

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රය

අති විශේෂ

The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

අංක 1543/5 - 2008 මාර්තු 31 වැනි සඳුදා - 2008.03.31

No. 1543/5 - MONDAY, MARCH 31, 2008

(Published by Authority)

PART IV (A) — PROVINCIAL COUNCILS

Provincial Councils Notifications

SABARAGAMUWA PROVINCIAL COUNCIL

Co-operative Societies Statute No. 03 of 2007 of the Sabaragamuwa Provincial Council

Certified on :- 13th December, 2007.

Assented on :- 12th March, 2008.

By order of the Sabaragamuwa Provincial Council,

SRIYANI PADMALATHA,
Council Secretary.

Council Secretariat,
Sabaragamuwa Provincial Council.

SABARAGAMUWA PROVINCIAL COUNCIL

CO-OPERATIVE SOCIETIES STATUTE NO. 03 OF 2007

A Statute to provide for the Development of Co-operative societies within the Sabaragamuwa Province to specify the Law relating to establish and administer the Co-operative Societies, to provide for matters connected therewith or incidental thereto.

Be it enacted by the Sabaragamuwa Province Provincial Council of the Democratic Socialist Republic of Sri Lanka as follows:

Cancellation & nullity of Co-operative Statute No. 03 of 1994

THE STATUTE No. 03 OF 1994 OF SABARAGAMUWA CO-OPERATIVE SOCIETIES ENACTED BY THIS PROVINCIAL IS HEREBY CANCELLED AND NULLIFIED WITH THE ENACTMENT OF THIS STATUTE

Short Table

01. This statute may be cited as the Co-operative Societies Statute of the Provincial Council of Sabaragamuwa Province.

CHAPTER I

REGISTRATION

Appointment of Registrar Deputy Senior Assistant or Assistant Registrars and powers of Commission of Co-operative Development and Persons Appointed to assist the Commissioner.

02. (1) There may be appointed a Registrar of Co-operative Societies for Sabaragamuwa Province of Sri Lanka thereof and such number of Deputy, Senior Assistant or Assistant, Registrars as may be necessary.
- (2) The Provincial Minister may, by general or special order, confer on any Deputy, Senior Assistant or Assistant registrar all or any of the powers of a Registrar under this Statute or under any rules made thereunder.
- (3) The person appointed to be, or to act for the time being as, the commissioner of Co-operative Development, shall have and may exercise the same powers as are vested in the Registrar of Co-operative Societies by this Statute and by any rules made under or deemed to be made thereunder.
- (4) Each of the persons appointed to assist the Commissioner of Co-operative Development shall have and may exercise such of the powers of the Registrar under this statute and under any rules made or deemed to be made thereunder as may be specified by the Provincial Registrar in any general or special order made under this section.

Societies which may be registered.

03. (1) Subject to the provisions hereinafter contained -
- (a) A society which has as its object the provision, in accordance with Co-operative principle, of specified services contributing to the Economic, Social, Educational and Cultural welfare of its members. An also a voluntarily organized society protecting Co-operative identity with democratic Conduct ;
- (b) A society consisting of registered societies as its members established with the object of facilitating the operations of societies referred to in Paragraph (a) ;
- (c) Society with limited liabilities may be registered under this statute.
- (2) Any member, who is not a member of a registered society, should not bear more than what is prescribed in rules of share capital of a society under maximum of 1/5.

Condition of Registration.

04. No Society shall be registered under this law if -
- (1) (a) It consists only of members, it does not consist of at least 20 persons, who are over eighteen years of age or reside or are employed or owns immovable property within the area of operation of the society and who is capable of utilizing the services rendered by the society ;
- (b) Where it is a secondary society consisting of registered societies it does not have either more than 5 members of any society has not been registered society has not been registered with that business aim within the district ;

- (c) (I) The activities it propose to engage in, are economically feasible ;
 - (II) Its proposed by-laws are not inconsistent with the provisions of this statute or any rules made thereunder.
 - (d) The proposed by-laws have not been adopted a general meeting duly summoned for the purpose ;
 - (e) All the members signing the application for registration have not completed the payments in respect of their membership ; or
 - (f) Such society has failed to furnish all information as may be required by the registrar for the purpose of registration ; and
 - (g) A proposed society has not proved its economic and development feasibility within six months ;
- (2) Co-operative Development Commissioner/Registrar has the power to release or change the age limit mentioned above at the registration of a society or a group of societies.
- (3) Where for the purpose of this section any question arises as to whether the condition specified in the preceding provisions have been satisfied, that question shall be decided by the registrar whose decision shall be final.
- (4) The word 'limit' shall be the last word in, or the equivalent of that word in Sinahal or Tamil shall form part of, the a name of every society registered under this statute.
05. (1) For the purpose of registration an application shall be made to the registrar in such form as may be prescribed. Application for Registration
- (2) The application shall be signed.
- (a) In the case of a primary society by at least 20 persons qualified in accordance with the requirements of Section 4(1) (a) ; and
 - (b) In the case of secondary society by a person duly authorized by every such society.
- (3) The application shall be accompanied by-
- (a) Two copies by the proposed by-laws ;
 - (b) A feasibility report pertaining to the economic activities the society proposes to engage in ;
 - (c) Two certified copies of minites of the general meeting at which the resolution to register the society was passed and the by-laws adopted together with details of attendance.
 - (d) A certificate by the committee of the society confirming the payment of membership fees by the members signing the application and the fact that such moneys are in the custody of such committee.
 - (e) A certificate by an institution or an officer prescribed by the registrar the implementation of the society for the last 03 months with economic and organzing feasibility.

Registration

06. If the Registrar is satisfied that a society has complied with the provision of this statute and the rules, that the activity in which the society propose in engage is economically feasible, and that its proposed by-laws are not contrary to this statute or to the rules and it has been functioning at least 03 months, he may if he thinks fit, register the society and its by-laws. An appeal in accordance with such rules as may be made in that behalf shall lie to the Minister against the refusal of the registrar to register any society within 14 days after receiving the requests for registration, such society can be registered within 14 days after receiving the requests for registration, such society can be registered if the registrar intends to reject to register a society, the applicant should be informed in within the above 14 days. If the registrar fails to inform his decision within the 14 days he should issue a certificate of registration having considered such society as reentered at the end of the 14 days. An appeal against such refusal may be forwarded by any one who signed the application for registration to the Minister in charge of Co-operatives in Sabaragamuwa Province within 14 days of the date mentioned in the registrar's letter. The ministers decision should be informed within 14 days of that mentioned letter. If the minister fails to inform his decision within 14 days, the registrar's decision should be considered valid.

Evidence of
Registration
Amendments of
by-laws of a
registered
society

07. (1) The registrar shall upon registering a society under Section 6 issue to such society a certificate of registration
- (2) The certificate issued under the Section 1 above shall be conclusive evidence that the society there in mentioned is duly registered. Unless it's proved that the society has been cancelled
08. (1) any registered society may, subject to this statute and the rules made thereunder, amend it's by-law, including the by-law which declares the name of society.
- (2) No amendment of the by-laws of a registered society shall be valid until that amendment has been registered under this statute for which purpose two copies of that amendment shall be forwarded to the registrar.
- (3) If the registrar is satisfied that any amendment of the by-laws is not contrary to this statute or to the rules, he thinks fit, register the amendment, An appeal in accordance with such rules as may be in that behalf shall lie to the minister against the refusal of the registrar to register any amendments of any by-law.
- (4) An amendment which changes the name of a society shall not affect any right of obligations of the society or of any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.
- (5) Where the registrar an amendment of the by-laws of a registered society,. he shall issue to the society a copy of amendment certified by him, which shall be conclusive evidence of the fact that the amendment has been duly registered. Having considered a request regarding an amendment of the by-law, it's registration or refusal should be informed to the relevant society within 30 days. In case of failure to in form the decision to the society within 30 days such amendment of the by-laws is considered to have registered.
- (6) In this section 'amendment' includes the making of a new by-law and the variation or recession of a by-law.

Amalgamation
Division and
transferring of
assets and
liabilities or
registered
societies

09. (1) A registered society may with the previous approval of the registrar and by a resolution passed by a two thirds majority of the members or delegates eligible to be present and vote at a general meeting of the society.
- (a) Transfer its assets and liabilities in whole or in part to any other registered society ; or
- (b) Divided itself into two or more societies.

- (2) Any two or more registered societies may, with the previous approval of the registrar and by a two thirds majority of the members or delegates eligible to be present and vote at a general meeting of the each such society, amalgamation themselves and form a new society.
 - (3) (a) the resolution of a registered society under sub Section (1) or sub Section (2) shall contain all particulars of the transfer, division or amalgamation as the case may be.
(b) No approval shall be given by the registrar to any society to transfer it's assets and liabilities to any other registered society, to divided itself in to two or more societies or to amalgamate with another registered society if.
 - I. Proposal transfer division or amalgamation is not economically feasible.
 - II. Registered society has suitably been divided or amalgamated in certain societies and it not in consistent with the provision of the law or any rule made there under of constitute by-laws of these societies.
 - (4) Where a registered society has passed any such resolution, it shall give notice there of in writing to all its members and creditors and, not, withstanding any by-laws of contrary, any member or creditor shall, during the period of one month of the date of service of the notice upon him have the option of withdrawing his shares, deposits or loans, as the case may be.
 - (5) Any member or creditor who does not exercise his option within the period specified in sub-section (4) shall be deemed to have assented to the proposals contained in the resolution.
 - (6) Where a resolution passed by a registered society under this section involves the transfer any assets and liabilities the resolution shall not withstanding anything contained in any law of the time being in force, be a sufficient conveyance to vest the assets and liabilities in the transfer without any further assurance.
 - (7) If any society which was registered as an unlimited liability society prior to this co-operative statute came it force, is subsequently registered as a limited liability society a quorum of at least two third of the membership should vote for such a change, and by law to that effect should be adopted, the membership should be informed in writing of this change of liability. All shares and credits due to any member shall remain inforce notwithstanding anything to the country in by-laws, If no member, within one month of such written intimation raises objections to the change of liability of the society it should be deemed, to be accepted by such member. When a liability unlimited society is registered as a limited liability society, the registrar shall register such a by law in terms of subsection 8(1) of the statute and issue a certificate to that effect. On such as change of the registration of the society all benefit, or liabilities due to any member, or former member⁵ shall remain unchanged and in force.
10. (1) Where the whole of the assets and liabilities of a registered society are transferred to another registered society in accordance with the provisions of section 09 the registration of the first mentioned society shall stand cancelled and that society shall be deemed to have been dissolve and shall cease to exist as a corporate body.
- Cancellation of registration certificate of registered societies certain caset
- (2) When two or more registered societies are amalgamate into a new society in accordance with the provisions of section 9, the registration of each of the amalgamating societies shall stands cancelled on the registration of the new society and each such society shall be deemed to have been dissolved and shall cease to exist as a corporate body.
 - (3) Where a registered society divides itself in to two or more societies in accordance with the provisions of section 9, the registration of that society shall stand cancelled on the registration of the new societies of the new societies and that shall be deemed to have dissolved and shall cease to exist as a corporate body.

CHAPTER II

MEMBERS OF REGISTERED SOCIETIES AND THERE RIGHT AND LIABILITIES

Members not to
Exercise right
until due
Payments made

11. (1) No Member of a registered society shall exercise the rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interests in the society, as may be prescribed by the rules or by-law.
- (2) Member share and paying procedure should be mentioned in the by-laws, Even though full value of a share has been paid in one installment provide however that a member shall not enjoy the right to hold office until the expiry of one year from the date of enrolment.
- (3) However a Co-operative society should have to prepare by-laws including registration to the appointments and the posts right of the members who fail to make minimum restriction in dealing with the society within a certain period of

Provided further, that provisions of this section shall not apply to and respect of persons who have applied to the Registrar for registration of a society under the provisions of section 4 (1) (a) and (b) and 5(1) and (2).

Eligibility vote

- (4) A member shall be entitled to vote at any meeting of a registered society and the elected to any office in such society only after obtaining full membership/Provide, however, that a Co-operative society shall be power to make by-laws including regulations to enforce minimum instation for deaf with the society within a certain period of time and

To limit members who do not comply with such order being appointed to posts and their right to vote.

Disqualification
for Election as
Chairman

- (5) No person who is a Member of Parliament, Provincial Council Municipal Council, Urban Council or Pradeshiya Sabha shall be eligible to be elected to or continue in office as a member of the committee of a registered Co-operative society.
- (6) A person shall be disqualified from being elected as a chairman of a registered society the membership of which consists of registered societies, if he is on the date of his election the chairman of any other registered societies the objects of which are not similar to the objects of the first mentioned society the membership of which consists registered societies.

Associate
Members.

12. (1) A registered society may admit as any associate member any individual who enters into a contract for the transaction of business with the by-laws of the society.
- (2) An associate member shall not be entitled to any share, in any form whatsoever, in the assets or profits of the society or any vote in the conduct of the affairs of the society, and also he shall not be entitled to raise loans.
- (3) Same as provided in the section, an associate member shall have such privileges and rights of a member and be subject to such liabilities of a member, as he may be specified in the by-laws of the society.
- (4) Any dispute between the associate member and the society should be settled under the section 58 of the this statute.

Contracts with
society of
members who are
minors

13. The minority or non-age of any person duty admitted as a member of registered society shall not debar that person from executing any instrument or giving any acceptance necessary to be executed

or given under this statute or the rules make thereunder and shall not be a ground for invalidating or avoiding any contract entered in to by any such person with the society and any such contract entered in to by any such person with the society. Whether as principal or as surety, shall be enforceable at law by or against such person not with standing his minority or non-age.

14. The subsequent discovery, of any defeat in the appointment of, or of any disqualification for election, of any officer of a registered society shall not be a ground for invalidating or avoiding any contract entered in to by such officer on behalf of such society. contracts by officers of societies
- 15 No member of any primary society shall have more than one vote in the conduct of the affairs of the society provided that in the case of any equality of votes the chairman shall have a casting vote. Votes of members
16. (1) No member of any primary society shall at any meeting of the society exercise his vote except in person. Manners of exercising votes

Provided however, that voting through delegates at any meeting of the society may be allowed where it is so provided under the by-laws of the society.

(2) A registred society which is a member of any other registered society may, apointed any one of its members for the purpose of voting in the affairs of such other registered society.
17. (1) The transfer of the share or other interest of a member or past member or deceased member in the capital of registered society shall be subject to such conditions as to maximum holding as may be prescribed by this statute or by the rules. Registrations on Transfer of Share or interest

(2) In the case of society registered a member shall not transfer any share held by him or his interest in the capital of, society or any part thereof, unless—

(a) He has held such share or interest for not less that one year ; and

(b) The transfer is made to the society, or to a member of the society, or to a person whose applicatoin for membership has been accepted by the committee.

CHAPTER III

RIGHTS OBLIGATION AND PRIVILEGES OF REGISTERED SOCIETIES

18. Every registered society shall have an address, registered in accordance with the rules to which all notice and communications may be sent, and shall within seven days of any change of that address notify the registrar of such change. Address of society
19. Every registered society shall keep a copy of this statute and of the rules and of its by-laws and a list of its members and auditors report open to inspection free of charge at all reasonable times at the registered address of the society. Copy of Statute rules by-laws & C. to be open to inspection.

CHAPTER IV

PREVILEGES OF REGISTERED SOCIETIES

20. The registration of a socociety shall render it a body corporate by the name under which it is registered with perpetual succession and a common seal, and with power to hold property to enter in to contracts to institute and defend suits and other legal proceedings and to do all things necessary for the purpose of its constitution. Societies to be bodies corporate

Disposal of
produce to or
through society

21. (1) A registered society which has one of its objects the disposal of any article which is the produce of agriculture or husbandry or any other industry may provide in its by-laws or may contract with its members—
- (a) That every such member who produces any such article shall dispose of the whole or of any specified amount, proportion or description thereof to or through the society ; and
- (b) That any member who is proved or adjudged in such manner as may be prescribed by rules, to be guilty of a breach of the by-laws or contract, shall pay to the society and liquidated damages a sum ascertained or assessed in such manner as may be prescribed by rules or its by-laws.
- (2) A contract made by a registered society under subsection (1) shall create in favour of the society a first charge upon all articles whether produced or about to be produced to which the contract relates.
- (3) In any legal proceeding arising out of a contract under subsection (1) shall not be defence that the contract is in restraint of trade.
- (4) A member of a registered society shall be deemed to have contravened any by-laws of the society which requires him to deliver any produce to the society, if the failure to deliver such produce was due to the fact that he had, prior to becoming a member of the society, contracted to deliver the produce to some other person.
- (5) Every person who applied for membership of a registered society shall, if required so to do, disclose in his application particulars of all contracts made by him for the delivery of any produce to any other person.

Person soliciting
Others to violate
Contracts

22. (1) Any person, who, having knowledge or notice that any other has contracted under section 21 to sell any article produced by such other person to or through a registered society, societies, or persuades such other person to sell or deliver such article in violation of such contract or in contravention of such order, as the case may be, shall be guilty of an offence and shall on conviction after summary trial before a Magistrate be liable to a fine not exceeding five thousand rupees.
- (2) Where the person convicted of an offence under subsection (1) is a body corporate, every person who at the time of the commission of the offence was a director or officer of the body corporate shall be deemed to be guilty of that offence unless he proved that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of the offence.

Right of
registered society
over corps,
Agricultural
produce, cattle
implements, raw
Materials and
manufactured
articles belonging
to any member

- 23 Subject to any prior claim of the republic or of the provincial council on the property of a debtor and to the lien or claim of a landlord in respect of rent of any money recoverable as rent, and in the case of immovable property, to any prior registered charge thereon.
- (a) Any debt or outstanding demand payable to registered society by any member or past member shall be a first charge-
- I. Upon crops or other agricultural produce raised in whole or in part with a loan taken from the society by such member or past member.

- II. Upon any cattle, fodder for cattle, agricultural or agricultural implements, or raw materials for manufacture, or work shop, go down, or place of business, supplied to or purchased by such member or past member in whole or in part from any loan whether in money or goods given to him by the society ;

Provided that nothing herein contained shall affect the claims of any bona fide' purchaser or transferee, for value without notice.

- (b) Any outstanding demands or dues payable to a housing society by any member or past member in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society shall be a first charge upon his interest in the immovable property of the society.

24. A registered society shall have a charge upon the shares or the shares or other interest in the capital and on the deposits of a member or part member or deceased member and upon any dividend, bonus, or profits payable to a member or past members or to the estate of a deceased member in respect of-

Charge and set-off in respect of shares or interest of members.

- (a) Any debt due to the society ;
(b) Any debt to any other registered society ; or
(c) Any amount due to the liquidator of any registered society.

From such member or past member or estate, and may set off. or pay to such other society, or liquidator, as the case may be, any sum credited or payable to a member or past member or past member estate of a deceased member in or towards payment of any such debt or amount.

25. Subject to the provision of section 25, the share contribution or other interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and neither his assignee in insolvency nor a receiver appointed under chapter L of the and civil procedure code, shall be entitled to, or have any claim on, such share, contribution or other interest.

Shares contributions and other interest not liable to attachment or sale.

26. (1) On the death of a member, a registered society may transfer the share or other interest of the deceased member to the person nominated in accordance with the rules made in that behalf or, if there is no person so nominated, to such person as may appear to the committee to be the heir or legal representative of the deceased member, or may pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or other interest, as ascertain in accordance with the rules or by-laws.

Transfer of interest on death of member.

Provided that-

- (a) The society may transfer the share or other interest of the deceased member to such heir or legal representative, as the case may be, who is qualified in accordance with rules and by-law for membership of the society, or on his application within six months of the death of the deceased member to any person specified in the application who is so qualified.
(2) A registered society shall pay all other moneys due the deceased member from the society to such nominee, heir or legal representative, as the case may be.

- (3) All transfers and payments made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand upon the society by any other person.
- Deposits by or on Behalf of minor. 27. (1) A registered society may receive deposits from for the benefit of minors and it shall be lawful for a registered society to pay to such minors the interest which may become due on such deposits. Any deposit made by a minor may together with the interest accrued thereon be paid to the minor, and any deposit made on behalf of the minor may together with the interest accrued for the use of the minor, May be paid to the guardian of minor.
- (2) The receipt of any minor guardians for money paid to him by a society under this section shall be a sufficient discharge o the liability of that society in respect of that money.
- Liability of past Member and estates of deceased Member for debts of Society. 28. (1) The liability of a past member for the debtors of a registered society as they existed on the date on which he ceased to be a member shall continue for period of two years reckoned from that date.
- (2) The estate of a deceased members shall, for a period of two years reckoned from the date of his deceased be liable for the debts of the society as they existed on the date his decease.
- Registrar of members. 29. Any register or list of members kept by any registered society shall be prime facie evidence of any of the following particulars entered therein :-
- (i) The date on which the name of any person was entered in such register or list as a member.
- (ii) Membership number.
- (iii) The date on which any such person ceased to be a member.
- Proof of entries in Books of society. 30 (1) A copy of any entry in a registered society regularly kept in the course of business shall, if certified in such manner as may be prescribed by the rules, be received in any legal proceeding, civil or criminal, as prime facie evidence of the existence of such entry, and shall be admitted as evidence of the matters, transactions, and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.
- (2) No officer of any register society shall in any legal proceedings to which the society is not a party, be compelled to produce any of the society's books, the contents of which can be proved under sub-section (1) or to appear as a witness to prove any matters, transactions or accounts therein recorded, unless the court for special reasons so directs.
- Deposits of Securities as Pledges by a society. 31. Notwithstanding any written or other law for the time being in force, a registered society may-
- (a) Pledge as security for a general balance of account any securities held by it ; and
- (b) Authorize the creditor, in the event of default of payment on the of the termination of a notice issued to the society, to sell any or all of such securities, without recourse to court, to court, and to credit the proceeds to such balance of accounts.
- Right to acquire And sell Property. 32. (1) A registered society may acquire by purchase, gift or otherwise and taken on lease lands, buildings or other movable or sell, mortgage, lease, exchange or otherwise dispose of lands, buildings or other movable or immovable property for any purpose connected with its objects.
- (2) Provided however that the prior approval of the main body and registrar shall be obtained in the case of any such transaction as relates to sale, purchase, gift and take on lease, rent,

mortgage or otherwise acquiring and selling, giving on lease, gifting or otherwise disposing of any movable or immovable property which are not wholesale commodities. Prescribes rules related to restriction in connection with the values on which approval should be obtained.

33. (1) Where any land or building is required for any purpose connected with the objects of a registered society, that purpose shall be deemed to be a public purpose and that land or building may be acquired under the land acquisition Act by the government for the society.
- (2) Where any land or building is to be acquired under the Acquisition Act by the government for a registered society, that society shall before an order relating to that land or building is made under section 38 of that Act, Pay to the government the amount determined under that Act as the compensation payable in respect of that land or building and also the costs incurred by the government in the acquisition proceedings.

Compulsary
Acquisition of
Lands and
buildings.

Provided, however, that where it become necessary to take possession of any land or building on the ground of any urgency before the amount of compensation is determined under that act, that society shall pay to the government before such order is made such amount as in the opinion of the acquiring officer is likely to be determined as the amount of compensation payable in respect in of that land or building and shall pay the balance amount, if any, after the amount of compensation is determined under that Act.

CHAPTER V

- 34 (1) Every reputed society should be free from ;
- (a) Stamp fees under a written law in connection with charge to be paid on certain document forwarded to the courts under the regulation of the section 59 of this statute, if not released by this sub-section or in connection with a legal document signed by or for or in favour of a registered society.
- (b) Stamp fees charged under a written law. When a society in to pay the fee in connection with a signed sheet for the purpose of transferring a loan protection certificate if not released by this sub-section.
- (c) Fees to be paid under the law enforced at present in connection with registration of documents.
- (2) Every member of a required society should be free from paying stamp fee under a written law in connection with a legal document signed for the purpose of business affairs in favour of the registered society, and in connection with a performance sheet signed for the purpose of transferring a loan protection certificate, if not released by this sub-section.

Free from stamp
fees
Amd fees

CHAPTER VI

GENERAL PROVISION RELATING TO BY-LAWS

35. (1) Every by-law of a registered society shall, be binding upon the society and the members thereof to the same extent as if the by-law was signed by each member of the society and contained a covenant by each member to observe the provision of the by-law.
- (2) Any dispute arising out of the interpretation of a by-law of a registered society shall be referred to the registrar for his decision, and his decision shall be final and conclusive in law.

By-laws of a
society to bind
members.

Power to make
By-laws in
restraint trade.

36. No by-law made by a registered society in respect of any matter for which by-laws are authorized by any rule to be made, shall be called question in any court of law on the ground only that such by-law, Constitutes a contract in restraint of trade.

Power by-laws for
the imposition
fines on members

37. The by-laws made any registered society may, subject to any rules, provide for the imposition of fines on the members of the society for contravention of its by-laws ;

Provided, however, that no such fine shall be imposed on any member.

(a) Notice in writing of the intention to impose such fine and the reason therefore have been given in writing to him by the society ; and

(b) He has failed to show, within such time and in such manner as may be prescribed by rules, sufficient cause against the imposition of the fine.

CHAPTER VII

PROPERTY AND FUNDS OF REGISTERED SOCIETIES

Loans made by
registered
societies

38. (1) A loan should not be granted to any person who is not a member by a registered society provided that with the approval of the general body of registered society and on such condition as may be imposed by it, a registered society may grant loans to another registered society of supply goods on credit to an associate member, and

(2) Provided that, with the approval of the general body, a registered society shall not lend money on the security of any movable property other than agricultural produce.

Deposits and
loans Received by
registered
societies

39. (1) A registered society shall receive deposit and loans from person who are not members only to such extent and under such condition as may be prescribed by the rules or by-laws.

(2) Where a loan is granted to a registered society by a bank on the mortgage of any immovable or movable property, such property shall, from and after the date of registration of such mortgage under the registration of Documents Ordinance, be charge with the payment of the moneys due under such mortgage in priority to every other debt of such registered society whatsoever and to every mortgage or charge affecting such property, except a mortgage or charge affecting such property which is secured by mortgage duly registered under the registration of Documents Ordinance prior such date.

Restriction on
other Trans
action with Non
members.

40. Same provided in section 38 and 39 the transaction of a registered society with person other than members shall occur.

Investment of
Societies funds.

41. (1) A registered society may deposit or invest its funds in any of the securities other than a first mortgage of immovable property specified in section 20 of the Trust Ordinance, or with any banker or person acting as a banker approved by the central bank of Sri Lanka for this purpose by the registrar, or in the shares or on the security of any other registered Co-operative society, approved for this purpose by the registrar, or in any other mode permitted by the rules.

Trust ordinance can be bought directly only by treasury or a registered Co-operative society.

Deposits of
profits.

42. (1) Every registered society shall, out of its net profits in any financial years as ascertain by the audit under section 44 :-

- (a) Transfer an amount not being less than twenty-five percentum of the net profits to the reserve fund of the society ; and
 - (b) 10% of the net profit or 5000 rupees ie., Lesser amount of them should be paid to the Co-operative fund by each society.

Even if any C-operative society run at a loss, Rs. 500 should be paid to the Co-operative fund. But then should not apply to Co-operative societies resolutions to maintain there funds should be made by-laws.
 - (c) Set a parts as divided not exceeding 10% for the shares paid as capital.
- (2) The balance of the net profits may be utilized for all or any of the following purposes :-
- (a) Payments of rebates to members on the value of the business done by them with the society to the extent and in the manner specified in the by-laws :
 - (b) contribution to such funds as may be prescribed in the by-laws ;
 - (c) Payments of bonus to employees of the society as may be prescribed in the Co-operative employee's commission.
 - (d) Payment on such other account as may be specified in the by-laws ;
 - (e) Contribution of an amount not exceeding ten percentum of the net profits to a common good fund for expenditure on any social, cultural or recreational purpose, or the advancement of any other object of local or public utility.
- (3) Any registered society, no distribution of profit shall be made without the general or special order of the registrar.

CHAPTER VIII

ACCOUNT BUDGET, AUDIT, INQUIRY AND INSPECTION OF A REGISTERED SOCIETY

43. (a) (1) Every registered society shall cause proper accounts of the income and expenditure, assets an liabilities and of all other transactions of the society to be kept to stands as prescribed by the registrar.
- (2) Every registered society shall prepare final accounts and a balance sheet of account and statistics including information relating to the activities of the society, as may be required by the registrar or any person authorized by him. Such statement of accounts shall be submitted to the registrar or other person authorized by him within three months of the close of the financial year to which it relates.
- (3) Where a registered society fails to comply with any provisions of this section every member of the committee of such society shall be guilty of an offence, and shall on conviction after summary trail before a Magistrate be liable to a fine not exceeding Two Thousand Rupees.

Preparation of
Accounts and
Budget and of
The Society

Provide, however, that no such member shall guilty, of an offence, it he proves that the offence was committed without his knowledge and that he exercised all due diligence to prevent the commission of that offence.

Trial balance
profit and
Loss account And
balance sheet

- (b) (1) Every registered society shall prepare a budget in respect of every financial year, setting out projections of revenue, expenditure both recurrent and capital, financial and cash resources, investments of funds, budgeted profit and loss accounts, income and expenditure accounts balance sheets pertaining to that year.
- (2) Such budget shall be presented to the general body of the society for its approve not later than two months prior to the commencement of the financial year to which it relates.
- (3) A copy of such budget shall be transmitted to the registrar two months prior to the commencement of the financial year to which it relates.
- (4) The form and manner in which the budget shall be prepared and the minimum information that it should contain, shall be as determined by the registrar.

Audit

44. (1) The registrar shall audit or cause to be audited by some person authorized by him by general or special order in writing in that behalf of the account of every registered society once at least in every year.
- (2) The audit under sub-section (1) shall include :-
- (a) an examination of overdue debts ;
- (b) A valuation and verification of assets and liabilities of registered societies.
- (c) An examination as to whether the organization systems, procedures, books, records and other documents have been properly and adequately designed to ensure proper financial control and the presentation of information, to enable a continuous evaluation of the activities of the society, and whether such system, procedures, book record and other documents are in effective operation.
- (d) An examination as to whether the conduct of the society has been in accordance with the provisions of this statute of rules, regulations or by-laws made thereunder and whether administration of the affairs of the society has been in accordance with the provisions of such law rules, regulations or by-laws ;
- (e) An examination as to whether the utilization of the fund has been efficient, and economically carried out ;
- (f) An examination as to whether a satisfactory procedure has been formulated so as to ensure the safety of money and property belonging to an under the control, of the registered society.
- (g) An examination as to whether the accounts audited have been so designed as to present a true and accurate account of the affairs of the society in respect of the period under consideration have been so designed as to present a true and accurate account of the affairs of the society in respect of the period under consideration having due regard to the principles of accountancy, financing and valuation ; and
- (h) Other prescribed matters.
- (3) For the purpose of an audit under sub-section (1), the registrar or any person authorized by him to audit the account shall have the power -
- (a) To summon any past or present servant or member of the society or any other person who, in the opinion of the registrar or the person authorized by him to audit, can give material information about any transactions of the society or the management of its affairs.

- (b) To require the production of any book or document relating to the affairs of the society, or any cash, security, or other property belonging to the society, by any past or present officer, agent, servant or member of the society or other person in possession of or having the custody of such book, document, cash security or other property ; and
 - (c) To take into his custody books of accounts or documents of the society where he has reason to believe that there is a fraud or irregularity, the course of such inquiry or inspection.
 - (4) The registrar or any person authorized by general or special order in writing in that behalf by the registrar, shall at all time have access to and be entitled to examine all books, documents, accounts and papers, securities and cash in hand of a registered society and every person in charge of or maintaining or having possession of the aforesaid shall produce them to the registrar or such authorized person or furnish such information in regard to the transactions and working of the society as the registrar or the authorized person making such inspection or audit may require.
 - (5) The registrar and every person authorized by him to audit the accounts of a registered society shall be deemed to be public servants within the meaning of the Penal Code.
 - (6) (a) If in the course of, or at the conclusion of an audit under sub-section (1) it is found that any person, who is or was entrusted with the organization or management of society, or who is or has at any time been an officer or an employee of a society has made any payments or has used any funds of the society contrary to the provision of this statute or the rules made under this statute or any other law, rules or regulations relating to Co-operative societies or financial procedure approved by the registrar or any general directions issued by the registrar or the Co-operative Employee's Commission or the by-laws of the society, or the working rules of the society, the registrar shall disallow every such payment and every such use of funds and surcharge the same on the person making or authorized the making of such illegal payment or such use of funds and shall charge against any person, the amount of any deficiency or loss incurred by the negligence or misconduct of that person and any amount which ought to have been but is not, brought into account by that person and shall in each case certify the amount due from such person and communicate his decision in writing to such person.
 - (b) Before making any disallowance or surcharge any person, the registrar, or any person authorized by general or special order in writing in that behalf by the registrar, shall offer an opportunity to such person to be heard or to make any representation with regard to the matters which he may think fit, and shall in the event of his making such disallowance or surcharge, furnish such person in writing, on application being made to him for that purpose with the reason for his decision in respect of such disallowance or surcharge.
 - (c) The provisions of section 66(2) shall apply. '*mutates mutandis*' in a case where the decision made by the registrar, is not complied with.
45. (1) If on an audit held under section 44 any defects in the working of a registered society are disclosed the registrar may bring the defects to the notice of the society is a member of another society, also to the notice of that other society.
- (2) The registrar may make an order directing the society or its officers to take such action as may be specified in the order within the time mentioned therein to remedy the defects disclosed.
- (3) The registrar shall order to present the auditor report and the defects that are disclosed to the general body of the society.

Communication
of Defects in audit
to Societies

Inquiry

46. (1) The registrar may of his own motion, and shall, on the application of a majority the committee, or of not less than one-third of the members, of a registered society, hold an inquiry or direct some person authorized by him by order in writing in that behalf, to hold an inquiry into the constitution, working and financial condition of the registered society.
- (2) For the purpose of an inquiry under sub-section (1), the registrar or any person authorized by him to hold an inquiry, shall have the power -
- To summon any past or present officer, agent, servant or member of the society or any other person who, in the opinion of the registrar or the person authorized by him to inquire, can give material information about any transaction of the society or the management of its affairs ;
 - To require the production of any book or document relating to the affairs of the society, or any cash, security, or other property belonging to the society, by any past or present officer, agent, servant or member of the society or other person in possession of or having the custody of such book, document, cash, security or other property ;
 - To take into his custody books of accounts, or documents of the society where he has reason to believe that there is a fraud or irregularity, in the course of such inquiry or inspection ;
 - To summon a general meeting of the members of the society at such time and place as may be specified by him to determine such matters as may be directed by him.
- (3) Any meeting summoned under sub-section 2(c) shall have all the powers of a general meeting called under the by-laws of the society and its proceedings shall be regulated by such laws except that no quorum shall be necessary for such meeting and the provisions of the by-laws relating to the period of notice relating to a general meeting shall not be applicable.
- The registrar or any person authorized by him may preside at such meeting but shall have no vote : in the event of an equality of votes he shall have a casting vote
- (4) The registrar and every person authorized by him to hold an inquiry under this section shall be deemed to be public servants within the meaning of the Penal Code.
- (5) Where an inquiry is held under this section the registrar shall communicate the result of the inquiry to the society, if any of which that society is a member and to any bank to which the society is indebted.

Inspection of
books and
investigation the
Affairs of a
society.

47. the registrar or any officer of the department authorized by the registrar may have the authority to inspect the book, property or counts or any other thing or things of a registered Co-operative society, and such officers shall have the authority under the sub-section 46(2) and (3) of this statute.

Information revealed by such an investigation may be suitably informed to the director board of the main body of the society, and any order for that may be

CHAPTER IX

SUSPENSION OR INTERDICTION AND REMOVAL OF OFFICERS OF A REGISTERED SOCIETY AND DISSOLUTION OF THE COMMITTEE OF A REGISTERED SOCIETY

Dissolution of the
Committee of a
Society.

48. (1) If the registrar if of opinion an inquiry or inspection unto the books of the registered society under section 46 or investigation under section 47 that the committee of a registered society is not performing its duties in a proper manner, he may after giving the committee an opportunity to state its objections, if any, to its dissolution, report his finding to general body summoned

by him in accordance with the rules, if such inquiry or inspection under section 46 or investigation under 47 had been held on his own motion or, to the general meeting summoned in accordance with the by-laws, if such inquiry or inspection had been held on the application of a majority of the committee or, of not less than one-third of the number of members, and the general body may-

- (a) Remove the offending committee member or members and fill the resulting vacancy in accordance with the by-laws ;
- (b) after dissolving the committee, the registrar should elect a new committee consulting of three public servants. At least one of them should be an officer attached to the Co-operative Department.

Those elected to the new committee should not be field according to this code of law. They should be knowledgeable about Co-operative business and should have a special knowledge about the business aim of the relevant society.

The committee or the board consulting of three persons, elected under the above retain 48(1) b and (2) should hold position for the remaining office time. The committee may be dissolved and a new committee be elected.

- (2) (i) If the registrar is of opinion, that the general body refuses, fails or neglects to act in accordance with his decision or brings amendments to his decision he shall remove or dissolve offending committee member or members by an order in writing.
 - (ii) After removing or dissolving the committee the registrar shall appoint a board consisting of three public servants to manage the affairs of the society a board consisting of 3 public servants. They should not be affected by disqualification mentioned in regulations. These public servants should have a special knowledge of Co-operative business and business objectives of the relevant society.
 - (iii) However the registrar has the power to extent the period of office of the board of management so appointed, when the society at a general meeting request, the registrar to extend such period of office.
- (3) (i) if the registrar is of opinion that a board of management should be appoint to conduct the affairs of any society where the comity as been dissolved or nonfunctioning, he shall appoint such a board of management, constituted of three public officers, one of whom should be an officer of the co-operative department. The period of office of such a board of management should be for 6 months only, provided that this period could be extended for three months which the sanction the Minister.
- (ii) The person or persons appointed under section 2(a) and 3(1) exercise all the powers, rights and privileges of a duly appointed committee of the society, However they may exercise the power of the general body, only the instances the registrar permits them an special order in writing.
 - (iii) Any person or persons appointed under paragraph (b) of subsection 3(1) and (2) jointly and severally responsible for any loss sustained through any such act committed by them as are contrary to the law, rules or by-laws of the society.
 - (iv) The general body and the registrar may fix the remuneration payable to any person appointed under paragraph (b) of subsections (2) and (3) to manage the affairs of the

society, the amount of such remuneration and other expenses, if any, incurred in the management of the society shall be payable from its fund.

- (v) It shall be the duty of the person or persons appointed under this section to manage the registered society dissolved under paragraph (b) of Sub section (1) and (2) the holding office immediately prior to the date on which it ceases to hold office and to arrange for the election of a new committee in accordance with the by laws of the society.

Suspension or
interdiction and
Removed of
officers and c.

- (4) Nothing in this section shall be deemed to affect the power of registrar to cancel the registration of the society under Section 49.
- (5) Before the completion of an inquiry under Section 46 or investigation under Section 47, if the registrar is of opinion that a *prima facie* case has been established against the committee, the registrar shall have the power to suspend such committee for a period of six months and appoint an interim board to manage and administer the affairs of society. The registrar shall complete such inquiry or investigation within six months from the date of suspension of such committee and take a final decision regarding the dissolution of such committee under Subsection (1).
- (6) (1) If the registrar is of the opinion after an inquiry under Section 46, or an inspection or investigation under Section 47, that any officer or employee of any registered society is not performing his duties in proper manner, or is unfit or otherwise unable to discharge his duties efficiently, he may notwithstanding anything to the contrary in this law, the Co-operative Employees Commission Act, No. 12 of 1972 or any other law. The registrar shall order the committee of the relevant society to take disciplinary actions in connection with the said employee.
- (7) A member or members of the committee of a registered co-operative society removed by the registrar or the main body of the society, after considering the findings of the inquiry or the investigation under Section 46 shall not be eligible to be elected to office of any co-operative society for a period of the 7 years from the date of such removal.
- (8) If the registrar after the inquiry under Section 46 or the investigation under Section 47 is of opinion that the committee member who held any office to discharge his duties efficiently during the investigation after giving such officer an opportunity to state their object, if the registrar is of opinion that he is further guilty. The registrar has the power to inform his guilty in writing.

He shall not be eligible to be elected to office of any registered society for a period of 7 years from the date of such communication.

- (9) The Registrar Sabaragamuwa Provincial Council is not entitled to be appointed or nominated as a Chairman or Director of any Co-operative society registered within the province.

Chapter X

DISSOLUTION OF A REGISTERED SOCIETY

Dissolution

49. (1) If the registrar after an inquiry under Section 46, or an inspection or an investigation under Section 47, or on receipt of an application for its dissolution made by three-fourths of the members of a registered society and after giving an opportunity to the society and to the creditors of such society to state their objections, is of opinion that the society ought to be dissolved, he may by order under his hand cancel the registration of the society.

- (2) Any member or any creditor or a registered society may, within two months from the date of an order under subsection (1) appeal from such order to the Minister in charge of the subject of Co-operative Development in the society.
- (3) Where no appeal is presented within two months from the making of an order canceling the registration of a society, the order shall take effect on the expiry of that period. Where an appeal is presented within the two months the order shall not take effect until it is confirmed.
- (4) Where the registrar cancels the registration of a society under Subsection (1), he may appoint one more persons to be in charge of the books, documents and property of the society and to manage the affairs of the society until the order canceling the registration of the society takes effect, or until such order is reversed in appeal by the Minister in charge of the subject of Co-operative Development in the Sabaragamuwa Province.

On the appointment of such person or persons the committee of the society or any other person in charge of the books, documents and other property of the society shall hand over such books, documents or property to the first-mentioned person or persons and such committee shall until the order canceling the registration takes effect or until such order is reversed in appeal by the Minister, cease to function.

50. The registrar may order in writing cancel the registration of any -

Cancellation of
Registration of
Society.

- (a) Where it is a condition of the registration of the society. That the society shall consist less than the minimum number prescribed by Section 4(1)(a)(b) of this statute ; or
- (b) If registered society has not commenced working during one year from the date of registration of such society or has ceased to work for a period of two years prior to the date of making the order of canceling under this section.

51. Where the registration of a society is cancelled by an order under Section 49 or under section 50, the society shall cease to exist as a corporate body from the date on which the order takes effect, hereinafter referred to as the date of dissolution,

Effect of
cancellation Of
registration.

Provide that any privileges conferred on the society by or under this statute shall be deemed to be vested in any liquidator or liquidators appointed for that society by the registrar.

52. Where the registration of a society is cancelled under Section 49 or Section 50 as the case may be, taken effect.

Liquidation after
cancellation of
registration of
Society.

All the property of the society shall vest in the liquidator or liquidators on the date on which the order of cancellation under Sections 49 and 50 as the case may be, taken effect.

53. (1) A liquidator appointed under section 52 shall, subject to the guidance and control and control of the registrar and to any limitations imposed by the registrar by order under Section 54, have power to-

Liquidator's
Powers.

- (a) Determine from time to time the contributions to be made by members or by the estates of deceased members of the society to its assets ;
- (b) Appoint a day by proclamation or notice before which creditors whose claims are not already recorded in the books of the society shall state their claims for admission or be excluded from any distribution made before they have proved them ;

- (c) Decide in accordance with the provisions of this statute any question of priority which arises between creditors ;
 - (d) Refer for arbitration under Section 58 any dispute of any description mentioned in that section (references therein to the society being construed as reference to the liquidator), and institute and defend suits and other legal proceedings on behalf of the society by his name or office ;
 - (e) Decide by what persons and in what proportions the costs of liquidation are to be borne ;
 - (f) Give such direction in regard to the collection and distribution of assets as may be necessary in the course of winding-up the society ;
 - (g) Compromise any claim by or against the society provided the sanction of the registrar has first been obtained ;
 - (h) Call such general meeting of members as may be necessary for the proper conduct of the liquidation ;
 - (i) Take possession of the books, documents and assets of the society ;
 - (j) Sell the property of the society and deposit all moneys collected by liquidator in such manner as directed by the Registrar ;
 - (k) Carry on the business of the society so far as may be necessary for winding it up beneficially ; provided that nothing herein contained shall entitle the liquidator of a credit society to issue any loan ; and
 - (l) Arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Registrar
- (2) Where there is any debt by any member or past member to a society whose registration is cancelled under Section 49 or Section 50 such person is a member of any other society registered under this statute after the date of such cancellation, then liquidator of such first mentioned society appointed under Section 52, shall subject to the guidance and control of the Registrar and to any other limitations imposed by the registrar by order under Section 54, have power to require that such other society shall recover, from any sum of money due from such society to such person, a sum not exceeding such debt due from such member to such other society and transmit the same liquidator.
- (3) subject to such rules as may be made in that behalf, any liquidator appointed under this statute shall in so far as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of parties and witnesses and to compel the production of documents by same means and (so far may be), in the same manner as if provided in the case of a District Court under the Civil Procedure Code.

Powers of
Registrar to
control
Liquidation

54. (1) A liquidator shall exercise his powers subject to the control and direction of the Registrar, who may-
- (a) Rescind or vary any order made by a liquidator and make whatever new order is required ;

- (b) Remove a liquidator from office ;
 - (c) Call for all books, documents, and assets of the society ;
 - (d) By order in writing limit the powers of a liquidator under section 53 ;
 - (e) Require accounts to be rendered to him by the liquidator as his discretion ;
 - (f) Procure the auditing of the liquidator's account and authorized the distribution of the assets of the society ;
 - (g) Make order for the remuneration of the liquidator ; or
 - (h) Refer for arbitration any dispute (not being a dispute) so referable under section 53 (1) (d) between the liquidator and any third party, if such party consents in writing to be bound by the decision of the arbitrator.
- (2) There shall be established a fund called the 'Surplus fund' to which shall be credited all the moneys collected by the liquidator, and such fund shall be operated by the registrar in accordance with the rules.
55. (1) the decision of an arbitrator on any matter referred to him under section 54 shall be binding upon the parties and shall be enforceable in like manner as an order made by the registrar under that section. Enforcement of order
- (2) An order made by a liquidator or by the registrar under section 53 or section 54 shall not be called in question in an civil court, and shall be enforced by any civil court having jurisdiction over the place where the registered office of the society is situated in like manner as a decree of that court ;
- (3) Where no appeal is presented to the minister in charge of the subject of Co-operative Development in the Sabaragamuwa Province within two months of the making of an order by a liquidator or the registrar under section 53 or section 54, such order of the liquidator or the registrar shall take effect on the expiry of that period. Where an appeal is presented to the minister in charge of the subject of Co-operative Development in the Sabaragamuwa Province within the two months, the order of the liquidator or the registrar shall not take effect until it is confirmed by the minister in charge of the subject of Co-operative Development in the Sabaragamuwa Province.
56. Same in far as herein before expressly provided, no civil court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this statute. Limitation the jurisdiction of the Civil court.
57. (1) In the liquidator of a society whose registration has been cancelled, the funds, including the Reserve fund, shall subject to the provision of section 40(2) be applied first to the costs of liquidation, then to the repayment of Government loans, and Government guaranteed loans, and Provincial Council loans and then provided the by-laws of the society permit, to the payment of a dividend at a rate not exceeding six percentum per annum for any period for which no disposal of profits was made, and to the payment of a rebate, to members for any period for which no disposal of profits has been made where such period is immediately preceding the date of dissolution. Liquidation closed
- (2) When the liquidation of a society has been closed and any creditor of that society has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the *Gazette*, and, in respect of any claim against the funds of such society, no action shall be maintainable unless it is commenced within three months from the date of the publication of such notice in the *Gazette*.

CHAPTER X

DISPUTES

Settlement of
disputes

58. (1) If any dispute touching the business of a registered society arises -

- (a) Among members, past members, and persons claiming through members, past members and deceased members, or among officers or employee of the society, whether past or present, or among heirs or legal representatives of deceased officer or employees ; or
- (b) Between a member, past member or person claiming thorough a member, past member or deceased member, and the society, its committee or any deceased officer or employee ; or
- (c) Between the society or its committee and any officer or employee of the society, whether past or present, or heir or legal representatives of any decesaed officer or employee ; or
- (d) Between the society or its committee and-
 - (i) Any person who was a member or an officer or employee of any other society whose business or part there of was transferred to the society ;
 - (ii) Any person who claims though any member or part member or decesased member of the society referred to in sub-paragraph (i) ; or
 - (iii) Any person who is the heir or legal representative of any officer or employee of the society referred to in sub-paragraph (i) ; or
- (e) Between the society and any other registered society, such dispute shall be referred to the registrar for decision. A claim by a registered society for any debt, demand or damages due to it from a member, officer or employee, whether past or present , or any nominee, heir or legal representative of a deceased member, officer or employee, or a claim for and debt damage or demand due to a member from a registered society, from an officer or employee or member, past or present or to any nominee, heir or legal representative of a deceased member, office or employee, from a registered society, whether or such debt, demand or damages is admitted or not, shall be deemed to be a dispute touching the business of a society within the meaning of this sub-section.

(2) The registrar may, on receipt of a reference under sub-section (1)-

- (a) Decide the dispute himself, or
- (b) Refer it for disposal to an arbitrator or arbitrators.

(3) Any party aggrieved by the award of the arbitrator or arbitrators may appeal there from to the registrar.

Any appeal made against the award given should be made in a document with reasons within 60 days from the date award was given.

If the appeal is made against the award given against you by a deferent at an arbitration, 10% of the amount awarded if the appeal in mode by the plaintiff 10% of the amount claimed at arbitration should be sent along with the appeal however the deposit should not be less than Rs. 500 and not exceeding s. 10000.

- (4) Registrar shall reject as appeal which is not in accordance with the statements above.
 - (5) However, if it is felt that it is necessary to inquire foots written or orally form any party power is granted to call these or their representative.
 - (6) When the registrar is convinced that it has been justified to make an appeal, the deposit may be returned to the person, who deposited it. And also if the registrar is convinced that no reasonable facts is available to make an appeal, the deposit should be credited to the Co-operative fund.
 - (7) A lawyer cannot be employed as a arbitrator and also a lawyer cannot appear for a party before registrar or arbitrator or arbitrators,
 - (8) A decision of the registrar under sub-section (2) or in appeal under sub-section (3) or under sub-section (4) shall be final and shall not be called in question in any civil court.
 - (9) The award of the arbitrator or arbitrators under sub-section (2) shall , if no appeal is preferred to the registrar under sub-section (3) or if any such appeal is abandoned or withdrawn, be final, shall not be called in question in any court.
 - (10) The provisions of the prescription Ordinance shall not apply to any claim which is the subject of a dispute under this section.
 - (11) If any question arises whether a dispute referred to the register under this section is a dispute touching the business of a registered society the decision thereon of the registrar shall be final and shall not be called in question in any civil court.
 - (12) In this section “member” includes associate member.
59. (1) Where a decision of the registrar or an appeal referred or made to him under section 58, hereinafter in this section called a “decision” or an award of an arbitrator or an dispute (referred to him under that section, from which award no appeal has been duly made to the registrar under that section, hereafter in this section called on “award”, is that a sum of money is due from one party to the dispute to another party to the dispute) and such together with costs and interest, if any has not been paid, the registrar may in respect of the party from whom such sum if due, hereafter in this section called the “defaulter”.
- Enforcement of
Decision or
award.
- (a) Issue a certificate to District Secretary, Assistant District Secretary Fiscal or Deputy Fiscal, containing particulars of such sum, together with costs and the name of such defaulter ; or
 - (b) Issue a certificate to a District Court having jurisdiction in any district where the defaulter resides or in which any property movable owned by the defaulter is situated, containing particulars of the sum due together with costs and interest, if any and the name of the defaulter ; or
 - (c) Issues a certificate containing particulars of the amount due and the name and last known place of business or residence of the defaulter to a Magistrate having jurisdiction in the division in which such place is situated.
- (2) (a) Where the registrar issues a certificate under Paragraph (a) of subsection (1) to a District Secretary, Assistant District Secretary, Fiscal or Deputy Fiscal, such officer is here by empowered and required to cause such sum together with costs and interests to be recovered from the defaulter by seizure and sale of his movable property.

- (b) The said seizure shall be affected in such manner as such officer shall deem most expedient in that behalf, and every property so seized shall be kept for five days at the cost and charge of the defaulter. If the defaulter does not pay such sum as is due together with costs and interest, and the cost and charge of seizing and keeping the property, within the said five days, the District Secretary, Assistant District Secretary, Fiscal or Deputy Fiscal as the case may be, shall cause the said property to be sold by public auction.
- (c) The sum realized by the sale shall be applied -
- (i) First in payment of the cost and charge of seizing, keeping the property, and
- (ii) Secondly, in satisfaction of the sum of money due together with costs and interest, and any balance shall be restored to the owner of the property seized.
- (3) Where a certificate is issued to a District Court under paragraph (b) of subsection (1) the Court shall thereupon direct a writ of execution to issue to the Fiscal authorized and requiring him to seize and sell all or any of the property movable and immovable of the defaulter, or such part thereof as, he may deem necessary for the recovery of such sum and the provision of sections 226 to 297 of the Civil Procedure Code shall *mutatis mutandis* apply to and in relation to such seizure and sale ; and
- (4) Where a certificate is issued to a Magistrate under paragraph (c) of Sub-section (1) Magistrate shall thereupon summon such defaulter before him to show cause why further proceedings for the recovery of the amount should not be taken against him, and in default of sufficient cause being shown, the amount shall be deemed to be a fine imposed by a sentence of the Magistrate on such defaulter for an offence punishable with fine only or not punishable with imprisonment, and the provisions of section (291)(except paragraph (a) and (c) of Sub-section (1) of that section of the Criminal Procedure Code of No. 15, of 1979 shall thereupon apply, and the Magistrate may make any direction which, by the provisions of that section, he could have made at time of imposing such sentence the magistrate shall order a defaulter who gives his consent to pay a fine to credit it to a bank account or any other way as the Magistrate recommends, the Magistrate may have the power to order considering that money as paid to the court when he is satisfied about the legality of the receipt. Any defaulter sentenced to a term of imprisonment in default of the fine imposed in accordance with section 291 of the Code of Criminal Procedure Act, No. 15 of 1979, shall not be absolved from the payment of any sum of money mentioned in the certificate specified in Section 59 (1) (c).
- (5) Where the registrar issues a certificate under this section , he shall issue to the defaulter a notification thereof by personal service, registered post or telegraph ; but non-receipt of such notification by the defaulter shall not invalidate proceedings under this section.
- (6) Nothing in this section shall authorize or require a District Court or Magistrate in any proceedings thereunder to consider, examine or decide the correctness of any statement in the certificate of the registrar.
- (7) Any sum realized by a sale under sub-section (3) and any sum paid or levied as fine under sub-section (4) shall be transmitted by the District Court or the magistrate, as the case may be, to the registrar who shall Dispose of such sum in accordance with the relevant decision or award.
60. (1) Where the application for membership of a registered society made by any person is refused by the society, such person may appeal to the registrar against the refusal and the decision of the registrar on such appeal shall be final and binding on the society.

- (2) Where any question arises as to whether a member of a registered society has been duly elected to any office in the society or whether any general meeting of the society had been validly held, that question shall be decided by the registrar whose decision shall be final.
- (3) Where the registrar is of opinion that it is necessary or expedient to do so for purpose of ensuring efficient management of the affairs of a registered society operating with state funds or for the purpose of safeguarding any investments or advances in money or goods made to such society by the Government and provincial society, nominate such number of persons to be members of the committee of such registered and nominate the Chairman and vice Chairman as are in his opinion necessary or expedient for such purpose ; When the registrar appoints Chairman and Vice Chairman among the selected members of the committee, the posts of the Chairman and the Vice Chairman at present will cease to function by this new appointments.

Provided that the number of such nominated members, shall be less than one half of the total number of members of such committee.

- (4) The registrar has the power to name a controlling board consisting of 3 persons to proceed management affairs of the society after the due time of the society as indicated in by-laws of society. These 3 persons should be state officers to comply with the section “b” of 48(2). The registrar has the power to name one of them as the chairman of the controlling board. It is the responsibility of the controlling board to appoint a committee to comply with the by-laws, before a lapse of 06 months from the date the controlling board was appointed.

CHAPTER XII

RULES

61. (1) The Minister in charge of the Subject of Co-operative Development in the Sabaragamuwa Province may make all such as may be necessary for the purpose of carrying out of giving effect to the principles and provisions of this law. Rules
- (2) In particular, and without prejudice to the generality of the powers conferred by sub-section (1), such rules may-
- (a) Prescribe the conditions to be complied with and applying for the registration of a society and the procedure in the matter of such applications ;
 - (b) Prescribe the conditions to be complied with any persons applying for admission or admitted as members and provide for the election and admission of members from time to time and the payment to be made and interest to be acquire exercising right of membership ;
 - (c) Provide for the withdrawal and expulsion of members and for the payments to be made to members who withdraw or are expelled, and for the liabilities of past members ;
 - (d) Prescribe the extent to which the registered society may limit the number of its members ;
 - (e) Subject to the provisions section 3, prescribe the maximum number of shares or portion of the capital of a registered society which be held by a member ;

- (f) Prescribe the payments to be made, the conditions to be complied with, and the forms of the bonds, instruments or other documents to be executed by members applying for loans or cash credits, the period for which loans may or credit granted, and the maximum amount which may be lent and the maximum credit which may be allowed to individual members ;
- (g) Prescribe the conditions under which profits may be distributed to the members of society and the maximum rate of dividend which may be paid by societies ;
- (h) Provide for general meetings of the members, and for the procedure at such meetings and the powers to be exercised by such meetings ;
- (i) provide for the appointment, suspension, and removal of the members of the committee and other officers, and for the procedure at meetings of the committee, and for the powers to be exercised and the duties to be performed by the committee and other officers ;
- (j) Prescribe the matters in respect of which a society may or shall make by laws, and for the procedure to be allowed in making, altering, and rescinding by-laws and the conditions to be satisfied prior to such making, alteration, or rescission ;
- (k) Prescribe the accounts and books to be kept by a registered society, and for the periodical publication of a balance sheet showing the assets and liabilities of a registered society ;
- (l) Provide for the audit of the accounts of registered societies and for the charge, if any, to be made for such audit and provide for the levy of contribution from all or any registered societies to a fund to be known as the Co-operative fund, to be used for the audit and supervision of and assistance to existing societies and Co-operative propaganda for Co-operative education and training, and provide for the administration of that Fund;
- (m) Provide for the person by whom, and the form in which, copies of entries in books of registered society may be certified ;
- (n) Provide for the formation and maintenance of registrar of members, and where the liability of the members is limited by shares, of a register of shares ;
- (o) Provide for the formation and the maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of any registered society ;
- (p) Prescribe the mode of appointing an arbitrator or arbitrators, and the procedure to be followed in proceedings before the registrar or such arbitrator or arbitrators, and the enforcement of the decisions of the registrar or the awards of arbitrators ;
- (q) Provide for the establishment and maintenance of the surplus fund referred to in this statute and prescribe the manner and purposes for which the moneys of such fund may be disbursed ;
- (r) Prescribe the forms to be used, the procedure to be observed, and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this law or the rules made thereunder ;
- (s) Regulate the manner in which funds may be raised by means of shares or debentures or otherwise and the rate of interest which may be paid on deposits ;
- (t) To prescribe the disqualifications of a member of a registered society from being elected as a member of the committee of management or of a regional or branch committee ;

- (u) Prescribe the returns to be submitted by registered societies to the Registrar and the persons by whom and the form in which the same are to be made.
 - (v) Prescribe the manner in which any question, as to the breach of any by-law or contract relating to the disposal of produce to or through a society, may be determined, and the manner in which the liquidated damages for any such breach may be ascertained or assessed ;
 - (w) Prescribe the conditions to be observed by a registered society applying for the financial assistance of Government and Provincial Council
 - (x) Determine the cases, expressly provided for in this statute, in which an appeal shall lie to the minister against order made by the Registrar
 - (y) Prescribe the procedure to be followed by a liquidator appointed under section 52 and the cases in which appeal shall lie from the orders of such liquidator
 - (z) Prescribe the forms to be used the fees to be paid, the procedure to be observed, and all other matters connected with to the presentation, hearing and disposal of appeals under this law or the rules made thereunder.
 - (zi) Prescribe the restrictions on values related to any property when selling, purchasing, acquiring by gifts, taking on lease, mortgaging or acquiring by any means and by sale, lease, gift, mortgage or otherwise dispose of any movable or immovable property which are not wholesale commodities.
- (3) No rules shall have effect unless it has been approved by the Sabaragamuwa Provincial council, Ruler approved so, shall be published in the Gazette, every rule shall, upon the publication in the Gazette of the Notification be as valid and effectual as though it were herein enacted.

CHAPTER XIII

DEBTS DUE TO GOVERNMENT

62. (1) All sum due from registered society, or from an officer or member or past member of a registered society as such to the Government and provincial including sums due on Government loans and Government and Provincial Council guaranteed loans, and any costs awarded to the Government and Provincial Council under section 46 may be recovered in manner provided for the recovery of debts due to the Republic by the Crown over sums due to any other person or persons.
- (2) Sums due from a registered society to Government and Provincial Council recoverable under sub-section (1) may be recovered first, from the property of the society ; secondly in the case of a registered society of which the liability of the members is limited, from the members, subject to the limit of their liability ; and thirdly in the case of other societies, from the members.

Recovery of Sums Due to Government and provincial council.

CHAPTER XIV

MISCELLANEOUS

63. Notwithstanding anything contained in statute the Minister in charge of the subject of Co-operative Development in the Sabaragamuwa province. May be special order in each case and subject to such conditions as he may impose exempt any society from any of the requirements of this statute as to registration.

Special power of Minister to exempt any society from Requirements to registration

Special power of Minister to exempt Societies from Provisions this statute	64. The Minister in charges of the subject of Co-operative Development in the Sabaragamuwa Province. May by general or special order exempt any registered society of class of societies from any of the provisions of this statute or may direct the such provisions shall apply to any society or class of societies with effect from such date or with such modifications as may be specified in the order.
Restriction use of Word "Co-operative"	65. (1) No person other than a registered society shall, without the sanction of the Minister-in-charges of the subject of Co-operative Development in the Sabaragamuwa Province. Trade carry on business under any name or title of which the word "Co-operative" or in Sinhala the word "Eksath Sahakara" () "Samupakara" () or in Tamil the word "Aikkaiya" () or "Kutturavu" from part. Provided that nothing in this section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business prior to the twenty second any of September, 1921. (2) Whoever contravenes the provisions of this section shall be liable on conviction after summary trial by a Magistrate's Court to a fine which may extend to Five Hundred Rupees, and in the case of a continuing offence, with a further finof.
Registrar may order repayment or Restoration Money or other property Due to society	66. (1) Where in the course of an audit under Section 44 or inquiry under Section 46, inspection of books and investigation of affairs of a registered society under section 47, or I the course of the liquidation of a registered society, it appears that any sum money or other property is due to the society from any person or group of persons who or which has taken part in the organization or management of the society or from any part or present office or employee of the society, who has utilized the funds of the society contrary to the provisions of this statute or any other law or rules or regulation made there under or the by -laws or the working rules of the society or financial procedure approved by the registrar or any general directions issued by the registrar of the Co-operative employee's Commission the registrar may ; and of his own motion or upon the application of the committee or the liquidator or any credit or contributor of the society, as the case may be, examine the conduct of such person or group of persons or offices employee and order requiring him or such group - (a) to repay with such interest as the registrar thinks fit such money or part there of ; (b) to restorer such other property or part there ; or (c) to contribute such sum as the registrar thinks fit to the assets of the society by way of compensation. Before making any such order against any person or group of persons the registrar shall give that person or group of persons an opportunity of being heard and of showing cause why such order should not be made. (2) Where an order under subsection (1) for the repayment of any sum to a registered society, or for the contribution of any sum to its assets by way of compensation, has not been complied with, such sum may be recovered by the registrar and application to the Magistrate having jurisdiction in the division in which the registered place of business of the society is situated or in which the person or group of persons or office or employee against whom the order was made resides or caries on business as thought it were fine imposed by a sentence of the Magistrate, on such person groups or persons or officer or employee for an offence punishable with fine only or not punishable with imprisonment, and the provisions of section 291 (except paragraphs (a) and (d) or subsection (1) of that section) of the code of criminal procedure Act, No. 15 of 1979 or the by-laws

of the working rules of the society or financial procedure approved by the registrar or any general directions issued by the registrar or the Co-operative employee's commission the registrar may shall thereupon apply, and the Magistrate may make any direction which, by the provisions of that section, he could have made at the time of imposing such sentence. Nothing in this section shall authorize or require the Magistrate in any proceedings thereunder to consider to consider, examining or deciding the correctness of any order made by the registrar.

- (3) Neither the preceding provisions of this section nor the making of any thereunder may be deemed or construed to preclude or otherwise affect the institution or maintenance of a prosecution against any person or group of persons or officer or employee referred in subsection (1) in respect of any offence under any other written law.

- (4) (i) The chairmen and every member of the committee of a registered society shall make to the Commissioner of Co-operative Development, in the prescribed form, an annual declaration of -

- (a) all his assets and liabilities ;
- (b) all the assets and liabilities of his spouse ; and
- (c) all the assets and liabilities of each of his children.

As on the thirty-first day of March of the year in respect of which such declaration is made.

- (ii) The declaration referred to in subsection (1) shall be made by the Chairman or every member of the committee of a registered society, to the commissioner of Co-operative Development, within three months of his election or appointment, as the case may be such Chairman or member, and unless he ceases to be such Chairman or member before the first day of July of every year succeeding the year in which the make his first declaration.

67. It shall be lawful the registrar, after accounts of a registered society have been audited as provided in section 44 or after an inquiry under section 46 or an inspection, of books and investigation of affairs of a registered society has been held under section 47, to require any person who is or has at any time been entrusted with or being a person having or at any time having had the domination of, any money, or any goods or property, in his capacity as an officer or a member or a servant of the society, to pay over or produce such amount of money or balance thereof or pay the value of such goods or property which is shown in the books of accounts or statements kept or singed by such persons as held by or due from him as such officer, member or servant ; and if such person upon being so required, fails to pay over or produce such amount of money or balance thereof criminal breach of trust and shall on conviction after summary trial before a Magistrate be liable to imprisonment of either description for a term not exceeding ten years and shall also be liable to fine, notwithstanding that such punishment exceeds the ordinary jurisdiction of Magistrate”.

67. (a) It shall be lawful an officer of the Department of Co-operative Development to investigate, inquire and conduct prosecution which fall within chapter XVII of the criminal procedure Act, No. 15 of 1979, in respect of any matter involving a registered society.

Who may
conduct
prosecution

68. Notwithstanding anything in any other written law, the registrar may, there he considers it necessary to do so, require any bank -

Registrar may
Require bank to
Produce any
Information &
etc.,

- (a) To furnish any information regarding the transactions of any registered society with the bank ;
- (b) To produce a copy showing the account of the society with the bank from the ledger kept by the bank, or
- (c) To produce any cheques paid to the credit of the society or endorsed by the society.

Companies
Ordinance And
trade Unions
Ordinance not
to apply

69. The provisions of the companies Ordinance, and or the Trade unions Ordinance, and or any enactments amending those Ordinances shall not apply societies registered under this statute.

Savings for
existing
societies, Rules
etc.,

70. (1) With the effect of the commencement of this statute within the Sabaragamuwa province, every society registered or deemed to be registered under a certain law cancelled by the Co-operative Act, No. 05 of 1972 of the National State Assembly as read with the fourth Amendment or under the Co-operative societies statute No. 03 of 1994 assented by the Sabaragamuwa Province which becomes invalid by this statute, shall be deemed to be registered under this statute and the by-laws of such society shall so far as they are not inconsistent with the express provisions of this statute continue in force until altered or rescinded.
- (2) With the effect of the commencement of this statute within the Sabaragamuwa Province, all rules made under Co-operative society Law, No. 5 of 1972 of the National State Assembly as read with the fourth Amendment ceased by this statute and any enactment repealed by said law and in force at the time of the commencement of this statute shall, in so far as they are not inconsistent with the provisions of this statute be deemed to have been made under this statute and shall continue in force until new rules are made under section 61 in substitution for those rules.
- (3) The Co-operative societies Act, No. 05 of 1972 read with the amendment suspended with the implementation of this statute in the Sabaragamuwa Province or under any law cancelled by this act or under the Co-operative societies statute No. 03 of 1994 assented by the Sabaragamuwa Province which becomes invalid by the implementation of this statute of all appointments and orders made, notifications and notices issued, awards made by arbitrators, and decisions made by the registrar, and suits and other proceedings instituted or deemed to have been made, issued or instituted and all disputes that have arise under any enactment ceased by this statute shall, be deemed to have been respectively made issued and instituted and to have arisen under this statute.

Assets relating to
deposit Insured
under Monetary
Law Act not be
utilized Except
for meeting
liabilities relating
to such depositors.

71. Where any registered society carrying on banking business of any kind has insured its deposits under Part II of Chapter V of the Monetary Law Act, the assets relating to the deposits insured under that part, shall not withstanding anything in any other provisions of this statute not be utilized for any purpose other than to meet the liabilities relating to such deposits.

Penalty for non
compliance with
this Statute.

72. (1) Every registered society or an officer or employee or member thereof which or who willfully neglects or refuses to do any act or to furnish any information required for the purpose of this statute by the registrar or other person duly authorized by him in that behalf, and every person who willfully or without any reasonable excuse disobeys any summons, requisitions or lawful written order issued under the provisions of this statute or fails to furnish any information lawfully required from him by a person authorized to do so under the provisions of this statute, every registered society or officer or employee or member thereof which or who willfully makes a false return or furnishes a false information, shall be guilty be of an offence under this statute.

(2) every persons who commits any referred to in sub-section (1) shall on conviction after summary trial before a Magistrate, be liable to imprisonment of either description for a period not exceeding two years, or to a fine, not exceeding twelve thousand rupees, or to both such imprisonment and fine, notwithstanding that such punishment exceeds the ordinary jurisdiction of a Magistrate.

(3) Where any offence under this statute is committed by a registered society, every officer of the society bound by the by-laws or the rules to perform any duty where of the rules to perform any duty whereof the offence is a breach, or if there is no such officer, then every member of the committee, unless that member is proved to have been ignorant of or to have attempted to prevent the commission of the offence, shall be liable to the same penalty as if he had committed the offence.

73. No suit or prosecution shall lie against the registrar, Deputy Commissioner, Senior Assistant Commissioners, or other persons duly authorized or appointed by the registrar under sections 44, 46, 47, 49, 52, 66 and 67 of this statute for any act which in good faith is done or purported to be done in the performance of their duties or the discharge of their functions under this.

Protection for
action of
Registrar, etc.

74. (1) Form the date of this statute comes into operation following laws shall cease to function from the date of this statute coming into operation within the Sabragamuwa province.

Ceasing of Acts
and cancellation
of statute.

(i) Co-operative societies Law, No. 05 of 1972

(ii) Co-operative societies Act, No. 32 of 1983

(iii) Co-operative societies (Amendment) Act, No. 11 of 1992

(iv) Co-operative societies statute No. 03 of 1994.

(2) However all laws and regulations presently in force under the above statutes, shall remain to be operative and relevant functions shall be lawful and functional.

Interpretation.

75. In this statute unless the context otherwise requires—

“by-laws” means the registered by-laws for the time being in force and includes a registered amendment of the by-laws ;

“Committee” means the governing body of a registered society to whom the management of its affairs is entrusted and includes the board of directors of a registered society and persons appointed by the Registrar under section 48(2), 48(3), 48(8), 49(4), 60(3) and 60(4) ;

“Officer” includes a person who is the Chairman, Vice Chairman, Secretary, Treasure or Managing Director of a society or any branch there of or a regional committee or a member of committee of a society or a person who is duly empowered to give directions in regard to the affairs of the society ;

“Officers of the Co-operative Development Department” mean Co-operative Development officers, District Officers, Assistant Commissioners of Co-operative Development (Deputy Commissioners), Assistant Commissioners of Co-operative Development or Commissioners of Co-operative Development and Registrar.

“bank” Means –

(a) any person or body of persons, corporate or unincorporate, which carries on in Sri Lanka the business of accepting from the public, or of creating, demand deposits ;

- (b) any agency-or-institution acting on behalf of the government (whether established by any written law or otherwise) which makes loans, advances or investments or accepts deposits of money from the public,
- (c) The Development Finance corporation of Ceylon established under the Development Finance Corporation of Ceylon Act, and
- (d) any other person or body of persons declared by the cabinet minister in charge of the subject of Finance, in consultation with the cabinet minister in charge of the subject of co-operative Development, by order published in the Gazette, to be a bank for the purpose of this statute.
1. “primary society” means a registered society not being a society established with any object, or for any purpose referred to in paragraph (b) of section 3.
 2. “society or secondary society” means a society consisting registered co-operative societies established with any object or, for any purpose referred to in paragraph be of section 3.
 3. “rules” means rules made or deemed to have been made under this statute.
 4. “state funds” shall mean loans, advances and grants, granted by the Government and the provincial council and includes any loans, grant or advances out of the funds formed under this statute or rules.
 5. “registrar” means the person appointed to perform duties.
 6. “registered society” means primary or secondary societies registered or deemed to be registered under this statute.
 7. “member” includes a person joining in the application for the registration of a society, and a person admitted to membership after registration in accordance with the rules and by-law.
 8. “whole member” means a member after one year has lapsed from the date he was enrolled to membership of a registered primary co-operative society and who has completed the payment of the value of a share/part.
 9. “minister” means the person appointed to perform the duties of the minister in charge of the subject of Co-operative Development in the Sabaragamuwa province under this statute.
 10. “provincial council” means the provincial council of Sabaragamuwa province under this statute.
 11. “officers of the Co-operative Development Department” means co-operative inspectors, district officers and deputy commissioner of co-operative development or assistant commissioners.
 12. in the event of any inconsistency between the Sinhala, Tamil and English text of this statute, the Sinhala text shall prevail.