

THE UNITED REPUBLIC OF TANZANIA

Act Supplement

to the Gazette of the United Republic of Tanzania No. 8, Vol. 78, dated 21st February, 1997

Printed by the Government Printer, Dar es Salaam, by Order of Government

No. 3

21st February, 1997



NO. 5 OF 1997

I ASSENT,
BENJAMIN W. MKAPA,
President
18th February, 1997

An Act to amend the Cooperative Societies Act, 1991

[.....]

ENACTED by the Parliament of the United Republic of Tanzania.

1. This Act may be cited as the Cooperative Societies (Amendment) Act, 1997 and shall be read as one with the Cooperative Societies Act, 1991 hereinafter referred to as the "principal Act".

Short title
Act No.
15 of 1991

2. Section 2 of the principal Act is hereby amended by—

(a) by repealing the definition of "federation" and substituting for it the following:

Amend-
ment of
section 2

"federation" means an association formed by apex societies and may include secondary societies which are not members of apex societies and primary societies which are not members of secondary societies;"

(b) by adding the following new definitions:

"agricultural society" means a society whose principal object is the business of supplying inputs for agricultural crop production, the purchasing, processing, marketing and distribution of agricultural produce;

“bank” means a cooperative bank registered at the secondary or tertiary level;

“cooperative financial institution” means a society registered to render banking activities and any other financial service;

“union” means a secondary society whose membership is comprised of primary societies;

Amendment of section 8 **3.** Section 8 of the principal Act is amended in subsection (1)(b) by deleting the comma occurring after the word “operation” in the second line and substituting for it a semi-colon and deleting the remainder of the sentence.

amendment of section 15 **4.** Section 15 of the principal Act is hereby amended—
(a) by renumbering the section as subsection (1);

(b) by adding the following new subsection (2):
“(2) A banking cooperative society may be formed by savings and credit societies and other cooperative societies.”

New section 16A **5.** The principal Act is hereby amended by adding the following new section:

“Objects of primary society **“16A.** The objects of a primary of society shall be—

- (a) to strive to raise the standard of living of its members;
- (b) to facilitate the operations of the individual members;
- (c) to provide services to its members, including supplying agricultural inputs, and processing and marketing of the products of its members.”

Amendment of section 18 **6.** Section 18 of the principal Act is amended—
(a) by deleting the whole of paragraphs (i) to (v); and
(b) by renumbering paragraphs (vi), (vii) and (viii) as paragraphs (i), (ii) and (iii) respectively.

Amendment of section 19 **7.** Section 19 of the principal Act is amended—
(a) by adding immediately after subsection (1) the following new subsection (2):
“(2) A cooperative society may join with another private or public non-cooperative company or firm to form a joint venture or company for the interest of the parties concerned provided that the Registrar shall signify approval in writing.”; and
(b) by renumbering the existing subsection (2) as subsection (3).

- 8.** Section 20 of the principal Act is amended in subsection (2)—
- (a) by deleting the whole of paragraphs (a) and (b) and substituting therefor the following new paragraphs:
- “(a) to render services designed to ensure efficiency and uniformity in the business of its member societies, standardizing their book-keeping, accounting and their procedures and providing audit services to those societies;
- (b) to print, publish and circulate any newspaper or other publication designed to foster or increase interest in cooperative enterprises, principles and practices;
- (c) to co-ordinate the economic plans of the member societies and to forward them to the Minister for the incorporation in the national plan;
- (2) by renumbering as paragraph (d) the contents of the present paragraph (c);
- (3) by renumbering as paragraph (e) and (f) the contents of the present paragraphs (d) and (e) respectively.
- 9.** Section 21 of the principal Act is hereby amended in subsection (2)(b) by inserting the expression “and banks” between the words “societies” and “which” occurring in the first line.
- 10.** Section 22 of the principal Act is hereby amended—
- (a) in subsection (2) by deleting the whole of paragraph (i) to (vi) and substituting the following new paragraphs (i) to (vii):
- “(i) Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social racial, political or religious discrimination.
- (ii) Cooperatives are democratic organizations controlled by their members who actively participate in setting their policies and making decisions, men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member one vote), and cooperatives at other levels are also organized in a democratic manner.
- (iii) Members contribute equitably to, and democratically control the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their cooperative; possibly by setting up reserves; part of which at least would be divisible benefiting members in proportion to their transactions with the cooperative and supporting other activities approved by the members.

Amendment of section 20

Amendment of section 21

Amendment of section 22

- (iv) Cooperatives are autonomous, self help organizations controlled by their members. If they enter into agreement with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
- (v) Cooperatives provide education and training for their members, elect representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders about the nature and benefits of cooperation,
- (vi) Cooperative serve their members most effectively and strengthen the cooperative movement by working through local, national and international structures.

(vii) Cooperatives work for the sustainable development of their communities through policies approved by their members.”

- (b) in subsection (3) by deleting the expression “primary society” occurring in the first line.

**Amend-
ment of
section 30**

11. Section 30 of the principal Act is amended by deleting the whole of subsection (1) and substituting for it the following new subsection:

“(1) No society shall be registered unless the Registrar is satisfied that—

- (a) the volume of business from members of the society is sufficient to cover its costs;
- (b) proper provision has been made for the financing of the society;
- (c) no society exists in the same locality performing similar activities for people of the same class or occupation, and that the registration of another society would serve no useful purpose.”

**Amend-
ment of
section 32**

12. Section 32 of the principal act is amended—

- (a) by deleting the whole of subsection (2), (3) and (4) and by renumbering as subsections (2) and (3) the contents of the present subsections (5) and (6);
- (b) by deleting the whole of the reference to the fine occurring in the third to the fifth lines and substituting the following:
“a fine of ten thousand shillings and in the case of a continuing offence, a fine of one thousand shillings for each day during which the default continues.”

**Amend-
ment of
section 45**

13. Section 45 of the principal Act is amended in subsection (2)(e) by adding the word “shares” between the word “members” and the expression “the entrance fees” occurring in the second line.

- 14.** Section 48 of the principal Act is hereby amended—
- (a) in subsection (2) by inserting the expression “within three months” between the words “shall” and “prepare” occurring in the second line;
- (b) by adding the following new subsections (7) and (8):
- “**(7).** In the event a society fails to prepare a statement of accounts within a period of three months in respect of the business of its previous financial year, the members of the relevant committee of the society shall automatically lose their membership of the committee and shall not be eligible for re-election to the committee for the next five years.
- (8)** Without prejudice to the generality of subsections (1), (2), (3), (4) (5) and (6) the management committee shall be held responsible for any loss occasioned to the society.”
- Amend-
ment of
section 48
- 15.** Section 62 of the principal Act is hereby amended—
- (a) in subsection (2) (e) by deleting the whole of the sentence occurring after the phrase “movable property” in the second line, and substituting for it the following:
- “of such value as provided for in the by-laws of the society.”;
- (b) in subsection (5)(b) by deleting the reference to “Minister” and substituting for it the word “Registrar”.
- Amend-
ment of
section 62
- 16.** Section 64 of the principal Act is amended in subsection (2) by deleting the phrase “in consultation with the apex society, if any.”.
- Amend-
ment of
section 64
- 17.** Section 66 of the principal Act is hereby amended by deleting the whole of subsections (5), (7) and (8).
- Amend-
ment of
section 66
- 18.** Section 74 of the principal Act is amended—
- (a) in subsection (1)(a) by deleting the expressions “Cooperative and Rural Development Bank” and “the National Bank of Commerce” occurring in the second and third lines;
- (b) in subsection (1)(d) by deleting the word “Minister” occurring in the last line, and substituting for it the word “Registrar”;
- (c) in subsection (2) by deleting the word “direct” occurring in the first line and substituting for it the word “advise”;
- (d) in subsection (3) by deleting the word “direction” occurring in the first line and substituting for it the word “advice”.
- Amend-
ment of
section 74

- Section 75 repealed replaced
- 19.** Section 75 of the principal Act is repealed and replaced by the following new section:
- “Central Co-operative Fund
- 75.—**(1) There shall be a central cooperative fund which shall be created and administered by the Federation in accordance with such regulations as the Minister shall make in that behalf.
- (2) Without prejudice to the foregoing the fund may be applied for the furtherance of cooperative education, training and research, for auditing and the general development of cooperative societies in Tanzania.
- (3) Every society shall contribute to a fund to be established by the Minister of Finance under the Exchequer and Audit Ordinance for the purpose of meeting the expenses of inspection and promotion of cooperatives.
- Repeal of section 76
- 20.** Section 76 of the principal Act is hereby repealed.
- Amendment of section 77
- 21.** Section 77 of the principal Act is repealed and replaced by the following new section.
- “77. Every primary society, secondary society, apex society and federation shall contribute to the Fund a fixed amount to be determined by the annual general meetings of the societies subject to the approval of the Registrar.”
- Amendment of section 84
- 22.** Section 84 of the principal Act is amended in subsection (3) by deleting the expression “one hundred” occurring in the sixth line and substituting therefor the expression “five hundred”
- Amendment of section 85
- 23.** Section 85 of the principal Act is amended in subsection (2) by deleting the expression “one hundred” occurring in the fourth line and substituting for it the expression “five hundred”.
- New sections 99A and 99B added
- 24.** The principal Act is amended by adding the following new sections:
- “Com-pulsory amalga-mation
- 99A.—**(1) Where the Registrar is satisfied that it is in the interest of two or more societies to amalgamate as a single society and that such amalgamation will not be against the interest of the members, he may by notice in writing, require the societies to amalgamate.
- (2) Where a notice has been given to the societies under subsection (1), the Registrar shall by notice published in the *Gazette* and in any newspaper circulating in the area where the societies conduct their business invite members of the societies to lodge with him any objections or other representations in writing within a period of two months from the date of such notice

(3) Where no objection has been lodged pursuant to subsection (2) the Registrar may direct the societies to whom the notice has been delivered under subsection (1) to prepare by-laws for the proposed amalgamated society and the societies shall submit the by-laws for the approval of the Registrar, and the Registrar may, after consultation with societies, vary or amend the proposed by-laws.

(4) Where the Registrar has approved the proposed by-laws, he may by order published in the *Gazette* amalgamate the societies.

(5) Where any objection has been raised by a member pursuant to subsection (2) and it is supported by not less than one third of the other members of the society to which the member belongs the Registrar shall convene a meeting of the members to consider the representations of the members on the question of amalgamation. Should the majority of the members present opt for amalgamation the Registrar shall proceed under the provisions of subsection (3)

(3) When the Registrar has approved the proposed by-laws, he may by order published in the *Gazette*, amalgamate the societies.

Compulsory division

99B.—(1) Where the Registrar is satisfied that it is in the interest of an existing society to divide itself into two or more new societies and such division will not be against the interest of the members, he may, by notice in writing, require the existing society to so divide itself.

(2) A notice given under subsection (1) shall contain proposals for the division of the assets and liabilities of the existing society among the proposed new societies, and may prescribe the area of operation of, and specify the members who will constitute each of the proposed new societies.

(3) Where a notice is given to an existing society under subsection (1) such society shall, within such time as may be specified in the notice, prepare by-laws for the proposed new societies and submit the by-laws for the approval of the Registrar, and the Registrar may, after consultation with the existing society, vary or amend the proposed by-laws.

(4) Where the Registrar is satisfied that the proposed new societies are not objectionable, he may, by order published in the *Gazette*, divide the existing society into the proposed new societies.

(5) Where a notice has been given to the existing society under subsection (1), the Registrar shall by notice published in the *Gazette*, and in any newspaper circulating in the area where the existing society conducts its business invite members of the society to lodge with him any objections or other representations within a period of two months from the date of such notice.

(6) Where any objection has been raised by a member pursuant to subsection (5) and it is supported by not less than one third of the members of the existing society the Registrar shall convene a meeting of the members to consider the representations of the members as to the question of the division of the existing society. Should the majority of the members present opt for the division the Registrar shall proceed to effect the division under this section.

Passed in the National Assembly on the 30th January, 1997.

GEORGE FRANCIS MLAWA,
Clerk of the National Assembly