

UTTARAKHAND SELF RELIANT CO-OPERATIVES ACT, 2003
[UTTARAKHAND ACT NO. 04 OF 2003]

AN
ACT

to provide for the formation and transformation of co-operatives as self-reliant, self-help, mutual-aid, autonomous, voluntary, democratic, business enterprises, jointly owned, managed and controlled by their members for their economic and social betterment, through the financially gainful provision of core services which fulfill a common need felt by them, and for the matters connected therewith or incidental thereto, be it enacted by the Legislature of the State of Uttarakhand in the 54th year of the republic of India, as follows:

CHAPTER I
PRELIMINARY

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| Short title,
extent and
commencement | 1. | <p>(1) This Act may be called the Uttarakhand Self Reliant Co-operatives Act, 2003.</p> <p>(2) It extends to the whole of the State of Uttarakhand.</p> <p>(3) It shall come into force on such date as the State Government may, by notification in the Uttarakhand Gazette, appoint in this behalf:</p> <p style="padding-left: 40px;">Provided that while appointing such date, the State Government may declare that any provisions to be specified in the declaration shall not come into force from the date so appointed and in that case such provision shall come into force from such date or dates as the State Government may similarly appoint in that behalf.</p> |
| Definitions | 2. | <p>In this Act, unless the context otherwise requires,</p> <p>(1) “arbitral tribunal” means a tribunal consisting of an individual or a group of individuals not being even in number, constituted by the general body of a co-operative for settlement of disputes, in accordance with the articles of association of that co-operative;</p> <p>(2) “articles of association” means the regulations of the co-operative as originally framed by the promoters of a co-operative or as amended from time to time by the general body of that co-operative, in accordance with this act, for the management of the affairs of such co-operative.</p> <p>(3) “Board” or “Board of Directors” means the governing body of a co-operative by whatever name called, to which the direction of the affairs of the co-operative is entrusted by the articles of association of that co-operative;</p> <p>(4) “chief executive” means that individual, in paid or honorary capacity, nominated or elected or appointed by the Board of a co-operative from among members, directors or others, in accordance with the articles of association, who is the person to sue or be sued on behalf of the co-operative, and who performs such functions, and has such responsibilities and powers as are specified in the articles of association, and assigned by the Board;</p> <p>(5) “common need” means that economic need which is common to all those who wish to form a co-operative, or have taken membership in a co-operative, and which the co-operative is expected to fulfil through the provision of core services;</p> <p>(6) “co- operative”, where used as a noun, means a self-reliant, self-help, mutual-aid, autonomous, voluntary, democratic, business enterprise registered under this Act, which is jointly owned, managed and controlled by its members, who may be individuals or</p> |

Co-operatives, for their economic and social betterment, through the financially gainful provision of core services which fulfill a common need felt by them;

- (7) “co-operative business” means a business which is committed to functioning in accordance with the principles of cooperation, and includes all co-operatives registered under this Act ;
- (8) “co-operative identity” means the statement of Co-operative Identity specified in Schedule A of this Act.
- (9) “co-operative society” means a society registered under the U.P. co-operative Societies Act, 1965, before and after the appointed day of creation of Uttarakhand Under U.P Reorganization Act, 2000;
- (10) “ Co- operative society Act” means U.P. Co-operative Societies Act, 1965;
- (11) “core services” means those central services provided to members, through which a co-operative intends to meet that economic need common to all members for the fulfillment of which the co-operative was established, and the fulfillment of which is expected to result in the economic and social betterment of members;
- (12) “Court” means the principal Civil Court of original jurisdiction in a district, and includes the High Court in exercise of its original civil jurisdiction;
- (13) “deficit” means the excess of expenditure over income, arrived at, at the end of a financial year;
- (14) “deficit charge” means the amount collected from/debited to the accounts of members, in proportion to the use and/or non-use of the services of the co-operative, in accordance with the articles of association and resolutions of the general body, to meet deficit, if any, in whole or part;
- (15) “delegate” means a member nominated by a co-operative to represent its interests at the time of promotion of a secondary co-operative, and/or at meetings of a secondary co-operative to which the co-operative is affiliated;
- (16) “director” means a member elected in accordance with the articles of association, to the Board of the co-operative;
- (17) “ Financial year” means the year commencing from the first day of April and ending on thirty first March next following, except if otherwise provided for in the articles of association;
- (18) “ general body” in relation to a co-operative, means all its members;
- (19) “general meeting” means a meeting of the general body called and conducted in accordance with the provisions of this Act and the articles of association of the co-operative;
- (20) “ government” means the Government of Uttarakhand;
- (21) “member” means a person who is in need of and is able to use the core services of a co-operative and who is admitted and continues a member of the co-operative, in accordance with the provisions of this Act and the articles of association of that co-operative, and includes a “member-co-operative”.
- (22) “Member-Co-operative” means a primary or secondary co-operative which is in need of and is able to use the core services of a secondary co-operative, and which is admitted as a member of that secondary co-operative, in accordance with the provisions of this Act and the articles of association of

that secondary co-operative;

- (23) “memorandum of association” means the document expressing the desire of the promoters to form themselves into a co-operative;
- (24) “office-bearer” means a Director elected by the Board of a co-operative to any office of such co-operative in accordance with its articles of association;
- (25) “officer of the co-operative” means the president, vice president, chairmen, vice chairmen, secretary, chief executive, member of committee of management, treasurer, liquidator, or any other persons employed by a co-operative whether with or without remuneration to carry on the business of the co-operative or to supervise its affairs;
- (26) “ordinary resolution” means a resolution of the general body which has the approval of the majority of members with the right of vote, present and voting at the general meeting;
- (27) “person” means an individual or institution competent to contract;
- (28) “potential member” means a person who needs the core services being offered by a co-operative, and is eligible to be a member of that co-operative, but is not yet its member;
- (29) “president” means the president elected among the elected members of the Board to preside over its meetings and the meetings of the general body, and to perform such other functions and have such other powers and responsibilities as are specified in the articles of association and assigned by the Board;
- (30) “primary co-operative” means a co-operative whose members are individuals;
- (31) “Registrar” means the person for the time being appointed as Registrar of Co-operatives by the State Government under this Act;
- (32) “secondary co-operative” means a co-operative whose members are primary co-operatives;
- (33) “special resolution” means a resolution of the general body, at a meeting called with at least 15 days notice, which has the approval of more than half of all the members of the co-operative with right of vote at the time of the general meeting, or of at least two-thirds of members with right of vote at the time of the general meeting and present in the general meeting, whichever is less;
- (34) “surplus” means the excess of income over expenditure, arrived at, at the end of the financial year;
- (35) “surplus refund” means the refund from the surplus given/credited to the accounts of members, in proportion to their use of the services of the co-operative in accordance with the provisions of the articles of association made therein;

CHAPTER II

REGISTRATION

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| Registration of
a Co-operative | 3. | <ul style="list-style-type: none">(1) The State Government may appoint a person to be the Registrar of co-operatives for the State.(2) The State Government may for the purposes of this Act, by general or special order, appoint other persons to assist the Registrar and may confer on such person any or such of the powers of the Registrar as the government may specify.(3) From the date of notification of this Act, all co-operative businesses in |
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reference to Schedule A, whose members are drawn from within the state of Uttarakhand shall be registered under this Act.

- (4) A memorandum of association in the form provided for in Schedule B, may be submitted to the Registrar by hand or by registered post, signed by the individuals who wish to form a primary co-operative or by the delegates of co-operatives which wish to form a secondary co-operative.
- (5) 7 or more individuals or two or more cooperatives may form a cooperative under this Act.
- (6) The Registrar shall register the memorandum of association, and also take on record its articles of association and communicate by registered post a certificate of registration, as specified in Schedule C, and a certified copy of the memorandum of association and of the articles of association signed by him/her, within sixty days from the date of submission of the memorandum of association, to such person as is specified in the Memorandum.
- (7) if the conditions laid down in sub-section 5 (4) are not fulfilled, the Registrar shall communicate by registered post the order of refusal together with the specific reasons therefore, within sixty days from the date of submission of memorandum, to such person as is specified in the memorandum.

Provided that no order of refusal shall be passed except after giving an opportunity of making representation on behalf of the promoters by the person specified in the Memorandum.

- (8) Where a co-operative is registered under sub-section (6), the certificate of registration signed and sealed by the Registrar shall be conclusive evidence that the association mentioned therein is a co-operative duly registered under this Act, unless it is proven that the registration of the co-operative has been cancelled.
- (9) Where within seventy-five days of submission of the Memorandum for registration, the person specified in the Memorandum receives neither the certificate of registration nor the order of refusal, the cooperative will be deemed to be registered under this Act, and the Registrar shall issue a certificate of registration, within the following 15 days.

Conversion of a co-operative society under this Act

4. (1) Notwithstanding anything in the Uttarakhand cooperative Societies Act, 2003, a co-operative society registered under the Co-operative Societies Act, 2003, may opt for registration under this Act through a special resolution of the general body :

Provided that where the cooperative society is in receipt of share capital from the government, it shall undertake, in writing, to retire such share capital within 5 years from the date of registration, at the rate of not less than 15% per annum, of the total equity of the government on the date of conversion.

- (2) The registration of such society shall be made in accordance with the provisions of this Act, and where within seventy five days of submission of the Memorandum for registration as specified in schedule D, the person specified in the Memorandum receives neither the certificate of registration as specified in schedule E nor the order of refusal, the promoters may move the appropriate Court of Law.

Co-operative to be a body corporate

5. On registration, every co-operative shall become a body corporate by the name under which it is registered having perpetual succession and a common seal. The co-operative shall hold and dispose of property, enter into contracts, institute and defend suits and other legal proceedings and do all other things

Articles of association	6.	<p>necessary for the purpose for which it was constituted and registered under section 3 and 4 of this Act.</p> <p>(1) The members constituting a co-operative, shall have a set of articles of association, formulated and amended from time to time, which shall not be in contravention to the provisions of this Act;</p> <p>(2) Except on such specific matters which the Act has provided for and which the articles of association may further regulate on but not contravene, the functioning of every co-operative shall be regulated by its articles of association.</p> <p>(3) The articles of association may contain such matters as are decided by the members and shall be specific on all matters listed in Schedule F of this Act.</p>
Amendment of articles of association	7.	<p>(1) A co-operative may decide, by a special resolution, to amend its articles of association;</p> <p>Provided that the text of such proposed amendment with reasons therefore shall be sent to each member, along with the notice of the general meeting in which the proposed amendment is to be discussed.</p> <p>(2) A copy of any amendment shall be forwarded by the co-operative by registered post to the Registrar within a period of thirty days from the date of the general meeting at which the resolution was passed.</p> <p>(3) Every such amendment forwarded to the Registrar shall be signed by the President and two Directors and shall be accompanied by the following particulars:</p> <p>(a) A copy of the resolution agreeing to the amendment;</p> <p>(b) the date of the general meeting at which the amendment was approved;</p> <p>(c) the date on which the amendment comes into force.</p> <p>(4) The Registrar shall take on record the amendment immediately on receipt of the notice:</p> <p>Provided that the Registrar may refuse to record such amendment(s) if in his opinion any such amendment (s) is/are contrary to the provisions of this Act;</p> <p>Provided further that no such order refusing to record the amendment shall be passed, unless the co-operative concerned is given an opportunity of being heard.</p>
name of a co-operative	8.	<p>(1) A co-operative may not be registered with the same name as another co-operative business already registered under this Act or the Co-operative Societies Act :</p> <p>Provided that where the articles of association of a secondary co-operative require all its member-co-operative shall have its location or other distinguishing feature included in common name.</p> <p>(2) Every co-operative shall display its full name in legible characters in a conspicuous position:</p> <p>(a) at every office or place at which it carries on business;</p> <p>(b) in all notice and other official publications;</p> <p>(c) on all its contracts, business letters, orders for goods, invoices, statements of accounts, receipts and letters of credit; and</p> <p>(d) on all bills of exchange, promissory notes, endorsements, cheques and orders for money it signs or that are signed on its behalf.</p>

- (3) Every co-operative shall display its full name in legible characters on its common seal.
- (4) Nothing in Sub-section (2) shall prevent a co-operative displaying more conspicuously than the full name, any shorter name by which it is popularly known and which is specifically provided for in the articles of association.
- (5) A Co-operative may, by an amendment to its articles of association, change its name;

provided, however, that before changing its name it shall send notice of its intention to change its name to the Registrar, along with proposed name/s, and the Registrar shall, within fifteen days of receiving such notice inform the co-operative if such name is already in use by another co-operative.

- (6) Where a co-operative changes its name, the Registrar shall
 - (a) enter the new name of the co-operative in the register of co-operatives in place of the former name;
 - (b) make necessary changes in the memorandum of association and articles of association;
 - (c) issue a fresh certificated of registration with the necessary alterations;
 - (d) communicate to the co-operative, by registered post, the fresh certificate of registration along with certified copies of the amended Memorandum and Articles.
- (7) The change of name of a co-operative shall not affect any rights or obligations of the co-operative or of any of its members or past members or render defective any legal proceeding by or against it; and any legal proceedings which might have been continued or commenced by or against the co-operative by its former name may be continued or commenced by its new name.
- (8) A co-operative which changes its name shall publicise such change in name in a popular newspaper in the district in which its registered office is located.

Location of
Registered
office

9. (1) Every co-operative shall notify to the Registrar the full address of its registered office, within ninety days of being registered as a co-operative.
- (2) Every Co-operative shall display in full the address of its Registered office in legible characters in a conspicuous position:
 - (a) at every office or place at which it carries on business;
 - (b) in all notices and other official publications;
 - (c) on all its contracts, business letters, orders for goods, invoices, statements of account, receipts and letters of credit; and
 - (d) on all bills of exchange, promissory notes, endorsements, cheques and orders for money it signs or that are signed on its behalf.
- (3) A co-operative may, by a resolution of the Board of Directors, Change the address of its registered office:

Provided, however, that it shall give notice of such change to its members, creditors, the Registrar and to any secondary co-operative/s to which it may be affiliated, within fifteen days of the Board resolution, and to its members and creditors, at least ten days before effecting the change.

- (4) The Registrar shall, within fifteen days of receiving information from a co-operative, take on record, in the registrar of co-operatives, the full address of

the registered office of a co-operative, and any changes there of.

Transfer of
assets and
liabilities

10. (1) A co-operative may, by a special resolution, decide to transfer its assets and liabilities, in whole or in part, to any other co-operative which agrees, by a special resolution, to receive such assets and liabilities.
- (2) Where special resolutions are passed under sub-section (1), each co-operative shall, within the following 15 days, give notice thereof together with a copy of the resolution passed by it to all its members and creditors, and notwithstanding any provision in the articles of association or contract to the contrary, any member other than one who voted in favour of the proposed transfer of assets and liabilities and any creditor shall, during a period of fifteen days from the date of service of the notice upon him/her, have the option of withdrawing from the co-operative, his/her interests, subject to the discharge of his/her obligations to the co-operative.
- (3) Any member or creditor who does not exercise his/her option within the period specified in sub-section (2) shall be deemed to have agreed to the resolution.
- (4) The special resolution passed under sub-section (1) shall not take effect until-
- (a) all claims of the members and creditors of each co-operative who have exercised the option under sub-section (2) have been met in full or otherwise satisfied; and
- (b) information about the transfer of assets and liabilities has been sent by the co-operative concerned to the Registrar and the Registrar's acknowledgement of receipt of the information received.
- (5) When special resolutions passed under sub-section (1) take effect, the resolutions shall be sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.
- (6) When a co-operative transfers the whole of its assets and liabilities to any other co-operative, under this section, the registration of the co-operative shall stand cancelled and it shall be deemed to have been dissolved and shall cease to exist as a registered body, and the Registrar shall delete the name of the co-operative from the register of co-operatives.

Division

11. (1) A co-operative may, by a special resolution, decide to divide itself into two or more co-operatives.
- (2) Where a special resolution is passed under sub-section (1), the co-operative shall, within the following 15 days, give notice thereof together with a copy of the resolution to all its members and creditors and, notwithstanding any provision in the articles of association or contract to the contrary, any member other than one who voted in favour of the proposed division, or creditor shall, during a period of fifteen days from the date of service of the notice upon him/her, have the option of withdrawing from the co-operative, his/her interests, subject to the discharge of his/her obligations to the co-operative.
- (3) Any member or creditor who does not exercise his/her option within the period specified in sub-section (2) shall be deemed to have agreed to the resolution.
- (4) A special resolution passed under sub-section (1) shall not take effect until

- (a) all claims of the members and creditors of the co-operative who have exercised the option under sub-section (2) have been met in full or otherwise satisfied;
 - (b) information of the impending division and settlement of claims of members and creditors is sent to the Registrar and the Registrar's acknowledgment of receipt of the information is obtained; and
 - (c) the certificates of registration and the copies of the registered Memorandum and articles of association of the resultant co-operatives, signed and sealed by the Registrar, are issued in accordance with section 3.
- (5) When a co-operative divides itself into two or more co-operatives under this section, the registration of the erstwhile co-operative shall stand cancelled and it shall be deemed to have been dissolved and shall cease to exist as a body corporate and the Registrar shall delete the name of the co-operative from the register of co-operatives.
- (6) When a co-operative divides itself into two or more co-operatives, each member who has assented to the division shall be deemed to have become a member of that newly formed co-operative to which his/her interests were transferred, in accordance with the scheme of division approved by the general body.
- (7) When a special resolution passed under sub-section (1) takes effect, the resolution shall be sufficient conveyance to vest the assets and liabilities in the transferees without any further assurance.

- Amalgamation 12. (1) Any two or more co-operatives may, by special resolutions, decided to amalgamate themselves and form a new co-operative.
- (2) where special resolutions are passed under sub-section (1), each co-operative shall, within the following 15 days, give notice thereof together with a copy of the resolution passed by it to all its members and creditors, and notwithstanding any provision of the articles of association or contract to the contrary, any member other than on who voted in favour of the proposed amalgamation, or creditor shall, during a period of fifteen days from the date of service of the notice upon him/her, have the option of withdrawing from the co-operative, his/her interests, subject to the discharge of his/her obligations to the co-operative.
- (3) Any member or creditor who does not exercise his/her option within the period specified in sub-section (2) shall be deemed to have assented to the resolution.
- (4) The special resolution passed under sub-section (1) shall not take effect until-
- (a) all claims of the members and creditors of each co-operative who have exercised the option under sub-section (2) have been met in full of other wise satisfied;
 - (b) information of the impending amalgamation and settlement of claims of members and creditors is sent to the Registrar and the Registrar's acknowledgement of receipt of the information is obtained; and
 - (c) the certificate of registration and a copy of the Memorandum and articles of association of the resultant co-operative, signed and sealed by the Registrar, are issued in accordance with section 3.
- (5) When two or more co-operatives amalgamate themselves into a new cooperative under this section, the registration of the co-operatives so

amalgamated shall stand cancelled and they shall be deemed to have been dissolved and shall cease to exist as body corporates, and the Registrar shall delete the names of the co-operatives from the register of co-operatives.

- (6) When two or more co-operatives amalgamate themselves into a new co-operative under this section, all the members of the co-operatives who have assented or are deemed to have assented to the amalgamation shall be deemed to have become members of the new co-operative.
- (7) When special resolutions passed under sub-section (1) take effect, the resolutions shall be sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.

Merger

- 13. (1) A Co-operative may, by a special resolution, decide to merge itself into any other co-operative which agrees, by a special resolution, to such merger.
- (2) Where special resolutions are passed under sub-section (1), each co-operative shall, within the following 15 days, give notice thereof together with a copy of the resolution passed by it to all its members and creditors, and notwithstanding any provision in the articles of association or contract to the contrary, any member other than one who voted in favour of the proposed merger, or creditor shall, during a period of fifteen days from the date of service of the notice upon him/her, have the option of withdrawing from the co-operative, his/her interests, subject to the discharge of his/her obligations to the co-operative.
- (3) Any member or creditor who does not exercise his/her option within the period specified in sub-section (2) shall be deemed to have assented to the resolution.
- (4) The special resolutions passed under sub-section (1) shall not take effect until-
 - (a) all claims of the members and creditors of each co-operative who have exercised the option under sub-section (2) have been met in full or otherwise satisfied; and
 - (b) information of the impending merger and settlement of claims of members and creditors is sent to the Registrar and the Registrar's acknowledgement of receipt of the information is obtained.
- (5) When a co-operative merges itself into any other co-operative under this section, the registration of the co-operative shall stand cancelled and it shall be deemed to have been dissolved and shall cease to exist as a registered body, and the Registrar shall delete the name of the co-operative from the register of co-operatives.
- (6) When a co-operative merges itself into any other co-operative under this section, the members of the first co-operative shall be deemed to have become the members of the second co-operative.
- (7) When special resolutions passed under sub-section (1) take effect, the resolutions shall be sufficient conveyance to vest the assets and liabilities in the transferee without any further assurance.

Fee for services

- 14. (1) The submission of Memorandum for registration as a co-operative under this Act shall be accompanied by a fee amounting to one percent of the authorized equity capital of the proposed co-operative, such, however, that the fee shall be not less than rupees two hundred;

Provided that the fee shall be rupees two hundred in the case of such co-operatives as do not intend to have any equity capital.

- (2) The fee to be paid by co-operatives and others for various service rendered by the Registrar under this Act may be fixed by the Government and made known to the Registrar, who in turn shall make such information available to any interested person :

Provided that any change in the fee payable for any service may be made by the Government only after publishing in two leading vernacular newspapers or advertising in the vernacular electronic media, inviting comment from those affected.

CHAPTER III MEMBERSHIP

- Eligibility for membership in a co-operative 15. (1) Any person who needs the services of a co-operative, expresses willingness to accept the responsibilities of membership, meets such other conditions as may be specified in the articles of association of the co-operative, and is in a position to use the services, may seek membership and be admitted as a member :

Provided that the co-operative is in a position to extend its services to the applicant.

- (2) Every applicant for membership, and every member of a co-operative must keep each co-operative of which the person is a member, informed of membership in other co-operatives, and it shall be lawful for a co-operative to refuse admission or remove from membership on grounds, among other, of dual or conflicting membership.

- Admission of Members 16. (1) Admission to membership shall be made, in accordance with the procedure specified in the articles of association, only by an elected Board.
- (2) Where admission is refused, the decision with the reason thereof shall be communicated by registered post to such applicant within fifteen days of the date of the decision, or within sixty days from the date of application for membership, whichever is earlier.
- (3) Where an applicant has been refused admission by the Board, or has had no response from the Board, the applicant may request the Board to place the matter for review by the arbitral tribunal. The Board shall place the matter before the arbitral tribunal at its next meeting and the decision of the general body shall be final;

Provided that the applicant shall be given opportunity to be heard by the arbitral tribunal.

- Membership withdrawal 17. (1) A member may at any time withdraw from membership in a co-operative in accordance with the procedure specified in the articles of association of that co-operative
- (2) Before withdrawal from membership he/she will fulfil all such obligations as were enjoined upon him/her as a member, under the provisions of this Act, the articles of association or other agreements.

- Cessation of membership 18. (1) A person shall cease to be a member on death or on incurring such disqualification as may be specified in the articles of association.

Termination of membership	<p>(2) Every co-operative shall inform, in the event of the death of the member, the nominee of the member, and in every other instance, the member, about the cessation of membership and consequence thereof.</p>
	<p>19. (1) The Board of a co-operative may terminate the membership of a person who has acted adversely to the objects and interests of the co-operative, including the violation by the member of the articles of association of the co-operative, the policies of the general body or Board, and/or contracts entered into by the member with the co-operative :</p> <p>Provided the member has been given a fair opportunity to make a representation at the Board meeting as to why membership should not be terminated.</p> <p>(2) Where the membership of a person has been terminated by the Board, the person may request the Board to place its decision for review by the arbitral tribunal. The Board shall place the matter before the general body at its next meeting and the decision of the arbitral tribunal shall be final;</p> <p>Provided that pending the decision of the general body the person may have only such transactions, if any, with the co-operative, as may be permitted by the Board.</p>
Register of members	<p>20. (1) Every co-operative shall maintain a register of members. The name of every person admitted as a member of the co-operative, the date of admission, and the address of the member shall be entered in the register along with such other particulars as are deemed necessary by the Board.</p> <p>(2) The name of every person whose membership has ceased, or was terminated or withdrawn, shall be struck off the register.</p>
Co-operative education	<p>21. (1) Every co-operative shall include in its annual budget, a provision for expenses on member and potential member education and staff and Board training for the development of the co-operative in accordance with the principles and practices of cooperation.</p> <p>(2) Any balance under the budget head provided for under sub-section (1) shall be transferred at the end of the year into a co-operative education fund, and may be used only for the purpose of educating and training members, potential members, staff and Directors in co-operative principles and practices.</p>
Services primarily for members	<p>22. (1) A Co-operative's services shall normally be available to members only.</p> <p>(2) After two years of its being registered under this Act, any co-operative found to be providing more than one-fourth of its core services, as specified in its articles of association, in terms of the value of transactions, to non-members in any given financial year shall be deemed to be an "aberrant co-operative" and may be liable to lose for that year exemptions, if any, provided to it, on the ground that it is a co-operative, by this or other laws.</p> <p>(3) Any co-operative found to be " aberrant" for continuous three years shall be deregistered or dissolved by the Registrar;</p> <p>Provided that such co-operative shall be given an opportunity of being heard before the deregistration or the dissolution.</p>
Exercise of rights	<p>23. (1) No member of a co-operative shall exercise the rights of membership, including the right of vote, unless the member has made such payments to the</p>

co-operative in respect of membership or has acquired and continues to have such interest in the co-operative, including a minimum use of the service of the co-operative, as may be specified in the articles of association.

- (2) Every year, within twenty days of closure of the previous financial year, the chief executive shall prepare a list of members with the right of vote, and a list of members without the right of vote, valid for the current financial year. The list shall be affixed to the notice Board of the co-operative for information of all members, and any member, not satisfied with the specific instances of inclusion or non-inclusion of members in the lists, may appeal to the Board within ten days of the affixation of the lists on the notice Board, for re-examination of the records, and the Board shall, within forty five days of closure of the previous financial year, review the lists, finalize them and have them affixed to the notice Board of the co-operative.

Voting rights of
members

24. (1) In primary co-operatives, each members shall have one vote :
provided that a person shall have been a member for at least one full financial year, before being eligible to vote :
provided that the condition of one year membership shall not apply to the members who join at registration/conversion or at any time after the registration/ conversion of a co-operative but before the first financial year ending;
- (2) In secondary co-operatives, the articles of association may make provision for voting rights of a primary co-operative proportional to the numbers of members in the primary cooperative.

Liability
member

- of 25. (1) A co-operative shall be registered with limited liability, where;
a “ co-operative with limited liability” means a co-operative in which the liability of its members for the debts of the co-operative is limited by its articles of association, to such form and extent as they may undertake to contribute to any deficit in the assets of the co-operative, in the event of its being wound up.
- (2) Where a co-operative amends its articles of association to change the form and extent of its members ‘liability, it shall, within fifteen days of such amendment, give notice thereof together with a copy of the amendment to its members and creditors and, notwithstanding any provision in the articles of association or contract to the contrary, any member other than one who voted in favour of the proposes change, or creditor shall, during a period of fifteen days from the date of service of the notice upon him/her, have the option of withdrawing from the co-operative, his/her interests, subject to the discharge of his/her obligations to the co-operative.
- (3) Any member or creditor who does not exercise his/her option within the period specified in sub-section (2) shall be deemed to have assented to the resolution.
- (4) An amendment passed under sub-section (2) shall not take effect until
- (a) all claims of the members and creditors of the co-operative who have exercised the option under sub-section (2) have been met in full or otherwise satisfied; and
- (b) notice of the amendment of the articles of association of the co-operative has been received by the Registrar in accordance with this Act.
- (5) Where a co-operative is ordered to be dissolved, the liability of a past member, who ceased to be a member, or of the estate of a deceased member, who died, within two years immediately preceding the date of order of

dissolution, shall continue until completion of the liquidation proceeding, but such liability shall be limited only to the debts of the co-operative as they existed on the date of cessation of membership or death, as the case may be.

- (6) Subject to the provisions of sub-section (5), the liability of a member or of the estate of a deceased member for the debts of the co-operative as they existed.
- (a) in the case of a past member, on the date on which the person ceased to be a member; and
 - (b) in the case of a deceased member, on the date of his/her death; shall continue for a period of two years from such date.

- General body 26. (1) There shall be a general body for every co-operative consisting of all the members of such co-operative.
- (2) Subject to the provisions of this Act and the articles of association of a co-operative, the ultimate power of a co-operative shall vest in the general body of its members :

 Provided that nothing contained in this sub-section shall affect the exercise by the Board or any other authority of a co-operative of any power conferred on such Board or such other authority by this Act.

- (3) Any function or responsibility, falling within the scope of a co-operative as a legal entity, which has not been specifically entrusted by this Act or the articles of association, to any of the several authorities within the co-operative, may be dealt with by the general body, on a reference by the board of Directors.

- Functions and responsibilities of general body 27. (1) The following and such other matters as are considered necessary by the Board, shall be dealt with by the general body at its Annual General Meeting:
- (a) action on resolutions of the previous meeting;
 - (b) consideration of the long term plan and budget, when required;
 - (c) consideration of the annual operational plan and budget for the current financial year;
 - (d) appointment of auditors for the current financial year;
 - (e) consideration of the annual report of activities for the previous financial year;
 - (f) consideration of the annual audited statements of accounts, and the audit report relating to the previous financial year;
 - (g) consideration of the report on deviations, if any, from the approved budget relating to the previous financial year and the appropriate action to be taken;
 - (h) disposal of surplus, if any, of previous financial year;
 - (i) management of deficit, if any, of previous financial year;
 - (j) creation of specific reserves and other funds;
 - (k) review of actual utilization of reserves and other funds;
 - (l) review of the report on the attendance at meetings by Directors;
 - (m) review of the use of the co-operative's service by the Directors;
 - (n) review of remuneration paid to any Director or member of any committee or internal auditor in connection with his/her duties in that capacity or his/her attendance at related meetings;
 - (o) review of quantum and percentage of services provided to non-members

vis-a vis service provided to the members;

- (p) appeal of a person whose application for membership has been rejected by the Board;
 - (q) appeal of a person who has been expelled from membership by the Board;
 - (r) report of activities and accounts related to member education and Board and staff training.
- (2) The following and other matters when considered necessary by the Board, shall be dealt with by the general body at its annual or other general meeting:
- (a) election of Directors;
 - (b) amendments to articles of association;
 - (c) removal of Directors;
 - (d) elections/appointments to casual vacancies on the Board;
 - (e) removal, and consequent appointment of auditors;
 - (f) membership of the co-operative in secondary co-operatives;
 - (g) partnership with other co-operatives;
 - (h) amalgamation, division, merger, transfer of assets and liabilities;
 - (i) dissolution of the co-operative;
 - (j) Consideration of the Registrar's report of inquiry, if any.

General
meetings

28. (1) The Board of a co-operative may, at any time, call a general meeting of the members of the co-operative:

Provided that one such meeting known as Annual General Meeting shall be held within one hundred and fifty days of the closure of the co-operative's financial year to deal with the matters specified in section 27 (1).

- (2) The Board shall hold a special general meeting within thirty days of the date of receipt of a requisition from:
- (a) one-fifth of the members having the right to vote or 500 members having the right to vote; or
 - (b) the Registrar, in pursuance of the Registrar's functions under this Act;

Provided that any such requisition shall contain the reasons why the proposed agenda and the meeting is felt necessary, and no subject other than the subjects included in the proposed agenda shall be discussed at the special general meeting.

- (3) All Directors shall cease to be Directors at the end of the period within which an Annual General Meeting under sub-section (1) or a special general meeting under sub-section (2) is required to be held, if the Board fails to hold such general meetings within the specified period.
- (4) All Directors shall cease to be Directors at the Annual General Meeting, if the audited annual financial statement and auditor's comments and observations, if any, along with the report of activities for the previous financial year were not made available to the members along with the notice to attend the Annual General Meeting at which the report and accounts are to be considered by the general body, and such general meeting shall be conducted by the chair person appointed by the Arbitral Tribunal.
- (5) The quorum for a general meeting shall be as specified in the articles of

- association, but shall not be less than one-fifth of the members eligible to vote at the meeting;
- Minutes of general meetings 29. (1) Every co-operative shall maintain, in the language specified by the articles of association, in the minutes book, minutes of all proceeding of every general meeting and the chief executive shall send the copy of the minutes within fifteen days of the conclusion of every such meeting to all members.
- (2) The minutes so recorded shall be signed by the person who chaired the said meeting, or the event of his/her incapacity to sign the minutes within the time required, by a Director duly authorized by the Board.

CHAPTER IV MANAGEMENT

- Board of Directors 30. There shall be an elected Board of Directors for every co-operative constituted and entrusted with the direction of the affairs of the co-operative in accordance with the provisions of the articles of association;

Provided that in the case of a co-operative registered under this Act, the persons who have signed the application for the registration of the co-operative may appoint a promoter Board, for a period not exceeding one year from the date of registration, to direct the affairs of the co-operative and to get election of Directors conducted within the period referred to herein; and the promoter Board appointed under the proviso shall cease to function as soon as a regular Board has been constituted in accordance with the articles of association:

Provided further that in the case of a co-operative society originally registered under the Co-operative Societies Act and subsequently registered under this Act, the elected members of the Board, whose term has not expired at the time of registration under this Act, may be deemed to be the promoter Board, for a period not exceeding one year from the date of registration under this Act, to direct the affairs of the co-operative and to get elections of Directors conducted within the period referred to herein; and the deemed promoter Board under the proviso shall cease to function as soon as a regular Board has been constituted in accordance with the articles of association.

- functions and responsibilities of Board 31. (1) The Board may perform functions and discharge responsibilities as specified in and in accordance with the terms, conditions and procedure laid down in the articles of association;

Provided that the following functions and responsibilities shall be those of the Board;

- (a) to interpret the organizational objectives, to set up specific goals to be achieved towards these objectives, and to make periodic appraisal of operations;
- (b) to elect and remove office bearers;
- (c) to appoint and remove the chief executive;
- (d) to frame regulations for the appointment of all employees of the co-operative and the scales of pay, allowances and other conditions of service including disciplinary action;
- (e) to finalize long term perspective plan, annual plan and budget, and to direct the affairs of the co-operative in accordance with the plan and budget approved by the general body;
- (f) to make arrangements for the mobilization of funds;
- (g) to authorize acquisition and disposal of immovable property; and
- (h) to frame, approve and amend regulations relating to services, funds, accounts and accountability and information and reporting systems.

- (2) Every Director of a co-operative while performing functions, discharging responsibilities, and exercising powers shall:--
 - (a) act honestly and in good faith and in the best interests of the co-operative; and
 - (b) exercise such due care, diligence and skill as a reasonably prudent person would exercise in similar circumstances.
- (3) Any Director who is guilty of misappropriation, breach of trust or any other omission or commission, resulting in loss or shortfall in revenue to the co-operative, shall be personally liable to make good that loss or shortfall, without prejudice to any criminal action to which the Director may be liable under law.

Eligibility for
Directorship in
a co-operative

32. In addition to such other conditions as may be specified in the articles of association, a member of a co-operative shall be eligible for being chosen as a Director of the co-operative, if -

- (1) such member has the right to vote in the affairs of the co-operative; and
- (2) such member has patronized the services of the co-operative during the previous financial year to the extent and in the manner specified in the articles of association; and
- (3) such member has no interest in any subsisting contract made with or work being done for the co-operative except as otherwise specified in the articles of association; and
- (4) three years have lapsed from the date that such member may have ceased to be a Director of the co-operative for reason of
 - (a) non-conduct of general meeting;
 - (b) non-conduct of elections to the Board;
 - (c) non-submission of annual report of activities, audited annual financial statements and/ or auditor's report to the general body; or
 - (d) absence from Board meetings.

Elections

33. (1) The conduct of elections of Directors to the Board shall be the responsibility of the Board of the co-operative.
- (2) Elections shall be conducted in the manner specified in the articles of association, Elections shall be conducted before the term of office of the outgoing Directors comes to an end.
- (3) All Directors on the Board shall cease to be Directors at the point of time when any task required for the conduct of elections by the articles of association is not undertaken or completed and the Board has not immediately taken necessary steps to continue with the process as required by the articles of association.
- (4) Elections of Directors shall normally take place at the Annual General Meeting.
- (5) Where a Board fails to conduct elections before the expiry of the term of the Directors, or where the process of elections is discontinued or suspended at any stage of the process and the Board has not initiated remedial measures, or where there are no Directors remaining on the Board, the Arbitral Tribunal, within such time and in such manner as specified in the articles of association, shall appoint a three-member ad-hoc Board from among members who are not members of the Arbitral Tribunal, nor members of the outgoing Board, nor intend to stand as candidates for the elections on hand, for the specific

purpose of conducting elections and to perform all functions of the Board during the interregnum except those proscribed by the articles of association.

- (6) The term of the ad-hoc Board so appointed shall not exceed three months and the ad-hoc Board shall cease to function as soon as a regular Board is elected in accordance with the articles of association.
- (7) The Directors shall hold office for the period for which they were elected and the newly elected Directors shall assume office at the end of this period.
- (8) The Directors may not be eligible, if so specified in the articles of association, for re-election.
- (9) Where there are vacancies on the Board and where there is a quorum, the remaining Directors may exercise all the powers of the Board or may fill the vacancies by cooption for the remainder of the respective terms.
- (10) Where there are vacancies on the Board and where there are not sufficient number of Directors to constitute a quorum for Board meetings, the Arbitral Tribunal shall call a general meeting for the purpose of electing Directors to fill the vacancies.

Tenure of Directors 34.

Where the articles of association provide for retirement of all Directors at once, the tenure of office of all the Directors, and, where the articles of association provide for retirement of Directors by rotation, the tenure of office of the individual Directors shall be for such period as specified in the articles of association, not exceeding three years from the date of assumption of office, as specified in the articles of association.

Board meetings

35. (1) The president of a co-operative may, at any time, call a meeting of the Board of Directors;

Provided, however, that at least four Board meetings shall be held in a co-operative year, and the period between two consecutive Board meetings shall not exceed one hundred and twenty days.

- (2) The president shall hold a special Board meeting within fifteen days of the date of receipt of a requisition from:
 - (a) at least one-third of the Directors on the Board; or
 - (b) the Auditor;

Provided that any such requisition shall contain the reasons why the meeting is felt necessary and the proposed agenda, and no subject other than the subjects included in the proposed agenda shall be discussed at the special Board meeting.

- (3) The president shall cease to be president at the end of the period within which a Board meeting under sub-section (1) or (2) or the articles of association has to be held if the president fails to hold such Board meeting within the specified period.
- (4) An individual who ceases to be president under sub-section (3) shall not be eligible to hold the office of president for a period of six years from the date of such cessation.
- (5) The quorum for a Board meeting shall be as specified in the articles of association, but shall be more than half of the total number of Directors on the Board.
- (6) The procedure to convene and conduct the Board meetings shall be such as specified in the articles of association.

- (7) If a Director fails to attend three consecutive Board meetings, the Director shall cease to be a Director, from the date of the third Board meeting.
- Minutes of Board meetings 36. (1) Every co-operative shall maintain, in the language specified by the articles of association, in the minutes book, minutes of all proceedings of every Board meeting and the chief executive shall send the copy of the minutes within seven days of the conclusion of every such meeting to all Directors.
- (2) The minute so recorded shall be signed by the person who chaired the said meeting or by the person who chairs the following meeting, wherein the minutes are confirmed.

CHAPTER V FINANCE

- Mobilization of funds 37. (1) A Co-operative may mobilize funds including equity capital, deposits, grants, and loans from its members in such form, to such extent and under such conditions as may be specified in the articles of association.
- (2) A co-operative may raise funds and other forms of financial support including guarantee but excluding share capital from non-members including individuals, banks, other financial and non-financial institutions and the Government, on mutually agreed terms, to such extent and subject to such conditions as may be specified in the articles of association.

- Deployment of funds 38. (1) The funds mobilized by a co-operative shall be for the furtherance of its objectives.
- (2) Such of its funds as are not needed for use in its business, a co-operative may invest or deposit, outside its business, in any manner specified in Section 11 (5) of the Income Tax Act, 1961.

- Disposal of surplus 39. (1) Surplus, if any, arising out of the business of a co-operative in a financial year may be used in one or more of the following ways:
- (a) towards a deficit cover fund;
 - (b) to be distributed as surplus refund among its members;
 - (c) to develop its business;
 - (d) towards reserves and funds constituted in accordance with the articles of association;
 - (e) to provide common services to its members;
 - (f) to provide rewards or incentives to staff;
 - (g) towards a non-divisible corpus fund;

Provided that surplus arising out of services provided to non-members may not be distributed amongst members or staff, but may be used for the provisions of common services to the community at large, and for encouraging potential members to become members.

- (2) Surplus must be fully allocated at the annual general meeting in which the audited statements of accounts for the financial year in which the surplus arose are presented for the consideration of the general body.
- Management of deficit 40. (1) Deficit, if any, arising out of the business of a co-operative in a financial year, shall be fully settled by debiting a part or all of the deficit to the deficit cover

fund, if any and/or as deficit charge, among its members;

Provided that nothing in this sub-section shall preclude a co-operative from also proceeding against its Directors for recovery of amounts contributing to the deficit, where such deficit is the result of deviation from the approved plan and or budget, and where such deviation does not receive the approval of the general body, or is the result of gross negligence or mismanagement;

Provided further that where such amounts are recovered, the general body may resolve to credit a part or the entire amount to the deficit cover fund and/or to the account of each member in proportion to the deficit charge levied on him/her in this regard.

- (2) No member shall be permitted to withdraw from the membership of the co-operative without paying his/her share towards clearing the deficit, if any.

Operation of
special funds

41. (1) A Co-operative may, in the interest of its members and towards the fulfillment of its objectives, create reserves and such other funds as are specified in the articles of association or resolved on by the general body.
- (2) Funds so created may be used in the business of the co-operative, but at the end of every year, on that portion of each fund which was not applied for the purpose for which it was created, the co-operative shall credit to the account of such fund an annual interest, not less than at the rate paid by scheduled banks on long term fixed deposits, debiting such interest as operational expenditure.

First charge

42. Notwithstanding anything contained in any law for the time being in force, any claim of the Government in respect of land revenue, any debt or other amount due to a co-operative by any member shall be a first charge upon such properties of the member as agreed to by the co-operative, and as the member may declare in the manner specified in the articles of association, at the time of membership, and subsequently thereafter.

CHAPTER VI

ACCOUNTABILITY

Accounts,
records and
documents to be
maintained

43. (1) Every co-operative shall keep at its registered office, the following accounts, records and documents;
- (a) a copy of this Act, with amendments made from time to time.
 - (b) a copy of its articles of association, with amendments made from time to time
 - (c) the minutes books;
 - (d) account of all sums of money received and expended by the co-operative and their respective purposes;
 - (e) account of all purchases and sales of goods by the co-operative;
 - (f) account of the assets and liabilities of the co-operative;
 - (g) a list of members, their fulfillment of responsibilities over the previous financial year, their eligibility to exercise their rights for the current financial year updated within forty five days of closure of the co-operative's financial year; and
 - (h) all such other accounts, records and documents as may be required by this Act or other laws and regulations;

Provided that where a co-operative has branch offices, summarized statements of accounts relating to such branch office/s, shall be available

at the registered office for each quarter, within fifteen days of the end of the quarter.

- (2) Every co-operative shall keep open the books of account and other records for inspection by any Director during business hours, in accordance with the procedure framed by the Board.
- (3) Every co-operative shall make available during its business hours to any member who so requests, copies of this Act, articles of association, minutes book of the general body, voters' list and such accounts and records of transactions that relate to that member.
- (4) Every co-operative shall preserve its books of accounts relating to a period of at least eight years before the current year together with supporting records and vouchers.

Audit

44. (1) A Co-operative shall get its accounts audited by a chartered accountant within the meaning of the Chartered Accountants Act, 1949 :

Provided that where a co-operative's business turnover is less than Rs, Ten Lakhs, it may appoint as auditor, any person/s, from within its membership or outside, with such qualifications as are specified in the articles of association.

[Explanation:-- For the purpose of this section, business turnover shall mean the value of sales, services provided and /or loans recovered.]

- (2) A co- operative, at its Annual General Meeting, shall appoint an auditor. this appointment will be valid only until the close of the next succeeding Annual General Meeting.
- (3) The remuneration of an auditor may be fixed by the general body or, if not so fixed, by the Arbitral Tribunal.
- (4) An auditor ceases to hold office when the auditor
 - (a) resigns;
 - (b) is removed from office under sub-section (6); or
 - (c) completes his/her term of office.
- (5) The resignation of an auditor becomes effective at the time a written resignation is received by the co-operative, or at the time specified in the resignation whichever is later.
- (6) The general body may, by a special resolution, remove an auditor from office.
- (7) An auditor, who
 - (a) resigns; or
 - (b) receives a notice or otherwise learns of a Board's meeting called for the purpose of removing him/her from office;

Is entitled to submit to the Board a written statement giving the reasons for the auditor's resignation or the comments on the proposed removal, as the case may be.

- (8) A vacancy created by the resignation of an auditor shall be filled up by the arbitral tribunal.
- (9) A vacancy created by the removal of an auditor, too, shall be filled up by the arbitral tribunal.
- (10) An auditor appointed to fill a vacancy holds office for the unexpired term of his/her predecessor.
- (11) The auditor shall be given notice of every general meeting and at the expense

of the co-operative, will be entitled to attend and be heard thereat on matters relating to the auditor's duties as auditor and their exercise.

(12) It shall be the duty of the Board to ensure that annual financial statements are prepared and presented for audit within forty-five days of closure of the co-operative's financial year.

(13) Upon the reasonable demand of the auditor of a co-operative, the chief executive shall arrange to

(a) provide such access to records, documents, books, accounts and vouchers of the co-operative; and

(b) furnish such information and explanations,

as are, in the opinion of the auditor, necessary to enable him/her to make the examination and report, and as the chief executive or a present or former Director, members, or employees are reasonably able to furnish.

(14) it shall be the duty of the auditor to ensure that audited annual financial statements and the auditor's accompanying report are furnished to the co-operative within sixty days of the submission of annual financial statements by the Board.

(15) The auditor' report to the members of the co-operative shall;

(a) state whether the auditor has obtained all the information and explanations which to the best of the auditor's knowledge and belief were necessary for the purpose of the auditor's audit;

(b) state whether the co-operative's balance sheet and income and expenditure account dealt with by the report are in agreement with the books of accounts;

(c) indicate the basis on which each asset and liability was valued, and make specific mention of any change in the manner in which such valuation was done in the year under examination and its effect on surplus/deficit;

(d) indicate the amount of the surplus earned/deficit incurred from provision of services to non-members as distinct from surplus/ deficit accruing because of members or in normal course of business;

(e) indicate every deviation in actual expenses and income from the estimated expenses and income in the approved budget;

(f) specify the gross remuneration and/or honorarium and/or allowances paid and/or value of benefits provided, if any, to the chief executive, any of the office bearers, or Directors, in the financial year under audit;

(g) state whether or not any of the office bearers or Directors had become, at any time during the year under review, ineligible under this Act to continue in office as an office bearer or Director; and

(h) state whether the decisions on disposal of surplus or assessment of deficit, of the general body, at its previous annual general meeting were implemented correctly and completely or not.

Returns to be
filed with
registrar

45. (1) Every year, within thirty days of the holding of the annual general meeting, every co-operative shall file the following return with the Registrar;

(a) annual report of activities;

(b) audited annual statements of accounts with auditor's report;

(c) statistical statements indicating name of the co-operative; core services

offered by the co-operative to its members; total number of members as on the last day of the year; total liabilities expressed as --

(i) funds from members, and surpluses,

(ii) funds from the government, if any, and

(iii) funds from other external sources as on the last day of the financial year; quantum in rupees of services:

Provided (i) to members, and (ii) to non-members; and surplus/deficit at end of year.

- (2) Along with the returns specified in sub-section (1), every co-operative shall furnish the following information to the Registrar:
 - (a) the date of the Annual General Meeting at which the returns being filed with the registrar were considered and/or approved;
 - (b) the total number of members on the rolls of the co-operative who were eligible to vote on the date of such Annual General Meeting;
 - (c) the number of eligible members present at such annual general meeting;
 - (d) list of names of Directors, their addresses and their terms of office;
 - (e) name and address of the auditor appointed for auditing the current year's accounts.
- (3) The Registrar shall submit an annual report to the Government by 30 June of each year, containing statistical information on the co-operatives in the state compiled from the return received during the previous financial year, under sub-section (1) (c), with regard to the total number of co-operatives in the state, their membership, funds, services and surplus/deficit; and the report shall also contain information on the strength of staff in the department of cooperation, including those on deputation, establishment expenses on the department, fee raised under this Act by the department, and a statistical summary of statutory power exercise during the previous financial year.
- (4) Any person may apply in writing to the Registrar seeking a copy of the annual report, or of any return/s or any information filed by the co-operatives with the Registrar, and such information shall be made available by the Registrar on reasonable fee.
- (5) Where the co-operatives under sub-section (1) and (2) fail to file returns and information to the Registrar within the specified period, the Registrar may impose a penalty not exceeding thousand rupees after giving the co-operative, an opportunity of being heard.

inquiry

46. (1) The Registrar may, after first providing an opportunity to the co-operative concerned to present its case, for reasons to be recorded in writing, on his/her own motion, or on the application of a secondary co-operative to which the co-operative is affiliated, or of a creditor to whom the co-operative is indebted, or of not less than one-third of the Directors, or of not less than one-tenth of the members, hold an inquiry of cause an inquiry to be made into any specific subject or subjects relating to any gross violation of any of the provisions of this Act by the co-operative.
- (2) Except when an inquiry is undertaken of the Registrar's own motion, the Registrar shall order an inquiry only after the receipt of a fee, from the applicant or the applicants, deemed sufficient to meet the costs of the inquiry to be conducted.
- (3) The inquiry shall be completed within a period of one hundred and twenty days from the date of ordering the inquiry. it is further provided that the Registrar may not extend this period beyond sixty day.
- (4) The Registrar shall, within a period of thirty days from the date of the completion of the inquiry, as specified in sub-section (3), communicate the

report of the inquiry or the reasons for the non-completion of the inquiry, as the case may be,

- (a) to the co-operative concerned;
- (b) to the applicant secondary co-operative, if any;
- (c) to the applicant- creditor, if any;
- (d) to the person designated by the applicant-Directors, if any;
- (e) to the person designated by the applicant- members, if any; and
- (f) to any person, on payment of fee specified by the Registrar.

CHAPTER VII

OFFENCES

Offences

47. (1) Any person who willfully or knowingly makes or assists in making a report, return, notice or other document required in this Act to be sent to the Registrar that contains an untrue statement of a material fact or omits a material fact whose absence makes a statement in the report misleading shall be punishable with imprisonment which may extend to two years or with fine which may extend to ten thousand rupees or with both.
- (2) Where the person guilty of an offence under sub-section (1) is a body corporate and whether or not the body corporate has been prosecuted or convicted, any Director or officer of the body corporate who knowingly authorizes, permits or acquiesce in the offence is also guilty of an offence and liable on summary conviction to imprisonment which may extend to ninety days or with fine which may extend to one thousand rupees or with both.
- (3) Every person who:
- (a) without reasonable cause, contravenes any provision of this Act for which no penalty is otherwise provided; or
 - (b) fails to give any notice or send any return or document that is required by this Act;
- is guilty of an offence and is liable on summary conviction to a fine which may extend to ten thousands rupees.
- (4) An offence by a co-operative shall be deemed to have been also committed by office-bearer of the co-operative bound by the articles of association thereof to fulfil the duties whereof the offence is a breach, or if there is no such office-bearer, then by each of the Directors, unless the office- bearer or the Directors, as the case may be, prove to have attempted to prevent the commission of the offence
- (5) Where a person is convicted of an offence under this Act, the Court may, in addition to any punishment imposed, order the person to comply with the provisions of the Act.
- (6) No prosecution for an offence under this Act shall be commenced after two years from the time when the cause of action or the subject matter of the complaint arose.
- (7) No civil remedy for an act or omission under this Act is suspended or affected by reason that the act or omission is an offence under this Act.

CHAPTER –VIII DISPUTES

- Disputes
48. (1) Notwithstanding anything contained in any other law for the time being in force, if any dispute touching the constitution, management or business of a co-operative arises
- (a) among members, past members and persons claiming through members and deceased members; or
 - (b) between a member, past member or a person claiming through a member, past member or deceased member and the co-operative, its Board, Director, office- bearer, or liquidator, past or present; or
 - (c) between the co-operative or its Board and any past Board, any Director, office-bearer, or any past Director, past office-bearer, or the nominee, heir, or legal representative of any deceased Director or deceased office-bearer of the co-operative, such dispute shall be referred to the Arbitral Tribunal of the co-operative.
- [Explanation:- For the purposes of this sub-section, a dispute shall include a claim by a co-operative for any debt or other amount due to it from a member, past member, the nominee, heir or legal representative of a deceased member, and/ or surety, whether such debt or other amount be admitted or not.]
- (2) If any question arises whether a dispute referred to the Arbitral Tribunal under this section is a dispute touching the constitution, management or business of the co-operative. Such question shall be decided by the Arbitral Tribunal.
 - (3) The Arbitral Tribunal shall decide the dispute in accordance with the provisions of this Act and the articles of association, and such decisions shall be final. Pending final decision on the dispute, the Arbitral Tribunal may make such interlocutory orders, as it may deem necessary in the interest of justice.
 - (4) Every order or decision made under this section, shall be executed by the civil court having jurisdiction, as if such order is a decree of that court, on a certificate issued by the Arbitral Tribunal.
 - (5) Notwithstanding anything contained in sub-section (4), or in any other law for the time being in force, and without prejudice to any other mode of recovery which is being taken or may be taken, an Arbitral Tribunal may, on the application made by the co-operative for the recovery of arrears due to the co-operative by any of its members, and on its furnishing a statement of accounts in respect of the arrears and after making such inquiry as the tribunal deems fit, issue a certificate for the recovery of the amount stated therein to be due as arrears.
 - (6) A certificate issued by the Arbitral Tribunal under sub- section (5) shall be final and conclusive proof of the arrears stated to be due and the certificate shall be executed by the chief executive in the manner specified in the articles of association.
- Arbitral Tribunal
49. (1) The articles of association of each co-operative shall provide for the constitution of an Arbitral Tribunal as defined in section 2 (1).
- (2) The term of office shall be not more than three years;

Provided when an Arbitral Tribunal consists of more than one member, it may choose for reasons to be set forth in writing that a dispute or set of disputes referred to it for settlement be resolved by one or more of its members, and the decision of such member or members shall be deemed to be a decision of the Arbitral Tribunal; and

Provided further that when the Arbitral Tribunal consists of more than two members in odd number, the majority decision shall be final.

- (3) A member of the Arbitral Tribunal shall have such qualifications as are specified in the articles of association :

Provided that no person who has served as a member of Arbitral Tribunal shall be eligible to contest elections to be Board of that co-operative for the next three years.

CHAPTER IX DISSOLUTION

Dissolution by members 50. (1) A co-operative may, by a special resolution, authorize its own dissolution;

Provided that a copy of the notice of the general meeting shall be sent by registered post with an invitation to attend, to the Registrar, to all to whom the co-operative owes money, to any secondary co-operative to which the co-operative is affiliated, and to any co-operative/s with which a partnership contract has been entered into.

- (2) Invitees under the proviso of sub- section (1) shall have the right to make a presentation to the general body, if they so wish to, on the issue of the proposed dissolution.
- (3) Within fifteen days of such authorization for dissolution, the co-operative shall send to the Registrar a copy by registered post of the authorization to dissolve the co-operative.
- (4) The authorization approved in pursuance of sub- section (1) is required to set out:
- (a) the assets and liabilities of the co-operative;
 - (b) the claims of creditors;
 - (c) the number of members;
 - (d) the nature and extent of the members' interest in the co-operative;
 - (e) the name and address of the liquidator appointed by the co-operative.
- (5) When the Registrar receives the special resolution passed in pursuance of sub-section(1):
- (a) where the Registrar is satisfied that the co-operative has no assets or liabilities, the Registrar may dissolve the co-operative, strike off its name from the register of co-operatives and issue a certificate of dissolution; or
 - (b) the Registrar shall, within thirty days of such approval, cause at the expense of the co-operative a notice of the special resolution to be published once a week for two consecutive weeks in a newspaper published or distributed in the district where the registered office of the co-operative is located.
- (6) In the case of dissolution, the Registrar may require, till the certificate of dissolution is issued by him/her, from the liquidator appointed by the co-operative or any other person who is required to furnish information, a periodical return showing:

- (a) the progress of dissolution;
- (b) the distribution of any undistributed surplus or reserve; and
- (c) any other relevant information that the Registrar may require.

Dissolution by Registrar

51. (1) Where the Registrar has reasonable cause to believe that a cooperative:
- (a) has not commenced business within two years after the date shown on its certificate of registration; or
 - (b) has not carried on business for two consecutive years;
- He/she shall send to the cooperative a letter by registered post, inquiring whether the cooperative is carrying on business.
- (2) Where the Registrar does not, within thirty days of the date he/she sent a letter in pursuance of sub-section (1), receive an answer to the letter, he/she shall, within, fifteen days after the expiry of thirty days, send to the cooperative a letter stating that:
- (a) a letter was sent to the cooperative in pursuance of sub-section (1);
 - (b) no answer to that letter has been received by him/her, and
 - (c) if an answer is not received to the letter sent under this sub-section within thirty days from the date it is sent, a notice will be published in the Gazette to dissolve the cooperative.
- (3) Where the Registrar:
- (a) receives an answer from the cooperative that it is not carrying on business; or
 - (b) does not, within thirty days after the date that he/she sent a letter in pursuance of Sub-section (2), receive an answer to that letter;
- he/she may publish in the Gazette and send to the cooperative a notice that, at the expiry of thirty days from the date of that notice, the cooperative will have its name struck off the register, or, unless cause is shown to the contrary, be dissolved.
- (4) At the expiry of thirty days after the date of the issue of the notice in pursuance of sub-section (3), the Registrar may, unless cause to the contrary is previously shown by the cooperative:
- (a) where he/she is satisfied that the cooperative has no assets or liabilities, dissolve the cooperative, strike off its name from the register of cooperatives and issue a certificate of dissolution; or
 - (b) appoint a liquidator to dissolve the cooperative, in accordance with section 53.
- (5) Where a cooperative fails to file returns and furnish information, a required under section 45, even after a lapse of two hundred and forty days from the close of the cooperative's financial year, the Registrar shall require the board to call a special general meeting for the purpose of considering the annual returns to be filed with the information to be furnished to the Registrar.
- (6) Where the board fails to call a special general meeting within the time period specified in Section 28 (2), the Registrar may call the special general meeting:
- (a) to review the affairs of the cooperative; and
 - (b) to ascertain whether the general body desires to continue the cooperative.

(7) Where:

- (a) a quorum of members is not present at a special general meeting called in pursuance of sub-section(5) or (6); or
- (b) the general body fails to pass a resolution to the effect that:
 - (i) the cooperative is to carry on business;
 - (ii) the board must present, within Sixty days from the date of the special general meeting, to the general body the annual returns to be filed with and the information to be furnished to the Registrar; and
 - (iii) the cooperative will file the returns with and furnish the information to the Registrar within ninety days from the date of the special general meeting; or
- (c) the cooperative fails to file the returns with and furnish the information to the Registrar within ninety days from the date of the special general meeting; the Registrar may:
 - (i) where he/she is satisfied that the cooperative has no assets or liabilities, dissolve the cooperative, strike off its name from the register of cooperatives and issue a certificate of dissolution; or
 - (ii) appoint a liquidator to dissolve the cooperative, in accordance with section 53.

Dissolution by
Court

52. (1) The Registrar or an interested person may, after giving the cooperative ninety days notice of the proposed application, apply to the Court for an order dissolving a cooperative, where the cooperative:
- (a) obtained its registration by fraud or mistake;
 - (b) exists for an illegal purpose;
 - (c) has willfully, after notice by the Registrar, violated any of the provisions of this Act or its articles of association; or
 - (d) is no longer operating on a cooperative basis.
- (2) Where an interested person applies to a Court in pursuance of this section, he/she shall give the Registrar notice of his/her application and the Registrar is entitled to appear and be heard in person or by counsel.
- (3) Where the Court receives an application in pursuance of this section, it may order that the cooperative be dissolved or liquidated and dissolved under the supervision of the Registrar.
- (4) where the Registrar receives an order made in pursuance of sub- section (3), he/she shall:
- (a) if the order is to dissolve the cooperative, dissolve it, strike off its name form the register of cooperatives and issue a certificate of dissolution; or
 - (b) if the order is to liquidate and dissolve the cooperative, appoint any person as a liquidator to wind up the affairs of the cooperative.

Appointment of
liquidator

53. Where a co-operative is to be dissolved and no liquidator is appointed by the general body, the Registrar may appoint any person as a liquidator to wind up the affairs of the co-operative with the direction that the liquidation proceedings be made final within two years two years from the date of appointment as liquidator.

Duties of
liquidator

54. A liquidator shall:
- (a) immediately give notice to each claimant and creditor, known to the liquidator;
 - (b) immediately publish a notice regarding his/her appointment as liquidator in the Gazette, and once a week for two consecutive weeks in a local newspaper of the area where the co-operative has its registered office;
 - (c) place in the notice mentioned in clause (a) and (b), a provision requiring any person;
 - (i) indebted to the co-operative, to render an account and pay to the liquidator at the time and place specified any amount owing;
 - (ii) possessing property to the co-operative, to deliver it to the liquidator at the time and place specified; and
 - (iii) having a claim against the co-operative, whether liquidated, un-liquidate, future or contingent, to present particulars of the claim in writing to the liquidator;
- Not later than sixty days from the first publication of the notice.
- (d) take into custody and control the property of the co-operative;
 - (e) open and maintain a trust account for the moneys of the co-operative;
 - (f) keep accounts of the moneys of the co-operative received and paid out by him/her;
 - (g) maintain separate lists of the members, creditors and other persons having claims against the co-operative;
 - (h) where at any time the liquidator determines that the co-operative is unable to pay or adequately provide for the discharge of its obligation, apply to the Registrar/ general body as the cause may be, for directions; and
 - (i) deliver to the Registrar/general body, periodically as the Registrar/ general body may require, financial statements of the co-operative in any form that the liquidator considers proper or that the Registrar/general body may require.

functions and
responsibilities
of liquidator

55. (1) The liquidator may--
- (a) retain lawyers, accountants, engineers, appraisers and other professional advisors;
 - (b) bring, defend or take part in any civil, criminal or administrative proceeding in the name and on behalf of the co-operative;
 - (c) carry on the business of the co-operative as required for an orderly liquidation;
 - (d) sell by public auction or private sale any property of the co-operative;
 - (e) do all acts execute any documents in the name and on behalf of the co-operative;
 - (f) borrow money on the security of the property of the co-operative;
 - (g) settle or compromise any claims by or against the co-operative; and
 - (h) do all other things that the liquidator considers necessary for the liquidation of the co-operative and distribution of its property.

- (2) Where a liquidator has reason to believe that any person has in his/her possession or under his/her control, or has concealed, withheld or misappropriated any property of the co-operative, the liquidator may apply to the court for an order requiring that person to appear before the Court at the time and place designated in the order and to be examined.
- (3) Where the examination mentioned in sub-section (2) discloses that a person has concealed, withheld or misappropriates property of the co-operative, the Court may order that person to restore the property or pay compensation to the liquidator on behalf on the co-operative.
- (4) The liquidator shall not purchase, directly or indirectly, any part of the stock-in-trade, debts or assets of the co-operative.
- (5) The liquidator shall submit the progress of the liquidation proceedings and also render accounts from time to time, to the registrar or general body, as the case may be.

- final accounts
56. (1) The liquidator shall pay the costs of liquidation out of the property of the co-operative and shall pay or make adequate provision for all claims against the co-operative.
- (2) After paying or making adequate provision for all claims against the co-operative, the liquidator shall apply to the Registrar for approval of the final accounts and for permission to distribute in money or in kind the remaining property of the co-operative in accordance with the articles of association.
- (3) Where the Registrar approves the final accounts rendered by a liquidator in pursuance of sub-section (2), he/she shall:
- (a) issue directions with respect to the custody or disposal of the documents and records of the co-operative; and
 - (b) Discharge the liquidator.
- (4) Where the Registrar discharges a liquidator in pursuance of sub-section (3), he/she shall dissolve the co-operative, issue a certificate of dissolution and strike off its name from the register of co-operatives.
- (5) The co-operative ceases to exist on the date shown in the certificate of dissolution.

CHAPTER X MISCELLANEOUS

- Exemption from certain taxes, duties and fees
57. The Government may by notification in the Gazette, and subject to such restrictions and conditions as may be specified therein, reduce or exempt in respect of co-operatives;
- (a) the taxes on professions, trades, callings and employments;
 - (b) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a co-operative or by an office bearer or Director or member and relating to business of such co-operative or any class of such instruments or decisions or orders of the Registrar or Arbitral Tribunal or liquidator under this Act, are respectively chargeable; or
 - (c) any fee payable under the law relating to registration for the time being in force or court fees.
- Exemption
58. Nothing in clauses 17 (1) (b) and (c) of the Indian Registration Act, 1908 shall

from
compulsory
registration of
instruments

apply to-

- (a) any instruments relating to shares in a co-operative notwithstanding that the assets of the co-operative consist in whole or in part of immovable property;
- (b) any debentures issued by any such co-operative and not creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immovable property except in so far as it entitles the holder to the security afforded by a registered instrument whereby the co-operative has mortgaged, conveyed or otherwise transferred the whole or part of its immovable property or any interest therein to trustees upon trust for the benefit of the holders of such debenture; or
- (c) any endorsement upon or transfer of any other debentures issued by any such co-operative.

Registrar and
other officer to
be public
servants

59.

The Registrar, or any person appointed, or authorized to hold an inquiry under section 46, or a member of the tribunal under section 49, or a liquidator under section 53, shall be deemed to be a public servant within the meaning of the Section 21 of the Indian Penal Code (Act XLV of 1860).

Prohibition
against the use
of the word
“Sahkari” or “
co-operative”

60.

No person other than a co-operative shall engage in trade, or carry on business, under a name or title which includes the expression, “Sahkari” or its English equivalent, “co-operative”.

Schedule A
[Section 2 (8) and 3(3)]

Statement of co-operative Identity

[As adopted by the international Co- operative Alliance at Manchester on
September 23. 1995]

Definition	1.	A co-operative is an autonomous association of person united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.
Values	2.	Co-operative are based on the values of self-help, self-responsibility, democracy, equality, equity, and Solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibilities, and caring for others.
Principles	3.	The co-operative principles are guidelines by which co-operatives put their values into practices.

1st Principle: Voluntary and open membership

Co-operative are voluntary organization, open to all person able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2nd Principle: Democratic member control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed to as a condition of membership. Members allocate surpluses for any of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4th Principle: Autonomy and independence

Co-operatives are autonomous, Self-help organizations controlled by their members. If they enter into agreements with other organization, including Governments, or raise capital from external source, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders—about the nature and benefits of cooperation.

6th Principle: Co-operation among co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working through local, national, regional, and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Schedule B

[Section 3 (4 and 5)]

Memorandum of Association

(For co-operatives to be registered)

(Form in which to be submitted)

1. We, the following persons-

Sl. No	Full Name in capital letters	Full postal address in capital letters	Occupation, if the promoters are individuals

desire to register ourselves into a co-operative under Uttarakhand Self reliant Co-operatives Act, 2003.

(Please have as many rows above, as there are promoters.)

- (Please state here only that need common to all members which the co-operative hopes to fulfill, and for which it is being established- eg. increase in returns on dairying/ sericulture/ paddy farming, etc: or access to quality consumer goods/ housing/ production inputs at reasonable prices; or access to savings and credit/ insurance, etc. Please do not provide here the list of services or activities through which this object will be fulfilled.)

[illegible]

SCHEDULE ‘C’

(Section 3 (6))

Certificate of Registration

(for a co-operative to be registered)

Registrar of Self Reliant Co-operatives

Government of Uttarakhand

Certificate of Registration under section 3 of the
Uttarakhand Self Reliant Co-operatives Act, 2003

I do hereby certify that the

.....
.....
.....

is registered with No..... together with its
memorandum of association and authenticated articles of association.

Given under my hand and seal

this day of

Registrar of Self Reliant Co-operatives

Government of Uttarakhand

Schedule D

[Section 4 (2) and 6 (3)]

Memorandum of Association

(for co-operatives to be converted from the
Uttar Pradesh Co-operative Societies Act, 1965)

(form in which to be submitted)

1. We, the Directors of the Board of the state hereby, that the general body of our co-operative society desires that our co-operative society now be registered as a co-operative under the Uttarakhand Self Reliant Co-operatives Act, 2003.
(Please fill the current complete name of the co-operatives Act, 2003.)
2. For the purposes of registration, all communication may be addressed toat.....
(Please fill the first blank with the name and designation of the contact person in the co-operative society, and the second blank with the full postal address of the co-operative society)
3. The name of our co-operative, on conversion to the Uttarakhand Self Reliant Co-operatives Act, 2003, shall remain the same/ become.....
(Based on whether or not the name will undergo change, please strike out whatever is inapplicable above.)
4. The registered office of our co-operative society is situated in and shall remain the same/change to
(Please provide name of village/town/city in the blank space provided, and strike out that which is not applicable.)
5. The object of our co-operative society is and on conversion shall be the same/change to
(Please State in the first blank only that need common to all members, for which the co-operative society was established, and in the second blank, please fill change, if any, in this object, upon conversion. Please do not provide here the list of services through which this object will be fulfilled.)
6. We have enclosed
 - (a) a true copy of the resolution passed by our general body expressing commitment to the principles of cooperation as provided for in Schedule A of the Act;
 - (b) the articles of association of the proposed co-operative as adopted by our general body;
 - (c) a true copy of the resolution passed by the general body, adopting the articles of association;
 - (d) a true copy of the declaration of the general body stating that our co-operative society is not in receipt of any share capital from the government or any other external source, and does not intend ever to raise share capital from the Government or any source other than members;
 - (e) a true copy of the latest annual report and audited statement of accounts;

- (f) a true copy of the resolution of the general body along with particulars regarding the wiping off of accumulated losses from various reserves and/or by debiting to the accounts of members as decided at the meeting; (or) a true copy of the resolution of the general body stating that our co-operative society does not have losses. accumulated or current;
- (g) the statement on adjustment of accumulated losses, if any, certified by an auditor as correct;
- (h) a declaration from advocated/ Chartered accountant, Shri/Shrimati..... that all the requirements of this Act have been complied with by us in respect of registration.

7. Particulars about the general body meeting at which the decision to convert was taken.

Date of general body meeting	No. of members as on date of general body meeting	No. of members as present at general body meeting	No. of members who voted for conversion

8. Signed by us, dated..... at place.....

Sl. No.	Full name of the Director	Designation	Signature

(Please note that there should be as many rows as there are Directors. The signature of the Chief executive, too, should be obtained.)

SCHEDULE 'E'

[Section 4 (2)]

Certificate of Registration

(for co-operative to be converted from
Uttar Pradesh Co-Operative Societies Act, 1965)

Registrar of Self Reliant Co- operatives
Governments of Uttarakhand

Certificate of Registration under section 4 of the Uttarakhand
Self Reliant Co-operatives Act, 2003.

I do hereby certify that the

.....
.....
is registered with No..... together with its
memorandum of association and articles of association.

This co-operative is successor to the

.....
(Registration No..... Dt.....) registered under the U.P.
Co-operative Societies Act, 1965 whose registration now stands cancelled, and is now deemed to
have assumed all rights and obligation and assets and liabilities of its predecessor co-operative
society. All acts and transaction of that predecessor co- operative society shall stand devolved on
this co-operative.

Given under my hand and seal

This day of

Registrar of Self Reliant Co-operatives
Government of Uttarakhand.

SCHEDULE 'F'

[Section 6(3)]

Subject matter for specific consideration when framing articles of association of a co-operative

1. Identity of the co-operative

- (a) the name of the co-operative, and any shorter name by which the co-operative is to be popularly known;
- (b) the village/town/city where the registered office of the co-operative is to be located;
- (c) the custody and use of the common seal.

2. Aim and services

- (a) the aim of the co-operative explicitly stated as a common central need of the members which the co-operative aims at fulfilling;
- (b) core services, and support services to members to fulfill the common central need stated in the aim;
- (c) the conditions under which services may be provided to non-members.

3. Membership

- (a) form for applying for membership;
- (b) form for declaring assets by member upon which arrears due to the co-operative shall be a first charge;
- (c) eligibility, intelligibility for obtaining membership;
- (d) eligibility, ineligibility for continuing membership;
- (e) procedure for obtaining membership;
- (f) procedure for withdrawing membership;
- (g) procedure for termination of membership;
- (h) circumstances under which membership ceases;
- (i) procedure for cessation of membership.

4. Member rights and obligations

- (a) the rights of members;
- (b) manner of fixation of minimum performance expected annually of each member vis-à-vis use of services, financial commitment, participation in meetings, and adherence to articles of association, in order to be eligible to exercise the rights of membership including the right to vote;
- (c) the consequences of performing below the minimum level fixed;
- (d) the consequences of default in payment of any sum due by a member.

5. General body

- (a) the role of the general body, and of the representative general body, if any, and subjects which must be dealt with by the general body, and by the representative general body, if any;
- (b) the manner and frequency of convening general meetings, and quorum required;
- (c) the quorum necessary for adjourned meetings;
- (d) conditions and manner in which Arbitral Tribunal may convene general meeting;
- (e) the minutes of proceedings of general meeting;
- (f) the person/s to take responsibility for, and the manner of convening an extraordinary general meeting, and the period within which such meeting ought to be convened, for the purpose of appointing an ad-hoc Board.

6. Board of Directors

- (a) the size and composition of the Board of Directors;
- (b) eligibility, ineligibility for becoming Directors;
- (c) eligibility, ineligibility for retaining Directorship;
- (d) the procedure for election and removal of Directors;
- (e) the terms of office of the Directors;
- (f) the frequency of Board meetings;
- (g) the manner of convening Board meeting, and quorum;
- (h) the functions, responsibilities and powers of the Board;
- (i) the minutes of proceedings of Board meetings;
- (j) the functions, responsibilities and powers of the Directors;
- (k) eligibility, ineligibility for being appointed by Arbitral Tribunal as member of ad hoc Board.

7. President and other office- bearers

- (a) the election and removal of president and other office-bearers, if any;
- (b) the functions, responsibilities and powers of the president and other office-bearers, if any.

8. Chief executive and staff

- (a) the person to sue or be sued on behalf of the co-operative;
- (b) the manner of appointment and removal of chief executive;
- (c) the functions, responsibilities and powers of the chief executive.

9. Finances

- (a) the financial year which the co-operative wishes to adopt;
- (b) the manner of appointment of auditors and their role;
- (c) the manner of appointment of internal auditors and their role;
- (d) the nature and amount of equity capital, if any, of the co-operative;
- (e) the maximum capital which a single member can hold;
- (f) the types and extent of funds to be raised;
- (g) the purposes for which the funds raised by the co-operative may be applied;
- (h) the equity-debt ratio that the co-operative wishes to maintain at all times and the maximum external debt that a co-operative wishes to permit itself at any point of time;
- (i) procedure for transfer of shares or interest by a member;
- (j) procedure for redemption of shares by the co-operative;
- (k) procedure for transfer of shares or interest by a member;**
- (l) the nature and extent of the liability of the members for the debts contracted by the co-operative;
- (m) the nature and extent of the liability of the Directors for the debts contracted by the co-operative;
- (n) the manner of disposal of funds if under liquidation;
- (o) the manner of recovery of dues from members.

10. Secondary co-operatives

- (a) the rights, if any, which the co-operative wishes to confer on any secondary co-operative of which it is a member, and the circumstances under which these rights may be exercised by such secondary co-operative;
- (b) the procedure for appointing and changing delegates to secondary co-operative.

11. Arbitral Tribunal

- (a) the manner of constitution and functioning of Arbitral Tribunal for settlement of disputes;
- (b) eligibility, ineligibility for being chosen as arbitrator;
- (c) eligibility, ineligibility for being continued as arbitrator;
- (d) the manner in and conditions under which the Arbitral Tribunal may appoint ad hoc Board.

12. Other matters

- (a) the language in which the internal affairs of the co-operative are to be conducted;
 - (b) any provisions of transitory nature;
 - (c) the manner of dissolution of the co-operative;
 - (d) the manner of amending articles of association;
-