

# FARMERS' ORGANIZATION ACT 1973

## ACT 109

### Preamble

Date of Royal Assent 15 June 1973

Date of publication in Gazette 21 June 1973

An Act to provide for the registration of Farmers' Organizations, the control and supervision of such Farmers' Organizations and for matters connected therewith.

BE IT ENACTED by the Duli Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament assembled, and by the authority of the same, as follows:

### PART I PRELIMINARY

#### 1. Short title, application and commencement.

(1) This Act may be cited as the **Farmers' Organization Act 1973** and shall apply throughout **Malaysia**.

(2) The Minister may by notification in the Gazette appoint a date when this Act shall come into operation and may appoint different dates for the coming into operation of all or different parts of this Act into all or different parts of Malaysia.

#### 2. Interpretation.

In this Act, unless the context otherwise requires -

"agro-based co-operative society" means any co-operative society which, upon the coming into operation of this Act, is registered under the Cooperative Societies Act 1993 (Act 502) and whose principal objects or main functions concern agricultural production, agricultural credit, marketing or processing or any such commercial and trading ventures:

Provided that where there is a dispute as to whether any co-operative society is an agro-based co-operative society, such dispute shall be referred to the Farmers' Organization Authority whose decision shall be final and shall not be called in question in any court;

"Farmers' Organization" means any organization of farmers formed under section 3 at Area, State or National level and registered under section 9;

"Farmers' Organization Authority" or "Authority" means the Authority established under the Farmers' Organization Authority Act 1973 (Act 110).

### PART II FORMATION OF FARMERS' ORGANIZATIONS

#### 3. Formation.

(1) An Area Farmers' Organization may be formed in accordance with the provisions of this Act or any regulations made thereunder for any area in any State by not less than fifty persons who

fulfil the requirements stated in section 9 (1) and who have before such formation assembled at a meeting for the purpose of forming a Farmers' Organization.

(2) Any two or more Area Farmers' Organizations registered in accordance with this Act may with the approval of the Registrar and in accordance with any regulations made thereunder confederate into one State Farmers' Organization.

(3) Any two or more State Farmers' Organizations registered in accordance with this Act may with the approval of the Registrar and in accordance with any regulations made thereunder confederate into a National Farmers' Organization.

#### **4. Prohibition.**

No Farmers' Organization shall carry on business unless it is formed and registered in accordance with the provisions of this Act.

#### **5. Farmers' Organization to be body corporate.**

Upon registration under this Act, a Farmers' Organization -

(a) shall be a body corporate with perpetual succession and a common seal and shall have the power to enter into contracts to institute and defend actions, suits and legal proceedings and to do all things necessary for the purpose of achieving the objects mentioned in section 6; and

(b) may acquire by lease, purchase, donation, gift, devise, bequest or otherwise any movable or immovable property for any of the objects of such organization and for such purposes may sell or lease or otherwise deal with any such property.

#### **6. Objects of Farmers' Organizations.**

(1) A Farmers' Organization may be formed with the objects of promoting the economic and social interests or wellbeing of its members or member-units and shall have the power to do all things necessary to achieve the objects and in particular, but without prejudice to the generality of the foregoing, it shall have the power -

(a) to provide extension services and training facilities to farmers so as to equip them with technology essential for the advancement of agriculture, horticulture, animal husbandry, home-economics, agri-business and other commercial enterprises;

(b) to expand agricultural production amongst farmers and smallholders so as to promote greater diversification and commercialization of agriculture and to expand and promote agri-business;

(c) to make available farm supplies and daily necessities including other facilities required for progressive farming and better rural living;

(d) to provide farm mechanization facilities and services necessary in modernizing farming operations;

(e) to provide credit facilities and services and to promote greater investment in agricultural and economic pursuits;

(f) to promote, encourage, facilitate and offer services for rural savings;

(g) to provide marketing services, storage, drying complexes, warehousing and other facilities;

- (h) to operate and provide transportation facilities to enhance agricultural marketing and related operations;
- (i) to establish and operate processing **plants** and milling complexes necessary for processing of agricultural products;
- (j) to facilitate capital formation and investment among members or member-units through the establishment of companies or equity participation in trading and business ventures;
- (k) to assist members in acquiring land and to undertake land development projects for the benefit of members;
- (l) to promote and stimulate group action through various community projects and facilitate leadership development;
- (m) to provide social services, educational and recreational facilities to enhance the social advancement and wellbeing of farm families.
- (2) Notwithstanding the powers conferred by subsection (1), a Farmers' Organization shall not establish any company or participate in the equity of any trading or business ventures without the prior written approval of the Registrar, and the Registrar may, in giving such approval, impose any condition he deems fit.
- (3) Without prejudice to the powers conferred upon the Registrar in subsection (2), the Registrar may, by order in writing, limit, impose conditions on or regulate the powers of any Farmers' Organization to ensure efficiency in, and to avoid duplication of, the functions of such Farmers' Organization.
- (4) Any person who is dissatisfied with any order of the Registrar under subsection (2) or (3) may appeal to the Minister within thirty days of such order and the Minister may confirm, vary or revoke such order; and the decision of the Minister shall be final and shall not be called in question in any Court.

### **PART III**

#### **REGISTRATION**

#### **7. Registrar of Farmers' Organizations.**

- (1) For the purposes of this Act there shall be a Registrar of Farmers' Organizations (in this Act referred to as "the Registrar") who shall be responsible for the registration, supervision and control of all Farmers' Organizations.
- (2) The Director General of the Farmers' Organization Authority shall be the Registrar.
- (3) The Registrar may in writing delegate to any person, including any officer in the public service in the States of Sabah and Sarawak, any of his powers under this Act except his powers to suspend or dissolve any Farmers' Organization.

#### **8. Register.**

The Registrar shall keep and maintain or cause to be kept and maintained a register or registers which shall contain particulars relating to the registration of all Farmers' Organizations as he may think expedient.

### **PART IV**

#### **RIGHTS AND LIABILITIES**

## **9. Members and member-units of Farmers' Organization.**

(1) Any person who is a citizen of Malaysia, has attained the age of 18 years and -

(a) is engaged in agricultural or livestock production;

(b) whose income is derived from agricultural or livestock production; or

(c) is in command of any of the factors of agricultural or livestock production,

shall, subject to any regulations made hereunder, be eligible to be a member of a Farmers' Organization.

(2) An agro-based co-operative society or any group of persons shall, subject to any regulations made hereunder, be eligible to be a member-unit of a Farmers' Organization.

(3) The members and member-units of a Farmers' Organization which is formed and registered in accordance with this Act shall not exercise the rights of a member or member-unit until he or it has made such payment to the Farmers' Organization in respect of membership or acquired such interest in the Farmers' Organization as may be prescribed by any regulations made hereunder or by its constitution or rules.

(4) A member or member-unit shall cease to be a member or member-unit of any Farmers' Organization -

(a) when such member resigns voluntarily in accordance with the constitution or rules of such Farmers' Organization;

(b) when such member is deemed to have ceased to be a member by any regulations, made hereunder or by the provisions of the constitution or rules of such Farmers' Organization;

(c) in the case of a member, on the death of such member or in the case of a member-unit, on its dissolution.

## **10. Disposal of produce to or through a Farmers' Organization.**

(1) A Farmers' Organization which has as one of its objects the disposal of any produce of its members or member-units, may provide in its rules or may otherwise contract with its members or member-units -

(a) that every such member or member-unit who or which produces any such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the Farmers' Organization; and

(b) that any member or member-unit who or which is proved or adjudged, in such manner as may be prescribed by the regulations made hereunder, to be guilty of a breach of the rules or contract shall pay to the Farmers' Organization as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the aforesaid regulations.

(2) No contract entered into under the provisions of this section shall be contested in any court on the ground only that it constitutes a contract in restraint of trade.

## **11. Lien and set-off in respect of share or interest of members and member-units.**

A Farmers' Organization shall have a lien upon the share or interest in the capital and on the deposits of a member or member-unit or past member or past member-unit or deceased member and upon any dividend, bonus or profits payable to a member or member-unit or past member or

past member-unit or to member the estate of a deceased member in respect of any debt due to the Farmers' Organization from such member or member-unit or past member or past member-unit or estate, and may set-off any sum credited or payable to a member or member-unit or past member or past member-unit or estate of a deceased member in or towards payment of any such debt.

## **12. Share or interest not liable to attachment or sale.**

(1) Subject to the provisions of section 11 of this Act, the share or interest of a member or member-unit in the capital of a Farmers' Organization shall not be liable to attachment or sale, under any decree or order of a court in respect of any debt or liability incurred by such member or member-unit, and neither his assignee in insolvency nor a receiver duly appointed shall be entitled to, or have any claim on, such share or interest.

(2) The liability of a member or member-unit for the debts of a Farmers' Organization shall be determined in the proportion of the share or interest held by the member or member-unit to the total debts of the Farmers' Organization.

## **13. Transfer of interest on death of member or dissolution of memberunit.**

(1) On the death of a member or dissolution of a member-unit, a Farmers' Organization may -

(a) in respect of a deceased member, transfer the share or interest of such deceased member to the person nominated in accordance with any regulations made hereunder, or if there is no person so nominated, to such person as may appear to the Board of Directors to be the heir or legal representative of the deceased member or may pay to such nominee, heir or legal representative as the case may be, a sum representing the value of such deceased member's share or interest as determined in accordance with any regulations made hereunder;

(b) in respect of a dissolved member-unit, pay to the liquidator a sum representing the value of such dissolved member-unit's share or interest as determined in accordance with any regulations made hereunder.

(2) A Farmers' Organization may pay all other moneys due to the deceased member or dissolved member-unit from the Farmers' Organization to such nominee, heir, legal representative or liquidator as the case may be.

(3) All transfers and payments made by a Farmers' Organization in accordance with the provisions of this section shall be valid and effectual against any demand made upon the Farmers' Organization by any other person.

## **14. Directors.**

(1) Each Farmers' Organization shall be managed by a Board of Directors who shall be elected or appointed in accordance with, and shall have such powers as may be determined by, any regulations made hereunder or the constitution or rules of such Farmers' Organization.

(2) For the purpose of conducting the business operations of each of such Farmers' Organizations, there shall be a General Manager and other officers and servants of such Farmers' Organization to be appointed in accordance with any regulations made hereunder or the constitution or rules of such Farmers' Organization.

(3) The responsibilities and duties of the General Manager, the officers and the Board of Directors aforesaid shall be in accordance with the constitution or rules of such Farmers' Organization.

(4) The directors shall hold office, retire and may be removed from office in accordance with the constitution or rules of such Farmers' Organization.

(5) The office of a director shall be deemed to be vacated in any of the following cases that is to say -

(a) if he becomes a bankrupt;

(b) if he is convicted of a criminal offence involving fraud, dishonesty or moral turpitude;

(c) if he absents himself from three consecutive meetings of the Board of Directors without leave;

(d) if he ceases to be a citizen of Malaysia or a member of such Farmers' Organization;

(e) if he becomes insane;

(f) if he engages in any business or acts in a manner which in the opinion of the Registrar is prejudicial to the interests of such Farmers' Organization; or

(g) if he receives a salary from or becomes a paid employee of such Farmers' Organization.

#### **15. Funds of Farmers' Organization.**

The funds of each Farmers' Organization shall consist of -

(a) subscriptions of members and member-units; and

(b) moneys acquired, accrued or derived by virtue of the powers of such Farmers' Organization conferred by this Act or any regulations made thereunder.

#### **15A. Power to borrow moneys, etc.**

(1) Subject to section 6, and to such limits as the Registrar may from time to time impose, a Farmers' Organization may borrow moneys or incur other financial commitments or obligations for the purpose of carrying out its objects and performing its functions.

(2) At each annual general meeting, every Farmers' Organization shall determine, subject to the limits imposed by the Registrar pursuant to subsection (1), the maximum limit of indebtedness which it may incur at any time in the coming financial year on account of moneys borrowed or to be borrowed and of other financial commitments and obligations entered into or to be entered into both before and during that financial year.

#### **15B. Investment of funds.**

Subject to section 6, a Farmers' Organization may invest or deposit its funds -

(a) in any bank approved by the Registrar from time to time;

(b) in any of the securities of the Federal Government or of the Government of any State;

(c) in securities issued in the Federation with the approval of the Treasury by any public authority established under Federal or State law;

(d) with the approval of the Registrar, in the share capital or securities of any registered body or company;

(e) with the approval of the Registrar, in the purchase of lands or buildings or in the construction of buildings; or

(f) in any other mode approved by the Registrar.

#### **16. Reserve Fund.**

Every Farmers' Organization shall establish a Reserve Fund which shall consist of moneys from the general fund set aside for that purpose and which shall be used in accordance with the constitution or rules of such Farmers' Organization.

#### **17. Settlement of disputes.**

(1) (a) If any dispute touching the business of any Farmers' Organization arises -

(i) among members, member-units, past members, past member-units and persons claiming through members, member-units, past members, past member-units and deceased members;

(ii) between a member, member-unit, past member, past member-unit or person claiming through a member, member-unit, past member, past member-unit or deceased member, and such Farmers' Organization or its Board of Directors; or

(iii) between such Farmers' Organization and any other Farmers' Organization, such dispute shall be referred to the Registrar for decision.

(b) A claim by any Farmers' Organization for any debt or demand due to it from a member, member-unit, past member, past memberunit or the nominee, heir or legal representative of a deceased member or liquidator of a dissolved member-unit or a claim by the higher level Farmers' Organization for any debt or demand due from a lower level Farmers' Organization shall be deemed to be a dispute touching the business of such Farmers' Organization.

(2) The Registrar may, on receipt of a reference under subsection (1) -

(a) decide the dispute himself; or

(b) refer it for disposal to an arbitrator or arbitrators.

(3) An appeal against the decision of the Registrar or the arbitrator or arbitrators under subsection (2) shall lie to the Minister and shall be made within two months from the date of the decision.

(4) A decision of the Minister in an appeal under subsection (3) shall be final and shall not be called in question in any court.

(5) Any decision of the Registrar or the arbitrator or arbitrators under subsection (2) or, if there be an appeal therefrom, the decision as confirmed or varied by the Minister, shall be enforced in the same manner as if the decision had been a judgment of a Sessions Court.

#### **18. Case stated on question of law.**

(1) Notwithstanding anything contained in section 17, the Minister at any time when an appeal has been preferred to him under that section, may refer any question of law arising in the course of proceedings relating to such appeal for the opinion of the High Court.

(2) The High Court shall hear and determine the question of law so referred.

### **PART IV**

### **CONFEDERATION OF AREA AND STATE FARMERS' ORGANIZATIONS**

### **18A. Procedure of confederation of Area Farmers' Organizations.**

(1) Any Area Farmers' Organization may give notice in accordance with the rules of such organization of its intention to hold a special general meeting of such organization at which a special resolution for the confederation with the other Area Farmers' Organizations will be proposed.

(2) At such meeting of each Area Farmers' Organization, a special resolution shall be proposed for the confederation and that an application shall be made to the Registrar for the purpose.

### **18B. Registration of State Farmers' Organization.**

If any application under section 18A has been made in respect of each Area Farmers' Organization and the Registrar is satisfied -

(a) that the special resolution in favour of the proposed confederation has been duly passed by each Area Farmers' Organization corresponding in all material particulars with the resolution or resolutions passed by the other Area Farmers' Organizations;

(b) that the scheme of confederation contained in such resolution in the case of each Area Farmers' Organization corresponds in all material particulars to the resolution or resolutions of the other Area Farmers' Organizations; and

(c) that the provisions of the constitution or rules of the proposed State Farmers' Organization is in accordance with the regulations made under this Act,

he shall register or cause to be registered the State Farmers' Organization according to the rules made under this Act.

### **18C. Procedure for confederation of State Farmers' Organizations**

In respect of the procedure for confederation of any two or more State Farmers' Organizations, the provisions of sections 18A and 18B shall apply provided that for the words "Area Farmers' Organization" and "State Farmers' Organization" wherever they occur there shall be substituted the words "State Farmers' Organization" and "National Farmers' Organization" respectively.

## **PART V**

### **INSPECTION, SUSPENSION AND DISSOLUTION**

#### **19. Power to inspect.**

The Registrar, or any person authorized in writing in that behalf, shall have the power -

(a) to inspect the accounts and property of any Farmers' Organization or member-units of such Farmers' Organizations; and

(b) to hold an inquiry into the workings of the business and financial conditions of such Farmers' Organization or member-units of such Farmers' Organizations.

#### **20. Power to suspend and dissolve.**

(1) If the Registrar is of the opinion that it is in the interest of the farmers generally in any area so to do he may by order suspend the constitution or the rules of any Farmers' Organization.

(2) As soon as the order under subsection (1) has been made the Registrar shall cause an inquiry to be made in respect of such Farmers' Organization in respect of which the order was made or any aspect of the business of such Farmers' Organization.

(3) After the inquiry under subsection (2) has been made the Registrar may revoke the order of suspension or order that such Farmers' Organization be dissolved as he thinks expedient.

(4) Subject to any appeal made under the provisions of section 21, the order for the dissolution of any Farmers' Organization shall take effect on the expiry of the period of three months after the date of publication of the order.

(5) Any Farmers' Organization affected by an order under this section shall be dissolved in accordance with the regulations made under this Act.

## **21. Appeal**

Any person aggrieved by any order of the Registrar made under section 2 may within thirty days of the making of such order, appeal to the Minister, who shall confirm or set aside the order, and the decision of the Minister shall be final and shall not be called in question in any court.

## **22. No business during suspension.**

During the period of suspension of any Farmers' Organization it shall be unlawful, notwithstanding section 4, for such Farmers' Organization to carry on any business:

Provided that this section shall not prevent the management or the carrying of business of such Farmers' Organization by any person or persons appointed under section 23.

## **23. Management during suspension.**

It shall be competent for the Registrar after an order to suspend any Farmers' Organization has been made to appoint any person or persons to manage the affairs of such Farmers' Organization during such suspension until such time as the new Board of Directors or any officers of such Farmers' Organization have been elected or employed.

## **24. Audit.**

The Registrar shall audit or cause to be audited by some person authorized by him by general or special order in writing the accounts of every Farmers' Organization or member-units of such Farmers' Organization at least once in every year.

### **24A. Right of access to records, etc.**

(1) The Registrar or every authorised person shall have a right of access at all times to the accounting and other records, including registers, of every Farmers' Organization and shall have power -

(a) to summon at the time of his audit any officer or past officer, agent, servant or member of the Farmers' Organization or member-unit who he has reason to believe can give material information in regard to any transaction of the Farmers' Organization or memberunit or the management of its affairs;

(b) to require the production at such place and within such period as may be specified by him of any book or document relating to the affairs of, or any cash or securities belonging to, the

registered Farmers' Organization or member-unit by the officer or past officer, agent, servant or member in possession of such book, document, cash or securities.

(2) Where in the course of the winding-up of a Farmers' Organization or member-unit of such Farmers' Organization or consequent upon an audit under section 24 or an inquiry or inspection under section 19 it appears that any person who has taken part in the organization or management of such Farmers' Organization or member-unit or any past or present officer, agent, servant or member' of the Farmers' Organization or member-unit has misapplied or retained or become liable or accountable for any money or property of such Farmers' Organization or member-unit or has been guilty of misfeasance or breach of trust in relation to the Farmers' Organization or member-unit or on the application of the liquidator or of any creditor or contributory, the Registrar or other authorised person shall have the power to examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of such Farmers' Organization or member-unit by way of compensation in regard to the misapplication, retention, dishonesty or breach of trust as the Registrar thinks just and such order shall be enforced in the same manner as if the order has been a judgment of a Court.

## **PART VI MISCELLANEOUS**

### **25. Register of members.**

Any register or list of members or member-units kept by any Farmers' Organization shall be prima facie evidence of any of the following particulars entered therein -

- (a) the date at which the name of any person was entered in such register or list as a member;
- (b) the date at which the name of any agro-based cooperative society or group of persons was entered in such register or list as a member-unit;
- (c) the, date at which any such person, agro-based cooperative society or group of persons ceased to be a member or member-unit of such Farmers' Organization.

### **26. Proof of entries in books of Farmers' Organization and memberunits.**

(1) A copy of any entry in a book of a Farmers' Organization or member-unit of such Farmers' Organization regularly kept in the course of business shall, if certified in such manner as may be prescribed by the regulations, be received in any legal proceedings, civil or criminal, as prima facie evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

(2) No officer of any such Farmers' Organization or member-unit shall, in any legal proceedings to which the Farmers' Organization or member-unit is not a party, be compelled to produce any of the Farmers' Organization's or member-unit's books, the contents of which can be proved under subsection (1) or to appear as a witness to prove any matters, transactions or accounts therein recorded, unless the court for special reasons so directs.

### **27. Special powers of Minister to exempt from requirements as to registration, etc.**

(1) Notwithstanding anything contained in this Act the Minister may, by special order in each case and subject to such conditions, if any, as he may impose, exempt any Farmers' Organization from any of the requirements of this Act as to registration.

(2) The Minister may, by general or special order, exempt any Farmers' Organization from any other provisions of this Act, or may direct that such provisions shall apply to such Farmers' Organization with effect from such date or with such modifications as may be specified in the order.

### **28. Power to exempt from duty or tax.**

The Minister of Finance may by notification in the Gazette, in the case of any Farmers' Organizations or class of such Farmers' Organizations reduce or remit -

(a) the duty or tax which under any law for the time being in force may be payable in respect of the profits of such Farmers' Organization or of the dividends or other payments received by the members or member-units of such Farmers' Organization on account of profits;

(b) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of any such Farmers' Organization, member-unit or by an officer or member and relating to the business of such Farmers' Organization or member-unit or any class of such instruments are respectively chargeable.

### **28A. Annual general meeting.**

(1) The annual general meeting of every Farmers' Organization shall be held within three months after the close of each Farmers' Organization's financial year.

(2) Notwithstanding subsection (1), the Farmers' organization may apply to the Registrar for extension of time to hold the annual general meeting.

### **29. Prohibition of the use of the word "Farmers' Organization".**

(1) No person, organization, society or association other than a Farmers' Organization registered under this Act shall trade or carry on business under any name or title of which the word "Farmers' Organization" is part without the sanction of the Minister:

Provided that nothing in this section shall apply to the use by any person, organization, society or association or his or its successor in interest of any name or title under which trade or business has been carried on at the commencement of this Act.

(2) Any person who contravenes the provisions of this section shall be guilty of an offence and shall be liable to a fine not exceeding five hundred ringgit, and, in the case of a continuing offence, to a further fine of fifty ringgit for each day during which the offence continues.

### **30. Trade union laws and Companies Act not to apply.**

The provisions of any written law in force relating to trade unions and the provisions of the Companies Act 1965 (Act 125), shall not apply to any Farmers' Organization registered under this Act.

### **31. Offences.**

Any person who -

(a) neglects or refuses to do any act or refuses or fails to furnish any information required for the purposes of this Act or any regulations made thereunder;

(b) gives false information or makes any false statement on any matter required under the provisions of this Act or any regulations made thereunder to be given or made;

(c) fails to obey any requisition or lawful written order issued under the provisions of this Act or any regulations made thereunder; or

(d) violates or fails to comply with any other requirements of this Act or any regulations made thereunder, shall be guilty of an offence under this Act and shall be liable to a fine not exceeding one thousand ringgit and, in the case of a continuing offence, to a further fine of fifty ringgit for each day during which the offence continues.

### **32. Prohibition and restriction on registration of agro-based co-operative societies respectively.**

Any co-operative society registered under the Co-operative Societies Act 1993 (Act 502) after the commencement of this Act, and one of whose principal objects or main functions is concerned with agricultural production, agricultural credit, marketing or processing or any such commercial and trading ventures shall join as a member-unit of such Farmers' Organization as the Director General of the Farmers' Organization Authority may direct.

### **33. Cost of compulsory dissolution to be borne by Farmers' Organization Authority.**

Where under any regulations made under section 35, any agro-based cooperative society existing at the date of commencement of this Act is compulsorily required to dissolve, the expenses of winding up of such cooperative society in consequence of such regulations shall be defrayed by the Farmers' Organization Authority as if such expenses were incurred in the course of exercising its powers and functions.

### **34. This Act to prevail.**

After the commencement of this Act -

(a) where there is a conflict between the provisions of this Act or any regulations made thereunder and the provisions of the Co-operative Societies Act 1993, the provisions of this Act or any regulations made thereunder shall prevail;

(b) the Director General of the Farmers' Organization Authority shall in respect of agro-based co-operative societies be deemed to be the Registrar General of such co-operative societies under the Co-operative Societies Act 1993 (Act 502) and shall be vested with and may exercise all or any of the powers of such Registrar General;

(c)(Repealed by Act A247).

### **35. Regulation.**

(1) The Authority with the approval of the Minister may make all such regulations as may be necessary for the purpose of carrying out or giving effect to any of the provisions of this Act.

(2) In particular and without prejudice to the generality of the power conferred by subsection (1), such regulations may -

(a) prescribe the forms to be used and the conditions to be complied with in the formation, establishment and registration of a Farmers' Organization, in the confederation of two or more Farmers' Organizations into a higher level Farmers' Organization and the registration thereof and the procedure to be applied in respect of such matters;

(b) prescribe the conditions to be complied with by persons applying for admission or admitted as members, and provide for the election and admission of members from time to time, and the payment to be made and interest to be acquired before exercising rights of membership;

(c) require any agro-based co-operative society to join any Farmers' Organization and pursuant to such requirements may -

(i) regulate the admission of such cooperative society into any Farmers' Organization;

(ii) specify the payment to be made and interest to be acquired by such cooperative society;

(iii) regulate the establishment, management and extent of control of such co-operative society by the Farmers' Organization;

(iv) determine the status, rights and liabilities of members of such co-operative societies in relation to the Farmers' Organization;

(d) prescribe the maximum number of shares or portion of the capital of a registered Farmers' Organization which may be held by a member or member-unit;

(e) provide for the withdrawal and expulsion of members or suspension and dissolution of member-units and for the payments, if any, to be made to members or member-units who withdraw, are expelled or dissolved and for the liabilities of past members and member-units;

(f) provide for meetings of the members and member-units and for the procedure at such meetings and the powers to be exercised by such meetings;

(g) provide for the establishment, composition, appointment, suspension and removal of the Board of Directors and other officers and servants of the Farmers' Organization and for the procedure at meetings of the Board of Directors and for the powers to be exercised and the duties to be performed by the Board of Directors and other officers and servants of the Farmers' Organization;

(h) prescribe the matters in respect of which a Farmers' Organization may or shall make rules and for the procedure to be followed in making, altering and rescinding rules and the conditions to be satisfied prior to such making, alteration or rescission;

(i) regulate the manner in which funds may be raised by means of shares or debentures or otherwise;

(j) prescribe the conditions to be observed by a Farmers' Organization applying for financial assistance from the Farmers' Organization Authority;

(k) prescribe the payments to be made, the conditions to be complied with, and the forms of the bonds, instruments or other documents to be executed, by members or member-units applying for loans or cash credits, the period for which loans may be made or credits granted, and the maximum amount which may be lent and the maximum credit which may be allowed to individual members or member-units with or without the consent of the Registrar;

(l) provide for the mode in which the value of a deceased member's or dissolved member-unit's interest shall be ascertained, and for the nomination of a person to whom such interest may be paid or transferred;

- (m) provide for the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing himself or his affairs shall be ascertained and for the nomination of any person to whom such interest may be paid or transferred;
- (n) provide for the formation and the maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment of any funds under the control of any Farmers' Organization;
- (o) prescribe the conditions under which profits may be distributed to the members and member-units of a Farmers' Organization and the maximum rate of dividend which may be paid by Farmers' Organization;
- (p) prescribe the auditing and accounting system of a Farmers' Organization and for the periodical publication of a balance sheet showing the assets and liabilities of a Farmers' Organization;
- (q) prescribe the returns to be submitted by a Farmers' Organization to the Registrar and the persons by whom and the form in which the same are to be made;
- (r) provide for the maintenance of a register of members and member-units, and a register of shares;
- (s) provide for the inspection of documents and registers at the Registrar's office and the fees to be paid therefor and for the issue of copies of such documents or registers;
- (t) prescribe the manner in which any question as to the breach of any rule or contract relating to the disposal of produce to or through a Farmers' Organization may be determined, and the manner in which the liquidated damages for any such breach may be ascertained or assessed;
- (u) prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators;
- (v) prescribe the procedure to be followed upon suspension or dissolution of a member-unit or a Farmers' Organization and provide for the appointment of a liquidator and the procedure to be followed by him;
- (w) prescribe the forms to be used, the fees to be paid, the procedure to be observed and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Act or regulations.

### **36. Repeal.**

- (1) The Farmers' Association Act 1967 (27/67) is repealed.
- (2) Upon the coming into force of this section -
  - (a) all Farmers' Associations shall be deemed to be formed and registered under this Act;
  - (b) any reference to "Farmers' Association" in any written law shall be deemed to be a reference to "Farmers' Organization"; and
  - (c) the change of name of "Farmers' Association" to "Farmers' Organization" shall not affect any rights or obligations of the Farmers' Association or render defective any legal proceedings by or against it, and any legal proceedings that could have been continued or commenced by or against it prior to the commencement of this section may be continued or commenced under its new name.

