

N.L.C.D. 252

CO-OPERATIVE SOCIETIES ACT, 1968

ARRANGEMENT OF SECTIONS

Registration of Co-operative Societies

SECTION

1. Registrar of co-operative societies.
2. Registrable societies.
3. Conditions of registration.
4. Application for registration.
5. Registration and appeal.
6. Incorporation of registered societies.
7. Evidence of registration.

Duties and Privileges of Registered Societies

8. By-laws.
9. Amendment of by-laws.
10. Imposition of fines on members.
11. Change of name.
12. Address of societies.
13. Inspection of copy of Act.
14. Amalgamation or transfer of societies.
15. Conversion of a company into a society.
16. Restrictions on loans.
17. Control on granting of loans.
18. Government assistance.
19. Restrictions on borrowing.
20. Deposits by minors.
21. Restrictions regarding non-members.
22. Debts of members of society.
23. Charge in respect of shares of members.
24. Priority of claim of society against crops.
25. Share of interest not liable to attachment.
26. Investment of funds.
27. Contract with members to dispose of produce.
28. Payment of dividend and bonus.
29. Reserve fund.
30. Registrar to prescribe to certain matters.
31. Proof of entries in society books.
32. Exemption from compulsory registration of instruments.
33. Exemption from certain duties and fees.

Membership, Rights and Liabilities of Members

SECTION

34. Qualification for membership.
35. Restriction on a company to be member of a society.
36. Exercise of rights of membership.
37. Shareholding.
38. Restriction on membership.
39. Votes of members.
40. Restrictions on transfer of share or interest.
41. Transfer of interest on death.
42. Liability of past members.
43. Liability of the estates of deceased members.
44. Register of members.

Disputes

45. Settlement of disputes.

Audit, Inspection and Enquiries

46. Audit.
47. Power of inspection.
48. Enquiry by registrar.
49. Inspection of books of indebted society.
50. Cost of enquiry or inspection.
51. Recovery of costs.
52. Recovery of sums of money due to others.
53. Dissolution of committee.

Dissolution of Registered Society

54. Dissolution of registered society.
55. Cancellation of registration.
56. Effect of cancellation of registration.
57. Appointment of liquidator on cancellation of registration.
58. Powers of liquidator.
59. Control on liquidation.
60. Attendance of witnesses.
61. Enforcement of decisions.
62. Limitation on jurisdiction of the Courts.
63. Closure of liquidation.

Miscellaneous

64. Offences.
65. Prohibition of the use of the word "co-operative".
66. Non-application of company laws.
67. Remuneration of registrar.

SECTION

- 68. Regulations.
- 69. Interpretation.
- 70. Repeal and saving.

N.L.C.D. 252

CO-OPERATIVE SOCIETIES ACT, 1968¹

AN ACT to provide for the establishment and regulation of co-operate societies and for related matters.

*Registration of Co-operative Societies***1. Registrar of co-operative societies**

There shall be appointed by the President in accordance with article 195 of the Constitution,

- (a) a public officer who shall be called the Registrar of co-operative societies, and
- (b) any other officers as are required who shall perform the functions assigned to them by this Act or any other enactment.

2. Registrable societies

Subject to this Act, a society which has as its object the promotion of the economic interest of its members in accordance with co-operative principles, may be registered under this Act with or without limited liability.

3. Conditions of registration

(1) A society, other than a society consisting of co-operative societies which are registered in accordance with this Act, shall not be registered unless it consists of at least ten persons qualified for membership under section 34.

(2) A society established with the object of facilitating the operations of registered societies in accordance with co-operative principles shall not be registered unless it consists solely of registered societies which are not less than two in number.

(3) The word "co-operative" shall form part of the name of a registered society.

(4) The word "limited" shall be the last word in the name of a registered society with limited liability.

(5) Except in the case of a registered society whose principal object is to grant loans to other registered societies, the words "bank" or "banking" shall not form part of the name of a registered society.²

1. The Act was issued as the Co-operative Societies Decree, 1968 (N.L.C.D. 252) made on the 17th day of June, 1968 and notified in the *Gazette* on 28th June, 1968.

2. Amended by the Co-operative Societies (Amendment) Law, 1986 (P.N.D.C.L. 158).

(5A) Where a central financing society registered under this Act carries on the business of banking within the meaning of the Banking Act, 2004 (Act 673) its operations shall be governed by that Act, and the Banking Act, shall prevail over this Act.³

(6) A society shall not be registered by a name which is identical with that by which a society is already registered, or which so nearly resembles that name or the name by which a body or an association of persons is registered under an enactment or which in the opinion of the registrar is calculated to deceive.

(7) A society shall not be registered by a name which, in the opinion of the registrar may, or is likely to, mislead the public as to the identity of the society or the nature of its business.

(8) Where a society through inadvertence or otherwise is registered by a name identical with that by which a society is already registered, or which so nearly resembles that name or the name by which a person is registered under an enactment as, in the opinion of the registrar, is calculated to deceive, or which is prohibited under subsection (7), the society shall, if the registrar so directs, change its name.

4. Application for registration

(1) An application for registration shall be made to the registrar and shall be signed,

- (a) in the case of a society, which is not a central society, by at least ten persons qualified for membership, or
- (b) in the case of a central society, by persons duly authorised by each central society.

(2) The application shall be accompanied by three copies of the by-laws of the society, and the persons by whom or on whose behalf the application is made shall furnish the information in regard to the society that the registrar requires.

5. Registration and appeal

(1) If the registrar is satisfied that a society has complied with this Act and that its by-laws are not contrary to the objects of the society the registrar shall register the society and its by-laws.

(2) A society whose application for registration is refused by the registrar in accordance with subsection (1) may appeal to the Minister.⁴

6. Incorporation of registered societies

(1) A society registered under this Act is a body corporate with perpetual succession and may sue and be sued by the corporate name under which it is registered.

(2) A registered society shall have a common seal to be approved by the registrar.

3. The current subsection (5) was proviso to subsection (5) as amended by the Co-operative Societies (Amendment) Law, 1986 (P.N.D.C.L. 158).

4. Amended by the Co-operative Societies (Amendment) Decree, 1968 (N.L.C.D. 252). As amended the subsection is subject to clause (3) of article 125 and article 218 of the Constitution, hence the deletion of the words, "whose decision shall be final".

(3) A registered society may hold movable and immovable property of every description and may enter into contracts and do the things that are necessary for the purposes of its constitution.

7. Evidence of registration

A certificate of registration, signed and sealed by the registrar is conclusive evidence that the society named in the certificate is duly registered unless it is proved that the registration of the society is cancelled.

Duties and Privileges of Registered Societies

8. By-laws

(1) A registered society may make by-laws for the purpose of carrying out the objects for which the society is established.

(2) The by-laws made by a registered society are not effective unless they are registered in accordance with subsection (4).

(3) For the purpose of registering the by-laws, a registered society shall submit to the registrar three copies of the by-laws.

(4) If the registrar is satisfied that the by-laws, submitted under subsection (3) are not contrary to this Act or the Regulations, the registrar shall register the by-laws.

(5) When the registrar registers the by-laws of a registered society, the registrar shall issue to the society a copy of the by-laws certified and sealed by the registrar and that copy is conclusive evidence of the fact that the by-laws are registered.

9. Amendment of by-laws

(1) A registered society may amend its by-laws, including the by-laws which declares the name of the society.

(2) An amendment of the by-laws of a registered society is not valid unless the amendment is registered under this Act.

(3) Section 8 shall apply to the registration of an amendment to the by-laws.

10. Imposition of fines on members

(1) By-laws made by a registered society may provide for the imposition of a fine not exceeding fifty penalty units on members who contravene a provision of the by-laws.

(2) The governing body of a registered society to whom the management of the affairs of the society is entrusted or any other person specified by its by-laws shall enforce subsection (1).

11. Change of name

An amendment made under section 9 which changes the name of a society shall not affect a right or an obligation of the society or of any of its present or past members, and legal proceedings pending may be continued by or against the society under its new name.

12. Address of societies

(1) A registered society shall have a registered address to which notices and communications may be sent.

(2) Notice of the registered address and of a change in that address shall be given to the registrar who shall record the address or the change.

13. Inspection of copy of Act

A registered society shall keep a copy of this Act, and of the Regulations and of its by-laws open to inspection, free of charge, at reasonable times at the registered address of the society.

14. Amalgamation or transfer of societies

(1) Two or more societies may, by resolution passed by their respective general or special meetings in accordance with the Regulations, and with the approval of the registrar, amalgamate as a single society.

(2) The amalgamation may be effected without a dissolution, or a division of the funds, of the amalgamating societies.

(3) The resolution of the societies concerned shall, on amalgamation, be a sufficient conveyance to vest and vest without further authority than this subsection the assets and liabilities of the amalgamating societies in the amalgamated society and the amalgamated society may sue and be sued accordingly.

(4) A society may by a resolution passed in accordance with the procedure laid down in subsection (1) transfer its assets and liabilities to any other society which is prepared to accept them.

(5) Where an amalgamation or transfer of assets and liabilities involves the transfer of liabilities by one society to any other society, three months notice of the amalgamation or transfer of assets and liabilities shall be given to the creditors of the societies or society concerned.

(6) Creditors of any of the societies concerned are entitled to a refund of the sum of money due to them if they make a written demand to that effect at least one month before the date fixed for the amalgamation or transfer.

15. Conversion of a company into a society

(1) A company registered under an enactment relating to the formation and registration of companies may, by a special resolution, determine to convert itself into a registered society.

(2) A resolution for the conversion of a company into a registered society

(a) shall be accompanied by three copies of the regulations of the company, and

(b) shall appoint ten persons being members of the company,

(i) who, together with the secretary of the company shall sign the application for registration under section 4,

- (ii) who may be authorised to accept the alterations made by the registrar to the regulations of the company without further consulting the company, or
- (iii) who may be required to lay the alterations before the company at a general meeting for acceptance as the resolution may direct.

(3) A copy of the special resolution for conversion of the company into a registered society shall be sent, together with the regulations of the company to the registrar who shall then proceed to deal with the resolution as if it were an application for registration under section 4.

(4) A copy of the special resolution for conversion of a company into a registered society under the seal of the company, together with the certificate of registration issued by the registrar, shall be sent for registration to the office of the Registrar-General, and, on the registration of the resolution and certificate, the conversion shall take effect.

(5) On the conversion of a company as a registered society the registration of the company as a company shall become void, and shall be cancelled by the Registrar-General and the regulations of the company shall, for the purposes of this Act, become the by-laws of the registered society.

(6) The registration of a company as a registered society shall not affect a right or claim subsisting against the company, or a claim or right of the company to enforce a right, claim, or penalty, and accordingly the registered society concerned may sue and be sued in the name of the company as if the company had not become registered as a society.

(7) A right or claim, and the liability to penalty of the company so registered shall have priority as against the property of the society over any other rights or claims against, or liabilities of, the society.

16. Restrictions on loans

(1) Subject to section 17 and to subsection (2) of this section, a registered society shall not grant a loan to a person other than a member.

(2) A society may, with the sanction of the central society of which it is a member, grant a loan to another society being a member of the same central society.

17. Control on granting of loans

The registrar may

- (a) issue directions of a general or a particular application prescribing the maximum loan which may be made by a society to a member of the society without prior consent of the registrar, or
- (b) by a general or a special order prohibit or restrict the lending of money on the security of immovable property by a registered society.

18. Government assistance

Subject to article 181 of the Constitution and to the Regulations, the Government may grant loans to, take shares in, or give financial assistance in any other form to a registered society.

19. Restrictions on borrowing

Subject to section 20, a registered society shall receive deposits and loans from persons who are not members only to the prescribed extent and under the prescribed conditions.

20. Deposits by minors

(1) A registered society may

- (a) receive deposits from or for the benefit of minors, and
- (b) pay to those minors the interest which may become due on the deposits.

(2) A deposit made by or on behalf of a minor may be paid to the minor personally, or to the guardian for the use of the minor if the deposit was made by a person other than the minor, together with the interest accrued on the deposit.

21. Restrictions regarding non-members

Except as provided in sections 16, 18 and, 19 the transactions of a registered society with persons other than members are subject to the prescribed prohibitions and restrictions.

22. Debts of members of society

Moneys payable or due by a member to a registered society under this Act or the by-laws of the society or in connection with its business are a debt due from the member to the society.

23. Charge in respect of shares of members

A registered society shall have a charge on the shares or interest in the capital and on the deposits of a member or past member and on the dividend, bonus or accumulated funds payable to a member or past member in respect of a debt due from the member or past member to the society, and may set off a sum of money credited or payable to a member or past member in or towards payment of the debt.

24. Priority of claim of society against crops

(1) Subject to a prior claim of the Government and to a claim in respect of rent,

- (a) a debt or an outstanding demand owed to a society by a member or past member shall be a first charge
 - (i) on the crops or any other agricultural produce raised in whole or in part by means of a loan obtained from the society by the member or past member; and

- (ii) on the cattle, fodder for cattle, agricultural or industrial implements, or raw materials for manufacture, or workshops, stores or places of business, supplied to the member or past member by the society, or purchased by that member in whole or in part with the proceeds of a loan, whether in money or goods, granted to that member by the society;
- (b) the outstanding dues payable to a housing society by a member or past member in respect of rent, share capital, loans, purchase money, or any other rights or amounts payable to the society, shall be a first charge on the interest of that member in the immovable property of the society.

(2) Subsection (1) does not affect the claim of a genuine purchaser or transferee without notice.

25. Share of interest not liable to attachment

Subject to section 23, the share or interest of a member in the capital of a registered society is not liable to attachment or sale under an enactment or order of a Court in respect of a debt or liability incurred by the member.

26. Investment of funds

- (1) A registered society may invest or deposit its funds in
 - (a) *omitted*;⁵
 - (b) the securities issued or guaranteed by the Government;
 - (c) the shares of any other registered society;
 - (d) any other bank registered under the laws of the Republic.

(2) In exceptional cases the registrar may sanction investment or deposit in any other manner approved by the registrar.

27. Contract with members to dispose of produce

(1) A registered society having as one of its objects the disposal of a produce of agriculture or animal husbandry or handicraft or fishing or any other product, may contract with a member that the society shall dispose of the produce of the member or of the amount or description that may be stated in the contract, which is not produce in respect of which the member has previously entered into a contract for its disposal to any other person, to or through the society; and may in the contract provide for infringement of the contract.

(2) A contract referred to in subsection (1) creates in favour of the society, subject to the existing charges, a first charge on the produce mentioned in the contract to cover the expenses incurred in connection with the marketing of the produce.

(3) A contract entered into under this section shall not be contested in a Court on the ground only that it constitutes a contract in restraint of trade.

5. The paragraph referred to the Ghana Savings Bank which now does not exist.

28. Payment of dividend and bonus

A society shall not pay a dividend or bonus or otherwise distribute a part of its net surplus before the balance sheet has been certified by an auditor and before a scheme for the distribution of the net surplus has been approved by the registrar.

29. Reserve fund

(1) Not less than one-fourth of the net surplus disclosed in the profit and loss account for the year shall be carried to a fund to be called the reserve fund.

(2) The registrar may prescribe the manner in which the fund shall be invested or deposited.

(3) The remainder of the net surplus, together with the balance remaining from previous years and available for distribution, may be divided among the members by way of dividend, bonus or otherwise, or allocated to any of the funds constituted by the society, to the prescribed extent or under the prescribed conditions.

(4) The registrar may exempt a society of limited liability from further contributions to the reserve fund, or reduce the rate of contribution and may revoke or vary the exemption or reduction.

30. Registrar to prescribe certain matters

The registrar may issue directions of a general or specific nature prescribing

- (a) the accounts and books to be kept by a registered society, and
- (b) the returns to be submitted by a registered society to the registrar and the persons by whom and the form in which the returns shall be submitted.

31. Proof of entries in society books

A copy of an entry in a book of a registered society regularly kept in the course of business, shall, if certified in the prescribed manner, be received in legal proceedings as prima facie evidence of the entry and of the matters, transactions and accounts recorded in the entry.

32. Exemption from compulsory registration of instruments

A provision in an enactment relating to the registration of instruments shall not apply to

- (a) an instrument relating to shares in a registered society although the assets of the society consist in whole or in part of immovable property;
- (b) a debenture issued by a registered society and not creating, declaring, assigning, limiting or extinguishing a right, title, or an interest to or in immovable property except in so far as it entitles the holder to a security afforded by a registered instrument by which the society has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or an interest in that property to trustees on trust for the benefit of the holders of the debentures;

- (c) an endorsement on or transfer of the debentures issued by a registered society; or
- (d) a charge created in favour of a registered society by a member of the society over any of the member's agricultural produce or immovable property.

33. Exemption from certain duties and fees

The Minister may, with the prior approval of the Minister responsible for Finance, by legislative instrument, in the case of a registered society, reduce or remit

- (a) the stamp duty with which, under an enactment, instruments executed by or on behalf of a registered society or by an officer or member of a registered society and relating to the business of the society or a class of the instrument are respectively chargeable;
- (b) a fee payable under an enactment relating to the registration of instruments.

Membership, Rights and Liabilities of Members

34. Qualification for membership

- (1) A person is qualified for membership of a registered society if that person is
 - (a) capable of entering into a legally enforceable contract, and
 - (b) resident within or in occupation of land within the area of operations of the society as defined in its by-laws.

(2) The registrar may, in the case of a society of limited liability, grant exemption from the qualification prescribed in paragraph (b) of subsection (1).

(3) A question which arises as to the qualification of a person for membership shall be decided by the committee, and where the committee is unable to decide the question, they may refer it to the registrar.⁶

35. Restriction on a company to be member of a society

A company incorporated or registered under the Companies Act, 1963 (Act 179) and an unincorporated body of persons is not entitled to become a member of a registered society except with the written permission of the registrar and subject to the prescribed conditions.

36. Exercise of rights of membership

A member of a registered society shall not exercise the rights of a member unless the member has made the prescribed payment to the society in respect of membership or acquired the prescribed interest in the society.

37. Shareholding

A member, other than a registered society, shall not hold more than one-fifth of the share capital of a co-operative-society.

6. This provision is subject to clause (3) of article 125 and article 218 of the Constitution, and thus the words, "whose decision therein shall be final" are omitted.

38. Restriction on membership

A member of a registered society which has power under its by-laws to grant loans to its members shall not, except with the prior approval of the registrar, become a member of any other registered society having the power to grant loans to its members.

39. Votes of members

(1) A member of a registered society shall have one vote only as a member in the affairs of the society.

(2) Where the votes are equally divided the chairman may exercise a casting vote.

(3) The voting powers of members of a central society shall be prescribed by its by-laws.

(4) A registered society which is a member of any other registered society may appoint any one of its members as its proxy, for the purpose of voting in the affairs of the other registered society.

40. Restrictions on transfer of share or interest

(1) A transfer or charge of the share or interest of a member in the capital of a registered society is subject to the prescribed conditions as to maximum holding.

(2) A member of a registered society shall not transfer a share held by that member or the interest of that member in the capital of the society or a part of the capital unless

(a) that member has held that share or interest for not less than one year, and

(b) the transfer or charge is made to the society or to a member of the society.

41. Transfer of interest on death

(1) On the death of a member, the registered society may transfer the share or interest of the deceased member to the person who is proved to the satisfaction of the committee to be the successor in law of the deceased or the personal representative of the deceased or the representative of the deceased's family who is entitled to administer the property under a will or in accordance with the customary law of inheritance obtaining in the area of which the deceased was a subject.

(2) In the case of a registered society with unlimited liability, the successor or representative may require payment by the society of the value of the share or interest of the deceased member.

(3) In the case of a registered society with limited liability, the society may transfer the share or interest of the deceased member to the successor or representative, who is qualified for membership of the society, or to a person specified in the application who is so qualified.

(4) A registered society may pay any other moneys due to the deceased member from the society to the successor or representative.

(5) A transfer or payment made by a registered society in accordance with this section is valid and effectual against a demand made on the society by any other person.

42. Liability of past members

The liability of a past member for the debts of a registered society as they existed at the time when that past member ceased to be a member shall continue for a period of two years from the end of the financial year of the society following the date of that past member ceasing to be a member.

43. Liability of the estates of deceased members

The estate of a deceased member is liable for a period of two years from the date of the death of that member for the debts of a registered society as they existed at the date of the death.

44. Register of members

A register or list of members or shares kept by a registered society is prima facie evidence of the particulars entered in the register or list in respect of

- (a) the date at which the name of a person was entered in the register or list as a member, and
- (b) the date at which that person ceased to be a member.

*Disputes***45. Settlement of disputes**

(1) A dispute touching the business of a registered society, other than a dispute regarding disciplinary action taken by the society or its committee against a paid servant of the society, shall be referred to the registrar for decision by the registrar, where it arises

- (a) between a member, past member or a person claiming through a member, past member or deceased member and the society, its committee or any officer, agent or a servant of the society,
- (b) between the society or its committee and an officer, agent or a servant, or past officer, agent or servant or a nominee, successor or legal representative of a deceased officer, deceased agent, or deceased servant of the society, or
- (c) between the society and any other registered society.

(2) Subsection (1) does not empower the registrar to decide a dispute relating to the ownership, possession or occupation of land.

(3) Without prejudice to the generality of subsections (1) and (2), a claim by a registered society for a debt or demand due to it from a member, past member or the successor or representative of a deceased member, whether the debt or demand is admitted or not, is for the purposes of this section, a dispute touching the business of the society within the meaning of subsections (1) and (2).

(4) The registrar may, on receipt of a reference under subsection (1)

- (a) decide the dispute, or
- (b) refer it for disposal to an arbitrator appointed by the registrar.

(5) Where the registrar is satisfied that a party to a reference made under subsection (1), with intent to defeat or delay the execution of an award that is made on the dispute

- (a) is about to dispose of the whole or a part of the property of that party, or
- (b) is about to remove the whole or a part of the property of that party from the local limits within which the property is situate,

the registrar shall, unless adequate security is furnished, apply in writing to a Court for an interim attachment of the property or of a part of that property as the registrar thinks fit.

(6) The registrar may, or on the application of a party to a reference, revise an award by the arbitrator to whom it was referred.

(7) *Omitted.*⁷

(8) A decision or an award under this section shall, on the application of the party in whose favour it is given, be enforced by a Court which would have jurisdiction in civil suits between the parties to the dispute to give a judgment for the payment of the amount of money awarded or, where the decision does not relate to the payment of money, to give a similar decision, in the same manner as if the decision or award had been a judgment or decision of the Court.

Audit, Inspection and Enquiries

46. Audit

(1) The registrar shall audit or cause to be audited the accounts of a registered society at least once in every year.

(2) The audit shall include an examination of overdue debts, and a valuation of the assets and liabilities of the registered society.

(3) The person appointed to audit the accounts of a registered society may, when necessary,

- (a) summon at the time of the audit an officer, agent, a servant or member of the society who the auditor has reason to believe can give material information in regard to a transaction of the society for the management of its affairs;
- (b) require the production of a book or document relating to the affairs of, or the cash or securities belonging to, the society by the officer, agent, servant or member in possession of that book, document, cash or securities.

(4) Where the registrar considers it necessary, or an officer appointed by the registrar shall, in the exercise of the function of control,

- (a) countersign before payment the cheques issued by a co-operative society;
- (b) disallow an item of expenditure which is contrary to law or which, in the opinion of the registrar or that officer is unjustifiable.

7. Since it offends clause (3) of article 125 and article 218 of the Constitution, the subsection reads:

“(7) A decision given by the registrar under paragraph (a) or under subsection (6) and, subject to subsection (6), a decision of an arbitrator appointed by the registrar under paragraph (b) of subsection (4) shall be final and shall not be called into question in any Court.”

(5) A person aggrieved by a disallowance under subsection (4) may appeal to the Minister who may for stated reasons confirm, vary or quash the decision.

47. Power of inspection

The registrar or a person authorised by the registrar in that behalf, shall at a reasonable time have access to the books, accounts, papers, cash and securities of a registered society, and every officer of the society shall furnish the information in regard to the transactions and working of the society that the person making the inspection requires.

48. Enquiry by registrar

(1) The registrar may, and shall on the application of a majority of the committee, or of not less than one-third of the members, hold an enquiry or direct a person authorised by the registrar in that behalf to hold an enquiry into the constitution, working and financial condition of a registered society.

(2) Every officer and member of a registered society shall produce the books and documents of the society and furnish the information in regard to the affairs of the society, that the registrar or the person so authorised by the registrar, requires.

49. Inspection of books of indebted society

(1) The registrar shall, on the application of a creditor of a registered society, inspect or direct a person authorised by the registrar in that behalf to inspect the books of the society.

(2) The applicant shall

- (a) satisfy the registrar that the debt is a sum of money then due and that the applicant has demanded payment of the sum of money and has not received satisfaction within a reasonable time; and
- (b) deposit with the registrar a sum of money as security for the cost of the proposed inspection that the registrar requires.

(3) The registrar shall communicate the result of the inspection to the creditor.

50. Cost of enquiry or inspection

Where an enquiry is held under section 48 or an inspection is made under section 49, the registrar may, by a certificate personally signed by the registrar make an award apportioning the costs, or that part of the costs that the registrar thinks right, between the society, the member or creditor demanding the enquiry or inspection and the officers or former officer of the society.

51. Recovery of costs

A sum of money awarded by way of costs under section 50 is recoverable as if it were a civil debt in a Court having jurisdiction over the person against whom the award is made, on the production before the Court of the certificate referred to in section 50.

52. Recovery of sums of money due to others

(1) A sum of money due from a registered society to the Government and other persons may be recovered from the property of the society by legal proceedings duly instituted.

(2) Where there is a deficiency the balance may, in the case of a registered society of limited liability, be recovered from the members subject to the limit of their liability, and in the case of other societies, may be recovered from the members.

53. Dissolution of committee

(1) If, after an enquiry has been held under section 48 or after an inspection has been held under section 49, the registrar is of the opinion that a registered society is not performing its functions in a proper manner, the registrar may, in writing after giving an opportunity to the committee to state its objections, dissolve the committee and appoint a suitable person to manage the affairs of the society for a period not exceeding one year.

(2) The period may be extended by the registrar but the total period of extension shall not exceed two years.

(3) The person appointed under subsection (1) shall, subject to the control of the registrar and to the instructions of the registrar, perform all or any of the functions of the committee or of any other officer of the society, and may take the action that may be required in the interests of the society.

(4) The registrar may fix the remuneration to be paid to the person appointed under subsection (1), the amount of which remuneration and other costs incurred in the management of the society shall be paid from the funds of the society.

(5) The person appointed under subsection (1) shall, at the expiry of the period of the appointment, arrange for the constitution of a new committee in accordance with the by-laws of the society.

(6) This section does not affect the power of the registrar to cancel the registration of a society under section 54.

*Dissolution of Registered Society***54. Dissolution of registered society**

(1) If the Registrar, after an enquiry has been held under section 48 or after an inspection has been made under section 49 or on receipt of an application made by not less than three-fourths of the members of a registered society, is of the opinion that the society ought to be dissolved the registrar may by executive instrument cancel its registration.

(2) The registrar may, on cancelling the registration of a society under subsection (1), make an appropriate order respecting the custody of the books and documents and the protection of the assets of the society until the instrument cancelling the registration of the society takes effect.

55. Cancellation of registration

Where it is a condition of the registration of a society that it shall consist of at least ten members the registrar may, by executive instrument, cancel the registration of the society if at any time it is proved to the satisfaction of the registrar that the number of the members has been reduced to less than ten.

56. Effect of cancellation of registration

(1) Where the registration of a society is cancelled the society shall cease to exist as a corporate body,

- (a) in the case of a cancellation in accordance with section 54, from the date on which the instrument of cancellation is made; and
- (b) in the case of cancellation in accordance with section 55, from the date of the instrument;

and the registrar shall by writing personally signed by the registrar determine the custody of the books and documents and the protection of the assets of the society.

(2) The powers and privileges vested in a registered society by sections 23 to 25, 33 and 41 shall survive in a duly appointed liquidator.

57. Appointment of liquidator on cancellation of registration

Where the registration of a society is cancelled under section 54 or 55, the registrar may appoint one or more persons to be liquidators of the society subject to the directions and control of the registrar.

58. Powers of liquidator

A liquidator appointed under section 57 shall, subject to section 59, be empowered to

- (a) decide the contributions to be made by members and past members of the society to its assets;
- (b) appoint by notice in the *Gazette* a day before which creditors shall state their claims for admission;
- (c) decide a question of priority which arises between creditors;
- (d) institute and defend suits and undertake legal proceedings on behalf of the society as liquidator of the society;
- (e) decide by what persons and in what proportions the costs of liquidation are to be borne;
- (f) give the directions in regard to the collection and distribution of assets that are necessary in the course of winding up the society;
- (g) compromise a claim by or against the society with the prior consent of the registrar;
- (h) call general meetings of members that are necessary for the proper conduct of the liquidation on giving not less than fourteen days notice;
- (i) take possession of the books, documents and assets of the society;
- (j) realise the assets of the society;

- (k) carry on the business of the society so far as is necessary for winding it up to the best advantage but is not for this purpose entitled to issue a loan;
- (l) distribute the assets of the society in accordance with a scheme approved by the registrar.

59. Control on liquidation

In connection with the liquidation of a registered society, the registrar may, for reasons stated,

- (a) rescind, vary or stay a decision, an appointment, a direction or any other action given, made or taken by the liquidator and give, make or take any other decision, appointment, direction or other action as the registrar thinks necessary, but this power shall not be exercised to the prejudice of a bona fide purchaser or transferee for value;
- (b) remove a liquidator from office;
- (c) call for the books, documents, and assets of the society;
- (d) on the terms that the Court may direct, withdraw an action instituted by a liquidator;
- (e) in writing limit the power of a liquidator under section 60;
- (f) require accounts to be rendered by the liquidator to the registrar;
- (g) procure the auditing of the liquidator's accounts and authorise the distribution of the assets of the society;
- (h) determine the remuneration of the liquidator.

60. Attendance of witnesses

The registrar and a liquidator appointed under this Act, have the powers of the High Court to summon witnesses and to call for the production of books, documents and accounts and to examine witnesses on oath which oath may be administered by the registrar or the liquidator.

61. Enforcement of decisions

A decision of a liquidator or the registrar given under section 58 or 59 which involves the payment of money by a person is binding on the parties and shall be enforced by a Court having jurisdiction as if it were an order of the Court.

62. Limitation on jurisdiction of the Courts

Subject to the operation of clause (3) of article 125 and article 218 of the Constitution, and except where it is otherwise expressly provided in this Act, a Court shall not have jurisdiction in respect of a civil matter in connection with the dissolution of a registered society.

63. Closure of liquidation

(1) When a liquidation is closed and a creditor of a liquidated society has not claimed or received what is due to that creditor under the scheme of distribution, the closing of the liquidation shall be published in the *Gazette* and a claim does not lie against the funds of the liquidated society after the expiration of two years from the date of the publication of the *Gazette* notice.

(2) The moneys which are not claimed shall be available for use by the registrar for a co-operative purpose at the discretion of the registrar.

*Miscellaneous***64. Offences**

(1) It is an offence under this Act if

- (a) a registered society or an officer or a member of a registered society wilfully neglects or refuses to do an act or to furnish an information required for the purposes of this Act by the registrar or a person duly authorised by the registrar in that behalf,
- (b) a registered society or an officer or a member of a registered society wilfully makes a false return or furnishes false information, or
- (c) a person wilfully and without reasonable excuse disobeys a summons, requisition or lawfully written order issued under this Act or does not furnish an information lawfully required by a person authorised to do so under this Act.

(2) A registered society, an officer or a member of the society or any other person found guilty of an offence under this section is liable on summary conviction to a fine of twenty-five penalty units in respect of an offence under paragraph (b) and of fifteen penalty units in respect of any other offence under this section.

65. Prohibition of the use of the word "co-operative"

(1) A person other than a registered society shall not, without the prior approval of the Minister, trade or carry on business under a name or title of which the word "co-operative" is a part.

(2) *Spent.*⁸

(3) A person who contravenes a provision of this section commits an offence and is liable on summary conviction to a fine not exceeding fifteen penalty units and in the case of a continuing offence to a further penalty of one penalty unit for every day during which the offence continues.

66. Non-application of company laws

The provisions of an enactment relating to the formation and registration of companies shall not apply to societies registered under this Act.

8. The subsection reads,

"(2) Subsection (1) does not apply to the use by a person or the successor of that person in the interest of a name or title under which that person traded or carried on business on the 8th day of May, 1937."

67. Remuneration of registrar

In relation to the functions to be performed by the registrar under this Act, the Minister may determine the fees to be paid to the registrar by a society

- (a) and may require the society to pay the fees into the Consolidated Fund, and
- (b) may recover those fees together with the expenses incurred by the registrar in the performance of the functions of the registrar.

68. Regulations

The Minister may, by legislative instrument, make Regulations for the purpose of carrying this Act into effect.

69. Interpretation

In this Act, unless the context otherwise requires,

“**bonus**” means a share of the net surplus of a registered society divided among its members in proportion to the volume of business each member has transacted with the society, or in proportion to the services or labour contributed to the society from which the net surplus of the society was derived;

“**by-laws**” means the registered by-laws made by a registered society in the exercise of a power conferred by this Act;

“**central financing society**” means a registered society whose principal object is to grant loans to other registered societies;

“**central society**” includes a society established with the object of facilitating the operations of registered societies in accordance with co-operative principles and a central financial society;

“**committee**” means the governing body of a registered society;

“**Court**” means a court of competent jurisdiction;

“**dividend**” means a share of the profits of a registered society divided among its members in proportion to the share capital held by them;

“**functions**” includes powers and duties;

“**member**” includes a person or registered society joining in the application for the registration of a society, and a person or registered society duly admitted to membership after registration;

“**Minister**” means the Minister responsible for Labour and Social Welfare;

“**officer**” includes a president, chairman, secretary, treasurer, member of committee or any other person empowered under the Regulations or by-laws to give directions in regard to the business of a registered society;

“**prescribed**” means prescribed by the Regulations or the by-law or under this Act;

“**registered society**” means a society registered under this Act;

“registrar” means the Registrar of Co-operative Societies;

“Regulations” means Regulations made under this Act.

70. Repeal and saving

*Spent.*⁹

9. The section reads,

“(1) The Co-operative Societies Ordinance (Cap. 190) is hereby repealed.

(2) Notwithstanding the repeal of the enactment referred to in subparagraph (1) of this paragraph, every statutory instrument made under that enactment and in force on the day immediately before the commencement of this Decree shall until it is altered, revoked or otherwise modified under this Decree, continue in force as if made under this Decree.”

