

**No 175/Vidhayee & Sansadhlya Karya/2003**

*Dated Dehradun, May 21, 2003*

**Notification**

**Miscellaneous**

In pursuance of the provision of clause (3) of Article 348 of the Constitution of India the Governor is pleased to order the publication of the following English translation of the Uttaranchal Self Reliant Cooperative Act 2003, (Uttaranchal Adhiniyam Sankhya 04 of 2003)

As passed by the Uttaranchal Legislative Assembly and assented by the Governor on May 21, 2003

**Uttaranchal Self Reliant Cooperatives Act, 2003  
(Uttaranchal Act No 04 of 2003)**

to provide for the formation and transformation of cooperatives 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 fulfil 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 Uttaranchal in the 54<sup>th</sup> year of the Republic of India, as follows:

**Chapter I**

**Preliminary**

**1. Short title, extent and commencement**

- (1) This Act may be called the Uttaranchal Self Reliant Cooperatives Act, 2003
- (2) It extends to the whole of the State of Uttaranchal
- (3) It shall come into force on such date as the State Government may, by notification in the Uttaranchal Gazette, appoint in this behalf:

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 provisions shall come into force from such date or dates as the State Government may similarly appoint in that behalf.

## 2. Definitions

In this Act, unless the context otherwise requires,

- (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 cooperative for settlement of disputes, in accordance with the articles of association of that cooperative;
- (2) “articles of association” means the regulations of the cooperative as originally framed by the promoters of a cooperative or as amended from time to time by the general body of that cooperative, in accordance with this Act, for the management of the affairs of such cooperative;
- (3) “Board” or “Board of Directors” means the governing body of a cooperative by whatever name called, to which the direction of the affairs of the cooperative is entrusted by the articles of association of that cooperatives;
- (4) “chief executive” means that individual, in paid or honorary capacity, nominated or elected or appointed by the Board of a cooperative 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 cooperative, and who performs such functions, and has such responsibilities and powers as are specified in the articles of association, and assigned by the Board;
- (5) “common need” means that economic need which is common to all those who wish to form a cooperative, or have taken membership in a cooperative, and which the cooperative is expected to fulfil through the provision of core services;
- (6) “cooperative”, 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

Cooperatives, for their economic and social betterment, through the financially gainful provision of core services which fulfil a common need felt by them;

- (7) “cooperative business” means a business which is committed to functioning in accordance with the principles of cooperation, and includes all cooperatives registered under this Act;
- (8) “cooperative identity” means the Statement of Cooperative Identity specified in Schedule A of this Act;

- (9) "cooperative society" means a society registered under the UP Cooperative Societies Act, 1965, before and after the appointed day of creation of Uttaranchal under UP Reorganisation Act, 2000;
- (10) "Cooperative Societies Act" means UP Cooperative Societies Act, 1965;
- (11) "core services" means those central services provided to members, through which a cooperative intends to meet that economic need common to all members for the fulfillment of which the cooperative 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 cooperative, 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 cooperative to represent its interests at the time of promotion of a secondary cooperative, and/or at meetings of a secondary cooperative to which the cooperative is affiliated;
- (16) "director" means a member elected in accordance with the articles of association, to the Board of the cooperative;
- (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 cooperative, 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 cooperative;
- (20) "government" means the Government of Uttaranchal;
- (21) "member" means a person who is in need of and is able to use the core services of a cooperative and who is admitted and continues as a member of the cooperative, in accordance with the provisions

of this Act and the articles of association of that cooperative, and includes a “member-cooperative”;

- (22) “Member-Cooperative” means a primary or secondary cooperative which is in need of and is able to use the core services of a secondary cooperative, and which is admitted as a member of that secondary cooperative, in accordance with the provisions of this Act and the articles of association of that secondary cooperative;
- (23) “memorandum of association” means the document expressing the desire of the promoters to form themselves into a cooperative;
- (24) “office-bearer” means a Director elected by the Board of a cooperative to any office of such cooperative in accordance with its articles of association;
- (25) “office of the cooperative” 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 cooperative whether with or without remuneration to carry on the business of the cooperative 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 cooperative, and is eligible to be a member of that cooperative, 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 cooperative” means a cooperative whose members are individuals;
- (31) “Registrar” means the person for the time being appointed as Registrar of Cooperatives by the State Government under this Act;
- (32) “secondary cooperative” means a cooperative whose members are primary cooperatives;
- (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 cooperative 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 cooperative in accordance with the provisions of the articles of association made therein;

## **Chapter II**

### **Registration**

#### **3. Registration of a Cooperative**

- (1) The State Government may appoint a person to be the Registrar of cooperatives 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 cooperative businesses in reference to Schedule A, whose members are drawn from within the state of Uttaranchal 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 cooperative or by the delegates of cooperatives which wish to form a secondary cooperative.
- (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 therefor, 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 cooperative 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 cooperative duly registered under this Act, unless it is proven that the registration of the cooperative 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.

#### **4. Conversion of a Cooperative Society under this Act**

- (1) Notwithstanding anything in the Uttaranchal Cooperative Societies Act, 2003, a cooperative society registered under the Cooperative 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.

#### **5. Cooperative to be a body corporate**

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

do all other things necessary for the purpose for which it was constituted and registered under section 3 and 4 of this Act.

## **6. Articles of Association**

- (1) The members constituting a cooperative, 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.
- (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 cooperative shall be regulated by its articles of association.
- (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.

## **7. Amendment of articles of association**

- (1) A cooperative may decide, by a special resolution, to amend its articles of association;

Provided that the text of such proposed amendment with reasons therefor shall be sent to each member, along with the notice of the general meeting in which the proposed amendment is to be discussed.

- (2) A copy of any amendment shall be forwarded by the cooperative 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.
- (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:
  - (a) a copy of the resolution agreeing to the amendment;
  - (b) the date of the general meeting at which the amendment was approved;
  - (c) the date on which the amendment comes into force.

- (4) The Registrar shall take on record the amendment immediately on receipt of the notice;

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;

Provided further that no such order refusing to record the amendment shall be passed, unless the cooperative concerned is given an opportunity of being heard.

## **8. Name of a cooperative**

- (1) A cooperative may not be registered with the same name as another cooperative business already registered under this Act or the Cooperative Societies Act.

Provided that where the articles of association of a secondary cooperative require all its member-cooperatives to use a common name, the name of each such member-cooperative shall have its location or other distinguishing feature included in common name.

- (2) Every cooperative shall display its full name 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) Every cooperative shall display its full name in legible characters on its common seal.
- (4) Nothing in sub-section (2) shall prevent a cooperative displaying more conspicuously that 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 cooperative 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 the proposed name/s, and the Registrar shall, within fifteen days of receiving such notice inform the cooperative if such name is already in use by another cooperative.

- (6) Where a cooperative changes its name, the Registrar shall
  - (a) enter the new name of the cooperative in the register of cooperatives in place of the former name;
  - (b) make necessary changes in the memorandum of association and articles of association;



- (c) issue a fresh certificate of registration with the necessary alterations;
  - (d) communicate to the cooperative, 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 cooperative shall not affect any rights or obligations of the cooperative or of any of its members or past members or render defective any legal proceedings by or against it; and any legal proceedings which might have been continued or commenced by or against the cooperative by its former name may be continued or commenced by its new name.
- (8) A cooperative which changes its name shall publicise such change in name in a popular newspaper in the district in which its registered office is located.

## **9. Location of registered office**

- (1) Every cooperative shall notify to the Registrar the full address of its registered office, within ninety days of being registered as a cooperative
- (2) Every cooperative 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 cooperative 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 cooperative/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 cooperative, take on record, in the register of cooperatives, the full address of the registered office of a cooperative, and any changes thereof.

## **10. Transfer of assets and liabilities**

- (1) A cooperative may, by a special resolution, decide to transfer its assets and liabilities, in whole or in part, to any other cooperative which agrees, by a special resolution, to receive such assets and liabilities.
- (2) Where special resolutions are passed under sub-section (1), each cooperative 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 notwithstanding any provision in the articles of association or contract to the contrary, any member other than one 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 cooperative, his/her interests, subject to the discharge of his/her obligations to the cooperative.
- (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 resolutions passed under sub-section (1) shall not take effect until—
- (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 cooperative transfers the whole of its assets and liabilities to any other cooperative, under this section, the registration of the cooperative 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 cooperative from the register of cooperatives.

## **11. Division**

- (1) A cooperative may, by a special resolution, decide to divide itself into two more cooperatives.
- (2) Where a special resolution is passed under sub-section (1), the cooperative 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 cooperative

his/her interests, subjects to the discharge of his/her obligations to the cooperative.

- (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 cooperative 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 cooperatives, signed and sealed by the Registrar, are issued in accordance with section 3.
- (5) When a cooperative divides itself into two or more cooperatives under the section, the registration of the erstwhile cooperative 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 cooperative from the register of cooperatives.
- (6) When a cooperative divides itself into two or more cooperatives, each member who has assented to the division shall be deemed to have become a member of that newly formed cooperative 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.

## **12. Amalgamation**

- (1) Any two or more cooperatives may, by special resolutions, decide to amalgamate themselves and form a new cooperative.
- (2) Where special resolutions are passed under sub-section (1), each cooperative 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 one 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 cooperative, his/her interests, subject to the discharge of his/her obligations to the cooperative.

- (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 cooperative who have exercised the option under sub-section (2) have been met in full or 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 cooperative, signed and sealed by the Registrar, are issued in accordance with section 3.
- (5) When two or more cooperatives amalgamate themselves into a new cooperative under this section, the registration of the cooperatives 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 cooperatives from the register of cooperatives.
- (6) When two or more cooperatives amalgamate themselves into a new cooperative under this section, all the members of the cooperatives who have assented or are deemed to have assented to the amalgamation shall be deemed to have become members of the new cooperative.
- (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.

### **13. Merger**

- (1) A cooperative may, by a special resolution, decide to merge itself into any other cooperative which agrees, by a special resolution, to such merger.
- (2) Where special resolutions are passed under sub-section (1), each cooperative 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 cooperative, his/her interests, subject to the discharge of his/her obligations to the cooperative.
- (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 cooperative 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 member and creditors is sent to the Registrar and the Registrar's acknowledgement of receipt of the information is obtained.
- (5) When a cooperative merges itself into any other cooperative under this section, the registration of the cooperative shall stand cancelled and 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 cooperative from the register of cooperatives.
- (6) When a cooperative merges itself into any other cooperative under the section, the members of the first cooperative shall be deemed to have become the members of the second cooperative.
- (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.

#### **14. Fee for services**

- (1) The submission of Memorandum for registration as a cooperative under the Act shall be accompanied by a fee amounting to one percent of the authorised equity capital of the proposed cooperative, 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 cooperatives as do not intend to have any equity capital.

- (2) The fee to be paid by cooperatives and others for various services 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**

#### **15. Eligibility for membership in a cooperative**

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

Provided that the cooperative is in a position to extend its services to the applicant.

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

#### **16. Admission of Members**

- (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 reasons 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 an opportunity to be heard by the arbitral tribunal.

#### **17. Membership withdrawal**

- (1) A member may at any time withdrew from membership in a cooperative in accordance with the procedure specified in the articles of association of that cooperative.
- (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.

#### **18. Cessation of membership**

- (1) A person shall cease to be a member on death or on incurring such dis-qualification as may be specified in the articles of association.
- (2) Every cooperative 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 consequences thereof.

#### **19. Termination of membership**

- (1) The Board of a cooperative may terminate the membership of a person who has acted adversely to the objects and interests of the cooperative, including the violation by the member of the articles of association of the cooperative, the policies of the general body or Board, and/or contracts entered into by the member with the cooperative;

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.

- (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.

Provided that pending the decision of the general body the person may have only such transactions, if any, with the cooperative, as may be permitted by the Board.

## **20. Register of members**

- (1) Every cooperative shall maintain a register of members. The name of every person admitted as a member of the cooperative, 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.
- (2) The name of every person whose membership has ceased, or was terminated or withdrawn, shall be struck off the register.

## **21. Cooperative education**

- (1) Every cooperative 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 cooperative in accordance with the principles and practices of cooperation.
- (2) Any balance under the budget head provided for under sub-section (1) shall be transferred at the end of the year into a cooperative education fund, and may be used only for the purpose of educating and training members, potential members, staff and Directors in cooperative principles and practices.

## **22. Services primarily for members**

- (1) A cooperative's services shall normally be available to members only
- (2) After two years of its being registered under this Act, any cooperative 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 cooperative" and may be liable to lose for that year exemptions, if any provided to it, on the ground that it is a cooperative, by this or other laws.
- (3) Any cooperative found to be "aberrant" for continuous three years shall be reregistered or dissolved by the Registrar;

Provided that such cooperative shall be given opportunity of being heard before the deregistration or the dissolution.



### **23. Exercise of rights**

- (1) No member of a cooperative shall exercise the rights of membership, including the right of vote, unless the member has made such payments to the cooperative in respect of membership or has acquired and continues to have such interest in the cooperative, including a minimum use of the services of the cooperative, 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 cooperative 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, finalise them, and have them affixed to the notice Board of the cooperative.

### **24. Voting rights and members**

- (1) In primary cooperatives, 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 cooperative but before the first financial year ending;
- (2) In secondary cooperatives, the articles of association may make provision for voting rights of a primary cooperative proportional to the numbers of members in the primary cooperative.

### **25. Liability of member**

- (1) A cooperative shall be registered with limited liability, where:  
  
a “cooperative with limited liability” means a cooperative in which the liability of its members for the debts of the cooperative 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 cooperative, in the event of its being wound up.

- (2) Where a cooperative 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 proposed 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 cooperative, his/her interests, subject to the discharge of his/her obligations to the cooperative.
- (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 cooperative 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 cooperative has been received by the Registrar in accordance with this Act.
- (5) Where a cooperative 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 proceedings, but such liability shall be limited only to the debts of the cooperative 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 cooperative 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.

## **26. General body**

- (1) There shall be a general body for every cooperative consisting of all the members of such cooperative.

- (2) Subject to the provisions of this Act and the articles of association of a cooperative, the ultimate power of a cooperative shall vest in the general body of its members:

Provided that nothing contained in this sub-section shall effect the exercise by the Board or any other authority of a cooperative 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 cooperative 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 cooperative, may be dealt with by the general body, on a reference by the Board of Directors.

## **27. Functions and responsibilities of general body**

- (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 utilisation of reserves and other funds;
  - (l) review of the report on the attendance at meetings by Directors;
  - (m) review of the use of the cooperative's services 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-à-vis services 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 cooperative in secondary cooperatives;
  - (g) partnership with other cooperatives;
  - (h) amalgamation, division, merger, transfer of assets and liabilities;
  - (i) dissolution of the cooperative;
  - (j) consideration of the Registrar's report of inquiry, if any.

## **28. General meetings**

- (1) The Board of a cooperative may, at any time, call a general meeting of the members of the cooperative:

Provided that one such meeting known as Annual General Meeting shall be held within one hundred and fifty days of the closure of the cooperative'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.

- (4) 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.

## **29. Minutes of general meetings**

- (1) Every cooperative shall maintain, in the language specified by the articles of association, in the minutes book, minutes of all proceedings 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 in the event of his/her incapacity to sign the minutes within the time required, by a Director duly authorised by the Board.

## **Chapter IV**

### **Management**

## **30. Board of Directors**

There shall be an elected Board of Directors for every cooperative constituted and entrusted with the direction of the affairs of the cooperative in accordance with the provisions of the articles of association;

provided that in the case of a cooperative registered under this Act, the persons who have signed the application for the registration of the cooperative may appoint a promoter Board, for a period not exceeding one year from the date of registration, to direct the affairs of the cooperative and to get elections 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 cooperative society originally registered under the Cooperative 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 cooperative 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.

### **31. Functions and responsibilities of Board**

- (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 organisational 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 cooperative and the scales of pay, allowances and other conditions of service including disciplinary action;
  - (e) to finalise long term perspective plan, annual plan and budget, and to direct the affairs of the cooperative in accordance with the plan and budget approved by the general body;
  - (f) to make arrangements for the mobilisation of funds;
  - (g) to authorise 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 cooperative while performing functions, discharging responsibilities, and exercising powers shall:
- (a) act honestly and in good faith and in the best interests of the cooperative; 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 cooperative 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.

### **32. Eligibility for Directorship in a cooperative**

In addition to such other conditions as may be specified in the articles of association, a member of a cooperative shall be eligible for being chosen as a Director of the cooperative, if:

- (1) such member has the right to vote in the affairs of the cooperative; and
- (2) such member has patronised the services of the cooperative 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 cooperative 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 cooperative for reasons 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.

### **33 Elections**

- (1) The conduct of elections of Directors to the Board shall be the responsibility of the Board of the cooperative.
- (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 prescribed 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.

#### **34. Tenure of Directors**

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.

#### **35. Board meetings**

- (1) The president of a cooperative 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 cooperative 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.

### **36. Minutes of Board meetings**

- (1) Every cooperative 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 minutes 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**

#### **37. Mobilisation of funds**

- (1) A cooperative may mobilise 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 cooperative 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.

#### **38. Deployment of funds**

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

#### **39. Disposal of surplus**

- (1) Surplus, if any, arising out of the business of a cooperative 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 provision 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.

#### **40. Management of deficit**

- (1) Deficit, if any, arising out of the business of a cooperative 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 cooperative 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 cooperative without paying his/her share towards clearing the deficit, if any.

#### **41. Operation of special funds**

- (1) A cooperative 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 cooperative, 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 cooperative 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.

#### **42. First charge**

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 cooperative by any member shall be a first charge upon such properties of the members as agreed to by the cooperative, 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**

#### **43. Accounts, records and documents to be maintained**

- (1) Every cooperative 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 cooperative and their respective purposes;
  - (e) account of all purchases and sales of goods by the cooperative;
  - (f) account of the assets and liabilities of the cooperative;
  - (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 cooperative'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 cooperatives has branch offices, summarised 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 that quarter.

- (2) Every cooperative 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 cooperative 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 cooperative 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.

#### **44. Audit**

- (1) A cooperative shall get its accounts audited by a chartered accountant within the meaning of the Chartered Accountants Act, 1949;

Provided that where a cooperative'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 cooperative, 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 cooperative, 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 cooperative, 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 cooperative's financial year.
- (13) Upon the reasonable demand of the auditor or a cooperative, the chief executive shall arrange to
- (a) provide such access to records, documents, books, accounts and vouchers of the cooperative; 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, managers, 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 cooperative within sixty days of the submission of annual financial statements by the Board.
- (15) The auditor's report to the members of the cooperative 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 cooperative'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 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.

#### **45. Returns to be filed with the Registrar**

- (1) Every year, within thirty days of the holding of the annual general meeting, every cooperative shall file the following returns with the Registrar:
  - (a) annual report of activities;
  - (b) audited annual statements of accounts with auditor's report;
  - (c) statistical statement indicating name of the cooperative; core services offered by the cooperative 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 cooperative 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 cooperative 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 cooperatives in the state compiled from the returns received during the previous financial year, under sub-section (1)(c), with regard to the total number of cooperatives 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 powers exercised 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 returns or any information filed by the cooperatives with the Registrar, and such information shall be made available by the Registrar on reasonable fee.
- (5) Where the cooperatives under sub-section (1) and (2) fail to file the returns and information to the Registrar within the specified period, the Registrar may impose a penalty not exceeding thousand rupees after giving the cooperative, an opportunity of being heard.

#### **46. Inquiry**

- (1) The Registrar may, after first providing an opportunity to the cooperative concerned to present its case, for reasons to be recorded in writing, on his/her own motion, or on the application of a secondary cooperative to which the cooperative is affiliated, or of a creditor to whom the cooperative 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 or 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 cooperative.
- (2) Except when an inquiry is undertaken on 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 days.
- (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 cooperative concerned;
  - (b) to the applicant secondary cooperative, 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

#### 47. Offences

- (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 authorises, 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 thousand rupees.
- (4) An offence by a cooperative shall be deemed to have been also committed by office-bearer of the cooperative 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**

#### **48. Disputes**

- (1) Notwithstanding anything contained in any other law for the time being in force, if any dispute touching the constitution, management for business of a cooperative 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 cooperative, its Board, Director, office-bearer, or liquidator, past or present; or
  - (c) between the cooperative 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 cooperative,

such dispute shall be referred to the Arbitral Tribunal of the cooperative.

[Explanation: For the purposes of this sub-section, a dispute shall include a claim by a cooperative 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 cooperative, 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 cooperative for the recovery of arrears due to the cooperative 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.

#### **49. Arbitral Tribunal**

- (1) The articles of association of each cooperative 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 the Board of that cooperative for the next three years.

## **Chapter IX**

### **Dissolution**

#### **50. Dissolution by members**

- (1) A cooperative may, by a special resolution, authorise 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 cooperative owes money, to any secondary cooperative to which the cooperative is affiliated, and to any cooperative/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 authorisation for dissolution, the cooperative shall send to the Registrar a copy by registered post of the authorisation to dissolve the cooperative.
- (4) The authorisation approved in pursuance of sub-section (1) is required to set out:
  - (a) the assets and liabilities of the cooperative;
  - (b) the claims of creditors;
  - (c) the number of members;
  - (d) the nature and extent of the members' interest in the cooperative;
  - (e) the name and address of the liquidator appointed by the cooperative.
- (5) When the Registrar receives the special resolution passed in pursuance of sub-section (1):
  - (a) where the Registrar is satisfied that the cooperative has no assets or liabilities, the Registrar may dissolve the cooperative, strike off its name from the register of cooperatives and issue a certificate of dissolution; or
  - (b) the Registrar shall, within thirty days of such approval, cause at the expense of the cooperative 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 cooperative is located.

- (6) In the case of dissolution may require, till the certificate of dissolution is issued by him/her, from the liquidator appointed by the cooperative 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.

## **51. Dissolution by Registrar**

- (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 registrar, 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, as 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 on 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.

## **52. Dissolution by Court**

- (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 subsection (3) he/she shall:
  - (a) if the order is to dissolve the cooperative, dissolve it, strike off its name from 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.

## **53. Appointment of liquidator**

Where a cooperative 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 cooperative with the direction that the liquidation proceedings be made final within two years from the date of appointment as liquidator.

## **54. Duties of liquidator**

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 cooperative has its registered office;

- (c) place in the notice mentioned in clause (a) and (b), a provision requiring any person:
  - (i) indebted to the cooperative, to render an account and pay to the liquidator at the time and place specified any amount owing;
  - (ii) possessing property of the cooperative, to deliver it to the liquidator at the time and place specified; and
  - (iii) having a claim against the cooperative, whether liquidated, unliquidated, 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 cooperative;
- (e) open and maintain a trust account for the moneys of the cooperative;
- (f) keep accounts of the moneys of the cooperative received and paid out by him/her;
- (g) maintain separate lists of the members, creditors and other persons having claims against the cooperative;
- (h) where at any time the liquidator determines that the cooperative is unable to pay or adequately provide for the discharge of its obligations, apply to the Registrar/general body as the case may be, for directions; and
- (i) deliver to the Registrar/general body, periodically as the Registrar/general body may require, financial statements of the cooperative in any form that the liquidator considers proper or that the Registrar/general body may require.

#### 55. Functions and responsibilities of liquidator

- (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 cooperative;



- (c) can/on the business of the cooperative as required for an orderly liquidation;
  - (d) sell by public auction or private sale any property of the cooperative;
  - (e) do all acts and execute any documents in the name and on behalf of the cooperative;
  - (f) borrow money on the security of the property of the cooperative;
  - (g) settle or compromise any claims by or against the cooperative; and
  - (h) do all other things that the liquidator considers necessary for the liquidation of the cooperative 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 cooperative, 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 misappropriated property of the cooperative, the Court may order that person to restore the property or pay compensation to the liquidator on behalf of the cooperative.
  - (4) The liquidator shall not purchase, directly or indirectly, any part of the stock-in-trade, debts or assets of the cooperative.
  - (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.

## **56. Final accounts**

- (1) The liquidator shall pay the costs of liquidation out of the property of the cooperative and shall pay or make adequate provision for all claims against the cooperative.
- (2) After paying or making adequate provision for all claims against the cooperative, 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 cooperative 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 cooperative; and
  - (b) discharge the liquidator.
- (4) Where the Registrar discharges a liquidator in pursuance of sub-section (3), he/she shall dissolve the cooperative, issue a certificate of dissolution and strike off its name from the register of cooperatives.
- (5) The cooperative ceases to exist on the date shown in the certificate of dissolution.

## **Chapter X**

### **Miscellaneous**

#### **57. Exemption from certain taxes, duties and fees**

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 cooperatives;

- (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 cooperative or by an office bearer or Director or member and relating to business of such cooperative 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.

#### **58. Exemption from compulsory registration of instruments**

Nothing in clauses 17(1)(b) and (c) of the Indian Registration Act, 1908 shall apply to-

- (a) any instruments relating to shares in a cooperative notwithstanding that the assets of the cooperative consist in whole or in part of immovable property;

- (b) any debentures issued by any such cooperative 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 cooperative 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 debentures; or
- (c) any endorsement upon or transfer of any other debenture issued by any such cooperative.

**59. Registrar and other officer to be public servants**

The Registrar, or any person appointed, or authorised 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).

**60. Prohibition against the use of the word “Sahkari” or “Cooperative”**

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

\* \* \* \* \*

**Schedule A**  
**[Sections 2(8) and 3(3)]**

**Statement of Cooperative Identity**

[As adopted by the International Cooperative Alliance at Manchester on September 23, 1995]

**1. Definition**

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

**2. Values**

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibilities, and caring for others.

**3. Principles**

The cooperative principles are guidelines by which cooperatives put their values into practice.

**1<sup>st</sup> Principle: Voluntary and Open Membership**

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

**2<sup>nd</sup> Principle: Democratic Member Control**

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

**3<sup>rd</sup> Principle: Member Economic Participation**

Members contribute to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. 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 cooperative, possibly by setting up reserves, part of which at least would be indivisible benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

**4<sup>th</sup> Principle: Autonomy and Independence**

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including Governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

### **5<sup>th</sup> Principle: Education, Training and Information**

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

### **6<sup>th</sup> Principle: Cooperation among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working through local, national, regional, and international structures.

### **7<sup>th</sup> Principle: Concern for Community**

Cooperatives 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 cooperatives 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 cooperative under Uttaranchal Self Reliant Cooperatives Act, 2003

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

2. For the purposes of registration, Shri/Shrimati ..... at serial number..... above shall be our representative, and all communication may be addressed to him/her, at his/her address.

3. The name of our cooperative shall be .....

4. The registered office of our cooperative will be situated in .....

(Please provide name of village/town/city in the blank space provided)

5. The object of four cooperative shall be .....

(Please state here only that need common to all members, which the cooperative hopes to fulfil 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 of activities through which this object will be fulfilled.)

6. We hereby declare that we are committed to the principles of cooperation as provided for in Schedule A of the Act and intend to manage our cooperative in conformity with these.

7. We have enclosed

(a) the articles of association of the proposed cooperative as adopted by us, the promoters;

(b) a true copy of the resolution passed by us, at a meeting, adopting the articles of association;

(c) a declaration from advocate/chartered accountant, Shri/Shrimati ....., that all the requirements of this Act have been complied with by us in respect of registration.

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

Sl No	Full Name (preceded by name and designation of representative, where the promoters are cooperatives)	Signature

\* \* \*

**Schedule C**  
[Section 3(6)]

**Certificate of Registration**  
(for a cooperative to be registered)

Registrar of Self Reliant Cooperatives

Government of Uttaranchal

Certificate of Registration under Section 3 of the  
Uttaranchal Self Reliant Cooperatives 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 Cooperatives*  
Government of Uttaranchal

\* \* \*



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

**Memorandum of Association**

(for cooperatives to be converted from the  
Uttar Pradesh Cooperative 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 cooperative society desires that our cooperative society now be registered as a cooperative under the Uttaranchal Self Reliant Cooperatives Act, 2003.

(Please fill the current complete name of the cooperative society.)

2. For the purposes of registration, all communication may be addressed to ....., at

(Please fill the first blank with the name and designation of the contact person in the cooperative society, and the second blank with the full postal address of the cooperative society.)

3. The name of our cooperative, on conversion to the Uttaranchal Self Reliant Cooperatives 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 cooperative 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 cooperative 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 cooperative 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 cooperative 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 cooperative 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 cooperative 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 advocate/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 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 cooperative to be converted from  
Uttar Pradesh Cooperative Societies Act, 1965)

Registrar of Self Reliant Cooperatives  
Government of Uttaranchal

Certificate of Registration under section 4 of the  
Uttaranchal Self Reliant Cooperatives Act, 2003

I do hereby certify that the

.....

.....

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

This cooperative is successor to the

.....

(Registration No ..... Dt.....) registered under the U.P.Cooperative Societies Act, 1965 whose registration now stands cancelled and is now deemed to have assumed all right and obligations and assets and liabilities of is predecessor cooperative society. All acts and transactions of that predecessor cooperative society shall stand devolved on this cooperative.

Given under my hand and seal  
This .....day of.....

*Registrar of Self Reliant Cooperatives*  
Government of Uttaranchal

\* \* \*

**Schedule F**  
[Section 6(3)]

Subject matter for specific consideration when framing articles of association of cooperative

**1. Identity of the cooperative**

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

**2. Aim and services**

- (a) the aim of the cooperative explicitly stated as a common central need of the members which the cooperative aims at fulfilling;
- (b) core services, and support services to members to fulfil 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 cooperative shall be a first charge;
- (c) eligibility, ineligibility 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 meetings;
- (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 Director;
- (c) eligibility, ineligibility for retaining Directorship;
- (d) the procedure or 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 meetings, 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 use or be sued on behalf of the cooperative;
- (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 cooperative 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 cooperative;
- (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 cooperative may be applied;
- (h) the equity-debt ratio that the cooperative wishes to maintain at all times and the maximum external debt that a cooperative 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 cooperative;
- (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 cooperative;
- (m) the nature and extent of the liability of the Directors for the debts contracted by the cooperative;
- (n) the manner of disposal of funds if under liquidation;
- (o) the manner of recovery of dues from members.

#### **10. Secondary cooperatives**

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

#### **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 cooperative are to be conducted;
- (b) any provisions of transitory nature;
- (c) the manner of dissolution of the cooperative;
- (d) the manner of amending articles of association.

by order

BHAROSILAL,  
*Secretary.*