

**Rules under the Travancore Co-operative societies act 1112
Government of Kerala**

RULES
UNDER THE
TRAVANCORE CO-OPERATIVE SOCIETIES
ACT 1112.

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RULES UNDER THE TRAVANCORE CO-OPERATIVE
SOCIETIES ACT, 1112.

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**RULES UNDER THE TRAVANCORE CO-OPERATIVE
SOCIETIES ACT 1112.**

I. These rules may be called the Travancore Co-operative Societies Rules.

Short title.

II. In these rules, unless there is anything repugnant in the subject or context:—

Definitions.

(a) 'The Act' means the Travancore Co-operative Societies Act, 1112.

(b) 'Co-operative Year' means the year ending with the last day of Edavom every Malabar year, or in the case of any society or class of societies the accounts of which are made to any other date with the previous sanction of the Registrar, the year ending with such date.

(c) 'Decree' means a decision, award or order referred to in Section 31 of the Act.

(d) 'Decree-holder' means any Society holding a decree as defined in Clause (c).

(e) 'Defaulter' means any person against whom a decree as defined in Clause (c) has been obtained.

(f) 'Assistant Registrar' means any person appointed under Section 3 of the Act to assist the Registrar.

(g) 'Sale Officer' means an officer of the Co-operative Department invested with powers under the Revenue Recovery Act to attach and sell the properties of defaulters.

NOTE. Every Officer of the Co-operative Department shall be deemed to be a public servant within the meaning of the Travancore Penal Code (Act I of 1074).

(h) 'Society' means a registered society as defined in the Act.

(i) 'Working Capital' means such portion of the reserve fund, other funds, paid-up share capital, loans and deposits received by a society and debentures issued by a society as have not been locked up in buildings and other fixed assets.

(j) 'Net Profit' means net profit as certified by the Registrar under Rule XIX.

(k) 'Financing Bank' means a registered society the main object of which is to lend money to other registered societies.

III. Any body of persons desiring to apply for registration as a co-operative society under Section 9 of the Act shall

Application for registration. apply to the Registrar of 'Co-operative Societies in the form prescribed in Schedule A appended to these rules.

IV. With every application for registration, the applicants shall submit a draft of the bye-laws agreed upon by them.

Subject matter of bye-laws. The bye-laws shall be consistent with the Act and with the rules made by our Government thereunder and they shall deal with the matters specified in clauses (a) to (z) and may deal with such other matters incidental to the organisation of the society and the management of its business as may be deemed necessary:—

- (a) the name and address of the society;
- (b) the area of its operations;
- (c) the objects of the society;
- (d) the purpose to which its funds are applicable;
- (e) the qualification for admission to membership and the payment, if any, to be made or interest to be acquired as a condition of exercising the right of membership;
- (f) the nature and extent of the liability of the members for the debts contracted by the society;
- (g) the circumstances under which withdrawal from membership shall be permitted;
- (h) the procedure to be followed in cases of withdrawal, ineligibility and death of members;
- (i) the conditions, if any, under which the transfer of a share or the interest of a member shall be permitted;
- (j) the nature and amount of the share capital, if any, of the society and where there is a share capital the maximum share capital which a single member, can hold;
- (k) the circumstances under which the society may borrow funds and the procedure to be followed in so borrowing;
- (l) the entrance and other fees and the fines, if any, to be collected from members;
- (m) the maximum loan admissible to a member, and the procedure to be followed in granting loans and extensions of time for the repayment or renewals thereof and in recovering loans from members;
- (n) the conditions on which loans and extensions of time for the repayment of renewals thereof, may be granted to members;
- (o) the consequences of default in payment of any sum due by a member;
- (p) the method of appropriating payments made by members from whom moneys are due;
- (q) The maximum dividend payable on paid up share capital to members;
- (r) the rates of interest payable by the society on borrowed funds and by members on loans granted to them;
- (s) in the case of productive and distributive societies, the procedure to be followed in purchasing and selling raw material and finished products and in stock taking;

(t) the mode of holding meetings, the right of voting and subject to rules V and VI the manner of making, altering and abrogating bye-laws ;

(u) the mode of appointment and removal of the committee and of other officers, and the duties and powers of the committee and such other officers :

(v) the mode of custody and investment of the funds and, subject to Rules VIII and XIX, the mode of keeping accounts ;

(w) the formation of a reserve fund, the objects to which reserve funds may be applied and the investment or utilisation of such funds or of any other funds under the control of the society ;

(x) the authorisation of an officer or officers to sign documents of the institute and defend suits and other legal proceedings on behalf and to society ;

(y) the disposal of the net profits ;

(z) the preparation and submission of the annual statements prescribed by the Registrar and the publication of the same, and whether the society is to be affiliated to any Supervising Union or other institution and if so the charges to be paid in respect of such affiliation.

V. (1) The Registrar shall examine the application and the bye-laws in order to satisfy himself :
 Procedure on receipt of application.

(a) that the application and the bye-laws are in conformity with the Act and the Rules ;

(b) that the bye-laws are suitable for carrying out the objects of the society ; and

(c) that the proposed society has reasonable chances of success with reference once to local conditions and may before passing final orders call for such further information or make such inquiry as he may deem necessary. It shall also be competent to the Registrar before registering a society to make such alterations in the draft bye-laws submitted with the application for registration as he may deem advisable ; provided that the written consent of the applicants is obtained to such alterations.

(2) If the Registrar is not satisfied on all or any of the points mentioned in clauses (a) (b) and (c) of Sub-rule (1), he shall refuse to register the society but if he is satisfied on all the said points, he may register the society and its bye-laws and grant to such society, free of cost, a certificate of registration signed by himself and bearing his official seal ; and he shall also issue to the society along with the certificate of registration a certified copy of the draft bye-laws as approved and registered by him, and these bye-laws shall, subject to the result of any orders passed on appeal as provided in the Act be the bye-laws of the society. They shall be read at a general meeting attended by not less than $\frac{2}{5}$ of the total number of the members on the register of the society.

(3) In every case in which the Registrar refuses to register the society, he shall record in writing the reasons for his refusal and shall communicate his decision to the applicants free of cost.

VI. The following procedure shall be adopted in regard to
Amendment of amendments to the bye-laws of a society.
bye-laws.

(i) Every amendment shall be made only by a resolution passed by a majority of not less than two-thirds of the members present at a meeting of the general body of the members of the society.

(ii) No such resolution shall be valid unless notice of the amendment proposed has been given in accordance with the bye-laws.

(iii) Every application made to the Registrar for the registration of an amendment shall be signed by the Secretary and two members of the committee and shall contain the following particulars namely:—

(a) The date of the general body meeting at which the amendment was made;

(b) The number of days' notice given to convene the general body meeting;

(c) The total number of members of the society on the date of such meeting;

(d) The number of members who formed the quorum for such meeting;

(e) The number of members present at such meeting; and

(f) The number of members who voted for the amendment.

VII. Every member of a society may nominate a person to whom under Section 27 of the Act his share or interest in the capital shall be transferred or the value thereof or any sum payable under sub-section (2) of that section shall be paid. Such member may from time to time revoke or vary such nomination. Such nomination shall in the event of his death, be given effect to by the society provided that:—

(1) The nomination is in writing and has been signed by the deceased in the presence of at least two witnesses, attesting the same;

(2) The nomination has been registered in the books of the society kept for the purpose; and

(3) The nominee may become a member only if admitted by the committee.

The sum representing the share or interest of a deceased member in the capital of a society with unlimited liability shall for the purpose of sub-section (1) of Section 27 be the amount actually paid towards the value of the share or interest held by him.

VIII. Societies shall keep among others the following accounts and books and shall make them available to the Inspectors of the Department and other persons authorised by the Registrar for purposes of inspection.

Accounts and other books to be maintained by Societies.

(a) *Books to be maintained by a credit society* :—

(1) Minutes book, recording the proceedings of the committee and of the general body of members.

(2) Admission book, showing the name, signature and address of each member, the date of his admission, the shares taken by him, the amount paid by him towards such shares and the amount of share capital, if any, refunded to him, together with the dates of each such payment and refund.

(3) Cash book, showing daily receipts and expenditure and the balance at the end of each day.

(4) Receipt book duly page numbered containing forms in duplicate, one of each set to be issued for money received by the society and the other to serve as counterfoil.

(5) Loan ledger, showing the number and date of disbursement of each loan, issued to members, the amount of loan the purpose for which it is granted and the date or dates of repayment, distinguishing principal and interest.

(6) Ledger of borrowings, showing deposits and other borrowings of all kinds.

(7) Liability register showing the indebtedness of each member to the society whether on account of loans taken directly by him or on account of loans for which he stands as surety.

(8) Monthly register of receipts and disbursements.

(9) Register of immovable property of defaulters bought in auction by the society.

(10) Register of closed loans.

(11) Register showing progress of applications for arbitration and for execution.

(12) Voucher file containing all vouchers for contingent expenditure incurred by the society numbered serially and filed chronologically.

(13) Register of dividend.

(14) In the case of a society with unlimited liability, property statement of members.

NOTE :— (1) This statement shall show the assets and liabilities of each individual member on the date of his admission as well as on the last day of each co-operative year. Full details of property including survey numbers of lands shall be given. The statements should be entered in a register in stitched volumes.

(2) Every member of a society based on unlimited liability shall submit to such society at the time of his admission as well as at the close of each co-operative year, a statement of his assets and liabilities duly verified to be correct and true.

(15) In the case of a society with limited liability to which Rule XIV is applicable, register of fluid resources.

NOTE:—This register shall show the immediate liabilities of the society and the extent of fluid resources available to meet them.

(16) In the case of a society with limited liability, the working capital of which exceeds Rs. 5,000 General Ledger; and

(17) Such other accounts and books as may be required or prescribed by the Registrar.

(b) Books to be maintained by a financing bank.

In addition to the books to be maintained by a credit society under clause (a) a financing Bank shall maintain the following books, namely:—

(1) Interest register, showing interest payable and paid by each borrower;

(2) Reserve fund register, showing reserve funds of societies invested in the financing bank;

(3) Suspense accounts; and

(4) "General information register" showing under appropriate heads particulars about the financial condition and working of societies borrowing from the bank.

(c) Books to be maintained by a distributive or Purchase

Society:—

Societies with credit branches shall maintain all the books prescribed for credit societies other than a financing bank and societies without credit branches shall maintain the following books:

1. Minutes book.

2. Admission book.

3. Cash book.

4. Receipt book.

5. Voucher file.

6. Register of dividend.

7. Register of bonus on purchases made by members.

In addition, the following books shall be maintained by a distributive and productive society, with or without credit branches:—

(1) Goods ledger containing a classification of goods stocked and sold;

(2) Purchase book, showing the daily purchase of articles;

(3) Sales chit;

(4) Daily sales book;

(5) Register of purchases made by members.

(d) *Books* be maintained by a supervising union;—

- (1) Minutes book ;
- (2) Admission register of affiliated societies ;
- (3) Day book ;
- (4) Register of inspection of affiliated societies ;
- (5) Register of loan applications from societies ;
- (6) General information register with a demand, collection and balance statement of dues owing to a financing bank from every society which is under the supervision of the union ;
- (7) Supervision fund register ;
- (8) Register of assets and liabilities of members, with an abstract of changes therein, of every society with unlimited liability which is under the supervision of the union, and
- (9) Register of delegates and delegation fees :

(e) Every other society shall keep, besides a register of members, cash book and minutes book, such other accounts and books as may be approved from time to time or required by the Registrar.

(f) The records of the following list should ordinarily be retained after completion of the period indicated below:—

Serial No.	Name of Registers.	No. of years to be retained.		
		Unlimited liability societies.	Limited liability societies.	Stores.
1	Admission book with the list of share holders ...	P	P	P
2	Day book ...	P	P	P
3	Ledger of fixed deposits and other borrowings ...	P	P	P
4	Recurring deposit ledger ...	P	P	P
5	Provident deposit ledger ...	P	P	P
6	Current deposit ledger ...	P	P	P
	Reserve Fund ledger ...	P	P	P
8	Audit certificate ...	P	P	P
9	Property statement of members ...	P	...	...
10	Investment account in Co-operative bank shares ...	P	P	P
11	Bye-laws with the certificate of registration ...	P	P	P
12	Bye-laws and amendments ...	P	P	P
13	Acts and Rules ...	P	P	P
14	Share withdrawal register ...	P	P	P
15	Minutes book ...	P	P	P
16	Register of immovable property of defaulters bought in auction ...	P	P	...
17	Register on fluid resources ...	P	P	...
18	General ledger ...	P	P	P
19	Interest register ...	...	P	...
20	General Information register ...	...	P	...
21	Register of bonus on purchases ...	...	...	P
22	Register of inspection of affiliated societies ...	...	P	...
23	Register of loan applications from societies ...	...	P	...
24	Register of delegates and delegation fees ...	...	P	...
25	Register of assets and liabilities of affiliated societies (Unions) ...	...	P	...
26	Receipt book ...	10	10	10
27	Posting statement of receipts and disbursements ...	10	10	10

(P. Permanently.)

Serial No.	Names of Registers.	No. of years to be retained.		
		Unlimited liability societies.	Limited liability societies.	Stores.
28	Letter file ...	10	10	10
29	Voucher file ...	10	10	10
30	Price register ...	...	...	10
31	Loan ledger ...	5	5	5
32	Liability register ...	...	5	5
33	Register of closed loans ...	5	5	5
34	Store-keeper's day books ...	...	...	5
35	Purchase book ...	...	...	5
36	Goods ledger ...	...	...	5
37	Share application register ...	3	3	3
38	Loan application register ...	3	3	3
39	Acquittance roll ...	3	3	3
40	Letter book register ...	3	...	...
41	Register of joint purchases ...	3	3	3
42	Register of joint sales ...	3	3	3
43	Register of application for arbitration and litigation ...	3	3	...
44	Dividend distribution register ...	3	3	...
45	General current register ...	...	3	3
46	Disposal register ...	...	3	3
47	Despatch register ...	...	3	3
48	Incidental charges register ...	...	...	3
49	Register of issues to the salesman ...	...	...	3
50	Stock book of forms and furniture ...	...	3	3
51	Register of establishment charges ...	...	...	3
52	Supplier's personal register ...	...	...	3
53	Trade advance register ...	...	...	3
54	Sales chit ...	...	...	2
55	Daily sales book ...	...	...	2
56	Register of contingent charges ...	...	...	2
57	Register of purchases made by members ...	...	...	2
58	Register of condemned articles ...	...	...	1
59	Supervision fund register ...	1	1	1
60	Deficits by wastage and dryage ...	...	...	1
61	Suspense account ...	...	1	...
62	Bond register ...	...	1	...
63	Chitty ledger, chitty day book and chitty minutes book ...	12	12	...

(P. Permanently.)

IX. For the purpose specified in Section 30 of the Act, a copy of an entry in the books of a society regularly kept in the course of business shall be certified:—

(a) by not less than three members of its committee of whom one shall be the president or the secretary and shall also bear the society's seal, or

(b) where an order has been passed under Section 51 of the Act appointing a liquidator of the society, by the liquidator.

The charges to be levied for the supply of such certified copies shall not exceed the amounts prescribed in that behalf by the Registrar from time to time.

X. Members of co-operative societies or the public may obtain certified copies of the following documents from the Registrar's office on payment of the following fees:—

	Rs.	Chs.	Cs.
Application for registration of a society (each)	0	3	8
Bye-laws of registered societies (per folio)...	0	3	8
Amendment of bye-laws of registered societies (per folio)	0	3	8
Certificates of registration (each)	0	3	8
Orders for cancellation of the registration of a society (per folio)	0	3	8
Audit certificate of a registered society (per folio)	0	3	8
Annual balance sheet Do.	0	3	8
Awards and other connected documents Do.	0	3	8

XI. (1) Every registered society the working capital of which amounts to Rs. 2,000 or more, on the last day of every co-operative year shall pay to Government a charge for the audit of its accounts for each year in accordance with the 'scale' fixed by the Registrar with the previous approval of Government, except such societies or class of societies as are specifically exempted:—

Provided that this sub-rule shall not apply to:—

(a) any Supervising Union or the Travancore Co-operative Institute Ltd.: or

(b) any society which has its accounts audited at its own expenses;

(i) under an arrangement approved by the Registrar; or

(ii) by a person authorised by the Registrar to audit the accounts of the society under Section 22 of the Act, if such person is willing to furnish the statements prescribed by these rules, and in the forms required by the Registrar.

(2) The charge payable by a society under sub-rule (1) shall be for the co-operative year and shall be paid into the nearest Government Treasury within four months of the close of such year.

(3) All charges leviable under this rule shall be recoverable in the manner specified in Section 66 of the Act.

(4) The Registrar may, at his discretion, remit the whole or any part of the charge payable under sub-rule (1) by a particular society or by a particular class of societies, of any year or other specified period.

XII. All fees and fines levied under the Act shall be credited to Government.
Fees to be credited to Government.

XIII. (1) Loans not exceeding Rs. 2,000 in any case may be made to any co-operative society from funds set apart for the purpose by Government.
Loans from State Funds.

(2) The amount advanced to any society shall not exceed five times the paid up share capital of the society at the time of the issue of the loan and twice the paid up share capital two years thereafter:

Provided that in the case of societies for backward communities the amount advanced to the society shall not exceed ten times the paid up share capital or Rs. 1000 whichever is more at the time of the issue of the loan.

(3) All advances to a society may be free of interest for the first two years and will afterwards, subject to sub-rule 14 below, bear interest at six and a half per cent per annum.

(4) The advance shall be repayable in not more than three annual instalments commencing after the lapse of two years after the grant of the advance. But the Registrar may, at his discretion, prescribe a shorter period for repayment according to the circumstances of each case.

(5) A society requiring an advance shall submit to the Registrar an application in the form contained in Schedule B annexed to these rules.

(6) The Registrar, after satisfying himself as to the correctness of the statement made in the application may sanction with the previous approval of Government the payment of advance from any Treasury or sub-treasury and may prescribe the number of instalments of repayments and the dates on which each instalment is to be repaid.

(7) If the Registrar sanctions an advance his sanction shall be conveyed in an order in the form contained in Schedule C annexed to these rules.

(8) The Registrar shall send the original order to the society and a duplicate to the Accountant General for information.

(9) Payment of any advance so sanctioned shall be made to the persons authorised to receive the advance on behalf of the society on

their producing the Registrar's order at the Treasury named therein and executing an agreement in duplicate in the form contained in Schedule D annexed to these rules.

(10) When payment of an advance has been made the original agreement shall be sent to the Divisional Treasury for safe custody and the copy forwarded to the Registrar.

(11) The Registrar may, if sufficient cause is shown and if all interest due has been paid, suspend the repayment of any instalment.

(12) Whenever the Registrar makes an order of suspension he shall forthwith send a copy thereof to the Accountant General.

(13) When the order of suspension is made in respect of any instalment, the repayment of that instalment and of all subsequent instalments shall be postponed for one instalment period.

(14) If any instalment due from any society is not fully repaid on the due date interest at 8 per cent per annum to the date of repayment shall be recoverable on the amount overdue unless the Registrar by special order exempts the society from this liability. Such orders are to be formally reported for the approval of the Government.

(15) The Treasury Officer concerned to whom instalments are repayable shall give prompt notice to the Registrar of default in repayment of any instalment.

(16) If, at the end of two years after the loan is issued the society has not raised a paid up share capital of half the amount of the loan, so much of the loan as exceeds twice the paid-up share capital of the society shall be repaid to the Government immediately thereafter irrespective of other conditions.

XIV. (1) Every society with limited liability shall maintain fluid resources in such form and according to such standards as may be fixed by the Government from time to time by general or special order in respect of:

(i) deposits and loans received from individuals as well as from bodies not being societies; and

(ii) cash credits granted to societies to serve as cover for deposits in such societies,

(2) The Government may by general or special order empower the Registrar to relax the form of standards so fixed for a specified period, in the case of any society or class of societies.

XV. (1) No person shall be eligible for appointment as a member of the committee of any society, if he

Disqualification
for membership of
committee.

(a) is an applicant to be adjudicated a bankrupt or an insolvent or an uncertificated bankrupt or an undischarged insolvent, or

(b) has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency such sentence not having been reverted or the offence pardoned, or

(c) is of unsound mind, a deaf, mute or blind person or a leper, or
 (d) is a paid employee of the society or of any other society,
 (e) is in the same line of business conducted by the society, or
 (f) is concerned with the profits of any contract entered with the society, or
 (g) is, except with the sanction of the Registrar, already the member of the committee of any other society of the same type, or

(h) is sued in arbitration, or
 (i) is a near relation of paid employee of the society, provided that if any question arises whether a person is or is not a near relation of a paid employee of the society, the question shall be referred to the Registrar and his decision shall be final.

Note :—A financing bank and a supervising union shall be considered as belonging to the same type for the purpose of sub-rule (g).

(2) A member of the committee of any society shall cease to hold his office as such if he

(a) applies to be adjudicated or is adjudicated a bankrupt or an insolvent, or

(b) is sentenced for any such offence as is described in clause (b) of sub-rule (1), or

(c) becomes of unsound mind, a deaf, mute, blind or a leper, or

(d) becomes a paid employee of the society or any other society, or

(e) enters on the same line of business conducted by the society, or

(f) becomes concerned with profits of any contract entered with the society, or

(g) becomes the member of the committee of any other society of the same type, except with the sanction in writing of the Registrar, or

(h) is sued in arbitration, or

(i) becomes a near relation of a paid employee of the society.

Note :—A financing bank and a supervising union shall be considered as belonging to the same type for the purpose of sub-rule (g).

Provided that, where a person ceases to be a member of the committee under clause (b) he shall be restored to office for such portion of the period for which he was elected as may remain unexpired on the date of such restoration if and when the sentence is annulled on appeal or revision and any person elected to fill the vacancy in the interim period shall on such restoration vacate office.

Provided further that if any question arises as to whether a member of the committee of any society has or has not become a near relation of a paid employee of the society, the question shall be referred to the Registrar and his decision shall be final.

XVI. A delegate of one society sitting on the committee of another society shall cease to be a member of such committee,

Term of office of member of committee who is a delegate of another society.

(a) if the society which elected him as a delegate withdraws him or elects another delegate in his stead, or

(b) in case he was elected as a delegate by a society, on the supersession of the committee of such society under Section 47 of the Act, provided that the person or persons appointed under the said section shall have power to nominate himself or one among them or any member of the society, to the committee of another society; or

(c) if the registration of the society of which he is the delegate is cancelled.

XVII. Notwithstanding anything contained in the bye-laws of a society as to the mode of summoning general meetings and the object, time and place of such meetings,

Special general meeting.

the Registrar or any person authorised by him may at any time summon a special general meeting of the society in such manner and at such time and place within the area of its operation as he may direct. He may also direct who should preside over such meetings and what matters shall be discussed by the meeting. Such meetings shall have all the powers of a meeting called according to the bye-laws of the society. If however such meetings do not have the quorum fixed for general meetings by the bye-laws of the society the meetings will not be invalid if the Registrar after convincing himself that it was not possible under the circumstances to get a quorum, that the business transacted in the meeting was for the better interests of the society and that there is reasonable likelihood of an ordinary general body approving them, orders that the meeting and its deliberations were in order. The expenses for summoning such meetings shall be borne by the society.

XVIII. The Registrar shall keep (1) a register of the names and addresses of all societies; and (2) a register of the bye-laws of each society, with all subsequent amendments thereto, arranged in the order in which the amendments are registered.

Registrar to keep a record of names, addresses and bye-laws of societies.

XIX. (1) Every society shall prepare for each co-operative year in such form as may be prescribed by the Registrar:—

Registrar may require statements and returns to be furnished.

(a) a statement showing the receipts and disbursements for the year;

(b) a profit and loss account;

(c) a balance sheet; and

(d) such other statements or returns as may be prescribed by the Registrar.

(2) Every society shall submit to the Registrar annually within such time as he may direct a copy of the statements specified in sub-rule (1) duly certified by the committee through such officers of the department as may be prescribed by the Registrar. After the Registrar has examined the statements and granted his audit certificate the society shall publish the audit certificate and such of the prescribed statements as he may direct in the manner prescribed by him.

(3) All distributive and productive societies shall submit every year to the Registrar, in addition to the copies of the statements specified in sub-rule (1) a statement of verification of the stock in hand at the close of the co-operative year in such form as may be prescribed by the Registrar and within such time as he may direct:

(4) Every society shall, in addition to the annual statements specified in sub-rules 1 and 3, also submit to the Registrar any statement or return of the nature similar to that described in sub-rule (1) in such form within such time and for such period as the Registrar may prescribe.

(5) In case of failure by any society to submit any statement or return specified in sub-rule (1) or sub-rule (3) or in sub-rule (4) within the time directed by him the Registrar may depute any officer to prepare the necessary statement or return at the expense of the society. Such expense shall be recoverable in the manner specified in Section 66 of the Act.

(6) Every society with limited liability shall prepare a list of its members as on the last day of each co-operative year, and furnish a copy of the same to the Registrar within one month from the close of such year or within such further time as the Registrar may, by general or special order, allow. The list shall also be kept open at the office of the society, during office hours, for inspection by any member of the society.

XX. It shall be open to the Registrar to order the removal of any member from the managing committee of a co-operative society if he is satisfied that such member has acted in any manner contrary to the best interests of the society. The Registrar may also nominate, if he thinks it necessary, two members to serve on the managing committee of any society in addition to the number of committee members prescribed by its bye-laws.

XXI. Notwithstanding anything contained in the bye-laws of a registered society, it shall be competent for the Registrar to rescind any resolution of any meeting of any society if it appears to him that such resolution is ultravires of the objects of the society or calculated to disturb the peaceful and orderly working of the society or is contrary in his opinion to the better interests of the society.

Registrar's power to remove a member from the committee.

Registrar's power to rescind resolutions.

XXII. If it appears to the Registrar that a society is systematically disregarding his directions he may with the previous sanction of Government withdraw all or any of the privileges conferred on the society by the Act.

Registrar's power to withdraw privileges.

XXIII. All Supervisors of supervising unions and Inspectors or Supervisors of financing banks shall possess a certificate of competence from the Registrar. In cases of proved inefficiency or incompetence such certificates may be cancelled by the Registrar.

Supervisors etc., to obtain certificate of competence from Registrar.

XXIV. No society shall do any act which is not expressly provided for by the bye-laws of such society without the previous express sanction of the Registrar for the same.

Society not to act without previous sanction of the Registrar.

XXIV—A. Notwithstanding anything contained in Rule XXIV or in the bye-laws of a registered Society, every registered society working within the area of operation of a Co-operative Supervising Union registered under the Act shall affiliate itself to the Union within six months of its starting work. Every society now working and not affiliated to the local Supervising Union shall do so within three months from the date on which this rule comes into force.

Affiliation to Supervising Union Compulsory.

XXV. If, in the opinion of the Registrar, the committee of a society is not functioning properly he shall inform such committee the defects and irregularities in their working, intimate that he proposes to supersede them and ask the general body of such society to elect a new committee and call for their objections, if any to the proposed supersession.

Supersession.

The Registrar may prescribe the period within which such objections may be filed.

If the objections are not filed within the prescribed period, the Registrar may proceed to supersede the committee.

If the objections are received in time the Registrar shall consider them with reference to the working of the society and record a finding as to whether he proposes or not to supersede the committee.

On the Registrar's decision to supersede the committee, he shall ask the secretary of the society to convene a general body meeting of the society to elect a new committee within six weeks from the date of the finding.

If the society does not elect a new committee as desired within the time prescribed or if the committee appointed is after trial for six months found in the opinion of the Registrar wanting and if the Registrar is of opinion that in the circumstances of the case it is undesirable to order the cancellation of the registration of the society he may by order in writing dissolve the committee and appoint a suitable committee consisting of as many members of that society as he

may deem necessary to manage the affairs of the society for a specific period not exceeding one year.

XXVI. The proportion of individual members to society members on the committee of a financing bank and the maximum strength of the committee shall be determined by the Registrar.

Proportion of individual members to society members on the committees of financing banks to be determined by Registrar.

XXVII. An individual member shall not be eligible for appointment as a member of the committee of a financing bank unless he holds such number of shares, or has invested in fixed deposits in such bank such amount, as may be fixed by the Registrar from time to time.

Committee members of financing banks to take such number of shares and to make such deposits as determined by the Registrar.

XXVIII. In calculating the profits of a society for the year for the purposes of declaring a dividend or bonus all interest outstandings whether over due or not on loans issued by the society and penal interest, which are not actually collected shall be deducted from the gross profits of the year before the net profits are arrived at. All accrued and over due interest that has been so deducted from the profits of the year and is actually recovered during the subsequent year, may be added to the profits of the subsequent year.

Distribution of profits.

XXIX. Bad debts may be written off against the reserve fund of any society, and in the case of limited liability societies, if the bad debts exceed the reserve fund the balance remaining may be written off against the share capital of the society:

Bad debts.

Provided that:—(i) No bad debts shall be written off without the sanction of a general meeting;

(ii) Before any such debts are so written off the society if it is affiliated and indebted to a taluk bank, banking union or the Central Co-operative Bank Ltd., shall obtain the approval of that bank in writing; which approval shall be given after consultation with the Assistant Registrar within whose jurisdiction the society is situated and shall be countersigned by him. If the society is not so affiliated, or if the society is so affiliated and not indebted to any bank, it shall first obtain the approval of the Assistant Registrar in writing.

(iii) If the society itself is a taluk bank or banking union, the approval of The Central Co-operative Bank Ltd. given in consultation with and countersigned by the Registrar, shall first be obtained.

(iv) In the case of The Central Co-operative Bank Ltd., the approval of the Registrar shall be obtained.

XXX. No registered society shall distribute any bonus on shares beyond the dividend declared under Section 38 of the Act.

Distribution of bonus.

XXXI. Any distribution of the remaining balance of profits under Section 40 of this Act and after the distribution of dividend under Section 38 of the Act shall be in accordance with the bye-laws of the society regarding such distribution.

Distribution of balance of profits.

XXXII. Without the sanction of the Registrar, no part of the funds of a registered society shall be divided by way of bonus or dividend or otherwise, amongst its members in any year unless the entire expenditure incurred by such society has been debited in the annual profit and loss account before the net profit has been calculated:

Restriction on distribution of funds by way of bonus, dividend or otherwise.

Provided that any loss or portion of loss on account of bad debts written off during the year may not be so debited if it is to be deducted from any Bad Debt Reserve or with the sanction of the Registrar from the reserve fund.

XXXIII. A society may receive deposits and loans from persons or institutions who are not members provided that the amount borrowed from such persons and institutions together with the amount borrowed from members does not exceed the borrowing limit fixed from time to time by the Registrar for the society or for the class of societies to which it belongs.

Restrictions on borrowings by Societies.

XXXIV. No person being a member of a credit society except a financing bank shall be a member of any other credit society without the general or special sanction of the Registrar: and where a person has become a member of two such credit societies either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect.

Restrictions on membership of more than one society.

XXXV. Notwithstanding anything contained in the by-laws of a society, no person shall be elected or appointed as an officer or member of the committee of a society if he has acted as such officer or member at any time within three years in the case of a financing or supervising institution or a *Central Institution* or one year in the case of a primary society immediately preceding such election or appointment except on the sanction previously obtained by the candidates concerned in writing from the Registrar.

Restrictions on holding office consecutively.

Note.—A Central Institution is a Co-operative Society having its area of operation throughout the State or in one or more taluks with power to affiliate other co-operative societies.

XXXVI. A Society shall not invest its funds on a mortgage of immovable property under Section 37 (d) of the Act except with the previous sanction of the Registrar.

Investment of funds on mortgage of immovable property.

XXXVII. (1) On the dissolution of a society the reserve fund and other funds contributed by it under the provisions of its bye-laws shall be applied:—

Disposal of reserve fund after dissolution of Society.

(i) to discharging such liabilities of the society as may remain undischarged after the enforcement in full of the liability of the individual members of the society;

(ii) to the repayment of the share capital paid up; and

(iii) to the payment of dividend upon such share capital at a rate not exceeding $7\frac{1}{2}$ per cent. per annum in the case of societies with limited liability and $6\frac{1}{4}$ per cent per annum in the case of societies with unlimited liability for any period or periods for which no dividend has been paid.

(2) Such portion of these funds as shall remain after the payment, mentioned in sub-rule (1) shall be applied to such local object of public utility as may be selected by the general body and approved of by the Registrar. If within 30 days after the issue of notice by the liquidator after the final closing of the society the general body fails to make any selection that is approved by the Registrar, the latter may use the above mentioned portion of the funds in supporting other co-operative societies in the neighbourhood or shall place the same on interest or otherwise with some co-operative bank until a new co-operative society in the area is registered, in which event the funds shall be credited to the reserve fund of such society.

XXXVIII. (1) The reference to the Registrar of any dispute under Section 56 of the Act shall be in writing.

Arbitration.

(2) Where on receipt of such a reference the Registrar wishes to refer it for disposal by arbitration, the reference shall be made either to a single arbitrator appointed by the Registrar or to a body of arbitrators of whom one shall be nominated by the Registrar and one by each of the parties to the dispute. The arbitrator appointed by the Registrar shall act as the chairman of the body of arbitrators and shall fix the time and place for the hearing of the dispute and carry on the necessary correspondence in connection with the reference.

(3) The Registrar, the arbitrator or body of arbitrators or other persons deciding the dispute shall have power to administer oaths, to require the attendance of all parties concerned and of witnesses and to require the production of all books and documents relating to the matter of the dispute.

(4) The Registrar, the arbitrator or the chairman of the body of arbitrators or other person deciding the dispute shall record a brief note in English, or in the Vernacular, of the evidence of the parties and witnesses who attend, and upon the evidence so recorded, and after consideration of any documentary evidence produced by the parties, a decision or award as the case may be shall be declared in accordance with justice, equity and good conscience by such Registrar arbitrator or body of arbitrators or other person.

(5) The decision or award given shall be reduced to writing and forwarded to the Registrar in duplicate. The Registrar shall affix his seal and issue the award to the party for execution. In the absence of any party duly summoned to attend, the dispute may be decided ex parte. Where several arbitrators are appointed, the opinion of the majority shall prevail.

(6) (a) The Registrar shall have power to require the person referring a dispute under sub-section (2) of section 56 of the Act or a revision petition under sub-section (4) of that section to deposit in advance the fee prescribed by the Registrar for deciding the dispute or revision petition, as the case may be.

(b) The Registrar, arbitrator or body of arbitrators or other person deciding the dispute under sub-section (2) of section 56 aforesaid, and the Registrar deciding a revision petition under sub-section (4) of that section shall have power to order the expenses incurred in determining such dispute or revision petition to be paid either out of the funds of the society or by such party or parties to the dispute or the revision petition as he or they may think fit.

(c) The Registrar may in his discretion remit the whole or any part of the fee collected under clause (a).

(7) In proceedings before the Registrar, the arbitrator or body of arbitrators or other person deciding the dispute, legal practitioners shall not be entitled to appear to represent parties.

(8) Application for revision if any shall be made to the Registrar within 30 days of the date of declaration of awards. Copies of the award and other relevant documents can be had from the Registrar on payment of fees prescribed in Rule X.

(9) No award shall be granted for interest and penalty which when added together will exceed 50 per cent of the principal amount.

XXXIX (1) Every summons issued under the Act shall be in writing and shall be authenticated by the signature and the seal, if any of the officer, by whom it is issued.

Mode of service of summons. It shall require the person summoned to appear before the said officer at a stated time and place, and shall specify whether his attendance is required for the purpose of giving evidence or to produce a document, or for both purposes; and any particular document, the production of which is required, shall be described in the summons with reasonable accuracy.

(2) Any person may be summoned to produce a document without being summoned to give evidence and any person summoned merely to produce a document shall be deemed to have complied with the summons if he causes such document to be produced, instead of attending personally to produce the same.

(3) The service of summons under the Act on any person may be effected in any of the following ways;—

(a) by giving or tendering it to such person, or

(b) if such person is not found, by leaving it at his last-known place of abode or business or by giving or tendering it to some adult member of his family, or

(c) if the address of such person is known to the Registrar or other authorised person, by sending it to him, or

(d) if none of the means aforesaid is available by affixing it in some conspicuous part of his last known place of abode or business.

(4) Person served to sign acknowledgment:—

Where the serving officer delivers or tenders a copy of summons to the person personally or to an agent or other person on his behalf, he shall require the signature of the person to whom the copy is so delivered or tendered in acknowledgment of service endorsed on the original summons.

(5) Endorsement of time and manner of service:—

The serving officer shall in all cases in which the summons has been served under sub-rule (4), endorse or annex or cause to be endorsed or annexed on or to the original summons a return stating the time when and the manner in which the summons was served and the name and address of the person (if any) identifying the person served and witnessing the delivery or tender of the summons.

(6) Service on civil public officer or on servant of railway company or local authority:

Where the defendant is a public officer or is the servant of a railway company or local authority, the officer issuing the summons may if it appears that the summons may be most conveniently so served, send it by registered aanchal prepaid for acknowledgment for service on the defendant, to the head of the office in which he is employed together with a copy to be retained by the defendant.

(7) The following shall be the scale of batta to be paid to witnesses summoned under Section 58 of the Act and the same shall be paid by the party at whose instance the witness is summoned.

Witnesses will be divided into three classes:—

Third Class:	Persons whose monthly income is below Rs. 100.
Second Class:	Persons whose monthly income is Rs. 100 and above.
First Class:	Persons whose monthly income is Rs. 250 and above.

SCALE OF BATA.

Travelling allowance for journey to and from place of hearing where the latter is in a different station from that of the witness.

Class of witness	By Rail	BY ROAD.		Subsistence allowance including expenses per day.
		Where there is a public conveyance such as a motor bus plying for hire.	Where there is no public conveyance plying for hire.	
III Class	Single lowest class	Single lowest class fare.	Three chuckrams eight cash per mile	Ten chuckrams eight cash.
II Class	Single II Class fare	Single II Class or lowest class fare where there are only two classes.	Seven chuckrams per mile	Twenty-one chuckrams.
I Class	Do.	The authority summoning the witness may decide and allow single 1st class fare where he is satisfied that the witness habitually travels by the highest class available in public conveyances. In other cases single 2nd class fare only.	Ten chuckrams eight cash per mile	One Re. 14 chuckrams.

NOTES:—(i) When the witness resides in the same station as the place of hearing, it will be discretionary with the authority summoning the witness to allow reasonable hire for conveyance (if one is used) in accordance with the status of the witness instead of the subsistence allowances.

(ii) On every dispute referred to the arbitrator or body of arbitrators, a fee not exceeding seven chuckrams per dispute shall be paid by the petitioner to the arbitrator or body of arbitrators as incidental expenses.

Expenses under (i) and (ii) above shall be treated as costs of the dispute and the authority deciding the dispute shall have full power to determine by whom or out of what property and to what extent such costs and all other costs incidental to the dispute are to be paid and to give all necessary directions for the purposes aforesaid. Where the authority deciding the dispute directs that any costs shall not follow the event, the authority shall state its reasons in writing.

Interest on costs at any rate not exceeding 6 per cent per annum may be awarded and such interest shall be added to the costs and shall be recoverable as such.

XL. When recovery of arbitration awards is made by revenue office, the Registrar shall have power to order the expense of such recovery to be paid out of the funds of the society or by such party or parties in dispute as he may think fit according to a scale laid down by the Registrar.

Execution of awards by revenue officers.

XLI. When the decision or award passed under Rule XXXVIII is executed through the revenue authority all process fees and commission not exceeding 2½ per cent. on the amounts realised, whenever a special agency is employed by the revenue authorities for the realisation of claim, shall be recovered from party or parties against whom the decision or award has been passed, as costs of execution and credited to Government.

Recovery of execution charges.

XLII. (1) A petition of appeal or revision presented under the provisions of the Act shall be preferred in the form of a memorandum signed by the party and presented to the authority concerned, accompanied by a copy of the decision or award against which the appeal or revision is preferred and shall be duly stamped.

Appeals and provisions.

(2) The memorandum shall set forth concisely and under distinct heads the grounds of objection to the decision without any argument or narrative and such grounds shall be numbered consecutively.

(3) When an appeal or revision is filed as aforesaid, the authority concerned may stay the further proceedings relating to such decision pending disposal of such appeal or revision.

XLIII. (1) Any decree holder requiring the provisions of Section 31 of the Act to be applied shall apply to the Assistant Registrar who has jurisdiction over the area in which the cause of action arose and shall deposit costs on a scale prescribed by the Registrar. If the property to be proceeded against is situated, or held outside the jurisdiction of the Assistant Registrar to whom the application is made such Assistant Registrar shall transfer the application to the Assistant Registrar within whose jurisdiction such property is situated or held.

Procedure in execution of decree award or contribution order.

(2) The application shall be made in the form prescribed by the Registrar and shall be signed by the decree holder. The decree holder may indicate whether he wishes to proceed in the first instance against

the immovable property mortgaged to the decree holder or other immovable property or to secure the attachment of movable property. On receipt of the application the Assistant Registrar shall verify the correctness and genuineness of the particulars set forth in the application with the records, if any, in his office and forward it to the Sale officer concerned under him. Such Sale officer shall prepare and sign a demand notice in writing in duplicate in the form prescribed by the Registrar setting forth the name of the defaulter, the amount due including the expenses if any and the batta to be paid to the person who shall serve the demand notice and the time allowed for payment, and effect service in the manner hereinafter prescribed. If the defaulter resides outside the jurisdiction of the Assistant Registrar to whom the application is made, the demand notice prepared by the Sale Officer shall, on his written request, be forwarded by such Assistant Registrar, to the Assistant Registrar within whose jurisdiction such defaulter resides, who shall cause it to be served in the prescribed manner through the Sale Officer concerned under him, and returned to the Assistant Registrar from whom it was received. If the defaulter resides and the property is situated or held outside the jurisdiction of the Assistant Registrar to whom the application is made the application shall be forwarded by Assistant Registrar to the Assistant Registrar within whose jurisdiction such defaulter resides and such property is situated or held.

(3) Unless the decree-holder has expressed a desire that proceedings should be taken in a particular order as laid down in sub-rule (2) execution shall ordinarily be taken in the following manner:—

(i) Movable property of the defaulter shall be first proceeded against, but this shall not preclude the immovable property being proceeded against simultaneously in case of necessity.

(ii) If there is no movable property or if the sale proceeds of the movable property or properties attached and sold are insufficient to meet in full the demand of the decree holder, the immovable property mortgaged to the decree holder or other immovable property belonging to the defaulter may be proceeded against.

(4) In the seizure and sale of movable property, the following rules shall be observed:—

(a) The Sale Officer shall effect service of the demand notice on the defaulter in the manner specified in Rule XXXIX for the service of summons.

(b) If the amount specified in the demand notice together with the expenses be not paid within 7 days from the date of service of the demand notice the Sale Officer shall, after giving previous notice to the decree holder, proceed to the village where the defaulter resides or the property to be distrained is situated and if the amount due together with the expenses be not at once paid, the Sale Officer shall make the distress and shall immediately deliver to the defaulter a list or inventory of the property distrained and an intimation of the place and day and hour at which the distrained property will be brought to sale if the amounts due are not previously discharged. After the distress is made, the Sale Officer may arrange for the custody of property attached with the

decree holder or otherwise. If the Sale Officer requires the decree holder to undertake the custody of the property he shall be bound to do so and any loss incurred owing to his negligence shall be made good by the decree-holder. The Sale Officer may at the instance of the defaulter or of any person claiming an interest in such property, leave it in the village or place where it was attached, in charge of such defaulter or person, if he enters into a bond in the form prescribed by the Registrar with one or more sufficient sureties for the production of the property when called for.

(c) The distress shall as far as possible be conducted in the presence of two Tadasthers who shall be required to attest the list or inventory of the property distressed.

(d) If a defaulter is absent at the time of distress a copy of the list or inventory of the property distressed, and an intimation of the place and day and hour at which the distressed property will be brought to sale if the amounts due are not previously discharged shall be left with some adult male member of his family living with him or fixed at his usual place of residence or on the premises where the property may have been distressed, immediately after the distress.

(e) The distress shall be made after sunrise and before sunset and not at any other time.

(f) The distress levied shall not be excessive, that is to say, the property distrained shall be as nearly as possible proportionate to the sum due by the defaulter together with interest and all expenses incidental to the distraint, detention and sale and it shall not include:—

(a) The ordinary wearing apparel of the defaulter and his family; and

(b) His implements of husbandry and ploughing cattle.

(g) If crops or ungathered produce of the land belonging to a defaulter are attached the sale Officer may cause them to be sold when fit for reaping or gathering, or at his option may cause them to be reaped or gathered in due season and stored in proper places until sold.

In the latter case, the expenses of reaping or gathering and storing such crops or products shall be defrayed by the owner upon his redeeming the property or from the proceeds of the sale in the event of its being sold.

(h) The Sale Officer shall not work the bullocks or cattle, or make use of the goods or effects distrained, and he shall provide the necessary food for the cattle or livestock, the expense attending which shall be defrayed by the owner upon his redeeming the property, or from the proceeds of the sale in the event of its being sold.

(i) It shall be lawful for the Sale Officer to enter or if necessary to force open and enter any dwelling house, stall, stable, cowhouse, granary, godowns, outhouses, or other building, and he may also break open the door of any room in such dwelling house for the purpose of attaching property belonging to a defaulter and lodged therein

Provided that it shall not be lawful for the Sale Officer to enter any dwelling house or to attach any property or to put his seal to any door or place or break open any apartments, in any dwelling house, appropriated to women which, by the usage of the country, are considered private except as hereinafter provided.

(j) Where the Sale Officer may have reason to suppose that the property of a defaulter is lodged within a dwelling house the outer door of which may be shut or within any apartments appropriated to women, which, by the usage of the country are considered private, the sale officer may represent the fact to the officer in charge of the nearest Police Station.

On such representation, the officer in charge of the said station shall send a Police Officer to the spot in the presence of whom the Sale Officer may force open the out door of such dwelling house.

The Sale Officer may also, in the presence of the Police Officer, if any, after due notice given for the removal of women within an apartment and after furnishing means for their removal in a suitable manner (if they be women of rank who, according to the customs of the country, cannot appear in public) enter the apartments for the purpose of distraining the defaulter's property, if any, deposited therein, but such property if found, shall be immediately removed from such apartments after which they shall be left free to the former occupants.

(k) The Sale Officer shall cause Proclamation of the time and place of the intended sale to be made by beat of drum in the village in which the defaulter resides and in such other place or places as the Assistant Registrar may consider necessary to give due publicity to the sale.

No sale shall take place until after the expiration of the period of 15 days from the date on which the sale notice has been served or affixed in the manner prescribed in Clause (a) :

Provided that where the property seized is subject to speedy and natural decay, the sale officer may sell it at any time before the expiry of the said period of 15 days unless the amount due is sooner paid.

(l) At the appointed time, the property shall be put up in one or more lots, as the Sale Officer may consider advisable and shall be disposed of to the highest bidder ; provided that it shall be open to the Sale Officer to decline to accept the highest bid when the price offered appears to be unduly low or for other reasons :

Provided further that the Assistant Registrar or the Sale Officer may, in his discretion, adjourn the sale to a specified day and hour, recording his reasons for such adjournment. When a sale is so adjourned for a longer period than seven days, a fresh Proclamation of the intended sale under clause (k) shall be made unless the defaulter consents to waive it.

When the property may sell for more than the amount due, the excess amount, after deducting the interest and the expense of process and other charges, shall be paid to the defaulter.

(m) The property shall be paid for in cash at the time of sale and the purchaser shall not be permitted to carry away any part of the property until he has paid for it in full.

Where the purchaser may fail in the payment of purchase money the property shall be re-sold, and the defaulting purchaser shall be liable for any loss arising, as well as the expense incurred on the re-sale.

Where the property may, on the second sale, sell for a higher price than at the first sale the difference or increase shall be the property of him on whose account the said first sale was made.

(n) Where a defaulter makes or has made fraudulent conveyance of the property to prevent the distress, any Civil Court of competent jurisdiction shall, on being satisfied that such fraudulent conveyance has been made, order that the property shall be delivered forthwith to the Sale Officer.

(o) Where prior to the day fixed for sale the defaulter or any person acting in his behalf, or any person claiming an interest in the property attached, pays the full amount due including interest, batta and other costs incurred in attaching and bringing to sale the property the Sale Officer shall cancel the order of attachment and release the property forthwith.

(5) Where the movable property to be attached is the salary or allowances or wages of a public officer or of a servant of a Railway Company or local authority or a firm or a company, the Assistant Registrar within whose jurisdiction such person is employed may, on receiving a report from the Sale Officer, order that the amount or any portion of it shall be withheld from such salary or allowances or wages either in one payment or by monthly instalments as the said Assistant Registrar may direct and upon notice of the order the officer or other persons whose duty it is to disburse such salary or allowances or wages shall withhold and remit to the sale officer, the amount due under the order or the monthly instalment, as the case may be.

(6) Where the movable property to be attached is :—

(a) a debt due to the defaulter in question ;
(b) a share in the capital of a corporation or a deposit invested therein ; or

(c) other movable property not in the possession of the defaulter except property deposited in, or in the custody of, any Civil Court, the attachment shall be made by a written order signed by the Assistant Registrar prohibiting :—

(i) in the case of the debt, the creditor from recovering the debt and the debtor from making payment thereof.

(ii) in the case of the share or deposit the person in whose name the share or the deposit may be standing from transferring the share or deposit or receiving any dividend or interest thereon ;

(iii) in the case of other movable property except as aforesaid the person in possession of it from giving it over the defaulter.

A copy of such order shall be sent in the case of the debt to the debtor, in the case of the share, or deposit to the proper officer of the corporation and in the case of any other movable property to the person in possession of such property. As soon as the debt referred to in clause (a) or the deposit referred to in clause (b) matures, the Assistant Registrar may direct the person concerned to pay the amount to him. Where the share is withdrawable, the Assistant Registrar shall arrange for its sale through a broker. Where the share is withdrawable its value shall be paid to said Assistant Registrar to the party concerned as soon as it becomes payable. In the case of the other movable property referred to in clause (c) the person concerned shall place it in the hands of the said Assistant Registrar, as soon as it becomes deliverable to the defaulter.

(7) In the attachment and sale of immovable property the following Rules shall be observed:—

(a) The application presented under sub rule (2) shall contain a description of the immovable property to be proceeded against sufficient for its identification and in case such property can be identified by boundaries or numbers in a record of settlement or survey the specification of such boundaries or numbers and the specification of the defaulter's share or interest in such property to the best of the belief of the decree-holder and so far as he has been able to ascertain it.

(b) The demand notice issued by the Sale Officer under sub-rule (2) shall contain the name of the defaulter, the amount due including the expenses, if any, and the batta to be paid to the person who shall serve the demand notice, the time allowed for payment and the particulars of the properties to be attached in case of non-payment. The Sale Officer shall effect service of the demand notice on the defaulter in the manner specified in Rule 39 for the service of summons.

(c) If the defaulter fails to pay the amount specified in the demand notice within the time allowed, the sale officer shall proceed to attach and sell the immovable property noted in the application for execution in the following manner.

(d) The attachment of immovable property shall be effected by affixing a notice in some conspicuous part of the land or building to be attached. The notice shall contain the name of the defaulter and the amount due and shall set forth that unless the arrear with interest and expenses to be paid within the date therein mentioned the property concerned will be brought to sale. The notice of attachment shall be affixed in some conspicuous part of the Taluk and the Pakuthy Cutcherry concerned and shall also be published by beat of tom-tom on the immovable property attached and in the village where the defaulter resides and in such other place or places as the Assistant Registrar may consider necessary to give due publicity to the sale. A copy each of the notice of attachment shall be sent to the decree holder, the defaulter and the Assistant Registrar. Where the Sale Officer so directs, the attachment shall also be notified in the Government Gazette.

(e) Proclamation of sale shall be posted, 30 days at least before the date fixed for the sale, in the nearest Police Station, the Proyerthikars and Taluk Cutcheries and in the offices of the Assistant

Registrar and the Sale Officer, and in some conspicuous part of the land or building as the case may be and be published also by beat of tom-tom in the village where the property is situate on the day previous to the date of sale. Notice shall also be given to the decree-holder and the defaulter. The Proclamation shall state the time and place of sale and shall specify as fairly and accurately as possible ;

- (i) The property to be sold ;
- (ii) Any encumbrance to which the property is liable ;
- (iii) The amount for the recovery of which the sale is ordered ; and
- (iv) Every other matter which the Sale Officer considers material for a purchaser to know in order to judge the nature and value of the property.

(f) When any immovable property is sold under these rules, the sale shall be subject to the prior encumbrances on the property, if any. The decree-holder shall furnish to the Sale Officer within such time as may be fixed by him or by the Assistant Registrar, an encumbrance certificate from the Registration Department for a period of not less than twelve years prior to the date of attachment of the property sought to be sold. The time of production of the encumbrance certificate may be extended at the discretion of the Sale Officer or the Assistant Registrar, as the case may be. The sale shall be by public auction to the highest bidder, provided that it shall be open to the Sale Officer to decline to accept the highest bid where the price offered appears to be unduly low or for other reasons and provided also that the Assistant Registrar or the Sale Officer may, in his discretion, adjourn the sale to a specified day and hour, recording his reasons for such adjournment. Where a sale is so adjourned for a longer period than 7 days, a fresh Proclamation under clause (e) shall be made, unless the judgment debtor consents to waive it. The interval between the actual date of sale and service of the notice of attachment of the property shall be not less than 45 days. The time and place of sale shall be fixed by the Sale Officer and the place of sale shall be the village where the property to be sold is situate or such adjoining prominent place of public resort as may be fixed by the said Sale Officer.

(g) A sum of money equal to 15 per cent of the price of the immovable property shall be deposited by the purchaser in the hands of the Sale Officer at the time of the purchase, and in default of such deposit, the property shall forthwith be resold :

Provided that where the decree holder is the purchaser and is entitled to set off the purchase money under clause (k) the Sale Officer shall dispense with the requirements of this rule.

(h) The remainder of the purchase money shall be paid within 30 days from the date of sale :

Provided that in calculating the amount to be paid, the purchaser shall have the advantage of any set off to which he may be entitled under Clause (k).

(i) In default of payment within the period mentioned in the last preceding clause, the deposit shall after defraying the expenses of the sale, if any, be liable to be forfeited to the Government and the defaulting purchaser shall forfeit all claim to the property or to any part of the sum for which it may subsequently be sold.

(j) Every re-sale of immovable property, in default of payment of the purchase money within the period allowed for such payment, shall be made after the issue of a fresh Proclamation in the manner and for the period hereinbefore prescribed for the sale.

(k) Where a decree-holder purchases, the purchase money and the amount due on the decree, shall be set off against one another and the Sale Officer shall enter up satisfaction of the decree in whole or in part accordingly.

(8) Where prior to the day fixed for sale, the defaulter or any person acting on his behalf or any claiming an interest in the property attached, tenders payment of the full amount due including interest, batta and other expenses incurred in attaching and bringing to sale the property, the Sale Officer shall cancel the order of attachment and release the property forthwith.

(9) (i) Where immovable property has been sold by the Sale Officer any person either owning such property or holding an interest therein by virtue of a title acquired before or after such sale may apply to have the sale set aside on his depositing with the Assistant Registrar :

(a) For payment to the purchaser, a sum equal to 5 per cent of the purchase money, and

(b) for payment to the decree-holder, the amount of arrears specified in the Proclamation of sale as that for the recovery of which the sale was ordered together with interest thereon and the expenses of attachment and sale and other costs in respect of such amount less any amount which may since the date of such Proclamation have been received by the decree-holder.

(ii) If such deposit and application are made within 30 days from the date of sale, the Assistant Registrar shall pass an order setting aside the sale and shall repay to the purchaser the purchase money so far as it has been deposited, together with the 5 per cent deposited by the applicant :

Provided that if more persons than one have made deposit and application under this sub-rule, the application of the first depositor to the officer authorised to set aside the sale shall be accepted.

(iii) If person applies under sub-rule (10) to set aside the sale of immovable property he shall not be entitled to make an application under this sub-rule.

(10) (i) Anytime within 30 days from the date of the sale of immovable property, the decree-holder or any person entitled to share in a rateable distribution of the assets or whose interests are affected by the sale may apply to the Assistant Registrar to set aside the sale on the ground of a material irregularity or mistake or fraud in publishing or conducting it.

Provided that no sale shall be set aside on the ground of irregularity or fraud unless the said Assistant Registrar is satisfied that the applicant has sustained substantial injury by reasons of such irregularity, mistake or fraud.

(ii) If the application be allowed, the said Assistant Registrar shall set aside the sale and may direct a fresh one.

(iii) On the expiration of 30 days from the date of sale if no application to have the sale set aside is made under sub-rule (9) or under clause (i) of this sub-rule or if such application has been made and rejected the said Assistant Registrar shall make an order confirming the sale:

Provided that, if he shall have reason to think that the sale ought to be set aside, notwithstanding that no such application has been made or on grounds other than those alleged in any application which has been made and rejected, he may after recording his reasons in writing, set aside the sale.

(iv) Whenever the sale of any immovable property is not confirmed or is set aside, the deposit or the purchase money, as the case may be shall be returned to the purchaser.

(v) After the confirmation of any such sale the said Assistant Registrar shall grant a certificate of sale bearing his seal and signature to the purchaser.

Such certificate shall state the property sold and the name of the purchaser, and it shall be conclusive evidence of the fact of the purchase in all courts and tribunals, where it may be necessary to prove it and no proof of the seal or signature of the Assistant Registrar shall be necessary unless the authority before whom it is produced shall have reason to doubt its genuineness.

(11) When immovable property is purchased at a sale held and confirmed under this rule the Assistant Registrar or the Sale Officer shall publish in the Government Gazette and by beat of tom tom or other customary mode, in the village in which the immovable property sold is situated, the name of the purchaser together with a declaration of the lawful succession of such purchaser to all the rights and property of the defaulter in the said immovable property.

(12) Where notwithstanding, such publication, any lawful purchaser of immovable property is resisted and prevented by any person other than a person (not being the defaulter) claiming in good faith to be in possession of the property on his own account from obtaining possession of the immovable property purchased the Assistant Registrar on application and production of the certificate of sale provided for by sub-rule (10) shall cause the proper process to be issued for the purpose of putting such purchaser in possession in the same manner as if the immovable property purchased had been decreed to the purchaser by a decision of a competent Civil Court. For purpose of this Rule the Assistant Registrar shall have all the powers of a Civil Court under the Code of Civil Procedure.

(13) It shall be lawful for the Sale Officer to sell the whole or any portion of the immovable property of a defaulter in discharge of money due provided always that so far as may be practicable, no larger section or portion of immovable property shall be sold than may be sufficient to discharge the amount due with interest, and expenses of attachment and sale.

(14) Persons employed in serving notices or other process under these rules, shall be entitled to batta at such rates as may from time to time be fixed by the Registrar.

(15) Where the costs and charges incurred in connection with the attachment and sale of movable or immovable property under this rule, exceed the amounts of the costs deposited by the decree holder under sub-rule (1), such excess shall be deducted from the sale proceeds of the property sold or the money paid by the defaulter, as the case may be, and the balance shall be made available to the decree-holder.

(16) Every person making a payment towards any money due for the recovery of which application has been made under this rule, shall be entitled to a receipt for the amount signed by the Sale Officer or other officer empowered by the Registrar in that behalf and such receipt shall state the name of the person making the payment and the subject matter in respect of which the payment is made.

(17) (a) Where any claim is preferred to, or any objection is made to the attachment of any property attached under this rule on the ground that such property is not liable to such attachment, the Sale Officer shall investigate the claim or objection and dispose of it on its merits:

Provided that no such investigation shall be made when the Sale Officer considers that the claim or objection is frivolous.

(b) Where the property to which the claim or objection relates has been advertised for sale, the Sale Officer may postpone the sale pending the investigation of the claim or objection.

(c) Where a claim or an objection is preferred the party against whom an order is made may institute a suit within six months from the date of the order to establish the right which he claims to the property in dispute but, subject to the result of such suit, if any, the order shall be conclusive.

(18) The Registrar may, without prejudice to his power under Section 65 of the Act in appropriate cases, exercise all or any of the powers conferred on the Assistant Registrar by sub-rules 1 to 17 of this rule.

XLIV. On default of payment due under sub-rule 15 or 16 of Rule XIII, the Registrar shall prepare a statement of the amount together with interest due from the defaulter under the loan transactions and forward the same to the Division Peishkar within whose jurisdiction the registered office of the society is situated or holds property. The Registrar shall also send a list of the

Procedure for recovery of sums due to Government.

properties belonging to such society. The Division Peishkar shall take the necessary steps under the Revenue Recovery Act and realise all sums due together with all costs thereby incurred.

XLV. Any Officer of the society who appears as a legal practitioner,

Officer of society appearing as legal practitioner in certain cases to vacate office.

(i) against such society or against any other society which is a member of the former society, or

(ii) (otherwise than in an honorary capacity) on behalf of such society or on behalf of any other society which is a member of the former society, shall be deemed to have vacated his office as such.

XLVI. The shares of a society shall not be hypothecated to that society by the members as security for a loan.

Shares not to be hypothecated to society.

XLVII. No society may take any action which involves the society in the discussion or propagation of controversial opinions of a political or religious character and the Registrar may prohibit any action or rescind any resolution which in his opinion is of such a tendency.

Societies not to be involved in controversial matters of a political or religious character.

XLVIII. Where a liquidator has been appointed under sub-section (1) of Section 51 of the Act, the following procedure shall be adopted:—

Procedure to be adopted by liquidator.

(a) the appointment of the liquidator shall be published by the Registrar in the Government Gazette.

(b) The liquidator shall, as soon as the order of cancellation of the Registration of the society takes effect, publish by such means as he may think proper a notice requiring all claims against the society the registration of which is cancelled to be submitted to him within three months of publication of the notice. All liabilities recorded in the account books of a society shall be deemed *ipso facto* to have been duly submitted to him under this clause.

(c) The liquidator shall, after settling the assets and liabilities of the society as they stood on the date of which the cancellation of its registration takes effect, proceed next to determine the contribution to be made by each of its members, past members or by the estates or nominees heirs or legal representatives of deceased members or by any officers or former officers, to the assets of the society under clause (e) and (f) sub-section (3) of section 51 of the Act. Should necessity

arise, however, he may also frame a subsidiary order or orders regarding such contribution and such orders shall be enforceable in the same manner as the original orders themselves.

(d) The liquidator shall submit to the Registrar a quarterly report in such form as the Registrar may prescribe, showing the progress made in the liquidation of the society.

(e) The liquidator may empower any person by general or special order in writing to make collections and grant valid receipts on his behalf.

(f) All funds in the charge of the liquidator shall be deposited in the Government Savings Bank or in a financing bank or with such other bank or person as may be approved by the Registrar and shall stand in his official name.

(g) The Registrar shall fix the amount of remuneration if any, to be paid to the liquidator. The remuneration shall be included in the cost of liquidation which shall be payable out of the assets of the society in priority to all other claims.

(h) The liquidator shall have power to call for meetings of members of the cancelled society from time to time.

(i) At the conclusion of the liquidation, a general meeting of the members of the cancelled society shall be called at which liquidator or any person authorised by him by special or general order in writing in this behalf shall summarise the result of his proceedings and shall take a vote as to the disposal of any surplus funds.

(j) If any liability cannot be discharged by the liquidator owing to the whereabouts of the claimants not being known or for any other cause, the amount covered by such undischarged liability may be deposited in a financing bank and shall be available for meeting the claims of the person or persons concerned.

(k) A liquidator, may, at any time be removed by the Registrar and he shall on such removal be bound to hand over all the property and documents relating to such societies to such person as the Registrar may direct.

(l) Disposal of records of a society which is finally wound up:—

All the books and records of a society whose registration has been cancelled and the final proceedings of liquidation passed may be destroyed by the Registrar after the expiry of three years from the completion of the liquidation.

XLIX. No member who at the time is in default to the society in respect of any loan or loans taken by him, loan or loans for which he is surety for such period as is prescribed in its bye-laws or in any case for a period exceeding three months shall be appointed by the society to its committee or to the committee of another society or to represent the society in another society and vote; and any member of a society who has been appointed to its committee or to the committee of another society and vote, shall cease to hold his appointment as such.

Disabilities of defaulting members.

if he is in default to the society of which he is a member, for the period prescribed in its bye-laws or in any case for a period of three months,

No member of a society who has been expelled under the provisions of its bye-laws shall be eligible for readmission as a member of that society or for admission as a member of any other society, for a period of two years from the date of such expulsion :

Provided that the Registrar may, in special circumstances, sanction the readmission or admission within the said period of any such member, as a member of the same society or of any other society, as the case may be.

L. No society shall contribute any money towards the expenses of any co-operative conference held under the auspices of a society which is not authorised by its bye-laws to undertake the holding of such conferences. The society holding the conference shall keep separate accounts of the income and expenditure of such conference and such accounts shall be subject to audit by the Registrar or by some person authorised by him under Section 22 of the Act.

(By order)

Huzur Catcherry,
Trivandrum, 12th May 1939.

M. K. NILAKANTA AIYAR,
Ag. Chief Secretary to Government.

SCHEDULE A.

(See Rule III.)

FORM OF APPLICATION FOR REGISTRATION AS A CO-OPERATIVE
SOCIETY UNDER THE TRAVANCORE CO-OPERATIVE
SOCIETIES ACT.

1. Name of proposed society.
2. The headquarters of the society and in the case of a credit society, the area of its operations.
(Note the situation of village or town with references to district, taluk, nearest railway station or well known place and distance therefrom).
3. Address of society (including nearest Anchal Office).
4. State whether liability of members is to be limited or unlimited.
5. Application to register a society under the above name is hereby made by the persons whose names are submitted hereunder with their signatures and particulars of age, profession, residence, etc.
6. With this application is sent a copy of the draft bye-laws accepted by the applicants and signed by them.
7. The applicants have elected the following persons to the Committee which is to conduct the affairs of the society for a period of three months from the date of registration of the society or for such further period as the Registrar may consider desirable.
 - 1.
 - 2.
 - 3.
 - 4.
 5. etc.

NOTE :—If all the applicants are individuals at least ten of them who have attained majority should attest the application and the bye-laws. Where an applicant is a registered society, the application and the bye-laws should be signed by a duly authorised person on behalf of such registered society and where all the members of the society are not registered societies by ten other members or by all of them when their number is less than ten.

I.

THE DRAFT BYE-LAWS.

II.

Sl. No.	Name of applicant.	Father's Name.	Age.	Tribe, class or caste.	Profession.	Place of residence.	No. of share the applicant proposes to take.	Signature or thumb impression of applicant.

SCHEDULE B.

FORM OF APPLICATION FOR AN ADVANCE FROM THE GOVERNMENT.

We the undersigned, being duly empowered in this behalf by the committee of _____ Co-operative Society Limited apply for an advance of Rs. _____ (In words) _____ from the Government to be paid at the _____ Treasury.

2. The amount of capital raised as shares or as deposits received from members, is Rs. _____ (in words) _____

3. We request that the advance may be made repayable at the _____ Treasury in _____ annual instalments, the date of payment in each year being _____.

4. Particulars of the indebtedness of the society are as follows:—

(a) Due to members on account of deposits Rs. _____

(b) The amount borrowed from other sources, and the interest payable on each amount borrowed are as under:—

Amount borrowed.	From whom.	Rate of interest.	Conditions as to repayment.

5. We attach hereto a copy of the resolution of the committee/society authorising the taking of an advance from the Government and specifying the members of the committee who may in conjunction with the Secretary receive the amount and enter into an agreement with the Government for its repayment.

Dated _____

Signature of Secretary _____

Signature of 3 members 1 _____

2 _____

3 _____

To

The Registrar of Co-operative Societies,
Travancore.

If the bye-laws of the society do not empower the committee to borrow money on behalf of the society, these words should be deleted.

SCHEDULE C.

ORDER SANCTIONING AN ADVANCE BY THE GOVERNMENT.

Registrar's No. _____

1. Sanction is accorded to the payment of an advance of Rs. _____
(in words) _____ from the _____
Treasury to the undermentioned society subject to the following conditions as to payment:—

Name of society.

Registered address.

No. of annual instalments of repayments.

Date on which each instalment is to be recovered.

2. The date on which the society was registered is _____
and the advance is free of interest for two years from the
date of drawing the loan from the treasury.

3. The budget allotment for such advances in the year 111—
is Rs. _____ The aggregate amount of advances hitherto sanc-
tioned during the year is Rs. _____

4. The persons recognised as authorised by the society to enter in-
to an agreement for repayment of the advance are the Secretary and
any three of the members of the committee named below:—

Name of the Secretary _____

Names of members 1. _____

2. _____

3. _____

4. _____

(Sd.)

Registrar of Co-operative Societies.

SCHEDULE D.

AGREEMENT TO BE EXECUTED ON BEHALF OF A CO-OPERATIVE SOCIETY OBTAINING AN ADVANCE FROM THE GOVERNMENT.

We the undersigned, being duly empowered in this behalf by the committee of * the _____ co-operative society under the bye-laws of the society, acknowledge to have received from the Government the sum of Rs. _____ as an advance to that society; and we undertake on behalf of the society to repay the said advance with the interest in the following instalments, each instalment being payable on the date shown opposite thereto:-

Principal.	Interest.	Total.	Date.
1.			
2.			
3.			
4.			

2. We further agree to pay interest at 3 per cent. per annum on any instalment or portion of an instalment which is not paid on the due date, such interest to run from due date to date of payment.

3. We declare that since the application in Schedule B was submitted to the registrar, the society's indebtedness either to members or to non-members has not increased otherwise than by the accrual of interest on debts specified in the application.

Date.....

Signature. } 1. _____
 } 2. _____
 } 3. _____
 } 4. _____

Witnesses' Signature 1. _____
 2. _____

* If the bye-laws of the society do not empower the committee to borrow money on behalf of the society, these words should be deleted.