

CO-OPERATIVE SOCIETIES ACT
ACT NUMBER: 2/2007

*Introduction and
Name*

1.
 - (a) This is the Act governing the establishment, registration and operation of Co-operative Societies in the Maldives.
 - (b) This Act shall be named Co-operative Societies Act”.
 - (c) In this Act unless the context otherwise requires, “Society” means “Co-operative Society”.

*Companies Act of the
Republic of Maldives
shall not be
applicable.*

2. The “Companies Act of the Republic of Maldives”, Law No. 10/96 and the “Act for Association” Law No. 1/2003 , shall not be applicable to the Societies established under this Regulation.

*Formulation and
implementation of the
regulation*

3. a) This Act shall come into force, within six months of the Act having been passed by the parliament and gazetted.
- b) This Act shall be enforced and the regulations that come under this Act shall be formulated by the government authority vested at that time by the Government.
- c) The Regulations mentioned in clause 3(b) shall be formulated within six months of this Act coming into force.

*Usage of the word
“CO-OPERATIVE”*

4. Unless registered as a Co-operative Society under this Act, no other business or commercial venture shall be permitted to use the word “co-operative” for the purpose or operation of commercial activities, production and provision of commercial goods, mutual profiting from mutual trading or working; or as part of the business name in which they are established.

REGISTRATION

*Registrar of
Co-operatives*

5. The Government shall appoint a government authority as the Registrar of Co-operatives to regulate all societies registered under this Act. That authority shall be called “Registrar of Co-operative Societies”.

*Societies that may
be Registered as
Co-operatives*

6. As per the co-operative policies and principles governing Co-operative societies stipulated in clause seven of this Act, a Society can be registered as a Co-operative Society for the purpose of mutual participation, development and the economic well being of the members or part of the members of a community.

Co-operative society 7. Co-operative societies shall be formed according to the following

Principles

principles.

- a) A Co-operative society shall be an independent society, formed by the people of the community, for the community with the intention of promoting the economic and social wellbeing of the members of that community.
- b) The Society leaders shall be members of the Society. The management and powers of the society must be derived from the members and within the members. In this respect the society shall be managed and run by members elected within the society on a democratic manner.
- c) Membership must be open for any and all person's in the community with out regard for discrimination.
- d) The Society's shares shall be equal among members without any exceptions.
- e) The society's share capital needs to be increased, then it shall do so at the annual general meeting. The resolution to increase the share capital has to be passed by 60 percent majority.

Maximum number of shares that can be bought by members except the Government

- 8.** Every member of the society, shall buy the minimum number of shares of the society to become a member.

Government purchase of shares and providing assistance and loans

- 9.** The Government reserves the right to purchase the shares of the Society on commercial terms and the Government shall be permitted to provide assistance in the form of loans, other assistance in accordance with the Laws, Rules and Regulations of the country.

Responsibility of the Registrar

- 10.** The responsibility of the Registrar is as follows.
- a) Registration and wind up of Societies.
 - b) To monitor to see that all societies are governed according to this Act and the Regulations promulgated under this Act.
 - c) Investigate all complaints made pertaining to the society's accounts and money.

Powers vested with the Registrar

- 11.** a) If the Registrar sees fit, the Registrar or a person designated by him can investigate the Society accounts, and how the Management of the Society is conducted. In this respect the Registrar reserves the right to inspect the all account ledgers, and if necessary produce copies of all the documents and to authorize that the office of the society be open for such inspection at all

reasonable times. The Society must facilitate such all requests of the Registrar.

b) The Registrar reserve the right to obtain any material information from the Society to help investigate and be accountable on complaints to investigate on any claims on the way the Society is being managed.

c) Additional powers that are vested with the Registrar are as follows:

- 1) Stipulate how the Society accounts be maintained.
- 2) Stipulate the maximum debt that a society can take.
- 3) Powers to freeze the bank account of a Society in relation to any complaint against the usage of Society funds.
- 4) Stop any activity that contravenes the objectives of the Society.
- 5) Attend the general meetings of the society and the extraordinary meetings of the society or appoint a proxy to attend on behalf of the Registrar.
- 6) Request the Society to hold the annual general meeting and extra ordinary meetings and reserve the right to suspend the management committee of a Society if the Registrar has enough evidence that a society is conducting its affairs in contravention of the law and elect a temporary management committee and until such an election is carried out, hand over the management of the Society to a party designated by the Registrar.

Applying for registration

- 12.** 1) A minimum of ten persons may submit their application for registration of a society to the Registrar of Co-operative Society.
- 2) As per clause 12(a) above

Applicants for the registration of a Society should furnish the following information:-

- a) The economic or other purpose for the formation of the proposed Society.
- b) A statement on the viability of the activities proposed by the Society.
- c) The evidence of sufficient capital for the commencement of operations and details of keeping records and accounts of the Society.
- d) Until the management committee is elected as per clause 28 (a) of this Act, the name of the temporary members of management committee.

Registration fee and annual fee

- 13.**
- a) The application should be submitted to the Registrar together with a registration fee of Rf.200/- and an annual fee of Rf.200/- .

- b) The annual fee shall be paid before the end of March each year. If a Society fails to pay the annual fee within the month of March, the annual fee shall be accepted during the month of April with a fine of Rf50/-, and if it is not paid within the month of April, the annual fee shall be accepted during the month of May with a fine of Rf. 100/-.
- c) If the fees stated in the above clauses (a) and (b) are not paid as per the stipulation in the clause, the Registrar can give a one month notice to pay the money by the Society. If the money is not paid within the stipulated time, the Registrar reserves the right to cancel the registration certificate issued by the Registrar to the Society, after giving due consideration to the activities engaged and services provided by the Society.
- d) As per clause 13 (c) of this clause, or under any Act of the country; if the registration certificate is cancelled, it shall be publicly announced by the Registrar. The Registrar reserves the right to order the Society not to engage in any activity or reserves the right to prevent the Society from engaging in any transaction with any party.
- e) Even when the registration certificate is cancelled, the Society will not be absolved from the rights, responsibilities and the obligations vested on the Society under this Act up and until the Society is wound up in accordance with this Act and the Regulations made under this Act.

Society's name

14.

- a) The name submitted by the Society to be registered shall only be approved by the Registrar if the name complies with the regulations made under this Act on the criteria on names that can be submitted to be registered. If the Registrar does not accept the submitted name, that name shall not be registered.
- b) Every Society registered under this Act shall bear the word “Co-operative” at the end of the registered name.

*Articles of Association/
Bylaw*

- 15.** All Societies shall have an Article of the Society (Bylaw) and this Articles of the Society shall be in compliance with this Act and the Regulation made under this Act.

Registration

- 16.** A Society shall be registered if the application is complied with the provisions of this Act and if the Registrar is satisfied that the proposed undertaking of the Society is likely to be viable. A Certificate of Registration by the Registrar shall be issued to the Society as evidence of its registration.

*Members applying
for registration*

- 17.** a) The persons who signed and submitted an application for registration of a Society, in accordance with this Act shall be deemed as members of the Society, and with the registration of the Society, their names shall be entered in the register of its members.
- b) No member of a Society shall exercise any of the rights of a member unless he has made payments to the Society in respect of membership, or has acquired shares or interest in the Society, as may be prescribed under this Act or by the regulations made under this Act, or the Articles of the Society (Bylaw).

*Qualifications of
members*

- 18.** a) Members of a Society shall be at least 18 years old and shall be individuals living in a community or part of a community in which The Society will be operating.
- b) Membership shall commence when the member is registered as such.
- c) A member can only be registered in a Society when a qualified candidate applies to membership in accordance with this Act and Regulations made under this Act and when such a candidacy is accepted by the Society as per the relevant clauses of this Act and the Regulations made under this Act and when the Management Committee decides the applicant to be a member.
- d) Once a membership has been decided, a written acknowledgement has to be submitted to the member.

LEGAL STATUS AND MANAGEMENT OF THE SOCIETY

- Legal Status* **19.** The Society, upon registration under this Regulation shall become a legal entity with legal personality distinct from its members by the name contained in its Articles of the Society capable of forthwith exercising all powers and functions and having rights of operating and managing the Society as stipulated in its Articles and of suing and being sued and having a perpetual succession and a common seal with the power to hold, to obtain movable and immovable assets or property and sustain them as permitted by Law.
- General Meeting* **20.** The supreme authority of a Society shall be vested in the General Meeting of its members, at which every member has a right to attend and vote.
- First Meeting* **21.** a) Every Society shall within 60 days after receipt of the Certificate of Registration, convene a first meeting of its members.
- b) The business of the first meeting mentioned in clause (a) of this Section shall include the election of the Society's Management Committee.
- Annual General Meeting* **22.** The Management Committee of every Society must hold the Annual General Meeting at least once a year and shall hold a General Meeting not later than 6 months after the end of the financial year.
- Notice of annual general meeting* **23.** Unless the articles otherwise stipulate, a notice of every General Meeting shall be publicly informed to members at least fifteen (15) clear days prior to the date of the meeting. The notice shall state the matters for discussion, agenda, the venue, date and the time of the meeting.
- Quorum for annual General meeting and ordinary general meeting* **24.** An annual general meeting or a special general meeting can be held if at least five members of the Society holding twenty percent of the *extra* the paid up share capital of the society be present at the meeting.
- Function of Annual General Meeting* **25.** The following functions shall be carried out at the Annual General Meeting:-
- 1) Consider and approve the minutes of the last meeting and the last Annual General Meeting.
 - 2) Discussion of the Audit Report.
 - 3) Passing of the next year's budget.
 - 4) Discussion of the Annual Report.
 - 5) Amend the Articles of Association as required.
 - 6) Election of the Members of the Management Committee.
 - 7) To appoint the Auditors of the Society.

8) Resolve how the net profit can be re-invested or distributed as per the Act and the Articles of the Society.

*Extraordinary
General Meeting*

26.

- a) An Extraordinary General Meeting of a Society may be convened at any time by the Management Committee if it deems necessary. The Society shall give at least seven (7) days public notice of the meeting.
- b) An Extraordinary General Meeting of a Society shall be convened by the Management Committee if members representing not less than 20% requests for such a meeting.
- c) If the Management Committee fails to convene a meeting in accordance with subsection (b) within one month of receiving the requisition for the meeting, the members making the requisition shall have the power to convene the meeting, by giving notice to all members of the Society stating the objectives of the meeting.
- d) The Registrar or his representative reserves the right to direct the matters that can be discussed at an extraordinary general meeting.

*Minutes of the
Meetings*

27.

- a) Every Society must maintain records of minutes of all the general meetings of the Society accurately and in detail including the following information:-
 - i) The number of members who attended the meeting and the full name and address of the Chairperson who presided.
 - ii) The time at which the meeting commenced and was concluded.
 - iii) Issues discussed at the meeting and the resolutions passed regarding the issues.
- b) The Minutes of the Meeting shall contain the signature of the Chairperson stipulated in Clause 27 (a) above, together with the signature of the Secretary of the Society.

*Constitution of the
Management
Committee*

28.

- a) Every Society shall have a Management Committee consisting of not less than five and not more than fifteen members.
- b) The following posts of the Management Committee shall be elected from within members of the Society: -
 - i) Chairperson
 - ii) Vice Chairperson
 - iii) Secretary
 - iv) Treasurer
 - v) Additional members

- c) The election, appointment, removal and term of office, responsibilities of the members of the Management Committee shall be provided under the Articles of Association of the Society.
- d) If, during the term of office of a Management Committee, a vacancy of position mentioned in sub clause (c) occurs in the Committee, the Committee may, and when the number of members falls below five (5) shall, co-opt a member of the Society to serve on the Management Committee until the next General Meeting of the Society.
- e) The newly appointed member as per clause (d) above shall stay in office till the next general meeting. A member should be elected for the post on the day the next General Meeting is convened.

Eligibility for membership of Management Committee

29. The Members of the Management Committee shall be: -

- i) A member of the Society
- ii) A Maldivian citizen.
- iii) A person who has not been declared as bankrupt.
- i) A person who has not been removed from membership of a Society within the past five years.
- ii) A person who has not been convicted in a court of law in involvement in the embezzlement of a society's fund or any other such similar fund.

Responsibilities of the Management Committee

30.

- a) The Management Committee shall be responsible to manage and conduct the commercial and economic activities and manage the assets of the Society in addition to carrying out the matters agreed upon at the general meetings.
- b) The Management Committee shall carry out the affairs of the Society according to the Articles and the deliberations of the general meetings.

The Authority of the Management Committee

31.

- a) The Management Committee shall have the authority to:-
 - i) Receive the application for membership of the Society, appoint members and to void applications.
 - ii) Prepare reports, study and analyze the reports to detect the general condition, management and economic welfare of the society
 - iii) Appoint sub-committees.
 - iv) Provide information about the management and business affairs of the Society to its members.
 - v) Propose options to the annual general meeting for sharing the net profit achieved, if any during the past year, according to this Act and the Articles of the Society
 - vi) Propose a report to the annual general meeting about the activities conducted by the Management Committee in the financial year, and to submit a report regarding the activities planned for the future improvement of services provided to the Society's members.
 - vii) Carry out the work as delegated by the Registrar or the Auditor.
- b) Maintaining detailed and accurate records of the activities carried out by the Management Committee.

- c) Appoint a Manager and other employees necessary for the smooth running of the Society.

Meetings of the Management Committee

32.

- a) The Management Committee shall meet as often as the business of the Society may require and in any case not less frequently than once every three months.
- b) The quorum of a meeting of the Management Committee shall be half its members.
- c) Decisions shall be taken on a simple majority of votes and the Chairman shall have no casting vote.
- d) Minutes of the Management Committee shall be recorded and maintained.

Duties of the members of the Management Committee

33.

- a) In the conduct of the affairs of a Society, the members of the Management Committee shall exercise due prudence and diligence of business and shall be jointly and severally liable for any loss sustained through failure to exercise such prudence and diligence or through any act which is contrary to the provisions of this Regulation or the articles of the Society or the resolutions of a General Meeting.
- b) Where the Management Committee has appointed a Manager to administer and manage the affairs of the Society, the appointment shall not absolve the Committee from its responsibility for the proper direction of the affairs of the Society.

Term of Office of the Management Committee

34.

- a) The Term of Office of the Management Committee shall be two consecutive years from the date of the initial meeting of the Committee. The Committee shall be considered as expired at the end of that period.
- b) By the term of the expiry of the Management Committee, the Management Committee must inform the society in writing to hold a special meeting to elect a new Management Committee.
- c) The Registrar can appoint a temporary management committee until a management committee can be elected as per clause (b) above.
- d) The temporary management committee shall be in force until and if a management committee is not elected as clause (b) above, up until the next annual general meeting. At such an annual general meeting, a new management committee shall be elected.

Actions of the Members of the Management Committee

35. The Members of the Management Committee shall act according to this Act and the Regulation made under this Act.

Consecutive terms of office

36. A member of the Management Committee may serve for three consecutive terms. Such a member can be re- elected after a break of two years from membership of the Management Committee for another new term.

Vacant posts of the Management Committee

37. A vacant post of the Management Committee shall be filled by appointing a member as specified in Clause no.28 (e) and Clause no.34 (b) of this Act.

Members of the Management Committee

- 38.
- a) If there is a claim by any member of the Society that, a member of the Management Committee misused his position or acted to the detriment of the Society, that claim has to be investigated by the management committee. If the management committee found enough evidence to that fact, then the registrar reserves the right to remove the member from the Management Committee.
 - b) A member removed from office as specified in (a) above shall not be permitted to become a member or fill a senior position in any Society for a period of not more than five (5) years.
 - c) A member shall be given the chance to talk in his defense, before taking the action mentioned in the (a) of this clause.

Powers of the Govt. and members to nominate members

39. Only the Government reserves the right to buy fifty percent or more of the paid up share capital of the Society. The Government may reserve the right to appoint one third of the members to the Management Committee.

If fifty percent of the loans obtained by the Society is from the government or guaranteed by the government and the loan amount is equivalent to fifty percent or more of the paid up share capital of the Society, then the Government reserves the right to appoint one third of the Management Committee until the loans are paid.

Address of the Society

40. Every Society shall have a registered address. All correspondences, all notices and documents shall be sent to this address. Every change of Society address shall be notified to the Registrar in writing within 30 days.

Availability of information

41. The following shall be freely displayed and disclosed at the registered office of the Society at all business hours:-
- a) Copy of this Act.
 - b) Copy of any other regulations promulgated under this Act
 - c) Articles of Association of the Society (By law)
 - d) Member's Registry
 - e) Audited accounts of the Society of the past five years.

Publishing the Annual accounts

42. Annually publish the audited Balance Sheet of the society signed and endorsed by the Audit Officer, as per the Regulation.

Loans to Non-members

43. The Society shall only provide loans and money to persons other than members of the Society in accordance with this Act and Regulations made under this Act.

Conditions under which loans are not allowed

44. The Society shall not provide loans under the following circumstances:-
- a) Issue loans above the loan limit specified by the Management Committee to members of the society.

- b) Issue loans upon security of movable property and as specified in the Articles and as per a special resolution of the Management Committee.

Providing information

- 45. The officers and members of the Society shall furnish information required about the Society's activities and management to the Registrar, Audit Officer, Arbitrator, Liquidator or Enquirer as and when necessary.

Effect of changing the name

- 46.
 - a) A Society may by special resolution of the General Meeting change its name and inform of the change within 30 days to the Registrar.
 - b) A change of name of the Society does not affect the rights and responsibilities of the Society, its current or former members. It shall not effect the obligations of the Society or render defective any legal proceedings by or against it, and shall be continued in the new name of the Society.

Deduction of loan repayments from employee's salary

- 47. The Society shall receive loan recovery funds from the salaries of employees of the Government or of private organizations in cases where the employees had signed their agreement by way of a contract to repay their respective loans either in the form of fund based loans or equipment based loans, in installments from their salary earned as employees of the respective organizations and if authorized as such in the agreement.

Assets and funds of the society

- 48.
 - a) Every Society which derives a profit from its transactions shall maintain a reserve fund.
 - b) The Society shall pay into the reserve fund at least 25% of the profit resulting from the operations of the Society during the financial year. The Society shall maintain (2) years surplus as reserves in the reserve fund.
 - c) Funds in the reserve account shall not be utilized by the Society except to the amounts and limits specified by the Management Committee.
 - d) The Funds in the reserve account, not utilized in the Society's business activities, shall be invested or saved according to the regulations made under this Act, and decided by the Management Committee.
- 49.
 - a) After calculating the net profit for each year as per clause b(1) and (2) and after depositing the amount stipulated for reserve funds as per clause 48(b), the remaining profit and what is remaining in the reserves or part there of can be distributed as bonuses to members and employees in accordance to a criteria stipulated by the Management Committee.
 - b) Bonuses and dividends cannot be declared under the following circumstances:-
 - i) From funds other than the net profits certified by the Auditors.
 - ii) Distribution of profits declared doubtful by the Audit Officer or defective assets of the Society.

Voting by members

- 50. Each member of the society has the right to vote without discrimination. Without regard to the shareholding position of a member, every member has only one vote.

Liability of the members

51. The liability of the members shall be limited to the amount, if any, of unpaid shares purchased or agreed to purchase, unless otherwise stated in the Articles of Association.

Resignation of Members

52. A member of the Society can resign from membership according to the Articles of Association.

Removal from Membership

- 53.**
- a) A member who contravenes any of the provisions of this Act or the Articles of Association or behave in any way detrimental to the interests of the Society, may be expelled by a vote of not less than two-thirds majority of the members present and voting at a General Meeting upon a charge of which he or she is informed in writing by the Management Committee at least seven days before the meeting.
 - b) A Society may in its Article of Associations stipulate a different procedure for expulsion as mentioned in (a) of this clause. Such an expulsion shall give sufficient reason and opportunity for the member to talk in his defense and shall provide opportunity to defend his rights.

AUDIT

Audit of the Accounts by the Registrar

- 54.**
- a) The Accounts of the Society shall be audited annually by a person approved by the Registrar.
 - b) The Society must pay for the costs of auditing its accounts mentioned in clause (a) above.

Powers of the Registrar to prepare Accounts

- 55.**
- a) The Registrar or his appointee has the power to prepare the accounts of the Society, if at the time of audit; the accounts are not prepared.
 - b) The Society shall pay the costs for the preparation of the accounts as mentioned in clause (a) above.

Matters of consideration at audit

- 56.**
- a) At the time of audit the following must be considered:-
 - i) Check whether the cash balances and securities tally and are found to be accurate.
 - ii) Apart from the lenders and depositors, declare the balance amount of debtors to the Society.
 - iii) Declare the bad debt amounts.
 - iv) Declare the assets and the liabilities of the Society.
 - v) Check whether the financial transactions and other business transactions were carried out in accordance with the Articles of the Society.

- vi) Check whether the Society's statement of accounts were prepared correctly and in accordance with generally accepted standards of practice.
- vii) Check whether the declared profit was calculated accurately.
- viii) Check whether the auditing standards stipulated in the Regulation to be promulgated under this Regulation had been followed.
- ix) Check to see whether consideration was given to other laws when such Societies and associations are audited.

b) The Audit statement prepared by the Registrar or his appointee shall be enforceable upon the Society.

Audit Report

57. The account statement and audit report passed at the annual general meeting has to be submitted within thirty days to the Society and the Registrar by the Audit Officer.

The Report should include the following:-

- i) The transactions if any carried out by the Society in contravention of the Laws, Regulations and the Articles of the Society.
- ii) Any amount of funds or money that should have been accounted for, but that was unaccounted.
- iii) Loss or damages caused due to negligence that needs to be clarified and investigated further.
- iv) Any cases of embezzlement of funds or misappropriations of funds and assets of the Society.
- v) Other information that should be included in the Auditor's report as mentioned in the Regulation promulgated under this Act.
- vi) Any other information that the Auditor believes to be of importance that should be included in his Report.

Amendments / adjustments

58. On receipt of the Audit report, any amendments or adjustments suggested in the report shall be carried out and the amendments and adjustments brought shall be reported to the Registrar within 30 days by the Management Committee.

INVESTIGATIONS AND THE DISSOLUTION OF THE SOCIETY

Investigation by the Registrar

59. The Registrar reserves the right to investigate the Society's accounts, documents of the Society, its structure and framework, activities and the financial status, under the following circumstances.

- i) If requested by one half of the members of the Management Committee.
- ii) If requested by not less than thirty three percent of members of the Society.
- iii) If the Registrar believes it necessary.

Order to dissolve society

- 60.**
- a) The Registrar can pass an order to wind up a Society under the following circumstances:-
 - i) If the Registrar finds that it is necessary to wind up the Society based on the investigations mentioned in Clause 59 above.
 - ii) If members of a Society present and vote at an Extraordinary General Meeting and pass a resolution by majority to wind up the Society and upon submission of a written request to the registrar to wind up the Society.
 - iii) Failure on the part of the Society to commence the main business objectives for which the Society was established, within a period of one (1) year from the date of registration of the Society.
 - iv) Cessation of the main objective of the Society for a period of one (1) year.
 - v) Failure to abide by the rules and Regulations under which the Society was registered.
 - vi) As per the authority vested on the Registrar by clause 13 (c) of this Act.
 - b) The Registrar's order to wind up a Society as in Clause (a) above shall be put into effect after giving a period of one (1) month, to ascertain whether a petition is brought against the wind up in any Court of Law and or when the Court rejects such a petition.

Notice of dissolution

- 61.** If the Registrar declares order to dissolve a Society, notice of that order, as per the policy stated to the society, shall be sent to that Society, its members and the debtors, by the Registrar.

Order of settling the Society debts.

- 62.** The assets and property of the Society in a wind up process shall be handled in the following order:
- a) To pay the fee of the appointed Liquidator undertaking the winding process.
 - b) To pay the debts of the Society.
 - c) To pay the dividend to members after deducting debts in accordance with the shares held in the Society.

LIQUIDATORS

Appointing the Liquidator and his authority

- 63.** a) When making a winding-up order, the Registrar may appoint a Liquidator for this purpose and fix his remunerations.
- b) The Liquidator appointed under clause (a) above shall have the power to:-
- i) Take immediate possession of all assets belonging to the Society and of all books, records and other documents pertaining to the business thereof.

- ii) Carry on the business of the Society so far as may be necessary for winding up beneficially.
 - iii) Fix a day before which Creditors shall state their claims against the Society.
 - iv) Represent the legal proceedings of the Society and carry out all actions in relation to the proceedings.
 - v) Carry out the settlement of revenues due to the Society.
 - vi) Review and resolve legal proceedings made against the Society.
 - vii) Settle the invoice bills of the Society, considering the assets of the Society.
 - viii) With the approval of the Registrar in writing, amicably settle any issues claimed against the Society.
 - ix) To properly carry out the liquidation of the Society, announce a notice of not less than seven (7) days and call up a meeting of the members.
 - x) Present and inspect the persons, witnesses and the necessary documents required during the process of liquidation of the Society.
- c) Any person aggrieved by any order of the liquidation made under sub section (a) may appeal to the Registrar within 30 days of the date of order.
 - d) The Liquidator shall deposit the funds and other assets of the Society which comes under his power and is collected by him or which came into his possession as Liquidator in such manner determined by the Registrar.
 - e) The Liquidator shall, once in every 3 months, submit to the Registrar, a report stating the progress made in winding up procedure, and shall, on completion of the liquidation proceedings, submit a final report to the Registrar and the Society and hand over to the Registrar all books, the register and accounts relating to the proceedings kept by him.

Investigations

64.

- a) During the process of investigation or inspection as per this Regulation, if it was found that any member involved in the management of the Society were involved in any of the actions mentioned below, further investigations should be carried out:-
 - i) Release payments or permit the release of payments of the Society or portray the Society in contravention with a regulation or a notice by the Government.
 - ii) Act negligently so as to cause loss or damage to the Society.
 - iii) Failure to deposit necessary funds to the account.
 - iv) Obtained property by inappropriate means by an officer of the Society.
- b) The Registrar shall order any officer of the Society to make good any losses or damages incurred to the Society by the actions of that officer.
- c) No officer shall be barred from the criminal responsibilities that may arise as a consequence of such an order made by the Registrar as mentioned in (b) of this clause.

Crimes

- 65.** Any of the following actions shall be deemed as crimes
- a) Failure to provide information as required by this Act.
 - b) Classify state or portray a person not qualified to be a member of the Management Committee in accordance with this Regulation to be qualified for the post.
 - c) Identifying or purporting to be a member of the Management Committee when in fact he / she is not a member of the Committee.
 - d) Failure to carry out a necessary function of this Act.
 - e) To carry out an action without obtaining the approval of the Registrar when such an action demands the necessary approval of the Registrar.

Non-compliance with this Act

- 66.** Failure to comply with this Act, Regulations passed under this Act or failure to comply with the rules where a period for conducting a course of action is stated in this Act or failure to comply with the orders passed in accordance with the powers vested to the Registrar or Ministers or Representatives appointed by them, shall be treated as violation of this Act.

Penalization

- 67.**
- a) A fine of not more than 5,000/- shall be imposed on the person for any infringement made against this Act.
 - b) In addition to the penalty mentioned in (a) above, the persons shall compensate for any losses and damages caused as a result of his actions to the Society.

Definitions

- 68.** In this Regulation unless the context requires otherwise:-

‘Articles of Association’ mean the Articles of the Society proposed by the Society and approved at the time of registration and its amendments including additions/ deletions/ modifications.

‘Management Committee’ means the Committee appointed to manage and carry out the daily business affairs of the Society

‘Year ended’ means the financial year of a Society stipulated in the articles of the Society.

“Regulation” means Regulations made under this Act.

“Net Profit” means the profit arrived at after deduction of all expenses (including loan interest, audit fee and other expenses).

“Society” means Cooperative Societies.

“Secretary” is the Secretary of the Management Committee as specified in clause 28 (b) (3) and the secretary who does the secretarial work of the General Meetings and Extraordinary General Meetings as stated elsewhere in this Act.

“Audit officer” means the person appointed by the registrar to audit the accounts of the Society.

“Arbitrator” means the person who is appointed by the Registrar to handle disputes between a Society registered under this Act and a third party.

“Liquidator” means the person appointed as per clause 63 of this Act by the Registrar to liquidate a Society registered under this Act.

“Enquirer” means the person appointed by the Registrar to gather information about the management and transactions a Society registered under this Act.

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01 July 2007