- (iv) **Consumer's Societies.** - (a) The bye-laws of such a society shall cost an

obligation on the members to patronize their society in respect of such of their requirements as may be available with the society and members' disloyalty in this regard shall be punishable with denial of bonus or dividend or restriction on transaction with the society or with such other disqualifications as may be provided in the bye-laws.

(b) Bye-laws shall prohibit sales to members, except where members are salary earners and agreement has been got executed from the members for deduction from their salary or wages in accordance with Section 40 or where trade deposits have been obtained from members in advance to cover up subsequent credit sales.

(v) **Housing Societies.** - (a) Bye-laws of such a society shall contain provision to ensure equitable distribution of plots amongst members as far as possible and shall provide restriction against allotment of land or sale of land or house to a member who already owns a plot of land or house in an urban locality within the area of operation of the society except where otherwise permitted in special circumstances as laid down in the bye-laws of the society.

(b) The bye-laws shall contain conditions restriction transfer, sale or mortgage of land or conversion of residential house into shops, godowns or workshop for trade or business except with the permission of the society subject to the conditions laid down in the bye-laws.

(c) The bye-laws contain a condition,

(i) whereby the society shall be entitled to get a specific percentage of profit earned by a member on re-sale of the plot which he had purchased from the society.

(ii) as so the period within which, after the purchase of the plot from the society or from a member of the society, the construction shall be raised and the consequences arising out of non-compliance of such requirement.

(vi) **Industrial Societies.** - The bye-laws of such a society shall provide restriction against membership of a person who is already a member of another society with same objects.

(vii) **Farming Societies.** - The bye-laws of a society shall provide that no person shall be a member thereof unless he-

- (a) agrees to participate in farm operations or other approved activities of the society in accordance with the plan and programme drawn up by the society from time to time;
- (b) is a landholder who agrees to pool his land for joint cultivation and joint management by the society; or
- (c) is a landless labourer and agrees to participate in farm operations or other approved activities of the society; or
- (d) is a person engaged in any agro-industrial occupation

Form A

(Under Rule 3)

Requisition for form of Registration Application, etc.

District Assistant Registrar,
Co-operative Societies,
UP.....

Dear Sir,

We intend to organise a co-operative society details of which are given below.

Please supply me/per bearer-

- (i) four copies of relevant model bye-laws, and
- (ii) a set of application forms for registration. The price of the latter being fifty paise is sent herewith.

Date.....

Yours

faithfully,

Signature

Name and full address.....

- (1) Name of the proposed society
- (2) Headquarter and full address
- (3) Object/nature of the business of proposed society
- (4) Proposed area of operation
- (5) Type of membership
- (6) Number of persons expected to join the application for registration.

N.B. - (1) Not more than one member from a family subject to other conditions laid down in the Act, rules and the bye-laws may join a credit/housing society.

(2) Supply of forms and bye-laws against this requisition does not amount to any commitment on the part of Registrar for registration of the proposed society or approval of its membership, objects or area of operation stated above.

(3) Forms fee shall not be refundable or transferable in any case.

(4) If appropriate model bye-laws are not available, only registration form shall be

supplied and the bye-laws may be framed by the applicants themselves [Vide Rule 4].

Received model bye-laws and set of forms for registration application as per requisition

Signature of/or for applicant.

The following entries shall be filled in by the clerk concerned in the office of District Assistant Registrar:

- (1) Reference number and date of cash receipt of fifty paise.....
- (2) Reference of model bye-laws supplied.....
- (3) Reference of any advice sent to subordinate staff.....

Signature of Dealing Assistant

Form B

(Under Rule 6)

Acknowledgment of registration application

Received from Sri.....registration proposal in respect of.....(Name of the proposed society)on (date in figure)(date in words)..... (Serial no. of Application Register.....)

OfficeSeal
of
Registering Authority

*Signature or Receipt of
Dealing Clerk*

Form C

(Under Rule 7)

Register of Application for Registration, received in the Office of Registering Authority (Registrar / Deputy Registrar)

Serial No.	Name of the proposed society and Chief Promotor	Complete address of the society	Date of receipt and how received	Date and reference No. of acknowledgment issued	Reference by which additional information or enquiry required
1	2	3	4	5	6
Date by which additional information	Date on which additional information	Number and date of		Initial	Remarks
		Order of			

or enquiry required	or inquiry report received	Registration	Refusal		
7	8	9	10	11	12

Note. - (1) In column No. 2 mention the name of proposed society and thereafter the name of the Chief Promotor to be preceded by the word "through".

(2) In Column 5 mention the reference no. of Form 'B' issued to applicant.

Form D

(Under Rule 10)

Register of Co-operative Society Registered

District _____

Date of registration	Serial No./ registration No.	Name of society	Registered address	Class of society (with sub-class)	Liability
1	2	3	4	5	6
Reference of Registration file	Signature of registering authority		Amendment, if any	Name of Central Society concerned	Remarks
	Signature registering authority	Reference of bye-laws amended			
7	8	9	10	11	12

Note. - (1) In Column 5, mention the registration classification of the society.

(2) In Column 6 mention whether the liability is limited to shares or limited to multiple of shares or is unlimited.

(3) In Column 7, mention the reference of file which file should contain the registration application

all correspondence/communications on this matter and a copy of registration certificate, bye-laws and copy of registration intimation.

(4) In Column 12, mention may be made if the society has been registered under the direction from State Government issued under provision to Section 7 and reference of order of winding up, if the society has been wound up under Section 72 of the Act.

Form E

(Under Rule 11)

Office Of the Registrar/Deputy Registrar, Co-operative Societies, Uttar Pradesh

No....., dated

Sri.....

Chief Promoter/Secretary

.....

Dear Sir,

With reference to your application, datedfor registration of..... amendment of bye laws.....you are informed that the said society/amendment of bye-laws has been registered as per particular given below. The registration certificate and registered bye-laws/amendment of bye-laws are being sent to you through the Assistant Registrar.

Yours faithfully,

.....

*Registrar/Deputy Registrar
Co-operative Societies, U.P.*

Copy to Assistant Registrar.....along with the following address:

- 1.
- 2.
- 3.

Copy to the Manager/Secretary, District Co-operative Bank Ltd.....

.....

*Registrar/Deputy Registrar
Co-operative Societies, U.P.*

Name of society	District	Number of registration	Date of registration	Registration classification	Remarks
1	2	3	4	5	6

Note. - (1) One from should be used for one case only.

(2) In the remarks column mention may be made of the nature of work of a society in case it is not clear from Column No. 1. If a society has been formed by amalgamation or splitting up, the name and registration no: and date of the original society or societies should also be mentioned in the remarks column.

(3) What is unnecessary should be scored out.

(4) In case of registration of amendments to bye-laws - (a) classification or society need not be given if it is unchanged, (b) copy of this intimation need not be sent to the Central Bank or Central Society concerned unless it is a case of material change which affects the relationship or obligation of the society to the Central Bank or Central Society, (c) reference to clauses of bye-laws amended may be given in 'remarks' column.

(5) If any Central Society to which the society in question is or is to be affiliated is other than Central Bank, a copy should be endorsed to the Central Society and not to the Central Co-operative Bank.

Form F

(Under Rule 11)

Certificate of Registration

[Issued Under Sub-Section (1) of Section 8 of the U.P. Co-Operative Societies Act, 1965]

(Act XI of 1966)

Certified that the application made by.....and other under sub-section (1) of Section 6 of the Uttar Pradesh Co-operative Societies Act, 1965 (Act XI of 1966) for registration of [.....] as Co-operative Society has been accepted and the said society (along with the bye-laws accompanying the registration application)has been registered as no..... ofdistrict under the said Act subject to the conditions stated in the said application and to the provisions of the said Act, of the rules made and general or special orders issued thereunder and of the bye-laws of the said

society.

*Registrar/Deputy Registrar,
Co-operative Societies, U.P.*

(Seal)

Dated the 20.....

Full Name of the proposed society to be mentioned

[Endorsement regarding amendments of bye-laws]

Reference of bye-laws amended	Date of registration of amendment	Signature	Remarks
1	2	3	4

The blank space is meant for recording amended name of the society where change is made under Section 10

Form G

(Under Rule 20)

Scheme for orderly payment of claims as required under Rule

Serial No.	Date of receipt of the intimation	Name of the member or creditor	Amount claimed	Nature of claim i.e. share, deposit, loan	Amount due to him for re-payment as per books of the society
1	2	3	4	5	6
Whether present in the special general meeting or not	If present in the special general meeting whethervoted in favour of, the resolution or against		Reasons for withdrawal	Whether the society in a position to pay the claim	Remarks
7	8		9	10	11

Certified that the above information is correct and tallies with the records of the society.

Secretary

Chairman

Note. - Provisions of Section 41 be kept in mind while determining the amount in Column 6 and calculation in such case

be given in remarks column.

Form H

(Under Rule 27)

Form of application for registration of amendment of bye-laws

1. Name of the co-operative society
2. Number and date of registration
3. Date of general meeting at which the amendment was passed
4. Number of days notice given to the general meeting
5. Total number of members of the society on the date of such meeting
- *6. Number of members formed the quorum (See Rule 26)
7. Number of members present at the meeting
8. Number of members who exercised their votes at the meeting
9. Number of members who voted for the attachment
10. Remarks

Secretary

Date of application

Chairman

Co-operative Society

Enclosures:

1. Three copies of the proposed amendment
2. Three certified copies of there solution.
3. Registered Bye-Laws of the society.
4. Registration certificate.
5. Copy of the agenda-notice of the meeting.
6. Copy of Registrar's order, if any issued under Rule26

N.B. - (1) This application is to be submitted, within 15 days of the date of the meeting in which the amendment was resolved vide Rule 27.

*(2) If the meeting was held with less than one-third quorum, it may be stated whether the Registrar had directed holding of meeting with reduced quorum of one-fifth or one seventh.

(3) In Column 10 mention may be made about the special reasons, if any, for the amendment.

Form I

(Under Rule 33)

Registration of amendments under Section 14 of the Act

Serial No.	Number of the Co- operative Society	Full address	Registration number of the society and date of its registration	Reference of bye-laws amendment	Reference of order issued under Section 14(1)
1	2	3	4	5	6

Reference of Government approval under Section 14(2)	Reference of order issued under Section 14(2)	Date of registration amendment	Signature of the Registrar/ Additional Registrar/ Deputy Registrar	Remarks
7	8	9	10	11

Note. - In the remarks column mention the reference of the file concerned.

Form J

(Under Rules 37)

*By Registered Post or personal
Delivery under acknowledgment*

No.....

Date.....

Registrar/Deputy Registrar,
Co-operative Society,
U.P.,
.....

Dear Sir,

This is to inform you that a general meeting of..... Co-operative Society (registration no..... dated has been called on..... to be held at place)..... to consider the proposal of amalgamation/ merger/ division. A copy of the agenda and proposed resolution containing all particulars of amalgamation/ merger/ division including transfer/ division of assets and liabilities are enclosed herewith.

This letter may be treated as notice under Section 15/16 of the Uttar Pradesh Co-operative Societies Act, 1965.

.....

Enclosure:

- 1. Agenda.
- 2. Proposed resolution with necessary particulars.

Your faithfully,

.....

Chairman/Secretary,
Co-operative Society,

.....

Copy with a copy of enclosures also forwarded to the District Assistant Registrar.

.....

.....

Chairman/Secretary,
Co-operative Society,

Form K

[Nomination Form under Rules 418, 43 and 442]

- 1. Name of the office for which election is sought.....
- 2. Full registered name of the co-operative society to which the office relates

.....

3. Candidate's-

(i) Serial number in the voters' list.....

(ii) Full name (as in the voters' list).....

(iii) Whether he is an individual member of the Co-operative Society

.....

(iv) Whether he is a representative of any affiliated society/body or authority

.....

If so, name of such affiliated society/body/authority.....

4. (i) Fathers' name (in case of male candidate and unmarried female candidate)

.....

(ii) Husband's name (in case of married female candidate)

5. Proposers'-

(i) Serial number in the voters' list.....

(ii) Full name (as in the voters' list).....

(iii) Whether he is an individual member of the Co-operative Society

or

(iv) Whether he is a representative of any affiliated society/body or authority

.....

If so, name of such affiliated society /body /authority

(v) Signature or thumb-impression.....

6. Secunder's-

(i) Serial number in the voters' list.....

(ii) Full name (as in the voters' list).....

(iii) Whether he is an individual member of the Co-operative Society

or

(iv) Whether he is a representative of any affiliated society, body or authority

.....

If so, name of such affiliated society/body/authority

(v) Signature or thumb-impression.....

Candidate's Declaration

I declare that I am willing to stand for election and that I am eligible according to the rules and bye-laws of the society to contest for the office to which I am a candidate.

Signature or thumb impression of candidate

Note. - (1) One form has to be used only for one candidate and for one office.

(2) If the candidate/proposed/seconded is alliterate, his thumb- impression should be attested by the officer of the society or by an officer of the Department.

(3) Voters' list referred to in this form means voters' list as finalized after disposal of objection

(4) [* **]

Form C.F.-1

[See Rule 291 (B)]

To,
The Registrar/DeputyRegistrar,
Co-operative SocietiesU.P.,

.....

Sir,

We, the undersigned members of the Gaon Samaj Post office Pargana Tahsil District, who have applied for the registration of Co-operative Farming Society (District.....) and hold between ourselves Bhumidhari and Society rights in acres of land in the circle desire to pool such land for the purposes of formation of the Co-operative Framing Society, under clause (a) of sub-section (1) of Section 77 of the Act, and do hereby agree to abide by all the relevant provisions of Act, rules and the bye laws of the society. The details of the aforesaid land are given below:

Serial number of Application	Name of tenure-holders (applicants with parentage, residence and age)	Nature of tenure	Khasra numbers of fields in the holding with area in acres or standard bighas show as denominator	Total area of the holding	Total revenue of the holding	Remarks
1	2	3	4	5	6	7

To,
The Registrar/DeputyRegistrar, Co-operative Societies U.P.,
.....

Sir,

Form C.F.-1(A)

[See Rule 294(ii)]

We, the undersigned members of the Co-operative Fanning Society

hold Bhumidhari and Sirdari right in lands details of which are given below:
 We have agreed to pool the said land with the Co-operative Farming Society
 and we shall abide by all the relevant provisions of Co-operative
 Societies Act, rules and the bye-laws etc.

Serial number of Application	Name of tenure-holders (applicants with parentage, residence and age)	Nature of tenure	Khasra numbers of fields in the holding with area in acres or standard bighas show as denominator	Total area of the holding	Total revenue of the holding	Remarks
1	2	3	4	5	6	7

Signature of members -

1 3 5
 2 4 6

Enclosure. - A copy of the certified extracts from the record-of- rights the most recent year.

Form C.F.-2

(See Rule 293)

Register of Co-operative Farming Societies

Name of Co-operative Farming Society.....

Address of co-operative Farming Society-----

Date of Registration.....

Serial No.	Pargana	Tehsil	Village	Name of members with percentage and residence	Khasra number of fields	Area	Land revenue
1	2	3	4	5	6	7	8

Form C.F.-3

(See Rule 229 and Section 84 of the Act)

To

The Assistant Collector,
Incharge of Sub-Division

District

Sir,

The fields comprised in the Co-operative Farming Society are scattered; they may please be consolidated as far as possible in a compact block.

The details of fields comprised in the farm are given below:

Name of village with pargana and tehsil	Khasra numbers of fields comprised in the farm	Area of fields in acres or in standard bighas	Name of tenure-holder	Class of tenure	Recorded land revenue of land	Remarks
1	2	3	4	5	6	7

Form C.F.-4

(See Rule 301)

Name of Co-operative Farming Society-----

Valuation Khasra of village-----

Pargana-----

Tehsil-----

District-----

Khasra number of fields	Area of fields in acres or standard bighas	Name of tenure-holder with class of tenure	Recorded land revenue or rent	Class of soil as determined at the last settlement or roster operations	Sanctioned hereditary rate	Valuation at hereditary rate (Col. 2 X Col. 6)	Remarks

