

LAWS

RESOLUTION No. (322)

In the Name of the People,

The Revolutionary Command Council,

In accordance with the provisions of Para. (a) of Article 42 of the Interim Constitution, The Revolutionary Command Council, have decided in their meeting held on 17.3.1977, to promulgate the following Law:

LAW No. (43) OF 1977,

FARMERS COOPERATIVES SOCIETIES

Chapter 1

GENERAL PROVISIONS

Article 1

The farmers cooperative society, is a farming institution with a juristic independent personality and economic, social, and professional nature which endeavours at serving its members and the society; deepening the revolutionary awareness; establishing the national and socialist struggle within the ranks of the peasants masses; and contributing in building up a developed socialist agriculture within the general objectives of the State.

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The expression "farmers cooperative society" covers the cooperative farm established under this Law.

A farmer cooperative society shall be defined under the provisions of this Law by the (Society).

Article 2

Every society shall have a name indicating to its farming cooperative character, headquarters, type, and limits of its responsibility.

Article 3

The society shall be comprised from ten members and more.

Article 4

Societies shall be divided as follows, as far as the financial responsibilities and commitments of their members are concerned: -

1. Societies with limited liability, where the member is responsible as much as the value of his subscribed shares, or as much as is provided for in the Internal Regulation.

2. Societies with unlimited liability, where members, with all their assets and properties, are jointly responsible for all commitments and debts outstanding against the society.

Article 5

1. The working area of every society shall be determined by a proposal of the General Union of Farmers Cooperative Societies and a decision of the Ministry of Agriculture and Agrarian Reform.

2. It is not permissible to establish more than one society of the same category in one area, unless at the proposal of the General Union of Farmers Cooperative Societies and the decisions of the Ministry of Agriculture and Agrarian Reform.

Article 6

1. Every society shall have an internal regulation specifying all data related to its affairs, functions, and responsibilities in accordance with the provisions of this Law.

2. In coordination with the General Union of Farmers Cooperative Societies, the Ministry of Agriculture and Agrarian Reform shall prepare a standard regulation as a guideline for the societies in drawing up their internal regulations.

Article 7

It is not permissible for a society to start to perform its activities prior to advertising its registration by the Ministry of Agriculture and Agrarian Reform. Procedures of registration and advertisement shall be determined by instructions.

Article 8

The structure of the farmers cooperative movement shall comprise the following organizations:

1. Societies established by the individuals, which shall be either multi-purposes, or specialized in one branch of agricultural production or economy.

2. Joint societies, established by two or more societies on the Nahiya (Sub-District) or Qadha (District) level where there is no Nahiya.

3. Branch union, established on Qadha level of joint farmers Cooperative Societies and the Societies in whose working areas no joint societies are established.

4. Local union of farmers cooperative societies in governorates established from branch unions in Qadhas and joint societies in whose working areas no branch unions, and societies in whose working areas, no joint societies or branch union are established.

5. Specialized societies, established on country level.

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6. General Union of Farmers Cooperative Societies, established on country level of all governorates unions and specialized societies established on country level.

Chapter 2

PURPOSES AND TASKS OF THE SOCIETY

Article 9

The activity of the society covers all activities on farming syndicating, agricultural cooperative production, consumptive of successive stages, economic and social services, as may be required by the needs of the members and working area, in particular the following: -

1. Action for protecting the Revolution and defending it, resolutely confront conspiracies and intrigues plotted against it, and sincerely and devotedly endeavour at maintaining and inculcating the Revolution's achievements and gains.

2. To disseminate and deepen revolutionary consciousness, affirm national and socialist struggle, emphasize the necessity and importance of organizing the farmers for developing of production, increasing national income, improving the farmers economic, social, cultural and health conditions, and keep awake performance of their duties.

3. To build and stabilize socialist relations, orient farmers towards their fundamental struggling role in the Revolution and in building the unified socialist community.

4. To educate and orient farmers towards a strict execution of the Laws and Regulations relating to rural development and agricultural advancement, deepen the practice of popular control over the relevant authorities, and stabilize the basis and principles of democracy in work and production.

5. To participate in executing the State's plans in the collective and individual land farm-

ing and use, in coordination with the relevant authorities of the State.

6. To carry out agricultural cooperative projects for its benefit and that of its members within the State; general agricultural plan and policy.

7. To provide agricultural production means and organize the collective and individual benefit therefrom by the members.

8. Organize the obtainment by the members of in — kind and cash — credits for productive, marketing, and consumptive purposes, processing of agricultural products, and establishing rural handicraft industries.

9. To market agricultural crops and animal products, and provide cooperative marketing requisites such as stores, transport means, bags, crats, etc.

10. To provide consumer products to their members and open cooperative shops to them.

11. To participate in supporting and disseminating rural industries and processing of plant and animal products.

12. To participate in providing social and cultural services to its members and to its working area, training and rehabilitating its members raising their health standard, and eliminating illiteracy among them.

13. To encourage savings operations and invest the savings in its farming activities.

14. To appropriate and rent agricultural structures, machines, and implements, and transport means for expanding the use of agricultural mechanization, and facilitating plant and animal pests and diseases in its working area, in collaboration with the State; relevant authorities.

Article 10

The activity of a society may be restricted to one branch of agricultural production or agricultural economy, in which case the society shall be considered as a specialized society.

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Article 11

The society shall draw up an annual programme of its activity within the framework of the State; general development plan, and its members are committed to execute it. Procedures to be taken in case of breaching thereof shall be defined by instructions.

Chapter 3

ESTABLISHMENT OF SOCIETIES

Article 12

Societies are established in accordance with the provisions of this Law under the following rules:

FIRSTLY — Societies within Agrarian Reform Areas; comprises farmers to whom agrarian reform land had been distributed, rented, or managed. In such areas, the society may accept to its membership anyone whose land area does not exceed the distribution ceiling, and farmers and agricultural workers dwelling within its working area.

SECONDLY — Societies outside Agrarian Reform Areas, comprizing:

1. Cultivators, persons with agricultural relation, agricultural workers, and farmers dwelling in its working area, provided that the area of land appropriated or passed to or under the disposal of any of the foregoing shall not exceed twice the distribution limits stipulated under Agrarian Reform Law No. (117) of 1970.
2. Usufructuaries of Agrarian Reform Law who have no societies in their areas.

THIRDLY — Cooperative collective farms within or outside Agrarian Reform areas, comprising those who share with their work and agricultural production means in investing their resources on the basis of collective ownership of production means and collective work, and distribution of income in conformity with socialist cooperative principles and methods.

FOURTHLY — The Higher Agricultural Council may change the scope of membership stipulated under Paras. 1, 2, and 3 of this Article, if the development of the farming cooperative movement so require.

FIFTHLY — The Minister of Agriculture and Agrarian Reform may, at the proposal of the General Union of Farmers Cooperative Societies, accept technicians and specialists employed in the working area of societies as members therein, provided they terminate, from the professional point of view, their relation with their unions.

SIXTHLY — Instructions shall organize procedures of establishing societies, conditions of membership, and causes of forfeiture thereof.

Article 13

In exemption of the provisions of Labour Code and the Instructions issued accordingly there shall be applied upon agricultural workers who are members of societies as far as the execution of duties according on them as members of the societies.

Chapter 4

ADMINISTRATION OF THE SOCIETY

Article 14

1. The General Assembly — Is the supreme power in the society and possesses all administration and direction authorities, drawing up of the society's general policy, putting plans that aim at realizing its objectives, and it may take any decisions and recommendations that it deems appropriate and conforming with the provisions of this Law and the society's internal regulation.

2. The general assembly comprises all members recorded in the membership register. Every member has one vote, irrespective of the amount of his shares.

3. Instructions shall regulate the manner of addressing the invitation to convene the general assembly, its time and procedures, condi-

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tions of the validity of the convention, methods of objecting to its decision, and action to be taken against members for failing to attend the meetings.

Article 15

1. Every society shall have a Board of Directors to run its affairs. It shall consist of at least five members but not more than seven. They shall be elected by the general assembly out of its members by public voting. At the proposal of the General Union of Farmers Cooperative Societies, the Minister of Agriculture and Agrarian Reform may add to membership of the Board of Directors not more than three persons from the assembly members, should necessity so require.

2. At its first meeting, the Board of Directors shall elect, from its members, a chairman, vice-chairman, secretary, and treasurer.

3. The society's chairman his deputy, or whoever shall be selected by the Board of Directors shall undertake to represent the society before the others and the Law in all matters relating to its affairs and those of the members, if they so wish.

4. The instructions shall assign the duties and powers of the Board of Directors, specialization and responsibilities of its members, conditions of membership and duration thereof (which shall not exceed two years), causes of forfeiture and loss thereof, and all that is related to the running of work therein.

Chapter 5

SOCIETY'S FINANCE AND ACCOUNTS

Article 16

The society's finance shall consist of the following:

1. Share funds.
2. Reserve funds.

3. Monies of funds and deductions stipulated for under the internal regulation.

Article 17

1. (a) The share fund shall consist of unlimited member of shares. Provided that the number of shares subscribed by any member shall not be less than 3 shares and not more than 10 % of the total shares issued by the society.
(b) The internal regulation of the society shall determine the value of the share, which shall not be less than two Dinars.
(c) The shares are nominal, and it is not permissible to transfer or to cede them unless to another member or to a person accepted as a member to the society, with approval of the board of administration.
(d) No interest is paid on the minimum obligatory shares. It is permissible to distribute interest not exceeding 6 % of the value of additional shares paid in the capital.
(e) Every member shall pay an annual subscription to be determined by the General Union of Farmers Cooperative Societies.
2. The instructions shall specify the method of paying and refunding the value of shares as well as adding thereof to others.

Article 18

The reserve fund shall consist of:

1. A percentage of net income.
2. Enrolment fee specified in the internal regulation and the amount thereof determined by the General Union of Farmers Cooperative Societies.
3. Interests and dues unclaimed during five years from the date of their maturity.

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4. Cash, in kind, and other grants, wills, assistances, donations.
5. Any other allocations which may be decided upon by the society in accordance with the internal regulation.

Article 19

It is not permissible to dispose of the reserve fund unless in extreme urgency, with the approval of the members of the general assembly, the general union, and the Ministry of Agriculture and Agrarian Reform.

Article 20

Income shall be distributed in the society according to principles and rates to be specified in the instructions, provided that the necessity to develop the society's capital should be taken into consideration and in such determination.

Article 21

1. It is not permissible to sell the share of the member, mortgage or distrain shares or any right he has in the society in settlement of a debt due against other than the society.

2. The society may place under mortgage a member's shares in the stocks, capital and yield and any amount due against it in settlement of its debts. It may recover its debts outstanding against him from any amount credited to his account or due to him. Debts of the society against a member, including unpaid value of shares and subscriptions, are deemed privileged debts, and it may collect them in accordance with the Law for the collection of Debts Due to Government or the Execution Law.

Article 22

Amounts due to the society shall have preference above all movable and immovable properties of its debtors other than members and come in sequence after the amounts due to the Government.

Article 23

The financial year of the society shall begin with the beginning of the financial year of the State and ends with its end with the exception of the first financial year, which begins on the date of establishment of the society and ends with the end of the State's financial year.

Article 24

The society must deposit cash funds in its name with the Agricultural Cooperative Bank or its branches in the governorates, except for the amounts which the instructions permit their retention in the society's safe.

Article 25

1. The society shall keep its accounts according to the method specified by the competent authority at the Ministry of Agriculture and Agrarian Reform, and the society must keep such registers and use such cash and payment vouchers as per the specimen specified by the said authority.

2. The society shall present its registers before starting to use them to the competent authority at the Ministry or to any other authority authorized by it for numbering, stamping and approving of the same.

3. The society's accounts shall be audited at least once a year by the authority referred to in this Article or by a chartered accountant with its approval.

Article 26

The society shall insure its properties which are subject to risks within the limits specified in the instructions.

Article 27

For the purposes of applying the Penal Code, the society's properties shall be deemed as public properties, its personnel and members of board of Directors as Public Officials, and its papers, registers, and seals as official papers, registers and seals.

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Article 28

Within the limits specified by the general assembly, the society may borrow, from government or other authorities, cash or in kind funds necessary for the realization of its objectives and making loans to its members. The instruction shall specify the conditions of borrowing and lending.

Article 29

The general assembly shall specify every year the limits of the society's needs of credits and the commitments to be borne by the society during the following year. Also, it shall determine the maximum limits of loans to members, their conditions, and interests and commissions levied therefor or for other services.

Article 30

1. At the request of the General Union and the confirmation of the Ministry of Agriculture and Agrarian Reform, the Higher Agricultural Council may defer the Agricultural Cooperative Bank. Loan and interests due on a society for two years in addition to the statutory period of deferment authorized by the Bank and for one time only for each case, and to increase the amount of the loan and rearrange its instalments with interests in a manner suitable with the society's financial conditions, if there are necessary causes calling for the same. In such a case the Council shall guarantee the loan towards the Bank.

2. The societies and their unions may borrow, under guarantee of the Higher Agricultural Council, from the Agricultural Cooperative Bank cash or in-kind advances for productive, consumer, or marketing purposes, in realization of their objectives provided for in this Law.

Chapter 6

CONTROL

Article 31

1. The relevant authority at the Ministry of Agriculture and Agrarian Reform shall control and inspect the works of the society and ascertain its enforcement of valid Laws, Regulations and Instructions. It may suspend the execution of any decision taken by the general assembly or the board of directors within fifteen days from the date of its serving on it if such decision is contrary to the Law, Instructions, or the society's internal regulation, or contradicts the general plan of the State.

2. The board of directors of the society has the right of objection to the Minister of Agriculture and Agrarian Reform against the suspension of execution within thirty days from the date of being served with the decision of suspension. The decision issued by the Minister in this respect shall be considered as final and binding.

Article 32

The Ministry of Agriculture and Agrarian Reform shall assign Cooperative supervisors and inspectors, accountants auditors and specialists to cover the society's activities and to help it in performing its tasks.

Article 33

The General Union of Farmers Cooperative Societies shall set up a specialized body for controlling and supervising the works of the societies, including the provisional unions and the instructions shall determine the operation system of such a body.

Chapter 7

UNION AND MERGER OF SOCIETIES

Article 34

Societies shall associate among themselves to establish joint societies in the same manner as provided for the societies in this Law, for

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realizing certain objectives for which it was established. The instructions shall specify the method of running the works of the joint society, all its financial and administrative matters, its control, dissolution, and liquidation.

Article 35

1. A society may merge with another society of similar purposes by a decision of the general assembly of each and the approval of the General Union of Agricultural Cooperative Societies and the Ministry of Agriculture and Agrarian Reform.

2. Merger decisions taken by the general assemblies of the relevant societies shall be deemed as contracts under which the rights obligations, and assets of both shall be transferred to the new societies.

3. The board of directors of each of the merged societies should not dispose of any of its affairs from the date of being served with the decision. It should hand over to the new board all the society's funds, registers, and documents, and each one of the responsible persons should hand over all documents, papers, instrument, and data in their possession to the new board of directors.

Chapter 8

FARMERS COOPERATIVE UNIONS

Article 36

A branch union shall be established in every Qadha and a local union in every governorate for the Farmers Cooperative Societies aiming at assisting the societies in maintaining the achievement of their purposes, serving the interests of their members, defending their professional rights, providing their production needs, marketing and processing their plant and animal products, providing social and cultural services, participating in disseminating cooperative culture and socialist awareness among members, drawing up programmes necessary for

training, participating in the implementation of agricultural productive plan, and all what is related to the development of the plant and animal wealth.

Article 37

The governorate union shall be managed by an executive office comprising of nine members and two alternate members elected every three years by a general assembly consisting of representative of societies, collective farms, joint societies, specialists, and branch unions in the governorate.

Article 38

Qadha and governorate unions shall have a juristic personality and financial and administrative independence. The instructions will specify the procedures of their establishment, membership, finance, method of carrying out their works, and all matters relating to the management of their affairs.

Chapter 9

GENERAL UNION OF FARMERS COOPERATIVE SOCIETIES

Article 39

A General Union of Farmers Cooperative societies shall be established on the country level to represent the various branches and sectors of the farmers cooperative movement. It shall undertake the following responsibilities and specializations:

1. Mobilization and organization of farmer masses to protect and defend the Revolution, maintain its gains, and develop its achievements.
2. Disseminate and deepen revolutionary awareness, impress national and socialist struggle among the members, and participate in bringing about the agricultural revolution in the country.

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3. Participate in patronizing the interests of farmers and defending their rights, and endeavour to realize the struggling unity among their ranks.
4. Participate in executing the State's plan in the agricultural sector.
5. Represent the farmers cooperative movement at home and abroad, exchange cooperative experiences, strengthen contacts with farmers cooperative movement in Arab and friendly countries, and participate in strengthening relations among Arab nation countries and masses everywhere and on all levels.
6. Disseminate and support the farmers cooperative movement, link farmers masses to it, and prepare conscious leadership suitable for managing the movement on sound democratic basis.
7. Assist the societies and unions in realizing their purposes, especially credit, supply and marketing operations.
8. Act to end any disputes that may arise among the structural units of the farmers cooperative movement.
9. Hold seminars and conduct studies related to various aspects of the farmers cooperative movement.
10. Generalize and encourage socialist contests in the field of production increase and optimal performance of duties whether among members of the same society or among societies and unions on governorates and country levels.
11. Coordinate and link between the farming, cooperative, agricultural sector and all other sectors.
12. To supervise societies, including governorate unions subjected to the provisions of this Law, and render material and moral assistance to them.

Article 40

1. The General Union shall have a Central Council consisting of at least 121 members.
2. Its members shall be elected in a general conference comprising all members of the boards of directors of joint societies, specialized societies, branch unions, and executive offices of local unions in governorates. Duration of membership on the said Council shall be three years.
3. The Central Council shall elect from among its member an executive bureau of 21 member. The Council shall select from among the members of said bureau a chairman, two deputies to the chairman, and a secretary general.

Article 41

FIRSTLY.— The General Union shall have a juristic personality and a financial and administrative independence. Its headquarters shall be in the Capital (Baghdad City).

SECONDLY — The Union's finance shall consist of:-

1. Annual grants allocated by the State.
2. A percentage of the societies' members annual subscription.
3. Self revenues of the Union from its activities.
4. Contributions and donations.

THIRDLY — Members of the executive bureaus, and number of members of societies boards of directors, branch and local unions, and the General Union, and their monthly allowances shall be assigned by the Central Council of the General Union.

FOURTHLY — The instructions shall specify the procedures for establishing the Union, the manner of performing its duties, exercising its specialization and its administrative, financial, and accountancy affairs, and all matters relating to the running of its business.

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Chapter 10 **PRIVILEGES**

Article 42

Societies and unions shall enjoy the following: -

1. Exemptions and privileges enjoyed by industrial projects in accordance with the provisions of Development and Organization of Industrial Investment Law No. (22) of 1973, and any other exemptions enjoyed by the industrial projects at the recommendation of the competent authority at the Ministry of Agriculture and Agrarian Reform and the approval of the relevant Minister.
2. Preference over individuals and private companies in dealings with official and semi-official departments in the event of equal offers.

Chapter 11 **DISSOLUTION AND LIQUIDATION**

Article 43

A society is dissolved at the recommendation of the General Union and by a decision of the Minister of Agriculture and Agrarian Reform in the following cases: -

1. If it is proved that it is unable to realize the objectives for which it was established, or it was unable to fulfil its commitments.
2. If the interest of the general structure of the farmers cooperative sector necessitates the dissolution of the society or its merger with another society.
3. If it becomes impossible for a society to continue regularly with its work either for the continuous disorder of its work, or that it has departed from its objectives and the principles stipulated by the Law, the instructions issued thereunder, and the internal regulation.

4. If the number of members has become less than ten and is not supplemented within three months.

Article 44

The decision of dissolution shall be intimated to the society immediately on its issue. All persons concerned have the right to object to such a decision before the Minister of Agriculture and Agrarian Reform within thirty days from the date of its publication in the Official Gazette. The decision issued by the Minister in this respect shall be final.

Article 45

Members of a society in respect of whom a decision is issued to dissolve it, its managers and employees, are not permitted to continue with its activities or dispose of its properties.

Article 46

The instructions shall regulate the rules and procedures of dissolution and liquidation, and the method of distribution of the liquidation outcome, and shall publish the decision issued in this respect.

Chapter 12 **PUNISHMENTS**

Article 47

Without prejudice to any more severe punishment provided for under the Penal Code or any other Law in force, a punishment of imprisonment for not more than three years and a fine of five Hundred Dinars, or either of these two punishment shall be passed on: -

1. Members of the board of directors of the society whose membership had expired or forfeited or who are suspended from their work, and members of the board of directors and the staff of a society whom it is decided to merge with another or to dissolve, if any one of them refrains from handing over

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the society's funds, assets, books, documents, or papers in his charge to the persons delegated therefor.

Every member of the society who, in such a capacity, or in the capacity of being delegated for another member, obtains unrightly cash or in kind advances, production inputs, or any such other properties and commodities which the society deals with, if such takes place as a result of deliberately giving incorrect data.

3. Founders, members of boards of directors, cooperative inspectors, supervisors, and superintendents, auditors, and liquidators, who deliberately State false occurrences and figures about the society in their work, accounts, or reports communicated to the relevant authorities or general assemblies, if they deliberately cancel all or part of the occurrences and documents relating to such cases.
4. Members of boards of directors and those who issued shares at a value less or higher than their nominal value.
5. Members of boards of directors who gave loans, presented monies, made cash deposits, insurance, or discount in a manner other than what is provided for in this Law, the instructions, or the society's internal regulation.
6. Liquidators who divided the society's assets among the members contrary to the provisions of the Law, and also members of boards of directors and liquidators who did not fulfil the commitments stipulated on them under this Law, the instructions, or the society's internal regulation.

Article 48

A punishment of imprisonment for a period not exceeding one year and a fine not exceeding two hundred Dinars, or either of those two punishments, shall be passed on:

1. Every society founder, member of its board of directors, employee, liquidation or auditor, who refrained, without due cause and with the intention to impair the objectives of the society, from performing a work, or executing an obligation, or carrying out an action stipulated for under this Law, the instructions, or the society's internal regulation.
2. Any one of those who are mentioned under Para. (1) above or other members of the society who deliberately obstructs the works of inspectors, auditors, liquidators, representative of the General Union and the Ministry of Agriculture and Agrarian Reform, or other public officials who are charged with the execution of this Law.
3. Any founder of a society who practises in its name a cooperative activity before the publication of its registration in accordance with the provisions of this Law.
4. Any persons who unrightly entitles the works he manages or enterprises he utilizes such denomination that indicates this work or enterprise is an agricultural cooperative one, or used in denominating his work or enterprise another denomination from which it is understood that the work or project is a society. In such a case a sentence will also pass removing the name and publishing the judgement in one of the local newspapers at the expense of the convicted.
5. Any one who deliberately publishes incorrect reports on the financial or administrative situation of the society or on any of its activities.

Chapter 13

FINAL PROVISIONS

Article 49

1. Farmers societies, agricultural cooperative societies, and cooperative collective farms existing currently should amend their internal

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regulations in conformity with the provisions of this Law, and should ask for their re-publication within six months from the coming into force of the instructions issued thereunder, otherwise they become liable to dissolution by a decision from the relevant authority at the Ministry of Agriculture and Agrarian Reform. The instructions shall specify the procedures for the re-publication.

2. A representative of the Ministry of Interior shall take part in supervising the election of members of boards of directors of societies and executive offices of farmers cooperative unions.

Article 50

1. Farmers societies in areas where there are no farmers cooperative societies shall be converted into farmers cooperative societies in accordance with the provisions of this Law.

2. Farmers societies in areas where there agricultural cooperative societies shall dissolve and their members shall join the latter. Furthermore, all their assets, rights and commitments shall be transferred to the latter, in accordance with instructions to be issued by the General Union of Farmers Cooperative Societies.

3. The Ministry of Interior may dissolve any society which departs from its general objectives provided for in this Law.

Article 51

The General Union of Agricultural Cooperatives and the General Union of Farmers Societies shall continue with their works until the establishment of the General Union of Farmers Cooperative Societies in accordance with the provisions of this Law and the instructions issued thereunder.

Article 52

1. Medals of appreciation of various grades shall be granted to prominent members who are distinguished in performing their tasks, and to societies and unions who realize considerable achievements in the field of service and development of the Farmers Cooperative movement.

2. The Higher Agricultural Council shall draw up the required regulation for bringing about the contents of Para. (1) of this Article.

Article 53

The Higher Agricultural Council shall issue the necessary instructions in respect of all matters facilitating the execution of this Law.

Article 54

Farmers Societies Law No. (139) of 1959, as amended, shall be repealed. Also any text contradicting the provisions of this Law shall be cancelled.