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GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

MINISTRY OF LAW AND JUSTICE

NOTIFICATION

Dhaka, the 14th January, 1985

No. 32-Pub.—The following Ordinance made by the President of the People's Republic of Bangladesh, on the 31st December, 1984, is hereby published for general information :—

THE CO-OPERATIVE SOCIETIES ORDINANCE, 1984

Ordinance No. 1 of 1985

AN

ORDINANCE

to consolidate and amend the law relating to co-operative societies in Bangladesh

WHEREAS it is expedient to consolidate and amend the law relating to co-operative societies in Bangladesh ;

NOW, THEREFORE, in pursuance of the Proclamation of the 24th March, 1982 and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance :—

CHAPTER I

PRELIMINARY

1. **Short title.**—This Ordinance may be called the Co-operative Societies Ordinance, 1984.

2. **Definitions.**—In this Ordinance, unless there is anything repugnant in the subject or context,—

(*a*) "audit officer" means a person authorised under section 76 by general or special order to audit the accounts of a co-operative society ;

(*b*) "bye-laws" means the bye-laws registered or deemed to have been registered under this Ordinance, and includes a registered amendment of the bye-laws;

(*c*) "central co-operative land mortgage bank" means a co-operative society, the objects of which include the creation of funds to be lent to co-operative land mortgage banks;

(*d*) "central society" means a co-operative society of which at least ten members are co-operative societies;

(*e*) "co-operative land mortgage bank" means a co-operative society, the objects of which include the creation of funds to be lent to members on long terms upon mortgage of their immovable property;

(*f*) "co-operative society" means a society registered or deemed to be registered under this Ordinance;

(*g*) "co-operative year" means the year commencing on the first day of July and ending on the thirtieth day of June;

(*h*) "financing bank" means a co-operative society, the object of which includes the creation of funds to be lent to other co-operative societies, and includes such other financial organisations as may be declared by the Government, by notification in the official Gazette, as a financing bank for the purposes of this Ordinance;

(*i*) "liquidator" means a person appointed under section 91 to wind up the affairs of a co-operative society;

(*j*) "managing committee" means the committee of management of a co-operative society constituted under section 18 or under section 23;

(*k*) "national society" means a co-operative society the primary object of which is to facilitate the operation of central societies throughout Bangladesh and which has central societies as its members;

(*l*) "net profits" means profits after deduction of establishment charges, contingent charges, interest payable on loans and deposits, audit fees and such other sums as may be prescribed;

(*m*) "officer" includes a chairman, vice-chairman, secretary, joint secretary, assistant secretary, manager, treasurer, member of a managing committee, auditor elected from among the members and any other person empowered under the rules or bye-laws to give directions in regard to the business of a co-operative society;

(*n*) "prescribed" means prescribed by rules made under this Ordinance;

(*o*) "primary society" means a co-operative society of which individuals are members;

(*p*) "Registrar" means a person appointed to perform the duties of a Registrar of Co-operative Societies under this Ordinance and includes any person appointed to assist the Registrar on whom all or any of the powers or duties of the Registrar referred to in section 7 have been or has been conferred or imposed under clause (a) of that section.

(*q*) "rules" means rules for the time being in force made under this Ordinance;

(*r*) "trustee" means the person appointed to be a Trustee under section 34(1).

3. **Act VII of 1913 not to apply.**—The provisions of the Companies Act, 1913 (VII of 1913), shall not apply to co-operative societies.

4. **Prohibition of the use of the word "co-operative".**—No person other than a co-operative society shall trade or carry on business under any name or title of which the word "co-operative" or its vernacular equivalent "Samabaya" is part:

Proivded that nothing in this section shall apply to the use by any person or by his successor-in-interest of any name or title under which he lawfully traded or carried on business at the commencement of this Ordinance.

5. **Power to exempt co-operative societies from the provisions of the Ordinance.**—The Government may, by notification in the official Gazette,—

(*a*) exempt any co-operative society or class of co-operative societies from the application of any of the provisions of this Ordinance or of any rules made thereunder, or

(*b*) direct that any of such provisions shall apply to such society or class of societies to such extent as may be specified in the notification.

CHAPTER II

REGISTRATION

6. **Appointment of Registrar and of persons to assist him.**—The Government may appoint a person to be Registrar of Co-operative Societies for Bangladesh and may appoint persons to assist him.

7. **Conferment of powers of Registrar.**—Subject to the rules, the Government may, by general or special order in this behalf, confer all or any of the powers or impose all or any of the duties, entrusted to the Registrar by or under this Ordinance, other than those specified in the First Schedule,—

(*a*) upon any person appointed under section 6 to assist the Registrar; and

(*b*) upon any co-operative society in respect of any other co-operative society which is a member of the co-operative society first mentioned.

8. **Societies which may be registered.**—*(1)* Subject to the provisions of this Ordinance, and of any rules, a society which has its object the promotion of the common interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operation of such a society, including a society formed by the division of an existing co-operative society or amalgamation of existing co-operative societies, may be registered under this Ordinance with or without limited liability :

Provided that no society shall be so registered unless it fulfils such conditions as may be prescribed.

(2) The Government may prescribe the qualifications for membership of any class of co-operative societies ; and where such qualifications are prescribed, the Registrar may remove from the membership of a co-operative society any person who is not qualified to be such member :

Provided that before such removal the person concerned shall be given an opportunity of being heard.

(3) The word "limited" shall be the last word in the name of a society registered under this Ordinance with limited liability.

9. **Conditions of registration.**—Unless the Government otherwise directs, no society shall be registered under this Ordinance,—

(a) with limited liability, if it has withdrawable share capital :

Provided that the societies composed of employees and workers in the employ of Government or any local authority or any public or private industrial or commercial firm may be registered with withdrawable shares on such conditions as may be prescribed ; or

(b) with unlimited liability, if any member is a co-operative society.

10. **Registration.**—*(1)* An application for registration of a society shall be made to the Registrar in the prescribed manner and shall be accompanied by as many copies of the proposed bye-laws as may be prescribed ; and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require.

(2) The Registrar shall decide all questions as to whether the application complies with the provisions of this Ordinance and the rules and whether objects of the society are in accordance with section 8.

(3) No society shall be registered unless its bye-laws provide for representation to different groups of members of the society in such manner as may be prescribed.

(4) If the Registrar is satisfied that the application complies with the provisions of this Ordinance and the rules and that the proposed bye-laws are not contrary thereto, he shall, unless for reasons to be recorded in writing he thinks fit to refuse, register the society and its bye-laws within ninety days from the date of submission of the application for registration.

(5) Where the Registrar refuses to register a society, he shall communicate the order of refusal together with the reasons therefor, within thirty days of the making of such order, to the applicant.

11. **Evidence of registration.**—A certificate of registration signed by the Registrar shall be issued to the society and shall be conclusive evidence that the co-operative society therein mentioned is a co-operative society duly registered under this Ordinance and that its bye-laws are as attached to the certificate, unless it is proved that the registration of the society has been cancelled or that the bye-laws have been amended in accordance with section 12 or section 13.

12. **Amendment of bye-laws of a co-operative society.**—*(1)* No amendment of any bye-law of a co-operative society shall be valid until such amendment has been registered under this Ordinance.

(2) Every proposal for such amendment, framed in accordance with the rules, shall be forwarded to the Registrar ; and if the Registrar is satisfied that the proposed amendment is not contrary to the provisions of this Ordinance or the rules, he shall, unless for reasons to be recorded in writing he sees fit to refuse, register the amendment within thirty days.

(3) The Registrar shall forward to the society a copy of the amendment thus registered, together with a certificate signed by him ; and such certificate shall be conclusive evidence that the amendment has been duly registered.

13. **Power of financing bank or Registrar to direct amendment of bye-laws.**—*(1)* Subject to the rules, if it appears to a financing bank that an amendment of the bye-laws of a co-operative society which is a member and a debtor of such bank is necessary or desirable in the interest of such society, it may, in the prescribed manner, call upon the society to make the amendment within such time as it may specify.

(2) If the society fails to make the amendment within the time specified the financing bank may, after affording the society an opportunity of being heard, forward to the Registrar the amendment which it considers necessary or desirable, and the Registrar, if satisfied that the amendment is not contrary, to the provisions of this Ordinance or the rules, may thereupon register the amendment and forward to the society in the prescribed manner a copy thereof, together with a certificate signed by him which shall be conclusive evidence that the amendment has been registered ; and such amendment shall thereupon be binding upon the society and its members.

(3) If it appears to the Registrar as a result of inspection under section 82 or section 83 or an enquiry under section 84 that an amendment of the bye-laws of a co-operative society is necessary or desirable in the interest of such society, he may direct the society to hold a special general meeting to adopt the amendment of the bye-laws within forty-five days, failing which he shall register the amendment and forward to the society in the prescribed manner a copy therof, together with a certificate signed by him which shall be the conclusive evidence that the amendment has been registered ; and such amendment shall thereupon be binding upon the society and its members.

CHAPTER III

STATUS AND MANAGEMENT OF CO-OPERATIVE SOCIETIES

14. **Co-operative societies to be bodies corporate.**—The registration of a co-operative 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 purposes for which it was constituted.

15. **Final authority of a co-operative society.**—*(1)* The final authority of every co-operative society shall vest in the general body of members in general meeting :

Provided that, in such circumstances as may be prescribed, the final authority may vest in the delegates of such members, elected in the prescribed manner and assembled in general meeting :

Provided further that from the date of dissolution of the managing committee under section 22 to the date of constitution of a managing committee under section 18, the final authority of a co-operative society shall vest in the Government.

(2) The general meeting shall be summoned and shall exercise its authority in such manner as may be prescribed.

16. **General meetings.**—*(1)* All general meetings of a co-operative society shall be called by the managing committee in such manner as may be prescribed.

(2) An annual general meeting of every co-operative society shall be called for the purposes of—

(a) considering the audit report referred to in section 79 ;

(b) approving the budget of the society for the next co-operative year ;

(c) considering the annual statement of accounts ;

(d) considering any other matter which may be brought forward in accordance with the bye-laws.

(3) A special general meeting shall be called—

(a) on the requisition in writing of one-third of the members of any co-operative society having not more than five hundred members or of one-fifth of the members of any other society; or

(b) at the instance of the Registrar.

(4) The Registrar, or any person authorised by him in this behalf by special order in writing, may call a special general meeting of a co-operative society at any time, and shall call such a meeting upon failure of the managing committee to call a meeting on a requisition by the members or at the instance of the Registrar under sub-section *(3)*.

(5) Where the audit report referred to in sub-section (2) (a) is not received before the annual general meeting, a special general meeting shall be called within ninety days from the date of receipt of the audit report for its consideration.

(6) Notwithstanding any rule prescribing the period of notice for, and the method of summoning, a general meeting, the Registrar, in the case of a meeting called at his instance under sub-section (3), or the person calling the meeting in the case of a meeting called under sub-section (4) may specify the time and place for the meeting, the manner in which it shall be summoned and the matter which shall be discussed thereat.

17. **General meeting or special general meeting incompetent to interfere with works of appointed managing committee.**—Notwithstanding anything contained in section 16, a general meeting or a special general meeting of a co-operative society, the managing committee of which has been dissolved under section 22 and a managing committee has been appointed under section 23, shall not be competent—

(a) to elect, subject to the provision of section 23 (2), members of the managing committee or any other officer for managing the affairs of the society;

(b) to disapprove or modify the budget as prepared by the managing committee and approved by the Registrar; or

(c) to do anything which, in the opinion of the Registrar, is likely to create any impediment in the way of smooth functioning of the appointed managing committee in any manner whatsoever.

18. **Managing committee.**—(1) The management of every co-operative society shall vest in a managing committee constituted in accordance with this Ordinance, the rules and bye-laws.

(2) The members of the managing committee shall be elected by direct election in a general meeting in such manner as may be prescribed.

(3) The term of a managing committee shall be two years commencing from the date it holds its first meeting after its constitution; and it shall stand dissolved upon the expiry of its term.

(4) Where a managing committee is not reconstituted before the expiry of its term, the functions of the managing committee shall be performed by such person or committee as the Registrar may deem fit to appoint.

(5) Where a managing comittee is to be reconstituted after the expiry of its term, the Registrar or any person authorised by him in this behalf by special order in writing shall call a special general meeting of the co-operative society for the purpose of election of members of the managing committee.

(6) A managing committee shall exercise such powers and perform such functions as are specified in this Ordinance or as may be prescribed by rules or bye-laws.

19. **Disqualification for being elected as a member of the managing committee.**—(*1*) No member of any co-operative society shall be eligible for being elected as an officer of such society or of any other society to which such society is affiliated, if such member has defaulted in repayment of any loan taken, or payment of the price of any goods taken on credit, from such society, or payment of instalments in respect thereof, if any, within the time fixed, including the time extended, if any, for such repayment or payment.

(*2*) No person who has been a member of a managing committee for consecutive three terms shall be eligible for being elected as an officer of such society unless a period of two years has elapsed after the expiry of his last term as such member.

20. **Casual vacancy.**—Where any casual vacancy occurs in the membership of a managing committee, the committee shall nominate any member of the co-operative society to fill the vacancy.

21. **Power to depute Government servant to manage affairs of a co-operative society.**—The Registrar may, on the application of a co-operative society, and on such conditions as may be prescribed, depute a Government servant to the service of the society for the purpose of managing its affairs and a Government servant so deputed shall exercise such powers and perform such duties as may be prescribed :

Provided that prior orders of the Government shall be necessary in respect of such deputation of a gazetted officer.

22. **Dissolution and reconstitution of managing committee and disqualification of its members.**—(*1*) If the Registrar, as a result of an audit under section 76 or inspection under section 82 or 83 or an enquiry under section 84 is satisfied for reasons to be recorded by him in writing that a co-operative society is suffering from insolvency or that the managing committee of a co-operative society is mismanaging its affairs, he may, under section 16(*3*)(*b*) direct that, within such time as he may determine, a special general meeting of the society shall be held to dissolve and reconstitute such managing committee :

Provided that where more than fifty per centum of the paid-up share capital or where more than fifty per centum of the borrowed capital of a co-operative society represents share purchased by the Government or represents loans and advances given or guaranteed respectively by the Government or any bank, the Registrar may, by an order in writing, dissolve such managing committee :

Provided further that no such order of dissolution shall be passed without giving the managing committee an opportunity of being heard.

(*2*) In any direction made under sub-section (*1*) or under proviso to sub-section (*1*) or under sub-section (*3*), the Registrar may, for reasons to be recorded by him in writing, order that all or any of the members of the outgoing managing committee shall, for such period not exceeding three years from the date of the order as he may determine, be disqualified for election or appointment as an officer of any co-operative society :

Provided that no person shall be so disqualified unless opportunity has been given to state his objection.

(*3*) If the managing committee is not dissolved and reconstituted within the time determined and in such manner as may be directed by the Registrar under sub-section (*1*), he may, by an order in writing, dissolve the managing committee.

(*4*) Where the Government, after causing such enquiry to be made into the affairs of a co-operative society as it may deem fit, is satisfied that the co-operative society is suffering from insolvency or that its managing committee is mismanaging the affairs or acting in a manner prejudicial to the interest of the society, it may without prejudice to the powers of the Registrar under this section, by order in writing dissolve the managing committee of the society:

Provided that no such order shall be made without giving the managing committee an opportunity of showing cause against the order.

23. **Appointment of a managing committee to manage the affairs of co-operative society.**—(*1*) When the managing committee is dissolved either under proviso to section 22(*1*), or under section 22(*3*), or under section 22(*4*), the members of the outgoing managing committee shall forthwith vacate their office; and the Registrar and, where the managing committee is dissolved under section 22(*4*), the Government shall appoint a person or a managing committee consisting of persons not exceeding five in number and shall appoint a chairman and, if necessary, such other officer from amongst them to manage the affairs of such co-operative society for such period not exceeding one year and the managing committee so appointed shall forthwith take over charge of such co-operative society through its chairman or any other officer:

Provided that the Government may extend the period of one year for such further period as it may think fit:

Provided further that in case of a co-operative society the managing committee of which has been dissolved under proviso to section 22(*1*), the Government may increase the number of members of such managing committee to any number not exceeding nine and the Registrar shall appoint all or the remaining members of such managing committee.

(*2*) The person or the committee appointed under sub-section (*1*) shall, on the direction of the Registrar, before the termination of the term of his or its office, take necessary action under the bye-laws of the co-operative society to elect a managing committee to succeed him or it, as the case may be.

(*3*) Where a person or a managing committee has been appointed under sub-section (*1*), the Registrar may, at any time, for reasons to be recorded by him in writing, reconstitute the committee or require him or any or all the members of such committee to vacate his or their office or offices, as the case may be, before the expiry of the period of his or their appointment after giving him or them reasonable opportunity to show cause and may make appointment in his or their places.

(*4*) At the time of every extension of the period of one year under the proviso to sub-section (*1*), the Registrar may reconstitute the managing committee appointed under sub-section (*1*).

(5) Notwithstanding anything contained elsewhere in this Ordinance, or in the rules made thereunder or in the bye-laws of a co-operative society, the managing committee appointed under sub-section (1) shall, in exercise of its powers and in performance of its duties, observe such directions, if any, as the Government may, from time to time issue.

24. **Tenure of office of person appointed under section 23.**—A person or a managing committee appointed under section 23 shall hold office until the managing committee is constituted under section 18 or his or its appointment is cancelled by the appropriate appointing authority.

25. **Management of co-operative society on dissolution of its committee.**—During the tenure of office of a person or managing committee appointed under section 23(1)—

(a) all properties of the co-operative society shall vest in the Registrar; and

(b) subject to the control of the Registrar, and notwithstanding the preferring of any appeal under section 134, such person or managing committe shall exercise all the powers and perform all the duties which may, under this Ordinance, rules and the bye-laws, be exercised or performed by the managing committee or any officer of the society.

26. **Removal of members of the managing committee.**—Where the Government after causing such enquiry as it may deem fit, is satisfied that any member of the managing committee of a co-operative society is abusing its position as an officer of the society or is otherwise acting in any manner prejudicial to the interest of the society, it may, without prejudice to any action to which such member may be liable under this Ordinance or any other law, by order in writing, remove him from the membership of the managing committee; and thereupon he shall cease to be such member and also be disqualified for such period not exceeding five years as may be specified in the order, from being a member or an officer of that society or any other co-operative society :

Provided that no such order shall be made without giving the member an opportunity of showing cause against the order.

27. **Disqualification of a person from being a member of the managing committee, etc.**—Where the Government, after causing such enquiry as it may deem fit, is satisfied that a person, having been a member of the managing committee of a co-operatvie society, abused his position as an officer of the society or otherwise acted in any manner prejudical to the interest of the society, it may, without prejudice to any action to which such person may be liable under this Ordinance or any other law, by order in writing, direct that such person shall be disqualified, for such period not exceeding five years as may be specified in the order, from being a member or an officer of that society or any other co-operative society :

Provided that no such order shall be made without giving the person an opportunity of showing cause against such order.

28. **Power of Government and Registrar to nominate members.**—Where the Government has subscribed more than fifty per centum of the paid-up share capital of a co-operative society or where more than fifty per centum of the loans and advances of a co-operative society is given or guaranteed by the Government, the Government, in the case of a national society, and the Registrar, in any other case, shall nominate one-third of the members of the managing committee of the society.

CHAPTER IV

DUTIES AND OBLIGATIONS OF CO-OPERATIVE SOCIETIES

29. **Address of co-operative society.**—Every co-operative society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send notice in writing of every change thereof, within thirty days of such change, to the Registrar and to the financing bank, if any, of which it is a member.

30. **Copy of Ordinance, etc. to be open to inspection.**—Every co-operative society shall keep open to inspection free of charge at all reasonable times at the address of the society—

(*a*) a copy of this Ordinance ;

(*b*) a copy of the rules ;

(*c*) a copy of the bye-laws of the society ;

(*d*) a register of members ; and

(*e*) such other documents as may be prescribed.

31. **Publication of annual balance sheet.**—The balance sheet authenticated by the audit officer shall be annually published by every co-operative society in the prescribed manner.

32. **Restrictions on borrowing.**—A co-operative 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 bye-laws; and shall in respect of such deposits or loans make such provision for the maintenance of fluid resource as may be prescribed.

33. **Power of Government to guarantee principal and interest of debentures.**—(*1*) In the case of any debentures or of any class or series or issue of debentures issued under this Ordinance, the Government shall—

(*a*) guarantee the principal thereof and the interest thereon, subject to such maximum amount of principal or such rate of interest and to such other conditions as may be prescribed; and

(*b*) notwithstanding anything contained in the Trusts Act, 1982 (II of 1882), declare that such debentures shall be deemed to be included among the securities enumerated in section 20 of the said Act.

(*2*) Such debentures shall not be issued save with the express authority of the Government.

34. **Issue of guaranteed debentures.**—(*1*) When a co-operative society is authorised under the provisions of section 33(*2*) to receive loans by the issue of debentures, the principal of and interest on which is so guaranteed, the Government shall appoint the Registrar or some other person to be the Trustee for the purpose of securing the fulfilment of the obligations of the society to the holders of the debentures.

(*2*) With the previous sanction of the Trustee and subject to such conditions as he may impose, a co-operative society may issue debentures of one or more denominations for such period as it may deem expedient on the security of the assets of the society, including any mortgages which it holds by acceptance, assignment or transfer.

(*3*) Such debentures may be issued subject to either or both of the following conditions, namely:—

(*a*) fixing a period, not exceeding thirty years from the date of issue, during which they shall be irredeemable;

(*b*) reserving to the society the right to call in at any time any previously issued debentures in advance of the date fixed for redemption after giving to the debenture-holder concerned not less than three months' notice in writing,

and may be subject also to any other conditions imposed by the Trustee.

(*4*) The total amount payable in respect of debenture issued by a society (including any debentures issued before the commencement of this Ordinance) and oustanding at any time shall not exceed the total amount due on the mortgages, the amounts paid thereunder and remaining in the hands of the society or of the Trustee at such time and the value of all other assets of the society held by transfer or assignment subsisting at that time.

(*5*) Where a co-operative society has called in any debenture in advance of the date fixed for redemption, the society shall, subject to the previous permission of the Trustee, have the power to cancel the debenture and issue any new debenture in place of the debenture paid off, or otherwise satisfied or extinguished, or to re-issue the debenture either by re-issuing the same debenture or by issuing another debenture in its place; and by virtue of such re-issue the person entitled to such debenture shall have, and shall be deemed to have always had, the same rights and priorities, if any, as if the debenture had not been previously issued.

35. **Trustee to be a corporation sole.**—The Trustee appointed under section 34 shall be a corporation sole by the name of the Trustee for the debentures in respect of which he is appointed, and as such shall have perpetual succession and a common seal and in his corporate name shall sue and be sued.

36. **Powers and functions of Trustee.**—(*1*) The powers and functions of the Trustee shall be governed by the provisions of this Ordinance and the instrument of trust executed between the co-operative society and the Trustee.

(*2*) The form of such instrument, and any modification which the parties thereto may mutually agree to make in any of its terms after its execution, shall be subject to the previous approval of the Government.

37. **Debenture-holders' charge on assets.**—Upon the issue of debentures under the provisions of section 34(2), the assets of the co-operative society, including any mortgages which it holds by acceptance, assignment or transfer, shall vest in the Trustee and the holders of debentures shall have a floating charge on all such assets, including the amounts paid under such mortgages and remaining in the hands of the Trustee or the society, and on the properties of the society.

38. **Power of Government to give financial assistance.**—Notwithstanding anything contained in any other law for the time being in force, the Government may, subject to the rules, grant loans to, take shares in, or give financial assistance in any other form to any co-operative society.

39. **Restriction on lending.**—(*1*) A co-operative society shall not make loans—

(*a*) to any person other than a member; or

(*b*) to a member in excess either of the maximum or of the normal credit determined by the society for that member in accordance with the rules, whichever may be prescribed; or

(*c*) save with the special sanction of the Registrar given in accordance with the rules, on the security of movable property.

(*2*) The Government may, by general or special order, after giving any society likely to be affected thereby an opportunity of being heard in such manner as may be prescribed, prohibit or restrict the lending of money on mortgage of immovable property by any society or class of societies other than a co-operative land mortgage bank.

(*3*) Any co-operative bank may accept deposit from any person or co-operative society, whether such person or society is a member or not of the bank, and may make loans to such person or society up to seventy-five per centum of the deposit made by him or it.

40. **Restrictions on other transactions with non-members.**—Save as provided in sections 32 to 39 inclusive, 47 and 48, the transactions of a co-operative society with persons other than members shall be subject to such prohibitions and restrictions, if any, as may be prescribed.

41. **Liability to furnish information.**—Every officer and every member of a co-operative society shall furnish such information in regard to the transactions or working of the society as may be required of him by the Registrar or an audit officer, arbitrator, liquidator or any person conducting an inspection or inquiry under Chapter VIII.

CHAPTER V

PRIVILEGES OF CO-OPERATIVE SOCIETIES

42. **Change of name and its effect.**—(*1*) With the previous approval of the Registrar, a co-operative society may, by a resolution passed at a general meeting, change its name.

(2) Such change of name shall not affect any right or obligation of the society or of any of its members, or past members, or of the estate of any of its deceased members; and any legal proceedings pending on the date of such change in which such society is a party may be continued by or against the society under its new name.

43. **Change of liability.**—(1) Subject to the provisions of this Ordinance and of the rules, a co-operative society, with the previous approval of the Registrar, may, by a resolution passed at a general meeting, change its form of liability.

(2) When such a resolution has been passed, the society shall give notice thereof in writing in the prescribed manner to all its members and creditors and, notwithstanding any by-law or contract to the contrary, any member or creditor shall, within six months of the service of the notice upon him, have the option of withdrawing his shares, deposits or loans; and any member or creditor who does not exercise his option within the period aforesaid shall be deemed to have assented to the change.

(3) The change shall not take effect until either—

(a) the assent thereto of all members and creditors has been secured; or

(b) all claims of members and creditors who exercise the option referred to in sub-section (2) have been met in full.

44. **Co-operative society's power to call for statements of claims.**—(1) When a member of a co-operative society which includes among its objects the advance of loans to its members applies for a loan or when a person applies for membership of such a society, the society may in the prescribed manner serve a notice on any creditor named in the application or ascertained after subsequent inquiry, and may also publish a general notice on all creditors, requiring him or them, in the prescribed form and within the time specified in the notice, to furnish a written statement of his or their claim.

(2) When a member of a co-operative society which includes among its objects the advance of loans to its members intends to apply for a loan from any person other than the society, such member shall send to the society a notice in writing stating—

(a) his intention to apply for such loan;

(b) the amount of the loan for which he intends to apply; and

(c) the object of taking the loan.

45. **Limitation.**—Notwithstanding anything contained in the Limitation Act, 1908 (IX of 1908), the period of limitation for the institution of a suit to recover any sum, including interest thereon, due to a co-operative society by a member thereof shall be computed from the date on which such member dies or ceases to be a member of the society.

46. **Debts due to co-operative societies to be a first charge.**—(1) Notwithstanding anything contained in sections 60 and 61 of the Code of Civil Procedure, 1908 (V of 1908), but subject to any claim of the Government in respect of land development tax, or any sum recoverable as land revenue or as a public

demand, or any sum recoverable as debt or outstanding demand due to a co-operative society by any member, past member or the estate of any deceased member shall be a first charge—

(*a*) if such debt or demand is due in respect of the supply of, or any loan to provide the means of paying for seed, manure, labour, subsistence, fodder for cattle or any other thing incidental to the conduct of agricultural operations,—upon the crops or agricultural produce of such member, past member or belonging to the estate of such deceased member, at any time within two years from the date on which the last instalment of such supply or loan became repayable;

(*b*) if such debt or demand is due in respect of the supply of, or of any loan to provide the means of paying for, irrigation facilities,—upon the crops or agricultural produce of such member, past member or belonging to the estate of such deceased member, at any time within two years from the date on which the last instalment of such supply or loan became repayable, or upon the crops or agricultural produce of the land so provided with irrigation facilities;

(*c*) if such debt or demand is due in respect of the supply of, or any loan for the purchase of cattle, agricultural implements or warehouses for the storage of agricultural produce,—in the manner and to the extent aforesaid upon the crops or agricultural produce of such member, past member or belonging to the estate of such deceased member and also upon the cattle, agricultural implement or warehouses thus supplied or purchased wholly or in part from any such loan;

(*d*) if such debt or demand is due in respect of the supply of, or any loan for the purchase of raw materials, industrial implements, machinery, workshops, warehouses or business premises,—upon the raw material or other things supplied or purchased by such member, past member or deceased member wholly or in part from any such loan and also upon any articles manufactured from raw materials or with implements or machinery so supplied or purchased wholly or in part from any such loan;

(*e*) if such debt or demand is due in respect of any loan for the purchase or redemption of land,—upon the land purchased or redeemed by such member, past member or deceased member from any such loan;

(*f*) if such debt or demand is due in respect of any loan for the purchase or construction of any house or building or any portion thereof or in respect of the supply of materials for such construction,—upon the house or building so purchased or constructed by huch member, past member or deceased member from any such loan or materials; and

(*g*) if such debt or demand is due in respect of any loan secured by mortgage of any immovable property,—upon the immovable property so mortgaged by such member, past member or deceased member.

(2) Nothing in sub-section (*1*)(*a*), (*c*), (*d*), (*e*) or (*f*) shall affect the claims of any *bona fide* purchaser or transferee for value without notice of any such crops or other agricultural produce, fodder, cattle, agricultural or industrial implements, machinery, raw materials, workshops, warehouses, premises, manufactured articles, houses, buildings or land.

47. **Water charge payable by members and non-members.**—(*1*) Where in any area irrigation water is supplied by gravitation from any source, or by lowlift pump or tubewell, managed or maintained by a co-operative society, the society may levy on the users of such water, whether members of the society or not, a water charge at such rate as it may, with the prior approval of the Registrar or any person authorised by him in this behalf by special order in writing, determine.

(*2*) Such water charge shall be recoverable in the manner provided in this Ordinance for recovery of sums due to the society by the members, past members and deceased members thereof.

48. **Embankment protection charge payable by members and non-members.**—(*1*) A co-operative society, an object of which is the provision of embankment protection facilities to the lands of its members, may in the prescribed form apply to the Collector for demarcation of the area protected by any embankment; and such area shall be termed the protected area.

(*2*) On receipt of such application, the Collector shall, after giving notice in the prescribed manner, cause to be prepared in the prescribed form, by an officer subordinate to him, a map of the protected area and a statement of the lands included therein; and a copy of such map and statement shall be published in the prescribed manner.

(*3*) If the lands possessed by the members of such society comprise not less than sixty per centum of the lands included in the protected area, such society may, subject to rules made in this behalf, levy an embankment protection charg upon any non-member of the society possessing land within such area.

(*4*) Such embankment protection charge shall be recoverable in the manner provided in this Ordinance for the recovery of sums due to the society by the members, past members and deceased members thereof.

49. **Charge and set off in respect of share or interest of members.**—A co-operative society shall have a charge upon the share or interest in the capital and the deposits of a member or a past or deceased member and upon any amount payable out of profits to a member or past member or the estate of a deceased member in respect of any debt due from such member or past member or the estate of such deceased member to the society and may, subject to the provisions of sections 69 to 73 inclusive and of the rules and bye-laws, set off any sum credited or payable to a member, past member or the estate of a deceased member in or towards the payment of any such debt:

Provided that in case of setting off the share of member, previocs approval of the Registrar shall be necessary.

50. **Deduction of dues to co-operative societies from salaries of members.**—If a member of a co-operative society who is in the service of the Repulic or of any lodal authority or of any other person, takes a loan or purchases goods on credit from a co-operative society in terms of a written contract providing therein that the loan with interest thereon or price for the goods shall be repaid or paid in instalments, and authorises the society in writing to recover such instalments by deduction from his salary, or, as the case may be, from gratuity, the person

who disburses any amount payable to such member as salary or gratuity in respect of such service or in the case of a gazetted officer of the Government, the Accountant-General or the Treasury Officer on demand from the society, deduct the amount of such instalment from the amount disbursed or passed for payment to such member as salary or gratuity and shall forthwith remit to the society the amount so deducted.

51. **Exemption from compulsory registration of instruments relating to shares and debentures of co-operative society.**—Nothing in section 17(*1*)(*b*) and (*c*) of the Registration Act, 1908 (XVI of 1908), shall apply to—

(*a*) any instrument relating to shares in a co-operative society notwithstanding that the asset of such society consists wholly or in part of immovable property; or

(*b*) any debenture issued by any such society and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property, except in so far as it entitles the holder to the security afforded by a registered instrument whereby the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures; or

(*c*) any endorsement upon or transfer of any debenture issued by any such society.

52. **Power to remit certain duties, fees, etc.**—(*1*) The Government may by general or special order in the case of any co-operative society or class of co-operative societies remit any tax, cess or fee payable under any law for the time being in force or the rules framed thereunder in respect of which the Government is competent to remit such tax, cess or fee.

(*2*) In respect of any co-operative society or class of co-operative societies, the Government may, by notification in the official Gazette, remit—

(*a*) the stamp duty in respect of any instrument executed by, or on behalf of, or in favour of, a co-operative society or by an officer or on behalf of a member thereof and relating to the business of such society, in cases where but for such remission, the co-operative society, officer or member thereof, as the case may be, would be liable to pay the stamp duty chargeable under any law for the time being in force in respect of such instrument;

(*b*) any fee payable by a co-operative society under any law for the time being in force for the registration of documents.

(*3*) Notwithstanding anything contained in any other law for the time being in force, no court fee shall be payable for filing certificate cases under the Public Demdnas Recovery Act, 1913 (Ben. Act III of 1913), for execution of awards under section 88 and 125.

53. **Power of Registrar to sanction a compromise between a co-operative society and its creditors.**—(*1*) Notwithstanding anything contained in this Ordinance, where a compromise or arrangement is proposed between a co-operative society and its creditor or creditors or any class of them, the Registrar, upon

an application made in the prescribed manner by the society or by any creditor or, in the case of a society in respect of which an order has been passed for the winding up thereof, by the liquidator, may order a meeting of the creditors or the class of creditors, as the case may be, to be called, held and conducted in such manner as may be prescribed.

(2) If a majority in number of the creditors or the class of creditors, as the case may be, representing claims to three-fourths of the debts due by the society to the creditors or the class of creditors, present either in person or by proxy at the meeting agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Registrar, upon publication in the prescribed manner, be binding on all the creditors or the class of creditors, as the case may be, and also on the society or, in the case of a society in respect of which an order has been passed for winding up thereof, on the liquidator and on all persons who have been or may be required by the liquidator under section 92 to contribute to the assets of the society.

CHAPTER VI

PROPERTY AND FUNDS OF CO-OPERATIVE SOCIETIES

54. **Investment of funds.**—A co-operative society may invest or deposit its funds—

(*a*) in a Government Savings Bank; or

(*b*) in any of the securities specified in section 20 of the Trusts Act, 1882 (II of 1882); or

(*c*) with the sanction of the Registrar, in the shares or debentures or on the security of any other co-operative society with limited liability; or

(*d*) in any other manner prescribed.

55. **Reserve and other funds.**—(*1*) Every co-operative society shall maintain a reserve fund in respect of the profits, if any, derivable from its transactions.

(*2*) Of the net profits of a co-operative society in each year there shall be carried to the reserve fund not less than fifteen per centum or such higher proportion as may be prescribed for such society or class of societies.

(*3*) Save to the extent that, and in such manner as, may be prescribed, no part of its reserve fund shall be used in the business of a co-operative society

(*4*) Subject to the rules, any portion of the reserve fund not used in the business of the society shall be invested or deposited—

(*a*) in the Government Savings Bank; or

(*b*) in any of the securities specified in section 20 of the Trusts Act, 1882 (II of 1882), other than those specified in clause (*c*) of that section; or

(*c*) in any other bank approved by the Registrar.

(*5*) Every financing bank shall maintain a bad debt fund and an agricultural credit stabilisation fund in respect of profits, if any, derived from its transactions.

(6) Of the net profits of a financing bank in each year, there shall be carried—

(a) to the bad debt fund, not less than ten per centum or such higher proportion as may be prescribed for such financing bank or class of financing banks;

(b) to the agricultural credit stabilization fund, not less than ten per centum or such higher proportion as may be prescribed for such financing bank or class of financing banks.

(7) Save to the extent that, and in such manner as, may be prescribed, no part of its agricultural credit stabilization fund shall be used in the business of a financing bank.

(8) Every co-operative society engaged in trading or manufacturing activity shall maintain an inventory loss fund in respect of the profits, if any, derived from its transactions.

(9) Of the net profits of a co-operative society engaged in trading or manufacturing activity in each year, there shall be carried to the inventory loss fund not less than ten per centum or such higher proportion as may be prescribed for such society or class of societies.

56. **Distribution of profits.**—(1) Save as may be prescribed, no distribution of profits shall be made in the case of a co-operative society with unlimited liability; and save as provided in this section, no part of the funds of a co-operative society shall be divided by way of dividend or bonus or otherwise among its members.

(2) No dividend or bonus shall be paid—

(a) otherwise than out of profits certified by the audit officer to have been actually realised; or

(b) without the previous sanction of the Registrar, if the audit officer reports that any asset is bad or doubtful and also recommends that such sanction is necessary:

Provided that the audit officer shall not so recommend if such asset is adequately covered.

(3) Subject to the provisions of sub-section (2), after the proportion required by section 55 has been carried to the respective funds from the net profits of any year, the balance of such profits, together with undistributed profits of past years, if any, may, to such extent and under such conditions as may be prescribed, be distributed as dividend among the members or paid as bonus or remuneration to a member or employee for any specific service rendered to the society.

(4) No contribution under section 57 shall be paid otherwise than out of profit actually realised.

57. **Contribution to charitable purposes.**—After there has been carried to the funds the proportion of the net profits of any year required by section 55, a co-operative society—

(*a*) shall, in the prescribed manner, contribute an amount not less than five per centum of the balance of the year remaining profits for co-operative education or for other co-operative purpose as may be prescribed; and

(*b*) may, in accordance with the rules, contribute not more than ten per centum of such balance for any charitable purpose as defined in section 2 of the Charitable Endowments Act, 1890 (VI of 1890).

58. **Provident fund.**—(*1*) A Co-operative society may establish a Provident Fund for its members, officers or servants from the contributions of such members, officers or servants, as the case may be, and may make such contributions to the Provident Fund as may be provided for in the rules or bye-laws.

(*2*) Such Provident Fund shall not be used in the business of the society, but shall be invested or deposited in one or more of the ways specified in section 55(*4*).

59. **Restriction on distribution of profits before setting off losses.**—Notwithstanding anything contained in sections 55, 56, 57 and 58, no profit shall be distributed without the previous losses, if any, being fully set off out of net profits earned.

CHAPTER VII

PRIVILEGES, LIABILITIES AND OBLIGATIONS OF MEMBERS OF CO-OPERATIVE SOCIETIES

60. **Votes of members.**—(*1*) Subject to the rules relating to voting by delegates, no member of a co-operative society shall have more than one vote in its affairs :

Provided that, in the case of an equality of votes, the Chairman shall have a second or casting vote.

(*2*) A co-operative society which is a member of another co-operative society may appoint one of its members not disqualified for such appointment under any rule or bye-law to vote in the affairs of such other society.

61. **Members not to exercise rights till due payment made.**—No member of a co-operative society shall exercise the rights of a member until he has made such payment to the society in respect of membership or acquired such interest in the society as may be provided for in the rules or bye-laws.

62. **Members to furnish information as to their financial position and alienation of their immovable property.**—(*1*) A full, true and accurate statement of his assets and liabilities shall be furnished—

(*a*) by an applicant for membership of a co-operative society with unlimited liability, together with his application;

(*b*) by a member of a co-operative society with unlimited liability when required to do so by the Registrar or any person authorised by him by a general or special order or by the financing bank; and

(*c*) by a member of any other society, together with any application for a loan or for acceptance as a surety.

(2) A member of a co-operative society shall, before the completion of each such transaction, furnish to the society of which he is a member full, true and accurate information regarding any sale, mortgage or transfer in any form whatsoever of his immovable property or any portion or share thereof and regarding any debt proposed to be incurred on the security of such property.

63. **Loans to be used for the object for which advanced.**—A loan advanced by a co-operative society to a member thereof shall be utilized by him for the purpose for which it was advanced and, if not so utilized, shall be refunded by him immediately on its recall, in the prescribed manner, by the society.

64. **Share or interest not liable to attachment.**—Notwithstanding anything contained in any law for the time being in force, but subject to the provisions of section 49, the share or interest of a member in the capital of a co-operative society or in any provident fund established under section 58 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 the Official Assignee under the Insolvency (Dacca) Act, 1909 (III of 1909), nor a receiver under the Insolvency Act, 1920 (V of 1920), shall be entitled to or have any claim on such share or interest.

65. **Liability of members.**—The members of a co-operative society shall, upon the winding up of the society, be jointly and severally liable to contribute towards any deficiency in the assets of the society—

(*a*) in the case of a society with unlimited liability, without limit; and

(*b*) in the case of a society with limited liability, subject to such limitation of amount as may be provided in the bye-laws :

Provided that where any share of a co-operative society is purchased by another co-operative society or Government, the liability in respect of such share shall, upon the winding up of the society, be limited to the amount paid in respect of the share.

66. **Liability of past member and of estate of deceased member.**—The liability of a past member and of the estate of a deceased member for the debts of a co-operative society as they existed at the date of his ceasing to be a member or of his death, as the case may be, shall continue for a period of two years from the said date :

Provided that when the co-operative society is directed to be wound up under section 90 within the said period of two years, such liability shall continue until the proceedings for winding up the society are completed by the liquidator.

67. **Restriction on interest of members of society with limited liability and share capital.**—Where the liability of a member of a co-operative society is limited by shares, no member other than another co-operative society shall hold more than such portion of the share capital of the society as, subject to a maximum of one-fifth, may be prescribed.

68. **Restrictions on transfer of share or interest.**—(*1*) The transfer or charge of the share or interest of member in the capital of a co-operative society shall be subject to the provisions of this Ordinance and to such conditions as to maximum holding as may be prescribed and, in the case of a member of a society with limited liability, shall require the approval of the society.

(*2*) No transfer or charge of his share or interest by a member of a society registered with unlimited liability shall be valid unless—

(*a*) he has held such share or interest (save in the case of transfers under any of the provisions of sections 69, 70, 71, 73 or 74) for not less than one year ; and

(*b*) the transferee or mortgagee is either a member of such society or a person whose application for membership has been accepted or another co-operative society.

69. **Nomination of transferee.**—If the bye-laws of a co-operative society so permit, any member of the society may, in accordance with the rules, nominate a person in whose favour the society shall dispose of the share or interest of such member on his death.

70. **Disposal of deceased member's share or interest.**—(*1*) When any member of a co-operative society dies, his share and interest in the society shall, subject to the provisions of sections 49 and 68 and to the further provisions of this section, be transferred—

(*a*) to the person, if any, nominated in accordance with the provisions of section 69 ; or

(*b*) if there be no such nominee or, if the existence and residence of such nominee cannot be ascertained by the managing committee, or if for any other cause such transfer cannot be made without unreasonable delay, to the person who (subject to the production by him of probate, letters of administration or succession certificate) appears to the managing committee to be entitled in accordance with the rules to possession of such share or interest as part of the estate of the deceased member ; or

(*c*) on the application of the person referred to in clause (*b*) within three months of the death of the deceased member, to any person specified in the application.

(*2*) If the share or interest of the deceased cannot be legally transfer in accordance with the provisions of sub-section (1), or if the person to whom the share or interest is payable under that sub-section within one year of the death of the deceased member claims payment of the value of such share or interest, or if the society in accordance with the rules and bye-laws decides to proceed according to this sub-section—

(*a*) the share shall be transferred to some other person qualified in accordance with the provisions of section 68 to be the transferee of the share, on receipt from such person of the value thereof ; and

(*b*) the value of the share or interest of the deceased member determined in accordance with the rules shall be paid to the person nominated is accordance with the provisions of section 69 or to the person appearing to be entitled to possession of such share or interest as aforesaid after deducting the amount of any sum payable under this Ordinance to the society from the estate of the deceased member.

71 **Disposal of share or interest of expelled, resigned or insane member.**—When a member of a co-operative society becomes disqualified from being such member or is expelled or resigns in accordance with the rules or the bye-laws, or when a member becomes insane—

(*a*) his share or interest shall be transferred to another person qualified to be the transferee in accordance with the provisions of section 68, and the value thereof determined in accordance with the rules shall be paid to such member or, if he is insane, to any person appointed to manage his properties under the Lunacy Act, 1912 (IV of 1912); or

(*b*) in the case of a society, with unlimited liability, if the bye-laws so provide, the value of his share or interest determined in accordance with the rules shall be paid to him or, if he is insane, to any person appointed to manage his properties under the Lunacy Act, 1912 (IV of 1912).

72 **Restriction on transfer of possession of and interest in land held under a co-operative society.**—Notwithstanding anything contained elsewhere in this Ordinance or in any other law for the time being in force—

(*1*) a member of a co-operative society, the object of which is the reclamation and colonization of land or the acquisition of land and the leasing thereof to its members, shall not be entitled to transfer his possession of or interest in any land held by him under the society, except to the society or, with the previous approval of the society given in accordance with its bye-laws, to a member threof;

(*2*) when the membership of a member of a co-operative society specified in clause (*1*) terminates by reason of his death, expulsion, resignation or insanity or any other cause, his possession of and interest in any land held by him under the society shall vest in his heir, executor or administrator or in the person, if any, nominated by him under section 69, if such heir, executor, administrator or person is willing to become a member of the society and is eligible for membership in accordance with the bye-laws of the society;

(*3*) if the heir, executor, administrator or person referred to in clause (2) does not become a member of the co-operative society, the possession of an interest in the land of the deceased, expelled, resigned or insane member shall vest in the society, which shall pay to such heir, executor, administrator or person, as the case may be, a sum equivalent to the value of the land as determined in accordance with the rules:

Provided that the society shall be competent to set off such sum or part of such sum towards the payment of any debt due from the deceased, expelled, resigned or insane member of the society; and

(4) no land held under a co-operative society specified in clause (1) by a member thereof, or vested under clause (2) in the heir, executor, or administrator of such member or in any person nominated by such member under section 69 shall be attachable in any suit or proceeding for the recovery of any debt other than a debt due to the society or to a member thereof.

73. **Disposal of share or interest of a member of a wound up co-operative society.**—When an order is passed for the winding up of a co-operative society which is a member of a co-operative society with limited liability, the share or interst of the society being wound up shall, subject to the provisions of section 68, be transferred to another person or co-operative society upon receipt from such person or society of the value, determined in accordance with the rules, of such share or interest; and upon the application of the liquidator the value thereof thus received shall be paid to him.

74. **Disposal of moneys due to a deceased, expelled, resigned or insane member.**—All sums calculated in accordance with the rules to be due from a co-operative society to a member, other than payments in respect of the share or interest of such member to the society, shall, subject to the provisions of section 49, be paid—

(a) in the case of a deceased member, to the person to whom the share and interest are transferred or their value is paid in accordance with the provisions of section 70;

(b) in the case of a member who has been expelled or has resigned from a society, to him; and

(c) in the case of a member who has become insane, to any person appointed to manage his properties under the Lunacy Act, 1912 (IV of 1912).

75. **Bar to certain claims.**—All payments and transfer made by a co-operative society in accordance with the provisions of sections 70 to 74 inclusive shall be valid and effectual against any demand made upon the society by any other person.

CHAPTER VIII

AUDIT, INSPECTION AND INQUIRY

76. **Registrar to be responsible for audit.**—(1) The accounts of every co-operative society shall, at least once in each co-operative year and by such date as may be prescribed, be audited by the Registrar or by an audit officer authorised by him in this behalf by general or special order in writing.

(2) In respect of every audit of its accounts of a co-operative society shall, in the manner prescribed, pay such audit fee as may be prescribed.

77. **Power to the Registrar to have the accounts written up.**—If at the time of audit the accounts of a co-operative society are not complete, the Registrar or, with his approval, the audit officer may cause the accounts to be written up at the expense of the society.

78. **Nature of audit.**—(*1*) The audit under section 76 shall include—

(*a*) a verification of the cash balances and securities ;

(*b*) a verification of the balance at the credit of the depositors and creditors and of the amounts due from the debtors of the society ;

(*c*) an examination of overdue debts, if any ;

(*d*) a valuation of the assets and liabilities of the society ;

(*e*) an examination of the transactions, including the monetary transactions of the society within such limits as may be prescribed ;

(*f*) an examination of the statement of accounts to be prepared by the managing committee in such form as may be prescribed ;

(*g*) a certification of the realised profits ; and

(*h*) any other matter that may be prescribed.

(*2*) The statement of accounts thus audited, together with the modifications, if any, made therein by the Registrar, shall be final and binding on the co-operative society.

79. **Audit officer's report.**—The audit officer shall, by such date as may be prescribed, submit to the co-operative society and to the Registrar, together with the statement of accounts audited, an audit report including a statement of—

(*a*) every transaction which appears to him to be contrary to law or to the rules or bye-laws ;

(*b*) every sum which ought to have been but has not been brought into account ;

(*c*) the amount of any deficiency or loss which appears to have resulted from any negligence or misconduct or to require further investigation ;

(*d*) any money or property belonging to the society which appears to have been misappropriated or fraudulently retained by any person ;

(*e*) any of the assets which appears to him to be bad or doubtful ; and

(*f*) any other matter prescribed.

80. **Rectification of defects.**—The managing committee shall, within one month from the date of receipt of the audit report from the audit officer, remedy the defects and irregularities pointed out in the audit report, and report to the Registrar the action taken by it thereon.

81. **Constitution of an authority to supervise working of co-operative societies.**—(*1*) The Government may constitute an authority to appoint and control in such manner as may be prescribed, the staff required for the supervision of co-operative societies, other than such staff as may be appointed by the Government for the purposes of such supervision, and such authority shall be composed of such number of persons and shall perform such other functions as may be prescribed :

Provided that, of the persons composing such authority, three-fourths shall be elected by co-operative societies in such manner as may be prescribed, and one-fourth shall be nominated by the Registrar in such manner as may be prescribed.

(2) A co-operative society shall be liable to pay, to an authority constituted under sub-section (1), such fee, in such manner, as may be prescribed.

82. **Inspection by Registrar or financing bank.**—(1) Every co-operative society shall be liable at any time to inspection—

(a) by the Registrar or any person authorised by him in this behalf by general or special order; and

(b) by the financing bank or national society or central society, if any, of which it is a member or to which it is a debtor.

(2) An inspection under this section by a financing bank or national society or central society, as the case may be, shall be made by an officer of the bank or of the society, as the case may be, or by a member of its paid staff certified by the Registrar in accordance with the rules as competent to conduct such an inspection.

(3) The result of an inspection under this section shall be communicated to the society and to the financing bank or national society or central society, if any, of which it is a member or to which it is a debtor and, when the inspection is made by a financing bank or national society or central society, to the Registrar if so required by him.

83. **Inspection of books of an indebted co-operative society.**—(1) Subject to the provisions of sub-section (2), on the application of a creditor of a co-operative society, an inspection shall be made of the books of the society by the Registrar or by a person authorised by him in this behalf by general or special order in writing.

(2) No such inspection shall be made unless—

(a) the Registrar, after giving the society an opportunity of being heard, is satisfied that the alleged debt is a sum then due, and that the creditor has demanded payment thereof and has not received satisfaction within a reasonable time; and

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

(3) The Registrar shall communicate the result of any inspection under this section to the creditor, to the society and to the financing bank, if any, of which the society is a member or to which it is a debtor.

84. **Inquiry by Registrar.**—(1) The Registrar may, at any time, of his own motion or at the request of the Deputy Commissioner, hold, by himself or by a person authorised by him by order in writing, an inquiry into the constitution, working and financial condition of a co-operative society.

(2) Such an inquiry shall be held on the application of—

(a) the financing bank, if any, of which the society is a member or to which it is a debtor;

(b) a majority of the members of the managing committee;

(c) one-third of the members of the society, each of whom has been a member of the society for not less than twelve months immediately preceding the date of the application and shall have deposited such security for costs, if any, as the Registrar may direct;

(*d*) creditors representing not less than one-half of the borrowed capital of the society, who shall have deposited such security for costs, if any, as the Registrar may direct :

Provided that, in the case of any society having more than two thousand five hundred members, an application under clause (*c*) may be presented by delegates elected in the prescribed manner.

(*3*) The Registrar shall communicate the report of any inquiry under this section to the society, to the financing bank, if any, of which the society is a member or to which it is a debtor, and to the Deputy Commissioner or the creditors, as the case may be, who applied for the inquiry.

85. **Cost of inspection or inquiry.**—(*1*) The Registrar may, after giving the parties an opportunity of being heard and by an order in writing stating the reasons therefor, apportion the costs of an inspection made under section 83 or of an inquiry held under section 84 or such portion of the cost as he thinks fit, between the co-operative society, the members thereof or the financing bank or the creditors applying for such inspection or inquiry, as the case may be, and the officers, former officers, members and past members of the society.

(*2*) The Registrar may, in case of an inquiry under section 84(*1*), after giving the members or past members of the managing committee or officers concerned of the co-operative society an opportunity of being heard, assess the entire cost of such inquiry or any part thereof on any one of them or apportion such cost or such portion thereof among all or any of them as he may deem fit.

(*3*) No expenditure from the funds of any co-operative society shall be incurred for the purpose of defraying any costs in support of any appeal preferred by any person other than the society against an order under sub-section (*1*).

CHAPTER IX

SETTLEMENT OF DISPUTES

86. **Dispute to be referred to Registrar.**—Any dispute touching the business or affairs of a co-operative society or of the liquidator of a society shall be referred to the Registrar if the parties thereto are among the following, namely:—

(*a*) the society, its managing committee, any past or present officer, agent or servant or the liquidator of the society; or

(*b*) a member, past member or person claiming through a member, past member or deceased member of the society; or

(*c*) a surety of a member, past member or deceased member of the society, whether such surety is or is not a member of the society; or any person having transactions with the concerned co-operative society; or

(*d*) any other co-operative society, or the liquidator of such society.

87. **Settlement of disputes.**—(*1*) On receipt of a reference under section 86 the Registrar shall, subject to the rules—

(*a*) decide the dispute himself; or

(*b*) transfer it for disposal to any person authorised by the Government to exercise the powers of the Registrar in this behalf; or

(*c*) refer it for disposal to one or more arbitrators to be appointed by the Registrar.

(*2*) Subject to the rules, the Registrar may withdraw any reference transferred or referred under sub-section (*1*) and may deal with it himself in the manner provided in such rules.

(*3*) All disputes shall be decided within three months from the date of receipt of such disputes by the Registrar.

(*4*) If any person to whom a dispute has been referred to for disposal fails to decide it within the period mentioned in sub-section (*3*), he shall make a report to the Registrar stating reasons for such failure and the Registrar may allow him such further time not exceeding three months as he deems fit, for disposal of the dispute.

88. **Force and effect of certain awards.**—Where a dispute involves property pledged as collateral security, the person deciding the dispute may issue an award, which shall have the same force and effect as a final mortgage decree of a Civil Court having jurisdiction to make such a decree.

89. **Mode of disposing of proceedings under section 36.**—If in any proceedings under section 86, the question at issue between the parties is one involving complicated question of law or facts, the Registrar may, if he thinks fit, either,—

(*a*) stay the proceedings and refer the case to the District Judge for decision whereupon the decision of the District Judge shall be final; or

(*b*) call upon one of the parties to institute a regular suit in a Civil Court for decision of the case within a period not exceeding six months to be fixed by himself and stay the proceedings in the meanwhile, if no such suit is instituted within the period so fixed, the Registrar shall pass such order as he deems fit.

CHAPTER X

WINDING UP AND DISSOLUTION OF CO-OPERATIVE SOCIETIES

90. **Order for the winding up of a co-operative society.**—(*1*) The Registrar may, and if the rules in any case so prescribed shall, by an order in writing, direct that a co-operative society shall be wound up if—

(*a*) after an inspection has been made under section 82 or section 85 or an inquiry has been held under section 84; or

(*b*) on an application made upon a resolution carried by three-fourths of the members of the society present at a special general meeting called for the purpose; or

(*c*) on his own motion in the case of a society which—

(*i*) has not commenced working; or

(*ii*) has ceased working; or

(*iii*) has share capital or members' deposits not exceeding five hundred taka; or

(*iv*) has ceased to comply with any condition as to registration in this Ordinance or in the rules or bye-laws,

he is of the opinion that the society ought to be wound up.

(*2*) A copy of such order shall be communicated, in the prescribed manner, to the society and to the financing bank, if any, of which the society is a member or to which it is a debtor.

(*3*) The order shall take effect—

(*a*) where no appeal is preferred under section 134, on the expiry of the time allowed for prefering an appeal; or

(*b*) where an appeal is preferred, upon rejection of the appeal by the appellate authority.

91. **Appointment of a liquidator.**—When an order is passed under section 90 for the winding up of a co-operative society, the Registrar may, in accordance with the rules, appoint a person to be liquidator of the society and may remove such person and appoint another in his place:

Provided that it shall not be necessary to appoint any liquidator for winding up of a co-operative society which has not commenced working, or has share capital or members' deposit not exceeding five hundred taka.

92. **Powers of a liquidator.**—(*1*) Notwithstanding anything contained in section 90 relating to the date on which an order for winding up a co-operative society shall take effect, a liquidator appointed under section 91 shall have power from the date of his appointment to take immediate possession of all assests, properties, effects and actionable claims of the society or to which the society is entitled and of all books, records and other documents pertaining to the business of the society.

(*2*) From the date on which the order directing the winding up of the society takes effect the liquidator shall, subject to the rules and under the general direction and control of the Registrar, have power, so far as is necessary for the winding up of the society, on behalf of the society to carry on the business thereof and to do all acts and execute all documents necessary to such winding up, and in particular shall exercise such of the following powers as the Registrar may from time to time direct, namely:—

(*a*) to institute and defend suits and other legal proceedings;

(*b*) to make any compromise or arrangement with any person between whom and the society there exists any dispute and to refer any such dispute to arbitration;

(*c*) to determine the debts due to the society by a member, past member or the estate, nominees, heirs or legal representatives of a deceased member ;

(*d*) to calculate the costs of liquidation and to determine by what persons and in what proportions they are to be borne ;

(*e*) to determine from time to time the contributions, including the items mentioned in clauses (*c*) and (*d*), to be made to the assets of the society by the members, past members or estates, nominees, heirs and legal representatives of deceased members or by the past or present officers of the society ;

(*f*) to investigate all claims against the society and, subject to the provisions of this Ordinance, to decide question of priority arising between claimants ;

(*g*) to pay claims against the society (including interest up to the date of the order for the winding up thereof) according to their priority, in full or rateably as the assets of the society permit ;

(*h*) to give such directions as appear to him to be necessary in regard to the realisation, collection and distribution of the assets of the society; and

(*i*) after consulting the members of the society, to dispose of the surplus, if any, remaining after paying the claims against the society.

93. **Priority of contributions assessed by liquidator.**—Notwithstanding anything contained in the Insolvency (Dacca) Act, 1909 (III of 1909), and the Insolvency Act, 1920 (V of 1920), the contribution assessed by a liquidator shall rank next to debts due to the Government or to any local authority in order of priority in insolvency proceeding.

94. **Liquidator to deposit the books and submit a final report.**—When the affairs of a co-operative society have been wound up, the liquidator shall deposit the records of the society in the prescribed manner and shall make a report to the Registrar.

95. **Power of Registrar to cancel order of winding up or of registration of a co-operative society.**— (*1*) The Registrar may, for reasons to be recorded in writing, cancel an order for the winding up of a co-operative society in any case where, in his opinion, the society should continue to exist.

(*2*) In any other case, the Registrar shall, after considering the report of the liquidator, if any, order the registration of the society to be cancelled.

CHAPTER XI

SPECIAL PROVISIONS FOR CO-OPERATIVE LAND MORTGAGE BANKS, CENTRAL SOCIETIES AND NATIONAL SOCIETIES . . . . .

96. **Right of Co-operative land mortgage bank to pay prior debts of mortgagor.**—(*1*) When a mortgage is executed in favour of a co-operative land mortgage bank for payment of a prior debt or part thereof of the mortgagor,

the bank shall, notwithstanding the provisions of sections 83 and 84 of the Transfer of Property Act, 1882 (IV of 1882), by issuing notice in writing in the prescribed manner require any person to whom any such debt is due to receive payment of such debt or part thereof from the bank within such period as may be specified in the notice.

(2) The person on whom such notice is served shall be bound to receive payment of the amount offered by the bank; but where there is a disagreement between the mortgagor and such person as regards the amount of the debt, or where the bank tenders less than the agreed amount of the debt, the receipt of the sum offered by the bank shall not prejudice the right, if any, of such person to recover the balance claimed by him.

(3) If any person fails to accept such notice or to receive such payment, such debt or part thereof, as the case may be, shall cease to carry interest from the expiry of the period specified in the notice.

97. **Restriction on mortgagor's transfer of or charge on equity of redemption.**—Notwithstanding anything contained in any other law for the time being in force—

(1) the mortgagor of property mortgaged to a co-operative land mortgage bank shall not be entitled, after the execution of the mortgage and without the concurrence of the bank,—

(a) to transfer or mortgage his equity of redemption, or

(b) to create a charge upon such property for a period exceeding five years;

(2) the co-operative land mortgage bank shall not be entitled to give its concurrence under clause (1) without the previous sanction of the central co-operative land mortgage bank or the financing bank to which any sum is payable by it; and

(3) the central co-operative land mortgage bank or the financing bank shall, if it accords its sanction under clause (2), send an intimation thereof to the Trustee, if any, appointed under section 34.

98. **Mortgage not to be questioned on insolvency of mortgagor.**—Notwithstanding anything contained in the Insolvency (Dacca) Act, 1909 (III of 1909), or the Insolvency Act, 1920 (V of 1920), a mortgage executed in favour of a co-operative land mortgage bank shall not be called in question on the ground that it was not executed in good faith for valuable consideration, or on the ground that it was executed in order to give the bank a preference over the other creditors of the mortgagor.

99. **Priority of mortgage over claims arising under Act XIX of 1883.**—(1) A mortgage executed in favour of a co-operative land mortgage bank after the commencement of this Ordinance shall have priority over any claim of the Government arising from loan under the Land Improvement Loans Act, 1883 (XIX of 1883), granted after the execution of the mortgage.

(2) Notwithstanding anything contained in the Transfer of Property Act, 1882 (IV of 1882), or in any other law for the time being in force, a mortgage executed in favour of a co-operative land mortgage bank in respect of any land shall have priority over any claim arising out of any other mortgage or charge or any transfer executed, created or made by the mortgagor or his successor-in-interest in respect of such land after the execution of the mortgage in favour of such bank.

100. **Power to distrain.**—(*1*) If any sum due as an instalment or part of an instalment payable under a mortgage in favour of a co-operative land mortgage bank, central society or primary society has remained unpaid for more than one month from the date on which it fell due, the bank or the society, as the case may, may, in addition to any other remedy available to it, apply to the Registrar for the recovery of such sum by distraint and sale of not more than half the produce of the mortgaged land, including the standing crops thereon.

(*2*) Upon receipt of such application, and notwithstanding anything contained in the Transfer of Property Act, 1882 (IV of 1882), the Registrar may, subject to the provisions of this Ordinance and the rules, take such action as is necessary to distrain and sell such produce :

Provided that the value of the property to be distrained and sold shall not be more than the aggregate of the sum due to the co-operative land mortgage bank, central society or primary society, as the case may be, and the costs of the distraint and sale.

(*3*) No distraint shall be made under this section after the expiry of twelve months from the date on which the instalment fell due.

101. **Distribution of proceeds of sale or distra'n.**—The proceeds of any distraint and sale under section 100 shall be applied as follows :—

First, there shall be paid to the co-operative land mortgage bank, central society or primary society, as the case may be, at the prescribed rate—

(*a*) the costs of the sale ; and

(*b*) the other expenses incurred on account of the distraint ;

Secondly, there shall be paid to the bank or the society, as the case may be, the amount for which the distraint was made and there shall be given to the person whose property has been sold a receipt for the amount so paid ; and

Thirdly, the residue, if any, thereafter remaining shall be delivered to the person whose property has been sold.

102. **Power to bring mortgaged property to sale without the intervention of the Court.**—Notwithstanding anything contained in any other law for the time being in force, where a power of sale and delivery of possession in respect of the property sold, without the intervention of the Court is expressly conferred on a co-operative land mortgage bank, central society or national society by a mortgage deed in favour of the bank or the society, as the case may be, if any

instalment under such mortgage is not paid in full on the date on which it falls due, the managing committee of the bank or the society, as the case may be, shall, in addition to any other remedy available to it, have the power, subject to the provisions of this Ordinance and the rules, to bring the mortgaged property to sale and to deliver possession in respect of the property sold to the purchaser without the intervention of the Court.

103. **Appointment of Sale Officer.**—The Registrar may, subject to the rules, appoint a Sale Officer for the purpose of conducting any sale under the provisions of this Chapter.

104. **Notice requiring payment from persons interested.**—A co-operative land mortgage bank, central society or national society in the exercise of the powers conferred by section 102 shall, in the prescribed manner and in the form of a written demand for the payment of the amount due to the bank or the society, as the case may be, issue a notice upon—

(*a*) the mortgagor;

(*b*) any person who has any interest in or charge upon the property mortgaged or in or upon the right to redeem the said property and who has previously notified the bank or the society, as the case may be, in writing of such interest or charge;

(*c*) any surety for the payment of the mortgage debt or any part thereof; and

(*d*) any creditor of the mortgagor who has in a suit for the administration of his estate obtained a decree for sale of the mortgaged property.

105. **Application for sale and method of sale.**—Upon the expiry of three months from the date of service of a notice under section 104, if the sum due under the mortgage has not been paid, the bank or the society, as the case may be, may, after considering any objection made within that period by any person entitled to such notice, apply to the Sale Officer appointed under section 103 to sell the mortgaged property or any part thereof and such officer shall, in the prescribed manner, proceed to sell such property by public auction and report the result thereof to the bank or the society, as the case may be.

106. **Application to set aside a sale on deposit.**—When property mortgaged to a co-operative land mortgage bank, central society or national society has been sold under the provisions of this Chapter, the mortgagor or any person entitled to a notice under section 104 may within the prescribed period apply to the managing committee of the bank or the society, as the case may be, to have the sale set aside upon his depositing with the bank or the society, as the case may be—

(*a*) for payment to the bank or the society, as the case may be, the amount specified in the proclamation of sale together with the subsequent interest and the costs, if any, incurred by the bank or the society, as the case may be, in bringing the property to sale; and

(*b*) for payment to the purchaser as compensation, a sum equal to five per centum of the purchase money.

107. Setting aside and confirmation of sales.—(1) After the expiry of the prescribed for making an application to have the sale set aside, the bank or the society, as the case may be, shall, in the prescribed manner, submit to the Registrar a report setting forth the proceedings of the Sale Officer, the result of the sale and details of any application made under section 106

(2) Upon receipt of such report the Registrar shall—

(a) if an application has been made under section 106 and if the amounts specified in that section have been deposited by the applicant, make an order setting aside the sale and requiring the bank or the society, as the case may be, to pay to the purchaser the sum deposited under section 106(b); and

(b) if no application has been made under section 106 or an application has been made but the amount specified in that section has not been deposited by the applicant, or an application has been disallowed by the bank or the society, as the case may be, make an order confirming the sale.

(3) Where an order confirming a sale is made under sub-section (2), the sale shall thereupon become absolute.

108. Distribution of sale-proceeds and bar to certain claims.—(1) The Registrar shall, in making a sale absolute by an order under section 107, direct that the sale-proceeds shall be applied as follows :—

First, there shall be paid to the co-operative land mortgage bank, central society or national society, as the case may be, at the prescribed rate, all costs, charges and expenses properly incurred by the bank or the society, as the case may be, or the Sale Officer incidental to the sale or any attempted sale;

Secondly, there shall be paid to the bank or the society, as the case may be, all interest due on account of the mortgage in consequence whereof the mortgaged property was sold;

Thirdly, there shall be paid to the bank or the society, as the case may be, all sums due as principal on account of the mortgage; and

Fourthly, the residue, if any, thereafter remaining shall be paid to the mortgagor.

(2) All payments of such residue made in accordance with sub-section (1) shall be valid and effectual against any demand relating thereto made upon the bank or the society, as the case may be, by the mortgagor or by any other person.

109. Certificate to be issued to purchaser and to be entered by the registering officer.—(1) Where a sale of mortgaged property under this Chapter has become absolute, the Registrar shall grant to the purchaser a certificate in the prescribed form specifying property sold and the name of the person who, at the time of the sale, is declared to be the purchaser, and such certificate shall bear the date of the day on which the sale becomes absolute.

(2) Notwithstanding anything contained in the Registration Act, 1908 (XVI of 1908), the Registrar shall send a copy of every certificate granted under sub-section (1) to the registering officer appointed under that Act within the local limits of whose jurisdiction the whole or any part of the immovable property comprised in such certificate is situated, and such registering officer shall enter the contents of such copy in his register of non-testamentary documents relating to immovable property.

110. **Delivery of property to purchaser.**—After a certificate has been issued under section 109, the Registrar shall, on the application of the purchaser, cause delivery of possession of property to be made to the purchaser in such manner as may be prescribed, and on such delivery of possession being made, issue a certificate to that effect to the purchaser in respect thereof in such form and manner and within such period as may be prescribed.

111. **Right of co-operative land mortgage bank, central society or national society to purchase at a sale under this Chapter.**—It shall be competent to a co-operative land mortgage bank, central society or national society to purchase the mortgaged property sold under this chapter, but the property so purchased shall be disposed of by such bank or society, as the case may be, by sale within the period prescribed or, where a Trustee has been appointed, within such period as he may specify in accordance with the rules.

112. **Title of purchaser not to be questioned.**—When a sale has been made in exercise of a power to sell under section 102 and has been confirmed under section 107(2)(*b*), the title of the purchaser shall not be questioned in any Court by the mortgagor or his successor-in-interest.

113. **Power to appoint a Receiver.**—(1) In circumstances in which the power of sale under section 102 might be exercised, the Registrar may, subject to the provisions of sub-section (2), and in accordance with the rules—

(*a*) on the application of a co-operative land mortgage bank, central society or national society, as the case may be, appoint a receiver of the produce and income of the mortgaged property;

(*b*) on the application of the mortgagor for due cause shown, remove a receiver so appointed; and

(*c*) fill up a vacancy in the office of Receiver.

(2) The Registrar shall not appoint a receiver where the mortgaged property is already in the possession of a receiver appointed by a Court.

114. **Expenses, remuneration and duties of a receiver.**—(1) A receiver appointed under section 113 shall be entitled, in accordance with the rules, to receive such expenses of management and remuneration, if any, as may be determined by the Registrar in consultation with the co-operative land mortgage bank, central society or national society, as the case may be.

(2) The provisions of section 69A(8) of the Transfer of Property Act, 1882 (IV of 1882), shall apply to a receiver appointed under section 113

115. **Powers of co-operative land mortgage bank, etc., if the motgaged property is destroyed or the security is rendered insufficient.**—Where any property mortgaged to a co-operative land mortgage bank, central society or security is rendered insufficient and the mortgagor, after reasonable opportunity given by the bank or the society, as the case may be, to provide such further security as will render the whole security sufficient to repay such portion of the loan as may be determined by the bank or the society, as the case may be, has failed so to do, the whole of the loan shall be deemed to fall due at once and the bank or the society, as the case may be, shall, subject to the rules, be entitled to take action against the mortgagor for the recovery thereof under this Chapter.

Explanation.—A security shall be deemed to be insufficient within the meaning of this section if the value of the mortgaged property does not exceed the amount for the time being due on the mortgage by such proportion as may be specified in the rules or bye-laws.

116. **Power of the Trustee and a central co-operative land mortgage bank, etc., to direct or take certain action.**—(*1*) A Trustee and, in the case of a member society, a central co-operative land mortgage bank, central society or national society, as the case may be, may, in accordance with the rules, direct a co-operative land mortgage bank, central society or national society, as the case may be, to take action against a defaulter under section 100, section 102 or section 115 and, if the bank or the society, as the case may be, neglects or fails to do so, may take such action.

(2) Where such action is taken by a Trustee or a central co-operative land mortgage bank, central society or national society, as the case may be, the provisions of this Ordinance and of any rules or bye-laws shall apply in respect thereto as if all references to the co-operative land mortgage bank, central society or national society, as the case may be, were references to the Trustee or the central co-operative land mortgage bank, central society or national society, as the case may be.

117. **Officers of co-operative land mortgage banks, central co-operative land mortgage banks and national societies and Sale Officers not to bid at sales.**—At any sale of movable or immovable property held under the provisions of this Chapter, no officer of a co-operative land mortgage bank or central co-operative land mortgage bank or central society or national society, as the case may be (except on behalf of the bank or the society, as the case may be, of which he is an officer), and no Sale Officer or other person having any duty to perform in connection with such sale, shall either directly or indirectly bid for or acquire or attempt to acquire any interest in such property.

118. **Notice of sale and deposit for protection from sale.**—(*1*) Notwithstanding anything contained in any other law for the time being in force, when a mortgage is executed in favour of a land mortgage bank, central society or national society in respect of any holding, the co-operative land mortgage bank, central society or national society, as the case may be, shall—

(*a*) in such manner as may be prescribed, notify the Collector of the execution of such mortgage;

(*b*) for the purpose of receiving notice of the sale of such holding, pay to the Collector such fees in such manner as may be prescribed; and

(*c*) on compliance with the provisions of clauses (*a*) and (*b*), be deemed to be a notified mortgagee in respect of such holding.

(*2*) Before the sale is held of any such holding, the Collector shall, by registered post, send a notice thereof to every co-operative land mortgage bank, central society or national society which is, in respect of such holding, a notified mortgagee within the meaning of sub-section (*1*)(*c*).

(*3*) Any co-operative land mortgage bank, central society or national society, as the case may be, which is a notified mortgagee within the meaning of sub-section (*1*) (*c*) shall be entitled to stay such sale by depositing with the Collector the balance of the arrears of land development tax due in respect of such holding.

119. **Exemption from personal attendance for registration of certain instruments.**—(*1*) Notwithstanding anything contained in the Registration Act, 1908 (XVI of 1908), it shall not be necessary for a Trustee or for any officer of a co-operative land mortgage bank or primary society or the national society or any other class of co-operative society that may be prescribed to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him in his official capacity or to sign as provided in section 58 of that Act.

(*2*) Where any instrument is so executed, the registering officer to whom such instrument is presented for registration may, if he thinks fit, refer to the Trustee or to such officer for any information respecting the same and on being satisfied of the execution thereof shall register the instrument.

120. **Power of co-operative land mortgage bank to receive moneys, etc., notwithstanding assignment or transfer of mortgage deeds to a central co-operative land mortgage bank, etc.**—Notwithstanding any assignment or transfer of any mortgage by a co-operative land mortgage bank or primary society to a central co-operative land mortgage bank, central society or national society, as the case may be,—

(*a*) all moneys due under the mortgage shall, in the absence of any specific direction to the contrary issued by the Registrar or a Trustee in accordance with the rules and communicated to the mortgagor, be payable to the co-operative land mortgage bank or primary society, central society or national society, as the case may be, and such payment shall be as valid as if the mortgage had not been so assigned or transferred ; and

(*b*) the co-operative land mortgage bank, primary society, central society or national society, as the case may be, shall, in the absence of any such direction communicated to it, be entitled to sue on the mortgage or take any other proceedings for the recovery of the moneys due under the mortgage.

121. **Mortgages executed by members of Hindu joint families.**—(*1*) Where a mortgage executed in favour of a co-operative land mortgage bank or primary society, as the case may be, whether before or after the commencement of this Ordinance, is called in question on the ground that it was executed by the

manager of a joint Hindu family for a purpose not binding on the members thereof whether major or minor, the burden of proof shall, notwithstanding anything contained in any other law for the time being in force, rest upon the party which calls such mortgage in question.

(2) For the purpose of this section, the following shall be regarded as purposes binding on the members of a joint Hindu family—

(*a*) the improvement of agricultural land or of the methods of cultivation, and

(*b*) the purchase of land.

CHAPTER XII

ENFORCEMENT OF OBLIGATIONS AND RECOVERY OF SUMS DUE

122. **Access to documents, etc.**—The Registrar and, subject to any restrictions prescribed, an audit officer, arbitrator or any person conducting an inspection or inquiry under Chapter VIII, shall at all reasonable times, have free access to the books, accounts, documents, securities, cash and other properties belonging to or in the custody of a co-operative society.

123. **Power to enforce attendance of witness and production of documents.**—The Registrar and, subject to any restrictions prescribed, an audit officer, arbitrator or liquidator, or any person conducting an inspection or inquiry under Chapter VIII, shall, in so far as is necessary for carrying out any of the purposes of this Ordinance, have power to summon and enforce the attendance of witnesses and parties concerned and to examine them upon oath and to compel the production of any books, accounts, documents, securities, cash and other properties by the same means and, so far as may be, in the same manner as provided in the Code of Civil Procedure, 1908 (V of 1908).

124. **Power to direct conditional attachment.**—(*1*) Subject to the rules, the Registrar, if it appears to him that any person or co-operative society with intent to defeat or delay the execution of any order that may be passed under Chapter IX, X, XI or XII—

(*a*) is about to dispose of the whole or any part of his or its property; or

(*b*) is about to remove the whole or any part of his or its property from the local limits of the jurisdiction of the Registrar,

may, unless such security is furnished as he may require, direct the conditional attachment of the said property or such part thereof as he thinks fit.

(*2*) Such attachment shall have the same force and effect as if it had been made by a Civil Court and shall continue in force until withdrawn or cancelled by the Registrar.

125. **Power to direct payment of dues.**—Notwithstanding anything contained in Chapter IX, the Registrar or such other person as may be prescribed may, on his own motion or on the written requisition of a co-operative society or financing bank for the recovery of any loan due by a defaulting member, after

such inquiry as he considers necessary or expedient, make an award directing payment by such member or by the surety of such member, if any (whether such member is or is not a member of the society) of the amount found to be due

126. **Charge and surcharge.**—(*1*) Where, as the result of an audit under section 76 or and inspection under section 82 or section 83, or an inquiry under section 84 or a report made in the course of the winding up of a co-operative society, it appears to the Registrar that any past or present officer, has at any time after the commencement of this Ordinace and within a period of ten years prior to the date of such audit, inspection, inquiry or report, as the case may be—

(*a*) intentionally made or authorised any payment which is contrary to the provisions of this Ordinace or to the rules or bye-laws; or

(*b*) by reason of his culpable negligence in respect of any prescribed matter involved the society in any loss or deficiency; or

(*c*) failed to bring into account any sum which ought to have been brought into account; or

(*d*) misappropriated or fraudulently retained any property of the society; the Registrar may inquire into the conduct of such officer.

(*2*) Upon such inquiry, after giving such officer an opportunity to be heard and, in the case of a payment made contrary to the provisions of this Ordinance or the rules or bye-laws, after affording such officer an opportunity to recover the amount of such payment from the payee and credit it to the funds of the society, the Registrar may, subject to the rules, by an order in writing require such officer to pay such sum to the assets of the society by way of compensation in respect of such payment or loss or sum, or to restore such property as the Registrar thinks fit, and to pay such sum as the Registrar may fix to meet the cost of the proceedings under this section.

(*3*) This section shall apply notwithstanding that such officer may by his act or omission have incurred criminal liability under this Ordinance or any other law for the time being in force

127. **Penalty for certain misdemeanours.**—Where it appears to the Registrar, that any person has contravened the provisions of this Ordinance, the rules or bye-laws—

(*a*) by sitting or voting as a member of the managing committee, or voting in the affairs of a co-operative society as a representative of another society which is a member of such society, or exercising the rights of a member of a co-operative society, when such person was not entitled so to sit or vote or exercise such rights, as the case may be; or

(*b*) by employing a loan for a purpose different from that for which is was granted; or

(*c*) by continuing as a member of the managing committee of any co-operative society even after incurring disqualification therefor under this Ordinance; or

(*d*) by not repaying to the financing bank any amount recovered from the loanee members which, under the terms of any agreement or under provision of any rule, the society or the person concerned is bound to deposit with the financing bank by way of repayment; or

(*e*) by collecting share-money, deposits or other funds for a co-operative society and not depositing the same within the reasonable period to the society or its financing bank ; or

(*f*) by wilfully neglecting or refusing to do any act or to furnish any information required for the purpose of this Ordinance by the Registrar or any other person duly authorised by him in writing in this behalf ;

the Registrar may, subject to the rules and after affording such person an opportunity to be heard, by an order in writing direct him to pay to the assets of the society by way of penalty such sum as the Registrar thinks fit in respect of every such contravention.

128. **Registrar's power to enforce performance of obligations.**—Notwithstanding anything contained in this Ordinance, where any co-operative society is required to take any action under this Ordinance, the rules or the bye-laws and such action is not taken—

(*a*) within the time provided in this Ordinance, the rules or the bye-laws; or

(*b*) where no time is so provided, within such time, having regard to the nature and extent of the action to be taken, as the Registrar may specify by a notice in writing,

the Registrar may call upon any officer of the society whom, in accordance with such principles as may be prescribed, he considers to be responsible for the carrying out of his directions and, after giving such officer an opportunity to be heard, may require him to pay to the assets of the society such sum not exceeding twenty-five taka as the Registrar may think fit for each day until the Registrar's directions are carried out.

129. **Recovery of sums due.**—Any sum payable to the Government or to a co-operative society or the authority constituted under section 81 in accordance with any order, decision or award under this Ordinance shall be recoverable in the manner provided in the Second Schedule :

Provided that, notwithstanding anything contained in the Code of Civil Procedure, 1908 (V of 1908), or in any other law for the time being in force, any sum payable in accordance with an award made under section 125 in respect of default in the payment of a loan taken under section 50 or of any instalment of such loan, shall be recoverable—

(*a*) if the salary of the member exceeds thirty taka per mensem, by the attachment of such salary to the extent of the instalment in respect of which default has been made or of half the difference between such salary and thirty taka, whichever is less; and

(*b*) if the salary of the member does not exceed thirty taka per mensem, by the attachment of such salary to the extent of the instalment in respect of which default has been made or of six poisha in every taka of such salary, whichever is less.

130. **Recovery of dues by distraining crop.**—(*1*) Where any debt or outstanding demand is due to a society from any member or past member or from any person who is not a member of the society, the society may, notwithstanding anything contained in this Ordinance or any other law for the time being in force, apply to the Registrar in the prescribed manner to recover the debt or outstanding demand by distraining and selling any crop or other produce belonging to him and in his possession.

(*2*) The Registrar shall, if he is satisfied that the debt or outstanding demand mentioned in the application is due to the applicant, distrain the crop or produce and sell the same in such manner as may be prescribed.

(*3*) The Registrar shall, out of the sale proceeds, pay to the society such amount as is due to it after deducting therefrom the cost of distrain and sale and return the balance, if any, to the defaulter in such manner as may be prescribed.

131. **Acts of societies, etc., not to be invalidated by certain defects.**—(*1*) No act of a co-operative society or managing committee or of any officer or liquidator done in good faith in pursuance of the business of the society shall be deemed to be invalid by reason only of some defect subsequently discovered in the organisation of the society or in the constitution of the managing committee or in the appointment or election of the officer or liquidator or on the ground that such officer or liquidator was disqualified for his appointment.

(*2*) No act done in good faith by any person appointed under this Ordinance shall be invalid merely by reason of the fact that his appointment has been cancelled by or in consequence of any order subsequently passed under this Ordinance.

(*3*) The Registrar shall decide whether any act was done in good faith in pursuance of the business of a society.

CHAPTER XIII

JURISDICTION AND APPEAL

132. **Indemnity.**—No suit, prosecution or legal proceedings whatever shall lie against the Registrar or any person subordinate to him or acting on his authority or against a Trustee in respect of anything in good faith done or purporting to be done under this Ordinance.

133. **Bar to jurisdiction of Courts.**—(*1*) Save as provided in this Ordinance, no Civil or Revenue Court shall have any jurisdiction in respect of—

(*a*) the registration of a co-operative society or its bye-laws or of an amendment of its bye-laws; or

(*b*) the dissolution of a managing committee and the management of the society on dissolution thereof; or

(*c*) any dispute required under section 86 to be referred to the Registrar; or

(*d*) any matter concerned with the winding up and dissolution of a co-operative society.

(2) While a co-operative society is being wound up no suit or other legal proceeding relating to the business of such society shall be proceeded with or instituted against the liquidator as such or against the society or any member thereof except by leave of the Registrar and subject to such terms as he may impose.

(3) Save as provided in this Ordinance, no order, decision or award under this Ordinance shall be liable to be challenged, set aside, modified, revised or declared void in any Court on any ground whatsoever except want of jurisdiction.

134. **Appeal.**—(1) An appeal shall lie from an order shown in column 2 of the Third Schedule to the authority shown in column 3 and within the period shown in column 4 thereof.

(2) Save as provided in this Ordinance, no appeal shall lie against any order, decision or award passed in accordance with this Ordinance, and every such order, decision or award shall, subject to the provisions of sub-section (5), be final.

(3) The provisions of the Limitation Act, 1908 (IX of 1908), shall not apply to in an appeal referred to in sub-soction (1).

(4) An appeal shall be disposed of by the appellate authority within a period of three monts from the date of presentation thereof.

(5) Any party aggrieved by a decision of the appellate authority may, within sixty days from the date of such decision, make an application to the District Judge whose decision thereon shall be final.

CHAPTER XIV

OFFENCES, PENALTIES AND PROCEDURE

135. **Offences and penalties.**—Any person mentioned in column 3 of the Fourth Schedule who is guilty of an offence shown in column 2 thereof shall, notwithstanding anything contained in this Ordinance or any other law for the time being in force, be liable on conviction to the penalty shown in column 4 thereof.

136. **Cognisance of offences.**—(1) For the purposes of the Code of Criminal Procedure, 1898 (V of 1898), every offence under this Ordinance shall be deemed to be non-cognisable.

(2) No prosecution shall be instituted under this Ordinance without the previous sanction of the Registrar.

137. **Presumption raised by entry in register of members.**—(1) Any register of members or shares kept by a co-operative society in the prescribed manner shall be *prima facie* evidence of any of the following particulars entered therein,—

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

(b) the date on which any such person ceased to be a member.

(2) Where the register of members is not available for whatsoever reason the detailed list of members with shareholding enclosed with audit report, if any, shall be treated as *prima facie* evidence of membership as on the date the balance sheet is drawn up.

138. **Proofs of entries in societies' books.**—(1) A copy of any entry in a book of a co-operative society, regularly kept in the course of business and in the prescribed manner, shall, if certified in the prescribed manner, be received in any suit or legal proceeding 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 admissable.

(2) No officer or liquidator of a co-operative society and no officer in whose office the books of a co-operative society are deposited after the society has been wound up shall, in any legal proceedings to which the society or the liquidator 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 the matters, transactions and accounts therein recorded, unless specially so directed by an order of the Court or the arbitrator.

CHAPTER XV

RULES

139. **Power to make rules.**—(1) The Government may, by notification in the official Gazette, make rules to carry out the purposes of this Ordinance.

(2) In making any rule this Ordinance, the Government may direct that any person committing a breach thereof shall on conviction by a Court be punishable with fine which may extend to five hundred taka and, where the breach is a continuing one, with further fine which may extend to fifty taka for every day after the first during which the breach continues subsequent to such conviction.

140. **Repeal and savings.**—(1) The Co-operative Societies Act, 1940 (Ben. Act XXI of 1940), hereinafter referred to as the said Act, is hereby repealed.

(2) Notwithstanding such repeal,—

(a) every society existing at the commencement of this Ordinance which has been registered or deemed to have been registered under the said Act shall be deemed to be registered under this Ordinance; and its bye-laws shall, in so far as they are not inconsistent with the provisions of this Ordinance, continue in force until altered or rescinded and shall to such extent be deemed to be registered under this Ordinance; and

(b) all appointments, rules and orders made, all notifications and notices issued, all transactions entered into and all suits and other proceedings instituted under the said Act shall be deemed, so far as may be, to have been respectively made, issued, entered into or instituted under this Ordinance.

THE FIRST SCHEDULE

Powers exclusively exercisable by the Registrar

[*see* section 7]

Serial No.	Section	Powers
1	2	3
1	13	To register an amendment of a bye-law of a co-operative society which is a member of a financing bank, if the financing bank considers such amendment to be necessary or desirable and if the society has failed to make the amendment when called upon by the bank to do so.
2	43(1)	To approve a change in the form of liability of a co-operative society.
3	55(4)(c)	To approve the bank, other than a Government Savings Bank, in which the reserve fund of a co-operative society may be invested or deposited.
4	126(2)	To require of any person who has taken part in the organization or management of a Co-operative Society or any past or present officer of such society, to contribute to the assets of the society any sum by way of compensation for any payment made, loss incurred or sum not accounted for in consequence of the action of such person or officer, or to restore any property misappropriated or fraudulently retained by such person or officer, and to require such person or officer to pay any sum to meet the costs of proceedings under this section.
5	127	To impose penalties for certain contraventions of the provisions of this Ordinance, the rules or bye-laws.
6	128	To enforce performance of certain obligations by a co-operative society, and to require the officer of the society whom the Registrar considers to be responsible for the default to pay a certain sum to the assets of the society.
7	133(2)	To give leave and impose terms for the institution of a suit or other legal proceedings against a liquidator, a co-operative society or any member thereof while such society is being wound up.

THE SECOND SCHEDULE

Recovery of sums due

[*see* section 129]

Serial No.	Nature of sum due	Method of recovery
1	2	3
1	Expenses incurred in writing up the accounts of a society under section 77; and sums awarded under section 128.	By the Certificate Officer as a public demand under the Public Demands Recovery Act, 1913 (Ben. Act III of 1913), upon requisition by the Registrar or, in the case of section 77, with his approval, by the audit officer.
2	Costs of an inquiry or inspection apportioned under section 85; recovery of dues awarded under section 125; contributions by way of compensation awarded under section 126 and sums awarded under section 127.	By the Certificate Officer as a public demand under the Public Demands Recovery Act, 1913 (Ben. Act III of 1913), upon requisition by the Registrar.
3	Sums awarded to a co-operaive society by any order made under section 87 or by an award having the effect of a final mortgage decree under section 88.	By the Certificate Officer as a public demand under the Public Demands Recovery Act, 1913 (Ben. Act III of 1913), upon requisition by the society; or By any Civil Court having local jurisdiction, in the same manner as a decree of such court, upon application by the society.
4	Sums assessed by a liquidator as contributions under section 92.	By the Certificate Officer as a public demand under the Public Demands Recovery Act, 1913 (Ben. Act III of 1913), upon requisition by the Registrar or by the liquidator.
5	Sums due under any rule made under this Ordinance.	In the manner prescribed.

THE THIRD SCHEDULE

Appeals

[*see* section 134]

Serial No.	Order applicable	By whom the appeal may be preferred; and authority to which appeal lies	Period of limitation
1	2	3	4
1	An order refusing to register a co-operative society under section 10(4) or an amendment of a by-law under section 12.	By any member of the Society— (*a*) is passed by the Registrar, to the Government; (*b*) if passed by the Additional Registrar, to the Registrar; (*c*) if passed by the Joint Registrar, to the Additional Registrar; (*d*) if passed by the Deputy Registrar, to the Joint Registrar; (*e*) if passed by the Assistant Registrar, to the Deputy Registrar.	Two months from the date on which the order is communicated to the society.
2	An order refusing to register and amendment under section 13.	By the financing bank, to the Government.	Two months from the date on which the order is communicated to the financing bank.
3	An order dissolving a managing committee or an order of disqualification under section 22,	By any member of the managing committee— (*a*) if passed by the Registrar, to the Government; (*b*) if passed by the Additional Registrar, to the Registrar; (*c*) if passed by the Joint Registrar, to the Additional Registrar; (*d*) if passed by the Deputy Registrar, to the Joint Registrar; (*e*) if passed by the Assistant Registrar, to the Deputy Registrar.	Two months from the date on which the order is communicated to the society.

Serial No.	Order applicable	By whom the appeal may be preferred, and authority to which appeal lies	Period of limitation
1	2	3	4
4	An entry in or omission from the map or the statement of protected area prepared under section 48.	By any person aggrieved, to the Collector.	One month from the date of publication of the statement.
5	Assessment of embankment protection charge under section 48.	By any person aggrieved— (*a*) to the Registrar, if assessed by the Additional Registrar; (*b*) to the Additional Registrar, if assessed by the Joint Registrar; (*c*) to the Joint Registrar, if assessed by the Deputy Registrar; (*d*) to the Deputy Registrar, if assessed by the Assistant Registrar.	One month from the date of assessment.
6	An order under section 85 apportioning costs.	By any person aggrieved, to the District Judge.	One month from the date on which the order was communicated to the person aggreived.
7	Any order, decision or award of the Registrar or an arbitrator under section 87 or 88.	By any person aggreived— (*a*) if passed by the Registrar, to the Government; (*b*) if passed by the Additional Registrar, to the Registrar; (*c*) if passed by the Joint Registrar, to the Additional Registrar; (*d*) if passed by the Deputy Registrar, to the Joint Registrar; (*e*) if passed by the Assistant Registrar, to the Deputy Registrar; (*f*) if passed by any other person, to the Assistant Registrar.	One month from the date on which the order, decision or award was communicated to the person aggreived.

Serial No.	Order applicable	By whom the appeal may be preferred; and authority to which appeal lies	Period of limitation
1	2	3	4
8	An order passed under section 90 for the winding up of a society.	By any member of the society— (*a*) if passed by the Registrar, to the Government; (*b*) if passed by the Additional Registrar, to the Registrar; (*c*) if passed by the Joint Registrar, to the Additional Registrar; (*d*) if passed by the Deputy Registrar, to the Joint Registrar; (*e*) if passed by the Assistant Registrar, to the Deputy Registrar.	Two months from the date on which the order was communicated to the society.
9	Any order, decision or award of a liquidator under section 92.	By any person aggrieved— (*a*) to the Registrar, if passed by the Additional Registrar; (*b*) to the Additional Registrar, if passed by the Joint Registrar; (*c*) to the Joint Registrar, if passed by the Deputy Registrar; (*d*) to the Deputy Registrar, if passed by the Assistant Registrar; (*e*) to the Assistant Registrar, if passed by any other person.	Two months from the date on which the order, decision or award was communicated to the person aggrieved.
10	An order passed under section 126 or section 128.	By any person aggrieved, to the District Judge.	Three months from the date on which the order was communicated to the person aggrieved.
11	Any order or decision declared by rules under this Ordinance to be appealable.	By the person declared by the rules to be competent to appeal to the prescribed authority.	The period perscribed.

THE FOURTH SCHEDULE

Offences and Penalties

[*see* section 135]

Serial No.	Offences	Person liable	Penalty
1	2	3	4
1	Unauthorised use of word "co-operative" in any name or title under which business is carried on in contravention of section 4.	The company, society or person carrying on business under a name or title in which the word is thus used.	Fine which may extend to five hundred taka; and in the case of a continuing offence a further fine of fifty taka for each day on which the offence is continued after conviction thereof.
2	Wilful neglect or refusal by any person to do any act, make any return or furnish any information required to be done, made or furnished under this Ordinance or the rules.	The person neglecting or refusing to do the act, make the return or furnish the information.	Fine which may extend to five hundred taka; and in the case of a continuing offence a further fine of fifty taka for each day on which the offence is continued after conviction thereof.
3	Wilfully making a false return or furnishing false information required to be made or furnished under this Ordinance or the rules.	The person wilfully making the false return or furnishing the false information.	Fine which may extend to one thousand taka.
4	Removing or otherwise disposing of or suffering to be removed or otherwise disposed of any property on which a co-operative society holds a first charge under section 46 with intent to defraud the society or with such intent doing any other act to the prejudice of the society's first charge.	The person by whom or on whose behalf the property is removed or disposed of or the act done.	Fine which may extend to two thousand taka.

Serial No.	Offences	Person liable	Penalty
1	2	3	4
5	Any act or omission declared by the rules to be an offence.	The person rendered liable by the rules.	The penalty provided in the rules.

H M ERSHAD, ndc, psc
LIEUTENANT GENERAL,
President.

DHAKA;
The 31st December, 1984.

SHAMSUR RAHMAN
Deputy Secretary.

BGF-84/85-4921G-61,390, 13-2-85.