

RULES.

Made under section 123

THE COOPERATIVE SOCIETIES RULES, 1991

PART I

PRELIMINARY

1. These rules may be cited as the Cooperative Societies Rules, 1991, and shall come into operation on the date when the Cooperative Societies Act, 1991 comes into operation.

2. In these rules, unless the context otherwise requires:—

“the Act” means the Cooperative Societies Act, 1991,

“Area of operation of a Society” means a registered boundaries where membership is drawn.

“Balance Sheet” means a statement of assets and liabilities drawn at a specific date.

“Budget” means and includes a projection of income and expenditure statement approved by the members at the general meeting.

“Chief executive” means an officer of a Society vested with the powers to manage and supervise all the day to day affairs of a Society.

“Cooperative Officer” means an officer of the Cooperative development division of the Ministry for the time being responsible for matters relating to Cooperative Societies.

“Court” means district court or a court of a resident magistrate having jurisdiction over the area in which the headquarters of the society are situated,

“Department” means the Cooperative department headed by the Registrar.

“Formation committee” means a committee elected under the provisions of rule 3.

Co-operative Societies Rules

G.N. No. 408 (contd.)

“Management committee” means a committee elected by members at a general meeting.

“Prescribed” in relation to forms, means prescribed by regulations made under section 124 of the Act and in relation to fees, means prescribed under these Rules.

“Scheme” in this context means a system established by members to facilitate financial operations as prescribed in the By-laws of a Society.

“Supervising manager” means an Officer appointed/elected by the management committee of a society.

PART II

FORMATION OF SOCIETIES

Initial meeting and election of formation committee

3.—(1) Persons interested in the formation of a Cooperative Society either primary or joint enterprise, secondary, apex or federation shall meet under the chairmanship of the local Cooperative Officer or any other Cooperative Officer appointed by the Registrar for that purpose of electing a formation committee.

(2) Formation committee shall not be less than the minimum number of members required to form a Society.

(3) Each formation committee shall elect a chairman and appoint a secretary and shall maintain a record of its proceedings.

Function a formation committee

4. The function of a formation committee shall be:

- (a) To consider in detail the type of society to be formed and to determine its objects.
- (b) To assess the probable membership and expected volume of business.
- (c) To undertake, with the assistance of the Cooperative Officer and, where necessary, with any person with a relevant technical skill, a feasibility study into the economic and practical aspects of the activities to be carried out by the proposed society.
- (d) To prepare, a viability statement or Project write up for submission to the Registrar.

- (e) To compile a list of prospective members and a record of the probable share capital or contributions.
- (f) To prepare, in consultation with the Cooperative officer appropriate By-laws for the proposed society, and
- (g) To do all such acts as may be necessary for the purpose of making an application for the registration of the proposed society.

PART III

REGISTRATION OF SOCIETIES

5 —(1) Every society applying for registration must comply with the provisions of section 29 of the Act and shall submit an application to the Registrar in the form prescribed in these Rules. Registration of society

(2) Every application for registration of a Cooperative society shall be signed on its behalf by persons duly elected by the formation meeting:—

- (a) Certified copy of such resolution shall be attached to the application.
 - (b) For copies of the By-laws which the society proposes to adopt shall be submitted together with the application.
 - (c) Four copies of the viability statement or project write-up referred to in rule 4(d) shall be submitted with the application.
- (3) Where the Registrar registers the application he shall return to the society:
- (a) One copy of the By-laws and application for registration stamped with his official seal together with the certificate of registration.
 - (b) One copy of the viability statement or project write-up duly stamped as approved.
 - (c) One copy of income and expenditure contained therein to represent the first estimates of the society and shall be so treated.

6. In order to determine whether the proposed society is economically viable or otherwise the Registrar may prescribe one or more of the following requirements before registration. Registrar may require additional requirements before registration

- (a) That additional information be provided to show whether the proposed society meets and economic social or cultural need, and has reasonable prospects for achieving its objects.

Co-operative Societies Rules

G.N. No. 408 (contd.)

- (b) That the applicants for registration obtain support from more persons who may be expected to become members.
- (c) That more capital be furnished initially by the applicants for registration and other persons expected to become members, and that such additional capital be sufficient for the commencement of the operations.
- (d) That arrangements be made for more educational and advisory work respecting cooperative principles and practices and the objects of the proposed society among the applicants for registration, and among other persons who may be expected to become members.
- (e) That there be sufficient respecting the availability of officers capable of directing and managing the affairs of the proposed society and of keeping proper records and books of account as prescribed by the Registrar under the Act, and that if necessary, such officers be required to undergo such additional training as the Registrar deems necessary.

Procedure
for refusal
to register
a Society

7. Where the Registrar refuses to register a society or its By-laws he shall record in writing his reasons for doing so.

PART IV

RIGHTS, LIABILITIES AND PRIVILEGES OF MEMBERS

Member-
ship of so-
ciety

8. Members of a society shall consist of:—
- (a) Persons who join in the application for registration of a society.
 - (b) Persons admitted in accordance with the By-laws of the society.
 - (c) Persons who have attained the age of eighteen and of a sound mind, are following relevant trade or occupation relevant to the society's objectives, they have a common need which the society seeks to satisfy and are capable of paying fees and acquiring shares.
 - (d) Persons who have not attained the age of eighteen years but have attained the age of fifteen referred to as minors may join a Cooperative Society in accordance with subsection (3) of section 14 of the Act.

Co-operative Societies Rules

G.N. No. 408 (contd.)

9. Members shall have the following rights:—

Right of
members

- (a) Rights to vote and to be voted form right to attend meetings and to participate in the leadership of the society, right to call a meeting in accordance with these Rules and By-laws.
- (b) No member of a registered society shall exercise the right of a member unless or until he has made such payment to the society in respect of shares, entry fees, and any other dues.
- (c) Each society may limit the number of its members in relation to its activities and in accordance to section 14 and 22(2) of the Act.
- (d) No company incorporated or registered under the companies Ordinance and no unincorporated or registered body of persons shall be entitled to become a member of a registered society except with the written permission of the Registrar and subject to the following conditions:—
 - (i) Unless such company or body has shown interest to make use of services of the society and the Registrar is satisfied to such move.
 - (ii) The membership of such company or body shall comply with the Act, Rules and By-laws of the society.
 - (iii) The society shall benefit from the services of such company.

10.—(1) A minor may be a member but where parent or guardian of such a minor is informed of his desire to become a member he shall open a share account or pay a membership fee, and buy shares as the case may be.

Rights of
minors

(2) Where the parent or guardian has been informed of a share or deposit account held by a minor and no restrictions on the account are imposed by the society, a minor may make payments to and withdraw money from such account, or make such other use of the account as deemed desirable without the approval of his parent or guardian.

(3) A minor who makes use of the services of the society in accordance with sub-rule (1) or (2) shall have the rights of a member except the right to vote.

(4) Provided that the provision of this rule shall not apply in the case of school society.

11. Every member admitted after the registration of the By-laws shall have his name entered in the register of members and shall sign his name or affix his thumbprint to such entry in the presence of two members of the committee.

Entry of
member's
name in
register

- (d) Upon the member ceasing to be a resident of the area of operation of the society,
- (e) By expulsion,
- (f) For failure to participate in the economic activities of the society as required by the By-laws,
- (g) Upon a member becoming of unsound mind,
- (h) By withdrawal.

16.—(1) Save as is provided by paragraph (2), a member may be suspended or expelled:—

Suspension or expulsion of a member

- (a) Upon his conviction of a criminal offence involving dishonest or a sentence of imprisonment for six months or more,
- (b) For giving or tendering any gratuity or commission to anyone employed by the society,
- (c) For any action which may be held by the committee and a general meeting to be dishonest or contrary to the stated objects of Co-operation,
- (d) For failure to pay any sum due from him to the society within the period allowed,
- (e) For any other reason specified in the By-laws.

(2) Sub-rule (1) shall apply to any member or delegate of a co-operative society.

(3) For the purposes of sub-paragraph (a) of paragraph (1) of this Rule, the ordinary date on which the period allowed for making an appeal against, a conviction or sentence, as the case may be expires or, if such appeal is made, the date on which the appeal is finally disposed of or is abandoned shall be deemed to be the date of the conviction or sentence, as the case may be.

17. Shares may be held and deposits may be made in a society by a duly authorized person on behalf of school society or other junior organization, and withdrawals may be made on behalf of such society or organization with the written approval of the person authorized to hold shares or made such deposits.

Shares and deposits may be made on behalf of a school

18. A member of a society shall have priority in receiving such services and any other privileges as may be provided for in the By-laws of the society.

members to receive services in priority

PART V

DUTIES OF REGISTERED SOCIETIES

19. Every society shall maintain a register of members showing:—

- (a) The name, address and occupation of each member, and a statement of the number of shares held by him,

Register of members

Co-operative Societies Rules

G.N. No. 408 (contd.)

- (b) The date on which each member's name is entered in the register,
 - (c) The date on which any member ceased to be a member,
 - (d) The nominee, if any, appointed under Rule 14.

- Publica-
tion of ba-
lance
sheet 20. Every society shall exhibit its annual balance sheet during office hours to any person interested in its funds as a member, depositor or creditor.

- Annual
State-
ments 21.—(1) The committee of every society or some officers of the society appointed for this purposes by the committee, shall prepare in such form and for such period as the Registrar may direct:—
 - (a) An account showing the income and expenditure or an account of like nature acceptable to the Registrar,
 - (b) An appropriation account, and,
 - (c) A balance sheet.

The accounts shall be made up to the last day of the period to which they relate, and a copy thereof shall be sent to the auditor not later than three month after the closing of the financial year and auditors shall complete the auditing work within two months.

(2) Accounts of every registered society shall be audited at least once in a year by the Co-operative Audit and Supervision Corporation or a competent registered auditor who may charge a reasonable fee. The appointment of a competent and registered auditor be reached at a general meeting of members and is subject to the approval of the Registrar.

(3) (a) Registered society may make annual contribution through its net surplus to a fund to be known as the Audit and Supervision Fund established for the purposes of audit and supervision of existing societies the administration of which shall be prescribed by the Registrar.

(b) A general meeting of the society may fix the amount of

- Copies 22. For the purpose of section 59 of the Act, a copy of any entry in the book of society may be certified by a certificate written at the foot of such copy declaring that it is a true copy of such entry, and that the book containing the entry is still in the custody of the society. Such certificate shall be dated and signed by the secretary of the society or officer approved by the Registrar.

- Disputes 23.—(1) Any dispute concerning the business of a cooperative society between the members of the society or persons claiming through them, or between a member or persons so claiming and the committee or any officer, or between one society and another shall be referred to the Registrar. Reference may be made by the committee or by the society by resolution in general meeting or by any party to the dispute, or if the dispute concerns a sum due from a member of the committee to the society, by any member of the society.

- Cap. 15 (2) The Registrar may either decide the dispute, himself or refer it to arbitration under the Arbitration Ordinance.

(3) In any case of doubt as the interpretation of the By-laws of the society the matter shall be referred to the Registrar for decision.

(4) A person aggrieved by a decision of the Registrar under paragraph (2) or paragraph (3) may within fourteen days of the receipt thereof appeal in writing against such decision to the Minister whose decision shall be final.

(5) In the event of conflict between the By-laws of a secondary society and the By-laws of a primary society which is a member of such secondary society, the By-laws of the secondary society shall prevail, and in the event of a conflict between the By-laws of an apex society and the By-laws of a secondary society which is a society shall prevail, in the event of a conflict between the By-laws of apex society and the By-laws of a federation of apex societies, the By-laws of the federation shall prevail.

(6) In the event of conflict between the By-laws of a joint enterprise and the By-laws of a primary society which is a member of such joint enterprise the By-laws of the joint enterprise shall prevail. In the event of conflict between the By-laws of a joint enterprise and the By-laws of apex society which is a member of such joint enterprise the By-laws of the joint enterprise shall prevail, in the event of conflict between the By-laws of a joint enterprise and the By-laws of a federation of apex societies which is a member of such joint enterprise the By-laws of the joint enterprise shall prevail.

24. The Registrar shall gradually delegate his duties of promoting, advising, educating and training of Co-operative Societies to the Co-operatives on mutual agreement according to section 12 (2) of Act, when such Co-operative Societies have attained the following qualifications:—

Delegation of duties of Registrar

- (a) Have employed competent staff to administer the affairs of the society,
- (b) Have instituted sound internal control system to safeguard property and finances of the society,
- (c) Have attained adequate internal financing system and not very much depending on external loans,
- (d) Have cleared themselves of all previous debts from their creditors especially bank overdraft,
- (e) Have committed members who fully participate in the affairs of the society,
- (f) Have sufficient turnover of business to cover all the costs and earn adequate revenue to facilitate operations of the society,
- (g) Have capability of paying patronage dividends and bonuses to its members,
- (h) Individual projects run/operated by the society must be self-sustaining,
- (i) Capable of producing current audited financial statements within six months from the closure of the financial year,
- (j) Have produced favourable audited results from operations and for three consecutive years and have been able to pay honorarium/bonus.

Co-operative Societies Rules

G.N. No. 408 (contd.)

Subject to the provisions of the above conditions each society shall be graded on its own merits and shall be granted with gradual delegation of duties of the Registrar accordingly.

PART VI
MANAGEMENT OF SOCIETIES

(a) *General Meeting*

First general meeting

25.—(1) Unless otherwise provided in the By-laws, every society shall within two months from the receipt of the certificate of registration, unless the time is extended by the Registrar, hold a general meeting at which all members shall be entitled to be present and vote.

(2) The business of the first general meeting shall include the election of a Chairman, Vice Chairman and a managing committees.

(3) The managing committee shall elect from amongst themselves a sub-committee provided that in case of savings and credit society such sub-committee shall be elected by the general meeting.

Annual general meeting

26. Every society shall hold an annual general meeting of its members or delegate in every calendar year as prescribed in the By-laws:

Provided that such meetings shall, unless otherwise approved by the Registrar, be held within six months of the close of the previous financial year of the society.

General meeting

27.—(1) Every society shall hold a general meeting for the disposal of necessary business including:—

- (a) The election, suspension or removal of members of the committee.
- (b) The consideration and adoption of the annual balance sheet.
- (c) The disposal of sums available for distribution,
- (d) The amount of honoraria, if any, for unsalaried officers and committee members,
- (e) The acquisition or disposal by the society all immovable property and of movable property of a value in excess of ten thousand shillings in the case of a primary society, twenty thousand shillings in the case of a secondary society, five hundred thousand in the case of apex society and one million shillings in the case of the federation of apex societies.
- (f) The approval of the annual budget.

(2) The procedure for election of committee members shall be as follows:—

- (a) Nomination of candidates shall be done by show of hands at the annual general meetings.
- (b) The candidate so nominated shall get the support of some of the members present at the meeting.
- (c) Voting shall be done by secret ballot.
- (d) Counting of votes shall be done immediately after election and results shall be announced by the chairman.

Co-operative Societies Rules

G.N. No. 408 (contd.)

(3) Every society shall hold general meetings at least two times in a year except that the federation shall hold general meetings at least once in a year.

(4) The Registrar or any person authorized by him may summon and preside a special or general meeting of the society in such manner and at such time and place as he may direct. He may also direct what matters shall be discussed at the meeting. Such meeting shall have the powers and subject to the same rules as a meeting called in accordance with the By-laws of the society. All expenses for the meeting shall be met by the society.

(5) A special meeting shall be held by a society where at least one third of member signify in writing the intention to hold such meeting.

28.—(1) A notice of a least twenty one days in the case of an annual general meeting, fourteen days notice in the case of an ordinary general meeting and seven days notice in the case of a special general meeting, shall be given whether by advertisement, mail or otherwise.

Notice of
meeting

(2) The notice shall contain a statement of the purpose of the meeting and, wherever practicable, the agenda for the meeting shall be made available to each member or delegate before the meeting is held.

(3) The non-receipt by a member of a notice or information respecting the date, hour and place of meeting shall not invalidate the proceedings or the business transacted at the meeting.

29.—(1) The By-laws shall prescribe the quorum at a general meeting of a society:

Quorum

Provided that in the case of primary Co-operative society the number to constitute a quorum shall not be less than one hundred members or fifty percentum of all the members which ever is less.

(2) Where the By-laws of a society do not prescribed a quorum, the quorum at a general or special meeting of a society shall be one half of the members or delegates, as the case may be entitled to attend and to vote.

30.—(1) Except as provided in sub-rule (3) or Rule 1; respecting minors, each member who has complied with the provision of the By-laws respecting admission to and maintenance of membership in the society or delegate shall have one vote at a meeting of the society.

Voting

(2) Voting at all elections shall be by secret ballot.

(3) A resolution put to the vote of the meeting shall be decided by a show of hands unless a poll is demanded by at least three members or delegates present.

(4) In the event of equality of votes in the meeting of committees, the Chairman shall have a casting vote. In the event of equality of votes in the general meeting the agenda shall be postponed or cancelled.

Co-operative Societies Rules

G.N. No. 408 (contd.)

Minutes of general meetings 31.—(1) All business discussed or decided at a general meeting shall be recorded in a minute book which shall, on confirmation, be signed by the chairman of the meeting and the secretary.

(2) Unless the Registrar otherwise directs, societies shall send copies of the minute certified in the manner specified by rule 36 to the Registrar.

(b) *Management of Societies*

Management Committee 32. Subject to the provisions of the Act, members of the management committee shall be appointed, suspended or removed only by the majority which constitutes more than ($\frac{1}{2}$) half of the members present and voting at a general meeting.

Eligibility of members 33.—(1) No person who is not a member of a society shall be eligible for appointment as a representative of such a society, at any meeting or of any committee of any secondary society, apex society or federation of which the society may be a member.

(2) No person who is not a member of a society shall be eligible for appointment:—

- (a) To the committee of the society,
- (b) To the committee of any secondary society, or federation of which the society may be a member,
- (c) As a delegate to represent the society, or
- (d) To the committee of a Co-operative joint enterprise, if such person:—

- (i) Holds any office of profit under his society or such joint enterprise secondary a society, apex society of federation or receives any honorarium from either of such societies except in accordance with the Act,
- (ii) Where either his society or such secondary society is a credit society, lends money on his own account,
- (iii) Where either a primary society or such a joint enterprise secondary society or apex society is a trading society, deals in the same class of produce in which one of the societies deals,
- (iv) If such a person fails to fulfil task targets set for every member of the society for the preceding year.

Circumstance which member of committee ceases to hold office 34.—(1) A member of the committee shall cease to hold office if:—

- (a) He ceases to be a share holder, or
- (b) He becomes of unsound mind, or
- (c) He is convicted of any offence involving dishonest or is sentenced to imprisonment for three months or more, or
- (d) He accepts any office of profit under the society or receives any honoraria or any other payment except in accordance with provisions of the Act, or
- (e) In a credit society, he lends money on his own account, or
- (f) In a trading society, he deals in the same class of produce in which the society deals, or

Co-operative Societies Rules

G.N. No. 408 (contd.)

- (g) He ceases to be a member of the society, or
 - (h) He ceases to be a member of the primary society which he represents in the secondary society.
 - (i) He voluntarily resigns his office.
- (2) The provisions of paragraph (2) or rule 14 shall apply in respect or sub-paragraph (c) of paragraph (1).

35. Payment of the honorarium to the committee of a registered Co-operative society shall be determined and approved by the Annual general meeting of the members provided that the Liquidity position of the society allows payment of such honorarium.

Hon-
orarium
of pay-
ment to
commit-
tee
member

36. The duties of the committee shall include, *inter alia*, the following:—

Duties
Commit-
tee

- (a) To comply with the provisions of the Act and the rules and regulations made there under, and the by-laws of the society.
- (b) To lay down financial regulations and maintain true and accurate accounts.
- (c) To keep a correct register of members.
- (d) To lay before the annual general meeting an audited income and expenditure account balance sheet and sources and application of funds.
- (e) To facilitate the inspection of the books by any person authorized to inspect them.
- (f) In a credit society, to ensure that loans are applied to the approved purpose for which they were made and that proper securities have been taken for any loans made in accordance with the by-laws.
- (g) In a trading society, to ensure that the by-laws or the contracts binding members to deal the society are observed.
- (h) To arrange for appointment of employees and staff or a society and their terms of service.

37. Where a supervising Manager is appointed he shall be vested with powers to perform the following duties:—

Duties of
supervis-
ing man-
ager

- (a) Supervising day to day activities of the society performed by his subordinates.
- (b) Preparing Scheme of Service of staff and employees and present for approval to the Managing Committee and ultimately to the General Meeting.
- (c) Answerable to the Management Committee of the Society,
- (d) Preparing a regular progress report at intervals as specified by the Management Committee including assets and liabilities.
- (e) Preparing annual accounts and balance sheet for submission to the Management Committee and auditors.
- (f) Ensuring the maintaining of proper books and records of business including assets and liabilities.

Co-operative Societies Rules

G.N. No. 408 (contd.)

- (g) Dealing with purchase of shares issue of shares certificates to members,
 - (h) Keeping in safe custody all moneys and other instruments,
 - (i) Acting as a secretary to all meeting,
 - (j) Maintain a correct register of members and their shares,
 - (k) To countersign contracts and agreements on behalf of the society,
 - (l) To perform any other duties as instructed by the Managing Committee.
- Additional functions of committees in savings and Credit societies.
38. The savings and credit society shall have the following committees:—
- (a) Management committee which shall be responsible for managing the day to day affairs of the society.
 - (b) Credit committee which shall have the responsibilities of supervising all the loan activities,
 - (c) Supervisory committee which shall be responsible for examining the affairs of the society at least once in every three months.
- Bank Account
- 39.—(1) The committee shall open a bank account with the assistance of Co-operative Officer.
- (2) All chèques shall be signed by two members of the committee, the committee shall appoint signatories provided that one of them is a secretary or manager of the society.
- Committee minute book
40. All business discussed or decided at a meeting shall be recorded in a minute book which, shall be signed by the Chairman of the meeting and such other persons as the by-laws may require.
- Objects and Functions of Co-operatives
- 41.—(1) In order to carry out the objects of different levels of Co-operative Societies as provided under sections 17, 18 and 20 of the Act those objects shall apply to the secondary societies, apex societies and the federation respectively as their functions.
- (2) Without prejudice to the generality of the foregoing the secondary society shall have the following functions:—
- (a) To provide services to primary societies as will be provided in the by-laws of the secondary society.
 - (b) To facilitate operations of primary societies which are its members.
 - (c) To procure and sell their products as may deem necessary.
 - (d) To procure and distribute agricultural inputs to its member primary societies.
- (3) Functions of an apex society shall be:—
- (a) To facilitate the operations of secondary societies.
 - (b) To provide services to secondary societies.
 - (c) Organizing and Co-ordinating activities of secondary societies.
 - (d) To render services designed to ensure efficiency and uniformity in the conduct of the business of its member societies, standardizing their book keeping, accounting and other procedures and providing audit services to those societies.

Co-operative Societies Rules

G.N. No. 408 (contd.)

- (e) To reduce operating costs by arranging for group bonding of Co-operative Society employees and making bulk purchasing of book-keeping stationery and other supplies for sale to its members,
 - (f) Print, publish and circulate any newspapers or other publication designed to foster or increase interest in Co-operative Enterprises, principles and practices,
 - (g) To represent its members societies in collective bargaining,
 - (h) To provide consultative services to member societies,
 - (i) To do any other thing which in its opinion is connected with or is ancillary to the above enumerated objects.
- (4) Functions of the federation shall be:—
- (a) To provide, organize and supervise effective centralized services for the member societies and for Co-operative education and training and such other services as may be necessary or expedient for its members.
 - (b) To co-ordinate the economic plans of the member societies and to forward them to the Minister for incorporation in the national plans,
 - (c) To formulate, maintain and regulate the terms and conditions of services of persons employed in the apex societies, secondary societies and such other registered societies,
 - (d) To carry on, to encourage and assist educational and advisory work relating to Co-operative enterprise,
 - (e) To advise the government on co-operative education and operating methods and for that purpose and may prepare and provide correspondence courses regarding Co-operative principles and operating methods and may disseminate information on Co-operative principles and practices.
 - (f) To represent its member societies in international conferences (to be the Chief spokesman of the member societies and represent its member societies in international conferences).
 - (g) To print stationery for the use of Co-operative Societies.
 - (h) To establish a department to perform function of—
 - (i) Establishment of joint negotiating machinery with regard to the remuneration and conditions of service of officers of the federation.
 - (ii) Giving advice to employing Societies regarding the training of officers of the society.
 - (iii) Establishment management and control of any provident fund, superannuation fund or pension scheme.
 - (iv) Interviewing and selection of candidates for awards under training schemes and the Co-ordination of arrangement for courses of training,
 - (v) Co-ordination of arrangement for the setting of promotional examinations for prospective officers of the organization.

Co-operative Societies Rules

G.N. No. 408 (contd.)

- (i) To give such advice and make such recommendations to the Minister as it may think fit regarding—
 - (i) Which the Minister may refer to the federation for its advice; or
 - (ii) Which affects the interests of Co-operative societies.
- (j) The Federation may with the consent of the Minister make regulations relating to any of its functions, as stipulated above and such regulations may:—
 - (a) Be expressed to apply to all officers of the federation or to any category or group of such officers.
 - (b) Prescribe such terms and conditions of services and provide for salary scales the payment of allowances and gratuities, the grant of advances, promotion, the interdiction of officers, the termination or appointments, dismissals, leave and any other matters relating to the federation discipline and welfare of officers of the federation.
 - (c) Prescribe anything that may be or is required to be prescribed under these Rules.
- (k) To do any other thing which in its opinion is connected with or is ancillary to the above functions.

PART VII

PROPERTY AND FUND OF REGISTERED SOCIETIES

Funds 42. The funds of a society shall be devoted only to the promotion of the stated objects of the society, the running of the society and such other purposes as are set out in the Act, these rules and the By-laws of the society.

Limit of Loans 43.—(1) Every society shall from time to time fix, at a general meeting, the maximum liability which it may secure in loans or deposits from non-members. The maximum so fixed shall be subject to the approval by the Registrar. No society may receive any loan or deposits from a non-member which will make its liability to non members exceed the limit approved.

(2) Without prejudice to the generality of sub-rule (1) every society shall transact its business in accordance to section 71 (1), (2), (3) of the Act.

(3) There shall be a Central reserve Fund to be established by the federation of apex societies which shall be contributed to by respective member societies. The fund shall be administered in such a manner as the Minister may from time to time direct and according to the regulations made therefore by him/her.

Co-operative Societies Rules

G.N. No. 408 (contd.)

44.—(1) Every society shall, unless the Registrar other wise directs, submit for his approval an estimate of income and expenditure in such detail as he may require for the next ensuing financial period. Such estimate shall be submitted not later than one month before the commencement of the period to which the estimate relates.

Estimates
of income
and ex-
penditure

(2) A society shall not incur expenditure exceeding that provided in the estimates except with the approval in writing of the Registrar.

45.—(1) No member of a society shall guarantee a loan by the society to any other member where such other member has guaranteed a loan by the society to the first-mentioned member. (Example:— “A” has borrowed a loan of Shs. 100/- from the society and “B” has guaranteed repayment “B” wishes to borrow a loan from the society, “A” shall not be accepted as a guarantor of “B”s’ loan).

Guaran-
tors

(2) A guarantor shall be liable for the repayment of the loan for which he is a guarantor to the same extent as the guarantee and in the case of default of payment of such loan by the guarantee, he shall be liable to repay such loan.

(3) Every loan shall be guaranteed by at least two guarantors.

(4) Security for loans shall be prescribed in the by-laws of each society.

46. Subject to section 81 of the Act, the annual net balance together with any sum available for distribution from previous years, after the required provision has been made shall be applied as follows—

Distribu-
tion of net
balances

- (i) Not less than 20% of the surpluses retained in any one year shall be carried to the Statutory Reserve, fund.
- (ii) Such amount not exceeding 10% of the net surplus retained in any one year as may be necessary to maintain the share Transfer Fund at a level equal to 10% of the subscribed share capital, shall be set aside for this purpose.
- (iii) The payment of interest on share capital shall be determined from time to time by the members.
- (iv) The payment of dividend or bonus or any part of its accumulated funds shall be made after the balance sheet has been audited by a duly authorized auditor and approved by the general meeting.
- (v) The remainder may then be disposed of as decided by the general meeting—
 - (a) A contribution to a building or other fund.
 - (b) By contribution to any charitable educational, medical or other purpose in accordance with the provisions of section 82 of the Act.
 - (c) In the payment of honoraria to Committee Members and other unsalaried of any society.
 - (d) In any other way approved by the general meeting and undistributed balance shall be carried forward to the following year.

Co-operative Societies Rules

G.N. No. 408 (contd.)

Reserve Funds 47.—(1) Unless the Registrar otherwise approves, not less than one-fifth of the gain or surplus resulting from the operations of a registered society in any financial year, after provision has been made for depreciation in the value of the society's property and for contingent liability for loss, shall be carried to reserve fund.

(2) There shall be a share transfer fund formed and maintained to meet expenditure which may be incurred by the society in purchasing the shares of members whose membership has terminated with the consent of the committee.

Investment of reserve fund 48.—(1) The reserve fund of a society may be utilized in the business of the society or for capital expenditure, unless the Registrar otherwise directs.

(2) Any withdrawals from the reserved fund, unless the Registrar otherwise sanctions, shall be made good from the next accruing available funds in the following financial periods.

(3) Accumulated funds may be distributed to the members of a society with unlimited liability and the maximum rate of dividend which may be paid by the societies as shall be determined from time to time at the general meetings of such societies.

Indivisibility of reserve fund 49. The reserve fund shall be indivisible and no member shall be entitled to claim any specified share of it.

Application of reserve fund on dissolution 50.—(1) On the dissolution of a society the reserve fund shall be applied to discharging the liabilities of the society and to the repayment of share capital.

(2) Any sum that may remain shall be deposited by the Registrar in a bank until a new co-operative society with a substantially similar area of operations is Registered, in which case it shall be credited to the reserve fund of the new society. The Minister may, permit any balance or portion of the reserve fund remaining after all liabilities have been met and share capital repaid to be divided amongst the share holders.

Contract entered into by society 51. No society shall, except with prior Consultation in writing with the Registrar and with prior approval of general meeting enter into any contract in respect of work done for the society or goods supplied or services provided for by the society or receive rent for by hire of any asset of the society where the value of the subject matter or such contract exceeds one hundred thousand shillings in the case of a primary society or five hundred thousand shillings in the case of a secondary society or one million shillings in the case of Apex Society or two million shillings in the case of the Federation.

Property of society 52. The property of a society shall consist of such movable and immovable property as the society may from time to time acquire.

PART VIII

SPECIAL PROVISIONS RELATING TO DIFFERENT CATEGORIES
OF CO-OPERATIVE SOCIÉTIS

(a) *Agricultural Co-operative Societies*

(i) **General Provisions:—**

53.—(1) All economic activities in an agricultural Co-operative society shall be under the general guidance of the management committee to ensure that they are being run with maximum efficiency.

Economic activities be under the guidance of the management committee

(2) Management committee may set up sub-committee as it deems necessary for the purpose of performing its functions.

(3) The general meeting shall determine the number of members of committee in accordance to section 63 of the Act.

54. Every Management Committee shall observe the objectives of agricultural Co-operatives as provided under section 4 of the Act particularly it shall be operated democratically on the basis of principles, methods and procedures of Co-operation. It shall, thus strive to satisfy the cultural needs of its members and increase their social and political awareness. It shall improve the material living conditions of its members and promote Co-operative education among its members.

Objectives of Agricultural Co-operatives

55.—(1) Subject to availability of productive factors the management committee shall ensure that every member of the society is allotted with production facilities and inputs.

Allocation of production factors

(2) Production inputs and facilities shall be subject to overall control of the management committee of the society.

56. All heavy agricultural machinery and other capital goods acquired by the society shall be owned by the society through the Management Committee. Individuals may use such machinery or goods on their farms on condition to be determined by the General Meetings and as stipulated in the By-laws of the society.

Ownership of property of society

57. The economic viability to be determined when feasibility study is made for the purpose of registration shall include the statement of:—

Matters to be included in feasibility study

- (a) Potential Members of common bond and felt needs to establish a Co-operative Society.
- (b) Potential Members ability to buy shares and make contribution in order to raise enough initial Capital for the purpose of sustaining the basic cost of running the society.
- (c) Potential Members background and skills they possess.
- (d) Potential capacity of management to organize and control the affairs of the society.
- (e) Potential business volume of the Society to enable continuous Operations without losses.
- (f) The minimum required infrastructure and supporting services whether available within the area of operation of the society.

Co-operative Societies Rules

G.N. No. 408 (contd.)

- Management committee may Establish scheme
- 58.—(1) An agricultural Co-operative society may establish a scheme for its members to facilitate payment of cash crop through pass-book system and agricultural credit facilities such as inputs etc.
- (2) Members of such agricultural Co-operative societies wanting to establish the scheme shall apply to the Registrar for permission to establish the scheme.
- Powers of society to made By-laws
59. A society shall made By-laws in respect of the following matters—
- (a) Its name,
 - (b) The area in which the operations of the society will be conducted and from which membership will be drawn,
 - (c) The objects for which the society is established,
 - (d) Qualifications for membership, the terms of admission of members and the mode of election.
 - (e) Withdrawal and expulsion of members and the payments, if any, to be made to such members,
 - (f) The nature and extent of the liability of members,
 - (g) The consequences of default in payment of any,
 - (i) Its funds and the method of raising funds,
 - (j) General meetings the procedure at such meetings, powers of such meetings, and representation and voting at such meetings, where necessary,
 - (k) Appointment suspension and removal of members of the committee and officers and the powers and duties of committee and officers,
 - (l) The disposal of accumulated funds.
 - (m) The authorization of an officer to sign documents on behalf of the society.
- Persons with special skills may from Co-op. society
- 60.—(1) Persons with special skills may from a Co-operative society.
- (2) For the purpose of this Rule every Co-operative society other than agricultural Co-operative society, industrial Co-operative society, Savings and Credit Society, Service Co-operatives etc. shall be regarded as specialized Co-operatives formed by persons who possess expertise in a particular field termed as specialized skills.
- Specialized Co-operative to operate according to the Act. Rule and By-laws
61. Every specialized Co-operative society shall operate in accordance with the Act, Rules and its By-laws.

Co-operative Societies Rules

G.N. No. 402 (contd.)

62. Every Co-operative society shall maintain its own funds as provided in sections 69 and 70 of the Act.

Co-operative society shall maintain its own funds

(b) Joint Enterprises

63.—(1) Two or more societies may form a joint enterprise.

Societies may form joint enterprise

(2) Every joint enterprise shall be formed for a single purpose only.

(3) Where a joint enterprise is formed for two or more societies, the societies forming the joint enterprise shall form a committee for the purpose of managing the joint enterprise.

64.—(1) Where it becomes necessary, in the public interest that the activities of the joint enterprise be run by another institution or organ, or that it be run jointly with another Co-operative institution or organ the Registrar shall cause a notice published to that effect in the *Gazette* and serve on the societies forming that joint enterprise.

A joint enterprise may cease to operate in certain cases

(2) The societies shall, within thirty days make any representations if any, to the Registrar.

(3) Where no objections or other representations are made, then the societies shall enter into an arrangement with the Co-operative institution or organ for the purpose of handing over the activities of the joint enterprise, to that institution or organ, or for the purpose of entering into a joint agreement with that Co-operative institution or organ, as the case may be.

(4) Upon finalization of the arrangements referred to in sub-rule (1) the Registrar shall cancel the registration of the joint enterprise and shall register the Co-operative institution or organ which takes over the activities of the joint enterprise or the new body which is formed for the purpose of running the enterprise jointly.

(5) Any objections or representation may be made to the Minister whose decision shall be final.

65. No joint enterprise shall expand its activities without the approval of the Registrar.

Joint enterprise not to expand its operation without permission of Registrar

Co-operative Societies Rules

G.N. No. 408 (contd.)

Minister to make regulations in relation to joint enterprises to make By-laws

66. The Minister may make regulations providing for conditions for forming joint enterprise, and for regulating their activities.

Joint Enterprises to make By-laws

67. The By-laws of a joint enterprises shall provide for—

- (a) The name area in which the operations of the enterprise will be conducted and the area from which membership will be drawn.
- (b) The objects for which the enterprise is established.
- (c) The nature and liability of members.
- (d) Its funds and method of raising those funds.

Fees for registration

68. The fees for the registration of a joint enterprise shall be as provided in the Schedule to these Rules.

Permission to inspect documents etc. of joint enterprise

69. Any member of the public shall be permitted, on payment of the prescribed fee, to inspect at the office of the Registrar any of the following documents in relation to a joint enterprise—

- (a) The registration register,
- (b) The registration certificate,
- (c) An order cancelling the registration of a joint enterprises.
- (d) An order directing the liquidation of a registered joint enterprise.
- (e) the annual accounts of a joint enterprise in accordance with the rules.

(c) Industrial Co-operative Societies.

Industrial society to specify products

70.—(1) An industrial Co-operative society shall, in its By-laws specify the products that it will be engaged in producing, preparing, processing or manufacturing including the means of expanding its activities and generally the means of achieving the objects of the society.

(2) The By-laws of an industrial society shall provide for a type of management system which in its opinion may facilitate the society to achieve its objectives.

(i) Artisans, Craftsmen and contracting societies:—

May be registered with the following functions—

- (a) Producing, preparing, adapting, processing and manufacturing goods, wares and merchandise from materials of every description for sale or under contract.

- (b) Undertaking contracts or sub contracts by provision of labour and technical services, material, and equipment for land clearance or reclamation, road construction, the construction of industrial plants, public utilities or facilities for the development of natural resources, and for the maintenance of building, plants and sites and public utilities.
 - (c) Providing, all necessary materials, equipment, facilities and services enable members and their families to produce, prepare, adopt or process goods, wares and merchandise in their homes either for individual sale by each member or for sale by or through the society.
 - (d) Rendering services to its members as contractors or as producers, processors and manufacturer of goods wares and merchandise which are ancillary to their operation or activities.
- (ii) **Co-operative societies for producers of Natural Products to be registered with the following functions:—**
- (a) Purchasing, hiring or otherwise acquiring, maintaining and operating boats, motors, nets and other equipment to be used in group fishing by or each member on an individual basis and the marketing of fish and fish products.
 - (b) Obtaining or providing equipment contracts and management services for the production and marketing of pulp wood, fuel wood, timber, lumber and other forest products delivered wholly or partially there from.
 - (c) Subject to provisions of Mining Act 1979 obtaining prospecting, exploration and mining licences and obtaining or providing equipment, contracts and management services for development, utilisation and disposal of the products of any mine.

(iii) **Building, Constructions and Housing Societies:—**

A building construction society may be registered for the following functions—

- (a) Building houses and flats for individual or family use and other buildings for industrial business or public use, either for sale by the society itself or under agreement negotiated with a local authority or other public body or authority performing a function of government or providing a public service or with a company, society, association, partnership or other organization or person.
- (b) Purchasing, manufacturing, processing or otherwise providing materials for the construction of building or constructing for architectural services or for the installation of utilities.

Co-operative Societies Rules

G.N. No. 408 (contd.)

- (c) Making loans and advances to its member for purchase of tools, materials and equipment for their individual use in building. A housing society may be registered with the principal functions of—
 - (i) Building or otherwise acquiring houses or flats for sale to its members for their individual ownership and use.
 - (ii) Building or otherwise acquiring, maintaining and managing houses or flats for lease to its members.
 - (iii) Acquiring site planning land for the construction of houses or blocks or flats by and for its members.

Objects of the society to be stated in its By-laws

71. Every industrial Co-operative society shall in its By-laws state its objects, the amount of capital which is to be contributed, if any, and the manner of raising that capital.

Evidence of ability to meet contractual obligation

72. Subject to the provisions of rule 51 where an industrial society has one of its objects as entering into contracts for the supply of services it shall undertake and discharge the obligation of that contract and where the contract requires special skill it must furnish evidence that some of its members have the necessary skills required for the discharge of the contract.

By-laws of Society to lay procedure for apprentices to members of the society

73.—(1) Every industrial society shall in its By-laws lay a procedure for enabling apprentices to be full members of the society.

(2) In no case shall the labour force of non-member of every industrial Co-operative Society exceed on equater of the total labour force, without prejudice to the generality of sub-rule (2) labour force shall not include casual labourers.

By-laws of building society to define tenancy contract

74. By-laws of building society shall provide for the tenancy contract.

(d) Consumer Co-operatives

Provision in the By-laws of consumer Co-operative Society

75. A consumer society may be registered for the principal purpose of purchasing, procuring, processing, manufacturing exchanging, hiring and dealing in goods, wares and merchandise including foods, clothing, household goods, fuel and other necessities of all kinds for individual or family consumption or use, as well as agricultural inputs for sale.

Co-operative Societies Rules

G.N. No. 408 (contd.)

A consumer Co-operative society may provide in its By-laws—

- (a) That no member shall be paid on credit except with the prior approval of the managing committee,
- (b) That no member shall be paid in cash his patronage bonus if the member has not paid in full the minimum amount of share capitals as may be required in the By-laws of the society,
- (c) That members may be required without making individual contracts to undertake to make loans to the society to the extent of the patronage bonus.

76. Consumer Co-operatives shall set a price policy as shall be described in its By-laws.

Consumer Co-operatives to set price policy

77. No officer or employee of a consumer Co-operative society shall be allowed to act independently in all credit transactions, which shall be authorized by the management committee.

No officer to Act independently in credit transaction

(e) Savings and Credit Societies

78.—(1) A Cooperative Savings and Credit Society, in this part referred to as a credit society may be registered for the promotion of thrift among its members and the creation of a source of credit for its members at controlled rates of interest, exclusively for provident or productive purposes.

Objects, name and common bond in a savings and credit society

(2) One or more of the words "Savings" and "Credit" shall form part of the name of every society registered exclusively for the purposes mentioned in Rule 78 (1).

(3) The By-laws shall prescribe the common bond of occupation, association or residence to which membership of the savings and credit society shall be limited.

79.—(1) Savings and credit society so formed may request the employer to pay monthly salaries of its members through the society and in case of an agricultural or any other type of societies to pay members sales proceeds through the savings and credit society.

Employer or Agricultural Society to supply supporting services to savings and credit society

(2) Where a savings and credit society is formed by persons who are under one employer, employer may give the savings and credit society such supporting services as check off system and accounting. Where such employer defaults to remit deductions from members for a period of at list two months, an interest of 10% will be charged on the amount due to the society.

Co-operative Societies Rules

G.N. No. 408 (contd.)

(3) Agricultural Cooperative society shall continue to provide material support to savings and credit society such services as deductions at the source and office accommodation.

Service to
member
Organiza-
tion

80.—(1) A savings and credit society may make By-laws and with the approval of the Registrar, provide for admission to membership of another credit society, or one or more organizations such as:—

- (a) A local authority or other public body performing a function of Government or providing a public services,
- (b) A religious organization,
- (c) A labour organization, an agricultural organization or benevolent or fraternal organization,
- (d) An organization operated exclusively for charitable, educational or community welfare purposes, no part of the income of which is payable to or otherwise available for personal benefit of any proprietor, member or shareholder thereof.

Provided:

- (i) That the By-laws shall specify the terms and conditions upon which such member credit society, other society or organization may obtain loans or otherwise services,
- (ii) That the total amount of loans made to such member credit society, other society or other organization shall not at any time exceed an amount equivalent to one quarter of the credit society.

(2). Except with the approval of the Registrar no credit shall admit to membership another credit society or other organization unless their membership is drawn from the same general group as that composing the credit society.

(3) A credit society shall require the committee or other elected officers of a registered organization which is a member in accordance with provisions of the rule to file with credit society a resolution authorizing the officers business with the credit society.

(4) A savings and credit society shall require the authorized officers of an organization that is not registered but is a member in accordance with provisions of the Act, to furnish a resolution naming the officers who have authority to make withdrawals and to sign on behalf of such organization.

(5) Except upon a resolution given to its signing officers a certified copy of which shall be filed with credit society, no loan shall be given to member organization which is not registered:

Provided however that in the making of a loan to such organization which is a member of a savings and credit society shall in any particular case require such additional security by way of an endorsement of a negotiable instrument in the form of promisory note to repay the loan as may deemed advisable.

(6) Loans to members other than natural persons the savings and credit society shall specify in the By-laws the services to be rendered to such members.

81. The By-laws of a savings and credit society shall provide for the appointment of committees or sub-committee as are necessary for the efficient operations of the savings and credit society and shall provide in those By-laws as the constitution and duties of such committee or sub-committee.

By-laws to provide for appointment of committee

82.—(1) (a) To receive the savings of its members as shares, deposits, entrance fees, repayment of loans and interest on loans.

Powers of a savings and credit society

(3) The Registrar shall review annually the borrowing powers of a credit society under sub-rule (2) and may at any time withdraw his approval of further borrowings under that sub-rule.

(4) A credit society may with the approval of the Registrar charge, hypothecate, mortgage or pledge its immovable or movable property, rights and power, undertaking, franchises, book debts and unpaid call of the credit society, to secure any liability for the repayment of moneys borrowed under sub-rule (2).

83.—(1) The number and value of shares may be determined by the By-laws.

Shares in savings and credit society

(2) Share in a savings and credit society may be paid for by instalments at the times and in the manner determined by the By-laws.

(3) The By-laws may require each member to subscribe for such minimum number of shares as may be designated in the By-laws:

(4) After a number has paid his initial membership share and for such minimum number of shares as may be prescribed pursuant to sub-rule (3) he may, unless the managing committee decide otherwise continue to make payment for additional shares:

Provided that no member other than a registered cooperative society may hold more than one fifth of the shares of a credit society or such lesser amount as the By-laws may specify.

(5) Moneys paid on account of shares may be withdrawn on application made in writing on any day when the registered office of a savings and credit society is open for business, but the managing committee may in any case require up to ninety days notice of intention to withdraw the whole or any part of such moneys.

84.—(1) A member may deposit moneys in a deposit account in a savings and credit society in such minimum amount as may be prescribed in the By-laws.

Member's deposits and withdrawals

(2) If permitted by the By-laws, a member may, by agreement with the society, deposit money in an account with a credit society for a stipulated term, for such minimum and maximum periods and subject to such other conditions as may be prescribed in the credit society.

Co-operative Societies Rules

G.N. No. 408 (contd.)

(3) Moneys deposited by a member in a credit society for a stipulated term shall be in such amount as may be agreed to by the credit society.

(4) Moneys paid for on account of deposits may be withdrawn on any day the credit society's office is open for business. The amount to be withdrawn at one time must be specified in the By-laws. Any amount exceeding the specified amount shall require a notice of thirty days in writing on the intention to withdraw the whole or any part of such addition amount as may be specified in the By-laws:

Provided further that if moneys deposited for a stipulated term pursuant to sub-rule (2) are withdrawn before maturity the rate of interest fixed in the deposit agreement may be discounted in such manner as may be determined and as may be specified in the deposit agreement of the society.

(5) No credit society shall accept deposits from a person who is not a member of the society.

(6) The society may pay interest on deposits. The rate of interest shall be determined by the general meeting.

Deposit
services:

85. Deposits may be accepted from members of a savings and credit under the following conditions:--

(1) The savings and credit adopt the By-laws providing for the conditions under which such deposit may be accepted.

(2) The Registrar is satisfied that the credit society—

- (i) Has a permanent place of business,
- (ii) Is adequately provided with safekeeping facilities for books to its individual members,
- (iii) Has adequate bonding and insurance coverage,
- (iv) Has adequate book-keeping system that is kept up to date,
- (v) Has the minimum amount of shares paid up,
- (vi) Has been authorized to use order negotiable by endorsement (cheque) with clearing arrangements with commercial banks, and
- (vii) Has appointed an auditor.

Cash re-
serves

86.—(1) Every savings and credit society shall maintain a reserve fund to meet withdrawals of moneys in share and deposits accounts, consisting of cash on hand or in a bank or other organization authorized By-law to accept moneys on deposit, and such reserve shall not at the end of any calendar month be less than ten percentum of the liabilities of the credit society to its members in respect of shares and deposits at that time.

(3) Cash may only be kept on hand by a credit society in accordance with the conditions respecting safe keeping facilities, insurance and other safeguards prescribed in these Rules and approved in the case of credit society by the Registrar.

87.—(1) A member may withdraw funds standing to his credit in share capital account or in deposit amount in the credit society, or place to his credit by the savings and credit society from the proceeds of a loan made to him by cheque payable to the member and issued by the credit society on or commercial bank or other depository in which the funds of the credit society are placed, provided that the necessary withdrawal voucher has been signed by the member.

Methods of withdrawal of shares and deposits

(2) Withdrawals may be made in cash by signing a cash withdrawal and disbursement voucher at the office of the credit society in a form designated by the committee and approved by the general meeting for use only at the office of the savings and credit society and containing the member account number, his personal signature, and initiated by the treasurer or his assistant when the withdrawal is charged to the members account or a stamp bearing the name of the credit society and the date may be used in place of an initial.

(3) Withdrawal may be made by orders negotiable by endorsement (Cheque) where the general meeting has authorized the use of such orders and the society has arrangements for clearing.

88.—(1) Where a cash fund, other than loan petty cash for designated purposes as in rule 117 maintained for the purposes of sub-rule (2) of rule 87 and authorized by the committee with the approval of the Registrar, the following conditions shall apply:—

Cash fund to meet withdrawals

- (a) Withdrawals from the bank or other depository for the stated cash funds shall be made only as required so that the amount of cash on hand shall not exceed at any time the amount authorized by the committee and approved by the general meeting.
- (b) The cash shall be kept in a suitable safe until required and shall be in the safe custody of the treasurer, secretary — treasurer or the manager as the case may be, provided that the Registrar may require such information as he deems necessary regarding the adequacy of safe-keeping facilities.
- (c) The credit and savings society has in force burglary and hold up insurance in an amount designated by the committee and approved by the general meeting.

(2) Where the use of orders negotiable by endorsement (Cheque) has been authorized by the general meeting as in sub-rule (3) of rule 87 and to be issued by members on their deposit amount in the savings and credit society, the conditions obtainable in rule 85 shall apply.

Co-operative Societies Rules

G.N. No. 408 (contd.)

No over-
draft al-
lowed

89.—(1) No officer or employee of a savings and credit society shall permit any withdrawals of funds from share capital or deposit account, or from the proceeds of a loan properly approved in accordance with the Act and placed to the credit of the borrower by the savings and credit society when the fund in such amount are not sufficient to cover the withdrawal.

(2) The proceeds of any loan and payments therein together with the recovery from a member of any amount withdrawal in excess of the amount standing to his credit in his share capital or deposit account or loan account.

Com-
mence-
ment of
lending
opera-
tions

90.—(1) No savings and credit society shall commence lending operations until the minimum number of shares as prescribed in the By-laws have been paid.

Loans by
credit soc-
iety

91.—(1) Every loan made by a credit society shall be for a provident or productive purpose.

(2) Every application for a loan shall be on a form provided by the credit committee, and shall set forth the purpose for which the loan is desired, the security, if any, offered and such the information as may be required by the committee.

(3) The credit committee shall enquire carefully into the character and the financial conditions of each applicant for a loan and his sureties or guarantors, if any in order to determine his ability to repay the loan and shall determine whether the loan applied for is for a provident or productive purpose and will be of probable benefit to the borrower.

(4) Except for loans of such small amount as may be prescribed in the rules, the credit committee shall require security to be given on all loans and shall determine the particular security to be taken in each case.

(5) An assignment of shares or of deposits or a negotiable instruments endorsed by a guarantor may be accepted as security for a loan.

(6) The security for a loan shall be in the possession or within the control of the society before the loan is made and where security covering immovable or movable property is required for the purpose of security repayment of a loan, the proceeds of the loan shall not be made available to the applicant until all documents necessary to establish the claim of the credit society or the security in case of default have been duly executed and if so required, registered.

(7) Notwithstanding the provision of subsection (6) the lending of money on mortgage of any description of immovable property shall be subject to the approval of the Registrar.

Co-operative Societies Rules

G.N. No. 408 (contd.)

92.—(1) Where more loan application are pending than can be granted by the credit society from the funds available preference shall be given by the credit committee the applicants for the smaller loans in the order received if the need for the loan and the security offered compare favourably with the need and the security offered with respect to application for larger loans.

Prefer-
ence in
the grant-
ing of
loans

(2) Where the By-laws provide for loans to a savings and credit society or other societies or organizations, and where the By-laws provide for loans for business purposes and there are more loan applications pending than can be granted from the funds available preference shall be given by the credit committee to applications from individual members other than for business purposes.

93.—(1) No loan shall be made by the credit society if it would cause the borrower to become indebted to the credit society for an amount in the aggregate of all loans made by the credit society to the borrower in excess of eight percentum of its paid up capital, surplus and deposits, or in excess of such lesser percentage as may be provided in the by-laws.

Maximum
loans to
members

(2) Notwithstanding the provisions of subsection (1) the By-laws of a credit society may authorized the making of loans for amounts in excess of eight percentum of its paid up capital, surplus and deposits, to a local authority, or to a statutory body performing a function of government or providing a public service or to a society:

Provided that the total of all loans made to all such borrowers shall not at any time exceed an amount equivalent to one quarter of its paid up capital, surplus and deposits.

94.—(1) Subject to its By-laws and having such minimum amount of paid up capital surplus, and deposits as prescribed in these Rules, a credit society may make loans:—

Restriction in
making
loans in
certain
cases

- (a) For the purchase of farm land for the personal use of the borrower and for the purchase or erection of buildings necessary for the conduct of farming operations on such land,
- (b) For the purchase or erection of a dwelling house or other building for the house or other building are situated or are to be erected,
- (c) For the purchase or erection of building for use in the operation of a business of which the borrower is the sole owner or proprietor, whose total assets before the loan is made do not exceed such amount as shall be prescribed in the rules,
- (d) Where the borrower is a society, for the purchase or erection of a building required for the use of the society, whose total assets before the loans is made do not exceed such amount as may be prescribed in these rules.

Co-operative Societies Rules

G.N. No. 408 (contd.)

- (2) No loan shall be made by a credit society for financing the operation of business except for such purpose and under such conditions as shall be prescribed in these rules.
- (3) The total amount of loans made by a credit society in accordance with these rules shall not any time exceed an amount equivalent to one quarter of its paid up capital, surplus and deposits.
- Total amount of loans for land, buildings and business purposes
- 95.—(1) The total amount of loans made by credit society shall not at any time exceed an amount equivalent to one quarter of the paid up capital and deposits of the savings and credit society.
- (2) All applications for loans made require the approval by a majority vote of the following persons meeting together:—
- (a) A majority of the members of the savings and credit committee,
 - (b) Two or more managing committee members and
 - (c) One member of the supervisory committee.
- Restriction on loans to officers
96. Where an officer of a savings and credit society applies for a loan in excess of the value of his shares and deposits assigned as security to the credit society, and the market value of any stock bond or security of the government of Tanzania held by him and so assigned his application shall require approval by majority vote taken in the absence of the applicant, of the following persons meeting together:—
- (a) A majority of the members of the credit committee,
 - (b) Two or more managing committee members and
 - (c) One member of the supervisory committee.
- Prohibitions
97. Subject to the provisions of Rule 80 no credit society shall lend money to or accept deposits from a person who is not a member of the credit society.
- Unauthorized loans prohibited
- 98.—(1) No officer or employee of a credit society shall lend money from the funds of the credit society to an applicant for a loan unless the application and the loan have been approved as required by this rule.
- (2) An officer or employee who contravenes this section shall be guilty of an offence.
- Limitation of loan
- 99.—(1) No credit society shall lend money to a person who is not member of credit society.
- (2) No loan shall be made to a member for a period exceeding five years.
- Security for loan
100. No person shall be advanced with a loan unless he furnishes sufficient evidence that he will repay the loan.
- Rates of interest on loans
- 101.—(1) The interest on loans by a savings and credit society shall be fixed annually by the general meeting and approval of the Board:

102.—(1) If the By-laws so provide, loans may be made by a savings and credit society for the purchases of land or the purchase or erection of building used in the operation of a business, or for financing the operation of a business of which the borrower is the sole owner or proprietor, subject to the following conditions:—

Loans for
business
purposes

- (a) That the combined amount of paid-up capital and deposits of the savings and credit society is less than such sum as may be provided in the By-laws of the society and as approved by the Registrar.
- (b) That a loan made for the purpose of this sub-rule and the total of any other loans made to the borrower shall not at any time exceed an amount in excess of eight per centum of the paid up capital and deposits of the credit society, or in excess of such lesser percentage as may be provided in the By-laws.
- (c) That the total assets of the borrower as shown by a statement of his affairs before the loan is made do not exceed such amount as may be fixed by the society in its By-laws.

(2) If the By-laws so provide loans may be for the purchase of land or the purchase or erection of buildings used in the operation of a society or for financing the operation of business of a cooperative society subject to the following conditions:—

- (a) That the combined amount of paid-up capital and deposits of credit society is not less than shillings 250,000/-.
- (b) That a loan made for the purpose of this sub-rule and the total of any other loan made to the borrower as society shall not at any time exceed an amount in excess of eight per centum of the paid-up capital and deposits of the credit society, or in excess of such lesser percentage as may be provided in the By-laws, financial year, do not exceed such amount as the By-laws of the financial statement filed with the Registrar for the proceeding financial year, do not exceed such amount as the By-laws of the society shall prescribe.

(3) Loans made for financing the operation of business in accordance with sub-rule (1) and (2) shall be made only for the following purposes:—

- (a) for improvements to buildings or equipment used in the business,
- (b) for the purchase of agricultural or other commodities for marketing, or for the purchase or agricultural requisities or other merchandise for sale at retail,
- (c) for the consolidation of debts incurred by the borrower in the operation of the business.

Co-operative Societies Rules

G.N. No. 408 (contd.)

Suspension and resumption of loaning operations

103. Where the Registrar is of opinion that the manner in which loans are being made by a savings and credit society as disclosed by an examination or investigation under the Act, or the amount of loans being made threaten the financial stability of the savings and credit society and the interests of its members, he may:—

- (a) by written notice sent or delivered to the Chairman and treasurer or Secretary treasurer or manager, as the case may be, order the suspension of loaning operations during such period as he may prescribe,
 - (b) the Registrar to call a special general meeting to advise the members on the issue as per section 66 of the Act. The meeting shall appoint a person to act as a care taker of the financial affairs of the society,
- (a) Permit the resumption of loaning operations after the financial position of the savings and credit society has been restored to a satisfactory basis under the direction of its own officers or subject to assistance from such special committee or other special officers as he may appoint.
- (b) The general meeting may suspend and resume loaning operations.

Uncollectible loans and charge offs

104.—(1) Where the whole or any part of a loan has remained unpaid for a period of four years from the date fixed for repayment of the loan in full, and on payment on account of the principal has been made to the savings and credit society after the date, the amount remaining unpaid shall be charged to and paid from the reserve account.

(2) No loan shall be charged to the reserve fund without the approval of the general meeting.

(3) The amount to be charged off under sub-rule (1) shall be determined after deducting the shares and deposits, if any, standing to the credit of the member in default, on the books of the savings and credit society, and less the market value of any security held by the savings and credit society as security for the loan.

(4) The committee may, in its discretion determine that loan to be charged to and paid from the reserve fund under sub-rule (3) be paid from the reserve fund in annual instalments over a period of five years.

(5) Where no payment of interest and principal has been made to a savings and credit society on a loan made by it within a period of two years after the date on which the interest on principal become due, no further interest on loan shall be credited to the revenue of the savings and credit society as an account receivable.

(6) Any money subsequently received with respect to a loan charged off under this rule shall be paid into the reserve fund.

Co-operative Societies Rules

G.N. No. 408 (contd.)

105. Where the total of the amounts to be charged off to the reserve fund under rule 104 exceeds the amounts of money in such reserve fund, no further payments to members shall be made except to the reserve fund until the moneys in the fund are sufficient to pay all amounts to be charged thereto.

Limita-
tion of
payments

106.—(1) Monthly and yearly reports of every savings and credit society shall include a list of all overdue loans for or loans in arrears showing with respect to each loan:—

List of
loans in
arrears

- (a) The total amount of the principal outstanding,
- (b) The terms of repayment and interest agreed upon with the borrower.
- (c) The amount and number of instalments in arrears.
- (d) The date on which the last payment was in arrears.
- (e) The amount of shares and deposits assigned to the savings and credit society by the members in arrears,
- (f) A description of the security held, if any,
- (g) The estimated value of the security for the loan in arrears,
- (h) The net amount of the loan in arrears after deducting the amount of shares and deposits assigned and the loan in arrears.

(2) The list of referred to under sub-rule (1) shall be prepared within thirty days after the end of the savings and credit society to which the list relates, shall be signed as correct by the treasurer or the secretary-treasurer or the manager as the case may be, and shall be approved by the Chairman, and a copy sent to the Registrar immediately.

(3) For the purposes of this rule 'loan in arrears' means any loan which the member is in default for more than thirty days on a payment or repayments of principal or interest according to any loan agreement he has made with the credit society.

107.—(1) All payments to or withdrawals from share capital amount or from deposit amount, of any, shall be shown by the necessary entries in the pass-book or statement provided to the member.

Use of
pass book

(2) The proceeds of any loan and repayment therein, together with interest payments, shall be shown by the necessary entries in the pass-book or statement provided to the member as in sub-rule (1).

(3) All entries in a pass-book statement under this rule shall be initiated by the treasurer or his authorized assistant except where machine posting is used.

(4) A member using the stop order deduction plan for payments to or withdrawal from a savings and credit society pursuant to the Act, shall present his pass-book to the treasurer or his authorized assistant at least quarterly.

Co-operative Societies Rules

G.N. No. 408 (contd.)

(5) If a pass book is lost or destroyed, immediate notice of the loss or destruction shall be given by the member to the treasurer who may issue a new pass-book.

Provided that where a new pass-book is so issued the member's account in the savings and credit society may be given a new number.

Inspection
Evaluation
in a
savings
and credit
Society

108.—(1) An annual inspection and audit of the affairs of a savings and credit society as required by the Act shall include an examination and evaluation of membership, management structure, shares and deposits, interest charges, reconciliations of cash, bank, shares, loans and deposits, loans withdraws, repayments.

(2) An annual inspection and audit of the affairs of a savings and credit society shall include an examination and evaluation of each loan as shown by the books to determine the prospects for repayments whether the security appears to be adequate and in order, and what further action, if any will be necessary to ensure action, if any will be necessary to ensure ultimate repayments.

(3) The inspection and audit report shall include a classification of each loan as follows:—

- (a) Repayment in accordance with the terms of the loan seems assured.
- (b) Repayment will be delayed and new terms may have to be arranged.
- (c) Doubtful unless additional security is provided by the borrowers.
- (d) Poor in that a loss is probable unless adequate and immediate remedial action can be taken.

(4) The audited report of a savings and credit society shall disclose among other things the conditions of those loan that require special action to ensure repayment.

Discussion of inspection
report
with
officers of
a society

109.—(1) Immediately after his inspection and audit of a savings and credit society the representative of the Registrar or other duly authorized person who conducted such inspection and audit, shall meet with the managing committee to discuss with them the conditions of the society as he found it and the need any immediate action to be taken by the managing committee and other officers to improve loaning and other operations and to protect the interest of the members.

(2) A report of any discussion under sub-rule (1) shall be included in the inspection and audit report to be sent to the Registrar for such further action as he may seem necessary.

Distribution of net
surplus of
credit society

110.—(1) When determining the net surplus made by a savings and credit society, the managing committee shall deduct and set aside annually in reserve fund against uncollectable loans and probable future losses such sums as shall be equal to at twenty percentum of the years surplus, until the reserve fund is equal to and remain equal to at least

ten percentum of the outstanding loans repayable on saving and credit society or to such other greater amount as may be prescribed in these rules or by-laws.

(2) Share Transfer fund ten percentum but the amount should not exceed ten percentum of total share capital.

(3) After determining the reserve fund and share transfer fund the managing committee of the savings and credit society shall present to the annual general meeting a declaration respecting the distribution of the net surplus which may provide:—

- (a) That a dividend of a specified amount not exceeding six percentum per annum be paid to the members on all fully paid up shares as shown by the books of the savings and credit society at the end of the preceding financial year as may be prescribed in the by-laws.
- (b) That there be set aside, if the by-laws so provide a specified amount not exceeding five percentum of the net surplus, to be used for such educational purposes as the managing committee may determine.
- (c) That the remainder of the surplus, if any, be divided amongst the members as a borrowers dividend in proportion to the amount of interest paid by them to the saving and credit society on all loans or on specified classes of loans during the preceding financial year.

PART IX

AMALGAMATION AND DIVISION OF SOCIETY

111.—(1) Where two or more existing societies resolve at their respective general meetings to amalgamate for their mutual advantage then they shall entrust their committee to arrange for a joint meeting of their committee to elect from amongst the members of their committee and on the basis of equal representation for each society, an amalgamation committee.

Procedure
on volun-
tary amal-
gamation

(2) It shall be the duty of the amalgamation committee in consultation with the Cooperative officer, to prepare detailed amalgamation proposals which include:—

- (a) A viability statement, in such form as the Registrar may approve.
- (b) By-laws in respect of the proposed amalgamated society.
- (c) The date from which it is proposed to make amalgamation effective.

(3) The amalgamation proposals shall be presented to a joint meeting of the committee of the societies concerned for consideration and acceptance.

(4) Where amalgamation proposals are accepted by the joint meeting of the committee an application shall be made to the registrar for his approval to proceed in the manner prescribed in section 97 of the Act.

Co-operative Societies Rules

G.N. No. 408 (contd.)

- Election of new committee
112. Where an amalgamated society is registered, the society shall proceed to hold a general meeting and elect a committee.
- Procedure on voluntary division
113. Where an existing society resolves to divide into two or more separate societies the committee shall prepare, in consultation with the cooperative officer, such detailed proposals as may be necessary and shall make application to the registrar for approval to proceed in the manner prescribed in section 99 of the Act.
- Election of committee of divided societies
114. After the registration of new societies emerging from the division of an old society each such new society shall proceed to hold a general meeting and elect a committee, as soon as practicable but such period shall not exceed one calendar month.

PART X

DISSOLUTION OF SOCIETIES

- Rules relating to winding up of societies
115.—(1) Upon the cancellation of the registration of a society taking effect the Registrar may publish in such manner as he thinks proper, a notice requiring claims against the society to be submitted within one month to him or to such person as he may name as liquidator. All liabilities recorded in the books of any society shall be deemed *ipso-facto* to have been duly notified.
- (2) When an order cancelling the registration of a society is made by the Registrar under section 100 of the Act, the liquidator may immediately, and shall from the date on which the order takes effect, take charges of the books of the society in order to wind up its affairs.
- (3) The liquidator shall proceed to determine the assets and liabilities of the society as they stood at the time of cancellation of its registration and shall determine the contributions to be made by the members and past members respectively to the assets of the society. He shall also determine by what person and in what proportions the cost of liquidation shall be borne.
- (4) The liquidator shall make an order noting the names of members and past members of the amount to be realized from each as the contribution under paragraph (c) sub-section (1) of section 105 of the Act, and as costs of liquidation under paragraph (e) of the same sub-section. This order shall be submitted to the Registrar for his approval, and he may modify it or refer it back to the liquidator for further inquiry or other action.
- (5) A copy of the order as finally approved by the Registrar, accompanied if possible by a list of the property of each member or past member against whom the decree has to be enforced shall be filed in the court of resident magistrate having jurisdiction to be enforced as prescribed in paragraph (a) of sub-section 105 of the Act.

(6) If the court is unable to recover the sum assessed against member or members the liquidator may frame a subsidiary order or orders against any other member or members to the extent of the liability of each for the debts of the society until the whole amount due from the members is recovered and those orders shall be executed in the same manner.

(7) The liquidator shall submit to the Registrar a report after such period and in such form as the Registrar shall require, showing the progress made in the liquidation of the society.

(8) All funds in the charge of the liquidator shall be deposited with such bank or person as the Registrar may approve.

(9) After recovery of the dues of the society and the realization of the contribution and costs of liquidation from the members and past members shall, after meeting the liabilities of the society, wind up its affairs and submit a final report to the Registrar.

(10) The Registrar shall fix the remuneration if any, to be paid to the liquidator.

(11) The Registrar shall fix a period within which the Liquidator shall complete Liquidation.

116.—(1) Where any person is aggrieved by a decision made by the liquidator of a society he shall within thirty days of the date of the decision appeal to the court of resident magistrate or further appeal to the High court.

Appeals
from deci-
sion of
liquidator

(2) On an appeal under paragraph (1) the court may confirm, set aside or vary the decision of the liquidator.

(3) An order of the court on appeal under this rules may be so appealed from in the same manner and to the same extent in all aspects as a decree of that court in a civil suit.

PART XI

MISCELLANEOUS RULES

(i) Use and Maintenance of Reserve Fund:—

117. Subject to rule 48 of the reserve fund or funds as prescribed by the Act and the by-laws of a society shall be used to protect the financial position of the society under the following conditions:—

Use of re-
serve fund

(a) The net losses resulting from the business operations of a society in any year as well as uncollectible loans or other overdue costs or instalments.

(b) In the event that the reserve fund of a society is depleted or reduced as a result of operational losses or uncollectible loans or other accounts being charged against it, the amounts to be placed in the reserved fund each year from the surplus arising from the business of the society as provided in the by-laws shall be increased by an additional ten per centum, if the Registrar so

Co-operative Societies Rules

G.N. No. 408 (contd.)

directs, or the Registrar may direct that the entire surplus arising from the business of the society in each year shall be placed in the reserve fund until the amount in that fund has reached the amount that stood prior to the losses charged against it.

- (c) No member shall have any claim against the fund or funds of society prescribed by the Act and provided for in the by-laws except in the case of closure of liquidation in accordance with the Act.

Investment of moneys in the reserve fund

118. Subject to the approval of the Registrar, money placed in a reserve fund may until required for the purposes of a society, be deposited in any commercial bank or financial institution in Tanzania.

(ii) Inspection and management Advice—

Discussion of inspection report with officers of a society

119.—(1) Immediately after his inspection and audit of co-operative society the representative of the Registrar or other duly authorized person who conducted such inspection and audit shall meet with the managing committee to discuss with them the condition of the society as he found it and the need for any immediate action to be taken by the managing committee and other officers to improve operations and to protect the interests of members of the need for technical or other special advice to improve operations and to achieve the objects of the society.

(2) Discussion under sub-rule (1) include the condition of accounts payable by the society, including debts owing to the society by its members and the need for immediate action if required in connection with such accounts.

(3) A report of any discussion under sub-rule (1) shall be included in the inspecting and audit report to be sent to the Registrar for further action as he may deem necessary.

Special service by another society

120. The Registrar shall arrange with officers of the society to which another society is affiliated to provide, where consistent with its objects such technical or other information and advice regarding the operations of a society which is a member to such society, as may be necessary to assist its officers and members in the achievement of its objects and purposes, and to provide to the society other services, designed to facilitate the annual inspection and examination of its affairs, such a society shall provide the Registrar with such yearly other returns and information as he may require for the purposes of the Act.

Special services by Government agencies

121.—(1) When the Registrar, subject to instruction, if any from the Minister responsible for Cooperative societies arranged with the proper officers of any department or agency of the Government such that department or agency undertake to provide such technical or other information and advice regarding the operations of a society as may be necessary to assist its officers and members in the achievement of its objects and purposes and where appropriate to provide to the society other services

Co-operative Societies Rules

G.N. No. 408 (contd.)

designed to facilitate annual inspection and examination of its affairs, such a society shall provide the Registrar with such yearly and other returns and information as he may require for the purposes of the Act.

(2) The adequacy of any inspection or examination or other service provided to a society under sub-rule (1) shall be subject to the approval of the Registrar of Cooperative societies.

122.—(1) When the Registrar is of the opinion that one or more persons because of their knowledge, experience and position, will be able to advise and assist the officers of a society in the achievement of its objects and purposes, may appoint such a person or persons as advisory member of members of the managing committee of the society for such a period as it may specify:

Special
service by
advisory
officers
and mem-
bers

Provided that such advisory member of managing committee shall have all the rights and privileges of an elected committee member except the right to vote.

(2) When the by-laws of a society provide for the admission of an advisory or ex-officio members to assist and advise the society in the achievement of its objects and proposes, such advisory or ex-officio members shall subject to the by-laws have all the right and privileges of members except the right to vote.

123. Any member of the public shall be permitted on payment of the prescribed fees, to inspect at the office of the registrar any of the following documents:—

Inspection of
docu-
ments

- (a) The registration register,
- (b) The registration certificate of society.
- (b) The registered By-laws of a society and the amendments affected in such By-laws,
- (d) An order cancelling the registration of a society,
- (e) An order directing the liquidation of a registered society.
- (f) The annual accounts of society lodged by the society in accordance with the rules.

124. The fees specified in the schedule hereto shall be payable for the matters to which they relate.

Fees

125.—(1) The Cooperative Societies Rules, 1982 are hereby revoked.

Revoca-
tion

(2) Notwithstanding the revocation of the Cooperative Societies Rules, 1982 no act done under those rules shall be invalid only by the reason that those rules have been revoked and the same act shall continue as if commenced under these Rules.

Co-operative Societies Rules

G.N. No. 408 (contd.)

SCHEDULE

(Rule 124)

1. On application for registration of primary society	400.00
2. On application for Registration of a Secondary Society	700.00
3. On application for Registration of an apex Society	1,200.00
4. On application for registration of a federation	2,500.00
5. On application for registration of a joint enterprise	600.00
6. On issue of Certificate of registration of a primary society	200.00
7. On issue of Certificate of registration of secondary society	400.00
8. On issue of certificate of registration of an apex society	600.00
9. On issue of Certificate of registration of a federation	1,000.00
10. On issue of certificate of registration of joint venture	300.00
11. On registration of by-laws:	
(a) A Primary Society	1,200.00
(b) A joint Enterprise	1,800.00
(c) A Secondary Society	2,500.00
(d) An apex Society	3,500.00
(e) A federation	4,000.00
12. For registration of every amendment of by-laws of a primary society	400.00
13. For Registration of every amendment of by-laws of a secondary society	850.00
14. For Registration of every amendment of by-laws of an apex society ..	1,400.00
15. For Registration of every amendment of by-laws of a federation ..	2,000.00
16. For Registration of every amendment of joint venture	600.00
17. For every inspection of the Register	120.00
18. For every inspection of the public file of any Society	60.00
19. For every registration of a charge by society	300.00
20. For every inspection of register of charges	60.00
21. For a copy of a certified document or an extract there from per single page or part of a single page	120.00
22. For Certifying any document or part there-from	200.00

SCHEDULE

Coop. Form No. 1

Cooperative Societies 1991

APPLICATION FOR REGISTRATION

TO: THE REGISTRATION OF COOPERATIVE SOCIETIES LIMITED

We the undersigned, apply that the above society be registered as a Cooperative Society under the Cooperative Societies Act 1991:

2. (2) Four copies of the application and four copies of the by-laws are enclosed together with the following fees, as required by Rule 124 of the Rules:
- | | | |
|--|------|------|
| | Shs. | Cts. |
| (i) On application | | |
| (ii) On issue of Certificate of registration | | |
| (iii) On registration by-laws | | |
3. OTHER required details are shown on the back of the form:

* (a) Name and surname	Age	Residence	Local Authority	District	Signature
* (b) Name of society and Reg. No.		Area of Operation of	Region District	Name of Authorized person	Signature

Co-operative Societies Rules

G.N. No. 408 (contd.)

* (c) Name of Union Reg. No.	Area of Operation of the Union	Region District.	Name of Authorized Person	Signature
* (d) Name of an Apex	Area of operation of Apex society		Name of Authorized person	Signature

NOTES

- (a) Primary society (section 24 (1) of the Act) In the case of a society which after registration will be a primary society, the application shall be signed by at least the minimum number of persons who have attained the apparent age of eighteen.
- (b) Secondary society (Section 24 (2) of the Act)
by at least two registered Primary societies. In the case of a society of which a member is a registered society the application shall be signed by a duly authorized person on behalf of every such registered society.
- (c) An Apex Society (Section 24 (2) of the Act) In the case of a society of which a member is a secondary society, the application shall be signed by duly authorized persons on behalf of at least two registered secondary societies.
- (d) Federation society (Section 24 (2) of the Act). In the case of a society of which a member is a secondary society, the application shall be signed by duly authorized persons on behalf of at least two registered apex societies.
- (e) Co-operative Joint Enterprise. The application shall be signed by duly authorised person on behalf on at least two registered societies which form the membership of such Joint Enterprise.

REGISTRATION DETAILS

(a) Primary Society

1. Name of the proposed society.
2. Address of the society.
3. Objects of the society.
4. Area of operations.
5. Nationality of members.
6. Occupation of members
7. Qualifications proposed for membership of the society.
8. Whether liability to be limited or unlimited.
9. Amount of entry fee.
10. Value of shares/contribution.
11. Amount of levy or cess or other incomes.
12. Maximum liability requested which may be incurred in loans or deposits Amount from non-member Rule. eg. advances from a Bank.
13. Name of branch of Bank proposed.
14. Financial year of society.

Co-operative Societies Rules

G.N. No. 408 (contd.)

REGISTRATION DETAILS

(b) Joint Enterprise/Union/Apex Society/Federation

1. Name of proposed joint Enterprise/Union/Apex Society/Federation
2. Address of the joint Enterprise/Union/Apex Society/Federation
3. Objects of the joint Enterprises/Union/Apex Society/Federation
4. Area of Operation
5. Name of societies forming the joint Enterprise/Union/Apex Society/Federation.....
6. Activities of member societies
7. Qualification proposed for membership of the joint Enterprises/Union/Apex Society/Federation.....
8. Whether liability to be limited or unlimited
9. Amount of entry fees
10. Value of share
11. Amount of expected income
12. Maximum liability requested which may be incurred in loans or deposits from non-members rule.....
13. Name of branch of Bank proposed
14. Financial year of the joint Enterprise/Union/Apex Society/Federation

THE UNITED REPUBLIC OF TANZANIA

Coop. Form No. 2

CERTIFICATE OF REGISTRATION

No

I hereby certify that society/Union/Apex Society/Federation Limited is this day registered under the provisions of section 30 of the Co-operative Society Act 1991.
This certificate is issued subject to the following specific conditions

Co-operative Societies Rules

G.N. No. 408 (contd.)

Given under my hands this day
of 19.....

.....
Registrar of Co-operative Societies

CERTIFICATE OF REGISTRATION

Coop. Form No: 3

No.

I hereby certify that
Co-operative Joint Enterprises, Limited is this day registered under provisions of section
19 of the Co-operative societies Act 1991.

This Certificate is issued subject to the following specific conditions

Given under my hands this day of.....
..... 19.....

.....
Registrar of Co-operative Societies

THE UNITED REPUBLIC OF TANZANIA

Co-op. Form No. 4

CO-OPERATIVE SOCIETIES ACT, 1991

**PARTICULARS OF A MORTGAGE/CHARGE CREATED BY A
CO-OPERATIVE SOCIETY SCHEDULE TO SECTION 86 (1)**

Name Co-operative Society/Joint Enterprises/
Union Apex Society/Federation Limited.

Registration Number

Date of resolution authorizing creation of charge/issue of debenture

General description of property charged

Date and description of Instrument Creating or evidencing mortgage/charge

Amount secured by mortgage/charge

Co-operative Societies Rules

G.N. No. 408 (contd.)

Name, addresses and description of persons entitled to the mortgage/charge
.....
Name of trustees (if any) for debenture holders
Delivered on behalf of
Date 19.....
Fees paid shillings..... E.R.V. No. Date

To: THE REGISTRAR OF CO-OPERATIVE SOCIETIES,

P.O. Box
.....
.....

THE UNITED REPUBLIC OF
TANZANIA
CO-OPERATIVE SOCIETIES
ACT, 1991

THE UNITED REPUBLIC OF
TANZANIA
CO-OPERATIVE SOCIETIES
ACT, 1991

Co-op. Form No. 5

No.
NAME

No.
CERTIFICATE OF SURCHARGE

CO-OPERATIVE SOCIETY/JOINT
ENTERPRISE/UNION/APEX
SOCIETY FEDERATION LIMITED

Where by notice issued by
..... the Registrar/Deputy

Name
.....

Registrar/Assistant Registrar of
Co-operative Societies

Surcharge I:
Issued Date

.....
.....

Amount
Appeal

of
was surcharged the
sum of Shs.

.....
.....

AND WHEREAS did

Surcharge II:
Date

not appeal against the said surcharge
to the Minister responsible for

Co-operative Societies Rules

G.N. No. 408 (contd.)

File Co-operatives/The High Court, and its
 was decided on the said appeal that

 I hereby certify
 that the sum of Shs
 is due from the said
 by way of surcharge issued under my hand
 and sealed this
 day of 19.....

**REGISTRAR OF CO-OPERATIVE
 SOCIETIES**
MINISTRY
 Station
 Date

THE UNITED REPUBLIC OF TANZANIA

Co-op. Form No. 6

CO-OPERATIVE SOCIETIES ACT, 1991

CERTIFICATE OF REGISTRATION OF CHARGE SCHEDULE TO SECTION 86(2)

I hereby certify that a charge/Mortgage
 dated the
 day of 19..... and
 created by
 Co-operative Society/Joint Enterprise/Union/Apex Society/Federation Limited
 Registered No in favour of.....
 to secure the sum of shillings (Shillings.....)
 has this day been registered in accordance with the provisions of the Co-operative Societies
 Act, 1991 and has been entered in the chronological index of the register under number .

 GIVEN UNDER MY HAND at Dodoma this day of.....
 19.....

REGISTRAR OF CO-OPERATIVE SOCIETIES

Co-op. Form No. 7

Economic Liability—General information.

CO-OPERATIVE SOCIETIES ACT No. 19.....

SECTION SUB-SECTION RULE

Co-operative Societies Rules

G.N. No. 408 (contd.)

VIABILITY ASSESMENT GUIDE FOR A CO-OPERATIVE SOCIETY

PART I

1.0 Introduction:

- 1.1 Proposed Name
- Region District.....
- 1.2 Area of operation
- 1.3 Initial Members
- 1.4 Potential Members
- 1.5 The nearest society is km. away

PART II

2.0 Membership Quality Factors:

- 2.1 The common needs criterion
- 2.2 The common Bond criterion

PART III

3.0 Economic Data:

- 3.1 Basic Initial Requirements for activity
 e.g. Buildings
- 3.2 Sources of Funds for activity
 - Entrance Fee
 - Share contributions
 - Borrowed capital
 - Others
- 3.3 Economic stability of Area where society will operate (Trend of the economy in this area for the past several years and for several years to come).
- 3.4 Supply and Demand Analysis for product
(To show-purchasing power and the needs for the product
Production capacity
Availability of Raw Materials
- 3.5 Assessment of Income and Expenditure (To show)
 - Annual income from operations
 - Annual Expenditure
 - Surplus/deficit
 - Projections for the same
- 3.6 Audited Balance Sheets/Statement of Affairs for the Amalgamating societies.

Co-operatives Societies Rules

G.N. No. 408 (contd.)

PART IV

4.0 Supportive Systems:

4.1 Good and Reliable Services

- Extension experts
- Banking
- Police
- Insurance
- Postal Services
- Transport facilities—Distance to Union/Factory
- Storage facilities
- Processing facilities
- Availability of Manpower among the potential members

4.2 Government support (i.e recognition from the Government/Party)

4.3 Support from other institutions/Organizations

PART V

5.0 Limitations:

5.1 Geographical environment

5.2 Business competition

PART VI

6.0 Social Considerations:

6.1 Social impact to members

6.2 Social impact to non-members

6.3 Social costs

6.4 Ability of society to educate its members

PART VII

7.0 Recommendations:

7.1 To give a general opinion regarding:

- Business efficiency and effectiveness
- Management system and accountability

7.2 To give advise to the Registrar regarding:

- Viability and suitability of co-operative activities and the society in general for registration.

I APPROVE

**Dar es Salaam,
4th September, 1991**

**A. M. ABDALLAH,
Minister for Agriculture, Livestock
Development and Co-operatives**