

CO-OPERATIVE DEPARTMENT

NOTIFICATION

The 24th December, 1963

No G.S.R. 2/PA-25/61/S.85/64-In exercise of the Powers conferred by section 85 of the Punjab Co-operative Societies Act, 1961 (Punjab Act No. 25 of 1911), the Governor of Punjab is pleased to make the following rules, namely:-

CHAPTER I PRELIMINARY

1. Short title-These rules may be called the Punjab Co-operative Societies Rules, 1963.

2. Definitions-In these rules, unless the context otherwise requires:-

- (a) "the Act" means the Punjab Co-operative Societies Act, 1961 ;
- (b) "a p p e n d i x" means an appendix to these rules ;
- (c) "co-operative year" means the year ending with the 30th day of June, or in the case of any co-operative society or class of co-operative societies, the accounts of which are made up to any other date, with the previous sanction of the Registrar, the year ending with such date ;
- (d) "decree" means any order, decision or award referred to in section 63 of the Act ;
- (e) "decree holder" means any person\holding a decree as defined in\ clause (d) ;
- (f) "maximum credit limit" means the extent to which a co-operative society may receive deposits and loans from members and non-members ;
- (g) "model bye-laws" means a set of bye-laws approved and proposed by the Registrar for general adoption by a class of co-operative societies ;
- (h) "owned capital" means the total paid up share capital and reserve fund and other funds created out of profits and undistributed profits minus accumulated losses ;
- (i) "paid up share capital" means such portion of the subscribed share capital as is actually paid up ;
- (j) "Recovery Officer" means a person subordinate to the Registrar who is empowered to exercise in a district, the power of the Registrar under section 63 of the Act ;
- (k) "relative" includes any one related to the person concerned, his wife, his son/daughter or his son's wife or daughter's husband through a common ancestor, not more remote than a grand father or any one married to a person so related ;
- (l) "reserve fund" means a fund to which at least one tenth of the net profits of co-operative society in any year shall be carried as required by section 41 of the act ;
- (m) "Sale Officer" means an officer empowered by the Registrar by general or special order, to attach and sell the property of defaulters or to execute any decree by attachment and sale of property ;
- (n) "section" means a section of the Act ;

- (o) “share capital” means the subscribed share capital ;
- (p) “working capital” means the total of owned capital plus the borrowed capital ;
- (q) “words and expression defined in the Act and used in the rules shall have the meanings, respectively assigned to them in the Act.

CHAPTER II

REGISTRATION OF CO-OPERATIVE SOCIETIES AND THEIR BYE-LAWS

APPLICATION FOR REGISTRATION

- Section 85(2) 3. Form of application:-An application for registration of a co-operative
(ii) Society shall be made in the form given in Appendix A and shall specify the name and address of one of the applicants to whom the Registrar may address his correspondence under rules 5 (2) and 6.
- Section 85(2) 4. Documents which shall accompany the application:-The application for
(ii) registration shall be accompanied by three copies of bye-laws which the Co-operative Society proposes to adopt. Such copies of by-laws shall bear the signatures of not less than two of the applicants, duly authorised by the members of the proposed co-operative society.
- Section 85 (2) 5. Procedure on receipt of application:-
(ii) (1) Before passing final orders under section 8, the Registrar may call for such further information from the applicants or make such independent enquiries as he may deem necessary.
- (2) After the Registrar is satisfied with regard to the matters stated in Sub-section (1) of section 8, he may register the co-operative society and its bye-laws. A Copy of the registered bye-laws shall be returned by him to the co-operative society.
- Section 8 (2) 6. Person to whom order under section 8 (2) to be communicated :-The
Order passed by the Registrar under sub-section (2) of section (2) of section 8 shall be Communicated by registered post to the applicant referred to in rule 3.
- Section 85 (2) 7. Appeal against refusal of registration:-Where an application for
(xxvii) registration of a co-operative society is rejected by the Registrar, the appeal, if made, shall be signed by all the persons joining in the application for registration.
- Section 85 (2) 8. Subject matter of bye-laws:- A co-operative society shall make
(iv) bye-laws in respect of the following matters:-
- (a) name and address of the co-operative society.
 - (b) area of operation ;
 - (c) the objects for which the co-operative society is established ;
 - (d) the manner in which the funds may be raised ;
 - (e) the qualifications for membership and the terms of admission members ;
 - (f) the nature and the extent of the liability of the members ;
 - (g) withdrawal and expulsion of members, and the payments, if any, to be made to such members ;
 - (h) transfer of shares or interests of the members ;
 - (i) general meeting and type procedure and powers of such meeting ;
 - (j) appointment, suspension and removal of the officers of co-operative society and members of the committee ;
 - (k) constitution of the committee and procedure of holding its meting ;
 - (l) powers and duties of the committee and the officers of co-operative society ;

(m) disposal of profits ;

Provided that is in the opinion of the Registrar the bye-laws of any co-operative society do not contain provisions with regard to the matters specified in clauses (i) and (k) or contain insufficient provision with regard to these matters, the provisions specified in Appendix B shall apply to such society as if these had been a part of the bye-laws registered under section 8 ;

Provided further that if there is any inconsistency in the bye-laws framed by the society with regard to the aforesaid matters and the provisions contained in Appendix B, the bye-laws of the society shall prevail in so far as they are inconsistent with the provisions contained in Appendix B.

(2) The bye-laws of co-operative society may further provide for such matters as are incidental to the organization of the society and the management of its business.

Section 85(2) 9. Amendment of bye-laws:-Subject to the provisions of section 10 and
(iv) rule 8 a society may from time to time amend its bye-laws.

Section 85 10. Resolution for amendment:-No amendment under rule 9 shall be
(2) (iv) carried out save in accordance with a resolution passed at a general meeting of the co-operative society of which due notice of the intention to discuss the amendments has been given :

Provided that no such resolution shall be valid unless it is passed by a majority of members present at the general meeting at which not less than two third of members for the time being of the co-operative society are present :

Provided further that model bye-laws for amendments previously approved by the Registrar may be adopted by a majority at an ordinary general meeting.

Section 85 11. Application to Registrar for registration of amendment:-Three
(2) (iv) copies of the amendments adopted by the co-operative society under rule 10, signed by two officers of the co-operative society duly authorised by the general meeting in this behalf, shall be submitted to the Registrar alongwith an application for registration duly signed as aforesaid. Such copies of the amendments shall be accompanied by a certificate signed by any one of the above two officers of the co-operative society to the effect that the provisions of rule 10 have been complied with.

Section 10 12. Registration of amendment:-
(4) and 85(2) (1) After the Registrar is satisfied with regard to the matters stated in sub-section (2) of section 10, he may register
(iv) the amendments and return a copy of the registered amendments to the co-operative society.

(2) The order of the Registrar passed under sub-section (4) of section 10 shall be communicated by registered post to the co-operative society.

Section 85 13. Appeal against refusal to register amendments to bye-laws:-Where
(2) (xxvii) an application for registration of an amendment in bye-laws of a co-operative society is rejected by the Registrar under sub-section (4) of section 10, the appeal, if any, shall be made only after a meeting of the general body has reconsidered the matter and has decided to prefer an appeal and shall be signed by an officer of the co-operative society duly authorised in this behalf by a general meeting.

CHAPTER III

MEMBERS OF CO-OPERATIVE SOCIETY, THEIR RIGHTS AND LIABILITIES

Section 85 14. Disqualification for membership:-
(2) (v) and (ix) (i) No person shall be eligible for admission as a member of a co-operative society, if he-

(a) has applied to be adjudicated an insolvent or is an un discharged insolvent ; or

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

(2) If a member becomes subject to any of the disqualifications Specified in sub rule (1), he shall be deemed to have ceased to be a member From the date when the disqualification was incurred.

Section 85
(2) (v) and
85 (2) (xix)

15. (1) Prohibition of membership in two Co-operative Credit or Service Societies-No individual, being a member of a primary co-operative society having one of the object the creation of the funds to be lent to its members, shall be a member of any other such co-operative society without the general or special permission of the Registrar, and where an individual has become a member of two such co-operative societies, either or both of the co-operative societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect.

(2) No individual who is an officer of any co-operative society shall, without the general or a special permission of the Registrar; be a member of any other co-operative society whose objects are similar to the objects of the society of which he is an officer ; and where such an individual has become a member of another society with similar objects, either or both of the co-operative societies shall be bound to remove him from membership upon written requisition from the Registrar to effect. If any question arises as to whether or not two societies have similar objects the decision of the Registrar on the point shall be final.

Section 85
(2) (v)

16. Admission of member before general meeting of co-operative society-No co-operative society shall admit members within fourteen days prior to the date of its annual general meeting.

Section 85
(2) (v)

17. Disposal of application for admission of member-A co-operative society, other than a producers society, shall dispose of an application received for admission as a member as early as possible and in no case latter than the expiration of a period of one month from the date of receipt of the application by the society. In case of refusal to admit, such society shall communicate its decision, together with reason thereof, to the applicant.

Section 85
(2) (xix)

18. (1) Withdrawal from membership-In a co-operative society with unlimited liability, a member who is not indebted to a co-operative society and is not a surely for an unpaid debt, may withdraw from the co-operative society after giving such notice to the Secretary of the society as may be laid down in the bye-laws.

(2) In a co-operative society with unlimited liability, a member, who withdraws or is otherwise removed or expelled from the society, shall be entitled to repayment without interest of any money paid by him or his predecessor in interest towards the purchase of shares after such period as may be laid down in the bye-laws.

(3) No member of a co-operative society with limited liability shall ordinarily be permitted to seek withdrawal or refund of his shares :

Provided that where the society has created a share-transfer fund out of is earned profits, its managing committee may, keeping in view the over-all interests of the society, allow withdrawal of shares :

Provided further that such withdrawal of shares at any time shall not exceed five percent of the aggregate paid up share capital of the society, excluding Government contributions, as it stood on the 30th June, of the preceding year ;

(4) Irrespective of the nature of liability of a Co-operative Society, the share capital subscribed by the State Government in a Co-operative Society or by a Central or Apex Co-operative Financing Institution will be retired in such a manner and during such period as may be determined by the Registrar from time to time.

Section 85
(2) (xx)

19. (1) Nomination of heir:-Every member of a Co-operative Society shall nominate a person or persons to whom his share or interest referred to in section 21 or such sums out of share or interest as may be specified by the member, shall, on the death of the member, be transferred or paid as laid down in the bye-laws.

(2) Such nomination may, from time to time, be revoked or modified by the member.

(3) The number of persons who may be nominated by member shall not exceed the number of shares held by the member.

(4) When a member of a Co-operative Society nominates more than one person, he shall as far as practicable, specify the amount to be paid or transferred to each nominee in terms of whole share and the interest accruing thereon.

(5) The record of nomination shall be kept by a Co-operative society in such manner as may be laid down in the by-laws.

(6) The value of the share or interest transferred or paid to a nominee or nominees shall be determined on the basis of the sum actually paid by the member to acquire such share or interest, unless the bye-laws provide for calculation on a different basis.

Section 85
(2) (xvi)

20. Maintenance of register of members:-Every Co-operative society shall maintain a register of members showing:-

- (a) the name, address and occupation of each member, and a statement shares held by him ;
- (b) the date on which the member's name was entered in the register ;
- (c) the date on which any person ceased to be a member ;
- (d) the nominees appointed by a member.

Section 6
and 85 (2)

21. Restrictions on holding of shares:-No member other than the Government or a Co-operative Society shall hold more than one fifth of the share capital of a Co-operative Society or have or claim any interest in the shares of the society exceeding ten thousand rupees, whichever is lesser.

CHAPTER IV
GENERAL MEETINGS

Section 85
(2) (vii) and
(x)

22. Powers of general meeting:-Without prejudice to the provisions of section 24, the general meeting alone shall have the power to transact the following business:-

- (a) fixing the maximum credit limit of the Co-operative Society subject to the approval of the Registrar ;
- (b) election, suspension and removal of the members of the committee other than the nominated members ;

Provided that an interim vacancy of the committee may be filled by co-option by the remaining members of the committee till the election is held ;

- (c) expulsion of the members.

Section 26
(i)

23. Election of committee:-The members of the committee of a Co-operative Society shall be elected in accordance with the rules given in Appendix C.

Section 85
(2) (ix)

24. Proportion of individuals and societies for constituting committee:-In a Co-operative Society, the membership of which is not exclusively confined to individuals, the representation of individuals and societies on the committee

and the general body shall be such as may be laid down in the bye-laws of the Co-operative Society.

Section 85
(2) (xii)
(xxxvii)

25. Disqualification for membership of committee:- No person shall be and eligible for election as a member of a committee if :-

- (a) he is in default to any Co-operative Society in respect of any sum due from him to the society or owes to any Co-operative Society an amount exceeding his maximum credit limit ;
- (b) he has , directly or indirectly, any interest in any contract to which the Co-operative Society is a party except in transactions made with the Co-operative Society as a member in accordance with the object of the society as stated in the bye-laws
- (c) he has at any time during a period of one year prior to the date of scrutiny of nomination papers, engaged in any private business, trade or profession of any description which is carried on by the society ;
- (d) he has committed any offence involving dishonesty or moral turpitude during a period of five years prior to the date of scrutiny of nomination papers ;
- (e) he is subject to any of the prohibitions contained in rule 26 ;
- (f) he has, during a period of 12 months preceding the date of filing of nomination papers, remained inactive as member or has been carrying on, through agencies other than the Co-operative Society of which he is a member, the same business As is being carried on by the Co-operative Society ;
- (g) he is a member of any Co-operative Society which has ceased to function or which has not fulfilled its objects as stated in its bye-laws and has been included in the list of D Class societies maintained by the Registrar or is a member of a society which is under winding up process :

Provided that nothing in this clause shall be deemed to debar any person from seeking election if the society under winding up process of which he is a member is a society with limited liability and the registration of the society is not cancelled within a period of one year of the date of passing of an order under section 57 liability as surety if any, in relation to such a society ;

- (h) he incure any other disqualification laid down in the bye-laws of the society ;

Section 85
(2) (x)

26. Cessation of membership of committee:-A member of the committee shall cease to hold his office as such if he-

- (a) continues to be in default in respect of any sum due from him to the Co-operative Society for such period as may be laid down in the bye-laws ;
- (b) ceases to be a member ;
- (c) is declared insolvent ;
- (d) becomes of unsound mind ;
- (e) is convicted of an offence involving dishonesty or moral turpitude ; or
- (f) becomes subject to any disqualification which would have prevented him from seeking election, had he incurred that disqualification before election.

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| <p>27. Division of area of society into Zones:-The Registrar may in such cases as he thinks fit, divide the area of operation of a Co-operative Society into Zones not exceeding in number than the number of members to be elected for the committee.</p> | <p>Section 26 (1) and 85 (2) (x)</p> |
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| <p>28. Employees of Co-operative Societies:-(1) No Co-operative Society shall appoint any person as its employee unless he possesses such qualifications and furnishes such security as may be specified by the Registrar from time to time.</p> | <p>Section 85 (xxxviii)</p> |
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(2) The Registrar may, in any case, for special reasons, relax the provisions of this rule to such extent as he may consider proper.

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| <p>29. Prohibition against being interested in contracts etc-(1) Without prejudice to the provisions of the bye-laws, no officer of a Co-operative Society shall have an interest directly or indirectly, otherwise than as such officer-</p> | <p>Section 85(2) (2) (x) and (xxxvii)</p> |
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- (a) in any contract made with the society ; or
- (b) in any property sold or purchased or leased by or to the society
or
- (c) in any other transaction of the Society except as investment made or as loan taken from the society or the provision of residential accommodation by the society to any paid employee of the society.

(2) No officer of a Co-operative Society shall purchase, directly or indirectly, any property of a member of the Society sold for the recovery of his dues to the Society.

(3) The Prohibitions contained in this Rule shall continue to apply for a period of two years after a person ceases to be an officer of the Society.

CHAPTER V

WORKING OF CO-OPERATIVE SOCIETIES

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| <p>30. Manner of certifying copies of entries in books-For the purpose of section 36 a copy of an entry in the books of a Co-operative Society shall be certified by a certificate written at the foot of such copy declaring that it is a true copy of such entry and that the book containing the entry is still in the custody of the Co-operative Society ;</p> | <p>Section 30 (1) and 85 (2) (xv)</p> |
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Provided that the said certificate shall be dated and signed by an officer Of the Co-operative Society.

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| <p>31. Loans and subsidies by Government:-Loans and subsidies to a Co-operative Society or class of Co-operative Societies may be granted by Government on such terms and conditions as may be laid down by Government by a general or special order from time to time.</p> | <p>Section 85 (2) (xxxv)</p> |
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| <p>32. Manner of making application for loan or subsidy:-An application by a Co-operative Society for a loan or subsidy or both from a Government department or a Government sponsored agency shall be made through the Registrar. While forwarding the application, the Registrar shall record his opinion regarding the eligibility of the Co-operative Society for the said loan or subsidy or both, its financial position and the desirability of sanctioning to the society the said loan or subsidy or both.</p> | <p>Section 85 (2) (xxxv) and (xxxvi)</p> |
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| <p>33. Submission of information and returns by Co-operative Societies having state participation;-A Co-operative Society receiving Government loan or subsidy or a society in which a share or shares have been subscribed or liability by way of guarantee for borrowing exceeding fifty percent of the working capital of the society has been undertaken by the Government, shall furnish such information and submit such returns as the sanctioning authority on the Registrar may, from time to time, require.</p> | <p>Section 85 (2) (xxxv)</p> |
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| <p>Section 85 (2) (xxxvi)</p> | <p>34. Reserve Fund:-(1) The Registrar may, from time to time, by a general or special order, raise the proportion of profits to be carried to reserve fund under section 41 from one tenth of the net profits to a limit not</p> |
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exceeding one-fourth of the net profits.

(2) The reserve fund of Co-operative Society or a class of Co-operative societies, may, unless the Registrar by special order otherwise directs to be invested under section 44, be utilized in the business of the co-operative society.

(3) The reserve fund shall be indivisible and no member shall be entitled to claim a specified share in it :

Provided that in exceptional circumstances and with the prior approval of the Registrar, the reserve fund may be utilized in meeting losses

(4) No Co-operative Society whose reserve fund has been separately invested or deposited shall draw upon, pledge or otherwise employ such fund' except with the sanction of the Registrar previously obtained in writing.

Section 41
and 85 (2)
(xxiv)

35. Payment of dividend or bonus-(1) In no Co-operative Society the dividend shall exceed 10 per cent per annum on paid up share capital.

(2) In a Co-operative Society with unlimited liability no dividend or bonus shall be paid until a period of five years has elapsed from the date of registration.

(3) No dividend shall be paid by the Co-operative society while any claim due from the Co-operative Society to a depositor or lender remains unsatisfied.

(4) The Registrar may, by a general or special order, direct that a Co-operative Society shall not pay dividend or shall pay dividend at a reduced rate so long as it receives loans and deposits from non-members.

Section 43
and 85 (2)
(xxii)

36. Creation of Co-operative Education Fund-Every Co-operative Society shall contribute such amount not exceeding two per cent as may be directed by the Registrar, from time to time, out of its net profits of the year to the Co-operative Education Fund to be administered by the State Co-operative Union. The contributions payable by a Co-operative Society shall be a charge on funds of the Co-operative Society and shall be recoverable in the manner provided in section 63. The State Co-operative Union shall prepare regulations with the approval of the Registrar for the utilization and administration of the fund.

Section 44
[d] (e) and 85
(2) (xxii)

37. (1) Investment of funds-Besides the manner provided in section 44 a Co-operative Society may invest or deposit its funds or any portion thereof-

- (a) in any bonds, certificates or loans issued by the Government or the Central Government ;
- (b) in debentures floated by a Co-operative Society ;
- (c) with the previous sanction of the Registrar, in the purchase or lease of land or building or in the acquisition, construction or renewal of any building that may be necessary to conduct its business.

(2) The amount of the funds invested under clause (C) of sub-rule (1) Shall be recouped on such terms as may be determined in each case by the Registrar.

(3) The provisions of clause (c) of sub-clause (1) shall not apply-

- (a) to immovable property purchased-

- (i) by a Co-operative Society at a sale held in execution of a decree obtained by it, for the recovery of any sum due to it or
- (ii) by a financing bank at a sale held in execution of a decree, obtained by a Co-operative Society financed by it, for the recovery of any sum due to such society or at a sale brought about by the liquidator of such society ; or

- (b) to the purchase or lease for lands or purchase construction or renewal of buildings by a Co-operative Society whose object according to its bye-laws include such purchase, lease, construction or renewal.

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| 38. | Writing off debts and other sums due:-No Co-operative shall Write off, in whole or in part, any debt or other sums due to it without the previous sanction of the Registrar. | Section 85 (2) (xxv) |
| 39. | Maximum credit limit of members:-The bye-laws of a Co-operative Society may lay down the limit beyond which a Co-operative Society may not advance loans to individual members without the Registrar's prior consent. | Section 85 (2) (xxi) |
| 40. | Nature and extent of securities for loans:-The Registrar may, from time to time, issue such directives as he considers necessary for regulating the nature and extent of security which a Co-operative Society or class of Co-operative Societies may demand in respect of loans advanced by it. | Section 85 2 (x x i) |
| 41. | Restrictions on grant of loans by a Co-operative Society against its own shares:-No co-operative Society shall grant loans or make advances | Section 85 (xxi) |
| 42. | (1) Declaration under section 32:-A declaration under clause (i) or (ii) section 32 shall be made in the form given in Appendix D. (2) A register of such declaration to be kept by the Co-operative Society shall be in the form given in appendix E. | Section 32 |
| 43. | Restrictions on borrowings by Co-operative Societies:- (1) Subject to the provisions of sub-rule (2), a Co-operative Society shall not receipt deposits and loans whether from members or non-members which exceed the limit fixed from time to time in a general meeting subject to the approval of the Registrar who may at any time reduce it. (2) A Co-operative Society which accepts deposits and loans from members only and has no liability to any person other than the members, may receive such deposits and loans in excess of the limits referred to in sub-rule (1) if the excess amount is deposited in a Co-operative Bank to which it is affiliated or is revested in Government Securities specified in Section 20 of the Indian Trusts Act, 1882, provided that the amount so deposited or invested, or any part thereof, is not withdrawn or otherwise utilised except for the payment of the deposits accepted in excess of the aforesaid limit. (3) No Co-operative Society shall accept loans or deposits whether from members or non-members at a rate of interest which exceeds by more than three percent the interest paid on similar types of deposits or loans by the Central Co-operative Bank within whose area of operation the society is situated except that the Registrar may by general or special order grant exemption or relaxation to any class of societies or individual society from the operation of this rule. | Section 46 a n d 4 7 |
| 44. | Maintenance of fluid resources:-Every Co-operative Society accepting deposits and granting cash credits shall maintain fluid resources in such form and according to such standards as may be fixed by the Registrar from time to time by general or special order. | Sections |
| 45. | Directives by Registrar for the successful conduct of the business:- the Registrar may, from time to time, issue such directives as he considers necessary for the successful conduct of the business of a Co-operative Society or class of Co-operative Societies. | Section 85(1) |

Section 85
(2) (xxxvii) 46. Appointment of relatives to any office:-In a producers co-operative society no relative of any member of the committee or of any other officer of a co-operative society shall be appointed to any officer in the co-operative society, except with the previous sanction of the registrar.

CHAPTER VI
AUDIT AND ACCOUNT

Section 85
(2) (xiii) 47. Auditing of accounts:-The accounts of a co-operative society shall be audited in such manner as the Registrar may specify from time to time.

Section 85
(2) (xiii) 48. Maintenance of account books and other record:-A co-operative society or class of co-operative societies shall maintain the account books other records in such form and manner as may be directed by the Registrar by a general or special order from time to time.

Section 85
(2) (xiii) and 49. Preparation of balance sheet and other accounts:- (1) A co-operative society shall prepare a balance sheet, profit and loss account, trading account and such other statements relating to accounts as may be specified from time to time, by the Registrar, as soon as practicable after the close of the co-operative year in such form, as may be laid down by the Registrar.

(2) If the Registrar so directs a copy each of the statements referred to in sub-rule (1) shall be supplied by a co-operative society to the Registrar by such date as he may specify.

Section 85
(2) (xiii) 50. Audit fee:- (1) Every co-operative society shall pay to the Government a fee for the audit of its accounts for each co-operative year in accordance with the scale fixed by the Registrar with the previous approval of the Government in respect of the class of co-operative societies to which it belongs.

(2) The Registrar may, subject to such conditions as may be laid down by the Government, remit the whole or any part of the fees payable under sub-rule (1) by a Co-operative society or a class of co-operative societies for any year or other specified period.

CHAPTER VII
SETTLEMENT OF DISPUTES

Section 85 51. Reference of disputes:-When a party to the dispute referred to
(1) in sub-section (1) of section 55 desires to have the dispute
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accordance with the said section, the party shall apply to the Registrar in writing, stating the substance of the dispute and the names and addresses of the other party in such form as the Registrar may lay down from time to time.

Section 85
(2) (xviii) 52. Arbitration fee:-The registrar shall have power to require the person referring a dispute under sub-section (1) of section 55 deposit in advance the fee, if any, to be specified by the Registrar for deciding the dispute.

(2) The Registrar may, in such cases as he thinks fit, order the payment of fee to the arbitrator.

(3) No fee shall be payable to an arbitrator till the dispute referred to him is finally decided.

(4) The Registrar, may, in his discretion, remit the whole or any part of the fees collected under sub-rule (1).

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| 53. Communication of date, time and place of hearing:- In an arbitration proceeding, the Registrar or the arbitrator, as the case may be, shall communicate the date, time, and place of hearing the dispute to all the parties concerned. | Section 85 (2) (xviii) |
| 54. Power to appoint guardian for minors etc-The Registrar or the arbitrator, as the case may be, shall have power to appoint or remove a guardian for the party to the dispute who is a minor or who, by reasons of unsoundness of mind or mental infirmity, is incapable of protecting his interest. | Section 85 (2) (xviii) |
| 55. Hearing of Disputes-The Registrar or the arbitrator, as the case may be, shall hear the parties and witnesses who attend. On the basis of such evidence and after consideration of any documentary evidence that may be produced by either party, he shall give a decision or award, as the case may be, in accordance with justice, equity and good conscience. The decision or award shall be reduced to writing, announced to the parties and filed the office of the Registrar. In the absence of any party duly summoned to attend, the dispute may be decided ex parte. | Section 85 (2) (xviii) |
| 56. Cost of arbitration-The arbitrator or the Registrar, as the case may be, shall have the power to order the expenses of determining a dispute the costs of either party to be borne by such party or parties to the dispute as he may think fit. | Section 85 (2) (xviii) |
| 57. Maintenance of record arbitration-(1) The record of arbitration proceedings shall be kept in such place and in such manner as the Registrar may direct. | Section 85 (2) (xviii) |
| (2) A copy of the decision or award shall on application be given to a party by the Registrar on payment of such fees as are laid down in rule 78 of these rules. | |

CHAPTER VIII WINDING UP AND CANCELLATION

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| 58. Procedures to be followed by liquidators- The liquidator shall as soon as the order of winding up of the co-operative society takes effect publish by such means as he may think proper, a notice requiring all claims against the co-operative society, the winding up of which has been ordered to be submitted to him within one month of the publication of the notice, all liabilities record in the account books of a co-operative society shall be deemed ipso factor to have been duly submitted to him under this sub-rule. | Section 59 (1) and 85(2) |
| (2) The liquidator shall, after setting the assets and liabilities of the Co-operative society as they stood on the date on which the order for winding Is made, proceed next to determine the contribution to be made by each of its members, past member or by the estates or nominees, heirs or legal representatives of deceased members or by any officers or former officers to the assets of the society under clauses (b) and (e) of sub-section (2) of section 59. should necessity arise, he may make a subsidiary order regarding such contributions and such order shall be enforceable in the same manner as the original order. | |
| (3) The liquidator may, at any time, call a meeting of the members or of the creditors or a joint meeting of the members and creditors and such meeting shall be called, held and conducted at such time and place and in such manner as the liquidator may deem fit. | |
| 59. Approval by Registrar of orders of liquidator-An order passed by the liquidator under clause (b) of sub-section (2) of section 59 shall be submitted by him to the Registrar for approval. The Registrar may modify such order or refer it back to the liquidator for further enquiry or action. | Section 59 (1) and 85(2) (xxvi) |

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| Section 59 (1) and 85(2) (xxvi) | 60. Submission of quarterly report by liquidator-The liquidator shall submit to the registrar a quarterly report in such form as the Registrar may specify showing the progress made in the liquidation of the co-operative society. |
| Section 59 (1) and 85(2) (xxvi) | 61. Deposit of funds by liquidators-All funds in charge of the liquidator shall be deposited with such institution or person as the Registrar may approve. |
| Section 59 (1) and 85(2) (xxvi) | 62. Expenses incurred by liquidator-All expenses incurred in connection with the winding up of the co-operative society shall be subject to the approval of the Registrar. |
| Section 59 (1) and 85(2) (xxvi) | 63. Distribution of assets-The liquidator shall distribute the realised assets in such priority as the Registrar may direct. |
| Section 59 (1) and 85(2) (xxvi) | 64. Remuneration to liquidators-The remuneration fixed under section 58 (1) shall be included in the cost of liquidation which shall be payable out of the assets of the co-operative society in priority to all other claims. |
| Section 59 (k) | 65. Disposal of surplus assets-After discharging the liabilities of the co-operative society and repayment of share capital, the liquidator may utilise the surplus assets, if any, for one or more of the following purposes :- <ul style="list-style-type: none"> (a) deposit the amount in a co-operative bank until a new co-operative society with similar area of operation is registered when it shall be credited to reserve fund of the new co-operative society ; (b) any purpose connected with the development of co-operative movement, subject to the approval of the Registrar ; (c) an object of public utility selected with due regard to the wishes of the members and approved by the Registrar. |
| Section 59 (1) and 85(2) (xxvi) | 66. Liability due to claimants whose whereabouts not known-If any liability cannot be discharged by the liquidator owing to the whereabouts of the claimant not being known or for any other cause; the amount covered by such undischarged liability may be deposited in the Central Co-operative bank, having jurisdiction over the area in which the co-operative society was functioning and shall remain at the disposal of the claimants for a period of three years, after which the undrawn amount, if any, may be transferred to the State Co-operative Union for credit to the Co-operative Education fund. |
| Section 85 (1) | 67. Removal of liquidators-A liquidator may, at any time, be removed by the Registrar and he shall on such removal hand over all the property and document relating to the society under liquidation to such persons as the Registrar may direct. |
| Section 85 (2) (xxvi) | 68. Maintenance of accounts by liquidators-The liquidator shall keep such books and accounts as may be laid down by the Registrar from time to time. The Registrar may at any time cause such books and account to be audited. |
| Section 85 (2) (xxxvi) | 69. Final report by liquidator-The liquidator shall, after meeting the liabilities of the society, submit a final report to the Registrar in such form as may, from time to time, be specified by the Registrar. |
| Section 85 (1) | 70. Disposal of record-All the books and records of a Co-operative society whose registration has been cancelled may be destroyed under the orders of the Registrar after the expiry of a period of three years from the date of cancellation. |

CHAPTER IX
EXECUTION OF AWARDS, DECREES, ORDERS AND
DECISIONS

Section 62

71. Manner of service of notice:-The notice under the proviso to section 62 shall indicate the substance of the demand or debt due to the co-operative society and shall be served in the manner laid down for the service of summons in sub-rule 74. No order under section 62 shall be made until a period of thirty days has expired from the date of service of the notice.

Section 85 (2)
(xxvii) (xxx)
to (xxxiii)

72. Procedure in execution of award etc. :- (1) Any decree holder requiring the provisions of clause (b) of section 63 to be applied shall apply to the Recovery Officer within whose jurisdiction defaulter resides of the property of the defaulter is situated.

(2) Every such application shall be made in the form specified by the Registrar and shall be signed by the decree holder. The decree holder may Indicate whether he wishes to proceed against the immovable property Mortgaged to the decree holder or other immovable property or to secure the Attachment of movable property.

(3) On receipt of such application the Recovery Officer shall verify the correctness and genuineness of the particulars set forth in the application with the records, if any, in the office of the Registrar and prepare a demand notice in writing in duplicate in the form specified by the Registrar, setting forth the name and address of the defaulter and the amount due and forward it to a Sale Officer.

(4) Unless the decree holder has expressed a desire that proceedings should be taken in particular order as laid down in sub-rule (2) execution ordinarily be taken in the following manner :-

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

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

(5) In the seizure and sale of movable property the following procedure shall be observed :-

(a) The sale Officer shall, after giving previous notice to the decree holder, proceed to the village or locality where the defaulter resides or the property to be distrained is situated and serve a demand notice to the defaulter if he is present. If the amount due together with the expenses is not at once paid, the Sale Officer shall make the distress and shall immediately deliver To the defaulter a list or inventory of the property distrained And an intimation of place and day and hour at which the distrained property will be brought to sale if the amounts due are not previously discharged. If the defaulter is absent, the Sale Officer shall serve the demand notice on some adult member of his family, or on his authorised agent or when such service cannot be effected, shall affix a copy of the demand notice on some conspicuous part of his residence. He shall then proceed to make the distress and shall fix the list of the property attached on the

usual place of residence of the defaulter, endorsing there on the place where the property may be lodged or kept and an intimation

- (b) After the distress is made, the Sale Officer may arrange for the custody of the property attached with the decree holder or otherwise. If the Sale Officer requires the decree holder to undertake the custody of the property he shall be bound to do so and any loss incurred owing to his negligence shall be made good by the decree holder. If the attached property is livestock, the decree holder shall be responsible for providing the necessary food thereof. The Sale Officer may, at the instance of the defaulter or of any person claiming and interested in such property leave it in the village or place where it was attached in the charge of such defaulter or person; if he enters into a bond in the form specified by the Registrar with one or more sufficient sureties for the production of the property when called for.
- (c) The distress shall be made after sunrise and before sunset and not at any other time.
- (d) The distress levied shall not be excessive that is to say, the property distrained shall be as nearly as possible proportionate to the sum due by the defaulter together with interest and all expenses incidental to the distraint, detention and sale.
- (e) If crops or ungathered products of the land belonging to a defaulter are attached, the Sale Officer may cause them to be sold when fit for reaping or gathering, or at his opinion may cause them to be reaped or gathered in due season and stored in proper place until sold. In the latter case the expenses of reaping or gathering and storing such crops or products shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold.
- (f) The Sale Officer shall not work the bullocks or cattle or make use of goods or effects distrained and he shall provide the necessary food for the cattle or livestock, the expenses attending which shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold.
- (g) It shall be lawful for the Sale officer to force open any stable, cow house, granary, godown, out-house or other building and he may also enter any dwelling house, the outer-door of which may be open and may break upon the door of any room in such dwelling house for the purpose of attaching property belonging to a defaulter and lodged therein, provided always that it shall not be lawful for the officer to break open or enter apartment in such dwelling house appropriated for the zenana or residence of women except as hereinafter provided.
- (h) Where the Sale officer may have reason to suppose that the property of a defaulter is lodged within a dwelling house the outer door of which may be shut or within any apartments appropriated to women, which by custom or usage are considered private, the Sale officer shall represent the fact to the Officer Incharge of the nearest police station. On such representation, the officer incharge of the said station shall send a police officer to the spot in the presence of whom the Sale Officer may force open the outer door of such dwelling house in like manner as

he may break open the door of any room within the house except the zenana. The Sale Officer may also in the presence of a police officer, after due notice is given for the removal of women within a zenana and after furnishing means for their removal in a suitable manner if they be women of rank, who according to the custom or usage cannot appear in public, enter the zenana apartments for the purpose of distraining the defaulter's property, if any deposited therein, but such property, if found, shall be immediately removed from such apartment after which they shall be left free to the former occupants.

- (i) The Sale officer shall on the day previous to and on the day of sale cause proclamation of the time and place of the intended sale to be made by beat of drum in the village or locality in which the defaulter resides and in such other place or places as the officer may consider necessary to give due publicity to the sale. No sale shall take place until after the expiration of the period of fifteen days from the date on which the sale notice has been served or affixed in the manner prescribed in clause (a), provided that where the property seized is subject to speedy and natural decay, or, where the expense of keeping it in custody is likely to be exceeded its value, the Sale Officer may sell it at any time before the expiry of the said period of fifteen days unless the amount due is sooner paid.
- (j) At the appointed time the property shall be put up in one or more lots, as the Sale Officer may consider advisable and shall be disposed of to the highest bidder ;

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

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

- (K) The property shall be paid for in cash at the time of or as soon thereafter as the officer holding the sale shall appoint and the purchaser shall not be permitted to carry away any part of the property until he has paid for it in full. Where the purchaser may fail in the payment of purchase money, the property shall be resold.
- (l) Where it is proved to the satisfaction of any civil court of competent jurisdiction that any property which has been distrained under these rules has been forcibly or clandestinely removed by any person, the court may order forthwith such property to be restored to the Sale Officer.
- (m) Where prior to the day fixed for sale, the defaulter or any person acting on his behalf or any person claiming an interest in the property attached, pays the full amount due including interest, batta and other costs incurred in attaching the property, the Sale Officer shall cancel the order of attachment and release the property forthwith.

- (n) The movable properties mentioned as exempt from attachment in the proviso to section 60 of the Code of Civil Procedure, 1908 (5 of 1980) shall not be liable to attachment or sale under these rules.

(6) Where the movable property to be attached is the salary or allowance or wages of public officer or of servant of a local authority or a firm or a company or any other institution, the Recovery Officer may, on receiving a report from the Sale Officer, order that the amount shall, subject to the provisions of section 60 of Code of Civil Procedure, 1980 (5 of 1908) be withheld from such salary or allowances or wages either in one payment or by monthly instalments as the said Recovery Officer may direct and upon notice of the order the officer or other person whose duty it is to disburse such salary or allowances or wages shall withhold and remit to the Sale Officer the amount due under the order or the monthly instalment, as the case may be.

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

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

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

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

(8) (i) Where the property to be attached is a decree either for the payment of money or for sale in enforcement of a mortgage or charge, the attachment shall be made by the order of the Registrar if the decree sought to be attached was passed by the Registrar under section 56 or by an arbitrator.

(ii) Where the property to be attached is a decree other than a decree of the nature referred to in clause (i), the attachment shall be made by the issue of a notice by the Recovery Officer to the holder of such decree, prohibiting him from transferring or charging the same in any way.

(iii) The holder of decree attached under this sub-rule shall give the Recovery Officer executing the decree such information and aid as may reasonably be required.

(iv) On the application of the holder of a decree sought to be executed by the attachment of another decree, the Recovery Officer making an order of attachment under this sub-rule shall give notice of such order to the judgment debtor bound by the decree attached, and no payment or adjustment of the attached decree made by the judgment debtor in contravention of such order after receipt of notice thereof, either through the said Recovery Officer or otherwise, shall be recognised so long as attachment remains in force.

(9) Where the movable property to be attached is :-

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

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

or

- (c) other movable property not in the possession of the defaulter, except property deposited in or in the custody of, any civil court, the attachment shall be made by a written order signed by the Recovery Officer prohibiting :-
 - (i) in the case of debt, the creditor from recovering the debt and the debt and the debtor from making payment thereof :
 - (ii) in the case share or the deposit the person in whose name the share or the deposit may be standing, from transferring the share or deposit or receiving any dividend or interest thereon; and
 - (iii) in the case of any other movable property except aforesaid the person in possession of it from giving it over to defaulter.

A copy of such order shall be sent in the case of the debt to the debtor, In the case of the share or the deposit to the proper officer of the corporation and in the case of the other movable property except as aforesaid to the person in possession of such property. As soon as the debt referred to in clause or the deposit referred to in clause (b) above matures, the Recovery Officer is not withdrawable, the said Recovery Officer shall arrange for its sale through a broker. Where the share is withdrawable, its value shall be paid to the said Recovery Officer or to the party referred to in clause (c), the person concerned shall place it in the hands of the said Recovery Office as it becomes deliverable to the defaulter.

(10) Immovable property shall not be sold in execution of a decree unless such property has been previously attached :

Provided that where the decree has been obtained on the basis of a mortgage of such property, it shall not be necessary to attach it.

(11) In-the attachment and sale without attachment of immovable property the following procedure shall be observed :-

- (a) The application presented under sub-rule (3) shall contain a description of the immovable property to be proceeded against, sufficiency for its identification and in case such property can be identified by boundaries or numbers in a record of settlement or survey, the specification of such boundaries or numbers and the to the best of the belief of the decree holder and so far as he has been able to ascertain it.
- (b) The demand notice issued by the Recovery Officer under sub-rule (3) shall contain the name of the defaulter, the amount due, including the expenses, if any, the time allowed for payment and in case of non-payment the particulars of the properties to be attached, and sold or to be sold without attachment, as the case may be. After receiving the demand notice, the Sale Officer shall serve the cause to be served a copy of the demand notice upon the defaulter or upon some adult male member of his family at his usual place of residence, or upon his authorised agent or, if such personal service is not possible shall affix a copy thereof on some conspicuous part of the immovable property about to be attached and sold or sold without attachment as the case may be :

Provided that where the Recovery Officer is satisfied that a defaulter with intent to defeat or delay the execution proceedings against him is about to dispose of the whole or any part of his property, the demand notice issued by the Recovery Officer under sub-rule(3) shall not allow any time to the defaulter for payment of the

amount due by him and the property of the defaulter shall be attached forthwith.

- (c) If the defaulter fails to pay the amount specified in the demand notice within the time allowed, the Sale Officer shall proceed to attach and sell, or sell without attachment, as the case may be, the immovable property noted in the application for execution in the manner specified below.
- (d) Where attachment is required before sale, the Sale Officer shall, is possible, cause a notice of attachment be served on the defaulter personally. Where personal service is not possible, the notice shall be affixed in some conspicuous part of the defaulter's last known residence, if any. The fact of attachment shall also be proclaimed by the beat of drum or other customary mode at some place on or adjacent to such property and at such other place or publicity to the Recovery Officer may consider necessary to give due unless the amount due with interest and expenses be paid within the date therein mentioned, the property will be brought to sale. A copy shall be sent to the decree holder. Where the sale officer so directs the attachment shall be notified by public proclamation in the Official Gazette.
- (e) Proclamation of sale shall be published by affixing a notice in the office of the Recovery Officer and the Tehsil Office at least thirty before the date fixed for the sale and also by beat of drum in the village or locality on two consecutive days previous to the date of sale and on the day of sale prior to the commencement of the sale. Such proclamation shall, where attachment is required before sale, be made after the attachment has been effected. Notice shall also be given to the decree-holder and the defaulter. The proclamation shall state the time and place of sale and specify as fully and accurately as possible-
 - (i) the property to be sold,
 - (ii) any encumbrance to which the property is liable,
 - (iii) the amount for the recovery of which sale is ordered, and
 - (iv) every other matter which the Sale Officer considers material for a purchaser to know in order to judge the nature and value of the property.
- (f) When any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree-holder shall, when the amount for the realisation of which the sale is held exceeds Rs. 100, furnish to the Sale Officer within such time as may be fixed by him or by the Recovery Officers, an encumbrance certificate from the Registration Department for the period of not less than twelve years prior to the date of attachment of the property sought to be sold, or in cases falling under the proviso to sub-rule (10), prior to the date of the application for execution. The time for production of the encumbrance certificate may be extended at the discretion of the Sale Officer or the Recovery Officer, as the case may be. The sale shall be open to the Sale Officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons and provided also the Recovery Officer or the Sale Officer may,

in his discretion, adjourn the sale to a specified day and hour, recording his reason for such adjournment. Where a sale is so adjourned for a longer period than seven days, a fresh proclamation under clause (e) shall be made, unless the judgment debtor consents to waive it. The sale shall be held after the expiry of not less than thirty day calculated from the date on which notice of the proclamation was affixed in the office of the Recovery Officer. The time and place of sale shall be fixed by the Recovery Officer and the place of sale, shall be the village or locality where the property to be sold is situated or such adjoining prominent place of public resort as may be fixed by the said Recovery Officer.

Provided that, in cases where an encumbrance certificate is not obtainable owing to the destruction of the connected records, an affidavit from the village Patwari in regard to the encumbrances known to him supported by a certificate from the Registration Department that the encumbrance certificate cannot be granted owing to the destruction of the connected records, shall be accepted in the place of an encumbrance certificate.

- (g) A sum of money equal to 15 per cent of the price of the immovable property shall be deposited by the purchaser in the hands of the Sale Officer at the time of the purchase, and in default of such deposit, the property shall forthwith be resold :

Provided that, where the decree-holder is the purchaser and is entitled to Set off the purchaser money under clause (k), the Sale Officer shall dispense With requirements of this rule.

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

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

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

- (i) In default of payment within the period mentioned in the last preceding clause, the deposit may, if the Recovery Officer thinks fit after defraying the expenses of the sale, be forfeited to the Government and the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may subsequently be sold.
- (j) Every re-sale of immovable property in default of payment of the amounts mentioned in clause (h) within the period allowed for such payment, shall be made after the issue of a fresh proclamation in the manner and for the period hereinbefore prescribed for the sale.
- (k) Where a decree-holder purchases the property the purchase money and the amount due on the decree shall be set off against one another and the Sale Officer shall enter up satisfaction of the decree in whole or in part accordingly.

(12) Where prior to the date fixed for a sale, the defaulter or any person acting on his behalf or any person claiming interest in the property sought to be sold tenders payment of the full amount due together with interest traveling and other expenses incurred in bringing the property to sale including the expenses of attachment, if any the Sale Officer shall forthwith release the

property after cancelling, where the property has been attached, the order of an attachment.

(13) (i) Where immovable property has been sold by the Sale Officer, any person, either owning such property or holding an interest therein by virtue of a title acquired before such sale may apply to have the sale set aside on his depositing with the Recovery Officer-

(a) for payment to the purchaser a sum equal to five per cent of the purchase money, and

(b) for payment to the decree holder, the amount of arrears specified in the proclamation of sale as that for the recovery of which the sale was ordered together with interest thereon and the expenses of amount less amount which may since the date of such proclamation have been received by the decree-holder.

(ii) If such deposit and application are made within thirty days from the date of sale, the Recovery Officer shall pass an order setting aside the sale and shall repay to the purchaser, the purchase money so far as has been deposited together with the five per cent deposited by the application.

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

(ii) If a person applied under sub-rule (14) to set aside the sale of immovable property, he shall not be entitled to make an application under this sub-rule.

(14) (i) At any time within thirty days from the date of the sale of immovable property, the decree-holder or any person entitled to share in a rateable distribution of the assets or whose interests are affected by the sale, may apply to the Recovery Officer to set aside the sale on the ground of a material irregularity or mistake or fraud in publishing or conducting it :

Provided that no sale shall be set aside on the ground of irregularity or fraud unless the said Recovery Officer is satisfied that the applicant has sustained substantial injury by reason of such irregularity, mistake or fraud.

(ii) If the application be allowed, the said Recovery Officer shall set aside the sale and may direct a fresh one.

(iii) On the expiration of thirty days from the date of sale if no application to have the sale set aside is made or if such application has been made and rejected, the said Recovery Officer shall make order confirming the sale:

Provided that, if he shall have reason to think that the sale ought to be set aside notwithstanding that no such application has been made or on grounds other than those alleged in any application which has been made and rejected, he may, after recording his reason in writing, set aside the sale.

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

(v) After the confirmation of any such sale, the said Recovery Officer shall grant a certificate of sale bearing his seal and signature to the purchaser, and such certificate shall state the property sold and the name of the purchaser and it shall be conclusive evidence of the fact of the purchase in all courts and tribunals, where it may be necessary to prove it and no proof of the seal or signature of the Recovery Officer shall be necessary unless the authority before'

whom it is produced shall have reasons to doubt its genuineness.

(15) Where any lawful purchaser of immovable property is resisted and prevented by any person other than a person (not being the defaulter) claiming in good faith to be in possession of the property on his own account

from obtaining possession of the immovable property purchased, any court of competent jurisdiction on application and production of the certificate of sale provided for by sub-rule (14) shall cause the proper process to be issued for the purpose of putting such purchaser in possession in the same manner as if the immovable property purchased had been decreed to the purchaser by a decision of the court.

(16) It shall be lawful for the Sale Officer to sell the whole or any portion of immovable property of a defaulter in discharge of money due :

Provided always that, so far as may be practicable no larger section or portion of immovable property shall be sold than may be sufficient to discharge the amount due with interest and expenses, if any, of attachment and sale.

(17) Where an attachment has been made under these rules, any private transfer or delivery of the property attached or of any interest therein and any payment to the defaulter of any debt dividend or other moneys contrary to such attachment shall be void as against all claims enforceable under the attachment.

Explanation-For the purposes of this sub-rule, claims enforceable under an attachment include claims for the rateable distribution of assets under sub-rule (24).

(18) Persons employed in serving notice or in other process under these rules shall be entitled to travelling allowance at such rates as may from time to time be fixed by the Recovery Officer.

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

(20) Every person making a payment towards any money due for the recovery of which application has been made under the rule shall be entitled to a receipt for the amount signed by the Sale Officer or other officer empowered by the Recovery Officer in that behalf, such receipt shall state the name of the person making the payment and the subject-matter in respect of which the payment is made.

(21) (a) Where any claim is preferred to or any objection is made to the attachment of, any property attached under this rule on the ground the such property is not liable to such attachment the sale officer shall investigate the claim or objection and dispose of it on merits :

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

(b) Where the property to which the claim or objection relates has been advertised for sale, the Sale Officer may postpone the sale pending the investigation of the claim or objection.

(c) Where a claim or an objections is preferred, the party against whom an order is made may institute a suit within six months from the date of the order to establish the right which he claims to the property in dispute, but, subject to the result of such suit if any, the order shall be conclusive.

(22) (i) Any deficiency of price which may happen on a re-sale held

under clause (j) of sub-rule (11) by reason of the purchaser's default, and all expenses attending such re-sale shall be certified by the Sale Officer to the Recovery Officer and shall at the instance of either the decree-holder or the defaulter be recoverable from the defaulting purchaser under the provisions of

this rule. The costs, if any, incidental to such recovery shall also be borne by the defaulting purchaser.

(ii) Where the property may, on the second sale, sell for a higher price than at the first sale, the defaulting purchaser at the first sale have no claim to the difference or increase.

(23) Where any property has been attached in execution of a decree, but by reason of the decree-holder's default the Recovery Officer is unable to proceed further with the application for execution, he shall either dismiss the application or for any sufficient reason adjourn the proceedings to a future date. Upon the dismissal of such application, the attachment shall cease.

(24) (a) Where the Sale Officer attaches or has attached, under these rules, any property not in the custody of any court, which is already under attachment made in execution of a decree of any court, such court shall receive and realise such property and shall determine claims thereto and any objections to the attachment thereof :

Provided that where the property is under attachment in the execution of decree of more than one court, the court which shall receive or realise such property and shall determine any claim thereto and any objection to the attachment thereof shall be the court of the highest grade, or where there is no difference in grade between such courts, the court under whose decree the property was first attached.

(b) Where assets are held by the Sale Officer and before the receipt of such assets demand notices in pursuance of applications for execution of decree against the same defaulter have been received from more than one decree-holder and the decree-holders have not obtained satisfaction the assets after deducting the costs of realisation shall be rateably distributed by the Sale Officer among all such decree-holders in the manner provided in section 73 of the Code of Civil Procedure, 1908.

(25) Where a defaulter dies before the decree has been fully satisfied an application under sub-rule (i) may be made against the legal representative of the deceased and thereupon all the provisions of this rule shall, save as otherwise provided in this sub-rule, apply as if such legal representative were, the defaulter. Where the decree is executed against such legal representative, he shall be liable only to the extent of the property of the deceased which has come to his hands and has not been duly disposed of and for the purpose of ascertaining such liability, the Recovery Officer executing the decree may, of his own motion or on the application of the decree-holder, compel such legal representative to produce such accounts as he thinks fit.

(26) Where in connection with the proceedings on an application under section 63 of the Act, any person requires the issue of any process or objects to any process issued or objects to any order passed, he shall pay such fee as may be specified by the Registrar in this behalf.

73. Delegation of powers under section 65- The powers of the Registrar under section 65 shall not be exercised by an officer below the rank of Assistant Registrar.

74. Mode of service of summons-(1) Every summons issued under Section 85 of the Act shall be in writing, shall be authenticated by the seal, if any, of the officer by whom it is issued and shall be signed by such officer or by any person authorised by him in writing in that behalf. It shall require the person summoned to appear before the said officer at a stated time and place and shall specify whether his attendance is required for the purpose of giving evidence,

or to produce a document, or for both purposes; and any particular document the production of which is required, shall be described in the summons with reasonable accuracy.

(2) Any person may be summoned to produce a document without being summoned to give evidence, and any person summoned merely to produce document shall be deemed to have complied with the summons if he causes such document to be produced, instead of attending personally to produce the same.

(3) The service of summon under the Act on any person may be effected in any of the following ways :-

- (a) by giving or tendering it to such person ; or
- (b) if such person is not found, by leaving it at his last known place of abode or business or by giving or tendering it to some adult member of his family ; or
- (c) if the address of such person is known to the Registrar or other authorised person, by sending it to him by registered post ; or
- (d) if none of the means aforesaid is available by affixing it at some conspicuous part of his last known place of abode or business.

(4) Where the serving officer delivers or tenders copy of the summons to the defendant personally or to an agent or other person on his behalf, he shall require the signature of the person to whom the copy is so delivered or tendered to an acknowledgement of service endorsed on the original summons.

(5) The serving officer shall in all cases in which the summons has been served under sub-rule (4) endorse or annex, or cause to be endorsed or annexed, on or to the original summons a return stating the time and the manner in which the summons was served and the name and address of the person, is any, identifying the person served and witnessing the delivery or tender of the summons.

(6) Where the party to be summoned is a public officer or is the servant of a company or local authority or any institution the officer issuing the summons may, if it appears that the summons may be most conveniently so served, send it by registered post prepaid for acknowledgement for service on the party to be summoned to the head of the office in which he is employed together with the copy to be served endorsed on the original summons.

CHAPTER X MISCELLANEOUS

75. Appeals-For the purposes of section 68, no appeal shall be entertained unless it is accompanied by a copy of the order appealed against.

Section 85
(2) (xxvii)

76. Returns to be submitted by co-operative societies-The Registrar may lay down the returns to be submitted by a society and provide for the persons by whom and the form in which such returns will be submitted. If a society fails to comply with the directive within a reasonable time, the Registrar may have the returns completed at the expense of the Society.

Section 85
(2) (xiv)

77. Inspection of documents-Any member of the public shall be permitted, on payment of a fee of one rupee for each occasion of inspecting to inspect, for any lawfyul purpose, any public document (exclusive of public document privileged under sections 123, 124, 128 and 131 of the Indian Evidence Act, 1972) filed in the office of the Registrar, Co-operative Societies, and in particular the following documents, namely :-

Section 85
(2) (xxxiv)

- (1) The registration register.
- (2) The registration certificate of a society.
- (3) The registered bye-laws of a society and amendments effected in

such bye-laws.

- (4) An order cancelling the registration of a society.
- (5) An order directing the liquidation of a registered society.
- (6) The annual accounts of the society.
- (7) Any decision of the Registrar or award of an arbitrator.

Section 85 (2) (xxxiv) 78. Fees for copies of public documents-The fees prescribed for certified copies of any public documents, which any person has under the preceding rule a right of inspection, are as follow :-

Rs.

- (1) For registration certificate 3.00
- (2) In the case of other documents, a sum calculated at the following rates :-
 - (i) First two hundred words or under 0.75
 - (ii) Every additional hundred words or fraction thereof 0.37

Section 85 (1) 79. Forms of order and award-The award of the arbitrator shall be in the form given in Appendix F and the order of liquidator under clause (e) of sub-section (2) of section 59 in the form in Appendix G.

Section 85 (1) and 85 (2) (ii) and 80. Special rule-(1) Notwithstanding any thing contained in these rules, the procedure laid down in this rule shall apply to a society in which either shares have been subscribed by Government or liability by way of guarantee for borrowing exceeding fifty per cent of the working capital of the society has been undertaken by the Government :

Provided that it shall not be incumbent upon such a society to follow the procedure laid down in clauses (i) and (ii) if its working capital does not exceed Rs. 1,00,000 or it does not have another co-operative society s its member :-

- (i) At least fifteen days clear notice, specifying the date, place, time and agenda for a meeting of a general body/committee and at least seven days' clear notice for a meeting of any smaller body set up by either of them, whether convened by the Registrar, the President or otherwise, shall be given to all the members of the general body/committee or smaller body, as the case may be. The Registrar may of his own motion or on a reference made to him, declare the proceedings of such meeting as invalid, if he is satisfied that the meeting was held without proper notice or without all the members having received the notice for the meeting or if the meeting was not conducted at the appropriate place and time.
- (ii) No mater shall be considered either in a meeting of a general body/committee or in meeting of any smaller body set up by either of them unless that matter is specially included in the agenda which is circulated to all members at least fifteen clear

or seven days in advance, respectively.

- (iii) Should a difference of opinion in respect of any matter arise between a nominated member of the committee and other members thereof the opinion of the nominated member shall be recorded in the minutes of the proceedings of the meeting in the words of from the nominated member. As required by sub-section (4) reference to the Government and if no reference is made within seven days of the date of the meeting, the Registrar may, on receipt of the report from a nominated member, make a reference to the Government for getting its decision.

(2) In a society in which shares have been subscribed by the Government and of which another Co-operative Society is a member, the Registrar may, after such inquiry as he may deem fit and after giving the person concerned a reasonable opportunity of showing cause, remove any member of the committee who has been guilty of any act of omission or commission resulting in financial loss to the society.

(81) Repeal :-The Punjab Co-operative Societies Rules, 1956, are hereby repealed :

Provided that any action taken, order issued, bye-law made under the provisions of the rules hereby repealed shall, in so far as it is not inconsistent with the provisions of these rules, be deemed to have been taken, issued or made under the provisions of these rules.