

**PUNJAB GOVERNMENT GAZ; AUGUST 5, 2016
(SRVN 14, 1938 SAKA)**

**PART-III
GOVERNMENT OF PUNJAB
DEPARTMENT OF CO-OPERATION
NOTIFICATION**

The 21st July, 2016

**PART-III
CO-OPERATION DEPARTMENT
GOVERNMENT OF PUNJAB**

(THE PUNJAB CO-OPERATIVE SOCIETIES RULES, 1963)

NOTIFICATION

The 24th December, 1963

¹No. G.S.R.51/P.A.25/1961/S.85/Amd. (17)/2016.-In exercise of the powers conferred by section 85 of the Punjab Cooperative Societies Act, 1961 (Punjab Act No. 25 of 1961) and all other powers enabling him in this behalf, the Governor of Punjab pleased to make the following rules further to amend the Punjab Cooperative Societies Rules, 1963 namely :-

CHAPTER-1

PRELIMINARY

1. **Short titles.**-These rules may be called the Punjab Co-operative Societies (First Amendment) Rules, 2016.
They shall come into force on and with effect from the date of their publication in the official Gazette.
2. **Definitions**-In these rules, unless the context otherwise requires.
 - (a) "The Act" means the Punjab Co-operative Societies Act, 1961;
 - (b) "appendix" means an appendix to these rules;
 - (c) "co-operative year" means the year ending with the 31st day of March, or in the case of

1. Rule added by Govt. of India Notification dated 29.1.92 letter issued to R.B.I. Vide Letter No. RF. R.D.C. 18/A/12 (29-31)-91/92 dated 10.2.92 and adopted by Coop. vide R.C.S. Letter No. Credit/CA2/21. G/136/644 dated 28.2.92

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 member 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 powers 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 grandfather, 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 a 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

3. **Form of Application.**- An application for registration of a co-operative 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) (ii)

Section 85 (2) (ii)

④

4. **Documents which shall accompany the application** - The application for registration shall be accompanied by three copies of the bye-laws which the co-operative society proposes to adopt. Such copies of bye-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) (ii)

5. **Procedure on receipt of application-**(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 by Registered A.D.

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 8 shall be communicated by registered post to the applicant referred to in rule 3.

Section 85 (2) (xxvii)

7. **Appeal against refusal of registration.**-Where an application for registration of a cooperative society is rejected by the Registrar, the appeal, if made, shall be signed by all the persons joining in the application for registration.

¹Provided that where the application for registration

has been signed by more than ten persons, the appeal shall be signed by at least two-third persons, joining the application for registration.

8. **Subject matters of bye-laws -(1)** A co-operative society shall make bye-laws in respect of the following matters:-

Section 85 (2) (iv)

- (a) name and address of the co-operative society;
- (b) area of operation;
- (c) the objects for which the cooperative society is established;
- (d) the manner in which the funds may be raised;
- (e) the qualifications for membership and the terms of admission of 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) transfers of shares or interests of the members;
- (i) general meeting and the procedure and powers of such meeting;
- (j) appointment, suspension and removal of the officers of the co-operative society and members of the committee;
- (k) constitution of the committee and procedure of holding its meetings;
- (l) powers and duties of the committee and the officers of the co-operative society;

(m) disposal of profits;

Provided that if 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 clause (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;

(2) The bye-laws of ¹a co-operative society may further provide for such matters as are incidental to the organization of the co-operative society and the management of its business.

Section 85 (2)
(iv)

9. Amendment of bye-laws- Subject to the provision of section 10 and rule 8 a co-operative society may from time to time amend its bye-laws.

Section 85 (2)
(iv)

10. Resolution for amendment- No amendment under rule 9 shall be 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.

11. **Application to Registrar for registration of amendment :-** Three 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 along-with 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.
12. **Registration of amendment :-** (1) After the Registrar is satisfied with regard to the matters stated in sub-section(2) of section 10, he may register the amendments and return a copy of the registered amendments to the co-operative society by registered A.D.
 - (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.
13. **Appeal against refusal to register amendments of bye-laws-**Where an application for registration of an amendment in bye-laws of a cooperative 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.

Section 10 (4)
and 85 (2) (iv)

Section 85 (2) (xxvii)

CHAPTER-III
MEMBERS OF CO-OPERATIVE SOCIETY,
THEIR RIGHTS AND LIABILITIES

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

14. **Disqualification for membership-**(1) 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) 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 objects 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

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 co-operative 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 that effect. If any question arises as to whether or not two co-operative societies have similar objects the decision of the Registrar on the point shall be final.

16. **Admission of members 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)

- ¹16. A. **Member not to exercise rights till due payment made. -²(1)** No member of a co-operative society shall participate in the general meeting of the co-operative society or in the election to the committee unless he has made all such payments to the co-operative society as are due from him.

Section 85 (2)
(v) and Section 17

- (2) At the commencement of each general meeting, the Secretary of the co-operative society shall announce the names of the defaulting members which shall form part of the proceedings of the meeting.

17. **Disposal of application for admission of member-** A co-operative society, other than a producers co-operative society, shall dispose of an application received for admission as a member as early as possible and in no case later than the

Section 85 (2)

1. Rule added by the Pb. Govt. Gaz. Notification dt. Oct. 14, 1969 (Section 3)

2. Rule numbered the Pb. Govt. Gaz. Notification dt. Oct. 14, 1974 (Section 2)

expiration of a period of one month from the date of receipt of the application by the co-operative society. In case of refusal to admit, such a co-operative society shall communicate its decision, together with reasons thereof, to the applicant within 15 days.

Section 85 (2) (xix)

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

(2) In a co-operative society with unlimited liability, a member who withdraws or is otherwise removed or expelled from the co-operative 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 its earned profits, its managing committee may, keeping in view the overall 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 31st March of the proceeding 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.

118. A. Retirement of shares of individuals who are members of the central and apex Co-operative Societies:-

Section 15 A

The central and apex societies (having individuals as members) shall retire the shares of individual members in the following manner, namely:-

- (i) At least one-third of the shares shall be retired every year;
- (ii) The names of the persons whose shares are to be retired under clause (i) shall be taken in an alphabetical order in Gurmukhi script; and
- (iii) The payment in respect of shares to be retired shall be made in full at one time.

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.

Section 85 (2) (xx)

- (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 a 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 occurring thereon.
- (5) The record of nomination shall be kept by a co-operative society in such manner as may be laid down in the bye-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 of 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) (i)

21. Restrictions on holding of shares - No member other than the Government or a co-operative society or public sector undertaking shall hold more than one ¹tenth of share capital of a co-operative society.⁻².....

1. Word substituted by the Pb. Govt. Gaz. Notification dated 12th March 1993 (Section 6 of Punjab Act, 25 of 1961)

2. Word omitted by the Pb. Govt. Gaz. Notification dated July 21, 2016

CHAPTER-IV
GENERAL MEETING

22. ¹**Power of general meeting** - Without prejudice to the provisions of section 24, the general meeting alone shall have the power to transact the following business;-
- ¹(a) fixing the maximum credit limit of the co-operative society having 1000 or less members subject to the approval of the Registrar.
- ²(b) -----
- (c) expulsion of the members.
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.
- ³**23-A. The manner of Co-option, the area of agricultural land to be held and the conditions required to be fulfilled for the purpose of Section 26A.**
- (1) The Registrar in his direction under section 26-A shall intimate the number and class of persons specified in sub section (2) of section 26-A to be co-opted in the committee of a co-operative society having individuals as members. In case of Central and Apex societies, the Registrar in his direction shall intimate the member, qualification and experience of persons to be co-opted by the Central and the Apex Societies under sub-section (4) of section 26-A.
- (2) The Committee of a co-operative society, to which a direction under section 26-A has been issued by the Registrar, shall within 15 days after receipt of such a direction issue notice for calling a meeting in accordance with these rules and bye-laws.

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

Section 26 (i)

Section 85 (xd) and 26-A

Section 15 (xd) and 26 A

1. Clause substituted by the Pb. Govt. Gaz. Notification dated Sept.3, 1965 (Section 2)
2. Clause (b) 1 of rule 22 omitted by Pb. Govt. Gaz. Notification dated Oct. 14, 1969 (Section 5)
3. Substituted by Pb. Govt. Gaz. Notification dated July, 21, 2016 (Section 2)

- (3) The Committee of the society having individuals members shall co-opt the number of members specified in the direction issued by the Registrar from amongst the members belonging to Backward Classes or from amongst members who hold not more than two standard acre of agriculture land as owner or tenant or as both :

Provided that the members so co-opted must fulfill the conditions and qualifications prescribed for the elected members of the committee in these rules or in the bye-laws of such a co-operative society.

Note:-'Standard Acre' for the purpose of this rule shall have the same meaning as given in Punjab Security of Land Tenures Act, 1953 (Act 10 of 1953).".

Section 26 (IF) and 85 (I)

23-B. Election of the first committee after Registration of the co-operative society- Subject to the provisions of sub-section (IF) of section 26 , the first committee of a co-operative society shall be elected within a period of six months from the date of its registration.

Section 85 (2) (ix)

24. Proportion of individual and co-operative societies for constituting committee- In a cooperative society, the membership of which is not exclusively confined to individuals, the representation of individuals and co-operative societies on the committee and the general body shall be such as may be laid down in the bye-laws of the cooperative society.

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

(a) he is in default to any co-operative society in respect of any sum due from him to the co-operative society or owes to any co-operative society an amount exceeding his maximum credit limit.

¹"(aa) he has been a member of the cooperative society for a period of less than nine months as on the date of filing of nomination papers for elections;

²"(aaa) He holds any office of profit under the cooperative society.

(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 objects of the co-operative society as stated in the bye-laws;

(c) he has³, himself or through an agent or agency at any time during a period of one year prior to the date 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 been convicted for any offence involving dishonesty or moral turpitude ⁴or

1. Added by the Pb. Govt. Gaz. Notification dated July 21, 2016 (Section-2)

2. Added by the Pb. Govt. Gaz. Notification dated July 21, 2016 (Section-2)

3. Added by the Pb. Govt. Gaz. Notification dated July 21, 2016 (Section-2)

4. Added by the Pb. Govt. Gaz. Notification dated July 21, 2016 (Section-2)

any election offence under sub section (7) of section 71 of the Act during a period of five years prior to the date of scrutiny of nomination papers;

(e) he is subject to any of the ¹restrictions contained in rule 29;

²(f) he has, during a period of nine months preceding the date of filing of nomination papers, failed to utilize minimum services specified in the bye-laws;

³(ff) he has attended less than two general meetings out of the last five general meetings of the cooperative society:

Provided that the above condition shall not apply to such a member within whose period of membership five general meetings have not been held;"

⁴(g) he is a member of ⁵any cooperative 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 ⁶of a cooperative society which is under winding up process;

(gg) he has ceased to be a member of any cooperative society within a period of one year preceding the date inclusion of such cooperative society in the list of D class cooperative societies maintained by the Registrar or the operation of order of winding up to such cooperative society under section 57 of the Act.

1. Words substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 5 (1))

2. Clause substituted by Pb. Govt. Gaz. Notification Dated 21 August, 2016

3. Clause substituted by Pb. Govt. Gaz. Notification Dated 21 August, 2016

4. Clause substituted by Pb. Govt. Gaz. Notification Dated 21 August, 2016

5. Clause substituted by Pb. Govt. Gaz. Notification dt. Sept 3 1965 (Section 3)

6. Words omitted by Pb. Govt. Gaz. Notification dt. Dec. 8, 1982 (Section 2 (1))

²Provided that nothing in clause (g) and (gg) shall be deemed to debar any person from seeking election if the co-operative society under winding up process of which he is a member is a co-operative society with ³limited or unlimited liability and that person discharges all his liabilities including liability as a surety, if any, in relation to such a co-operative society, ¹before the time fixed for scrutiny of his nomination papers'.

- (h)² He has incurred any other disqualification laid down in the bye-laws of the society.
 Provided that no action under this rule shall be taken without affording an opportunity of hearing to the concerned person."

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 cooperative 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
- ³(f) fails to attend three consecutive meetings of the committee without leave of absence;
- ⁴(g) fails to comply with the directions given by the Registrar for sharing of any information with the members of the cooperative society or fails to produce or fails to cause to be

Section 85 (2) (x)

1. Clause substituted by Pb. Govt. Gaz. Notification Dated 21 July, 2016
 2. Clause substituted by Pb. Govt. Gaz. Notification Dated 21 July, 2016
 3. Clause substituted by Pb. Govt. Gaz. Notification Dated 21 July, 2016
 4. Clause substituted by Pb. Govt. Gaz. Notification Dated 21 July, 2016

produced any record or information required by the inquiry officer in any inquiry ordered by the Registrar;

¹(h) commits any act which is prejudicial to the interests of the cooperative society or its members; or

²(i) becomes subject to any dis-qualification which would have prevented him from seeking election, had he incurred that qualification before election;

Provided that no action under this rule shall be taken without affording an opportunity of hearing to the concerned persons."

Section 26 (i) and 85 (2) (x)

³27. Division of area of society into Zones -

(a) The Registrar may, in such cases as he thinks fit, divide the area of operation of a co-operative society into zones not exceeding the number of members to be elected for the committee.

(b) There shall be reservation of one seat for the members of Scheduled Castes and two seats for women in the committee of every cooperative society consisting of individuals as members and having members from such class or category of persons.

(c) The zones/seats for Scheduled Castes and women shall be reserved in the manner to be specified by the Registrar."

Section 85 (xxxviii)

⁴28. Qualifications and conditions of service of employees.

(1) The qualifications and conditions of service

1. Rule substituted by the Pb. Govt. Gaz. Notification dt. 21 July, 2016

2. Rule substituted by the Pb. Govt. Gaz. Notification dt. 21 July, 2016

3. Rule substituted by the Pb. Govt. Gaz. Notification dt. 21 July, 2016

4. Rule substituted by the Pb. Govt. Gaz. Notification Dated Oct. 14, 1969 (Section-6)

subject to which any person may be employed by a co-operative society or a class of co-operative societies shall be such as may be determined by the Registrar from time to time.

- (2) Where the Registrar is of the opinion that it is necessary or expedient so to do, he may by order, for reasons to be recorded in writing relax the provisions of this rule with respect to any co-operative society or class of co-operative societies to such extent as he may consider proper.

129. Restrictions on transactions of officers and past officers with the co-operative society - (1)

Without prejudice to the provisions of the bye-laws, no officer of a co-operative society shall, without the prior permission in writing of the Registrar, have an interest directly or indirectly, otherwise than as such officer -

- (a) in any contract made with the society; or
- (b) in any property sold or purchased or leased by the co-operative society;
- or
- (c) in any other transaction of the co-operative society, except as investment made or as loan taken from the co-operative society or the provision of residential accommodation by the co-operative society.

- (2) No officer of a co-operative society shall without the prior permission in writing of the Registrar,

Section 85 (2)
(2) (x) and (xxxviii)

purchase directly or indirectly, any property of a member of the co-operative society sold for the recovery of his dues to that co-operative society.

- (3) The restrictions contained in this rule shall continue to apply for a period of two years after a person ceases to be an officer of the co-operative society.

CHAPTER-V

WORKING OF CO-OPERATIVE SOCIETIES

Section 36 (1)
and 85 (2) (xv)

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.

¹Provided that the certificate shall be signed and dated by the Manager or Secretary of the co-operative society or by an officer authorised by a cooperative society to do so.

Section 85 (2)
(xxxv)

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.

Section 85 (2)
(xxxv) & (xxxvi)

32. **Manner of making application for loan or subsidy-** An Application by a co-operative society for a loan or subsidy or both from ²the Government

1. Proviso substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 6)

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 co-operative society the said loan or subsidy or both.

33. Submission of information and returns by co-operative societies having state participation- A co-operative society receiving Government loan or subsidy or a co-operative 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 co-operative society has been undertaken by the Government, shall furnish such information and submit such returns as the sanctioning authority or the Registrar may, from time to time, require.

Section 85 (2) (xxxv)

34. Reserve fund- ¹(1)

- (2) The reserve fund of a co-operative society or 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;

Section 85 (2) (xxii)

²Provided that the Reserve Fund may be utilized with the prior approval of Registrar in meeting when

1. Sub rule (1) omitted by Pb. Govt. Gaz. Notification dt. Jan 12, 1983 (Section 2)
 2. Proviso to sub-rule substituted by Pb. Govt. Gaz. Notification dt. Oct. 14, 1974 (Section 4)

it is necessary so to do to save the co-operative society from going under liquidation or to prevent the depositors from making a run on the co-operative society for getting back their deposits or any such other eventuality.

- (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 ¹20 percent 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 2 (gg) and
Section 41

²35-A Net Profit- The net profits of a co-operative society shall be the profits remaining after allowing for the following charges, in addition to those specified in clause (gg) of section 2, namely :-

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1. Word substituted by Pb. Govt. Gaz. Notification Dt. Feb. 23, 1993
2. Rule added by the Pb. Govt. Gaz. Notification dt. Oct. 14, 1969 (Section 8)

- (a) all other usual working charges, such as repairs, rent, taxes, subsidies received, depreciation and irrecoverable bad debts written off;
- (b) capital expenditure written off, either wholly or in part;
- (c) capital loss actually incurred and not adjusted against any funds created out of profits;
- (d) provisions for estimated bad debts, if any; and
- (e) expenses incurred in connection with election of the committee;

36. Creation of Co-operative Education Fund- Every co-operative society shall contribute such amount not exceeding two percent 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.(now Puncofed) 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 (now Puncofed) shall frame regulations with the approval of the Registrar for the utilization and administration of the fund.

Section 43 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-

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

- (a) in any bonds, certificates or loans issued by the Government or the Central Government;

1. Word substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 8)

- (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 or any sum due to such co-operative. society or at a sale brought about by the liquidator of such co-operative society; or
 - (b) to the purchase or lease for lands or purchase construction or renovation of buildings by a co-operative society whose objects according to its bye-laws include such purchase, lease, construction or renovation.

Section 85 (2) (xxv)

38. Writing off bad debts and other sums due- No co-operative society shall write off, in whole or in part, any ¹ debt or other sums due to it without the previous sanction of the Registrar.

Section 85 (xxi)

39. Maximum credit limit of members: The bye-laws of a co-operative society may lay down the limit

1. Word substituted by Pb. Govt. Gaz. Notification dt. Oct. 14, 1974 (Section 5)

beyond which a co-operative society may not advance loan to individual members without the Registrar's prior consent.

40. **'Nature and extent of securities for loan.-** The Registrar may, in furtherance of the objectives of a co-operative society or a class of co-operative societies regulate the lending of money by such co-operative society or co-operative societies, by general or special order, indicating;
- (a) the manner in which the application for loan may be given and documents which may be attached therewith;
 - (b) the mode of dealing with the application for loans;
 - (c) the ratio between the loan to be granted and the shares to be held by the loanees;
 - (d) the nature and extent of security to be demanded by a co-operative society in respect of loans advanced by it;
 - (e) the purpose for which the loans may be advanced;
 - (f) the ratio in which the loan may be given in cash and kind;
 - (g) the installment in which the loan may be given;
 - (h) the mode of disbursement of loan; whether in cash directly to the loanee or through specified suppliers or specified articles for which the loan is sanctioned;
 - (i) the mode of supervision over the proper utilisation of loan;
 - (j) the mode of repayment of loans; and

Section 85 (2) (xxi)

- (k) generally to ensure the proper flow of credit and its ultimate utilisation and recovery in conformity with the objectives of the co-operative society concerned.
- Section 86 (2) (xxi) 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 against the security of its own shares.
- Section-32 42. (1) **Declaration under section 32-** A declaration under clause (i) or ¹(ii) of section 32 shall be made in the form given in appendix 'D'.
(2) A register of such declarations to be kept by the co-operative society Shall be in the form given in appendix 'E'.
- Section 46 and 47 43. **Restriction on borrowing by co-operative society:-**
(1) Subject to the provisions of sub-rule (2), a co-operative society shall not receive 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 re-vested 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 co-operative society is situated except that the Registrar may by general or special order grant exemption or relaxation to any class of co-operative societies or individual co-operative society from the operation of this rule.

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.

Section-46

145. Powers of Registrar to give directions -(1) The Registrar may, from time to time, give directions consistent with the provisions of the Act as he considers necessary for the beneficial and efficient functioning of any Co-operative Society or class of Co-operative Societies.

Section-85 (1)

- (2) If any question arises whether any directions given under sub- rule (1) are necessary for the beneficial and efficient functioning of the co-operative society or class of co-operative societies, as the case may be, the concerned co-operative society or class of co-operative societies may refer such question to the Government whose decision there on shall be final.

- Section 85 (2) (xxxviii) **46. Appointment of relatives to any office-** ¹Save in a producers co-operative society no relative of any member of the committee or of any other officer or a co-operative society shall be appointed to any office 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) (xviii) **48. Maintenance of account books and other record.** -A co-operative society or class of co-operative societies shall maintain the account books and 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 (xiv) **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, ¹but not later than three months 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.

50 AUDIT FEES. (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.

Section 85 (2) (xiii)

(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

²51. Reference of Disputes -When a party to the dispute referred to in sub-section (1) of section 55 desires to have that dispute determined in

Section 85 (1)

-
1. Words Substituted by Pb. Govt. Gaz. Notification dt. 30th Nov. 2009
 2. Rule substituted by the Pb.Govt.Gaz. Notification dt. 18.12.82 (Section 3)

accordance with the ¹provisions of the said section, the party shall apply to the Registrar in the form given in Appendix 'F'

Section 85 (2)
(xviii)

52. Arbitration fee -(1) The Registrar shall have power to require the person referring a dispute under sub-section (1) of section 55 to deposit in advance the fee, if any, to be specified ²by the Registrar keeping in view the nature of the case 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 ³decided finally.

(4) The Registrar, may, for reasons, to be recorded in writing, remit the whole or any part of the fee collected under sub-rule (1).

Section 85 (2)
(xviii)

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

1. Words added by the Pb. Govt. Gaz. Notification dt. Feb. 18, 1986

2. Words substituted by the Pb. Govt. Gaz. Notification dt. Feb. 18, 1986 (Section 10 (i))

3. Words substituted by the Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 10 (ii))

and witnesses ¹who attend and record the evidence. 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, ²pronounced to the parties and filed in the office of the Registrar. In the absence of any party duly summoned to attend¹ and served, the dispute may be decided exparte.

- 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 or the costs of either party to be borne by such party or parties to the dispute as he may think fit.

Section 85 (2) (xiii)

- 57. Maintenance of records of arbitration** - ³The record of arbitration proceeding shall be kept in such place and in such manner as the Registrar may direct.

Section 85 (2) (xviii)

⁴(2) A copy of the decision or award shall, on application, be given to a party by the Registrar as soon as may be possible but not later than 15 days on payment of the fees specified in rule 78 of these rules.

CHAPTER-VIII WINDING UP AND CENCELLATION

- 58. Procedures to be followed by liquidators -**
(1) The liquidator shall as soon as the order of

Section 59 (1) and 85 (2)
(xxvi)

-
1. Words substituted by the Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 11 (ii))
 2. Words Substituted by Pb. Govt. Gaz. Notification dt. Feb. 18, 1986 (Section 11 (ii))
 3. Words substituted by the Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 11 (iii))
 4. Sub Rule substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 12)

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 recorded in the account books of a co-operative society shall be deemed ipso facto to have been duly submitted to him under this sub-rule.

- (2) The liquidator shall, be after settling the assets and liabilities of the co-operative society as they stood on the date on which the order for winding up is made proceed next to determine the contribution to be made by each of its members, past members 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 co-operative society under clause (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.
- 60. Submission of quarterly report by liquidator-**
The liquidator shall submit to Registrar a quarterly report in such form as the Registrar may specify showing the progress made in the liquidation of the co-operative society.
- 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.
- 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.
- 63. Distribution of assets.** -The liquidator shall distribute the realised assets in such manner and in such priority as the Registrar may direct.
- 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.
- 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 purpose:-

Section 59 (1) and 85 (2)
(xxvi)

Section 59 (1) and 85 (2)
(xxvi)

Section 59 (1) and 85 (2)
(xxvi)

Section 59 (1) and 85 (2)
(xxvi)

Section 59 (1) and 85 (2)
(xxvi)

Section 59 (1) and 85 (2)
(xxvi)

Section 59 (k)

- (a) deposit the amount in ¹the Central Co-operative Bank of the area which the co-operative society in question operates 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 85 (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 un-discharged 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 (now Puncofed) for credit to the Co-operative Education Fund.

Section 85 (1)

67. Removal of liquidators.- A liquidator may, at anytime, be removed by the Registrar and he shall on such removal hand over all the property and documents relating to the co-operative society under liquidation to such persons as the Registrar may direct.

1. Words substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 13)

68. **Maintenance of accounts by liquidators.** -The liquidators 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 accounts to be audited. Section 85 (2) (xxvii)
69. **Final report by liquidator.**- The liquidator shall, after meeting the liabilities of the co-operative society, submit a final report to the Registrar in such forms as may, from time to time, be specified¹ by him. Section 85 (2) (xxxvi)
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. Section 85 (1)

CHAPTER-IX

EXECUTION OF AWARDS, DECREES, ORDERS AND DECISIONS

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(3) of rule 74. No order under section 62 shall be made until a period of thirty days has expired the date of service of the notice. Section -62
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 the defaulter resides or the property of the defaulter is situated. Section 85 (2) (xxviii)
(xxx) to (xxxiii)

1. Words substituted by Pb. Govt. Gaz. Notification dt. Feb. 18, 1986 (Section 14)

- (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 shall 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 thereon the place where the property may be lodged or kept and an intimation of the place, day and hour of sale.
 - (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 ¹from 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

1. Word substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 15 (a) (i))

option 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 incurred 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 herein, 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 herein after 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 other door of such dwelling house in like manner as he may break open the door of any room within the house except the zanana. 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 apartments, 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

1. Words substituted by Pb. Govt. Gaz. Notification dt. 18.02.86 (Section-15 (a) (ii))

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 expenses 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 ¹to be recorded in writing. 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 sale 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

1. Words inserted by Pb. Govt. Gaz. Notification dt. 14.10.74 (Section-7)

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 any 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 moveable properties mentioned as exempt from attachment in the proviso to section 60 of the Code of Civil Procedure, 1908 (5 of 1908) 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 a 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, 1908 (5 of 1908) be withheld from such salary or allowances or wages either in one payment or by monthly installments 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 installment, 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, nor 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 to 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 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 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 moveable 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 moveable 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 case of a debt, the creditor from recovering the debt and the debtor from making payment thereof;
 - (ii) in the case of a share or deposit the person in whose name the share or the deposit may be standing, from transferring the share or the deposit or receiving any dividend or interest thereon; and
 - (iii) in the case of any other moveable property except aforesaid the person in possession of it from giving it over to the defaulter.

A copy of such order shall be sent in the case of the debt to the debtor, and 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 (a) or the deposit referred to in clause (b) above matures, the Recovery Officer may direct the person concerned to pay the amount to him. Where the share 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 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 Officer as it becomes deliverable to the defaulter.

- (10) Immoveable 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 number and the specification of the defaulters share or interest in such property 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 particular 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 or 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, ¹attachment, 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, possible, cause a notice of attachment to 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 made at some place on or adjacent to such property and at such other place or places as the Recovery Officer may

1. Word substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 15(b) (i))

consider necessary to give due publicity to the sale. The attachment notice shall set forth that, 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 also 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 days 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) Where any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any, The decree-holder shall, when the amount for the realisation of which the sale is held exceeds Rs.100, furnish to the Sale Officer within such time as may be fixed by him or by the Recovery Officer, an encumbrance certificate from the Registration Department for the period of not less than twelve years prior to the date of attachment of the property sought to be sold, or in cases falling under the proviso to 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 by public auction to the highest bidder, provided that it shall be open to the Sale Officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons¹ to be recorded in writing and provided also that the Recovery Officer or the sale Officer may, in his discretion, adjourn the sale to a specified day and hour, recording his 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 contents to waive it. The sale shall be held after the expiry of not less than thirty days calculated from the date on which notice of the proclamation was affixed in the office of Recovery Officer. The time and place of sale shall be fixed by the Recovery Officer and the place of sale,

1. words inserted by Pb. Govt. Gaz. Notification dt. 14.10.74 (section-7)

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 percent 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 re-sold;

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

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

Provided that, the time for repayment of the cost of the stamp may, for good and sufficient reasons to be recorded in writing, be extended at the discretion of the Recovery officer up to thirty days from the date of sale:

1. Words substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (section 15(b) (ii))

- Provided further, that in calculating the amounts to be paid under this clause, the purchaser shall have the advantage of any set-off to which he may be entitled under clause (k).
- i) In default of payment within the period mentioned in the last proceeding clause, the deposit may, if the Recovery Officer thinking 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 herein before 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 ¹satisfaction 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, travelling 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 ²after cancelling the order of an attachment where the property has been attached.

1. Word omitted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 15 (b) (iii))

2. Word substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 15 (c))

- (13) (i) Where immovable property has been sold by the Sale Officer, any person, either owing 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 percent of the purchase money, and
- (b) for payment to the decree-holder, the amount of arrears specified in the proclamation of sale for ¹the recovery of which the sale was ordered together with interest thereon and the expenses of attachment, if any, sale and other costs due in respect of such amount less amount which may since the date of such amount proclamation have been received by decree-holder.
- (ii) If such deposit and ¹application 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 so² for deposits together with the five percent deposited by the applicant:
- Provided that if more persons than one have made deposits and applications under this sub-rule, the application of the first depositor to the officer authorised to set aside the sale shall be accepted.
- (iii) 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:

1. Word omitted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 15 (d) (i))

2. Words omitted by Pb. Govt. Gaz. Notification dt. 18.2.86 (Section 15 (d) (ii))

- (14) ¹(i) At any time within thirty days from the date of the sale of immovable property, the decree-holder or any person entitled to a share in ratable 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 illegality, material irregularity, mistake or fraud in publishing or conducting it:

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

²“Provided that, if he has reason to believe that the sale out to better side not with standing that no such application has been made or on grounds other than those alleged in any application which has been made and rejected, he may after recording his reasons, in writing, set aside the sale”.

- (iv) Whenever the sale of any immovable property is not so confirmed or is set aside, the deposit or the

1. Clause substituted by Pb. Govt. Gaz. Notification dt. 18.2.86 (section 15(e) (i))
 2. Proviso substituted by Pb. Govt. Gaz Notification dt 18.2.86 (section 15(e)(ii))

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 tribunal, where it may be necessary to prove it an no proof of the seal or signature of the Recovery Officer shall be necessary unless the authority before whom it is produced has reason to doubt its genuineness.
- (15) Where any lawful purchaser or 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 purchase 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 the 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 that 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 contrays to such attachment shall be void as against all claims enforceable under the attachment.

Explanation :-

For the purpose of this sub-rule, claims enforceable under an attachment include claims for the ratable 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 moveable property or the attachment and sale or sale without attachment or immovable property under this 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 defaulters 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 under¹ this rule shall be entitled to a receipt for the amount signed by the Sale Officer

1. words substituted by the Pb.Govt. Gaz. Notification dt. 18.2.86 (Section 15 (i))

or other officer empowered by the Recovery Officer in that behalf, such receipt shall state the name of the person making the payment and subject-matter in respect of which the payment is made.

(21)

- (a) Where any claim is preferred to, or any objection is made of the attachment of, any property attached under this rule on the ground that 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 objection is preferred, the party against whom an order is made may institute a suit within six months from the date of the order to establish the right which he claims to the property in dispute but subject to the result of such ¹Suit, 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 ²incurred on 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

1. words and sign substituted by the Pb.Govt. Gaz. Notification dt. 18.2.86 (Section 15 (g))

2. words substituted by the Pb.Govt. Gaz. Notification dt. 18.2.86 (Section 15 (h))

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 shall 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 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 courts than one, 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 courts 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 ratably distributed by the Sale Officer among all such decree-holder 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 there upon 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 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, date 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.

Section 85 (2) (xix)

- (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 summons 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
 - ¹(cc) by delivering or tendering it to that person or the person's authorized agent in an electronic form; or";and
 - ²(d) if none of the means aforesaid is available, by affixing it, in the presence of two witnesses, on the outer door or at some other conspicuous part of the premises in which that person resides or is known to have last resided, or carries on business or is known to have carried on business previously.
- (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, if any, identifying the person served and witnessing the delivery or tender of the summons.

1. Inserted by Pb. Govt. Gaz. Notification dated July 21, 2016
2. Substituted by Pb. Govt. Gaz. Notification dated July 21, 2016

- (6) Where the party to be summoned is a public officer or is the servant of company or local authority or any institution the officer issuing the summons may, if it appears that 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 purpose of section 68, no appeal shall be entertained unless it is accompanied by a copy of the order appealed against. Section 85 (2) (xxxiv)
- 76. Information and Returns to be submitted by co-operative societies-** (i) The Registrar may specify the information and returns to be submitted by co-operative society and the manner and form in which these are to be submitted or displayed and provide for the person by whom such information and returns are to be submitted or displayed: Section 85 (2) (xiv)
- Provided that each cooperative society shall file returns within six months of the close of every financial year to the Registrar relating to the following matters :-
- (a) annual report of its activities;
 - (b) its audited statement of accounts;
 - (c) plan for surplus disposal as approved by the general body of the co-operative society;

- (d) list of amendments to the bye-laws of the co-operative society, if any;
 - (e) declaration regarding date of holding of its general body meeting and conduct of elections when due;
 - (f) misappropriation or embezzlement of funds, if any, and action taken against the persons responsible for the same including the civil, criminal and disciplinary actions;
 - (g) Information regarding the admission and termination of members; and
 - (h) any other information required by the Registrar.
- (2) If a co-operative society fails to provide information or file return under this rule within the specified time, the Registrar may have the same completed at the expense of the co-operative society."

77. Inspection of documents - Any member of the public shall be permitted, on payment of a fee of one rupee for each occasion of inspection, to inspect, for any lawful 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 :-

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

Section 85 (2) (xxxiv)

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

78. Fees for copies of public documents - The fees prescribed for certified copies of any public documents, which any person has under the proceeding rule a right of inspection, are as follow:-

Section 85 (2) (xxxiv)

- (1) For registration certificate Rs. 3-00
- (2) In the case of other documents, a sum calculated at the following rates:-
 - (i) First two hundred words or under Rs. 0.75
 - (ii) Every additional hundred words or fraction thereof Rs. 0.37.

179. Form of order- The order of the liquidator under clauses (b) and (e) of sub-section (2) of section 59 shall be in the form given in Appendix-G.

279-A. The Form of certificate to be issued under sub-section (2) of section 67-A shall be in the form given in Appendix 'H'

80. Special Rule ⁻³Notwithstanding anything contained in these rules, the procedure contained in this rule shall apply to a co-operative society whose working capital exceeds Rs. 50,000.

- ⁴(i) At least fifteen day's clear notice, specifying the date, place, time and agenda for a

1. Rules substituted by Pb. Govt. Gaz. Notification dated Dec. 8, 1982 (Section 4)

2. Rules inserted by the Pb. Govt. Gaz. Notification dt. March 21, 1978 (Section 2)

3. Operational part of sub-rule (1) substituted by Pb. Govt. Gaz. Notification Dt. March 4, 1971 Section 3 (1)

4. Clause substituted by Pb. Govt. Gaz. Notification dt. Sept 3, 1965 (Section 4 (1))

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 :

Provided that a shorter notice may be given to all the members of the general body/committee or smaller body, as the case may be, with the permission of the Registrar or under his direction.

- (i-a) The Registrar, may, of his own motion or on a reference made to him, declare the proceedings of the meeting referred to in clause (1) 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; and
- (ii) No matter shall ¹except with the permission or directions of the Registrar, be considered either in a meeting of a general body/committee or in a meeting of any smaller body, set up by either of them , unless that matter is specifically included in the agenda which is circulated to all members at least fifteen clear days or seven days in advance, respectively.

1. Clause substituted by Pb. Govt. Gaz. Notification dt. Sept 3, 1965 (Section 4 (2))

(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 the nominated member and the proceedings shall also be got signed from the nominated members. As required by sub-section (4) of section 26 the Chairman shall, as soon as possible, make a reference to the Government and if no reference is made within seven days of the date of meeting, the Registrar may, on receipt of a report from a nominated member, make a references to the Government for getting its decision.

¹(2)

²80-A **Bar on voting by Government nominated Members on certain matters.** The members nominated by the Government to the committee of a Co-operative Society under clause (a) of sub-section (2) of Section 26 shall not vote in the election of office bearers of that Co-operative Society.

80-B The Managing Director of a Co-operative Society shall be its Principal Executive Officer and the employees of the Co-operative Society shall exercise their powers and perform their duties under his superintendence and control. The Managing Director shall exercise his powers and perform his duties under the over all supervision and control of the Committee.

1. Sub-rule deleted by the Pb. Govt. Gaz. Notification dated March 4, 1971 (section 3 (2))
2. Added by the Pb. Govt. Gaz. Notification dated March 4, 1971

180-C Notwithstanding anything containing in rule 80-B, when a Chairman has been appointed in pursuance of proviso (a) to clause (a) of sub-section (2) of Section 26 of the Act and when such a Chairman is a member of the Indian Administrative Service, or a Joint Registrar, or an Additional Registrar, co-operative Societies.^{2,3} and is also working whole-time in such a capacity, all power of the Principal Executive Officer, by whatever name called, of a co-operative society, will vest in the Chairman. All other employees of the co-operative society will exercise their powers and perform their duties under his superintendence and control. The Chairman, with the prior approval of the Registrar, may delegate any of his powers to any employee of the Co-operative 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 the provisions of these rules.

1. Rule added by Pb. Govt. Gaz. Notification dt. July 28, 1972 (Section 2)

2. Words inserted by the Pb. Govt. Gaz. Notification dt. Dec. 13, 1982 (Section 2)

3. Words omitted by the Pb. Govt. Gaz. Notification dt. Jan 4, 1984, (Section 2)

APPENDIX "A"
(See Rule 3)

**APPLICATION FOR REGISTRATION
OF A CO-OPERATIVE SOCIETY**

We, the undersigned hereby apply for the registration of a co-operative society, as proposed hereunder, under Section 8(1) of the Punjab Co-operative Societies Act, 1961, and enclose here with three copies of the bye-laws as required by rule 4.

1. Name of proposed co-operative society.
2. Class of co-operative society and liability.
3. Address to be registered.
4. Area of operation.
5. Main objects.
6. Number of members at present.
7. Estimated unsecured debts of members (In case of a credit/service Co-operative Society)
18.
9. Area Mortgaged by members (in case of credit service Co-operative Society and Mortgage banks).
10. Capital with details of shares, deposits fee, etc.
11. Value of share and mode of payment.
12. Names of members of managing committee.
13. Name of applicant for purposes of correspondence by the Registrar (See rule 3)

Name and Father's Name	Age	Occupation	Place of residence (Vill. & post Office)	Number of shares subscribed	Signature
1	2	3	4	5	6

1. Words deleted by Pb. Govt. Gaz. Notification dated 30th Nov. 2009

¹APPENDIX 'B'

(See Rule 8)

Part 'A'

1. A special general meeting of a co-operative society may be called from time to time by the committee or by an officer of the co-operative society under the directions of the committee.
2. A special general meeting of a co-operative society shall be called by the Committee on the receipt of a requisition for such a meeting from one-fifth of the total number of members.
3. If, on the receipt of the requisition referred to in the ²preceding rule the committee fails, within a reasonable time, ³not exceeding one month to call the special general meeting the signatories to the requisition may refer the matter to the Registrar who may, if he thinks fit, summon the special general meeting.
4. A special general meeting called by the Registrar or any person authorised by him in writing shall be held in such manner and at such time and place as may be directed by him.
5. When the Registrar or any person authorised by him calls a special general meeting of the co-operative society, the matter for consideration for such a meeting may also be laid down by him and such matters shall be considered at the meeting so called.
6. If at a general meeting or special general meeting there is no quorum within one hour of the time fixed for the meeting, it shall be adjourned and a fresh general meeting or special general meeting, as the case may be, shall be reconvened after giving due notice. If at the reconvened meeting also, there is no quorum within one hour of the time appointed for the meeting, then at the end of one hour the members present shall constitute quorum.
7. Every resolution at a general meeting or special general meeting shall be passed by a majority of the votes of the members present.

1. Appendix substituted by the Pb. Govt. Gaz. Notification dt. Oct. 14, 1969 (Section 9)

2. Word substituted by Pb. Govt. Gaz. Notification dt. Oct. 14, 1974 (Section 8)

3. Words inserted by Pb. Govt. Gaz. Notification dt. Oct. 14, 1974 (Section 8)

PART 'B'

1. A meeting of the committee shall be called from time to time by the President or Chairman, as the case may be, or such officer of the co-operative society as may be specified in the bye-laws.
2. Any three or one-third of the total members of the committee, whichever is less, may in writing, request the President or Chairman, as the case may be, of a co-operative society to summon a special meeting of the committee and may propose items which shall be considered in such meeting. On receipt of such a requisition, the President or Chairman shall convene a meeting of the committee. If within seven days of the receipt of this requisition, the President or Chairman fails to summon the meeting, the Registrar, on the application of the signatories of the requisition, may summon a meeting of the committee after giving due notice to all the members as may be required under the rules or bye-laws.

PART 'C'

The quorum at a general meeting or a special general meeting shall be one-fourth of the total number of members or 500 whichever is less. The quorum at a committee meeting shall be one-third of total number of members of the committee.

PART 'D'

The Registrar or his representative may attend any meeting of the committee of a Co-operative Society at any time but he shall not have the right to vote unless permitted under the bye-laws.

¹APPENDIX 'C'
(See Rule 23)

PART-1

1. **DEFINITION:** In this appendix, unless the context otherwise requires-
 - (a) "election" means election to the committee;
 - (b) "Returning Officer" means the Registrar or any person authorised by him in this behalf by a special or general order;
 - (c) "Presiding Officer" means a person appointed by the Returning Officer to be in-charge of the polling station for the purpose of the election.
 - (d) "Manager" means any person appointed as such by the Registrar for the purpose of the provisions contained in this Appendix and if no such person is appointed, then the head of office of a co-operative society, by whatever name called, to whom the management of the Co-operative Society is entrusted;
 - (e) ²"Voter" means a person entitled to vote under these rules;
 - (f) "Representative" means an elector who is authorised to vote on behalf of a co-operative society in the affairs of another co-operative society; and
 - (g) "candidate" means a voter who files his nomination papers to seek election of a member of the committee of a co-operative society;
2. **QUALIFICATIONS OF CANDIDATES-** No person shall be eligible for election as a member of the committee if he is subject to any disqualification mentioned in the Act and rules framed there-under.
3. **VOTING-** The election shall be held by secret ballot and a voter shall exercise his vote only in favour of one candidate.
4. **ELECTION PROGRAMME-(1)** The manager shall draw a detailed programme of election and send the same to the Registrar for approval and for the appointment of Returning Officer for conducting the election.

1. Appendix substituted by the Pb. Govt. Gaz. Notification dt. Oct. 14, 1969 (Section 10)

2. Words inserted by Pb. Govt. Gaz. Notification dated 30th Nov. 2009

- (2) The zonal list of voters shall be prepared, if necessary, by the Manager in accordance with the directions issued by the Registrar from time to time.
 - (3) The notice indicating the election programme together with the zones constituted, if any, shall be exhibited by the Manager at the registered office of the co-operative society and at some common places in the area of operation of the co-operative society. This would be in addition to any other mode of notice which may be laid down either in the bye-laws or in the resolution of the committee or may be specified by the Registrar by a general or special order.
- 5. Filing of nomination papers:-** The nomination papers duly completed shall reach the Returning Officer by such date, time and place as may be specified in the election programme.
- 6. Scrutiny of nomination papers:-** (1) The Returning Officer shall scrutinise the nomination papers at the place, date and time specified in this behalf, hear objections, if any, presented by the objector in person to the eligibility of any candidate and dispose of these objections after such enquiry as he may consider necessary, The decision of rejecting or accepting the nomination papers and brief statement of reasons thereof shall be endorsed on the nomination papers and signed by the Returning Officer. While scrutinising the nomination papers, the Returning Officer may-
- a) permit any clerical error in the nomination papers in regard to names or numbers to be corrected in order to bring them in conformity with the corresponding entries in the list of voter.
 - (b) Where necessary, direct that any printing error in the said entries may be overlooked.
- (2) The person objecting under sub-rule (1) must be a voter.
 - (3) The Returning officer shall, after scrutiny of nomination papers, prepare and announce a list of validity nominated candidates and the same shall be exhibited at the registered office of the co-operative society and at other common places in the area of operation of the co-operative society. The Returning Officer after preparing the list of

validity nominated candidate shall declare such candidate as elected if there is no contest about his election and communicate the same to the Presiding Officer and the Manager of the co-operative society.

7. **Withdrawal of nomination papers-**Any candidate may withdraw his nomination by a notice in writing which shall be subscribed by him and delivered to the Returning Officer by the date as specified in the election programme.
8. **Death of a candidate-** if report is received by the Returning Officer of the death of a candidate after the last date of the filling of the nomination papers and before the commencement of the poll, the Returning Officer shall cancel the poll in respect of that zones for which he was a candidate and report the fact to the Manager and all proceedings with reference to the election of that zone shall be commenced again on the basis of the list of voters already prepared.
9. **Appointment of Presiding Officer and his duties-** The Returning Officer may appoint Presiding Officer for each polling station and also Polling Officer and Polling Assistants to assist the Presiding Officer to conduct the poll. The Presiding Officer shall perform such duties as may be prescribed by the Registrar from time to time.
10. **Procedure of casting of vote** ¹(1) If the Registrar so requires, a voter shall be required to produce an admission card, at the time of casting of his vote, to be issued by the co-operative society under postal certificate. The representative of member co-operative ²societies in addition, produce resolution of their respective co-operative society authorising them to represent the co-operative society in the general meeting.
 Provided that a copy of resolution, duly attested, of a co-operative society authorising one of its members to represent it for election shall reach the Manager of the Co-operative Society whose election, is to be held at least four days before the date of polling. In case such a resolution is not received

1. Figures inserted by Pb.Govt. Gaz. Notification Oct. 14, 1974 (Section 9 (i))

2. Word deleted by Pb. Govt. Gaz. Notification dated 30th Nov. 2009

by the Manager within the stipulated period such representative of the co-operative society shall not be entitled to vote.

- (2) If any difficulty arises in regard to the identification of individual members or representatives of the member co-operative Societies, Returning Officer or the Presiding Officer, as the case may be, may call upon one or more officials of the State Co-operative Department to assist him.
- (3) The Manager shall make such arrangements in regard to the admission and seating of members and others invited by the Co-operative Society as may be considered necessary by the Returning Officer.

11. Declaration of election result :- (1) After the counting of the votes has been completed, the candidates who secure a majority of votes shall be declared elected by the Returning Officer or the Presiding Officer, as the case may be. If the number of votes in favour of two or more candidates are equal, the matter shall be decided by lots drawn by the Returning Officer or the Presiding Officer, as the case may be.

- (2) When the result of the election has been declared the Returning Officer or the Presiding Officer, as the case may be, shall prepare a consolidated list of elected candidates, including those declared elected unopposed, and communicate the names of persons elected under his signatures to the Assistant Registrar and the Deputy Registrar concerned and in the case of the central and apex Co-operative Societies such a list shall also be sent to the Registrar Co-operative Societies. The Returning Officer or the Presiding Officer, as the case may be, shall also direct the Manager to exhibit a list of the names of persons elected at some conspicuous place at the registered office of the Co-operative Society for a minimum period of 7 days after the declaration of the result of the election.

12. **General :-** (1) The Registrar may issue such instructions as may be necessary for the purpose of drawing of election programme, filing of nomination papers, withdrawal of nomination papers, allotment of symbols, manner of voting, counting and other relevant matters to facilitate the holding of elections in respect of a Co-operative Society or class of Co-operative Societies.
- (2) If any dispute arises in connection with the election of any officer of the Co-operative Society, it shall be referred within 90 days of the date of declaration of the result of such election of the Registrar in the same manner as provided in rule 51 of the Rules.

PART II

RULES FOR ELECTION IN PRIMARY CO-OPERATIVE SOCIETIES IF HELD IN A SPECIAL MEETING

- 1 **Calling of ¹General Meeting:** ²(1) The meeting for the election shall be convened by the Manager or the Secretary of the cooperative society, as the case may be, under the directions of the committee in the manner prescribed in the bye-laws of the Co-operative Society and at least 15 days notice specifying the date, time and place of the meeting shall be given to all members.
- ³(2) The notice of the meeting shall be given :-
- (i) by affixing a copy of the notice at some conspicuous place of the Co-operative Society: and
 - (ii) a) by circulation of the notice book and getting the signatures of members on it; or
 - b) by sending the notice to the members by ⁴Registered post; or
 - c) by beat of drum in the area of operation of the Cooperative Society; provided the area of operation consists of one village only.
2. **Presiding over the meeting :-** The meeting shall be presided over by the Returning Officer.
3. **Proposals of candidates for contesting election: -(1)** The names of the candidates shall be proposed and seconded by any of the members present in the meeting.
- (2) The Returning Officer shall ask for withdrawal, if any, of the names proposed immediately after such proposals have been made.

1. Words omitted by Pb. Govt. Gaz. Notification dt. Oct. 14, 1974 (Section 9 (ii) (a))
 2. Inserted by Pb. Govt. Gaz. Notification dt. Oct. 14, 1974 (Section 9 (ii) (b))
 3. Substituted by Pb. Govt. Gaz. Notification dt. March 4, 1971 (Section 5)
 4. Words substituted by Pb. Govt. Gaz. Noti. dt. Oct. 14, 1974 (Section 9 (ii) (b))

4. **Voting** :- If the number of the candidates left after the withdrawal is equal to or less than the number of persons to be elected, then all the persons shall be declared elected by the Returning Officer.
- (2) If the number of the candidates is larger than the number of persons to be elected, then the election shall take place by secret ballot.
 - (3) Each member present shall be supplied with an improvised ballot paper on a piece of paper bearing the stamp of the Co-operative Society. The member shall be asked to record a tick (3) mark against the name of the candidate in whose favour he wants to cast his vote. Each member shall have only one vote.
 - (4) The improvised ballot paper on which vote has been recorded will be cast in an improvised closed box.
5. **Counting etc. of votes**-(1) The ballot boxes will be opened in the presence of all the members present at the meeting and votes got by each candidate shall be counted separately. The candidates found to have obtained largest number of votes in order of merit shall be declared elected by the Returning Officer. In the event of candidates securing equal number of votes, the matter shall be decided by lot.
- (2) The Returning Officer shall immediately after the declaration of the result, communicate the same to the Manager or the Secretary of the Co-operative Society, as the case may be, and send a copy of the same to the Assistant Registrar concerned.

APPENDIX -"D"

[See Rule 42 (1)]

FORM OF DECLARATION

I _____ (age _____) residing at _____ having been admitted to the membership Co-operative Society.

Limited _____ and being desirous of borrowing loan from the Co-operative Society _____ with unlimited liability having borrowed loan from the Co-operative Society _____ the date of coming into force of the Punjab Co-operative Societies Act, 1961 make this declaration as required by section 32 of the Punjab Co-operative Societies Act, 1961 that

Own

I _____ land specified in the have interest as a tenant in

Schedule, and I hereby create a charge on the said _____ land Interest

in favour of the Co-operative Society for the payment of the amount of loan which the Co-operative Society _____ may make _____ and for all future advances, If any which the Co-operative Society may has made

make to me subject to the maximum amount of Rs. _____ together with interest on such amount of the loan and advances.

SCHEDULE

Name of Village	Name of Tehsil	Name of District	Description of land				Remarks if any
with Hadbast No.		Khasra No.	Kind of land	Share in land	¹ Total Area		
			(barani or Chahi)				
1	2	3	4 (i)	4(ii)	(4iii)	4 (iv)	4 (v)

In witness whereof I, Sh. _____ hereunder set my hand this _____ day of _____ in the year one thousand nine hundred and _____ signed and delivered by the above name in the presence of

Witness

Applicant's

1.

_____ Signature,

2.

Borrower's

APPENDIX -"E"

[See Rule 42 (2)]

REGISTER OF DECLARATION MADE UNDER SECTION 32

Serial No.	Date of entry in the Register	Name of the member	Date of declaration	Name of Village with hadbast in which land is situated
1	2	3	4	5

Description of Land						
Khasra No.	Area	Kind of land	Share in land	¹ Total Area	Remarks, if any	Amount of loan applied for/borrowed
6 (i)	6(ii)	6 (iii)	6 (iv)	6 (v)	6 (vi)	7

Remarks, if any	Signature of the Chairman
8	9

1. Word Substituted by Pb.Govt. Gaz. Notification dated Nov. 30, 2009

1APPENDIX .”F”

[See Rule 51]

In the Court of _____
reference No. _____ A B (add description and
address) _____

Applicant/s

Versus/Against

CD (add description and address) _____

Respondent/s

The above named applicant/s State/s as follows :-

- (i) Description of the dispute;
- (ii) Cause of action in brief;
- (iii) Description of the relief claimed;
- (iv) List of document to be relied upon;

Place

(Signature of the Party)

Date

Verification :

Verified that the contents of the above paras _____
are true to the best of my/our knowledge and Paras _____
are believed to be true upon the information received.

Place

(Signature of the Party)

Date

APPENDIX "G"

[See Rule 79]
FORM OF LIQUIDATION ORDER

I _____ Liquidator _____ Co-operative
Society under liquidation Tehsil _____ District _____
authorised under section 59 (2) (b) and (e) of the Punjab Co-operative
Societies Act, 1961 do hereby order/assess Shri _____
son of Sh. _____ caste _____
resident of _____, Tehsil _____
District _____, to pay Rs. _____
_____ as debts/contribution/liquidation expenses, as
member/past member/estate nominee, heir or legal representative of
Shri _____ son of Sh. _____
_____, resident of _____

deceased member/past officer/present officer towards assets of the
Co-operative Society.

Liquidator _____

Dated _____

1APPENDIX -"H"
[See Rule 79-A]

Form of Certificate for Recovery Under Section 67-A of the Act

Whereas the _____ Co-operative Society Ltd. _____
 Tehsil _____, District _____ made an advance of
 Rs. _____ on _____ to Shri _____ son of Shri
 of Village _____ its member and a sum of Rs. _____ has not
 been paid back by the said member to the society by the due date;

Whereas the Said Co-operative Society has applied for the recovery of the said amount
 alongwith interest accrued thereon as arear of land revenue.

Whereas as I have satisfied myself, after due enquiry and after affording to the said
 Shri _____, son of Shri _____, an opportunity of being heard that
 the aforesaid sum of Rs. _____ with interest of Rs. _____ accrued
 thereon upto _____ at the rate of Rs. _____ per annum is due.

Now, therefore, I _____ exercising the powers
 of the Registrar, Co-operative Societies, Punjab do hereby grant this certificate under section
 67-A (2) of the Punjab Co- operative Societies Act. 1961, for the recovery of the amount of
 Rs. _____ as principal and Rs. _____ as interest upto (total
 Rs. _____)

Issued under my hand and seal.

EXERCISING THE POWER OF
DATED _____ REGISTRAR, CO-OPERATIVE SOCIETIES, PUNJAB

Sr. No.	Particulars	Page No.
CHAPTER-1		
PRELIMINARY		
1.	Short Title	1
2.	Definition	1
CHAPTER -II		
REGISTRATION OF CO-OPERATIVE SOCIETIES AND THEIR BYE-LAWS		
APPLICATION FOR REGISTRATION		
3.	Form of Application	3
4.	Documents which shall accompany the application	4
5.	Procedure on receipt of application	4
6.	Person to whom order under Section 8(2) to be communicated	4
7.	Appeal against refusal of registration	4
8.	Subject matters of bye-laws-(1)	5
9.	Amendment of bye-laws	6
10.	Resolution for amendment	6
11.	Application to Registrar for registration of amendment	7
12.	Registration of amendment	7
13.	Appeal against refusal to register amendments of bye-laws	7
CHAPTER-III		
MEMBERS OF CO-OPERATIVE SOCIETY, THEIR RIGHTS AND LIABILITIES		
14.	Disqualification for membership	8
15.	Prohibition of membership in two Co-operative Credit or Service Societies	8
16.	Admission of members before general meeting of Co-op. Society	9
16A.	Member not to exercise rights till due payment made.	9
17.	Disposal of application for admission of member	9
18.	Withdrawal from Membership	10
18A.	Retirement of shares of individuals who are members of the central and apex Co-operative Societies.	11
19.	Nomination of heir	11
20.	Maintenance of register of members	12
21.	Restriction on holding of shares	12
CHAPTER-IV		
GENERAL MEETING		
22.	Power of general meeting	13
23.	Election of Committee	13

23A. The manner of Co-option, the area of agricultural land to be held and the conditions required to be fulfilled for the purpose of Section 26A.	13
23B. Election of the first committee after Registration of the Co-op. Society	14
24. Proportion of individual and Co-op. Societies for constituting Committee	14
25. Disqualification for membership of committee	15
26. Ceasation of membership of committee	17
27. Division of area of society into Zones	18
28. Qualifications and conditions of service of employees.	18
29. Restrictions on transactions of officers and past officers with the Co-operative Society	19

CHAPTER-V

WORKING OF CO-OPERATIVE SOCIETIES

30. Manner of certifying copies of entries in books	20
31. Loans and subsidies by Government	20
32. Manner of making application for loan of subsidy	20
33. Submission of information and returns by Co-operative Societies having state participation	21
34. Reserve fund	21
35. Payment of dividend or bonus	22
35A. Net Profit	22
36. Creation of Co-operative Education fund	23
37. Investment of fund	23
38. Writing off bad debts and other sums due	24
39. Maximum credit limit of members	25
40. Nature and extent of securities for loan	25
41. Restriction on grant of loans by a Co-operative Society against its own shares	26
42. Declaration under section 32	26
43. Restriction on borrowing by Co-operative Society	26
44. Maintenance of fluid resources	27
45. Powers of Registrar to give directions	27
46. Appointment of relatives to any office	28

CHAPTER-VI

AUDIT AND ACCOUNT

47. Auditing of Accounts	28
--------------------------	----

48.	Maintenance of account books and other record	28
49.	Preparation of balance-sheet and other accounts	28
50.	Audit Fees	29

**CHAPTER-VII
SETTLEMENT OF DISPUTES**

51 .	Reference of Disputes	29
52.	Arbitration Fee	30
53.	Communication of date, time and place of hearing	30
54.	Power to appoint guardian for minors etc.	30
55.	Hearing of Disputes	30
56.	Cost of arbitration	31
57.	Maintenance of records of arbitration	31

**CHAPTER-VIII
WINDING UP AND CANCELLATION**

58.	Procedures to be followed by liquidators	31
59.	Approval by Registrar of orders of liquidator	33
60.	Submission of quarterly report by liquidator	33
61.	Deposit of funds by liquidators	33
62.	Expenses incurred by liquidator	33
63.	Distribution of assets	33
64.	Remuneration to liquidators	33
65.	Disposal of surplus assets	33
66.	Liability due to claimants whose whereabouts not known	34
67.	Removal of liquidators	34
68.	Maintenance of accounts by liquidators	35
69.	Final report by liquidator	35
70.	Disposal of record	35

**CHAPTER-IX
EXECUTION OF AWARDS, DECREES, ORDERS AND DECISIONS**

71.	Manner of service of notice	35
72.	Procedure in execution of award etc.	35
73.	Delegation of powers under Section 65	59
74.	Mode of service of summons	59

**CHAPTER-X
MISCELLANEOUS**

75.	Appeals	61
76.	Information and Returns to be submitted by co-operative societies	61
77.	Inspection of documents	62

78.	Fees for copies of public documents	63
79.	Form of order	63
80.	Special Rule	63
80A.	Bar on voting by Government nominated Members on certain matter	65
81.	Repeal	66
	Appendix-A (See Rule 3) Form of Application	
	Application for Registration of a Co-op. Society	67
	Appendix-B (See Rule 8) Subject matters of Bye-laws	68
	Appendix-C (See Rule 23) Election of Committee.	70
1.	Defination	70
2.	Qualifications of Candidates	70
3.	Voting	70
4.	Election Programme	70
5.	Filing of nomination papers	71
6.	Secrutiny of nomination paper	71
7.	Withdrawal of nomination papers	72
8.	Death of a candidate	72
9.	Appointment of Presiding Officer and his duties	72
10.	Procedure of casting of vote	72
11.	Declaration of election result	73
12.	General	74

PART-II

RULES FOR ELECTION IN PRIMARY CO-OPERATIVE SOCIETIES IF HELD IN A SPECIAL MEETING

1.	Calling of General Meeting	75
2.	Presiding over the meeting	75
3.	Proposale of candidates for contesting election	75
4.	Voting	76
5.	Counting etc. of votes	76
	Appendix -D Form of Declaration	77
	Appendix-E(See Rule 42) Register of Declaration made under section 31	78
	Appendix-F (See Rule 51) Reference of Disputes	79
	Appendix-G (See Rule 79) Form of liquidation order	80
	Appendix-H (See Rule 79-A)	81
	Form of Certificate for recovery under Section 67 -A of the Act	

THE PUNJAB COOPERATIVE SOCIETIES RULES, 1963

As Amended upto 2016

2016



PUNCOFED

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