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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

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PART IV (A) - PROVINCIAL COUNCILS

Provincial Councils Notifications

CO-OPERATIVE SOCIETY STATUTE NO. 5 OF 2009 OF THE NORTH CENTRAL PROVINCE PROVINCIAL COUNCIL

A Statute to provide for the development of co-operative societies in the North Central Province, to consolidate the law relating to the constitution and administration of co-operative societies, and to make provision for matters connected therewith or incidental thereto. This statute is inconsistent with the Co-operative Societies Law, No. 05 of 1972 as amended by Co-operative Societies (Amendment) Acts No. 32 of 1983 and No. 11 of 1992.

Be it enacted by the North Central Province Provincial Council as follows:-

01. This Statute may be cited as the Co-operative Societies Statute, No. 5 of 2009 of the North Central Province Provincial Council and shall come into operation on such date as the Governor of the North Central Province may appoint.

Short Title and date of operation.

Chapter I

ESTABLISHMENT OF THE DEPARTMENT OF CO-OPERATIVE DEVELOPMENT AND ITS FUNCTIONS

02. 2.1 (1) There shall be established a Department in the North Central Province which shall be called the Department of Co-operative Development for the purpose of implementation of the subject of co-operatives (which has been decentralized under Item No. 15 of the Provincial Council List) in the First List of the 9th Schedule of the 13th Amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka.

Establishment of the Department of Co-operative Development of the North Central Province and its objectives and functions.

(2) The objectives of the Department of Co-operative Development shall be: -

(3) To improve the knowledge, practices and entrepreneurship of the members and employees of co-operative societies in compliance with the co-operative vision, co-operative principles, co-operative policies and co-operative virtues;

(4) To provide guidance and assistance to the public in the Province for the organization, registration, expansion and strengthening of co-operative societies;

- (5) To maintain the co-operative entrepreneurship at an excellent level in the entire development process of the Province;
- (a) to register co-operative societies;
 - (b) to develop co-operative societies;
 - (c) to act as an intermediate when provisions are allocated to co-operative societies;
 - (d) to expand knowledge through education and training for the development of the co-operative entrepreneurship;
 - (e) to provide management consultancy services and to conduct researches on co-operative entrepreneurship;
 - (f) to act as a co-ordinator between international and national co-operative organizations;
 - (g) to settle disputes connected with the co-operative industry;
 - (h) to enforce through the judiciary the arbitral awards and orders, to institute action and to undertake matters related to court proceedings;
 - (i) to conduct general or special audit inspections on accounts and budgets of co-operative societies;
 - (j) to cancel the registration of and dissolve defunct societies and to take action to liquidate such societies;
 - (k) to perform all other actions incidental or otherwise to the above functions necessary for the furtherance of objectives of the Department.

Appointment of Registrar, Deputy, Senior Assistant and Assistant Registrars and powers of persons appointed to assist the Commissioner of Co-operative Development.

- 2.2 (1) The Governor of the North Central Province shall appoint the Commissioner of Co-operative Development and the Registrar for the North Central Province (hereinafter referred to as the “Registrar”).
- (2) The head of the Department of Co-operative Development shall be the Commissioner/Registrar.
- (3) Such number of Deputy Registrars, Senior Assistant Registrars and Assistant Registrars may be appointed as may be necessary for the purpose of this Statute.
- (4) 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 or deemed to be made thereunder.
- (5) All or any of the powers of the Registrar under this Statute and under any rule made or deemed to be made thereunder may be assigned to any Deputy Registrars, Senior Assistant Registrars and Assistant Registrars by an order published in the *Gazette* by the Minister.

Chapter II

ORGANIZATION AND REGISTRATION OF CO-OPERATIVE SOCIETIES

03. (1) Co-operative societies may be registered, subject to the provisions made or deemed to be made under this Statute: Societies, which may be registered.
- (2) Co-operative societies may be registered under this Statute with or without limited liability in accordance with the rules made or deemed to be made under this Statute.
04. (1) Every co-operative society expecting to be registered shall have continued to engage in co-operative activities for at least six months prior to the date of application for registration. The term of registration may be extended on the opinion of the Registrar and subject to rules made or deemed to be made under this Statute. Acceptance of previous Co-operative societies and Conditions of Registration.
- (2) No society shall be registered under this Statute if it consists only of members, and does not consist of at least fifteen 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, or if it does not become eligible as per rules made or to be made under this Statute.
- (3) Where, for the purposes of this Section, any question arises as to whether the conditions specified in the preceding provisions have not been satisfied, that question shall be decided by the Registrar, whose decision shall be final.
- Provided however that this age limit and other qualifications shall not be applicable to school co-operative societies.
- (4) Where, for the purposes of this Section, any question arises as to whether the conditions specified in the preceding provisions have been satisfied, that question shall be decided by the Registrar, whose decision shall be final.
- (5) When the Registrar rejects to register any co-operative society or union, an appeal against such rejection may be submitted to Minister in compliance with the rules made or to be made under this Statute in that regard.
- (6) Every co-operative society with or without limited liability registered under this Statute shall bear the word "Limited/Unlimited" at the beginning of its name in Sinhala language and the Tamil and English version of such word shall be a part of its name in Tamil or English.
- (7) A society shall for the purpose of registration, make an application to the Registrar in the form as may be prescribed by rules made under this Statute.
05. (1) For the purpose of registration, an application in the form as may be prescribed by rules made under this Statute, shall be made to the Registrar. Application for registration.
06. If the Registrar is satisfied that a society has complied with the provisions of this Statute, and the rules made there under; that the activity in which the society proposes to engage is economically viable, and that its proposed by-laws are not contrary to this Statute, or to any rules made thereunder, 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. Registration.
07. (1) A certificate of Registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered, unless it is proved that the registration of the society has been cancelled. Evidence of Registration.

(2) The Registrar shall, upon registering a society, issue to such society a Certificate of Registration as specified in rules.

(3) If the Registrar is satisfied that any amendment of by-laws is not inconsistent with this Statute or to the rules made or to be made thereunder, he may, if he thinks fit, register such amendment. 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 amendment of any By-law.

Amendment of
the by-laws of
a registered
Society.

08. Any registered society may, subject to this Statute and the rules made or to be made thereunder, amend its by-laws, including the by-law which declares the name of the society.

Amalgamation,
Division and
Transfer of
assets and
liabilities of
registered
Societies.

09. (1) A registered society may, with the prior approval of the Registrar and by a resolution passed by a two-third majority of the members or delegate present and voting 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) Divide itself into two or more societies

(2) Any two or more registered societies may, with the previous approval of the Registrar and by a resolution passed by a two-third majority of the members or delegates present and voting at a general meeting of each such society, amalgamate themselves and form a new society.

The Registrar shall not give approval to any society to transfer its assets and liabilities to any other registered society and to divide it into two or more societies or to amalgamate with another registered society.

(3) Where a registered society has passed any such resolution, it shall give notice thereof in writing to all its members and creditors and, notwithstanding any by-law or agreement to the contrary, any member or creditor shall, within a period of one month from the service of such notice, have the option of withdrawing his shares, deposits or loans, as the case may be.

(4) 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.

(5) Where a resolution passed by a registered society under this Section involves the transfer of any assets and liabilities, the resolution shall, notwithstanding anything contained in any law in force for the time being, be a sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.

Cancellation of
Registration
certificates of
registered
societies in
certain cases.

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 this Statute, the registration of the first mentioned society shall stand cancelled and that society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

(2) When two or more registered societies are amalgamated into a new society in accordance with the provisions of this Statute, the registration of each of the amalgamating societies shall stand 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 into two or more societies in accordance with the provisions of this Statute, the registration of that society shall stand cancelled on the registration of the new societies, and that society shall be deemed to have been dissolved and shall cease to exist as a corporate body.

Chapter III

MEMBERS OF REGISTERED SOCIETIES AND THEIR RIGHTS AND LIABILITIES

11. No member of a registered society shall exercise the rights of a member, unless or until he has made such payments to the society in respect of membership of the co-operative society or acquired such interest in the society as may be prescribed by rules or by-laws in compliance with the rules made and to be made under this Statute in this respect.
- No member to exercise their rights till payments due are made and mode of purchase of shares.
12. (1). A registered society may admit as any associate member, and person who enters into a contract for the Transaction of business with in accordance with the by-laws of the society in compliance with the rules made and to be made under this Statute.
- Associate members.
- (2) Such associate member shall not be entitled to any part whatsoever of the capital or profits of the society or to exercise the power of voting or to hold any post in the conduct of business of the society.
- (3) Except as provided in this Section, associate member shall have the rights and privileges of a member as may be clearly stated in the by-laws of the society and shall be accountable for any duties of a member.
- (4) The provisions applicable to associate members shall be included in the by-laws of each society.
13. The minority or non-age of any person duly admitted as a member of any registered society shall not debar that person from executing any instrument or giving any quittance necessary to be executed or given under this Statute or the rules made thereunder and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society; whether as principal or as Surety, and shall be enforceable at law by or against such person notwithstanding this minority or non-age.
- Contracts with society of members who are minors.
14. The subsequent discovery, of any defect in the appointments 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 into by such officer on behalf of such society.
- Contracts by officers.
15. (1) 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 an equality of votes the Chairman shall have a casting vote.
- Votes of Members.
- (2) No Commissioner, Deputy/Assistant Commissioner of Co-operatives, no District Officer or any other officer of the Department of Co-operative Development shall hold any office of any Co-operative society and shall only be eligible to vote, if they are members of the society (This does not apply to any society of the officers of the Department of Co-operatives.).
16. (1) Any member of a primary society shall at any meeting of the society exercise his vote in person and for such purpose, shall produce a valid identity card issued by the Government; provided however, that voting through a delegate at any meeting of the Society may be allowed to vote if it is so provided under the by-laws of the society.
- Manner of exercising votes.
- (2) Any registered society which is a member of any other registered society, shall appoint by the majority vote of its Committee its Chairman or any member of its Committee for the purpose of voting in the conduct of the affairs of the other society.

Restriction on transfer of share or interest.

17. (1) The transfer of the share or other interest of a member or past member or deceased member in the capital of a registered society shall be subject to such conditions as to maximum holding as may be prescribed by this Statute or by the rules.

(2) In the case of a society registered with unlimited liability, no member shall transfer any share held by him or his interest in the capital of the society or any part thereof, unless:

- (a) He has held such share or interest for not less than one year; and
- (b) The transfer is made to the society, or to a member of the society or to a person whose application for membership has been accepted by the committee.

Chapter IV

RIGHTS, OBLIGATIONS AND PRIVILEGES

Address of Society.

18. Every registered society shall have an address to which all notices and communications may be sent, and shall within seven days of any change of such address, notify the Registrar of such change.

Copies of Statute, rules, by-laws Etc., to be open to inspection.

19. Every registered society shall keep a copy each of the Statute, the rules, and of its by-laws and a list of its members open to inspection free of charge at all reasonable times, at the registered address of the society.

Societies to be bodies corporate.

20. The registration of a society 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 into contracts, to institute and defend suits and other legal proceedings, and to do all things necessary for the purpose of its constitution.

Disposal of produce to or through society.

21. (1) A registered society which has as one of its objects the disposal of any article which is the produce of agriculture or animal husbandry or any other industry, may under the provisions of rules made or to be made, 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 as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by rules, or by its by-laws.

Compulsory Sale of produce through a registered society in certain cases.

22. (1) Where the Minister is satisfied in the case of any registered society that the members of the society or any section thereof are producers of any article or articles in Sri Lanka or any province, district or area in Sri Lanka, the Minister may at his discretion, by Order, direct each producer of that article in Sri Lanka or any province, district or area in Sri Lanka, as the case may be, whether such producer is or is not a member of the society, to sell to or through the society such part of the total quantity of that article produced by him as is not required for his own use or consumption.

(2) Every Order made by the Minister under subsection (1) shall be published in the Gazette and shall specify the article, the area in which the Order shall operate and the basis on which the producer of such article shall be Paid.

(3) Every Order shall come into operation on the date of its publication in the *Gazette* and shall be in operation until it is rescinded subject to the provisions of sub-section (5).

(4) Every Order shall, as soon as convenient after its coming into operation, be brought before the Provincial Council of the North Central Province.

(5) Every Order which the Provincial Council of the North Central Province refuses to approve shall be deemed to be rescinded, but without prejudice to the validity of anything previously done or supposed to be done there under. The date on which an Order shall be deemed to be rescinded shall be the date on which the North Central Province Provincial Council refuses to approve the order and such date shall be notified in the *Gazette*.

(6) (a) The Minister may at any time by Order published in the *Gazette* (hereinafter referred to as “Amending Order”) vary any Order previously made under subsection (1) Every Amending Order shall come into operation on the date of its publication in the *Gazette*.

(b) An order made under subsection (1), which is varied by an Amending Order shall continue in operation, as so varied, for the period during which it would have been in operation if it had not been so varied, and no longer ;

(c) Every Amending Order shall be brought before the Provincial Council of the North Central Province for approval ;

Provided, however, that where an order made under sub section (1) is varied by one or more Amending Orders before it is approved by the Provincial Council of the North Central Province under subsection (4), the Order, when it is brought before the Provincial Council of the North Central Province for approval under that sub section, shall have incorporated therein all variations effected by such Amending Order or Orders, and it shall not be necessary in any such case to bring any such Amending Order separately before the Provincial Council;

(d) The refusal of the Provincial Council of the North Central Province to approve any amending order which is brought before the Provincial Council of the North Central Province for approval shall deemed to be a rescission of that amending Order, and the Order made under subsection (1) shall, from the date of such rescission, continue in operation as though that amending order had not been made;

(e) The Minister may at any time rescind any Order previously made under subsection (1). Notification of the rescission of any such Order shall be published in the *Gazette* and such Order shall be deemed to be rescinded upon the date of such publication.

(7) Every Order shall, when approved by the Provincial Council of the North Central Province, be as valid and effectual as if it were herein enacted.

(8) Every notification required to be published in the *Gazette* under this Section shall be published under the hand of the Minister.

(9) The provisions of any Order made under this section shall, notwithstanding that they are inconsistent with or in conflict with the provisions of any other written law, supercede such other written law for the period during which the Order is in force.

(10) Every producer who is directed by Order under subsection (1) to sell any article to or through a registered society of which he is not a member, shall, in respect of any such sale in compliance with such direction and of any matter or transaction arising out of such sale, be subject to the same conditions and obligations to which he would have been subject if he were a member of the society.

(11) Where any producer in respect of whom an Order is made under subsection (1), and who is not a member of the registered society, applies for admission as a member of the society, the society shall: –

- (a) If he so desires, deduct from any funds received or held by the society on his account, the whole or any portion of the subscription for membership; and
- (b) Admit him as a member upon payment in full of such subscription subject to any such deduction as aforesaid.

Persons
soliciting
others to
violate
contracts.

23. (1) Any person who, having knowledge or notice that any other person has contracted under section 21 or is bound by an Order under Section 22 to sell any article produced by such other person to or through a registered society, solicits 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 one thousand rupees.

(2) Where the person convicted of an offence under Sub-section (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 proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of the offence.

Rights of
registered
society over
crops,
agricultural
produce,
cattle,
equipment, raw
material and
manufactured
articles
belonging to
any member.

24. (1) Subject to any prior claim of the State; or the Provincial Council on the property of a debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent, and to any prior registered charge thereon –

- (a) Any debt or outstanding demand payable to a 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 industrial equipment, or raw materials for manufacture, 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 however that anything contained herein shall not have any bearing on any claim of any purchaser or assignee who in good faith purchase without notice any such crops or any other agricultural produce, any cattle, fodder for cattle, agricultural or industrial equipment, or raw materials for manufacture;

- (iii) Upon any sum of money due from the society to such member in respect of the purchase of any scheduled agricultural product as an agent of any Statutory Board.

- (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.

- (c) The Member in this section shall include the Associate members.

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

25. (1) A registered society shall have a charge upon the shares or other interests in the capital and on the deposits of a member or past member or deceased member and upon any dividend, bonus or profits payable to a member or past member or to the estate of a deceased member in respect of: –

- (a) Any debt due to the society;

(b) Any debt due 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 estate of a deceased member in or towards payment of any such debt or amount.

26. Subject to the provisions 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 Civil Procedure Code, shall be entitled to, or have any claim on, such share, contribution or other interest.

Shares, contributions and other interests not liable to attachment or sale.

27. (1) On the death of a member, a registered Society with limited liability or with unlimited liability 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 persons 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 ascertained in accordance with the rules or by-laws.

Transfer of interest on the death of a member.

28. (1) A registered society may receive deposits from or 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 deposits made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may, together with the interest accrued thereon, be paid to the guardian of that minor for the use of the minor.

Deposits by or on behalf of minor.

(2) The receipt of any minor or guardian for money paid to him by a society under this section shall be a sufficient discharge of the liability of that society in respect of that money.

29. (1) The liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall continue for a period of two years reckoned from that date.

Liability of past member and estate of deceased member for debts of society.

(2) The estate of a deceased member shall, for a period of two years reckoned from the date of his decease, be liable for the debts of the society as they existed on the date of his decease.

30. (1) Any register or list of members kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein: -

Register of members.

(a) The date on which the name of any person was entered in such register or list as a member;

(b) The date on which any such person ceased to be a member;

(c) The name of the nominee of the member and date of nomination.

31. (1) A copy of any entry in a book of 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 *prima 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.

Proof of entries in books of society.

(2) No officer of any registered 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.

32. (1) Notwithstanding any written or other law for the time being in force, 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 date of the termination, of a notice issued to the society, to sell any or all of such securities, without recourse to court, and to credit the proceeds to such balance of account.

Right to acquire and sell property.

33. A registered society may acquire by purchase, gift or otherwise and take on lease lands, buildings or other movable or immovable property, or sell, mortgage, lease exchange or otherwise dispose of lands, buildings or other movable or immovable property for any purpose connected with its objects.

Provided however, that in the case of any transaction previously referred to in this section in connection with any immovable property or any movable property specified in the rules specifically made for the purpose, the prior approval of the Registrar shall be obtained in writing.

Compulsory acquisition of lands and buildings.

34. (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 or the North Central Provincial Council for that society.

(2) Where any land or building is to be acquired under the Land Acquisition Act by the Government or the North Central Provincial Council for a registered society, that society shall, before an Order relating to that land or building is made under section 38 of the said Act, pay to the Government and the Provincial Council the amount determined under that Act as the compensation payable in respect of such land or building and also the costs incurred by the Government or by the North Central Provincial Council in the acquisition process.

Provided however, that where it becomes necessary to take possession of any land or building on the ground of any urgency before the amount of compensation is determined under the said Act, the society concerned 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 compensation payable in respect of that land or building, and shall pay the balance amount, if any, after the amount of compensation is determined under the said Act.

CHAPTER V Exemption from Stamp Duty and Fees

Exemption from Stamp duty and other charges.

35. (1) Every registered co-operative society shall be exempt from: -
- (a) Any stamp duty chargeable under any written law in respect of any instrument executed by, on behalf of or in favour of, any registered co-operative society or in respect of any document filed in a court in cases where but for the exemption granted by this Sub-section, the registered society would be liable to pay the duty chargeable in respect of such instrument or document; and
 - (b) Any other fees payable under the law for the time being in force relating to the registration of documents.

(2) Every member of a registered co-operative society shall be exempt from the payment of any stamp duty chargeable under any written law in respect of any instrument executed by such member in favour of or in relation to the business of such co-operative society, in cases where but for the exemption granted by this Sub-section, the member would be liable to pay the duty chargeable in respect of such instrument or document.

Chapter VI

GENERAL PROVISIONS RELATING TO BY-LAWS

36. (1) Every by-law of a registered society shall, upon registration, be binding on the society and on the members thereof to the same extent as if the by-law was signed by each such member of the society and if it contained a covenant by each such member to observe the provisions of the by-law.

By-laws of a society to bind members.

(2) Any dispute arising out of the interpretation of by-law of a registered society shall be referred to the Registrar for his decision, and his determination shall be final and conclusive in law.

37. (1) 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 in question in any court of law on the only ground only that such by-law constitutes a contract in restraint of trade for which purpose the provisions of the rules made under this Statute shall be complied with.

Power is made By-laws in restraint of trade and for the imposition of fines on members.

(a) The by-laws made by any registered society may, subject to the 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 unless: -

(b) notice in writing of the intention to impose such fine and the reasons therefore have been given in writing to him by the society; and

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

Chapter VII

MANAGEMENT OF BUSINESS, PROPERTY AND FUNDS OF REGISTERED SOCIETIES

38. (1) It shall be the responsibility of the Society, Committee and the Staff of any registered society to conduct its business in such manner as to fulfill the needs of the members in compliance with the objects of the society and with the development plan approved by the General Meeting according to cost estimates. The Committee and the executive level Management shall be accountable for any losses incurred by the society due to negligence, willful omission, non-approved expenses or investments.

Administration of funds and accountability.

(2) The Commissioner shall take action to recover the expenses incurred in contrary to the provisions in Sub-section (1) above from those who approve such expenses.

(3) When it becomes necessary to spend funds of the society for purposes outside the objects specified in the by-law of the registered society, the approval of the two thirds majority of the membership of the General Body and the Commissioner shall be obtained therefor.

39. (1) A registered Society shall not make any loan to any person other than a member; Provided that, with the approval of the general body of a registered society and on such conditions as may be imposed by it, a registered society may make loans to another registered society. A registered society may on a formal agreement supply goods on credit to any person or institute appointed for business purposes as a sub-agent of the society and also to an associate member of such society and shall keep a security of any property as provided for in Rules for the purpose.

Loans made by registered societies.

40. (1) A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules or by-laws. Mortgages and deposits shall be governed as provided in rules.

Deposits and loans received by registered societies.

41. (1) Save as provided in sections 39 and 40, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the rules.

Restrictions on other transactions with non members.

Investment of
society's funds.

42. (1) A registered society may deposit or invest its funds in any of the securities other than a mortgage of immovable property specified in section 20 of the Trusts Ordinance, or with any bank approved by the Central Bank of Sri Lanka and prescribed by rules, or in the shares or on the security of any other registered society, approved for this purpose, or in any other mode permitted by the rules.

(2). Any deposit or investment made before the commencement of this Statute, which would have been valid if this Statute had been in force, is hereby ratified and confirmed.

Disposal of
profits.

43. (1) Every registered society shall, out of its net profits in any financial year as ascertained by the audit under section 44: –

(a) Transfer an amount not less than 25% of the net profits to the Reserve Fund and to the Statutory Reserve of the society; and

(b) The Registrar/Commissioner of Co-operative Development shall establish a fund by the name “Co-operative Development Fund”. 10% of the net profits of the society as determined at the annual audit shall be contributed to the Fund. If the society has not make any profit in the financial year concerned, a sum of Rupees Thousand shall be paid to the Fund. The Registrar/Commissioner of Co-operative Development shall administer the fund in compliance with the provisions made in rules.

(c) Every registered society or any society, which could be registered, shall establish a fund by the name “Member Education Development Fund”.

(d) 10% of the balance profit remaining after the allocations to the Reserve Fund and Co-operative Development Fund are made from the access disclosed at the audit of the co-operative society shall be paid to the Member Education Development Fund.

(2) (a) The committee shall administer the fund in compliance with the provisions provided in the rules decided on and made by the general body of the co-operative society.

(b) The provisions in Section (2) (a) and (b) above shall not be applicable to school co-operative development societies.

(3) Payment of dividends, payment of rebates, contributions to funds, payment of bonus to employees, contributions to the Welfare Society and common purposes shall be done as provided in rules subject to a maximum of 10% of the net profit.

(4) Provided that no payment of dividends other than contributions to funds shall be effected without the special or general approval of the Registrar.

Chapter VIII

ACCOUNTS, BUDGET AND AUDIT OF A REGISTERED SOCIETY

Audit.

44. (1) Every registered society shall cause proper accounts of the income and expenditure, assets and expenditure, assets and liabilities and of all other transactions of the society to be kept.

(2) Every registered society shall prepare an annual statement of accounts and statistics 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) It shall be the responsibility of any registered society to cause the accounts of the society be audited by a person or an institute approved by the Registrar at least once a year.

45. (1) In the event of disclosure of any defects in the business of a registered co-operative society at the audit held under Section 44, the Registrar may bring such defects to the notice of the society and if such society is a member of another society, also to the notice of that other society.

Communication of defects in society audit to societies.

(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 stipulated therein to remedy the defects disclosed.

(3) The Registrar shall take action in terms of the powers vested in him under the provisions of this Statute and the rules against such society or officials who violate or neglect the orders made by the Registrar.

Chapter IX

INSPECTION, INQUIRY OR INVESTIGATION OF A REGISTERED SOCIETY

46. (1) Where the membership moneys or moneys which are not membership moneys of a registered co-operative society are misused, the Registrar may of his own motion, and shall, on the application of majority of the committee, or of not less than one-third of the members, or representatives who are eligible to be present at a General Meeting in terms of the by-laws of a registered society or one third of the total membership or One Hundred members of the society whichever is less, hold an inquiry or direct some person authorized by him or order in writing in that behalf, to hold an inquiry into the constitution, business, and financial condition of the registered society.

Inquiry.

Provided, however, the Registrar shall have the power to hold a preliminary inquiry or direct in that behalf to find whether there is a prima facie case for such an inquiry, before directing to hold an inquiry as provided in Sub-section (1) hereto.

(2) For the purposes of an inquiry under Sub-section (1), the Registrar or any person authorized by him to hold an inquiry, shall have the power:-

- (a) to summon any past or present officer, agent, employee 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 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 or other property belonging to the society, by any past or present officer, agent, employee or member of the society or other person in possession of or having the custody of such book, document, cash or other property;
- (c) 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; and
- (d) to take into his custody books of accounts or the documents of the society where he has disclosed a fraud, in the course of such inquiry;

(3) Any meeting summoned under Sub-section (2)(c) above 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 by-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) If the registrar opines that there is prima facie evidence to establish the charge against the Committee, he shall have the power to suspend such Committee for a period of six months and to appoint an interim committee to manage and administer the affairs of the society. The Registrar or any other authorized person shall conclude the inquiry within a period of six months from the date of suspension of the Committee and a final decision regarding such Committee shall be made under Sub-section 60 (a).

(5) Where an inquiry is held under this Section the Registrar shall communicate the result of the inquiry to the society and to the society, if any, of which that society is a member and to any bank to which the society is indebted.

(6) 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.

Inspection of
books and
investigation
of affairs of a
society.

47. (1) The Registrar shall of his own motion, or on the application of a majority of the committee, or of not less than one-third of the members or representatives who are eligible to be present at a general meeting in terms of the by-laws, or one-third of the total membership or One Hundred Members of the society whichever is less, or creditor of a registered society, inspect, or may direct any person authorized generally or specially by him by order in writing in that behalf to inspect, the books of the society:

Provided that no such inspection shall be made on the application of a creditor unless the applicant -

(a) proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and

(b) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(2) The Registrar may of his own motion investigate or direct any person authorized by him to investigate the affairs of any registered society.

(3) The Registrar, or any person authorized by the Registrar shall have the power to conduct inquiry and investigation, to take into his custody books or the documents, to communicate to banks and creditors, and shall have the right to levy necessary fees at inquiries and investigations, to execute the orders of the Magistrate and to summon members. Provisions shall be made in rules with regard to the right to the disclosure or submission of information to an official, agent, sub-agent, employee, member, associate member or any other person and the right to convene the general meeting, to take into custody of documents and to inquire and obtain information.

(4) Any sum awarded by way of costs against any society or creditor under this Section may be recovered, on application to the Magistrate's Court having jurisdiction in the place where the registered office of the society is situated or the creditor resides, in like manner as a fine imposed by the Court.

(5) The Registrar and every person authorized by him to inspect the books or investigate the affairs of a registered society shall be deemed to be public servants within the meaning of the Penal Code and he shall have powers in terms of the provisions made in the rules.

Chapter X

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

Dissolution of the
committee of
Society.

48. (1) If the Registrar is of opinion after an inquiry under Section 46 or an inspection or investigation under section 47 that the committee of any registered society or any members of such committee are not performing their duties and functions in a proper manner, he may after giving the Committee or its members an opportunity to submit their objections if any, in writing to the dissolution of the committee or the removal of any members from office, and after considering such objections at a general meeting of the society summoned by him: -

- (a) dissolve the Committee or remove any members of the Committee from office;
- (b) direct such society to fill the vacancies created by the removal of the Committee or any member thereof within 14 days;
- (c) appoint a person or persons for the management of the affairs of the society if the society fails to comply with the directive of the Registrar and such committee shall have all rights, privileges and powers;
- (d) re-election of any member of a Committee who is removed from office under Sub-section (1)(a) above as a member of the committee in any registered Co-operative Society until the lapse of 07 years from the date of such removal shall be unlawful.
- (e) it shall be the duty of the board of management to take action in terms of by-laws to appoint a committee prior to the expiry of the term of such board of management.

(2) If the Registrar is of opinion, after an inquiry under section 46 or an inspection or investigation under Section 47, that an ex-committee of a registered society or a member of such ex-committee has not performed its or his duties in a proper manner, the Registrar may, after taking action against the said committee or the members of such committee in terms of the provisions of Sub-section (1) above: -

- (a) appoint a person or persons for the management of the affairs of the society and the committee so appointed shall have all the rights, privileges and powers;
- (b) any member of the Committee dissolved in terms of Sub-section (1) above, shall not be re-elected as a member of a committee of any registered co-operative society until the lapse of 07 years from the date of such dissolution;
- (c) a Committee shall be appointed in accordance with the by-laws to operate the affairs of the society before the expiry of the term of the board of management appointed to the society.

(3) If the Registrar is of opinion, after an inquiry under Section 46 or an inspection or investigation under Section 47, that an ex-committee of a registered society or a member of such ex-committee has not performed its or his duties in a proper manner, the Registrar may, after taking action against the said committee or the members of such committee in terms of the provisions of Sub-section (1), issue a direction in writing prohibiting the said committee or any member thereof, from being re-elected to any committee of the said society or any other registered co-operative society. The election of any such person to the committee of any registered co-operative society after such direction shall be unlawful.

(4) The term of office of a person or persons appointed on an order issued under Sub-section (iii) of Section (a) shall be restricted to the unexpired part of the term of office of the person removed under Sub-section 56(a). Provided however if a General Body has not been established in accordance with the by-laws of any registered society, the Registrar or the Commissioner shall have the power to extend the term of office of the person so appointed until the election of a committee after establishing the General Body. Where any by-law prevents the establishment of such General Body the Registrar shall have the power to exempt the society from the requirements of such by-law and make necessary provisions for the establishment of a General Body.

(5) Where any order is made under Sub-section (a), the Registrar shall, by the same or subsequent order, appoint a fit and proper person or two or more such persons to manage and administer the affairs of the society and may from time to time remove or replace any person so appointed or appoint additional persons.

(6) Subject to the general direction and control of the Registrar, any person or persons appointed under this Section to manage the affairs of a registered society: -

(a) shall have the power to recover the assets and discharge the liabilities of the society and take such other steps as may be necessary in its interest ;

(b) shall have and may exercise all the powers, rights and privileges of a duly constituted Committee of the society, and where it becomes necessary to do so in the interest of the efficient management of the affairs of such society, shall have the powers of the General Body as are necessary.

(7) Persons appointed under this Section by the Registrar to manage the affairs of a registered society shall be jointly and severally held accountable for any loss suffered by any such acts committed by them as are contrary to the law or the By-laws of the society and shall be liable to any punishment imposed on the society.

(8) The Registrar may fix the remuneration payable to any person or persons appointed by him under this Section to manage the affairs of a registered society. The amount of such remuneration and other expenses if any, incurred in the management of the society shall be payable from the funds of the said society.

(9) It shall be the duty of the person or persons appointed under this Section to manage the affairs of a registered society and holding office immediately prior to the date on which the direction under paragraph (b) of Sub-section (1) ceases to have effect to arrange prior to the date aforesaid, for the appointment of a new committee in accordance with the by-laws of the society.

(10) Before the completion of an inquiry under Section 46 or an inspection 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 a 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 Sub-section (a)(i) above.

(11) The Registrar shall appoint a board of management comprising of three members in place of the Committee so dissolved and those who are so appointed shall possess the qualifications as prescribed by the rules.

(12) (a) 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 a proper manner, or is unfit or otherwise unable to discharge his duties efficiently, he may notwithstanding anything to the contrary in this Statute, the Co-operative Employees Commission Statute, No. 09 of 1994 of the North Central Province Provincial Council or any other law after giving such officer or employee an opportunity to submit their objections, by order in writing suspend or interdict as the case may be such officer or employee pending such inquiry as may be necessary and after such inquiry remove such officer or employee from office.

Provided that any employee aggrieved by an order of removal made under this sub-section, may appeal to the Co-operative Employees Commission established under Statute No. 01 of 1994 of the North Central Province Provincial Council within a period of thirty days, and the decision of such Commission shall be final —

(b) Where any officer or employee is removed under Sub-section (1) above and where such order for removal has been affirmed by the Co-operative Employees' Commission or no appeal against such order has been preferred within thirty days, another officer or employee may be appointed or elected as the case may be in accordance with the provisions applicable in respect to such election or appointment.

(c) Notwithstanding anything contained in this Statute or any other law or By-laws of a registered society, the Registrar may nominate some number of persons as members of the committee of such society as he thinks fit, or as the case may be, when it is his opinion that it is expedient to nominate some number of persons as members of the committee, in order to ensure the efficient management of affairs of the registered society which is run by the State capital or for the purpose of securing the investment or advances made in money or goods by the State or the Provincial Council of the North Western Province to that society.

Chapter XI

DISSOLUTION OF A REGISTERED SOCIETY

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 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.

Dissolution of a registered society.

(2) Any member or any creditor of a registered Co-operative Society may, within two months from the date of an order under Sub-section (1) above, appeal from such order to the Minister - in - charge of the subject of Co-operative.

(3) Where no appeal is made within two months from the making of an order canceling the registration of a Co-operative Society, the order shall take effect on the expiry of that period. Where an appeal is made within the said two months, the order shall not take effect until it is confirmed after the hearing of such appeal.

(4) Where the Registrar cancels the registration of a Co-operative Society under Sub-section (1), he may appoint one or more persons to be in charge of the books, documents and other property of the society and to manage the affairs of the society until the order cancelling the registration of the society takes effect, or until such order is reversed in appeal by the Minister of Co-operatives in the North Central Province Provincial Council. Upon 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 cease to function until the order cancelling the registration takes effect or until such order is reversed in appeal by the Minister of Co-operatives in the North Central Province Provincial Council.

50. (1) Dissolution of any registered co-op. society, if & when thus :-

Cancellation of registration of society.

- (a) where it is a condition of the registration of the society that the society shall comprised of at least fifteen members, the number of members of such society has been reduced to less than fifteen;
- (b) the registered society has not commenced working towards its objects within one year from the date of registration of such society;
- (c) the society has ceased to work for a period of two years prior to the date of making the order of cancellation under this Section.

51. Where the registration of a society is cancelled by an order under Section 49 or 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). Provided 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.

Effect of cancellation of registration.

Liquidation after
cancellation of
registration of
society.

52. Where the registration of a society is cancelled under Section 49 or 50, the Registrar may appoint one or more persons to be the liquidator or liquidators of such society. All the property of the society shall be vested in the liquidator or liquidators on the date on which the order of cancellation under Section 49 or 50, as the case may be, takes effect.

Liquidator's
powers.

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

- (a) to determine from time to time the contributions to be made by members and past members or by the estates of deceased members of the society to its assets;
- (b) to 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) to decide in accordance with the provisions of this Statute any question of priority which arises between creditors;
- (d) to refer for arbitration under Section 58 any dispute of any description mentioned in that section (references therein to the society being construed as references to the liquidator), and institute and defend suits and other legal proceedings on behalf of the society by his name or office;
- (e) to decide by what persons and in what proportions the costs of liquidation are to be borne;
- (f) to 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) to compromise any claim by or against the society provided the sanction of the Registrar has first been obtained;
- (h) to call such general meetings of members as may be necessary for the proper conduct of the liquidation;
- (i) to take possession of the books, documents and assets of the society;
- (j) to sell the property of the society; and to deposit all money collected in arbitration in such manner as may be directed by the Registrar;
- (k) to 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) to arrange for the distribution of the assets of the society in a convenient manner when the Registrar has approved a scheme of distribution.

(2) Where there is any debt payable by any member or past member to a society whose registration is cancelled under Section 49 or 50 and such person is a member of any other society registered under this Statute after the date of such cancellation, then the liquidator of such first mentioned society appointed under Section 49, shall, subject to the guidance and control of the Registrar and to any other limitations imposed by the Registrar by order under Section 46, 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 in like manner as if it was a debt due from such member to such other society and transmit the same to the 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 the same means and (so far as may be) in the same manner as is provided in the case of a District Court under the Civil Procedure Code.

54. (1) A liquidator shall exercise his powers subject to the control and direction of the Registrar, who may: —

Power of Registrar to control liquidation.

- (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 at his discretion;
- (f) procure the auditing of the liquidator's accounts and authorize 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.

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 54 shall not be called in question in any Civil Court, and shall be enforced by any Civil Court having jurisdiction over the area where the registered office of the society is situated in like manner as a decree of that Court is executed:

Provided however that any bank which is a creditor of a society whose registration has been cancelled shall be entitled to appeal to the Minister-in-charge of the subject of Co-operative from an order made by a liquidator or by the Registrar under Section 53 or 54 within two months from the date of such order of the liquidator or the Registrar.

(3) Where no appeal is presented to the Minister within the period of two months from making of an order by a liquidator or by the Registrar under Section 53 or 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 within the period of two months, the order of the liquidator or the Registrar shall not take effect until the Minister confirms it.

56. Save in so far as hereinbefore 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 of the Jurisdiction of the Civil Court

57. (1) In the liquidation of a society whose registration has been cancelled, the funds, including the reserve fund, shall subject to the provisions of Section 44(2) be applied first to the cost of liquidation, then to the repayment of Government or Provincial Council of the North Central Province loans and Government or Provincial Council of the North Central Province guaranteed loans then to the discharge of the other liabilities of the society, then to the payment of the share capital and then, provided the By-laws of the society permit, to the payment of a dividend at a rate not exceeding 10% 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.

Closure of Liquidation.

(2) When the liquidation of a society has been closed and if any creditor of that society has not made any claim for what is due to him under the scheme of distribution, or the liquidator has not received any such claim, 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 a period of three months from the date of the publication of such notice in the Gazette.

(3) Any surplus remaining after the application of the funds to the purposes specified in Sub-section (1) and the payment of any claims for which an action is instituted under Sub-section (2), may be applied to such object of local or public utility as may be selected, subject to the approval of the Registrar, by the persons who were officers of the society at the date of the dissolution thereof.

If such persons fail within three months after the date on which the liquidation of the society is closed to select as aforesaid an object approved by the Registrar, the Registrar shall deposit the surplus in a bank or with a registered society.

The surplus so deposited may be paid into such Surplus Fund as may be constituted for the purpose of this Statute. Disbursement out of such Surplus Fund may be made at the discretion of the Registrar for such purposes and in such manner as may be provided in the rules. Provided, however, that any interest accruing on the surplus shall be paid into the Co-operative Fund.

Chapter XII

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 deceased members, or among officers or employees of the society, whether past or present, or among heirs or legal representatives of deceased officers or employees; or
- (b) between a member, past member or person claiming through a deceased member, and the society, its Committee or any officer or employee of the society, whether past or present, or any heir or legal representative of 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 any heir or legal representative of any deceased officer or employee; or
- (d) between an associate member, past a associate member or deceased associate member; or
- (e) between the society or its committee and _ (a) any person who was a member or an officer or employee of any other society whose business or part thereof was transferred to the society; (ii) any person who claims through any member or past member or deceased member of the society referred to in Sub-paragraph (i) above; (iii) any person who is the heir or legal representative of any officer or employee of the society referred to in Sub-paragraph (i) above; or
- (f) between the society and any other registered society, such disputes shall be referred to the Registrar for decision.
- (g) Any 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 from an associat member, or any nominee, heir or legal representative of a deceased member, officer or employee, or any claim by a member, officer or employee, an associat member whether past or present, or any nominee heir or legal representative of a deceased member, officer or employee for any debt, demand or damages due to them from a registered society, whether such debt demand or damages be admitted or not, shall be deemed to be a dispute touching the business of the society within the meaning of this Sub-section.

(2) The Registrar may, on receipt of a reference under Sub-section (1): –

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

(3) Any party aggrieved by an award of the arbitrator or arbitrators may appeal there from to the Registrar within 45 days from the date of such award in writing giving reasons therefor. If the Plaintiff is making the appeal, he shall deposit a sum equivalent to 10% of the value of the subject of the dispute and in the case of defendant making the appeal, he shall deposit a sum equivalent to 10% of the award.

(4) No party to any appeal made to the Registrar under Sub-section (3) above shall be entitled to appear either by himself or by any representative, before and be heard by the Registrar on such appeal.

(5) A decision of the Registrar under Sub-section (2) or in appeal under Sub-section (3) shall be final and shall not be called in question in any civil suit.

(6) 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 and shall not be called in question in any civil court.

(7) The provisions of the Prescription Ordinance shall not apply to any claim, which is the subject of a dispute under this Section.

(8) If any question arises as to whether a dispute referred to the Registrar 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 suit.

(9) In this section “member” includes associate member.

59. (1) Where a decision of the Registrar on a dispute or an appeal referred or made to him under Section 58, (hereafter in this Section referred to as “decision”) or an award of an arbitrator on a dispute referred to him under that Section (hereafter in this Section referred to as “award”), even if no appeal has been duly made to the Registrar under the said Section is that a sum of money due from one party to the other party to the dispute, and such sum together with charges and interests connected therewith, if any, has not been paid, the Registrar may in respect of the party from whom such sum is due, (hereafter in this Section referred to as the “defaulter”),

Enforcement of
a decision or
award.

- (a) issue a certificate to a Divisional Secretary/Assistant Divisional Secretary, Fiscal or Deputy Fiscal, containing particulars of such sum together with costs and interest, 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 or immovable owned by the defaulter is situated, containing particulars of the sum due together with charges and interest, if any, and the name of the defaulter ; or
- (c) issue 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 where such place is situated.

(2) (a) Where the Registrar issues a certificate under Sub-section (1)(a) above to a, Divisional Secretary/Assistant Divisional Secretary Fiscal or Deputy fiscal, such officer is hereby empowered and required to cause such sum together with costs and interest to be recovered from the defaulter by seizure and sale of his movable property.

(b) The said seizure shall be effected 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 Divisional Secretary/Assistant Divisional 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) firstly, to pay the cost and charge of seizing, keeping and selling the property, and
- (ii) secondly, to settle the sum of money due together with costs and Interest and any sum remaining thereafter shall be restored to the owner of the property seized.

(3) Where a certificate is issued to a District Court under Sub-section (1)(b), the Court shall thereupon direct a writ of execution to issue to the Fiscal authorizing 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 provisions of Sections 226 to 297 of the Civil Procedure Code shall, mutatis mutandis, apply to such seizure and sale.

(4) Where a certificate is issued to a Magistrate under paragraph (c) of Sub-section (1), the Magistrate shall thereupon summon such defaulter before him to show cause as to why further proceedings for the recovery of the amount should not be taken against him, and in the case of failure to show sufficient cause, the amount shall be deemed to be a fine imposed by a sentence of the Magistrate on such defaulter for an offence punishable with only fine but not with imprisonment, and the provisions of Section 312 (except paragraphs (a) and (c) of Sub-section (1) of that Section) of the Code of Criminal Procedure Act, 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 the time of imposing such sentence. Any defaulter sentenced to a term of imprisonment in default of the payment of 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 there under 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.

Registrar to
decide certain
other matters.

(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 a member has ceased to be a member or officer of the society, or whether any general meeting of the society had been validly held, the Registrar shall decide that question and shall intimate to the society such decision which shall be final and binding on the society.

(a) (i) In the event of any loan, advance or grant is obtained by a registered society from the government, such loan, advance or grant shall be subject to following conditions:

(ii) The prior approval in writing of the Registrar shall be obtained for the acquisition by purchase, leasing, gift or otherwise lands, buildings or other movable or immovable property or for the sale, mortgage, lease, exchange or otherwise dispose of lands, buildings or other movable or immovable property for the purpose of any matter connected with the object of the society.

(iii) The funds of the society shall be deposited or invested in any of the securities other than a mortgage of immovable property specified in Section 20 of the Trusts Ordinance, or with any bank approved for such purpose by the Registrar and prescribed by rules, or in the shares or on the security of any other registered society, approved for this purpose by the Registrar, or in any other mode permitted by the rules.

(iv) If the Registrar is of the opinion, after an inquiry under Section 46, or an inspection of books, that the Committee of a registered society run on government funds, is not performing its duties properly, he shall after giving an opportunity to the committee to state its objections, if any, to its dissolution, submit to the general meeting summoned by him in compliance with rules the facts found by him and the general body shall dissolve such committee within a period of time specified by the Registrar. If the general body fails or neglects to dissolve such committee, the Registrar shall direct the general body to appoint a board of management upon the removal of such committee by the Registrar. In the event of failure of the general body to appoint a board of management within 14 days, the Registrar may appoint a suitable person or persons to manage the affairs of such society. The members of any dissolved committee shall not be eligible to be appointed to any office of any registered society for a period of 05 years from the date of such dissolution. The board of management appointed under this Section shall hold office for the period specified in Sub-section (1) (b) of Section 48 and they shall have same powers and functions as of those appointed under the said Section.

(v) The Registrar shall before or after conducting an inquiry or investigation under Section 46 or 47 have powers to direct the committee of a society to take legal action regarding any common property of such society. In the event of failure of such committee to execute such directive, the Registrar or any person authorized by him shall have powers to refer same to the court in pursuance of the provisions of the Offences committed against Public Property Act No.12 of 1982.

(b) (i) 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 a proper manner, or is unfit or otherwise unable to discharge his duties efficiently, he may notwithstanding anything to the contrary in this Statute, the Co-operative Employees Commission Statute, No. 09 of 1994 of the North Central Province

Provincial Council or any other law after giving such officer or employee an opportunity to submit his objections, by order in writing suspend or interdict as the case may be such officer or employee pending such inquiry as may be necessary and after such inquiry remove such officer or employee from office.

Provided that any employee aggrieved by an order of removal made under this sub-section, may appeal to the Co-operative Employees Commission established under Statute No. 01 of 1994 of the North Central Province Provincial Council within a period of thirty days, and the decision of such Commission shall be final.

- (ii) Where any officer or employee is removed under Sub-section (1) above and where such order for removal has been affirmed by the Co-operative Employees' Commission or no appeal against such order has been preferred within thirty days, another officer or employee may be appointed or elected as the case may be in accordance with the provisions applicable in respect to such election or appointment.
- (c) Notwithstanding anything contained in this Statute or any other law or by-laws of a registered society, the Registrar may nominate some number of persons as members of the committee of such society as he thinks fit, or as the case may be, when it is his opinion that it is expedient to nominate some number of persons as members of the committee, in order to ensure the efficient management of affairs of the registered society which is run by the State capital or for the purpose of securing the investment or advances made in money or goods by the State or the Provincial Council of the North Western Province to that society.

Chapter XIII RULES

Rules.

61. (1) The Minister in charge of the subject may make all such rules as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Statute.

(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 in applying for the registration of a society and the procedure in the matter of such applications ;
- (b) prescribed the conditions to be complied with by persons applying for admission or admitted as members and associate members and provide for the election and admission of members from time to time and the payment to be made and interest to be acquired before exercising rights 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) provide for the mode in which the value of a deceased member's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred ;
- (f) subject to the provisions of Section (3), prescribe the maximum number of shares or portion of the capital of a registered society which may be held by a member ;

- (g) 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 be made or credits granted, and the maximum amount which may be lent and the maximum credit which may be allowed to individual members ;
- (h) prescribe the conditions under which profits may be distributed to the members of a society with unlimited liability, and the maximum rate of dividend which may be paid by societies;
- (i) 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;
- (j)
 - (i) provide for general meetings of the members, and for the procedure at such meetings and the powers to be exercised by such meetings;
 - (ii) prescribe the disqualifications of members of a registered society from being elected as a member the Committee of Management or of a regional or branch committee;
- (k) 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;
- (l) prescribe the matters in respect of which a society may or shall make by - laws, and for the procedure to be followed in making, altering, and rescinding by - laws, and the conditions to be satisfied prior to such making, alteration, or rescission;
- (m) 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;
- (n) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit and provide for the levy of contributions from all or any registered societies to a fund to be known as the Co-operative Development 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;
- (o) 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;
- (p) provide for the persons by whom, and the form in which, copies of entries in books of registered societies may be certified;
- (q) provide for the formation and maintenance of a register of members, and, where the liability of the members is limited by shares, of a register of shares;
- (r) 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;
- (s) 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;

- (t) 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;
 - (u) prescribe the conditions to be observed by a registered society applying for the financial assistance of Government; or of the Provincial Council;
 - (v) determine the cases, not expressly provided for in this Statute, in which an appeal shall lie to the Minister against orders made by the Registrar;
 - (w) prescribe the procedure to be followed by a liquidator appointed under Section 61, and the cases in which appeals shall lie from the orders of such liquidator;
 - (x) provide for the establishment and maintenance of the Surplus Fund referred to in Section 67 and prescribe the manner and purposes for which the moneys of such Fund may be disbursed;
 - (y) Prescribe the forms to be used, the fees to be paid, the procedure to be observed, and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Statute or the rules made there under.
 - (z) Ineligibilities of electing a member of a registered co-operative society as a member of a management committee or a divisional branch committee can be ordered.
- (3) No rule shall have effect unless it has been approved by the Provincial Council. Notification of such approval shall be published in the *Gazette*.
- (4) Every rule shall, upon the publication in the *Gazette* of the Notification referred to in subsection (3) be as valid and effectual as though it were herein enacted.

Chapter XIV

DEBTS DUE TO GOVERNMENT AND PROVINCIAL COUNCIL

Recovery of sums due to government and the Provincial Council.

62. (1) All sums due from a registered society, or from an officer or member or past member of a registered society as such, to the Government, including sums due on Government loans Provincial Council Loans and Government Guaranteed loans and Provincial Council guaranteed loans and any sums granted, by the Government may be recovered in manner provided for the recovery of debts due to the Republic by the State Debtors Ordinance, and shall, subject to the provisions of section 57(2), be entitled to a preference of payment over sums due to any other person or persons.

(2) Sums due from a registered society to Government and a Provincial Council and recoverable under subsection (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.

Chapter XV

MISCELLANEOUS

Special power of Minister to exempt any society from requirements as to registration.

63. Notwithstanding anything contained in this Statute, the Minister in charge of the subject may, by 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.

64. The Minister may by general or special order exempt any registered society or class of societies from any of the Provisions of this Statute, or may direct that 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.

Special power of Minister to exempt societies from provisions of this Statute.

65. (1) No person other than a registered society by the Provincial Registrar shall, without the sanction of the Minister-in-charge of the subject of co-operatives in the Provincial Council trade or carry on business under any name or title of which the word “Co-operative”, or in Sinhala the words “Eksath Sahakara” (එක්සත් සහකාර) or “Samupakara” (සමුපකාර) or in Tamil the word “Aikkiya” (අයිකිය) or “Kutturavu” (කුට්ටුව) form 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 day of 20th September, 1921.

Restriction of use of word “Co-operative.”

(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 thousand rupees, and in The case of a continuing offence, with a further fine of five hundred rupees for each day on which the offence is continued after conviction therefore.

66. (1) Where in the course of an audit under Section 44 or an inquiry under Section 46, or inspection of books of a society under section 47 or investigation or in the course of the liquidation of a registered society, it appears that any sum of 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 past or present officer 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 regulations made thereunder or the by-laws or the working rules of the society or financial procedure approved by the Registrar or any general direction issued by the Registrar or the Co-operative Employees Commission, the Registrar may, of his own motion or upon the application of the committee or the liquidator or any creditor or contributor of the society, as the cases may be, examine the conduct of such person or group of persons or officer or employee and make an order requiring him or such group: -

Registrar may order repayment or restoration of money or other property due to a society.

(a) to repay with such interest as the Registrar thinks fit such money or part thereof,

(b) to restore such other property or part thereof, 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 Sub-section (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 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 officer or employee against whom the order was made resides or carries on business as through it were a fine imposed by a sentence of the Magistrate, on such person or group of 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) of Sub-section (1) of that Section) of the Code of Criminal Procedure Code Act, 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 the time of imposing such sentence. Nothing in this section shall authorize or require the Magistrate in any proceedings thereunder to consider, examine or decide the correctness of any order made by the Registrar.

(3) Neither the preceding provisions of this section nor the making of any order 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 to in Sub-section (1) in respect of any offence under any other written law.

Declaration of assets and liabilities.

(4) (a) The Chairman 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: -

- i. all his assets and liabilities;
- ii. all the assets and liabilities of his spouse; and
- iii. 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.

(b) The declaration referred to in subsection (1) shall be made by the Chairman or 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, as 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 he made his first declaration.

Liability of officers, & etc for breach of trust.

67. It shall be lawful for the Registrar, after the 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, being a person who is or has at any time been entrusted with or being a persons having or at any time having had the dominion 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 signed 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 forthwith or the value of such goods or property or to duly account therefore, he shall be guilty of the offence of 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 a fine, notwithstanding that such punishment exceeds the ordinary jurisdiction of a Magistrate.

Registrar may require bank to produce any information & etc.

68. (1) Notwithstanding anything in any other written law, the Registrar may, where he considers it necessary to do so, require any bank: -

- (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.

(2) It shall be lawful for an officer of the Department of Co-operative Development to investigate, inquire and conduct prosecutions, which fall within Chapter XVII of the Code of Criminal Procedure Act, No. 15 of 1979 in respect of any matter involving a registered society.

69. The provisions of the Companies Ordinance, and of the Trade Unions Ordinance, and of any enactments amending those Ordinances, shall not apply to societies registered under this Statute.	Companies Ordinance and Trade Unions Ordinance not to apply.
70. (1) With the coming into force of this Statute, every society registered or deemed to have been registered under the Co-operative Societies Law, No. 5 of 1972 as amended by Act No: 32 of 1983 and Act No: 11 of 1993 or under any enactment repealed by that Law shall be deemed to have been registered under this Statute and the by-laws of such society shall, so far as they are not inconsistent with the provisions of this Statute, continue in force until altered or rescinded.	Saving of existing rules etc.,
(2) All rules made under the Co-operative Societies Law, No. 5 of 1972 as amended by Act No: 32 of 1983 and Act No: 11 of 1993 or under any enactment repealed by that Law and in force at the time of 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) All appointments and orders made, notification and notices issued, all civil or other proceedings instituted or deemed to have been made, issued or instituted, and all disputes that have arisen under the Co-operative Societies, Law No. 5 of 1972 as amended by Act No: 32 of 1983 and Act No: 11 of 1993 or under any enactment repealed by that Law and in force at the time of commencement of this Statute shall, so far as may be, be deemed to have been respectively made, issued, and instituted and to have arisen under this Statute.	
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 notwithstanding anything in any other provisions of this Statute, not be utilized for any purpose other than to meet the liabilities relating to such deposits	Assets relating to deposits insured under Monetary Law Act not to be utilized except for meeting liabilities relating to such deposits.
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 purposes 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, requisition 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, and every registered society or officer or employee or member thereof which or who willfully makes a false return or furnishes false information, shall be guilty of an offence under this Statute.	Penalty for non-compliance with this Statute.
(2) Every person who commits any offence referred to in Sub-section (1) shall, on conviction after summary trial before a Magistrate, be liable to imprisonment of either description of term not exceeding two years or to a fine not exceeding twelve thousand rupees or both such fine and imprisonment.	
(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 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.	

(4) No suit or prosecution shall lie against the Registrar, Deputy Commissioner, Senior Assistant Commissioners, Assistant Commissioners, or other persons duly authorized or appointed by the Registrar 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 Statute.

Registrar's
powers to
attend to
statutory
functions of a
society.

73. (1) The Registrar or any person authorized by general or special order in that behalf by him shall have the power to summon at any time specified a general meeting of any society or regional general meeting of such society, at such time and place as may be specified by him, and the presence of twenty members or delegates who are eligible to be present and to cast vote at a general meeting shall be sufficient for such meeting and it shall be the quorum for such meetings. This shall not be applicable to any dormant Co-operative Society, and shall not be applicable to committees of General Body. Such general meeting or regional general meeting of a society shall have the same powers specifically conferred under the by-laws of the society regarding the respective general meeting.

(2) The Registrar or any person authorized by written order in that behalf by him shall have the power to summon at any time committed meeting or regional Committees meeting of any registered society, at such time and place as may be specified by him and the quorum for such meeting shall be one fifth of the delegates of the General Body present; this shall not be applicable to any dormant Co-operative Society, and shall not be applicable to committees of the General Body. Such committee meeting or regional committee meeting shall have the same powers as specifically conferred under the by-laws of the society in the respective committee meeting.

(3) When any committee meeting summoned, the Registrar or any person authorized by him on that behalf shall have the power to call for books and documents of the society as he may think necessary and it shall be the duty of the Secretary of such society to comply with all such orders. The Registrar or any person authorized by law on that behalf shall preside at any such meeting summoned under Sub-section (1) and (2), and shall not have the general voting rights the determination of matters contained in the agenda.

(4) The Registrar or any person authorized by general or special written order in that behalf by him shall have the power to be present at any general meeting or committee meeting and to speak at such meeting. But the Registrar or any such Authorized person shall not have the right of voting at such meeting.

Ineligibility of
those who
hold posts in
active political
levels and the
staff of the Co-
operative
Development
Commissioner
and Registrar,
to be appointed
for any post of
the committee.

74. (1) A member of parliament, a member of a provincial council or a member of a local government body, shall never become eligible to hold any post in a registered co-operative society.

(2) Any officer of the staff of the Co-operative Development Commissioner and the Registrar, shall not become eligible to be appointed for any post of a Co-operative society unless he is appointed by the Commissioner and Registrar. This section is not relevant to a co-operative society of co-operative employees.

Interpretation

75. In this Statute, unless the context otherwise requires: -

“co-operative society” means a co-operative union;

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

“Minister” means the North Western Province Provincial council Minister in charge of the subject of Co-operative Development;”

“committee” means the governing body of a registered society of which the management of its affairs is entrusted and includes the board of directors of a registered society, and persons appointed and nominated by the Registrar under section 52 of this Statute.

“officer” means any person who is the Chairman, Vice Chairman, Secretary, Treasurer or Manager of a society or any branch thereof or a member of the committee of a society, and any other person who is empowered by the rules or by - laws of a society to give directions in regard to the business of the society.

“ bank” means: –

- (a) any corporate, 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 Minister in-charge of the subject of Finance, in consultation with the Minister- in-charge of the subject of Co-operative Development, by Order published in the *Gazette*, to be a bank for the purposes of this Statute.

“primary society” means a registered society not being a society established with any object, or for any purpose referred to in paragraph (b) (c) or (d) of Section 3(1) ;

“government funds” means the moneys or goods obtained on loan from the Central Government, North Western Province Provincial Council, from any fund of the Department of Co-operative Development or from any State or private bank with the approval of the Commissioner or the Registrar;”

“rules” means rules made or deemed to have been made under this Statute;

“Registrar” means the person appointed to perform the duties of the Registrar of Co-operative Societies of the Provincial Council under this Statute;

“the staff of the Registrar” means the Commissioner of Co-operative Development, Deputy Registrars, Assistant Registrars, District Co-operative Development Officers and Co-operative Development Officers of the North Western Province Provincial Council;

“registered society” means a society registered or deemed to be registered under this Statute and includes societies registered or deemed to be registered before the coming into effect of this Statute;

“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-laws and includes persons who acquire the associate membership;

“associate member” means a person who acquire the membership of a co-operative society in anticipation of specific service from such society only for such period in which he accomplishes such service.

76. In the event of an inconsistency between the Sinhala and Tamil texts of this Statute, the Sinhala text shall prevail.

Sinhala text to prevail In case of inconsistency